

PRIME MINISTER

PUBLIC EXPENDITURE

The relevant papers are:

- Flag A - Cabinet Office brief. This subsumes, as an Annex, the Treasury's draft speaking note for you and (paragraph 14) the proposed words for Bernard to use with the Press;
- Flag B - The Chancellor's paper;
- Flag C - The Chief Secretary's paper;
- Flag D - The Chief Secretary's background paper listing the additional bids (for reference only);
- Flag E - The detailed Q & A briefing for use after Cabinet (possibly at your Question time).

The Cabinet Office brief covers all the key points. But you may like also to consider an optimum order for inviting Cabinet members to comment after the Chancellor and Chief Secretary have made their introductions. I have discussed this with the Chancellor [redacted] and the suggested list we have come up with is:

- (i) start with three strong supporters - first (as last year) Mr. Younger followed by Messrs. Parkinson and Ridley.

You will also want to consider whether to confirm, at this stage or later, <sup>that</sup> ~~when~~ Mr. Parkinson will chair the Star Chamber if it is required;

- (ii) then [redacted] have Mr. Baker;
- (iii) thereafter try to have reasonable gaps between others who might speak in favour of higher spending - notably Messrs. Hurd and Walker. "Supporters" you could intersperse them with include

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Messrs. MacGregor, Clarke and Wakeham;

(iv) leave Sir G. Howe until last.

*hlg.*

PAUL GRAY

13 July 1988