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PRIME MINISTER

I attach two tables on public expenditure as background for Questions. The programme figures in Table I are summarised in line 4 of Table II. But when talking about total public expenditure, you should focus on line 13 of Table II. There is some good ammunition here - which Ivor Fallon referred to in the Sunday Telegraph. In particular, the very big reduction in expenditure in 1977/78.

JPL.

22 October 1979

PUBLIC EXPENDITURE BY PROGRAMME : 1974-75 to 1980-81
£m AT 1979 SURVEY FIGURES

TABLE I

	1974-75	1975-76	1976-77	1977-78	1978-79 Provisional outturn	1979-80 ---- Plans ----	1980-81 ----
1. Defence	7462	7830	7721	7550	7509	7824	8062
2. Overseas aid	628	699	671	718	786	790	782
EEC contributions	-13	16	281	632	774	919	1000
Other overseas services	397	412	393	379	400	426	409
3. Agriculture, fisheries, food and forestry	2377	2172	1352	1035	896	986	993
4. Trade, industry and energy	1795	2230	1920	1676	3267	2753	2870
Employment	416	644	853	1036			
5. Government lending to NIs	2575	2220	1918	771	693	1800	1000
6. Roads and transport	3814	3918	3509	3017	2980	3118	2914
7. Housing							
Capital	4829	3887	3651	3013	2582	2585	2306
Current	2312	2398	2600	2499	2645	2795	2773
8. Other environmental services	3539	3687	3346	3264	3330	3303	3213
9. Law, order and protective services	2172	2311	2352	2284	2370	2454	2542
10. Education and science, arts and libraries	9584	9756	9722	9362	9567	9657	9246
11. Health and personal social services	8326	8634	8713	8775	9055	9109	9194
12. Social security	14146	15333	15774	16350	18213	19058	19289
13. Other public services	947	1068	996	963	973	1010	997
14. Common services	971	1064	1063	1029	1048	1073	1088
15. Northern Ireland	2004	2095	2106	2080	2232	2215	2150

PUBLIC EXPENDITURE 1974-75 to 1977-78

TABLE II

£ million at 1979 survey
prices

	1974-75	1975-76	1976-77	1977-78	1978-79 Provisional outturn	1979-80 -- Plans --	1980-81 --
1. Central Government	48139	49016	47700	45384	49887	52085	51958
2. Local authorities	20662	20576	19463	18373	18421	18692	17849
3. Certain public corporations	1401	1460	1328	11083	1012	1098	1022
4. Expenditure on programmes	70202	71052	68490	64840	69320	71875	70879
5. Contingency reserve	-	-	-	-	-	271	750
6. Debt interest	1298	1569	2041	2375	2921	3100	3200
7. Total public expenditure before shortfall and special sales of assets	71500	72621	70531	67215	72241	75246	74779
8. Expenditure on programmes and contingency reserve (4 + 5)	70202	71052	68490	64840	69320	72146	71579
9. Net overseas and market borrowing of nationalised industries	1388	770	1567	1009	446	-600	-150
10. Special sales of assets	-	-	-	-	-	-1000	-500
11. Planning total	71590	71822	70057	65849	-	70546	70929
12. General allowance for shortfall	-	-	-	-	-	-750	-1000
13. Outturn (actual or projected)	71590	71822	70057	65849	69766	69796	69929
14. Percentage change on previous year	-	+0.3	-2.5	-6.0	+6.0	0.0	+0.2

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10 DOWNING STREET

From the Private Secretary

23 October 1979

I told you on the telephone that I had prepared two tables on public expenditure for the Prime Minister yesterday based on information in the draft Public Expenditure White Paper for the years 1978-79/1980-81 and for the earlier years provided by GE Division. I enclose copies of these tables.

The Prime Minister has asked that both tables should be circulated to Cabinet as background for the public expenditure discussion for Thursday. I would be grateful if the Chancellor or the Chief Secretary could therefore circulate them immediately, after the figures have been checked by your officials. (I spoke to Margaret Pearson about the figures for the earlier years yesterday: she was going to check the point that the programme figures for the years 1974-75/1977-78 do not match up exactly with the totals in line four of the second table. The figures for these earlier years in my table 1 were taken from a minute which Robin Butler sent me dated 25 July).

The Prime Minister has asked if you could send copies of these two tables also immediately to the Secretaries of State for Social Services and the Environment.

I am sending a copy of this letter and enclosures to Martin Vile (Cabinet Office).

T. P. LANKESTER

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H.M. Treasury.

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