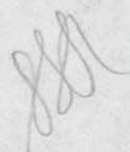


18 June 1984

Thank you for your letter of 12 June enclosing a message to the Prime Minister from the Socialist International about the Economic Summit. I agree that a routine acknowledgement is all that is necessary.

C.D. POWELL

P.F. Ricketts, Esq.,  
Foreign and Commonwealth Office.



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Foreign and Commonwealth Office

London SW1A 2AH

12 June, 1984

Prime Minister

CDP 12/6

MF

Dear John,

The enclosed message and covering letter from the Socialist International to the Foreign Secretary unfortunately reached us too late to be forwarded before the start of the Economic Summit, or in the course of it. But you may wish to be aware of the message's existence.

We propose to send a routine acknowledgement.

Yours,

Peter Ricketts

(P F Ricketts)  
Private Secretary

A J Coles Esq  
10 Downing Street

# SOCIALIST INTERNATIONAL

88a ST. JOHN'S WOOD HIGH STREET, LONDON NW8 7SJ, GREAT BRITAIN

Phone: 01-586 1101

Grams: INTESOCON, LONDON

Telex: 261735

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June 4, 1984

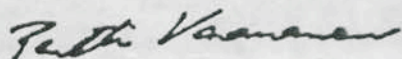
The Rt. Hon. Sir Geoffrey Howe, M.P.,  
Foreign Secretary,  
Foreign Office,  
King Charles Street,  
London SW1

Dear Sir Geoffrey,

Please find enclosed the Socialist International's statement on the Economic Summit Meeting. May I ask you to forward it to Prime Minister Margaret Thatcher.

Thank you.

Yours sincerely,



Pentti Vaananen  
General secretary

# SOCIALIST INTERNATIONAL

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June 4, 1984

## SOCIALIST INTERNATIONAL PRESS RELEASE NO. 5/84

The President of the Socialist International, Willy Brandt, and Michael Manley, Chairman of the Socialist International Committee on Economic Policy, today issued the following statement to the Economic Summit on behalf of the Socialist International:

1) On the eve of the Economic Summit Meeting in London, which brings together the seven richest countries of the western world and of the European Community, the Socialist International wishes to draw to the attention of political leaders and those responsible for economic and social affairs the gravity of the situation in which millions of unemployed workers find themselves, and the continuing state of under-development which affects two thirds of humanity.

2) The Socialist International recognises that the industrialised countries of the west, in particular the U.S.A. and Canada, are experiencing economic recovery, but takes note that the fruits of this recovery are most unequally distributed between different countries and between different social groups. The Socialist International emphasizes that a number of OECD countries, and in particular European countries, are experiencing very high levels of unemployment, and that the faint signs of recovery allow no hope of an early fall in the numbers out of work. The Socialist

International maintains, in this respect, that a solution to the crisis must be the strategy developed by the trade unions and socialist parties:

- The co-ordinated expansion of their economies by the OECD countries, to be led by joint action to boost public investment.
- A balanced programme of production and innovative investment to take advantage of the new technologies. But at the same time, the introduction of new technology must take full account of the effects on employment and environment.
- A reduction in the number of working hours so that economic expansion feeds through directly into the creation of new jobs.
- New employment and education measures to ensure that all workers, men and women alike, have the skills they need. These should include special measures aimed at helping particular groups, such as the young, women, ethnic minorities and the disabled.
- And by measures aimed at a fairer distribution of wealth, including the support of private consumption.

3) The Socialist International recognises the importance of promoting a fair policy to combat inflation. However, we reject the monetarist view of how to fight this problem, which, in practice, means using depression and unemployment as tools to reduce inflationary pressures. In this respect, the Socialist International expresses its deep concern at the potentially damaging consequences for the stability of world prices as a result of the monetary policies practised by the U.S. These have resulted in a rise in the value of the dollar to a level which bears no relation to the actual state of the U.S. economy. It underlines the damaging effect of an over-valued dollar on savings and international movement of capital, and betrays the apparent disinterest of the American authorities with regard to

their responsibility for the external value of the dollar.

The Socialist International takes note that, despite the declarations of successive Economic Summits, no progress has been recorded in the search for a solution to stabilise the erratic fluctuations in rates of exchange, to limit the volatility of interest rates, to control the enormous international capital market and reverse the growth of protectionism.

4) The Socialist International stresses the difficult situation in the developing countries, where the level of external debt has become excessive. We are aware of the need to restore, within the terms of settlement, a fundamental equilibrium in the balance of payments. However, the Socialist International denounces the unnecessary severity with which adjustment policies have been imposed by the IMF, notably by conditional programmes of economic policy, which are much too restrictive. The Socialist International considers that a negotiated solution, on an international level, must be found. Only in this way can the danger of an international financial crisis which would gravely weaken certain developing countries be avoided. The Socialist International cannot accept the improvisation of debt-rescheduling formulas which only defer the problems while magnifying them.

5) The Socialist International emphasizes the need to support development by a real transfer of technology and by a contribution of capital. In this respect, it deplores the decision of the donor members of the International Development Association (IDA) to limit, at the insistence of the U.S., the seventh replenishment of IDA resources to U.S. dollars nine billion - a reduction in real terms and wholly inadequate for the needs of the world's poorest. The Socialist International urges that decisions be taken quickly in this respect, that the London Summit addresses this issue and explores all possibilities of amending the earlier

decision in order to restore the original U.S. dollar twelve billion replenishment level and the responsibility for any failure in this regard must be clearly indicated.

The Socialist International emphasizes that disarmament would make it possible to release resources from the arms industry to development.

There is an urgent need to halt the escalation of protectionist barriers to international trade and to initiate a scheduled dismantling of these barriers - in particular those which inhibit exports from developing countries. Attention must also be focused on schemes to stabilise the prices of primary commodity exports of developing countries.

The Socialist International stresses, in particular, the dramatic consequences of a fall in development aid resources for the poorest countries, in particular the African countries south of the Sahara that are affected by the crisis and by drought, and whose food situation is almost at famine level. The restoration of adequate levels of aid can and should be funded by a reduction in military expenditure. The Socialist International demands that an emergency plan be implemented in this field.

Willy Brandt  
President of the Socialist International

Michael Manley  
Chairman of the Socialist International Committee on  
Economic Policy

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