

18 (A-B)

PRIME MINISTER

BILATERAL WITH THE CHANCELLOR: 26 APRIL

I have discussed the following agenda with the Chancellor's office:

i. Markets

The trade figures are published tomorrow morning, so by the time of the bilateral tomorrow afternoon ^{we} you will know the initial reaction in the markets.

ii. Computer Hacking

I think you wanted to mention to the Chancellor your concerns following this afternoon's talk with Emma Nicholson.

iii. Off-Shore Supplies Office

I gather Cecil Parkinson raised this with you at lunch yesterday, and that you were minded to agree with him that the future of the Off-Shore Supplies Office should not feature on the E(CP) agenda. If that remains your view, I suggest you mention it to the Chancellor tomorrow; my impression is that on the basis of earlier conversations with Cecil Parkinson, the Chancellor thought he had persuaded him that the subject should be discussed.

iv. Ian Percival

You will recall that Ian Percival has been pressing to see you to discuss his ideas for changes in legal aid and associated arrangements. His latest idea was to provide tax relief - more accurately a £1 for £1 reduction in the tax bill - in relation to insurance premium^a to cover legal costs. When you wrote to him a few weeks ago you suggested he should discuss this with Treasury Ministers. I gather the Chancellor may report to you that he has

now written to Ian Percival discouraging him.

v. Sponsorship Role in Government Departments

The Chancellor has been discussing with Robin Butler an idea for some kind of interdepartmental inquiry of the extent to which Government Departments ~~will~~ have "sponsor divisions" for particular sectors. This would to some extent build on Lord Young's work in DTI of dismantling "sponsorship". Again this is something the Chancellor may want to mention to you - though I suggest there is no need for you to mention it if he doesn't.

Rec.

Paul Gray

25 April 1989