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From the Principal Private Secretary

13 May 1988

TORONTO ECONOMIC SUMMIT

I write to let you know about my conversation yesterday with Sylvia Ostrey regarding subjects for "ancillary Summit initiatives", on which she wrote to me on 7 April, and about her letter which asks for subjects for pre-dinner informal discussions.

I told Sylvia that views were not yet settled here, but it might, nevertheless, be helpful if I let her have some idea of our current thinking. I then spoke to her on the following lines:

GATT and Agriculture

The Prime Minister recognises, of course, that the effectiveness of GATT is one of the central issues in the current discussions in Geneva. But she believes the Summit provides a good occasion to give this subject a vigorous push in the right direction. One of her particular concerns about the operation of GATT is that compensation payments for those breaking the rules are not sufficiently penal. Another is the slow reaction of GATT to unfair trading practices. The Prime Minister also thought that agricultural issues would need thorough discussion at the Summit with a view to pushing forward reform in this area too.

Terrorism and Hijacking

Recent events we suggested that the Bonn Declaration is not working as well as it should, and the Summit can be an important occasion for carrying forward work to improve its effectiveness.

Eastern Europe

The Prime Minister might well want an opportunity to discuss, at some stage during the Summit, the situation, both economic and political, in Eastern Europe.

Health and Welfare Policies

The Prime Minister is considering whether a possible topic for the informal discussion before dinner might be one in the field of health and welfare. We have just implemented a major social security reform and are in the process of reviewing our Health Service. There is a lot of attention being paid here in the United Kingdom to the general issue of health care in the 1990s. A discussion might cover issues such as the cost of financing health care and could form part of the wider discussion, which the United States might seek, 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.

From what Sylvia said, it seemed that she had not had many, if any, responses to her letters. Her discussions a fortnight ago in Washington suggested that the United States would set great store at the Summit for a discussion on drugs, which was an important issue in the American Presidential campaign. There was a possibility that her Government might want to discuss global environment issues, including the ozone layer and all that.

I am sending a copy of this letter to Geoffrey Littler (H.M. Treasury).

N. L. WICKS

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