

CONFIDENTIAL

FILE



10 DOWNING STREET

From the Private Secretary

8 December 1980

Dean Rd.

vcs

As I told you on the telephone, the Prime Minister has been most concerned to read that the Bank last week swapped substantial amounts of dollars across the banking month to ease liquidity pressures over make-up day. Her impression is that this must have inflated the money supply for the current month, just as the earlier assistance to the clearers in the summer did so. She hopes that the Treasury were aware of what the Bank were doing before they took this latest action.

I would be grateful if you could let me have as soon as possible a note setting out the reasons for this latest action, and indicating whether or not the Treasury were aware of it in advance.

T. P. LANKESTER

A. J. Wiggins, Esq.,  
H.M. Treasury.

SECRET

MM  
(Turbe)