

CHANCELLOR OF THE EXCHEQUER: TUESDAY, 21 JULY, 1981
Interview with CBS Morning News

Interviewer:

As Jim mentioned earlier in the broadcast, Prime Minister Trudeau said the sessions have not been all sweetness and light. Can you give us some sense of what the hotly contested issues have been so far in the Summit?

Chancellor:

Hot contest is not what Summits are about really. It's about people who exercise power in their countries and learning how to exercise that power in a way that helps each other - helps the world. Some issues are obviously more interesting than others in certain years. A couple of years ago oil was the key issue. This year, I suppose the familiar interest rate discussion has been the most important.

Interviewer:

And on that interest rate issue, has President Reagan been able to assure the rest of the countries here that the United States will do all it can to bring interest rates down or is there still anxiety on that score?

Chancellor:

I think that we all understand the position much more clearly than we did. Britain, after all, has been through much the same experience. We had very high interest rates for almost twelve months as part of the battle against inflation. We all understand that that's the key issue the United States is about. We all know the US wants to get interest rates down as soon as they can.

Interviewer:

What President Mitterrand, at least, has said, ^{is} that there could be social upheaval by the end of the year if something isn't done . . . Is it fair to say there is a consensus that the United States was

essentially given to the end of the year to change course a bit and bring interest rates down?

Chancellor:

You've got that a bit out of context, I think. What President Mitterrand was saying was that we had to keep our eye on unemployment as one of the things to treat if we were to avoid social stress in our countries. That's one of the key pieces of his election platform. We've all agreed that inflation really has got to be tackled ahead of unemployment - tackling both together, if you like. But Chancellor Schmidt reminded us what was said in the London Summit in 1977 when he said that inflation isn't the cure to unemployment but it's one of its major causes. We're all ^{firmly} agreed on that and that's why we're backing the US policy to get inflation down.

Interviewer:

Have there been any surprises at all for you in this Summit?

Chancellor:

I don't think so, no. I suppose one's always slightly surprised when people who don't know each other very well actually get on together rather well.

Interviewer:

How much has the Middle East been a distraction in these meetings?

Chancellor:

Not significantly. It's been discussed, of course, between Heads of State and Foreign Secretaries/^{but} insofar as this has been an economic summit we've been keeping our heads down discussing the economic issues centrally. Certainly, the Finance Ministers have spent all their time on that.

Interviewer:

Have you heard of the new British advice which has been given to the United States about the Middle East situation?

Chancellor:

No. I don't think that one would put it in terms of advice. We are deeply anxious about it. Obviously, anxious to get a solution to that long running problem out there.

Interviewer:

One of the issues, presumably in any Summit is, as you say, the ability of the leaders to get along. Give me your impression of President Reagan from this Summit?

Chancellor:

Immensely impressive. I had the privilege of meeting him about three years back before he came into presidential office and I was very impressed by him then. If it's not patronising of me to say, I think he has a great clarity of style, a great ability to concentrate on the relatives and to express the arguments very effectively.

Interviewer:

Does he have any weakness that you've perceived in this Summit?

Chancellor:

I've not perceived any, fortunately. If I had, I probably wouldn't tell you ...