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Prime Minister 9

This seems a good agenda for the monetary seminar.

Treasury Chambers, Parliament Street, SW1P 3AG Are you content?
01-233 3000

Yes

12

3rd July 1979

Tim

5/7

Dear Tim,

MONETARY SEMINAR

You said that the Prime Minister would welcome the Chancellor's suggestions on the agenda for the meeting, and on the papers which might be tabled.

The two main items which we understand the Prime Minister wants to discuss are the suggestions for a "monetary base" control and the methods of funding the borrowing requirement, particularly in the gilts market.

to follow

The paper by Bank of England economists on monetary base, of which the Prime Minister is aware, has now been published in the Bank of England Quarterly Bulletin. The Treasury economists are completing their paper on this subject, which the Prime Minister commissioned. This was prepared after various discussions with Brian Griffiths, Geoffrey Ward and Gordon Pepper. Brian Griffiths has also let the Treasury have an advance copy of a paper which he has written on this subject. The Chancellor would suggest that the papers for the monetary base item on the agenda should therefore be the Bank of England paper, the parallel paper by Treasury economists, Brian Griffiths' paper and, of course, Gordon Pepper's contribution in Greenwell's Bulletin.*

Similarly the Bank have just published a survey article on methods of operation in the gilts market, which comments on the various proposals which are being made for changes in that market. The Chancellor has asked the Treasury to prepare a complementary paper covering the funding of the PSBR as a whole. He would suggest those two papers, plus the relevant parts of Brian Griffiths' paper for that item on the agenda.

/The Chancellor

T.P. Lankester, Esq.,
No.10, Downing Street

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The Chancellor also thinks that it would be useful to have a paper setting out the Government's monetary objectives and what may be involved in achieving them, in order to put the discussion on the two particular aspects of monetary policy into context; such a paper is therefore also being prepared here.

If the Prime Minister is content with these proposals, the Chancellor would hope to send her the papers on Friday, 13th July so that they are available for weekend reading.

I am copying this letter to John Beverly and Martin Vile.

Yours ever,

Martin

(M.A. HALL)

* I now enclose Greenwell's latest Bulletin dated 2 July - very opportune, and suitable as one of the papers for consideration.

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Econ Pol

10 DOWNING STREET

From the Private Secretary

6 July 1979

The Prime Minister has read your letter of 3 July in which you set out the Chancellor's suggestions on the agenda for the Monetary Seminar. She is content with the Chancellor's suggestions.

I am sending a copy of this letter to John Beverly (Governor's Office) and to Martin Vile (Cabinet Office).

T. P. LANKESTER

M. A. Hall, Esq.,
H.M. Treasury.

SJP