

BUDGET SECRET

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*From the Private Secretary*

1 March 1984

COMPOSITE RATE FOR BANKS

During the course of their bilateral yesterday, the Chancellor mentioned that a senior member of the Midland Bank had appeared on the radio on the Financial World Tonight programme, discussing the proposal to introduce a composite rate. Although there had earlier been a leak of this proposal, the Chancellor considered that the Midland Bank had failed to respect the terms on which confidential consultations had taken place. The Prime Minister suggested that she might write to Sir Donald Barron about this. I should be grateful if you would consider whether this would be helpful, or whether you think it would be better to leave the Governor of the Bank of England to make representations. If such a letter would be helpful, please could you provide a draft.

ANDREW TURNBULL

John Kerr, Esq.,  
H.M. Treasury.

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