



Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

14 June 1988

Nigel Wicks Esq
10 Downing Street
LONDON SW1

Dear Nigel,

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**TORONTO ECONOMIC SUMMIT: THE PRIME MINISTER'S SPEAKING NOTE
FOR THE OPENING SESSION**

You sent me a copy of your letter of 10 June to Lyn Parker, with the draft of the Prime Minister's speaking note. The Chancellor had the following comments:

- (i) he feels you should delete the references to interest rates in paragraph 3(iii) and 4(iii). Alternative statistics you could use are: either that investment in industrial countries had fallen by $2\frac{1}{4}$ per cent a year over the period 1980-82, but has risen continuously since then at an average of $4\frac{1}{2}$ per cent a year; or that employment in industrialised countries had shown little change in 1981 and had fallen by $\frac{3}{4}$ per cent in 1982, but has grown steadily since then at over $1\frac{1}{2}$ per cent a year;
- (ii) he feels that some mention of the US Budget deficit must be made in paragraph 8. He suggests:
- X First on the imbalances. There has certainly been some progress. The US budget deficit is now on the way down, and the trade imbalances are at last beginning to decline. But there is still a long way to go, and it will help confidence if we acknowledge the need for further and sustained action to get the imbalances under control. I shall want to say more about that in our session tomorrow X
- X X
- (iii) the Chancellor felt that paragraph 13 might be shortened. He would also suggest that the fifth sentence should start: "We must not hold up action ..."; and that the eighth sentence should read: "Above all the strengthening of GATT itself must be a high priority";
- (iv) he would prefer a slight redraft of the first part of paragraph 19, on debt. I attach a revised version.
- ...

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I am copying this letter to Lyn Parker (FCO) and to Trevor Woolley (Cabinet Office).

*Yours
Alex*

A C S ALLAN

REVISED DRAFT OF PARAGRAPH 19

B Finally, a word on the debt of the poorest countries. I have been greatly encouraged in recent weeks by ^{the}with willingness of the United States and France, in particular, to join in the search for solutions which will reduce the debt burden faced by these countries. In Venice last year, we recognised that their problems were "uniquely difficult" and needed "special treatment". And we agreed that consideration should be given to interest rate reductions for those countries which were following sensible adjustment policies. Let me again urge as many as possible to accept interest rate reductions, as the UK has been advocating for some time. For those unable to do this [continue as before].

B .

ECON POL: Toronto

Summit. Pt. 24

