

PO-CH/NL/0537

PART C

CONFIDENTIAL

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Begins : 13/1/88
Ends : 28/3/88

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PO - CH | NL | 0537.
PT.C.

Chancellor's (Lawson) Papers:
Treasury Parliamentary Business At
the House of Lords Stage, 1985-83.

DD's: 25 Years



10/4/96.

PO - CH | NL | 0537.
PT.C.

CONFIDENTIAL



FROM: B O DYER
DATE: 13 January 1988

CHANCELLOR

cc Chief Secretary
 Financial Secretary
 Paymaster General
 Economic Secretary
 Mr R I G Allen
 Mr Cropper
 Mrs J Thorpe

CABINET : THURSDAY 14 DECEMBER 1987
PARLIAMENTARY AFFAIRS

Following is the business, currently, proposed for the Commons next week:

Monday 18 January

- 2.30pm: Welsh Questions
- 3.30pm: **Second Reading of the Criminal Justice Bill**
and associated Money Resolution

Tuesday 19 January

- 2.30pm: Education and Science Questions
- 3.15pm: PMs Questions
- 3.30pm: Ten Minute Rule Bill
Underground Fires (Research and Control) and Land
Protection : Harry Barnes
- 3.40pm: **Opposition 7th Allotted Day** (subject to be announced)

Wednesday 20 January (11.00am: Publication of PEWP)

- 2.30pm: Environment Questions
- 3.30pm: Ten Minute Rule Bill
Overseas Aid (Assistance to the Poorest): Brian Wilson
- 3.40pm: **Remaining Stages of the Duchy of Lancaster Bill**
[Second Reading of the Coroners Bill]

Thursday 21 January

- 2.30pm: Home Office Questions
- 3.15pm: PMs Questions
- 3.30pm: Business Statement
- 4.00pm: **Second Reading of the Firearms (Amdt) Bill**
and associated Money Resolution

Friday 22 January

9.30am: **Private Members' Bills:** Second Reading

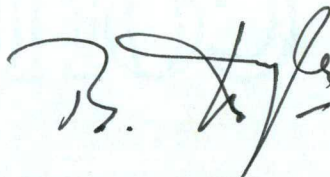
1. Abortion (Amendment) Bill
2. Unborn Children (Protection) Bill
3. Planning Permission (Demolition of Houses) Bill
4. Misuse of Drugs Bill
5. Abortion (Financial Benefit) Bill

Monday 25 January

2.30pm: Energy Questions

3.20pm: Civil Service Questions

3.30pm: **Second Reading of the Regional Development Grants
(Termination) Bill.**



B O DYER
Parliamentary Clerk

pnp

Thanks



FROM: Assistant Parliamentary Clerk

DATE: 15 January 1988

01-270 5007

PS/CHANCELLOR

cc PS/Chief Secretary
 PS/Financial Secretary
 PS/Paymaster General
 PS/Economic Secretary
 Mr Dyer

FORTHCOMING TREASURY BUSINESS IN THE HOUSE OF LORDS

You may wish to be aware of the following current forthcoming Treasury business in the Lords:

ORAL QUESTIONS

Tuesday 19 January - Lord Boyd-Carpenter to ask Her Majesty's Government what is the yield as at the latest convenient date of Inheritance Tax on the first or principal home of a deceased taxpayer.

Govt. Spokesman Lord Brabazon; Inland Revenue in the lead

Wednesday 20 JANUARY - Lord Bruce of Donington to ask Her Majesty's Government what initiative they propose to take in the EEC Council of Ministers to secure Council action in respect of the large - scale frauds set out in the latest annual report of the European Court of Auditors.

Govt. Spokesman: Lord Young (Customs in the lead)

Thursday 28 January - Lord Orr-Ewing to ask Her Majesty's Government what is the latest forecast for growth in the world economy taking into account the fall in share prices round the world.

Govt. Spokesman: Government Spokesman to be agreed. IF2 (HMT) in the lead

Wednesday 3 February - Lord Stodard of Leaston to ask Her Majesty's Government whether plans are being made to issue a new £5 note.

Govt. Spokesman: Government Spokesman to be agreed. FIM1 (HMT) in the lead.

Wednesday 10 February - Lord Broxbourne to ask Her Majesty's Government whether they will seek to amend section 29(5) of the Taxes Management Act 1970 by inserting after "person assessed", the words "save where to the knowledge of the Inspector issuing the notice the person assessed has a professional adviser or agent to deal with tax matters, in which case service on such agent will constitute a sufficient compliance with this section."

Govt. Spokesman: Government Spokesman to be agreed. Inland Revenue in the lead.

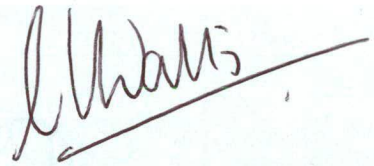
TREASURY INTEREST ORAL QUESTIONS

Wednesday 20 January - Lord Williams of Elvel to ask Her Majesty's Government whether they will refer the acquisition by the Kuwait Investment Office of a substantial holding in British Petroleum plc to the Monopolies and Mergers Commission.

Govt. Spokesman: Lord Young; DTI in the lead.

Thursday 21 January - Lord Molloy to ask Her Majesty's Government whether Treasury civil servants are bound by the terms of their employment to the same rules of confidentiality as those imposed on civil servants employed in the security services.

Govt. Spokesman: Lord Belstead; Cabinet Office/OMCS in the lead.

A handwritten signature in dark ink, appearing to read 'C L Wallis', with a long horizontal stroke extending to the right.

C L WALLIS

ph

FROM: S J PICKFORD
DATE: 18 JANUARY 1988

MR A C S ALLAN

cc Mr Culpin
Mr Odling-Smee
Mr R I G Allen
Mr Gieve
Mr Saunders

BRIEFING FOR NO.10

You asked for a line to take on the tax cut stories in the Press over the weekend, for the Prime Minister's use at questions tomorrow and for DHSS Ministers to use in the NHS debate.

- ... 2. I attach a draft for you to send to No.10 and DHSS, if the Chancellor is content. It almost certainly overlaps with other briefing on health that the Prime Minister already has. But I have tried to make it self-contained. It also outlines the argument for the NHS debate.

a
or?

John Bell

S J PICKFORD

AD
John

Prospects for tax cuts in Budget

Factual

Press speculation on the Chancellor's scope for tax cuts in the Budget was sparked off over the weekend by bullish brokers' circulars from Credit Suisse First Boston, Goldman Sachs, and Greenwell Montagu. These suggested that if the Budget set a PSBR of £4 billion in 1988-89 (in line with the assumption in the 1987 Budget, but £3 billion higher than the level assumed in the Autumn Statement) there was scope for up to £11 billion of tax cuts, because tax revenues are more buoyant than expected.

Both the Press and some MPs are concluding from these reports that there is more scope for increased public expenditure, especially on the health service.

Suggested line to take

measured / never comment on press speculation, nor can I

~~I cannot anticipate the judgement my RHF will make in his Budget, which he will deliver to the House on 15 March. It is anyway far too early to speculate on an event which is nearly two months away.~~

As the House will have an opportunity to debate the health service later today, and from the Public Expenditure White Paper

~~As to funding for the health service, spending has increased by over 30 per cent in real terms and on our plans, more details of which will be published tomorrow in the Public Expenditure White Paper, it is set to continue growing significantly in real terms.~~

~~We have been able to devote increasing resources to priority areas - of which health is a major one - precisely because of the strength of the economy. This strength has been fostered by this Government's policies to promote enterprise and efficiency, by removing barriers and increasing incentives.~~

and I certainly have no intention of commenting on press speculation.

will be published tomorrow.

CONFIDENTIAL



FROM: B O DYER
DATE: 20 January 1988

CHANCELLOR

cc Chief Secretary
 Financial Secretary
 Paymaster General
 Economic Secretary
 Mr R I G Allen
 Mr Cropper
 Mrs J Thorpe

CABINET : THURSDAY 21 JANUARY 1987
PARLIAMENTARY AFFAIRS

Following is the business, currently, proposed for the Commons next week:

Monday 25 January

- 2.30pm: Energy Questions
- 3.20pm: Civil Service Questions (Mr Luce)
- 3.30pm: **Second Reading of the Regional Development Grants (Termination) Bill**

Tuesday 26 January

- 2.30pm: Defence Questions
- 3.15pm: PMs Questions
- 3.30pm: Ten Minute Rule Bill
 (Regional Health Authorities (Abolition) - Ms Widdecombe)
- 3.40pm: **Debate on the Army**

Wednesday 27 January

- 2.30pm: Scottish Questions
- 3.30pm: Ten Minute Rule Bill
 (Telephone Talkabout (Abolition) - Mr T Lewis)
- 3.40pm: **Opposition 8th Allotted Day** (subject to be announced)

Thursday 28 January

- 2.30pm: Northern Ireland Questions
- 3.15pm: PMs Questions
- 3.30pm: Business Statement
- 3.50pm: **Second Reading of the Merchant Shipping Bill [Lords]**
- 7.00pm: **Second Reading of the Welsh Development Agency Bill**

Friday 29 January**9.30am: Private Members' Bills**

1. Consumer Arbitration Agreements Bill
2. Sunday Sports (No.2) Bill
3. Abortion (Treatment of Non-Resident Women) Bill
4. Housing (Waiting List Restrictions) Bill
5. Northern Regional Assembly Bill


 B O DYER



FROM: B O DYER
DATE: 20 January 1988

01-270 4520

PS/INLAND REVENUE

cc PS/Chancellor
PS/Financial Secretary
Mr Savage
Mr Hutson

EARLY DAY MOTION No. 524

'That an humble Address be presented to Her Majesty, praying that the Income Tax (Cash Equivalents of Car Benefits) Order 1987 (SI, 1987, No. 1897), dated 5th November 1987, a copy of which was laid before this House on 17th November, be annulled.'

This is about
operating the
scale changes
from 6 April.

This Prayer, standing in the name of the Leader of the Opposition, Mr John Smith et al, first appeared on the Order Paper on Monday 18 January; a copy of which was faxed to you.

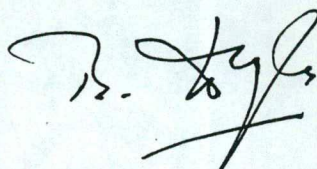
Although the Prayer is now out of time, Mr Smith, through the 'usual channels', has requested a debate. It could not, of course, be founded on the Prayer but on a Motion[†] for the Order's revocation.

I suspect the impetus behind Mr Smith's request stems from the fact that he is sponsored by ASTMS whose members, like those of the TGW, are not enamoured with the changes promulgated in the Order.

The Business Managers are inclined to view Mr Smith's request sympathetically. I have therefore sought and received an assurance that in the event of a debate being conceded it would be upstairs in Committee for 1½ hours; and also that they will not accede to Mr Smith's request before receiving the views of Treasury Ministers. For example, if we have strong objections to any form of debate at the present time,

† Tabled today, and attached

I think the Business Managers could be persuaded to resist the blandishments of the Opposition. It is in this latter context that I should be grateful for your advice. I suggest this is submitted to the Financial Secretary's Office direct (copy to me please) by close of play on Friday 22 January - ie for the Minister's weekend box.



B O DYER
Parliamentary Clerk

538 *INCOME TAX (S.I., 1987, No. 1897) (No. 2)*

Mr Neil Kinnock
Mr Roy Hattersley
Mr John Smith
Dr John Marek
Mr Stuart Holland
Mr Chris Smith
Mr Nicholas Brown

★ 7

That an humble Address be presented to Her Majesty, praying that the Income Tax (Cash Equivalents of Car Benefits) Order 1987 (S.I., 1987, No. 1897), dated 5th November 1987, a copy of which was laid before this House on 17th November, be revoked.

a
OK?
AA
Vance → John M.

FROM: JOHN GIEVE
DATE: 21 January 1988

MR ALLAN

cc Miss Rutter
Mr Turnbull

NHS SPENDING

I attach revised answers for the PM. I have used the increase for the NHS (UK) rather than England in the first answer. On the second, there were volume reductions in capital spending in the NHS in both 1976-77 and 1977-78 but current spending continued to rise in volume terms throughout*. I have included therefore the cuts announced in July and December 1976 to previous plans - these included extra charges. I have converted it with the GDP deflator - I don't think percentages of GDP are appropriate for small sums like these and, in any event, we do not want to conduct the debate in these terms.

John Gieve

JOHN GIEVE

(* Jon Gieve rang to say spending fell in real (cost) terms - there was a negative Relative Price Effect. But probably too 'dear' to use this).

*
I think this can be used.
(Points to 'dear' of above)

* since it reflects what ~~did~~ did to 'dear' part.

DRAFT

ADDITIONAL BRIEFING FOR PRIME MINISTER'S QUESTIONS

Should have increased NHS spending in PEWP

in the Autumn Statement a couple of months ago.

Misapprehension about PEWP. It provides more detail about spending plans already announced by the Chancellor ~~last year~~ ^{These} which included ~~over £800 million extra for health in the UK as a whole~~ ^{in 1988-89} [~~£700m for England~~] ~~next year~~. ^{This is an increase over previous plans for 1988-89, made an actual} Time for looking further at all spending programmes ~~is in next autumn's Public Expenditure Survey.~~ ^{will be looked at again in this year's}

more than

as usual,

Labour Stewardship

increase in plan for 1988-89 over plan for 1987-88 of £X.

There would be no extra money available for health spending if Labour Party were in power. Under their stewardship, public borrowing spiralled out of control, ^{to} the equivalent of £40 billion in today's terms. That led to ^{a succession of} emergency spending cuts: ~~in July and again in December~~ [imposed by the IMF]: the health programme was cut ^{back} by [~~£88 million in 1977-78 and £122m in 1978-79 - about £250 million and £350 million at today's prices~~]. Capital spending in the NHS was cut in real terms by over 30 per cent between 1973-74 and 1978-79.

the equivalent of about £250 million in 1977-78 and £350 million in 1978-79 at today's prices.

Since 1978-79 it has risen by 2.



FROM: Assistant Parliamentary Clerk
DATE: 22 January 1988

01-270 5007

Tony pl
 PS/CHANCELLOR

cc PS/Chief Secretary
 PS/Financial Secretary
 PS/Paymaster General
 PS/Economic Secretary
 Mr Dyer

FORTHCOMING TREASURY BUSINESS IN THE HOUSE OF LORDS

You may wish to be aware of the following current forthcoming Treasury business in the Lords:

ORAL QUESTIONS

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Govt. Spokesman: Government Spokesman: Lord Young. IF2 (HMT) in the lead

Wednesday 3 February - Lord Stodard of Leaston to ask Her Majesty's Government whether plans are being made to issue a new £5 note.

Govt. Spokesman: Government Spokesman: Lord Young. FIM1 (HMT) in the lead.

Wednesday 10 February - Lord Broxbourne to ask Her Majesty's Government whether they will seek to amend section 29(5) of the Taxes Management Act 1970 by inserting after "person assessed", the words "save where to the knowledge of the Inspector issuing the notice the person assessed has a professional adviser or agent to deal with tax matters, in which case service on such agent will constitute a sufficient compliance with this section."

Govt. Spokesman: Government Spokesman: Lord Young. Inland Revenue in the lead.

C L Wallis

C L WALLIS

UNCLASSIFIED



FROM: A A DIGHT
DATE: 26 January 1988

MR C L WALLIS

FORTHCOMING TREASURY BUSINESS IN THE HOUSE OF LORDS

The Chancellor has seen and was grateful for your minute of 22 January.

A handwritten signature in black ink, appearing to read "A A Dight".

A A DIGHT

CONFIDENTIAL



FROM: B O DYER
DATE: 27 January 1988

CHANCELLOR

cc Chief Secretary
Financial Secretary
Paymaster General
Economic Secretary

**CABINET : THURSDAY 28 JANUARY 1987
PARLIAMENTARY AFFAIRS**

Following is the business, currently, proposed for the Commons next week:

Monday 1 February

- 2.30pm: Transport Questions
- 3.30pm: [Guillotine Motion on the Education Bill - advised
IN CONFIDENCE]
- 7.00pm: Second Reading of the Farm Land and Rural Development Bill

Tuesday 2 February

- 2.30pm: Employment Questions
- 3.15pm: PMS Questions
- 3.30pm: Ten Minute Rule Bill
(Personal Income (Ending of Higher Rate Taxation) - Sir
B Rhys Williams)
- 3.40pm: Remaining Stages of the Public Utility Transfers and
Water Charges Bill

Wednesday 3 February

- 2.30pm: Foreign and Commonwealth Questions
- 3.30pm: Ten Minute Rule Bill
(Transplant Notification - Mr G Jones)
- 3.40pm: Remaining Stages of the Licensing Bill
Remaining Stages of the Welsh Development Agency Bill

Thursday 4 February

- 2.30pm: Agriculture Questions
- 3.15pm: PMS Questions
- 3.30pm: Business Statement
- 3.50pm: [Still to be decided]

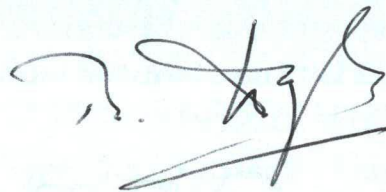
*Thursday: I have been advised in strict
confidence that there may be an important
and controversial statement on the future
of ILEA.*

B.O.D.

Friday 5 February

9.30am: **Private Members' Bills: Second Reading**

1. Motor Vehicles (Wearing of Rear Seat Belts by Children)
2. Environment and Safety Information
3. Unfair Reporting and Right of Reply
4. Scotland
5. Elimination of Poverty in Old Age

A handwritten signature in black ink, appearing to read 'B O Dyer', with a long horizontal stroke underneath.

B O DYER



mp

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

From the Secretary of State for Social Services

The Rt Hon John Wakeham MP
 Lord President of the Council
 Lord Privy Seal's Office
 Whitehall
 LONDON
 SW1A 2AT

CH/EXCHEQUER	
REC.	29 JAN 1988 ✓ 291
ACTION	FST
COPIES TO	

Jan 29. 88

John Jones

GWILYM JONES' 10 MINUTE RULE BILL

Gwilym Jones, Member for Cardiff North, has given notice that on Wednesday 3 February he will seek leave to introduce a Bill under the Ten Minute Rule provision.

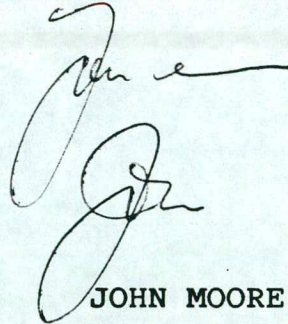
The Bill is designed to increase the availability of organs and tissue for use in transplant surgery. It would require health authorities in England and Wales, and health boards in Scotland, to set up procedures for identifying potential donors in hospitals and for notifying "an approved procurement organisation" when a potential donor is identified. We are unclear what is meant by "an approved procurement organisation" but we take this to mean an NHS transplant unit.

We do not think that this Bill should progress to a Second Reading, although we share Gwilym Jones' concern that the supply of organs should increase. We have recently received advice from the Medical Royal Colleges on alternative, non-legislative, means of achieving the same end, and Edwina Currie has already stated, in reply to a Parliamentary Question, that we intend to pursue the College's advice. She has subsequently given a pledge that we would reconsider legislation, but only if the present initiative failed.

E.R.

I do not think that it is necessary to oppose the motion; and if there is a division I suggest that Minister should be advised to abstain. Subsequently, however, I recommend that arrangements should be made to prevent such a Bill receiving a Second Reading.

I am sending copies of this letter to the Secretaries of State for Wales, Scotland and Northern Ireland, and to other members of L Committee.



Handwritten signature of John Moore, consisting of a large, stylized 'J' and 'M' with a horizontal line extending from the top of the 'J'.

JOHN MOORE

1. *AL*
2. *PWP?*



FROM: Assistant Parliamentary Clerk
DATE: 1 February 1988

01-270 5008

PRINCIPAL PRIVATE SECRETARY

PS/CHIEF SECRETARY

PS/FINANCIAL SECRETARY

PS/PAYMASTER GENERAL

cc PS/Economic Secretary
Mr Pickford - EB
Miss Simpson - EB
PS/IR
PS/HMCE
Parliamentary Section - IR
See attached list of
copy addressees

Nigel Forman MP
Tony Favell MP
John Maples MP
Michael Stern MP
Mark Lennox-Boyd MP

TREASURY FIRST ORDER QUESTIONS - THURSDAY 11 FEBRUARY 1988

Attached is the Chancellor's allocation of Questions for Oral answer on Thursday 11 February between himself, the Chief Secretary, the Financial Secretary and the Paymaster General. Questions in the area designated 'unlikely to be reached' that would have fallen naturally to the Economic Secretary are allocated to him for reply.

2. Copies of this minute and attachment go to all Assistant Secretaries who have been sent Oral PQ folders so that answers may be (re)-drafted with the particular answering Minister in mind.

3. At present one subject brief, on Industry and Manufacturing, is being prepared.

C A Hutson

C A HUTSON

COPY ADDRESSEES**Under Secretaries**

Mr Beastall	TOA
Mr Burgner	IAE
Mr Butler	EOG
Mr Culpin	FP
Mr Edwards	EC
Mr Evans	IF
Mr Freeman	CCTA
Mr Gilmore	HE
Mr Harris	JMU
Mr Hawtin	LG
Mrs Lomax	FIM
Mr Luce	RCS
Mr Moore	PE
Mr Mountfield	AEF
Mr Odling-Smee	MP
Miss Peirson	ST
Mr Peretz	MG
Mr Robson	DM
Mr Sedgwick	EA
Mr Spackman	ES
Mr Turnbull	GE

Assistant Secretaries

Mr A R H Bottrill	EA2
Mrs M Brown	PE2
Mrs R Butler	GEP3
Mr S Davis	MP1
Mr J Gieve	GEP1
Mr J Gilhooly	PAY 1
Mr M Hansford	RC1
Mr J Hibberd	EAL
Mr Jordan	PMR
Mr MacAuslan	IAE3
Mr S Matthews	IF2
Mr J Mortimer	EC1
Mr C Mowl	PSF
Miss M O'Mara	MG1
Mr M Richardson	GEP2
Mr C Riley	ETS
Mr Saunders	ST2
Miss C Sinclair	FP
Mr H Walsh	IF1

1	C	Mr Graham Riddick (Colne Valley): To ask Mr Chancellor of the Exchequer, what is the extent of the state-owned commercial sector which was transferred to the private sector since 1979.	MRS BROWN PEZ	H4 C/EX
2	L	Mr James Wallace (Orkney and Shetland): To ask Mr Chancellor of the Exchequer, if he will make a statement on the Government's policy towards the balance of payments.	MR DAVIES MPI	C/EX
3	La	Mr Ted Garrett (Wallsend): To ask Mr Chancellor of the Exchequer, if he will make a statement on his policy on the disposal of Government-held shareholdings in the light of the National Audit Office report on the sale of Government-shareholding in Rolls-Royce plc.	MRS BROWN PEZ	FST
4	C	Mr Christopher Gill (Ludlow): To ask Mr Chancellor of the Exchequer, what is the extent of the state-owned commercial sector which has been transferred to the private sector since 1979.	MRS BROWN PEZ	F1 C/EX
5	C	Mr Tim Yeo (South Suffolk): To ask Mr Chancellor of the Exchequer, if he will make a statement on the level of profitability in British companies.	MR HIBBERD EA1	PMG
6	La	Mr Roland Boyes (Houghton and Washington): To ask Mr Chancellor of the Exchequer, if, in view of recent representations, he will increase planned public expenditure for 1988-89 on: (a) National Health Service provision and (b) education and training.	MR GIEVE GEPI	H1 CST
7	C	Mr Colin Shepherd (Hereford): To ask Mr Chancellor of the Exchequer, what he anticipates will be the yield from taxation on cider in the year 1987-88.	C+E	PMG
8	La	Mr Andrew Bennett (Denton and Reddish): To ask Mr Chancellor of the Exchequer, what representations he has received over the present taxation status of forestry development.	IR	FST
9	C	Mr Alistair Burt (Bury North): To ask Mr Chancellor of the Exchequer, what are the latest projections for the growth of manufacturing investment in the United Kingdom.	MR HIBBERD EA1	CST
10	La	Mrs Ann Clwyd (Cynon Valley): To ask Mr Chancellor of the Exchequer, if, in view of recent representations, he will increase the resources available to: (a) the National Health Service and (b) education and training from the totals proposed in his White Paper.	MR GIEVE GEPI	ORDINARY WRITTEN 2.2.88
11	La	Mr Bernie Grant (Tottenham): To ask Mr Chancellor of the Exchequer, what representations he has received in relation to his published expenditure plans for: (a) the National Health Service and (b) government expenditure generally.	MR GIEVE GEPI	T6 CST
12	C	Mr Robert Key (Salisbury): To ask Mr Chancellor of the Exchequer, by how much business starts have exceeded stops between 1979 and 1986.	MR MACAUSLAN IAE3	PMG
13	C	Mr Hugh Dykes (Harrow East): To ask Mr Chancellor of the Exchequer, when he next plans to meet the National Economic Development Council to discuss economic matters.	MR MACAUSLAN IAE3	ORDINARY WRITTEN 2.2.88
14	La	Mr John Home-Robertson (East Lothian): To ask Mr Chancellor of the Exchequer, what income tax relief has been received by a taxpayer earning £50,000 each year since 1979 at 1987 prices.	IR	FST
15	C	Mr Irvine Patnick (Sheffield, Hallam): To ask Mr Chancellor of the Exchequer, what has been the growth of productivity in the United Kingdom economy over the period since 1980.	MR HIBBERD EA1	PMG
16	L	Mr Archy Kirkwood (Roxburgh and Berwickshire): To ask Mr Chancellor of the Exchequer, what the distributional effects of the changes in direct and indirect taxation have been since 1979.	MR RILEY ETS	FST
17	La	Mr Harry Cohen (Leyton): To ask Mr Chancellor of the Exchequer, what is the total cost to the Exchequer of United States forces in the United Kingdom.	MR FOX DM2	ORDINARY WRITTEN 2.2.88
18	C	Mr Tim Smith (Beaconsfield): To ask Mr Chancellor of the Exchequer, if he now anticipates a public sector surplus rather than a public sector borrowing requirement in 1987-88.	MR MOWL PSF	C/EX

19	C	Mr John Redwood (Wokingham): To ask Mr Chancellor of the Exchequer, what has been the growth of real personal disposable income since 1983.	MR HIBBERD EA1	C/EX
20	C	Mr Sydney Chapman (Chipping Barnet): To ask Mr Chancellor of the Exchequer, if he will give his latest estimate of the United Kingdom's net assets overseas.	MR BOTTRILL EA2	CST
21	PLG	Mr Ieuen Wyn Jones (Ynys Môn): To ask Mr Chancellor of the Exchequer, if he will make a statement on the level of interest rates in the United Kingdom.	MISS O'MARA MG1	FST
22	C	Ann Widdecombe (Maidstone): To ask Mr Chancellor of the Exchequer, what has been the rise in the tax and prices index in the 12 months to December 1987.	MR GILHOOLY PAY1	PMG
23	C	Mr John Ward (Poole): To ask Mr Chancellor of the Exchequer, if he will make a statement on the rate of inflation.	MR GILHOOLY PAY1	PMG
24	La	Mr David Winnick (Walsall North): To ask Mr Chancellor of the Exchequer, what representations he has received over his forthcoming budget.	MISS SINCLAIR FP	FST
25	C	Mr Andrew Mitchell (Gedling): To ask Mr Chancellor of the Exchequer, what has been the growth of productivity in the United Kingdom economy over the period since 1980.	MR HIBBERD EA1	CST
26	PLC	Dr Dafydd Elis Thomas (Meirionnydd Nant Conwy): To ask Mr Chancellor of the Exchequer, what recent discussions he has had with the finance ministers of creditor countries concerning the rescheduling of debt in Third World countries.	MR WALSH IF1	PMG
27	C	Mr Ralph Howell (North Norfolk): To ask Mr Chancellor of the Exchequer, what has been the growth of real take-home pay for a married man with two children who is on half male average earnings since 1978-79.	IR	FST
28	L	Mr Ronnie Fearn (Southport): To ask Mr Chancellor of the Exchequer, what would be the cost of increasing child benefit in line with the projected rate of inflation.	DHSS	X
29	La	Mr Doug Henderson (Newcastle upon Tyne North): To ask Mr Chancellor of the Exchequer, what is the level of public investment as a proportion of gross domestic product.	MR RICHARDSON GEP2	CST
30	C	Mr Teddy Taylor (Southend East): To ask Mr Chancellor of the Exchequer, if he has received notice of the date on which the European Court of Justice will declare its decision on the proceedings initiated by the Commission on the legality of the United Kingdom's zero rating of supplies of electricity, gas, water and sewerage to industry and commerce and on the construction of commercial and industrial buildings; and if he will make a statement.	CTE	PMG
31	La	Mr Tony Blair (Sedgefield): To ask Mr Chancellor of the Exchequer, what average income tax relief has been received by a taxpayer earning £50,000 each year since 1979 at 1987 prices.	IR	FST
32	C	Mr David Curry (Skipton and Ripon): To ask Mr Chancellor of the Exchequer, if he will make a statement on the underlying rate of growth of manufacturing output.	MR HIBBERD EA1	CST
33	La	Mr Dennis Canavan (Falkirk West): To ask Mr Chancellor of the Exchequer, what representations he has received about his forthcoming Budget Statement.	MISS SINCLAIR FP	FST
34	C	Mr John M. Taylor (Solihull): To ask Mr Chancellor of the Exchequer, what representations he has received regarding the effects of capital gains tax upon the deployment of investment in British business.	MISS SINCLAIR FP	FST
35	C	Mr Patrick Thompson (Norwich North): To ask Mr Chancellor of the Exchequer, if he will make a statement on the rate of inflation.	MR GILHOOLY PAY1	EST
36	C	Mr Robert G. Hughes (Harrow West): To ask Mr Chancellor of the Exchequer, what has been the growth of real take-home pay for a married man with two children who is on half male average earnings since 1978-79.	IR	FST
37	La	Mr Tony Worthington (Clydebank and Milngavie): To ask Mr Chancellor of the Exchequer, what is the current estimate of underspend for 1987-88.	MR RICHARDSON GEP2	CST
38	La	Mr Alistair Darling (Edinburgh Central): To ask Mr Chancellor of the Exchequer, what is his estimate of the revenue raised from higher rates of tax in 1987-88.	IR	FST

39	C	Mr Simon Burns (Chelmsford): To ask Mr Chancellor of the Exchequer, what has been the effect on the income, per week, of a single person and a married couple on average national earnings as a result of cuts in the standard rate of income tax and the raising of personal allowances since 1979.	IR	FST
40	La	Mr John Cummings (Easington): To ask Mr Chancellor of the Exchequer, if he will make a statement on his policy on the disposal of Government-held shareholdings, in the light of the National Audit Office report on the sale of the government shareholding in Rolls Royce plc.	MRS BROWN PEZ	FST
41	La	Mr Ronnie Campbell (Blyth Valley): To ask Mr Chancellor of the Exchequer, if he will make a statement on his policy on the disposal of Government-held shareholdings, in the light of the National Audit Office report on the sale of the government shareholding in Rolls Royce plc.	MRS BROWN PEZ	FST
42	C	Mr David Sumberg (Bury South): To ask Mr Chancellor of the Exchequer, what representations he has received seeking an amendment of the law relating to tax relief on mortgage interest; and if he will make a statement.	MISS SINCLAIR FP	FST
43	L	Mr Alex Carlile (Montgomery): To ask Mr Chancellor of the Exchequer, if he will make a statement about his policy on interest rates.	MISS O'MARA MGI	EST
44	C	Mr David Shaw (Dover): To ask Mr Chancellor of the Exchequer, how many new jobs have been created by growth in the economy since 1983.	MR PICKFORD EB	CST
45	La	Mr Henry McLeish (Fife Central): To ask Mr Chancellor of the Exchequer, what is his latest estimate for the Public Sector Borrowing Requirement for 1987-88.	MR MOWL PSF	CST
46	C	Mr Andrew Hunter (Basingstoke): To ask Mr Chancellor of the Exchequer, what representations he has received seeking the introduction of a reduced rate band of income tax.	MISS SINCLAIR FP	FST
47	C	Mr Andrew Stewart (Sherwood): To ask Mr Chancellor of the Exchequer, if he will make a statement on the rate of inflation.	MR GILHOOLY PAY 1	EST
48	C	Mr Robert B. Jones (West Hertfordshire): To ask Mr Chancellor of the Exchequer, what has been the growth of productivity in the United Kingdom economy over the period since 1980.	MR HIBBERD EAI	CST
49	C	Mr David Heathcoat-Amory (Wells): To ask Mr Chancellor of the Exchequer, what representations he has received about the workings of the regime as applied to the building trade.	MISS SINCLAIR FP	FST
50	La	Mr Tom Clarke (Monklands West): To ask Mr Chancellor of the Exchequer, if he will make a statement on his policy on the disposal of Government held shareholdings, in the light of the National Audit Office report on the sale of the government shareholding in Rolls Royce plc.	MRS BROWN PEZ	FST
51	C	Mr David Atkinson (Bournemouth East): To ask Mr Chancellor of the Exchequer, which are his latest prospects for the inflation rate in 1988.	MR GILHOOLY PAY 1	ORDINARY WRITTEN 2.2.88
52	La	Mr Dennis Skinner (Bolsover): To ask Mr Chancellor of the Exchequer, when he next proposes to meet other finance ministers to discuss the problems of international debt; and if he will make a statement.	MR WALSH IFI	EST
53	La	Mr Barry Jones (Alyn and Deeside): To ask Mr Chancellor of the Exchequer, what measures he is taking to improve the balance of payments.	MR DAVIES MPI	CST
54	C	Mr Eric Forth (Mid Worcestershire): To ask Mr Chancellor of the Exchequer, how many new jobs have been created by growth in the economy since 1983.	MR PICKFORD EB	CST
55	C	Mr Matthew Carrington (Fulham): To ask Mr Chancellor of the Exchequer, what has been the growth of real personal disposable income since 1983.	MR HIBBERD EAI	CST
56	C	Mr William Powell (Corby): To ask Mr Chancellor of the Exchequer, how the current British rate of growth compares with that of the other major industrialised countries.	MR MATTHEWS IF2	EST
57	C	Mr Richard Page (South West Hertfordshire): To ask Mr Chancellor of the Exchequer, if he will provide the latest figures for net United Kingdom assets overseas.	MR BOTTRILL EA2	CST

58	C	Mr Martin Brandon-Bravo (Nottingham South): To ask Mr Chancellor of the Exchequer, if he will make a statement on the underlying rate of growth of manufacturing output.	MR HIBBERD EAI	CST
59	C	Mr Quentin Davies (Stamford and Spalding): To ask Mr Chancellor of the Exchequer, by how much business starts have exceeded stops between 1979 and 1986.	MR MALAUSAN IAE3	PMG
60	C	Mr Harry Greenway (Ealing North): To ask Mr Chancellor of the Exchequer, what has been the rise in the tax and prices index in the 12 months to December 1987.	MR GILHOOLY PAY1	EST
61	C	Mr Timothy Wood (Stevenage): To ask Mr Chancellor of the Exchequer, what has been the growth of real take-home pay for a married man with two children who is on half male average earnings since 1978-79.	IR	FST
62	La	Mr Peter L. Pike (Burnley): To ask Mr Chancellor to the Exchequer, what percentage of the expenditure proposed for: (a) hospital services and (b) other central government services in the plans for 1988-89 to 1990-91 is calculated to account for wages and salaries.	MR GIEVE GEP1	CST
63	C	Mr Nicholas Bennett (Pembroke): To ask Mr Chancellor of the Exchequer, if he will give the latest figures for the growth of gross domestic product over the past year.	MR HIBBERD EAI	CST
64	C	Mr Allan Stewart (Eastwood): To ask Mr Chancellor of the Exchequer, what are the latest projections for the growth of manufacturing investment in the United Kingdom.	MR HIBBERD EAI	CST
65	C	Mr Patrick McLoughlin (West Derbyshire): To ask Mr Chancellor of the Exchequer, to what extent growth in the economy has been reflected in falling unemployment over the past year.	MR PICKFORD EB	ORDINARY WRITTEN 2-2-88
66	C	Mr John Marshall (Hendon South): To ask Mr Chancellor of the Exchequer, if he will make a statement on the level of profitability in British companies.	MR HIBBERD EAI	CST
67	C	Mr Henry Bellingham (North West Norfolk): To ask Mr Chancellor of the Exchequer, what is the extent of the state-owned commercial sector which has been transferred to the private sector since 1979.	MRS BROWN PE2	FST
68	C	Mr Barry Field (Isle of Wight): To ask Mr Chancellor of the Exchequer, what has been the rise in the tax and prices index in the 12 months to December 1987.	MR GILHOOLY PAY1	EST
69	C	Mr John Watts (Slough): To ask Mr Chancellor of the Exchequer, when he last met the Director-General of the Confederation of British Industry to discuss economic prospects.	MR MALAUSAN IAE3	CST
70	C	Mr David Evans (Welwyn, Hatfield): To ask Mr Chancellor of the Exchequer, when he last met the Director-General of the Confederation of British Industry to discuss economic prospects.	MR MALAUSAN IAE3	CST
71	C	Dr Ian Twinn (Edmonton): To ask Mr Chancellor of the Exchequer, what are the latest projections for the growth of manufacturing investment in the United Kingdom.	MR HIBBERD EAI	CST
72	C	Mr Gerald Howarth (Cannock and Burntwood): To ask Mr Chancellor of the Exchequer, if he will make a statement on the underlying rate of growth of manufacturing output.	MR HIBBERD EAI	CST
73	La	Mr William O'Brien (Normanton): To ask Mr Chancellor of the Exchequer, what is his policy on tax relief for British banks on their operations in developing countries.	IR	FST
74	La	Mr Frank Doran (Aberdeen South): To ask Mr Chancellor of the Exchequer, what is his estimate of the revenue raised from higher rates of tax in 1987-88.	IR	FST
75	La	Mr Graham Allen (Nottingham North): To ask Mr Chancellor of the Exchequer, how he monitors underspending by Departments; and what is his policy towards the re-allocation of underspending, with from one Department to another and within Departments, during the same financial year.	MR RICHARDSON GEP2	CST
76	C	Mr Tim Boswell (Daventry): To ask Mr Chancellor of the Exchequer, if he will provide the latest figures for net United Kingdom assets overseas.	MR BOTTRILL EAE	CST
77	La/cc	Mr John McFall (Dumbarton): To ask Mr Chancellor of the Exchequer, what is his policy on tax relief for British banks on their operations in developing countries.	IR	FST

78		Mr Tom Sackville (Bolton West): To ask Mr Chancellor of the Exchequer, when he last met the Director-General of the Confederation of British Industry to discuss economic prospects.	MR MACAUSLAN IAE3	CST
79	C	Mr Anthony Coombs (Wyre Forest): To ask Mr Chancellor of the Exchequer, what is the latest indication of Her Majesty's Government's borrowing requirement at the end of the 1987-88 financial year, on present spending plans.	MR MOWL PSF	ORDINARY WRITTEN 2.2.88
80	C	Mr Jerry Hayes (Harlow): To ask Mr Chancellor of the Exchequer, to what extent growth in the economy has been reflected in falling unemployment over the past year.	MR PICKFORD EB	CST
81	C	Mr Keith Mans (Wyre): To ask Mr Chancellor of the Exchequer, how the current British rate of growth compares with that of the other major industrialised countries.	MR MATHEWS IF2	EST
82	La	Mr John McAllion (Dundee East): To ask Mr Chancellor of the Exchequer, how much the direct tax burden has changed for those on below average earnings since 1979.	IR	FST
83	La	Mr Rhodri Morgan (Cardiff West): To ask Mr Chancellor of the Exchequer, what is his latest estimate of the: (a) deflationary impact on economic activity and (b) the inflationary impact on prices of the proposed increases in electricity prices.	MR DAVIES MPI	CST
84	La	Marjorie Mowlam (Redcar): To ask Mr Chancellor of the Exchequer, what is the level of public investment as a proportion of gross domestic product.	MR HIBBERD EAI	ORDINARY WRITTEN 2.2.88
85	C	Mr John Bowis (Battersea): To ask Mr Chancellor of the Exchequer, by how much business starts have exceeded stops between 1979 and 1986.	MR MACAUSLAN IAE3	ORDINARY WRITTEN 2.2.88
86	C	Mr Michael Fallon (Darlington): To ask Mr Chancellor of the Exchequer, when he next expects to meet the Finance Minister of New Zealand.	MR MATHEWS IF2	EST
87	C	Mr Tony Baldry (Banbury): To ask Mr Chancellor of the Exchequer, what is the extent of the state-owned commercial sector which has been transferred to the private sector since 1979.	MRS BROWN PE2	FST
88	La	Mr Tam Dalyell (Linlithgow): To ask Mr Chancellor of the Exchequer, if he will make a statement of the yearly policy of transfers of staff between the Department of Trade and Industry and the Ministry of Defence.	MR JORDAN PMR	PMG
89	C	Mr Ian Bruce (South Dorset): To ask Mr Chancellor of the Exchequer, if he will give the latest figures for the growth of gross domestic product over the past year.	MR HIBBERD EAI	CST
90	La	Mr Ian McCartney (Makerfield): To ask Mr Chancellor of the Exchequer, what is his estimate of the revenue raised from higher rates of tax in 1987-88.	IR	ORDINARY WRITTEN 2.2.88
91	C	Mr Andrew MacKay (East Berkshire): To ask Mr Chancellor of the Exchequer, if he will make a statement on the current level of inflation.	MR GILHOOL PAY1	EST
92	C	Mr James Cran (Beverley): To ask Mr Chancellor of the Exchequer, whether any costings have been undertaken by his Department of the likely saving from the relocation out of London of public bodies, including divisions of Government Departments; and if he will make a statement.	MR HANSFORD RCI	PMG
93	La	Mr Tony Lloyd (Stretford): To ask Mr Chancellor of the Exchequer, whether, in the light of representations received, he has any intention of amending his published expenditure plans in relation to government expenditure on: (a) inner city regeneration or (b) central government expenditure generally.	MR GREVE GEP1	CST
94	La	Hilary Armstrong (North West Durham): To ask Mr Chancellor of the Exchequer, what is his latest estimate for the Public Sector Borrowing Requirement for 1987-88.	MR MOWL PSF	CST
95	C	Mr David Martin (Portsmouth South): To ask Mr Chancellor of the Exchequer, to what extent growth in the economy has been reflected in falling unemployment over the past year.	MR PICKFORD EB	CST
96	La	Dr John Reid (Motherwell North): To ask Mr Chancellor of the Exchequer, what is the level of public investment as a proportion of gross domestic product.	MR RICHARDSON GEP2	CST

97		Mr Thomas McAvoy (Glasgow, Rutherglen): To ask Mr Chancellor of the Exchequer, what is the level of public investment as a proportion of gross domestic product.	MR RICHARDSON GEP2	CST
98	C	Mr Tim Janman (Thurrock): To ask Mr Chancellor of the Exchequer, what are the latest projections for the growth of manufacturing investment in the United Kingdom.	MR HIBBERD EAI	CST
99	La	Mr Sam Galbraith (Strathkelvin and Bearsden): To ask Mr Chancellor of the Exchequer, what is the expected outturn for 1987-88.	MR RICHARDSON GEP2	CST
100	C	Dr Michael Clark (Rochford): To ask Mr Chancellor of the Exchequer, if he will indicate Government expenditure per head of the electorate in: (a) Scotland and (b) England and Wales in 1979 and the latest year for which figures are available.	MRS BUTLER GEP3	CST
101	La	Mr Brian Wilson (Cunninghame North): To ask Mr Chancellor of the Exchequer, if he will make a statement on the annual cost of tax reliefs on forestry.	IR	FST
102	C	Mr Michael Irvine (Ipswich): To ask Mr Chancellor of the Exchequer, if he will give the latest figures for the growth of gross domestic product over the past year.	MR HIBBERD EAI	CST
103	La	Mr Jimmy Hood (Clydesdale): To ask Mr Chancellor of the Exchequer, if he will make a statement on the annual cost of tax reliefs on forestry.	IR	FST
104	L	Mr A. J. Beith (Berwick upon Tweed): To ask Mr Chancellor of the Exchequer, if he has any plans to change the extent to which the impact of relative prices is assessed in the Public Expenditure White Paper.	MR GIEVE GEP1	CST
105	La	Mr George Galloway (Glasgow, Hillhead): To ask Mr Chancellor of the Exchequer, if he will make a statement on the annual cost of tax reliefs on forestry.	IR	FST
106	L	Mr Simon Hughes (Southwark and Bermondsey): To ask Mr Chancellor of the Exchequer, what provision he has made in his public expenditure plans for additional funding to meet increased housing benefit costs arising from the proposed deregulation of the privately-rented sector.	DHSS	X
107	La	Mr Jim Cousins (Newcastle upon Tyne Central): To ask Mr Chancellor of the Exchequer, what is his estimate of the revenue to be raised from inheritance tax in 1987-88.	IR	FST
108	C	Mr Douglas French (Gloucester): To ask Mr Chancellor of the Exchequer, how many new jobs have been created by growth in the economy since 1983.	MR PICKFORD EB	CST
109	C	Mr Richard Holt (Langbaugh): To ask Mr Chancellor of the Exchequer, to what extent growth in the economy has been reflected in falling unemployment over the past year.	MR PICKFORD EB	CST
110	La	Maria Fyfe (Glasgow, Maryhill): To ask Mr Chancellor of the Exchequer, how much a taxpayer earning £50,000 a year would gain per year if the top rate of tax were reduced to 40 per cent.	IR	FST
111	C	Sir John Farr (Harborough): To ask Mr Chancellor of the Exchequer, what fiscal measures he intends to take to prevent the further decline of the merchant shipping fleet.	IR	FST
112	C	Mr David Knox (Staffordshire Moorlands): To ask Mr Chancellor of the Exchequer, when he next proposes to have discussions with the European Community Council of Ministers about European monetary matters.	MR MORTIMER EC1	PMG
113	C	Mr Nicholas Baker (North Dorset): To ask Mr Chancellor of the Exchequer, what is the number of personal equity plans entered into since the commencement of the scheme; and if he will make a statement.	IR	FST
114	La	Mr Keith Vaz (Leicester East): To ask Mr Chancellor of the Exchequer, what additions to Government's expenditure plans for: (a) the National Health Service and (b) other central government services for 1988-89 and 1989-90 would require to be made if (i) nursing staff and (ii) other employees were to receive a pay increase of 20 per cent.	MR GIEVE GEP1	CST

115	La	Mr Martyn Jones (Clwyd South West): To ask Mr Chancellor of the Exchequer, what assumptions about pay levels for: (a) nursing and (b) civil service staff are made in the Government's expenditure plans for 1988-89.	MR GIEVE GEP1	CST
116	La	Mr Alun Michael (Cardiff South and Penarth): To ask Mr Chancellor of the Exchequer, what will be the percentage increase in spending on: (a) hospital and (b) all central government services between 1988-89 and 1989-90.	MR GIEVE GEP1	CST
117	La	Mr Elliot Morley (Glanford and Scunthorpe): To ask Mr Chancellor of the Exchequer, if he will make it his policy to increase planned expenditure on: (a) the National Health Service and (b) all government expenditure in the years 1988-89 to 1990-91.	MR GIEVE GEP1	CST
118	C	Mr Peter Thurnham (Bolton North East): To ask Mr Chancellor of the Exchequer, if he will make a statement about the current level of interest rates.	MISS OMARA MGI	EST
119	La	Mr David Fatchett (Leeds Central): To ask Mr Chancellor of the Exchequer, what representations he has received in relation to his recently published expenditure plans for: (a) education spending and (b) government expenditure generally.	MR GIEVE GEP1	CST
120	C	Mr Conal Gregory (York): To ask Mr Chancellor of the Exchequer, what value-added tax revenue is expected from United Kingdom confectionery sales in the current financial year.	CTE	WITHDRAWN
121	C	Mr Chris Butler (Warrington South): To ask Mr Chancellor of the Exchequer, what representations he has received seeking relief from the taxation of employees contributions to private health care insurance.	MISS SINCLAIR FP	FST
122	La	Mr Eric Martlew (Carlisle): To ask Mr Chancellor of the Exchequer, if he will make it his policy to increase the planned expenditure on: (a) hospital and (b) all government services for 1988-89 and 1989-90.	MR GIEVE GEP1	CST
123	C	Mr David Amess (Basildon): Mr Chancellor of the Exchequer, what further representations he has received seeking zero rating of value-added tax for hospital radio broadcasting equipment.	CTE	EST
124	C	Mr Michael Colvin (Romsey and Waterside): To ask Mr Chancellor of the Exchequer, when he last met representatives of the General Aviation Manufacturers and Trade Association to discuss the duty on AVGAS.	CTE	ORDINARY WRITTEN 2.2.88
125	La	Mr Greville Janner (Leicester West): To ask Mr Chancellor of the Exchequer, what representations he has received regarding his forthcoming Budget.	MISS SINCLAIR FP	FST
126	La	Mr Dave Nellist (Coventry South East): To ask Mr Chancellor of the Exchequer, what representations he has received seeking the inclusion in his Budget of measures designed to reduce unemployment.	MISS SINCLAIR FP	FST
127	La	Mr Jim Marshall (Leicester South): To ask Mr Chancellor of the Exchequer, by how much in real terms the average annual tax payment of someone earning £50,000 has reduced in the past eight years.	IR	FST
128	La	Mr Ron Davies (Caerphilly): To ask Mr Chancellor of the Exchequer, whether in the light of representations received, he intends to increase the resources in his published expenditure plans for 1988-89: (a) for the National Health Service and (b) for government expenditure generally.	MR GIEVE GEP1	CST
129	La	Mr Calum A. Macdonald (Western Isles): To ask Mr Chancellor of the Exchequer, what representations he has received seeking a change in the taxation rules relating to forestry development.	IR	FST
130	C	Mr James Pawsey (Rugby and Kenilworth): To ask Mr Chancellor of the Exchequer, if he will make a statement on the rate of inflation.	MR GILHOOLY PAY1	EST
131	C	Mr Roger King (Birmingham, Northfield): To ask Mr Chancellor of the Exchequer, if he will make a statement on the level of profitability in British companies.	MR HIBBERD EAI	CST
132	La	Mr Gerry Steinberg (City of Durham): To ask Mr Chancellor of the Exchequer, if he will make a statement on his policy on the disposal of Government held shareholdings, in the light of the National Audit Office report on the sale of the government shareholdings in Rolls Royce plc.	MRS BROWN PEZ	FST

133	C	Mr Edward Leigh (Gainsborough and Horncastle): To ask Mr Chancellor of the Exchequer, if he will make a statement on the proposed privatisation of nationalised companies in the financial year 1988-89.	MRS BROWN PEZ	FST
134	C	Mr Michael McNair-Wilson (Newbury): To ask Mr Chancellor of the Exchequer, if he has any plans to revise the format of an income tax return.	IR	FST
135	C	Mr Greg Knight (Derby North): To ask Mr Chancellor of the Exchequer, how many representations he has received during the past 12 months urging him to increase the level of taxation.	MISS SINCLAR FP	FST
136	La	Mr Andrew Smith (Oxford East): To ask Mr Chancellor of the Exchequer, how much on average those earning over £50,000 a year have gained, on an annual basis, from tax changes over the past eight years.	IR	FST
137	La	Mr Allan Roberts (Bootle): To ask Mr Chancellor of the Exchequer, what account he has taken, in drawing up his expenditure plans for: (a) the National Health Service and (b) Central Government expenditure for 1988-89, of the provision of funds for: (i) the pay award for nurses and (ii) public sector pay generally.	MR SAUNDERS STZ	CST
138	La	Mr Paul Flynn (Newport West): To ask Mr Chancellor of the Exchequer, what is his estimate of the revenue raised from inheritance tax in 1987-88.	IR	FST
139	C	Mr Tim Devlin (Stockton South): To ask Mr Chancellor of the Exchequer, by how much business starts have exceeded stops between 1979 and 1986.	MR MARCUSIAN IAE3	PMG
140	C	Mrs Maureen Hicks (Wolverhampton North East): To ask Mr Chancellor of the Exchequer, what has been the growth of real take-home pay for a married man with two children who is on half male average earnings since 1978-79.	IR	FST
141	C	Mr William Cash (Stafford): To ask Mr Chancellor of the Exchequer, if he will provide the latest figures for net United Kingdom assets overseas.	MR BOTTRILL EAZ	CST
142	C	Mr Roger Knapman (Stroud): To ask Mr Chancellor of the Exchequer, what has been the growth of real personal disposable income since 1983.	MR HIBBERD EA1	CST
143	C	Mr Simon Coombs (Swindon): To ask Mr Chancellor of the Exchequer, how the current British rate of growth compares with that of the other major industrialised countries.	MR MATTHEWS IF2	EST
144	La	Mr Stuart Holland (Vauxhall): To ask Mr Chancellor of the Exchequer, what is his policy on tax relief for British banks on their operations in developing countries.	IR	FST



From the
Minister of State

3/2

CH/EXCHEQUER	
REC.	03 FEB 1988
ACTION	CST
COPIES TO	

Handwritten signature

Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

The Rt Hon Paul Channon MP
Secretary of State for Transport
2 Marsham Street
LONDON
SW1P 3EB

3 February 1988

Handwritten signature

MERCHANT SHIPPING BILL: DE-REGISTRATION OF FISHING VESSELS ON CONTROL GROUNDS

Your officials and mine have been considering the possibility of an amendment to the Merchant Shipping Bill to enable a fishing vessel to be removed from the register under Part II where it has persistently broken the Community rules on catch reporting and/or restrictions imposed under our own fisheries legislation for quota management purposes and where all other methods of control have been exhausted. I understand that your officials and those in other Fisheries Departments have expressed reservations about what my Department has been suggesting. As time is clearly short if there is to be any prospect of amending your Bill in Committee, I am writing to put to you and other colleagues the case for such a provision as I see it.

The problem which has been identified by officials and which I think we ought to take the opportunity to guard against is not directly concerned with quota-hopping although it may arise in that connection. It is the more general control problem of what to do about a fishing vessel operating outside British fishery limits which persistently commits infringements of the catch reporting and/or quota management requirements. Although we may succeed in getting information on such a vessel's activities from other Member States, the rules of criminal evidence in this country can make it very difficult to secure a conviction on this basis. In the event of such difficulty, we would, I am advised, be entitled after giving due warning to revoke such a vessel's licences for the fisheries concerned, which may have some deterrent effect. But a conviction for unlicensed fishing on the basis of information obtained outside our jurisdiction could prove equally difficult to secure. A determined offender could continue to fish with impunity and his catches would continue to be counted against the UK quotas to the detriment of the rest of our fleet. The only way to overcome this problem would be to remove the vessel from the UK register.

What therefore

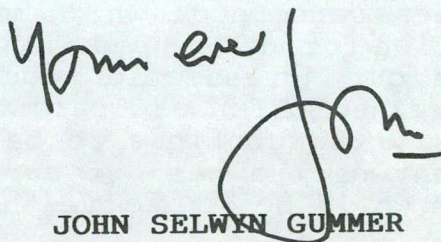
What therefore I wish to propose is a power enabling you, in consultation with one or more of the Fisheries Ministers, to secure the removal from the UK register of a fishing vessel which you are satisfied has fished outside British fishery limits without a licence from one of the Fisheries Ministers in circumstances such that a licence was required. There would need to be ancillary provisions to ensure that a vessel removed from the register in this way could not be re-registered except after a complete change of ownership.

I believe that limiting the application of this power to illegal fishing outside British fishery limits would provide a basis for making clear the strictly limited circumstances in which such a power would be invoked and would reduce the risk of alarming the bona fide British fishing industry. But to hedge the power round with wider qualifications would, I believe, complicate the administration, for which your Department would primarily be responsible, and increase the risk of challenge by judicial review.

I do not think that the introduction of an amendment on these lines I have suggested would jeopardise support for the Bill or increase the likelihood of legal challenge. As regards Community law, the Commission have volunteered that if we were not able to ensure that particular vessels respected the rules applying to them so as to allow the UK to meet its control obligations, they would have no objection to our removing the vessels from the British register provided that this did not involve a breach of Community law. As the procedure would not involve any form of discrimination on nationality grounds I see no question of any such breach.

I hope that you and other colleagues will be able to agree that a long-stop power to remove a fishing vessel from the register in the circumstances I have outlined would be a useful addition to the Bill and that the necessary instructions can be given to allow an amendment to be drafted and tabled in the Committee.

I am copying this to the Lord President, the Foreign and Commonwealth Secretary, Members of OD(E) and L Committee, to the Secretary of State for Northern Ireland and to First Parliamentary Counsel and Sir Robin Butler.



JOHN SELWYN GUMMER

CONFIDENTIAL

FROM: B O DYER

DATE: 3 February 1988

CHANCELLOR

cc Chief Secretary
 Financial Secretary
 Paymaster General
 Economic Secretary
 Mr R I G Allen
 Mr Cropper
 Miss J Long

CABINET: THURSDAY 4 FEBRUARY 1988**PARLIAMENTARY AFFAIRS**

Following is the business, currently, proposed for the Commons next week (but it could change in the light of discussion with the Opposition later this evening):

Monday 8 February

- 2.30 pm: Welsh Questions
- 3.30 pm: Progress on Remaining Stages of the **Employment Bill**

Tuesday 9 February

- 2.30 pm: Social Services Questions
- 3.15 pm: PMs Questions
- 3.30 pm: Ten Minute Rule Bill (Smoke Detectors in Houses - Mr A Burt)
- 3.40 pm: Debate on **Televising Proceedings of the House**

Wednesday 10 February

- 2.30 pm: Trade and Industry Questions
- 3.30 pm: Ten Minute Bill (**Credit Cards Control - Mr E Morley**)
- 3.40 pm: [Conclusion of Remaining Stages of the **Employment Bill**]

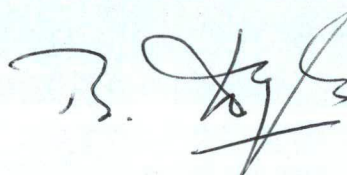
Thursday 11 February

- 2.30 pm: **Treasury Questions (C/Ex, CST, FST, PMG)**
- 3.15 pm: PMs Questions
- 3.30 pm: Business Statement
- 3.50 pm: **Debate on the RAF**

Friday 12 February

9.30 am: **Private Members' Bills - Second Reading**

1. Malicious Communications Bill
2. Access to Medical Reports Bill
3. Optical Appliances (Blind and Partially Sighted Persons) Bill
4. Housing (Houses in Multiple Occupation) Bill
5. Coal Mining Subsidence (Damage and Arbitration) Bill



B O DYER
Parliamentary Clerk

my



FROM: Assistant Parliamentary Clerk
DATE: 8 February 1988

01-270 5007

PS/CHANCELLOR

cc PS/Chief Secretary
PS/Financial Secretary
PS/Paymaster General
PS/Economic Secretary
Mr Dyer

✓

FORTHCOMING TREASURY BUSINESS IN THE HOUSE OF LORDS

You may wish to be aware of the following current forthcoming Treasury business in the Lords:

ORAL QUESTIONS

Wednesday 10 February - Lord Broxbourne to ask Her Majesty's Government whether they will seek to amend section 29(5) of the Taxes Management Act 1970 by inserting after "person assessed", the words "save where to the knowledge of the Inspector issuing the notice the person assessed has a professional adviser or agent to deal with tax matters, in which case service on such agent will constitute a sufficient compliance with this section."

Government Spokesman: Lord Young. Inland Revenue in the lead.

Tuesday 23 February - Lord Ezra to ask Her Majesty's Government what is their latest forecast for the outturn of the current account of the balance of payments in 1988.

Government Spokesman: Lord Brabazon. EA2 (HMT) in the lead.

Wednesday 24 February - Lord Bruce of Donington to ask Her Majesty's Government whether, before recommending to Parliament the acceptance of any European Commission proposals for VAT harmonisation, they will institute an inquiry into the variations as between EEC member States of labour, energy, rental, interest and other principal industrial costs, together with levels of industrial investment; and whether they will publish the results of the inquiry.

Government Spokesman: Lord Young. HM Customs in the lead.

TREASURY INTEREST BUSINESS

DEBATE

Wednesday 24 February Lord Cledwyn of Penrhos - To call attention to the developing disparities in opportunity and income and to the case for policies to reduce Divisions in the community; and to move for papers

Government Spokesman: Lord Young. DTI in the lead.

A handwritten signature in cursive script, appearing to read 'C L Wallis', with a horizontal line drawn underneath it.

C L WALLIS

CONFIDENTIAL



FROM: B O DYER
DATE: 9 February 1988

CHANCELLOR

cc Chief Secretary
 Financial Secretary
 Paymaster General
 Economic Secretary
 Mr R I G Allen
 Mr Cropper
 Mrs J Thorpe

CABINET : WEDNESDAY 10 FEBRUARY 1988
PARLIAMENTARY AFFAIRS

Following is the business, currently, proposed for the Commons next week:

Monday 15 February

- 2.30pm: Energy Questions
 3.20pm: Civil Service Questions (Mr Luce)
 3.30pm: **Private Members' Motions**
1. Self-Employment - Mr R B Jones
 2. School Bus Passes - Miss Widdecombe
 3. London Weighting Allowances in the NHS - Sir M Rossi
- 7.00pm: **Debate on Agriculture** on a motion for the adjournment

Tuesday 16 February

- 2.30pm: Education and Science Questions
 3.15pm: PMs Questions
 3.30pm: Ten Minute Rule Bill (NHS National Lottery - Mr S Barnes)
 3.40pm: **Remaining Stages of the Immigration Bill**

Wednesday 17 February

- 2.30pm: Environment Questions
 3.30pm: Ten Minute Rule Bill
 (Grandparents Adoption of Children - Mr R Powell)
 3.40pm: [To be decided]. *but not a Treasury subject*

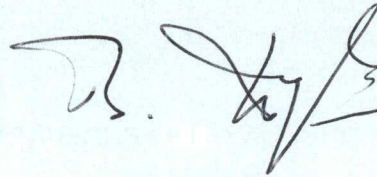
Thursday 18 February

- 2.30pm: Home Office Questions
 3.15pm: PMs Questions
 3.30pm: Business Statement
 3.50pm: **Debate on the Royal Navy**

Friday 19 February

9.30am: **Private Members' Motions**

- | | | |
|----------------------|---|-----------------|
| 1. Mr Malcolm Moss - | } | To be announced |
| 2. Mr Timothy Wood - | | |
| 3. Dr John Marek - | | |



B O DYER
Parliamentary Clerk

PS

The Leader of the House may announce that the PEWP debate will be on Monday 22 February. This is a deception to shroud a Guillotine motion. In practice, the PEWP debate will be held at a later date (currently, 24 February).

Not now necessary, Chief Whip's office tell us.

~~Andrew~~
Alex per
FROM : MISS J C SIMPSON
DATE : 10 FEBRUARY 1988

1. MR PICKFORD ^{Simpson 10/12}

2. CHANCELLOR OF THE EXCHEQUER

cc Chief Secretary
Financial Secretary
Paymaster General
Sir P Middleton
Sir T Burns
Mr R I G Allen
Mr Dyer
Mr Hudson
Mr Patterson
Mr Curwen
Mr Hutson (+ 5 copies)
Mr Cropper
Mr Tyrie
Mr Call

Mr N Forman MP
Mr T Favell MP
Mr J Maples MP
Mr M Stern MP

TREASURY FIRST ORDER QUESTIONS : THURSDAY, 11 FEBRUARY
EB CENTRAL BRIEF

1. I attach EB's central brief.

2. The brief contains:

- (i) Bull points
- (ii) Key statistics
 - checklist of main indicators published recently (A1)
 - key statistics on developments since the 1983 election (A2)
- (iii) General briefing on topical issues. This includes a line on industrial unrest which is consistent with what we understand the Secretary of State for Employment was proposing to Cabinet this morning. We will amend it if necessary in the light of Cabinet's conclusions.

3. The questions are a very mixed bag. The likely themes that were identified were

- (1) The UK economy There are nine questions out of the first twenty which deal with different aspects of the economy. All but one of them are from Conservative MPs. They will give you the opportunity to get across the usual points about the underlying strength and soundness of the UK economy. We have prepared a subject brief on industry and manufacturing which is relevant to a number of these questions.
- (2) Health service financing There is clearly no way of avoiding this, given that there are two (grouped) questions certain to be reached on the subject. There is also a third question on the 1987-88 PSBR which could give scope for further questions on the 'tax cuts vs expenditure' theme.
- (3) Privatisation The first two questions deal with privatisation. We have prepared a subject brief on this.
- (4) Budget representations Most of the remaining questions in the first twenty relate to various aspects of tax policy and tax yields, and are almost certainly intended as vehicles for budget representations.

4. You agreed that you would aim to stop before reaching Mr Wyn Jones' question on interest rates.

5. The Bank of England Quarterly Bulletin will be published at 5.30 tomorrow. They have pre-released two articles, but we are advised that neither of them is sensitive.

6. Subject briefs have been attached to individual questions in the usual way.

JS

MISS J C SIMPSON

BULL POINTS**1. Industry**

Profitability in manufacturing industry risen every year since 1981 and in 1986 at highest level since 1973.

Business starts exceeded stops by around 500 a week between 1979 and 1986.

Manufacturing output growth now 6 per cent a year - faster than in any other major industrial country.

Since 1980 manufacturing productivity growth faster than in any other major industrialised country. UK bottom of international league table in both 1960s and 1970s.

CBI's January Survey shows business confidence high, order books strong and investment intentions at one of highest levels since 1977. Prospects for continued healthy growth.

2. Output and jobs

Since 1980 UK grown faster than all other major EC countries: performance repeated in 1987 and OECD expect to see continued in 1988.

Adult unemployment (seasonally adjusted) fallen by half million over past year; largest 12 monthly fall since current records began and falling steadily in all regions. Unemployment rate fallen faster than in any other major industrial country.

Employment now risen in every quarter for 4½ years and by nearly 1½ million in total - more new jobs than total of all other EC countries.

3. Living standards

Real take-home pay of married man with 2 children on male average earnings risen 23 per cent between 1978-79 and 1987-88; up only ½ per cent between 1973-74 and 1978-79.

Real personal disposable income at record levels. Up 3½ per cent in year to 1987Q3.

Falling inflation rate and reduction in basic rate of income tax in 1987 means Tax and Price Index risen only 1.9 per cent in year to December.

MAIN ECONOMIC INDICATORS PUBLISHED SINCE 14 JANUARY AND TO BE
PUBLISHED BY 11 FEBRUARY

- 14 Jan Labour market statistics
- Unemployment (sa, excl. school leavers) (Dec) down 35,000 to 2,614,000. 'Headline' total up 10,000 to 2,696,000.
- Employed labour force (Q3) up 84,000 to 24,446,000.
- Manufacturing employment (Nov) up 11,000 to 5,077,000.
- Vacancies (Dec) down 12,000 to 257,000.
- Average earnings (Nov) underlying annual increase $8\frac{1}{4}$ per cent.
- Manufacturing unit wage costs in 3 months to November up $1\frac{1}{2}$ per cent on year earlier.
- Manufacturing productivity in 3 months to November up $6\frac{1}{2}$ per cent on year earlier.
- 15 Jan Retail prices index (Dec)
- Annual rate 3.7 per cent.
- Tax and price index (Dec)
- Annual rate 1.9 per cent.
- 19 Jan Index of output of the production industries (Nov)
- Industrial production in latest 3 months up $1\frac{1}{4}$ per cent on previous 3 months and up $3\frac{3}{4}$ per cent on year earlier.
- Manufacturing output in latest 3 months up $1\frac{1}{2}$ per cent on previous 3 months and up 6 per cent on year earlier.
- 19 Jan Public sector borrowing requirement (Dec-prov).
- December outturn of £0.2billion.
- 21 Jan Consumers' expenditure (4th qtr-prov)
- Up 5.2 per cent in year to 1987Q4 and up 5 per cent in 1987 as a whole.

- Jan CBI Quarterly Industrial Trends Survey (Jan)
Another good survey. Business confidence remains high despite stock market fall. Prospect of continued healthy growth.
- 28 Jan Balance of payments current account and overseas trade figures (Dec)
December current account deficit of £582 million. Deficit of £2.7 billion in 1987. Export volumes in 1987Q4 up 1½ per cent on 1987Q3 and up 4½ per cent on 1986Q4. Import volumes in 1987Q4 up 3½ per cent on 1987Q3 and up 11 per cent on 1986Q4.
In 1987 as a whole export volumes up 8½ per cent and import volumes up 11 per cent on 1986.
- 29 Jan Monetary aggregates (Dec)
M0 annual growth rate 4.2 per cent.
M3 annual growth rate 22.8 per cent.
M4 annual growth rate 16.3 per cent.
M5 annual growth rate 15.7 per cent.
- 2 Feb UK official reserves (Jan)
Underlying rise of \$38 million.
- 8 Feb Retail Sales (Dec-final)
December same level as November. In 1987Q4 up 1¼ per cent on 1987Q3 and up over 5½ per cent on 1986Q4.
- 8 Feb Producer prices (Jan-prov)
Producer output prices rose 3.8 per cent in year to January. Excluding food, drink and tobacco industries, rose 4.8 per cent.
- 11 Feb Bank of England Quarterly Bulletin

DEVELOPMENTS SINCE JUNE 1983

Between 1983Q2 and 1987Q3 GDP(A) rose $15\frac{3}{4}$ per cent at an annualised rate of $3\frac{1}{4}$ per cent.

Inflation averaged less than 5 per cent. Levels not experienced since 1960s.

Total employment up by 1.41 million.

Unemployment down by 270,000 from 2,884,000 to 2,614,000

Total non-oil export volumes up nearly 37 per cent and manufacturing export volumes up over 42 per cent between 1983Q2 and 1987Q4.

Industrial production up over 14 per cent between 1983 Q2 and 3 months to November 1987.

Manufacturing output up nearly 18 per cent.

Manufacturing productivity up nearly 25 per cent.

P S CURWEN
EB
x5206

GENERAL BRIEFING : TOPICAL ISSUES1. Economic growth cannot be sustained : recession just around corner

- Nonsense. Hon gentlemen may find it hard to accept, but even Daily Mirror leader writers do not believe that. They accept 1988 will be year of success for Britain, and that this is something to be proud of, not ashamed [see attached]
- growth in 1987 above trend; not surprising that prospects for 1988 little lower. But only one year in 1970s when growth of non-oil economy exceeded 3% implied by Autumn Statement forecast.

2. Rise in interest rates

- increase normal adjustment made from time to time as circumstances change. Fully justified by current monetary/economic conditions. Not to give 'breathing-space' for post-Budget cut in rates
- consistent with need for steadiness and caution which I/my RHF has consistently made clear. Government determined not to take risks with inflation
- never speculate about future movements.

3. Government should cut interest rates and let exchange rate fall

- worst possible action for industry
- cutting interest rates when not justified by monetary conditions would simply lead to resurgence of inflation
- stable exchange rate, particularly against Deutschemark, provides clear and firm anchor against inflation
- also gives British industry stability it wants.

4. Real interest rates penalising industry

- Industry doing very well: output up, profitability up, investment intentions positive
- renewed inflation would damage industry's confidence and willingness to invest

- real interest rates very difficult to estimate as depend on price expectations of borrowers and lenders. UK probably little above international average. But have not prevented strongest and most sustained growth since War
- over full year, industry has more than four times as much to gain from 1 per cent off pay rises as from 1 per cent off interest rates, even if latter were sustained for full year.

5. Record balance of payments deficit in 1987

- Small deficit relative to GDP, both historically and by international standards
- not surprising when UK growing significantly faster than rest of the world
- UK net overseas assets at highest recorded level since War and second largest in world.

6. Manufacturing output still below June 1979

- Manufacturing output has risen slightly under this Government (3 months to November nearly 2½ per cent above 1979H1)
- it fell under Labour
- and on almost any other measure, performance has been transformed: productivity, profitability, exports etc.

7. Manufacturing trade deficit

- Trade balance only one indicator of manufacturing performance
- since 1981, UK's manufacturing export volumes grew on average at rate similar to that of total world trade in manufactures, after decades of relative decline
- in volume terms, no previous five year period in recent history in which UK manufactured exports so successful. Volumes up 9 per cent in 1987Q4, compared to same period year earlier, to highest level ever recorded.

8. Manufacturing investment still below 1979

- Manufacturing investment now growing strongly. Up nearly 42 per cent since 1983Q1 trough [29 per cent since 1981H1] and in 1987Q3 up 4¼ per cent on same period year earlier
- DTI Investment Intentions Survey (December) suggests further growth of 11 per cent in 1988. CBI industrial trends enquiries continue to show confidence
- not just quantity but quality of investment that is important. Quality improved since 1979 as evidenced by improvement in productivity and profitability.

Industrial action by Ford workers/NUS/NACODs etc

- Individual disputes a matter for management and unions to sort out
- recovery from the bad old days (Winter of discontent, wildcat action, inflationary pay deals) based on much-improved performance of industry - higher productivity, profitability, investment. Improved performance and competitiveness brings orders and jobs
- very few days being lost in disputes
- lower inflation essential precondition for this recovery. Government determined that these hard-won gains will not be thrown away. In particular Government will not accommodate higher pay deals by relaxing monetary policy
- management and unions must realise that higher pay deals inexorably mean fewer jobs.

10. Health Service funding

- Expenditure on health risen from 4.8 per cent of GDP in 1979 to 5.5 per cent now. Autumn Statement provided for £700 million more for hospital and community health services in England alone next year. In December announced further £100 million for UK for this financial year
- expenditure on NHS has increased by 30 per cent in real terms under this Government
- number of operations and of patients treated expanding
- Government also encouraging better use of resources through extensive value for money campaign.

11. Nurses' Pay

- Prime Minister made Government's position clear: we will stick to position that has been case ever since Review Bodies were established that Government would not modify recommendations unless there are clear and compelling reasons for doing so
- on funding, have never undertaken to fund in full a pay award before we know what it is. No responsible Government could do so
- Government not recommending pay increase of 3%: have made clear evidence simply points out that 3% increase would compensate average earner for price rises over last year taking account of 1987 Budget tax reductions. (3% figures

based on annual increase in tax and Price Index to October; December figure under 2%.) Government has not suggested any particular level of pay increases; that matter for review body.

12. Decline of infrastructure : increase capital spending

- Increase in plans for public sector capital spending as result of Survey likely to be about £1½ billion in both 1988-89 and 1989-90. Details in PEWP
- equally important to note improved value for money Government has been able to secure eg six miles of motorway and trunk roads now for price of five (in real terms) in 1978-79.

13. Get unemployment down by capital spending/reflation/higher PSBR

- Fundamental error to imagine that higher spending/higher PSBR is way to successful economy and more jobs. 1987-88 likely to see lowest ratio of PSBR, excluding privatisation, to GDP since 1970, but we now have fastest growth since 1973 and record fall in unemployment
- so-called reflation could only result in higher inflation. Fall in inflation was essential pre-condition for steady, sustained growth of last 7 years
- key to successful economy and lasting improvement in unemployment is reform to supply side
- essential that infrastructure schemes should be justified on merits. Otherwise increased spending would just distort economy and risk national recovery with no permanent benefits on rate of unemployment.

14. When will unemployment fall to June 1979 level?

- Latest figures show another significant drop - for eighteenth consecutive month. Record fall of over half a million over past year. Falling fast in all regions - biggest falls in last year in West Midlands and Wales
- predicting trend always difficult, but see no reason why it should not continue downwards, given that all signs point to continued strength of economy
- never attempt to forecast level.

15. Changes in tax have favoured rich

- Real take-home pay of married man with two children on half male earnings rose only 4 per cent under Labour. It has risen 18½ per cent under this Government
- since 1979, main tax allowances increased by 22 per cent more than inflation; as result, nearly 1½ million fewer taxpayers compared with indexed 1978-79 regime
- basic rate tax cuts benefit all taxpayers. Income tax down over £10 a week for married man with 2 children on average male earnings, compared with uprating 1978-79 regime for inflation.

16. Extension of VAT base (especially to books, fuel and power for industry)

- PM gave specific pledges in exceptional circumstance of General Election. These will be honoured
- otherwise, stick to convention that decisions on taxes announced only in Budget
- [on new construction and industrial energy] Advocate General's view in EC infraction case not binding on court: cannot comment in advance of full judgement on how UK might react
- [on C&E evidence to TCSC in 1986 on news services] TCSC evidence mentioned one of several arguments used in defending UK's position before European Court; but in domestic context future of particular zero rates matter for Chancellor's budget judgement.

17. BP

(a) KIO

- Kuwaiti authorities have assured HMG that they have no ambitions to control BP nor any interest in any management role and that KIO holding in company intended as long-term investment
- increasing investment up to 29.9 per cent would seem inconsistent with assurance of no intention of seeking to exercise control over BP
- holding being considered as matter of course by Director General of Fair Trading, who will advise my Noble Friend Secretary of State for Trade and Industry as to whether there is a merger situation qualifying for investigation which should be referred to the MMC.

(b) Britoil

- As I/my RHF confirmed on 1 February, HMG intends to make use of special share for as long as it is in the national interest to do so, taking into account what is best for Scotland and for the development of the North Sea. Will be discussing situation with BP and with Britoil. Whether change of control to BP would be acceptable will depend on outcome of the discussion.

Miss J C Simpson
EB Division
Ext 5211

Here's to success in '88

WITH the minimum of luck and a lot of hard work, 1988 will be a year of success for Britain.

Not for one party or one politician or for one privileged section of the people. But for all of us.

For too long, success has been a dirty word for the British. They treat it with suspicion. It is something that foreigners have.

Industry

But there is nothing to be ashamed of in success, any more than there is anything to be proud of in being a failure.

Success as a nation means we don't have foreign bankers telling us what to do. That we don't have to suffer pitying lectures from other countries. That we are no longer known as the "sick man of Europe".

Success in industry means that small



and medium-sized companies become bigger. That more jobs are created. That there is more money in the pay packet at the end of the week or month.

Success for individuals means a better life for the family.

Success is worth working for. Worth achieving.

But success is not an end in itself. It is a means to an end.

Selfish success leads to personal and national failure in the end.

We must use our industrial, financial and economic success to succour the

needy. To find productive work for those without it. To recognise that better education is an investment, not a burden. That a better National Health Service is an enrichment of life, not a handicap.

When industry is successful, pension funds also grow wealthier and that strengthens security in old age for those millions who have private pensions. We should welcome it.

Nation

But it is also our duty to ensure that those without private benefits do not lapse into public paupers. They, too, must share the benefits of national success.

So as the nation — or most of it — goes back to work this morning, our message is simple:

We wish you a Happy, Prosperous and Successful 1988.

'New jobs, more in the pay packet and a better life'

Monday January 4 1988

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

Ms Moira Wallace
Private Secretary to the Chancellor
of the Exchequer
HM Treasury
Parliament Street
LONDON
SW1P 3AG

**Department of
Trade and Industry**

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

16/2

CH/EXCHEQUER	
REC.	16 FEB 1988
ACTION	
COPIES TO	CST, Sir P. Middleton Miss Pearson, Mr Culpin, Mr McIntyre, Mr Waller Mr Riley, Mr Pickford PS/IR, PS/C+E

Miss C. Evans (Item 1)
Mr S. Price (Item 2)
Mr Neilson (Items 3 & 4)

Direct line 215 5422
Our ref PS2AGX
Your ref
Date 16 February 1988

Dear Moira

HOUSE OF LORD DEBATE : WEDNESDAY 24 FEBRUARY

My Secretary of State is speaking in a debate on an Opposition motion, "To call attention to the developing disparities in opportunity and income and to the case for policies to reduce divisions in the community; and to move for papers".

I would be grateful if Treasury and other Departments could provide short speaking notes and relevant briefing material on the points noted in the attachment. There may well be topics relevant to this debate which we have not included and I would be grateful if these could be covered those.

We need to put a draft speech to the Secretary of State at the weekend and so I would be grateful for contributions by Thursday night.

dti

the department for Enterprise

I am copying this letter to Peter Baldwinson (Employment); Flora Goldhill (DHSS); Alan Ring (Environment); Chris de Grouchy (DES); Colin Miller (Home Office) and Andrew Lean (Cabinet Office).

Apologies for the short notice

Yours

Jeremy Godfrey

JEREMY GODFREY
Private Secretary

- Treasury
- ① - taxation, especially on different income groups
 - ② - inflation
 - ③ - share ownership
 - ④ - savings, capital wealth
- Employment
- earnings, distribution and real change in earnings
 - employment/unemployment disparities
 - training, availability to young people
- DHSS
- health differences
 - pensioners
 - social security
- Environment
- housing (public/private)
 - rates. effect of community charge
 - home ownership
- DES
- educational provisions - public/private; regional; standards
- Home Office
- ethnic comparisons
- Cabinet Office
- inner cities

Note: Briefing should take the form of key facts (particularly historical comparisons) and points to make/defensive points.

CONFIDENTIAL



FROM: B O DYER
DATE: 17 February 1988

CHANCELLOR

cc Chief Secretary
 Financial Secretary
 Paymaster General
 Economic Secretary
 Mr R I G Allen
 Mr Cropper
 Mrs J Thorpe

CABINET : THURSDAY 18 FEBRUARY 1988
PARLIAMENTARY AFFAIRS

Following is the business, currently, proposed for the Commons next week:

Monday 22 February

- 2.30pm: Transport Questions
 3.30pm: **Guillotine motion on the Local Government Finance Bill**
 (Community Charge)

Tuesday 23 February

- 2.30pm: Defence Questions
 3.15pm: PMs Questions
 3.30pm: Ten Minute Rule Bill (Myalgic Encephalomyelites - Mr J Hood)
 3.40pm: **Second Reading of the British Steel Bill**

Wednesday 24 February

- 2.30pm: Scottish Questions
 3.30pm: Ten Minute Rule Bill (Security Services Parliamentary Scrutiny - Mr Winnick)
 3.40pm: **PEWP Debate - CST/FST** (Opposition spokesmen to be announced after Shadow Cabinet)

Thursday 25 February

- 2.30pm: Northern Ireland Questions
 3.15pm: PMs Questions
 3.30pm: Business Statement
 3.50pm: **Renewal of the Northern Ireland (Emergency Provisions) Acts**

Friday 26 February

- 9.30am: **Private Members' Motions**
1. Mr Gwilym Jones - subject to be announced
 2. Mr James Couchman - Property Services Agency
 3. Mr John Taylor - subject to be announced


 B O DYER
 Parliamentary Clerk

PS I expect Mon. 29 Feb to be an Opposition day.

MP, M.
(7/11/86)

FROM: D I SPARKES 18.2
DATE: 17 FEBRUARY 1986

cc Mr Culpin

MR HUDSON

HOUSE OF LORDS DEBATE 24 FEBRUARY

I attach tax briefing for Lord Young, as requested.

D. Sparkes

CONFIDENTIAL

ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

mp

CH/EXCHEQUER	
REC.	18 FEB 1988 <i>WZ</i>
ACTION	FST
COPIES TO	

The Rt Hon John Wakeham MP
Lord President of the Council
Privy Council Office
WHITEHALL SW1

18 February 1988

Dear Mr...

LEGISLATIVE PROGRAMME 1988/89

Thank you for your letter of 12 February about QL's conclusion that they are unable to find room in the next Session for any of the three Bills which I proposed - Student Support, Teachers' Pay and Conditions and Education (Recoupment).

In my view, and I know the Chancellor agrees with me, it is absolutely necessary to have our new arrangements for student support in place in time to affect students in autumn 1990. I expect to reach early agreement with the Chancellor on a scheme. So we need to legislate in 1988/89 in order to establish the new arrangements. I must therefore ask QL to change its conclusions in respect of my Student Support Bill.

As to my other bids I think it would be premature at this stage to rule out the possibility of a Bill in the next session dealing with Teachers' Pay and Conditions. We have yet to receive the report from the Interim Advisory Committee on School Teachers' Pay and Conditions on the April 1988 settlement and to decide our response. We may then judge a short Bill on Teachers' pay and Conditions in the 1988-89 session essential to put new pay determination arrangements in place in good time for the April 1990 pay settlement.

I recognize that the proposed Education (Recoupment) Bill will have to fall for this session. That is a pity because it is designed to achieve significant savings in administrative costs both for local authorities and the Department which it would have been helpful to implement alongside the introduction of the planned rate reforms. We have yet to consider however the detailed policy implications and I therefore accept that it should not have priority as a separate Bill for the time being.

CONFIDENTIAL

CONFIDENTIAL

I welcome the opportunity to attend QL's next meeting at 9.30am on Tuesday 23 February to discuss these points further.

I am sending copies of this letter to the Chancellor of the Exchequer as well as to QL colleagues, First Parliamentary Counsel and Sir Robin Butler.

Yours truly

Kennerly

CONFIDENTIAL



ELIZABETH HOUSE
YORK ROAD
LONDON SE1 7PH
01-934 9000

Prof

CH/EXCHEQU.	
REC.	19 FEB 1988 ✓ 19/2
NAME	MR T. BURR
COPIES TO	MR PICKFORD.

Jeremy Godfrey Esq
Private Secretary to the Secretary
of State for Trade and Industry
1-19 Victoria Street
London SW1H 0ET

18 February 1988

Dear Jeremy,

HOUSE OF LORDS DEBATE: WEDNESDAY 24 FEBRUARY

In your letter to Moira Wallace of 16 February, you asked for briefing in the form of key facts and points to make/defensive points. I attach some material, which officials here have discussed with Peter Makeham. A defensive note on public/private provision will be sent separately to Peter Makeham.

Copies of this letter go to the recipients of yours.

Yours

Chris de Grouchy

C G L DE GROUCHY
Private Secretary

POINTS TO MAKE

1. Education Reform Bill

The Government's legislative proposals will increase educational opportunities for all. It will give parents more say in how schools are run, so they can press for higher standards; and it will lay down national requirements for the curriculum and national attainment targets. Wider choice between schools will help to raise standards.

2. Ethnic Minorities

Government helps meet the special needs of ethnic minorities through grants made under Section 11 of the Local Government Act 1966. Expenditure of about £130 million in England and Wales is being supported in this financial year, 80% of it for education. Government also makes education support grant available for pilot projects to meet the educational needs of ethnic minorities - such grants are helping to fund 70 projects costing £2.1 million in 1987/88; 50 more projects have been approved for 1988/89 at an extra cost of £2 million. A further £2 million of expenditure will be supported in 1988/89 on training in the planning and delivery of the curriculum in a multi-ethnic society.

3. Numbers of Teachers

Pupil/teacher ratios have improved. The overall figure for English schools was 17.4 pupils per teacher in 1987, compared with 18.9 in 1979.

4. School Building and Improvements

The Government has allocated £369 million to English local education authorities for capital spending on buildings and equipment for schools and colleges in 1988/89 - an increase of 24% on the corresponding figure for 1987/88. Within this figure there is an extra £55 million specifically for the improvement of school buildings.

5. Allowance for Extra Needs of Poor Areas Through Rate Support Grant

The Government gives extra help to poor areas for the education service, through rate support grant. The needs assessment which determines grant entitlement includes an allowance for socio-economic factors. In education, this allowance takes account of the greater need for some services in low income areas - for

example the need for more nursery school places and more free school meals.

It also allows for the costs of educating larger than average numbers of disadvantaged pupils needing additional help in school.

6. Youth Service in the Inner Cities

Government is giving £5 million over three years, starting 1988/89, for Youth Service projects to promote constructive activities for young people in the inner cities.

7. Preparing Pupils for World of Work

City Technology Colleges will provide a free, high quality science and technology based education for pupils of all abilities and backgrounds in the cities where they are set up. The schools' curriculum and close links with business will give pupils an ideal preparation for future employment. The first CTC will open in Birmingham this September, the next in Nottingham in September 1989 and others will follow.

Government is providing £25 million in 1988/89 to fund the introduction of more information technology in schools. Already, nearly all schools have several microcomputers. Access to IT in schools helps to ensure all pupils have skills needed for modern world of work.

Government welcomes local initiatives to bring schools and industry together. The London Compact motivates pupils in Hackney and Tower Hamlets to achieve high standards and prepare for employment, through the prospect of firm job offers. Such a partnership is particularly valuable for pupils in inner city areas. Many cities throughout the country are showing an interest.

Government is committed to ensuring that all final year pupils have the chance of 2-3 weeks' experience of working in industry. In 1987 400,000 pupils had this experience.

8. Chances for Bright Children

We have set up the assisted places scheme to enable bright children from lower income homes to benefit from the best of secondary education in the independent sector.

FROM: R N G BLOWER**DATE: 18 February 1988****PS/CHANCELLOR**

cc Chief Secretary
Sir Peter Middleton
Miss Peirson
Mr Culpin
Mr McIntyre
Mr Pickford
Mr Riley
Mr Walter
Mr Evans
Mr Price
Mr Neilson
Mr Scotter

PS/IR
Mr Gonzalez - IR
PS/C+E

HOUSE OF LORDS DEBATE: WEDNESDAY 24 FEBRUARY

Mr Godrey's (DTI) letter of 16 February requests material for use in a debate on the motion, "To call attention to the developing disparities in opportunity and income and to the case for policies to reduce divisions in the community; and to move for papers". We are requested to provide material on points 3 (wider share ownership) and 4 (savings, capital wealth).

On point 3, I attach a brief paragraph on share ownership and the pre-Budget brief. Point 4 is not within FIM's area of responsibility I have thus, on Mr Scotter of ET division's recommendation, plagiarised Mr Gonzalez' submission to the Chancellor of 13 January on Inland Revenue statistics 1987.

**R N G BLOWER**

LINE TO TAKE - WIDER SHARE OWNERSHIP

Shareownership trebled since 1979. One in five people have a direct interest in British firms. The fastest growing group of shareholders is manual workers. Forty per cent of those owning shares in privatised companies come from socio-economic groups C2, D and E. Over one and a half million employees have benefitted or will benefit from all-employee share schemes which were established or improved under this Government. There are nearly 1300 all-employee schemes in operation now compared with 30 in 1979 - social ownership in the true sense!

V. WIDER SHARE OWNERSHIP (INCLUDING PERSONAL EQUITY PLANS)

(i) Extent of adult shareownership: Joint Treasury/Stock Exchange survey carried out to estimate number of adult shareholders in January/February 1987 showed

- 8.4 million adult shareowners
- 19½ per cent of adult population own shares
- share ownership has trebled since 1979 (Target Group Index (TGI) estimated that 7 per cent (3 million) of adult population owned shares in 1979.)
- more than 5 million new shareholders since 1979.

(ii) Other surveys of share ownership

- surveys by FRS (September 1987), although on different definition suggests numbers of shareholders little changed since HMT survey.
- What evidence there is on post - stock market falls is that small investors have not been selling out (eg Stock Exchange data on transactions since October shows purchases are predominantly small bargains; Valin Pollen survey detected no sign that small investors attitudes had been affected by stock market falls)
- New York Stock Exchange estimates 20 per cent of total US population own shares (including unit trusts).

(iii) Privatisation

- 16 major businesses privatised since 1979 giving individuals chance to own shares.
- HMT survey showed 3½ million new shareholders created by privatisation (or TSB flotation). 6½ million own privatisation (or TSB) shares.
- British Telecom attracted 1 million new investors. British Gas further 2 million.
- 470,000 employees have become shareholders - 9 out of 10 eligible employees in privatised companies floated on stockmarket.
- Autumn Statement commitment to £5 billion privatisation proceeds in each of next 3 years. Announced privatisation of steel, electricity and water, but timings not yet announced.

(iv) Employee share schemes (See also Brief A)

Approximately 1½ million employees have benefitted from all employee share schemes with initial market value of £2 billion.

Numbers of different types of approved employee share schemes approved:

- 711 all-employee profit sharing schemes (Finance Act 1978); (compared to 30 in 1979)

- 693 all-employee SAYE-related share option schemes (Finance Act 1980);
- 2,767 discretionary share option schemes (Finance Act 1984).

(v) Personal Equity Plans (PEPs)

(a) Personal Equity Plans introduced from 1 January 1987. Allow investment of up to £2,400 a year in equities (of which £420 or 25 per cent maximum in unit trusts/investment trusts) with reinvested dividends free of income tax and realised gains free of capital gains tax when plan held for one full calendar year.

(b) Figures to end-November show:

- 235,000 Personal Equity Plans taken out.
- £415 million invested, with average subscription of £1,760.
- 183 Plan Managers registered to run PEPs.

(vi) Plan Managers' charges

	Cheapest	Typical
Initial	1% (minimum £10)	3-5%
Annual	0.5% (Equitable Life)	0.75% (Barclays, Midland, Nat West)

(vii) Recent PEPs changes

Chancellor announced, 28 October, changes to PEP schemes, which came into effect on 1 January 1988. Main changes - plan holders can opt not to receive annual reports rather than receiving them automatically; discretionary plan managers to provide 6-monthly statements of investment strategy.

(viii) Representations for change

- income tax relief on subscriptions to plans (along lines of French Loi Monory).
- increase unit/investment trust limit, or remove it altogether.

Contact points: M Neilson (FIM2) 270 4502
R Bent (PE2) 270 4777 (Privatisation)

Line to Take - Savings and Wealth

The small changes during the eighties in the estimated distribution of marketable wealth are caused by statistical variation and do not indicate any trend towards greater inequality.

It is not yet possible to establish whether small changes at the lower end of the distribution of wealth including pension rights are a trend. The provisional estimates of the share of the less wealthy half of the population for 1984 and 1985 are little different from those for 1980 and 1981.

Factual

No evidence that the distribution of personal wealth is now moving towards greater inequality. Annex B shows three distributional tables: Series C (marketable wealth), Series D (C plus occupational pension rights), Series E (D plus State pension rights). Inland Revenue interpretation of the figures is that there has been no significant change in the distribution of marketable wealth (Series C) during the first half of the nineteen eighties although the historic trend towards greater equality has come to an end. When the distribution is calculated to include occupational and State pensions there may have been a slight shift from the lower half of the population to those immediately above the half way point. This may be caused by the relatively smaller growth in the value of pensions under the State pension scheme (37 per cent between 1981 and 1985) compared with those under occupational schemes (more than doubled) and marketable wealth (64 per cent). (Summary reconciliation table in Annex C).

Personal wealth

ANNEX B

Distribution among the adult population of marketable wealth (Series C)
1966, 1971, 1976 and 1981 to 1985

See notes on page 64

Percentage

	1966	1971	1976	1981	1982	1983	1984 ¹	1985 ¹
Concentration of wealth among adult population								
Percentage of wealth owned by:								
Most wealthy 1 per cent of adult population	33	31	24	21	21	22	21	20
" " 2 " " " " "	42	39	32	27	27	28	27	27
" " 5 " " " " "	56	52	45	40	39	40	39	40
" " 10 " " " " "	69	65	60	54	52	53	52	54
" " 25 " " " " "	87	86	84	77	75	77	75	76
" " 50 " " " " "	97	97	95	94	93	93	93	93
Distribution of adult population by individual net wealth								
Percentage of population with								
Over (£)	Not over (£)							
	5,000	5,000	91	85	69	49	44	43
5,000	15,000	15,000	7	12	23	27	27	25
15,000	50,000	50,000	1.7	2.7	6.8	20	23	25
50,000	100,000	100,000	0.4	0.4	0.9	3.1	3.8	4.7
100,000				0.3	0.4	1.2	1.4	1.8
Total adult population - thousands	39,228	39,809	40,496	41,868	41,937	42,425	42,664	42,970
Gini coefficient (Series C)	81	80	76	70	68	69	68	68

¹Provisional.

TABLE 7.6

Personal wealth

Distribution among the adult population of personal wealth including occupational pension rights (Series D) 1971, 1976 and 1981-85

See notes on page 64

	Percentages						
	1971	1976	1981	1982	1983	1984 ¹	1985 ¹
Concentration of wealth among the adult population							
Percentage of wealth owned by:							
Most wealthy 1 per cent of adult population	27	21	17	17	18	17	16
" " 2 " " " " "	34	27	23	23	24	23	21
" " 5 " " " " "	46	40	34	33	34	33	32
" " 10 " " " " "	59	53	46	46	47	46	45
" " 25 " " " " "	78-83	75-81	68-73	67-71	69-73	68-72	68-72
" " 50 " " " " "	90-96	89-93	87-91	87-91	88-92	88-92	88-92
Total adult population - thousands	39,809	40,496	41,868	41,937	42,424	42,664	42,970
Gini coefficient (Series D) - lower variant	74	66	60	59	61	60	59
Gini coefficient (Series D) - upper variant	79	72	66	65	67	66	65

¹Provisional.

TABLE 7.7

Personal wealth

Distribution among the adult population of personal wealth including occupational and state pension rights (Series E) 1971, 1976 and 1981 to 1985

See notes on page 64

	Percentages						
	1971	1976	1981	1982	1983	1984 ¹	1985 ¹
Concentration of wealth among the adult population							
Percentage of wealth owned by:							
Most wealthy 1 per cent of adult population	21	14	12	12	13	12	11
" " 2 " " " " "	27	18	16	16	17	16	16
" " 5 " " " " "	37	27	24	24	26	25	25
" " 10 " " " " "	49	37	34	35	36	35	36
" " 25 " " " " "	69-72	58-61	55-58	55-58	57-60	56-59	57-60
" " 50 " " " " "	85-89	80-85	78-82	79-83	80-84	79-83	01 05
Total adult population - thousands	39,809	40,496	41,868	41,937	42,424	42,664	42,970
Gini coefficient (Series E) - lower variant	59	48	44	45	47	46	48
Gini coefficient (Series E) - upper variant	64	53	49	50	52	51	53

¹Provisional

Reference

FROM R DEANE
DATE 18 FEBRUARY 88
cc Mr Higberd

Ms WALLACE

BRIEF FOR HOUSE OF LORDS DEBATE

You asked us to provide a brief on
inflation for use by Lord Young
in a House of Lords debate.

2. This is attached.

Robert Deane

B/F
23/2/88
AR

cc: Chief Secretary
Sir P Middleton
Miss Peirson
Mr Culpin
Mr McIntyre
Mr Waller
Mr Riley
Mr Pickford



Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

PS/IR
PS/C&E

18 February 1988

Jeremy Godfrey Esq
PS/Secretary of State
Department of Trade and Industry
1-19 Victoria Street
London SW1

Dear Mr Godfrey

HOUSE OF LORDS DEBATE: WEDNESDAY 24 FEBRUARY

You wrote to Moira Wallace on 16 February asking for briefing for The Secretary of State's speech next Wednesday.

... I attach notes on taxation and inflation. I am afraid those on share ownership and savings have not yet been prepared, but I shall send them across as soon as I can.

Lord Young will be well aware of the constraints of Budget Purdah. At this time of year, the press may interpret any reference to, for example, the case for cutting taxes as a signal, so it would be best to concentrate, as far as possible, on the record so far. The Chancellor would be grateful for a sight of Lord Young's speech, if that is at all possible.

Anthony Light

PP A P HUDSON

1 P0a

Briefing for Lord Young: House of Lords debate on 24 February

Taxation (especially on different income groups)

Positive

1. Real take-home pay has risen substantially at every level of earnings. A married man on average earnings with two children is 22 per cent better off than in 1979. This is in marked contrast to the five years before 1979 when the same man's real take-home pay rose by less than 1 per cent.
2. The case for cutting taxes is to sharpen incentives and stimulate enterprise, which provides the only route to better economic performance and greater resources for public services.
3. Many of the Government's most important tax measures have been of direct benefit to less well-off taxpayers. The basic rate has been cut 6 percentage points, ~~and is now within sight of the 25p reduced rate under Labour which applied to only the first £750 of taxable income.~~ The main personal allowances have been increased by 22 per cent in real terms, taking many people out of tax altogether. Reduced rate NIC bands were introduced in 1985 for employers and employees and today benefit all those earning less than £105 a week.

Defensive

4. Income tax and NICs still take a higher percentage of earnings than in 1978-79 for some households on below-average earnings. ~~But~~ real take-home pay is much more important consideration because it reflects all tax changes and the effects of the Government's wider economic policies.
5. Better-off have seen their real take-home pay rise fastest, ~~But~~ even less well-off have enjoyed much larger gain under this Government than under previous administration.

Background Tables

Income tax and NICs as percentage of earnings:

<u>Multiples of Male Average Earnings</u>	<u>Married: One Earner</u>					
	<u>Single</u>		<u>No Children</u>		<u>Two Children*</u>	
	<u>1978-79</u>	<u>1987-88</u>	<u>1978-79</u>	<u>1987-88</u>	<u>1978-79</u>	<u>1987-88</u>
50 per cent	23.6	25.0	16.0	18.9	2.5	6.2
75 per cent	28.9	28.7	23.8	24.6	14.6	16.2
100 per cent	31.5	30.5	27.8	27.4	20.9	21.1
150 per cent	33.3	31.1	30.8	29.0	26.2	24.8
200 per cent	33.7	32.2	31.4	29.7	27.9	26.5

* net of child benefit

Percentage growth in real take-home pay 1978-79 to 1987-88:

<u>Multiples of Male Average Earnings</u>	<u>Married: One Earner</u>		
	<u>Single 78-79 to 87-88</u>	<u>No Children 78-79 to 87-88</u>	<u>Two Children 78-79 to 87-88</u>
50 per cent	20.9	19.2	18.6
75 per cent	23.6	22.1	21.1
100 per cent	25.1	23.9	22.9
150 per cent	27.5	26.5	25.7
200 per cent	26.1	26.4	25.6

Percentage growth in real take-home pay 1973-74 to 1978-79:

<u>Multiples of Male Average Earnings</u>	<u>Married: One Earner</u>		
	<u>Single 73-74 to 78-79</u>	<u>No Children 73-74 to 78-79</u>	<u>Two Children 73-74 to 78-79</u>
50 per cent	-1.0	2.4	4.2
75 per cent	-2.2	0.4	2.0
100 per cent	-2.8	-0.9	0.6
150 per cent	-3.6	-2.2	-1.2
200 per cent	-4.1	-2.4	-1.4

FP Divison
HM Treasury

February 1988

Inflation Brief:

Key Facts

1. **January RPI:** annual increase in the Retail Price Index to January was 3.3 per cent, the lowest RPI inflation figure since October 1986 (which was heavily influenced by the sharp drop in oil prices in 1986).

2. **Recent Path of RPI:**

percentage change on a year earlier

1983		4.6	
1984		4.9	
1985		6.1	
1986 Q1	4.9		
Q2	2.8	3.4	
Q3	2.6		
Q4	3.4		
1987 Q1	3.9		
Q2	4.2	4.2	
Q3	4.3		
Q4	4.1		

3. **Comparisons of Conservative and Labour Government's performance relative to EC12 and Major 7**

	UK Inflation	Major 7 Inflation	EC12 Inflation	Difference UK/ Major 7 (Percentage points)	Difference UK/ EC12 (Percentage points)
Feb '71-Apr '79	15.4	9.0	11.0	6.4	4.4
May 1979	10.4	8.6	8.8	1.8	1.6
May '79-Dec '87*	7.7	5.8	7.4	1.9	0.3
June '83-Dec '87*	4.5	3.4	4.5	1.1	0.0
December '87*	3.7	3.5	3.2	0.2	0.5

* (latest available comparable data)

Points to make:

1. January inflation figure (3.3 per cent) lowest since October 1986.
2. Inflation between June 1983 and January 1988 has averaged 4.4 per cent - back to the levels of twenty years ago.
3. It is the Government's objective to keep inflation on underlying downward trend. But short term fluctuations are inevitable.
4. UK inflation performance over the whole of this Government relative to major 7 and EC12 better than under Labour Government, who presided over highest UK inflation this century. (Also true of performance relative to OECD as a whole).
5. UK inflation in December (3.7 per cent) was lower than that in US (4.4 per cent), Canada (4.2 per cent), and Italy (5.1 per cent) - latest comparable figures.

Defensive

1. **Inflation higher in 1987 than 1986:**

The exceptional fall in oil prices in 1986 had a significant effect on inflation. Some increase in inflation was expected as oil prices recovered. Inflation (excluding oil prices) has been on clear downward trend.

2. **Recent fall in inflation solely due to cuts in mortgage interest rates:**

The cut in mortgage interest rates which took place in early December reduced the rate of inflation (by about $\frac{1}{4}$ to $\frac{1}{2}$ per cent) in that month. The fall in January was almost completely unaffected by mortgage interest payments, though there was a small residual effect.

Jeremy Godfrey Esq
P^o Secretary of State
Department of Trade and Industry
1-19 Victoria Street
London SW1

19 FEBRUARY 1988

Dear Mr Godfrey

HOUSE OF LORDS DEBATE : WEDNESDAY 24 FEBRUARY

Further to Andrew Hudson's letter of 18 February, I am now able to send you as promised notes on share ownership and savings.

I am sorry we missed your deadline of Thursday night but I hope you will find the attached useful. If you require further information please do not hesitate to contact me on 270-5012.

A.A. DIGHT

A.A. DIGHT

Chancellor of the Exchequers office

LINE TO TAKE - WIDER SHARE OWNERSHIP

Shareownership trebled since 1979. One in five people have a direct interest in British firms. The fastest growing group of shareholders is manual workers. Forty per cent of those owning shares in privatised companies come from socio-economic groups C2, D and E. Over one and a half million employees have benefitted or will benefit from all-employee share schemes which were established or improved under this Government. There are ~~nearly~~ ^{around} 1400 all-employee schemes in operation now compared with 30 in 1979 - social ownership in the true sense!

V. WIDER SHARE OWNERSHIP (INCLUDING PERSONAL EQUITY PLANS)

(i) Extent of adult shareownership: Joint Treasury/Stock Exchange survey carried out to estimate number of adult shareholders in January/February 1987 showed

- 8.4 million adult shareowners
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- HMT survey showed 3½ million new shareholders created by privatisation (or TSB flotation). 6½ million own privatisation (or TSB) shares.
- British Telecom attracted 1 million new investors. British Gas further 2 million.
- 470,000 employees have become shareholders - 9 out of 10 eligible employees in privatised companies floated on stockmarket.
- Autumn Statement commitment to £5 billion privatisation proceeds in each of next 3 years. Announced privatisation of steel, electricity and water, but timings not yet announced.

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- 2,767 discretionary share option schemes (Finance Act 1984).

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(a) Personal Equity Plans introduced from 1 January 1987. Allow investment of up to £2,400 a year in equities (of which £420 or 25 per cent maximum in unit trusts/investment trusts) with reinvested dividends free of income tax and realised gains free of capital gains tax when plan held for one full calendar year.

(b) Figures to end-November show:

- 235,000 Personal Equity Plans taken out.
- £415 million invested, with average subscription of £1,760.
- 183 Plan Managers registered to run PEPs.

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	<u>Cheapest</u>	<u>Typical</u>
Initial	1% (minimum £10)	3-5%
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(vii) Recent PEPs changes

Chancellor announced, 28 October, changes to PEP schemes, which came into effect on 1 January 1988. Main changes - plan holders can opt not to receive annual reports rather than receiving them automatically; discretionary plan managers to provide 6-monthly statements of investment strategy.

(viii) Representations for change

- income tax relief on subscriptions to plans (along lines of French Loi Monory).
- increase unit/investment trust limit, or remove it altogether.

Contact points: M Neilson (FIM2) 270 4502
R Bent (PE2) 270 4777 (Privatisation)

Line to Take -

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It is not yet possible to establish whether small changes at the lower end of the distribution of wealth including pension rights are a trend. The provisional estimates of the share of the less wealthy half of the population for 1984 and 1985 are little different from those for 1980 and 1981.

Factual

No evidence that the distribution of personal wealth is now moving towards greater inequality. Annex B shows three distributional tables: Series C (marketable wealth), Series D (C plus occupational pension rights), Series E (D plus State pension rights). Inland Revenue interpretation of the figures is that there has been no significant change in the distribution of marketable wealth (Series C) during the first half of the nineteen eighties although the historic trend towards greater equality has come to an end. When the distribution is calculated to include occupational and State pensions there may have been a slight shift from the lower half of the population to those immediately above the half way point. This may be caused by the relatively smaller growth in the value of pensions under the State pension scheme (37 per cent between 1981 and 1985) compared with those under occupational schemes (more than doubled) and marketable wealth (64 per cent). (~~Summary reconciliation table in Annex~~)

W.

Personal wealth

Distribution among the adult population of marketable wealth (Series C)
1966, 1971, 1976 and 1981 to 1985

See notes on page 64

Percentage

	1966	1971	1976	1981	1982	1983	1984 ¹	1985
Concentration of wealth among adult population								
Percentage of wealth owned by:								
Most wealthy 1 per cent of adult population	33	31	24	21	21	22	21	21
" " 2 " " " "	42	39	32	27	27	28	27	27
" " 5 " " " "	56	52	45	40	39	40	39	39
" " 10 " " " "	69	65	60	54	52	53	52	52
" " 25 " " " "	87	86	84	77	75	77	75	75
" " 50 " " " "	97	97	95	94	93	93	93	93
Distribution of adult population by individual net wealth								
Percentage of population with								
Over (£)	Not over (£)							
	5,000	5,000	91	85	69	49	44	43
5,000	15,000	15,000	7	12	23	27	27	25
15,000	50,000	50,000	1.7	2.7	6.8	20	23	25
50,000	100,000	100,000	0.4	0.4	0.9	3.1	3.8	4.7
100,000				0.3	0.4	1.2	1.4	1.8
Total adult population - thousands	39,228	39,809	40,496	41,868	41,937	42,425	42,664	42,971
Gini coefficient (Series C)	81	80	76	70	68	69	68	68

¹Provisional.

TABLE 7.6

Personal wealth

Distribution among the adult population of personal wealth including occupational pension rights (Series D) 1971, 1976 and 1981-85

See notes on page 64

	Percentages						
	1971	1976	1981	1982	1983	1984 ¹	1985 ¹
Concentration of wealth among the adult population							
Percentage of wealth owned by:							
Most wealthy 1 per cent of adult population	27	21	17	17	18	17	16
" " 2 " " " " " "	34	27	23	23	24	23	21
" " 5 " " " " " "	46	40	34	33	34	33	32
" " 10 " " " " " "	59	53	46	46	47	46	45
" " 25 " " " " " "	78-83	75-81	68-73	67-71	69-73	68-72	68-72
" " 50 " " " " " "	90-96	89-93	87-91	87-91	88-92	88-92	88-92
Total adult population - thousands	39,809	40,496	41,868	41,937	42,424	42,664	42,970
Gini coefficient (Series D) - lower variant	74	66	60	59	61	60	59
Gini coefficient (Series D) - upper variant	79	72	66	65	67	66	65

¹Provisional.

TABLE 7.7

Personal wealth

Distribution among the adult population of personal wealth including occupational and state pension rights (Series E) 1971, 1976 and 1981 to 1985

See notes on page 64

	Percentages						
	1971	1976	1981	1982	1983	1984 ¹	1985 ¹
Concentration of wealth among the adult population							
Percentage of wealth owned by:							
Most wealthy 1 per cent of adult population	21	14	12	12	13	12	11
" " 2 " " " " " "	27	18	16	16	17	16	16
" " 5 " " " " " "	37	27	24	24	26	25	25
" " 10 " " " " " "	49	37	34	35	36	35	36
" " 25 " " " " " "	69-72	58-61	55-58	55-58	57-60	56-59	57-60
" " 50 " " " " " "	85-89	80-85	78-82	79-83	80-84	79-83	81-85
Total adult population - thousands	39,809	40,496	41,868	41,937	42,424	42,664	42,970
Gini coefficient (Series E) - lower variant	59	48	44	45	47	46	48
Gini coefficient (Series E) - upper variant	64	53	49	50	52	51	53

¹Provisional.



the department for Enterprise

Ref

*cc Mr Pickford
Mr Waller
Miss Swinson
Mr Call*

FACSIMILE TRANSMISSION

From: *ALISON BRIMELOW*

SECRETARY OF STATE'S
PRIVATE OFFICE

TELEPHONE

01-215-5422

DEPARTMENT OF TRADE AND INDUSTRY
1 Victoria Street
LONDON
SW1H 0ET

FAX NUMBER

01-215-5468

To: *PS/ CHANCELLOR*

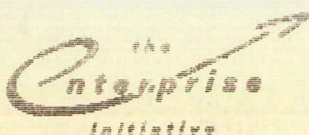
Date: *23 FEBRUARY*

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LORDS DEBATE : 24 FEBRUARY 1988

The Lord Cledwyn of Penrhos - to call attention to the developing disparities in opportunity and income and to the case for policies to reduce divisions in the Community; and to move for papers.

My Lords, the Government is committed to encourage a society in which wealth is created. A society in which that wealth creation benefits all the citizens. And a society which offers equality of opportunity to its citizens.

Our concern is to ensure that our people are better off, that they all enjoy rising standards of living, better health and education.

But, this does not imply a uniform society in which there are no differences. Differences are bound to exist. Those differences will change as the economy changes. It will always be the case that at any given moment in time, some industries in some areas may prosper and develop more than elsewhere. Over any given period of time, earnings in some occupations will rise more than others because skills and talents in limited supply will be rewarded more highly.

But differences are not the same as divisions, and people who try to elevate the differences which exist into divisions within a society are doing that society a disservice.

The Noble Lord has used a number of statistics making comparisons between different groups. I believe that such comparisons, and the basis of the question put, are fundamentally flawed.

First, they are flawed philosophically. I am sure that no members of this House would see complete uniformity as a desirable aim. We accept that uniformity would be wrong and differences are both inevitable and desirable. For example, differences of income have a purpose. They encourage people to develop the skills which are in demand; they provide incentives for people.

Once this argument is accepted, there can be no certain basis for saying that one set of differences is acceptable and unchanging but another set is not.

Second, these comparisons are flawed practically. Questions of distributions are largely an academic exercise for individuals. What matters for individuals is their own life style and whether their needs can be met. Someone at the bottom of the wealth distribution in a rich country may be much wealthier than someone much higher up the distribution in a poor country.

We cannot assume that changes which lead to wider differences are always harmful. Such changes may be beneficial to everyone in society - and I stress everyone - simply because national wealth and income is raised and everyone can share in that growth.

The Noble Lord spoke eloquently about the faster earnings growth of the better off. And, if we look at percentage changes in real take home pay, it is true that between 1978/79 and 1987/88 men on twice average earnings did enjoy real increases in pay faster than those on half average earnings. For single men an increase of 26% compared to an increase of 21%. But that is an increase - there has been a quite remarkable increase at every level of earnings. Perhaps those single people on half average

earnings preferred the situation under the last Labour Government between 1973/74 and 1978/79 when they did better compared to those on twice average earnings. Those low earners only lost 1% in real take home pay while those on twice average earnings lost 4%. Everyone was getting poorer but the low paid were getting poorer at a slower rate than the highly paid were.

and it is not just those in work who have benefitted from real growth in the economy. Pensioners enjoyed an 18 per cent increase in real income between 1979 and 1985.

For those are the most important comparisons. They show that people have had higher incomes [and better opportunities]. For real take home pay has risen substantially at every level of earnings.

[The Noble Lord has argued that tax cuts have benefitted the rich rather than the poor.] The less well off have benefitted; from tax changes, from the cut of 6 percentage points in the basic rate and the increase of 22 per cent in real terms in main personal allowances. The introduction of reduced rate national insurance bands in 1985 benefitted all those earning below £105 a week. [What is true is that the growth in real earnings has been so significant the people can afford to pay more in taxes and still be much better off.]

Of course, we recognise that some element of redistribution is needed - the progressive nature of income tax and the existence of capital taxation show that - and we recognise that society must provide for people's minimum needs. But there are dangers. If pressure for a more equal distribution weakens the process of wealth creation, the poor will lose. Emphasising state intervention and concentrating on redistribution was a

characteristic of the UK in the 1970's when it was consistently bottom of the growth league table of the European Community.

I would identify three main ways to help those who are poorest in our society. First, to encourage individuals to create wealth. Second, to spread the ownership of wealth more widely. Third, to tackle inflation and provide the conditions in which unemployment will fall.

Encouraging individuals to create wealth is not only a matter of tax incentives. It needs a shift towards an enterprise culture in which creating businesses and creating jobs is regarded as a socially - perhaps even morally - acceptable occupation. For the Government, this means looking hard at education, training and encouraging the growth of new businesses.

We ARE now seeing a change of attitude. 82 per cent of a recent sample survey of 3's customers agreed that there is a new enterprise culture in this country. We have to spread those positive attitudes to enterprise more widely in our society - the enterprise message is for all - it offers challenges, it offers opportunities, and it is not limited to any one section of the community.

Spreading the ownership of wealth has been encouraged by selling council houses - more than a million since 1979 - so encouraging more people to own their own homes.

Wider share ownership has been encouraged by privatisation which has benefitted employees and small shareholders in particular, and by tax incentives for share option schemes. Over one and a half million employees have benefitted or will benefit from all employee share schemes established or improved under this Government. Under this

Government, individual share ownership has trebled; and, the fastest growing group of shareholders is manual workers.

The more widely ownership of assets is spread the better. One of the consequences of privatisation and wider ownership is that people are given more control and more individual responsibility - both to look after their homes and to participate in the companies for which they work. This is giving people real opportunity.

Tackling inflation has been the first priority of this Government. Inflation is now back to the levels of twenty years ago. The way in which inflation destroyed wealth in the past was insidious and unrelenting. We must never forget or underestimate the evil effects of inflation on society. People's savings built up over a lifetime are lost. The old become embittered and the young see no purpose in saving. Inflation causes untold anxiety and undermines personal independence. Its effects have been random, as for example people with war bonds found to their cost. Cutting inflation has reduced real divisions in our community.

Tackling inflation is also vital to reduce unemployment. [For the poorest individuals are the unemployed - and it is a poverty of spirit as much as a poverty of wealth which strikes them so hard.] Tackling unemployment requires low inflation and flourishing enterprise. We have seen unemployment fall by 647,000 since July 1986; down more than any other major industrialised country.

We have heard something of the North-South divide. That is a great over-simplification:

- Unemployment has fallen in every region in the past

eighteen months, and fastest in Wales, the West Midlands, the North West and the North.

- The "North's" share of unemployment in 1979 was 69%: it is now 68%.
- About half the steep rise in self employment has been in the North - and more than a third of the additional jobs since March 1983.

[I believe that emphasis on the North/South divide has done the North a great disservice. It has perpetuated the cloth-cap and black-spot image that is wholly undeserved. The so called North has a great deal to offer - and many foreign investors have responded to its advantages. I was intrigued to see recently an analysis of the quality of urban life - of the top tens towns - seven were in the North.]

I am not arguing that everything is just right. Indeed it must be evident to all members of this House that we are pursuing radical changes to widen opportunity, increase choice and to give individuals greater control in key areas of their lives such as housing and education.

[For example, in education:

- more young people aged 16 and 17 are receiving full time education or structured training, up from 49 per cent in 1981 to 62 per cent in 1987;
- City Technology Colleges will provide free, high quality, science and technology based education for pupils of all activities and backgrounds;
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Running throughout our policies is the emphasis on individuals, their responsibilities and their opportunities. We have not abandoned the concept of a safety net but we want to make it a safety net not a smothering blanket of state control. That indeed is the key difference between the underlying ideas expressed in the motion and Government policy.

The motion talks about opportunities. My Lords, we should never forget that opportunities came from responsibilities and challenges. They came from self-help in the market not spoon feeding by the state. The will to help yourself is crucial; of course, it needs encouragement and development but the emphasis must be on self-help.

We do not seek to elevate differences to divisions within our community. We do strive to encourage individuals to make and create their own opportunities; that may bring greater diversity, it should certainly bring more growth and more change. That sort of diversity is to be welcomed not opposed.



the department for Enterprise

RP

cc Mr Pickford
Mr Walker
Miss Simpson
Mr Call

FACSIMILE TRANSMISSION

From: ALISON SKIMMEL

SECRETARY OF STATE'S
PRIVATE OFFICE

DEPARTMENT OF TRADE AND INDUSTRY
1 Victoria Street
LONDON
SW1H 0ET

TELEPHONE

01-215-5468

FAX NUMBER

01-215-5468

To: PS/ CHANCELLOR

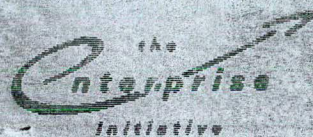
Date: 23 FEBRUARY

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We do not seek to stave off differences to decisions within our community. We do strive to encourage individuals to make and create their own opportunities that may bring greater diversity. It should certainly bring more growth and more jobs. That sort of diversity is to be welcomed not opposed.

"Tony Dight
 was grateful" p1 M



FROM: Assistant Parliamentary Clerk
 DATE: 19 February 1988

01-270 5007

PS/CHANCELLOR

cc PS/Chief Secretary
 PS/Financial Secretary
 PS/Paymaster General
 PS/Economic Secretary
 Mr Pickford
 Miss Sinclair
 Mr Allen
 Mr Dyer

FORTHCOMING TREASURY BUSINESS IN THE HOUSE OF LORDS

You may wish to be aware of the following current forthcoming Treasury business in the Lords:

ORAL QUESTIONS

Tuesday 23 February - Lord Ezra to ask Her Majesty's Government what is their latest forecast for the outturn of the current account of the balance of payments in 1988.

Government Spokesman: Lord Brabazon. EA2 (HMT) in the lead.

Wednesday 24 February - Lord Bruce of Donington to ask Her Majesty's Government whether, before recommending to Parliament the acceptance of any European Commission proposals for VAT harmonisation, they will institute an inquiry into the variations as between EEC member States of labour, energy, rental, interest and other principal industrial costs, together with levels of industrial investment; and whether they will publish the results of the inquiry.

Government Spokesman: Lord Young. HM Customs in the lead.

Wednesday 9 March Lord Harmer - Nicholls to ask Her Majesty's Government what are the latest available figures for the Public Sector Borrowing Requirements

Government Spokesman to be agreed. PSF (HMT) in the lead.

Wednesday 16 March Lord Bishop of Worcester to ask Her Majesty's Government whether anything is to be done to remove the financial disadvantage in terms of tax relief to those who marry as compared with those who choose to live together unmarried.

Government Spokesman: Lord Brabazon. Inland Revenue in the lead.

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TREASURY INTEREST BUSINESS

DEBATE

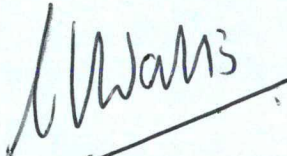
Wednesday 24 February Lord Cledwyn of Penrhos - To call attention to the developing disparities in opportunity and income and to the case for policies to reduce Divisions in the community; and to move for papers

Government Spokesman: Lord Young. DTI in the lead.

ALLIANCE DEBATE

Wednesday 2 March Lord Jenkins of Hillhead - To call attention to the concentration of power in the executive arm of Government; and to move for papers.

Government Spokesman: Lord Cameron. Inputs from various departments.


C L WALLIS

UNCLASSIFIED



FROM: A A DIGHT

DATE: 23 February 1988

MR C L WALLIS

FORTHCOMING TREASURY BUSINESS IN THE HOUSE OF LORDS

The Chancellor has seen and was grateful for your minute of 19 February.

A handwritten signature in cursive script, appearing to read "A A Dight".

A A DIGHT

CONFIDENTIAL



FROM: B O DYER
DATE: 24 February 1988

CHANCELLOR

cc Chief Secretary
Financial Secretary
Paymaster General
Economic Secretary
Mr R I G Allen
Mr Cropper
Mrs J Thorpe

CABINET : THURSDAY 25 FEBRUARY 1988
PARLIAMENTARY AFFAIRS

Following is the business, currently, proposed for the Commons next week:

Monday 29 February

- 2.30pm: Welsh Questions
3.30pm: **Opposition 9th Allotted Day** - subject to be announced
10.00pm: **Consideration of Lords Amendments to the Norfolk and Suffolk Broads Bill**

Tuesday 1 March

- 2.30pm: Employment Questions
3.15pm: PMs Questions
3.30pm: Ten Minute Rule Bill (Cervical Cancer Treatment - Mr J Wray)
3.40pm: **Approval of the Unemployment Benefit (Disqualification Period) Order 1988**
7.00pm: **Approval of the Appropriation (Northern Ireland) Order**
10pm or
11.30pm: **Debate on the European ^{Court} ~~Council~~ of Auditors Report (PMG)**

Wednesday 2 March

- 2.30pm: Foreign and Commonwealth Questions
3.30pm: Ten Minute Rule Bill (Polyurethane Foam - Mr I McCartney)
3.40pm: **Debate on Welsh Affairs**

Thursday 3 March

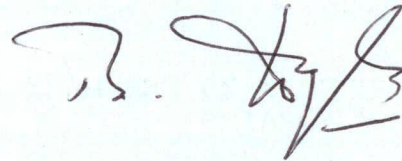
- 2.30pm: Agriculture Questions
3.15pm: PMs Questions
3.30pm: Business Statement
3.50pm: **Debate on the Royal Navy**

Friday 4 March

9.30am: **Private Members' Motions**

1. Mr N Foreman
2. Sir J Biggs-Davison
3. Mr J Marshall

subject to be announced
Defective houses
subject to be announced



B O DYER
Parliamentary Clerk

CONFIDENTIAL

FROM: Deputy Parliamentary Clerk
DATE: 29 February 1988

CHANCELLOR

cc Chief Secretary
 Financial Secretary
 Paymaster General
 Economic Secretary
 Mr R I G Allen
 Mr P Cropper
 Mrs J Thorpe

CABINET : TUESDAY 1 MARCH 1988
PARLIAMENTARY AFFAIRS

Following is the business, currently and very provisionally, proposed for the Commons next week:

Monday 7 March

2.30pm: Energy Questions
 3.30pm: Debate on a Government Motion on the Privatisation of the Electricity Supply Industry
 10.00pm: Draft Wages (Northern Ireland) Order 1988

Tuesday 8 March

2.30pm: DHSS Questions
 3.15pm: PMs Questions
 3.30pm: Ten Minute Rule Bill (Scottish Constitution Referendum - Margaret Ewing)
 3.40pm: Remaining Stages of Housing (Scotland) Bill
 10.00pm: Draft General Assistance Grant (Abolition) (Northern Ireland) Order 1988

Wednesday 9 March

2.30pm: DTI Questions
 3.30pm: Ten Minute Rule Bill (Gaming Machines Prohibition - Jimmy Dunnachie)
 3.40pm: 2x½ Estimates Days (Probable topics Coal (DEn) and Storm Damage (MAFF))
 10.00pm: Outstanding Estimates motion and Introduction of Consolidated Fund (No.3) Bill by FST
 After 10.00pm: Rate Support Grant Supplementary Report (England) (No.4) 1983-4 HC 325

Thursday 10 March

2.30pm: Treasury Questions
 3.15pm: PMs Questions

3.30pm: Remaining Stages of Housing (Scotland) Bill

7.00pm: 2nd Reading and Remaining Stages of Consolidated Fund (No.3) Bill.

Debates follow Consolidated Fund Bill till 8am Friday morning.

Friday 11 March

9.30am: **Private Members' Motions**

1. Mr Patrick Thompson - UK engineering industries' productivity and profitability
2. Mr George Buckley - subject to be announced
3. Mr Edward Leigh - subject to be announced

Richard Savage

RICHARD SAVAGE



FROM: Assistant Parliamentary Clerk

DATE: 4 March 1988

01-270 5007

PS/CHANCELLOR

cc PS/Chief Secretary
 PS/Financial Secretary
 PS/Paymaster General
 PS/Economic Secretary
 Mr Pickford
 Miss Sinclair
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 Mr Dyer

FORTHCOMING TREASURY BUSINESS IN THE HOUSE OF LORDS

You may wish to be aware of the following current forthcoming Treasury business in the Lords:

ORAL QUESTIONS

Wednesday 9 March Lord Harmer - Nicholls to ask Her Majesty's Government what are the latest available figures for the Public Sector Borrowing Requirement.

Government Spokesman: Lord Brabazon. PSF (HMT) in the lead.

Monday 14 March Lord Jay to ask Her Majesty's Government what will be the United Kingdom payment to the EEC Budget, less rebate, for the first year in which the agreement reached at Brussels on 13 February takes effect, compared with what would otherwise have been payable.

Government Spokesman: Lord Brabazon. EC (HMT) in the lead.

Wednesday 16 March Lord Bishop of Worcester to ask Her Majesty's Government whether anything is to be done to remove the financial disadvantage in terms of tax relief to those who marry as compared with those who choose to live together unmarried.

Government Spokesman: Lord Brabazon. Inland Revenue in the lead.

TREASURY INTEREST BUSINESS

ORAL QUESTIONS

Tuesday 8 March Lord Monson to ask Her Majesty's Government whether the present structure of capital taxation encourages insider trading.

Government Spokesman: Lord Beaverbrook. DTI in the lead.

Wednesday 16 March Lord Ennals to ask Her Majesty's Government what additional funds are to be made available to the National Health Service in response to complaints of underfunding.

Government Spokesman: Lord Skelmersdale or Lord Arran (to be confirmed.) DHSS in the lead.

C L Wallis

C L WALLIS

dti

the department for Enterprise

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

Rt Hon John Wakeham MP
House of Commons
LONDON SW1A 0AA

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

CH/EXCHEQUER	
REC.	09 MAR 1988
ACTION	FST
COPIES TO	

9/3

Direct line 215 5422
Our ref DC7ADR
Your ref
Date 8 March 1988

LEGISLATIVE PROGRAMME 1988/89

I have seen a copy of Paul Channon's letter of 8 March to John Wakeham arguing the case for including the legislation needed for London bus deregulation in the programme for next Session.

I will not be at Cabinet on Thursday but I would like to record my support for Paul's proposed Bill. The deregulation of bus services in London would be a major initiative which should yield substantial benefits before the next Election provided the necessary legislation is taken next Session. If we leave it any later, however, the new arrangements will not have time to bed down before 1991/92. On that basis, I am sure Paul is quite right in saying that if we do not go ahead in 1988/89, the matter should be put aside until the next Parliament. I think we should press ahead.

I am copying this letter to the Prime Minister and other members of Cabinet, to First Parliamentary Counsel and to Sir Robin Butler.

BF *pur*



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

My ref:

Your ref:

The Rt Hon John Wakeham MP
Lord President of the Council
Privy Council Office
68 Whitehall
LONDON
SW1A 2AT

8 MAR 1988

CH/EXCHEQUER	
REC.	08 MAR 1988 <i>SL</i>
ACTION	FST
COPIES TO	

Dear John.

LEGISLATIVE PROGRAMME 1988/89

Thank you for your letter of 4 March. I have also now seen your memorandum, C(88)5, reporting QL's full recommendations.

I am grateful for your agreement that Autoguide be included alongside Driver Licensing in a Road Traffic Bill. I confirm that the Bill will be prepared on the basis that it will start in the House of Lords.

However, I am very disappointed that you have not been able to recommend the inclusion of the legislation needed for London bus deregulation and I shall want to put the arguments to Cabinet. Legislation in the 1989/90 Session is not a practicable proposition. Political considerations mean that if deregulation is not achieved by 1990 then it must wait until the next Parliament. To achieve deregulation in 1990 the various transitional stages have to be started in 1989. Given the success of deregulation in the rest of the country, we have no good reason to give for not extending it to London, where the benefits would be substantial. We need the legislation so that we can guarantee the continuation of the concessionary fares regime, so that we can adapt the powers and duties of London Regional Transport to get a proper transition to deregulation and privatisation, and in order to take extra provision concerning traffic congestion.

The Bill was squeezed out of the programme for the current Session, but Willie Whitelaw did say in a letter to John Moore that he recognised the strong arguments for it and that these "will weigh heavily in favour of its inclusion in the 1988/89 Session." Given the continuing pressure on the legislative timetable, I do not press for the other valuable measures I hoped to include, but I must urge that we carry through bus deregulation in London.

CONFIDENTIAL

I am copying this letter to the Prime Minister and other members of Cabinet, to First Parliamentary Counsel and to Sir Robin Butler.

Yours,
Paul

PAUL CHANNON

CONFIDENTIAL

CONFIDENTIAL



FROM: B O DYER
DATE: 8 March 1988

CHANCELLOR

cc Chief Secretary
Financial Secretary
Paymaster General
Economic Secretary
Mr R I G Allen
Mr P Cropper
Mrs J Thorpe

CABINET : THURSDAY 10 MARCH 1988
PARLIAMENTARY AFFAIRS

Following is the business, currently, proposed for the Commons next week:

Monday 14 March

- 2.30pm: Transport Questions
3.30pm: Remaining Stages of the **Housing (Scotland) Bill**
Consideration of Lords Amendments to the **Social Security Bill**

Tuesday 15 March

- 2.30pm: Education and Science Questions
3.15pm: PMs Questions
[3.30pm: **Ten Minute Rule Bill**: Mr Stern (Public Holidays: Substitution) **To be withdrawn**]
3.30pm: **Budget Statement** (followed by customary motion, under the PCT Act, to give provisional statutory effect to Budget proposals - to be put forthwith). The Leader of the Opposition will then reply and **debates**, founded on the Amendment of Law Resolution, **will continue until 7pm.**
7.00pm: **Opposed Private Business**

Wednesday 16 March

- 2.30pm: Environment Questions
3.30pm: **Ten Minute Rule Bill**: Mr Boyes (Road Traffic: Blood Alcohol Concentration)
3.40 to 10pm: **Resumption of Budget Debates** (Opposition will open - ~~probably~~ Mr John Smith - followed by the **Chief Secretary**. The **Financial Secretary** will wind up for the Government)

Stuart Howard to wind for opposition.

Thursday 17 March

2.30pm: Home Office Questions

3.15pm: PMS Questions

3.30pm: Business Statement

3.50 to 10pm: **Continuation of Budget Debates** (Mr Kenneth Clarke, Min. of Trade and Industry, will open for the Government with the **Economic Secretary** winding up)

*Opposition: Robin Cook
+ Chris Smith*

Friday 18 March

9.30am: **Private Members' Motions**

1. Mr Michael Fallon)
2. Mr Stephen Day) subjects to be announced
3. Mr Tim Yeo)

Monday 21 March

2.30pm: Welsh Questions

3.30 to 10pm: **Budget Debates, concluding day** (Mr Norman Fowler, S of S for Emp, will open for the Government and the **Chancellor of the Exchequer** will wind up)

10pm: All the **Budget Resolutions** (incl. the Amendment of Law Resolution) will be taken and, in some cases, **Voted** upon. When all the Resolutions have been obtained the **Financial Secretary** will bring in the **Finance Bill** - ie 'Walk the Floor'.

*Opposition: Bryan Gould
+ Gordon Brown*

[Signature]
B O DYER
Parliamentary Clerk

FROM: H BREDEKAMP
DATE: 8 March 1988

PS/CHANCELLOR ✓

cc PS/Chief Secretary
PS/Financial Secretary
PS/Economic Secretary
Mr S Davies
Mr Pickford
Mr Walsh
Ms Life
Mr May
Miss Simpson

UN TARGET FOR OFFICIAL AID: PQ FROM MR BLUNKETT

Our draft supplementaries for Mr Blunkett's PQ included the line that the "Government accepts [the UN] target in principle." The Chancellor queried this, and asked for background.

2. The UK has been committed since the mid-1970s to the UN target for official aid of 0.7 per cent of GNP. The commitment has been reaffirmed at numerous UN and UNCTAD meetings, though we have always reserved the right not to set a timetable for its achievement. Many statements along these lines have been made in the House of Commons. On 12 November 1985, for example, the Prime Minister told the House that:

"Like its predecessor, the Government accepts the UN 0.7 per cent aid target in principle but not a date for reaching it. Progress towards the target must depend on Britain's economic circumstances and other calls on our resources."

Mr Patten confirmed this in response to a Question in the House on the 9 November last year (see the attached extract from Hansard).

3. If Treasury Ministers wish to avoid referring in public to acceptance of the UN target, AEF suggest that they emphasize instead the following points:

- the absence of any commitment by successive Governments to a timetable

- the importance of **private flows** (for which the UK has typically exceeded the UN target)
- the **quality** of the UK's aid programme, which is widely recognised.

The notes for supplementaries will be amended accordingly.

Hyh Bredenkamp

H W BREDEKAMP

Overseas Aid

70. Miss Lestor: To ask the Secretary of State for Foreign and Commonwealth Affairs when he intends to reach the United Nations target for aid of 0.7 per cent. of GNP.

73. Mrs. Margaret Ewing: To ask the Secretary of State for Foreign and Commonwealth Affairs if he has yet set any target date for increasing United Kingdom overseas aid to match United Nations guidelines as a percentage of gross domestic product.

The Minister for Overseas Development (Mr. Chris Patten): The Government accept the United Nations target in principle. As with previous Administrations, they have not set a timetable for achieving it, but aid is now planned to grow in real terms.

Miss Lestor: Does the Minister agree that, despite the small increase that was announced last week, the amount of GNP now allocated is still well below what many of our major EEC partners give and well below the amount achieved by the previous Labour Government when they left office in 1979? Would it not be an encouragement to all those people working in aid and development if he were able to state categorically that the increase will be maintained and that it will reach the United Nations target within the next year or two?

Mr. Chris Patten: I believe that it should be an encouragement to the sort of people to whom the hon. Lady has referred that, on the figures for this year, the aid budget will be increased by £70 million next year, by £140 million the following year and by a further £185 million the year after that.

Mrs. Ewing: Has the Minister looked at early-day motion 257 on the Order Paper, which points out that the aid budget has fallen by 15 per cent. since 1979? Why are the Government so loth to set a target? What is the difficulty in naming the date?

Mr. Patten: We take very much the same view as our predecessors about this. I repeat that the aid budget did fall between 1979 and 1982, but since then it has been maintained in real terms, and this year I was extremely pleased that we were able to announce an increase in real terms.

Mr. Soames: I congratulate my hon. Friend the Minister on the increases that he has achieved in the aid programme. Does he agree that what matters are not targets but the effectiveness of the aid that is delivered? Will my hon. Friend assure the House that the great burden of the aid that we give will go towards enabling people of the poorer countries to become more self-sufficient and more reliant on their own resources?

Mr. Patten: I agree with my hon. Friend about the quality of our aid programme. I am delighted that, not long ago, the OECD complimented us on the quality of our aid programme and pointed out that 75 per cent. of our aid goes to poor countries as against an average of about 60 per cent. for other OECD donors. I believe that we should continue to concentrate on the quality and effectiveness of what we are doing.

Mr. Quentin Davies: Does my hon. Friend agree that, as my hon. Friend the Member for Crawley (Mr. Soames)

has just said, it is not so much the volume of the aid as the effectiveness with which it is used that is crucial for development? Does my hon. Friend also agree that it is often much easier for charities and voluntary bodies, which do not have to work through local host Governments and become entangled to the same extent with local bureaucracy, to provide the most effective contribution to development?

Mr. Patten: I wholly agree with what my hon. Friend said. That is why I am pleased that recently we were able to announce a 50 per cent. increase for next year for the joint funding scheme, which assists non-governmental organisations, and why I am also pleased that we have been able to announce an 18 per cent. increase in the amount of money available to help British volunteers to go overseas.

Sir Russell Johnston: While we welcome the increases, we must not forget that they are increases on decreases. Is it not a matter of profound regret that in 1979, when the Government came to power, we gave more in overseas aid than France, Germany, Italy and Canada, and now all of them give more than we do? Is the Minister saying that that means that the quality of their aid has declined?

Mr. Patten: We still have the sixth largest aid programme in the world. It is extremely effective. In 1979 we were undergoing a structural adjustment programme with the support of the International Monetary Fund. Now we are able to go to the IMF and help other countries to go through structural adjustment programmes.

HANSARD (COMMONS) 9-11-87

PRIVATE NOTICE QUESTION : WEDNESDAY 9 MARCH 1988

✓
mgf

Rt Hon John Smith (La - Monklands East)

To ask Mr Chancellor of the Exchequer, if he will make a statement on the level of interest rates.

CRITERIA

Of an urgent character and a matter of public importance.

ARGUMENTS AGAINST ALLOWING PNO

Chy

now disallowed

mpw

913

UNCLASSIFIED



FROM: J M G TAYLOR

DATE: 9 March 1988

php

MR BREDENKAMP

cc PS/Chief Secretary
PS/Financial Secretary
PS/Economic Secretary
Mr S Davies
Mr Pickford
Mr Walsh
Ms Life
Mr May
Miss Simpson

UN TARGET FOR OFFICIAL AID: PQ FROM MR BLUNKETT

The Chancellor was grateful for your minute of 8 March.

JMG

J M G TAYLOR

FROM : MISS J C SIMPSON
DATE : 9 MARCH 1988

pay

1. MR PICKFORD *Stamps 9/3*

2. CHANCELLOR OF THE EXCHEQUER

cc Chief Secretary
Financial Secretary
Economic Secretary
Sir P Middleton
Sir T Burns
Mr R I G Allen
Mr Dyer
Mr Hudson
Mr Patterson
Mr Curwen
Mr Hutson (+ 5 copies)
Mr Cropper
Mr Tyrie
Mr Call

Mr N Forman MP
Mr T Favell MP
Mr J Maples MP

TREASURY FIRST ORDER QUESTIONS : THURSDAY, 10 MARCH
EB CENTRAL BRIEF

1. I attach EB's central brief.
2. The brief contains
 - (i) Bull points
 - (ii) Key statistics
 - checklist of main indicators published recently (A1)
 - key statistics on developments since the 1983 election (A2)
 - (iii) General briefing on topical issues.

Changes from the draft version of the brief are sidelined.

3. You agreed that the questions to concentrate on were those on the UK economy, together with Mr Haslehurst's on a possible G5 meeting. You also agreed that you would aim not to reach beyond that question. The other prevailing theme of the Question Time is likely to be budget representations.

4. Subject briefs have been prepared on VAT and on privatisation. They have been attached to relevant questions in the usual way.

J

MISS J C SIMPSON

BULL POINTS

1. **Industry**

Profitability in manufacturing industry risen every year since 1981 and in 1986 at highest level since 1973. 1987 expected to see a further rise.

Business starts exceeded stops by around 500 a week between 1979 and 1986 (latest figure).

Manufacturing output in 1987 grew by 5½ per cent to reach its highest level since 1974.

Since 1980 manufacturing productivity growth faster than in any other major industrialised country. UK bottom of international league table in both 1960s and 1970s.

CBI's February Survey showed balances on both total and export order books at highest ever levels. CBI expect 'further strong growth in manufacturing continuing recent trend.'

2. **Output and jobs**

Since 1980 UK grown faster than all other major EC countries: performance repeated in 1987.

Adult unemployment (seasonally adjusted) fallen by 550,000 over past year; largest 12 monthly fall since war and falling steadily in all regions. Unemployment rate fallen faster than in any other major industrial country.

Employment has risen in every quarter since March 1983 and by over 1½ million in total - more new jobs than total of all other EC countries.

3. **Living standards**

Real take-home pay of married man with 2 children on male average earnings risen 23 per cent between 1978-79 and 1987-88; up only ½ per cent between 1973-74 and 1978-79.

Real personal disposable income at record levels. Up 3½ per cent in year to 1987Q3.

Falling inflation rate and reduction in basic rate of income tax in 1987 means Tax and Prices Index risen by less than 1½ per cent in year to January.

**MAIN ECONOMIC INDICATORS PUBLISHED SINCE 11 FEBRUARY AND TO BE
PUBLISHED BY 10 MARCH**

- 12 Feb Retail prices index (Jan)
Annual rate 3.3 per cent.
- Tax and prices index (Jan)
Annual rate 1.4 per cent.
- 16 Feb Index of output of the production industries (Dec and Q4)
Industrial production in 1987Q4 up 1½ per cent on 1987Q3 and up 4½
on 1986Q4. In 1987 as a whole up over 3 per cent on 1986.
- Manufacturing output in 1987Q4 up 1½ per cent on 1987Q3 and up
over 5½ per cent on 1987Q4. In 1987 as a whole up 5½ per cent on
1986.
- 16 Feb Public sector borrowing requirement (Jan-prov).
Net repayment of £6.3 billion in December.
- 16 Feb Labour Force Survey 1987
Revised estimates of employment in GB from June 1986:
- number of employees in employment revised down
 - self-employed estimated to have grown by 234,000 between June
1986 and June 1987 compared with previous projection of 102,000.
 - net effect to raise level of GB employed labour force which grew by
453,000 in year to September 1987

18 Feb

Capital expenditure by manufacturing and service industries (Q4-prov)

Manufacturing investment in 1987Q4 down $6\frac{1}{4}$ per cent on 1987Q3 but up 6 per cent on 1986Q4. In 1987 as a whole up nearly $3\frac{1}{2}$ per cent on 1986.

Industrial investment (manufacturing, construction, distribution and financial industries) in 1987Q4 up $\frac{3}{4}$ per cent on 1987Q3 and up nearly 7 per cent on 1986Q4. In 1987 as a whole up over $7\frac{1}{2}$ per cent on 1986.

18 Feb

Labour market statistics

Unemployment (sa, excl. school leavers) (Jan) down 51,000 to 2,563,000. 'Headline' total up 26,000 to 2,722,000.

Employed labour force (Q3) up 75,000 to 24,506,000.

Manufacturing employment (Dec) down 5,000 to 5,035,000.

Vacancies (Jan) down 7,000 to 250,000.

Average earnings (Dec) underlying annual increase $8\frac{1}{2}$ per cent.

Manufacturing unit wage costs in 1987Q4 up 2 per cent on 1986Q4.

Manufacturing productivity in 1987Q4 up $6\frac{1}{4}$ per cent on 1986Q4.

22 Feb

CBI Monthly Industrial Trends Enquiry (Feb)

Another good survey. Balances on total and export order books at highest ever levels and CBI expect 'further strong growth in manufacturing'.

23 Feb

Gross domestic product (output-based) (Q4-prov)

In 1987Q4 up 1 per cent on 1987Q3 and up $5\frac{1}{4}$ per cent on 1986Q4. In 1987 as a whole up over $4\frac{3}{4}$ per cent on 1986.

24 Feb

Construction - new orders (Dec)

In 1987Q4 up 10 per cent on a year earlier. In 1987 as a whole up 22 per cent on 1986 (excluding Channel Tunnel up 15 per cent).

29 Feb

Monetary aggregates (Jan)

M0 annual growth rate 4.8 per cent.

M3 annual growth rate 22.4 per cent.

M4 annual growth rate 16.6 per cent.

M5 annual growth rate 16.3 per cent.

29 Feb

Balance of payments current account and overseas trade figures (Jan)

January current account deficit of £905 million. Revised deficit of £2.5 billion in 1987. In 3 months to January export volumes (excl oil and erratics) same level as previous 3 months but up $4\frac{1}{2}$ per cent on a year earlier. In 3 months to January import volumes (excl. oil and erratics) up 2 per cent on previous 3 months and up 12 per cent on a year earlier.

In 1987 as a whole, export volumes up $7\frac{1}{2}$ per cent on 1986 and import volumes up 9 per cent.

2 Mar

UK official reserves (Feb)

Underlying fall of \$25 million.

7 Mar

Retail Sales (Jan-final)

In 3 months to January up nearly $1\frac{1}{4}$ per cent on previous 3 months and up nearly $6\frac{1}{2}$ per cent on a year earlier.

DEVELOPMENTS SINCE JUNE 1983

Between 1983Q2 and 1987Q3 GDP(A) rose $15\frac{3}{4}$ per cent at an annualised rate of $3\frac{1}{2}$ per cent.

Inflation averaged less than 5 per cent. Back to levels of 1950s and 1960s.

Total employment up by nearly $1\frac{1}{2}$ million.

Unemployment down by 321,000 from 2,884,000 to 2,563,000

Total non-oil export volumes up 34 per cent and manufacturing export volumes up over 39 per cent between 1983Q2 and 3 months to January.

Industrial production up nearly 15 per cent between 1983 Q2 and 1987Q4.

Manufacturing output up $18\frac{1}{2}$ per cent.

Manufacturing productivity up over 25 per cent.

P S CURWEN
EB
x5206

GENERAL BRIEFING : TOPICAL ISSUES

1. Economic growth cannot be sustained : recession just around corner

- Nonsense. Hon gentlemen may find it hard to accept, but even Daily Mirror leader writers do not believe that. They accept 1988 will be year of success for Britain, and that this is something to be proud of, not ashamed [see attached]
- growth in 1987 above trend; not surprising if prospects for 1988 were to be little lower. But only one year in 1970s when growth of non-oil economy exceeded 3% implied by Autumn Statement forecast.

2. Rise in interest rates

- increase normal adjustment made from time to time as appropriate. Fully justified by current monetary/economic conditions.
- consistent with need for steadiness and caution which I/my RHF has consistently made clear. Government determined not to take risks with inflation
- never speculate about future movements.

3. Government should cut interest rates and let exchange rate fall

- worst possible action for industry
- cutting interest rates when not justified by monetary conditions would simply lead to resurgence of inflation
- stable exchange rate, notably against Deutschemark, provides important financial discipline against inflation
- also gives British industry stability it wants.

4. Real interest rates penalising industry

- Industry doing very well: output up, profitability up, investment intentions positive
- renewed inflation would damage industry's confidence and willingness to invest
- No evidence that UK interest rates inhibiting growth or investment.
- over full year, industry has more than four times as much to gain from 1 per cent off pay rises as from 1 per cent off interest rates, even if latter were sustained for full year.

5. Huge current account deficit in January following record deficit in 1987 shows balance of payments crisis imminent.

- 1987 deficit small relative to GDP, both historically and by international standards
- not surprising when UK growing significantly faster than rest of the world
- Never look at single month's figures in isolation; balance of payments figures very erratic [and subject to revision].
- Fall in recorded export volumes inconsistent with other evidence eg latest CBI survey shows balance of firms reporting export order books above normal at historically high level.
- UK net overseas assets at highest recorded level since War and second largest in world.

6. Manufacturing output still below June 1979

- Manufacturing output has risen under this Government (1987Q4 nearly 3 per cent above 1979H1)
- it fell under Labour
- and on almost all objective indicators manufacturing performance has been transformed: productivity, profitability, exports etc.

7. Manufacturing trade deficit

- Since 1981, UK has held share of world trade in manufacturing, after decades of relative decline
- in volume terms, no previous five year period in recent history in which UK manufactured exports so successful. Volumes up 9 per cent in 1987Q4, compared to same period year earlier, to highest level ever recorded.

8. Manufacturing investment still 10 per cent below 1979

- Manufacturing investment now growing strongly. Up nearly 35 per cent since 1983Q1 trough [22½ per cent since 1981H1] and in 1987Q4 up 6 per cent on same period year earlier
- DTI Investment Intentions Survey (December) suggests further growth of 11 per cent in 1988. CBI industrial trends enquiries continue to show confidence
- not just quantity but quality of investment that is important. Quality improved since 1979 as evidenced by improvement in productivity and profitability.

Health Service funding

- Expenditure on health risen from 4.8 per cent of GDP in 1979 to 5.5 per cent now. Autumn Statement provided for £700 million more for hospital and community health services in England alone next year. In December announced further £100 million for UK for this financial year
- expenditure on NHS has increased by 30 per cent in real terms under this Government
- number of operations and of patients treated expanding
- Government also encouraging better use of resources through extensive value for money campaign.

10. Nurses' Pay

- Prime Minister made Government's position clear: we will stick to position that has been case ever since Review Bodies were established that Government would not modify recommendations unless there are clear and compelling reasons for doing so
- on funding, have never undertaken to fund in full a pay award before we know what it is. No responsible Government could do so
- Government not recommending pay increase of 3%: have made clear evidence simply pointed out that 3% increase would compensate average earner for price rises over year to October taking account of 1987 Budget tax reductions. Government has not suggested any particular level of pay increases; that matter for review body.
- Review Body has been asked to report in time for Government to announce decisions by end-April. For future years, timetable to be accelerated. No reason for health authorities to cut services in anticipation of possible costs; will have plenty of time to decide how to react after Review Body recommendations and Government's response are known.

11. Decline of infrastructure : increase capital spending

- Increase in plans for public sector capital spending as result of Survey likely to be about £1½ billion in both 1988-89 and 1989-90. Details in PEWP
- equally important to note improved value for money Government has been able to secure eg six miles of motorway and trunk roads now for price of five (in real terms) in 1978-79.

12. Get unemployment down by capital spending/reflation/higher PSBR

- Fundamental error to imagine that higher spending/higher PSBR is way to successful economy and more jobs. 1987-88 likely to see lowest ratio of PSBR, excluding privatisation, to GDP since 1970, but we now have fastest growth since 1973 and record fall in unemployment
- so-called reflation could only result in higher inflation. Fall in inflation was essential pre-condition for steady, sustained growth of last 7 years
- key to successful economy and lasting improvement in unemployment is reform to supply side
- essential that infrastructure schemes should be justified on merits. Otherwise increased spending would just distort economy and risk national recovery with no permanent benefits on rate of unemployment.

13. When will unemployment fall to June 1979 level?

- Latest figures show another significant drop - for eighteenth consecutive month. Record fall of nearly 550,000 over past year. [Now at lowest level since April 1982]. Falling fast in all regions - biggest falls in last year in West Midlands and Wales
- predicting trend always difficult, but see no reason why it should not continue downwards, given that all signs point to continued strength of economy
- never attempt to forecast level.

14. Changes in tax have favoured rich

- Real take-home pay of married man with two children on average male earnings rose less than 1 per cent under Labour. It has risen nearly 23 per cent under this Government
- since 1979, main tax allowances increased by 22 per cent more than inflation; as result, nearly 1½ million fewer taxpayers compared with indexed 1978-79 regime
- basic rate tax cuts benefit all taxpayers. Income tax down over £10 a week for married man with 2 children on average male earnings, compared with uprating 1978-79 regime for inflation.

15. Extension of VAT base (especially to books, fuel and power for industry)

- PM gave specific pledges in exceptional circumstance of General Election. These will be honoured

- otherwise, stick to convention that decisions on taxes announced only in Budget
- [on spectacles case]. As I/my HF the EST told House, Government will abide by Court's decision, but will need to study it in detail before making firm decisions on how to proceed.
- [on new construction and industrial energy] Advocate General's view in EC infraction case not binding on court: cannot comment in advance of judgement
- [on C&E evidence to TCSC in 1986 on news services] TCSC evidence mentioned one of several arguments used in defending UK's position before European Court; but in domestic context future of particular zero rates matter for Chancellor's budget judgement.

16. BP

(a) KIO

- Kuwaiti authorities have assured HMG that they have no ambitions to control BP nor any interest in any management role and that KIO holding in company intended as long-term investment
- increasing investment up to 29.9 per cent would be inconsistent with assurance of no intention of seeking to exercise control over BP
- holding being considered as matter of course by Director General of Fair Trading, who will advise my Noble Friend Secretary of State for Trade and Industry as to whether there is a merger situation qualifying for investigation which should be referred to the MMC.

(b) Britoil

- As I/my RHF told House last month, Government is content with assurances received from BP about their plans for work programme in North Sea and for retaining a substantial base in Scotland.
- Government will maintain special share for time being, but does not intend to exercise rights so long as it is content BP is abiding by its assurances.

Here's to success in '88

WITH the minimum of luck and a lot of hard work, 1988 will be a year of success for Britain.

Not for one party or one politician or for one privileged section of the people. But for all of us.

For too long, success has been a dirty word for the British. They treat it with suspicion. It is something that foreigners have.

Industry

But there is nothing to be ashamed of in success, any more than there is anything to be proud of in being a failure.

Success as a nation means we don't have foreign bankers telling us what to do. That we don't have to suffer pitying lectures from other countries. That we are no longer known as the "sick man of Europe".

Success in industry means that small

MIRROR COMMENT

and medium-sized companies become bigger. That more jobs are created. That there is more money in the pay packet at the end of the week or month.

Success for individuals means a better life for the family.

Success is worth working for. Worth achieving.

But success is not an end in itself. It is a means to an end.

Selfish success leads to personal and national failure in the end.

We must use our industrial, financial and economic success to succour the

needy. To find productive work for those without it. To recognise that better education is an investment, not a burden. That a better National Health Service is an enrichment of life, not a handicap.

When industry is successful, pension funds also grow wealthier and that strengthens security in old age for those millions who have private pensions. We should welcome it.

Nation

But it is also our duty to ensure that those without private benefits do not lapse into public paupers. They, too, must share the benefits of national success.

So as the nation — or most of it — goes back to work this morning, our message is simple:

We wish you a Happy, Prosperous and Successful 1988.

'New jobs, more in the pay packet and a better life'

Monday January 4 1988



CH/EXCHEQUER	
REC.	09 MAR 1988 9/13
ACTION	FST
COPIES TO	

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

The Rt Hon John Wakeham MP
Lord President of the Council
Privy Council Office
Whitehall
LONDON
SW1A 2AT

9 March 1988

Dear Lord President,

LEGISLATIVE PROGRAMME 1988/89

Thank you for your letter of 4 March about QL's decision not to recommend either my proposed Environment and Planning or Crown Suppliers Bills for inclusion in next Session's legislative programme.

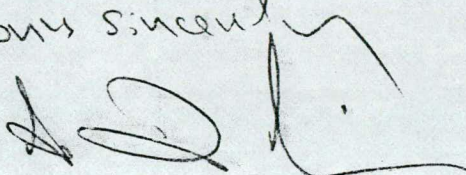
Having seen the size of the proposed programme set out in your Memorandum to Cabinet, I can appreciate QL's difficulty in accepting my Environment and Planning Bill. However, I feel I must press you to try to find time for the very short Bill required for the privatisation of The Crown Suppliers (TCS).

If the legislation and the consequential privatisation date were to go back a year or more this would add significantly to the problems of managing the TCS in the interim and make an eventual sale that much more uncertain. The main problems have to do with staff. The major difficulty would be to maintain the core of committed staff necessary to run an efficient TCS and prepare it for privatisation in the face of understandable concern about their future. While I think management could cope with these problems for twelve months or so, it would be very much more difficult for them to do so for a significantly longer and uncertain period while maintaining the performance and commercial viability of the enterprise.

You and QL colleagues are aware of the basis of my case for the TCS Bill which I shall be happy to amplify at Cabinet on Thursday. Although this is a relatively small part of our overall privatisation programme, it has generated considerable support on our back benches in both Houses. The uncertainty bought about by delay is likely to damage the Crown Suppliers business in the

short term and the chances of successful privatisation in the longer term. It seems a heavy price to pay for a very small omission - of perhaps no more than a one clause Bill - from the Programme.

I am copying this letter to the Prime Minister and members of Cabinet, First Parliamentary Counsel and Sir Robin Butler.

Yours sincerely


PP NICHOLAS RIDLEY

(Approved by the Secretary of State
in draft and signed in his absence)



pip

CH/EXCHEQUER ✓	
REC.	15 MAR 1988 15/3
ACTION	FST
COPIES TO	

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-243.....5803.....
Switchboard 01-243 3000 GTN Code 243
Facsimile 01-243 5465 Telex 915564

The Rt Hon Douglas Hurd CBE MP
Home Secretary
50 Queen Anne's Gate
London
SW1H 9AT

Manda U

LICENSING BILL

I note your letter to John Wakeham about the proposed amendment concerning vineyards, and the line to take should an amendment be tabled to extend Sunday opening by one hour.

I am glad you have considered and accepted the amendment for vineyards. These are increasingly attracting visitors, and this amendment will clearly help to encourage further visitors.

I also agree with your view on the Sunday opening extension. Any movement will be widely welcomed by the tourism industry, and I think flexibility here will, as you say, defuse much of the criticism that we have not gone far enough in the Bill's proposals.

I am copying my letter to members of H and L Committees, to colleagues in other Departments which are represented on the Ministerial Group on Alcohol Misuse, to Lord Denham, David Waddington and Sir Robin Butler.

NORMAN FOWLER

EXCHEQUER	
REC.	14 MAR 1988 ✓
ACTION	FST
COPIES TO	



PRIVY COUNCIL OFFICE
 WHITEHALL, LONDON SW1A 2AT
 14 March 1988

MP

Dear Patrick

**MICHAEL STERN'S TEN MINUTE RULE MOTION:
 TUESDAY 15 MARCH**

Thank you for your letter of 2 March about Michael Stern's Ten Minute Rule Motion for Tuesday 15 March.

You will no doubt be aware that Michael has now withdrawn his Motion. Consequently no further action on it will be required.

I am sending copies of this letter to Nigel Lawson, members of L Committee, Sir Robin Butler and First Parliamentary Counsel.

John Wakeham
JW

JOHN WAKEHAM

Patrick Nicholls Esq MP
 Parliamentary Under Secretary of State
 Department of Employment



mp

CH/EXCHEQUER	
REC.	16 MAR 1988 ✓ 16/3
ACTION	FST
COPIES TO	

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

From the Secretary of State for Social Services

The Rt Hon John Wakeham MP
Lord President of the Council
Privy Council Office
Whitehall
LONDON
SW1A 2AT

15 March 1988

HUMAN FERTILISATION AND EMBRYOLOGY (CONTROLS) BILL

At Thursday's Cabinet I accepted we could not go ahead with a Warnock Bill next session, but I agreed to let colleagues know of the difficulties and political consequences we shall increasingly face in the absence of legislation.

Our handling of this issue to date - with the publication of a White Paper (following careful consideration), and debates in both Houses - has been generally welcomed. But it has undoubtedly given rise to public and Parliamentary expectation that legislation is imminent. In brief, the chief implications of the decision not to legislate are:

- (i) loss of the credibility we have gained, making legislation much more difficult to handle
- (ii) increased risk of ill-considered private member's legislation banning embryo research, pushed through in an emotive and confused atmosphere
- (iii) risk of other piecemeal legislation not on our own terms
- (iv) the constant threat of embarrassment to the Government's position in that it has now recognised controls are necessary but remains powerless to act if White Paper positions are challenged.
- (v) the untenable ethical position of stating that the early human embryo requires protection in law, while conceding that this protection can wait.

E.R.

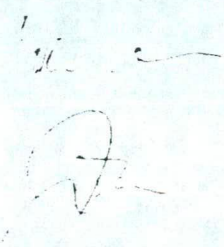
The pro-life lobby will be particularly angered about the decision, and, once the abortion issue has been fully covered in both Houses, will be able to concentrate all their energies next session on Warnock. Furthermore, a Private Member's bill to ban research could attract support from some who might have been prepared to accept embryo research under strict controls, but who believe that a ban is ethically more acceptable than the present situation of no control at all.

Most importantly, in the absence of legislation scientists may begin to discuss, or even to undertake, research which the White Paper proposes should be completely prohibited. This would place the Government in an extremely difficult position since short of emergency legislation, there is nothing we could do beyond exhortation.

There are also practical difficulties. An increasing number of embryos are now being put into storage and there is every sign that techniques such as egg and embryo donation will be used more and more frequently. As long as the scale of activities involving human embryos has been small, it has been possible to point to the work of the Voluntary Licensing Authority as a form of self-regulatory body offering ethical guidance and control in this field. They have indicated, though, that they do not have the resources to maintain a proper control over the growing number of centres carrying out such work and in any case, they do not have any statutory power to keep in line clinics which overstep the mark. Clearly, delay in legislation will add to these problems.

Given all these difficulties, I am in no doubt as to the need to legislate as early as possible in this Parliament.

I am copying this letter to the Prime Minister, to other Cabinet colleagues and to Sir Robin Butler.



JOHN MOORE



CH/EXCHEQUER	
REC.	15 MAR 1988 15/13
ACTION	FST
COPIES TO	

HOUSE OF LORDS,
LONDON SW1A 0PW

Your Ref HK-CON-63
Our Ref L62/74/02

15 March 1988

Dear Norma,

LEGISLATION FOR TRADE UNION FORM - THE COMMISSIONER

Thank you for your letter of 23rd February, referring to the Attorney General's letter to you of 5th October. In his letter, the Attorney General mentioned the possibility of the Rules of the Supreme Court being amended to permit the Commissioner for Trade Union Affairs to be included in the "description" of any action in which he is giving assistance under the provisions of the Bill. You asked whether I proposed to pursue this with the Supreme Court Rule Committee.

A rule allowing the Commissioner to be named in the title of an action would be highly unusual. There are of course precedents for the provision of the sort of help the Commissioner will be giving, but the Commission for Racial Equality, the Equal Opportunities Commission and the Secretary of State acting under the right-to-buy legislation are not in any way named in litigation which they may be supporting. Since it is agreed that the Commissioner cannot be a party in these proceedings, I cannot see in what capacity he could properly be named in connection with them. Even if he could, I doubt whether there would be any presentational advantage in doing so.

For these reasons, I do not think it would be appropriate to pursue the suggestion and I do not propose to raise it with the Rule Committee.

Copies of this letter go to the recipients of yours and to the Lord Advocate.

*Yours ever,
James*

The Right Honourable
The Secretary of State for Employment
Department of Employment
Caxton House
Torthill Street
London SW1 9NF

CONFIDENTIAL



FROM: Deputy Parliamentary Clerk
DATE: 16 March 1988

01-270 5006

CHANCELLOR

cc Chief Secretary
 Financial Secretary
 Paymaster General
 Economic Secretary
 Mr R I G Allen
 Mr P Cropper
 Mrs J Thorpe

CABINET : THURSDAY 17 MARCH 1988
PARLIAMENTARY AFFAIRS

Following is the business, currently, proposed for the Commons next week:

Monday 21 March

2.30pm: Welsh Questions

3.30 to 10pm: **Budget Debates**, last day (**Mr Norman Fowler**, S of S for Emp, will **open** for the Government and the **Chancellor of the Exchequer** will **wind up**)

10pm: All the **Budget Resolutions** (incl. the Amendment of Law Resolution) will be taken and, in some cases, **Voted** upon. When all the Resolutions have been carried the **Financial Secretary** will bring in the **Finance Bill** - ie 'Walk the Floor'.

Tuesday 22 March

2.30pm: Defence Questions

3.15pm: PMS Questions

3.30pm: **Ten Minute Rule Bill:** (Companies Audit Committees: Sir B Rhys Williams)

3.40pm: Remaining Stages of **Education Reform Bill** (subject to an allocation of time Order).

Wednesday 23 March

2.30pm: Scottish Questions

3.30pm: **Ten Minute Rule Bill:** (Contracts of Hospital Consultants: Mr J Arnold)

3.40pm: Remaining Stages of **Education Reform Bill**

Thursday 24 March

- 2.30pm: Northern Ireland Questions
- 3.15pm: PMs Questions
- 3.30pm: Business Statement
- 3.50pm: Remaining Stages of **Education Reform Bill**

Friday 25 March

- 9.30am: Debate on the Arts (not confirmed)

Monday 28 March

- 2.30pm: Energy Questions
- 3.10pm: Arts Questions
- 3.20pm: Civil Service Questions
- 3.30pm: Remaining Stages of **Education Reform Bill**

Richard Savage

RICHARD SAVAGE



CH/EXCHEQUER	
REC.	18 MAR 1988 ✓ 18/3
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PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

17 March 1988

Dear Private Secretary

DEBATE ON THE MOTION FOR THE EASTER ADJOURNMENT

I am writing, as usual, to all Private Offices to ask for material that the Leader of the House will need when winding up the above Debate.

I attach a list of those topics on which we would welcome a short background note and the line to take. I would be grateful if these could be as brief as possible (maximum of one side of A4 for the background note and half a side for the line to take). In an attempt to minimise the amount of effort that this exercise usually represents for Departments, I have kept the list as short as possible. Whilst I welcome any further briefing you may wish to contribute, I would, however, ask you to limit your contributions to those subjects which are most likely to be raised. With regards timing, I would be most grateful if I could have all briefing by 5.00 pm on Tuesday 22 March

I would also be most grateful if you could provide me with a list of names and telephone numbers of officials who could be contacted between 9.30 am and 1.00 pm on 25 March should further briefing be required in the course of the debate. As I am sure you will appreciate, I cannot stress too much the importance of this list of stand-by briefers.

Many thanks for your help.

Yours sincerely

Jane F. Sell

JANE F SELL
Parliamentary Clerk

All Departments

cc All Parliamentary Clerks

MOTION ON THE EASTER ADJOURNMENT DEBATE - SUBJECTS

MAFF	Rural Economy; Green Pound; CAP Reform; Set Aside Scheme; Confectionery Industry
Cabinet Office	'Spycatcher'; 'My Country: Right or Wrong'
MOD	Bullying in the Army; Low Flying/Flight Safety; Strategic Defence Initiative; Trident
DES	Government Funding of Research; GCSE; Conductive Education; Special Educational Needs/Speech Therapy in Schools
Employment	Unemployment; Job Training Scheme; Training for Employment; National Dock Labour Scheme
Energy	Sale of NCB Houses; Pit Closure; Electricity Prices; Waddilove Report
DOE	Community Charge; National Business Rate; Widdecombe Report; Public Cemeteries; Nature Conservancy; Council Privatisation
FCO	South Africa; Central America; Arab/Israel; Terry Waite and Hostages; Human Rights; Gulf Conflict; UK/USSR Relations; Waldheim
DHSS	Abortion; NHS Review; Cervical Cancer Screening; AIDS; Warnock; Child Abuse; Nurses' Pay; Financing of Regional Health Authorities; Meningitis; Housing Benefit etc; Opren; RPI Error
HO	Official Secrets Act Section 2; Crime Prevention; Prison Building Programme/Overcrowding; Race Relations; Lunar House; Future of Broadcasting; War Crimes; New Immigration Rules
Law Officers/ Lord Chancellor	Family Courts; Prosecution Policy
NIO	Political Situation (Anglo-Irish Agreement); Extradition Arrangements; Fair Employment
ODA	Aid Programme; Ethiopia; War Service Credits for Colonial Service Pensioners
SO	Prisons; Devolution/Mandate; Education; Health Authorities Budgets; SSEB and Coal
DTI	Monopolies and Mergers Policy; Inner Cities; Regional Policy; British Space Policy; Civil Aviation Industry
DTp	Road Safety; Air Traffic Safety; Safety on the Underground; Settle-Carlisle Railway
HMT	EC Budget
WO	Welsh Language Legislation; Health Authorities Spending



FROM: Assistant Parliamentary Clerk
 DATE: 18 March 1988

01-270 5007

PS/CHANCELLOR

cc PS/Chief Secretary
 PS/Financial Secretary
 PS/Paymaster General
 PS/Economic Secretary
 Mr Pickford
 Miss Sinclair
 Mr Allen
 Mr Dyer

FORTHCOMING TREASURY BUSINESS IN THE HOUSE OF LORDS

You may wish to be aware of the following current forthcoming Treasury business in the Lords:

ORAL QUESTIONS

Friday 25 March Lord Gainford to ask Her Majesty's Government whether Easter eggs will be subject to VAT

Government Spokesman: Lord Beaverbrook. HM Customs in the lead.

Lord Bruce of Donington to ask Her Majesty's Government whether they will now give an undertaking to resist EEC pressure to abolish the VAT zero rating on books and newspapers.

Government Spokesman: Lord Beaverbrook. HM Customs in the lead.

Thursday 14 April Lord Dean of Beswick to ask Her Majesty's Government what effect they expect the recent Budget Statement will have on wage claims and settlements in the near future.

Government Spokesman: To be agreed. EAL (HMT) in the lead.

TREASURY INTEREST BUSINESS

DEBATE WEDNESDAY 23 MARCH

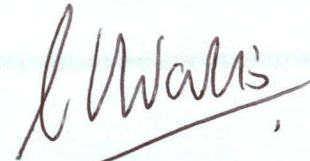
Lord Ennals to call attention to the state of the National Health Service; and to move for papers (5 hour debate)

Government Spokesman: Lord Skelmersdale. DHSS in the lead

ORAL QUESTIONS

Thursday 31 March Lord Taylor of Gryfe to ask Her Majesty's Government what steps they propose to take to maintain existing targets in the event of a decline in planting following the abolition of tax incentives for private forestry.

Government Spokesman: To be agreed. Scottish Office in the lead.



C L WALLIS



H/EXCHEQUER	
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my

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

21 March 1988

Dear Tom

HUMAN FERTILIZATION AND EMBRYOLOGY (CONTROLS) BILL

Thank you for your letter of 14 March.

As you know, QL recognised the arguments against deferring legislation on Warnock issues beyond next Session, but we were simply unable to find room for it. The points you make in your letter will, of course, be very much in our minds when we come to consider the programme for the 1989/90 Session. As you will appreciate, however, I am not able to make any commitments now about the contents of that programme.

I am copying this letter to the Prime Minister, to other Cabinet colleagues and to Sir Robin Butler.

John Wakeham

JOHN WAKEHAM

The Rt Hon John Moore MP
Secretary of State for Social Services

CONFIDENTIAL



FROM: B O DYER
 DATE: 23 March 1988

CHANCELLOR

cc Chief Secretary
 Financial Secretary
 Paymaster General
 Economic Secretary
 Mr R I G Allen
 Mr P Cropper
 Mrs J Thorpe

CABINET : THURSDAY 24 MARCH 1988
PARLIAMENTARY AFFAIRS

Following is the business, currently, proposed for the Commons next week:

Monday 28 March

2.30pm: Energy Questions
 3.20pm: Civil Service Questions
 3.30pm: **Education Reform Bill: Completion of Remaining Stages.**

Tuesday 29 March

2.30pm: Employment Questions
 3.15pm: PMs Questions
 3.30pm: Ten Minute Rule Bill: (Protection of Horses, Ponies and Donkeys: Mr D Amess)
 3.40pm: **Housing (Scotland) Bill: Remaining Stages.**

Wednesday 30 March

2.30pm: Foreign and Commonwealth Questions
 3.30pm: Ten Minute Rule Bill: (Empty Property: Mr K Hargreaves)
 3.40pm: **Housing (Scotland) Bill: Completion of Remaining Stages**

Thursday 31 March

9.30am: MAFF Questions
 10.15am: PMs Questions
 10.30am: Business Statement
 11.00am: **Timed Adjournment Debates** - subjects to be announced on 29 March
 3.30pm: House Rises for Easter Recess.

Tuesday 12 April

2.30pm: Social Services Questions
 3.15pm: PM's Questions
 3.30pm: Ten Minute Rule Bill (Access to Information: Mrs M Fyfe)
 3.40pm: **School Boards (Scotland) Bill: Second Reading.**

B O Dyer
 B O DYER

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PRIME MINISTER

THE LEGISLATIVE PROGRAMME 1988-89

When Cabinet discussed next session's legislative programme at their meeting on 10 March (CC(88)9.1) the Lord Privy Seal and I were invited to review the implications of expanding the Elections (NI) Bill to include provisions on declarations by candidates. Our views on this point, and on a couple of other Bills that were mentioned in the Cabinet discussion, are set out below and are agreed by the other members of QL.

The Elections (NI) Bill that is already in the programme recommended by QL is a short measure to extend the franchise in Northern Ireland local elections to a group of electors (the Imperial or "I" voters) who already have the vote for other elections but who were excluded from Northern Ireland local elections by Stormont legislation. There is a commitment to extend this franchise to them, and we are quite confident that this would be a genuinely non-controversial measure that the Opposition would accept for Second Reading Committee procedure. Although the Secretary of State for Northern Ireland is right to say that not many clauses would be needed to expand the Bill to accommodate the proposed declarations against terrorism by candidates in Northern Ireland local elections, those provisions would be a controversial and novel development in electoral law which would raise the kind of quasi-constitutional issue on which individual members and Peers might well have strong views.

The Lord Privy Seal and I therefore feel that we must report that, in our judgement, the expansion of the Elections (NI) Bill would represent quite a significant increase in the Parliamentary weight of the programme (as opposed to the drafting burden). While the Lord Privy Seal and I are fully responsive to the support that was expressed at Cabinet for the expansion of this Bill, we are not yet clear how this extra demand on the programme might be offset.

It may very well be, however, that possibilities for this will appear during the course of the year as other adjustments need to be made and, if you agree, we would suggest that a decision on expanding the Elections (NI) Bill is deferred until we see our way to accommodating it.

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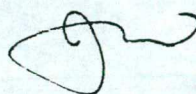
- 2 -

In that connection, it may be useful if I add some short comments on the Antarctic Minerals Bill and the Representation of the People Bill, which were both noted by Cabinet as candidates for possible postponement.

We believe that the Antarctic Minerals Bill would be a short measure that ought to take up little Parliamentary time. If there were nothing more to be said, then the Bill might as well be postponed. But, on our understanding, there would be very strong pressure indeed to ratify the relevant treaty once it was finalised, since it would regulate the access to minerals that we enjoyed as against other parties, including Chile and Argentina. If that understanding is right, we think it would be more realistic to leave the Bill in the programme for the time being, though it might lose its place if the negotiation of the treaty should be delayed.

The Representation of the People Bill is needed to implement a manifesto commitment. The reason why QL recommended its inclusion in the programme is that electoral measures of this kind become more difficult the later they are left in a Parliament, and we still believe that this is a persuasive argument. On the other hand, there is always a risk of losing a lot of Parliamentary time on a measure of this kind if it is introduced without any understanding being reached with the Opposition. I would like to suggest that, nearer the time, the Home Secretary and the Chief Whip should take soundings of the Opposition about their likely attitude to the Bill, and that we should review the measure's inclusion in the light of that. I think it follows from this that the Representation of the People Bill should only go ahead if we can confidently predict a clear run for it, and that it therefore does not have much bearing on our ability to accommodate an expanded Elections (NI) Bill.

I am sending copies of this minute to members of the Cabinet, to other members of QL, to First Parliamentary Counsel and to Sir Robin Butler.



JW

23 March 1988

CONFIDENTIAL



10 DOWNING STREET
LONDON SW1A 2AA

CH/EXCHEQUER	
REC.	24 MAR 1988
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From the Principal Private Secretary

24 March 1988

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Dear Alison,

THE LEGISLATIVE PROGRAMME 1988-89

The Prime Minister has seen the Lord President's minute of 23 March about the next Session's legislative programme. The Lord President comments, in particular, on the approach envisaged for three proposed Bills: the Elections (Northern Ireland) Bill, the Antarctic Minerals Bill and the Representation of the People Bill.

The Prime Minister agrees with the approach to these three Bills suggested by the Lord President. But she thinks that in view of the recent events in Northern Ireland, Ministers must, in their continuing review of the programme, try to accommodate the wishes of the Secretary of State for Northern Ireland regarding the Elections (Northern Ireland) Bill. She believes that the Bill's provisions would meet with great approval from the Government side.

I am sending a copy of this letter to the Private Secretaries to Members of the Cabinet, QL, the First Parliamentary Counsel and Sir Robin Butler.

*Yours sincerely
Nigel Wicks*

N. L. WICKS

Ms. Alison Smith,
Lord President's Office

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[Handwritten initials]

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

28 March 1988

Dear Private Secretary,

The Lord President of the Council and Leader of the House of Commons has asked me to pass on his thanks for all the background briefing provided both in advance of and during Friday's Easter Adjournment debate.

Please can you also convey his thanks to those officials who very kindly volunteered to be on stand-by throughout the debate.

Yours sincerely

Jane F. Sell

JANE F SELL
Parliamentary Clerk

All Private Secretaries

cc All Parliamentary Clerks

dti

the department for Enterprise

prop
BF 30/3

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

The Rt Hon John Wakeham MP
Lord President of the Council
Privy Council Office
Whitehall
LONDON SW1A 2AT

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

CH/EXCHEQUER	
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Direct line 215 5422
Our ref DC5AHA
Your ref
Date 28 March 1988

LEGISLATIVE PROGRAMME 1988/89

It was decided at Cabinet on 10 March that the 1988/89 legislative programme could not accommodate a short Bill amending the Export Guarantees and Overseas Investment Act 1978. This is a great pity since unless some early action is taken, the absence of legislative cover will almost certainly prevent the realisation of significant public expenditure savings, which could reach as much as £10m pa by 1993, through the refinancing of outstanding loans under the ECGD Fixed Rate Export Finance (FREF) scheme. Moreover, the financial markets are expecting ECGD to pursue this course following long and complex negotiations with the banks.

The legal problem centres around the PAC Concordat of 1932 in which it was agreed that if the Government exercises a function without statutory authority on the basis of inherent powers, and that function is of a continuing nature (especially where it involves the incurring of financial liabilities extending beyond a given year), specific legislation should be sought at the earliest opportunity.

The solution lies in our giving exceptionally an undertaking to accommodate the ECGD Bill in the 1989/90 legislative programme. This could be followed by the laying of a minute before the House, thereby complying with the PAC Concordat.

I appreciate that you may be reluctant to give an advance commitment of this nature. But the risk of the ECGD Bill crowding out other high priority calls on the legislative programme is slight, since it would be very short - perhaps even a single clause - and would require only minimal time at its second reading.

Accordingly, I should be most grateful if you would consider an appropriate assurance which would enable us to save a good deal of money and avoid the political embarrassment of having to abort an important part of the new FREF arrangements.

I am copying this letter to Cabinet colleagues and to Sir Robin Butler.

Handwritten signature