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Des Charles

HOUSTON ECONOMIC SUMMIT: PRIME MINISTER'S OPENING STATEMENT

Thank you for your letter of 19 June in which you sought comments on the opening statement for the Prime Minister to deliver at the Economic Summit in Houston.

If I might say, the draft attached to your letter is extremely good. Save in one respect, my comments are almost entirely of drafting. The text is, I think, already of the right length and I would be reluctant to expand it, though I have suggested below some additional themes to the six listed.

My comments are as follows:

(i) In the first tirect on page 1, "Romania looks like an example of fraudulent democracy" is a bit strong. What about "Romania is a case in point, though we all hope that the Romanian Government will mend its ways". The passage later in this tirect on help for the Soviet Union stands up in the light of the discussion at Dublin.

(ii) There is not much reference to the Third World in the present draft. There is scope for some reference to the importance of good government and of determination to take tough economic decisions. I enclose some illustrative language at A which might fit in as an additional tirect on page 2, ie after the sentence which ends "... best prospects for political stability".

(iii) On page 2, middle tirect, we might insert after "declining empires are dangerous" a sentence on the lines "We must be wary of the dangers of miscalculation and misunderstanding". And I suggest it might be better to substitute "18th and 19th Century" for "16th and 17th".

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(iv) The last tiret on the second page dealing with the first of the six major themes - greater monetary stability - was, I think, written before the Chancellor's discussion with the Prime Minister about the objective reference standard approach. You sent John Gieve a copy of your letter and the Chancellor is reflecting further on the drafting of this passage in the light of his discussion with the Prime Minister.

(v) In the second theme on page 3, I would prefer to omit the words "at least among highly industrialised countries" from the second sentence. But the thought might be captured by adding two sentences at the end of the paragraph, as follows

"Ideally, liberalisation should be worldwide. If this is not possible, we must pursue it among ourselves."

The drafting of the material after the colon in the sentence beginning "Europe would have to ..." might be taken to mean that the reference to defence procurement and financial services applied to both the US and Japan. I suggest therefore that the words "(in the case of the US)" should be inserted after "defence procurement" and "(in the case of Japan)" should be inserted after "financial services".

(vi) In the third theme, the reference to takeover proposals by state owned companies will no doubt be taken by the French as criticism directed to themselves.

(vii) In the fourth theme, on the environment, I should prefer the 8th and 9th lines to read:

"... the sooner we start the necessary action - whether it is to phase out CFCs, stabilise carbon dioxide emissions or to create new instruments."

The Americans complain that the Europeans are calling for precipitate action on the environment, before counting the cost. Our own position is that we should start some action at once, but leave some of the harder decisions until more preparation has been done.

(viii) The fifth theme, on avoiding blocks, is closely related to the second on looking beyond the GATT round. It might be better if they ran consecutively, with the fifth theme in front. The reference to a "North American block" in the 6th line might better be replaced by "a Western hemisphere block" and "Mexico" in that line might be replaced with "Latin America".

In the 8th line "East European countries" must be a misprint for "East Asian countries".

Could I suggest that two additional themes might be considered for the list: training and education; and drugs. Language is attached at B and C.

I am sending a copy of this letter to Stephen Wall (FCO), John Gieve and to Sonia Phippard (Cabinet Office).

*Yours only
Nigel*

N L WICKS