

1. *Inhibition* *MS.*
2. *C.T.*

*Copied to Community
Budget
+ Master Set*

NOTE FOR THE RECORD

c. Mr. Alexander

The Chancellor called on the Prime Minister at 0900 hours this morning.

They discussed briefly the handling of the draft paper which the Treasury had sent over last night on "the Economic Outlook". The Prime Minister agreed that this should be circulated to a small group of Ministers. I have written to the Treasury accordingly, with the names of the Ministers whom the Prime Minister wants to be on this group.

They also discussed the Chancellor's minute of 21 November on our EEC contribution. The Chancellor said that he had pursued his enquiries on the possibilities of reducing or interrupting our contribution rather further than the FCO would have liked; but he felt that all avenues had to be explored. If it was not possible to achieve all that we wanted at the Dublin Council, it might be possible to follow through at the Budget Council meeting shortly thereafter.

The Prime Minister said that there seemed to be plenty of mechanisms for reducing our contribution, given the will. But she wanted to be clearer on precisely what the mechanisms were, and she would like to see more figures. The Chancellor said that the Treasury would be sending over additional material, which should meet the Prime Minister's requirements, by the weekend.

The Prime Minister said that Mr. Scott Hopkins had told her that supplementary estimates of £800 million were likely for this year; of which the UK's share would be £200 million. However, she was not sure that his figures were correct.

Turning to the debate on the EEC budget, the Chancellor explained that it had not been possible to have an FCO Minister speak in the debate. Neither Lord Carrington nor Sir Ian Gilmour were available; and therefore Mr. Peter Rees would be winding-up for the Government. The Prime Minister wondered why Mr. Ridley could not wind-up. The Chancellor explained that he had not had

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anything to do with EEC budget matters. The Prime Minister then said that she could not understand why Mr. Ridley was not working on economic issues. He was the only FCO Minister who understood economics. She intended to take this up with Lord Carrington (and asked to be reminded to do so).

TL.

22 November 1979