

PRIME MINISTER

Meeting with Mr. Geoffrey Chandler

Mr. Chandler is coming to see you to brief you generally on the NEDC and NEDO, and on the items to be taken at the 9 January meeting which you are to chair.

The January meeting will focus mainly on technology and industrial adjustment, with particular emphasis on micro-electronics. There will also be a report from one of the sector working parties.

Mr. Chandler may also wish to take you over this Wednesday's NEDC meeting, which will be devoted to discussion of the economic outlook. The Chancellor, the CBI and the TUC - as well as the Director General himself - have all circulated papers for this meeting. They are universally gloomy about the short-term prospects; but the prescriptions of course differ. (You might glance at the TUC paper at the back of this folder to see just how far they are from the Government in their unreconstructed Keynesian approach.) Mr. Chandler and the Chancellor will be trying to avert a row with the TUC members at this meeting, and possibly their walking out, as a result of the NEB Board's resignation/dismissal. I understand that Len Murray is reasonably confident that he can persuade his people to stay in the NEDC and the little Neddies, provided they get something positive out of the meeting: for example, an affirmation that the Government attaches importance to the work of the NEDC and the little Neddies, and some indication that the Government is willing to listen to the TUC's views rather than reject them out of hand. If that is what is required, the Chancellor should not have much difficulty.

Mr. Chandler took over at NEDO in July, 1978. He spent most of his previous career with Shell, where he ended up Director in charge of PR. Before that, he was Managing Director of one of their

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operating companies. You might glance at a recent speech which he made (Flag A). This argues the role of industrial policy in quite a helpful way.

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