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10 DOWNING STREET

From the Principal Private Secretary

30 May 1979

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B/F 66-79

Council of Economic Advisers

The Prime Minister has been giving further thought to a proposal, of which the Chancellor will be fully aware, to establish a Council of Economic Advisers. She is anxious to get on with this so that the Council can be established as soon as possible after the Budget. She realises that the Chancellor himself will be preoccupied with Budget preparations at the moment and she suggests that one way of proceeding which would make minimal demands on his time would be if Mr. Adam Ridley were to prepare a paper on this subject for consideration by the Chancellor, the Prime Minister and colleagues most closely concerned.

If the Chancellor is content to proceed in this way, the Prime Minister would like Mr. Ridley to prepare a draft for her consideration, and the Chancellor's, setting out possible terms of reference and composition of the Council and discussing how it might be expected to operate. The Chancellor may wish to consider Mr. Ridley's paper himself before forwarding it on to the Prime Minister but, as I have indicated above, the Prime Minister is anxious not to have to add to his burdens and would be content to receive a draft simultaneously without waiting for the Chancellor to express his own views on it first. The Prime Minister envisages that once the paper has been agreed between herself and the Chancellor, it should be circulated to the Ministerial Committee on Economic Strategy for discussion with colleagues and early implementation.

The Prime Minister has had some ideas of her own about possible membership of the Council, but she would, of course, be very glad to receive the Chancellor's ideas.

I am copying this letter to John Hoskyns and to Sir John Hunt.

K. R. STONE

A. M. W. Battishill, Esq.,
H.M. Treasury.

✓ Mr. Wolfson

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