

PO-CH/NL/0336

PART B

SECRET

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PO -CH /NL/0336



PART B

1988 BUDGET BROADCASTING

/NL/0336

PO -CH

PART B

DD's 25 years NABIS 10/11/95

13-3-88

CLOSED

CONTINUED ON:-

PART





C.

1. The only new thing here is ~~the~~ my shot at Bgt Measures (first maroon folder). I'm afraid I forgot unleaded petrol.
2. Robert & I are seeing Tony Jay on Monday, to go through the drafting of the main text, esp. for the montage.
3. We get the BBC tape of the charts later next week.

AH

26.2.



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PHF

A P Hudson Esq
Chancellor of the Exchequer's Office
HM Treasury

Your reference

Our reference

Date 19 February 1988

Dear Andrew

CHANCELLOR'S BUDGET BROADCAST

We spoke about your letter of 10 February and I sent you, by fax, a few examples of the reporting here in the US about Britain's successes.

2. As I mentioned on the telephone, although there is a fair amount of reporting, in the specialist press, about particular British companies, there is very little on macro-economic policy as such. That which there is is very much based on the personality of the Prime Minister.

/ 3. I attach a selection of cuttings, together with a note prepared for Lord Young when he came here a few weeks ago. This is a pretty typical selection of US reporting on the UK economy.

Yours
Richard

Richard Pratt

Encs.

C.

This doesn't get us any further. RIGA remembers some earlier articles, & I'm asking R. Pratt to look again.



A handwritten signature in the top right corner of the page.

FROM: A P HUDSON
DATE: 22 February 1988

MR PICKFORD

cc Sir P Middleton
Mr Scholar
Mr Culpin
Mr Odling-Smee
Mr R I G Allen
Mr A C S Allan
Mr Bush
Miss C Evans
Mr Flitton
Mr Curwen
Mr Tyrie
Sir Antony Jay

BUDGET BROADCAST CHARTS

The Chancellor was most grateful for your 16 February minute. He would be grateful if copy recipients could come to tomorrow's meeting ready to comment on each chart. The Chancellor's own shortlist is as follows: 1a, 2a, 3a, 5, 8a, 10b, 13, 14, and 15b. Instead of 4, to show inflation and growth on the same chart, he suggests you try superimposing 3a on 2a. For the broadcast, we shall need 6 charts.

A handwritten signature in the bottom right corner of the page, appearing to be 'A P Hudson'.

A P HUDSON

pjp

FROM: P J CROPPER
DATE: 23 February 1988

PAYMASTER GENERAL

cc Chancellor ←
Chief Secretary
Financial Secretary
Economic Secretary
Mr Tyrie
Mr Call

PAYMASTER GENERAL'S PRE-BUDGET SOUNDINGS - 22 FEBRUARY

Present: Paymaster General
Mr James Arbuthnot MP
Mr Timothy Devlin MP
Mr Alastair Goodlad MP
Mr Toby Jessel MP
Mr Michael Lord MP
Mr Tim Rathbone MP
Mr Graham Riddick MP
Mr Peter Cropper

Toby Jessel believed that, however many billion pounds we had at our disposal, we should keep something carefully in reserve - doubly now because of the NHS issue although he would not say anything about NHS spending actually in the Budget. Top income tax rates did not need to come down: the enterprise economy was running well. We should keep our powder dry for the next General Election. He would put up tobacco duties quite a lot, but the idea of VAT on food was anathema to him - dynamite, remember Peel.

Alastair Goodlad felt it was desirable to reduce tax rates. He would abolish CGT, perhaps retaining a short term tax. People did not understand the distinction between tax measures in the budget and expenditure measures in the Autumn. He would not necessarily advocate announcing more NHS expenditure in the budget, but the texture of the budget presentation had to be caring.

Graham Riddick thought it was vital to reduce tax rates, especially at the top end. He would keep mortgage tax relief, give tax relief on health insurance premiums, and take it away from forestry. We should keep enough money up our sleeves so that, come 1992, we have enough to compensate people in areas like his (Colne Valley) for the effect of the Community Charge.

James Arbuthnot felt this was the great opportunity for radical reform. He would cut all the income tax rates, and change CGT to a time-tapered basis as proposed by the Country Landowners. He was worried about the half-way house in taxation of husband and wife: women must not end up by being discriminated against in any way. We must think much more carefully about the effect of 1992 on food and drink prices.

Michael Lord felt prudence was the keyword. He would push on with reducing direct taxation and simplifying it. We must eliminate the tax benefits of living in sin. He was attracted to the idea of enabling elderly people to remortgage their homes. He was receiving two or three letters a day from worthy Suffolk Conservatives who were worried about the NHS. He felt VAT on food would be a total disaster.

Tim Rathbone favoured tax reform, with the family much in mind. We must not depress the level of welfare benefits. Child benefit must be treated better than in the past: some elderly people are very resentful of the withdrawal of age rate rebates. We must show we are caring both in words and deeds. He hoped it would be possible to be kind to the arts lobby. On VAT he thought we should be spreading the coverage, not containing it. There was ludicrous social reasoning behind the present policy. Without the 1979 increase in VAT we would not be where we are in budgeting terms: we should move gradually forward to charging VAT on food.

Timothy Devlin would put VAT on books and newspapers, and he felt we could put a bit extra on petrol. He would welcome lower tax rates, and we must sort out the taxation of married women. We should limit MIRAS to one, or at most two, allowances per home. We must improve housing benefit, and the benefit regime generally for the very poorest. The Chancellor should set a compassionate tone to his budget speech.



P J CROPPER

RESTRICTED AND PERSONAL



cc Mr Flitton
[Signature]

FROM: A P HUDSON
DATE: 23 FEBRUARY 1988

MR PICKFORD

cc Sir P Middleton
Mr Scholar
Mr Odling-Smee
Mr Culpin
Mr R I G Allen
Mr A C S Allan
Mr Bush
Mr C Evans
Mr Curwen
Mr Cropper
Mr Tyrie

Sir Antony Jay

BUDGET BROADCAST: MEETING ON 23 FEBRUARY

1. You and others discussed the charts and text for the Budget Broadcast with the Chancellor yesterday.

Charts

2. After some discussion, it was decided that the following 5 charts should be used:

a. European league tables of output growth (on Chart 1a attached to your 16 February minute);

b. Bar chart of GDP levels (Chart 2 a);

c. Line chart of RPI inflation (Chart 3a);

d. Chart 3a superimposed on Chart 2a, which you circulated at the meeting. This would be tricky to get right. But the message was excellent. To make it clear, inflation should be shown in a thick red line, with the GDP bars in blue.

e. Real take home pay (Chart 14).



Montage

3. No final decision was taken on whether to include the montage. Sir A Jay and others would draft a passage to fit the best headlines, and the Chancellor would then decide whether to include it or not. The appropriate headlines were: "L'economie britannique en plein boom", "Mehr Investitionen im Ausland", "The British Revivial" (from a Japanese newspaper), a suitable American headline, and "Here's to success in '88" (from the Daily Mirror).

Text

4. The Chancellor decided to open the Broadcast with a point about the Budget itself.

5. The passage on unemployment would need to be changed slightly, since there would now be no graph.

6. The Chancellor thought that "weathering the storm" could be a useful additional theme for the peroration, but he would think further about this.

7. There were also a number of drafting points, which I have taken in on the attached redraft of the text.

Next Steps

8. I should be grateful if you and Mr Curwen could let Mr Flitton have a set of the agreed charts. He will then take forward liaison with the BBC.

9. I shall liaise with Sir A Jay about the necessary redrafting of the text.

10. The Chancellor would find it helpful to have the video



of the charts a couple of days in advance of the next meeting,
if at all possible, so that he can reflect on the charts beforehand.

A handwritten signature in black ink, consisting of the letters 'A P H' in a stylized, cursive font.

A P HUDSON

RESTRICTED AND PERSONAL



FROM: A P HUDSON

DATE: 24 February 1988

ap

MR PICKFORD

cc Sir P Middleton
Mr Scholar
Mr Odling-Smee
Mr Culpin
Mr R I G Allen
Mr A C S Allan
Mr Bush
Miss C Evans
Mr Flitten
Mr Curwen
Mr Cropper
Mr Tyrie
Sir Antony Jay

BUDGET BROADCAST: MEETING ON 23 FEBRUARY

... The attached redraft of the text of the Broadcast should have been attached to my minute of yesterday. Apologies.

AMH

A P HUDSON

Draft of 23 February

CHANCELLOR'S BUDGET BROADCAST: MARCH 15 1988**SECOND DRAFT**

[If you read the paper every day, or hear the news every evening on radio or television, it's very hard to grasp what's really happening to Britain's economy. I don't mean this as a criticism of journalists and broadcasters: it's their job to tell us what's new today, and to make it as dramatic as possible. But the economy of a great industrial nation moves slowly. Nothing much changes in a day, or a week for that matter. So] if you want to understand it, you have to step back and take a wider view. And if you do that, you see something quite remarkable. Something unknown in this country for X years.

CAPTION 1. Bar chart
GDP from 1970.
Reveal bars progressively
from left as indicated
by narration.

The key measure of any country's economic achievement is the Gross Domestic Product: its total output. If you go back to 1970, you see how Britain's output rose to a peak in 1973, then dropped back, then rose to another peak in 1979, then dropped again. But since 1981 we have had seven successive years of uninterrupted growth.

That's an astonishing record in itself. But there's something that makes it even more astonishing. Because side by side with this phenomenal growth in output there has been a dramatic fall in inflation.

CAPTION 2. Bar chart.
Inflation from 1970.
Reveal as for caption 1.

Again you have to go back to 1970 to see the full picture. It rose to a terrible peak - nearly 25% - in 1975, then it fell back, then it rose to another peak in 1980. But since then it has fallen dramatically, until it's down to the lowest levels for 20 years.

Those two charts are tremendously significant. But you only see their real significance when you put the two of them side by side.

CAPTION 3. Bar chart.
GDP plus inflation.
GDP appears first,
inflation bars animate
alongside
as indicated by narration.

Then you see that inflation was always the spectre at the feast. The peak in 1973 was paid for by the inflation of 1974 and 1975. The peak of 1979 was paid for by the inflation from the end of 1978 up to 1980. In other words it couldn't last. Inflation always killed it.

In fact, that had been the story of what was called the British disease for many years before 1970. But look at the story since 1980.

CAPTION 3 cont'd.

Animate as before.

Year after year of steadily rising output. But for the first time, inflation actually falling, and falling dramatically, while output rose. And that is the picture that really tells the story of Britain's extraordinary success.

There's no mystery about how we've done it. It's the result of a consistent economic policy over nine years. A commitment to controlling inflation, removing the shackles on business enterprise, and liberating the creative energy of the British people. It means letting people keep as much as possible of what they earn. And if you look at what that means for a married man on average earnings with two children, you can see the result.

CAPTION 4. Bar chart.

Real take home pay.

Reveal from left

with narration.

Take home pay, corrected for inflation, bumped up and down through the stop-go years. But since 1981 it has risen year after year [until now it's at an all time high.]

The toughest problem of all was unemployment. Lots of people urged us to pump money into the economy to create jobs. But that would simply lead to inflation as it always did in the past. That was why growth always collapsed after a few years. So we stuck to our guns. We knew that sustained growth was the only lasting solution to unemployment.

CAPTION 5. GRAPH

Fall in unemployment over the past 2 years.

Animate with narration.

And now you can see the result. Adult unemployment started falling in the autumn of 1986. It's fallen every month since then, a total of 600,000, the largest sustained fall since the War.

In the last year alone, it's fallen by half a million. That's faster than any other major industrial country. And it has fallen in every region. There's still a long way to go, but it's very clear that we're going in the right direction.

This tremendous turnaround in our fortunes has transformed our standing in the world. If you look at the European growth league tables you can see why.

CAPTION 6.

European growth league.

Reveal with narration.

In the ten years from 1960 we were bottom of the table. In the 1970s we were still bottom of the table. But in the 1980s we're top of the league.

It might be putting it a bit too strongly to say that we've become one of the economic wonders of the world, but if you read what other countries are saying about us you might get that impression.

(Foreign press sequence to follow).

So that's the background to this year's budget. [And it's a budget which carries on the same policies that have brought us to this enviable position: control spending, liberate enterprise, reward effort, and support those who can't support themselves.]

BUDGET MEASURES SEQUENCE

It's been a happy and a proud story I've been able to tell you this evening, but it doesn't mean we can all relax. We don't control the world economy, but we're very much a part of it. So we have to be prepared for storms ahead. That's why we have to keep the British economy strong and sound. It has taken nine years to get us to where we are, nine years of determined effort and successful enterprise. But a return to the high-spending, money-printing days of the sixties and seventies could destroy it all in a few months. That's why we have to hold to our course and keep a firm hand on the reins. But so long as we stick with the policies that have served us so well these past nine years, we can look forward to a level of security and prosperity for ourselves and our children that is higher than any of us has ever known.

950 words (ie 7 minutes)

Excluding Foreign Press sequence and Budget measures.



FROM: A. P. HUDSON

DATE: 29 February

PHJ

C.

NM @ EW. M.

BUDGET BROADCAST

1. I attach a revised draft of the broadcast.

- The ~~the~~ new opening, and the revised main text, are the outcome of a meeting of Tony, Jay, Robert, & me this morning.
- The Budget measures section is my draft, ^{incorporating} with some comments from Michael Scholar, ~~which I forgot~~ ~~included~~ ~~petrol~~. This doesn't yet include lead-free petrol.

2. Two main changes to the main text:

- we couldn't think of a suitable slot, or text, for the montage of foreign press cuttings, so we recommend dropping that idea, & using the material in speeches instead;
- we've moved European growth leagues to the peroration.

3. This draft is much too long:

	<u>Total words</u>	<u>Of which measures</u>
1986	1137	220
1987	1146	255
1988	1434	435

I've suggested some parags which could go from the measures section, which bring it down to 290, and the total to 1289.

Over

perhaps have a meeting with the NHS, poor (middle class) but ~~take~~ environment. OK to mtg on Thurs, with cash initiated. ~~AM.~~

4. You will no doubt want to have a close look at the test.
5. On the charts, we had fixed a meeting with the BBC for Thursday, 4.30 pm, to look at the video of the charts. I suggest it would be better to use that slot to for you to look at it yourself first. I imagine you'll want Tony to join you. Do you want any or all of Robert, Stephen Pickford, Alex, & I as well?
6. We can then fix a meeting with the BBC on Friday to tell them what we think.
7. OK?

Many thanks.
 Max text con on v. well, & I was
~~to~~ ~~of~~ ~~speech~~ ~~when~~ ~~I~~ ~~have~~ ~~from~~
 budget ~~of~~ ~~speech~~ ~~for~~ ~~was~~ ~~1~~ ~~have~~ ~~from~~
 on the key bits that account with the charts.
 I am, however, grateful for your selection of
 I wd, however, be grateful for your selection of
 go @ the budget but. At push to
 present tax bill, this wd be it to push to
 other ways: I wd like it to push to
 of the value to an average man (25p) & we've done it,
 to think lead-in means for 50 also
 this ~~to~~ ~~the~~ ~~budget~~ ~~man~~ ~~for~~ ~~50~~ ~~also~~
 generally (initial base) the thought
 written), ~~the~~ ~~thought~~ ~~the~~ ~~thought~~ ~~the~~ ~~thought~~
 (not popular, but useful) and

RESTRICTED



FROM: MISS M P WALLACE

DATE: 24 FEBRUARY 1988

CHANCELLOR

BUDGET DAY: GUEST SEATS

On Budget Day, you will as usual have a total of 17 seats available, besides the Official Box. This will consist of:

- (i) 4 seats in the Distinguished Strangers Gallery
- (ii) 4 seats in the Speakers Gallery
- (iii) 1 seat in the Under Gallery
- (iv) 8 seats in the East Gallery.

2. The Speaker's Office provide (i) and (ii), while the Admissions Order Office provide (iii) and (iv). The Financial Secretary, who presents the FSBR, receives separately 2 seats of his own in the Gallery (East Side).

Allocation

3. I attach a list of guest seat allocations over the past 3 years.

4. In the Distinguished Strangers Gallery (DSG), 2 seats usually go to the Governor and the Deputy Governor, ^{Mrs Lawson usually sits there and} and last year Tom sat there too. In previous years you have given the Government Broker a seat in the DSG, but last year he sat in the Speaker's Gallery.

5. The Speaker's Gallery tickets have largely been occupied by Ministers' wives in recent years. The Financial Secretary's wife



usually takes one of his two tickets, which leaves you to offer seats to the other two Ministers' wives. This leaves two seats to dispose of as you wish.

6. If we are following tradition, the Under Gallery seat would go to Jonathan.

7. Of the seats in the East Gallery, one is normally allocated to Tony Christopher and three to your Special Advisers. This leaves 4 tickets to be allocated entirely as you wish, with no precedents to worry about. Could you please let us know who you would like to invite, plus a list of possible reserves (in order of preference).

... I attach a minute from Peter Cropper recording a bid from Lord Bruce-Gardyne.

8. I would be grateful if you could indicate your choice of guests on the final column of Annex A, plus a reserve list.

Mpw

MOIRA WALLACE

Distinguished Strangers' Gallery

1985

Governor
Deputy Governor
Mrs T Lawson
Govt Broker

1986

Governor
Mr George
Mrs Lawson
Govt Broker

1987 *

Governor
Deputy Governor
Mrs Lawson
Tom Lawson

1988 proposals

Governor
Deputy Governor
Mrs Lawson
?

Speaker's Gallery

1985

Mrs Stewart
Mrs Rees
Mrs Hayhoe
Mrs Lilley

1986

Mrs John MacGregor
Mrs Ian Stewart
Sir Martin Jacomb
Mr Godfrey Chandler

1987

Mrs John MacGregor
Mrs Ian Stewart
Sir Martin Jacomb
Mr Nigel Althaus

1988 proposals

Mrs Major
Mrs Lilley
?
?

Govt.
Broker?

Under the Gallery

1985

Margaret O'Mara

1986

Tony Kuczys

1987

Tony Kuczys

1988 proposals

Jonathan Taylor

Special Gallery East

1985

Tony Christopher
Peter Cropper
Rodney Lord
Howard Davies
Miss Thomasina Lawson
Mrs V J M Bate
David Baillie
Caroline Roberts

1986

Tony Christopher
Peter Cropper
Rodney Lord
Howard Davies
Miss Horatia Lawson
Mr Paul Hyde-Thomas
Mr Anthony Jay
Mr / Mrs Hannigan

1987

Peter Cropper
Andrew Tyrie
Alastair Ross Goobey
Mr Tony Christopher
Eddie George
Miss Nigella Lawson
Miss Caroline Roberts
Cathy Ryding

1988 proposals

Peter Cropper
Andrew Tyrie
Mark Call
Mr Tony Christopher
?
?
?
?

Reserves

- 1.
- 2.
- 3.

* NB we were allocated an additional seat late in the day, given to your agent.

From: Nigel Forman.
25th February 1988.

*Thanks.
1 m/sa gmtg
for the
transmission X:-*

To: Chancellor.

Pre-Budget Soundings, 24th February.

1. You asked me to do a brief note of the points made by the back-benchers who offered their views at the meeting yesterday.

2. Sir Bernard Braine suggested that double mortgage tax relief for unmarried couples living together should be ended and made a plea for more money for the N.H.S. at the appropriate time.

X | Robin Maxwell-Hyslop said that more money should be put into the N.H.S. even at the expense of further income tax cuts. There was also a need to do more to help industries which consumed a lot of electricity (e.g. paper-making) and to spend more money on improving minor roads. He wanted to see the £25,000 limit on the resettlement allowance raised. He also wanted the pension limits raised from two thirds to three quarters of final earnings in the case of occupational pensions.

Tim Raison suggested raising the ceiling on mortgage interest tax relief and ~~re~~confining such relief to one per couple or one per household. He wanted help in the Budget for couples where the wife stayed at home (single transferable allowances?) and advocated real increases in excise duties on health grounds. He said the Government could not duck the health issue and suggested that the Review Body recommendations should be met in full and fully funded by central Government. He also urged that extra London weighting should be extended to areas of the South-East outside London and should be financed by central Government.

Sir Ian Lloyd said that it would be important in presentational terms to get across the idea that the N.H.S. did not have an automatic prior claim to any extra public funds which might be available. He added that Ministers should draw attention to the W.H.O. study which pointed out that all advanced countries now faced problems in paying for health care and to the O.T.A. studies on behalf of Congress which highlighted the rising costs of medical technology. He argued for more funds for the Science budget and contrasted what he saw as underfunding there with the ease with which the Coal Board appeared able to get more from the Government.

Sir Geoffrey Finsberg agreed with Robin Maxwell-Hyslop about the need to raise the pension limit above two thirds of final earnings and with Tim Raison that the N.H.S. pay awards should be fully funded by central Government. However, he did not favour more money for the N.H.S. now. He was opposed to the imposition of VAT on books

and newspapers, he favoured maximum income tax reductions this time and suggested a tax on credit cards as a possible source of extra revenue.

Sir George Young said the public does not understand the imperatives of the Treasury's fiscal calendar and it needed further explanation as to why public expenditure decisions on the N.H.S. could not be taken/announced at the time of the Budget. He was worried about the political effect of a Budget "for the rich" being followed just a few weeks after by social security changes which would hit the nearly poor. He said that many of London's public services (e.g. the underground) were under strain and short of money and he advocated finding ways of channeling more private money into public projects, as was done with Housing Associations and the Dartford Crossing.

Sir Geoffrey Pattie urged that charitable giving should be further encouraged by allowing all individuals to deduct such expenses from their taxable income. On the presentational problem of the N.H.S. he urged that the pay awards should be funded in full by central Government. He also argued for a larger science budget to help us stay in some worthwhile international projects and for a more generous E.F.L. for the electricity supply industry to reduce the size of future price rises, especially for major industrial users.

Robert Rhodes James was in favour of a further cut in the basic rate of income tax, the raising of the thresholds for Inheritance Tax and some further alleviation of Capital Gains Tax. He said that people in his constituency were increasingly worried about the effects of the Housing Bill and he was not sure that the science budget had been increased in the right areas.

Sir Eldon Griffiths called for a bold and strong Budget. He favoured sizeable cuts in income tax and advocated tax relief for private health contributions for the retired (the Goodhart scheme). He was worried about rising pay settlements and suggested increasing the attractions of Profit Related Pay to off-set such trends. He wanted to ensure the success of steel privatisation when it came along (but did not indicate how), he wanted to be tough on the N.H.S. issue, and he suggested changing Treasury financing rules to make possible the private financing of roads and motorways.

Sir John Farr said the taper and cut-off for the capital sum allowed before losing social benefits worried him and his constituents were angry about unmarried couples and groups claiming multiple mortgage tax relief on one house. He added that we should continue to cut both the standard and the higher rates of income tax.

707

UNCLASSIFIED



FROM: A C S ALLAN
DATE: 26 FEBRUARY 1988

BR 3/3
pyj

MR CROPPER

PRE-BUDGET SOUNDINGS

The Chancellor would be grateful for your views on the points marked at **X** on Mr Forman's minute below.

A handwritten signature in black ink, appearing to read "A C S Allan", with a long horizontal flourish underneath.

A C S ALLAN

ENC

RESTRICTED AND PERSONAL



FROM: A P HUDSON
DATE: 2 March 1988

MR PICKFORD

cc Sir P Middleton
Mr Scholar
Mr Odling-Smee
Mr Culpin
Mr R I G Allen
Mr A C S Allan
Mr Bush
Miss C Evans
Mr Flitton
Mr Curwen
Mr Cropper
Mr Tyrie

BUDGET BROADCAST: FOURTH DRAFT

... I attach the latest draft of the Budget Broadcast. The Chancellor has decided to drop the idea of a montage, and to reorder the charts slightly. He has amended the text for the captions, and will do further work on it in due course.

A handwritten signature in black ink, appearing to be 'A P HUDSON'.

A P HUDSON

Pam
Pl. ~~assess~~ take in red & blue amends only; ignore pencil.

1 March
Draft of ~~29 February~~

CHANCELLOR'S BUDGET BROADCAST: MARCH 15 1988

~~FOURTH~~
~~THIRD DRAFT~~

[Opening Section]

CAPTION 1. Bar chart
GDP from 1970.
Reveal bars progressively
from left as indicated
by narration.

The ~~key~~ *see best, single* measure of any country's economic achievement is ~~the~~ Gross Domestic Product *national* its total output. If you go back to 1970, you see how Britain's output rose to a peak in 1973, then *it* dropped back, then rose to another peak in 1979, *and* then *it* dropped again. But since 1981 *we've* had seven successive *economic* years of uninterrupted growth.

That's an astonishing record in itself. But there's something that makes it even more astonishing. Because side by side with this phenomenal growth in output there has been a dramatic fall in inflation.

CAPTION 2. Graph.
Inflation from 1970.
Reveal as for caption 1.

Again, you have to go back to 1970 to see the full picture. It rose to a terrible peak - nearly 25% - in 1975, then it fell back, then it rose to another peak in 1980. But since then *it's* ~~it~~ has fallen dramatically, ~~until~~ ~~it's~~ down to the lowest levels for 20 ¹⁴² years.

Those two charts are tremendously significant. But you only see their real significance when you put the two of them side by side.

CAPTION 3. Bar chart.
GDP plus inflation.
GDP appears first,
inflation graph animates
alongside
as indicated by narration.

Then you see that inflation was always the spectre at the feast. The peak in 1973 was paid for by the inflation of 1974 and 1975. ¹⁹² The peak of 1979 was paid for by the ²⁰⁰ inflation ~~from the end of~~ ~~1978~~ up to 1980. In other words ~~it~~ ^{the growth} couldn't last. Inflation always killed it.

In fact, that had been the story of what was called the British disease for many years before 1970. But look at the story since 1980.

CAPTION 3 cont'd.
Animate as before.

Year after year of steadily rising output. But for the first time, inflation actually falling, and falling dramatically, while output rose. And that's ~~is~~ the picture that really tells the story of Britain's ~~extraordinary~~ ^{new-found} success.

There's no mystery about how we've done it. It's the result of a consistent economic policy over nine years. ³⁰⁰ A commitment to controlling inflation, removing the shackles on business enterprise, and liberating the creative energy of the British people. It means letting people keep as much as possible of what ³³⁰

they earn. And if you look at what that means for a married man on average earnings with two children, you can see the result.

CAPTION 4. Graph.
Real take home pay.
Reveal from left
with narration.

Take home pay, corrected for inflation, bumped up and down through the stop-go years. But since 1981 it has risen year after year until now living standards are way above ~~where~~ ^{what} they've ever been before.

The toughest problem of all was unemployment. [Lots of people urged us to pump money into the economy to create jobs. But that would simply lead to inflation as it always did in the past. That was why growth always collapsed after a few years. So we stuck to our guns. We knew that a strong economy was ⁴⁵⁰ the only lasting solution to unemployment.]

It took time, but now we ^{have turned the corner.} [are reaping the reward.] Unemployment started falling in the summer of 1986. It's fallen every month since then, a total of 650,000, the largest fall since the War and faster than any other major industrial country. And it has fallen ⁵⁰⁰ in every region. There's still a long way to go, but it's very clear that we're going in the right direction. And today's ⁵³² measures will help us further along the road.

BUDGET MEASURES SEQUENCE

It's been a happy and a proud story I've been able to tell you this evening. The story of a transformation of Britain's fortunes which has also transformed our standing in the world. If you look at the European growth league you can see how.

CAPTION 5.

European growth league.

Reveal with narration.

~~In the ten years from 1960 we~~ ^{nineteen-sixties}
~~were bottom of the table.~~ ^{high at the league} In
the 1970s we were still
bottom of the table. ⁶⁰⁰ But in
~~the 1980s we're top of the~~ ^{WPKV-then high at the}
league.

All the same, it doesn't mean we can all relax. We don't control the world economy, but we're very much a part of it. So we have to be prepared for storms ahead. That's why we have to keep the British economy strong and sound. If it hadn't been so strong, the oil price collapse, or the coal strike, or the stock market collapse, could have caused us terrible damage. Instead, we sailed through them virtually unscathed.

It has taken nine years to get us to where we are, nine years of ⁷⁰⁰ determined effort and successful enterprise. But a return to the high-spending, money-printing days of the sixties and seventies could destroy it all in a few months. That's why we have to hold to our course and keep a firm hand on the reins. But so long as we stick with the policies that have served us so well these past nine years, we can look forward to a level of security and prosperity for ourselves and our children that is higher than any of us has ever ³⁸⁹ known.

CONFIDENTIAL

PWF

Draft of 29 February

BUDGET BROADCAST: DRAFT OPENING SECTION

Once upon a time, governments used to believe that it was their job to balance the budget: not to spend any more than they could raise from taxes. But taxes aren't popular. So governments found a clever way out. They borrowed. That meant they could spend more. But it also meant that they were loading interest payments on future years, and future generations. In a way they were taxing our future.

Obviously a small amount of borrowing doesn't matter much. The trouble is, it's addictive. *By the mid-1970s,* ~~And by the mid-1970s,~~ *nearly one pound a day five or six Labour governments spent* ~~Britain was seriously hooked. So much so that~~ *was being financed out of borrowed money. This meant a* ~~borrowing was nearly 10 per cent of the nation's total~~ *heavy* ~~output. Today, that would represent forty billion~~ *burden of debt almost they were loading heavy* ~~pounds. *interest payments on future years, on future*~~ *generations.*

For nine years this government has fought to free Britain from that terrible ~~burden.~~ *inheritance.* ~~And the result is that~~ *(only the second time since the early 1970s, I* ~~tonight, for the first time in nearly 20 years, I as~~ *as Chancellor* ~~Chancellor can tell you, with pleasure and pride, that~~ ~~once again Britain has a balanced budget. Last year the~~

~~And I mean to keep in the way.~~
Last year the Government didn't need to borrow at all.
figure for government borrowing was nil. And that's
where I intend to keep it. ~~And I mean to keep in the way.~~

Balancing the budget hasn't been easy and it hasn't
always been popular. But in ^{along} conjunction with all our
measures to liberate initiative and reward enterprise, it
has produced ²⁰⁰ ~~spectacular~~ ^{outstanding} results for Britain. ²¹⁰

CHANCELLOR'S BUDGET BROADCAST: MARCH 15 1988

FOURTH DRAFT

[Opening Section

CAPTION 1. Bar chart
GDP from 1970.
Reveal bars progressively
from left as indicated
by narration.

The best, single measure of any country's economic achievement is its total national output. If you go back to 1970, you see how Britain's output rose to a peak in 1973, then it dropped back, then it rose to another peak in 1979, and then it dropped again. But since 1981 we've had seven successive years of uninterrupted economic growth.

That's an astonishing record in itself. But there's something that makes it even more astonishing. Because side by side with this ~~phenomenal~~ ^{Remarkable} growth in output there's ~~has~~ been a dramatic fall in inflation.

CAPTION 2. Graph.
Inflation from 1970.
Reveal as for caption 1.

Again, you have to go back to 1970 to see the full picture. It rose to a terrible peak - nearly 25% - in 1975, then it fell back, then it rose to another peak in 1980. But since then it's fallen dramatically, down to the lowest levels for 20 years.

Those two charts are tremendously significant. But you only see their real significance when you put the two of them side by side.

CAPTION 3.
GDP plus inflation.
GDP bars appear first,
inflation graph animates
alongside
as indicated by narration.

Then you see that inflation was always the spectre at the feast. The peak in 1973 was paid for by the inflation of 1974 and 1975. The peak of 1979 was paid for by the inflation that surged again up to 1980. In other words the growth couldn't last. Inflation always killed it.

In fact, that had been the story of what was called the British disease for many years before 1970. But look at the story since 1980.

CAPTION 3 cont'd.
Animate as before.

Year after year of steadily rising output. But for the first time, inflation actually falling, and falling dramatically, while output rose. And that's the picture that really tells the story of Britain's new-found success.

There's no mystery about how we've done it. It's the result of a consistent economic policy over nine years. A commitment to controlling inflation, removing the shackles on business enterprise, and liberating the creative energy of the British people. It means letting people keep as much as possible of what

they earn. And if you look at what that means for a married man on average earnings with two children, you can see the result.

CAPTION 4. Graph.
Real take home pay.
Reveal from left
with narration.

Take home pay, corrected for inflation, bumped up and down through the stop-go years. But since 1981 ^{it's} ~~it has~~ risen year after year, until now living standards are way above what they've ever been before.

And unemployment is coming down fast, in every region of the country.

The toughest problem of all was unemployment. [Lots of people urged us to pump money into the economy to create jobs. But that would simply lead to inflation as it always did in the past. That was why growth always collapsed after a few years. So we stuck to our guns. We knew that a strong economy was the only lasting solution to unemployment.]

NP
It took time, but now we are reaping the reward. Unemployment started falling in the summer of 1986. It's fallen every month since then, a total of 650,000, the largest fall since the War and faster than any other major industrial country. And it has fallen in every region. There's still a long way to go, but it's ~~very~~ *now* clear that we're going in the right direction. And today's measures will help us further along the road.

to everyone

BUDGET MEASURES SEQUENCE

^{What}
~~It's been a happy and a proud story~~ I've been able to tell you this evening. ^{is a story of success.} The story of a transformation of Britain's fortunes which has also transformed our standing in the world. If you look at the ^{Economic} European growth league you can see how.

CAPTION 5.
European growth league.
Reveal with narration.

In the nineteen-sixties we were right at the bottom of the league table. In the 1970s we were still bottom of the table. But in the 1980s we've been right at the top of the league.

^(Sir Jack and)
All the same, it doesn't mean we can ~~all~~ relax. We don't control the world economy, but we're very much a part of it. So we have to be prepared for storms ahead. That's why we have to keep the British economy strong and sound. If it hadn't been so strong, the ~~oil~~ ^{oil} price collapse, or the coal strike, or the stock market collapse, could have caused us terrible damage. Instead, we sailed through them ^{all,} virtually unscathed.

It has taken nine years to get us to where we are, nine years of determined effort and successful enterprise. But a return to the high-spending, money-printing days of the sixties and seventies could destroy it all in a few months. That's why we have to hold to our course and keep a firm hand on the reins. But so long as we stick with the policies that have served us so well these past nine years, we can look forward to a level of security and prosperity for ourselves and our children ^{far} ~~that is~~ higher than any of us has ever known.



APCH

How 'mummers' get on.
When the white lot is
typed up, get lot in
know how much lot in
an arm-length, & I
you ~~will~~ look for cuts.
I'm, too. have some
M.

In my Budget today, I've once again been able to cut income tax, bringing ^(the basic rate) down to 25 pence in the £, just as we promised we ~~to~~ would in the Election.

Coupled with the improvement I've also been able to make in the personal allowance, this will increase the take-home pay of a married man on average earnings by almost £5 a week.

I've also brought down the higher rates of tax, too. Experience shows that if you tax top managers and engineers and so like too heavily, ~~some~~ too many either opt for the quiet life, or devote their talents to avoiding tax, or go abroad where tax rates are lower.

~~That's what we've done for the country, and so what I've done ~~is~~ ~~for~~ ~~the~~ ~~country~~ will mean better managed businesses and more jobs - and, at the end of the day, ~~the~~ higher tax revenues as a result.~~

~~And while~~ But at the same time I've doubled the tax on company cars. It won't be popular, I know; but I believe it's right that those who have company cars should pay their fair share of tax.

And I've made this a tax reform Budget, too. In particular, starting in 1990, the earliest date ~~at~~ can

get ~~these~~ the preparations for so radical a reform
sorted out, I'm changing the tax system to give
married women a fair deal, for the first time ever.
Instead of their income being taxed as if it belonged to
their husband, ~~as it has been for~~ ^{as it has been for} the past 200
years, ~~it will~~ it will at long last be their own
private affair.

So this Budget brings not only lower taxes but
better taxes. That's an essential ingredient in ~~the~~ Britain's
continued economic success. And it's only by having
a more successful economy that we can afford better
public services.

And that's why, last Autumn, I was able to
announce big increases in Government spending for the
coming year, especially on priority areas like education,
law and order, and the health service.

~~It is~~ It's been a hat-trick: higher Government
spending, lower taxes, and the complete elimination
of Government borrowing.



C.

At this meeting, the BBC will bring along their revised efforts at the charts. The graphic artist is Caroline Biggar, same as last year; the producer is Victor Marmion, who does The Money Programme.

On our side, Tony Jay, Robert, Stephen, John Flitton, and me.

A handwritten signature in black ink, consisting of stylized, overlapping letters that appear to be 'AJ' or 'AJAY'.

CONFIDENTIAL

Draft of 29 February

BUDGET BROADCAST: DRAFT OPENING SECTION

Once upon a time, governments used to believe that it was their job to balance their budget: not to spend any more than they could raise from taxes. But taxes aren't popular. So governments found a clever way out. They borrowed. That meant they could spend more. But it also meant that they were loading interest payments on future years, and future generations. In a way they were taxing our future.

Obviously a small amount of borrowing doesn't matter much. The trouble is, it's addictive. And by the mid-1970s Britain was seriously hooked. [So much so that borrowing was nearly 10 per cent of the nation's total output. Today, that would represent forty ~~billion~~ ^{thousand} million pounds.]

For nine years this government has fought to free Britain from that terrible burden. And the result is that tonight, for the first time in nearly 20 years, I as Chancellor can tell you, with pleasure and pride, that once again Britain has a balanced budget. Last year the

figure for government borrowing was nil. And that's where I intend to keep it.

Balancing the budget hasn't been easy and it hasn't always been popular. But in conjunction with all our measures to liberate initiative and reward enterprise, it has produced spectacular results for Britain.

*Appt
yours.*

Draft of 1 March

CHANCELLOR'S BUDGET BROADCAST: MARCH 15 1988

FOURTH DRAFT

[Opening Section

CAPTION 1. Bar chart
GDP from 1970.
Reveal bars progressively
from left as indicated
by narration.

The best, single measure of any country's economic achievement is its total national output. If you go back to 1970, you see how Britain's output rose to a peak in 1973, then it dropped back, then it rose to another peak in 1979, and then it dropped again. But since 1981 we've had seven successive years of uninterrupted economic growth.

That's an astonishing record in itself. But there's something that makes it even more astonishing. Because side by side with this phenomenal growth in output there has been a dramatic fall in inflation.

CAPTION 2. Graph.
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Reveal as for caption 1.

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CAPTION 3.
GDP plus inflation.
GDP bars appear first,
inflation graph animates
alongside
as indicated by narration.

Then you see that inflation was always the spectre at the feast. The peak in 1973 was paid for by the inflation of 1974 and 1975. The peak of 1979 was paid for by the inflation that surged again up to 1980. In other words the growth couldn't last. Inflation always killed it.

In fact, that had been the story of what was called the British disease for many years, ~~before 1970~~. But look at the story since 1980.

CAPTION 3 cont'd.
Animate as before.

Year after year of steadily rising output. But for the first time, inflation actually falling, and falling dramatically, while output rose. And that's the picture that really tells the story of Britain's new-found success.

There's no mystery about how we've done it. It's the result of a consistent economic policy over nine years. A commitment to controlling inflation, removing the shackles on business enterprise, and liberating the creative energy of the British people. It means letting people keep as much as possible of what

they earn. And if you look at what that means for a married man on average earnings with two children, you can see the result.

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Real take home pay.
Reveal from left
with narration.

Take home pay, corrected for inflation, bumped up and down through the stop-go years. But since 1981 ^{it's} ~~it has~~ risen year after year until now living standards are way above what they've ever been before.

The toughest problem of all was unemployment. [Lots of people urged us to pump money into the economy to create jobs. But that would simply lead to inflation as it always did in the past. That was why growth always collapsed after a few years. So we stuck to our guns. We knew that a strong economy was the only lasting solution to unemployment.]

It took time, but now we are reaping the reward. Unemployment started falling in the summer of 1986. It's fallen every month since then, a total of 650,000, the largest fall since the War and faster than any other major industrial country. And it has fallen in every region. There's still a long way to go, but it's very clear that we're going in the right direction. And today's measures will help us further along the road.

BUDGET MEASURES SEQUENCE

It's been a happy and a proud story I've been able to tell you this evening. The story of a transformation of Britain's fortunes which has also transformed our standing in the world. If you look at the European growth league you can see how.

CAPTION 5.

European growth league.

Reveal with narration.

In the nineteen-sixties we were right at the bottom of the league table. In the 1970s we were still bottom of the table. But in the 1980s we've been right at the top of the league.

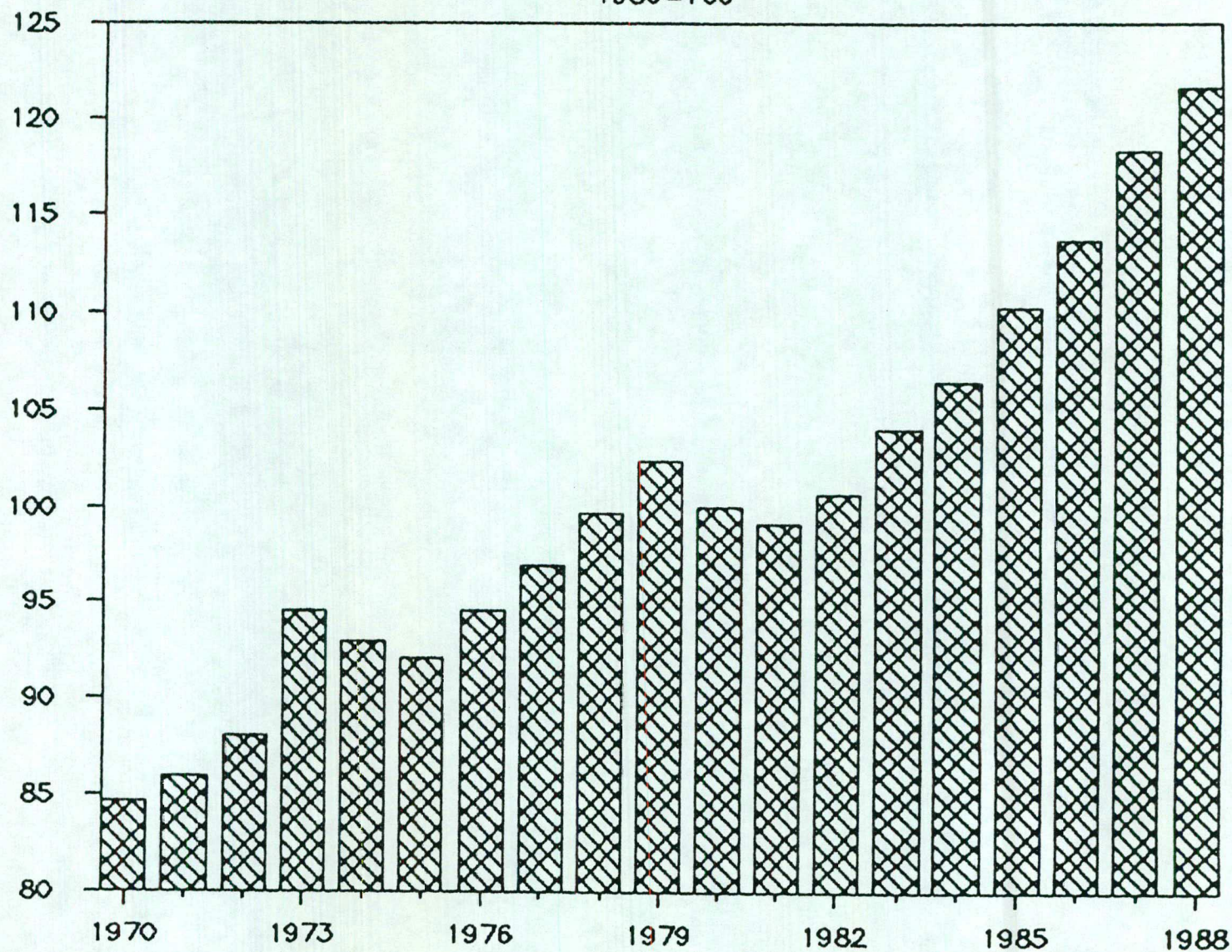
All the same, it doesn't mean we can all relax. We don't control the world economy, but we're very much a part of it. So we have to be prepared for storms ahead. That's why we have to keep the British economy strong and sound. If it hadn't been so strong, the oil price collapse, or the coal strike, or the stock market collapse, could have caused us terrible damage. Instead, we sailed through them virtually unscathed.

It has taken nine years to get us to where we are, nine years of determined effort and successful enterprise. But a return to the high-spending, money-printing days of the sixties and seventies could destroy it all in a few months. That's why we have to hold to our course and keep a firm hand on the reins. But so long as we stick with the policies that have served us so well these past nine years, we can look forward to a level of security and prosperity for ourselves and our children that is higher than any of us has ever known.

GDP (Average measure)

CHART 2a

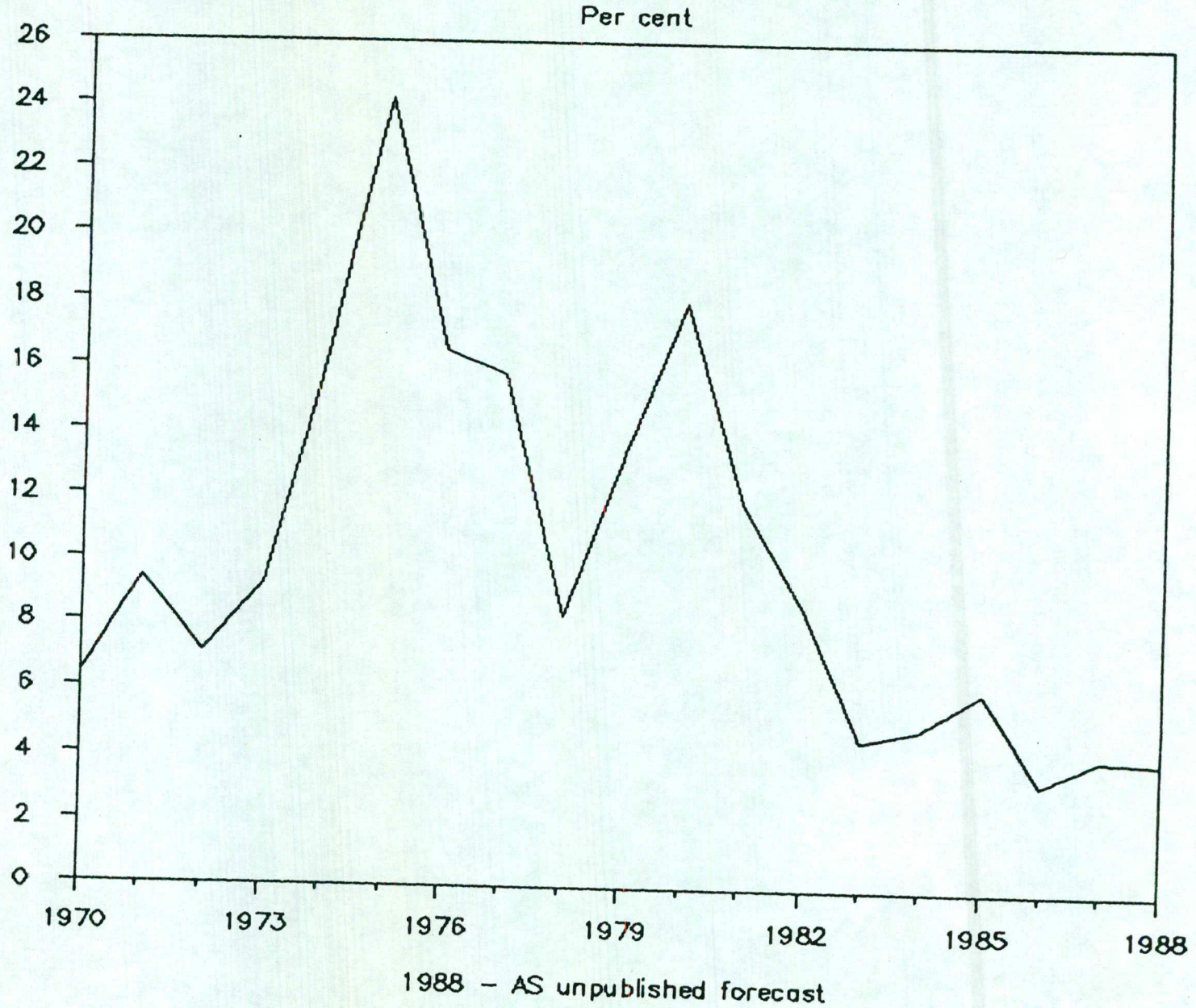
1980=100



1987 & 1988 - AS forecast

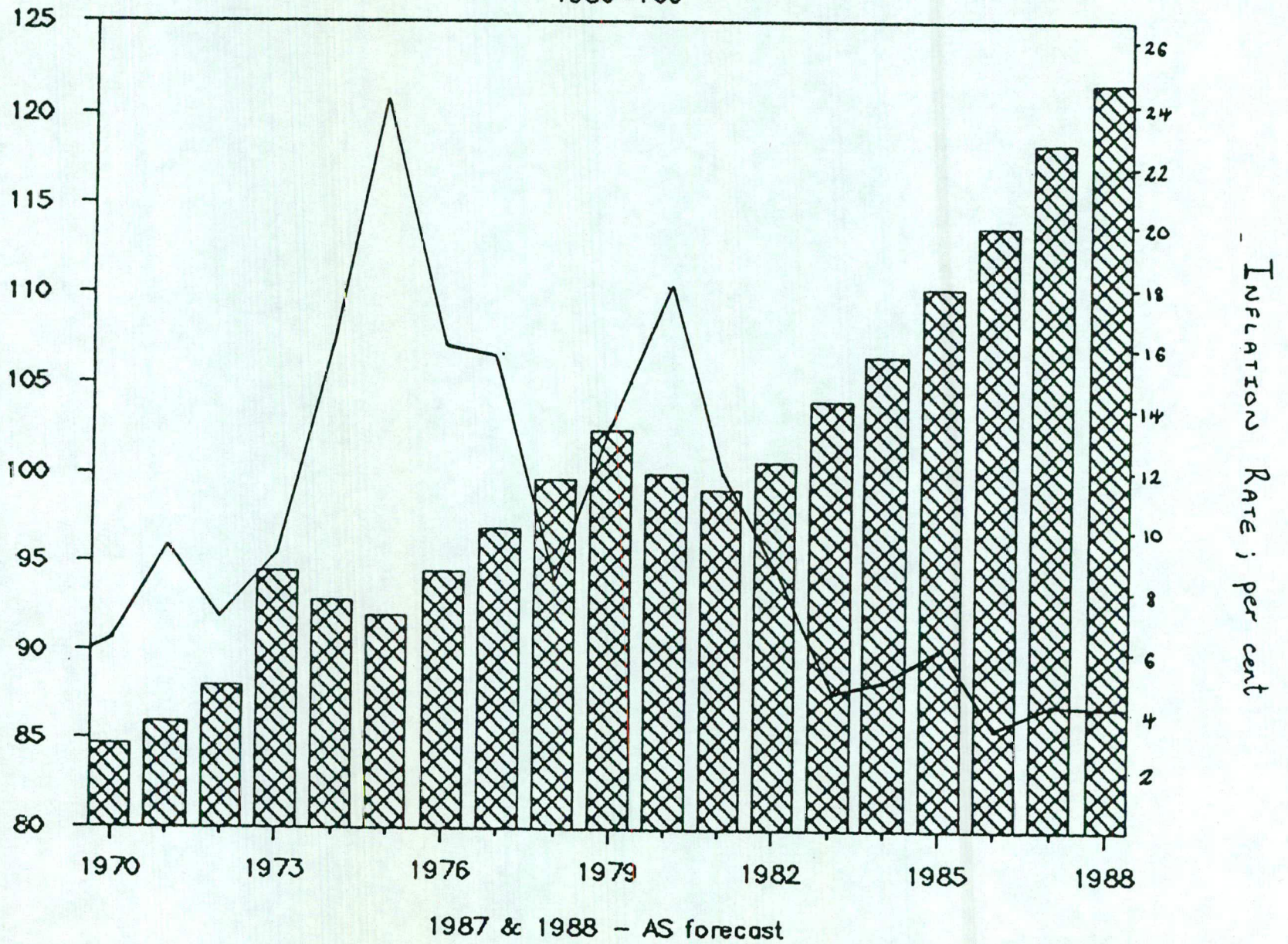
INFLATION

CHART 3a



GDP (Average measure)

1980=100

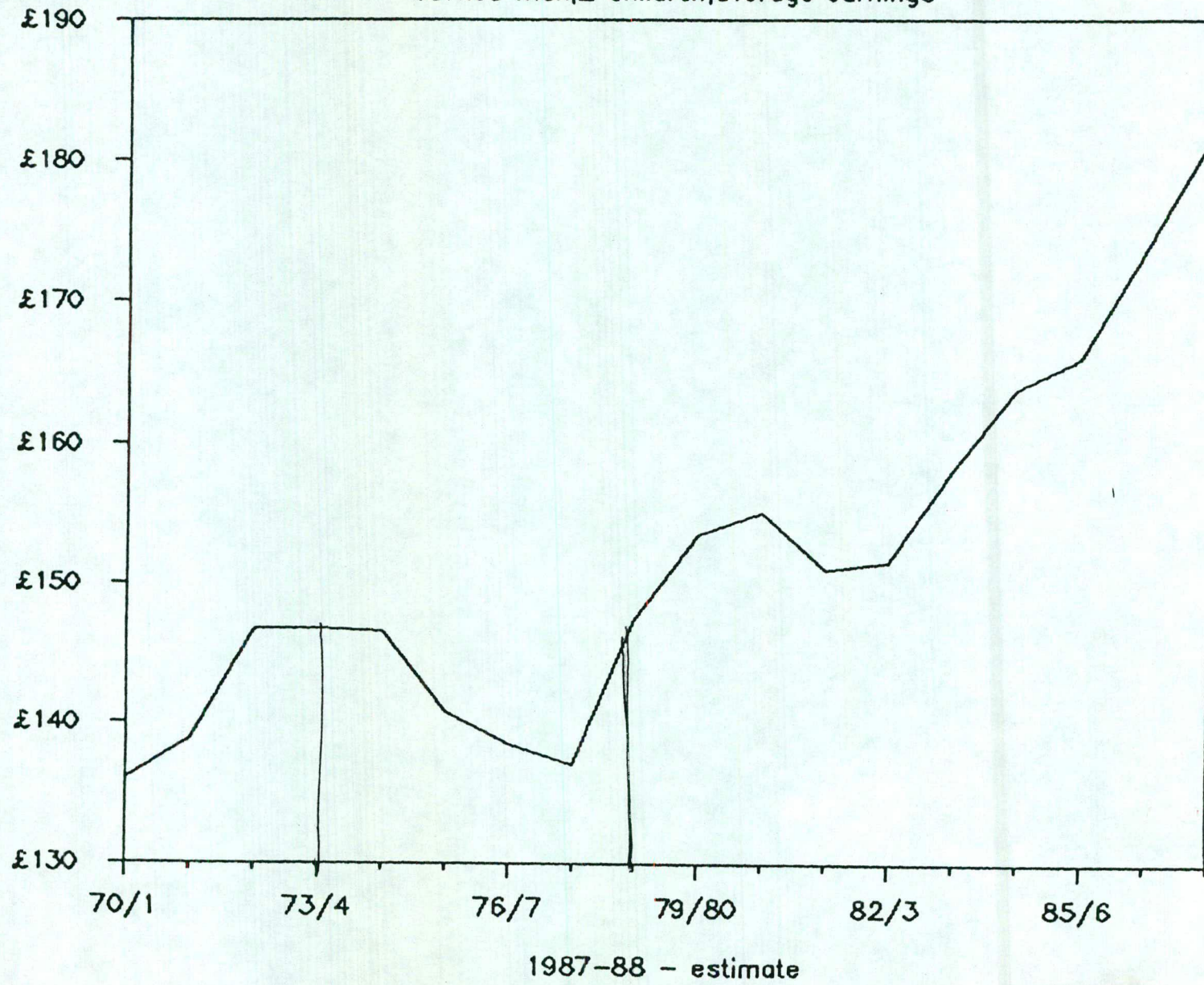


5

REAL WEEKLY TAKE HOME PAY

Married man; 2 children; average earnings

1987-88 prices



f

EUROPEAN LEAGUE TABLES

CHART 1a

Output Growth

1960-1970	1970-1980	1980-1987*
Italy	France	UK
France	Italy	Italy
Belgium	Netherlands	France
Netherlands	Belgium	West Germany
West Germany	West Germany	Netherlands
UK	UK	Belgium

* 1987 - OECD estimate

RH13.65

Mr. Scholar
cc Mr. PickfordMr. ~~ACS~~ ACS AllanMr. ~~Olpin~~Revised following
Chancellor's instructions.

AHH

DRAFT OF 2 MARCH

Copy No. 4 of 5

BUDGET BROADCAST: MEASURES

[... And today's measures will help us further along the road.]

1. Again, I've cut income tax, raising tax thresholds, and cutting the basic rate by another twopence in the pound, to 25 per cent, so that everybody has the maximum incentive to give of their best.
2. That's the lowest rate since the War. We said we would do it in our Election Manifesto, as soon as we could afford it. And I've been able to afford it in the first Budget after the Election.
3. These changes are worth nearly £5 a week to a married man on average earnings.
4. I've also brought down the higher rates of tax. For far too long, the tax system penalised our top managers, and engineers, and drove many of them abroad. Now they have every incentive to stay and work here, which means stronger businesses and more jobs.

5. I'm also reforming the tax system, in particular to give a fair deal for married women. At the moment, they cannot have proper independence or privacy in tax matters. And some couples can pay more tax simply because they are married. I'm sweeping these nonsenses away, and introducing a new system, of Independent Taxation, which will start in 1990, as soon as the necessary preparations are made.

6. Reforming taxes also sometimes means putting them up, in cases where people aren't paying their fair share. That's why I've doubled the tax on company cars. It won't be popular, I know, but it's right, because at the moment, people with a car pay far less than people who get all their salary in cash.

7. I've also held down the tax on lead-free petrol, so in future it shouldn't cost any more than ordinary 2-star petrol. Wider use of lead-free fuel will help the environment and our health.

8. This Budget gives us lower taxes and better taxes. That's been an essential part of the economic success I was talking about earlier. And it's only by having a successful economy that you can afford better public services.

9. In the autumn, I increased spending programmes by £4½ billion, including £700 million for the health

service. And because the economy's strong, we know we won't have to reverse these increases, which is what happened to Labour when they were in office.

RESTRICTED AND PERSONAL



FROM: A P HUDSON

DATE: 2 March 1988

MR PICKFORD

cc Sir P Middleton
Mr Scholar
Mr Odling-Smee
Mr Culpin
Mr R I G Allen
Mr A C S Allan
Mr Bush
Miss C Evans
Mr Flitton
Mr Curwen
Mr Cropper
Mr Tyrie

BUDGET BROADCAST: FOURTH DRAFT

... I attach the latest draft of the Budget Broadcast. The Chancellor has decided to drop the idea of a montage, and to reorder the charts slightly. He has amended the text for the captions, and will do further work on it in due course.

A handwritten signature consisting of stylized, overlapping letters, likely 'A P Hudson'.

A P HUDSON

CHANCELLOR'S BUDGET BROADCAST: MARCH 15 1988

FOURTH DRAFT

[Opening Section

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GDP from 1970.
Reveal bars progressively
from left as indicated
by narration.

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CAPTION 3.

GDP plus inflation.

GDP bars appear first,

inflation graph animates

alongside

as indicated by narration.

Then you see that inflation was always the spectre at the feast. The peak in 1973 was paid for by the inflation of 1974 and 1975. The peak of 1979 was paid for by the inflation that surged again up to 1980. In other words the growth couldn't last. Inflation always killed it.

In fact, that had been the story of what was called the British disease for many years before 1970. But look at the story since 1980.

CAPTION 3 cont'd.

Animate as before.

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The toughest problem of all was unemployment. [Lots of people urged us to pump money into the economy to create jobs. But that would simply lead to inflation as it always did in the past. That was why growth always collapsed after a few years. So we stuck to our guns. We knew that a strong economy was the only lasting solution to unemployment.]

It took time, but now we are reaping the reward. Unemployment started falling in the summer of 1986. It's fallen every month since then, a total of 650,000, the largest fall since the War and faster than any other major industrial country. And it has fallen in every region. There's still a long way to go, but it's very clear that we're going in the right direction. And today's measures will help us further along the road.

BUDGET MEASURES SEQUENCE

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It has taken nine years to get us to where we are, nine years of determined effort and successful enterprise. But a return to the high-spending, money-printing days of the sixties and seventies could destroy it all in a few months. That's why we have to hold to our course and keep a firm hand on the reins. But so long as we stick with the policies that have served us so well these past nine years, we can look forward to a level of security and prosperity for ourselves and our children that is higher than any of us has ever known.

BUDGET SECRET



FROM: CHIEF SECRETARY

DATE: 3 March 1988

CHANCELLOR

Mary Oakes
C.
 Both drafts too long &
 complex for Broadcast itself.
 But ideas may be helpful.

cc:

Mr Gieve

Mr Pickford

Mr Tyrie

BUDGET BROADCAST

When we spoke this morning you asked me to think about how you might present the increase in public expenditure alongside the debt repayment and the tax reductions.

... 2 I attach two drafts, which I have discussed with John Gieve. Version A uses the headline increase in the planning total of £2.6 billion (rounded to £3 billion). Version B focusses instead on the £4½ billion increase to programmes. While this is not directly comparable with the PSDR and tax cut figures, it is the one we have (successfully !) put into public circulation and, providing we are careful about the precise formulation, I think it is legitimate.

John M.
 JOHN MAJOR

VERSION A

Over the last year, the economy has been growing more strongly than I expected at the time of my last Budget. As a result by simply holding to the same rates of taxation revenue in the coming year would be £11 billion higher than I forecast a year ago. This has enabled me to increase expenditure, cut taxes, and reduce the public debt. I would like to show you (tell you) what we have done. [Diagram if we show how its done.]

On last year's projections of tax yield I calculated that I would need to borrow at least £1 billion in the coming year. But with the economy growing so strongly, I have thought it only prudent to take the opportunity to pay back some of the money Government^s borrowed in previous years. So rather than borrowing a further £1 billion, I have decided to pay back £3 billion. This will directly reduce the cost of Government interest payments and allow us to use more of our revenues for our key services.

Second, as we announced last autumn, we have decided to increase our expenditure plans by £3 billion. After drawing on our Reserve this has enabled us to increase our provision for the public services by £4½ billion. That includes £1 billion for Health and Social Services, £900m for Education, £500m for Law and Order, £250m for Science and Technology, and £1½ billion for Public Sector Capital Spending.

And that leaves the £4 billion in reductions in taxation that I have been able to announce today.

PROS

(i) Quantifies the hat-trick - £4 billion for tax, £4 billion for PSBR, £3 billion for expenditure in a way that could be presented graphically.

(ii) Fits in the larger increase in expenditure programmes.

CONS

- (i) In order to get the £4½ billion into the picture, we complicate the presentation
- (ii) Shows a smaller increase for expenditure than decrease in taxes.
- (iii) Implicitly allocates all of the fiscal adjustment for 1988-89 in last year's MTFS to the PSBR.

VERSION B

In 1987 the British economy grew more rapidly than I - or anyone else - expected. That has brought a very welcome reduction in unemployment and higher living standards throughout the country. It has also had an impact on the Government's finances. With higher earnings, profits and consumer spending, the same taxes have brought in more revenue than we had expected. This has enabled us to spend more on services, reduce taxes, and reduce Government borrowing at the same time.

Today I have announced reductions in taxation which will save the taxpayer some £4 billion in the next financial year.

At the same time, with the economy growing strongly I have taken the opportunity to repay some of the debt we ran up in earlier years. This year we are repaying £3 billion and we expect to do the same next year. This reduction in debt brings an immediate dividend because it reduces the cost to Government of interest payments and thus means we can devote more of the money we receive from taxes to services we would like to improve.

And we are spending more on the public services. In the autumn we announced increases to plans for programmes totalling £4½ billion for next year including £1 billion for Health and Social Services, £900m for Education, £500m for Law and Order, and £1½ billion for Public Capital Spending. In total these plans will allow growth of nearly 2½ per cent in real terms - that means real improvements in services to the public.

PROS

(1) Gets the comparison between £4 billion of taxes and £4½ billion of expenditure increases and £3 billion on debt decreases.

CONS

(1) You can't add the figures up to give the arithmetic of the hat-trick. But that is precisely what people will try to do.

BUDGET SECRET

(ii) We are emphasising in our defence of the expenditure plans how there is a "mirage" in the figures and how you have to take in account the level of the Reserves to get a true comparison; using the £4½ billion in this context could be misleading.

BUDGET SECRET: TASK FORCE LIST



FROM: CHIEF SECRETARY
DATE: 3 March 1988

CHANCELLOR

cc:
Financial Secretary
Paymaster General
Economic Secretary
Sir Peter Middleton
Sir T Burns
Sir G Littler
Mr Anson
Sir A Wilson
Mr Byatt
Mr Monck
Mr Scholar
Mr Sedgwick
Mr Odling-Smee
Mr Culpin
Mr Turnbull
Mr Peretz
Mr A C S Allan
Mr Pickford
Mr R I G Allen
Miss Sinclair
Mr Riley
Miss Simpson
Miss C Evans
Miss Hay
Mr Michie
Mr Cropper
Mr Tyrie
Mr Call
Mr Battishill - IR
Mr Isaac - IR
Mr Painte - IR
Mr Beighton - IR
Mr McManus - IR
Mr Unwin C&E
Mr Knox C&E
Mr P R H Allen C&E

BUDGET SPEECH: THIRD DRAFT

I have read the Budget speech which, in general, reads extremely well. I have the following comments:-

B6 This is a real bull point. I would make a little more of it. Thus: "1987 was a real landmark. It was"

B13. I would include the first set of words in brackets.

BUDGET SECRET: TASK FORCE LIST

C1 A matter of taste but in a potentially irritable House (where is money for the NHS?) I would not mention the Falklands (Money for war and not for the sick). I would prefer "... take in our stride setbacks such as the coal strike and the collapse in the oil price"

C5 I would include this paragraph.

C8 I would delete the words in brackets.

D4 Another good cheer line. I would draw it out. Thus
"logical conclusion - this year we have a balanced budget"
[It gives colleagues longer to absorb - and respond].

D9 The £700 million increase on Health is right but we should reformulate to mention to £1.1 billion we have continually used.

D11 I would include the words in brackets.

D15 This is fun but an arcane point. It will shock the less economically literate Members. Should you therefore make D16 more explicit. Thus:-

D16 "However, the growth of national income and the strength of the economy means that I shall still have some room to reduce tax rates and I shall come to this later."

Colleagues will be reassured by this and I would prefer them relaxed and re-assured rather than edgy during this speech!

D20 Delete words in brackets

E6 E4 notes that reduction of higher rates of personal taxation led to an increased yield. For the sake of symmetry can we make the same claim for company taxes following the 1984 Budget.

BUDGET SECRET: TASK FORCE LIST

F7 I would reverse the sense of the last two sentences.

Thus:-

"For the first time ever, married women will have the option of complete independence and privacy although I recognise that in practice many may still ask their husbands to handle their tax affairs."

But there will be a difference - it will be their choice in future."

H6 Something wrong in the first sentence!

H10 Something wrong in the third sentence!

J6 The Excise Duty increase looks wrong.

K3 I would add: "This illustrates in a quite remarkable fashion the way in which the habit of share owning is now taking root."

L9 The "wrong tree in the wrong place" remark was used by Gordon Brown in the debate last week. You could attribute it if you wished to be mischievous!

L19 Now to be deleted as no change now proposed in Pl1D.

L23 Do we want to mention the growth in consumer credit? This sits slightly uneasily with our line that most of the growth is home ownership.

L28 'Soon' is omitted from line 3.

L36 How many people are taken out of tax entirely by the increase in thresholds? If the figure is significant we should mention it.

BUDGET SECRET: TASK FORCE LIST

L43 This is reform as well as tax reduction. Five rates merge into one. I would be inclined to make sure of this - it is a good tale to tell.

This is a landmark budget. We need a peroration that categorises it as such - perhaps as a "Budget of tax reform and reductions" Other ideas will suggest themselves but this point deserves some further thought. My instinct is that it is important that we give it a 'theme' before our opponents do.

Jim Rafter

pp JOHN MAJOR

(Drafted by the Chief Secretary
and signed in his absence).



COPY NO 1 OF 8

FROM: A P HUDSON

DATE: 3 March 1988

You may like to glance at
this before this afternoon's
meeting.

APH

CHANCELLOR

cc Mr Scholar
Mr Culpin
Mr Pickford
Mr A C S Allan

BUDGET BROADCAST: MEASURES

... I attach a revised draft, incorporating the points you made yesterday.

2. This is 360 words, still a lot longer than in previous years.
3. Others may well have suggestions to sharpen it up.

APH

A P HUDSON

C
You may like to glance
at this

DRAFT OF 3 MARCH

BUDGET BROADCAST: MEASURES

[... And today's measures will help us further along the road.]

1. Again, I've cut income tax, raising tax thresholds, and cutting the basic rate by another twopence in the pound, to 25 per cent, as we said we would in the Election.

2. That's the lowest rate since the War, and these changes are worth nearly £5 a week to a married man on average earnings. So everybody has a bigger incentive to give of their best.

3. I've also brought down the higher rates of tax. For far too long, the tax system penalised our top managers and engineers, and drove many of them abroad. Now they have every incentive to stay and work here, which means stronger businesses and more jobs.

4. I'm also reforming the tax system, in particular to give a fair deal for married women. At the moment, they cannot have proper independence or privacy in tax matters. And some couples can pay more tax simply

because they are married. I'm sweeping these nonsenses away, and introducing a new system, of Independent Taxation, which will start in 1990, as soon as the necessary preparations are made.

5. Reforming taxes also sometimes means putting them up, where people aren't paying their fair share. That's why I've doubled the tax on company cars. It won't be popular, I know, but it's right, because at the moment, people with a car pay far less than people who get all their salary in cash.

6. I've also held down the tax on lead-free petrol, so in future it shouldn't cost any more than ordinary 2-star petrol. And if more of us use lead-free fuel, that will help to cut down pollution.

7. This Budget gives us lower taxes and better taxes. That's been an essential part of the economic success I was talking about earlier. And it's only by having a successful economy that you can afford better public services.

8. In the autumn, I increased spending by £4½ billion, including £700 million for the health service. And because the economy's strong, we know we won't have to reverse these increases, which is what happened to Labour when they were in office.



FROM: A P HUDSON
DATE: 3 March 1988

MR FLITTON

cc Mr Culpin
Mr Pickford

BUDGET BROADCAST CHARTS: COMMENTS ON FIRST BBC TAPE

For the record, the Chancellor had the following comments on the BBC's first draft of the charts for this year's broadcast.

2. Inflation

- (a) Remove the shadow.
- (b) Remove the blue and red backgrounds for different Governments, and have a pale green background for the body of the chart, and darker green for the edging.
- (c) The line itself should be thicker, and in red.
- (d) The chart should fill more of the screen.
- (e) The only dates shown should be 1970, 1980, and 1988.
- (f) On the vertical axis, the only figures shown should be 5, 10, 15, 20, and 25. The percentage sign should be shown alongside each figure, and not at the top of the axis.
- (g) The axis should appear on the right, as well as the left of the chart.
- (h) Delete "since 1970" in the title.
- (j) The 1988 figure is a forecast, and should be indicated as such, in the same way as was done last year [a broken line?].

3. Superimposition: inflation on output

- (a) Remove the shading.



- (b) The inflation line should be exactly the same as in the inflation graph.
- (c) Remove the red and blue background, and have pale green and darker green as before.
- (d) Again, the only dates shown should be 1970, 1980, and 1988.
- (e) There was no need for any scale at all.
- (f) The title should be simply "Output and Inflation", all on one line.
- (g) Again, the chart should fill the screen.
- (h) Generally, this chart will only work if the animation is exactly right. I attach a detailed cue-sheet prepared by Sir Antony Jay.

4. National Output

- (a) In the title, delete "since 1970".
- (b) Remove the shadings.
- (c) The only dates shown should be 1970, 1980, and 1988.
- (d) The backgrounds should be as in the other charts.
- (e) The only figures on the left hand scale should be 80, 100, and 120.
- (f) The Chancellor will decide whether to use a log scale for this chart.
- (g) To show what the scale means, the words "1980=100" should appear under the heading, in type the same size as the figures along the bottom of the chart.
- (h) To show 1988 is a forecast, the bar should be hatched with light blue lines at wide intervals, in the same way as last year.

5. Take Home Pay

- (a) The title should be simply "Take Home Pay", with the second line deleted altogether.



- (b) The £ sign should be shown alongside each figure on the vertical axis, and not at the top.
- (c) The years shown should be only 1970, 1980, and 1987. There will be no forecast figure for 1988.
- (d) Remove the shadow.
- (e) Put the scale on the right hand side of the chart as well.
- (f) The vertical axis should not extend to the top of the screen, nor should the horizontal axis extend to the right hand edge of the screen. This may apply to other charts as well.
- (g) The colours should be the same as before: pale green for the chart itself, darker green for the borders.
- (h) The line for take home pay should be shown in blue.

6. European Growth Leagues

- (a) Generally, this should be exactly the same as last year's chart.
- (b) Among other things, this means
 - saying Holland instead of the Netherlands
 - more space both within and between columns
 - the names of countries not all capitalised
 - the Union Jack smaller.

7. We are meeting Caroline Biggar at 10 o'clock on Monday morning (7 March) to go through this in detail, and I suggest we hand her a copy of this note, as a check list. If there are any other points from the meeting that I have not recorded, please could you let me know, so the list is comprehensive.

A handwritten signature in black ink, appearing to be 'A P HUDSON'.

A P HUDSON

CHANCELLOR'S BUDGET BROADCAST, 15 MARCH 1988

ANIMATION CUE-SHEET: CAPTION 3

NARRATION

"Then you see that inflation was always the spectre at the feast. The peak in 1973.....

...was paid for by the inflation of 1974 and 1975.

The peak of 1979...

...was paid for by the inflation that surged again up to 1980. In other words the growth couldn't last. Inflation always killed it."

"Year after year of steadily rising output.

ANIMATION

1. GDP chart appears with the 4 bars 1970-1973 inc. already in place

2. Inflation graph animates from left hand edge and stops at 1975 peak.

3. The 6 bars 1974-1979 inc appear rapidly in succession

4. Inflation graph descends rapidly to 1978 trough, then rises slightly more slowly to 1980 peak.

5. As for section 4 except that we come to caption with the bars for GDP 1980 and 1981 already there as well. Animate the 7 bars 1982-1988 inclusive rapidly in succession

NARRATION

ANIMATION

But for the first time
inflation actually
falling, and falling
dramatically, while output
rose.

6. Inflation graph descends
from 1980 peak down to 1988,
reaching 1988 at end of
sentence.

And that's the picture
that really tells the
story of Britain's
new-found success."

7. Hold final position as at
end of section 6 - full
chart.



C.

You left these here after
~~the~~ Tuesday's Broadcast
meeting.

AMH

C.

BUDGET BROADCAST

1. John Flitton has already rung the BBC Graphic ~~and~~ artist to tell her what we thought of her charts.
2. She is coming in on Monday morning, and John & I will go through all the points with her. She ~~will~~ has booked time on "paint box" on Monday afternoon & evening, to put it right & do the reveals.
3. We have fixed a meeting for 4 pm on Tuesday (8 March), when she & the producer will come in. Tony has it in his diary. The aim then is (we hope) to finalise the straightforward charts quickly, and to go through the superimposition very closely to get it exactly right. To help, Tony has done a cue-sheet, and I've done a full note of all our comments (both attached), which we'll give the artist on Monday morning.
4. The only decision for now is whether to use a log scale on the GDP & inflation charts. I attach both log and linear versions, for the superimposition. ~~But~~ Stephen Pickford points out that it's more honest to use the log scale. ~~However~~ The differences are v. small, & the difference between 1972 & '73 is only 1mm! ~~It will be on~~ Given the time it's on the screen, I really don't think it matters. Which do you prefer?
5. Content generally?
6. Just received CS7 note on presentation of the public expenditure increases (~~sent~~ in maroon folder).

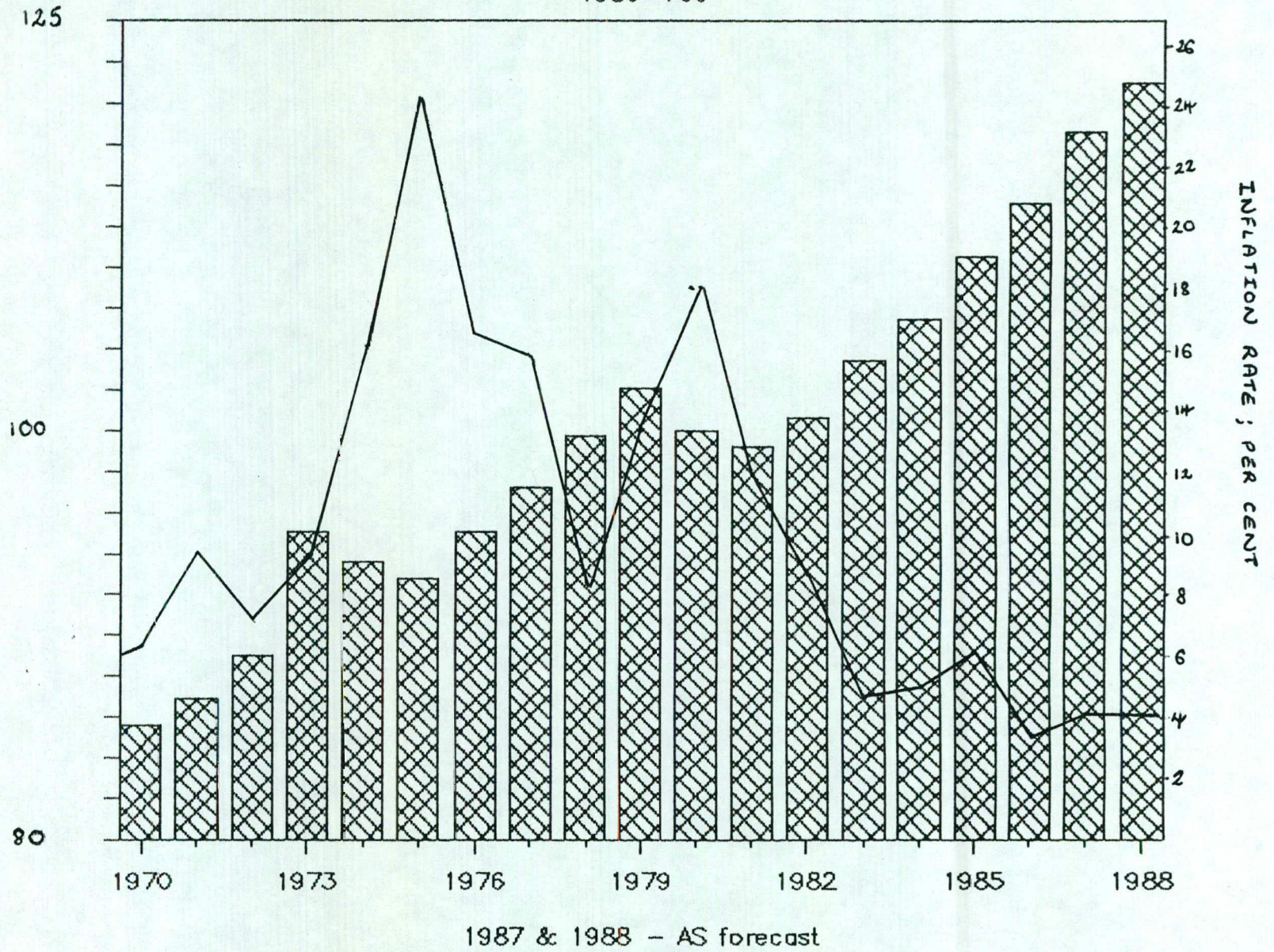
AMH

3.3.

GDP (Average measure)

LOG SCALE

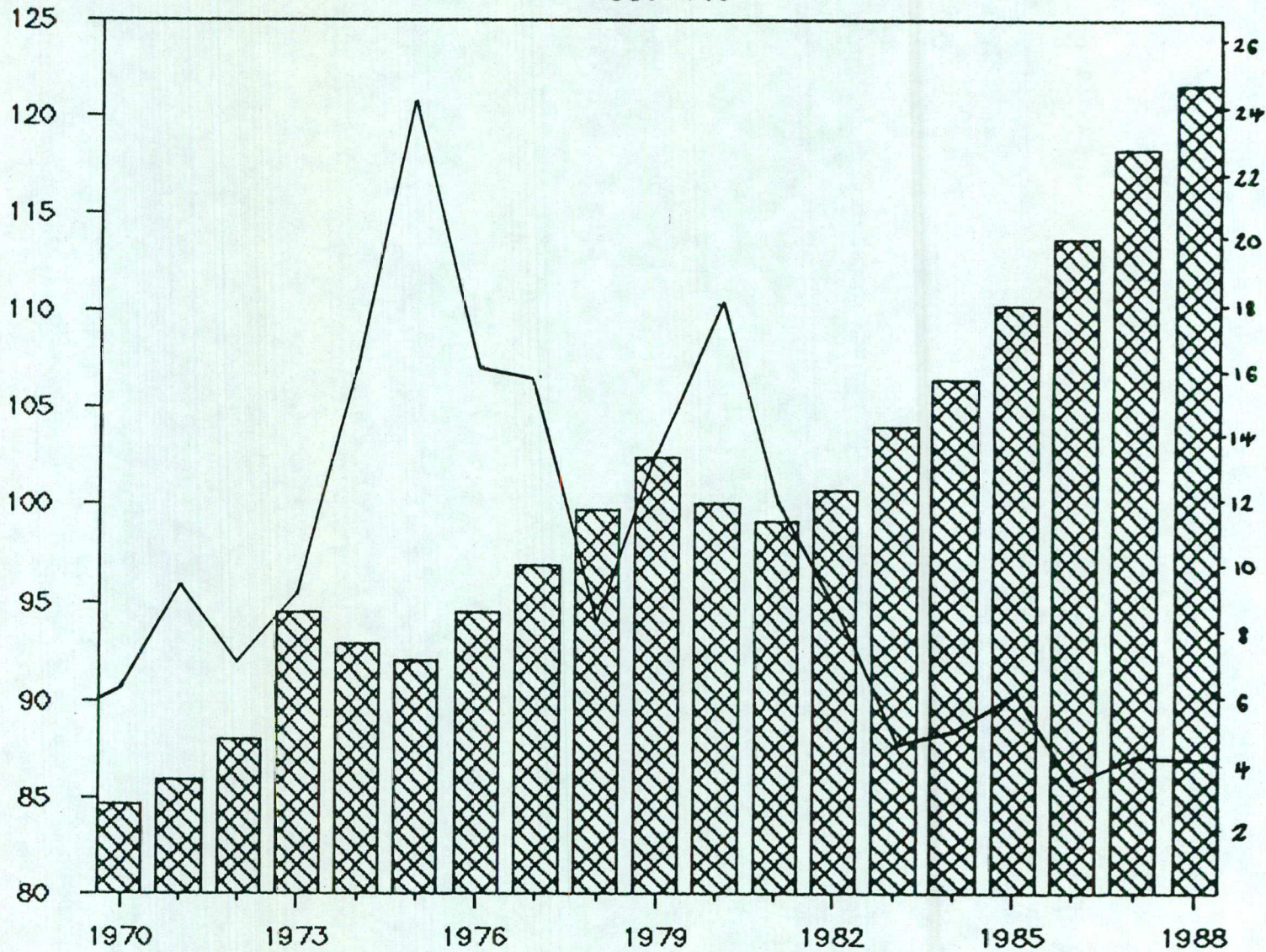
1980=100



GDP (Average measure)

LINEAR SCALE

1980=100



1987 & 1988 - AS forecast [GDP]

1988 - " " [RPI]

INFLATION RATE ; per cent



British Embassy

3100 Massachusetts Avenue NW Washington DC 20008

Telex Domestic USA 89-2370/89-2384

Telex International 64224(WUI)/440015(ITT)

Telephone (202) 462-1340

PRP

A P Hudson Esq
Principal
Chancellor of the Exchequer's Office
HM Treasury

Your reference

Our reference

Date 3 March 1988

Dear Andrew

PRESS CUTTINGS FOR BUDGET BROADCAST

/ I attach a further press cutting on the British economy.

2. This one is from BusinessWeek of May last year and has been turned up in our search for the item that you mentioned Richard Allen had remember from his time here.

3. Although the main headline is somewhat similar to those of the other press cuttings I have sent you, the secondary headline on the second page may be of more use to you.

*Yours
Richard Pratt*

Richard Pratt

Attached: Press cutting

c. R I G Allen Esq
Information Division
HM Treasury

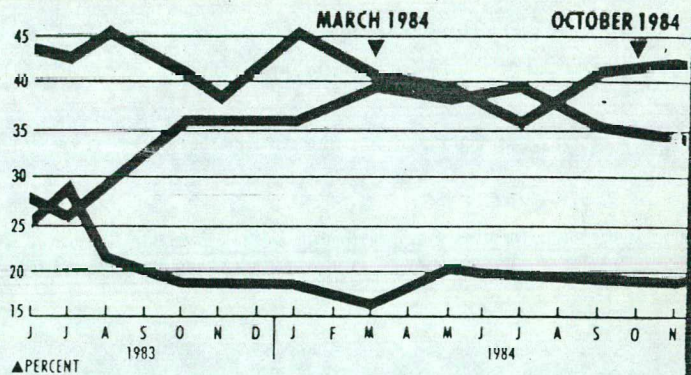


KEY MOMENTS IN THE FORTUNES OF



MINERS' STRIKE
 March, 1984: To fight the closure of uneconomic mines, Britain's coal miners strike. The divisive action lasts for nearly a year until the miners give up and return to work.

HOW THE POPULARITY POLLS HAVE RATED THE PARTIES



BRITAIN

THATCHER'S REVOLUTION: ACT III

THE TURNAROUND IS UNDENIABLE—BUT INEQUITIES REMAIN

Not much more than a year ago, a dispirited Margaret Thatcher retreated to Chequers, the traditional country refuge of British Prime Ministers, to consider stepping down. The Iron Lady's resolve was withering under Cabinet crossfire over her efforts to sell parts of British industry to U.S. buyers and widespread denunciation of her support for bombing raids on Libya by U.S. planes based in Britain. A stream of opinion polls underscored her plunge in popularity. Would the middle-class grocer's daughter abandon her mission to remake British society?

Quite the opposite, as it turned out. Thatcher, 61, not only rode out the storm but pulled off a stunning turnaround. Today, with the economy surging and her rivals stumbling, the Prime

Minister enjoys a lead in the opinion polls even though her school-marmish personality grates on many voters. On May 10, Thatcher again retreated to Chequers, but this time it was to talk with key aides from a position of strength. Back in fighting fettle, she decided to dissolve Parliament and call a national election for June 11, a year before her term officially ends. If she prevails, she will be the first Prime Minister since the Earl of Liverpool in the early 1800s to win a third successive term.

Thatcher is embarking as much on a crusade as a campaign. "She's plotting an administration that will be much more radical than you've seen before," says a close adviser. After selling off nationalized companies, taming the unions, cutting taxes, encouraging pri-

vate enterprise, and sparking a new-found sense of prosperity, Thatcher is in a position to change Britain more profoundly than any Prime Minister since Labor's Clement R. Attlee, who created the modern welfare state in 1945.

WHAT'S AT STAKE. Thatcher's aim is to build on what may be her greatest achievement so far: restoring business confidence after decades of industrial decline. "What's at stake is whether the capitalist tradition will be continued, or the gains will be reversed," says Charles N. Villiers, chief executive of National Westminster Bank PLC's investment banking unit.

In a third term, she wants to continue with tax cuts and privatization to solidify her progress in making Britain a society of property- and share-owners. To

PHOTOGRAPHS BY (LEFT) GAYWOOD SPOONER/GAMMA-LIAISON, (RIGHT) SUTTON/GAMMA-LIAISON

BRITAIN'S POLITICAL PARTIES



IRA BOMBING
October, 1984
The Irish Republican Army bombs the hotel where the Conservatives hold their party conference. Party members are killed, but Thatcher escapes



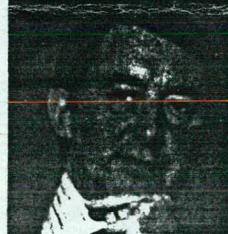
LIBYAN RAID
April, 1986
U.S. warplanes based in Britain fly to Libya on a bombing raid. Thatcher's support of the U.S. action sparks a public outcry that she is 'Reagan's poodle'



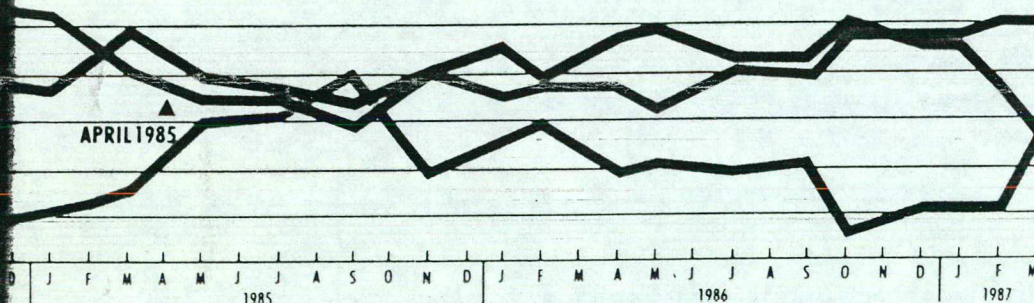
LABOR'S KINNOCK: LOSING GROUND?



OWEN AND STEEL OF THE ALLIANCE: THE MAIN OPPOSITION?



■ CONSERVATIVE ■ LABOR ■ ALLIANCE
LIBERAL-SOCIAL DEMOCRATIC COALITION



DATA: MARKET & OPINION RESEARCH INTERNATIONAL, CHASE MANHATTAN SECURITIES, BW

enhance Britain's competitiveness, she would strive for a flexible work force and better trained management. In short, she sees her mission as nothing less than eradicating Labor Party socialism as a political alternative.

But Thatcher's focus on initiative and enterprise has left glaring problems in Britain, from unemployment that has tripled under her leadership to a crime rate that's risen by a third. The worry is that a permanent, despairing underclass will haunt the country for generations. So now Thatcher is turning her attention to social issues such as job training, housing, and education.

Another Thatcher victory would carry big political implications at home and abroad. Domestically, a third straight Labor defeat could doom the party to an irreversible slide toward irrelevance—despite Labor leader Neil Kinnock's effort to build a moderate force akin to the social democratic parties of continental Europe. If Labor loses badly, the middle-of-the-road Alliance of Britain's Social Democrats and Liberals could become the leading opposition force.

Internationally, a third Thatcher term would allow Britain to solidify the disproportionate influence it has accrued in the past eight years thanks to Thatcher's assertiveness and political acumen.

She is the longest-serving Western leader, and her push to denationalize state industries has struck a chord across Europe. Thatcher may also play a bigger role in East-West diplomacy after Ronald Reagan leaves office. She has developed a rapport with Soviet leader Mikhail S. Gorbachev and appointed herself Europe's spokesperson on arms issues.

'FEEL GOOD' FACTOR. But first Thatcher must win what is sure to be one of Britain's most bitter elections. Based on recent polls, the Tories will be reelected with a convincing, if reduced, majority in Parliament. With mortgage and interest rates falling and the economy's growth on a fast track, Thatcher is benefiting from the "feel good" factor among voters with jobs. Although the durability of this recovery is open to question, the financial markets began casting their votes weeks ago by bidding up sterling and share prices. And even though some traders have since taken profits, the currency is expected to keep riding high as long as the Tories retain the reins of power. Admits Labor's Deputy Leader Roy Hattersley: "We face formidable obstacles if we are to win this election."

An outright Labor victory seems out of the question. But the appeal of the Alliance, under SDP leader David Owen and Liberal leader David Steel, is rising.

As a credible third party, it could eat into the Tories' victory margin, thereby creating a hung Parliament—with the Alliance holding the balance of power. A coalition government would likely prove difficult to forge, forcing Thatcher to attempt a minority government or call a new election.

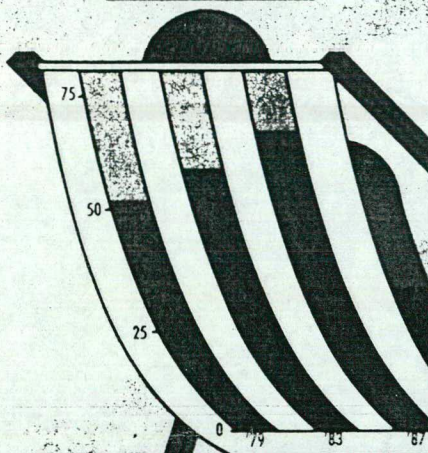
At issue is whether Britons want to continue down Thatcher's long, painful path to remaking the economy. While Britain's annual average growth of 2.6% since the early 1980s is among the best in the industrialized West, Thatcher's war against inflation and government spending keeps 3 million people—11% of the work force—unemployed. That has embittered and alienated a large segment of the population. The Tories' promises notwithstanding, Britain is unlikely to reclaim its role as a world industrial power. Japan and France have overtaken Britain in standard of living, and Italy is coming up fast.

The Conservatives admit that the overhaul of Britain is a slow process that cannot be completed in just two terms. But the opposition parties argue that Britain will never recover without spending billions on job programs and social services—and giving the government a big role in industrial planning, even if it means higher taxes. "This elec-

BRITAIN'S RISING PROSPERITY

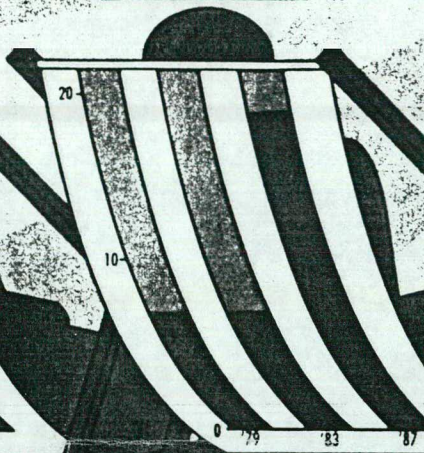
**HOME OWNERSHIP
HAS RISEN...**

**PERCENT OF ELECTORATE
OWNING HOUSES**



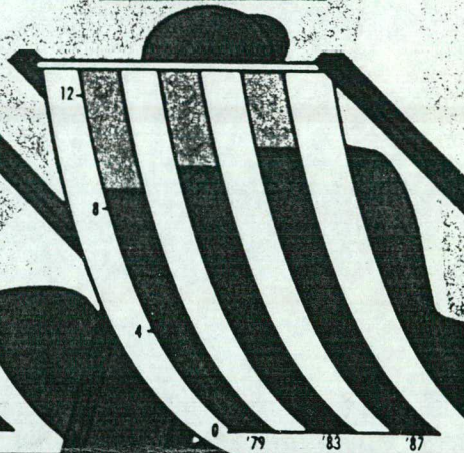
**...SHARE OWNERSHIP
HAS BROADENED...**

**PERCENT OF ELECTORATE
OWNING STOCK**



**...AND REAL PERSONAL
INCOME IS CLIMBING**

**ANNUAL MEDIAN INCOME*
(THOUSANDS OF DOLLARS)**



tion is about what the British are prepared to accept—increasing social bitterness and an attitude of defeatism, or the hope of something better and more adventurous," says Bryan Gould, the MP who heads Labor's campaign.

Still, Thatcher has managed to shift the debate to her own terms on several key issues. Thus "renationalization" is no longer in Labor's lexicon. Labor and the Alliance now talk of a "new realism" that would not sanction higher inflation for political goals. As in the U.S., "competitiveness" is embraced by all sides.

TRAINING TASK. As the campaign heats up, Thatcher is taking a central role in drafting the election manifesto and rewriting ads. Perhaps the most novel expression of her new message is a series of controversial measures that would strip "spendthrift" local governments of control over education, public housing, and urban redevelopment. Most crucial would be changes in the education system, whose deteriorating standards have created poorly trained managers and widened class differences.

Indeed, the debate on education may become as significant as the one on unemployment has been. Thatcher now sees massive school reform as central to the battle against joblessness. All three parties agree that Britain should establish a core national curriculum to provide basic training in math and the sciences. But Thatcher wants to reduce the power of local councils and control school policies through the central gov-

ernment. To improve industrial training, the Tories are already setting up technology schools that offer courses mandated by a national board. Opposition parties want to keep local control while boosting spending for education, which has fallen as a proportion of the national budget under Thatcher.

As crucial as it is, educational reform is only a part of the larger process of shaking up Britain in order to move ahead. What's left of British manufacturing—after the elimination of 2 million jobs and about 20% of capacity since 1979—is far more competitive internationally. Firing workers has led to greater productivity gains in the 1980s than anywhere in the industrialized West but Japan. Union strength has been curbed and work stoppages are a small fraction of what they were five years ago. "Those who survived are leaner, fitter, and better able to face the next decade," says Alan S. Edwards, business strategy manager at Ford of Europe Inc., where car output per worker in Britain has doubled since 1980.

'ENTERPRISE CULTURE.' Despite the progress, manufacturing has run a trade deficit since 1983, and as once-hearty oil revenues dry up, the deficit could reach a staggering \$30 billion by 1990. Thatcher argues that growth of technology businesses and services will offset the smaller manufacturing base. Kinnock, warning of a low-wage, "warehouse" economy of services, whose productivity rate is less than half that of industry,

would, if elected Prime Minister, channel billions of dollars into manufacturing. But he has encountered a public wary of throwing more of the taxpayers' money at Britain's industrial problems.

The scale of Labor's dilemma may be explained by what pollster Market & Opinion Research International sees as a radical shift in Britain's electorate. For those who've hung on to their jobs during the Thatcher years, real wages have risen a sparkling 17%, leading more and more voters to consider themselves middle-class. The Tories' privatization of 15 big companies, from British Telecommunications PLC to British Airways PLC, has created a sizable group of small shareholders accustomed to booming stock prices. The steady rise in home ownership has also bolstered the sense of affluence (chart).

These changes reflect the stirrings of the "enterprise culture" that Thatcher dreams of instilling throughout the new Britain. And victory may make her recent boasts about the Tories ruling into the 21st Century seem plausible. Her hopes for a third term, however, hinge on whether the public will accept even more of her tough talk of self-reliance and free-market economics as the best prescription for the country's long-running "disease." But even if she stumbles or the current economic boom peters out, many of the key tenets of the Thatcher "revolution" will remain.

By Richard A. Melcher, with Mark Maremont in London, and bureau reports

M. Pl. type

- ① minute on tape
- ② text below on plain

PLW

CHANCELLOR'S BUDGET BROADCAST

FROM: SIR A. JAY

3 March 1988

ANIMATION CUE-SHEET: CAPTION 3

NARRATION

ANIMATION

"Then you see that inflation was always the spectre at the feast. The peak in 1973 . . .

1. GDP chart appears with the 4 bars 1970-1973 inc. already in place

. . . was paid for by the inflation of 1974 and 1975.

2. Inflation graph animates from left hand edge and stops at 1975 peak

The peak of 1979 . . .

3. The 6 bars 1974-1979 inc appear rapidly in succession

. . . was paid for by the inflation that surged again up to 1980. In other words the growth couldn't last. Inflation always killed it."

4. Inflation graph descends rapidly to 1978 trough, then rises slightly more slowly to 1980 peak.

"Year after year of steadily rising output.

5. As for sc. 4 except that we come to caption with the bars for GDP 1980 and 1981 already there as well. Animate the 7 bars

NARRATION

ANIMATION

1982-1988 inclusive rapidly
in succession

But for the first time
inflation actually falling,
and falling dramatically,
while output rose.

6. Inflation graph descends
from 1980 peak down to
1988, reaching 1988 at
end of sentence.

And that's the picture
that really tells the
story of Britain's
now-found success."

7. Hold final position as
at end of sc. 6 - full
chart.

BUDGET BROADCAST : C, AJ, RPC, SJP, JF, ACSA, APH.

Find out → Timings.

Inflation

1. Shadow must go.
2. Forget blue & red backgrounds. ~~Do~~ Lightish background.
3. Inflation a thickish red line.
4. ~~More~~ Expand x axis. Fill screen.
5. Dates shd be 70, ~~75~~ 80, ~~85~~ 88.
6. Vert. axis 5, 10, 15, 20, 25.
7. Delete "since 1970" in title.
8. Add vert. axis on the right, with numbers.
9. Show % sign not at top but next to number, on both sides.
10. ~~Do~~ Repeat last time's version of forecast.

Superimposition

1. No shading.
2. Need to see animating by section.
3. Got to animate bars up to 73, then graph to 75, then bars to ~~78~~ 79, then bars to 80.
4. Inflation line wrong - not the same graph.
5. No red & blue.
6. Dates as before.
7. Don't need a scale for ~~any~~ superimposition.
8. Title 'Output and Infl -' on one line.
9. Fill screen.

National Output

1. Delete "since 1970"
2. No shading
3. 70, 80, 88.
4. No blue & red.
5. Scale 80, 100, 120 only
6. Look at log scale graph
7. Add "1980 = 100" under "National output", in writing same size as nos at the bottom.
8. Hatch bars with light blue lines at wide interval.

SJP →

Take Home Pay

1. Title shd be "Take home pay". No sub-title.
2. £ sign alongside the figure.
3. Years as before: 1970, 1980, ~~1988~~ 1987, ~ no forecast.
4. No shadow
5. Scale on RHS
6. Don't want LH line extending up to the top, or horiz. axis all the way to right.
7. Same background colour: pale green for chart itself, dark green for border.
8. Blue lines.

Euro Growth Leagues

1. Holland not N'lands.
2. More space both within ~ betw. columns
3. Not all caps
4. Smaller flag.
5. Same as last time.
6. No to Spain.

Final check on 14 March.



COPY NO 8 OF 8

FROM: A P HUDSON

DATE: 3 March 1988

CHANCELLOR

cc Mr Scholar
Mr Culpin
Mr Pickford
Mr A C S Allan**BUDGET BROADCAST: MEASURES**

- ... I attach a revised draft, incorporating the points you made yesterday.
2. This is 360 words, still a lot longer than in previous years.
 3. Others may well have suggestions to sharpen it up.

A handwritten signature in black ink, appearing to be 'A P HUDSON'.

A P HUDSON

DRAFT OF 3 MARCH

BUDGET BROADCAST: MEASURES

[... And today's measures will help us further along the road.]

1. Again, I've cut income tax, raising tax thresholds, and cutting the basic rate by another twopence in the pound, to 25 per cent, as we said we would in the Election.
2. That's the lowest rate since the War, and these changes are worth nearly £5 a week to a married man on average earnings. So everybody has a bigger incentive to give of their best.
3. I've also brought down the higher rates of tax. For far too long, the tax system penalised our top managers and engineers, and drove many of them abroad. Now they have every incentive to stay and work here, which means stronger businesses and more jobs.
4. I'm also reforming the tax system, in particular to give a fair deal for married women. At the moment, they cannot have proper independence or privacy in tax matters. And some couples can pay more tax simply

because they are married. I'm sweeping these nonsenses away, and introducing a new system, of Independent Taxation, which will start in 1990, as soon as the necessary preparations are made.

5. Reforming taxes also sometimes means putting them up, where people aren't paying their fair share. That's why I've doubled the tax on company cars. It won't be popular, I know, but it's right, because at the moment, people with a car pay far less than people who get all their salary in cash.

6. I've also held down the tax on lead-free petrol, so in future it shouldn't cost any more than ordinary 2-star petrol. And if more of us use lead-free fuel, that will help to cut down pollution.

7. This Budget gives us lower taxes and better taxes. That's been an essential part of the economic success I was talking about earlier. And it's only by having a successful economy that you can afford better public services.

8. In the autumn, I increased spending by £4½ billion, including £700 million for the health service. And because the economy's strong, we know we won't have to reverse these increases, which is what happened to Labour when they were in office.



FROM: A P HUDSON
DATE: 8 MARCH 1988

APH

MR FLITTON

cc Mr Culpin
Mr Pickford

BUDGET BROADCAST: MEETING ON 8 MARCH

1. For the record, these are the comments which I noted down at today's meeting to view the charts.

2. National Output

- (a) All the bars should be blue.
- (b) The hatching on the right-hand bar should be the minimum necessary to distinguish it from the others, perhaps a very narrow pin-stripe.
- (c) The inverted commas around 1980 = 100 should be deleted, and the type made half the size.
- (d) The animation which Sir Antony Jay suggested could be at 2-frame, should be in 5 stages, as follows:
 - Britain's output rose to a peak in 1973
 - then it dropped back
 - then it rose to another peak in 1979.
 - and then it dropped again.
 - But since 1981 ...
- (e) There was a bar missing in the late 1970s, and one too many in the 1980s.

3. Inflation

- (a) Delete 0%.
- (b) The hatching should be less obtrusive.



- (c) The inflation line should end a little earlier, so that when it is superimposed on the output chart, it extends only very slightly beyond the final bar.
- (d) The animation should be as follows:
- rose to a terrible peak ...
 - then it fell back
 - then it rose to another peak ...
 - it's fallen dramatically ...

4. Superimposition

- (a) Specific comments on the Output and Inflation Charts, of course, apply here as well.
- (b) This chart would now only start at the words "The Peak in 1973 ...".
- (c) With that exception, the animation should be basically as set out in the cue sheet. The fall in inflation between 1975 and 1978 should be shown as quickly as possible, and the rise to 1980 more slowly. And there was a case for not starting the final descent of inflation until the words "inflation actually falling ...".

5. Take Home Pay

- (a) The chart should be brought on in two stages, stopping at 1979 in between.
- (b) The end of the line and the 1987 date should be aligned, either by shortening the line or by moving the date slightly to the right.

6. Growth leagues

- (a) The only point on this chart is that the Union Jack should be flat, with no ripples.



7. Please could you emphasise to the BBC that they are very welcome to consult you or me if they are in any doubt about how to handle a particular point. If necessary, I am sure I can consult the Chancellor at short notice.

*Ne
note.*

AMH

A P HUDSON

CONFIDENTIAL

FROM: S J PICKFORD

DATE: 9 MARCH 1988

MR FLITTON

cc Mr Culpin
Mr Hudson
Mr Curwen

BUDGET BROADCAST CHARTS

This is to confirm the revised numbers for the Budget broadcast charts that Peter Curwen gave to you this morning to pass to the BBC. The revised data are attached. I would suggest you fax that sheet to the BBC as additional confirmation.

2. The only major revision is to the GDP series, where we have, on EA's advice, included growth of 4.3 per cent in 1987 and 3.0 per cent in 1988. Although these are in theory still subject to change, in practice no further changes are likely that would be visible to the naked eye. The other small change is that the real take-home pay series has been revised , by about 1 decimal point in each year. I give you these figures for the record, although they will not make any discernible difference to the charts.

3. We would welcome a final chance to make sure the BBC get the charts right before it is too late to change them.

Mr Pickford

Stephen Pickford

S J PICKFORD

Pl. cd you ask Mr Curwen to check the inflation forecast for 1988, as a matter of AS AP.

AMH

FINANCIAL YEARS	REAL TAKE HOME PAY 1987-88 PRICES
1970-71	136.10
1971-72	138.91
1972-73	146.59
1973-74	146.59
1974-75	146.67
1975-76	140.88
1976-77	138.60
1977-78	137.17
1978-79	147.62
1979-80	153.70
1980-81	155.29
1981-82	151.19
1982-83	151.75
1983-84	158.37
1984-85	163.95
1985-86	166.14
1986-87	173.68
1987-88	181.28

CALENDAR YEAR	INFLATION RATE Per cent	GDP(A) LEVEL 1980=100
1970	6.4	84.7
1971	9.4	86.0
1972	7.1	88.1
1973	9.2	94.5
1974	16.1	92.9
1975	24.2	92.0
1976	16.5	94.5
1977	15.8	96.9
1978	8.3	99.7
1979	13.4	102.4
1980	18.0	100.0
1981	11.9	99.1
1982	8.6	100.7
1983	4.6	104.0
1984	5.0	106.5
1985	6.1	110.3
1986	3.4	113.7
1987	4.2	118.6
1988	4.1	122.1

BUDGET SECRET - BUDGET LIST ONLY

BUDGET SECRET REF: AT/H/1
BUDGET LIST ONLY COPY NO. 1 OF 13 **NOT TO BE COPIED**

FROM: A TURNBULL

DATE: 9 March 1988

MR HUDSON

C.
 ✓
 The point you raised
 on the opening for
 the Broadcast.

cc PS/Chief Secretary
 Sir P Middleton
 Mr Anson
 Mr Sedgwick
 Mr Odling-Smee
 Mr Culpin
 Mr Mowl
 Mr R I G Allen
 Mr Pickford
 Mr Tyrie

A/H

BUDGET BROADCAST: SPENDING AND BORROWING

You asked for a run of figures relating GGE to the PSBR. They are in the attached table. The purists should note that the comparison is a hybrid one relating borrowing for three sectors (CG, LA's, PC's) with expenditure of two (CG, LA's), the difference being PCMOB. But expressed sufficiently generally I see no reason why a point cannot be made using these figures. The ratio has come down pretty steadily since 1978-79 so there appear to be no pitfalls.

2. One approach would be:

"In the mid 1970s, nearly one pound in every five the Labour Government spent had to be borrowed, shuffling the bill off on to future tax payers. The position we now face is that not only is there enough revenue to pay for public spending but there is a small margin left over to repay some of the debt accumulated in those earlier years."

AT

A TURNBULL

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	PSBR		PSBR EXCLUDING PRIVATISATION PROCEEDS			PSFD (1)	GGE £ billion	PSBR AS % GSE
	Cash £ billion	Real terms (1986-87 prices) £ billion	Ratio to GDP (per cent)	Cash £ billion	Ratio to GDP (per cent)			
1948						-0.3		
1949						-0.3		
1950						-0.4		
1951						0.2		
1952	0.8	8.2	4.95	0.8	4.95	0.6	3.44	
1953	0.6	5.9	3.45	0.6	3.45	0.7	4.08	
1954	0.4	3.7	2.04	0.4	2.04	0.4	2.40	
1955	0.5	4.5	2.40	0.5	2.40	0.4	2.01	
1956	0.6	5.1	2.72	0.6	2.72	0.5	2.59	
1957	0.5	4.2	2.19	0.5	2.19	0.5	2.40	
1958	0.5	4.1	2.11	0.5	2.11	0.4	1.93	
1959	0.6	4.6	2.27	0.6	2.27	0.6	2.19	
1960	0.7	5.7	2.67	0.7	2.67	0.7	2.62	
1961	0.7	5.5	2.51	0.7	2.51	0.7	2.62	
1962	0.5	4.1	1.86	0.5	1.86	0.5	1.75	
1963	0.8	6.1	2.60	0.8	2.60	0.8	2.57	
1963-64	1.0	7.7	3.27	1.0	3.27	1.1	3.34	11.3
1964-65	0.9	6.4	2.64	0.9	2.64	0.8	2.34	12.3
1965-66	0.9	6.4	2.56	0.9	2.56	0.6	1.67	13.6
1966-67	1.1	7.4	2.91	1.1	2.91	1.0	2.64	15.1
1967-68	2.0	12.7	4.85	2.0	4.85	1.7	4.18	17.5
1968-69	0.4	2.2	0.81	0.4	0.81	0.4	0.83	18.2
1969-70	-0.6	-3.4	-1.25	-0.6	-1.25	-0.8	-1.70	19.3
1970-71	0.8	4.1	1.45	0.8	1.45	-0.2	-0.45	21.6
1971-72	1.0	4.7	1.63	1.0	1.63	0.7	1.15	24.4
1972-73	2.4	10.9	3.59	2.4	3.59	2.9	2.99	27.6
1973-74	4.3	18.1	5.79	4.3	5.79	3.5	4.62	31.9
1974-75	8.0	28.0	8.97	8.0	8.97	6.0	6.71	42.8
1975-76	10.3	28.5	9.25	10.3	9.25	8.1	7.35	53.7
1976-77	8.3	20.4	6.41	8.3	6.41	7.5	5.75	59.5
1977-78	5.4	11.6	3.56	5.9	3.93	6.6	4.36	63.7
1978-79	9.2	18.0	5.33	9.2	5.33	8.3	4.82	74.8
1979-80	10.0	16.7	4.83	10.4	5.01	8.0	3.86	89.8
1980-81	12.7	17.9	5.37	13.1	5.54	11.7	4.96	108.4
1981-82	8.6	11.1	3.31	9.1	3.50	5.2	2.01	120.5
1982-83	8.8	10.6	3.11	9.3	3.28	8.3	2.92	132.5
1983-84	9.7	11.1	3.17	10.9	3.54	11.5	3.73	140.1
1984-85	10.2	11.1	3.09	12.3	3.74	13.1	3.98	150.2
1985-86	5.7	5.9	1.59	8.5	2.34	8.2	2.26	158.2
1986-87	3.4	3.4	0.87	7.8	2.01	9.2	2.39	164.8
1987-88	-2.9	-2.7	-0.68	2.2	0.51	3.4	0.80	171.5
1988-89	-3.1	-2.8	-0.68	1.9	0.42	3.0	0.65	182.8

9.1
7.4
7.0
7.6
11.6
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-3.1
3.6
4.0
8.8
13.6
18.7
19.1
14.0
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11.2
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7.2
6.7
7.0
6.8
3.6
2.0
-1.7
-1.7

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COVERING BUDGET SECRET: TASK FORCE LIST

COPY NO 6 OF 6

FROM: A P HUDSON

DATE: 11 March 1988

CHANCELLOR

cc Mr Pickford
Mr A C S Allan
Mr Tyrie

BUDGET BROADCAST

... I attach your amended version of the Budget Broadcast.

2. The length is in fact almost exactly the same as last year.

	Words	Of which measures
1986	1137	220
1987	1146	255
1988 draft	1161*	335

* including opening section of 183 words.



A P HUDSON

Draft of 11 March

BUDGET BROADCAST: DRAFT OPENING SECTION

Once upon a time, governments used to believe that it was their job to balance the budget: not to spend any more than they could raise from taxes. But taxes aren't popular. So governments found a clever way out. They borrowed.

Obviously a small amount of borrowing doesn't matter much. The trouble is, it's addictive. By the mid-'seventies, nearly one pound in every five the Labour Government spent was being financed out of borrowed money. This meant they were loading heavy interest payments on future years and on future generations.

For nine years this government has fought to free Britain from that terrible inheritance. And the result is that tonight, for only the second time since the early 'fifties, I can tell you, as Chancellor, that once again Britain has a balanced budget. Last year the Government didn't need to borrow at all. And I mean to keep it that way.

Balancing the budget hasn't been easy and it hasn't always been popular. But along with all our measures to liberate initiative and reward enterprise, it has produced outstanding results for Britain.

CHANCELLOR'S BUDGET BROADCAST: MARCH 15 1988

[Opening Section]

CAPTION 1. Bar chart
GDP from 1970.
Reveal bars progressively
from left as indicated
by narration.

The best, single measure of any country's economic achievement is its total national output. If you go back to 1970, you see how Britain's output rose to a peak in 1973, then it dropped back, then it rose to another peak in 1979, and then it dropped again. But since 1981 we've had seven successive years of uninterrupted economic growth.

That's an astonishing record in itself. But there's something that makes it even more astonishing. Because side by side with this remarkable growth in output there's been a dramatic fall in inflation.

CAPTION 2. Graph.
Inflation from 1970.
Reveal as for caption 1.

Again, you have to go back to 1970 to see the full picture. It rose to a terrible peak - nearly 25% - in 1975, then it fell back, then it rose to another peak in 1980. But since then it's fallen dramatically, down to the lowest levels for 20 years.

Those two charts are tremendously significant. But you only see the real significance when you put the two of them side by side.

CAPTION 3.

GDP plus inflation.

GDP bars appear first,

inflation graph animates

alongside

as indicated by narration.

Then you see that inflation was always the spectre at the feast. The peak in 1973 was paid for by the inflation of 1974 and 1975. The peak of 1979 was paid for by the inflation that surged again up to 1980. In other words the growth couldn't last. Inflation always killed it.

In fact, that had been the story of what was called the British disease for many years before 1970. But look at the story since 1980.

CAPTION 3 cont'd.

Animate as before.

Year after year of steadily rising output. But for the first time, inflation actually falling, and falling dramatically, while output rose. And that's the picture that really tells the story of Britain's new-found success.

There's no mystery about how we've done it. It's the result of a consistent economic policy over nine years. A commitment to controlling inflation, removing the shackles on business enterprise, and liberating the creative energy of the British people. It means letting people keep as much as possible of what

they earn. And if you look at what that means for a married man on average earnings with two children, you can see the result.

CAPTION 4. Graph.
Real take home pay.
Reveal from left
with narration.

Take home pay, corrected for inflation, bumped up and down through the stop-go years. But since 1981 it's risen year after year, until now living standards are way above what they've ever been before.

And unemployment is coming down fast, in every region of the country.

There's still a long way to go, but it's now clear to everyone that we're going in the right direction. And today's measures will help us further along the road.

BUDGET MEASURES SEQUENCE

What I've been able to tell you this evening is a story of success. The story of a transformation of Britain's fortunes which has also transformed our standing in the world. If you look at the European economic growth league you can see how.

CAPTION 5.

European growth league.

Reveal with narration.

In the nineteen-sixties we were right at the bottom of the league table. In the 1970s we were still bottom of the table. But in the 1980s we've been right at the top of the league.

All the same, it doesn't mean we can sit back and relax. We don't control the world economy, but we're very much a part of it. So we have to be prepared for storms ahead. That's why we have to keep the British economy strong and sound. If it hadn't been so strong, the oil price collapse, or the coal strike, or the stock market collapse, could have caused us terrible damage. Instead, we sailed through them all, virtually unscathed.

That's why we have to hold to our course and keep a firm hand on the reins. But so long as we stick with the policies that have served us so well these past nine years, we can look forward to a level of security and prosperity for ourselves and our children far higher than any of us has ever known.

BUDGET SECRET: TASK FORCE LIST

Draft of 11 March

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I've brought down the higher rates of tax, too. Experience shows that if you tax top managers and engineers and the like too heavily, too many either opt for the quiet life, or devote their talents to avoiding tax, or go abroad where tax rates are lower. So what I've done will mean better-managed businesses and more jobs - and, at the end of the day, higher tax revenues as a result.

But at the same time, I've doubled the tax on company cars. It won't be popular, I know; but I believe it's right that those who have company cars should pay their fair share of tax.

And I've made this a tax reform Budget, too. In particular, starting in 1990, the earliest date I can get

the preparations for so radical a reform sorted out, I'm changing the tax system to give married women a fair deal, for the first time ever. Instead of their income being taxed as if it belonged to their husband, as it has been for the past 200 years, it will at long last be their own private affair.

So this Budget brings not only lower taxes but better taxes. That's an essential ingredient in Britain's continuing economic success. And it's only by having a more successful economy that we can afford better public services.

And that's why, last Autumn, I was able to announce big increases in Government spending for the coming year, especially on priority areas like education, law and order, and the health service.

It's been a hat-trick: higher Government spending, lower taxes, and the complete elimination of Government borrowing.

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CANCELLOR'S BUDGET BROADCAST: MARCH 15 1988

[Opening Section]

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Reveal bars progressively
from left as indicated
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That's why we have to hold to our course and keep a firm hand on the reins. But so long as we stick with the policies that have served us so well these past nine years, we can look forward to a level of security and prosperity for ourselves and our children far higher than any of us has ever known.

BUDGET SECRET: TASK FORCE LIST

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~~covering~~
~~BUDGET SECRET~~

MDX A/25
Keep carefully

FROM : M D X PORTILLO
DATE : 13 MARCH 1984
1988

PS/CHANCELLOR

cc Mr Battishill
Mr Monger
Mr Hall
~~Mr Folger~~

BUDGET BROADCAST

Here is the latest draft. If there are any further comments, I shall be at No 11 this afternoon, so please contact me there.

MDX
MDX PORTILLO

THE CHANCELLOR'S 1984 BUDGET BROADCAST

CHANCELLOR

You'll already have heard what's in the Budget, and you'll be reading a lot more in the papers tomorrow. But in a couple of days it will stop being news, and then there'll be different reports about inflation and exports and unemployment and interest rates, and it will all merge into a jumble with very little pattern to it.

2. But there is a pattern, all the same. In the old days Britain used to lurch from one economic crisis to another, and Governments used to stagger from one gimmick to the next. What we've done is to get away from all that. And that means taking a longer view. So I'd like to take a moment to look at the pattern that underlies all the day-to-day events and show how today's Budget fits into it - how it is designed to move us closer to the objective we've been working for since 1979.

3. Running through every one of our Budgets since 1979 has been the same consistent strategy. The aim is simple: to create steadily rising prosperity instead of the repeated stop-go that did us so

much damage in the past. The change can be seen most clearly with inflation. That's the biggest menace of all. The rate of price increases went up under every government for a generation.

4. 3 per cent from 1961 to 1964. That was under the Conservatives. $4\frac{1}{2}$ per cent from 1964 to 1970 under Labour. $9\frac{1}{2}$ per cent from 1970 to 1974. That was under us again. And $15\frac{1}{2}$ per cent from 1974 to 1979, under the Wilson and Callaghan governments.

5. That was the first and biggest task we had to tackle - for inflation is the great destroyer of savings and jobs. When we took over it was still on a rising path - $16\frac{1}{2}$ per cent up to the end of our first full year. But we brought it down to 12 per cent in 1981, to $8\frac{1}{2}$ per cent in 1982, and to $4\frac{1}{2}$ per cent last year. Today's Budget is designed to get it, and keep it, still lower.

// And lower price rises have brought with them lower interest rates. That's part of our policy too, to make it cheaper for people to buy their homes and for businesses to finance their expansion.

6. Lower inflation has given us a firm foundation for recovery. Everyone now agrees that the recovery is under way. There is evidence everywhere. A look at Britain's output over the past five years shows the pattern.

A rise to the end

of 1979. A fall during the world recession until the middle of 1981. Then a steady rise ever since, overtaking the 1979 peak and still going up.

7. At the same time Britain's getting more efficient. Our productivity rose sharply last year - people are producing more in a shorter time. That's what we need to sell our goods abroad, and new orders bring new jobs.

8. But of all figures I get - and I can tell you I get plenty - one that gives me special pleasure is our position in the Common Market league table for economic growth.

9. Our ten year average from 1973 to 1982 put us firmly in the relegation zone, right at the bottom. Last year we were right at the top. And the international forecasters of the OECD in Paris think we shall be top again this year.

10. We in the Government haven't done this. Governments can't. It's business and industry that have done it. All Governments can do is create the conditions that make it possible. And that's where this Budget fits in.

11. Today I announced important changes in the way companies are taxed. The idea is to bring down sharply the rate of tax they pay on their profits and to get them to put their money into projects that will be successful. Not just because that's good for British business, but because it's good for profits, and profits are good for jobs.

12. But there is one great danger - a danger that could slow down the recovery, and make us worse off than we need be. That danger is too much government spending. What government spends has to come either from taxes, or from borrowing. No responsible government wants to run up huge debts which our children will have to pay off. So if we were to let government spending rush ahead, that would have to be paid for by higher taxes.

13. Let me show you what I mean with a diagram. Over the years national output has risen. But government spending has risen even faster. So we have all had to bear an ever -increasing burden of tax. That's left people and businesses with less spending power, and has slowed down the economy.

Now we have a real prospect of steady growth in the years ahead. However, if government spending went on rising in the old way, as it did before this Government brought it under control, we'd never be able to cut tax rates. But if we can now continue to hold it at its present level - and I mean hold it, not cut it - then as output rises we shall all have a bigger and bigger share to spend as we choose, and companies will have more and more to invest in new jobs.

14. Today's Budget contained another important step to help businesses create more new jobs: the end - at long last - of the National Insurance Surcharge, the tax on jobs introduced by Labour. So we've removed another weight from around the neck of British business.

15. There was good news on income tax too. Most people agree that those on low incomes are paying too much tax. Today I did something about that, making it more worthwhile to work, by giving both single people and married couples a $12\frac{1}{2}\%$ increase on their tax allowances. The married allowance will now be higher, in real terms, than at any time in the 40 years of our post-war history.

16. In order to bring down taxes on wages, I've had to put up some taxes on spending: on cigarettes, for example. But I believe that people prefer to have more money in their pockets, to spend and save as they wish.

17. So well over three-quarters of a million people who would have been paying ^{income} tax next year if I had not put up the allowances, now won't have to pay at all. That includes 100,000 widows. And the tax paid by most married couples will go down by at least £2 a week.

18. And there was more good news for young couples thinking of buying their first home and worried about the stamp duty. Following the Budget nine out of ten of them won't now have to pay any stamp duty at all.

19. This Budget looks ahead and sets the pattern for the next four years. It's designed to make the economy work better and help bring new jobs. And it points the way to lower taxes too. Our policies are paying off and we're sticking to them. Today inflation is down and the economy's growing. Our prospects are very much better than for a long time. This Budget builds on that success.