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Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

PRIME MINISTER

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COMMUNITY BUDGET PROBLEM

I confirm that I agree with the approach recommended by the Foreign and Commonwealth Secretary in his minute to you of 15 October.

2. I think we have to try this approach. But I remain doubtful of the chance of it leading to a satisfactory result. Attitudes of other countries seem, if anything, to be hardening, which makes it rather more likely that, if we are to get them to face the kind of radical and structural changes we want, we shall need at some point to move to "withholding".

3. If that stage is reached, we shall want to present our move as a response to the unreasonableness of others. It makes sense, therefore, to test their reasonableness as far as we can on the lines suggested by the Foreign and Commonwealth Secretary, but to be prepared to take stock and adopt a different strategy if it looks as if we are not going to be able to secure our minimum requirements. The early December European Council will be a critical occasion to take stock, and decide either to reinforce the Foreign and Commonwealth Secretary's efforts, or move to a new strategy.

4. I am sending copies of this minute to the Foreign and Commonwealth Secretary, the Minister of Agriculture and Sir Robert Armstrong.

A handwritten signature in blue ink, appearing to be 'G.H.', located below the fourth paragraph.

G.H.

19 October 1982

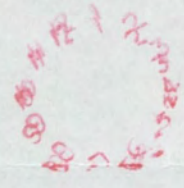
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COMPTROLLER

