

PRIME MINISTER

MEETING WITH THE CHANCELLOR

The Chancellor is coming in for a drink with you at 1800 hours on Sunday. His office have not been able to tell me what he has in mind to talk about, though no doubt the Party Conference will be fresh in both your minds! Other possible areas include the following:

MISC 111

You have a brief for Tuesday's meeting in your folder. The gap between the Treasury and DHSS on figures is very wide. This is something for MISC 120 (the Star Chamber). The Chancellor may want to mention to you the results of work commissioned from the Treasury after E(LF) a few weeks ago about the relationship between the MISC 111 proposals and local authority finance. The other departments have not been brought in on this to avoid, among other things, giving DHSS any excuse for delay. The Chancellor is likely to have a minute ready for you to see on Monday.

BANKING SUPERVISION

The Treasury are preparing a paper for you to take with you to CHOGM, against a meeting scheduled with the Treasury and the Bank for 28 October.

EXCHANGE RATE MECHANISM

You have a minute about this from me in your box.

GREEN PAPER ON TAXATION

The Chancellor may raise this. I suggest you should not do so if he does not. If it does come up, a way forward might be for the Chancellor to send you a minute summarising the

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proposals and main arguments as he sees them. This could be discussed after your return from the United States and you could at that stage decide what further work should be done on the substance. However, the Chancellor will be well aware of your hostility towards the draft of the Green Paper and, as I say, it would be as well to leave him to decide the immediate next steps.

Mark Sawyer

pp. David Norgrove
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