

PRIME MINISTER

Prime Minister

1

Agree that the Chief Secretary's paper on the case for abandoning 5-year spending plans be taken on 13 Sept, not 30 August? In view of Ministerial absence on 30 Aug, this seems only sensible.

Yes

Public Expenditure

There is one point which it would be helpful if you could consider before your departure for Lusaka. 12

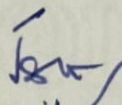
2. At Cabinet yesterday the Secretary of State for Trade suggested that there was no reason for continuing to publish a Five-year Public Expenditure White Paper. You were attracted to this idea and asked the Chief Secretary to prepare a note about it which, you said, might be considered at the Cabinet meeting on 30th August. 27/7

3. I think this is something well worth considering. Successive Governments have found that Five-year White Papers create hostages to fortune: and particularly when the growth in resources cannot be accurately forecast there is great danger in tying oneself down to firm figures so many years ahead. We all know how wide are the margins of error. On the other hand, this would not only mean abandoning the Plowden concept, which has been strongly endorsed by successive Select Committees on expenditure, of controlling public expenditure over a Five-year cycle. It would also involve problems with programmes that have long lead times, like defence and electricity. Unless without a fair degree of control over the later years it would be much harder to influence these programmes. One possibility would, of course, be to retain the Five-year examination for internal purposes but not to publish a Five-year White Paper, though one can see difficulties about this also.

4. You said yesterday that members of the Cabinet who were on official visits or still on holiday need not return for the Cabinet on 30th August. The discussion about whether to abandon the Five-year White Paper will however be a very important one: and on present plans some of the big spenders will still be away. Absentees will include the Home Secretary, the Secretary of State for Defence, the Lord President, the Secretary of State for Education and the Chief Secretary himself (although the Chancellor should be there).

I suggest therefore that it would be more sensible to postpone discussion of the Chief Secretary's paper until the Cabinet resumes its discussion of the later years on 13th September (by which time those concerned will all be back). It is just arguable that this runs the risk of some nugatory work in the Treasury on the later years if the Cabinet decided to scrap the Five-year system. But it seems to me that some kind of planning decisions for internal purposes would still be needed, even on a provisional basis: and I doubt whether anything would be lost by taking both matters together on 13th September.

5. If you agree I will informt the Treasury and adjust the programme accordingly.


(John Hunt)

27th July, 1979



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10 DOWNING STREET

From the Private Secretary

MR. VILE
CABINET OFFICE

Public Expenditure

The Prime Minister has seen Sir John Hunt's minute of 27 July (A066).

She is content that the Chief Secretary's paper should be taken at Cabinet on 13 September, and not on 30 August and would be grateful if the programme could be adjusted accordingly.

N. J. SANDERS

30 July 1979