

Prime Minister

Mr Renton

1. I mentioned this to you yesterday.
2. Herewith copy letter of yesterday's date from John Biffen to Michael Jopling.
3. John Biffen sent this to me privately and so please do not mention to Michael that you have seen it.
4. Most regrettably, it is necessary to uphold Michael's authority and I hope that you may feel able to agree to the suggestion which John makes in the penultimate paragraph of his letter.
5. It now transpires that Robert Rhodes James was paired for the Bank Levy Vote, although he had not registered his Pair. He, therefore, escapes.

Ian Gow

15th May 1981

From: Tim Renton MP

19th May 1981

The Rt. Hon. John Biffen, MP.

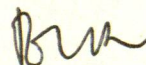
As you know, I have always opposed the introduction of a windfall tax on bank profits, considering this to be a retrospective tax inspired by the banks' high 1979 profits.

I served on the 1978 Finance Bill Committee, when I strongly ~~opposed~~ ^{resisted} Labour's proposed retrospective taxation. I am afraid I cannot change my views on this principle three years later.

In addition, this tax penalises success, and that is a very unhappy example for a Conservative Government to set.

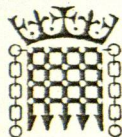
For these reasons I did not support the Government in the vote last Tuesday night and realise that, under the circumstances, I must resign as your PPS. In doing so, I would like to express my strong support for the broad thrust of the Government's financial policy, and my deep personal regret at leaving your office.

I have greatly enjoyed working with you at the Treasury and the Department of Trade and offer my very warm good wishes for your continued success.



Copy to: The Rt. Hon. Michael Jopling, MP.

Copy for: Mr. Ian Gow, MP. ✓



HOUSE OF COMMONS
LONDON SW1A 0AA

The Rt Hon T M Jopling MP
The Chief Whip
Government Whips' Office
12 Downing Street
London SW1

14 May 1981

Since our conversation on Thursday morning, I have spoken to Tim Renton and had a further chance to reflect upon your decision to require his resignation as my Parliamentary Private Secretary.

I recognise at once that you have a thankless task in trying to strike the necessary balance between tolerance and authority needed for effective parliamentary management. I also understand the arguments about the dangers created by precedence. I know that in this instance you have taken your decision concerning Tim Renton with a heavy heart.

As you might imagine I have been much distressed by the episode. Tim told me of his opposition to the budget proposals to tax ^{bank profits} some while ago, and I have accepted from the outset his sincere and well argued opposition. In the event his opposition took the form of going home unpaired so that he was absent when a vote was taken at 1.15 am on a Social Democrat amendment. Whilst the issue was certainly significant the vote was hardly a major political occasion. The number of Conservative MPs who stayed to vote, including tellers, totalled 114, including five members of the Cabinet. I wonder if anyone would have realised that Tim Renton was an absentee had he not been required to resign.

I do feel, therefore, that the consequences of his abstention are quite out of keeping with the character of the occasion. I do not think the incident bears ready comparison with what happened in the case of David Mudd and the petrol tax issue.

I do not in any sense seek to question a decision which is properly and unquestionably yours. My main concern is to argue that the quality of the abstention should enable the consequences to be tempered. I am prompted to do this by the great regard I have



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for the way that Tim Renton has worked with me at the Department of Trade. In my view he has been invaluable in his professional and political judgements. I would cite his help over the aircraft-noise controversy which I know caused the Whips' Office substantial anxiety.

I realise that I must lose his services as a PPS, but in the light of the circumstances outlined above I wonder if this must be for all time. I would cheerfully cope without a PPS for the remainder of this Session if I had a chance to re-appoint him in November. I would hope such a suggestion would protect your authority - which is clearly the first consideration in this matter, and ultimately enable me to continue with an excellent PPS despite this abstention on the issue of a tax on bank profits.

Finally, I should add that Tim is quite unaware that I have sent this letter.

JOHN BIFFEN