

NOTE FOR THE RECORD

cc Mr Hoskyns
Mr Wolfson

When the Chancellor called on the Prime Minister yesterday, the Chancellor told her that the prospects of averting the mortgage rate increase in January now looked dim. Whilst interest rates might fall before then, it seems highly unlikely that they would fall by a large enough amount. Three month local authority rates (which were the main competitor for building society funds) were now nearly 2% above the existing investors' rate, which itself would have to be reduced if the mortgage rate increase were to be aborted.

The Prime Minister took note.

5 October 1979

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