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*From the Principal Private Secretary*

3 May 1988

TORONTO ECONOMIC SUMMIT: POSSIBLE INITIATIVES

The Foreign Secretary and the Chancellor of the Exchequer will wish to know the Prime Minister's reaction to my minute of 29 April about possible UK initiatives and subjects for informal discussion of "longer term economic issues" at the Toronto Economic Summit.

Possible UK initiatives

The Prime Minister believes that we should use the Summit to press for the improvement in the effectiveness of GATT. She regards GATT's reaction to unfair trading practices as being much too slow, and their treatment of Japanese discrimination against whisky is one small demonstration of that. The Prime Minister recognises, of course, that all this is central to the current discussions in Geneva. But she believes that we should nevertheless use the Summit to give our interests in reforming the GATT a vigorous push in the right direction. She wonders whether this could be done by tabling an initiative for the Summit. I should welcome your advice on possibilities here.

Pre-dinner informal discussions

Of the four topics for possible informal discussion, the Prime Minister's preference is for a discussion on "Health Care in the 90's". Such a discussion might cover issues such as the cost of financing health care and form part of the wider discussion, likely to be sought by the US, on the effects of changing demography on welfare policies and on economies generally. Such a discussion could touch on the costs of social security and the economic effects of the age of retirement. The Prime Minister recalls that she tried to secure such a discussion at the London Summit, but the other participants would not consider it.

The Prime Minister suggests as an alternative subject for discussion the arrangements for securing greater co-operation on terrorism and hijacks.

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I should be grateful to have your advice and that of the Treasury on how best to develop these possibilities.

I recognise that the possible initiative on GATT concerns the Department of Trade and Industry and that the possible discussions of health care etc and terrorism etc concern the Department of Health and Social Security and the Home Office. But I am not at this stage copying this letter to them since they will not have seen my minute of 29 April. However, I should be grateful if your people, in consultation with the Department of Health and Social Security and the Home Office as necessary, would prepare some briefing notes for these topics for the third meeting of Sherpas on 19-21 May.

BF // I am copying this letter to Alex Allan (H.M. Treasury) and to Sir Robin Butler.

N. L. WICKS

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