



10 DOWNING STREET

26<sup>th</sup>. December.

1/2 Dear Margaret,

I would like to share with you the prevailing sentiment on the Gulf. I am in no doubt myself that: -

- (a) what Iraq has done is unforgivable
- (b) that it must be reversed (and reparations made)
- (c) this may involve conflict + we should not shrink from it
- (d) that a full withdrawal is necessary + half way measures won't do
- (e) that the dangers of no reversal are enormous; (pretext for Saddam Hussein; danger to other small countries; a greater danger from Saddam at a later date; and a big loss of prestige for U.S. + ourselves).

None of these dangers are attractive. I found

the President very robust on all these points +  
he has (as he put it) 'crossed the rubicon over  
the use of force - if necessary.' I would like  
to elaborate on this face to face - will ask Clark  
or Andrew if they can arrange a meeting between us.

The Community charge is looking as bad  
(if not worse) than we feared: - an average  
of £420 which, as we discussed last Autumn, would  
probably be unworkable. But, equally, the fiscal  
position is important (not least to internal rates)  
& that cannot be worsened. The choices on the  
charge are narrow and uncomfortable.

I am a little concerned at some of the



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(2)

Does comment on a 'new style' suit that suggests  
new policies + I don't wish to change the drift of  
policy. (Indeed, in some areas such as Education I wish  
to push it further + we must press ahead with the  
Health reforms).

I did, incidentally, have rather an odd note  
from Edward Leigh that we might talk about.

I hope you + Yours had a lovely Christmas  
+ look forward to seeing you shortly.

Yours Ever, Peter