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10 DOWNING STREET

From the Private Secretary

24 November 1983

Argentina: Commercial Bank Lending

I have spoken to Robin Butler on the telephone in Delhi and have taken the opportunity to clarify the Prime Minister's view on how the Chancellor should respond if he is questioned about drawings on the commercial bank loan. I asked specifically whether the Prime Minister thought that "premature and regrettable" was going too far. Robin said that the Prime Minister did not necessarily object to this wording but did feel that if such a statement were made it would be important to make very clear the grounds for our reservations. These would be that we were not satisfied that the Fund's normal approach to conditionality was being followed. As indicated in the Foreign Secretary's telegram No. 927, it was important to avoid any suggestion that our reaction was prompted by political considerations.

I am copying this letter to Roger Bone (Foreign and Commonwealth Office) and John Bartlett (Governor of the Bank of England's Office).

Andrew Turnbull

John Kerr, Esq.,
H.M. Treasury.

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