

I have recorded separately the results of the discussion which the Prime Minister had with the Chancellor this afternoon about the British Council budget and the composite rate paid by the building societies.

Other points which came up were:

I The Chancellor said that the Treasury were circulating a note on the medium term prospect to Chief Economic Advisers in other main departments - to enable them to brief their Ministers for the July 3rd Cabinet. The Prime Minister said she had no objection but she would like to see a copy of the note herself.

II Referring to Sir Robert Armstrong's recent letter to Sir Douglas Wass about the handling of the July 3rd Cabinet, the Chancellor said that he would like to circulate a paper to colleagues. If he did not, colleagues would criticise him for not giving them a sufficient opportunity to consider the issues. The Prime Minister agreed.

III The Chancellor said that he was having second thoughts about the "Pliatzky exercise" i.e. the study being carried out on the proposal to give away shares on the British Colombia model. He had come to the view that the Government could not afford the loss of funds which it would involve and it would distract attention from other issues. The Prime Minister said that Ministers would have to consider the issue properly when the Pliatzky Report was ready.

20 June 1980

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