

PRIME MINISTER

CABINET HOME AFFAIRS:
STAR CHAMBER AND CHILD BENEFIT

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As you know the Star Chamber met this afternoon to review the position reached in the Public Expenditure negotiations.

One point which has been reported to me, and of which you should be aware, is that there were undercurrents in the discussions about the child benefit position. The elements to emerge were:

- some dissatisfaction that there was no opportunity for collective consideration of this decision before it was announced. (You will recall you wanted it brought forward to Wednesday so that it would not clash with the heavy schedule of Parliamentary Business Recess on Thursday.)
- no clearly expressed view that the decision was wrong this year, but a feeling that consideration did need to be given to the longer-term evolution of child benefit policy.
- in particular this could be of considerable sensitivity in the run-up to the election.

I suppose it is possible that there could be a flavour of this in Cabinet tomorrow.

Prca.

PAUL GRAY
25 OCTOBER 1989

A: BENEFIT.MRM