

PRIME MINISTER

Mr. Mulroney's Chief of Staff telephoned this evening to say that Mr. Mulroney had been thinking a lot about you and the problem of community charge over the weekend. He had not found credible press reports that the Government was going to abandon or substantially modify the community charge. But to reinforce you against that, he wanted to remind you of his own experience. He had withdrawn a new tax some years ago under pressure, in the belief that it would be a demonstration of reasonableness. Instead it was immediately derided as a weakness and he lost further ground in the opinion polls. That was why, this time, he was standing firm on the new VAT, even though it was hurting him in the polls. Although he would not presume to give you advice, he thought you might find his own experience relevant. I said I was sure you would be very grateful.

*There was no question of withdrawing the Community charge or modifying its principle of it.*

*C. D. P.*

C. D. POWELL

*Dankson  
MS*

30 April 1990

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