

PRIME MINISTER

SEMINAR AT CHEQUERS

May I come back to you on this?

The Chancellor was earlier quite keen on a seminar on the economy, partly so that you could be aware of the full background to the public expenditure survey and the Autumn Statement. But more important, it does seem right that twice a year or so there should be a reasonably relaxed opportunity for you to discuss the performance and prospects for the economy with the Chancellor. Our performance next year could be particularly important, and you could talk over, for example, the economic and political aspects of a current account deficit, which was a concern to you before the holidays. A wider meeting also gives you the opportunity to hear from Peter Middleton and Terry Burns. (I know that they from their side certainly welcome the opportunity to hear your views.)

I very much hope you will agree to retain the seminar even though I too have no wish to break into a Sunday!

- I am quite happy if others wish to go ahead w

DNS

(DAVID NORGROVE)

9 September 1986

I very much agree with David. The next year is so vital that a reflective, in depth discussion of the economy is, I think, essential.

*N.L.W
9-9*

PRIME MINISTER

SEMINAR AT CHEQUERS

I don't think it is worth "spoiling" a Sunday with a 1/2 day discussion which is not really wanted. me

You will remember the plan to hold a small seminar at Chequers this autumn to discuss the economy and the public expenditure round. The idea was to have a session in the morning on the economic prospects with the Chancellor and another, with the Lord President, in the afternoon to discuss public expenditure. The afternoon session would in particular have allowed you to comment on options for changes to programmes and attitudes to bids which the Star Chamber would be pursuing with spending ministers in the coming weeks.

The Chancellor has now gone cold on the idea of a public expenditure discussion then, though he remains in favour of a discussion of the economy. His main reason is that he believes 19 October will be too early. He also fears that a discussion of bids could spill over into a discussion of public expenditure totals which I am told he would not want, for example, Lord Whitelaw and Brian Unwin to be involved in. The Chief Secretary has agreed with the Chancellor.

Neither of the Chancellor's reasons seems terribly good. The Lord President and Brian Unwin think 19 October would not be too early, and they run the Star Chamber. A discussion of the programmes and bids is likely to be needed with you early in the following week and the discussion could perfectly well be confined to individual programmes and not totals.

Nevertheless if the Treasury Ministers do not want a discussion then I am sure you would not want to insist on it.

A discussion of the economy would seem worthwhile. One possibility would be to start at 1030 and run on to lunch. People could leave after it or continue if that seemed worthwhile. Alternatively, the session could be held in the afternoon. But it would then be more open ended and people would get caught up in the Sunday evening traffic returning to London. Agree to start at 1030 and to offer lunch?

I suggest that those attending should be the Chancellor, Chief Secretary, Peter Middleton, Terry Burns, Brian Griffiths, Nigel Wicks and myself. Content?

In preparing papers for the meeting I have asked the Treasury to pay particular attention to the economic and political aspects of the current account deficit which may emerge next year.

DN

David Norgrove

9 September 1986