

PRIME MINISTER

c. Mr. Hoskyns
Mr. James

Meeting with the CBI at 1545 on Monday 9 July

The CBI delegation will consist of the following:

Sir John Greenborough	President, CBI
Sir Adrian Cadbury	Chairman, CBI Economic and Financial Policy Committee
Mr. Fiennes Cornwallis	Chairman, CBI Smaller Firms Council
Sir Francis Tombs	Chairman, Nationalised Industries Chairmen's Group
Mr. H.A. Whittall	Chairman, CBI Employment Committee
Sir John Methven	Director General, CBI
Sir Donald MacDougall	Chief Economic Adviser, CBI
Mr. Richard Dixon	Director of Social Affairs, CBI

Sir John Methven has told me that they will wish to focus mainly on two policy issues:

- i) the exchange rate and competitiveness and the related issues of high interest rates and exchange controls; and
- ii) the pay scene

Sir John has subsequently written to say that he may wish to raise the issue of competition policy. The CBI are unhappy with the powers which Mr. Nott is proposing for the Director General of Fair Trading. They think - unjustly in my view - that these powers are going to be excessive and arbitrary. There has been correspondence between Sir John and Mr. Nott on this matter, and Mr. Nott wrote to him yesterday setting out the arguments for what he is trying to do. This letter should have helped to assuage the CBI; but I understand they may still raise it in passing. I think it would be unwise for you to get involved in any detailed discussion on this, but in case they do press the matter, I have taken the liberty of inviting ✓ Mr. Nott to the meeting. Other Ministers who will be coming are: ✓
The Chancellor, Sir Keith Joseph and Mr. Prior. ✓

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I attach:

- Flag A Treasury briefing on the exchange rate, exchange control, etc., and pay issues. (The pay papers for E Committee are of course highly relevant.)
- Flag B Department of Trade briefing on competition policy
- Flag C A note by John Hoskyns
- Flag D Detailed background material on the competition policy issue (though I do not think you need bother with this).
- Flag E A letter from Sir Arthur Knight arguing the case for a lower exchange rate. (He wants a meeting with you; can I assume that you will not want to see him?)
- Flag F Recent correspondence between you and the CBI.

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6 July 1979