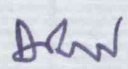
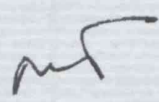


PRIME MINISTER 2

NATIONAL INSURANCE CONTRIBUTIONS: 1988-89

The Treasury and DHSS have agreed that there should be no change in NIC rates next year. But the earnings limits are to be increased in the usual way and there is to be a 2% reduction in the Treasury supplement which is the maximum reduction possible within subordinate legislation. The Chancellor has suggested that the NHS allocation should be increased by the maximum amount permitted under current legislation (£350 million) as last year.

With its outgoings linked to prices and its revenue linked to earnings, the surplus on the national insurance fund is likely to continue to grow. John Moore has proposed that there should be discussions on how to tackle the surplus.


(D.R. NORGROVE) 

20 October 1987

DCAABA