

Ref. A086/3065

MR WICKS

Public Expenditure

I understand that the Chancellor of the Exchequer may propose to the Prime Minister that he should raise the issue of public expenditure at Cabinet on 30 October, under the Home Affairs item. He is wondering whether colleagues ought to be given a little more warning in advance, both of the probable date of the Autumn Statement and of the nature of the very severe problems which the Government faces on public expenditure. The suggestion might be that the Prime Minister should say at Cabinet on 30 October that the recommendations of MISC 130 (the Star Chamber) will come to the Cabinet on 6 November, followed by the Autumn Statement the same day. In doing this she could give some inkling of where matters stand and emphasise the need for agreement and a united front.

2. This is a high risk strategy, I think, given the risk of leaks between 30 October and 6 November, particularly if one or two issues remain unresolved by 30 October. I am particularly concerned about the Secretary of State for Energy on electricity prices. It begins to look as if he may be determined to bring this matter to the Cabinet to resolve. If that is right, it would be very risky to leave it until the morning of 6 November, with the Statement that afternoon: it might be necessary to have a special meeting of the Cabinet on Tuesday 4 November or Wednesday 5 November, to give time for any necessary behind-the-scenes resolution before the meeting of Cabinet on 6 November.

RA

27 October 1986

ROBERT ARMSTRONG