

PRIME MINISTERBILATERAL WITH THE CHANCELLOR

Two items:

- (i) the markets, where the pressure seems to have  
ceased with the fall in the oil prices;
- (ii) the health service; the Chancellor may have  
useful suggestions on how to take this forward.

On the timetable for action on the health service, you have said that you would want to work towards a Green Paper before next Summer. I assume this might be followed by a White Paper around Christmas 1988, with legislation being introduced in November 1989. It would complete its passage in July or October 1990, allowing rather less than a year for the reforms to take effect before the probable date of the next General Election. Such a timetable allows no scope for slippage. If a Bill cannot be introduced in November 1989, I assume you would not want to introduce such a major and controversial piece of legislation in the last Session of the Parliament, and it would then slip into the next Parliament.

There would be a good deal to be said for taking whatever action could be taken without legislation, starting next year without great fanfare. For example you could begin to take a closer personal interest in the development of an internal market in the NHS. This would have benefits in itself, and it would also help prepare the ground for more radical reforms either later in this Parliament or at the beginning of the next.

DRN

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