



file pts

10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

31 December 1986

I am writing to acknowledge and thank you for your letter of 30 December, with the text of a message for the Prime Minister from Mr Chirac.

M E ADDISON

His Excellency Le Vicomte Luc de La Barre  
de Nanteuil

SUBJECT  
CC MASTER  
OPS



10 DOWNING STREET  
LONDON SW1A 2AA

THE PRIME MINISTER

19 December 1986

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T 244/86

Dear Mr. President

Thank you for your letter of 2 December, setting out the views you have developed on the North/South dialogue, and suggesting some possible lines for future action.

I agree with much of your analysis of the problems which developing countries face. Many of your suggested lines for action are consistent with our own thinking. Like you, I am concerned that official development aid should reach the poorest countries: indeed some two-thirds of our own bilateral aid already goes to them. I recognise that, as we agreed at our meeting in Tokyo last May, developed countries can improve global development prospects by securing steady, non-inflationary and sustainable growth. I also fully agree with you that we must fight protectionism in all its forms: this is something that applies to developed and developing countries alike.

However, I wonder if the conclusion that the North/South dialogue is at an impasse is not too pessimistic. I agree there is much still to be done to enhance co-operation between rich and poor countries and move the development process forward. But events over the past year have shown that relations are not static. The successful launching of the new round of GATT negotiations at Punta del Este, and the encouraging outcome of the UN Special Session on Africa are positive signs. The present session of the UN General

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Assembly has recently, for the first time, reached consensus on a resolution on debt. This is a problem which we have managed with considerable resourcefulness and imagination in recent years, and owes much to the role of the French authorities in running the Paris Club. Given realism and goodwill on the part of developing and developed countries alike, the international community can agree on a range of major development issues.

We are now all beginning to look towards the meeting, in July next year, of the Seventh Session of the United Nations Conference on Trade and Development where problems common to North and South will be discussed in detail. Development issues will again be discussed at high level at the preceding regular meeting of the IBRD's Development Committee. These will be important tests of whether the new spirit of realism among developing countries matches the goodwill of the developed world.

Against this background, I should want to think very carefully about your proposal for invoking the spirit of the Marshall Plan during its 40th anniversary year. The very success of the Marshall Plan, and forty years of experience since that initiative was launched, have shown repeatedly that money alone is not enough to assure development. Human resources, appropriate economic structures and the right domestic and international economic policies are important, and so too is a proper concern for the impact of development on the environment. While I share your feeling that such an important anniversary should not pass unnoticed, I would not want to do anything which might suggest lack of faith in the established institutions which are already dealing with the problems of global economic management.

*With warm regards,*

*Yours sincerely*  
*Margaret Thatcher*

His Excellency Monsieur François Mitterrand, GCB

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Foreign and Commonwealth Office

London SW1A 2AH

18 December 1986

copy

Dear Charles,

President Mitterrand's Message on  
the North/South Dialogue

Your letter to Colin Budd on 2 December asked for a draft reply for the Prime Minister to send to President Mitterrand's letter of the same date. I attach a draft reply which has been agreed with the Treasury and with the ODA. The line taken is that while we agree with some of President Mitterrand's analysis, we do not accept his conclusion.

I am copying this letter and enclosure to Alex Allan (HMT) and Martin Dinham (ODA).

Yours ever

(R N Culshaw)  
Private Secretary

C D Powell Esq  
No 10 Downing St



DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM: Prime Minister

Reference

To info  
on

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO: Monsieur Francois Mitterrand  
President of the French Republic

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Copies to:

DASTAK

PRIVACY MARKING

SUBJECT:

.....In Confidence

Thank you for your letter of 2 December, setting out the views you have developed on the North/South dialogue, and suggesting some possible lines for future action. ~~I am grateful to you for sharing your thoughts with me in this way.~~

CAVEAT.....

I agree with much of your analysis of the ~~current~~ <sup>which</sup> problems developing countries face. Many of your suggested lines for action are consistent with our own thinking. Like you, I am concerned that official development aid should reach the poorest countries: indeed some two-thirds of our own bilateral aid already goes to them. I recognise that, as we agreed at our meeting in Tokyo last May, developed countries can improve global development prospects by securing steady, non-inflationary and sustainable growth. I also fully agree with you that we must fight protectionism in all its forms: this is something that applies to developed and developing countries alike.

However, I wonder if the conclusion that the North/South dialogue is at an impasse is not too pessimistic? I agree there is much still to be done to enhance cooperation between rich and poor countries and move the development process forward. But events over the past year have shown that relations are not static. ~~The North/South dialogue is still alive.~~ The successful launching of the new round of GATT negotiations at Punta del Este, and the encouraging outcome of the UN Special Session on Africa are positive signs. The present session of the UN General Assembly has recently, for the first time, reached consensus

Enclosures—flag(s).....

/on a resolution

on a resolution on debt. This is a problem which we have managed with considerable resourcefulness and imagination in recent years, and owes much to the role of the French authorities in running the Paris Club. Given realism and goodwill on the part of developing and developed countries alike, the international community can agree on a range of major development issues.

We are now all beginning to look towards the meeting, in July next year, of the Seventh Session of the United Nations Conference on Trade and Development where problems common to North and South will be discussed in detail. Development issues will again be discussed at high level at the preceding regular meeting of the IBRD's Development Committee. These will be important tests of whether the new spirit of realism among developing countries matches the goodwill of the developed world.

~~With these meetings in mind I pause before endorsing your proposal for invoking the spirit of the Marshall Plan during its 40th anniversary year. The very success of the Marshall Plan, and forty years of experience since that initiative was launched, have shown repeatedly that money alone is not enough to assure development. Human resources, appropriate economic structures and the right domestic and international economic policies are equally important.~~ <sup>and</sup> So too is a proper concern for the impact of development on the environment. <sup>which show your feeling</sup> I agree of course that such an important anniversary should not pass unnoticed, <sup>I would not want to do anything which might</sup> But we should not in any way suggest that <sup>we</sup> lack faith in the established institutions which are <sup>already</sup> dealing with the problems of global economic management which you rightly address, <sup>But I am</sup> ~~before the policies these institutions are pursuing have had an opportunity to prove their worth.~~

<sup>sharing with me</sup>  
~~for~~ <sup>respect</sup> your views on this very important matter.

Against his background I should ~~not~~ <sup>not</sup> want to ~~think~~ <sup>look</sup> ~~at~~ <sup>very</sup> ~~carefully~~ <sup>carefully</sup> at ~~it~~ <sup>it</sup>

critique to you

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**DEPARTMENT:**

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.....In Confidence

**CAVEAT**.....

**Enclosures—flag(s)**.....



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