

LA

PRIME MINISTER

TALK WITH THE CHANCELLOR: 24 MAY

As arranged in your bilateral discussion with the Chancellor this afternoon, he will be coming to see you around 0930 tomorrow to discuss the latest position on the markets. He will by then have had his morning meeting with the Bank and Treasury officials.

I enclose in this folder this evening's market report.

You were I think minded to go along with the suggestion of an interest rate change, if the Chancellor judges this to be necessary.

*Patricia A. Parker*

PA (PAUL GRAY)

23 May 1989

DA2ABW

P.S. I gather that, after some delays, the Chancellor did speak to Brady at about 8.30 our time this evening. Brady claimed that he and Greenspan had been making repeated efforts to co-ordinate activities with Poehl; Poehl kept making promises to co-ordinate intervention but then failed to do so. So it is clear that relations between the Americans and Germans are at a low point. The Chancellor and Brady agreed that they might try to hold a trilateral meeting with the German Finance Minister in the margins of OECD next week.