

Subject: Econ Pol  
Williamsburg  
Summit 1984



PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T 84c/p3

10 DOWNING STREET

THE PRIME MINISTER

13 June, 1983

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Lou Kinnell

Thank you for your message about the world economic situation. It was useful to have your thoughts just before I left London for the Economic Summit at Williamsburg.

You will have seen the text of the Williamsburg Declaration on Economic Recovery. I hope you found it encouraging. There was agreement in the discussions that a good deal of success had been achieved in reducing inflation and interest rates. There was also agreement on the importance of promoting convergence of performance in the economies of Summit countries and greater stability of exchange rates. We concluded that the present pace of recovery is indeed sustainable, but that any artificial stimulative action should be avoided. It was essential to avoid rekindling inflation. A resurgence of inflation would put at risk the gains made so far and would have a crippling effect on the developing countries as well.

I believe that the commitment in the Williamsburg Declaration to halt and, as the recovery proceeds, to reverse protectionism is very important. We aim to sustain recovery, and to spread its benefits beyond the Summit countries, by strengthening the open trading system. You will have noticed the invitation to Finance Ministers to define the conditions for improving the international monetary system and to consider the part which might, in due course, be played in this process by a high-level international monetary conference. I am sure it is right to seek ways of improving the operations of the international financial system. But I do not

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share the view that its structure is fundamentally unsound. I believe we have already made considerable progress in adapting the institutions to meet the new demands which have been placed upon them.

You described the many problems being encountered by developing countries. We spent a good deal of time on these at Williamsburg. The Declaration deals with them in some detail; and in a manner which I hope you will find both sympathetic and realistic.

The countries represented at Williamsburg reaffirmed their commitment to participate constructively in the Sixth United Nations Conference on Trade and Development, now in progress in Belgrade. I hope for a fruitful outcome, which will bring benefit to developed and developing countries alike.

I do not underestimate the economic problems which confront us all at this time. They are formidable; and as formidable for your country as for any other. But I am hopeful that the recovery which is now underway in some parts of the world can be sustained and spread to other countries.

Yours sincerely  
Raymond D. Mervin

His Excellency  
Senhor General Joao Baptista de Oliveira Figueiredo, KBE