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*pmf*

My ref:

Your ref:

The Rt Hon Norman Fowler MP  
Department of Employment  
Caxton House  
Tothill Street  
LONDON  
SW1

CH/EXCHEQUER	
REC.	12 AUG 1988
ACTION	MIR SCHOLAR
COPIES TO	PS/CST, PS/FST, PS/EST, SER P MIDDLETON, SER T BARRIS, MR ANSON, MR PERETZ, MR SEDGWICK, MR HEBBERS, MISS O'HARA, MR POTTER, MISS WHELDON (T. SOL)

12 August 1988

*12/8*

*Ball  
J. Morgan - but  
Dear Norman*

*Good letter, is  
strong on  
the word!*

COMMUNITY CHARGE - RPI

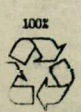
Your letter of 29 July to Nigel Lawson suggests that we are rapidly running out of time if we are to resolve the issue of the treatment of the community charge in time for the January 1989 RPI. In view of this I agree with officials that the Retail Price Index Advisory Committee needs to discuss the issue and with your proposal that members of the Committee should be approached now.

I am in no doubt that the community charge should be in the RPI. For us not to support its inclusion would be to undermine our whole stance towards this payment and in effect be giving into those who throughout the debates over the last year have insisted that it is a poll tax.

The man in the street will see the community charge as part of his cost of living in exactly the same way as he regards rates now. He will not understand why payments to the Council should be reflected in the RPI when they are called rates but not when they are called a community charge.

If we exclude the community charge we will be playing into the hands of those who accuse us of fiddling the figures. Our accusers will say that we know the community charge will rise faster than general inflation. They will say that we are out to keep the RPI down artificially and thereby penalise recipients of state pensions and benefits whilst reducing the amount required from businesses through the national non-domestic rate.

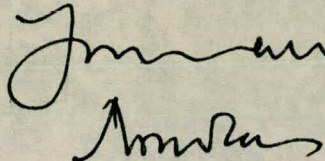
At a time when we shall want to be out selling the benefits of the community charge it seems an unnecessary own goal to provide the opposition with such ammunition.





In my view the issue is so important that we should be convening the RPIAC and, if colleagues can agree, leaving them in no doubt that the community charge must be included in the RPI.

I am copying this letter to Nigel Lawson, John Moore, Malcolm Rifkind as well as to Sir Robin Butler and Jack Hibbert, the Head of the Government Statistical Service.

A handwritten signature in dark ink, appearing to read 'Nicholas Ridley', written in a cursive style.

NICHOLAS RIDLEY