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NBPM
MS

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

27 July 1979

Dear David,

PUBLIC EXPENDITURE AND MORTGAGE TAX RELIEF

In your letter of 20 July, you recorded your Secretary of State's suggestion that the withdrawal of higher rate mortgage tax relief should count against the reductions agreed on the Housing Programme. Cabinet did, I understand, discuss this on Monday but did not favour it. This letter is simply to record that in consequence, the Chancellor does not propose to proceed any further with your Secretary of State's suggestion in the context of the present public expenditure exercise. You will no doubt also have seen the Prime Minister's written reply to Mr. Bob Cryer of today's date.

I am copying this letter to the recipients of yours.

Yours ever,
M.A.
(M. A. HALL)
Private Secretary

D. Edmonds, Esq.,

(DOE)

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30 JUL 1979

