

From: THE PRIVATE SECRETARY



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Alistair Pirie Esq
PS/Chief Secretary to
the Treasury
HM Treasury
Parliament Street
London SW1

*By
M. W. Hopkins*

30 June 1980

Dear Alistair,

PUBLIC EXPENDITURE IN NORTHERN IRELAND

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I attach a copy of a Press Statement which my Secretary of State released earlier today. Mr Atkins will be writing shortly to the Chief Secretary about the management of public expenditure in Northern Ireland during the rest of the current year.

Copies of this letter and of the statement go to Michael Alexander at No. 10, Ian Ellison at the Department of Industry and Richard Prescott in the Paymaster General's Office.

*Yours sincerely
Mike Hopkins*

M W HOPKINS



Northern Ireland Office

Press Notice

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PUBLIC EXPENDITURE IN NORTHERN IRELAND

The Secretary of State for Northern Ireland, Mr Humphrey Atkins, has asked Northern Ireland Departments not to enter into any new commitments in respect of capital or current expenditure for the time being. A similar message is being conveyed by Departments to spending **bodies** for which they are responsible.

Mr Atkins said today that Government is monitoring the public expenditure situation in NI to ensure that, overall, the best possible match is achieved between needs and available resources. This was clearly necessary in view of the continuing need not merely to restrict public expenditure to what the nation can afford, but, most importantly, to get our priorities right. Given the current situation in manufacturing industry it seems appropriate to put more emphasis on support for investment and hence to maintain the flow of new jobs into the economy.

The Secretary of State continued:-

"I have taken this action not because the total level of NI public expenditure as set out in Cmnd 7841 is to be reduced, but because a number of substantial new demands have been identified within the system, some of which - particularly in the economic sphere - may have to be given a priority higher than some other items of expenditure previously planned for 1981.

"We have undoubtedly entered a period when the resources to do all **that the various** services might wish to do will simply not be available. As new demands arise, we shall have to take stock and, if necessary, make some redistribution of resources in line with the best possible assessment of priorities. It cannot be a pleasant prospect for the services affected but we have to make the best use of the funds that are available to us at any particular time.

"The object of the temporary standstill which I have introduced is to preserve the maximum room for manoeuvre until I am in a position to inform spending bodies of revised allocations for the rest of the financial year. Meanwhile, they are asked not to enter into any new commitments in respect of capital or current expenditure which would restrict their ability to adjust their budgets if this should prove necessary."