

S.41/1
(Pp 7/6)

6. 7.83

NOTE FOR RECORD

✓ Copies to The Governor
The Deputy Governor
Mr Blunden
Mr Loehnis
Mr George
Mr Walker
Mr Dow
Mr Fforde
The Doorkeeper
The Security Officer

He called

Mr P E Middleton, Permanent Secretary HMT, will pay a courtesy call on the Governor on Thursday 7 July at 5.00 pm. I should be grateful if recipients of this note would consider whether there are any points which should be brought to the Governor's attention, please.

Governor's Office H0-P
6 July 1983

Miss G M Gaff (4421)

G M Gaff

3.4/1
SECRET

8. 7.83

NOTE FOR RECORD

Copies ✓ to The Deputy Governor o/r
Mr Blunden
Mr Loehnis o/r
Mr George
Mr Walker
Mr Dow
Mr Fforde
Mr Balfour
Mr Holland

Peter Middleton called on me last night. He said that the Treasury were currently concerned with five major issues.

1 The general economic and financial strategy, taking up the points made in the Deputy Governor's post-election brief to the new Chancellor. HMT would, in consultation with ourselves, aim to give the Chancellor a set of briefs for holiday reading.

2 Nationalised industries' issues - eg privatisation, pricing and investment policies.

3 Tax reform - especially personal taxation issues such as negative income tax. Ridley is working on this.

4 Supply-side topics - eg labour legislation and competitiveness.

5 EEC matters - Budget, UK relationship with Europe and, especially, EMS. The question of EMS membership is, of course, closely linked with 1 above.

The Bank is unlikely to be much involved on items 2, 3 and 4; and we have already set the ball rolling on 1. But, although Middleton did not make a specific request, I think that some precautionary work for our own purposes on the EMS would now be useful. Perhaps the Deputy Governor's Committee could take this forward?

We also discussed:

6 The Chancellor's statement on public expenditure, and the likely reaction of the markets to the CGBR figures next week.

7 Government expenditure control and accounting systems. Middleton thought that there was scope for improvements here.

8 Circulating more Bank papers to the Treasury. Middleton said that we should not worry unduly about this.

9 Stock Exchange meeting today. Whitehall anxiety centres on the Prime Minister's letter to Wilson in 1980.

A. L. P.

8 July 1983