

8411

NOTE FOR RECORD

*The Governor,  
OR 3077*

The Governor's conversation with Sir Douglas Wass

1. Discussing the general scene, Wass said that the Government was operating with satisfactory assurance, but the Opposition was in a state of great disarray. A particular example of this was to be seen in the fact that the work of choosing members for the departmental select committees had been put off until Parliament reassembled - due largely to the fact that the left and right wings of the Labour Party were hardly on speaking terms so that a sensible process of selecting names could not be carried through. Wass had seen Terence Higgins as a likely Chairman for the Treasury Committee (a post he expected to be held by a Conservative) but Higgins wanted to concentrate on transport. Names currently mentioned were Bill Clark and Bruce-Gardyne, though Higgins thought the latter would not be a good choice.

Wass thought the Chancellor was in good heart though somewhat dispirited by the outcome of the expenditure exercises. Wass himself thought they had done well, securing 90% of what they had sought which meant a reduction of £5½ bn. from the figure earlier projected; but it nevertheless meant a small rise for this year. A major problem was that the projections for the PSBR next year showed an increase of nearly £1 bn. and the presentation of the autumn forecast would therefore be difficult. The Governor said it was hard to know how the market would take such a figure and he threw off the suggestion that it might be helpful to make the presentation in real terms. The Governor added that such figures did anyway have their helpful aspects in underlining how necessary action to cut back had become.

2. Asset Realisations

Wass said that discussions with BNOC were to take place tomorrow. Ministers' minds were not fully made up but it was now proposed that a sweeping sale of BNOC assets to BP would not be the solution. Equally, the Prime Minister would not readily agree to a BP sale on the scale earlier discussed. Speaking of the problem of presenting a case to the Prime Minister with a logical flow, Wass noted that the Chancellor had concluded that they should, whenever possible, put in a paper in advance of a meeting or seminar.

3. Ryrie's Replacement

Wass said that after four years Ryrie must return and the only solution he could devise which offered him reasonable employment within the Treasury (and he was reluctant to let him go elsewhere) was by way of exchange with an existing Deputy Secretary. The choice had fallen on John Anson, who was working on expenditure under Rawlinson but had worked on Fund matters as an Assistant Secretary. Littler would be a better choice but was unwilling to go. The disadvantages of Anson were that he was a bit of an introvert and that his health was not too good; but Wass evidently felt he had little option but to send him, subject to his doctor's report.

4. Stock Exchange Reference

The Governor pointed to the disadvantages of the Restrictive Practices Court and in particular the time it would take to reach a conclusion and the high costs involved for the Stock Exchange. He understood that the Chancellor was ready to look at the matter more closely when the House rose. Wass said that Nott was being very rigid on this. He understood, however, that there was a proposal to amend the Competition Bill to secure that the Court did not have to give an "all or nothing" ruling. The Governor pressed the argument that the Monopolies Commission would be a much better vehicle and stressed the importance of getting the Chancellor to see this and hold the position firm.

5. Crown Agents Tribunal

The Governor thought this was a ridiculous waste of time, money and effort. Wass said that a case had been put to Ministers for winding it up and all had accepted that it was absurd to continue; but the Attorney-General had finally argued that to stop now would leave those who had been accused of misdemeanours in the unfair position of having no opportunity to defend themselves. The Prime Minister accepted this argument as a convincing one for letting the Tribunal run on despite its ridiculous nature.

*See.*

25th July 1979.