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INFO ROUTINE BONN OTTAWA PARIS ROME TOKYO UKREP BRUSSELS

US PUBLIC REACTIONS TO THE SUMMIT

SUMMARY

INITIAL US PRESS REACTIONS TO THE SUMMIT, CLEARLY REFLECTING HEAVY OFFICIAL BRIEFING, GENERALLY FAVOURABLE.

DETAIL

1. COVERAGE OF THE ENTIRE REAGAN EUROPEAN TOUR IN THE US MEDIA HAS BEEN MASSIVE. THE EXERCISE HAS BEEN PRESENTED AS A CONSIDERABLE SUCCESS FOR THE PRESIDENT, WITH MANY COMMENTATORS POINTING TO THE CONTRAST BETWEEN HIS PERFORMANCE, SPEAKING FOR AMERICA, AND THE CONTINUING FEUDING IN THE DEMOCRAT CAMP. HE IS SEEN AS, 'ACTING PRESIDENTIAL': THE DEMOCRATS AS 'PLAYING POLITICS'.

2. MOST REPORTS, REFLECTING OFFICIAL BRIEFING, CLAIM THAT THE PRESIDENT WAS LESS ON THE DEFENSIVE OVER US ECONOMIC PERFORMANCE THAN AT WILLIAMSBURG. IN PARTICULAR, THE ABSENCE IN THE COMMUNIQUE OF SPECIFIC CRITICISM OF THE IMPACT OF THE US BUDGET DEFICIT ON INTEREST RATES IS HIGH-LIGHTED. MANY REPORTS STRESS THE PRIME MINISTER'S ROLE IN PREVENTING A 1:6 CONFRONTATION ON THE ISSUE. THE COMMUNIQUE'S REFERENCE TO THE NEED TO LIMIT QUOTE RIGIDITIES IN THE LABOUR MARKET UNQUOTE IS WIDELY SEEN AS AN ACKNOWLEDGEMENT OF THE SUPERIOR PERFORMANCE OF THE US IN PROVIDING CONDITIONS CONDUCIVE TO NEW JOBS. A SUB-THEME IS ALLEGED FRENCH ENVY OF US ECONOMIC PERFORMANCE, WITH MITTERRAND SAID TO BE QUOTE CAPTIVATED UNQUOTE BY THE LATEST US STATISTICS, AND DELORS PERSUADED THAT FRANCE NEEDS MORE QUOTE ENTREPRENEURIAL SPIRIT UNQUOTE, AND MUST CONSIDER DENATIONALISATION PROGRAMMES. (THE FOOTPRINTS OF REGAN AND SPRINKEL BRIEFINGS ARE EVIDENT IN A NUMBER OF REPORTS.)

3. DISCUSSIONS ON DEBT ARE LESS EXTENSIVELY REPORTED, WITH THE SUMMIT CONCLUSIONS SEEN AS LARGELY APPROVAL OF PREVALENT IDEAS (UKDEL IMF/IBRD TELNO 110) FOR REWARDING THE IMPROVERS (EG MEXICO) WITH MULTI-YEAR DEBT RESCHEDULING. THE AGREEMENT ALLOWING IBRD FUNDS TO BE USED FOR GENERAL ECONOMIC INFRASTRUCTURE DEVELOPMENT IS ALSO NOTED. REGAN IS QUOTED AS COMPLAINING THAT SOME OF THE AGREED LANGUAGE ON DEBT IS UNCLEAR, AND THAT NO-ONE UNDERSTANDS THE QUOTE MYSTERIOUS UK-DRAFTED REFERENCE UNQUOTE IN THE COMMUNIQUE TO SUBSTITUTING QUOTE MORE STABLE LONG-TERM FINANCE BOTH DIRECT AND PORTFOLIO, FOR SHORT-TERM BANK LENDING UNQUOTE. SOME PRESS REPORTS SUGGEST THAT THE SCALE OF THE DEBT PROBLEM MAY NOT HAVE BEEN FULLY APPRECIATED AT THE SUMMIT, BUT THIS IS A MINOR THEME.

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4. THE COMMUNIQUE IS SEEN AS CAUTIOUS BUT BALANCED, REFLECTING A SUMMIT WHOSE TONE WAS QUOTE CAUTIOUS, CONCILIATORY AND GENTLY UPBEAT UNQUOTE (JOURNAL OF COMMERCE). NOBODY LOST, THOUGH THE CANADIANS ARE THOUGHT TO HAVE GAINED LEAST AND, APART FROM THE US AND UK, THE JAPANESE MOST IN DRAWING THE STING OF CRITICISM OF THEIR TRADE PERFORMANCE BY ENTHUSIASTICALLY PROMOTING A NEW TRADE NEGOTIATING ROUND. THE FAILURE TO AGREE ON A STARTING DATE FOR A NEW ROUND OF GATT TRADE LIBERALISATION TALKS IS, HOWEVER, DESCRIBED AS THE ONE MAJOR DISAPPOINTMENT FOR THE US, THOUGH REGAN IS QUOTED AS SAYING THAT THERE IS STILL QUOTE A GOOD CHANCE UNQUOTE THAT NEGOTIATIONS WILL START IN 1986.

5. THE OTHER SUMMIT TEXTS HAVE ATTRACTED RELATIVELY LITTLE PRESS ATTENTION, AND SOME MILD CRITICISM FOR LACK OF SPECIFICITY. THERE IS HOWEVER NO SIGN OF OFFICIAL BRIEFING TO PLAY DOWN THEIR IMPORTANCE. (THIS APPLIES EVEN TO THE DECLARATION ON DEMOCRATIC VALUES, ON WHICH SCEPTICAL REACTIONS FROM US BRIEFERS ON 7 JUNE WERE EVIDENT IN THE PRESS OF 8 JUNE: CLEARLY THE BRIEFERS SUBSEQUENTLY CHANGED THEIR TUNE.) ON EAST/WEST RELATIONS, BRIEFING OVER THE WEEKEND HAS STRESSED THAT THE PRESIDENT'S EXPRESSED CONCERN FOR RENEWED DIALOGUE WITH MOSCOW WAS TAKEN AT ITS FACE VALUE BY MOST SUMMITTEERS, WITH ONLY TRUDEAU CALLING FOR A MORE FORWARD POLICY.

6. COMMENTS ON THE PRESIDENT'S PERSONAL PERFORMANCE ARE ALSO SO FAR CLEARLY BASED ON OFFICIAL BRIEFING: ANY CRITICISM MAY TAKE A FEW DAYS TO EMERGE, EG IF DEMOCRAT SPOKESMEN DECIDE TO TRY SOME KNOCKING COPY. SOME OF THE MORE CRITICAL COLUMNISTS HAVE ALREADY SUGGESTED THAT, UNLIKE OTHER HEADS OF GOVERNMENT, THE PRESIDENT SET MORE STORE ON SEIZING HIS QUOTE PHOTO OPPORTUNITIES UNQUOTE THAN ON BRIEFING THE PRESS ON THE SUBSTANCE OF DISCUSSION. BUT SHULTZ AND REGAN, WITH A NUMBER OF EUPHORIC QUOTES, HAVE CERTAINLY FILLED ANY GAP.

7. REPORTS OF DEMONSTRATIONS IN LONDON, PARTICULARLY THE CND DEMONSTRATION ON 9 JUNE, HAVE BEEN EXTENSIVE BUT NOT PARTICULARLY PROMINENT. THERE HAS BEEN NO SUGGESTION THAT THE ADMINISTRATION'S

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POLICIES CAME UNDER STRONG ATTACK FROM BRITISH PUBLIC OPINION AS A WHOLE, AND NO SIGNS OF ANY EVIDENT ADMINISTRATION IRRITATION AT THE DEMONSTRATIONS (THOUGH THE PRESIDENT'S COMMENTS ON 10 JUNE THAT THE PEACE WHICH CND WANT MIGHT BE THE PEACE OF THE GRAVE IS WIDELY REPORTED). THE DEMONSTRATIONS IN IRELAND EARLIER ON THE TOUR WERE IN FACT GIVEN MORE COLUMN INCHES PRESUMABLY BECAUSE THERE WAS LESS SUBSTANCE TO COVER AS WELL.

8. IN GENERAL, THEREFORE, FOR THE WHITE HOUSE PUBLICITY MACHINE, THE INTERIM VERDICT IS LIKELY TO BE: SO FAR, SO GOOD.

WRIGHT

### ECONOMIC SUMMIT

LIMITED  
ERD  
ESID  
WED  
FED  
NAD  
ECD's  
PLANNING STAFF  
TRED  
ES&SD  
SOV D  
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MAED  
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ACDD  
PS  
PS/LADY YOUNG  
PS/MR RIFKIND  
PS/MR WHITNEY  
PS/MR RAISON  
PS/PUS

SIR C TICKELL  
SIR J BULLARD  
MR RENWICK  
MR J THOMAS  
MR WILSON  
MR WRIGHT  
MR WESTON  
MR ADAMS  
MR BARRINGTON  
MR EGERTON  
MR MILES  
BUCKINGHAM PALACE

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