

**LONDON SUMMIT**

**7-9 June 1984**

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## **COMMUNIQUÉ: THE LONDON ECONOMIC DECLARATION**

9 June 1984

1. We, the Heads of State or Government of seven major industrialized countries and the President of the Commission of the European Communities, have gathered in London from 7 to 9 June 1984 at the invitation of the Rt. Hon. Margaret Thatcher, FRS MP, the Prime Minister of the United Kingdom, for the tenth annual Economic Summit.

2. The primary purpose of these meetings is to enable Heads of State or Government to come together to discuss economic problems, prospects and opportunities for our countries and for the world. We have been able to achieve not only closer understanding of each other's positions and views but also a large measure of agreement on the basic objectives of our respective policies.

3. At our last meeting, in Williamsburg in 1983, we were already able to detect clear signs of recovery from world recession. That recovery can now be seen to be established in our countries. It is more soundly based than previous recoveries in that it results from the firm efforts made in the Summit countries and elsewhere over recent years to reduce inflation.

4. But its continuation requires unremitting efforts. We have to make the most of the opportunities with which we are now presented to reinforce the basis for enduring growth and the creation of new jobs. We need to spread the benefits of recovery widely, both within the industrialized countries and also to the developing countries, especially the poorer countries who stand to gain more than any from a sustainable growth of the world economy. High interest rates, and failure to reduce inflation further and dampen down inflationary expectations, could put recovery at risk. Prudent monetary and budgetary policies of the kind that have brought us so far will have to be sustained and where necessary strengthened. We reaffirm the commitment of our Governments to those objectives and policies.

5. Not the least of our concerns is the growing strain of public expenditure in all our countries. Public expenditure has to be kept within the limits of what our national economies can afford. We welcome the increasing attention being given to these problems by national governments and in such international bodies as the Organisation for Economic Co-operation and Development (OECD).

6. As unemployment in our countries remains high, we emphasize the need for sustained growth and creation of new jobs. We must make sure that the industrial economies adapt and develop in response to demand and to technological change. We must encourage active job training policies and removal of rigidities in the labour market, and bring about the conditions in which more new jobs will be created on a lasting basis, especially for the young. We need to foster and expand the international trading system and liberalize capital markets.

7. We are mindful of the concerns expressed by the developing countries, and of the political and economic difficulties which many of them face. In our discussion of each of the issues before us we have recognized the economic interdependence of the industrialized and developing countries. We reaffirm our willingness to conduct our relations with them in a spirit of goodwill and cooperation. To this end we have asked Ministers of Finance to consider the scope for intensified discussion of international financial issues of particular concern to developing countries in the IBRD [International Bank for Reconstruction and Development] Development Committee, an appropriate and broadly representative forum for this purpose.

8. In our strategy for dealing with the debt burdens of many developing countries, a key role has been played by the International Monetary Fund (IMF), whose resources have been strengthened for the purpose. Debtor countries have been increasingly ready to accept the need to adjust their economic policies, despite the painful and courageous efforts it requires. In a climate of world recovery and growing world trade, this strategy should continue to enable the international financial system to manage the problems that may still arise. But continuously high or even further growing levels of international interest rates could both exacerbate the problems of the debtor countries and make it more difficult to sustain the strategy. This underlines the importance of policies which will be conducive to lower interest rates and which take account of the impact of our policies upon other countries.

9. We have therefore agreed:

(1) To continue with and where necessary strengthen policies to reduce inflation and interest rates, to control monetary growth and where necessary reduce budgetary deficits;

(2) To seek to reduce obstacles to the creation of new jobs:

-- by encouraging the development of industries and services in response to demand and technological change, including in innovative small and medium sized businesses;

-- by encouraging the efficient working of the labour market;

-- by encouraging the improvement and extension of job training;

-- by encouraging flexibility in the patterns of working time;

-- and by discouraging measures to preserve obsolescent production and technology.

(3) To support and strengthen work in the appropriate international organizations, notably the OECD, on increasing understanding of the sources and patterns of economic change, and on improving economic efficiency and promoting growth, in particular by encouraging innovation and working for a more widespread acceptance of technological change, harmonizing standards and facilitating the mobility of labour and capital;

(4) To maintain and wherever possible increase flows of resources including official development assistance and assistance through the international financial and development institutions, to the developing countries and particularly to the poorest countries; to work with the developing countries to encourage more openness towards private investment flows; and to encourage practical measures in those countries to conserve resources and enhance indigenous food and energy production. Some of us also wish to activate the Common Fund for Commodities;

(5) In a spirit of cooperation with the countries concerned, to confirm the strategy on debt and continue to implement and develop it flexibly case by case; we have reviewed progress and attach particular importance to:

-- helping debtor countries to make necessary economic and financial policy changes, taking due account of political and social difficulties;

-- encouraging the IMF in its central role in this process, which it has been carrying out skilfully;

-- encouraging closer cooperation between the IMF and the International Bank for Reconstruction and Development (IBRD), and strengthening the role of the IBRD in fostering development over the medium and long term;

-- in cases where debtor countries are themselves making successful efforts to improve their position, encouraging more extended multiyear rescheduling of commercial debts and standing ready where appropriate to negotiate similarly in respect of debts to governments and government agencies;

-- encouraging the flow of long term direct investment; just as there is need for industrial countries to make their markets more open for the exports of developing countries, so these countries can help themselves by encouraging investment from the industrial countries;

-- encouraging the substitution of more stable longterm finance, both direct and portfolio, for short term bank lending.

(6) To invite Finance Ministers to carry forward, in an urgent and thorough manner, their current work on ways to improve the operation of the international monetary system, including exchange rates, surveillance, the creation, control and distribution of international liquidity and the role of the IMF; and to complete the present phase of their work in the first half of 1985 with a view to discussion at an early meeting of the IMF Interim Committee. The question of a further allocation of Special Drawing Rights is to be reconsidered by the IMF Interim Committee in September 1984;

(7) To carry forward the procedures agreed at Versailles and at Williamsburg for multilateral monitoring and surveillance of convergence of economic performance toward lower inflation and higher growth;

(8) To seek to improve the operation and stability of the international financial system, by means of prudent policies among the major countries, by providing an adequate flow of funding to the international financial institutions, and by improving international access to capital markets in industrialized countries;

(9) To urge all trading countries, industrialized and developing alike, to resist continuing protectionist pressures, to reduce barriers to trade and to make renewed efforts to liberalize and expand international trade in manufactures, commodities and services;

(10) To accelerate the completion of current trade liberalization programs, particularly the 1982 GATT work program, in cooperation with other trading partners; to press forward with the work on trade in services in the international organizations; to reaffirm the agreement reached at the OECD Ministerial Meeting in May 1984 on the important contribution which a new round of multilateral trade negotiations would make to strengthening the open multilateral trading system for the mutual benefit of all economies, industrial and developing; and, building on the 1982 GATT work program, to consult partners in the GATT with a view to decisions at an early date on the possible objectives, arrangements and timing for a new negotiating round.

10. We are greatly concerned about the acute problems of poverty and drought in parts of Africa. We attach major importance to the special action program for Africa which is being prepared by the World Bank and should provide renewed impetus to the joint efforts of the international community to help.

11. We have considered the possible implications of a further deterioration of the situation in the Gulf for the supply of oil. We are satisfied that, given the stocks of oil presently available in the world, the availability of other sources of energy, and the scope for conservation in the use of energy, adequate supplies could be maintained for a substantial period of time by international cooperation and mutually supportive action. We will continue to act together to that end.

12. We note with approval the continuing consensus on the security and other implications of economic relations with Eastern countries, and on the need to continue work on this subject in the appropriate organizations.

13. We welcome the further report of the Working Group on Technology, Growth and Employment created by the Versailles Economic Summit, and the progress made in the eighteen areas of cooperation, and invite the Group to pursue further work and to report to Personal Representatives in time for the next Economic Summit. We also welcome the invitation of the Italian Government to an international conference to be held in Italy in 1985 on the theme of technological innovation and the creation of new jobs.

14. We recognize the international dimension of environmental problems and the role of environmental factors in economic development. We have invited Ministers responsible for environmental policies to identify areas for continuing cooperation in this field. In addition we have decided to invite the Working Group on Technology, Growth and Employment to consider what has been done so far and to identify specific areas for research on the causes, effects and means of limiting environmental pollution of air, water and ground where existing knowledge is inadequate, and to identify possible projects for industrial cooperation to develop cost effective techniques to reduce environmental damage. The Group is invited to report on these matters by 31 December 1984. In the meantime we welcome the invitation from the Government of the Federal Republic of Germany to certain Summit countries to an international conference on the environment in Munich on 24-27 June 1984.

15. We thank the Prime Minister of Japan for his report on the Hakone Conference of Life Sciences and Mankind, organized by the Japan Foundation in March 1984, and welcome the intention of the French Government to sponsor a second conference in 1985.

16. We believe that manned space stations are the kind of program that provides a stimulus for technological development leading to strengthened economies and improved quality of life. Such stations are being studied in some of our countries with a view to their being launched in the framework of national or international programs. In that context each of our countries will consider carefully the generous and thoughtful invitation received from the President of the United States to other Summit countries to participate in the development of such a station by the United States. We welcome the intention of the United States to report at the next Summit on international participation in their program.

17. We have agreed to meet again next year and have accepted the Federal Chancellor's invitation to meet in the Federal Republic of Germany.

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## Political Declarations and Statements

### **DECLARATION ON DEMOCRATIC VALUES**

8 June 1984

1. We, the Heads of State or Government of seven major industrial democracies with the President of the Commission of the European Communities, assembled in London for the Tenth Economic Summit meeting, affirm our commitment to the values which sustain and bring together our societies.
2. We believe in a rule of law which respects and protects without fear or favour the rights and liberties of every citizen, and provides the setting in which the human spirit can develop in freedom and diversity.
3. We believe in a system of democracy which ensures genuine choice in elections freely held, free expression of opinion and the capacity to respond and adapt to change in all its aspects.
4. We believe that, in the political and economic systems of our democracies, it is for Governments to set conditions in which there can be the greatest possible range and freedom of choice and personal initiative; in which the ideals of social justice, obligations and rights can be pursued; in which enterprise can flourish and employment opportunities can be available for all; in which all have equal opportunities of sharing in the benefits of growth and there is support for those who suffer or are in need; in which the lives of all can be enriched by the fruits of innovation, imagination and scientific discovery; and in which there can be confidence in the soundness of the currency. Our countries have the resources and will jointly to master the tasks of the new industrial revolution.
5. We believe in close partnership among our countries in the conviction that this will reinforce political stability and economic growth in the world as a whole. We look for cooperation with all countries on the basis of respect for their independence and territorial integrity, regardless of differences between political, economic and social systems. We respect genuine non-alignment. We are aware that economic strength places special moral responsibilities upon us. We reaffirm our determination to fight hunger and poverty throughout the world.
6. We believe in the need for peace with freedom and justice. Each of us rejects the use of force as a means of settling disputes. Each of us will maintain only the military strength necessary to deter aggression and to meet our responsibilities for effective defence. We believe that in today's world the independence of each of our countries is of concern to us all. We are convinced that international problems and conflicts can and must be resolved through reasoned dialogue and negotiation and we shall support all efforts to this end.
7. Strong in these beliefs, and endowed with great diversity and creative vigour, we look forward to the future with confidence.

### **DECLARATION ON INTERNATIONAL TERRORISM**

9 June 1984

1. The Heads of State and Government discussed the problem of international terrorism.
2. They noted that hijacking and kidnapping had declined since the Declarations of Bonn (1978), Venice (1980) and Ottawa (1981) as a result of improved security measures, but that terrorism had developed other techniques, sometimes in association with traffic in drugs.
3. They expressed their resolve to combat this threat by every possible means, strengthening existing measures and developing effective new ones.
4. They were disturbed to note the ease with which terrorists move across international boundaries, and gain access to weapons, explosives, training and finance.
5. They viewed with serious concern the increasing involvement of States and governments in acts of terrorism, including the abuse of diplomatic immunity. They acknowledged the inviolability of diplomatic missions and other requirements of international law; but they emphasized the obligations which that law also entails.

6. Proposals which found support in the discussion included the following:

closer cooperation and coordination between police and security organizations and other relevant authorities, especially in the exchange of information, intelligence and technical knowledge;  
scrutiny by each country of gaps in its national legislation which might be exploited by terrorists;  
use of the powers of the receiving State under the Vienna Convention in such matters as the size of diplomatic missions, and the number of buildings enjoying diplomatic immunity;  
action by each country to review the sale of weapons to States supporting terrorism;  
consultation and as far as possible cooperation over the expulsion or exclusion from their countries of known terrorists, including persons of diplomatic status involved in terrorism.

7. The Heads of State and Government recognized that this is a problem which affects all civilized States. They resolved to promote action through competent international organizations and among the international community as a whole to prevent and punish terrorist acts.

## **DECLARATION ON EAST-WEST RELATIONS AND ARMS CONTROL**

9 June 1984

1. We had a substantial discussion of East West relations. We stressed that the first need is for solidarity and resolve among us all.
2. At the same time, we are determined to pursue the search for extended political dialogue and long term cooperation with the Soviet Union and her allies. Contacts exist and are being developed in a number of fields. Each of us will pursue all useful opportunities for dialogue.
3. Our aim is security and the lowest possible level of forces. We wish to see early and positive results in the various arms control negotiations and the speedy resumption of those now suspended. The United States has offered to restart nuclear arms control talks anywhere, at any time, without preconditions. We hope that the Soviet Union will act in a constructive and positive way. We are convinced that this would be in the common interest of both East and West. We are in favour of agreements which would build confidence and give concrete expression, through precise commitments, to the principle of the non-use of force.
4. We believe that East and West have important common interests: in preserving peace; in enhancing confidence and security; in reducing the risks of surprise attack or war by accident; in improving crisis management techniques; and in preventing the spread of nuclear weapons.

## **THE IRAQ-IRAN CONFLICT (CHAIRMAN'S STATEMENT)**

9 June 1984

1. We discussed the Iraq-Iran conflict in all its various aspects.
2. We expressed our deep concern at the mounting toll in human suffering, physical damage and bitterness that this conflict has brought; and at the breaches of international humanitarian law that have occurred.
3. The hope and desire of us all is that both sides will cease their attacks on each other and on the shipping of other States. The principle of freedom of navigation must be respected. We are concerned that the conflict should not spread further and we shall do what we can to encourage stability in the region.
4. We encourage the parties to seek a peaceful and honourable settlement. We shall support any efforts designed to bring this about, particularly those of the United Nations Secretary General.
5. We also considered the implications for world oil supplies on the lines set out in the Economic Declaration. We noted that the world oil market has remained relatively stable. We believe that the

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international system has both the will and the capacity to cope with any foreseeable problems through the continuation of the prudent and realistic approach that is already being applied.