

NOTE FOR THE RECORD

The Prime Minister telephoned Mr. Leonard Williams at 1850 on Friday 13 July about the decision by the BSA Council to limit the mortgage rate increase to 12½% and not to implement it until January 1980.

The Prime Minister said that she was very relieved at the Council's decision, and she thanked Mr. Williams warmly. She hoped that as people received their tax cuts, deposits into building societies would begin to recover; and she also hoped that interest rates would fall.

Mr. Williams agreed that the tax cuts would help, but the future course of interest rates was the key. At least, he hoped that the societies had pitched the share rate at a level which would produce some improvement in deposits.

The Prime Minister repeated that she was most grateful.

R.

16 July 1979