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Euro Policy PL9

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10 Downing Street
Whitehall

10 August 1973

The Prime Minister has been thinking about what needs to be done to ease the way for an agreement in the Community by the end of the year on progress, particularly in the fields of economic and monetary union and regional development, on the lines, and in accordance with, the timetables laid down at the Summit meeting in October. Reports which he has been receiving suggest that much will depend in this matter on the Germans, and that, on the monetary side, there is some feeling in Germany that there is unfinished business from the meeting which the Prime Minister and the Federal Chancellor had last March which could now usefully be given a strong political impetus. The Prime Minister therefore has it in mind that he should send to the Federal Chancellor a message which would propose a new initiative in this field. On the basis of the Prime Minister's instructions I have prepared a draft message, which the Prime Minister has seen and approved. I attach a copy of it; it will explain about the sort of initiative he has in mind.

Clearly this is an initiative which the Prime Minister will wish to discuss with the Chancellor of the Exchequer before taking a final decision. That will not be possible perhaps until early September. But, if the initiative is to be taken, it should be taken in the early days of September, because the Prime Minister will be seeing M. Ortoli on 12 September, and there is the possibility of a meeting between the Prime Minister and the Federal Chancellor in October. The official talks which the Prime Minister has in mind to propose would need to have been carried some way before such a meeting was held.

I should add that the two senior officials referred to in the last paragraph of the draft message are envisaged as being Derek Mitchell and Pat Nairne.

I send you this draft now, so that it can be considered between now and the end of the month, and the Prime Minister can then discuss it with the Chancellor at the beginning of September.

Alan Bellamy, Esq.,
H.M. Treasury.

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Since this initiative would need to be carefully coordinated with other developments on the Community front, I am sending copies of this letter and of the draft also to Antony Acland and Pat Nairne.

R. T. ARMSTRONG

Alan Bailey, Esq.,
H.M. Treasury.

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