



Ref. A084/1384

MR COLES

London Economic Summit: Thematic Paper

Thank you for your minute of 9 May.

2. The references to the United States have already been toned down from earlier versions, and I think that it would be difficult and unrealistic (given the size of the United States economy and its impact on the rest of the world) not to include some references to the levels of the budget deficit and of interest rates in the United States: matters on which the Chancellor of the Exchequer suggested (in his minute of 18 April) we needed to focus from the point of view of British interests.

3. To meet the Prime Minister's point I make the following suggestions:

(1) in paragraph 4.4, no change (the reference is in any case to "North America");

(2) in paragraph 4.5, delete "notably the United States";

(3) in paragraph 4.7, no change (it is a statement of fact);

(4) in paragraph 9, last sentence to be amended to read: "Recovery combined with present fiscal policies should help to limit budget deficits in most countries; in the United States the Administration is giving priority to curbing public expenditure";

(5) in paragraph 11, second sentence to read: "The influence on the United States dollar of the level of the current United States balance of payments deficit and fears of rising inflation could be offset by the high rate of return on assets in the United States".





4. I am sending copies of this minute to the Private Secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for Trade and Industry and the Secretary of State for Transport.

RIA

ROBERT ARMSTRONG

9 May 1984

conqueror