



Ref. A084/1699

MR COLES

London Economic Summit: Draft Parliamentary Statement

- I attach a draft for the Prime Minister's statement in the House of Commons on the London Economic Summit. The draft is agreed with the Foreign and Commonwealth Office, the Treasury and the Department of Trade and Industry.
2. By comparison with previous statements after Summits (Ottawa, Official Report 22 July 1981, cols 495-6; Versailles, Official Report 8 June 1982, cols 22 and 23) it is a little long. The simplest way to shorten it would be to omit the detailed points ((a) to (d) in the third part of paragraph 8) on debt strategy.
3. I am sending copies of this minute and the draft to the Private Secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Secretary of State for Trade and Industry.
4. Notes for supplementaries are being submitted separately.

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ROBERT ARMSTRONG

11 June 1984

London Economic Summit: Draft Statement

With permission, Mr Speaker, I should ^{like} like to make a statement about the Economic Summit which was held in London from 7 to 9 June. Heads of State or Government of the seven principal industrialised countries were present, accompanied by their Foreign and Finance or Economic Ministers. The European Community was represented by the President of the European Council (the President of the French Republic) and by the President of the ^{European} Commission, who was accompanied by Monsieur Ortoli.

2. I have placed in the Library of the House copies of the Economic Declaration issued at the end of the meeting, and of declarations issued during the meeting on democratic values, on East-West relations and on terrorism. [I have also placed in the Library a copy of] a statement which I made, as chairman of the meeting, about our discussions on the Iraq-Iran conflict.

3. Although the primary purpose of the meeting was to discuss economic issues, ^{but as an exception we} on this occasion as at earlier summits we took the opportunity of discussing ^{also discussed} a number of political issues.

4. It is one of the strengths of the free democracies of the Western world that their leaders can meet to exchange views frankly on the world political and economic problems that face them all, and can bring to that exchange of views a variety of different viewpoints, without calling in question their shared

Ortoli will

*3. I shall deal
first with the
political issues*

commitment to the fundamental values by which their countries and their systems of government are sustained. It is nonetheless salutary sometimes to restate those fundamental values and re-establish them in our own minds and in the minds of the peoples to whom we are responsible. It seemed to us all at Lancaster House appropriate to stress these factors uniting us, at the end of a week when we had been remembering the very different conditions of forty years ago. The declaration on democratic values underlined the will and ability of the countries represented at the Summit to tackle the challenges of the future.

5. At British initiative, we had a thorough discussion of the problems posed by terrorism. There was a unanimous determination to confront and defeat international terrorism whatever forms it may take. We identified a number of detailed proposals which will be followed up in the existing working group of experts from the Summit Seven countries. This will be complementary to the work already being done in the Council of Europe and among the members of the European Community.

6. On East-West affairs this Summit brought out the very wide and deep agreement that exists between all participants, including Japan. We are united in our resolve and our solidarity: in our increasing readiness for dialogue: in our hope that the Soviet Union will react constructively and positively: and in the belief that a lessening of tension must be in the common interest of both East and West.

*Summit issued
The first declaration
issued in a
democratic
summit to all
participants
it
reflects the values
which bind the
Western democracies,
particularly
the
Tos offer, the
we have seen the West
are & go by default
while government which
will not allow
democracy maintain
an unbroken flow
of progress.*

7. We also discussed the conflict between Iraq and Iran. We expressed our sadness at the breaches of international humanitarian law which this conflict has brought - and I am glad to see the parties now seem to have accepted the United Nations ^{Security Council} General Secretary's call to refrain from attacks on civilian population centres. As to oil supplies, ~~as we made clear also in our Economic Declaration~~, ^{expressed our belief} we believe that both the will and capacity exists to cope sensibly with any foreseeable problems.

8. In our discussion of economic matters we ^{reached the following main conclusions} concentrated on five main issues:

First -

Economic recovery is now an established fact in the seven Summit countries and the other countries in the European Community, thanks to the firm efforts made to bring down inflation. We need now to sustain it, and spread its benefits further, not only within our own countries but also to the developing countries. That will depend on our continuing and where necessary strengthening policies to reduce inflation and interest rates, to control monetary growth and reduce budget deficits. An essential element in this is the restraint of public expenditure. ~~We have to establish and hold~~ ^{at} ~~to the~~ levels of what can be financed by tolerable levels of taxation.

The primary purpose of the Summit was to discuss economic matters on the 1st.

Secondly -

We need sustained growth to create new jobs and bring down unemployment. ~~To make the most of our opportunity,~~ ^{we} we must ~~make~~ ^{ensure} sure that the industrial economies adapt and develop in response to demand and to technological change. We need to encourage efficient working of the labour market and the provision of job training.

Thirdly -

~~We continue to face difficult problems in the management of international debt.~~ ^{the} ^{of} These ~~problems~~ ^{and to} have implications for us all, ~~including~~ the international banking system. They will be easier to resolve if world recovery is sustained and policies are followed which are conducive to lower interest rates. We have a basic strategy within which we have so far been able to deal flexibly with situations that have arisen. At Lancaster House we reaffirmed the case by case approach, and ~~we~~ agreed that the strategy we have been following will ~~continue to~~ enable the problems to be managed. In the Economic Declaration we identified a number of aspects of the strategy for further attention:

(a) Debtor countries will need to make - as some have already made - efforts to adjust their economies. When these efforts are successful, we will encourage longer-term rescheduling of their debts.

(b) The role of the International Monetary Fund will continue to be central. We should like to see even closer co-operation between the Fund and the World Bank, whose role should be strengthened.

(c) Developing countries should be encouraged to open their economies to increased flows of direct investment from the industrialised countries: ~~such investment brings with it not only long-term resources but also~~ industrial and management expertise.

(d) In the interests of greater stability, we should encourage the substitution of longer-term finance, both direct and portfolio, for short-term bank lending to developing countries.

Forthly -

~~Sustained world economic recovery both requires~~
^{We speed on}
~~and should permit specific and practical moves to~~
 increase and extend international trade. The Summit meeting urged all countries to reduce barriers ~~to~~ trade and make renewed efforts to liberalise and expand international trade in manufactures, commodities and services. We endorsed the moves to accelerate completion of current trade liberalisation programmes, and agreed to consult GATT partners with a view to decisions at an early date - which many will hope means before the end of 1985 - on the timing and objectives for a new negotiating round.

And fifthly - *we agreed on a new programme of research to combat*
 We discussed the threat of environmental pollution. I am glad to say that I was able to persuade my colleagues to initiate more research into the pollution of air, water and land, with a view to identifying projects for industrial co-operation to develop cost-effective techniques to reduce environmental damage.

9. We agreed on a ten-point plan, which is set out in the Economic Declaration, for following up our conclusions on the world's economic problems and needs.

10. Mr Speaker, I ~~said before the Summit that those who look to these Summit meetings for a series of specific agreements on particular actions must expect to be disappointed; that is not their purpose. Their primary purpose is to enable the leaders of those seven countries, with the European Community, to come together to discuss economic problems, proposals and opportunities and set general course directions.~~ *of these Summits is for the leaders of the Western industrial countries* The London Economic Summit enabled us to achieve not only closer understanding of each other's positions and views but also a large measure of agreement on the basic objectives of our respective policies. It was a workmanlike, constructive, friendly and thoroughly worthwhile meeting. I should like to end by recording my gratitude and that of the Government to all those who worked and contributed to make that success possible.