



10 DOWNING STREET

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THE PRIME MINISTER

20 May 1981

Dear Mr. Salomon,

Thank you for your letter of 18 May about the proposed levy on bank profits.

I too very much regret that the Chancellor had to impose this levy; but in the end, I believe he had no real alternative. Although you say "there should be plenty of other avenues for raising the necessary revenue", I can assure you that we looked far and wide for alternatives. At the end of the day, there were none that were any less open to objection. The other alternative would have been to have allowed our borrowing requirement to have been even higher; but this again, I am sure you will agree, would have been unacceptable.

All good wishes.

Yours sincerely

Raymond Delisle

Walter Salomon, Esq.

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