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From the Private Secretary

7 February 1980

When the Chancellor called on the Prime Minister this morning, they discussed briefly the question of the announcement of last week's public expenditure decisions. They had before them the Chancellor's minute of 4 February and the letter of 6 February from the Secretary of State for Social Services.

The Chancellor suggested that, in the light of the Secretary of State for Social Services' comments, it would be desirable to consider this question further; and he proposed to discuss the matter with Mr. Jenkin, the Chief Whip and the Chancellor of the Duchy, and then report back to the Prime Minister. One point which he would consider was the possibility of including the necessary provisions for de-indexing the short-term benefits and abolishing ERS in the Finance Bill rather than in the Social Security Bill.

I am sending copies of this letter to John Stevens (Chancellor of the Duchy's Office), Murdo Maclean (Chief Whip's Office), Don Brereton (DHSS) and David Wright (Cabinet Office).

J. P. LANKESTER

John Wiggins, Esq.,
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