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INFO SAVING BONN, PARIS, UKREP BRUSSELS, TOKYO.

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USA

US BUSINESS OPINIONS ABOUT PRESIDENT REAGAN'S FY83 BUDGET PROPOSALS

1. THE U.S. PRESS TODAY CARRIES REPORTS THAT THE BUSINESS ROUND TABLE, A PRESTIGIOUS ASSOCIATION OF 200 MAJOR CORPORATIONS, HAS CONCLUDED THAT PRESIDENT REAGAN'S PROJECTED BUDGET DEFICITS ARE UNACCEPTEDLY LARGE. THE ROUND TABLE'S 46-MEMBER POLICY COMMITTEE IS REPORTED TO SUPPORT DEFERRAL OF THE SCHEDULED 10 PERCENT TAX CUT FOR INDIVIDUALS FOR 1983 AND MODIFICATION OF THE DISPUTED TAX LEASING PROVISIONS ENACTED LAST YEAR. THEY HAVE ALSO INVITED CONGRESS TO REDUCE PRESIDENT REAGAN'S PROPOSED DEFENCE EXPENDITURE. SIMILAR POSITIONS HAVE BEEN TAKEN BY THE UNITED STATES CHAMBER OF COMMERCE AND THE NATIONAL ASSOCIATION OF MANUFACTURERS.

2. IN A FULL PAGE NEWSPAPER ADVERTISEMENT APPEARING IN MAJOR NEWSPAPERS YESTERDAY (COPY BY BAG), THE AMERICAN BANKERS' ASSOCIATION AND SEVERAL OTHER ASSOCIATIONS OF AMERICAN FINANCIAL INSTITUTIONS ISSUED A STATEMENT SAYING THAT THERE WAS NO ALTERNATIVE BUT TO SLOW DOWN GROWTH OF PUBLIC EXPENDITURE NOT EXCLUDING DEFENCE AND ENTITLEMENT PROGRAMMES AND, IF NECESSARY, DEFERRING PREVIOUSLY ENACTED TAX REDUCTIONS OR ENACTING INCREASES IN TAXES. THE AMERICAN BANKERS' ASSOCIATION CALLED FOR A BI-PARTISAN APPROACH IN CONGRESS TO DEVELOP EFFECTIVE SOLUTIONS.

3. THESE DEVELOPMENTS ADD YET MORE WEIGHT TO THE INCREASINGLY WIDELY HELD VIEW THAT PRESIDENT REAGAN'S BUDGET PROPOSALS FOR FY 83 WILL NOT GET THROUGH CONGRESS WITHOUT SUBSTANTIAL ALTERATION. PUBLIC STATEMENTS BY BUSINESS ASSOCIATIONS WHICH EXPLICITLY OR IMPLICITLY CRITICISE PRESIDENT REAGAN'S PROPOSALS ARE A NEW DEVELOPMENT. THEY ILLUSTRATE HOW FAR OPINION HAS MOVED SINCE THE BUDGET PROCESS LAST YEAR WHEN MOST OF THE ADMINISTRATION'S PROPOSALS WERE ENACTED.

4. FCO PLEASE PASS TO BOTTRILL (TREASURY) AND WATSON (BANK OF ENGLAND).

FCO PASS SAVING BONN, PARIS, UKREP BRUSSELS, TOKYO.

HENDERSON

[REPEATED AS REQUESTED]

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