



JH 775

Secretary of State for Trade and Industry

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3 February 1984

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
London SW1

D Nigel,

EC EXPENDITURE PROBLEM AND CONTROL OF UK PUBLIC EXPENDITURE

I am concerned that officials will not put to us an agreed recommendation following E(A)'s conclusions of 1 December; and meanwhile an urgent decision is sought on Esprit.

2 It is right that we should have an effective mechanism for controlling the level of Community expenditure. But this should not be achieved in a way that jeopardises the proper exploitation of Community programmes. ESPRIT is a case in point. I cannot accept that the cost of any UK contribution to ESPRIT should be met by savings from my Department. While attribution of expenditure to Departmental programmes continues to be proposed, it will remain an effective bar to decisions on EC programmes. This will be damaging to the UK position in the Community and to our prospects for securing an adequate return to the UK from EC expenditure.

3 I therefore view it as necessary to devise a "Euro PESC" by means of which decisions on Community expenditure can be compared with other expenditure priorities. I do not accept that such a PESC would be less able to be controlled than other aspects of the spending programme. Departments will have a collective interest in the overall level of Community spending under such a PESC being contained. Accordingly, I support an arrangement in which the UK's share of expenditure in Community programmes is considered alongside UK public expenditure as a whole rather than individual Departmental programmes. I hope that you and colleagues will be able to agree to this when we meet.

4 I am copying this to the other members of E(A).

Norman

NORMAN TEBBIT



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1984





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CONFIDENTIAL

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON SW1

15 February 1984

Dear Nigel,

EC EXPENDITURE PROGRAMMES AND CONTROL OF UK PUBLIC EXPENDITURE

I have seen Norman Tebbit's letter to you of 3 February about the arrangements for UK contributions to Community expenditure, with particular reference to the ESPRIT programme.

It is inequitable that the UK's share of expenditure in Community programmes, which are in the national interest, should be charged to the programmes of individual Departments. As Norman says, this could be damaging to the UK's interest in maximising our receipts from the Community. I therefore support his view that the UK's share in Community programmes should be related to the overall level of public expenditure, and I hope that we can agree in principle to an arrangement on this basis.

I am copying this letter to the other members of E(A).

Yours we,
George

Euro for Budget

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From The Secretary of State for Wales

THE RT HON NICHOLAS EDWARDS MP

14 February 1984

De Nigel



EC EXPENDITURE PROBLEM AND CONTROL OF UK PUBLIC EXPENDITURE

I have seen a copy of Norman Tebbit's letter to you of 13 February with which I concur. I believe that there could well be difficulties both of principle and practice for domestic spending priorities in seeking, in effect, to carry the cost of UK Membership of the Community on the budgets of just a few departments, particularly in circumstances where the Community programmes in question may have little to do with the major policy objectives of the departments concerned.

There is also the question of whether this sort of approach would be in the best interests of our objective to maximise United Kingdom receipts from the Community. All this will accordingly warrant very careful consideration at E(A).

/ Copies to Members of E(A).

J. Lawson
N.L.

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
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Euro for Budget A 23



14 JUN 1984