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29 July, 1982

bc: A. Walters
J. Vereker

From the Private Secretary

Long Term Trends in Public Expenditure

The Chancellor minuted the Prime Minister on 28 July about the likely pattern of public expenditure over the next decade.

The Prime Minister agrees that it would be helpful for Cabinet to have a broad ranging discussion, based on the report by officials attached to the Chancellor's minute, about the Government's long term objectives on the size and shape of the public sector. The Prime Minister hopes that this can take place at the meeting of Cabinet arranged for 9 September; I understand that time has been earmarked in Ministers' diaries for an extended discussion on that day. The Prime Minister agrees, too, that it would be useful for the 9 September discussion, if there were to be a CPRS paper pointing up some of the long term options open to the Government, especially as regards the possibilities for major structural changes affecting the larger expenditure programmes.

I am sending copies of this letter to the Private Secretaries to the other members of the Cabinet, to David Wright and to Gerry Spence.

M. E. SCHOLAR

John Kerr, Esq.,
H.M. Treasury

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