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*W* Mr James  
Mr Wilson



You agreed with Mr Nott's approach (Flag A). The Chancellor does not. Shall I say -  
i) you are inclined to agree with Mr Nott

Treasury Chambers, Parliament Street, SW1P 3AG  
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ii) but he should discuss with the Chancellor

*I am still inclined to agree with Mr Nott - but will look at Chancellor's point if he puts it. Would prefer (iii) - followed by...*

Der Tom, then would prefer (iii) - followed by...

31st May 1979

iii) They should consult you before taking a final decision?

RESTRICTIVE TRADE PRACTICES ACT : STOCK EXCHANGE

The Chancellor of the Exchequer has seen your Secretary of State's letter of 30th May on this, and wanted me to let you know straight away that he would like to discuss this with him as soon as possible after the Budget.

The Chancellor recognises the problems of removing the Stock Exchange from the scrutiny of the Restrictive Practices Court now that the reference has been made. But it is still his strong view that the Court is the wrong body to review this issue. In his opinion the Court must take the narrow view of the issues which it can consider. He does not believe that delaying removal of the Stock Exchange from the Court's scrutiny until it had become apparent that it was indeed taking the narrow view would make removal any easier to prevent; it could well add to the difficulties. Moreover, by then there would have been considerable nugatory expense and effort by all concerned, and it would be much harder to refer the Stock Exchange to some more appropriate body.

The Chancellor nevertheless fully accepts that the Government's competition policy requires that the practices of the Stock Exchange should be reviewed effectively. He would therefore like to discuss with your Secretary of State the possibilities of review by some more appropriate body at least as robust as the Restrictive Practices Court. This might be a reconstituted Monopolies and Mergers Commission or some ad hoc body. He has serious doubts about the appropriateness of the Wilson Committee.

The Chancellor understands that the note by officials referred to in (but not enclosed with) your Secretary of State's letter had not been discussed/departmentally in its present form. He would therefore like to suggest that,

/if Mr. Nott

T.G. Harris, Esq.,  
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if Mr. Nott agrees, officials of your Department, the Bank and Treasury, should be asked to examine the options and report back before Ministers discuss this further.

I am sending copies of this letter to Tim Lankester at No.10, Andrew Duguid, John Beverly and Martin Vile.

*Yours ever,*

*ME*

(M.A. HALL)

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10 DOWNING STREET

*From the Private Secretary*

4 June 1979

Restrictive Trade Practices Act : Stock Exchange

The Prime Minister has read your Secretary of State's letter of 30 May to the Chancellor of the Exchequer on the above subject, and she has also seen Martin Hall's letter of 31 May.

The Prime Minister is inclined to agree with Mr. Nott that it would be hard to justify not having the Stock Exchange investigated by the Restrictive Practices Court - at least at this juncture. However, she has noted the Chancellor's view that it would be better if some other body were to carry out such an investigation, and she is content for your Secretary of State and the Chancellor to discuss the matter. If, in the event, they are unable to agree on what should be the best approach she would like to be consulted before a final decision is taken.

I am sending copies of this letter to Martin Hall (HM Treasury), Andrew Duguid (Department of Industry), Martin Vile (Cabinet Office) and John Beverly (Bank of England).

T. P. LANKESTER

Tom Harris, Esq.,  
Department of Trade.

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