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NOTE FOR THE RECORDcc: Mr. Whitmore <sup>WJ</sup>

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The Chancellor of the Exchequer called on the Prime Minister at 0900 hours this morning. They discussed very briefly the Chairmanship of the Inland Revenue. The Chancellor indicated that he had been unable to obtain any of the favoured candidates from outside the Civil Service, and that his choice was now Sir Lawrence Airey. The Prime Minister said that she did not want to pursue the possibility of an outside candidate any further - in particular, it would be a mistake to recruit a "second-rater". She therefore agreed that Sir Lawrence Airey should be appointed in succession to Sir William Pile.

They also discussed Lord Caldecote's proposal that a Treasury official should become a board member of one of his companies. The Prime Minister reluctantly agreed.

I have written to the Treasury on both of these matters.

In addition, the Chancellor proposed that Mr. Heseltine should become a full member of NEDC. He explained that there was room for one more Ministerial member. The Prime Minister said that she did not wish Mr. Heseltine to become a member - though she had no objection to his attending from time to time when matters relating to his Department came up.

T. P. LANKESTER

15 November 1979