



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

19 March 1990

HOUSTON ECONOMIC SUMMIT: SHERPA MEETING

Thank you for your minute of 16 March about the topics likely to arise at the Sherpa meeting in San Francisco, which I have shown to the Prime Minister.

Generally speaking the Prime Minister is well content with the line which you propose to take on these various topics and with the draft Summit Declaration on Political and Economic Freedom. We have made a few very small changes to this and I enclose a revised text.

The Prime Minister's other comments are as follows:-

- on the trade side, she thinks we must seek some specific reference in the communique to Intellectual Property and to Services.
- on the environment, she would want you to argue against any attempt to agree greenhouse gas emission targets, timetables and policy instruments. She has commented that people take too little notice of scientific realities.
- the Prime Minister would be content to see further international action to identify and impede the flow of precursor chemicals used in drugs endorsed by the Summit.
- the Prime Minister is, as you would expect, strongly opposed to any attempt to resuscitate the North/South dialogue.
- she would like to reflect further on the topic for the informal discussion by Heads of Government. She is not convinced about migration (particularly in Texas) and doubts it would be wise to make the Summit the scene of an argument on repatriation of Vietnamese boat people. She wonders whether something linked to enlargement and development of the principles of the Helsinki Final Act might not be better: or something in the realm of science and government.

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She would be open to further suggestions.

I am copying this letter and its enclosure to the Private Secretaries to the Foreign Secretary, the Chancellor of the Exchequer and to Sir Robin Butler.

(C. D. POWELL)

Nigel Wicks, Esq., C.V.O., C.B.E.

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DRAFT SUMMIT DECLARATION ON POLITICAL AND ECONOMIC FREEDOM

1. Since we met last year in Paris, dramatic events have taken place in the Soviet Union, in the countries of Central and Eastern Europe and elsewhere in the world. We welcome unreservedly the spread of democracy, the increased respect for human rights and the introduction of the principles of the open and competitive economy.

2. Communism is in retreat:

- it failed to reflect the aspirations of ordinary citizens;
- it failed to adapt to new technologies;
- it failed to produce the goods and services people wanted;
- it failed to harness the energies and enthusiasms of the people and it gave no incentive to work and to succeed;
- it failed to foster individual initiative and enterprise;
- it failed to provide peace, freedom and justice which is the right of people everywhere.

3. So increasingly the peoples of the old Communist countries are declaring their faith in systems which allow the individual the economic freedom to pursue his own interest; where property rights are defined by law; where governments are properly accountable to the people; and where decisions about what goods and services should be produced are left to the choice of consumers, not to the decisions of bureaucrats.

4. Above all, there is growing realisation that prosperity depends on the stimulus of free competition - on incentives to encourage individuals and improve efficiency, on a banking and

monetary system which will produce sound money, on a skilled and motivated labour force and on a free system of international trade and payments.

5. The history of last year has demonstrated the depth of this desire for freedom, democracy and the rule of law. The dictatorship of one party, however entrenched it might have seemed, could not last. When people are free to choose, they choose freedom.

6. So we applaud the examples set by the peoples of Eastern Europe:

- to accept democracy and pluralism
- to respect human rights
- to introduce economic reforms based on openness and competition.

7. We are ready to help the people of all those countries who have chosen this way.

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