



Y. Agre

10 DOWNING STREET

Prime Minister

I don't really see this. Michael's proposal may be useful but it's politically pretty marginal. If we are faced with unacceptable proposals at Maastricht, then 'purlongata', if it can be achieved, is better than 'bust-up' - but I suspect the difference is largely semantic. If there is no agreement at Maastricht - and we are thought to be

mainly responsible - the  
meeting will end in  
acrimony. But the debate  
will not end there so we  
will have continuing difficulty  
in Europe, without  
staunching the criticism  
here at home. I think  
therefore that we are  
better off with agreement  
at Maastricht than without  
- unless there is some  
clearly unacceptable  
proposition like the  
Franco-German text on  
CFSP. But I suspect  
everything will be much  
more blurred at the edges  
by then. Perhaps 27/12

Strictly Personal



HAMBROS BANK LIMITED

41 Tower Hill London EC3N 4HA Telephone: 071-480 5000 S.W.I.F.T.: HAMB GB 2L Telex: 883851

25 Oct.

Dear Stephen,

If I was the Prime Minister, given the state of the Party + the confusion in the IGCS, I would most secretly be playing for prolongation into the Portuguese or even the British Presidency.

If that were his aim, he could follow the idea I put to him on 27 September of tabling proposals to keep open the possibility of implementing something like our "hard ecu" plan in the second half of Stage 2. The argument would be that, when it comes to the point, we shall all want this, because we cannot possibly hand over responsibility for the monetary policy of the E.C. to an untried institution.

It is not too late to table suggestions. The Belgians + others have just done so. To propose



amendments on these lines + then to push them hard at Maastricht could not be attacked as a wrecking exercise!

The Treasury agree on substance but are so busy getting an elegant "no imposition" solution that they are reluctant.

If the P.M. accepted my suggestion, he would either get his amendment accepted at Maastricht + could then claim a significant victory; or else he would have another argument for saying the discussion must continue into the Portuguese Presidency.

If you thought it useful, I would gladly come in + discuss with you and Sarah. But please don't show this to the T&Y or worse still FCO. It is vital that the thought in the first para should not spread around.

Do, of course, show it to the P.M. if you judge it useful.

Yours ever

Michael