



CONFIDENTIAL

*From the Secretary of State*

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
London SW1

10 July 1979

*Dear Geoffrey**P.A.  
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10/7*

EEC BUDGET : POST STRASBOURG STRATEGY

I am unable to attend OD on Tuesday when your paper, OD(79)18 is due to be discussed. I should therefore like to record that I fully endorse the principles and tactics which you propose.

I firmly share your view that our problem cannot be solved through greater Community expenditure. We must be careful to avoid giving any different impression, particularly in negotiations in other, related, fields. I was therefore pleased to note Nigel Lawson's cautious approach proposed in his letter of 5 July, towards increases in the 1980 Community Budget Regional and Social Funds. In such areas we can quietly accept any benefits which we may be offered. But it would be a major mistake to press hard for them.

It is of course right that we should aim for the earliest possible solution. But, if I may end with a note of caution it is that we should avoid raising expectations too much in public. As you have indicated, our partners are required to make some painful sacrifices. They may need more time than we might wish to accept the idea.

I am copying this to colleagues in OD and to Sir John Hunt.

*John Note*  
*Joh*

JOHN NOTE



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