

MR WHITMORE

MR LANKESTER (O.R.)

The Prime Minister is much preoccupied with what she sees as a failure of monetary policy. Michael Alexander is aware of the general direction of her anger.

Relations with the Chancellor are not good at present, and with the Governor are appalling - at least in the PM's eye. Clive will probably find this dominant in the Prime Minister's mind this weekend. That is why I have agreed with the Treasury that it will be helpful to have a further short piece of paper for her over the weekend, in the hope that this helps her to have a more useful meeting with the Chancellor on Monday afternoon. (No time is yet set, but her afternoon is more or less clear, and you may want to settle a time before she gets back.)

*M.A.P.*

3 September 1980