



10 DOWNING STREET

*From the Principal Private Secretary*

SIR ROBERT ARMSTRONG

Thank you for your minute of 21 January about the IMF study of long-term trends in social expenditure in the seven major industrial countries. Please do as you suggest and explore at the forthcoming meeting of Personal Representatives the possibilities of some discussion on this subject.

I am sending a copy of this minute to Sir Geoffrey Littler and Mr. Braithwaite.

N.L. WICKS

21 January 1986

JK

Ref. A086/210

MR WICKS

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Thank you very much for your note about the IMF study of long-term trends in social expenditure in the seven major industrial countries.

2. There is to be a meeting of Personal Representatives at the end of this month. If you agree, I will explore at that meeting reactions to the idea that there should be a discussion at the Summit on this subject, and will report to you after the meeting.

3. I am sending copies of this minute to Sir Geoffrey Littler and Mr Braithwaite.

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ROBERT ARMSTRONG

21 January 1986



COMPTROLLER





10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

LONG-TERM TRENDS AND SOCIAL EXPENDITURE IN THE GROUP OF SEVEN MAJOR INDUSTRIAL COUNTRIES

I understand that the Summit Sherpas are at the stage of considering "themes" for the Tokyo Economic Summit. I therefore write to suggest one possibility (on which I have not consulted the Prime Minister).

IMF staff, partly at the request of the UK, have carried out a study of long-term trends in social expenditure in the seven major industrial countries until 2025. This was prompted by Article IV of the Report of Industrial Countries' Economies which highlighted the growing pressures, demographic and otherwise, for increases in social expenditure, whether financed from public or private sources.

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I attach a copy of the Fund staff's report, which, within the constraints of the information available and the inevitable methodological difficulties, looks to be an interesting piece of work. No doubt the experts in Departments would need to verify this.

Reading the paper through, I recalled that the Prime Minister has, on more than one occasion, tried to interest her Summit colleagues in the subject of growth of long-term social expenditure. I understand that many of the Summit heads of Government, while interested in private in the Prime Minister's approach were reluctant to table this issue for "formal" discussion because of the obvious political problems. These problems will not have gone away, but the preparation of the Fund's study may provide extra impetus for a discussion, if that is what the Prime Minister wants. The Japanese may be particularly reluctant for this issue to be discussed at "their" Summit since, as the Fund's paper makes clear, the pressures of social expenditure are particularly strong in Japan.

As I said earlier, the Prime Minister would need to be consulted before we brought any real pressure to bear for discussion on these lines. But before doing this, could I ask you to consider the possibility of a Summit discussion

*K*

on the lines described above. You may want to wait until after the next Sherpas' meeting at the end of the month before replying.

I am sending copies of this minute to Sir Geoffrey Littler and Roderic Braithwaite. No doubt they can obtain a copy of the Fund's report from their own departments.

N. L. WICKS

17 January 1986