

CONFIDENTIAL

PRIME MINISTER

BUDGET

The Chancellor would like to have a long talk with you towards the end of the month about progress towards the Budget.

I have pencilled in a two-hour meeting for Friday, 31 January. But I have heard that the Chancellor is considering inviting you and DT to dinner with him and Mrs. Lawson instead. You and he would then have a talk after dinner, much as I believe you did at about that time in 1984.

To hold the discussion in this way would undoubtedly have some advantages in terms of a relaxed atmosphere and so on, but it probably also has the advantage for the Chancellor that no-one else from No. 10 would be there. The result would be that the Chancellor would have held two major discussions with you with no opportunity for others in No. 10 (Nigel, Brian Griffiths or myself) either to offer advice on the Budget proposals from your point of view or to take a note.

I very much hope you will agree that this would be undesirable.

Other options, in place of a dinner at No. 11, would be either to retain the long bilateral scheduled for 31 January, or to pre-empt the Chancellor's invitation by offering a further dinner of the kind you held in December and with the same cast. Good idea - and it would save Theresa.

You might like to have a word.

Amanda Ross
(DUTY CLERK)

RP DAVID NORRIDGE

16 January 1986