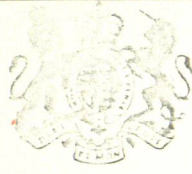


OPS  
C. MASTER



Subject: Econ Policy  
Public Expenditure  
Pt. 24  
THE PRIME MINISTER

10 DOWNING STREET

cc: [unclear]  
LCD  
Chief Whip  
Chief Secy  
Min. for the Arts  
Co.

Personal Minute  
No. 10/83

CABINET MINISTERS

Long Term Patterns of Public Expenditure

At Cabinet on 21 July, I said I would consider further how discussion of the longer-term prospects for public expenditure could best be arranged. Meanwhile I asked members of the Cabinet to review again the scope for changes in policies and in the management of programmes to reduce public expenditure and make it more cost effective. (CC(83)23rd meeting).

For the longer term, I am still considering how we might take steps to stimulate public debate, though we can take opportunities, as I did myself last week, to draw attention to that problem. But this should not hold up the decisions we need to take in the current Public Expenditure Survey.

We need to agree firm cash figures this autumn for 1984-85 and provisional figures for the next two Survey years. But such a timescale is not really long enough for the efficient management of programmes, particularly those with a large capital element. Nor does it give the Chancellor of the Exchequer a solid enough basis for the medium term financial strategy. We need to take account of the implications not simply for the next three Survey years but for future years as well, certainly covering the lifetime of this Parliament. If we are to hold public expenditure constant in total, it will probably require downward adjustments in some programmes in order to make room for inevitable growth in others; and we need to agree a framework of policies which allows a pattern of this sort. It will also be necessary to leave an adequate margin for unforeseeable contingencies.

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I am therefore asking the Chief Secretary to raise with his Ministerial colleagues, in the course of their bilateral discussions in September the implications, for 1987-88 and 1988-89, of the changes needed in the three Survey years up to 1986-87, and to have a preliminary discussion with them of the longer-term policy changes they may have in mind in the light of the Cabinet discussion on 21 July. He will report the results to Cabinet towards the end of October, covering both the Survey years and the implications for the rest of this Parliament.

I am sending copies of this minute to all Cabinet Ministers in charge of spending Departments; to the Minister of State, Privy Council Office; to the Chief Secretary and to Sir Robert Armstrong.

*Margaret Thatcher*

5 August, 1983

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