

SUBJECT

IMMEDIATE
CYPHER CAT A

SECRET

PRIME MINISTER'S

COPY NO:

FM F C O 151900Z

PERSONAL MESSAGE

SECRET

SERIAL No T 65/73

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TO IMMEDIATE BONN TELEGRAM NUMBER 218 OF 15 MARCH/AND TO PRIORITY
UKREP BRUSSELS

FOLLOWING IS TEXT OF MESSAGE REFERRED TO IN M.I.P.T.

DEAR MR. CHANCELLOR,

I WAS MOST GRATEFUL FOR YOUR PROMPT REPLY TO THE MESSAGE WHICH
OUR AMBASSADOR CONVEYED TO YOU ON 10 MARCH ABOUT THE CURRENCY
PROBLEMS.

AS THE CHANCELLOR OF THE EXCHEQUER SAID IN BRUSSELS ON SUNDAY,
THE IDEA BEHIND THE PROPOSALS WHICH HE OUTLINED A WEEK AGO WAS THE
OPPORTUNITY TO TAKE A MAJOR STEP FORWARD IN THE DEVELOPMENT OF THE
COMMUNITY.

IT WAS CLEAR FROM THE DISCUSSION IN BRUSSELS THAT OTHERS SHARED YOUR
OWN VIEW THAT THOSE PROPOSALS WERE AT THIS STAGE TOO FAR REACHING.

IF THAT IS THE GENERAL VIEW, WE OF COURSE UNDERSTAND AND ACCEPT IT,
THOUGH I MUST SAY THAT MY OWN BELIEF IS THAT IT WILL ONLY BE ON THE
BASIS OF SOME FAR REACHING MOVE THAT WE CAN BE SURE OF JOINTLY
PROTECTING OURSELVES AGAINST THE MASSIVE MOVEMENTS OF FUNDS WHICH
CAN, AS WE HAVE SEEN, CREATE MAJOR POLITICAL AND ECONOMIC PROBLEMS
FOR US ALL.

I ACKNOWLEDGE WITH GRATITUDE THE READINESS TO UNDERSTAND OUR
PROBLEMS, AND TO HELP US TO DEAL WITH THEM IN THE CONTEXT OF A
COMMUNITY SOLUTION, WHICH IS SO EVIDENT IN YOUR MESSAGE, AND WAS
ALSO VERY EVIDENT, I UNDERSTAND, IN THE TALK WHICH MINISTER SCHMIDT
HAD WITH THE CHANCELLOR OF THE EXCHEQUER IN BRUSSELS ON SUNDAY, AS
WELL AS IN HIS CONTRIBUTIONS TO THE DISCUSSION AT THE MEETINGS AND
HIS HELPFUL COMMENTS TO THE PRESS.

I SHOULD ALSO LIKE TO RECORD MY WARM APPRECIATION OF THE
GENEROSITY WHICH UNDERLIES YOUR PROPOSALS. THERE WAS NOT TIME BEFORE
THE MEETING IN BRUSSELS FOR US TO EXAMINE THEM IN DETAIL: BUT THEY
ARE CLEARLY HELPFUL AND CONSTRUCTIVE, AND CONSTITUTE A VALUABLE
CONTRIBUTION TO THE FURTHER CONSIDERATION OF ALL THESE MATTERS WHICH
IS NOW TO GO FORWARD.

SECRET

/I KNOW THAT BOTH

S E C R E T

I KNOW THAT BOTH YOU AND MINISTER SCHMIDT UNDERSTAND THE REASONS WHY WE DID NOT FEEL ABLE TO ADHERE IMMEDIATELY TO THE UNDERTAKING ON MARGINS AGREED AT THE MEETING IN BRUSSELS. BUT IT IS OUR INTENTION TO WORK TOWARDS THE CREATION OF CONDITIONS IN WHICH WE CAN ASSOCIATE OURSELVES AS SOON AS POSSIBLE WITH A CONCERTED EUROPEAN MONETARY ARRANGEMENT. THERE WILL BE INTENSIVE STUDY DURING THE COMING WEEKS OF VARIOUS IDEAS WHICH HAVE BEEN PUT FORWARD IN BRUSSELS FOR DEVELOPING ARRANGEMENTS WHICH COULD BRING FORWARD THE TIME WHEN WE, AND ALSO I WOULD HOPE ITALY AND THE REPUBLIC OF IRELAND, WILL BE ABLE TO REJOIN FULLY A COMMUNITY SOLUTION.

OUR REPRESENTATIVES WILL BE INSTRUCTED TO TAKE A POSITIVE AND CONSTRUCTIVE PART IN THE DISCUSSIONS OVER THE COMING WEEKS WITH THIS STRATEGIC OBJECTIVE IN MIND.

WITH WARMEST PERSONAL REGARDS,

YOURS SINCERELY,

EDWARD HEATH

DOUGLAS-HOME

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