

PRIME MINISTER'S ENGAGEMENTS

Cabinet began at 1030. All present except Peter Walker, MAFF (Brussels).

There was the possibility of a meeting of Ministers this afternoon.

This evening the Prime Minister was expected to look in at a party for new members in the Jerusalem Chamber, Westminster Abbey.

IN THE HOUSE

Statements from Department of Industry:

Sir Keith Joseph - "Future financial structure of British Aerospace and British Shipbuilders".

Adam Butler - "Shipbuilding Policy".

(Department of Industry are arranging a Press Conference at 1700 at Ashdown House, taken by Adam Butler).

PRESS NOTICES

- 1) 4 judicial appointments (Justices Lane, Donaldson, Brightman and Arnold).
- 2) Professor St. Joseph - reappointment to the Royal Commission on Historical Monuments (England).

TODAY'S CABINET

This was fixed for today during last Thursday's Cabinet and was looking at the extrapolations of public expenditure for the year 1980-81. We did not expect today's Cabinet necessarily to emerge with a definitive picture of future spending. Ministers would be looking at required adjustments to services in the light of the probable rate of growth (and also with an eye on future prices and wage levels). The Government was agreed on public expenditure objectives - it was now a matter of how far individual Departments could meet Treasury targets.

It was quite likely that, in view of the press interest in this subject, Ministers might think it desirable for the Chancellor to make a statement.

Without actually confirming some of the figures which had appeared, we reminded Lobby of the Budget target cuts of £3,000 m. for 1980-81 already known: to this figure had to be added a further £1,000 m, bringing the total to £4,000 m.

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PRIME MINISTER'S ENGAGEMENTS

This morning's briefing was repeated. Cabinet met at 10.30 and finished at 12.52. All present except Mr. Walker (MAFF).

A meeting of OD Committee took place at 3.00 p.m. Present:-

Prime Minister

Home Secretary
 Foreign Secretary
 Secretary of State for Defence
 Lord Privy Seal
 Chancellor of the Exchequer

Lord President
 Secretary of State for Trade
 (Chief Secretary) present for part
 Lord Chancellor) of the time.

The Prime Minister would look in at a party for new Members in the Jerusalem Chamber this evening.

PUBLIC EXPENDITURE

The Government has considered expenditure plans in the usual way with a view to publication in the autumn of a White Paper. From time to time publication had slipped to the new year but it was the Government's intention to publish in the autumn.

The Cabinet had agreed on a particular approach, as set out in the Chancellor's Budget speech, and they had made good progress, particularly for the first year - 1980-81 - and consultations within Departments and with local authorities would now go ahead. Discussions within Cabinet would continue as necessary. This was a five year rolling review but they were concentrating on the first year. There will be no statement this week. We thought that a lot of the cuts in Departments had already been agreed and were talking about a global figure of £4,000m. for 1980-81. We were looking at greater cost effectiveness in all areas and Departments would now try to fulfil their objectives. Today's meeting of the Cabinet had been the only one totally devoted to the subject. The size of the civil service had not been precisely covered by this and the two exercises were separate, although they would eventually be brought together.

OTHER STATEMENTS

1. Dispersal. There might be a statement on dispersal and it would be discussed.
2. We knew of no statements scheduled for tomorrow.
3. QUANGOS. There would be no statement on this subject.
4. BNOC. This was still pencilled in.