MT

Confidential Filing

Visits of M. Barre

S 3001

PRIME MINISTER

FRANCE

December 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~3.12.80~~							
~~5.12.80~~							
~~8.12.81~~							
~~10.12.81~~							
~~14.12.81~~							
~~16.3.83~~							
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~~25.3.83~~							
~~30.3.83~~							
~~14.4.83~~							
~~2.1.86~~							
~~16.1.86~~							
~~2.2.87~~							
25.3.87							

PREM 19/2183

CLOSED

Dd 533270 5M 2/78 8362633 JET

cc PC
CDP

Prime Minister
It is suggested that you make a point of raising East/West relations, on which he is not as robust as Mitterrand & Chirac.
CDP 25/3

Foreign and Commonwealth Office
London SW1A 2AH

25 March 1987

Dear Charles,

Monsieur Raymond Barre

You asked for a round-up of recent political developments in France before M Barre calls on the Prime Minister on 26 March.

Things have not gone well for the Chirac Government over the last few months. Chirac accepted the office of Prime Minister last March knowing that there was substantial public support for cohabitation, but also that he had at most two years in which to prove his government dynamic and effective before the Presidential elections due by May 1988. He made a confident start and Barre, who had made clear his opposition to cohabitation, and suffered accordingly in the polls, could only wait for something to go wrong. By the end of 1986, a number of things had started to do so: the government's handling of a series of terrorist attacks in Paris, widespread student unrest and then strikes by railwaymen and public sector workers all gave the impression that it was irresolute and easily blown off course, while disappointing economic results and the failure to resolve the problem of French hostages in Beirut have created doubt whether its policies produce results. Mitterrand has also contrived to suggest discreetly that he is not impressed. All this has enabled Barre to claim that he was right about both the danger of cohabitation and France's economic problems, and his standing in the opinion polls has risen sharply, while doubts have resurfaced about Chirac's judgment.

At the moment Barre is thus the most popular politician on the Right. His eyes are fixed on the presidential elections, and the opinion polls have it that he might even beat Mitterrand. His reputation as a formidable economist, his gravitas, and his proclaimed disdain for the hurly-burly of politics (in which many see an echo of de Gaulle) are all assets to him; and he contrives to appeal to a wider range of the Centre and Right than Chirac. He has also, however, considerable handicaps. To maintain his present lead over Chirac he depends on things continuing to run against the government. He lacks a party organisation to back his presidential campaign; and his own record on the hustings is unremarkable. It will be difficult to maintain for the next year (as may be necessary) the appearance of offering a viable alternative to Chirac which does not involve forsaking the Right, rather than sitting back criticising while others do the dirty work. As long as Barre outstrips Chirac in the polls, it will not be in Mitterrand's interests either to make things easier for him.

/There

There is one area of policy on which Barre's line is seen by some as insufficiently robust: East/West relations and arms control. There have been doubts in the past about his attitude towards the Soviet Union (easily fuelled by his having a Hungarian wife) and accusations that he is complacent in the face of the Soviet threat. To counter this, Barre has been projecting himself as the defender of a modernised, European version of Gaullism, still emphasising national independence and retaining a certain aloofness towards the United States, but alive to the Soviet threat and seeking a concerted European response to it. He has recently criticised the INF zero option, which he regards as selling out Western security interests.

HM Embassy in Paris are keen that we should use the opportunity of Barre's visit to London to expose him to our views on these issues. We recommend that the Prime Minister make them the central subject of the discussion, drawing as necessary on the briefing for her visit to Moscow.

The other main issue which M Barre may raise is the European Community, including EC financing. We recommend that the Prime Minister stress the importance of France, Germany and Britain working together to achieve a viable Community, particularly through control of spending. She may wish to make clear the extent to which this is already common ground and that both we and the French see it as an essential prerequisite to the development of new policies.

If there is time, Sir John Fretwell believes that Barre may raise EC relations with Japan. tWe recommend that the Prime Minister tell M Barre that we have been campaigning hard in the Community for increased pressure on Japan to take the necessary structural and market opening action to correct its trade surplus. The Commission has now opened procedures against Japan in the GATT on alcoholic drinks and will be pressing the Japanese to take specific action in other sectors (eg automobiles and medical equipment). The appreciation of the Yen will have some effect; but we must continue and intensify this campaign to get the Japanese to take specific action to open up their markets.

Like the French we are also concerned about protectionist pressures in the United States, particularly in Congress. The United States is still importing nearly twice as much as it exports. We have made clear our determination to respond firmly to protectionist action, thereby helping to strengthen the Administration's hand vis á vis Congress. But we do not think it sensible to take action which would start a trade conflict - as certainly would be the case if the Commission's proposals for an oils and fats tax were adopted by the Council (Germany, Portugal, Denmark and The Netherlands have joined us in opposing this).

/Barre

Barre will call on the Foreign Secretary earlier in the afternoon, after having lunched as the guest of the Franco-British Council; and will go on to deliver the Alistair Buchan Memorial Lecture at the International Institute of Strategic Studies. Sir John Fretwell will call on him on the evening of 25 March, and will report by telegram if Barre mentions any other issues he intends to raise.

Yours ever,

Lyn Parker

(L Parker)
Private Secretary

C D Powell Esq
PS/10 Downing Street

cc Mr PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

2 February 1987

The Prime Minister has agreed to see M. Raymond Barre at 1630 on 26 March. It would be helpful to have a brief round-up of internal political developments in France shortly before then.

CHARLES POWELL

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

14/20 March

(1)

1630
26 March 1987

PRIME MINISTER

M. BARRE

M. Barre is making a brief visit to London at the end of March and has asked whether he might have half an hour with you. I know that you normally like to see him. Agree to do so this time?

CDP

Yes mt

(Charles Powell)

30 January 1987

French Embassy
informed
CDP 2/2

file

JAIAJH.

bc PC

cc Master

10 DOWNING STREET

16 January 1986

From the Private Secretary

Dear Colin,

PRIME MINISTER'S MEETING WITH MONSIEUR RAYMOND BARRE

The Prime Minister had a talk with Monsieur Raymond Barre this evening.

French Political Situation

M. Barre expected the Right to win the National Assembly Elections. He hoped it would be a massive victory which would make it inevitable for President Mitterrand to resign. But victory should not be taken for granted. An election was only won when the results were in. Public opinion in France was rather sluggish.

M. Barre expected a difficult period between 1986 and 1988. Cohabitation between a Socialist President and a Centre Right government risked a return to the conditions of the Fourth Republic. He had no personal animosity towards President Mitterrand. Indeed he thought he had shown himself a President with authority. But France faced severe economic difficulties. The problems could be managed only if political confusion and uncertainty were avoided. This was the reason why he had made clear that he would not serve in harness with President Mitterrand. Consistency was the key to his own political success.

French Economy

M. Barre said that the rosy picture given by the present government bore little relation to reality. The real situation resembled that which had faced the Conservative Government in 1979. The books had been cooked. The reduction in inflation was more apparent than real and depended on the existence of price controls. 600,000 people had been put into early retirement at 55 to reduce the unemployment statistics. In 1980 the Budget deficit had been less than 1 per cent of GNP: in 1986 it would be 3.3 per cent. Fifty five per cent of the working population was employed in the public sector. The disastrous state of the Renault company, which recently had to sack 14,000 people, was evidence of the consequences of socialism.

International Economic Situation

M. Barre said that he had visited Peru, Venezuela and Brazil last July. All three understood that their economic policies were foolish. But they continued to follow them nonetheless. The economic situation of Africa was even more precarious. He was worried about the prospect of a fall in oil prices which would cause still greater problems for countries such as Mexico and Nigeria. He hoped that the oil price would find a floor. The most pressing needs were to get a reduction in interest rates and to resist protectionism in the United States.

East/West Relations

M. Barre was sceptical about the Strategic Defence Initiative. He thought that in practice it would amount to no more than a point defence system which would reduce the credibility of the United Kingdom and French nuclear forces. The United States seemed to underestimate the fundamental importance for the European countries of maintaining deterrence. The Camp David Four Points continued to offer the best guide for Western policy. But he did not agree with the present French government in opposing participation in SDI research. Everyone could benefit from the research programme. He wished there had been agreement between European governments to let their firms participate if they so wished. On the arms control front, he had an intuitive feeling that the United States and the Soviet Union both wanted an agreement. But how were we to safeguard the specific interests of Europe when they reached an agreement? The means which the United States employed to advance their security interests would not necessarily be adequate to protect Europe's interests.

Franco/German Co-operation

M. Barre noted that France and Germany were increasingly talking to each other about defence problems. The French had to convince the Germans that they were with them and not just on the balcony. He would like to see this co-operation with Germany balanced by much closer co-operation between France and the United Kingdom in the nuclear and defence fields.

South Africa

M. Barre was concerned about the situation in South Africa. He hoped that President Botha would move rapidly to get rid of apartheid legislation altogether. But one man, one vote was not a realistic prospect for South Africa.

Middle East

M. Barre said that Europe had a political view of the Middle East while the United States had a strategic view. The European countries wanted to see a political settlement. The Americans were worried about their lines of

communication. He would be visiting Saudi Arabia at the end of January.

EUROPE

M. Barre saw two priorities for Europe: completion of the internal market and the strengthening of technological co-operation. He expressed himself a strong partisan of variable geometry Europe. He very much regretted that the Council of Ministers had not taken the European Assembly to the Court in 1980. That failure had opened the way for the European Assembly to consistently overplay its hand on the Budget. He recognised the need to adapt farm policies and structures in France and more widely in Europe. Even the farmers themselves understood that the Community could not go on with its present policies. He was scathing about the results of the Luxembourg Summit. One did not reform the Community by changing from unanimity to qualified majority voting on a handful of Treaty articles.

I am copying this letter to Rachel Lomax (HM Treasury), Richard Mottram (Ministry of Defence) and Michael Stark (Cabinet Office).

Yours sincerely,

Charles Powell

(C.D. Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office

cc PC
BU

Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

15 January 1986

CDP
15/1

Dear Charles,

You will want to ask about the elections in France: & about the economic prospects generally.

Call by M. Barre : 18.00 on 16 January

I enclose a recent letter from Sir John Fretwell describing Barre's current preoccupations and prospects, and a personality note.

As Sir John's letter implies, we expect Barre's attention to be concentrated on the political scene in France, and that he will be more than ready to give his views on what will happen at and beyond the March elections. (The prospects for the Left and Right were analysed in Sir John's two despatches sent to you under cover of my letter of 12 December). The latest opinion poll, published on 12 January, shows President Mitterrand to be slowly regaining popularity, with 36% of those polled expressing confidence in his performance; Barre remains the most popular of French politicians, with a score of 49%, well ahead of Messrs Chirac and Giscard d'Estaing, who have lost a little ground.

Barre will no doubt also be interested to hear the Prime Minister's views on recent political and economic developments in the UK. The French media have tended to take the line that, in giving a free hand to the Westland board, the British Government has effectively adopted a pro-American stance, to the detriment of efforts to further European collaboration. More generally, the French media have given extensive coverage in recent months to subjects such as inner-city riots, unemployment and race relations in the UK, painting a bleak picture of the effects of the Government's social and economic policies. French Socialist leaders have been quick to use such material in pre-electoral debate as evidence of what would happen if the Right came to power in France.

The main purpose of M. Barre's visit to London is to attend a dinner given by the International Chamber of Commerce, at which he and Mr Brittan will be the principal speakers. We understand that Barre

/will be speaking

will be speaking primarily about international trade issues. This might be an additional conversation topic if time allows (the Chamber of Commerce are expecting him at Grosvenor House at 19.00).

I am copying this letter and enclosures to John Mogg (DTI).

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
No.10 Downing Street

BRITISH EMBASSY,
PARIS.

FROM THE AMBASSADOR

10 January 1986

D M D Thomas Esq CMG
DUSS
FCO

Dear Derek,

BARRE

1. In the course of my two despatches of 2 December on French politics, I summarised Barre's position and the political strategy he is following. However, in view of his call on the Prime Minister on 16 January, you might like a slightly fuller description of his preoccupations and prospects, and one that takes account of developments over the past month.

2. Barre remains the most popular right-wing politician in France, and over all is second only to the enduring darling of the polls, Rocard. He also remains outspokenly hostile to a right wing government 'cohabiting' with Mitterrand after the March elections. He continues to justify his opposition on two grounds. The first is that cohabitation is against the spirit of the Constitution of the Fifth Republic which, he argues, requires government by a strong President commanding a majority in the National Assembly. If, after March, Mitterrand has no such majority, as seems likely, Barre believes he should resign so that there can be new presidential elections.

3. This self-consciously Gaullist pose as the champion of the Constitution is not, however, altogether convincing, as his opponents are quick to point out. It has always been recognised that the Constitution allows for a President and government of different political persuasions, even though this has not yet happened. Barre's critics therefore argue that it is he who is jeopardising constitutional stability by insisting that the President should resign before the completion of his seven-year term, rather than those

/who

who accept the need to cohabit if the Right win in March. They add that the real reason for Barre's enthusiasm for early presidential elections is his calculation that he would be well placed to win them.

4. Barre's second reason for opposing cohabitation is his belief that no coherent and effective economic policy will be possible if President and government come from different sides of the political divide. Whereas Chirac argues that a government of the Right must be ready to implement its economic policies in full, daring the President to obstruct them and so provoke a political crisis, Barre argues that this is an irresponsible approach. His view is that in order to implement its policies effectively the new government will need to be sure of its security of tenure for a full five-year legislature, which will be impossible if Mitterrand is still at the Elysée. Privately many on the Right agree with him, but they point out that nothing and no one can force Mitterrand from office in March, and that Chirac's position is therefore the only realistic one.

5. Barre continues to project himself as above narrow party political concerns (although he is leading the UDF electoral list in Lyon), a leader ready to rally the French behind him from Right to Left. With his eyes fixed firmly on the Elysée, he plays down the importance of the Legislative elections, but is nevertheless taking great care to ensure that he is never out of the media limelight. He is making frequent television appearances, giving regular press interviews, and travelling widely. He is also emerging as one of the present government's most trenchant economic critics.

6. In recent weeks government and socialist party spokesmen have been making great play with a batch of good economic statistics. The unemployment figures are slightly down for 1985 as a whole; inflation is below 5% and (according to preliminary estimates) only rose 0.1% in December; the foreign trade deficit was reduced in 1985 compared with 1984 and there is the promise of further improvements. All this, not surprisingly, the socialists are capitalising on as hard as they can, and it may well swing some votes in their favour. Barre however, will have none of it. He points out that France's foreign trade performance is much worse than her European competitors; as is her growth rate. The fall in inflation he attributes to external factors (falling oil prices and a falling dollar) and to the maintenance of price controls on 60% of products and services. And he points to the burden of taxation and high external debt

/as

as factors which are suffocating enterprise and growth. He makes a good case, and the socialists fear him. But even as he sets about demolishing their claims to be good economic managers, he warns the opposition that the underlying fragility of the economy, which the socialists seek to disguise, requires a more rigorous fiscal policy than the RPR seems to contemplate and prudence in implementing liberal reform. These warnings go down particularly badly with Chirac and the RPR, who also resent his insistence that the new government will have little real room for manoeuvre. They brand him a 'diviseur' - the divider of the opposition - a charge which Barre treats with indifference, confident that his analysis is correct and that in due course he will be vindicated.

7. Barre thus continues to play a solo game. He pursues his presidential ambitions by insisting that he is not a politician like the others, bound by party considerations. Rather he is free to speak his mind whether the big battalions like it or not. Whatever the RPR/UDF attitude to cohabitation, he thinks it may well be short-lived, prompting early presidential elections which he will be well placed to win. If, however, Mitterrand manages to hang on during what could turn out to be two years of political and economic tension, Barre thinks he will also benefit from having warned against the trials and tribulations that lie ahead and from having had no direct responsibility for, or part in, them. He may be right. He shows absolute confidence in himself and his judgements - which Frenchmen like in a potential President. But he is of course well aware that his stance is a gamble. He makes the opposition appear divided in its policy prescription; and he exposes the prospect of further divisions within the centre/right - and a struggle for pre-eminence - if they win a majority and attempt to govern. This detracts from the opposition's appeal as the March election approaches. Moreover, if the centre/right succeed in forming an effective administration after the elections, Barre will risk being marginalised or, if he continues to snipe at them, appearing more interested in his personal ambitions than in the proper government of France. So although he is well placed as a presidential hopeful, he has a difficult hand to play in the complex political game which opens on 17 March on the morrow of the legislative elections, as indeed do all the other key players.

Yours ever,

John

John Fretwell

BARRE, RAYMOND

Former Prime Minister.

Born 1924 in Réunion. Professor at Caen, then Paris. Director of Economic Research at the National Institute of Political Sciences 1958. Cabinet of Jeanneney (Minister of Industry 1959-62). Professor of Political Economy, Sciences Po, 1963. French Vice-President of the Brussels Commission, with responsibility for economic and financial affairs 1967-72. Member of the General Council of the Bank of France in 1973. His first Ministerial post in Giscard's Government was as Minister of Foreign Trade from January 1976 until August of the same year when he replaced Chirac as Prime Minister. He was reappointed Prime Minister following the Government's success in the 1978 Legislative elections and remained in office until Giscard's defeat in May 1981. UDF Deputy for Lyons since 1978.

As an economist, Barre has been more concerned with teaching than thinking. His main work on political economy (published in 1956) has become the basic text book for French universities. He is an economic liberal, but a monetary disciplinarian. He favours a greater role for market forces within the framework of a French economy which still retains considerable government intervention, and is opposed to protectionism.

Barre was a surprise choice as Prime Minister in 1976, having played no previous part in partisan politics. He professes distaste for the wheeling and dealing side of politics but when Prime Minister defended with evident relish and much pugnacity his Government's policies both in Parliament and in the media. Barre's term of office was closely identified with the eponymous Plans for economic recovery. He steadfastly maintained that there was no viable alternative to his policies but the opinion polls suggest that he was the scapegoat for the electorate's dissatisfaction with the level of unemployment and inflation.

After the 1981 elections Barre at first adopted a low but adamant profile in the hope that public opinion will eventually turn to him as the man "in reserve for the Republic". This strategy appears to be paying off: UDF supporters in increasing numbers see him as their candidate for the 1988 Presidential election. Barre has done nothing to discourage such expectation.

Barre has never fully reconciled himself to the UK accession to the European Community, not because he is anti-British but because he believes that the UK's membership cannot fail to alter the character of the Community to France's disadvantage.

He is married to a wife of Hungarian descent. They have two boys. He speaks good English.

35% GDP.

55% = other costs.

Tommy – low £532b

3.3%

RESTRICTED

SKW

10 DOWNING STREET

From the Private Secretary

2 January 1986

VISIT OF M. RAYMOND BARRE

Thank you for your letter of 31 December about M. Barre's visit to London. The Prime Minister would like to see M. Barre and could do so at 1615 on 16 January. I should be grateful if an invitation could be issued to him to call then.

(C. D. POWELL)

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

RESTRICTED

16 at 16·15

RESTRICTED

CCPC ①

Prime Minister
Monsieur Barre is coming to London. He has not - or not yet - asked to see you.
Would you like to invite him to call? → Yes
Or let the Foreign Secretary see him on this occasion? no
CDP 31/12

Foreign and Commonwealth Office

London SW1A 2AH

31 December 1985

Dear Charles,

Visit of M Raymond Barre: 16 January

As we informed you on the telephone shortly before Christmas, M Barre will be visiting London on Thursday 16 January to attend a dinner given by the International Chamber of Commerce, at which he and Mr Brittan will be the guest speakers. We have no other details of his programme.

Were there to be a convenient gap in the Prime Minister's diary on the afternoon of 16 or the morning of 17 January, we would see some merit in her inviting M Barre to call at 10 Downing Street. Although his continuing firm opposition to the notion of "cohabitation" with President Mitterrand (and the latter's apparent determination to stay in office whatever the outcome of the 16 March elections) makes it unlikely that M Barre will hold office in the immediate post-election Government, he is likely to remain prominent and influential in France and a strong candidate for the next Presidential elections due in 1988. He has undoubtedly appreciated previous visits to Downing Street, most recently in March 1985.

M Barre's visit takes place only a few days before the Prime Minister's meeting with Mitterrand in Lille on 20 January to announce the CFL decision. It would be prudent for any call to be treated in a suitably low-key way. M Barre is in fact unlikely to seek undue publicity.

I should be grateful if you would let me know whether the Prime Minister can agree in principle to receive M Barre and, if so, suggest one or two possible times. We would then ask our Embassy in Paris to explore the possibilities with M Barre's office. If a call were arranged, we would aim to provide a note on M Barre's current prospects and preoccupations a day or two beforehand.

If the Prime Minister cannot see M Barre on this occasion, Sir Geoffrey Howe would in principle be willing to do so.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

RESTRICTED

cf - Barre's recent visit (Paris?)

France

FCO BM

10 DOWNING STREET

THE PRIME MINISTER

14 April, 1983

My dear Madame Barre,

I am absolutely delighted with the beautiful Hermes scarf you sent me from Paris. It is one of the nicest ones I have ever seen and I am most grateful to you for this kind and generous thought.

With all best wishes.

We very much enjoyed your visit to Chequers. Come again soon.

Yours sincerely

Margaret Thatcher

Madame Raymond Barre

SRO

Paris, le 11.4.83

HÉRMES

MADAME RAYMOND BARRE

vous remercie Madame de tout cœur, de votre si amical accueil et espère vous revoir un jour à Paris. -

4, Avenue Emile Acollas
75007 Paris

a See Goodchild. Rpt

Foreign and Commonwealth Office

London S.W.1

draft guest list
submitted to PM SG 30/3

30 March 1983

Dear John,

Visit of M. Barre

Thank you for your letter of 25 March. I enclose a draft guest list for a lunch of ten people. I have included among the reserves one person (Sir Michael Palliser) who will be going on to attend the Ditchley Foundation Conference which M. Barre is to chair (list of participants attached).

We have sought to include a number of people prominently involved in the economic life of this country. We consider it would be courteous to invite the French Ambassador but not essential. The list of reserves is fairly long in case the Prime Minister chooses not to invite all the spouses. The Prime Minister may wish to consider inviting a Treasury Minister.

We have asked the Embassy in Paris to prepare a short note on M. Barre's current preoccupations and activities.

Yours ever

Roger Bone

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

LUNCH IN HONOUR OF M. RAYMOND BARRE, FORMER PRIME MINISTER OF FRANCE, AT CHEQUERS ON FRIDAY, 8 APRIL AT 1230 P.M.

Hosts

The Prime Minister and Mr Denis Thatcher

Guests of Honour

M. Raymond Barre and Mme Barre
c/o French Embassy
58 Knightsbridge
LONDON SW1

Other Guests

The Rt Hon Cecil Parkinson MP and Mrs Parkinson Conservative Central Office Smith Square 222 9000	Chairman of the Conservative Party and Paymaster General. M. Barre represents a strand of opposition to French Socialism other than that represented by M. Chirac and his neo-Gaullist Party.
H E The French Ambassador and Mme de Margerie French Embassy 58 Knightsbridge LONDON SW1 235 8080	
Sir Terence Beckett CBE and Lady Beckett CBI Centre Point 103 New Oxford Street LONDON WC1 379 7400	Director General of the CBI, to represent industry's views on current economic problems

/ Reserves

Reserves

Professor Alan Walters and Mrs Walters c/o No. 10 Downing Street	Personal Economic Adviser to the Prime Minister
Sir Douglas Wass GCB and Lady Wass 233 3000	Retiring Permanent Secretary to HM Treasury. Governor of the Ditchley Foundation
Sir Michael Palliser GCMG and Lady Palliser 12b Wedderburn Road LONDON NW3 794 0440	Former Permanent Under Secretary at the FCO. Attending the Ditchley Conference
Mr Robin Leigh-Pemberton and Mrs Leigh-Pemberton National Westminster Bank 41 Lothbury EC2 606 6060	Chairman of National Westminster Bank and Governor-designate of the Bank of England
Mr Ian MacGregor and Mrs MacGregor British Steel Corporation 9 Albert Embankment LONDON SE1 735 7654	Chairman of British Steel Corporation; Chairman-designate of the National Coal Board

THE DITCHLEY FOUNDATIONS

CONFERENCE ON

HAS FULL EMPLOYMENT GONE FOREVER?

8-10 April, 1983

ACCEPTANCES
(18.3.83.)
(Some replies are still outstanding.)

Conference Chairman

M. Raymond Barre - Professor, Institut d'Etudes Politiques, Paris; Faculté de Droit et Sciences Economiques, Paris; Vice-President of Commission of European Communities responsible for economic and financial affairs (1967-72); Prime Minister of France (1976-78 & 1978-81) also Minister of Economy and Finance (1976-78).

BRITAIN

Sir Robert Armstrong, GCB, CVO. - Secretary of the Cabinet; Principal Private Secretary to Prime Minister (1970-75); Under Secretary (Home Finance) Treasury (1968-70); Deputy Under-Secretary of State (1975-77) and Permanent Under-Secretary of State, Home Office (1977-79).

The Rt. Hon. Lord Beloff - Professor Emeritus, Government and Public Administration, University of Oxford; Emeritus Fellow, All Souls College, Oxford; Supernumerary Fellow, St. Antony's College, Oxford; Gladstone Professor of Government and Public Administration, University of Oxford (1957-74); Principal, University College at Buckingham (1974-79).

Mr. Terence Burns - Chief Economic Adviser to H.M. Treasury and Head of the Government Economic Service; Lecturer in Economics (1970-74), Senior Lecturer in Economics (1974-79) and Professor of Economics (1979), London Business School; Director, LBS Centre for Economic Forecasting and Member, H.M. Treasury Academic Panel (1976-79).

Mr. Basil de Ferranti, MEP.	-	Member (Conservative), Hampshire West, and a Vice-President, European Parliament; Chairman, Ferranti plc; Chairman, European Movement (British Council); Member, Economic and Social Committee, European Communities (1973-79)(Chairman, 1976-78).
Mr. Alan T. Gregory (provisional)	-	Regional Director for the UK and Ireland, British Petroleum; Chairman, BP Oil, Ltd.
The Rt. Hon. the Lord Hunt of Tanworth, GCB.	-	Chairman, Banque Nationale de Paris Ltd.; Director: Prudential Corporation Ltd.; Prudential Pensions Ltd.; IBM (UK) Ltd.; Advisory Director, Unilever Ltd.; a Governor, Member of the Council of Management and Chairman, the Programmes Committee, The Ditchley Foundation; Third Secretary, H.M. Treasury (1971-72); Second Permanent Secretary, Cabinet Office (1972-73); Secretary of the Cabinet (1973-79).
Mr. Peter Jenkins	-	Political Commentator and Policy Editor, The Guardian (Washington Correspondent, 1972-74); Visiting Fellow, Nuffield College, Oxford.
The Rt. Hon. Lionel Murray, OBE.	-	General Secretary of the Trades Union Congress; Member, National Economic Development Council and Board of Trustees, Anglo-German Foundation for Study of Industrial Society; Assistant General Secretary, TUC (1969-73); Member, Committee to Review the Functioning of Financial Institutions (1977-80).
Sir Michael Palliser, GCMG.	-	A Director: Samuel Montague & Co. Ltd.; Shell Transport & Trading Co. Ltd.; British American Tobacco PLC and other companies; a Governor and Member of the Council of Management, The Ditchley Foundation; Ambassador and U.K. Permanent Representative to European Communities (1973-75); Permanent Under-Secretary of State, Foreign and Commonwealth Office and Head of the Diplomatic Service (1975-82).
Mr. Malcolm Rutherford	-	Assistant Editor, Financial Times. Conference Rapporteur.

The Hon. Timothy A.D. Sainsbury, MP.	-	Member of Parliament (Conservative), Hove; Parliamentary Private Secretary to Secretary of State for the Environment a Director, J. Sainsbury Ltd.; Chairman, Council for the Unit for Retail Planning Information (1974-79).
The Rt. Hon. Peter Shore, MP.	-	Member of Parliament (Labour), Tower Hamlets, Stepney and Poplar (Stepney 1964-74); Opposition Spokesman on Treasury and Economic Affairs; Secretary of State for Economic Affairs (1967-69); Minister without Portfolio and Deputy Leader of the House of Commons (1969-70); Opposition Spokesman on Europe (1971-74); Secretary of State for Trade (1974-76) & for the Environment (1976-79); Opposition Spokesman on Foreign Affairs (1979-80).
The Rt. Hon. Lord Soames, CH, GCMG, GCVO, CBE, PC.		Lord President of the Council (1979-81); Secretary of State for War (1958-60); Minister of Agriculture, Fisheries and Food (1960-64); Ambassador to France (1968-72); a Vice-President, Commission of the European Communities (1973-77); Governor of Southern Rhodesia (1979-80).
The Rt. Hon. Shirley Williams, MP.		Member of Parliament (Social Democrat); Opposition (Labour) Spokesman on Social Services (1970-71), on Home Affairs (1971-73) and on Prices and Consumer Protection (1973-74); Secretary of State for Prices and Consumer Protection (1974-76) and for Education and Science (1976-79); Paymaster General (1976-79); Chairman, OECD study on youth employment (1979); Professorial Fellow, Policy Studies Institute (1979-82).
The Rt. Hon. Lord Vaizey of Greenwich	-	The Principal, St. Catherine's Foundation Windsor; Professor of Economics, Brunel University; Consultant to the United Nations; Member, UNESCO National Commission; a Governor, The Ditchley Foundation; a Director of several companies; a Member, National Council on Educational Technology (1967-73), Governing Body, International Institute for Educational Planning (1971-80); Head of School of Social Sciences, Brunel University (1973-81).

Mr. J.R. Young - Assistant, Western European Department, Foreign and Commonwealth Office.

CANADA

Mr. Robert MacIntosh - President, The Canadian Bankers' Association; a Director, Dominion and Anglo Investment Corp. Ltd., Quaker Oats Co. of Canada Ltd. and C.D. Howe Institute; Chairman, Investment Policy Commission, Ontario and Municipal Employees Retirement Board.

Mr. Donald Montgomery - Secretary-Treasurer, Canadian Labour Congress.

FRANCE

M. Jean Bornard - President of the CFTC.

FEDERAL REPUBLIC OF GERMANY

Herr Heinz Kluncker - Chairman, International Transport Workers' Federation; former Chairman, ÖTV.

UNITED STATES

Mr. David Broder - Associate Editor, The Washington Post.

Mr. Murray H. Finley - President, Amalgamated Clothing and Textile Workers Union; President, Amalgamated Insurance Company; a Director, Amalgamated Bank NY; President and Member of Executive Council, AFL-CIO; a Member, Advisory Council, American Ditchley Foundation.

Mr. Hiram Milton - Director, Economic Development Committee, Allegheny Conference on Community Development, Pittsburgh; Vice President, National Council for Urban Economic Development; formerly with B. Thorpe & Company and Carson Industrial Development Corporation and President of the Regional Industrial Development Corporation.

Dr. Janet L. Norwood - Commissioner of Labor Statistics, U.S. Department of Labor; Deputy Commissioner, BLS (1973-78); Acting Commissioner, BLS (1978-79); National Vice President, American Statistical Association; Chair, Working Party on Employment and Unemployment Statistics, OECD; Member, U.S. Delegation to the Inter-American Conference of Labor Ministers, Guatemala City (1975) and Lima (1978); Chair, 13th International Conference of Labor Statisticians, ILO, Geneva (1982).

Mr. Rudolph G. Penner - Resident Scholar, American Enterprise Institute for Public Policy Research, Washington DC.

Mr. Howard D. Samuel - President, Industrial Union Department of AFL-CIO; a Member, National Council on Foreign Relations; formerly Deputy Under Secretary of Labor for International Affairs; a Vice President, Amalgamated Clothing and Textile Workers' Union; a Member, National Manpower Advisory Council, The Labor Policy Advisory Committee and the Commission on Population Growth and the American Future.

Dr. Isabel V. Sawhill - Senior Fellow, The Urban Institute, Washington DC; Program Director for Women and Family Policy, The Urban Institute (1975-77); Director, National Commission for Employment Policy (1977-80); Program Director for Employment Policy, The Urban Institute (1980-81).

Note: Please inform the Director's Secretary if these biographical notes need to be amended for the final membership list.

JR VC

10 DOWNING STREET

From the Private Secretary

25 March 1983

VISIT OF M. BARRE

Thank you for your letter of 24 March.

The Prime Minister would indeed like to invite Madame Barre to attend the lunch at Chequers on 8 April.

I should be grateful if you could let me have a draft guest list for a lunch of ten people (with a few reserves) by close of play on Wednesday 30 March.

BA

AJC

Roger Bone, Esq.,
Foreign and Commonwealth Office.

NR

①

Foreign and Commonwealth Office

London SW1A 2AH

24 March 1983

Prime Minister

1) Agree to invite Madame Barre?

2) Would you like a draft guest list for, say, 10 people?

A.J.C. 25/3

Dear Tim, Yes MT.

Visit of M. Barre

M. Barre has accepted with pleasure the Prime Minister's invitation to lunch at Chequers on 8 April (your letter of ~~16~~ March).

We have learned that M. Barre will be accompanied to Ditchley by his wife. Would the Prime Minister wish to include her in the lunch party? Both M. and Mme. Barre speak English.

Yes MT

Yours ever

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

France: Visit of M Barre

France

RESTRICTED

Caroline

CS. 22/3.

A. J. C. 22/3.

GRS 40
RESTRICTED
FM PARIS 181922Z MAR 83
TO PRIORITY FCO
TELEGRAM NUMBER 230 OF 18 MARCH 1983

YOUR TELNO 130: VISIT OF M. BARRE.

1. M BARRE ACCEPTS THE PRIME MINISTER'S INVITATION WITH PLEASURE. WE SHALL FOLLOW UP WITH DITCHLEY AND WITH THE DEPARTMENT CONSEQUENTIAL DETAILS INCLUDING TRANSPORT.

FRETWELL.

[THIS TELEGRAM WAS NOT ADVANCED]
[COPIES SENT TO NO 10 DOWNING STREET]

LIMITED
WED
ERD
PLANNING STAFF
ECD (I)
PCD
NEWS D
PS
PS/MR HURD
PS/LORD BELSTEAD
PS/MR RIFKIND
PS/PUS
SIR J BULLARD
MR EVANS
MR GOODISON
MR THOMAS

RESTRICTED

France

file

10 DOWNING STREET

From the Private Secretary

16 March 1983

Visit of M. Barre

Thank you for your letter of 14 March. The Prime Minister would like to see M. Barre and could give him lunch at Chequers from 1230 to 1430 on 8 April (after which he could proceed to the Ditchley Park Conference). Would you please let me know whether M. Barre is able to accept this invitation.

I am copying this letter to John Kerr (HM Treasury) and to Richard Hatfield (Cabinet Office).

A. J. COLES

John Holmes Esq
Foreign and Commonwealth Office

10 DOWNING STREET

John

① I imagine you will want me to take this on.

WM
15/3

② I had a further word with P.M. She is prepared to meet up 8/4. ∴ offer Barrie lunch at Chequers 12.30 - ~~1500~~ 1430.

CS.
16/3.

010

(1)

Foreign and Commonwealth Office

London SW1A 2AH

14 March 1983

Prime Minister

This is the recess and you already have a number of commitments.

Agree that we should not pursue this?

A.J.C. 15/3

I should like to see him. He could come to Chequers instead

Dear John,

Visit of M. Barre

M. Raymond Barre, the former French Prime Minister, is chairing a Ditchley Park Conference fro 8 - 10 April (on the theme 'Has full employment gone for ever?'). You may wish to draw the Prime Minister's attention to the fact that M. Barre will be in the UK. His travel plans are not yet known, but if the Prime Minister were interested in seeing him, the Embassy in Paris think that M. Barre would be able to arrange his arrival (or departure) time in such a way to permit calls in London. Since the Ditchley Park Conference starts at 4.00 pm on 8 April, that morning might be suitable.

I am copying this letter to John Kerr (Treasury) in case the Chancellor of the Exchequer has an interest in seeing M. Barr,e and to Richard Hatfield, since Sir R Armstrong is attending the Conference at Ditchley.

Yours ever

John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

Prime Minister
To see.
14/12

France

[LTD] X16

IMMEDIATE

No 10 Downing St.

ADVANCE COPY

Hd WED, ERD, Security Dept, PCD, ECD, (2), News Dept PS, PS/LPS, PS/PUS, Mr. Bullard, Hd Bridges, Mr. Fergusson,

PAFO ØØ3/14

OO FCO DESKBY 1413ØØZ

GRS 75
RESTRICTED
DESKBY 1413ØØZ DEC 81
TO IMMEDIATE FCO
TELEGRAM NUMBER 1114 OF 14 DECEMBER 1981

MY TELNO 11Ø8 AND TELECON CLARKE/ARMOUR: VISIT OF M. BARRE

1. M. BARRE TELEPHONED MY PRIVATE SECRETARY THIS MORNING TO SAY THAT THE WEATHER CONDITIONS IN LONDON HAD PREVENTED HIM FROM LEAVING PARIS. HE HAD BEEN IN TOUCH WITH THE FINANCIAL TIMES AND HAD CANCELLED HIS TRIP. HE WILL CONSEQUENTLY BE UNABLE TO CALL ON THE PRIME MINISTER AT 17.3Ø HOURS TODAY. HE ASKED THAT I SHOULD CONVEY HIS VERY GREAT REGRET AND HIS RESPECTS TO THE PRIME MINISTER.

HIBBERT

PS/Chancellor of Exch, PS/Chief Sec, Mr. Gasside } HM Treasury

NNNN

SENT/RECD 1411Ø1Z GDS/CS

Foreign and Commonwealth Office

London SW1A 2AH

11 December 1981

He has now cancelled the call.

Prime Minister

Dear John,

Call by M. Barre

Your letter of 10 December said that the Prime Minister would be delighted to see the former French Prime Minister, M. Raymond Barre at 1730 on Monday, 14 December, at No 10 Downing Street. I enclose two copies of suggested Points to Make and background briefing on the political and economic situation in France.

M. Barre is in London to deliver the opening address at the World Banking Conference organised annually by the Financial Times. I attach a copy of the programme and a list of participants. You will see that the Chief Secretary to the Treasury will be the guest speaker at the lunch on the first day which M. Barre will also be attending. The Chancellor of the Exchequer is sorry that he will not be able to see M. Barre.

A primary aim of the call might be for the Prime Minister to sound out M. Barre on how he sees the development of French political life over the next few years. Although M. Barre holds no formal position in the French Opposition, he must be considered one of its major figures and a possible future President of France. The Prime Minister may wish to concentrate on economic questions during M. Barre's call. He was the man primarily responsible for running the French economy from 1976 until May this year and its relative strength is a major asset for the present government in implementing their own position.

Since President Giscard's defeat, M. Barre has been keeping a low profile. His few public utterances have suggested that he is waiting quietly to see how the present government's economic policy works out, with confidence that it will fail. He has set up privately a small team, including some members of his former cabinet, to reflect on the political proglems that France and the world face today. It is thought they will eventually produce a politico-economic treatise.

/M. Barre

A J Coles Esq
10 Downing Street

M. Barre was returned to the National Assembly at the first round of the legislative elections for his Lyon constituency, but his rating in the polls remains low, below that of MM Giscard and Chirac. He is not a member of a political party but sits in the National Assembly with the M. Giscard's umbrella grouping, the Union pour la Democratie Francaise (UDF). A personality note is attached.

The Prime Minister has not had an opportunity to see M. Barre since they both spoke at the opening dinner of the Franco-British Council Conference in Bordeaux in September 1980, after the Summit in Paris. The Prime Minister will remember that his speech then was less than generous in response to her own. Now that M. Barre is no longer in government it would be interesting to explore with him how he sees the development of relations between France and Britain.

M. Barre will not require an interpreter.

Yours ever,

Francis Richard

(CARRINGTON)

FRENCH INTERNAL POLITICAL SCENE

POINTS TO MAKE

1. Hear that you have kept together a small team to reflect on political (and economic?) problems. Are you planning to take an active political role in the ranks of the Opposition? Do you see the development in France of a united opposition as we had been accustomed to in Britain?

2. Conscious that foundations of recent improvement in Franco-British relation date back to Giscard era. Welcome your views on areas where you feel more development possible/not possible.

3. What do you see as consequences of the present policies being pursued in France?

FRENCH INTERNAL POLITICAL SCENE

BACKGROUND

1. President Mitterrand and his Government have now settled down to the hard grind of implementing the President's election promises. These follow closely, but are not as radical as, the programme adopted by the Socialist Party at the beginning of 1980. The initial enthusiasm in France after President Mitterrand's election, which was evident in the absolute majority of seats gained by the Socialist Party in the subsequent elections to the National Assembly, has now passed its apogee. The honeymoon is over.

2. Nevertheless President Mitterrand and his government retain the confidence of the majority of the population. The Socialist majority in the National Assembly rules out any serious threat to their legislative programme. The Opposition remains disunited and demoralised. In the National Assembly they have been active in proposing amendments to such controversial measures as the nationalisation bill. They retain a majority in the Senate which gives them only limited delaying powers. M Chirac remains the most prominent Opposition leader. His Gaullist party is making some attempt to rally its members and devise a credible programme. Former President Giscard is remaining well out of the way.

/3.

3. The Communist Party (PCF) has been effectively muzzled by the inclusion of four Communist Ministers in the government. Their desire to be seen as loyal and effective members of the government is evident. The PCF are well aware that any serious deviation from the terms of the Socialist-Communist 'contract of government' could entail immediate exclusion from the government. However, this is not binding on the Communist-controlled major union confederation, the CGT, who have shown themselves less willing to follow the government's line.

4. The new government is, in many respects, following the broad foreign policy lines practised under President Giscard. In particular, President Mitterrand has remained solidly in the NATO camp on East/West relations though policies towards the Third World are more imbued with Socialist principles. The new administration is committed to giving the European Community new impetus and a wider vision. French proposals for a European 'relance' were made public on 13 October. President Mitterrand also seems determined to inject new substance into Franco-British relations, a development we warmly welcome, though his Foreign Minister, M Cheysson, has recently cast doubts on Britain's value as a partner.

Brief prepared by Foreign and Commonwealth Office
11 December 1981

PRIME MINISTER'S MEETING WITH M BARRE
THE FRENCH ECONOMY

POINTS TO MAKE

1. (i) What is M Barre's assessment of the French economy?

(ii) The widening budget deficit is difficult to reconcile with controlling monetary growth. Will direct credit controls help?

(iii) Different policy approaches in France and Germany increases the risk of tensions in the EMS. Would M Barre like to comment?

(iv) How far does he evaluate the balance of argument in the present Government. M Delors' prudence contrasts with the stance of some other members of the Government. How far can he carry his views?

(v) The UK's policies and those followed by M Barre when in power are very similar. They are both directed at controlling monetary growth, reducing budget deficits and lessening Government interference in the private sector. There are difficulties in this approach, particularly in a recession. Note that inflation and monetary growth were accelerating at the beginning of 1981 - before the elections.

BACKGROUND

2. M Barre wrote a report on the state of the French economy after the elections which indicated that he had left it in a reasonably favourable position. Since then the present Government has in effect re-written history by preparing its own report which blames many of the present economic problems on the state of the economy when it took power.

3. M Barre's stewardship on the whole can be reckoned favourably. French GNP growth was around the OECD average at about 3½ per cent a year between 1976 and 1979 although GNP stagnated between mid 1980 and 1981. Inflation accelerated from about 9½ per cent in the first half of 1979 to 13½ per cent in the first half of 1981 but remained close to the European average throughout that time. Monetary growth was brought under control as was the budget deficit. Unemployment rose by an average of about 250,000 a year between 1975 and 1980 but largely for demographic reasons.

4. When the new Government took office in May the economy was already very depressed. Real GNP growth fell to about 1½ per cent in 1980 and looked like falling by about ½ per cent this year. Investment was stagnating and unemployment was rising. Moreover money supply growth and inflation were accelerating.

5. Against this background the new government acted swiftly to stimulate consumption: the minimum wage was increased by 10 per cent in June and pensions, family allowances and other benefits were substantially increased. A programme of job creation in the public sector was started. Extra government assistance to energy conservation, understand investment and research was announced. At the same time to finance at least part of the additional spending, revenue was raised by imposing higher VAT on luxuries, special levies on bank and oil companies profits and a wealth tax.

6. The net effect so far has been to replace a possible fall in GNP with the prospect of modest positive growth this year - perhaps of ½ per cent. As yet there are few signs that investment has began to pick-up.

7. Unemployment continues to rise reaching 8 per cent of the civilian labour force in October.

8. Consumer price inflation accelerated to just over 14 per cent in the year to October. The Government's objective is to reduce this to 10 per cent (ar) at the end of 1982. This may be rather optimistic. Reliance is being placed on price controls and

a voluntary incomes policy in the private sector. Public sector pay is to be determined by guidelines.

9. The current account deficit narrowed in the first half of 1981 to $7½ bn as a result of a steep decline in imports. This may decline in 1982 if activity elsewhere picks up as expected.

10. The exchange-rate remains quite weak against the dollar at F5.73 although at its weakest in August it touched F6/$. Since the EMS realignment at the beginning of October the franc was devalued 8 per cent against the Dmark and 3 per cent against all other currencies except the lira. Since then it has been firm in the EMS.

Policies

11. M Delors has made a number of reassuring statements about its monetary and budgetary orthodoxy. He seems to admire the tight monetary policy followed by M Barre. At the beginning of this month he called for a 'pause' in the Government's reforms. The Prime Minister, M. Mauroy, disagreed with him publicly about this. It is not clear where President Mitterrand stands in these arguments.

12. The Government has already introduced many measures which have adversely affected business confidence, including the nationalisation of the banks and the major industrial groups and the introduction of a shorter working week and longer holidays. M Mauroy is reported to want to go further and reshape the tax systems, reform the social security budget and encourage workers 'self-management'.

13. The budget deficit this year is expected to total F75bn (compared to M Barres original forecast of F30bn). In 1982 the official forecast is for a deficit of Fr 95bn, 2½ per cent of GNP, but may be more. The French equivalent to our PSBR would of course be much higher.

14. In effect the Government has abandoned the previous Government's monetary targets. M2 was growing at an annual rate of 17½ per cent in August compared to the previous Government's target of 10 per cent. Money supply growth started to accelerate appreciably from the beginning of 1981. M2 grew by nearly 17 per cent (ar)

in the first half of the year. A relaxation of policy has been seen since June and definite targets have not been set for next year. As in the past quantitative credit control is likely to be the main instrument of monetary policy. Interest rates will be guided mainly by external considerations.

WORLD BANKING

GROSVENOR HOUSE, LONDON

December 14 & 15, 1981

Day One - December 14

CHAIRMAN: The Rt Hon Lord Lever of Manchester

09.30 Opening remarks from the Chair

09.40 OPENING ADDRESS

M. Raymond Barre
Lately Prime Minister of France

10.25 THE AMERICAN ECONOMIC AND FINANCIAL SITUATION

Dr Henry Kaufman
Managing Director and Member of the Executive Committee
Salomon Brothers Inc.

11.10 Coffee

11.30 WORLD BANKING REGULATION YES, BUT ...

Mr Harry Taylor
Vice Chairman
Manufacturers Hanover Corporation

12.15 UNITED STATES ECONOMIC POLICY AND ITS INTERNATIONAL IMPLICATIONS

The Hon Myer Rashish
Under Secretary of State for Economic Affairs
US Department of State

13.00 Aperitifs and Lunch

Guest Luncheon Speaker: The Rt Hon Leon Brittan, QC, MP
Chief Secretary to the
Treasury, UK

Day One - Continued

15.15	THE IMPACT OF US ECONOMIC POLICY ON ITS PARTNERS The Rt Hon Lord Lever of Manchester
16.00	IS OPTIMISM ON DEVELOPING COUNTRY DEBT JUSTIFIED? Dr Irving S Friedman Senior International Advisor The First Boston Corporation New York
16.45	WHAT THE INDUSTRIALISTS EXPECT OF THE BANKING SYSTEM IN THE CURRENT DIFFICULT CLIMATE Mr Peter Wallenberg Chairman, Atlas Copco Vice Chairman Skandinaviska Enskilda Banken
17.30	Closing remarks from the Chair
18.00	Reception Venue: Ballroom Berkeley Hotel

Day Two - December 15

Chairman: Mr Geoffrey L Bell
Executive Vice President and Director
Schroder International Ltd

09.30 Opening remarks from the Chair

09.40 HOW TO DEAL WITH THE PROBLEMS OF THE BANKER IN A HOSTILE CLIMATE

Dr Walter Seipp
Chairman of the Board of Managing Directors
Commerzbank AG

10.25 BANK PROFITABILITY IN A DIFFICULT ECONOMIC CLIMATE - WHO IS RESPONSIBLE?

* Mr David S Van Pelt
Senior Vice President
Citibank N A

11.10 Coffee

11.35 THE RESCHEDULING OF CORPORATE DEBT - CAN THE BANKING SYSTEM DEAL EFFECTIVELY WITH THE MAJOR PROBLEMS?

Mr Geoffrey L Bell

12.20 Aperitifs and Lunch

Guest Luncheon Speaker: The Rt Hon Peter Shore, MP
Opposition Spokesman on Treasury and Economic Affairs

14.30 THE IMPLICATIONS FOR ECONOMIC POLICY OF THE INTERNATIONALISATION OF THE CAPITAL MARKETS

Mr John Forsyth
Director
Morgan Grenfell & Co Ltd

15.15 RECENT TRENDS IN THE INTERNATIONAL CREDIT AND CAPITAL MARKETS

Dr Bruno Gehrig
Vice President
Union Bank of Switzerland

16.00 Closing remarks from the Chair

* Reading speech on behalf of Mr Reuben F Richards, Vice President, Citibank N A

WORLD BANKING

Grosvenor House, Park Lane, London, W1
14 and 15 December 1981

LIST OF PARTICIPANTS

Mr H E Aanonsen	Saga Petrokjemi AS and Co
Mr W K Abbott	Saudi America Bank
Mr E E Abdul Rahman	Bank of Bahrain and Kuwait
Mr M A Abu Hassan	Malayan Banking BHD
Per O F Ahlqvist	Scandinavian Bank Limited
Dr C Akhras	Al Saudi Banque
Mr A R Albader	Kuwait Real Estate Bank
Mr F Al-Bader	Kuwait International Investment Co SAK
Mr M Alfonso	Banco de Vizcaya
Mr B Al-Nakib	Kuwait International Investment Co SAK
Mr C A Amaral	Banco Real SA
Mr R E Amstad	Swiss Bank Corporation
Mr E Ander	
Mr K Anderson	Skandia Insurance Company Limited
Mr R A Andrew	Scandinavian Bank Limited
Dr F Anton	Girozentrale Vienna
Mr A A O Arogundade	International Bank for West Africa Limited
Dr I A Ayagi	International Bank for West Africa Limited

Mr C J W Ball	Barclays Bank Limited
Mr A Banerjee	Bank of Credit and Commerce International SA
Mr K Basuki	Bank Negara Indonesia 1946
Mr G Beau	Caisse Centrale des Banques Populaires
Mr G Beaux	Generale Occidentale
Mr G G Bell	Brown, Shipley and Company Limited
Mr F Bernal	Bank of America
Mr K Bervell	Bank of Ghana
Mr P Birch	Ward White Group Limited
Mr B Boyer	Banque Demachy SA
Mr G A Brioschi	A Mondadori Editore SpA
Mr N Brenden	Christiania Bank (Kreditkassen)
Mr A J Buchanan	Allen Harvey and Ross PLC
Dr F Calenda	Banco di Roma
Mr F Camponovo	Overland Trust Bank
Mr R Cerdan	Carre, Orban and Partners
Mr P G Chandon-Moet	BPGF
Mr H W Cheng	Hang Seng Bank Limited
Mr G C Christofides	Bank of Cyprus Limited
Mr F P Coutinho	Banco Totta and Acores
Mr D Cronin	Allied Irish Banks Limited
Mr F J D'Andlau	Banque Veuve Morin-Pons
Mr A D'Arjuzon	Banque Internationale pour l'Afrique occidentale
Mr D D Dayton	Dillon Read Overseas Corporation
Mr D De Carle	Ward White Group Limited
Mr P De La Grange	Credit Chimique
Ms V H De Manzano	Banco Central de Venezuela
Mr A Martins de Oliveira	Banco do Estado de Sao Paulo SA

Mr A de Truchis	Caisse Nationale de Credit Agricole
Mr R de Tscharner	Lombard, Odier and Cie
Mr J De Torcy	Banco Union SA
Mr I S Del Barrio	Associacion Espanola de Banca Privada
Mr F L Deming	National City Bancorporation
Mr M Dimitrios	Credit Bank SA
Mr R C Do Nascimento	National Development Bank SBS
Mr E Donnell	Artoc Bank and Trust Ltd
Mr D Dutailly	Transgulf Finance Company SA
Mr P B F Emmerson	Lloyds Bank Limited
Mr H Englander	Johnson Matthey Bankers Limited
Mr M Eynon	Bank of America
Mr R D Fain	Gotaas-Larsen Limited
Mr T F Gaffney	Libra Bank Limited
Mr A Garbagnati	Cassa di Risparmio delle Provincie Lombarde
Dr M Ghanem	Arab International Bank
Mr J J Carillo Gil	Cremerca Sociedad Financiera
Mr H Giteli	Arab International Bank
Mr A K Gokal	Transgulf Finance Company SA
Mr H M V Gray	National Westminster Bank Limited
Mr D Grethe	Ingeba International Cooperative Bank Limited
Mr S Guarino	Banque Sudameris

Mr J M B Hall	Charles Barker CBC
Mr W Haupt	Peat Marwick Mitchell and Co
Mr S Hazumi	Tokai Kyowa Morgan Grenfell Limited
Mrs A M Healey	L F Rothschild, Onterberg, Towbin
Mr F Hermanns	Savings and Commercial Bank of Cologne
Mr C Honeyborne	Banque de Paris et des Pays Bas
Mr J L House	Kuwait Asia Bank EC
Mr Van Hellenburg Hubar	Banque de Neuflize Schlumberger Mallet
Dr M Huefner	Deutsche Bank AG
Mr O Husi	Banca del Gottardo
Mr A Hutton	Morgan Guaranty Trust Company of New York
Mr A Jafferi	Gulf Finance Company Limited
Mr R Jalakas	Svenska Handelsbanken
Mr G Jeannin	Banque de l'Indochine et de Suez
Mr C L M Johnson	Lloyds Bank Limited
Mr D M Johnson	Scandinavian Bank Limited
Mr J W Johnston	Security Pacific Bank
Mr K M Kadir	Rafidain Bank
Mr S Kaestel	Copenhagen Handelsbank AS
Mr M N Karmel	Committee of London Clearing Bankers
Mr T E Keefer	Benc International Investments Development Corporation
Mr F H Kennedy	Equator Bank Limited

Mr R Kessler	Banca della Svizzera Italiana
Mr A Khan	United Nations Relief and Works Agency
Mr D Kirby	European Investment Bank
Mr C Kirshaw	Banco de la Nacion Argentina
Mr L Kolte	Danmarks Nationalbank
Mr A Kristoffersson	Post-Och Kreditbanken PK Banken
Mr J Kruger II	Kruger Inc
Mr L Kruse	Danish Shipowners Association
Mr J C L Kuiper	Amsterdam-Rotterdam Bank NV
Mr C P Larkum	Midland Bank International Divn
Mme I Le Guay	Credit Lyonnais
Mrs M Lenfant	Societe Generale de Banque
Mr O Lindemann	Deutsche Bank AG
Mr I J Martin	Arthur Andersen and Co
Mr S Martin	Nederlandsche Middenstands Spaarbank
Mr Y Masahiro	Nippon Life Insurance Company
Mr J McGlinn	Allied Irish Banks Limited
Mr C S McVeigh	Salomon Brothers International
Mr N A S Mills	The National Bank of Kuwait SAK
Mr H Miyamoto	Banque Europeene de Tokyo SA
Mr Wong Heng Moo	Malayan Banking BHD
Mr D Moore	Allied Irish Banks Limited
Mr J Moyney	Allied Irish Banks Limited

Mr J Nadsen	SDS
Mr A I Nasser	Gulf Finance Company Limited
Mr G Neumann	Erste Allgemeine Versicherungs AG
Mr W Newman	Moscow Narodny Bank Limited
Mr W Niazy	Gulf International Bank
Mr S M Nielsen	Copenhagen Handelsbank AS
Mr C Norgren	Bank in Liechtenstein
Mr J Bertil Norinder	Scandinavian Bank Limited
Mr M Olesen	Den Danske Bank International SA
Mr E Olsen	Norges Bank
Mr K Osterlund	Industrialisation Fund of Finland Limited
Mr J G Page	The First National Bank of Boston
Mr J J Sotillo Parilli	Cremerca Sociedad Financiera
Mrs M T A Payne	National Commercial Bank Jamaica Limited
Mr D F Paynter	Chemco Financial Services Limited
Mr M P C Peeters	Rabobank Nederland
Mr J Peyre	Caisse Nationale de Credit Agricole
Mr G Philip	Banque Francaise du Commerce Exterieur
Dr H-J Philipp	Schiffshypothekenbank zu Lubeck AG
Mr Y Ponomarev	Moscow Narodny Bank Limited
Mr C J Portman	Standard Chartered Bank Limited
Mr S Praski	Svenska Handelsbanken
Mr I Prebensen	Norwegian Guarantee Institute for Ships and Drilling Vessels AS
Mr T Prideaux	The Industrial Bank of Kuwait
Mr A R Prindl	Saudi International Bank

Mr P C Queitsch	Hesse Newman and Co
Mr E Ravano	Overland Trust Bank
Mr R Reckinger	Credit Industriel D'Alsace et de Lorraine
Mr R M Rees	Peak Marwick Mitchell and Co
Mr Trond R Reinertsen	The Norwegian Bankers Association
Mr W T Robinson	Manufacturers Hanover Trust Company
Mr S A Rodser	Norwegian Guarantee Institute for Ships and Drilling Vessels AS
Mr Ole K Roed	Banque Nordeurope SA
Mr P G Rogge	Schweizerischer Bankverein
Mr F C Rosa	Instituto Emissor De Macau EP
Mr J Rudiger	Hanse Bank SA
Mr J E Rule	Arthur Andersen and Co
Mr A W Sanborn	Bank of America NT and SA
Mr H Sasson	Iran Overseas Investment Corporation Limited
Mr W Scheele	Citibank Aktiengesellschaft
Mr H E Schultz	The Trust Bank of Africa Ltd
Dr B Schweizer	Union Bank of Switzerland
Mr G C Sciavi	Credito Italiano
Professor S Sey	Barclays Bank International Limited
Mr K Shoaib	Bank of Credit and Commerce International SA
Mr D Shoham	Israel General Bank Limited
Mr R A Simmons	First National Bank of Chicago
Mr M G Smith	Bankers Trust International Limited
Mr K Sorensen	Den Danske Bank
Mr A Stabler	Tube Investments Limited
Mr G H Storch	Hoechst UK Limited

Mr I Strom	Den Norske Bankforening
Mr K Stumwohrer	Girozentrale und Bank der Osterrreichischen Sparkassen AG
Mr H Sulaiman	Malayan Banking BHD
Mr S A Taheri	Iran Overseas Investment Corporation Limited
Mr G J S Tanswell	Tate and Lyle Limited
Mr M G Taylor	Deloitte Haskins and Sells
Mr I N Tegner	The Bowater Corporation Limited
Mr G E B Thomas	Rank Xerox Limited
Mr H F van de Belt	De Nederlandsche Bank NV
Mr H van der Zee	Hollandsche Beton Groep NV
Mr L van Hellenburg Hubar	Banque de Neuflize Schlumberger Mallet
Mr D W van Leeuwen	Amsterdam-Rotterdam Bank NV
Mr D M N van Wensveen	Bank Mees and Hope NV
Mr J T Vermeulen	Effectenkantoor, A Strating and Co BV
Mr A-F H Villeneuve	Reuters Limited
Ambassador Piero Vinci	Banco Ambrosiano Service Corporation
Mr D von Simpson	Hill Samuel and Co Limited
Mr K Vogelsang	Ingeba International Cooperative Bank Limited
Mr G A Voute	Amsterdam-Rotterdam Bank NV
Mr G Vunclark	Chemco Financial Services Limited

Dr U Wagner	Bank fuer Gemeinwirtschaft
Mr M A Warburg	Warburg-Brinckmann Wirtz and Co
Mr G Westergard	Ostgotabanken
Mr J Wegrzyn	Bank Leumi (UK) Limited
Mr J Wiederhirn	Shari'a Investment Services
Mr M A K Yousufi	Bank of Credit and Commerce
Mr M Zvineri	United Mirahi Bank Limited

12. BARRE, RAYMOND

Former Prime Minister. A Deputy for Lyon.

Born 1924 in Réunion. Professor at Caen, then Paris. Director of Economic Research at the National Institute of Political Sciences since 1958. First entered government in the cabinet of M Jeanneney (Minister of Industry 1959-62). 1967-72, French Vice-President of the Brussels Commission, with responsibility for economic and financial affairs. Appointed member of the General Council of the Bank of France in 1973. His first Ministerial post in Giscard's Government was as Minister of Foreign Trade from January 1976 until August of the same year when he replaced Chirac as Prime Minister.

As an economist, Barre has been more concerned with teaching than thinking. His main work on political economy (published in 1956) has become the basic text-book for French universities. He is an economic liberal, but a monetary disciplinarian. Although opposed to protectionism and in favour of market forces, he admits the need for some government intervention.

His entry into politics is less sudden than it seems. He was used by successive French governments in the 1960s as a "wise man", before his first Ministerial appointment in 1976. But it is true that he has never been elected to anything, and he sometimes shows distaste for the wheeling and dealing side of politics. His first government (from August 1976 to March 1977) was marked mainly by the introduction of the "Barre Plan" for economic recovery. His no-nonsense approach seemed to go down well in the country, and his stock rose. However he inevitably became caught up in feuding between the Gaullists and other members of the Government Majority, and the Paris Mairie fiasco, the setbacks in the municipal elections, and the delay of economic recovery have punctured his reputation to some extent. Nevertheless, in his second government the man Giscard has described as the "best economist in France" is sticking to his guns, both economically and in the running battle with Chirac over the organisation of the Government Majority. He did well in a major televised debate against Mitterrand, showing superior economic grasp and an unexpected pugnacity.

Barre has a firm, somewhat professorial, manner, and his political style is closer to that of Pompidou than Giscard. Despite his participation in the difficult UK accession negotiations, Barre feels no rancour towards us. He admires our efforts to put our economic house in order, though he observes them critically. He is at least as firm in his defence of French interests as other French politicians.

He is married to a pleasant wife of Hungarian descent; they have two boys. He speaks good English.

HL

CC HMT
CSO

10 DOWNING STREET

From the Private Secretary

10 December 1981

Visit of M. Barre

The Prime Minister would be delighted to see M. Barre (your letter of 7 December). This would be possible at 1730 on Monday 14 December. If M. Barre is able to call at that time, perhaps you would let us have a brief by close of play on 11 December.

I am sending copies of this letter to John Kerr (H.M. Treasury) and Terry Mathews (Chief Secretary's Office).

A. J. COLES

Brian Fall, Esq.,
Foreign and Commonwealth Office.

RESTRICTED

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

9 December 1981

B J P Fall Esq.
Private Secretary
Foreign and Commonwealth Office

10/12
p.a.

Dear Brian,

VISIT OF M. BARRE

Thank you for sending me a copy of your letter of 7 December to John Coles. The Chancellor of the Exchequer would be happy to see M. Barre during the latter's visit to London. A meeting would however have to take place on 15, rather than 14, December, since the Chancellor will be in Brussels on Monday for a Finance Council.

When M. Barre's plans for Tuesday are clear, perhaps you could be in touch with us about timing.

Copies of this letter go to John Coles and Terry Mathews.

Yours ever,

John Kerr.

J.O. KERR
Principal Private Secretary

10 DOWNING STREET

Prime Minister

Do you want to see R. Barre? If so, we could try 5.30 p.m. on Monday, 14 December.

A. J. C. 7/12.

Delighted to see R. Barre.

Caroline 8/10/12 note

To note. We await confirmation from R. Barre.

AC 10/12

Foreign and Commonwealth Office

London SW1A 2AH

7 December 1981

Dear John,

Visit of M. Barre

M. Barre, former Prime Minister of France under President Giscard, is arriving in London on the evening of Sunday 13 December. He will be giving the opening address on Monday 14 December at a World Banking Conference being organised by the Financial Times. The Conference lasts two days but it is not yet known when M. Barre will leave London.

HM Ambassador in Paris has asked whether M. Barre could be offered some contact and perhaps entertainment by Ministers during his visit. We are in touch with the Treasury on this as Mr Leon Brittan will also be addressing the Conference.

When Sir James Scott-Hopkins called on the Prime Minister on 9 November to discuss among other things a visit by M. Chirac to the UK, the Prime Minister volunteered that she would be happy to see M. Barre if he were ever in this country. If she would like to do so while he is in London for the Conference, we shall ask the Embassy in Paris to get in touch with M. Barre. Lord Carrington would see merit in such a meeting if the Prime Minister's diary allows. If not, he wonders whether the Chancellor would be prepared to see M. Barre.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer and the Chief Secretary to the Treasury.

Yours ever,

Brian

(B J P Fall)
Private Secretary

A J Coles Esq
10 Downing St

Top Copy: PM Tours, Govt Notes

France

PRIME MINISTER

Visits and Visitors - 1981

I attach a summary of your programme of outward visits and inward visitors next year as it is at present shaping up. I also attach the Foreign and Commonwealth Secretary's programme together with a background note.

Subject to your views, your programme seems to me at present to be manageable. However, I hope you will agree that it would be wise to resist proposals to extend it much further. In particular the programme of inward visits* is already looking rather ambitious: there will inevitably be a considerable number of unforeseen additions.

* The FCO would like to issue an (undated) invitation to Mr Mugabe early next week for a visit to London next year. Agree?

MT

Can we wait a little. I am not sure it would be sufficiently well received by public opinion. MT.

12 December 1980

PRIME MINISTER'S VISITS AND VISITORS - 1981

OUTWARD VISITS

Fixed, in hand or highly probable

United States of America	Late February/early March
European Council - Maastricht	23-24 March
India/Gulf	15-23 April
North/South Summit - Mexico	Early June
European Council - Luxembourg	29-30 June
Ottawa Summit	19-21 July
CHGM - Melbourne	30 September - 7 October
Anglo-German Summit - Bonn	? October

Proposals

~~Portugal - now looks less attractive~~	~~1 day~~
~~Strasbourg~~	~~December - 1 day~~

INWARD VISITORS

Fixed, in hand or highly probable

Panama President	30 March - 1 April
Ghana President	Early 1981
Romania Prime Minister	13-16 April
Anglo-German Summit	11-12 May
Anglo-Italian Summit	? May or later
Anglo-French Summit	? June
Anglo-Irish Summit	June/July
European Council	26-27 November

/ Proposals

Proposals

Mauritius Prime Minister	Early February
French Prime Minister	Early 1981 - if at all
Zimbabwe Prime Minister	
Jamaican Prime Minister	
Belgian Prime Minister	Late 1981
Cameroon President	
Peruvian Prime Minister	
Dominican Prime Minister	

Notes

(i) The Prime Minister of Singapore is likely to visit the United Kingdom under his own steam in 1981, to become a Freeman of the City of London.

(ii) The Sultan of Brunei is coming for 4-6 weeks in the Spring to learn about the arts of government.

(iii) The Prime Minister of Fiji may also come under his own steam.

Top Copy: PM Tours
Govt Visitors

MR. ALEXANDER

Prime Minister's VisitsOverseas and Visitors 1981

I have checked through Roderick Lyne's letter to you of 1 December and can confirm all the dates he mentions on page 4, both for the outward visits and the inward visitors. I would be grateful, however, if when you write back to him you could ask him to go firm as quickly as possible with any of his "proposals". I think it would also be a good idea to show the Prime Minister the whole programme.

The FCO ask for a specific date for Sir S. Ramgoolam. I can manage a dinner on either Wednesday 11 or Thursday 12 February and talks on either day, though the 12th would be infinitely preferable. Not much alternative around that time.

I really am going to be in great difficulty fitting anything more in.

C.S.

5 December 1980

France

Ref. A03756

MR. ALEXANDER

I have seen a copy of Paul Lever's letter of 1st December about the proposal that Monsieur Barre should be invited to visit Britain between now and the next Anglo-French Summit.

2. It may be that Monsieur Barre is unlikely to continue as Prime Minister after the Presidential elections, even if President Giscard wins. But we do not know: it is only speculation. Even if it happens, Monsieur Barre is likely to remain a force in French politics. He could make the sort of comeback that President Pompidou made after he ceased to be de Gaulle's Prime Minister in 1968.

3. As we know, he is an effective and influential speaker, whose trenchantly expressed views we do not always welcome. Even in the shorter term, his coming here as the Prime Minister's guest might enable her to modify some of his views - or at any rate the expression of them - to our advantage. He will also have an important voice in the discussions leading up to the 1981 CAP price fixing.

4. I think that the balance of advantage is in favour of inviting him, as proposed by the Foreign and Commonwealth Office.

RTA

ROBERT ARMSTRONG

5th December, 1980

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

5th December 1980

M O'D B Alexander Esq.
10 Downing Street
LONDON
SW1

Mr Alexander
5/XII

Dear Michael,

Paul Lever sent me a copy of his letter to you of 1 December about an invitation to M. Barre, the French Prime Minister, to visit Britain between now and the Anglo-French Summit.

The Chancellor of the Exchequer would welcome a talk with M. Barre if he is invited to come to London. Perhaps therefore you would bear in mind that the Chancellor himself hopes to visit Paris and to make a speech there on 27 January.

I am sending copies of this letter to the recipents of Paul Lever's letter.

Yours ever

John Wiggins

A.J. WIGGINS
Private Secretary

File

CONFIDENTIAL

ds

PM

3 December 1980

Possible Visit of M. Barre

The Prime Minister has seen your letter to me of 1 December. She has commented that she would prefer to postpone a decision on a possible invitation to M. Barre until the New Year when we can see more clearly how the relationship between M. Barre and President Giscard is developing.

MICHAEL ALEXANDER

cc HMT
Ind
Trade
Agri
Cab Off.

Paul Lever, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

The National Archives

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eg. 28, 1079, 84/1, 107/3

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(1)

Prime Minister
The Foreign & Commonwealth Secretary is not pushing this at all hard.
My own view is that on the evidence now available I would not be a sensible use of your time - particularly if you agree that we should suggest a visit by Giscard in June. (The Derby is on 3 June, Royal Ascot a fortnight later.) Delay a decision until the New Year when we can see how the Barre/Giscard relationship is developing?
Delay decision until New Year
MT

Foreign and Commonwealth Office
London SW1A 2AH

1 December 1980

Dear Michael,

I understand that the Prime Minister has agreed, in principle, that M. Barre, the French Prime Minister, should be invited to visit Britain between now and the next Anglo-French Summit. No proposal has yet been put to Ministers about the timing of that Summit, but our initial thoughts are that a sensible timing might be early to mid-June, ie before the British Presidency of the European Community and after the French Presidential elections in early May. In practice M. Barre would have to come before the French Presidential election campaign gets under way. The two rounds of the elections are on 26 April and 10 May, and HM Ambassador at Paris has recommended that we think in terms of late January or early February for M. Barre.

The Prime Minister may have seen recent speculation in the press that M. Barre is unlikely to continue to head the government after the Presidential elections. This speculation is probably well founded, but, as HM Ambassador, Paris has pointed out (see Paris telno 161 Saving attached), there are no substantial differences between M. Barre and the President and M. Barre would be M. Giscard d'Estaing's obvious replacement as a Presidential candidate in the unlikely event that the latter decided not to stand for re-election. In other words, M. Barre has a political future; but aside from that, the effects of his present policies will continue to shape the French economy for some time to come. There will also be a number of Community problems to sort out with the French before May, and M. Barre's influence in that area will continue to be powerful.

If the Prime Minister agrees, we would authorize HM Ambassador, Paris to issue an invitation to M. Barre on her behalf within the period he has suggested. It would of course be helpful if the Prime Minister could suggest specific dates. Lord Carrington suggests that the extent of her involvement would be a meal and one session of talks lasting say one and a half hours. In addition, M. Barre might have talks with the Chancellor of the Exchequer, the

/Secretary

M O'D B Alexander Esq
10 Downing St

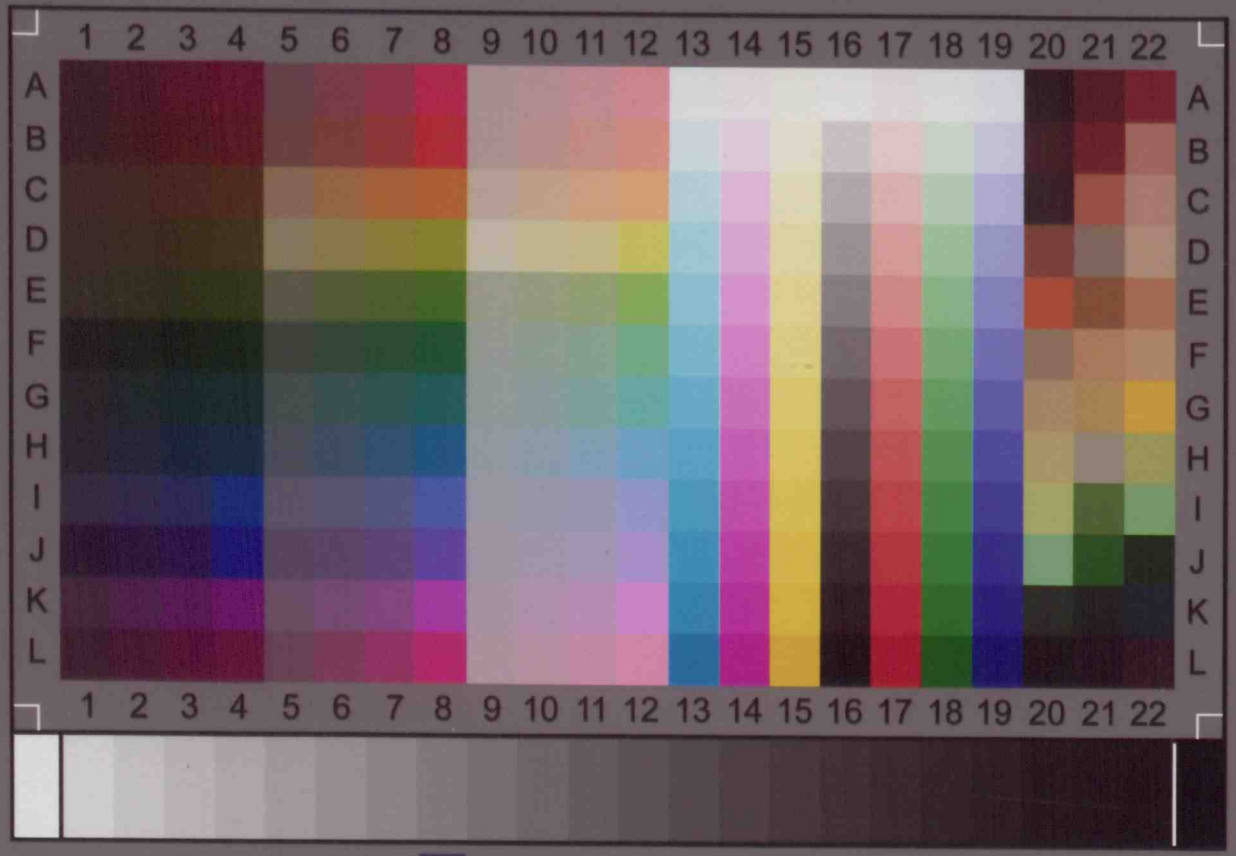
Secretary of State for Industry and the Foreign and Commonwealth Secretary, if they were available.

I am copying this letter to PS/Chancellor of the Exchequer, PS/Secretary of State for Industry, PS/Secretary of State for Trade, PS/Minister of Agriculture, Fisheries and Food and David Wright (Cabinet Office).

Yours ever

Paul

(P Lever)
Private Secretary



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