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bc MR WOLFSON 22

BF 15/11/79

10 DOWNING STREET

Econ Pol.

From the Private Secretary

14 November 1979

The Prime Minister is concerned about the current high level of bank profits which will no doubt rise still further with the rise in interest rates. She feels that these profits are, in a sense, a windfall resulting from the high level of interest rates, and her impression is that they will make the banks more likely to concede excessive pay increases for their staff this year. She also feels that there is a good case for the Government taking a larger share of these profits.

In view of the Prime Minister's comments, I would be grateful for an urgent note on what are the possibilities for changing the taxation of bank profits.

I am sending a copy of this letter to Martin Vile (Cabinet Office).

I. P. LANKESTER

Tony Battishill, Esq.,
HM Treasury.

KRF

By TUBE

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