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The Governor. *CR 11/57.*  
 copied to Mr. Ponder  
 Mr. McMahon  
 Mr. Dow.  
 Mr. Walker

Conversation with Mr. Littler

Littler said that the Treasury was of course occupied with budget making. He added that they were in some disarray over the advice they should give and it was evident that he was contributing his share in that he said he could not accept the implication that emerged from their computer model that a substantial but equal switch between direct and indirect taxation would put the economy into a dive. He said he hoped to contribute to clearer thought by getting the forecasters, as soon as the outline of a budget emerged, to produce what, in effect, would be a post-budget rather than a pre-budget forecast.

He noted that a number of merchant banks were being active with suggestions for the sales of assets. Ministers would certainly want to include some elements of this but it sounded as though the first target would be of relatively modest proportions. I told him that Warburgs were keeping us in proper touch with the advice - of a general nature - which they were offering in this area.

*Len.*

11th May 1979.

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