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SECRET AND PERSONAL

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10 DOWNING STREET

THE PRIME MINISTER

Personal Minute

No. M 11/84

SECRETARY OF STATE FOR TRADE AND INDUSTRY

Thank you for your minute of today. I took the opportunity of telling the Chancellor and Chief Secretary after Cabinet what you had said and this minute follows discussion with them.

We all recognise that the Chief Secretary's proposals have caused you acute difficulty and that you have gone as far as you feel you can towards meeting them. I know too that you understand the pressures on the Chancellor and the Chief Secretary and the importance of the public expenditure exercise for everything we are trying to do as a Government. We are all genuinely grateful for the constructive way you have looked at your programme and done your best to help.

In the light of that, and of the desire of all of us that we should have the benefit of your weight and influence on Willie Whitelaw's Committee, I have agreed with the Chancellor and the Chief Secretary that, if you will agree to make further reductions, over and above those you offered last night, of the £3.4 million which was suggested for year one and £10 million in each of years two and three, they will regard your main programme as being in the "agreed"

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category for the purposes of the operations of the Lord President's Committee. Of course, the Chancellor and the Chief Secretary have to reserve the right to make further proposals, both in respect of your Departmental programmes and your nationalised industries, if the Lord President's Committee fails to identify the savings we need to keep within the agreed totals; but all the agreements so far reached with colleagues are subject to that reservation.

We concentrated on your main programme yesterday evening and the Chief Secretary tells me that he has a suggestion to make to you about your ECGD programme, which could save useful sums, particularly in 1986-87 and 1987-88. However, he has said that he would be happy to pursue this with you bilaterally, outside the operations of the Lord President's Committee.

I hope that it will be acceptable to you to proceed on this basis and that you will agree to serve on Willie Whitelaw's Committee.

Margaret Thatcher

4 October 1984