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CABINET OFFICE

Mr Whitehouse

We had better discuss!

With the compliments of
Sir Robert Armstrong KCB, CVO
Secretary of the Cabinet

RM
10/3

M. O'D. B. Alexander, Esq.

70 Whitehall, London SW1A 2AS
Telephone: 01-233 8319

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CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-233 8319

From the Secretary of the Cabinet: Sir Robert Armstrong KCB, CVO

7th March, 1980

Ref. A01627

I attach a copy of a letter which Crispin Tickell has sent me, enclosing an extract from a record of a conversation between Mr. Roy Jenkins and M. Barre.

I think that it strengthens the case for a visit by an expeditionary force from here to the Elysee. We ought to think very carefully about the timing of this. The first trilateral meeting with the French and Germans is likely to take place on Friday, 14th March; this suggests that the visit to Paris should take place on 18th or 19th March, if we want to get it in before the meeting of the Cabinet on 20th March, or on 21st March if after the Cabinet meeting will do. I should like to discuss the timing with you soon, because I suppose that, if we are to propose such a meeting, we ought to make the proposal during the course of next week.

I am sending a copy of this letter and of the enclosure to Michael Alexander.

No doubt you and he will expect Crispin's request, on behalf of Mr. Jenkins, that the circulation of the documents should be restricted to those who really need to know.

ROBERT ARMSTRONG

Sir Michael Palliser, GCMG

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COMMISSION
OF THE
EUROPEAN COMMUNITIES

Office of the President

Chef de Cabinet

Sir Robert Armstrong KCB, CVO
Cabinet Office
London SW1

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FILING INSTRUCTIONS	
FILE No.

5 March 1980

Dear Robert,

When we dined together on 22 February, I promised to let you know if anything interesting was said about the British budget problem when the President of the Commission met the French Prime Minister at the Matignon on 4 March. I was the only other person present.

The conversation lasted over an hour. It covered several subjects, and we did not come to the British budgetary problem until the end. I attach a record of what passed on that point. At the end we felt that Barre had rather deliberately not replied to Roy Jenkins's point about 1,000 million ECUs, and that the way was open to a negotiation, which would cover other elements in a package. I was struck by his initiative in asking for Commission ideas on figures a week before the European Council. Barre was as always polite, understanding and sensible. It is a great pity that he has no obvious British interlocutor, apart, of course, from Lord Carrington himself, for whom at one point he expressed admiration.

Roy Jenkins would be grateful if you could keep the circulation of this letter and its enclosure strictly to those who really need to see them. I am sending no copies myself.

Yours ever

Crispin

Crispin Tickell

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EXTRACT FROM RECORD OF CONVERSATION BETWEEN THE
PRESIDENT OF THE EUROPEAN COMMISSION AND THE
FRENCH PRIME MINISTER: HOTEL MATIGNON,
4 MARCH 1980

Mr Jenkins said that a major but he hoped not exclusive topic for the European Council at Brussels at the end of the month would be the British budgetary problem. Unfortunately the British deficit seemed to be getting bigger rather than smaller. The latest estimate made by the Commission suggested that in 1980 the deficit would be 1,800 million ECU rather than 1,500 million ECU. This was a substantial problem for the Community as a whole. He accepted that a solution to it would form part of a settlement covering solutions to some of the problems facing the Community.

M Barre agreed that the problem had to be solved. The British could not continue with this size of deficit but the solution had to be special, temporary and ad hoc, and made in full respect for Community rules. At Dublin the French would have been ready to settle for between 350 million ECUs and 520 million ECUs. This had not been enough for Mrs Thatcher. M Barre continued that he agreed that there had to be a settlement in the Community tradition. Other problems had to be settled at the same time. He had to say that he did not think 1,500 million ECUs was a reasonable outcome. It was not just a question of French objections. Other members of the Community had similar views. For example the Germans could not subscribe to such a figure. Mr Jenkins agreed that the Germans might find this too high; but he thought they might subscribe to a figure of 1,000 million ECUs. M Barre did not comment.

M Barre asked when the Commission was going to suggest a solution. Proposals could not be left to the last moment. The problem was not of the kind that Heads of State and Government could settle out of the blue at the last moment. Mr Jenkins said that the Commission had already suggested a methodology. It would be bad tactics to produce figures now. He had been seeing various Heads of Government to discover the area towards which it was worthwhile to aim. M Barre said he quite understood. But it would be useful to have something from the Commission, say a week before the European Council, with of course what supporting material was available. Mr Jenkins said that there was no magic figure or commanding logic leading to such a figure. M Barre agreed. But he hoped that the Commission would come forward with proposals around the time he had suggested. Mr Jenkins said he thought this a good idea. He would do his best.

Crispin Tickell

5 March 1980

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