

Euro. Pal.

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OD(E)

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Fue



cc: Foreign Sec.
(Chancellor/Ex)
Ld Pres.
Ld Privy Seal
MAFF
OT Trade

10 DOWNING STREET

From the Private Secretary

12 July 1979

Attorney-Gen.
J/Ind.
+ C.O.

EMS

The Prime Minister read with interest the Chancellor's minute of 20 June. She agrees that we should not rush any decision as to whether and if so when the United Kingdom should join the exchange rate mechanism of EMS.

She is aware that there has been correspondence between Ministers as to how further consideration of this important issue should be handled. She recognises the eventual decision will have important implications for the Government's general economic strategy and for our position in the Community. Taking account of the special sensitivities attaching to discussion of the exchange rate, as well as the extent to which other Departments have a legitimate interest, she would like the Treasury to take the lead in producing a paper setting out the economic financial and political considerations of the options open to the Government as regards the exchange rate mechanism of EMS. The Secretary of the Cabinet will then hold a meeting of Permanent Secretaries from the Departments mainly concerned to discuss the paper before it is submitted to Ministers by the Chancellor. It should then be considered in OD under her chairmanship.

Copies of this letter go to the Private Secretaries of members of OD(E) and to Sir John Hunt.

I. P. LANKESTER

A. M. W. Battishill, Esq.,
H.M. Treasury.

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