

PRIME MINISTER'S ENGAGEMENTS

Mrs Thatcher is working at Downing Street this morning. At 1530 in the House she will make a statement on the Dublin Council.

There will be a meeting of OD later this afternoon.

At 2200 the Prime Minister will vote in the Division on the Second Reading of the National Heritage Bill.

IN THE HOUSE

Answer of substance from Patrick Jenkin to Q.203 from John Ward (Poole) on the future of advisory bodies in the field of mental handicap.

DUBLIN

Our position was clear: we remain convinced that we have an extremely strong, substantial case for the alleviation of our Budget difficulties.

The tactics we had pursued, it was worth remembering, had secured an offer of £350m and identified corrective mechanisms. We would not be approaching the next - 'extra' - Summit in an awkward state of mind, but constructively and in a spirit of compromise. It should be noted, however, that the Prime Minister had said there was no great room for manoeuvre. "Broad Balance" was indicative in itself of some opportunity for compromise.

Prime Minister's mood this morning? Mrs Thatcher was in very good form this morning and very determined on the subject of Britain's Budget contribution.

EMPLOYERS TO PAY SICK PAY

The paper referred to in this morning's 'Guardian' had not been considered by Ministers: it merely set out a policy option. No decision had been taken.

INCREASED TAX ON DRINKS ETC

We could not guess where the Sunday paper story had come from - nor did we sense any move towards amending the 1980-81 Public Expenditure White Paper. Public expenditure generally remained a subject of close examination by the Government. The next PE White Paper would come early in the new year - and we regarded that as an elastic piece of timing.

CIVIL SERVICE MANPOWER

We would not go with the 10%-15%-20% set of figures - these were options, not targets. There would be a statement by Paul Channon MP on Thursday, followed by a press conference. The cuts, when announced, would be seen to vary from Department to Department.

LOBBY BRIEFING

time: 4.00 date: 3.12.79

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This morning's briefing was repeated.

The Defence and Overseas Policy Committee met at 1700. Present were:-

The Prime Minister

Home Secretary

Foreign and Commonwealth Secretary

S/S for Defence

Lord Privy Seal

Chief Secretary, Treasury

Lord Chancellor

Chancellor of the Exchequer

Lord President of the Council

S/S for Trade

S/S for Industry.

POST DUBLIN AND PRIME MINISTER'S STATEMENT

Exchanges (on the diplomatic net) leading to the next Summit had already started, in that we were never out of touch with our European partners. There was no confusion about the nature of the British contribution. We certainly regarded it - to quote the Prime Minister at Dublin - as 'our own money': Europe termed it part of their resources. Be that as it may, the money originated in Britain. Yes, this afternoon had been the first time that the Prime Minister had explicitly said that we might not get 'broad balance' next year. Other points: as covered in this morning's briefing.

AW