



a MASTER SET

2A
file
da

10 DOWNING STREET

From the Private Secretary

7 March 1984

At their meeting yesterday and again this morning the Prime Minister and the Chancellor discussed his minute of 6 March. It was agreed that the detailed tables should show a PSBR in 1984-85 of £7.2 billion, rounded down to £7 billion in the summary tables, around 2½% of GDP.

The Chancellor explained that, as a result of changes in the terms of building society deposits, the behaviour of M2 was now less predictable. It was less likely that it could be accommodated within the same range as M0. He therefore proposed to apply the two target ranges to M0 and sterling M3, with M2 and PSL2 being mentioned in the text as further indicators of monetary conditions. This was agreed.

Andrew Turnbull

John Kerr, Esq.,
HM Treasury.

FILE
de

2A

BUDGET - SECRET

a MATTER SET



10 DOWNING STREET

From the Private Secretary

7 March 1984

Yesterday and again briefly this morning, the Chancellor discussed with the Prime Minister the final composition of his Budget. They agreed that the Budget should not be "politically overloaded". Consequently they agreed that it would be better to drop the proposal to impose VAT on newspapers, magazines etc. and to increase the duty on cigarettes by 10p per packet rather than 4p.

Andrew Turnbull

John Kerr, Esq.,
HM Treasury.

BUDGET - SECRET