CONFIDENTIAL

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PUBLIC EXPENDITURE WHITE PAPER 1984

I refer to your letters of 10 January to Andrew Turnbull covering the texts of Parts 1, 2 and 3 of the White Paper.

My Secretary of State's only comments concern the chapter on local authority expenditure at the end of Part 2. On paragraph 2 of that chapter, Mr Younger was sorry to see that the Chief Secretary felt it necessary to make cost terms comparisons between England, Scotland and Wales using a base year before the Government came into office. The use of the past tense in the fourth sentence of that paragraph is not accurate since it refers to budgets and in Scotland the actual expenditure will not be as high once selective action and general abatement are taken into account. This sentence should therefore be reworded as follows:

"In 1983-84 local authorities budgeted to spend, in cost terms, 9% more in England, 15% more in Scotland and 2% more in Wales than they actually spent in 1978-79."

I am copying this letter to Andrew Turnbull and to the Private Secretaries of all Cabinet Ministers.

Yours sincerely, John Gomban

J S GRAHAM Private Secretary Econ Poble Exp P+ 26

