

Ref.A084/929

PRIME MINISTER

London Economic Summit

You are meeting the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer at 10.00 am tomorrow to take stock of Summit preparations.

(attended) 2. I sent you on 21 March the draft of the thematic paper which I would like if possible to circulate to Personal Representatives early next week for their meeting from 6 to 8 April. The paper tries to cover, in succinct fashion, all the issues which Personal Representatives have raised at their two previous meetings and which seem likely to form part of the Summit's deliberations. The analytical part in the first six paragraphs may give rise to discussion; for example, the references to tax increases in 4.5, to the prospects for interest rates in 5.7 and to interest rates and structural budget deficits in 6.2; but my impression is that other Personal Representatives will not make a great issue of the United States fiscal deficit unless they are provoked by the United States Representatives. Personal Representatives will need to concentrate on paragraph 7 (Immediate Measures) which would be the starting point for any declaration or communique from the Summit. It would therefore be particularly helpful therefore if your meeting was able to agree that the thrust of the section is on the right lines. Moreover, if you, the Foreign and Commonwealth Secretary or the Chancellor of the Exchequer have specific ideas for expanding that section, it would be helpful to have them now.

3. Apart from the thematic paper, it might be worth reviewing plans for political discussions at the Summit. As you know, it is traditional for Heads of State or Government to discuss political issues over meals. The subjects discussed are topical and are chosen only shortly before the Summit takes place. The French accept that political discussion over meals is useful but are adamant that this must do nothing to dilute or compromise

the economic character and purpose of the meeting. President Mitterrand is likely to be particularly sensitive about this in London, because he considers that he was bounced into signing the Williamsburg Statement on Defence and Disarmament last year. I have told Monsieur Attali, the French Personal Representative, that it is certainly your intention that discussion of political subjects should be reserved for meal times and that the formal sessions should be devoted to economic issues. He said that his President was particularly anxious that the first formal session should get down to the economic business and not be sidetracked into political matters. I said that the presumption was that that was how it would be, but that in the end the Heads of State or Government will decide for themselves.

4. On present plans, Political Directors (or equivalent representatives) will meet shortly before the final meeting of Personal Representatives on 20/21 May to discuss and send to Personal Representatives a list of subjects to be discussed by Heads of State or Government at their informal gatherings over meals. This would accord with previous practice. The Summit also provides an opportunity for Foreign Ministers to discuss political questions, and the Foreign and Commonwealth Secretary is keen to exploit this to the full in London. It is envisaged that the meeting of Political Directors in May will also draw up a list of subjects which Foreign Ministers might consider when they meet separately during the London Summit.

5. The practical arrangements for the Summit are on course, and there are no particular points calling for discussion at this stage.

Re

Approved by
ROBERT ARMSTRONG
and signed in his absence

22 March 1984