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Treasury Chambers, Parliament Street, SW1P 3AG

15 June 1979

T Lankester Esq
10 Downing Street
LONDON SW1

cc Mr Wolfson

MB/4

Dear Tim,

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DISPOSAL OF PUBLIC SECTOR TRADING ASSETS

Thank you for your letter of 5 June. The Financial Secretary has very much in mind the different monetary effects of selling different types of asset, and in different ways. He will certainly ensure that the point is taken into account in future Ministerial discussions.

The greatest beneficial effect on the control of the money supply will be gained from sales of those types of asset which are not a close substitute for gilts and which are likely to be bought by domestic companies or institutions who do not normally hold significant quantities of public sector debt. Sales of interests in oil fields to UK oil companies would fall in this category. The benefit of domestic sales of BP shares is probably much less, because they will be taken up to a significant extent by Pension Funds and Life Offices, crowding out other purchases of equities or gilts. As you say, that benefit will in turn be somewhat greater than that from sales abroad, but not all that much. In deciding on the balance between domestic and external sales it will be necessary to balance the relative monetary effects against the prospective sale price and other factors.

I am sending copies of this letter to the private secretaries of the other members of E(DL), and to Martin Vile.

Yours,

Paula

PRIVATE SECRETARY

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Ministry of Finance, Republic of China (Taiwan)

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MINISTRY OF PUBLIC SECURITY TAIWAN A-1212

Dear Sir: In your letter of 7/18/78, The Financial Secretary has
requested that the Ministry of Finance be kept advised of any
changes in the financial position of the company. It is noted that
the company is currently in a state of liquidation. The Ministry
of Finance will be kept advised of any changes in the financial
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of liquidation. The Ministry of Finance will be kept advised of
any changes in the financial position of the company.

I am sending copies of this letter to the Ministry of Finance
and to the Ministry of Public Security.

MINISTRY OF FINANCE



Treasury Chambers, Parliament Street, SW1P 3AG

15 June 1979

N.B.P.S.
T Lancaster Esq
10 Downing Street
LONDON
SW1

Dear Sir,

DISPOSAL OF PUBLIC SECTOR TRADING ASSETS

I regret Paula Diggle's letter of today's date was not classified secret as of course it should have been. I would be grateful if you and other recipients would treat it as such.

Copies of this letter go to the Private Secretaries of the other members of E(DL) and to Martin Vile.

Yours Sincerely,

A O'FLYNN

15 June 1979