

cc Domestic Monetary
Policy PR 7

SECRET

Exec PDA

PRIME MINISTER

Meeting with the Chancellor: 1730, Wednesday,
14 January

There are two things which you might like to discuss:-

- DMP PR 7
- I The attached progress report, which you had asked for on monetary control.
 - II The Italian scheme of tax relief for non-quoted companies (see Flag A).

The Treasury tell me that they and the Bank are practically "home and dry" on the proposed swap arrangement with the Americans. They have established that there are no bugs in it from our point of view; the only outstanding point as of 7.30 this evening which - amazingly enough - the Americans have not clearly thought about - is whether they have powers to ship the gold to us. But it is thought that they have.

The Chancellor may also want to have a word about the press treatment of your interview yesterday. I have told him that you were misrepresented, and he accepts this. But I think he will want to suggest that, from now on, we should all go into absolute purdah on the Budget. (He has recently reviewed what happened last year, and has concluded that there should be no attempt this year to anticipate the Budget by any calculated leaks.)

J.S. Collins
for T. Lankester

13 January, 1981.

SECRET