



10 DOWNING STREET

24. 6. 75

Erwin B.
Original file
Housing (Bldg. Sec.) 44/75

THE PRIME MINISTER

The Chancellor.

These points
transmitted to Sunday.
to Treasury (points 2 and
3 about in
land).

① I am very worried about the
reports in today's press that mortgage rates may
have to go up within a few days. This must
not happen. If necessary, there must be a
temporary subsidy (as in 1972) for the continuing
need to keep the rate where it is. (11 $\frac{3}{4}$ %). That
rate is already too high. Can you consult with
Richard Butler of the Building Societies forthwith.
This must be dealt with before we go to Tokyo.

② Related to the 16% MCR in the
problem of state relief. One of the reasons
why there is so much private sector borrowing is
because the present state relief system encourages everyone
to bring their profits into state at below market

time. We must change the state's
relief system before next year.

③ I hear increasing criticism about the
way the job market is being handled.

M.T.