

THE GOVERNOR

7.7.82

W 7/7

As I mentioned, John Kerr telephoned me at home yesterday evening to talk about your meeting with the Chancellor at 2.45 pm on Thursday - which is now to be in the Chancellor's room at the Treasury.

He thought that the first item on the agenda should be "World Financial Issues" - with a view to establishing that you and the Chancellor were at one on the risks and how they should be faced. John Kerr said that he had that evening sent me a letter (not yet received) covering two papers by Couzens on "The US Interest Rate Shock" and "International Financial Disaster". He added that the Chancellor had seen the Bank's paper on the US (sent by ADL to Couzens).

The second item should, he thought, be "Interest Rates in the UK". EAJG and Middleton had, he said, been talking and there seemed to be a plan around to reduce the band.

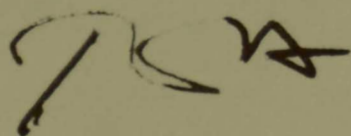
In addition to these main items, he thought that you and the Chancellor might wish to cover the following:-

- 1 HP Controls
- 2 Bulldogs - "to ratify the discussion between the Bank and the Treasury"
- 3 Intervention - on which there was no question of any complaint, but perhaps you and the Chancellor should compare notes
- 4 The coincidence of the ⁱⁿformal ECOFIN meeting in Denmark and the Finance Ministers' meeting in London. The Chancellor had not been briefed on your own plans, but Kerr thought that it might be as well if you and the Chancellor were to discuss the question.

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Given the subject matter, Kerr thought that it was inevitable that both you and the Chancellor should be accompanied by teams. The Chancellor would probably have Wass, Middleton and/or Monck and, in the absence of Couzens, Littler and/or Lavelle. Bruce-Gardyne might also be there; and there was also the question of Walters which John Kerr had not yet resolved.

He envisaged that after the larger items had been dealt with - at, say, 3.30 or 3.45 - you and the Chancellor might move into a more private session.



7 July 1982

Governor's Office HO-P
T E Allen (4121)