



Foreign and Commonwealth Office

London SW1A 2AH

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N Wicks Esq  
No 10

*Dear Nigel,*

SIR R ARMSTRONG: UNIVERSITY OF TORONTO LECTURE PROGRAMME

1. The University of Toronto is hosting a lecture programme in connection with the 1988 Economic Summit. Sir Robert Armstrong has agreed to represent the UK, and give a talk on 2 March on "The British perspective on the Seven-Power Summit". The other Summit countries will also be fielding speakers during the course of lectures.

/ 2. I attach a copy of Sir Robert's draft text (he is currently in Tokyo) for your information. It was passed to us for onward transmission to Toronto, in advance of Sir Robert's arrival.

*Yours ever,*

R Q Braithwaite

## UNIVERSITY OF TORONTO

### Economic Summits: A British perspective

1. The Economic Summit meeting to be hosted in this city by the Prime Minister of Canada will be the fourteenth in the series since they began in 1975. Since seven countries make up the Economic Summit grouping, and each country hosts a meeting in turn, this year's Toronto Summit will complete a second full cycle of such meetings. That makes this an appropriate time, before it has to be decided whether to embark upon a third cycle, to take stock of what they have achieved, whether they have fulfilled and continue to fulfil a purpose, and what are their prospects for the future.
2. The genesis of these meetings of the heads of state or government of seven major industrialised countries lies in the informal meetings of the so-called "Library Group" of Finance Ministers held before 1975. Valéry Giscard d'Estaing and Helmut Schmidt had valued these meetings when they were Finance Ministers, and after each of them became the executive head of the government in his own country, they believed that it would be useful that they should continue to meet for similar informal and unstructured discussions with their counterparts from the United States, Japan and the United Kingdom. The first meeting was convened by President Giscard d'Estaing at Rambouillet in 1975. The Prime Ministers of Italy and Canada were quickly added to the group, to make up the Summit of Seven; and it was not long before the other member countries of the European Community not themselves included in the Summit Seven came to be represented at Economic Summit meetings by the Presidents of the European Council and of the Commission of the European Communities.
3. From the outset the Economic Summit meetings were seen by their founders and by those who attended them, not as an international decision-making body nor as the apex of an international decision-making process in the field of financial and economic management, but as an opportunity for the heads of state or government concerned to exchange impressions, views and ideas, and to come to an

understanding among themselves, about the needs, problems and opportunities of world economic developments, and the means by which the economic welfare of their own and other countries could be enhanced by greater mutual understanding and harmonisation of economic and financial policies.

4. It was from the outset, and has by and large remained, a cardinal point that within this framework the Economic Summit was not to be institutionalised. It was not to become a formal alliance or organisation, with its own treaty and machinery, or an executive international institution like those created by the Bretton Woods Agreement. It was to be different and separate from the day-to-day or week-by-week processes of diplomatic activity and from the detailed processes of consultation and management by Ministers of Finance and central bankers. It was to be informal and deliberative, and above all an opportunity for personal and political contacts and meetings of mind at the highest political level.

5. It was in order to emphasise and preserve this quality of Economic Summits that the process of preparing for the meetings was reduced to the unavoidable minimum and was entrusted not to Foreign or Finance Ministries or to the usual diplomatic channels but to a group of Personal Representatives, each chosen and appointed by and directly answerable to his (and in Canada I must happily add her) own head of state or government. Here I must speak with less than total objectivity, having served for eight years as the British Prime Minister's Personal Representative; but I can speak from first-hand experience of the high degree of direct and open exchange of news, of the personal understanding, respect and friendship, and of the sense of what I can best call collegiality which has developed among the Personal Representatives. This together with their direct responsibility to, and in many cases personal association with, their heads of state or government, has given their gatherings and their work an extra dimension which has contributed not a little depth to the clearly much more important dimension of personal contact and collegiality among the heads of state or government themselves.

6. This collegiality among heads of state or government is a real phenomenon, and an important ingredient in the value and success of Economic Summits. There is no doubt that the view is different from the top. Each of the heads of state or government is in charge of the government in his or her own country, and has his or her own personal overview of domestic and international issues and of how they interact. Each can talk to other heads of state or government at a level and in ways which are different in important respects from the levels at which and the ways in which they do business with their ministerial colleagues at home. It is not a matter of better or worse: just different, arising out of the particular positions they hold and the special relationship which the sense of community of interests and responsibilities creates.

7. There are two other elements which are special to Economic Summits and give them, as I believe, a particular value in international affairs.

8. First, although the countries represented are diverse in size, and in national structures and traditions, all are advanced industrial countries. Though these countries are in many respects in competition with each other, their leaders all confront the same sorts of economic problems at home and in international affairs, and to that extent bring to their meetings a community of interests which gives coherence to their discussions and strength to their conclusions.

9. The Summit runs the danger, of course, of being regarded as a club of the "haves"; but I believe that it has over the years proved its capacity to contribute to the improvement and strengthening of the responses of the industrialised countries to the needs of the developing countries.

10. And secondly, the gatherings at Economic Summits are sufficiently small in number for the proceedings to be true discussions, rather than a series of prepared statements of negotiating positions. Their meetings can be conducted quite informally; and their conclusions are achieved by discussion leading

to consensus and not by debates leading to counting of votes or voices.

11. Thus the Economic Summits provide opportunities for personal, face-to-face and informal contacts and exchanges of view among the participating heads of state or government, and for identifying and articulating the politico-economic themes which set the framework for international economic and financial management. It is these qualities of Economic Summits which appeal with especial force to the British Prime Minister. Indeed, I believe that the same would be true for any of her colleagues at the Economic Summit. They aspire to recapture the informality and flexibility of the "Library Group".

12. In two respects it is impossible for them fully to realise that aspiration.

13. The first respect derives from the high level and the size of the gatherings, and the concentration of public and media attention and expectations upon them. There are seven heads of state or government: two of them Presidents of their countries, and five of them Prime Ministers. Each is accompanied by a Foreign and a Finance Minister. The European Community is represented by the Presidents of the European Council and of the Commission of the European Communities. They come together from the four corners of the world, and are inevitably encompassed about by sizeable delegations of senior officials as well as by those whose duty is to assume security and communications with the home base. The total number of people involved in a Summit meeting thus runs into several hundreds.

14. And these gatherings have come to attract huge attention from the media. At recent Summits the numbers of journalists in attendance has been in the order of 3,000, of whom some 1,000 or more are American and not too far short of that number Japanese.

15. Thus the organisation of an Economic Summit meeting entails a considerable feat of preparation, planning and expense for the host government; and the necessary degree of orderliness and formality

which the arrangements require makes it more difficult to preserve the degree of informality and flexibility of discussion which it remains the aspiration of the main participants to achieve. And the journalists are all, naturally enough, looking for stories to send back to their viewers, listeners and readers; it is hardly surprising that they are not content to wait for the final declaration and press conference, but look to be supplied - on or off the record - during the meetings with material about the subjects being discussed, the progress of the discussion, and - inevitably - any emerging differences of view or conflicts of interest.

16. It was considerations of this kind which led some seasoned Summit observers to look back with special nostalgia to the first Summit under Canadian auspices, which was held at Montebello. The nature and size of the "largest log cabin in the world" enabled all the principals and their delegations to be accommodated under one roof, and eliminated much time and hassle of travelling between one location and another. At the same time it ensured that the numbers in each national delegation had to be strictly limited; and the representatives of the media remained in Ottawa, so that spokesmen had to use the telephone or make a forty-mile journey to brief the press. As one cynical press officer was heard to remark at the time: "Peace, perfect peace, with loved ones far away".

17. Another main respect in which the Economic Summit differs from the Library Group is the intrusion of high political issues into the agenda for discussion. I use the word "intrusion" only because the time taken up in discussion of political issues reduces the amount of time available for discussion of the economic issues which it is the primary purpose of these Summits to consider. But of course the political issues are of the highest importance in their own right; and of course it is both inevitable and right that heads of state or government who are much preoccupied with these issues in their day-to-day business at home should use opportunities of this kind to exchange views with each other about them. Indeed, they would be failing in their responsibilities if they did not.

18. Despite all these pressures, there has been a considerable, perhaps surprisingly considerable, degree of success in preserving both the primarily economic purpose and the informal character of discussions by heads of state or government at the Economic Summit. Discussions of more detailed and technical financial and economic matters are delegated to Finance Ministers who keep in regular contact during the year through their G7 and other processes. Discussions of regional foreign policy issues at the Summit can be delegated to Foreign Ministers, enabling heads of state or government to concentrate their political discussions on the major international issues, and particularly those of East-West relations. Their political discussions tend to be conducted outside the regular sessions, at mealtimes for instance, enabling the regular sessions to focus on economic issues. The fact that the draft of the economic declaration or communiqué is not available for consideration until relatively late in the meeting serves both to limit the amount of time that heads of state or government need to spend on detailed drafting points and to enable the preparation of the draft to reflect the points of view that emerge from the earlier part of the discussion.

19. And heads of state or government have on the whole resisted the temptation to institutionalise the process of preparation beyond the Personal Representatives. Specialist working groups have been set up from time to time to deal with particular issues or remits. There was, for example, a Working Group on Technology, Growth and Employment, which was set up at the Versailles Summit in 1982 and did some useful work, particularly in establishing joint venture projects among Summit countries, before it was finally disbanded two or three years ago. But such groups have been few, and all have reported to the Summit through the Personal Representatives. The preparatory process has been deliberately kept lean in order that heads of state or government themselves should be able to concentrate on identifying issues and exchanging views rather than on reaching decisions.

20. It would be beside the point to expect a catalogue of specific achievements from a process which has had other objectives. Perhaps the nearest the Economic Summit has come to attempting anything

which could be described as specific achievements was the agreements in Tokyo in 1979, and Venice in 1980 on targets for energy conservation and for development of alternative energy sources in the wake of the second major wave of oil price increases. I doubt whether the targets then agreed would bear very close inspection today, though I must confess that I have not done the exercise.

21. But those two Summits illustrated one important benefit of the Economic Summit process: that it enables heads of state or government to reach and to express a consensus of political will at the highest level on the need to pursue particular economic objectives. The Tokyo and Venice Summits of 1979 and 1980 articulated a clear political commitment by the seven governments of the Summit countries to the vigorous pursuit of policies of energy conservation and the development of alternative energy sources; and the political significance of that, both domestically and internationally, was perhaps more important than the specific targets by means of which it was expressed.

22. The problems of the developing countries have exercised the minds of heads of state or government at every Economic Summit meeting in which I have been involved. The articulation of detailed policies on the support of developing countries and the debt problems of the major debtor nations has been dealt with in other international fora, not least because many other countries are involved. But the Summit meetings have helped to focus the minds of heads of state or government on these problems, and to reaffirm political will at the highest level for a positive and constructive approach to them; and they have probably on occasion helped heads of state or government to carry political and public opinion at home for more outgoing national policies than they might otherwise have been able to accept.

23. Again, the detailed application of policies on multilateral coordination and surveillance in international financial management has been a matter primarily for Ministers of Finance; but the Summit has taken useful initiatives of process in this area, and its endorsement of the policies agreed and pursued by Ministers of



Finance has given heightened political weight to the policies and has helped to improve their effectiveness.

24. Perhaps the most valuable service that successive Economic Summits have been able to render has been the regular and unvarying commitment of the seven heads of state or government to the preservation and strengthening of the open multilateral trading system. At a time when protectionist tendencies have seemed to be on the increase, that commitment, collectively undertaken and reiterated at the highest level, has been a demonstration and an example to other trading partners, as well as a reinforcement for resistance to domestic protectionist pressures in the Summit countries themselves.

25. At the last two Summits, at Tokyo in 1986 and Venice in 1987, heads of state or government have discussed at some length the problems of world agricultural surpluses and the part created in generating those surpluses by domestic (including European Community) agricultural support policies. They have reached general agreement on the need to eliminate surpluses over a period of time and to reduce governmental support policies as necessary for that purpose. The detailed work on this is being done in the Organisation for Economic Cooperation and Development and as part of the Uruguay Round in the General Agreement on Tariffs and Trade; the expression of political will to tackle the problem contained in the Summit declarations has helped to highlight political and public consciousness of the problem in the Summit countries and elsewhere, and to give additional impetus to the discussions of the problem in regional groupings and in other international bodies.

26. But I would argue that the most significant achievement of the Economic Summit process is still that it provides a regular opportunity for those seven heads of state or government to meet and talk to each other face to face; to exchange views in a relatively free-ranging and informal way about international political, economic and financial issues, and to enable each other to understand the particular domestic political and economic needs and problems which impel or constrain them. It must be better that this should happen than that it should not. Also, despite all the

ballyhoo that surrounds Summit meetings and the unfulfilled and often unfulfillable expectations to which they can give rise, the fact that the Economic Summit has become and is accepted as an annual event - one event (albeit a particularly conspicuous one) in an annual calendar of events and meetings, helps to place it in perspective and to ensure that not too much is seen as riding on the outcome.

27. A cynic might argue that the only reason why the Summit process should and probably will continue is because it would be too devastating an admission of failure or of lack of cohesion to discontinue it. I do not want to take that position. I believe that the holding of the annual Economic Summits helps to make the development of the world macro-economy better managed and more positive than it would be if Summits did not occur. That judgement is in the nature of things not capable of demonstration or proof, since it is impossible to show how things would have turned out if there had been no Economic Summits. But is it a judgement of faith, based on experience. But, if it is right, it is surely sufficient to justify the countries concerned in continuing the process, and in deciding in this city later this year to embark upon a further cycle of Economic Summits.

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ROBERT ARMSTRONG