

CONFIDENTIAL



From: R T J Wilson
6 December 1989

P 03589

MR GRAY

NATIONAL INSURANCE FUND

1. I mentioned to you the draft paper, following up the recent discussion in E(A) about the National Insurance Fund, which Mr Newton wants to put forward to E(A) for discussion on 13 December. Michael Partridge has now let me see a draft: see copy attached.

2. The specific proposals which Mr Newton wishes to put forward seem not unreasonable as a response to the immediate problems facing the Fund. I am however concerned about three aspects of the paper which if you agree I am minded to put to Mr Partridge:

i. the Prime Minister's comments suggested to me that she wanted a much more fundamental look at the Fund than this paper provides. At the very least I think Mr Newton ought to flag up this point and specifically acknowledge that the paper deals only with the short term;

ii. allied to this, Mr Newton ought also to explain why the short-term problem has to be dealt with now, in advance of any more fundamental analysis. To some extent this is answered in paragraph 3, but the paragraph needs to be recast, expanded a little and should include a reference to the legislative timetable;

iii. the paper ought also to say clearly whether the steps proposed will be adequate to solve the problems of the Fund. Paragraph 14 makes a rather guarded statement about "limited additional action" which needs to be spelt out.

3. Perhaps we could have a word?

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RJW
6/12