

PRIME MINISTER

MEETING WITH THE CHANCELLOR

I have identified four subjects for your meeting tomorrow evening with the Chancellor:

- (i) The future handling of the public expenditure bilaterals. The Chief Secretary has reported on the progress he has made in the bilaterals and has suggested ways of handling the outstanding issues, principally on defence and social security. Flag A

- (ii) The Chancellor put to you a draft minute to send to colleagues on handling the debate on public expenditure in the longer term. You commented that you liked the substance of the minute but were reluctant to circulate it. You will want therefore to discuss future tactics. (Mr. Scholar has already put to you the speaking note at Annex B for your approval). Flag B

- (iii) The Policy Unit have suggested raising the future of NEDO with the Chancellor. With Mr. Mount's agreement, I have sent a copy of the Policy Unit note to the Chancellor on a personal basis. Flag C

- (iv) The Chancellor wrote to you on 19 September proposing the phasing out of the £1 note and the ½p coin. You may want to clear this with him. Flag D

AT

4 October 1983