

Subject on ECO POL  
Public Expenditure  
Part 31.

PRIME MINISTER

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The Chancellor has asked if he can come and have another talk with you in preparation for the economic discussion at Cabinet next Thursday.

As the Treasury have looked closer at the public expenditure prospects, he is becoming more and more worried about it. It is beginning to look impossible to maintain the planning total for next year. He would like to share the problem with you, and discuss with you how you feel that it should be approached.

Since you have the YC speech on Saturday, and then have a dinner on Sunday evening after you return from Chequers, the best time for a talk with him looks likely to be tomorrow evening after you have finished preparing the YC speech. So we have put the Chancellor in the diary provisionally at 1700. But he has no engagements during the evening, and if you need more time on the YC speech he will be perfectly happy to come in later in the evening.

F.R.B.

Didi - 4/10

7 February, 1985.