

PRIME MINISTER

BILATERAL WITH THE CHANCELLOR

There are two main subjects for discussion:

- (i) Interest rates: there is at present no pressure for a further reduction; the Treasury however do not believe that mortgage rates will go back up without it, partly because the competitive pressure from National Savings is now much less than it was;
- (ii) the Chancellor also wants to discuss with you the G5, G6, G10 and interim committee meetings next week; he has it in mind to launch a mini debt initiative for sub-Saharan Africa.

*DLW*

DAVID NORGROVE

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