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Sir Geoffrey Littler KCB
Second Permanent Secretary

19 February 1988

Dear Nigel,

SUMMIT PREPARATION MEETING

Just a few suggestions on the draft enclosed with your letter of 18 February. I am copying this to Rod Braithwaite.

French and US Elections

- for the last line and a half substitute: "but our present guess is that the shadow of the US election will tend to undermine their credibility in economic discussion, rather than lead them to promote specific proposals".

World Economy

- in fourth line add "gradual" before "elimination".

Macro-Economic Issues

- for the last long sentence I have a few nuances to offer: "The markets are more settled, though confidence remains vulnerable, especially to any bad US trade figures, or to any ill-judged reduction of interest rates. The US will need to do more on their budget deficit but the election is bound to be an impediment. Among surplus countries: the Japanese have moved a good deal, and effectively, although they have still a long way to go in opening their markets; the German economy is very sluggish, and they are likely to be strongly attacked by France and Italy (growing imbalance within Europe) as well as the US; South Korea and Taiwan must be a target - the scale of their surpluses is now enormous."

- Add at end of next para: "and seeking some way of getting at Taiwan and South Korea (see below)".

Yours,

Geoffrey

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Econ Pol: Sherpa Admin
Feb 88