

S8A-B

Also attached is a note by Brian Griffiths reporting on the monthly meeting in the Treasury on monetary conditions

AT  
12/12

PRIME MINISTER

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BILATERAL WITH THE CHANCELLOR: 13 DECEMBER

I have agreed the following agenda with the Chancellor's office.

1. Markets

This will be the usual stocktaking discussion. The markets reacted very favourably to yesterday's retail sales and producer price figures. The sterner tests will come on Thursday and Friday with the 1989 Q3 balance of payments, earnings and the RPI.

2. Indirect tax and Europe

You may want a word with the Chancellor about this in the light of Strasbourg. He has sent over the note at Flag A.

3. Electricity Privatisation

The Chancellor has also sent you (Flag B) a note setting out his views on the awkward problem on the order in which the different electricity companies should be floated. I assume you will be content to accept his judgement on this. The background is that Malcolm Rifkind has been keen to get the Scottish company away in mid-1990, but John Wakeham is concerned that this will upset the sequence for the various English companies. The Chancellor has concluded that, although there is some merit in Malcolm Rifkind's case, the safer option would be to side with John Wakeham and defer the Scottish floatation.

4. Top Salaries Review Body

The Chancellor is seeing Sir David Nickson this evening and may be able to report to you tomorrow on the prospects for the TSRB report.

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5. Pension Age

You will recall we are in difficulty in the European Court over alleged discrimination on our pension age arrangements. Again the Chancellor has a meeting on this later today and may have some news to report.

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PCC.

PAUL GRAY

12 December 1989