

Mr. Lancaster  
Economic Policy

CONFIDENTIAL

R

Ref. A09838

SIR KENNETH BERRILL

---

Council of Economic Advisers

I have obtained a copy of Mr. Battishill's letter of 15th June enclosing Adam Ridley's paper. The Prime Minister has not yet reacted to it and may not do so in advance of Tokyo and Australia. If so, I would like to take advantage of the trip to discuss the matter with her.

2. In general I find myself in agreement with Adam Ridley's paper, subject to the following points:-

- (a) Paragraph 3. The EAC should not try to bite off more than it can chew initially. I would put the emphasis on the regular reports rather than the special studies because of their importance in influencing "expectations".
- (b) Paragraph 5. I would rule out (i), (iii) and (iv). As between (ii) and (v), I favour (v).
- (c) Paragraph 12. I would like to see even greater urgency. It will take time to get the "forum" off the ground (assuming Ministers decide to have one) and the sooner the EAC starts work the better.

(John Hunt)

22nd June, 1979