

Confidential filing

The old sumpen - Demonetisation

ECONOMIC
POLICY

January 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
28 Jan 1980							
<p>PREM 19/192</p>							

file

ds

Evon 700

28 January 1980

The Prime Minister has considered the Chancellor's minute of 25 January proposing that the old sixpence be demonetised. Although she thinks it could create some adverse publicity, she agrees with the Chancellor that - in view of the public expenditure saving which is likely to result - demonetisation of this coin should proceed as suggested.

T.P. LANKESTER

John Wiggins, Esq.,
HM Treasury.

GC

Prime Minister

Agree ?



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

PL
24/1

PRIME MINISTER

There will be
headlines about the
end of the tenner - but for
£3.5m. it will
be worth it.
ms.

THE OLD SIXPENCE - DEMONETISATION

During Questions on 8 November last Nigel Lawson told the House that the demonetisation of the old sixpence was under review. This was quite widely reported in the press though in terms which suggested little surprise or special interest. No one in the House took up the point though subsequently Nigel Lawson discussed it with Geoffrey Finsberg, who, of course, has long been a great champion of the coin.

2. We have concluded that we should now take the final step to demonetise the coin and propose to do this by a Royal Proclamation in mid February to take effect at the end of June.

3. The reasons that have led us to this conclusion are that the coin is obsolete (in fact it has been so for a number of years) and that demonetisation will enable us to recover the quite valuable stock of metal that is locked up in sixpenny bits. The precise value is difficult to estimate until the coins are processed but should be of the order of £3.5 million - a worthwhile public expenditure saving.



4. We have naturally considered the likely reaction to this step particularly with regard to inflationary expectations. On this point we think that unlike the $\frac{1}{2}$ p coin, which could arguably be significant, the removal of a coin which has not been in active circulation for a number of years is not a danger.

5. While there is bound to be considerable, if short-lived, press interest, judging by the public reaction (about a dozen letters) to the pretty strong hint given in November we expect only minimal public reaction to the official announcement.

6. Subject therefore to any comment you may have I propose to proceed as described above.

(G.H.)

25 January 1980

25 JAN 1960



33

