

RESTRICTED



*Agreed by Cabinet
and headed to B. Ingham.*

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

REC

16/2

89
15 February 1988

Paul Gray
10 Downing Street
LONDON SW1

Dear Paul,

I understand that, at their bilateral today, the Chancellor and the Prime Minister agreed that the No.10 Press Office should, after tomorrow's Cabinet discussion on the economy, follow the line:

"The Cabinet today held their usual pre-Budget economic discussion. They reaffirmed the Government's economic strategy and the central objective of bringing down inflation, and agreed that economic policy should remain prudent and cautious."

If the Prime Minister is content, perhaps you could pass on this form of words to Bernard Ingham.

Yours
Alan

A C S ALLAN