

PRIME MINISTER'S ENGAGEMENTS

The Prime Minister is working at Downing Street today and will be here until she departs for the United States at 1345 on Sunday 16 December.

WHITE PAPER LIST

List was distributed.

VISIT TO THE US

A background briefing for British and American press would be held at 1500 today in Room 25, FCO.

IRAN

We were asked if it was still true that the Government were not considering a trade embargo against Iran. We pointed out that Mr Vance had toured various European capitals and that the allies were all thinking of ways of helping to free the hostages. We went no further than to say that Iran would be on the agenda for the President's discussions with the Prime Minister on Monday.

Had we deliberately stopped shipping spare parts for Chieftan tanks to Iran since the beginning of November? We told correspondents that they should draw their own conclusions for the time being on the fact that no spare parts had been delivered last month.

PUBLIC EXPENDITURE

We were asked whether the Prime Minister's remarks to the 1922 Committee last night about the need for further reductions in public expenditure referred to the next calendar year or the next financial year. We said that the best assumption would be that she was referring to financial year 1980/81. Ministers were taking another hard look at public expenditure plans for 1980/81. This did not mean that the White Paper already tabled and debated in the House was invalid. Large elements of it still applied but we could not exclude the possibility of amendments. Economic circumstances do change. The Government acknowledged that it had already come a long way to achieve its primary objective for public expenditure - ie stabilisation - but Ministers felt they must continue to look for further savings.

Correspondents could assume that the relevant Ministers had been putting their minds to this question before the Prime Minister spoke last night and had been doing so for some time. We had no guidance to offer on which areas were being considered for further reductions in public expenditure. Nor did we know precisely what this further examination would mean in procedural terms. Would there be a further round of Ministerial meetings? How would Parliament be informed? Would there be an amendment to the White Paper? Would Parliament be informed before Christmas? To all these questions we said that it was too early to know at this stage.

Regarding the possibilities for further savings, the cash limits for the nationalised industries and the rate support grant for local authorities had already been announced recently. Cash limits for central Government in FY 1980/81 were still to come. We did not expect these before the turn of the year.



KHASHOGGI AFFAIR

We did not know if the Prime Minister's answer to the Priority Written Question on Monday would be a substantive one. Had the Prime Minister received a report in order to answer the Question? We stuck by our on-the-record statement of yesterday, adding only that on this occasion the Prime Minister would receive the normal supply of material for answering Questions.

CA