



CHANCELLOR

cc Sir D Wass  
 Sir K Couzens  
 Mr Ryrie  
 Mr Middleton  
 Mr Burns  
 Mr Britton  
 Mr Lavelle      Mr Unwin  
 Mr Monck  
 Mr Turnbull

MINIMUM LENDING RATE

I strongly agree with Mr Middleton's advice in his minute of 10 February, for the powerful reasons he gives - in particular that a move now would open up a credibility gap which will cause difficulties when we come to the Budget.

There is, moreover, a further consideration. In political terms the announcement of an MLR cut promises to be the one bull point of your Budget speech, when it ought to be possible to present it in an appropriate monetary and fiscal context. To put in your finger and pull out that plum now would leave the Budget cake very unappetising indeed.

SAL

NP NIGEL LAWSON  
 11 February 1981

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