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10 9 79

see M' 12.9.79



cc: Financial Secretary
Sir Douglas Wass
Mr. Littler
Mr. Riley

cc Mr. Williams
Mr. Middleton

✓ Cl...
11/9

Mr. P...
11/9

No 10 over-reacting? The Government

OR 11/9

See especially
para. 5

MR. BRIDGEMAN

THE MONETARY SCENE

The Chancellor will be seeing the Prime Minister at 9.00 a.m. on Thursday for his usual private chat.

2. The Prime Minister has said that she would like to discuss with him the current monetary scene, and has asked for a note which could form the basis of discussion. The Prime Minister is particularly concerned at the continuing high level of banking lending to the private sector.

3. The Prime Minister is also concerned that the free and spreading use of credit cards makes the task of controlling bank lending even more difficult. I said I would prefer not to cover this point in the note to No.10, since this might imply that the Treasury thought this was a problem; we would however make sure that the Chancellor was briefed to deal with any enquiries from the Prime Minister about it.

4. I should therefore be grateful if you could let us have a draft note for the Chancellor to send to the Prime Minister by close of play tomorrow, Tuesday, 11th September, and any supplementary briefing - specifically covering the

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credit card point - by close of play on Wednesday.

5. Tim Lankester also said that the Prime Minister was considering the possibility of arranging a lunch with the Chancellor and prominent bankers to discuss the present monetary situation. She may well raise this ~~possibility~~ with the Chancellor.

M.A.

(M.A. HALL)

10th September, 1979