

CONFIDENTIAL

Prime Minister

Pl. file

Provisional on X. Shall

I pursue Y?

MR. SCHOLAR

PUBLIC EXPENDITURE - CHANGING THE CLIMATE OF OPINION

MCS 21/7

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We discussed who would be the best academics to pursue studies of public expenditure and to expose the vast increases, particularly in benefits and health service disbursements, that are already entrenched in present commitments. I think the best man to do it, if we can get him, is Alan Peacock. He has done a lot of sound scholarly work on public expenditure, and he has also worked as economic adviser in the Department of Industry. Another very good scholar in his field is Alan Prest. However, I am more doubtful about him; he is rather a soured personality and may well be tempted to pursue some of his own little vendettas.

If, however, Peacock cannot do it, I would prefer to put my faith in Maurice Perlman at the London School of Economics. He does not have the detailed experience of Peacock, but he is an imaginative economist and has done some considerable work on expenditure and taxation. (He has done one or two things for the IEA.)

It would be also a very good idea to get Arthur Seldon and perhaps also John Wood. Similarly, it may be a good idea to get Jack Wiseman of the University of York involved; again he is a good scholar in the field of public economics.

I have asked Sir Joseph to let you have a view on this

Although the Prime Minister mentioned the SSRC as a possible sponsor for the study. But in spite of the fact that Sir Douglas Hague is the new Chairman, I do not think it is possible for them to sponsor it. They have their procedures to which they quite properly adhere. If it were to be sponsored by the SSRC then it would take a very long while for it to be refereed, reviewed, and finally decided. And there is no guarantee that the various boards would approve it.

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By far the best agency to sponsor it would be the IEA. They would probably want a special grant for carrying out this work, but I suspect that if it were known that the Prime Minister strongly wanted this work to be done, a grant would not be all that difficult to raise. (But I speak from an abysmal lack of <sup>of knowledge</sup> the possibilities of such funding!)

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In order to get the issue in the forefront of people's minds, there must be a determined attack in the media. The Economist Newspaper has been very helpful, but we need a much wider range of awareness. There are many media men who would be only too pleased to take this up. I can think of Andrew Alexander in the Mail, Larry Lamb in the Express and of course our friends on the Times and at the Telegraph. Somehow they must point out that this public expenditure issue is the dominant problem of all the Western world. And if in Britain we can give a lead, as we have done in conquering inflation, then this is a major contribution to the defence of the West and the promotion of material prosperity.

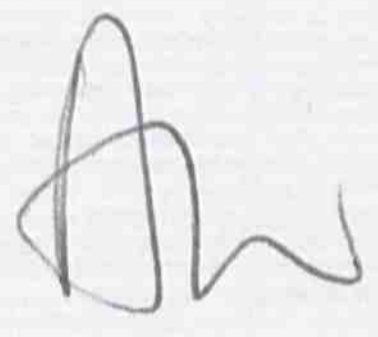
If you wish to pursue this, should I would suggest that the Prime Minister herself appoint some Minister, perhaps Lord Cockfield, to take on this job of organising and promoting the awareness in the media and in academe.

*we arrange a meeting*

*Lord Cockfield, Alan Walters, + Bernard Ingham*

*Sir K Joseph?*

*MS 21/7*



ALAN WALTERS  
21 July 1983

*not Lord Cockfield  
yes involve B Ingham*

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