



Agree that the Chancellor should  
seek a call on President Regan,  
together with Secretary Regan and M.  
de Larosiere.?

A.J.C. 31/11.

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

28 January 1983

A J Coles Esq  
No 10  
DOWNING STREET

*See J.C.*

*Yes - but  
thing should not  
'attend' to President  
about the deficit  
He is way  
down  
not*

INTERIM COMMITTEE MEETING IN WASHINGTON: 9/11 FEBRUARY

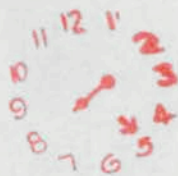
It has been suggested to the Chancellor that he might consider sounding Secretary Regan about the possibility that, together with M. de Larosiere (the IMF Managing Director), they might call on President Reagan on 11 February to report on the outcome of the Interim Committee meetings.

The Chancellor is quite attracted by this idea, for it would provide an opportunity for him (and M. de Larosiere) also to draw attention to disquiet in the international financial community about the scale of the current and prospective US Federal Budget deficits. This point would fit naturally into a presentation which would begin with the Interim Committee's proceedings, stress the importance of early Congressional ratification of the IMF quota increase, and conclude with a survey of the other issues which will remain important on the world economic scene in the run up to the Williamsburg Summit. (If of course the intransigence of the Americans and others had prevented agreement on an IMF quota increase, a call on the President would be more, rather than less, appropriate.) This idea could clearly not be pursued unless Secretary Regan favoured it. But before raising it with him, and M. de Larosiere, the Chancellor would like to be sure that the Prime Minister would have no objection. Could you let me know, preferably early next week?

A copy of this letter goes to Brian Fall at the FCO.

*Yours ever,  
J O Kerr*  
J O KERR

28 JAN 1953



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Foreign and Commonwealth Office

London SW1A 2AH

2 February 1983

A-2C- $\frac{3}{2}$

h-a.

Dear John,

IMF Interim Committee Meeting:  
9/11 February

*att*  
Thank you for sending me a copy of your letter to John Coles of 28 January.

Mr Pym agrees that it would be useful for the Chancellor, in his capacity as Chairman of the Interim Committee, to call upon President Reagan to report the outcome of the Interim Committee meeting. He agrees also that it will be important to be sure beforehand that Mr Reagan is in favour of the idea. It would be particularly helpful to make the point to President Reagan that we and other major industrialised countries hope that the US Administration will make the maximum effort to secure Congressional approval of an increase in IMF quotas. The extent to which the US Government, and President Reagan personally, is prepared to support such an increase will be crucial to the outcome in Congress.

At the same time the Chancellor might also raise the question of the US contribution to IDA VI. Here again the extent to which the Administration is prepared to press for a full contribution will have a significant impact on the attitude of Congress. As the Chancellor is aware, Mr Pym recently made this point in a message to Mr Shultz.

I am copying this to John Coles (No 10).

*Yours ever*

*J E Holmes*  
(J E Holmes)  
Private Secretary

J O Kerr Esq  
Principal Private Secretary  
HM Treasury

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10 DOWNING STREET

*From the Private Secretary*

1 February 1983

INTERIM COMMITTEE MEETING IN WASHINGTON: 9/11 FEBRUARY

Thank you for your letter of 28 January about the suggestion that the Chancellor should sound Secretary Regan about the possibility that, together with the Managing Director of the IMF, they might call on President Reagan on 11 February.

The Prime Minister sees no objection to the Chancellor making this approach. But she believes that if the call is arranged we should avoid taking an unduly aggressive line with President Reagan about the US Federal Budget deficit since in her view the President is making genuine efforts to reduce it.

I am copying this letter to Brian Fall (Foreign and Commonwealth Office).

John Kerr, Esq.,  
H.M. Treasury.

B. I. COLES

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