

Cc ~~Mr~~ Broadbent HMT
Mr Gregson CO



Foreign and Commonwealth Office

London SW1A 2AH

2 November 1984

Dear Andrew,

FCO Expenditure

The Secretary of State has seen your letter of 31 October recording the outcome of the Prime Minister's meeting. He has two comments on your account.

He thinks that in paragraph 3 of the letter the word "amendments" should read "commitments".

More importantly, he does not accept that the statement at the end of the penultimate paragraph that "after discussion the Foreign Secretary agreed to accept the Chief Secretary's formulation" is an accurate record of the conclusions of the meeting. In the course of the discussion the Foreign Secretary was presented with two options and invited to choose. The first option was as stated in your letter. The second was as stated in Charles Powell's letter of 23 July to John Gieve and, more fully, in the Foreign Secretary's minute to the Prime Minister of 11 July. The Foreign Secretary explained several times that while he could see the possible attraction in the short-term for the first option since the pound is likely to strengthen, he believed it would be irresponsible of him to accept. The only way in which the diplomatic vote could be managed in the long run was as stated in the second option. The Foreign Secretary has asked me to say that he is in no doubt that this represents the accurate conclusion of that part of the discussion.

Yours ever,

Lee Appleyard

(L V Appleyard)
Private Secretary

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