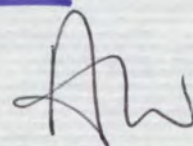


MR. SCHOLAR

PUBLIC EXPENDITURE SURVEY 1982: GUIDELINES

Although I am not sure how far the Chief Secretary needs to go in this paper for Cabinet, I think it is worth while at this stage or some other stage bearing in mind the following points.

1. Cabinet and E have, rightly in my view, laid very considerable emphasis on the distinction between on the one hand expenditure on direct employment and on the other hand expenditure on contracts with the private sector - mainly of course investment expenditure. I should have thought this distinction needs to be made quite centrally in all the preparations.
2. As usual, the survey calls for optional cuts of 2% of the base line in 1983/84 and 4% in 1985/86. Is it not appropriate at this stage, even before the long term review of public spending, to take a rather more bold line? Should we not identify programmes that ought to be reduced? This would differ considerably according to departments. What I am looking for is a really positive approach to reducing public spending, not merely the 2% chipping away across the board. This of course requires political decisions, but someone should be taking those issues on board. Otherwise its simply a case of Perm Secs rule OK?
3. As an illustration, in the 20 years from 1960-1980 the total staff in the Health Service has more than doubled, from 565,000 to 1,228,000 (source Hansard 1 December 1981 column 88). Yet the number of people covered has increased by less than 1%. And waiting lists have grown. And the growth continues at some 24,000 over 1979-80.



ALAN WALTERS

12 March 1982