

THE GOVERNOR

- 1. Chancellor's Speech.
- 2. Bulletin Assessment

1. Medium term targets

Paper by Mr

- now needed

J.B.

MEETING WITH THE CHANCELLOR: 5.00 P.M. 6TH SEPTEMBER

I attach the usual market information.

The following points may arise:-

- 1. Monetary policy - stock issues?; bank lending (RHA's note of 3rd September), the corset, etc. ?DAW's paper on the corporate sector prospect.
- 2. The exchange rate. No papers
- 3. E.M.S. No papers
- 4. Exchange control relaxations. - Ex Con
- 5. Pay: the TUC Conference. No papers
- 6. The Stock Exchange: the communication of the decision on the references to the Restrictive Practices Court to Goodison. ?Also Nott and CSI.
- 7. Sale of assets. No papers
- 8. Burmah dividend. No papers
- 9. G5 Meeting - the leak. Substitution account.
- 10. Executive perks (papers attached). Esrahs.

World Commodity Situation
1974/1975
- developments

Barre. JMS safe

I also attach a copy of the Chancellor's Caterham speech, the 'Hotline' piece from last Sunday's "Observer" and the latest draft of the Quarterly Bulletin Assessment.

behind

J.B.

J.S.Beverly (4121),
Governors' Office.
6th September 1979.

Notes

Article by Taylor & Thready

MEETING WITH THE CHANCELLOR: 5.00 P.M. 28th SEPTEMBER

I attach the canal market information.

The following points may arise:-

1. Monetary policy - bank lending; bank lending (MIA's note of the Governor); the Governor, etc. TDW's paper on the corporate sector.

2. The exchange rate.

3. Exchange control relations.

4. The 100 conference.

5. The Bank Exchange and examination of the decision on the reference to the Executive Practice Court to Goldman.

6. The 100 conference.

7. The 100 conference.

8. The 100 conference.

9. The 100 conference.

10. The 100 conference.

I also attach a copy of the Chancellor's letter to the Executive Practice Court.

The meeting was held last night's "Observer" and the latest news of the monetary situation.

8/7

The Governor

: to be born in

mind when you
see the Chancellor.

JB
5/9.

HOTLINE

**Distant
targets**

MARGARET Thatcher and the Chancellor, Sir Geoffrey Howe, want their Government to be the first to publish medium-term targets for monetary growth for several years ahead. But they are

being advised strongly against the second leg of this strategy—namely, that the targets should be accompanied by similar commitments on public sector borrowing.

The targets would be published at the same time as the Public Expenditure White Paper at the end of the year. But Treasury advice reflects the concern already being expressed by outside bodies, such as the London Business School, about rigid commit-

ments to nominal PSBR targets as the country enters recession.

The worry is twofold—one, that the Government could risk great embarrassment by being nailed to PSBR targets, which are notoriously difficult to predict; two, there is a severe risk of compounding the effects of the recession by sticking to rigid, nominal targets when Government revenue is being hit by reduced economic activity.