

RESTRICTED

Prime Minister

GRS220

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FM WASHINGTON 262145Z AUG 80
TO PRIORITY FCO
TELEGRAM NO 3847 OF 26 AUGUST

MAD
27/8

ECONOMIC PACKAGE

1. THE PRESIDENT'S PROGRAMME TO PROVIDE JOBS AND TO STIMULATE THE ECONOMY IS DUE TO BE ANNOUNCED AT 2.00 P.M. (LOCAL TIME) ON THURSDAY 28TH AUGUST.

2. TODAY'S EAST COAST PRESS CARRIES ARTICLE QUOTING ADMINISTRATION SOURCES ON THE CONTENTS OF THE PACKAGE. MAIN FEATURES ARE EXPECTED TO BE:

- (I) A PROPOSED TAX CUT OF AROUND DOLLARS 30 BILLION TO TAKE EFFECT IN 1981, EMBRACING BOTH PERSONAL TAX (TO OFFSET THE INCREASE IN SOCIAL SECURITY CONTRIBUTIONS DUE NEXT YEAR) AND SOME FORM OF ACCELERATED DEPRECIATION ALLOWANCES FOR COMPANIES, POSSIBLY BIASED IN FAVOUR OF AREAS OF HIGH UNEMPLOYMENT:
- (II) A PUBLIC WORKS PROGRAMME WITH POSSIBLE EMPHASIS ON TRANSPORT, INFRASTRUCTURE AND DISTRESSED AREAS:
- (III) OTHER MEASURES TO ASSIST INDUSTRY, RETRAINING AND AREAS OF URBAN DECAY.

3. MINISTER (ECONOMIC) HAS BEEN INVITED TO TO A BRIEFING FOR QUOTE SUMMIT UNQUOTE COUNTRIES BY AMBASSADOR OWEN ON THE MORNING OF THE ANNOUNCEMENT. WE SHALL REPORT FURTHER AFTER THIS BRIEFING AND THE PUBLICATION OF THE THE DETAILS.

FRETWELL

FINANCIAL
NAD

**THIS TELEGRAM
WAS NOT
ADVANCED**

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