

SPEAKING NOTES FOR 14th ECONOMIC SUMMIT, LAST IN THIS
SERIES OF 7 WHICH BEGAN AT VERSAILLES IN 1982

14th Summit

Last in this cycle of Seven which began in Versailles

Three of the Heads of State or Government attending the
Toronto Summit were present in 1982:

- President Mitterrand
- President Reagan
- Mrs. Thatcher

and the President of the European Commission, Mr. Delors,
was also present in 1982 in his capacity as French
Finance Minister, and Sir Geoffrey Howe was of course
there as Chancellor of the Exchequer.

Experienced bunch of Summiteers, though it will be Mr. De
Mita's first Summit and Mr. Takeshita's first as Prime
Minister, though he has attended many Summits as Finance
Minister. The UK's team is the most experienced - the
5th Summit where the UK will be represented by
Mrs. Thatcher, Sir Geoffrey Howe and Mr. Lawson.

The Prime Minister arrives in Toronto next Saturday. The
Summit begins on Sunday. It finishes on Tuesday. The
Prime Minister visits Ottawa on Wednesday for an official
visit. Say more later. Returns to London early on

Thursday morning.

The Summit begins at 1500 hours on the Sunday. Ends with the presentation of the Economic Declaration on Tuesday afternoon. *Order of agenda for Canadians. Handwritten note: indicates same setting, Nearly a.m. n.m.* 5 or so sessions, some where the Summit leaders are on their own, others where they are joined by Finance and Foreign Ministers, the usual working sessions at lunches and dinners, no doubt bilateral meetings in the margins.

As of now, I am expecting the Summit to produce two declarations - one on political issues and the other on economic, though it is always possible that, in the event, declarations on particular subjects will be issued. No great surprises in the subjects covered either in the Summit discussions themselves or in the two declarations.

Taking the political side first, East/West relations, broadly defined, likely to be the centrepiece of political discussions. President Reagan recently returned from Moscow, his personal account of his discussions in Moscow, comparing notes on the Summit outcome and taking stock of East/West relations. On East/West looking for a strong affirmation of western views and values on East/West relations, reflecting an agreed analysis of progress and western priorities on arms control and other East/West issues. Sure that we

will want a good discussion on the Middle East and terrorism as well. On the Middle East, want to support the US effort in the Arab/Israel peace process and to maintain the momentum of UN activity on Iran/Iraq. On terrorism, looking for a demonstration of Summit 7 unity in as robust terms as possible. And there will no doubt be discussions on a whole host of regional issues.

On the economic side, discussion on fairly predictable topics - world economic situation, structural reform, trade and agriculture, the newly industrialising economies and debt.

Not expected great new policy initiatives. Task is to press forward the policies already agreed so as to sustain progress made over the last few years and see them extend them to new areas.

Looking for reaffirmation of the commitment to deepen international co-operation and encourage action to reduce the global imbalances, both budgetary and trade.

Debate on the crucial role of supply side performance in sustained economic growth and need to continue the market-orientated micro-economic policies, like deregulation, privatisation and so on.

Three priority issues will be debt, trade and agriculture.

On debt, the Chancellor of the Exchequer's initiative on sub-Saharan debt has borne substantial fruit, and we hope that the Summit can chart the way forward for dealing with the various proposals now on the table.

On trade and agriculture, the Summit is not a negotiating body. Doubt whether Summit leaders will get into details which are under discussion in Geneva. But the Summit ought might be able to give an impetus to those discussions.

On trade, we ^{certainly} hope that the Summit discussions can give a boost to the GATT negotiations and sustain the momentum towards a fruitful outcome of the mid-term meeting in Montreal in December. If I had to single out a particular area in the GATT negotiations where we would like to see real progress it is the reform of GATT procedures. The Summit might help play a role here in strengthening international support for GATT both by stressing the need for better observance of GATT disciplines and by committing ourselves to improving such things as dispute procedures.

On agriculture, the Prime Minister will I think want to try to register significant progress in Toronto in the quest for reform and of reducing agricultural support and protection. Certainly, the Economic Community took some hard-won steps to reduce production expenditure last

February, but more needs to be done.

Expect other issues to be discussed like the international subjects of the environmental policies and the campaign against drugs.

Finally, a brief word on the Prime Minister's visit to Ottawa. On the Wednesday following the Summit the Prime Minister goes to Ottawa at the invitation of Mr. Mulroney {where she will probably sign some bilateral agreements} and address a joint session of Parliament. She will then have lunch and talks with Mr. Mulroney, lay a wreath at the War Memorial and have talks with senior Canadian Parliamentarians, Mr. Turner (Liberal Party) and Mr. Broadbent (New Democratic Party).

POINTS FOR INTRODUCTION

1. The Summit takes place at a time when our countries have achieved unprecedented economic success.

2. The reason for this is that during the second seven-year cycle of Summits we have concentrated on getting the fundamentals right rather than concentrating on short-term expedients. We would never have overcome last October's stock market crash so well if we had not built such sure foundations.

3. We tackled the difficult tasks: getting inflation down, restructuring, tax reform. By creating the right framework of national economic policies, we make it possible to have the right international framework.

4. We could never have got these things right separately, only by coming together in these Summits and committing ourselves to the same broad policies.

5. But we cannot rest on our laurels. If we stop here, we shall slip back. The signal from Toronto should be that these sound policies will continue and be extended. That is the signal that markets need.

6. This informal discussion is not a time to get into details. We should focus on the broad issues and set a clear course for the future.

7. First, the management of our economies. We must continue to give priority to tackling inflation, to removing restrictions and to encouraging enterprise.

8. Second, world trade. Just as we free up our national economies, so we need to free up world trade. If anything we have been going in the opposite direction recently.. We all undertook commitments in the GATT: now we must give some substance to them.

9. Third, agriculture. The present level of protection and subsidies threaten to bankrupt all our countries by their cost and to bankrupt the developing countries by depriving them of markets. It is no good setting unrealistic targets - there will always be some degree of protection and subsidy, but in the interests of our people it needs to be much lower than at present.

10. Fourth, the debt of the developing countries. With few exceptions they are not sharing in our success. We must give them the opportunity to trade, and do something to relieve the burden of debt on the poorest. There are plenty of proposals - from Britain, France and others. This is an issue on which the Summit can offer the developing countries new hope.