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THE WHITE HOUSE
WASHINGTON

November 4, 1987

Dear Margaret:

Thank you for your kind letter of October 22 concerning the importance of a healthy U.S. economy to continued worldwide economic growth.

As we discussed in Venice last June, I believe that reducing the U.S. budget deficit is vital to restoring international economic equilibrium. We have made progress. The budget deficit for fiscal year 1987, which ended on September 30, was \$73 billion below the 1986 deficit -- a one-third reduction.

Recent events in financial markets have highlighted the importance of prompt action on the 1988 budget to ensure that this trend continues. That is why I have called for urgent meetings with Congressional leaders and offered to begin with no preconditions.

You correctly note that my views on the potential harm of increased taxes have not changed. However, as always your advice is valued and will be carefully considered.

Comment

Sincerely,

Ron

The Right Honorable
Margaret Thatcher, M.P.
Prime Minister
London

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BY dls INWADATE 12/28/2021

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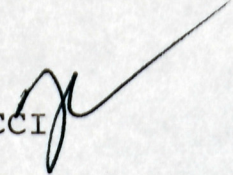
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THE WHITE HOUSE
WASHINGTON

7105

November 3, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK C. CARLUCCI 
SUBJECT: Letter to the President from PM Thatcher

Issue

Response to Prime Minister Thatcher's letter of October 22, 1987.

Facts

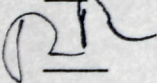
Prime Minister Thatcher has written to you (Tab B) in support of increased taxes as one means of reducing the budget deficit. While she agrees with your views on the damage done by high taxes, she argues that increases are needed to prevent a weakening of confidence in U.S. leadership.

Discussion

The response at Tab A reaffirms your commitment to reducing the budget deficit, cites progress made in FY 1987, and assures her that her advice will be carefully considered.

Recommendation

OK No



That you sign the letter to Prime Minister Thatcher at Tab A.

Attachments

- Tab A Letter to Prime Minister Thatcher
- B Letter from Thatcher

cc Vice President
Chief of Staff (2)

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506ACTION

October 30, 1987

MEMORANDUM FOR FRANK C. CARLUCCI

FROM: STEPHEN I. DANZANSKY

SUBJECT: Letter to the President from PM Thatcher

Prime Minister Thatcher has written the President (Tab B) in support of increased taxes as one means of reducing the budget deficit. While she agrees with the President's views on the damage done by high taxes, she argues that increases are needed to prevent a weakening of confidence in U.S. leadership.

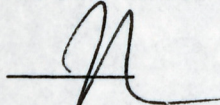
The President's response (Tab A) reaffirms his commitment to reducing the budget deficit, cites progress made in FY 1987, and assures her that her advice will be carefully considered.

Nelson ^{NL}Ledsky concurs. Speechwriters have cleared the proposed text.

RECOMMENDATION

That you sign the memorandum to the President at Tab I, forwarding the Thatcher letter and a proposed response.


Approve



Disapprove

Attachments

Tab I	Memo to the President
Tab A	Proposed response to Thatcher
B	Incoming from Thatcher

Prepared by: 
Stephen Farrar

Mgd 1/1/00

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OF CLASSIFIED ENCLOSURE(S)



BRITISH EMBASSY,

WASHINGTON, D.C. 20008

TELEPHONE: (202) 462-1340

FROM THE AMBASSADOR

26 October 1987

The Honorable
Frank C Carlucci
Assistant to the President
for National Security Affairs
The White House G/WW
Washington DC 20503

Dear Frank,

//

I have been asked to forward the enclosed letters from the Prime Minister to the President. The text of the letter dated 22 October was sent to you by No 10 on their direct line. I should be grateful for your help in transmitting them to the President.

Sincerely,

Antony

Antony Acland

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURE(S)



10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

22 October 1987

Dear Ron.

One of the most important achievements of your Administration has been to restore the US economy to health and to create new jobs, to the benefit of us all. I have a very real fear now that this achievement may be in jeopardy, because of the strains in the financial markets. A weakening of confidence could all too easily threaten economic growth around the world.

I was therefore glad to see the reports that you will be willing to discuss tax increases as one means of reducing the budget deficit. I know how very difficult this must be for you: I share completely your own views on the damage done by high taxes. But the confidence of America under your determined leadership has been the foundation for so many successes, in foreign policy, in defence and in so much else. It would be a tragedy - for the world as well as for the United States itself - if this great strength were to begin to fail us. The priority now has to be for sound money and sound finance.

With warm regards,

Yours ever

R Reagan

The President of the United States of America

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BY *dh* DATE *12/28/2021*



10 DOWNING STREET
LONDON SW1A 2AA

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With warm regards,

Your own

Ronald

DECLASSIFIED
AGENCY *State/USE Wawiers*
BY *dh* DATE *12/28/2021*

The President of the United States of America