

mtg. cancelled.

PRIME MINISTER

ECONOMIC SUMMIT

The Foreign Secretary has asked for a meeting tomorrow with you and the Chancellor to discuss strategy for the Economic Summit. I am not clear exactly what he has in mind (and we may in the event need the time for other purposes).

The main issues likely to come up at the Summit are:

- the implications of lower oil prices
- the change in the pattern of exchange rates
- the landing of a new international trade round
- the international debt problem.

Other subjects likely to come up are cooperation against international terrorism, your suggestion of a discussion of the rising level of social security expenditure, education (which the Japanese have said they will raise), agriculture (which the Americans may bring up). The Americans have also suggested some discussion of the problems of living with "the sick bear".

C.D.P.

CHARLES POWELL

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