

BUDGET - SECRET

9



MR. LANKESTER ✓

10 DOWNING STREET

12

2/2

26 February 1981

Budget - Secret

Dear Douglas,

BUDGET

I believe the clock has now stopped on the 1981 Budget. There is nothing more to be done.

I thought you ought to know, however, that essentially I have not changed my views. I have seen neither evidence nor arguments to suggest that the present proposals are not very much a case of too little and the wrong kind. The consequences are likely to appear in crisis measures after a few months.

I suppose, however, there is still room for some decisions about MLR. As you know, with this Budget I would think it desirable not to move MLR at all, except for the fact that the markets are expecting three or even four points reduction. If, therefore, it is to be reduced at all then I think the maximum of one point reduction is in order. I think three or four would be quite disastrous.

Yours
Alan

Sir Douglas Wass, GCB,
HM Treasury.