

PRIME MINISTER

BILATERAL WITH THE CHANCELLOR: 5 JULY

Following today's talk about interest rates, ~~I agree~~ there is only need for a short bilateral tomorrow. The points the Chancellor may raise are:

- (i) NHS review. I am not quite sure what the Chancellor has in mind, but I suspect he will be wanting to reinforce his worries about stimulating demand and increasing Exchequer costs, both on the tax relief and expenditure sides.
- (ii) Tokyo stock exchange - the Chancellor will say when the bank proposes to inform Nomura.
- (iii) Markets - if there is anything further to be said.

[Handwritten Signature]

 Duty Clerk

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pp. PAUL GRAY
4 July 1988

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