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PRIME MINISTER

BILATERAL WITH THE CHANCELLOR

The Chancellor will want to report the outcome of the G5  
to you in greater detail.

Other subjects include:-

- The markets (some of the fall in interest rates over the past few days undoubtedly reflects rumours about a concerted G5 plan to reduce interest rates, and there may be a reaction if something of this kind does not emerge, as seems likely):

- Tin, where the Chancellor may, I suspect, emphasise the risks he sees in attempting to mount a bail-out for the banks and brokers; I think he may be concerned that you showed too much sympathy for the Governor's arguments yesterday!

- Oil; how he sees the prospects for the next few months now.

The Chancellor may mention the Green Paper on Personal Taxation to you. If he expresses discontent about the way this is going, you could point out that he has agreement to a Green Paper for publication on Budget Day, and that it should include a full discussion of transferable allowances. How firm it will be must depend on the results of the further discussions, just as the Treasury would expect in discussions of proposals from other Departments.

DRW

DN

17 January, 1986

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