



10 DOWNING STREET

MR. STOWE

I attach a note which you
might send to the Prime Minister
on Gordon Pepper - we discussed
on Friday.

21 May 1979

Mr. Lamberton
I spoke to
the P.M., who was
grateful for the
info. KAS
287.

PRIME MINISTER

cc. Mr. Wolfson
Mr. Ryder
Mr. James

I understand that you had a very general discussion with Gordon Pepper last week about the Budget prospects. I am not sure whether you intend to see him again before the Budget. But at the risk of appearing to say the obvious, may I put in a word of caution?

There are two points. The first, which is almost self-evident, is that - if you are to see Pepper again in the run-up to the Budget - you will need to take care not to divulge information which he could conceivably take advantage of as a stockbroker and investment adviser. Although Mr. Pepper has always been very discreet in his dealings with you, and however well-intentioned he may be, it might be difficult for him not to make use of certain information - even very indirectly. This applies not only to specific tax changes which the Chancellor may introduce, but also of course to the overall fiscal and monetary stance.

Second, you will need to avoid any impression that Mr. Pepper may be privy to the Government's thinking on the Budget. It is of course reasonably well known that he advised you in opposition, and I suspect there are those in the Press who, if given the chance, will exploit this to their own ends. If you do decide to see Mr. Pepper again before the Budget, we will ensure - just as with last Friday's visit - that this gets no publicity.

One way of keeping visits completely private is to ask the visitor in question to come through the Cabinet Office rather than the front door. If you wanted to see Gordon Pepper again before the Budget, we could ask him to come in that way.

21 May 1979