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SUBJECT CC MASTBA



10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

24 May, 1989.

In the course of their bilateral yesterday, the Prime Minister asked the Chancellor whether work was being done in the Treasury assessing the reasons why there had been no further progress in reducing the rate of inflation over the last few years, and the reasons for the recent increase in the rate. She had read the article in the Barclays Economic Review by Alan Budd, and would like to see a similar assessment by the Treasury. The Chancellor said that he had indeed asked the Chief Economic Adviser to put this work in hand. The Prime Minister said that it would be helpful to have such a paper available as soon as possible.

Paul Gray

Alex Allan, Esq.,  
HM Treasury.

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