

SUBJECT

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PRIME MINISTER
INDIA

New Delhi
May 9, 1983

Dear Prime Minister,

In a few weeks, some leading industrialized countries will meet at Summit level in Williamsburg. You will naturally discuss problems of concern to your countries, but I am sure that issues which form the subject of North-South dialogue will also be considered. I thought I should share with you the concerns of the Non-aligned Movement about the prevailing world economic situation and our ideas of resolving the crisis in mutual cooperation and partnership.

The current crisis affects all countries. It has particularly grave consequences for developing ones. The widening gap between the developed and the developing countries is a source of instability which could pose serious threat to world peace and security. No one now disputes the fact of growing interdependence amongst nations and the need of dialogue and constructive cooperation among them. Recovery in the developed countries depends, to a large extent, on the ability of the developing countries to purchase from them since the developing countries constitute an important segment of the global trade. Similarly, many industries in the developed countries depend on stable supplies of raw

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materials and other inputs from the developing countries. Hence the resumption of growth in developing countries is essential not only for promoting recovery in the developed world but also for sustained economic growth in the world as a whole.

Some growth oriented structural reforms in the world economic system are indispensable for the economic health of all nations. The existing international institutions in the financial, monetary and trade fields were established at a time when most of the developing countries were not independent. Even from the point of view of developed countries, these institutions cannot be said to be functioning altogether satisfactorily. For example, they have not been able to find adequate solutions to the problems of debt, liquidity and exchange rates. It would not be realistic to expect private commercial banks to play the role that they did in the 70s in the recycling of surplus liquidity.

The Non-aligned countries believe that such restructuring of international economic relations and strengthening of multilateral economic cooperation on the basis of mutual benefit can be achieved only through comprehensive discussions on international economic cooperation for development. Fresh political impetus can be given to global negotiations in a two phased approach - first taking up those issues on which some degree of agreement is in sight and then the remaining one.

In the meantime, urgent international action in areas of critical importance to developing countries such as money and finance, food, financial flows, trade, raw materials, energy is indispensable. We have proposed a Programme of Immediate Measures to

stimulate the economies of developing countries while reactivating the world economy, suggesting the convening of an International Conference on Money and Finance for Development with universal participation. Our approach is flexible and we look forward to discussing, in a spirit of partnership and cooperation with you and leaders of other developed countries, the scope and modalities of the proposed Conference. This approach has received the broad endorsement of the Group of 77 at its Ministerial Meeting in Buenos Aires last month.

We hope that the concerns I have set out above will receive your personal attention and be carefully considered at the Williamsburg Summit.

With warm regards,

Yours sincerely
Indira Gandhi

The Rt. Hon'ble Margaret Thatcher,
Prime Minister of the United Kingdom of
Great Britain and Northern Ireland,
London.



10 DOWNING STREET

From the Private Secretary

20 May 1983

RH/T

I enclose a copy of a letter the Prime Minister has received from Mrs. Gandhi. Mrs. Gandhi sets out some of the concerns of the Non-Aligned Movement which she hopes might be discussed at the Williamsburg Summit. I should be grateful for your advice on Mrs. Gandhi's letter and, if necessary, for a draft reply for the Prime Minister's signature. You will no doubt wish to consider whether this should be despatched before or after the Summit. It would be helpful to have your advice as soon as possible.

I am sending copies of this letter and its enclosure to John Kerr (HM Treasury) and Richard Hatfield (Cabinet Office).

W. F. S. RICKETT

Roger Bone, Esq.,
Foreign and Commonwealth Office.

BTC

File

289

20 May 1983

I am writing to thank you for your letter of 19 May addressed to Mr. Michael Burton in the Foreign and Commonwealth Office, with which you enclosed one from Shrimati Indira Gandhi, the Prime Minister of India, to Mrs. Thatcher. I will place this before the Prime Minister as soon as possible.

WR

His Excellency Dr. V. A. Seyid Muhammad.



INDIA HOUSE,

ALDWYCH,

LONDON, W.C.2.

Dr. V. A. Seyid Muhammad

No. Lon/Hc/390/83

May 19, 1983

Dear Mr Burton,

I am sending herewith a sealed cover addressed to The Rt. Hon'ble Mrs. Margaret Thatcher, Prime Minister of the United Kingdom from Shrimati Indira Gandhi, Prime Minister of India with the request that it may kindly be forwarded immediately to its high destination.

Yours sincerely,

(V. A. Seyid Muhammad)

Mr. Michael St. E. Burton,
Head of South Asian Department,
Foreign & Commonwealth Office,
King Charles Street,
London SW1

Encl: as above.

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cc. United Nations - Possible
UNGA Summit 4/8



Foreign and Commonwealth Office

London SW1A 2AH

26 May 1983

*2 type letter to Mrs. Gandhi -
→ 2) Mr. Jay - pl. take copies
of correspondence to Williamsburg.
A.P.C. 2/5*

Dear John,

Indian Lobbying prior to Williamsburg

Thank you for your letter of 20 May, enclosing a copy of Mrs Gandhi's letter of 9 May to the Prime Minister. According to the High Commission in New Delhi a similar letter has gone to all the Williamsburg Summit leaders.

The Foreign and Commonwealth Secretary recommends that the Acting High Commissioner should be instructed to convey a short personal message from the Prime Minister to Mrs Gandhi in reply to her letter. I enclose a draft. It is easier to reply before the Summit than after but there is no overriding reason why a reply must be sent now.

The Indians have also been lobbying, both here and in New Delhi, on their proposal for a meeting of Heads of State/Government at this year's UNGA. I enclose a copy of a Speaking Note left with Lord Belstead by the Indian High Commissioner on 23 May. Lord Belstead told the High Commissioner that Williamsburg was primarily concerned with economic matters but undertook to inform the Prime Minister of his approach. I also enclose a copy of Delhi telegram number 378 reporting a meeting between the Ambassadors and High Commissioners of the Williamsburg Seven in Delhi, and the PUS in the Indian Foreign Ministry. You will be interested to know that the Soviet Permanent Representative in New York has told us privately that Moscow has considerable doubts about Mrs Gandhi's proposal.

Nevertheless, the Indians have expressed the wish that the proposal should be discussed at Williamsburg. They seem to be concerned about the damage to Mrs Gandhi's prestige if no adequate Summit takes place in New York. Community Foreign Ministers discussed Mrs Gandhi's idea on 24 May and agreed that

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members of the Ten should not return a flat negative to Mrs Gandhi but should seek to discourage her initiative. We have heard from Washington that Shultz takes the same view.

The Foreign and Commonwealth Secretary thinks that in the interests of our relations with the Indians we should not take the lead in pouring cold water on Mrs Gandhi's idea and suggests that the Prime Minister should not take any initiative on the matter at Williamsburg. We have heard that Chancellor Kohl may raise it. If he, or another Head of Government does so, Mr Pym suggests that the Prime Minister should be ready to agree that the proposal presents many difficulties and that the Williamsburg Seven should continue to avoid any commitment to it.

You ever

John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

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DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Copies to:

DRAFT MESSAGE TO MRS GANDHI

PRIVACY MARKING

SUBJECT:

.....In Confidence

which reached me a few days ago,

CAVEAT.....

Thank you for your letter of 9 May about the concerns of the Non-Aligned Movement ^{with regard to} ~~about~~ the prevailing world economic situation. ~~Unfortunately, your letter did not reach me until a few days ago. That is why I am only replying on the eve of Williamsburg.~~ *and the Williamsburg Economic Summit.*

I agree that all countries are affected by the world recession; that we live in a world of growing economic interdependence; and that the developing countries are important for the trade of the developed countries (and, of course, vice versa). I am not convinced, however, that structural reforms are needed in the world economic system. It seems to me that the international financial and economic institutions have adapted well to the challenges which they have faced during the past ten years and that they have displayed a considerable capacity for flexibility and imagination in doing this.

/The general

Enclosures—flag(s).....

The general theme for the Economic Summit Meeting at Williamsburg is the state of the world economy and the prospects for recovery. My colleagues and I will be reviewing the signs of recovery which are now beginning to emerge in several of the developed countries; considering how this recovery might be nurtured without rekindling inflation; and looking at ways in which the developed and developing countries might cooperate in promoting non-inflationary growth worldwide. The fact that the Sixth Meeting of the United Nations Conference on Trade and Development is due to begin in Belgrade on 6 June will be very much in our minds.

I was very glad to have your thoughts on the eve of my departure to Williamsburg.

WJH $\frac{27}{5}$.