

PRIME MINISTER'S COMMENTS AT JOINT PRESS CONFERENCE BY  
HEADS OF GOVERNMENT FOLLOWING MEETING IN RUNAWAY BAY, JAMAICA

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..I believe it has been a constructive meeting with Heads of State, and Heads of Government from a diverse group of countries. Out of the discussion of two days has come, I think, a remarkable degree of understanding, and at the same time a remarkable degree of recognised common interests and a significant area of agreement.

We have discussed extensively, as you have been told, the North-South problems, but we also had an extensive discussion of problems within the developed world, within the major industrial world. Those discussions centred around the problem, the evil of inflation and the damage that it does to developed and developing alike, as Prime Minister Manley indicated in his opening remarks on behalf of all of us - remarks which I share fully and support fully, not just on that subject, but on the totality of what the Prime Minister indicated as Chairman.

Inflation causes many social inequalities, it is devicive in a country, between countries, whether they are in the developed world or in the developing world. It leads to a lack of confidence of consumers, a lack of confidence in investment, and it leads to a serious and tragic loss of jobs - an increase in unemployment.

I think there was agreement amongst us in the inflationary situation in which we find ourselves, about the inappropriateness of Keynesian policies - he wrote for a different age and different circumstances and most regretted that he still has some advocates in the present environment.

But inflation, perhaps above all other things, leads to enormous and growing pressures for protection. It means quite clearly that developed countries can provide less assistance and less help, less access to their own markets for the goods of the developing world. In the inflationary circumstance, there is a slower growth of trade, the general market growth is much less than it needs to be. The problems of employment in almost all countries could be overcome and that the very serious problems of poverty and the lack of adequate income from resources in the developing world could be tackled with sufficient vigour. I think to find again, a diverse group of countries, such as we are, having a common view about this particular problem is very useful and constructive. We expect certain views out of OECD, or out of GATT, but to have a shared interest and view on this subject from this meeting, I think, should reinforce all of us against the common enemy.

I was pleased to see the advance that has been made in the Common Fund discussions and that the recognition that a Fund needs to be established. I am sure we will be bending our own views and efforts to make the next negotiating round a success and to resolve what difficulties remain. Its objective as we know, is stability, the advantage to producers and consumers, and second window operations I also regard as important in relation to the Common Fund.

Other areas of assistance to the developing world were also discussed at length: the Stabex arrangements operated largely by Europe and the Lome Convention for many developing countries, but not for all; the compensatory finance arrangements of the International Monetary Fund - both of which are directed towards in a sense, overcoming a particular problem of lack of exchange on the part of developing countries, and both directing themselves to a solution to that particular problem - how one or other or both might be further or better developed.

The discussions overall with the Prime Minister and colleagues I found very useful and constructive. As I indicated at the outset I think there was a remarkable area of agreement between us as the discussions unfolded. Quite certainly, from my part the perception and understandings of many problems have been greatly widened. I think this again is the value of an unstructured meeting, of people coming together for a free and plain exchange of views. Tolerance wasn't needed, but tolerance was, at the same time, was shown and exhibited in the room, and understanding was shown. I think that augurs well.

Again, Prime Minister Manley, I would like to thank you for hosting the meeting, for chairing it, and for the very warm hospitality we have received over the last two or three days.

Thank you very much indeed.

ENDS