EW



10 DOWNING STREET

From the Private Secretary

13 October, 1982

LORD MAYOR'S BANQUET: 15 NOVEMBER

The Prime Minister will be making her annual speech at the Lord Mayor's Banquet on 15 November.

In a preliminary discussion today Mrs Thatcher said that she would like this year to make a major speech on international political and economic issues. The principal purpose would be to advocate a strategy for the West over the next few years. The first half of the speech might describe the current problems; the second would suggest how those problems should be approached.

I enclose an outline which shows the type of themes which the Prime Minister is inclined to address. It need not, of course, be followed too rigidly. I am sure that the Prime Minister will be glad to receive additional ideas - and she would welcome any views which the Foreign and Commonwealth Secretary and the Chancellor may wish to offer on the general approach.

I should be grateful if in consultation with the Treasury, who will no doubt take the lead on 1c and 2c of the enclosed outline, and in consultation with other departments as necessary, you could let me have a draft speech on the above lines by 29 October. It would be very helpful if the draft could be in clearly identified sections corresponding with the headings in the enclosure.

I am eary in this letter to John kers Treasury.

A. J. COLES

Brian Fall, Esq., Foreign and Commonwealth Office

Ken Guzens Terray Burne Hugh Thomas Michael Howard Hugh Transor-Roper

LORD MAYOR'S BANQUET: POSSIBLE OUTLINE FOR PRIME MINISTER'S SPEECH

A Strategy for the Alliance

Analyse the changer of the last 10 years

Broad brush

Speak out as leader of work Set of Europe - political flux Big Altoutre

Bigeconomic problem

The backcloth

- Political flux in Europe new Governments in Bonn, Madrid, (a) Denmark, Sweden
- A Community falling short of its potential (b)
- High and growing unemployment in Europe and North America; (c) free trade in difficulty; international banking problems
- Transatlantic disputes (d)

Post-Vittian Inflation or inflation of expectations. Inflated though that. You. Kipper war. Increase 1-

Soviet bloc in crisis (e)

Soviet economic problems

Rigid leadership bereft of ideas Another in/Intion.

Debt problems in Eastern Europe

ope Iran/Irag oil. Another sherp increase. The name / political. Now Another cursis on hebanon.

The challenge of Poland

Internal economic situation: risk of In 1920: Argentina had higher income por head Hall.

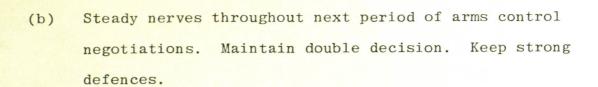
Star loran couldatunbalance strategie Fast - West balance.

The imperatives

REC vidisappointing. European states US books not only west but to facility touch. Indonesia, Toiling, S. Korea, Industria. China - India gertand by presociety.

An alliance strategy for relations with the Soviet bloc which

- (a)
 - maximises our political goals and values
 - rewards good behaviour, and
 - avoids economic exchanges which give advantage to the Soviet Union. /(b)



- (c) Follow sound and disciplined financial and economic policies; and free trade but <u>fair</u> trade (Japan, NIC's)
 - (i) budget deficits and overseas borrowings to be contained and controlled; no competitive devaluations and exported unemployment
 - (ii) prudent banking and banking supervision
 - (iii) appropriate role for IMF and IBRD

(d) A stronger European Community

- 1. with problems solved (Budget, fish)
- 2. an expanded membership (and enlarged area of democracy)
- 3. a stronger contribution to solution of international problems (Middle East)
- 4. a better partner for the United States

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hord Mayor's speech

3 pages of constasion to Loved Mayor 2 Archbishop

5 pages on Northern Ireland and bomb attacks

10 pages of international markets - one world

preceninence of bondon

free trade

de cade of charge - inflation; oil price rise; shifts in pettern of

free societies do better