

PRIME MINISTER

BILATERAL WITH THE CHANCELLOR: 8 MARCH

There is not a great deal for you to discuss at tomorrow's bilateral. Possible issues are:

- (i) Speakers in the Budget debate. I gather the Chancellor will propose, as in the past, supplementing the Treasury team with two non-Treasury ministers. He has in mind Messrs. Fowler and Newton, which follows exactly last year's precedent when Messrs. Fowler and Clarke spoke.

- (ii) Position in the markets. Everything remains very calm today, so unless problems emerge in the next 24 hours you need only note that last week's foreign exchange intervention activity seems to have worked out very successfully.

- (iii) Budget speech. I gather drafting work is running a bit behind schedule. The present plan is:
 - to let you have the tax section tomorrow evening;

 - but not to send over the economy section until Friday. I will try to get this down in the Box to Chequers on Friday evening, and we could then perhaps have a brief word after your lunch for Alan Greenspan on Saturday to check whether there are any significant points you want to feed into the Chancellor over the weekend.

Recg.

PAUL GRAY

7 March 1989

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