

ms  
Nshr  
Neddy was  
cancelled

PRIME MINISTER

BILATERAL WITH THE CHANCELLOR: 13 FEBRUARY

Following your long talk with the Chancellor last week, there is <sup>13/2</sup>  
not a lot to discuss at tomorrow's bilateral.

The Chancellor is having his usual internal weekly budget stocktaking meeting in the Treasury this afternoon. I am not yet clear whether there are any points he will want to come back to you about tomorrow.

One point you may want to mention to the Chancellor is that you will be going to dinner at the Bank of England on Thursday. Although this is mainly an occasion for you to meet some of tomorrow's men in the City, you may want to ask the Chancellor whether there are any points he would find helpful for you to make to the Governor during the course of the evening. You agreed last week the list of informal topics for discussion at the dinner (attached), including City "short-termism". You asked the Chancellor a few weeks back to do some further work on this, and I have arranged with his office that you should have before Thursday a first draft of a Treasury paper on this topic which may provide helpful background material for Thursday evening.

Rec.

PAUL GRAY

12 February 1990

A:\economic\bank (pmm)