



10 DOWNING STREET

Top copy on National Health
Oct 1979

Nurses Pay. Clegg Commission
Kept

From the Principal Private Secretary

3 January 1980

Dear Tony,

When the Prime Minister saw the Chancellor of the Exchequer at 1430 this afternoon they discussed the following subjects.

Appointments at the Bank of England

The Prime Minister said that she had given careful consideration to the Chancellor of the Exchequer's minute of 31 December, 1979. She had told the Governor in December that she agreed very reluctantly to the proposal to appoint Mr. McMahon to be Deputy Governor, in succession to Sir Jasper Hollom, but since then she had seen much more of the individuals concerned in connection with the question of Iranian assets. In that context Sir Jasper Hollom had stood head and shoulders above all the other representatives of the Bank, including Mr. McMahon. He had shown himself to be both steady and decisive in a difficult situation. She had been surprised to learn that he was only 62, and she did not believe that we could afford to let him go. She would much prefer that rather than appoint Mr. McMahon, Sir Jasper Hollom should continue as Deputy Governor.

The Chancellor of the Exchequer said that, following his talk with the Prime Minister, the Governor was now planning a number of staff appointments on the assumption that Mr. McMahon would become Deputy Governor, and it was likely that it would cause considerable difficulty if the earlier decision that Mr. McMahon should succeed Sir Jasper Hollom was now reversed. Personally, he thought better of Mr. McMahon than did the Prime Minister. Nonetheless, he would now see the Governor to let him know that the Prime Minister wished Sir Jasper Hollom to be kept on. It might be necessary for the Prime Minister to see Mr. Richardson herself. The Prime Minister said that she was very ready to do this.

Clegg: Nurses' Pay

The Prime Minister and the Chancellor of the Exchequer agreed that the Press announcement about the Clegg award on nurses' pay should not contain any mention of increasing cash limits in order to accommodate the cost of the pay award, lest this should have repercussions on the present steel dispute. They agreed the lines of a form of words to be used, and we in this office are now pursuing the matter in separate correspondence.

/Date of the Budget

Evon PD

CONFIDENTIAL AND APPOINTMENTS IN CONFIDENCE

Date of the Budget

The Chancellor of the Exchequer said that he wished to confirm that 25 March was still acceptable to the Prime Minister as the date for the Budget. The Prime Minister said that it was.

Senior Appointments in the Treasury

I have recorded the discussion on this subject in a separate letter to you.

Yours ever,

Heri Whitmore.

A.M.W. Battishill, Esq.