

SECRET

PRIME MINISTER

SEMINAR WITH THE TREASURY: 30 JANUARY

Next Tuesday evening you are having a pre-Budget seminar with the Chancellor and some of his Treasury team. We are starting at 1745 and Sherry will be preparing some supper at 2000.

The Treasury team will be:

Chancellor of the Exchequer
Richard Ryder
Terry Burns
Michael Scholar

Peter Middleton will not be there as he is still on his honeymoon. Andrew and I will also be present; Brian Griffiths cannot come because he is in America next week.

I suggest the aim of the seminar is not to get into the detail of the Chancellor's Budget ideas. Rather your aim should be to assess where the economy now is, what are the short-term prospects, and what should be the broad policy stance. You told the Chancellor a couple of weeks ago you would like to carry forward discussion of the ERM, but I suggest that issue should be left until well on into the meeting.

The main paper for the meeting is the annotated agenda below, which the Treasury have prepared. They have also sent over this evening the detailed January Economic Forecast which has just been completed; this is a background document but you may find it helpful to go through it to familiarise yourself with some of the detail.

RCG

PAUL GRAY

26 January 1990

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