

a MASTER SET.

B/c MR CAGS



10 DOWNING STREET

From the Private Secretary

MR WILLIAMSON
CABINET OFFICE

The Prime Minister took a telephone call from Sir Henry Plumb at 10 am on Saturday, 10 December.

Sir Henry said that in the course of a recent dinner with Mr. Dankert (I think on Thursday, 8 December) the latter had imparted some serious news about the prospective size of the Commission's budget deficit. He said, apparently, that even if there were no agricultural price increases next year, the budget would be 2½ billion ecus in deficit. This could mean blocking payments on milk and meat as early as January. Sir Henry made clear that Mr. Dankert had mentioned this figure informally, and was not proposing to use it in Parliament.

Sir Henry Plumb was clearly concerned about the impact of early bankruptcy on British farmers. He instanced one farmer in Gloucestershire who was apparently waiting for about £300,000 already.

The Prime Minister thanked Sir Henry for calling. She gave him a brief account of the Athens negotiations, and went on to say that the figure for the size of the budget deficit which Sir Henry had quoted was higher than any forecast she had previously seen. She added that if it could be substantiated it would mean that any financial crisis in the Community would happen much earlier. Sir Henry said that he would be trying to get in touch with Mr. Tugendhat, and would telephone again if he could obtain any further details. In the event he did not telephone again over the weekend.

DWB

12 December, 1983