



10 DOWNING STREET

THE PRIME MINISTER

13 May 1980

Dear Professor Hayek

Thank you very much for your letter of 24 April.

I have read Arthur Burns' 1979 Per Jacobson lecture and found it very illuminating; and I also discussed it with Dr. Burns when he visited London last autumn.

You will no doubt have seen that we have now published a medium-term programme for getting down public borrowing and the growth in the money supply. Although I understand your view that it might have been easier politically to have reduced our borrowing and monetary expansion more rapidly, I think this would have caused too much social and economic disruption in the short run for it to have been feasible.

As regards trade union reform, we are passing legislation this summer to reduce the privileges of the unions; but we may well need to do more.

I am grateful to you for writing: as you know, we are indebted to your economic ideas and philosophy.

Yours sincerely
Robert Thatcher

Professor F.A. Hayek

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