

PRIME MINISTER

BILATERAL MEETING WITH THE CHANCELLOR

I asked the Chancellor's office whether there is anything specific which the Chancellor might wish to raise with you at tomorrow's bilateral.

I understand that the main item he wishes to discuss is how to handle the economic and political news over the next couple of weeks.

First, while my separate minute today records a reasonably satisfactory outcome on BR pay, Thursday will bring news of the high offer to the electricity supply industry manuals.

Second, there is the outcome of the local elections on Friday.

Third, and perhaps the most critical, is the RPI figure to be released next Friday.

The Chancellor is not likely to pursue further the community charge: the first meeting of officials will take place on Thursday afternoon. But you may wish to discuss community care depending upon the outcome of tomorrow morning's meeting.

BHP

Barry H Potter

1 May 1990

c: bilateral (MJ)