

PRIME MINISTER

## 1987 PUBLIC EXPENDITURE WHITE PAPER

Mr. Rifkind's minute below draws colleagues' attention to the fact that the Public Expenditure White Paper includes an announcement of a four-month moratorium on payment of the new Regional Development Grant (The moratorium is a delay of four months in any given payment - so the effect is on cash flow.) He points out that the current pre-occupation about north-south is not a good background for this. His minute is in effect a request to you to overturn the moratorium. The cost for England, Scotland and Wales together would be some £25 million.

The timing of the announcement clearly is very awkward. It will come in the middle of the Lords' debate on north-south and the Commons' debate on the economy, for which the motion includes a reference to a divided nation.

It would clearly be wrong to go back on the decision. I have investigated whether the announcement could be postponed. This would not however be possible without embarrassment: the press conference following publication has already been arranged and knowledge of any postponement would in any case leak.

I suggest you note the difficulty of the announcement and say that clearly the closest possible attention will need to be paid to its presentation. (You may like to see the brief for use by Treasury Ministers, attached.)

DAVID NORGROVE

SLHAEI

9 January 1987

*I'm afraid we shall have to  
reconsider. It is not possible to present  
this decision. The only way I can think  
of - as it is job creation - is to see if we  
can divert some other  
money for M.S.C. no*