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Foreign and Commonwealth Office

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1. I had a call this morning from Daniel Dultzin who is a Counsellor at the Mexican Embassy here.
2. He wanted my views on the prospects for the world economy and likely developments in policy amongst the G7 and OECD countries. I described them on standard lines.
3. For his part, he was quite gloomy about the prospects for the Mexican economy in the course of this year under the political pressures of the Presidential election. Amongst the keys were the success of the new scheme for indexing wages and prices to a notional inflation rate deliberately set lower than the current reality; and rigid adherence by the Mexicans to regular payment of interest under their new scheme with the US Treasury.
4. He also gave me one nugget of intelligence. The man he describes as the "Mexican Sherpa", whose name is Olea and who works in the Mexican Foreign Ministry, told him when he was recently in Mexico that he had been in touch with the "Canadian Sherpa" about a discreet and informal meeting to discuss debt between the G7 Sherpas and those from the Cartagena countries. Dultzin said that he thought this was an interesting idea but it would have to be handled carefully because it could easily go wrong. I agreed with the latter thought and said that we would look rather carefully at any such proposal if it came to be made.
5. I suppose we may hear more of this from Sylvia Ostry this evening.

for R. Q. BRAITHWAITE

R Q Braithwaite

cc Sir G Littler
Mr Richardson

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