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10 DOWNING STREET

*From the Private Secretary*

6 June 1983

As expected, Mr. Bob Hawke, Prime Minister of Australia, telephoned the Prime Minister this evening. Following an exchange of courtesies Mr. Hawke asked the Prime Minister how she judged the outcome of the Williamsburg Economic Summit. Mrs. Thatcher said that the Summit had been a success, producing broad general agreement despite the varying approaches of the Governments involved. It was apparent from what the United States Government had said during the Summit that they believed recovery in their own economy was well underway; they had, for example, upgraded forecasts of GDP growth. There had also been agreement that the size of the debt of a number of third world countries was a limiting factor to the extent of the recovery from the world recession. The Prime Minister said that the Summit had in addition produced an agreed position on defence. Commenting on this Mr. Hawke said that the extent to which the Japanese Government had identified with the NATO position was interesting. Mrs. Thatcher added that this was partly the result of Mr. Nakasone's personal contribution and partly an increased Japanese perception of the potential threat posed to them by Soviet SS20s.

In further conversation the Prime Minister asked Mr. Hawke about the state of the Australian economy. Mr. Hawke said that there had been a considerable improvement. The breaking of the drought had been extremely important and he hoped that the Australian economy would benefit as the American recovery proceeded.

The conversation subsequently touched briefly on the British, European and American political scenes and before concluding Mr. Hawke asked about the current state of the British election campaign.

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