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Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

19 October 1987

The Rt Hon John Moore PC MP
Secretary of State for Social Services
Department of Health and Social Security
Alexander Fleming House
Elephant and Castle
LONDON SE1 7RE

A handwritten signature in dark ink, appearing to be 'John Moore'.

NATIONAL INSURANCE CONTRIBUTIONS: 1988-89

Thank you for your letter of 14 October.

I am content with your proposals. I would, however, like to suggest one further measure we might take. This would be to increase the NHS allocation by the maximum amount permitted under current legislation. This would not of course affect the contribution rates nor the total amount of money to be spent on Health. But it would result in a helpful reduction in the projected surplus in the National Insurance Fund of the order of £350 million, which would more than offset the effect of the zero Employment Protection Allocation which Norman Fowler is seeking. You may recall that we did this last year, and it did not give rise to any comment.

I also agree with your proposals for the handling of the announcement, namely that the main changes should as usual form part of my Autumn Statement and that you should make a more detailed statement in a Written Answer on the same day.

I am sending copies of this letter to the Prime Minister, Norman Fowler and Tom King and also to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'Nigel Lawson'.

NIGEL LAWSON



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SUBJECT
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