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Prime Minister

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Foreign and Commonwealth Office  
London SW1

3 March 1982

*Dear Geoffrey*

*ms*

EMS DEVALUATIONS: 21 FEBRUARY

In Peter Carrington's absence abroad I am writing to thank you for your letter of 24 February and the illuminating account of what was obviously a very difficult meeting. I hope that you will indeed be able to avoid chairing another for some time; I fear that you have made something of a reputation for carrying out this task!

Not the least interesting of the implications of these events are those for CAP prices and the Mandate. It would suit our book if the Belgians/Danes/Luxembourgers got their devaluations agreed as soon as possible after 31 March. It is unlikely that prices will have been settled by then and devaluation will reduce their need for a high price settlement and thus support in the Council for the French position; this should in turn help to avoid a 9:1 split emerging too soon. Alternatively, if the French, as they may well do, continue to block devaluations at the 31 March/1 April Council, then we should be able to ensure that they receive some of the odium which might otherwise be directed at us.

I am copying this letter to the Prime Minister, the Minister of Agriculture, the Governor of the Bank of England and Sir Robert Armstrong.

*Yours ever*

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The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
Treasury Chambers  
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14 MAR 1982

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