

SECRET



12th
B/c A Walters
B Ingham

10 DOWNING STREET

From the Private Secretary

21 September 1981

Dear Peter.

Recovery from the Civil Service strike

Thank you for your letter of 18 September, which I have shown to the Prime Minister.

The Prime Minister is concerned at the very bad prospective CGBR for September and October, which is of course partly due to VAT repayments. She believes it is important that the markets should be prepared for relatively poor banking figures for both September and October, and in particular that the transitory element in the figures for the CGBR (which should be offset later) should be made plain in briefing the press in advance. She also thinks it is important to get funding moving again. She recognises that there are several ways in which this might be done; but her preliminary view is that it would be right to bring forward the plans for an unrestricted indexed gilt (I understand this is being looked at with a view to a decision within the next week). The Prime Minister is somewhat surprised that nothing was done to ensure that the funding programme did not come to a halt in banking September - all the more so since it has been known for some time that the CGBR in September was going to be high.

I should be grateful if you could let me know what are the Treasury's plans for briefing the press about the September and October figures.

Tim Latham.

Peter Jenkins, Esq.,
H.M. Treasury.

SECRET