



10 DOWNING STREET

From the Private Secretary

MR. HATFIELD

ECONOMIC SUMMIT

BF | I attach copies of two letters which the Prime Minister has received from the Commonwealth Secretary General, setting out Commonwealth views on certain issues which may be discussed at the Economic Summit. I should be grateful if you could let me have a draft reply.

As you know, the Prime Minister has received a number of letters urging action on particular points at the Summit. I would rather not ask her to read all these. I should be grateful if the briefs could draw attention to the most important communications and suggest to what extent the Prime Minister should attempt to bring them to the attention of Summit participants.

I am copying this minute and its two enclosures to Mr. Ricketts (FCO) and Mr. Peretz (HM Treasury).

A. J. COLES

24 May 1984

24 May 1984

Thank you for your letter of
24 May enclosing copies of letters
to the Prime Minister from the
Commonwealth Secretary General.
I will place these before the
Prime Minister and a reply will
be sent as soon as possible.

Sir Peter Marshall, KCMG.

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COMMONWEALTH SECRETARIAT

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Your ref:
Our ref:

From: Sir Peter Marshall, KCMG
Deputy Commonwealth Secretary-
General (Economic)

24 May, 1984

Dear Sir,

The Secretary-General, who at the moment is in Vienna, has asked me to send you the enclosed letters to the Prime Minister. Signed copies will follow on his return to London next week.

Yours
Peter

Peter Marshall

Mr. A.J. Coles,
Private Secretary to the Prime Minister,
Prime Minister's Office,
10 Downing Street,
London, S.W.1.

24 May, 1984

Dear Pierre Quirski,

The London Economic Summit

I can well believe that you have been assailed on all sides by expressions of concern and anxious advice in advance of the Summit Meeting of the industrialised countries which you are to Chair in London next month. I would hope, nonetheless, that you would welcome an expression of Commonwealth views, particularly in the light of the outcome of the Commonwealth Heads of Government Meeting in New Delhi and what has transpired since.

The New Delhi Statement on Economic Action was noteworthy in three main respects: first, it was - and still is - the most succinct statement at Heads of Government level, and embracing both developed and developing countries, of the problems of the world economy both as regards substance and as regards the processes for dealing with them. Secondly, Heads of Government broke new ground in setting up an intergovernmental group to follow through the issues covered by the Statement. And thirdly, everyone was conscious at New Delhi that you would host the next Summit of industrialised countries and there was a corresponding expectation that the Commonwealth point of view would be fully reflected in the leadership which your long experience and familiarity with the issues would give to the meeting - and the support you can expect to receive from Pierre Trudeau in the context of the New Delhi Statement.

Developments since New Delhi underline the relevance of the Statement's message. The Commonwealth has taken note with appreciation of the lead which the UK Government has continued to take on IDA and related World Bank issues. We have also noted the outcome of the recent OECD Ministerial meeting. Yet the indebtedness of developing countries remains a most serious preoccupation.

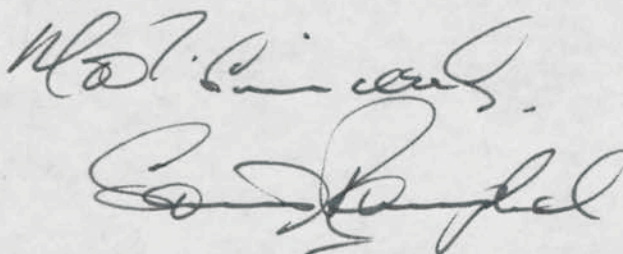
The Rt. Hon. Margaret Thatcher, MP,
Prime Minister of Great Britain and
Northern Ireland,
10 Downing Street,
London, S.W.1.

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The Expert Group which Heads of Government asked me to set up has started work under the Chairmanship of Lord Lever and will, I hope, produce for Finance Ministers in Toronto a report to rank with the high-level experts' reports which Heads of Government considered in New Delhi. It is my earnest hope that at Toronto Commonwealth Finance Ministers will be able to agree on urgent action to recommend to the international community, not least when they meet at the annual Bank/Fund meetings immediately afterward. Nothing would be of more help than an authoritative statement from the London Economic Summit.

There remains the need for what Commonwealth Heads of Government described as "a comprehensive review of the international monetary, financial and relevant trade issues". The intergovernmental group, which recently met at Ministerial level under the Chairmanship of the New Zealand Prime Minister, has examined possible ways of achieving consensus on the process for such a review. I have been asked by the Ministers to undertake wider consultations. We believe that some variant of the Committee of 20 (or of its successors, the Interim Committee and the Development Committee), would be the most realistic way of carrying forward the review process which Commonwealth Heads of Government desire. We shall discuss this further when the Group reports to Commonwealth Finance Ministers at their meeting in Toronto in September, in the light of the soundings which we have taken meanwhile. The attitude of the United States and of the other leading industrial countries is crucial. Once again nothing would give the process more authority than an endorsement of its general thrust by the London Economic Summit. I attach an Aide Memoire on the proposal which Robert Muldoon has already discussed with Donald Regan.

In summary, Prime Minister, my hope is that next month's Summit will be able to provide top level, political leadership in the two areas on which Commonwealth Heads of Government laid such emphasis at New Delhi: finding the way ahead for the comprehensive review of international economic arrangements and grasping the shorter term problems, particularly on aid to the poorest and international debt. Important though continuing technical work and, indeed, intergovernmental contact at Ministerial and high official level may be, there is no substitute for a real impulse from the top.



Shridath S. Ramphal