

PRIME MINISTER

BILATERAL WITH THE CHANCELLOR

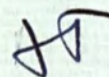
Only two topics:

(a) Markets and interest rates

Chancellor will be discussing the situation with the Bank in the morning. He may want to resist a further rise in interest rates though this may prove difficult given tomorrow's money figures. Like Sir Alan Walters, he would want to keep any rise to a minimum.

(b) Local authority capital expenditure

You may want to discuss the handling of E(A) in the afternoon.



ANDREW TURNBULL

9 July 1984