

PRIME MINISTERERM

You are holding a meeting tomorrow morning at 0900 for 1½ hours to discuss whether the UK should join the ERM.

The cast list is the Chancellor, Governor, Foreign Secretary, Lord Whitelaw, Mr Tebbit, Mr Brittan, Mr Wakeham, Mr Biffen, and, in the back row, Sir Peter Middleton, Terry Burns, Eddie George and Brian Griffiths.

The papers are:-

- (a) Note by Brian Griffiths
- (b) Paper by the Treasury
- (c) Answers to our questionnaire
- (d) The main paper prepared for the seminar in February.

You will remember that this last paper includes the arguments the Treasury were prepared to include at a time when they were sceptical about the case for joining.

I am told privately that the Chancellor has seen separately all of the Ministers who are coming to this subject for the first time. The Treasury tell me their reaction has been that of course this is a subject where they are prepared to trust the judgment of the Chancellor and Governor.

This suggests to me that the Chancellor has blinded them with science, bringing out the advantages in terms of economic policy, narrowly defined, without exposing for them the political disadvantages you see particularly in the weeks before an election.

I suggest you begin by asking the Chancellor and Governor to

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set out the case in favour. You should probably then explain your strong doubts before inviting the wider group of Ministers to comment.

It could actually be rather awkward if (as seems most unlikely) the meeting tomorrow morning were to decide in favour of joining: the Governor is off to South America from next weekend until early December!

Atkinson

Duty Clerk

DA

David Norgrove
12 November 1985

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