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10 DOWNING STREET

From the Private Secretary

MR. HATFIELD

BONN ECONOMIC SUMMIT: SPEAKING NOTE ON ECONOMIC ISSUES

The Prime Minister would like further work done on the speaking note on economic issues for her use at the Economic Summit.

In general she finds the style too bureaucratic. Her intention is that much of the material in the speaking note would eventually be relayed to the press. It therefore needs to be rewritten with an eye to this important presentational point.

The Prime Minister would also like the note to include a more substantial piece on deregulation, following up the initiative which she took at the European Council.

As a further general point, she would like to be able to quote in the speaking note specific examples of e.g. US restricted practices, Japanese barriers, etc.

In addition you will wish to consider the following more detailed points:

Page 1 Para 2 duplicates much of para 1. Sequence should be:

- Para 1. World economy making good progress, policies are working, so lets stick to them.
- Para 2. Difficulties remain, foremost of which in industrialised countries is unemployment.
- Para 3. Either drop or develop into a paragraph on the possibility of the recovery faltering. Figures on the US economy are still too sketchy to form a judgement.

Page 2 Lack of sequence on policy problems listed. Draft jumps back and forth between macro-economic problems and need to improve supply side. Try:

- (i) Interest rates, exchange rates, the US deficit.

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- (ii) Need for all industrialised countries to restrict growing claims of public sector.
- (iii) Best prospects for reducing unemployment lie not in any inflationary boost to public spending but in improving working of markets and freeing forces of enterprise, reference to European deregulation exercise.

Continue with existing sequence.

Page 4 Can anything more concrete be said about international monetary reform? The tone is rather procrastinating.

Page 5 Refer to need for more differentiation between developing countries.

Page 7 Debt section is rather weak. Progress made to date could be given more emphasis.

Second para. Reference to "prices to producers" sounds as if these are foreign investors. Make clear this refers to domestic producers.

I should be grateful for a further draft taking account of these comments as soon as possible.

I am copying this minute to Mrs. Lomax (HM Treasury), Mr. Mogg (Department of Trade and Industry) and Mr. Appleyard (Foreign and Commonwealth Office).

C D P

(C. D. POWELL)
29 April 1985