

PRIME MINISTER

NEXT MANAGING DIRECTOR OF THE IMF

The Chancellor told me this evening that there would be discussion during the Bank/Fund meetings in the G5 and other meetings in Washington of Larosière's replacement. He would be grateful for your confirmation of the line he proposes to take. This was:

He saw no credible British candidate. Morse and McMahon were not right. Richardson was too old. There was no-one else.

So far there were three candidates being touted (all from Europe since the convention is that the Managing Director is always a European). They were:

Dini, a Deputy Governor of the Bank of Italy - not favoured by anyone except the Italians.

Camdessus, Governor of the Bank of France on whose behalf Chirac's office have already lobbied us. The Chancellor did not believe he was the right candidate and any rate a Frenchman should not succeed a Frenchman, especially since a Frenchman ran the other major international economic organisation, OECD. He is likely to be the candidate favoured by the developing countries (though note that the IMF Board votes by a weighted majority on the next Managing Director).

Ruding, a Conservative Dutch Finance Minister, former Executive Director on the IMF Board, and Chairman of the Interim Committee. The Chancellor knows him well, believes that he would do a good job and would have the support of the Americans and the Germans and would not be blackballed by the LDC's.

The Chancellor would like to give early support to Ruding in the hope of getting a band-wagon running for him. He would



try to enlist the Germans. This might cause a somewhat mucky row in the Community in view of the other two European candidates, but the Chancellor will try and avoid this. He takes the point that the Dutch have been over-represented in top international jobs, but feels that in this case Ruding is the best candidate.

Agree that the Chancellor should proceed in this way?

In addition, the Chancellor made the point that if Ruding became Managing Director, the Chairmanship of the Interim Committee would become vacant. There would be two candidates. Stoltenburg and himself. If Stoltenburg really wanted the job, which he doubted, the Chancellor would support him. If not, he would be ready to accept the nomination if he was drafted (as I would expect him to be).

I think that the Chancellor should be encouraged to take this job. Geoffrey Howe, and Dennis Healey before him, both did it well. It will mean some extra travelling for the Chancellor, and seeing foreign visitors here.

Agree that the Chancellor can accept the Chairmanship of the Interim Committee?

N L WICKS

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