

PRIME MINISTER

BILATERAL WITH THE CHANCELLOR: 6 JUNE

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

(i) Markets

It has been a slightly rocky day for sterling, with some intervention. The market report for the day is at Flag A. The Chancellor wants to have the usual stock-taking discussion.

(ii) Public Expenditure

I showed you over the weekend the note at Flag B summarising the very large scale of departmental bids. The Chancellor wants to discuss how the bids might be handled. If the Chancellor does not mention it, you will want to consider whether to suggest the possibility of your minuting out to a selected range of colleagues expressing your concern at the size of their bids.

(iii) Opposition Debate on the Economy

It has now been confirmed that there will be an Opposition Day Motion on the economy on Wednesday. Their motion is at Flag C. Messrs. Smith and Gould will be opening and closing for the Opposition, and the plan is that the Government team should be the Chancellor opening and Tony Newton winding up.

(iv) Inspectors Report on County NatWest

The Chancellor may want to mention the latest position on this.

(v) Passport Office

You saw some papers on this over the weekend, and Dominic has now minuted out (Flag D). The Chancellor may want to mention this, and is apparently attracted to the possibility of privatisation as a solution. There is no need for you to mention the subject if he does not raise it.

(PAUL GRAY)

5 June 1989

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