

CONFIDENTIAL

PRIME MINISTER

BILATERAL WITH THE CHANCELLOR

There is a meeting arranged for Thursday morning to discuss handling of the public expenditure Cabinet. Otherwise, possible subjects for discussion with the Chancellor include:

- (i) the Inland Revenue, note by the Policy Unit below (I have alerted the Treasury to the fact that the points mentioned here may be raised with the Chancellor);
- (ii) the EC budget: the Chancellor may give you advance notice of a minute he plans to send you about this on Thursday;
- (iii) you might want to mention to the Chancellor any thoughts about the Secretary of State for Education's proposals for an Advisory Committee on Teachers' Pay (the Treasury are vehemently against).

*DWS*

DAVID NORGROVE

1 July 1986

ECL/05

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