



A  
A<sub>7</sub>

Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

Paul Gray Esq  
Private Secretary to  
Prime Minister  
10 Downing Street  
LONDON  
SW1

Dear Paul,

ORIGINAL

**PUBLIC EXPENDITURE CABINET: LINE TO TAKE**

*with PG*

Your letter of 26 June to Carys Evans asked for a proposal on the remit that Cabinet might be invited to endorse. The Chancellor and Chief Secretary have discussed this, and they suggest the following:

*OVERSTATED*

"The Cabinet reaffirmed the policy that public expenditure should continue to take a declining share of national income, holding as close as possible to the ratio set out in the last Public Expenditure White Paper."

This is in line with the 1987 remit (see earlier correspondence attached). The 1988 remit referred to keeping as close as possible to the existing planning totals, and this would not be appropriate this year given that we are moving to the new definition of the planning total.

I am copying this letter Carys Evans.

*Yours  
Alex*

A C S ALLAN



Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

11 July 1988

Paul Gray Esq  
10 Downing Street  
LONDON SW1

cc PS/Chief Secret  
Sir P Middleton  
Mr Anson  
Mr Monck  
Mr Phillips  
Mr Odling-Smee  
Mr Gieve  
Mr MacAuslan  
Mr Richardson  
Mr Turnbull

Dear Paul,

**PUBLIC EXPENDITURE CABINET: LINE TO TAKE**

The Chancellor and the Chief Secretary have been considering what might be said after the Public Expenditure Cabinet. They suggest the following: -

"The Cabinet had its usual July discussion of public expenditure today. It agreed that public spending should be held as close as possible to the existing planning totals so that the share of public spending in national income should continue to decline steadily over the 3 Survey years. With this objective, the Chief Secretary will hold bilateral discussions in the Autumn. In the light of these, the Government will take decisions on individual programmes and the planning totals, and these will be announced, as usual, in the Autumn Statement in November.

The Chancellor would be grateful to know if the Prime Minister is content with this.

... I also attach some question and answer briefing for use after the Cabinet.

I am copying this letter to Bernard Ingham, and to Richard Wilson (Cabinet Office).

Yours

Moir

MOIRA WALLACE  
Private Secretary





171

Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

22 July 1987

David Norgrove Esq  
10 Downing Street  
LONDON  
SW1

*Dear David*

**PUBLIC EXPENDITURE CABINET: LINE TO TAKE**

The Chancellor and the Chief Secretary have been giving some thought to what might be said after the Public Expenditure Cabinet. They suggest the following:-

The Cabinet had its usual July discussion of public expenditure today. It reaffirmed the policy that public expenditure should continue to take a declining share of national income, as set out in the last Public Expenditure White Paper. Within that constraint, the Chief Secretary will hold bilateral discussions in the Autumn. In the light of these, the Government will review both the individual spending programmes and the planned totals for spending, and will, as usual, announce its decisions in the Autumn Statement in November.

The Chancellor would be grateful to know if the Prime Minister is content.

I am copying this letter to Bernard Ingham.

*Yours  
Alec*

A C S ALLAN  
Principal Private Secretary

Econ Pol Pt 42

Public Expenditure

