

APPOINTMENTS IN CONFIDENCE

PRIME MINISTER

BILATERAL WITH THE CHANCELLOR

You are seeing the Chancellor tomorrow afternoon at 1730 for half an hour.

The Chancellor will take you through the appointments he has in mind to suggest for the Court of the Bank of England, as agreed with the Governor.

There are two vacancies (Blunden and Griffiths). Four appointments are expiring - Cadbury, Scholey, George and Drain. The Governor wants to re-appoint the first three, but not Drain.

The Governor wants a trade unionist to be appointed in Drain's place and he proposes Gavin Laird.

The proposal is that Derek van der Weyer should take one of the other two vacancies. He is now Deputy Chairman of BT and he served on the Governor's review of banking supervision. For the other, the Governor proposes Leslie Young, Chairman of Bibby's, partly for his strong links with the north. He takes the view that this would broaden the range of experience available within the Court.

I have discussed this with Brian Griffiths, who believes these proposals to be individually acceptable, but perhaps a touch stuffy. On the other hand, he says that morale in the Bank is very low at the moment and to appoint good solid people might help.

If you wanted to suggest rather more exciting or rather more interesting names, the possibilities would include ~~Philip Hughes of Logica~~, Robb Wilmot (who has now left STC to start up a European-wide chip company) and Herr Leutweiler, though the last of these would probably be taken as a snub.

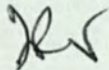
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2

As for other subjects, I think it would help if you said how much you had enjoyed Sunday evening. I believe the Chancellor felt a bit battered by the conversation before dinner and it would be worth reassuring him so that he is less likely to resist similar discussions in future.

Other possibilities include:

- fraud: you will have held a meeting in the afternoon but you might urge on him the need to be flexible about pay and recruitment in this area;
- teachers' pay (meeting tomorrow);
- inner cities (meeting after Cabinet on Thursday).



DAVID NORGRÖVE

17 December 1985

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