

Budget

SECRET

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PRIME MINISTER

BILATERAL WITH THE CHANCELLOR: 29 FEBRUARY

The Chancellor will be anxious to get away promptly for his final Treasury Budget overview meeting at 3 o'clock. I think the agenda might be:

- i. Following up your discussions with the Chancellor this * week about the Budget package;
- ii. The position in the markets following the publication of the trade figures at 1130. I enclose details of the final figures, which have improved slightly from the first estimates we saw the other day. You may also like to see the line the Treasury will be taking;
- iii. (possibly) the latest news on Florentine.

fccg.

Paul Gray

26 February 1988

(unofficially!)

* I gather the 2 main options being considered are:

- ① Double index personal allowances and nominal indexation of excise duties (ie the original package)
- ② 10% allowances increase (+£90m) and 1 1/2 indexation of duties (-£270m).

JALBRE

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