

PRIME MINISTERMEETING WITH THE CHANCELLOR AND CHIEF SECRETARY

This week's meeting has been brought forward so that you and Treasury Ministers can consider the tactics for the conduct of the Public Expenditure Cabinet on Thursday. Having agreed a line, you and Treasury Ministers may want to speak in advance to various colleagues. The objective should be to secure endorsement of the existing Public Expenditure totals and to do better on the manpower totals. It would be helpful, if after the Chief Secretary and Chancellor have spoken, a supportive voice were heard. You may then want to bring in the more critical voices saving two or three supporters to speak at the end. If these tactics are adopted the key position is occupied by the minister who picks up the debate after the succession of critical comments.

You may also want to discuss: E(LA)

- (i) Local authority capital expenditure where the Chief Secretary - see attached minute - has suggested a moratorium to the Secretaries of State for the Environment and for Wales. He will want to discuss the handling of this, whether it should go initially to E(LA) or direct to Cabinet or whether you should hold an ad hoc group (a difficulty with the latter is that it may be difficult to bring in enough helpful neutrals).

Cabinet Office
suggest E(LA)
next Tuesday

300m
overhead.

- (ii) Money supply - the first guess figures have come to you through the hot box.

The Chancellor will be writing to you separately about the need to raise electricity prices so I suggest you wait for his minute ~~_____~~ AT