

Prime Minister .

①

CONFIDENTIAL

MR. ALEXANDER

(Now attached)

The minute from the Chancellor is not yet to hand. But in any case I imagine you would agree that the sooner the true figures are in the Community Budget the better?

RA

① I thought we agreed not to publish any figures in the P.S. White Paper.

Community Budget

The Prime Minister may receive a minute from the Chancellor

② Please get new figure as soon as possible

suggesting that we ask the Commission to update the figures showing our likely net Budget contribution in 1980. The result is bound to be a higher figure for the United Kingdom (see today's Economist, page 46).

2. The Commission will not produce revised figures before there is an agreed Budget for 1980 unless someone asks them. If we want the negotiations to be on more up-to-date figures, then it is the Commission who must produce them. The pros and cons are finely balanced, but the Chancellor and the Lord Privy Seal have concluded that we would be better off with revised figures than without them. They are probably right. The clinching argument is that sooner or later it will become apparent that our net contribution will be higher than the 1814 meua or 1552 meua on which we have been negotiating, and it is better to get this out into the open before the European Council than have it dragged out of us later. It will raise the price of "broad balance", and so add to political difficulties at home; but it will also put pressure on the partners to offer a higher figure than they might otherwise try to get away with. The argument that the Chancellor will be publishing his own estimates in the Budget is less important, since the Treasury figures are in any case on a different basis. But there is no doubt that getting a new set of figures in the middle of March does carry the risks of confusing discussion at the European Council.

Why? - we have changed our request to expected amount net contribution.

3. The Chancellor points out that, if there are to be up-dated figures, the sooner we ask for them the better. The next Coreper meeting, on Monday afternoon, would be the first opportunity of doing so; but other ways could be found of making a formal request later in the week, if the Prime Minister wants more time to consider the question.

RA

(Robert Armstrong)

29th February 1980

CONFIDENTIAL

29 FEB 1960

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The first part of the document is a letter from the Secretary of State to the President, dated February 29, 1960. The letter discusses the situation in Cuba and the possibility of a nuclear war. The Secretary of State expresses his concern about the Cuban situation and the potential for a nuclear conflict. He mentions that the Cuban government has announced that it will not accept any nuclear weapons on its territory. The Secretary of State also mentions that the United States has a policy of not providing nuclear weapons to any country. The letter concludes with a statement that the United States is committed to maintaining peace and stability in the Western Hemisphere.

SECRET

*Agreed - it is
the most hopeful
paper I have yet
seen out.*

①

CONFIDENTIAL

Ref. A01561

Prime Minister.

MR. ALEXANDER

*I think para 5 reflects your views.
Agree that Mr Franklin may speak to the paper?*

Supplementary Community Payments to the United Kingdom

Print 29/2

At the invitation of the Commission, Mr. Franklin is to lead a small team of officials to Brussels on Monday, 3rd March to discuss how the idea of an Article 235 Regulation providing for extra Community spending in the United Kingdom might be given concrete and detailed form. The Chancellor of the Exchequer's letter of 27th February to the Foreign and Commonwealth Secretary, which was copied to the Prime Minister and other Ministers concerned, seeks agreement that officials should be guided on this occasion by the paper enclosed with his letter.

2. The paper in question was prepared and agreed by officials under Cabinet Office chairmanship. The objectives set out in paragraph 5 reflect Ministers' aims as they have emerged in OD or OD(E), and provide in particular for officials to argue the merits of an automatic receipts mechanism or some equally dynamic formula (paragraph 5 ii and iii) and to avoid any commitment to additionality (paragraph 5 vii).

3. It is for the Commission to produce a draft regulation; but the draft which is discussed in paragraphs 7-13 of the paper (and set out in full in the Annex) has been drawn up as part of the briefing for our own team and as an indication to Ministers of the kind of regulation that would best suit our needs, while taking account of the most recent views of the Commission as summarised in paragraph 6 of the paper.

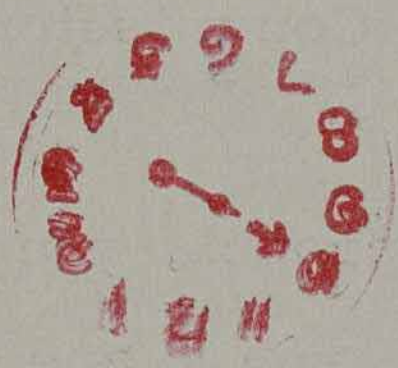
4. If the Prime Minister is content with this approach, you might wish to write accordingly to the Private Secretaries to the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer.

RA

(Robert Armstrong)

29th February, 1980

CONFIDENTIAL



29 FEB 1980

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