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PRIME MINISTER

I really don't mind it  
 will be possible for you  
 to meet the Chaimen, and  
 you had already agreed that  
 Mr Channon should see  
 them on your behalf.  
 A letter to Lord Goodman  
 is attached.

1. You spoke to me recently about the letter which you had received  
 from the Chaimen of the four major national performing arts companies.

2. I recently received a deputation from the directors. They are  
 obviously very concerned about the future, given what they already  
 know about the arts budget from the Public Expenditure White Paper.  
 MISC 62 have now agreed that the cut in the arts programme is to be  
less severe than was originally proposed, and there will be no need  
for drastic reductions. But even so cash grants will fall short of  
what is needed to keep pace with costs and there may be as much as a  
further 3 or 4 per cent squeeze on these companies in real terms.  
 This will very difficult but probably just about manageable. The  
 same is true for all the arts bodies, from the British Museum  
 downwards. But I am afraid that the present arts budget makes that  
 inevitable.

3. The Chaimen would of course very much like to see you. But  
 if this is not possible I will certainly do so, and send you a report.

4. My Private Secretary is sending a draft reply to the letter.

P.C.

PAUL CHANNON

9 November 1981