

PRIME MINISTER

10 July 1985

People are confused about the central aim of economic strategy. In the first Government it was clear - a moral and economic crusade against inflation.

In the second Government, is it:

Tax reduction

Growth

Better public services

Jobs

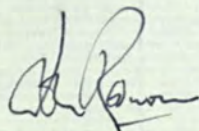
Even lower inflation?

Early in 1984, I posed this question and suggested going for tax reduction. It can be linked to Why Work? and jobs. But it needs firm control of PE.

With the Treasury now going for covert higher PE, tax reduction is less of an option.

Should you now discuss with colleagues uniting behind sustained low inflationary growth as the aim? This can help finance better public services and some tax cuts.

Whatever you decide to make the main aim, it should be deliverable, simple, and become a regular message for the next 2 years.



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