

*Has seen*  
PRIME MINISTER

*Scan R01*

Meeting with the Chancellor  
9 am on Thursday 23 October

You will want to discuss the handling of public expenditure in Cabinet. The aim, I think, is to get a re-endorsement of the planning totals in the last Public Expenditure White Paper, but not to get involved in discussion of the Chief Secretary's detailed proposals. I have told the Chancellor that you will probably want to tell Cabinet yourself that the group of three consisting of himself, the Chief Secretary and the Home Secretary, will conduct bilaterals.

I enclose in this folder the brief which the Treasury have done for the Chancellor (though it might be best not to indicate that you have seen it since I have been given it on a personal basis).

The Chancellor also wants to discuss the Agenda for the NEDC meeting in February which you are to Chair. The possible alternatives are: a broad presentation from Terry Burns and then a discussion about jobs, prices, productivity and pay, or a discussion of productivity, competition and marketing. In either case, there would probably be a presentation - as there was last year - by one of the sector working party Chairmen.

At Flag A is a note from the Chancellor suggesting that Michael Heseltine should become a member of NEDC. You rejected this suggestion sometime ago, but the Chancellor has come back to the charge.

*TL*

22 October 1980