E. R.

CONFIDENTIAL

PRIME MINISTER

OPPOSITION REQUEST FOR DEBATE ON ERM

I have consulted the Lord President, Chancellor and the Chief Whip about Mr. Kinnock's request for a debate. They all agree that the Government should allow opportunity for entry into the ERM to be debated; it would be a pity to cloud the favourable response to entry by appearing at all reluctant. They agree also that it should be for the Chancellor to open for the Government and he is entirely content to do so. Their suggestion is that the Opposition should be offered the business for the first half day back on Monday 15 October, previously announced as a debate on the Adjournment about Financial Services and the Single Market. This would become a debate on the Adjournment about ERM entry.

It remains to be seen whether the Opposition accept this as it gives them only part of what they are after. It is only a half day and is not on an amendable motion. It is, however, in Government time. The alternatives would be for them to use their Opposition day in the following week or to agree with the Government that the PAC debate on Thursday should be dropped. Mr. Kinnock has reacted to the approaches through the usual channels by professing to be "deeply shocked" that you are not prepared to defend in the House such a major decision when you are prepared to defend it at the Conference. He is threatening that there will be "all hell to pay" if you do not take the debate.

I see no reason for you to respond to this which probably reflects rivalry between Mr. Kinnock and Mr. Smith, and Mr. Kinnock's wish to get even after the way the announcement squashed the coverage of his conference. He cannot accuse you of interfering in the business of other Ministers and, at the same

time, complain when you leave your colleagues to take the limelight.

I attach a draft letter to Mr. Kinnock.

ANDREW TURNBULL
9 October 1990