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PRIME MINISTER

[A] Civil Service manpower is not down for discussion at Thursday's Cabinet. But it is possible that one or more Ministers may raise a last-minute protest against the application of the 2½% manpower squeeze to their Departments. I know that the Secretary of State for Social Services in particular is unhappy about it, though what you said at Cabinet last week was entirely clear.

You will remember the Chancellor of the Exchequer's insistence that he could only hold the line in his own Departments if there were no exceptions beyond the prisons and certain very small departments. Any concession to DHSS would certainly re-open the whole question of the size of the cut in the Inland Revenue and Customs. We should then have lost the game.

[B] You will also have seen the Secretary of State for Energy's claim for remission on the grounds that his is a small department. This too could not be admitted without opening the flood-gates. I am only letting off those small Departments in a special position vis a vis Parliament (Exchequer and Audit and the Parliamentary Commissioner) and those with such tiny numbers that they may in fact have no wastage at all within the year. Energy is nowhere near being in that position.

[C] PS: I have just received the Foreign Secretary's two minutes about the Foreign Office and the Passport Office. I will minute you in more detail about this tomorrow. You will recall, however, how strongly the Chancellor felt that the Foreign Office should not be exempted from the manpower squeeze if the Inland Revenue and Customs were included. I would strongly recommend at this stage that we stand firm on all these requests as otherwise the squeeze will be much reduced.

PAUL CHANNON  
12 March 1980

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