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Sir Jock Taylor KCMG



① Mr. Schöler MSc

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② Prime Minister

A.J.C. 22/4

BRITISH EMBASSY,

BONN.

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1. We have had a useful bonus from the call which my colleague, Arthur Burns, paid on the Prime Minister last month. In a newspaper interview which appeared here on 20 April "Handelsblatt" quotes the Ambassador as making:

"no secret of his great admiration for Great Britain's 'Iron Lady'. Nor does he hide his utmost scepticism about France's new economic policy. 'Great Britain's Lady is showing courage in a discouraged world.' The high level of unemployment had prevented many people from noticing that the British economy has already improved quite considerably. 'Last year, industrial productivity increased by 10 to 12%. This represents an extraordinary improvement. This is probably a unique achievement at a time when overall economic productivity is falling. Wage costs have stabilised, inflation has dropped noticeably.



British industry managed to increase its profits in certain sectors.'"

2. Burns seems to have gone out of his way to pay this compliment in an interview which was otherwise devoted primarily to a plea for businessmen and bankers to do more to improve the climate of German/American relations and to a defence of Reaganomics. These are naturally themes of great interest here. Burns has built on his past reputation and established himself well here. "Handelsblatt" is the German financial daily with a circulation of around 100,000. In short, there can be little doubt that Burns' remarks will have penetrated widely in influential German circles.

Yours ever
Jock

Jock Taylor

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