

PRIME MINISTER

BILATERAL WITH THE CHANCELLOR

i) Foreign Office Programme

The Chancellor has spoken to the Foreign Secretary and has reached an accommodation. I believe this implies keeping to the published totals, which Sir Geoffrey told the House today might involve "modest" cuts in the aid programme but with famine relief being maintained. There would, however, be a private arrangement under which Treasury and Foreign Office officials would go over the diplomatic programme to see whether there were savings which could be made. If, after setting the aid programme, it were concluded that the impact on the diplomatic wing would be too harsh, the Treasury would consider an additional bid but this would not be formally recorded at present.

ii) BT

Mr. Pattie has minuted you on the outcome of the pricing meeting. The Chancellor will be able to give you a bit more of the background.

iii) Northern Ireland Industrial Bank

I have prepared a separate note for you about this. If this institution fails there will be tricky questions to be answered. You can go over these with the Chancellor.

iv) Post Mortem on Autumn Statement

You can discuss the reactions to the Autumn

Statement and identify points at which the Government's defences need to be strengthened. It would be helpful if you let the Chancellor know that you had heard that his performance in the debate was more impressive than in the unemployment debate, and that he had received more support from the Government side.

AT

Andrew Turnbull
14 November 1984