

PRIME MINISTERBILATERAL WITH THE CHANCELLOR

You are seeing the Chancellor tomorrow at 1730 for half an hour. Topics include the following:

Autumn Statement

The Chancellor deserves to be congratulated on the presentation of the Autumn Statement and on his speech in the economic day of the Debate on the Address. The Autumn Statement was very well received politically and there was no apparent adverse effect on the markets. Indeed sterling has firmed a little. But there are worries about the Government's continuing commitment to prudent policies. Its belief in the importance of low inflation, firm control of public spending and prudent control of borrowing needs to be constantly affirmed. You might mention to the Chancellor your concern that higher asset sales point to the need for lower borrowing figures.

Keith

The papers you saw over the weekend are below. There are two issues here:

- timing: whether to delay legislation until 1987;
- Peter Warry's proposal for a taxpayer's charter.

Fraud

Should we be moving now to increase the resources available to the DPP, DTI, etc. for pursuing fraud, in view of the workload mentioned in the draft reply from you to Sir Nicholas Goodison? (This reference has now of course been taken out).

MISC 111

It might be worth touching on this depending on the outcome of the meeting earlier in the afternoon.

International Finance Scene

The latest Treasury report is going into the Box separately. Worth a mention if there is time perhaps.

J. Bowers

DAVID NORGROVE

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