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PRIME MINISTER

cc: Mr. Willetts

PUBLIC EXPENDITURE PRIORITIES

The Chief Secretary is coming to see you on Tuesday to discuss the handling of the Cabinet meeting at Chequers. The Treasury wish you to issue in advance some guidelines about the nature of the discussion and have provided a draft letter.

You need to make three things clear:

- (i) Ministers should approach the discussion as members of a Government not as Departmental advocates.
- (ii) The discussion is not simply about the next three years but about longer-term prospects.
- (iii) The discussion is not about details of particular programmes.

In my view, the Treasury draft goes too far in limiting the scope of the discussion. The second sentence of paragraph 3 tells Ministers they can discuss priorities five years hence, but nothing relevant to the survey. I do not believe that it is possible, in practice, to constrain discussion in this way. Ministers will want to raise the choices that must be faced in the rest of this Parliament and if the balance between programmes is to be changed a start has to be made in this survey.

/The Treasury

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The Treasury fear Ministers will gang up to press for higher spending limits or will succeed in getting certain options closed off before the survey round has even started and have therefore sought to confine the discussion to safe areas. But by limiting the discussion, the Treasury lose the opportunity of setting spending Ministers against one another and of getting questions raised about certain programmes.

I have marked on the draft amendments which make the three points suggested above, but without giving the impression that Ministers are being gagged. An alternative, however, would be to turn the letter into a speaking note for you to use when opening the meeting.

- Do you want a letter to be sent? ✓
- If so, what form should it take?

No - it will  
only leak.

I can write them  
orally on Thursday.

not

ANDREW TURNBULL

14 June 1985