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Prime Minister ⁽²⁾
Further objections to the
Chancellor's proposals.
AT 20/11

PRIME MINISTER

E(A) 1 DECEMBER 1983: EC EXPENDITURE PROGRAMMES AND
CONTROL OF UK PUBLIC SPENDING

I am afraid that I shall not be able to attend the meeting of E(A) on 1 December, to discuss Treasury proposals to change the current treatment of Community Research and ERDF non-quota aid. As you know, I will be attending the European Council of Transport Ministers in Brussels. I am therefore writing to set out my views.

I should point out that the Treasury's proposal on attribution would bear particularly harshly on research, because many of the Community receipts in this area go direct to the private sector. There is no question that the receipts benefit this country, but by a quirk of Treasury accounting they are not recorded as an offset to our gross contribution in programme 2.7 showing our net contribution line. The proper treatment of such receipts, in my view, is that if they are to be attributed to Departmental programmes, they should be added to those programmes, with the appropriate offset appearing in programme 2.7. This would ensure that research was then subject only to the same degree of financial stringency as other cash limited programmes.

I therefore suggest that officials should be asked to look at this further to see how best to account properly for receipts which are passed direct to the private sector.

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I am copying this minute to the other members of
E(A) and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'NR' with a flourish.

NICHOLAS RIDLEY

30 November 1983

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