

GPS 300
UNCLASSIFIED

FM WASHINGTON 291530Z APR 85
TO PRIORITY F C O
TELEGRAM NUMBER 1422 OF 29 APRIL.

MF

REGAN'S WASHINGTON POST INTERVIEW: INTEREST RATES, U.S. DEFICIT
AND MONETARY REFORM MEETING

1. ON 28 APRIL, WHITE HOUSE CHIEF OF STAFF REGAN GAVE AN INTERVIEW, IN WHICH HE EXPRESSED HIS VIEWS ON ECONOMIC ISSUES, TWO IN PARTICULAR OF WHICH ARE RELEVANT TO THE BONN SUMMIT.
2. ON THE DEFICIT, AND ITS RELATIONSHIP WITH INTEREST RATES, REGAN ADOPTED THE FORMULATION WHICH HE HAS REPEATED SEVERAL TIMES TO REPORTERS OVER THE LAST WEEK OR SO:
"IF FISCAL POLICY IS RESTRAINED, MONETARY POLICY CAN BE EASED, AND AN EASING OF MONETARY POLICY BRINGS DOWN INTEREST RATES".
3. ASKED HOW HE SAW BAKER'S PROPOSAL FOR A MONETARY CONFERENCE GOING, REGAN SAID:
"IT'S A LOGICAL OUTCOME. THE STUDIES ARE GOING TO BE READY IN JUNE. A SMALL GROUP OF MINISTERS WILL STUDY WHAT THE DEPUTIES HAVE DONE. THEY THEN GO TO THE INTERIM COMMITTEE IN SEOUL AND DISCUSS THEM. LET'S SEE WHAT HAPPENS THEN ON WHAT THE STUDIES ARE AND WHAT THE SUGGESTIONS ARE AFTER THEY COME OUT OF THE I.M.F. MEETING".
4. ASKED ABOUT THE ADMINISTRATION'S DEGREE OF PRIORITY FOR A MONETARY CONFERENCE, REGAN SAID:
"WE WERE ANXIOUS TO DO ANYTHING THAT HELPS WORLD TRADE, WORLD ECONOMIC RECOVERY. TO THE EXTENT THAT MONETARY REFORM WILL HELP THAT ... WE WILL BE IN FAVOUR OF IT. BUT WE CAN'T TELL YOU IN ADVANCE, BECAUSE WE DON'T KNOW WHAT THE (MONETARY REFORM) SUGGESTION IS GOING TO BE".
5. COPY OF INTERVIEW FOLLOWS BY BAG.
6. F.C.O. PLEASE PASS TO POWELL (NO. 10), SIR ROBERT ARMSTRONG (CABINET OFFICE), LITTLER AND LAVELLE (TREASURY), BRAITHWAITE AND TAIT (E.R.D.), AND GREEN (BANK).
WRIGHT

MONETARY D
ECD
NAD

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