



file R/S
LOGAL E

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From the Private Secretary

20 July 1987

PAPERS ON PUBLIC EXPENDITURE: CABINET 23 JULY

The Prime Minister has seen the draft papers by the Chancellor and the Chief Secretary for Cabinet next Thursday attached to your letter to me of 17 July.

The Prime Minister would be content for the Chief Secretary, in discussion, to list the areas where difficult decisions will be needed (paragraph 7 of his paper), but she would not wish this to be circulated as part of the paper.

She is otherwise content for the papers to be circulated tomorrow, Tuesday.

DAVID NORGROVE

Alex Allan, Esq.,
H.M. Treasury.

SECRET

PRIME MINISTER

PAPERS FOR PUBLIC EXPENDITURE CABINET

Here are draft papers by the Chancellor and Chief Secretary for discussion at Thursday's Public Expenditure Cabinet.

They are very much on the lines described to you by the Chancellor. There is one point in particular which you will wish to consider. This is paragraph 7 of the Chief Secretary's paper, which lists a series of areas to which the Chief Secretary will give particular attention in his bilaterals. In effect, this tells colleagues the spending programmes the Treasury will be gunning for.

This will be very sensitive and, at an earlier stage, I discussed with the Treasury whether it was right to include it. They argue that it is needed to give the paper "teeth", particularly in view of the fact that colleagues are not being asked to endorse unchanged planning totals. On balance this seems right, but you will want to come to a view and also to consider whether there are any particular items mentioned on the list which you would prefer not to appear, for example, territorial expenditure.

Content with paragraph 7?

*No - it will be like the CPS
papers - all or none.*

Content that the papers should be circulated on Tuesday?

*without para 7. The Chancellor
could deal with it orally.*

JW

D.R.N

17 July 1987

PMMADA