

PRIME MINISTER

MEETING WITH ALAN WALTERS: 18 JANUARY

We have arranged tomorrow's meeting so that you can talk to Alan about the Budget in advance of your dinner with the Chancellor at Dorneywood next Sunday.

You will remember that you agreed that Alan could not see Budget papers this year in advance of his return to the No.10 payroll. (He will of course have full access next year.) Against this background, it would probably be best if you did not talk to Alan about Budget matters again after tomorrow's discussion prior to 14 March.

I suggest tomorrow that you should take Alan's mind on:

- the latest economic position and the response to the higher interest rates;
- the sort of overall fiscal stance the Budget should be setting;
- any particular proposals that should be considered for inclusion in the Budget;
- any particular questions that you should be putting to the Chancellor in your discussion with him on Sunday.

Recd.

PAUL GRAY

17 January 1989

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