

CAZENOVE & CO.

cc Sue Goodchild

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L. HEINERTZHAGEN

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|-------------------------|------------------------|
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| LORD PARKINGDON         | A. H. J. MUIR          |
| P. J. SMITH             | N. A. GOLD             |
| D. L. MATHEW            | B. E. A. PASCOE        |

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MJdeRR/FS

13th June, 1979

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*Dear Margaret.*

It was very kind of you to ask Paddy and I to lunch today in honour of the President of Kenya. We both enjoyed it very much and it was particularly nice to see you for the first time as Prime Minister and at 10, Downing Street.

I thought, perhaps, that I should just emphasise the remarks that I made to you about the Budget. I had a long talk with Ian Gow during lunch and told him of our views in detail, but in principle it was exactly the Budget that we, and the vast majority of the people in the City, were hoping for. We believe it gives industry and the City the opportunity to rebuild the country's financial strength which will, in the end, enable us to hold up our heads again in this competitive world. The short term reaction in the market is to mark both Gilts and equities down. This is only a symptom of the difficulties we know we all have to face, probably in the autumn, but we are certain that once industry has overcome these temporary difficulties the future will look more secure and the market will reflect these hopes.

Please lean on us if there is anything we can do to help.

*James Owen  
Michael*

The Rt. Hon. Mrs. Margaret Thatcher, MP.,  
Prime Minister,  
House of Common,  
London S.W.1.