

PRIME MINISTER

1989 PUBLIC EXPENDITURE SURVEY

You had the attached minute from the Chief Secretary in the Cabinet folder this week, and stressed to Cabinet members the point in paragraph 5 - namely the importance of agreeing with the Treasury any reference to expenditure issues in Party Conference speeches.

As previously agreed with the Chancellor and Chief Secretary, nothing was said in Cabinet about whether a Star Chamber Committee would now be set up (paragraph 3 of the attached minute). I gather from the Treasury that they are making reasonable progress on the key programmes that you discussed at the meeting earlier this week, but it is still thought quite possible that a Star Chamber will be needed to resolve some of them. In any event, the Chief Secretary would welcome in negotiating terms a letter going round to Cabinet colleagues indicating your agreement that the Committee should now be established.

Content for me to write out saying you agree it would now be appropriate to establish a small group, under the Lord President's chairmanship, to consider any issues that are still unresolved after the Party Conference and to make recommendations to Cabinet?

*Paul*

PAUL GRAY

6 October 1989

C:\WPDOCS\ECONOMIC\1989PES.DAS

*Yes*

*(provided he has agreed the relevant programmes with colleagues to be on Star Chamber)*