

PRIME MINISTER

Treasury Private Office have not notified me of any subjects the Chancellor wishes to raise at the bilateral.

You might raise

(i) Public Expenditure.
Does Chancellor have any advice he wants to give on handling of Thursday's Cabinet? Chief Secretary's minute is attached.

(ii) Mansion House speech.
Chancellor could give you a preview. (Main item of novelty likely to be greater emphasis on monetary base rather than M1 as the narrow aggregate to focus on. It would have a different target range from £M3. This is not a step towards monetary base control which involves direct control on supply of monetary base. The base is simply being used as an indicator in interest rate decisions).

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18 October 1983