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PRIME MINISTER

BILATERAL WITH THE CHANCELLOR

You are seeing the Chancellor tomorrow at 1800 for half an hour.

Items for discussion include the following:-

Banking White Paper

The Chancellor will tell you that a draft ~~of~~ the White Paper will be with you for the weekend. The two main outstanding issues - the relationship between supervisors and auditors, and the Banking Commission - have been agreed with the Bank of England.

Monetary Cooperation

The Chancellor would like to be told the outcome of your discussion with Chancellor Kohl about monetary cooperation and the Treaty of Rome.

Gas Privatisation

The Chancellor may raise this with you. He thinks BGC could be pushed a lot further by Mr. Walker. (I am told privately that he has a mole on the BGC Board - please protect.) The Chancellor is probably right. But the important point is that Mr. Walker does not agree. The Chief Whip, by the way, agrees with your decision on this.

You could ask the Chancellor about reactions to the Autumn Statement, now that the dust has begun to settle. (I enclose a minute by John Redwood.) But this is probably not the occasion for a substantive discussion. We need to consider further how best to keep the Treasury alongside in the run-up

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to the Budget, and tomorrow's meeting is any way too short.

You will remember that at an earlier bilateral the Chancellor took you through proposals he wanted to make about the TSRB. He minuted you, and this minute, together with comments from the Ministers concerned, will be coming to you for the weekend.

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P.S. Please see also Mark's
minute, enclosed, about
drug trafficking and the Inland
Revenue.

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26 November, 1985.

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