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PART B

Part B.

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APPOINTMENTS - IN - CONFIDENTIAL

begins: 3/5/89
Ends: 26/5/89

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Chancellor's (Lawson's) Papers:
Treasury Parliamentary Business 1989.

DD's: 25 years

J. Anderson

1/5/96

PO - CH - NL - 0561
PT.B.

FROM : MISS J C SIMPSON (EB)
DATE : 3 MAY 1989
Ext 5211

1. MR PICKFORD ^{Spicks 3/5}

2. **CHANCELLOR OF THE EXCHEQUER**

- cc Chief Secretary
Paymaster General
Economic Secretary
Sir P Middleton
Sir T Burns
Mr Gieve
Miss Wallace
Mr Dyer
Mr Deane
Mr Lind
Mr Hutson (+ 5 copies)
Mrs Chaplin
Mr Tyrie
Mr Call
- Mr N Forman MP
Mr T Favell MP
Mr M Stern MP
Mrs G Sheppard MP
Mr A Howarth MP

TREASURY FIRST ORDER QUESTIONS : THURSDAY, 4 MAY
EB CENTRAL BRIEF

1. I attach EB's central brief.
2. The brief contains:
 - (i) Bull points
 - (ii) Checklist of main indicators published recently
 - (iii) General briefing on topical issues.

Changes from the draft brief have been sidelined.

3. You agreed that **supplementaries** should be encouraged on the questions from Sir Michael Shaw, Messrs Mans, Brazier, Burt, Butler and Wardle. You also agreed that in the circumstances of the local elections, there was no point in aiming at a particular

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stopping point, although any one of questions from Messrs Wardle, Cran, Arbuthnot, Atkinson, Watts or Mills would be suitable. (Mr Bright's question has apparently been withdrawn.)

4. Subject briefs have been prepared on

- international issues (IF1 and 2)
- investment and consumption (EB)
- inflation (EA1)
- living standards (ETS).

The last of these has been updated to take account of the material Mr Gordon Brown published last week.

JS

MISS J C SIMPSON

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BULL POINTS

1. Investment

Business investment in 1988 is highest proportion of GDP since records began. Total investment now higher proportion of GDP than in any year under the last Labour Government.

Over past 7 years total investment grown more than twice as fast as total consumption a performance matched only by Japan of the other major countries. Under Labour, consumption grew by only 2 per cent a year, while investment hardly grew at all [$\frac{1}{4}$ per cent a year on average].

In 1980s total investment grown faster than in any other EC country.

2. Prices

Retail price inflation has averaged 5 per cent since June 1983.

3. Output

GDP up $4\frac{1}{2}$ per cent in 1988 following similar growth in 1987.

UK grown faster than all other major EC countries since 1980. Bottom of league in 1960s and 1970s.

Manufacturing output in 3 months to February at highest ever level; up over 11 per cent on 1979H1 and well above 1974Q2 peak. Fell between 1974H1 and 1979H1.

Profitability in 1988 at level not seen since 1960s.

4. Productivity and Jobs

Output per hour worked in UK 50 per cent higher than in Japan; only 5 per cent lower than in Germany (figures for 1986).

Manufacturing productivity grown faster than in any other major country in the 1980s. Bottom of league in the 1960s and 1970s.

Adult unemployment (seasonally adjusted) below 2 million. Lowest level since January 1981. Continuous fall for 32 months in a row, by 1.2 million in total. Fall in unemployment longest and largest since War.

Unemployment has fallen in all regions over the last year. Long term unemployment has fallen faster than unemployment as a whole and fallen also in all regions.

Employment risen by nearly 3 million since 1983; performance over last five years best since War. Now at highest ever level.

5. Public finances

PSDR in 1988-89 (i.e. budget surplus) for second successive year, something which has not happened for 40 years. PSDR in 1988-89 £14.3 billion; 3 per cent of GDP.

Including the forecast PSDR of £14 billion in 1989-90, Government will have repaid roughly $\frac{1}{6}$ of the public debt accumulated over two centuries; saving £3 billion a year in interest payments. As a share of GDP debt interest will be the lowest since 1915.

MAIN ECONOMIC INDICATORS PUBLISHED SINCE 3 APRIL

- 3 April Retail sales (February - final)
- 4 April UK official reserves (March)
- Underlying fall of \$1,196 million.
- 10 April Producer prices (March - provisional)
- Annual rate of output prices 5.2 per cent.
 - Annual rate of input prices 6.5 per cent.
- 13 April Labour market statistics
- **Unemployment** (s.a., claimants aged 18 and over only) (March) down 31,000 to 1,918,000. 'Headline' total down 58,000 to 1,960,000.
 - **Workforce in employment** in 1988Q4 up 169,000 on 1988Q3 to level 649,000 higher than year earlier.
 - **Manufacturing employees** (February) down 10,000 from January to 5,150,000.
 - **Vacancies** (March) down 5,000 from February to 223,000.
 - **Average earnings** (February) underlying increase of 9¼ per cent for whole economy.
 - **Whole economy productivity** in 1988Q4 up 0.5 per cent on a year earlier.
 - **Whole economy unit wage costs** in 1988Q4 up 8.4 per cent on a year earlier.

14 April

Tax and price index (March)

- Annual rate 6.1 per cent.

Retail prices index (March)

- Annual rate 7.9 per cent, excl. mortgage interest payments (MIPs) annual rate 5.7 per cent.

17 April

Index of output of production industries and manufacturing productivity and unit wage costs (February)

- Industrial production in 3 months to February down 1.1 per cent on previous 3 months, but up 1.8 per cent on year earlier.
- Manufacturing output in 3 months to February up 1.1 per cent on previous 3 months and up 7.3 per cent on a year earlier.
- Manufacturing unit wage costs in 3 months to February up 2.9 per cent on year earlier.
- Manufacturing productivity in 3 months to February up 6½ per cent on year earlier.

CBI/FT Survey of distributive trades (March)

Retail sales (March - provisional)

- In 1989Q1 down 0.3 per cent on previous quarter; up 3.7 per cent on a year earlier.

18 April Public Sector Borrowing Requirement (March)

- Provisionally estimated to have been £2.3 billion in March. Cumulative total of minus £14.3 billion in whole of 1988-89.
- Cumulative, excl. privatisation proceeds, of minus £7.3 billion.

20 April Provisional estimates of monetary aggregates (March)

- M0 annual growth rate 6.2 per cent (s.a.).
- M3 annual growth rate 21.2 per cent.
- M4 annual growth rate 18.1 per cent.
- M5 annual growth rate 17.1 per cent.
- Bank and building society lending +£8.0 billion (s.a.).

21 April Preliminary estimate of consumers' expenditure (1989Q1)

- In 1989Q1 up $\frac{1}{2}$ per cent on previous quarter and up $4\frac{1}{2}$ per cent on a year earlier.

25 April CBI Quarterly Industrial Trends Survey (April)

26 April Construction - new orders (February)

- In 3 months to February, down 1 per cent on previous 3 months, but 5 per cent higher than a year earlier.

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

- March current account deficit of £1,190 million.

- In 1989Q1, export volumes (excl. oil and erratics) up 6½ per cent on previous 3 months and up 11 per cent on a year earlier.

- In 1989Q1, import volumes (excl. oil and erratics) up 3 per cent on previous 3 months and up 17 per cent on a year earlier.

3 May

UK official reserves (April)

- Underlying rise of \$215 million.

GENERAL BRIEFING : TOPICAL ISSUES

1. Budget contained nothing

- Nonsense
- Budget contained important reforms of employees' NICs and taxation of life assurance
- also number of other measures to improve pensions' regime and encourage wider share ownership
- builds on major reforms of corporate and personal taxes introduced in 1984 and 1988.

2. Budget shows accept last year's strategy mistaken

- No. Fiscal policy very tight last year with unprecedented PSDR; that further tax reductions were possible this year with similar PSDR shows last year's reforms are sustainable
- cuts in tax rates in last year's Budget were supply side measures aimed at improving incentives
- growth of consumption last year financed largely by borrowing, especially on mortgages - not from tax cuts. Have taken steps to curb excessive borrowing
- cautious approach correct. Looser fiscal stance would be inconsistent with gradualist strategy of MTFs. Further year of debt repayment will lower burden of debt interest in future years.

3. Budget does nothing for poor; should have reversed 1988 'Budget for rich'

- 1988 not Budget for rich. All taxpayers benefited from its measures
- 70 per cent of cost of reform of NICs this year will go to those on less than average (male full-time) earnings
- also number of measures to help elderly eg extending extra age allowance to over 75s, abolition of earnings' rule. Further 15,000 elderly taken out of tax compared to indexation and 400,000 gain some benefit
- real take home pay for those on half average earnings likely to go up over 24 per cent 1978-79 to 1989-90. Went up 4 per cent 1973-74 to 1978-79.

4. Interest rate rises have wiped out effect of 1988 Budget tax cuts

- Need to look beyond these two figures to effect of overall economic strategy. This has led to overall growth in earnings which will go long way to reduce or even eliminate effect of increased interest rates on household budgets
- tax cuts are part of supply-side strategy that will bring longer-term benefits.

5. Tax relief for private medical insurance for over-60s unjustified

- Strange that RHG and HG should be so obsessed with comparatively minor measure that had already been announced two months before Budget
- no reason why people should not opt out of burdening the NHS with costs of their health care. Very real benefits to NHS; average cost of tax relief £100 pa, while average cost of NHS care to over-65s is about £1,000 pa
- but particular reason for helping over-60s, many of whom will have been covered by employers or job-related schemes up to retirement, but find then that cost of health care rises just as ability to pay falls. Measure will give stimulus to market in provision of health care for elderly
- relief given at marginal rate and without 'targetting' because this is standard practice when giving tax relief as opposed to benefit payment. Relief at source also ensures that non-taxpayers will get benefit
- Government also putting massive additional resources into NHS. 1989 PEWP shows largest increase in resources ever made available to NHS : £2.5 billion in both 1989-90 and 1990-91.

6. Government policies consistently favour rich at expense of poor

- No. Living standards have never been higher. Real take-home pay of average married man with two children rose less than 1 per cent under Labour. In 1988-89 it is likely to have risen over 29 per cent - or £45 a week at today's prices - under this Government. Likely to rise further in 1989-90
- real disposable incomes up throughout the income distribution. And what matters to those on low incomes is their real standard of living, not their relative position
- on DSS figures, post tax incomes of people at all levels rose in real terms between 1981-1985. Since 1985 real incomes have continued to rise, unemployment has fallen sharply and taxes have been further reduced. Real personal disposable income rose on average 3 per cent a year 1983-88. Marked contrast to slow growth between 1974 and 1979

- real value of supplementary benefit has increased between 1979 and 1987. Between 1979 and 1986 average net income of pensioners rose by 23 per cent in real terms
- total expenditure on benefits up 33 per cent in real terms since 1979. Spending on sick and disabled has almost doubled in real terms
- in real terms, income tax paid by top 5 per cent up by 35 per cent in 1989-90 compared with 1978-79 while total for rest up by only 5 per cent.

7. Tax cutting strategy has not produced falling tax burden

- Tax burden grew until 1981-82, reflecting need to reduce PSBR and so inflation, but now reduced from peak levels
- other countries have had growing tax burdens. UK has average burden. Latest CSO figures for 1986 show that it is greater than US, Japan and Italy, but lower than France and most Scandinavian countries, and similar to West Germany
- Government will reduce tax burden as and when feasible and prudent to do so. Judged that this year a prudent and cautious approach meant sensible to have no reduction in tax burden.

8. Why fail to revalorise excise duties because of inflationary pressures while forcing up RPI through interest rate and NI price rises?

- Very different considerations apply. Interest rates essential weapon in defeat of inflation by curbing domestic demand, especially that financed by borrowing. Effect on RPI is perverse - as I/my RHF have always made clear. But will have intended effect on underlying rate of inflation
- RHG Leeds East recognised importance of not adding to inflationary pressures by unneeded increases in excise duties - said in 1978 Budget speech "I cannot believe it would make sense for the Government themselves deliberately to raise the inflation rate and increase the cost of living. I will therefore leave the indirect taxes generally unchanged on this occasion."
- tobacco duty fell in real terms under Labour; has risen over 40 per cent under this Government
- duty on cigarettes second highest in EC (after Denmark). Duty on alcoholic products higher than all except Denmark and Ireland
- nationalised industries need to increase prices to achieve satisfactory rate of return and finance new investment

- objective is to make industries profitable and competitive. Going back to bureaucratic interference in NIs' pricing policies would be retrograde step and undo good work already achieved
- over last five years NI component of RPI risen more slowly than total RPI.

9. Nationalised industry price increases damaging industry; unnecessary to fund investment; Government adding £2 billion/£1,000 per employee to industry's costs (John Banham)

- Figures appear exaggerated and misleading eg £1,000 figure includes effect of corporation tax payments arising from increased profits and increased NICs attributable to buoyancy of earnings and employment
- fuel and power costs only tiny proportion of industry's total costs. April 1988 electricity price increases represented increase in costs of only one-sixth of one per cent. April 1989 increases even less. And industrial consumers' prices had fallen over past five years by 10 per cent in real terms
- not true that price rises not justified by need to fund investment. Present low rate of return from nationalised industries insufficient to justify investment on scale needed for future. Right therefore that required rate of return should be increased as my RHF SoS/Energy made clear when announced new targets in November 1987. And right that taxpayer should also get return on investment
- my H & LF Minister for Water made clear that price rises for Water Authorities represent appropriate balance between charges and borrowing next year, taking account of Authorities' long-term financial requirements
- once industries privatised, will be free to raise finance in markets like other industries
- over past five years (1983-88), nationalised industry prices as whole rose less than RPI (22 per cent compared to 26 per cent for RPI)
- major item of industry's costs in its own hands; needs to keep control of pay costs. But these going up faster than prices generally
- [on business rates] recognise burden business rates can impose in areas of high local authority spending. That is why introduced NNDR. My RHF SoS/Environment announced in March transitional arrangements for those badly affected by rating revaluation. New system will be much fairer.

10. Interest rate rises not working ; economy on 'tightrope'

- No. Only about $\frac{3}{4}$ per cent of 3 percentage point rise in RPI since July due to underlying inflation. Rest due to impact of mortgage interest payments

- as I/my RHF has made clear, always lag between effect of higher interest rates on consumer spending and effect on inflation
- some effects of interest rate rises clearly showing through: sharp slowdown in M0 growth since Autumn 1988; no underlying growth in retail sales in recent months; definite signs of reduced activity in housing market
- although inflation at 7.9 per cent much too high, it will certainly fall later this year
- I/my RHF has made clear that prepared to maintain interest rates at whatever level necessary to maintain downward pressure on inflation
- recognise that increased interest rates unwelcome to borrowers, especially small businessmen and home owners, but battle against inflation must be paramount

11. Should use other instruments as well as interest rates

- Interest rates by no means only economic instrument - also fiscal policy and supply-side policies. But these two appropriate for medium/longer term
- fiscal policy not suitable for fine-tuning economy because lags in system mean tax changes take longer to have effect on activity than interest rates do. Was tried often enough in 1960s and 1970s and lesson to be drawn from failures of that period is clear. Also destroys supply-side benefits of tax cuts
- and fiscal policy remains tight. PSDR for 1988-89 likely to be £14 billion; same figure forecast for 1989-90
- credit controls would be unworkable, as well as creating inefficiencies and distortions in market. Would act as disincentive to savers as well as borrowers
- would also be unfair, because less well-placed borrowers would have to pay more and be driven to loan-sharks, while respectable lenders directed cheaper credit to 'safest' borrowers

12. Latest investment figures show real interest rates penalising industry (eg statements by John Banham, 17 February)

- Industry doing very well: output up, profitability up, investment intentions remain strong
- Latest CBI Survey shows that investment intentions remain strong by historical standards
- renewed inflation would damage industry's confidence and willingness to invest

- 1 per cent increase in interest rates, even if sustained for full year, would cost industry much less than 1 per cent increase in wage settlements.

13. Investment languishing while consumption booms

- No. Total investment has grown faster than total consumption over past seven years - on average more than twice as fast. Experiencing longest lived investment-led expansion British economy has experienced for decades
- FSBR forecast showed business investment up by 14½ per cent in 1988 and likely to rise by further 8 per cent in 1989. CBI industrial trends enquiries continue to show confidence - April quarterly survey showed balance of firms expecting to increase capital expenditure over next 12 months remains high by historical standards
- overall level of investment at record levels. Rose between 1979 and 1988 by over 30 per cent in real terms. Over period 1974-79 it grew by less than 4 per cent
- not just quantity but quality of investment that is important. Quality improved since 1979 as evidenced by improvement in productivity and profitability.

14. Manufacturing trade deficit

- Manufacturing export volumes up 13 per cent in 1989Q1, compared to same period year earlier, and forecast to rise by 7½ per cent in 1989
- and on almost all other objective indicators, manufacturing performance has been transformed: productivity, profitability investment etc
- manufacturing output has risen under this Government (in three months to February, up 11 per cent on 1979H1) and at all-time high. It fell under Labour.

15. Recent monthly current account deficits mean balance of payments crisis imminent

- FSBR forecast current account deficit this year at £14½ billion or less than 3 per cent of GDP, but no balance of payments crisis
- deficit reflects rapid rise in investment unmatched by comparable increase in savings, so UK has been importing capital from abroad. Since balance of payments as whole must balance, inevitable counterpart has been current account deficit
- with world economy becoming increasingly integrated, inevitable that will be differences in pattern of savings and of investment opportunities in different countries, and hence balance of payments surpluses and deficits

- also, demand in UK economy, from both companies and consumers, has been growing faster than industry's capacity to meet it, and excess has to be met from imports. Strong growth in investment will in time produce additional capacity and enable British industry to meet more of demands on it
 - Government has taken appropriate action and deficit will correct itself in time. No cause for concern provided firm financial framework in place, as it is. Meanwhile, general strength of economy and high level of overseas assets mean no problems in financing temporary deficit.
16. FSBR forecast for 1989 current account deficit unrealistic (TCSC Report on 1989 Budget)
- Forecast represents Government's best assessment of position. No new forecast until Autumn Statement
 - Government envisaging quite marked slowdown in growth of domestic demand at time when world trade still rising very rapidly
 - first quarter's figures not accurate indication of likely total for year; expect slowdown in growth of demand to be accompanied by lower import growth and effect to be concentrated in second half of year
 - outside forecasters also predicting deficit in very much same range (City average £15.4 billion; independent average £14.4 billion).
17. Current account deficit unsustainable/ cannot be turned round without either depreciation or rising unemployment (TCSC Report on 1989 Budget)
- Many examples around world of sizeable deficits or surpluses persisting for considerable period. Reflects worldwide move to deregulation of capital markets, development of wide range of financial instruments, and massive growth of mobile capital
 - UK deficit being financed comfortably because of strength of economy and high level of overseas assets
 - also number of examples where countries have improved their current account without depreciation of the exchange rate, including UK. Japan had swing of 2.8 per cent of GDP between 1979 and 1983 with appreciating exchange rate
 - made no secret of fact that UK domestic demand expected to grow more slowly than world average. Forecast for current account and unemployment expectations consistent with that.

Miss J C Simpson
 EB Division
 Ext 5211



FROM: B O DYER (Parly Clerk)
 DATE: 3 May 1989
 EXTN: 4520

CHANCELLOR

cc Chief Secretary
 Financial Secretary
 Paymaster General
 Economic Secretary
 Mr J Gieve - IDT
 Mrs J Chaplin
 Mrs J Thorpe

CABINET : THURSDAY 27 APRIL 1989
PARLIAMENTARY AFFAIRS

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

Monday 8 May

2.30pm: Welsh Questions
 3.30pm: Guillotine Motion for the Dock Work Bill
 7.00pm: Opposed Private Business

Tuesday 9 May

2.30pm: Defence Questions
 3.15pm: PMs Questions
 3.30pm: Ten Minute Rule Bill: Hugo Summerson - Burglar Alarms
 3.40pm: Finance Bill Committee (Day 1: Clauses 51, 33 and 32: CST and FST)

Wednesday 10 May

2.30pm: Foreign and Commonwealth Questions
 3.30pm: Ten Minute Rule Bill: James Cran: Control of Electronic Surveillance Devices
 3.40pm: Finance Bill Committee (Day 2: Clauses 44, 138 and 1: FST and EST)
 10.00pm: [Opposition prayer to annul the PEP Regs (FST)]*

P.T.O.

* The 40 day period for a prayer expires today, but the Opposition could pursue this by substituting a "revoke" motion for the prayer. The Business Managers are deliberating on this.



Thursday 11 May

- 2.30pm: Home Office Questions
- 3.15pm: PMs Questions
- 3.30pm: Business Statement
- 3.50pm: Debate on NHS White Paper
- 10.00pm: [EC Docs debate: Excluded Sectors - PMG]

Friday 12 May

9.30am: Private Members' Motions

- 1. Dr Goodson-Wickes)
- 2. Mr Tom Clarke) subjects to be announced
- 3. Mr Robert Boscawen - Food and Farming Year

B O DYER



FROM: CHIEF SECRETARY
DATE: 3 May 1989

CHANCELLOR
IPU CENTENARY CONFERENCE

*Thanks.
I am astonished
that Thames TV (who of
course have known that the
levy was going to be
lowered before the Budget) had
gone to the committee.
But in the end I am fully
convinced I have this
decision to you.*

Some time ago we agreed to provide some £1.4 million to fund the Centenary Conference of the Inter-Parliamentary Union this September.

2. Michael Marshall has now approached me to say that, as a result of the ITV levy increase in this year's Budget, Thames Television have reassessed their spending priorities and, as a result, will only contribute £70,000 of the £340,000 they had originally offered to cover the cost of one hour's prime-time national television. Michael has been seeking private sector contributions to meet this shortfall but still finds himself needing £150,000. Conference details are being finalised on Monday and Michael has asked whether the Government is prepared to meet this shortfall in order to save the event.

3. My view is that the television company does seem to be striking an extremely hard bargain. However, the net effect is that the Pageant, which seems to be the centrepiece of the week, looks likely to fall through. On merits, I do not think a further £150,000 for this event represents very good value for money. But the IPU find themselves in an embarrassing position and refusal will provoke a good deal of ill feeling among our senior colleagues in Parliament. Frankly, I do not think they are worth provoking for the sums involved.

4. I am sensitive to the fact that we seem to be reimbursing the organisation as a consequence of a budget measure. As a result I thought it proper to consult you before giving Michael my approval.

PM.

PP JOHN MAJOR
[Approved by the Chief Secretary and signed in his absence.]



FROM: J M G TAYLOR

DATE: 3 May 1989

PS/CHIEF SECRETARY

A large, stylized handwritten signature in black ink, likely belonging to J M G Taylor.

IPU CENTENARY CONFERENCE

The Chancellor was grateful for the Chief Secretary's note of 3 May.

2. He is astonished that Thames TV (who of course have known that the levy was going to be increased since well before the Budget) had not given a binding commitment. But, in the circumstances, the Chancellor is fully content to leave this decision to the Chief Secretary.

A small, handwritten signature or set of initials in black ink, possibly 'JMG'.

J M G TAYLOR

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Jonathan



FROM: P T WANLESS
 DATE: 3 May 1989
 EXNT 5086

MR WILLIS

cc: PS/Chancellor -2
 PS/Financial Secretary
 Sir Peter Middleton
 Mr Anson
 Mr Phillips
 Mrs Lomax
 Mrs Case
 Miss Peirson
 Mr Farthing
 Mr Call ← Mr Richardson

IPU CENTENARY CONFERENCE

As you know, Michael Marshall MP approached the Chief Secretary about the funding of the IPU's Centenary Conference in September.

2. Mr Marshall explained that following the increase in the ITV levy, Thames Television reassessed their spending priorities and, as a result, have concluded that they are only able to contribute £70,000 of the £340,000 they had originally offered to cover the cost of one hour's television coverage. Mr Marshall said that he had been seeking (and would continue to seek) private sector contributions to meet this shortfall. However, without an assurance of Government financial assistance in the event that he is unsuccessful in raising this extra money, he thought the centre piece of the week would have to be cancelled. He requested possible additional Government expenditure of £150,000 so that he could safely negotiate details of the event at a meeting with the TV company on Monday 8 May.

3. The Chief Secretary thinks that the television company are striking a very hard bargain, and he is not convinced that they were unaware of the financial effect of the increased levy when their budgets were set. Although on merits this £150,000 does not seem to represent very good value for money on top of the £1.4 million of public expenditure already committed to this event, he

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appreciates the acutely embarrassing position in which Mr Marshall finds himself. The Chief Secretary would therefore like exceptionally to agree to his request.

4. The Chief Secretary would be grateful if a maximum of £150,000 could be provided from the Reserve. He would also appreciate a draft reply to Mr Marshall agreeing to the "overdraft" facility he proposes but:

- subject to a maximum of £150,000:
- on the basis that the IPU actively seek further private sector contributions

5. The Chief Secretary spoke to Mr Marshall this evening and explained these conditions. Mr Marshall accepted them and promised to make every endeavour not to take up any of the public money. It will be important that no mention is made of the size of any Government contribution at Monday's meeting; I will pursue this point tomorrow.

PW.

PETER WANLESS
Assistant Private Secretary

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4 MAY 1989

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ch/ Any comments on terms of reference for Chairman?

REC	-4 MAY 1989
ACTION	Mr. Montimer
COPIES TO	PPS, CST, PMA, EST
	Sir P. Mordaunt
	Mr. Andon
	Mr. Monck



PRIME MINISTER

Mrs. Case 4/5/89
Mr. P. Brook
Mr. Westwotter Party Clerk

Handwritten notes:
v. Lapp
W671, but
with Mr on no
ones - N.H.
I wd som R
oppr
10/2/89
McComm

REVIEW OF PRIVACY AND RELATED MATTERS

In response to justified concern about press intrusions into individual privacy, you agreed last month the setting up of a committee to enquire into the general issue of privacy and related matters. Tim Renton announced this decision at the Report Stage of the Right of Reply Bill on 21 April.

2. I have since been giving thought to the terms of reference for this review and who should be invited to chair it. I propose that the terms of reference should be limited in scope to the protection of individuals against press intrusions and should be as follows:

"In the light of recent public concern about intrusions into the private lives of individuals by certain sections of the press, to consider what measures (whether legislative or otherwise) are needed to give further protection to individual privacy from the activities of the press and to improve recourse against the press for the individual citizen, taking account of existing remedies, including the law on defamation and breach of confidence; and to make recommendations within one year."

3. The Lord Chancellor, who has the other major departmental interest in these matters is content with this formulation. If you and colleagues are also content, I propose that Tim Renton should announce these terms of reference during the Report Stage of John Browne's Protection of Privacy Bill on 5 May.

2.

4. We need to choose for the review an independent Chairman, without close links to the newspaper industry, who will carry conviction among the general public. I suggest that any of the following four names would meet these criteria:

Lord Briggs - Provost of Worcester Collage, Oxford

Sir Patrick Neill - Warden of All Souls College, Oxford

Lord Rayner - Chairman, Marks and Spencer

M W McCrum - Vice-Chancellor of Cambridge University.

I attach Who's Who entries for all four. Of these, my first choice would be Sir Patrick Neill. In addition to his known qualities, he has the added advantage of having been Chairman of the Press Council from 1978-1983 and should therefore have a head-start on many of these issues.

5. We need not decide upon members now, since I would want to discuss names with the Chairman, once appointed. I am thinking in terms of a relatively small team, of perhaps five or six, which might include a lawyer, a politician, a journalist, a representative of consumer interests and someone from the present Press Council.

6. I should be grateful for your agreement to the early announcement of the terms of reference set out above, and for your view on my suggestion of Sir Patrick Neill as Chairman.

7. I am copying this minute to colleagues in H Committee, Geoffrey Howe, Patrick Mayhew, Peter Fraser and to Sir Robin Butler.

Catherine Bannister
Approved by the Home Secretary
and signed in his absence.

4 May 1989

4/5/89

OK? Pyp.
AA

I attended the Interim Committee Meeting of the IMF in Washington on ~~3 April this year.~~ *last month.*

The meeting took place against a background of strong output and investment growth in the industrial countries last year, and widespread growth in employment. The Committee noted, however, that there were signs of intensifying inflationary pressures, and agreed that it was essential to deal with these effectively and promptly if output and employment growth was to be sustained. The Committee also highlighted the crucial role of structural - or supply-side - policies, and the continuing need to resist protectionist pressures.

Much of the discussion focussed on international debt, where several countries, including the ^{United States,} ~~US,~~ had made new proposals. The Committee agreed that the IMF should set aside a portion of its lending to help finance debt reduction in countries which are pursuing appropriate economic reforms, including in particular removing barriers to inward investment. But the Committee stressed that official creditors should not substitute for private lenders.

No decisions were taken on an increase in IMF quotas, but the Committee pressed for a decision by the end of this year.

*Thanks. As drafted, the doc looks too much like a statement (in Pate answer).
I have changed that.*

[Points omitted:

Debt

Case-by-case approach; capital flight; interest support;
parallel financing; World Bank role; tax/regulatory issues;

Sub-Saharan Africa

Welcome implementation of Berlin agreement; pay up to ESAF;

Arrears

Support Groups etc

Duncan O.P.

HMT Ref: 1-0772

FOR ANSWER ON 4 May 1989

TREASURY

mp

C - Ealing North

*7 Mr Harry Greenway

To ask Mr Chancellor of the Exchequer, what has been the impact on the real disposable income of: (a) pensioners and (b) others of the latest rates increases; and if he will make a statement.

MR JOHN MAJOR

The information available on the domestic rate poundages set by local authorities in England for 1989-90 indicates that average domestic rate bills have risen by 9.3%. There is no information available on likely movements in real personal disposable income of particular groups between 1988-89 and 1989-90.

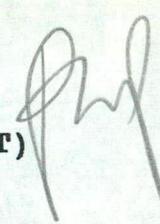
Ch
Greenway determined to ask about local authority
rates not interest rates. CST will sharpen up
this reply

Thanks.
NOM
How
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9.3%
comp
is
now?

ch
8.8% last
year

015

FROM: S P WILLIS (ST)
DATE: 4 May 1989
Ext 5054



- W/S*
1. MR A WHITE, ST3
 2. CHIEF SECRETARY

cc PS/Chancellor 12/2
PS/FST
Sir P Middleton
Mr Anson
Mr Phillips
Mrs Lomax
Mr C D Butler
Mrs Case
Miss Peirson
Mr Farthing
Mr Richardson
Mr Call

IPU CENTENARY CONFERENCE

You have agreed to underwrite the additional costs of the Pageant of Parliament to the extent of £150,000, on condition that the IPU continues to actively seek private sector sponsorship. A draft reply to Mr Marshall confirming this arrangement is attached.



S P WILLIS

DRAFT LETTER FOR THE CHIEF SECRETARY TO SEND TO:-

MICHAEL MARSHALL ESQ MP
Tha Chairman
Inter-Parliamentary Union
IPU Conference Office
Palace of Westminster
London SW1A 0AA

INTER-PARLIAMENTARY UNION CENTENARY CONFERENCE - PAGEANT OF PARLIAMENT

Thank you for your letter of 2 May, which we have discussed.

2. As I have told you, although it seems to me that Thames Television must have been aware of the effect of the increased levy when their budgets were set, I readily understand the position in which you now find yourself. I am prepared to underwrite any increase in the cost of televising the Pageant up to a maximum of £150,000. But this must be on the understanding that you continue to seek sponsorship from the private sector and hopefully thereby reduce or avoid altogether any further charge to public funds. When we spoke you indicated that you were content to accept this condition.

3. I would be grateful if you could ask the Secretary of your group to keep in touch with my officials on this question.

JOHN MAJOR

MAY 1989

on strip
with letter
pwp I've just
sent pls



CHIEF SECRETARY
MAY 1989
[Signature]

FINANCIAL SECRETARY TO DOWNING STREET	
REC.	18 MAY 1989 SW1A 2AA
ACTION	Mr. Mortimer
COPIES TO	PPS, CST, PING, EST Sir P. Muddleton Mr. Anderson Mr. Marsden

From the Private Secretary

5 May, 1989.

Dear Catherine

Mrs. Case Mr. Brooke

REVIEW OF PRIVACY AND RELATED MATTERS

Mr Westwater

The Prime Minister was grateful for the Home Secretary's minute of 4 May. She is content for the terms of reference he proposed to be announced. She is not sure that any of the names suggested as possible Chairman of the Review really fit the bill. In particular, a past Chairman of the Press Council would have many of the drawbacks which persuaded H Committee that the Press council itself should not set up the Review. What is needed is someone who is able to take a tough commonsense view, and knows the practicalities of the law. Lord Justice Lawton might be one possibility.

I should be grateful if you would ensure that this letter is seen only by named recipients. Copies go to Stephen Catling (Lord President's Office), Paul Stockton (Lord Chancellor's Office), Tom Jeffery (Department of Education and Science), Stephen Leach (Northern Ireland Office), David Crawley (Scottish Office), Stephen Williams (Welsh Office), Clive Norris (Department of Employment), Nick Gibbons (Office of the Lord Privy Seal), Andy McKeon (Department of Health), Peter Smith (Office of the Chancellor of the Duchy of Lancaster), Roy Griffins (Department of Transport), Murdo Maclean (Chief Whip's Office), Douglas Slater (Government Whips Office, House of Lords), Carys Evans (Office of the Chief Secretary, HM Treasury), Roger Bright (Department of the Environment), Gill Littlehales (Department of Social Security), Stephen Wall (Foreign and Commonwealth Office), Michael Carpenter (Law Officers' Department), Alan Maxwell (Lord Advocate's Department), and Trevor Woolley (Cabinet Office).

*Yours etc
Dominic
cc - Party Clerk*

Dominic Morris

Miss Catherine Bannister,
Home Office.

UNCLASSIFIED

⇒ Dyer



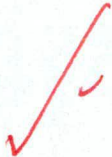
FROM: Assistant Parliamentary Clerk

DATE: 5 May 1989

EXTN: 5007

PS/CHANCELLOR

psw



cc PS/Chief Secretary
PS/Financial Secretary
PS/Paymaster General
PS/Economic Secretary
PS/IR
Mr Gilhooly - FP
Mr Hansford - RC
Mr Gieve - IDT
Mr Dyer

FORTHCOMING TREASURY BUSINESS IN THE HOUSE OF LORDS

You may wish to be aware that the current forthcoming Treasury business in the Lords is as follows:

ORAL QUESTIONS

Tuesday 9 May The Baroness Sharples - To ask Her Majesty's Government what is the approximate value to charities of the economic measures outlined in the 1989 budget.

Government Spokesman: Lord Young. FP in the lead

Monday 15 May The Lord Boyd-Carpenter - To ask Her Majesty's Government what would be the loss of revenue if a deceased person's principal home were exempted from inheritance tax.

Government Spokesman: Lord Young. IR in the lead

UNCLASSIFIED

TREASURY INTEREST QUESTIONS

ORAL

Monday 8 May The Baroness Strange - To ask Her Majesty's Government what recent progress has been made by the Ministry of Defence in moving jobs from the South of England to other parts of Britain.

Government Spokesman: Lord Trefgarne. MOD in the lead.

Mari Rogerson

MARI ROGERSON

BF 815

pmw



CABINET OFFICE

70 Whitehall London SW1A 2AS Telephone 01-270 0135

CH/EXCHEQUER	
REC.	- 5 MAY 1989
ACTION	MR PECKFORD ✓SIS
COPIES TO	EST, FST, PMG-EST
	SIR P MIDDLETON
	SIR T BURRIN, MR ANDREW
	MR MOWLER, MR SCHWARTZ
	MR CULPEN, MR REIDY
	MR SEDGWICK, MRS LOMAX
	MR BEAT, MR HIGGINS
	MR McALLAN, MR GE. HOOD
	MR HOLMES, MS YOUNG
	5 May 1989 MR McPHERSON
	MRS CHAPMAN, MR TYREE
	MR CALL

Dear Private Secretary

PQ ON THE GOVERNMENT'S ACHIEVEMENTS

A PQ to the Prime Minister has been put down by Nicholas Bennett to which we have been asked to provide a draft reply. It asks the Prime Minister "if she will update her answer of 6 May, official report, columns 628-644, on the major achievements of Her Majesty's Government since May 1979". A copy of the previous reply referred to is attached.

We have agreed with No 10 that the reply should cover the whole of the previous 10 years and that it should be based as closely as possible on last year's reply. I should accordingly be grateful if Departments could send me contributions, which should draw on last year's reply as appropriate, to reach me by 10.00 am on Tuesday.

I am copying this letter to the Private Secretaries to all Ministers responsible for Departments, and I am sending copies for information to Steve Catling (Lord President's Office), Nick Gibbons (Lord Privy Seal's Office), Murdo Maclean (Chief Whip's Office), Douglas Slater (Lords Chief Whip's Office) and Trevor Woolley (Cabinet Office).

Yours faithfully,

JG Fuller

J G FULLER
Home and Social Affairs Secretariat

the nationality division of his Department in early 1987 to deal with the expected extra work caused by the nationality deadlines; and how those plans were amended in October 1987 when the extent of that extra demand became apparent.

Mr. Renton [*holding answer 3 May 1988*]: An additional case-working group (17 staff) was created on 1 April 1987; and further provision was made to increase from 150 to 170 the number of staff wholly employed on considering applications with effect from 1 April 1988.

In August 1987, case-working resources were diverted to responding promptly to general inquiries about citizenship and supplying application forms and to recording the receipt of new applications. When it became apparent that these measures were insufficient to deal with the growing volume of new applications being received, overtime working began on 8 November and has been in operation ever since. The full extent of the demand did not become apparent until after December 1987, when 100,000 citizenship applications were submitted in one month. Further measures have been taken since then, including the ones I announced in the House on 16 February 1988 at column 683.

Because of the priority accorded to these matters, and recruitment difficulties in the Croydon area, it has not yet been possible to achieve the projected increase in case-working capacity provided for from 1 April 1988. That will be done as soon as possible. We hope also to announce shortly detailed plans for substantial additional case-working capacity at a new location, probably on Merseyside.

ATTORNEY-GENERAL

Crown Prosecutors (Manual of Guidance)

Mr. Alex Carlile: To ask the Secretary of State for the Home Department if he will place in the Library a copy of the manual of guidance issued to Crown prosecutors in England and Wales; and if he will make a statement as to the criteria upon which a decision to prosecute is based, as set out in the manual.

The Attorney-General [*pursuant to my reply, 22 April 1988, c. 574*]: I have now had the opportunity of considering with the Director of Public Prosecutions whether it would be proper to place the manuals of guidance issued to Crown prosecutors in the Library. It is the view of both the Director and myself that such a course would be inappropriate.

The requirement in section 10 of the Prosecution of Offences Act 1985 to publish guidance for Crown prosecutors expressly refers to the general principles upon which certain key prosecution decisions are taken. As I stated in my answer of 22 April, those general principles are set out and illustrated in the code for Crown prosecutors. The terms of section 10 do not, in my view, require the Director to make available for inspection detailed internal guidance, instructions, and so on, issued to assist Crown prosecutors in the exercise of their duties and assembled for convenience in manual form.

Both the Director and I continue to recognise the need for the general principles of prosecution decision-making to be as open and easily understood as possible. With this

objective in mind, the Director is considering whether, and, if so, to what extent, the existing published criteria might usefully be expanded.

PRIME MINISTER

Government Achievements

Sir John Biggs-Davison: To ask the Prime Minister if she will list the achievements of Her Majesty's Government since May 1979 in respect of the whole of the United Kingdom and also in respect of Scotland, Wales and Northern Ireland.

The Prime Minister: The rate of inflation has been reduced to levels not seen for 20 years. The United Kingdom is well into its seventh successive year of steady growth, at an average annual rate of 3 per cent.; in 1987 national output grew faster than in any other major industrialised country. Business investment reached a record level in 1987 and is forecast to rise by a further 9 per cent. in 1988. Since 1981, United Kingdom manufacturers have maintained their volume share of world trade, following decades of decline; and in 1987 their share increased slightly. The level of the United Kingdom's net overseas assets has increased sevenfold since 1979 to about £90 billion by the end of 1987, yielding earnings of over £5.5 billion in 1987. Manufacturing productivity has risen at an average annual rate of over 5 per cent. since 1980—faster than in any other major industrialised country, after being at the bottom of the league in the previous two decades. In 1987, non-North sea company profitability rose to 10.5 per cent., its highest level for over 20 years, having risen in every year since 1981.

The Government have continued to maintain sound public finances, and have now balanced the budget. In 1987-88, for only the second year since the beginning of the 1950s, the Government made a net repayment of public sector debt. The burden of debt interest has fallen, and this, together with continued improvements in efficiency, has enabled the Government to increase spending on priority programmes while ensuring that public expenditure continues to fall as a proportion of GDP.

The Government have pursued a substantial programme of tax reform. The aim has been to create a climate in which businesses can thrive and individual initiative and risk-taking are rewarded. The basic rate of income tax has been reduced from 33 to 25 per cent., and the main personal allowances are fully 25 per cent. higher in real terms than in 1978-79. Nine higher rates of income tax running up to 83 per cent. have been replaced by a single higher rate of 40 per cent. A new system of independent taxation for husbands and wives will apply from 1990. Business taxation has been radically restructured, leaving the United Kingdom corporation tax rate one of the lowest in the industrialised world. Seventeen rates of capital transfer tax running up to 75 per cent. have been replaced by a single rate of 40 per cent. on inheritance; and the taxation of purely inflationary capital gains has been ended. Five taxes and a number of unjustified tax breaks have been abolished.

Since 1979, the Government have privatised 17 major companies and a number of other enterprises. As a result of this policy and tax reliefs designed to encourage shareholding, the number of individual shareowners in the

United Kingdom, at one in five of the adult population, has trebled since 1979. Getting on for 40 per cent. of the state-owned industrial sector the Government inherited in 1979 has been returned to private enterprise. And the privatisation programme is set to continue — the Government have already announced their intention to privatise the electricity supply industry, the water authorities in England and Wales and British Steel.

The Government have introduced a large number of measures to improve the operation of markets. Pay, price and dividend controls have been abolished, together with controls on foreign exchange, bank lending and hire purchase, and restrictions on industrial and office development. Incentives have been increased by tax reductions and reform and by the restructuring of national insurance contributions. The Government have introduced a tax relief to encourage the spread of profit-related pay.

Employment in Great Britain has risen by almost 1.7 million since March 1983, the longest period of sustained employment growth in almost 30 years. Unemployment throughout the United Kingdom has fallen by over 700,000 from its July 1986 peak and the unemployment rate is now below the European Community average. It has fallen in all regions of the country with the biggest falls over the last year in the west midlands, the north-west and Yorkshire and Humberside. Long-term unemployment in the United Kingdom fell by a record 234,000 in the year to January, whilst unemployment among under-25s is at its lowest level for over five years and is now much lower than the European Community average.

Changes in employment legislation and measures to assist labour mobility have improved the operation of the labour market. Many restrictions on the employment of women have been lifted.

The Government's policies have helped the small firms sector to grow rapidly and to make a substantial contribution to employment and wealth creation. About 1 million additional jobs were created in the United Kingdom by small firms and self-employment between 1982 and 1984, and since 1980 the number of small firms has grown by around 500 a week. Self-employment has risen by over 1 million since June 1979. The small firms service provides advice and support for small firms. The enterprise allowance scheme has helped over 300,000 people in Great Britain to set up in business on their own. The Government have helped create a network of local enterprise agencies to encourage the development of small firms.

The Government have introduced entirely new approaches to delivering practical help for unemployed people to get back to work. Since July 1986, some 3.5 million personal interviews have been carried out under restart, 90 per cent. of them resulting in an offer of positive help from the range of opportunities available, including job-clubs and the still expanding enterprise allowance scheme. The Government have taken steps to ensure that benefits are properly paid to those who are entitled to them and not to others. The work of jobcentres, previously administered by the Manpower Services Commission, and that of the unemployment benefit service have now been brought together in the employment service, with the priority of giving effective help to unemployed people, especially the long-term unemployed, and placing them in jobs and training.

The Government have revolutionised vocational education and training for young people through the technical and vocational education initiative (TVEI) and two-year youth training scheme (YTS). The TVEI became a national scheme last autumn. Over 1.5 million young people have had vocational training under YTS, and a wide range of courses leading towards a vocational qualification is available to all 16 and 17-year-old school leavers. From September this year, all young people not going into a job or staying in full-time education will be guaranteed YTS until their 18th birthday. Unemployment on social security benefit will no longer be an option for this group.

The Government have announced a major new programme, employment training, building on the experience and successes of the community programme and the new job training scheme. The Government will guarantee employment training or a place in the enterprise allowance scheme or in a job club to all those aged between 18 and 25 who have been unemployed for between six and 12 months, and also aim to provide employment training for those over 25 who have been unemployed for two years. The National Council for Vocational Qualifications is establishing a clear system of relevant vocational qualifications.

Legislation has been passed protecting members against abuses of trade union power, extending their rights to influence the affairs of their unions and restoring the balance in industrial relations between managements and unions. In particular, secondary blacking and picketing have been made unlawful and unions are required to hold ballots before strike action.

The Government have stepped up the attack on urban decay and have given priority to encouraging investment in inner city areas through a range of measures amounting to some £3 billion in 1988-89. A new action for cities drive was launched in March 1988 which included a new urban development corporation in Sheffield and the extension of the existing corporation in Merseyside; streamlined grants to encourage the development of inner city land and buildings; more help for small businesses in inner city areas; further Government support for links between schools and employers; new crime prevention initiatives; and better inner city roads. To help pull together the various Government programmes involved, city action teams have been established based in Birmingham, Leeds, Liverpool, London, Manchester, Newcastle upon Tyne and Nottingham. At local level, 16 inner city task forces support projects which open up job and enterprise opportunities for local residents.

The Government have launched a major five-year campaign to ensure that business in every part of the country is fully prepared to take advantage of the single market that will exist in the European Community by 1992.

The Government have encouraged competition throughout the economy. Proposals have been published for the reform of the legislation on mergers and restrictive trade practices.

The Government have launched the enterprise initiative, with the objective of helping businesses acquire the skills and information they require to compete effectively.

The balance of regional policy has been changed so that the Government's enterprise policies are properly reflected in the regions.

The emphasis of the Government's financial support for industry has shifted to industrial innovation. Support is now concentrated on collaborative research programmes, including the LINK scheme which brings together academic and industrial researchers, and the Eureka initiative for collaborative research in Europe.

The Financial Services Act has established a statutory framework for self-regulation of the financial services industry in the interests of investor protection, under the Securities and Investments Board and a number of self-regulatory organisations.

The Government have been active to strengthen safeguards against fraud and to ensure that the probity of our financial institutions is maintained without undermining their competitiveness. The Companies Acts 1980 and 1981 strengthened the powers of investigation and the courts' powers to disqualify directors for misconduct; and made insider dealing a criminal offence.

The Government have worked actively to maintain the world open trading system and are contributing to the current Uruguay round of multilateral trade negotiations, which was launched in 1986 under the United Kingdom presidency.

Since 1979 productivity per person has increased by nearly 50 per cent. in agriculture and over 35 per cent. in the food manufacturing industry. Prices of food to consumers have risen more slowly than the general price level. The annual rate of increase in food prices since May 1979 has been 5.8 per cent. Exports of food, feed and alcoholic beverages have more than doubled since 1979.

Reform of the common agricultural policy (CAP), to tackle the problems of burgeoning expenditure and surplus production, has been significantly advanced by the agreement at the European Council in February on the application of budget discipline to the CAP, notably through the introduction or extension of stabilisers in all the main CAP commodity regimes. The stabilisers, which link full levels of support to predetermined quantities of production and provide for reductions in support if these quantities are exceeded, are intended to act as a disincentive to surplus production and thus to help bring supply and demand into better balance. These measures carry forward the process of reform of the CAP which has included the introduction of milk quotas in 1984, changes to the milk and beef regimes (including the maintenance of the beef variable premium) agreed under the United Kingdom presidency in December 1986, and measures to weaken intervention in the cereals and oilseeds sectors introduced in 1987.

The Government have also successfully negotiated the sheepmeat regime. The wool guarantee, the suckler cow premium and expenditure on hill livestock compensatory allowances have all been increased.

The Government have introduced measures designed to encourage farming practices which are beneficial to the landscape and to the conservation of wildlife, and have announced a number of new policy initiatives designed to encourage alternative uses of farmland, and to increase diversity on farms and in the rural economy generally. The Government recast capital grants in 1985 to put a strong emphasis on assistance for conservation work on farms and on investment to prevent pollution of rivers and streams from farm waste. Prompt action was taken to assist those farmers and growers affected by the storm of 16 October last year through specific emergency grant

schemes. The sale, supply and use of pesticides has been brought under statutory control to ensure safe use in relation to operators, consumers and the environment.

After protracted and difficult negotiations, the Government secured an EC common fisheries policy settlement in 1983 on terms very favourable to the United Kingdom. Conservation, control and structural measures have all been strengthened. As part of that settlement and subsequently. The Salmon Act 1986 strengthened powers to deal with illegal fishing and made improvements in the conservation and management of salmon. In Scotland a new inshore fisheries regime has been established. The value of United Kingdom fish landings and of fish farming output has increased substantially.

Control to ensure protection of the marine environment have been strengthened, and substantial reductions have been achieved in the low levels of contaminants in material licensed for disposal at sea.

In transport, the Government have successfully increased consumer choice and efficiency by promoting competition in the provision of services.

British Airways and the British Airports Authority have been privatised. The Government have authorised the development of Stansted as London's third airport, encouraged the development of airport facilities in the regions, improved the management of the main local authority airports by having them transferred to companies, and have banned the noisiest aircraft from operating at British airports. The Government have strengthened competition on international routes within Europe and over the north Atlantic by negotiating more liberal bilateral arrangements and have secured agreement to a package of liberalisation measures within the European Community as a first step towards completion of the internal aviation market.

In England local bus services outside London have been deregulated. This has resulted in greater competition between operators, more innovation and flexibility in meeting the needs of passengers, and lower costs and subsidies, as well as an increase in the overall provision of bus mileage. The privatisation of the National Bus Company has been completed well ahead of schedule, and the majority of its subsidiaries have been bought by their own managers or employees. British Rail has been given objectives for improving the quality of its services and increasing its efficiency through reduced subsidy. It is now set to meet its 1989-90 objective while sustaining an ambitious and increasing investment programme to improve quality of service. This means that its subsidy will have been reduced by almost 45 per cent. between 1983 and 1989-90.

The Government have successfully promoted co-operation between public and private sectors in projects such as the Channel tunnel, the London docklands light railway and the Dartford-Thurrock crossing of the Thames.

The Merchant Shipping Act includes measures to improve safety and encourage the employment of British seafarers aboard British ships. Extensive action has been taken to improve ferry safety following the tragic Zeebrugge disaster.

In England capital investment in trunk roads has increased by over 30 per cent. since 1979. Some 750 miles of new and improved motorways and other trunk roads have been completed, including 300 miles of bypasses. The Government are supporting 340 major local authority

road schemes, most of which are aimed at bypassing local communities or relieving them of traffic. The Government's continuing concentration on road and vehicle safety measures has given us the best road accident record in Europe. Casualty figures for 1987 were the lowest for 30 years, despite a fourfold increase in traffic in the same period; and pedestrian deaths were the lowest ever recorded. The aim is to reduce casualties by one third by the year 2000.

Government policies on taxation and licensing helped to make 1987 the third best year ever for drilling activities in the North sea, despite the 1986 fall in oil prices. Domestic gas now costs less in real terms than in 1970, while the price of electricity for domestic consumers has gone down by 8 per cent. in real terms in the last five years.

Deep-mined productivity of coal production is now 60 per cent. higher than it was in 1978-79 and some 50 per cent. higher than the average for 1983-84, before the miners' strike. This encouraging growth in productivity reflects a continuing effort by all concerned to produce coal at a price the market can afford.

In England spending on the Health Service is up by 39 per cent. in real terms from £6.4 billion in 1978-79 to £18.9 billion now. There are over 10,000 more doctors and dentists and over 50,000 more nurses and midwives. Capital spending has increased from £373 million to £1.1 billion, a 32 per cent. increase in real terms. Some 270 health building schemes, each worth over £1 million have been started and completed. Over 1 million more in-patient cases are now being dealt with each year, and waiting lists are down by 64,000.

The Government made an extra £25 million available to health authorities in England last year, through the waiting list fund, to tackle waiting black spots. Indications are that they have used the extra funding to treat some 100,000 more cases. The Government have increased the fund to some £30 million in the current year and the aim will be at least to equal last year's ambitious achievements.

There is already clear evidence that the general managers who have been appointed throughout the Health Service are providing energetic and innovative leadership, with speedier and more incisive decision making. Health authorities are continuing to improve efficiency and their cost improvement programmes have yielded savings worth over £560 million in the past four years. Savings worth some £150 million are planned for this year.

The Government have set up an independent review body to recommend on nurses' pay, have implemented all five of its reports, and have funded 90 per cent. of the costs of those awards. The 1988 report will be implemented in full and fully funded, with the result that nurses will receive their highest ever level of pay in real terms, and will have received on average a 44 per cent. increase in real terms since 1979.

The Government have developed a comprehensive strategy in response to the threat of AIDS and have taken, and will continue to take, all necessary measures to contain the spread of the virus.

In the social services field there have been increases in places in training centres and community homes for mentally handicapped people. There are more home help staff, more social work staff, more places in day centres for elderly people, and many more places in residential and nursing homes.

Following publication of the White Paper "Promoting Better Health", the Government have opened up discussions with professions about arrangements for implementing a wide range of important reforms in the delivery of primary health care. The emphasis is on health promotion, better services for the consumer and value for money.

Government expenditure on social security is now at its highest level ever both in cash and real terms. Spending on social security is up by 39 per cent. in real terms from £16.4 billion in 1978-79 to £46.4 billion in 1987-88. For pensioners, the Government's main achievement has been to provide the opportunity for average incomes to grow by 18 per cent. in real terms over the period. Total expenditure, including rate rebates on benefits for the elderly and spending on 1 million extra pensioners, has risen by 31 per cent. in real terms.

The Government have undertaken a fundamental review of the social security system resulting in the Social Security Act 1986. Most of the provisions of that Act have now been implemented. Statutory maternity pay was introduced in 1987; income support has now replaced supplementary benefit, family credit has replaced family income supplement, housing benefit has been changed, and the social fund has been introduced. This will make the system simpler and easier to understand, direct help more effectively to those who need it, and improve work incentives. Over £200 million extra has been provided for family credit to help low-income working families with children.

An objective of the Government has been to encourage the spread of occupational and personal pensions, and to give people more choice in how to provide for their retirement. In 1985 the Government gave everyone leaving an employment scheme the right to a fair transfer value to a new employer's scheme or to buy a deferred annuity. The Government also gave members rights to all the information they need to take decisions about their pension. The Social Security Act 1986 gave everyone the choice between staying fully in SERPS or an employer's scheme or having a personal pension scheme, and employees will be able to boost their pension rights by making extra contributions.

Since 1979, substantial progress has been made in reforming the structure and financial basis of local authorities to make them more accountable and responsive to the needs of their local electorates, and to give better value for money in the provision of local services. The structure of local government in England has been simplified and improved with the abolition of an unnecessary tier of government in Greater London and the Metropolitan areas. The Audit Commission for England and Wales was established in 1983 and has already made great progress in identifying opportunities for improving value for money in local government, some of which are beginning to show results. Legislation on competition is ensuring that local authorities in Great Britain subject the provision of an increasing range of their services to the discipline of competitive tendering. The Widdicombe committee on the conduct of local authority business identified a number of measures needed to improve local authority procedures and avoid abuses, and the Government are following up the recommendation in stages. Measures on local government finance have restrained the growth of local authority expenditure in Great Britain, particularly in some of the more

extravagant high-spending authorities. The Local Government Finance Bill currently before Parliament makes provision for the abolition of domestic rates in England and Wales and their replacement by a fairer and more broadly based community charge. The same Bill includes provisions to remedy the uneven burden of non-domestic rates on businesses through the establishment of a nationally determined uniform business rate.

In housing, the Government introduced the first statutory charter of rights for public sector tenants including the right to buy. Since then over 1 million tenants in Great Britain have bought their homes. The stock of owner-occupied dwellings in Britain has increased by 3 million; more people own their homes than ever before; and 64 per cent. of all dwellings are owner-occupied. There has been a net increase in the stock as a whole of about 1.6 million—more than enough to keep pace with the growth in the number of households over the period.

Grants for home improvements have been at a historically high level; improved targeting on those in most need is being introduced. The Government's estate action programme has helped local authorities with over 200 schemes on rundown council estates in England. A scheme of assistance has been introduced for owners of defective houses previously in the public sector throughout Great Britain, and good progress has been made. Measures have been introduced to strengthen the rights of leaseholders living in private blocks of flats.

The Housing Bill, which is currently before Parliament, aims to broaden the choice open to tenants and encourage more private investment in housing in England and Wales; it will deregulate rents in the independent rented sector; provide the basis for an expansion of the housing association movement; allow for the establishment of housing action trusts in some of the most rundown areas of local authority housing; and provide all secure local authority tenants with the opportunity to transfer to new landlords approved by the Housing Corporation.

In the environment, the Government have created a unified inspectorate of pollution for England and Wales with a remit to develop an integrated approach to pollution control. Following a successful initiative in Europe to bring to an end the addition of lead to petrol, the maximum lead content of petrol has been cut by 60 per cent, a tax differential in favour of unleaded petrol of 11p a gallon has been introduced and unleaded petrol is now available at over 800 sites.

The Government have taken steps to reduce the pollution of our rivers, estuaries and beaches. Last year the United Kingdom chaired the North sea conference which produced an important package of measures to safeguard and enhance the quality of the North sea.

The Government have made substantial progress in securing the future of the natural heritage. In Great Britain, over 5,000 sites of special scientific interest (SSSIs) have been notified or renotified as part of the implementation of the Wildlife and Countryside Act 1981; this process is now 85 per cent. complete. Also, 26 special protection areas have been designated throughout the United Kingdom under the European birds directive, and 35 wetlands of international importance under the Ramsar convention.

The Government have taken a wide range of steps to simplify and improve the planning system and to speed up its operation, while protecting and enhancing the

environment in town and country. The area of approved green belt in England has more than doubled since 1979; the annual acreage of agricultural land taken for development in England and Wales the 1980s is less than one third of the levels seen in the 1960s and early 1970s; and nearly one half of land for new housing development in England is either redeveloped land or vacant land within urban areas.

The Government have introduced sweeping reforms in the education system in England and Wales. The Education Reform Bill now before Parliament aims to improve the standards of achievement of all pupils through the introduction of a national curriculum for the 5 to 16 age group of core and foundation subjects for which attainment targets, programmes of study and arrangements for assessment and testing will be established; to widen the choice available to parents for the education of their children; to ensure that schools can admit pupils up to the limit of their capacity; to require all local education authorities to develop schemes of resource allocation to schools and to delegate budgetary control to all further education colleges, secondary schools and larger primary schools; to offer all secondary schools and larger primary schools the opportunity to apply to opt out of local authority control; to establish polytechnics and other major colleges as independent institutions; and to reform the arrangements for funding the university system.

In addition, the Government continue to seek to improve teaching quality, and have introduced a new 16-plus examination system, the GCSE based on national criteria, and the AS levels to broaden A-level studies. The technical and vocational education initiative has been introduced to boost practical elements in the 14 to 18 curriculum. In higher education, record numbers of students have been admitted and the Government have endorsed plans which provide for a continuation of the shift towards science, engineering and other vocational subjects.

The Government have substantially increased the manpower and other resources available to the police and have strengthened their powers to deal with public disorder. Over 50,000 neighbourhood watch schemes are now in operation in Great Britain. A total of £80 million is being invested in crime prevention this year and a new national crime prevention organisation will be established to co-ordinate local initiatives and spread good practice. An independent Crown Prosecution service is now in operation throughout England and Wales. Twenty-four senior and 34 junior attendance centres have been opened.

Measures have been taken to ensure that the terms of imprisonment served by violent offenders fully reflect society's abhorrence of their crimes. Government assistance to the victims' support movement has been greatly expanded: £11 million will be provided over the next three financial years to help local schemes. The Government have continued to develop an overall strategy for countering drug misuse and illicit trafficking. The Video Recordings Act has brought "video nasties" under control.

Legislation has also been put through for data protection; to provide more rigorous control of animal experimentation; to provide a framework for the development of broadcasting by satellite and cable television (including the establishment of the Welsh fourth channel); to set out a new framework for police powers.

for providing safeguards for the citizen and for handling complaints against the police, to control the possession and sale of alcohol in connection with football matches; to provide for the establishment of the serious fraud office, now in operation, and make other improvements in the investigation, prosecution and trial of fraud offences; and to provide comprehensive new powers to investigate, restrain and confiscate the proceeds of drug trafficking, where the Government are working for international agreements to make such powers more generally effective.

The Government have recently set up an inquiry to consider allegations that former war criminals may be living in this country. The Government have played a major role in developing international co-operation in the fight against terrorism and have strengthened police powers under the Prevention of Terrorism Act. The policy of fair immigration control has seen the number of people accepted for settlement in the United Kingdom fall from 69,700 in 1979 to 45,500 in 1987, the lowest total since Commonwealth citizens became subject to control in 1962.

The Government introduced measures to improve controls on possession of firearms and shotguns; to remove outdated restrictions in liquor licensing law; to enable the United Kingdom to participate more effectively in the international fight against crime, including a major reform of extradition laws; to make provision for courts to order the confiscation of the proceeds of profitable crime; to provide for unduly lenient sentences to be reviewed; to create a statutory right for the victims of crime to receive compensation; to tighten the law on possession of knives and to ban the sale of offensive weapons which have no legitimate use; and to strengthen the jury system.

The Government have continued the reform of family law; have legislated to remove the legal disadvantages of children born outside marriage; and have brought schemes into effect to combat the evils of child abduction both within the United Kingdom and throughout the world. The Government have simplified conveyancing and extended the areas in which titles have to be registered.

A Legal Aid Bill has been introduced to set up a new board to administer legal aid and generally to ensure that legal aid is operated as efficiently and effectively as possible. The Government have continued the major programme of simplification and consolidation of our statute law.

In the arts, the National Heritage Memorial Fund has been established with funding of some £90 million to date. There has been a significant upsurge in business sponsorship — the Government's business sponsorship incentive scheme has brought £16 million of new money into the arts in four years. Major progress has been made with the building of the new British Library at St. Pancras, and there have been major expansion schemes at some of the national museums and galleries, including with the Tate gallery's Clore gallery and the Tate gallery at Liverpool, the National gallery's Sainsbury wing, and the redevelopment of the Imperial war museum.

In defence, a substantial increase in resources has enabled the capability of the armed forces to be strengthened. The Government played its full part in implementing the NATO twin-track decision to modernise intermediate range nuclear weapons while seeking to achieve an arms control agreement, and this policy has been vindicated by the INF treaty. Increased efficiency is being pursued by the continuing transfer of resources

from the support areas to the front line, and by introducing increased competition in defence contracts and promoting collaboration with our international partners. Major reorganisation of the headquarters structure of the Ministry of Defence has been introduced.

In foreign policy, the Government have maintained Britain's firm commitment to national defence and the NATO Alliance, and have promoted closer European defence co-operation — including through a revitalised Western European Union — as a means of strengthening the European pillar of the Alliance. At the same time, the Government have worked vigorously for a more stable relationship between East and West, seeking verifiable reductions in nuclear and conventional weapons and a global ban on chemical weapons, greater co-operation in settling regional conflicts and full respect for human rights. British Ministers and representatives have been active in building up an East-West dialogue with these aims and in promoting the setting priorities for the arms control process. The Government played a leading role in the conference on disarmament in Europe in which was successfully concluded in autumn 1986, and gave full support to our United States allies in their negotiations with the USSR over INF, which concluded last autumn with agreement on the global elimination of United States and Soviet land-based INF missiles with ranges between 500 and 5,500 km.

Within the European Community, the Government reached agreement at Fontainebleau in 1984 that the United Kingdom should pay a fairer share of the EC budget. In the United Kingdom presidency in 1986, and at the Brussels European Council this February, the Government secured major reforms of the common agricultural policy, including a binding ceiling on agricultural spending and automatic cost-cutting regime, for all commodities.

The Government have helped make it the Community's top priority to complete the single European market and services by 1992 so as to give our industry improved access to important markets in Europe and a better base from which to compete in world markets. The Government have championed measures to help our citizens, such as less regulation, cheaper air fares and higher product safety standards.

The Government supported the entry of Greece, Spain and Portugal into the Community, thereby underpinning their democracy and strengthening NATO. At British initiative the EC member states have agreed an internationally binding basis for closer co-operation in foreign policy.

Rhodesia was brought to legal independence as the Republic of Zimbabwe in 1980. The Government resolutely upheld and continue to defend the right of the Falklands islanders to live in peace under a Government of their own choosing. An agreement with China about the future of Hong Kong was ratified in 1985 and good progress has since been made implementing that agreement. The Gibraltar border has been reopened, and negotiations have been started with Spain aimed at overcoming all our differences over the Rock.

At the United Nations and elsewhere the Government have supported the international rule of law and respect for human rights. With our Commonwealth and European partners, the Government have worked towards ending apartheid in South Africa by peaceful means. The Government have worked successfully for financial and

administrative reform in the United Nations and have promoted international co-operation to combat terrorism and drug-trafficking. With the World Health Organisation, the Government organised the 1988 London summit of Ministers of Health on programmes for AIDS prevention, which was attended by 148 countries.

The Government have maintained a substantial and effective aid programme, totalling £11 billion in the period 1979-87. While the bulk of our bilateral aid has been focused on the poorest countries, the Government have provided long-term help to nearly 130 developing countries in all. The Government have responded swiftly and generously to appeals for emergency aid to sub-Saharan Africa and have taken the lead in promoting measures to relieve sub-Saharan African countries of their official debts.

Within the last year, unemployment in Scotland has fallen by 47,500. Manufacturing productivity in Scotland increased by 5.6 per cent. per annum between 1979 and the first half of 1987. Service sector employment showed an increase of over 62,000 between June 1983 and June 1987, and the number of self-employed increased by 45,000 between June 1981 and June 1987, compared with virtually no change in the three decades to 1981.

Since the introduction of the enterprise allowance scheme in 1983, nearly 30,000 unemployed people have been helped to start up in business, and over 132,000 people are currently benefiting from the Government's employment and training measures in Scotland. The Manpower Services Commission plans to spend some £330 million in Scotland in the current year.

In 1987, there was a net growth of 2,500 in company registrations in Scotland. Between 1979 and 1986, the output of the Scottish electronics industry rose by around 133 per cent. in real terms, and between 1979 and 1986 electrical and instrument engineering output in Scotland rose by nearly 90 per cent. Inward investment of some £2.6 billion, planned to create or safeguard some 50,000 jobs, has been attracted to Scotland since the formation of "Locate in Scotland" in 1981.

Owner-occupation among Scots has increased significantly, from 35 to over 43 per cent. A major contribution to this increase has been the 113,000 tenants who have exercised their right to buy their houses under the statutory charter of rights for public sector tenants introduced in 1980. The Housing (Scotland) Bill will set up a new housing development agency, Scottish Homes, which will play a key role in revitalising Scotland's housing and will promote more diverse patterns of tenure in the public sector. The volume of applications for home improvement and repairs grants has increased substantially. The Government have enabled the number of houses let by housing associations in Scotland to increase sixfold since 1979.

Legislation providing for the abolition of domestic rates in Scotland and their replacement by a community charge payable by all adults was enacted in 1987 and the new system will come into operation in 1989.

In town and country planning in Scotland, measures have been taken to speed up the planning system. On the planning requirements of high technology industries, small businesses, private housebuilders and major retail development, the Government have taken steps to allow the establishment of simplified planning zones. Major initiatives have been taken to reform and simplify the building control system to reduce restrictions while

maintaining public safeguards. Access for disabled persons to public buildings has been greatly improved by reforms in building regulations.

The deregulation of local bus services in Scotland has been achieved with service levels maintained overall and improvements in many areas. The Government have stimulated innovation through competition while cutting subsidies. Since 1979, over £710 million has been invested in motorways and trunk roads in Scotland, including completion of the 127 miles of the A9 from Perth to Easter Ross, and substantial progress has been made on the Perth-Dundee-Aberdeen route, the A75 between Gretna and Stranraer, and the A82 alongside Loch Lomond. Twenty-seven bypasses, relieving communities of through traffic, have been opened.

Major reforms have been introduced in the education system. The Education (Scotland) Act 1981 gave parents a right to choose their children's school. Over 116,000 placing requests have been made to date and about 94 per cent. of them have been successful. That Act also increased educational opportunity by the introduction of the assisted places scheme from which more than 2,600 children benefited in 1987-88. The School Boards (Scotland) Bill, now before Parliament will further extend parental involvement through the creation of school boards. The school examination system is being modernised with the introduction of standard grade and associated revision of highers and certificate of sixth year studies. The technical and vocational educational initiative is being extended throughout Scotland. Proposals have been brought forward to revise the school curriculum for ages 5-14 and to improve assessment techniques, including the introduction of nationally standardised testing in key elements of English and mathematics at ages eight and 12. The number of students in full-time higher education in Scotland is at the highest level ever recorded and radical changes in further education have greatly increased the take-up of vocational training at all levels.

Police manpower in Scotland has increased, and, in order to release police officers for operational duties, the Government are encouraging civilianisation of posts wherever possible. Increased attention has been devoted to crime prevention.

The Government have intensified the campaign against drug misuse. Drug wings have been established in the Scottish crime squad and all eight Scottish police forces now have a specialised drug squad or unit. Since 1979, a total of 52 major hospital developments have been completed in Scotland, providing 5,803 beds and 481 day places. A further 34 schemes are in planning, under construction or being commissioned, which will provide a further 4,484 beds. In addition to the public education campaigns on AIDS, the Government have this year made over £6 million available to health boards throughout Scotland in recognition of the extra burdens which AIDS places upon them, including funding for three special AIDS units in Edinburgh, Glasgow and Dundee. The Government have supported several projects for research on HIV infection and AIDS and have provided funding for studies into the incidence of AIDS in Scotland. In addition, the Government encourage and support voluntary sector initiatives in the AIDS field in Scotland.

An extra £7.6 million was allocated to health boards in 1987-88 of which £3.6 million was devoted to schemes to reduce waiting lists. A special fund of £3 million has been

set aside for 1988-89 which will fund projects to reduce waiting times for patients. Health boards are also being asked to increase the priority they give to this area.

The Government's commitment to the outlying areas of Scotland is demonstrated by the Western Isles integrated development programme which ended its five-year span in 1987 and provided £56 million to improve socioeconomic conditions in the area and by the five-year agricultural development programme for Scottish islands which started this month. This provides £38 million to increase the efficiency of agricultural businesses without adding to overall agricultural production.

Five environmentally sensitive areas (ESAs) have been designated in Scotland under which farmers can receive payments for agreeing to farm in a conservation-friendly way. These areas are in different parts of the country and include the Machair ESA in the crofting area of Scotland. The Government remain fully committed to the expansion of forestry and are now replacing the anomalous tax arrangements for forestry with a much improved grant scheme.

The Government's commitment to promote art and culture in Scotland has resulted in major new galleries for the Burrell collection in Glasgow and for modern art in Edinburgh. A new home for the Royal Scottish Academy of Music and Drama was opened earlier this year and the first phase of a new building for the National Library of Scotland in Edinburgh will be opened next year.

The Government have done more than any previous Administration to secure the future of the Gaelic language. A new specific grants scheme for Gaelic education, designed to improve the quality of Gaelic teaching and curriculum in schools was introduced in 1986. Grants under the scheme amount to £0.5 million in the current year. In addition, substantially increased resources have been allocated to a range of organisations providing support for Gaelic language and culture.

In Northern Ireland, the Government have pursued the policy of combating terrorism, within the rule of law, by the most effective means available. In the implementation of this policy, the security forces have conducted themselves with great courage and skill: many terrorists have been apprehended, much material has been recovered, and a large number of terrorist operations have been frustrated, which would otherwise have added to the tragic roll of death and suffering.

The Government have continued to implement the Anglo-Irish Agreement, and have pressed for better cross-border security co-operation within the framework of it.

The Government's efforts to find an agreed basis on which greater responsibility can be devolved to the elected representatives of the people of Northern Ireland have continued.

A key objective of Government policy is to regenerate the private sector in Northern Ireland and release the region's potential for economic growth. To this end, the industrial development organisations in Northern Ireland have promoted 64,450 jobs, while the youth training programme has provided opportunities for an estimated 72,000 entrants with some 23,500 man years of work provided by the action for community employment scheme. At any time, some 29,000 persons are benefiting from a wide range of employment and training resources. A firm commitment has been made and significant steps taken to secure equality of opportunity in employment.

Belfast city centre has been revitalised both in terms of housing and commerce. Housing conditions have shown improvement with a considerable reduction in the level of unfit, and a significant increase in the level of owner-occupation.

Proposals for the reform of the educational system to improve educational standards together with new opportunities and incentives for existing schools seeking to promote integrated education have recently been published.

In addition, substantial programmes have been maintained in agriculture, health and personal social services, environmental services and social security.

Since the establishment of WINvest in 1983, Wales has secured over 220 inward investment projects from overseas companies promising some 25,000 new or safeguarded jobs and involving about £800 million of capital investment. Since 1979, the Government have committed over £130 million — at today's prices — to the land reclamation programme in Wales, one of the largest and most sustained programmes in Europe, and the Welsh Development Agency has constructed some 7 million sq ft of factory space. The success of the Development Board for Rural Wales is indicated by an estimated 3.5 per cent. increase in the population of the area covered by the board between 1979 and 1986. Three enterprise zones set up by the Government are located in Wales; at Swansea, Delyn and the Milford Haven waterway. Over 8,500 people are currently employed in these zones, of whom 3,600 are in new jobs.

The Government have supported the rapid spread of local enterprise agencies in Wales, of which there are now 23. Such agencies have had £8.8 million of central Government assistance and they estimate that they have helped to create 18,900 jobs.

Seasonally adjusted unemployment in Wales has fallen in each of the last 22 months—a fall over that period of 3.1 percentage points.

Since their institution in 1982, urban development grants of some £34 million have been awarded to 67 projects throughout Wales. These are expected to bring forward a total private sector investment of some £159 million. As part of the Government's policy for inner city areas, the Cardiff Bay development corporation was established on 3 April 1987 to regenerate the docklands area. In 1988-89, a total of £16.2 million will be made available, the first tranche of a total commitment of nearly £50 million over the first three years. Since 1981, the number of self-employed in Wales has increased by 34,000 to 149,000.

Owner-occupation has increased from 59 per cent. of housing stock in 1979 to 68 per cent. Almost 60,000 public sector dwellings have been sold to their tenants under right to buy and voluntary terms since 1980 and over 50,000 new homes have been built for sale. Since 1979, the proportion of Welsh households lacking basic amenities has more than halved.

Over 142,000 home improvement grant schemes for private sector dwellings have been completed since July 1979 with a value of £414 million. In the same period, £339 million has been spent on the renovation of local authority housing stock. Since 1982, over 5,500 dwellings have been improved under enveloping schemes.

Expenditure on the Health Service in Wales has risen by over 42 per cent. after allowing for general inflation between 1978-79 and 1988-89. Over £500 million at current

prices will have been invested in the capital estate of hospital and community health services and five major new hospitals have been opened. Nearly 24 per cent. more patients were treated in 1986 than 1979. Medical and dental staff have increased by 13 per cent. and nursing and midwifery staff by 20 per cent. during this period.

Current expenditure on education, excluding school meals and milk, was 7.8 per cent. higher in real terms in 1986-87 than in 1978-79. Pupil numbers dropped by 14.8 per cent. in the same period: and expenditure per primary pupil rose by over 21 per cent. from £747 to £909, and per secondary pupil by nearly 28 per cent. from £1,033 to £1,320, their best ever levels.

Since 1979, over £700 million has been spent on the construction and improvement of roads in Wales providing 22 miles of motorway and 107 miles of trunk road. The Government have begun construction of the first ever immersed road tunnel in the United Kingdom—the Conway crossing/A55 scheme.

Since 1979-80, overall net resources made available to the Wales tourist board have increased by 170 per cent., including an increase of 140 per cent. in project support, which over the period has stimulated £78 million of mainly private sector investment and created almost 3,500 new jobs.

The Government's direct financial support for the Welsh language has increased annually from £0.2 million in 1979-80 to nearly £3.3 million in 1988-89. This is an increase in real terms of some 750 per cent. in that period.

Since the Government decision to set up the Welsh fourth television channel in 1982, S4C has been an outstanding success in both artistic and employment terms.

New Zealand Butter

Mr. Teddy Taylor: To ask the Prime Minister if she will raise at the next meeting of the European Council the question of the special arrangements for the import of New Zealand butter; and if she will make a statement.

The Prime Minister: I have no plans to do so at present.

Councillor Tim Brown

Mr. Clay: To ask the Prime Minister when she met Councillor Tim Brown of Sunderland to discuss shipbuilding.

The Prime Minister: As the House is aware, my normal practice is and will continue to be neither to confirm nor to deny whether meetings with private individuals have taken place, even in those cases where no such meeting has occurred.

Office Staff

Mr. Winnick: To ask the Prime Minister if she will list individually the positions held by civil servants in her office, the periods they have been employed there and their current grades, together with salaries.

The Prime Minister: The information is as follows:

<i>Position held</i>	<i>Length of service</i>	<i>Grade</i>	<i>Salary £ per annum</i>
Principal Private Secretary	2 years 8 months	Grade 2	45,500
Private Secretary	3 years 10 months	G3	34,000
Secretary for Appointments	6 years 1 month	G5	29,465
Private Secretary	0 year 4 months	G5	28,215
Private Secretary	3 years 1 month	G5	25,815
Private Secretary	1 year 7 months	G5	21,092
Assistant Private Secretary	4 years 2 months	SEO	15,779
		Assistant 1	
Assistant Private Secretary	15 years 1 month	Prime Minister's Office	15,779
Chief Press Officer	8 years 2 months	G3	43,000
Press Officer	1 year 2 months	G5	28,215
Press Officer	1 year 9 months	SIO	15,823
Press Officer	0 year 7 months	SEO	15,779
Press Officer	0 year 1 month	SO	14,629
Press Officer	1 year 0 months	SIO	14,629
Adviser (Policy Unit)	1 year 9 months	G5	25,815
Security Co-ordinator	2 years 2 months	Adviser (part time)	11,161
Support Staff	4 years 2 months	HEO	12,878
Support Staff	4 years 4 months	HEO	12,878
Support Staff	0 years 10 months	HEO	12,878
Records Reviewer	1 year 0 months	HEO (part time)	5,365.83
		Adviser 2	
Support Staff	17 years 2 months	Prime Minister's Office	12,672
Support Staff	8 years 1 month	HF0	12,878
Support Staff	10 years 2 months	EO	10,292
Support Staff	0 years 6 months	EO	10,292
Support Staff	1 year 4 months	EO	10,292
Support Staff	0 year 10 months	EO	10,292
Support Staff	1 year 8 months	EO	10,292
Support Staff	0 year 4 months	EO	10,292
Support Staff	2 years 6 months	EO	10,292
Support Staff	1 year 5 months	EO	10,292
Office Manager	15 years 4 months	EO	11,119
Support Staff	4 years 6 months	EO	9,278
Support Staff	0 years 5 months	AO	6,554
Support Staff	2 years 4 months	AO	7,247
Support Staff	0 years 10 months	AO	7,247
Support Staff	1 year 0 months	AO	7,247



mp

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

8 May 1989

Miss Catherine Bannister
Private Secretary to the
Home Secretary
Home Office
50 Queen Anne's Gate
LONDON
SW1H 3BW

cc PS/Chief Secretary
PS/Paymaster General
PS/Economic Secretary
Sir P Middleton
Mr Anson
Mr Monck
Mrs Case
Mr P Brook
Mr Westwater

Dear Catherine,

REVIEW OF PRIVACY AND RELATED MATTERS

The Chancellor has seen a copy of the Home Secretary's minute to the Prime Minister of 4 May concerning the Committee to be set up to review the general issue of privacy and related matters.

On the question of who should chair the Committee, the Chancellor believes that Sir Patrick Neill is much the strongest of the candidates the Home Secretary suggests; of the others, he feels that neither Lord Briggs nor Mr McCrum would be suitable.

I am copying this letter to Dominic Morris (No 10), Robert Peirce (FCO), Private Secretaries of members of H Committee, Michael Saunders (Attorney General's Office), David McLaren (Solicitor General for Scotland's Office) and Patrick Turner (Sir Robin Butler's Office).

Yours sincerely,

Duncan Sparkes

DUNCAN SPARKES
Assistant Private Secretary

File : CA/002

FROM : MISS J C SIMPSON
DATE : 8 MAY 1989
Ext 5211**CHANCELLOR**

cc Chief Secretary Mr Hibberd
Financial Secretary Mr Ilett
Paymaster General Mr Macauslan
Economic Secretary Mr McIntyre
Sir P Middleton Mr Pickford o/r
Sir T Burns Mr Revolta
Mr Anson Mr Dyer
Mr Monck Mr MacPherson
Mr Scholar Mr Patterson
Mr Culpin Mr A Wilson (ETS)
Mr Peretz Mrs Chaplin
Mr Bent Mr Tyrie
Mr Gieve Mr Call

Ch)

Contat to send,
as amended?

OK as per 15

PQ ON THE GOVERNMENT'S ACHIEVEMENTS SINCE 1979

Nicholas Bennett MP has tabled a question to the Prime Minister asking her to update her answer last year to a question from Sir John Biggs-Davison on the Government's achievements since 1979.

2. A draft Treasury contribution is attached. The Cabinet Office, who are co-ordinating the exercise, have agreed with Number 10 that the reply should be based as closely as possible as last year's. In most cases we have therefore simply updated the figures which were used last year, although some new material eg on productivity has been included.

3. Many of the bull points we routinely quote in the Treasury Weekly Brief and First Order Questions briefing ought to be covered by other departments (eg unemployment/employment and business start-ups). We have omitted them here, but think it would be worth alerting the Cabinet Office to the fact in case something slips through the net. One which did last year seems to be real take home pay etc, so this has been included in our draft.

4. The Cabinet Office have asked for contributions by 10.00am tomorrow, 9 May. I attach a draft letter for Mr Sparkes to send with our contribution if you are content.



MISS J C SIMPSON

govach

UNCLASSIFIED

pls type as
final with cop)
list as cover
minute.
pls amend
PQ below too

John Fuller Esq
Home and Social Affairs Secretariat
Cabinet Office
70 Whitehall
SW1

PQ ON THE GOVERNMENT'S ACHIEVEMENTS

I enclose the Treasury's contribution to the proposed reply to Nicholas Bennett MP's Question to the Prime Minister asking her to update her answer last year to Sir John Biggs-Davison listing the Government's achievements since 1979.

2. We have not included any material on changes in unemployment and employment, or on business start-ups, on the assumption that the Department of Employment will be supplying you with something on these.

DUNCAN SPARKES

A - P - 5

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Bank this P.
MS 3 pages

The United Kingdom is well into its eighth successive year of sustained growth, at an annual average rate of over 3 per cent. The seven years to 1988 have seen a combination of strong and steady growth not seen since World War II. The UK ^{economy} has grown faster than all other major EC countries during the 1980s.

Retail price inflation has averaged 5 per cent since 1983

1 (compared to an average of 15½ per cent from March 1974 to April 1979). // Para Business investment in 1988 was the highest ever recorded as a percentage of GDP; and in the 1980s, ^{as a whole} it has grown faster than in all the other major European countries; only Japan among the Group of Seven major industrialised nations has had faster ^{business growth} growth. Over the past seven years, total investment has grown more than twice as fast as consumption. The level of the United Kingdom's net overseas assets is the largest of all the major nations as a percentage of GDP and in 1986 and 1987 our invisibles surplus was the largest in the world. // Para Manufacturing productivity has risen at an average annual rate of over 5 per cent since 1980 - faster than in any other major industrialised country, after being at the bottom of the league in the previous two decades. Output per hour worked has also grown steadily so that by 1986 (the latest figures available), it was approaching the average for the Group of Seven and was 50 per cent higher than that of Japan and only 5 per cent below that of West Germany. Since 1981, the net rate of return on capital employed by British industry has nearly doubled. Excluding the North Sea, the rise in profitability has been even greater. In 1987, non-North Sea company profitability rose to over 10 per cent, its highest level since 1969, having risen every year since 1981.

Real take home pay has risen substantially under this Government. For a married man on average earnings with two children, it has increased by nearly a third between 1978-79 and 1988-89. Real personal disposable income is at a record level; in 1988 it was 5 per cent higher than a year earlier. Pensioners have also shared in this growing prosperity. Their average real incomes rose by 23 per cent between 1979 and 1986.

The Government have continued to maintain sound public finances. In 1988-89 the Government made a net repayment of public sector debt for the second consecutive year - the first time this has been achieved for forty years - and saving over £1½ billion ^{a year} in interest payments. Including the £14 billion repayment budgeted for 1989-90, the Government will have repaid roughly ^{a sixth} ~~1/6~~ of the ^{total} public debt in three years.

correct terminology? accumulated

The Government have increased spending on priority programmes while reducing public expenditure as a proportion of GDP. In 1988-89 it was less than 40 per cent of GDP for the first time in over 20 years. This has been made possible by continued improvements in efficiency in Government services, together with a rigorous reassessment of expenditure priorities.

The Government have pursued a substantial programme of tax reform. The aim has been to create a climate in which businesses can thrive and individual initiative and risk-taking are rewarded. The basic rate of income tax has been reduced from 33 to 25 per cent, and the main personal allowances are fully 25 per cent higher in real terms than in 1978-79. Nine higher rates of income

tax on earned income running up to 83 per cent have been replaced by a single higher rates of 40 per cent. A new system of independent taxation for husbands and wives will apply from 1990. Business taxation has been radically restructured, leaving the United Kingdom corporation tax rate ^{at 35 per cent} one of the lowest in the industrialised world. Seventeen rates of capital transfer tax running up to 75 per cent have been replaced by a single rate of 40 per cent on inheritance; ^{the rates of tax on capital gains have been aligned with those on income} and the taxation of purely inflationary capital gains has been ended. The taxation of life assurance will be reformed from 1990. Five major taxes and a number of unjustified tax breaks have been abolished.

Since 1979, the Government have privatised 19 major companies and a number of other enterprises. As a result of this policy and tax reliefs designed to encourage shareholding, the number of individual shareholders in the United Kingdom, at one in five of the adult population, has trebled since 1979. Nearly 45 per cent of the state-owned industrial sector the Government inherited in 1979 has been returned to private enterprise. ~~And~~ the privatisation programme is set to continue: legislation is proceeding for the privatisation of the electricity supply industry and the water industry in England and Wales, and the Government have already announced their intention to privatise British Coal in the next Parliament.

The Government have introduced a large number of measures to improve the operation of markets. Pay, price and dividend controls have been abolished, together with controls on foreign exchange, bank lending, hire purchase and new issues, and

restriction on industrial and office development. Incentives have been increased by ~~(tax)~~ reductions ^{in tax rates} and by the ~~restructuring~~ ^{reform} of national insurance contributions. The state retirement pensioners' earnings rule will be abolished from October 1989. ~~The Government have introduced a tax relief to encourage the spread of profit-related pay.~~

Miss Thompson
Could you please quote last year's reply
the PM, and then send me
for answer to EA, PSF, PA, PE,
PIM, PHE (as regarding case relevant).



CABINET OFFICE
70 Whitehall London SW1A 2AS Telephone 01-270 0135

MR PECKFORD ✓
EST, FST, PMG EST
SIR P MIDDLTON
SIR T BURTON, MR ALLEN
MR MORLEY, MR SCHWARTZ
MR CULPIN, MR ROBERTS
MR SEDGWICK, MRS LOMA
MR BEAT, MR WIGGEND
MR McALLAN, MR GILHOE
MR HOLMES, MS YOUNG
5 May 1989 MR MURPHY
MRS CHAPMAN, MR TYN
MR CALL

Dear Private Secretary,

PQ ON THE GOVERNMENT'S ACHIEVEMENTS

A PQ to the Prime Minister has been put down by Nicholas Bennett to which we have been asked to provide a draft reply. It asks the Prime Minister "if she will update her answer of 6 May, official report, columns 628-644, on the major achievements of Her Majesty's Government since May 1979". A copy of the previous reply referred to is attached.

We have agreed with No 10 that the reply should cover the whole of the previous 10 years and that it should be based as closely as possible on last year's reply. I should accordingly be grateful if Departments could send me contributions, which should draw on last year's reply as appropriate, to reach me by 10.00 am on Tuesday.

I am copying this letter to the Private Secretaries to all Ministers responsible for Departments, and I am sending copies for information to Steve Catling (Lord President's Office), Nick Gibbons (Lord Privy Seal's Office), Murdo Maclean (Chief Whip's Office), Douglas Slater (Lords Chief Whip's Office) and Trevor Woolley (Cabinet Office).

Yours faithfully,

JG Fuller

J G FULLER
Home and Social Affairs Secretariat

the nationality division of his Department in early 1987 to deal with the expected extra work caused by the nationality deadlines; and how those plans were amended in October 1987 when the extent of that extra demand became apparent.

Mr. Renton [*holding answer 3 May 1988*]: An additional case-working group (17 staff) was created on 1 April 1987; and further provision was made to increase from 150 to 170 the number of staff wholly employed on considering applications with effect from 1 April 1988.

In August 1987, case-working resources were diverted to responding promptly to general inquiries about citizenship and supplying application forms and to recording the receipt of new applications. When it became apparent that these measures were insufficient to deal with the growing volume of new applications being received, overtime working began on 8 November and has been in operation ever since. The full extent of the demand did not become apparent until after December 1987, when 100,000 citizenship applications were submitted in one month. Further measures have been taken since then, including the ones I announced in the House on 16 February 1988 at column 683.

Because of the priority accorded to these matters, and recruitment difficulties in the Croydon area, it has not yet been possible to achieve the projected increase in case-working capacity provided for from 1 April 1988. That will be done as soon as possible. We hope also to announce shortly detailed plans for substantial additional case-working capacity at a new location, probably on Merseyside.

ATTORNEY-GENERAL

Crown Prosecutors (Manual of Guidance)

Mr. Alex Carlile: To ask the Secretary of State for the Home Department if he will place in the Library a copy of the manual of guidance issued to Crown prosecutors in England and Wales; and if he will make a statement as to the criteria upon which a decision to prosecute is based, as set out in the manual.

The Attorney-General [*pursuant to my reply, 22 April 1988, c. 574*]: I have now had the opportunity of considering with the Director of Public Prosecutions whether it would be proper to place the manuals of guidance issued to Crown prosecutors in the Library. It is the view of both the Director and myself that such a course would be inappropriate.

The requirement in section 10 of the Prosecution of Offences Act 1985 to publish guidance for Crown prosecutors expressly refers to the general principles upon which certain key prosecution decisions are taken. As I stated in my answer of 22 April, those general principles are set out and illustrated in the code for Crown prosecutors. The terms of section 10 do not, in my view, require the Director to make available for inspection detailed internal guidance, instructions, and so on, issued to assist Crown prosecutors in the exercise of their duties and assembled for convenience in manual form.

Both the Director and I continue to recognise the need for the general principles of prosecution decision-making to be as open and easily understood as possible. With this

objective in mind, the Director is considering whether, and, if so, to what extent, the existing published criteria might usefully be expanded.

PRIME MINISTER

Government Achievements

Sir John Biggs-Davison: To ask the Prime Minister if she will list the achievements of Her Majesty's Government since May 1979 in respect of the whole of the United Kingdom and also in respect of Scotland, Wales and Northern Ireland.

The Prime Minister: The rate of inflation has been reduced to levels not seen for 20 years. The United Kingdom is well into its seventh successive year of steady growth, at an average annual rate of 3 per cent.; in 1987 national output grew faster than in any other major industrialised country. Business investment reached a record level in 1987 and is forecast to rise by a further 9 per cent. in 1988. Since 1981, United Kingdom manufacturers have maintained their volume share of world trade, following decades of decline; and in 1987 their share increased slightly. The level of the United Kingdom's net overseas assets has increased sevenfold since 1979 to about £90 billion by the end of 1987, yielding earnings of over £5.5 billion in 1987. Manufacturing productivity has risen at an average annual rate of over 5 per cent. since 1980—faster than in any other major industrialised country, after being at the bottom of the league in the previous two decades. In 1987, non-North sea company profitability rose to 10.5 per cent., its highest level for over 20 years, having risen in every year since 1981.

The Government have continued to maintain sound public finances, and have now balanced the budget. In 1987-88, for only the second year since the beginning of the 1950s, the Government made a net repayment of public sector debt. The burden of debt interest has fallen, and this, together with continued improvements in efficiency, has enabled the Government to increase spending on priority programmes while ensuring that public expenditure continues to fall as a proportion of GDP.

The Government have pursued a substantial programme of tax reform. The aim has been to create a climate in which businesses can thrive and individual initiative and risk-taking are rewarded. The basic rate of income tax has been reduced from 33 to 25 per cent., and the main personal allowances are fully 25 per cent. higher in real terms than in 1978-79. Nine higher rates of income tax running up to 83 per cent. have been replaced by a single higher rate of 40 per cent. A new system of independent taxation for husbands and wives will apply from 1990. Business taxation has been radically restructured, leaving the United Kingdom corporation tax rate one of the lowest in the industrialised world. Seventeen rates of capital transfer tax running up to 75 per cent. have been replaced by a single rate of 40 per cent. on inheritance; and the taxation of purely inflationary capital gains has been ended. Five taxes and a number of unjustified tax breaks have been abolished.

Since 1979, the Government have privatised 17 major companies and a number of other enterprises. As a result of this policy and tax reliefs designed to encourage shareholding, the number of individual shareowners in the

United Kingdom, at one in five of the adult population, has trebled since 1979. Getting on for 40 per cent. of the state-owned industrial sector the Government inherited in 1979 has been returned to private enterprise. And the privatisation programme is set to continue — the Government have already announced their intention to privatise the electricity supply industry, the water authorities in England and Wales and British Steel.

The Government have introduced a large number of measures to improve the operation of markets. Pay, price and dividend controls have been abolished, together with controls on foreign exchange, bank lending and hire purchase, and restrictions on industrial and office development. Incentives have been increased by tax reductions and reform and by the restructuring of national insurance contributions. The Government have introduced a tax relief to encourage the spread of profit-related pay.

Employment in Great Britain has risen by almost 1.7 million since March 1983, the longest period of sustained employment growth in almost 30 years. Unemployment throughout the United Kingdom has fallen by over 700,000 from its July 1986 peak and the unemployment rate is now below the European Community average. It has fallen in all regions of the country with the biggest falls over the last year in the west midlands, the north-west and Yorkshire and Humberside. Long-term unemployment in the United Kingdom fell by a record 234,000 in the year to January, whilst unemployment among under-25s is at its lowest level for over five years and is now much lower than the European Community average.

Changes in employment legislation and measures to assist labour mobility have improved the operation of the labour market. Many restrictions on the employment of women have been lifted.

The Government's policies have helped the small firms sector to grow rapidly and to make a substantial contribution to employment and wealth creation. About 1 million additional jobs were created in the United Kingdom by small firms and self-employment between 1982 and 1984, and since 1980 the number of small firms has grown by around 500 a week. Self-employment has risen by over 1 million since June 1979. The small firms service provides advice and support for small firms. The enterprise allowance scheme has helped over 300,000 people in Great Britain to set up in business on their own. The Government have helped create a network of local enterprise agencies to encourage the development of small firms.

The Government have introduced entirely new approaches to delivering practical help for unemployed people to get back to work. Since July 1986, some 3.5 million personal interviews have been carried out under restart, 90 per cent. of them resulting in an offer of positive help from the range of opportunities available, including job-clubs and the still expanding enterprise allowance scheme. The Government have taken steps to ensure that benefits are properly paid to those who are entitled to them and not to others. The work of jobcentres, previously administered by the Manpower Services Commission, and that of the unemployment benefit service have now been brought together in the employment service, with the priority of giving effective help to unemployed people, especially the long-term unemployed, and placing them in jobs and training.

The Government have revolutionised vocational education and training for young people through the technical and vocational education initiative (TVEI) and two-year youth training scheme (YTS). The TVEI became a national scheme last autumn. Over 1.5 million young people have had vocational training under YTS, and a wide range of courses leading towards a vocational qualification is available to all 16 and 17-year-old school leavers. From September this year, all young people not going into a job or staying in full-time education will be guaranteed YTS until their 18th birthday. Unemployment on social security benefit will no longer be an option for this group.

The Government have announced a major new programme, employment training, building on the experience and successes of the community programme and the new job training scheme. The Government will guarantee employment training or a place in the enterprise allowance scheme or in a job club to all those aged between 18 and 25 who have been unemployed for between six and 12 months, and also aim to provide employment training for those over 25 who have been unemployed for two years. The National Council for Vocational Qualifications is establishing a clear system of relevant vocational qualifications.

Legislation has been passed protecting members against abuses of trade union power, extending their rights to influence the affairs of their unions and restoring the balance in industrial relations between managements and unions. In particular, secondary blacking and picketing have been made unlawful and unions are required to hold ballots before strike action.

The Government have stepped up the attack on urban decay and have given priority to encouraging investment in inner city areas through a range of measures amounting to some £3 billion in 1988-89. A new action for cities drive was launched in March 1988 which included a new urban development corporation in Sheffield and the extension of the existing corporation in Merseyside; streamlined grants to encourage the development of inner city land and buildings; more help for small businesses in inner city areas; further Government support for links between schools and employers; new crime prevention initiatives; and better inner city roads. To help pull together the various Government programmes involved, city action teams have been established based in Birmingham, Leeds, Liverpool, London, Manchester, Newcastle upon Tyne and Nottingham. At local level, 16 inner city task forces support projects which open up job and enterprise opportunities for local residents.

The Government have launched a major five-year campaign to ensure that business in every part of the country is fully prepared to take advantage of the single market that will exist in the European Community by 1992.

The Government have encouraged competition throughout the economy. Proposals have been published for the reform of the legislation on mergers and restrictive trade practices.

The Government have launched the enterprise initiative, with the objective of helping businesses acquire the skills and information they require to compete effectively.

The balance of regional policy has been changed so that the Government's enterprise policies are properly reflected in the regions.



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

From the Secretary of State for ~~Health~~ Health
CONFIDENTIAL

8 MAY 1989

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cc: Miss Peirson
Mr Phillips
Mr McIntyre
Mr D. P. Griffiths

Stephen Catling Esq
Principal Private Secretary
Lord President of the Council
Privy Council Office
Whitehall
LONDON
SW1A 2AT

C/EXCHEQUE		FINANCIAL SECRETARY	
REC.	- 5 MAY 1989	REC.	- 8 MAY 1989
TO		ACTION	Mr Saunders
TO		COPIES TO	PPS, CST
TO		COPIES TO	Sir P. Middleto
TO		COPIES TO	Mr. Anderson
TO		COPIES TO	Mr. March

Dear Steve

LEGISLATIVE PROGRAMME 1989/90

I am writing to seek the Lord President's agreement to a timetable for the introduction of the NHS Reform Bill that will enable us to meet the current timetable for implementation of the NHS Review proposals, as set out in the White Paper "Working for Patients".

The timetable in the White Paper was designed to reduce the uncertainty that would inevitably follow from an over-lengthy consultation period and to allow the benefits of the White Paper to be made available sooner. The consultation period on the major areas that would require primary legislation is planned to end in May 1989. We intend to put complete instructions to Counsel by the end of June. Detailed work here has shown that we need legislative provision as early as possible to enable implementation of the White Paper proposals to proceed. The implementation timetable will require Royal Assent for legislation by July 1990 at the very latest to allow key elements of the reform - such as creation of the first NHS Hospital Trusts - to run to programme.

Even this will delay the process and Mr Clarke would prefer to have a target of end of May 1990 if business managers believe that feasible. He attaches considerable importance to this timetable. Allowing it to slip would cast doubt on the Government's commitment to a challenging programme of reform, and would affect the motivation of those charged with implementing it. The Secretary of State would therefore be grateful for the Lord President's agreement to the NHS Reform Bill obtaining a very early place in the 1989/90 legislative programme, and would ask for it to be given the priority necessary to allow its introduction as soon as possible after the Queen's Speech, with a view to its receiving Royal Assent as early as possible in 1990.

cc: Miss T. Simpson
Mr Tyne

E.R.

I am sending a copy of this letter to Paul Gray (No 10), Alex Allan (Treasury), Nick Gibbons (Lord Privy Seal's Office), Murdo Maclean (Chief Whip's Office), Rhodric Walters (Lords Chief Whip's Office), to the private secretaries of the Secretaries of State for Scotland, Wales and Northern Ireland and to William Fleming at the Cabinet Office. A copy also goes to the First Parliamentary Counsel and First Parliamentary Draftsman for Scotland.

Yours

Andy

A J MCKEON
Principal Private
Secretary



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

9 May 1989

John Fuller Esq
Home and Social Affairs Secretariat
Cabinet Office
70 Whitehall
SW1

pm

Dear Mr Fuller,

PQ ON THE GOVERNMENT'S ACHIEVEMENTS

... I enclose the Treasury's contribution to the proposed reply to Nicholas Bennett MP's Question to the Prime Minister asking her to update her answer last year to Sir John Biggs-Davison listing the Government's achievements since 1979.

We have not included any material on changes in unemployment and employment, or on business start-ups, on the assumption that the Department of Employment will be supplying you with something on these.

- cc PS/Chief Secretary
- PS/Financial Secretary
- PS/Paymaster General
- PS/Economic Secretary
- Sir P Middleton
- Sir T Burns
- Mr Anson
- Mr Monck
- Mr Scholar
- Mr Culpin
- Mr Peretz
- Mr Bent
- Mr Gieve
- Mr Hibberd
- Mr Ilett
- Mr MacAuslan
- Mr McIntyre
- Mr Pickford
- Mr Revolta
- Mr Dyer
- Miss Simpson
- Mr Macpherson
- Mr Patterson
- Mr A Wilson
- Mrs Chaplin
- Mr Tyrie
- Mr Call

Yours sincerely,

Duncan Sparkes

DUNCAN SPARKES
Assistant Private Secretary

PQ ON THE GOVERNMENT'S ACHIEVEMENTS

The United Kingdom is well into its eighth successive year of sustained growth, at an annual average rate of over 3 per cent. The seven years to 1988 have seen a combination of strong and steady growth not seen since World War II. The UK economy has grown faster than all other major EC countries during the 1980s. Retail price inflation has averaged 5 per cent since 1983 compared to an average of 15½ per cent from March 1974 to April 1979.

Business investment in 1988 was the highest ever recorded as a percentage of GDP and in the 1980s as a whole it has grown faster than in all the other major European countries; only Japan among the Group of Seven major industrialised nations has had faster business investment growth. Over the past seven years, total investment has grown more than twice as fast as consumption. The level of the United Kingdom's net overseas assets is the largest of all the major nations as a percentage of GDP and in 1986 and 1987 our invisibles surplus was the largest in the world.

Manufacturing productivity has risen at an average annual rate of over 5 per cent since 1980 - faster than in any other major industrialised country, after being at the bottom of the league in the previous two decades. Output per hour worked has also grown steadily so that by 1986 (the latest figures available), it was approaching the average for the Group of Seven and was 50 per cent higher than that of Japan and only 5 per cent below that of West Germany. Since 1981, the net rate of return on capital employed by British industry has nearly doubled. Excluding the North Sea, the rise in profitability has been even greater. In 1987,

non-North Sea company profitability rose to over 10 per cent, its highest level since 1969, having risen every year since 1981.

Real take home pay has risen substantially under this Government. For a married man on average earnings with two children, it has increased by nearly a third between 1978-79 and 1988-89. Real personal disposable income is at a record level; in 1988 it was 5 per cent higher than a year earlier. Pensioners have also shared in this growing prosperity. Their average real incomes rose by 23 per cent between 1979 and 1986.

The Government have continued to maintain sound public finances. In 1988-89 the Government made a net repayment of public sector debt for the second consecutive year - the first time this has been achieved for forty years - and saving over £1½ billion a year in interest payments. Including the £14 billion repayment budgeted for 1989-90, the Government will have repaid roughly a sixth of the total accumulated public debt in three years.

The Government have increased spending on priority programmes while reducing public expenditure as a proportion of GDP. In 1988-89 it was less than 40 per cent of GDP for the first time in over 20 years. This has been made possible by continued improvements in efficiency in Government services, together with a rigorous reassessment of expenditure priorities.

The Government have pursued a substantial programme of tax reform. The aim has been to create a climate in which businesses can thrive and individual initiative and risk-taking are rewarded. The basic rate of income tax has been reduced from 33 to 25 per

cent, and the main personal allowances are fully 25 per cent higher in real terms than in 1978-79. Nine higher rates of income tax on earned income running up to 83 per cent have been replaced by a single higher rate of 40 per cent. A new system of independent taxation for husbands and wives will apply from 1990. Business taxation has been radically restructured, leaving the main United Kingdom corporation tax rate at 35 per cent, one of the lowest in the industrialised world. Seventeen rates of capital transfer tax running up to 75 per cent have been replaced by a single rate of 40 per cent on inheritance; the rates of tax on capital gains have been aligned with those on income and the taxation of purely inflationary capital gains has been ended. The taxation of life assurance will be reformed from 1990. Five major taxes and a number of unjustified tax breaks have been abolished.

Since 1979, the Government have privatised 19 major companies and a number of other enterprises. As a result of this policy and tax reliefs designed to encourage shareholding, the number of individual shareholders in the United Kingdom, at one in five of the adult population, has trebled since 1979. Nearly 45 per cent of the state-owned industrial sector the Government inherited in 1979 has been returned to private enterprise. The privatisation programme is set to continue: legislation is proceeding for the privatisation of the electricity supply industry and the water industry in England and Wales, and the Government have already announced their intention to privatise British Coal in the next Parliament.

The Government have introduced a large number of measures to improve the operation of markets. Pay, price and dividend

controls have been abolished, together with controls on foreign exchange, bank lending, hire purchase and new issues, and restrictions on industrial and office development. Incentives have been increased by reductions in tax rates and by the reform of national insurance contributions. The state retirement pensioners' earnings rule will be abolished from October 1989.

11 MAY 1989



FINANCIAL SECRETARY	
REC.	11 MAY 1989
ACTION	Mr. Mortimer
COPIES TO	PPS, CST, PMA, EST Sec P. Middleton
	Mr. Andrew March

2

ST. ANDREW'S HOUSE
EDINBURGH EH1 3SX

The Rt Hon Douglas Hurd Esq CBE MP
Secretary of State for the Home Department
50 Queen Anne's Gate
LONDON
SW1H 9AT

mmp

Mes. Case
Mr. Westwete
Party Clerk
10 May 1989

Dear Douglas

REVIEW OF PRIVACY AND RELATED MATTERS

Thank you for copying to me your minute of 4 May to the Prime Minister. I understand that in fact John Browne withdrew his Bill before it reached Report Stage on 5 May, and that in consequence the proposed announcement by Tim Renton was not made.

For my part I am content with the terms of reference. I understand that they are restricted to the Press as there are already adequate mechanisms in place in respect of the broadcasting media. You do make reference to the law on defamation and breach of confidence, and the law on these matters in Scotland is not identical to that in England and Wales. It is not necessary on this account that there should be a Scottish lawyer on the review team, but I should be grateful if you would draw to the attention of the review team the fact that Scots law on these matters is different, so that their report may take adequate account of the differences.

Copies of this go to the Prime Minister, to colleagues in H Committee, to Geoffrey Howe, Patrick Mahew, Peter Fraser and to Sir Robin Butler.

MALCOLM RIFKIND

RESTRICTED

FROM: A G TYRIE
DATE: 10 May 1989
cc: Mrs Chaplin
Mr Call

CHANCELLOR

ppp

MEMBERS' BRIEF

This is devoted to Labour's Policy Review. For what it is worth I think it might have been better if this had concentrated principally on defence and Kinnock's credibility, leaving the economy until we had seen the Reviews and primed our guns. The Reviews are all bound to leak as far as us in the next few days.

V. much agree

2. I think this is quite well done. There don't seem to be any major lacunae. I have marked a few alterations/deletions.

3. I didn't receive this until 6.10p.m. I'm afraid I have to ask you to turn it round by 10a.m. tomorrow morning.

*A few pts
marked, pass on*

AG
A G TYRIE

LABOUR UNMASKED

A Promise Broken

After Labour's defeat in 1987, Mr Kinnock promised a sweeping review of his Party's policies. At its 1987 Conference he explained that 'any serious party that [after an election defeat] did not undertake the most rigorous assessment and review would be betraying itself, its principles and the people who need it to win' (*The Daily Telegraph*, 30th September 1987).

That review of policies has now been completed. However, the seven policy review documents - due to be published early next week but already heavily leaked to the press - reveal that Labour has failed in its task of 'modernising' the Party's extreme and unpopular policies. Instead Labour:

- * has attempted to fudge the crucial issues of defence, taxation, and public spending;
- * remains committed to left-wing policies on trade union, nationalisation, law and order and education.

Labour's policy review has turned out to be little more than an cynical exercise in propaganda - for beneath its new mask of moderation, Labour has changed little since 1987.

The Economy: sums that don't add up

Labour's economic policy continues to be characterised by deception and muddle. Labour claims that it would introduce 'a

fair tax system based on the ability to pay' which would not 'return to high marginal rates of tax which applied in the past' (*The Guardian*, 8th May 1989). ^{Labour} ~~The Party~~ would apparently introduce a banded system of income tax starting at less than 20 per cent and rising to 50 per cent - a rate which, according to Mr Kinnock, would only begin to bite once annual earnings reached around £40,000 a year (*Financial Times*, 10th April 1989).

But Labour refuses to reveal ~~either~~:

- * ~~what the impact of such tax reform would be on the vast majority of basic rate taxpayers;~~ ^{how many basic rate taxpayers would be made worse off - or even what new basic rate of income tax would be}
- * ~~or~~ ^{Labour's} how much additional taxation would have to be raised from taxpayers to finance ~~the Party's~~ huge public spending programmes.

Labour's Spending Spree

Despite Mr Smith's reported desire 'to avoid any detailed spending commitments' at this stage of the review (*The Independent*, 8th May 1989), Labour has already committed itself in the pages of its review to billions of pounds of additional public spending - including pledges to drastically increase the state pension (*The Independent*, 9th May 1989), increase Child Benefit (*Daily Telegraph*, 9th May 1989), and renationalise British Telecom and Water (*The Times*, 9th May 1989).

But it is clear that such lavish spending proposals - along with others, [all as yet uncosted] - ^{will} ~~will~~ have to be met by higher taxes for the vast majority of taxpayers. [and more public borrowing.]

[✓] A bit awkward to argue with a £15 billion surplus!

[As usual it has been] Mr Ken Livingstone who has revealed the truth behind Labour's mask as a party of low taxation. Calling Labour's economic policy a 'compromise and fudge around a difficult issue' (BBC Radio 4, 8th May 1989), he declared that 'we run the risk of having the same problem that we had [in 1987] with people suspecting it will mean tax increases if they cannot know where the money is coming from ... we are not spelling out how [or commitments are] to be paid for' (The Guardian, 9th May 1989).

The Clear Message - Back to High Taxes

Despite Labour's refusal to spell out what its plans for taxpayers really are, in ~~two~~ ^{several} ~~areas~~ ^{Labour} the Party has made itself clear. ^{for example,} It would:

- * abolish the upper earnings limit on National Insurance Contributions - adding an extra nine per cent to marginal tax rates for everyone earning over ~~£16,000~~ ^{£16,900} a year (The Guardian, 8th May 1989);
- * scrap mortgage interest tax relief at the higher rate - paying everyone instead at the basic rate (Daily Telegraph, 9th May 1989).

But for ^{all} taxpayers ~~on any rate~~ Labour's message is clear: under a Labour Government it would be back to high taxes.

Trade Unions: A Return to the '70s

The Policy Review document reveals that Labour remains intent on destroying most of the Government's industrial relations legislation. That should cause little surprise - since Mr Kinnock has frequently made clear his support for the repeal of all the legislation, saying most recently that Labour's 'commitment is to clear it' (*Weekend World*, LWT, 10th April 1988).

The Document commits Labour to -

- * bring back secondary picketing: following Mr Michael Meacher's assertion that 'there can be no justification for limiting the freedom of workers to seek external assistance' in industrial disputes (*Financial Times*, 24th April 1989) the review says that Labour believes that it is unfair that 'all forms of supportive action by other employees ... should be unlawful' (*The Independent*, 5th May 1989);
- * end the right to a pre-strike ballot: Labour would keep the right to ballot - but allow such a ballot to occur after industrial action had begun (*ibid*);
- * restore union immunities: Labour believes that 'individuals must have rights to engage in industrial action without the individuals' union being subject to ... court action which can see union funds being sequestrated' (*ibid*);

- * bring back mass pickets: although the review document has nothing to say on either picketing or the Closed Shop Mr Meacher has said that Labour would scrap the law which restricts the number of pickets to six and make this number "voluntary" (*The Independent*, 24th April 1989).

The Jobs Destruction Package

Labour's Policy Review Document renews the Party's commitment to 'full employment' (The Independent, 9th May 1989). Yet in the same breath the Review outlines policies which would destroy - not create - hundred of thousands of jobs. Labour would:

- * introduce a national minimum wage rising 'over time' from half male median earnings to two thirds (*ibid*) - a policy which, as a member of Labour's NEC - Mrs Diana Jeuda warned Labour's 1988 conference, would mean 'jobs lost and prices going up' (*The Independent*, 5th October 1988);

⌘ * 'strⁱngently limit the scope and scale of arms sales by Britian' (*The Guardian*, 8th May 1989) - damaging exports worth over £5 billion a year and providing over 100,000 jobs;

⌘ * impose mandatory sanctions against South African (*Daily Telegraph*, 9th May 1989) - destroying thousands of jobs;

- * phase out nuclear power (*The Independent*, 9th May 1989), putting 100,000 jobs at risk.

Probably not the best line, but without the review documents
not worth quibbling about.

-6-

Nationalisation by any other name

Labour's Policy Review commits the party to renationalising British Telecom and the water industry. It states that Labour would 'take British Telecom back into public ownership' (*ibid*) and adds that 'the water industry must be an early candidate for a return to some form of public ownership' (*The Guardian*, 13th April 1989). But, as ever, Labour would refuse properly to compensate shareholders - and would, instead, renationalise these industries on the cheap by buying back ^{just} (sufficient shares needed ~~for the Government~~ to take control of the industry.

The Policy Review document also threatens the other major utilities - gas and electricity - which Labour believes 'should be owned by the public - that is, by the community as a whole' (*The Independent*, 9 May 1989). It is clear that - although Labour may studiously avoid using the vocabulary of 'nationalisation' - the Party's belief in ~~the political~~ ^{government} control of industry remains as strong as ever.

Defence: Mr Kinnock dodges the question

Despite Mr Kinnock's assertion that 'I am not again going to [argue] for the unilateral independent abandonment of nuclear weapons' (*The Independent*, 10th May 1989), Labour's latest attempt to formulate a defence policy is based on a little more than deceit and deception. It is a policy which would both gravely weaken the NATO alliance and leave Britain without any credible means of defence.

The truth remains that under Labour Britain would have a deterrent which did not deter.

* The Question Unanswered

The review leaves the most crucial question unanswered - for it fails to reverse or renew Mr Kinnock's pledge that 'there are no circumstances in which I would order or permit the firing of a nuclear weapon' (*New Socialist*, September/October 1988) - a pledge which renders Britain's nuclear weapons virtually useless either as a deterrent or as a bargaining chip. But as Mr Livingstone has pointed out, at the next election 'the first question ... will be - "will we be prepared to push the button" - and you can't duck that' (*BBC Radio 4*, 8th May 1989).

* Gould points the way. However reticent Mr Kinnock may be, Mr Gould has revealed the truth. He has stated that 'the purpose of retaining the deterrent is not to use it or even to threaten to use' (*BBC TV*, 8th May 1989).

* A useless deterrent. Quite apart from Mr Kinnock's unwillingness to use the deterrent Labour's policies would fatally undermine its effectiveness. Labour would 'immediately end testing of all British nuclear devices' (*The Guardian*, 8th May 1989) - leaving Britain with a deterrent but without knowing if it would work, and 'cancel the fourth Trident submarine' - leaving the Royal Navy without the minimum number of submarines needed to guarantee that one submarine was on station at all times.

* The Frank Admission. Many on Labour's left wing have admitted that Labour's 'new' defence policy is - in the words of Mrs Joan Rudock - 'a total nonsense' which stems from the fact that the document has not been produced on the basis of logic but out of a desire to make the party electorally more acceptable' (*ibid*). As many of Labour's MPs know, ~~behind the mask of moderation,~~ Labour remains committed to an ineffective and incredible defence for Britain which would leave this country helpless in the face of nuclear blackmail or ^{the} threat of conventional attack.

Keeping left

In many other areas, Labour's Review reveals that the Party has failed to change in anyway the policies on which it fought - and lost the last election.

* Social Security. Labour remains committed to the lavish and irresponsible pledges it made in 1987 both to increase the basic state pension by a minimum of £5 a week for single pensioners and £8 a week for married couples and to return to the principle of SERPS by establishing a new 'National Personal Pension Plan' (*The Independent*, 9th May 1989). ~~[both pledges so lavish no Government could fulfill them.]~~ Not strictly true of the £5 pledge.

* Police. The Party is pledged to bring the police under political control. The review document calls for 'increased accountability ... through elected local authorities' (*ibid*) - which would mean bringing the police under the control of the very Labour authorities who so often attempt to undermine them.

* Education. Labour is still obsessed with the educational battles of the 1970s according to the review document. The Party remains pledged to abolish all remaining grammar schools, bring all opted-out schools and all City Technology Colleges within the state sector - against the wishes of parents, phase out the Assisted Place Scheme and threaten the Charitable status of independent schools (*Daily Telegraph*, 9th May 1989). Labour's aim is clear - to deny parents choice and to lower standards.

* Health. Labour continues to believe that the only problem with the National Health Service is a lack of resources - and the Review Document makes clear that health would have the 'first call on national resources' under a Labour Government (*The Independent*, 9th May 1989). The Party remains ^{opposed} ~~open~~ to choice for patients: it would 'end subsidies to the private sector' (*ibid*) and force hospitals that became self-managing back under the control of local health authorities (*Financial Times*, 26th April 1989).



FROM: B O DYER (Parly Clerk)
DATE: 10 May 1989
EXTN: 4520

CHANCELLOR

cc Chief Secretary
Financial Secretary
Paymaster General
Economic Secretary
Mr J Gieve - IDT
Mrs J Chaplin
Mrs J Thorpe

CABINET : THURSDAY 11 MAY 1989
PARLIAMENTARY AFFAIRS

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

Monday 15 May

2.30pm: Energy Questions

3.30pm: Private Members' Motions

1. Andrew Mitchell : Transport

2. Michael Colvin : Air Traffic

3. John Butterfill : Barriers to Takeover Bids in the EC

7.00pm: Opposed Private Business

Tuesday 16 May (Finance Bill St. Cttee (2nd sitting): 4.30pm)

2.30pm: Employment Questions

3.15pm: PMs Questions

3.30pm: Ten Minute Rule Bill: Gillian Shephard : Representation
(Redistribution)

3.40pm: Opposition 10th Allotted Day - subject to be announced

10.00pm: EC docs debate on Procurement Policy - PMG

Wednesday 17 May

2.30pm: Trade and Industry Questions

3.30pm: Ten Minute Rule Bill: Gary Waller : Defamation

3.40pm: Employment Bill - Remaining Stages

10.00pm: EC docs debate on Taxation of Savings - EST

P.T.O.

CONFIDENTIAL

Thursday 18 May (Finance Bill St. Cttee (3rd sitting): 4.30pm)

2.30pm: Northern Ireland Questions

3.15pm: PMS Questions

3.30pm: Business Statement

3.50pm: Debate on EC White Paper (Mrs Chalker + DTI Min. or PMG?)

Friday 19 May

9.30am: Private Members' Motions

1. Roger Gale: Domestic and Satellite Broadcasting

2. Sir G Johnson Smith: Territorial Army

3. Andrew Faulds: Repair of Sewage Pipes

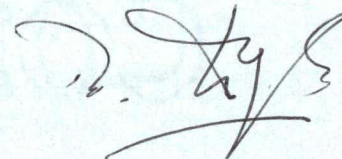
Monday 22 May

2.30pm: Social Security Questions

3.20pm: Civil Service Questions (Mr Luce)

3.30pm: Atomic Energy Bill (Lords) - Remaining Stages

National Maritime Museum Bill - Remaining Stages



B O DYER

CONFIDENTIAL



EXCHEQUER	
REG.	10 MAY 1989
ATTN	MR ILETT
COPIES TO	EST
	SIR P MEDDLETON
	MR WICKES
	MR SCHULZ
	MR COLLING-SMEE
	PS / CTE

10/15
QUEEN ANNE'S GATE LONDON SW1H 9AT

10 May 1989

Dear Geoffrey,

UK/US MUTUAL LEGAL ASSISTANCE TREATY

Thank you for your minute of 19 April. I was pleased to hear that the exploratory talks went well.

I understand that the timing of the return match is dictated by the undertaking in the drugs agreement to embark on substantive negotiations within nine months - i.e. by 10 January 1990. As you say, the first round of negotiations proper on a text has been provisionally arranged for this autumn in Washington, with the weeks starting 30 October or 6 November pencilled in. We are hoping to be able to introduce our proposed legislation close to the start of the new Session, but it may not be published by then. While we cannot show our Mutual Legal Assistance Bill in draft to a foreign government before it is available to Parliament, there seems little doubt that the United Kingdom side at least will know its contents by this time, and that, I think, was your main concern. As far as the US side is concerned, we could if necessary provide them with a summary of the Bill's likely contents if it had not by then been presented to Parliament. But this could probably not be done much before the date of the negotiations and I do not think either of our Departments would be particularly keen to do so in case the summary were subsequently quoted against us. Given the difficulty of providing a summary much before the last moment, it may be that an oral presentation of the Bill's likely contents would be the best course. Thereafter I am not sure how many rounds of talks you would expect there to be, but I take it that there would be no particular difficulty in waiting until after Royal Assent in 1990 before going firm on the text of the Treaty.

You will recall that pressure on the legislative programme cut down the scope of the 1989-90 Criminal Justice Bill to mutual legal assistance only. It is important to our international efforts against crime that we get it. If there is renewed pressure on the programme, I hope that I may rely on your continued active support for the Bill.

I am copying this letter to the Chancellor of the Exchequer, the Secretary of State for Trade and Industry and the Attorney General.

The Rt Hon Sir Geoffrey Howe, QC., MP.



FROM: D I SPARKES
DATE: 10 MAY 1989

MRS CHAPLIN

MR TYRIE

mp

CHANNEL 4 NEWS, 8 MAY 1989

... The Chancellor has asked me to draw to your attention the attached transcript of an extract from Channel 4 news on 8 May. He found Mr Blunkett's comments (marked) interesting and commented that these would be worth probing further. He also noted the comment about capitalism ascribed to Mr Kinnock (also marked) and commented that, while not perhaps for use, this is a striking example of how much the Government has changed the climate of opinion. The Chancellor can well recall a time when not even a Conservative Party leader would dare to speak about "capitalism" in a favourable sense.

D.I.

DUNCAN SPARKES

TRANSCRIPT FROM CHANNEL 4 NEWS, 8 MAY 1989

PRESENTER: The first round of Labour's great policy debate ends in a decisive victory for Neil Kinnock. The National Executive Committee approve the Party's Review Document on the economy by 23 votes to 4; Tony Benn's alternative is heavily defeated. The 7 Review Documents are being discussed over two days. Today, the NEC debated the economy, including privatisation, one of the most controversial issues. The Review rules out wide scale renationalisation. They also discussed setting up a State Investment Bank. Next came a review of economic equality and taxation. The Review recommends a top rate of 50p and a bottom rate of 20p, scrapping the upper earnings limit on National Insurance contributions. A minimum wage of £112, and raising pensions substantially. The NEC moved on to consumer affairs, local government, housing and poverty. This evening they will decide whether to approve replacing the House of Lords with an elected Chamber, the Second Chamber. Tomorrow, Mr Kinnock faces his toughest fight, on defence. The Review effectively scraps the Party's long-standing policy of unilateral nuclear disarmament. Our Political Editor, Eleanor Goodman, has been following today's events.

GOODMAN: The leadership arrived for today's meeting confident that after two years of detailed discussions the Reviews would be approved of the biggest shift in Labour policy since the sixties. Mr Kinnock's allies who have a big majority on the Executive, hope that last week's by-election victory would make it more difficult for the Left to rock the boat, but unabashed, the Left came armed with amendments and the questions about the reports which will no doubt be seized upon by the Tories.

SPOKESMAN: How is Labour programme to be paid for, because the Review Document says no tax increases on ordinary people, no wages policy, no defence cuts, not bringing money back from abroad. Now you have got to do one of those.

Handwritten notes in red ink:
JC
MH
Sgt X. With
2. New
St...
I can...
not...
CNS. Ph...
w...
"Capitulation"
Jan...
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TRANSCRIPT FROM CHANNEL 4 NEWS, 8 MAY 1989

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SPOKESMAN: How is Labour programme to be paid for, because the Review Document says no tax increases on ordinary people, no wages policy, no defence cuts, not bringing money back from abroad. Now you have got to do one of those.

GOODMAN: Tony Benn brought 4 alternative policy statements in his suitcase, which he claimed would push Labour policy forwards on public ownership and defence. Mr Benn may be on a minority on most issues, but on defence Mr Kinnock also faces opposition from key figures like David Blunkett, who intends moving amendments tomorrow to harden up the commitment to get rid of nuclear weapons. The main business inside today, though, was the economy. Tony Benn unsuccessfully tried to move an amendment restoring the Party's traditional commitment to public ownership, but Mr Kinnock insisted that Labour lived in a capitalist system and must work within it. On spending, he said, the Party must have priorities. It was no good drawing up shopping lists of socialism. Midway through what was apparently a tetchy meeting, Mr Hattersley emerged to report progress, with the Left repeatedly being defeated by a margin of at least 7 to 1, he claimed the reports were getting through without too much trouble.

HATTERSLEY: Where things have been pressed to a vote, there has not been a very substantial revolt against the basic principles of the voters.

GOODMAN: But the Left, who Mr Kinnock accused of naivety, put a different complexion on the meeting.

LEFT SPOKESMAN: We will have to wait until it is established, but I suppose the first thing to say is that the Economic Document does move the Party much, much closer to the Thatcherite consensus that has been developed over the last 10 years.

GOODMAN: But he refused to accept that it was the end of the road.

LEFT SPOKESMAN: I will never accept that. I mean, after all, we have lost 3 Elections. Are you asking Mr Kinnock to accept that he can never win power? No, no, no, of course not.

GOODMAN: So far Mr Kinnock has won all the votes on the Executive easily, but to get these policies through the conference he has to persuade the Party outside Westminster. Labour's new song is supposed to attract new younger voters, unmoved by the red flag,

but it could equally well be a message from Mr Kinnock to Party activists as they face up to the findings of the Policy Review, for this will be the big test of the leadership's claim that the Party has changed at the grass roots and is prepared to adapt to the aspirations of today's voters. In many ways, things are different. At one end of the spectrum is enterprise for Labour, or yuppies for the socialism, as their detractors call them. They were set up to demonstrate that there was no conflict between socialism and the enterprise culture. They are delighted with the way Bryan Gould has been moving the Party away from traditional forms of public ownership and talking instead about control and regulations, not for them any agonising about Clause 4. But white wine and the aqualibra is still a minority taste in the Labour Party. Eleanor Goodman, ITN, Westminster.

PRESENTER: Even if Neil Kinnock wins NEC approval for all the policy changes, he will still need to get the Review through the Labour Party Conference this Autumn. The biggest problem there is to persuade the Conference to accept the abandonment of unilateralism. Today the Conservative Party were quick on the attack, the Defence Secretary George Younger claims "Labour's new defence policy would rule Britain out of arms reduction talks". A short time ago, I spoke to David Blunkett, a key member of Labour's NEC, and I asked him what he felt had been achieved so far today.

BLUNKETT: I think there has been a great deal of goodwill today. I think people have disagreed in a reasonable fashion, which I think is a good start in terms of building a commitment by the Party to a programme on which we need to win the General Election. And where there have been differences, people have put them in a sensible and reasonable fashion and there has been a bit of give and take, and I think that is very important in establishing a general consensus around that programme.

PRESENTER: One of the phrases that has come out of the meeting from Neil Kinnock is that "this is about making capitalism work. We live in a capitalist system, we have to accept that, and that what the Party now has to do is make it work more fairly", but surely you came into politics to change the system?

BLUNKETT: I am still in politics to change the system, to change the way in which we treat each other, the way in which we distribute our resources, the way that democracy works, so that those without wealth and power can actually have a say in what takes place in their community, nationally and internationally. And I hope that whilst we recognise the economic and social changes around us, we adjust to them in order to be able to move forward, and I think what is being said by Neil Kinnock is that some of the first steps are going to be extremely tentative ones, and in agreeing with him on that, we are all recognising that we need to win that Election in 1991 if we are to achieve anything at all, never mind a radical change in the way that the capitalist system works.

PRESENTER: Is this Day One of the process of hammering down the lid of Clause 4 socialism?

BLUNKETT: No, it isn't, and it was made very clear in discussing the competitive economy group that we were not doing that, there were changes made during the day which indicated very clearly that we were looking for solutions to problems in terms of how we could develop modern and realistic forms of social ownership. For example, I think that the changes that were made on the element dealing with the public utilities, and our programme of bringing them back under democracy indicated that whilst we had laid out the problems in the document, we have now installed a Clause indicating that we are looking for ways round those problems. Now that to me is the business of real politics, not just accepting that the situation is immovable or that the circumstances around you cannot be changed, but actually not accepting the boundaries of Thatcherism, looking for radical ways round them, but looking for them in a way which is attractive to people who not only want to vote for a Labour Government on its values and principles, but want to vote for a Labour Government because they want a very different kind of society around them, and that is realistic, and it is principled, and I think that is what we are trying to appeal to.

PRESENTER: Tomorrow looks a much trickier day, you have got both Trade Union law and defence. Now are you completely at peace with what appears to be the new Party policy?

BLUNKETT: I think that a number of us will be seeking to strengthen the document on international affairs on a number of ways, not just on the defence, but on our commitments, for instance, with a country like China, which I have a particular interest in. So, whilst defence is going to be at the centre of what we debate, and many of us will want, in a constructive fashion to put forward alternative ways of achieving our goals, then I think there will also be other important debates that get hidden in the natural Press interest in the things on which we disagree.

PRESENTER: But the Labour Party is not, as from tomorrow, going to get rid of the bomb in the first year of Government. Are you telling me, then, that Neil Kinnock, for example, will not press the button on the bomb, should it ever be necessary?

BLUNKETT: Well, I am willing to accept your first proposition which is that we will not make a non-nuclear Britain in the first 12 months. I think some of us will have something to say about the kind of timescale we do lay down, and what happens if national negotiations and the climate of de-escalation should reverse? In other words, we are saying very clearly that we should not be dependent on the internal politics of either the United States or the Soviet Union. Now that is not to throw in the face the progress that Neil Kinnock wants to make to ensure that our policies are attractive, and that the voters can feel easy with them, it is to accept the new climate internationally, but to try and give ourselves room for manoeuvre and independence, and I hope that there will be a bit of give and take in the morning as there has been tonight.

PRESENTER: But you are still left with this problem that if you don't get rid of the bomb in the first few months of a Labour administration, you are therefore possessors of it, are you going to use it if it has to come to that?

BLUNKETT: Well, I think if we are committed to a no first strike strategy, then there will not be a question of Neil Kinnock being expected to go up front, and to actually suggest that we would use nuclear weapons in any circumstances that are foreseeable. I am not in favour of pressing the button, and I am not in favour of keeping our nuclear weapons beyond the lifetime of a normal Parliament, so perhaps you need to address the question elsewhere.

PRESENTER: Do you think you will achieve that timetable tomorrow?

BLUNKETT: We will see. I hope so, if people are reasonable and that we understand the objectives that all of us have.



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

11 May 1989

A J McKeon Esq
Private Secretary to the
Secretary of State for Health
Department of Health
Richmond House
79 Whitehall
LONDON
SW1A 2NS

cc: PS/Chief Secretary
PS/Financial Secretary
Sir P Middleton
Mr Anson
Mr Phillips
Mr Saunders
Miss Peirson
Mr Griffiths
Miss Simpson
Mr Tyrie
Mr Call

Dear Andy.

LEGISLATIVE PROGRAMME 1989-90

The Chancellor has seen your letter of 8 May to Stephen Catling concerning the NHS Reform Bill.

He has noted that the proposed timetable is very ambitious. The Bill is likely to be a substantial one, involving a large number of detailed policy issues, many of which have still to be settled. It will not be easy to achieve the objectives of complete instructions to Parliamentary Counsel by the end of June and introduction of the Bill at the start of the next session. From the Treasury's point of view, full and early consultation is essential, since we will have a close interest in many of its detailed provisions. If this does not occur, it can only delay the timetable for introducing the Bill. The Chancellor has therefore asked me to emphasise that he expects his officials to be kept fully informed from the outset and as the policy develops.

I am copying this letter to Stephen Catling and to other recipients of yours of 4 May.

Yours sincerely,

Duncan Sparkes

DUNCAN SPARKES
Assistant Private Secretary



3

CABINET OFFICE

70 Whitehall London SW1A 2AS Telephone 01-270 0135

11 May 1989

Dear Private Secretary,

PQ ON THE GOVERNMENT'S ACHIEVEMENTS

Further to my letter of 5 May, I attach a proposed text of the answer to Nicholas Bennett's PQ on the major achievements of Her Majesty's Government since May 1979.

We have made some adjustments to the contributions received from Departments in the interests of balance and consistency. Moreover, the composite answer has had to be produced very quickly and there may therefore still be amendments which need to be made. I would therefore be grateful if Departments could look carefully at those sections of the draft answer in which they have an interest and notify me of any further changes, including typing errors, which are needed.

I must ask for all comments, including nil returns, to reach me by 4.00 pm on Friday 12 May.

I am copying this letter to the Private Secretaries to all Ministers responsible for Departments, and sending copies for information to Steve Catling (Lord President's office), Nick Gibbons (Lord Privy Seal's office), Murdo Maclean (Chief Whip's office), Douglas Slater (Lords Chief Whip's office) and Trevor Woolley (Cabinet Office).

*Yours faithfully,
J G Fuller*

J G FULLER

CH/EXCHEQUER	
REC.	11 MAY 1989
ACTION	MR PICKFORD
COPIES TO	CST, FST, PMG, ECT SER P MIDDLETON SER T BURAN, MR ANSON MR SCHLITZ, MR CULLEN MR MARCH, MR RELEY MR SEWICK, MRS LOMAX MR BENT, MR HERBERD MR MACANUSAN, MR GILHOOLY MR HOLCOMB, MRS YOUNG MR MACPHERSON, MRS CHAPMAN MR THRIE, MR CALL

TREASURY SECTION

The United Kingdom is well into its eighth successive year of sustained economic growth, at an annual average rate of over 3 per cent. The seven years to 1988 have seen a combination of strong and steady growth not seen since World War II. The United Kingdom economy has grown faster than all other major European Community countries during the 1980s. Retail price inflation has averaged 5 per cent since 1983 compared to an average of 15½ per cent from March 1974 to April 1979.

Rephrased - see letter.

Business investment in 1988 was the highest ever recorded as a percentage of GDP and in the 1980s as a whole it has grown faster than in all other major European countries; only Japan among the Group of Seven major industrialised nations has had faster business investment growth. Over the past seven years, total investment has grown more than twice as fast as consumption. The level of the United Kingdom's net overseas assets is the largest of all the major nations as a percentage of GDP and in 1986 and 1987 our invisibles surplus was the largest in the world.

Manufacturing productivity has risen at an average annual rate of over 5 per cent since 1980 - faster than in any other major industrialised country, after being at the bottom of the league in the previous two decades. Output per hour worked has also grown steadily so that by 1986 (the latest figure available), it was approaching the average for the Group of Seven and was 50 per cent higher than that of Japan and only 5 per cent below that of West Germany. Since 1981, the net rate of return on capital employed by British industry has nearly doubled. Excluding the North Sea, the rise in profitability has been even greater. In 1987, non-North Sea company profitability rose to over 10 per cent, its highest level since 1969, having risen every year since 1981.

Real take home pay has risen substantially under this Government. For a married man on average earnings with two children, it has increased by nearly a third between 1978-79 and 1988-89. Real personal disposable income is at a record level; in 1988 it was 5 per cent higher than a year earlier. Pensioners have also shared in this growing prosperity. Their average real incomes rose by 23 per cent between 1979 and 1986.

Rephrased
- see letter

The Government have continued to maintain sound public finances. In 1988-89, the Government made a net repayment of public sector debt for the second consecutive year - the first time this has been achieved for forty years - saving over £1½ billion a year in interest payments. Including the £14 billion repayment budgeted for 1989-90, the Government will have repaid roughly a sixth of the total accumulated public debt in three years.

The Government have increased spending on priority programmes while reducing public expenditure as a proportion of GDP. In 1988-89, it was less than 40 per cent of GDP for the first time in over 20 years. This has been made possible by continued improvements in efficiency in Government services, together with a rigorous reassessment of expenditure priorities.

*INSERT
(see
letter)* The Government have ~~also~~ made great advances since the introduction of the Financial Management Initiative in 1982 towards the goal of improving the efficiency and effectiveness of the Civil Service. *L* In 1988 the Next Steps Initiative was launched. *L* This involves setting up, to the greatest extent practicable, discrete management units to perform the executive functions of Government. These Agencies will have clearer objectives, greater responsibility and the right tools for the job. *L* The aim is greater value for money for the taxpayer, increased job satisfaction for staff and a better quality of service for the public. So far, five *L* agencies have been established, and well over 30 candidates identified, covering about a third of the Civil Service.

The Government have pursued a substantial programme of tax reform. The aim has been to create a climate in which businesses can thrive and individual initiative and risk-taking are rewarded. The basic rate of income tax has been reduced from 33 to 25 per cent, and the main personal allowances are fully 25 per cent higher in real terms than in 1978-79. Nine higher rates of income tax on earned income running up to 83 per cent have been replaced by a single higher rate of 40 per cent. A new system of independent taxation for husbands and wives will apply from 1990. Business taxation has been radically restructured, leaving the main United Kingdom corporation tax rate at 35 per cent, one of the lowest in the industrialised world. Seventeen rates of capital transfer tax running up to 75 per cent have been replaced by a single rate of

40 per cent on inheritance; the rates of tax on capital gains have been aligned with those on income and the taxation of purely inflationary capital gains has been ended. The taxation of life assurance will be reformed from 1990. Five major taxes and a number of unjustified tax breaks have been abolished.

Since 1979, the Government have privatised 19 major companies and a number of other enterprises. As a result of this policy and of tax reliefs designed to encourage shareholding, the number of individual shareholders in the United Kingdom, at one in five of the adult population, has trebled since 1979. Nearly 45 per cent of the state-owned industrial sector which the Government inherited in 1979 has been returned to private enterprise. The privatisation programme is set to continue: legislation is proceeding for the privatisation of the electricity supply industry and the water industry in England and Wales, and the Government have already announced their intention to privatise British Coal in the next Parliament.

The Government have introduced a large number of measures to improve the operation of markets. Pay, price and dividend controls have been abolished, together with controls on foreign exchange, bank lending, hire purchase and new issues, and restrictions on industrial and office development. Incentives have been increased by reductions in tax rates and by the reform of national insurance contributions. The state retirement pensioners' earnings rule will be abolished from October 1989.

D373

END OF TREASURY SECTION

Employment in the United Kingdom has risen by almost 3 million since March 1983, to the highest level ever. Unemployment throughout the United Kingdom has fallen over 32 consecutive months by more than 1.2 million from its July 1986 peak, which is the longest and largest continuous fall since the second world war. The unemployment rate is now well below the European Community average. It has fallen in all regions of the country with the biggest falls having occurred in the West Midlands and Wales. The number of long term unemployed (ie those unemployed for more than a year) in the United Kingdom fell by a record half a million in the 2 years to January 1989. Unemployment among the under 25s has also been falling very sharply, and is now much lower than in most other European Community countries.

Changes in employment legislation and measures to assist labour mobility have improved the operation of the labour market. Many restrictions on the employment of women have been lifted.

The Government's policies have helped the small firms sector to grow rapidly and to make a substantial contribution to employment and wealth creation. Between 1982 and 1984, about 1 million jobs were created by self employment and by firms employing fewer than 20 employees. Between 1980 and 1986 the number of small firms grew by around 500 per week. In 1987, this figure increased to nearly 900 per week. Self employment has increased by more than 50% since 1979, to 3 million as of June 1988. The number of self employed women has more than doubled in the same period.

The Government's Small Firms Service continues to provide professional advice and support to small firms. The Enterprise Allowance Scheme has helped some 430,000 people in Great Britain to set up in business on their own. In addition, the Government have helped to create a network of 400 Local Enterprise Agencies throughout the United Kingdom to encourage the development of small firms.

The Employment Service has continued to build on the opportunities for delivering practical and positive help to get unemployed people back to work. In the year to March 1989, the Employment Service placed 1.9 million people

into jobs, of whom 1.5 million had been unemployed. In the same period, some 2.2 million personal interviews were carried out under Restart, almost 90% of them resulting in an offer of positive help from the range of opportunities available, including Jobclubs and employment training. New client advisers have been introduced into all full time unemployment benefit offices and offer positive help to the newly unemployed to get them back into jobs as quickly as possible. The Employment Service has continued to treat as a priority the need to ensure that benefits are properly paid to those who are entitled to them and not to others.

The Government have revolutionised vocational education and training for young people through the Technical and Vocational Education Initiative (TVEI) and two year Youth Training Scheme (YTS). TVEI is now a national scheme covering all education authorities. Over 2 million young people have had vocational training under YTS, and a wide range of courses leading towards a vocational qualification is available to all 16 and 17 year old school leavers. All young people not going into a job or staying in full time education are guaranteed a place on YTS until their 18th birthday.

The Government have successfully introduced Employment Training, the major new programme for longer-term unemployed people. Over 180,000 people are already training on the programme after just 8 months of the programme's operation. The Government have guaranteed the offer of a place on Employment Training or on the Enterprise Allowance Scheme or in a Job club to all those aged between 18 and 24 who have been unemployed for between six and twelve months, and also aim to provide a place on Employment Training for those over 24 who have been unemployed for two years or more. The Government launched a new service - known as Business Growth Training, - last month which will help companies to use training more effectively to improve their performance and their profits. The Government are setting up a network of Training and Enterprise Councils (TECs) to help employers define and meet local skill needs. A National Training Task Force has been set up to assist the Secretary of State for Employment to develop the TECs and to promote greater investment by employers in the skills of the workforce.

Legislation has been passed to protect members against abuses of trade union power, to extend their rights to influence the affairs of their unions, and restore the balance in industrial relations between managements and unions. In particular, secondary action and secondary picketing have been made unlawful, all statutory support for the closed shop has been removed, and unions have been required to hold ballots before strike action.

The Government have launched a major campaign to ensure that business in every part of the country is fully prepared to take advantage of the single market that will exist in the European Community by 1992. There have been over 120,000 requests for further information from DTI. Over 90% of businessmen are now aware of the significance of 1992.

The Government have launched the Enterprise Initiative, with the objective of helping business to acquire the skills and information they need to compete effectively. Since the launch of the Initiative, DTI have been commissioning over 1,000 consultancies a month, with demand spread throughout the UK.

The Government have also launched the Export Initiative which is aimed at improving the quality and delivery of export services through closer partnership with the private sector, with particular emphasis on helping small and medium-sized firms to obtain expert professional advice on exporting.

The balance of regional policy has been changed so that the Government's enterprise policies are properly reflected in the regions. The Government have encouraged greater competition throughout the economy in the interests of greater efficiency and consumer satisfaction.

The emphasis of the Government's financial support for industry has shifted to industrial innovation. Support has been concentrated on collaborative research programmes, including the LINK scheme which brings together academic and industrial researchers, and the EUREKA Initiative for collaborative research in Europe. There are now 12 LINK programmes involving over 350 separate projects and bringing together some 40 universities and 80 industrial groups.

The Financial Services Act established a statutory framework for self-regulation of the financial services industry in the interests of investor protection, under the Securities and Investments Board and a number of self-regulatory organisations. The operation of the Act has been kept under review and the Government is taking steps to make further improvements in the self-regulatory regime following recent consultations.

The Government have been active to strengthen safeguards against fraud and to ensure that the probity of our financial institutions is maintained without undermining their competitiveness. The Companies Acts 1980 and 1981 strengthened the powers of investigation and the courts' powers to disqualify directors for misconduct; and made insider dealing a criminal offence.

The Copyright, Designs and Patents Act 1988, which will come into force later this year, provides a major and comprehensive reform of intellectual property rights. It takes into account the immense technological changes since the 1956 Act, which it will supersede, and will introduce important new rights, such as a design right, which will strengthen and extend the position of the creators of intellectual property.

The Government have responded positively to new developments in radio technology by licensing companies to provide major new services such as cellular radio, which has accumulated over half a million subscribers in the last 4 years, and more recently the telepoint public cordless telephone services.

The Government have continued to work to lift the burdens placed on businesses by regulations and bureaucracy. A third White Paper on deregulation, "Releasing Enterprise" which was published last year, recorded some 120 further achievements in 1987-88 and made some 80 proposals for further action, which are being followed up.

The Government have worked actively to maintain the open world trading system and are contributing to the current Uruguay Round of multilateral trade negotiations, which was launched in 1986 under the United Kingdom Presidency.

The Government have stepped up their attack on urban decay and have given priority to ensuring that inner city residents benefit from growing national prosperity.

We have established ten Urban Development Corporations in England and one in Wales, which are succeeding in enlisting massive private sector resources in urban regeneration.

The Action for Cities initiative, launched in March 1988, brought together a wide range of Government programmes to improve the business environment, encourage further private sector involvement, and improve the quality of life in the inner cities.

The total Government commitment to the Action for Cities programmes, which in 1988/89 was around £3 billion, will reach nearly £3.5 billion in 1989/90. Developments since March 1988 include: seven successful breakfast meetings have been held for local business men and women in cities around the country to encourage them to become involved in regenerating their areas; 30 school-employer Compacts are being set up and a further 10 are planned; 20 City Technology Colleges are being established; three new inner city Task Forces have been announced; City Grant has attracted over £100 million of private investment to inner city areas; eleven areas are now running Safer Cities projects; a broad range of help is being given to developing better sport, arts and leisure facilities and improving the inner city environment; and major improvements in the infrastructure are taking place.

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Government policies on taxation and licensing helped to make 1988 the best year for drilling activities in the North Sea since exploration began in 1964. The Government are holding the eleventh offshore licensing round. 125 applications have been received, making this the second most successful round ever. The oil industry's response confirms the recovery of confidence in the United Kingdom Continental Shelf.

The Government's policies have also fostered the growth of the United Kingdom offshore supplies industry. In 1988 the total value of orders reported by operators for oil and gas development work was £2.5 billion, 35 per cent up on 1987. The United Kingdom share of 84 per cent was worth £2.1 billion.

Productivity of deep mine coal production is now 85 per cent higher than it was in 1978-79, and is up by 70 per cent from pre-strike levels. In the week ending 25 March 1989, national output per manshift rose to a new record of 4.62 tonnes.

The Government's renewable energy research programme has made substantial progress. In 1988, details of the research strategy up to the year 2000 were published in Energy Paper 55, and measures to encourage the development of renewable energy were included in the Bills for privatising the electricity supply and water industries.

Domestic gas now costs less in real terms than in 1970, while the price of electricity for domestic consumers has gone down by 12 per cent in the last five years.

Since the publication of the White Paper "Privatising Electricity" in February 1988, the Government have introduced legislation to reorganise and privatise the Electricity Supply Industry; it has published the licences by which the industry will be regulated; and it has developed plans for the flotation of the industry in England, Wales and Scotland. Substantial progress has been made in reorganising the industry and the Government intend that the new structure

will be ready for vesting in the successor companies once Parliament approves the Electricity Bill.

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Since 1979, productivity per person has increased by over 53 per cent in agriculture and almost 38 per cent in the food and drink manufacturing industry. Prices of food to consumers have risen more slowly than the general price level. Exports of food, feed and alcoholic beverages have almost doubled since 1979.

Reform of the Common Agricultural Policy (CAP), to tackle the problems of burgeoning expenditure and surplus production, was significantly advanced by the agreement at the European Council in February 1988 on the application of budgetary discipline to the CAP, notably through the introduction of a legally binding ceiling on CAP market support expenditure, and the introduction or extension of stabilisers in CAP commodity regimes. Stabilisers, which link full levels of support to predetermined quantities of production, and provide for reductions in support if those quantities are exceeded, are intended to act as a disincentive to surplus production and thus to help bring supply and demand into better balance. In 1988/89, stabilisers were triggered in many sectors and are resulting in significant price cuts. The process of CAP reform was pursued in the price fixing settlements in 1988 and 1989, when common prices were generally frozen and intervention was made less attractive. In January 1989, the beef regime was reformed.

The Government have taken many steps to safeguard the position of United Kingdom farmers. Significant green pound devaluations, which considerably improve the competitiveness of United Kingdom agriculture, and which are agreed steps towards the completion of the internal market, were agreed at each of the last two price settlements. The suckler cow premium and expenditure on hill livestock compensatory allowances have been increased.

The Government have introduced further schemes designed to achieve a better balance between agricultural production and the environment, to aid farm diversification and alternative land use, and to encourage farming practices that are beneficial to the landscape and to the conservation of wildlife.

The Set Aside Scheme, introduced in 1988, provides incentives for the reduction of surplus arable production, while keeping the land which has been set aside in good heart.

The Farm Woodland Scheme is designed to encourage the planting of trees on land previously in agricultural production.

We have established 19 Environmentally Sensitive Areas in the United Kingdom, where payments are made to encourage environmentally beneficial agricultural practices.

Since 1979, a considerable shift in the focus of capital grants has taken place; they are now concentrated more on investments which prevent pollution by farm operations and which help to conserve the landscape and to protect its flora and fauna. The Farm and Conservation Grant Scheme, introduced in February 1989, offers grants of 50 per cent for effluent facilities and also grants for a wide range of conservation activities.

The sale, supply and use of pesticides has been brought under statutory control to ensure safe use in relation to operators, consumers and the environment.

The Government have continued to take action where necessary under the Food Act to safeguard the nation's food supply on the basis of the best scientific advice available.

We operate a comprehensive food monitoring and investigative system under the auspices of the Steering Group on Food Surveillance. We have also set up a Committee under the chairmanship of Sir Mark Richmond to make recommendations on the microbiological safety of food.

In order to ensure that our legislation can meet the challenge of modern food technology, the Government have also engaged in extensive consultation with industry, enforcement and consumer interests as part of a review of existing

food legislation, with a view to legislating as soon as the Parliamentary timetable permits.

The United Kingdom has played a full part in negotiating the directives which form part of the Community's single market programme for harmonising food law. These will remove barriers to trade and benefit both consumers and industry.

In 1979 we set up the Farm Animal Welfare Council which has given us independent and authoritative advice. We have banned veal crates and various mutilations; introduced new legislation on battery hens and on poultry transport and slaughter; and produced on-farm codes for all the major species.

After protracted and difficult negotiations, the Government secured a European Community common fisheries policy settlement in 1983 on terms very favourable to the United Kingdom. Conservation, control and structural measures have all been strengthened as part of that settlement and subsequently. The Salmon Act 1986 strengthened powers to deal with illegal fishing and made improvements in the conservation and management of salmon.

Controls to ensure the protection of the marine environment have been strengthened, and substantial reductions have been achieved in the levels of contaminants in material licensed for disposal at sea.

In the field of transport, the Government have pursued policies designed to ensure that Britain's growing transport needs are met safely, efficiently and with proper respect for the environment.

British Airways and the British Airports Authority have been privatised. The Government have authorised the development of Stanstead as London's third airport, encouraged the development of airport facilities in the regions, improved the management of the main local authority airports by transferring them to companies and banned the noisiest aircraft from operating at British airports. The Government have taken steps, domestically and internationally, to intensify aviation security and to increase air traffic control capacity. The

Government have strengthened competition on international air-routes by negotiating more liberal bilateral arrangements. The Government have secured agreement to packages of liberalisation measures for aviation, shipping and road haulage within the European Community as a first step towards the completion of the internal transport market.

In England, local bus services outside London have been deregulated. This has resulted in greater competition between operators, the introduction of new types of bus services, and lower costs and subsidies, as well as an increase in the overall provision of bus mileage. The privatisation of the National Bus Company was completed well ahead of schedule, and the majority of its subsidiaries were bought by their own managers or employees. British Rail has been given objectives for improving the quality of its services and ^{to for} increasing its efficiency through reduced subsidy. In 1987/88, passenger revenue was at the highest level since nationalisation, and British Rail expanded its ambitious investment programme to secure improved services, whilst achieving their target for reduction of public subsidy. The Government have commissioned studies of the requirement for new railway lines in London and have backed a major programme of investment by London Underground, including £700 million to upgrade the Central Line and £266 million to implement new safety measures in the wake of the King's Cross fire.

The Government have involved the private sector in the funding of projects such as the Channel Tunnel and the Dartford-Thurrock bridge.

The Government have taken measures to encourage the employment of British seafarers aboard British ships. Numerous measures have also been taken to improve ferry safety following the Zeebrugge disaster. The Government have privatised the British Transport Docks Board and have reformed the marine pilotage system.

In England, capital investment in trunk roads has increased by nearly 60 per cent since 1979. Some 880 miles of new and improved motorways and other trunk roads have been completed, including 98 new bypasses. The Government have carried out a major review of Britain's trunk road and motorway

requirements and will be publishing a White Paper shortly. The Government are supporting 360 major local authority road schemes, most of which are aimed at bypassing local communities or relieving them of traffic. The Government's continuing concentration on road and vehicle safety measures has given the United Kingdom the best road accident record in the European Community. In 1988, deaths on Britain's roads were the lowest since 1954, despite a fourfold increase in traffic in the same period. The aim is to reduce casualties by one third by the year 2000.

Government expenditure on social security is now at its highest level ever both in cash and real terms. Spending on social security is up by 33 per cent in real terms from £16.4 billion in 1978-79 to a planned £51.3 billion, almost £1 billion a week, in 1989-90. Between 1978-79 and 1988-89, spending on long-term sick and disabled people has increased by about £3.5 billion in real terms, a real increase of 90%; total expenditure on benefits for the elderly has gone up by 24 per cent in real terms; and the real value of family support has risen by 27 per cent from £6.7 billion to £8.5 billion.

Social security is a major service industry. Virtually the whole population are customers. The Government have long been concerned to improve the quality of service. The reform of social security benefits has contributed to this process by introducing a structure of benefits which is easier to understand and to administer. Our massive computerisation programme will deliver benefits more accurately and more quickly. The relocation of some "backroom" work from some London offices will relieve the pressure on those offices and improve the speed and quality of service to the public in London. Work is considerably advanced on other initiatives including an examination of the possibility of Social Security operations being run as an executive agency or agencies, a definition of service, improved training for staff, in-house style for our premises and a revised management structure which gives local managers greater authority to respond flexibly to the needs of their own local public.

The Government's restructured social security system was implemented in 1988. Income Support, which replaced Supplementary Benefit, is simpler and targets

help more effectively on those groups most in need. Family Credit, an in-work benefit, is already paid to ~~one~~^{one} quarter of a million families with average payments of £25 per week. We have already spent about £400 million in the first 12 months of the scheme. The Government are now embarking on a major advertising campaign, including television, in order to ensure that all those who may be eligible are aware of Family Credit. The simpler Housing Benefit scheme is fairer and people are treated alike whether in work or not. The Social Fund has given effective and flexible help: over 150,000 Community Care Grants have been made to vulnerable people and nearly 900,000 interest free loans with a combined total expenditure of £166 million have been paid in the first year. In addition to the prices uprating in April this year, we have added an extra 50 pence a week to the child allowances in Income Support, Family Credit and Housing Benefit. This will cost an additional £70 million over and above the amount needed to restore the real value of benefits and means that from this April we will be directing about another £200 million to the greater benefit of some 3 million children in lower income families. From October this year, National Insurance contributions will be reduced for employees, and the main disincentive effects of the current system will be removed.

The Government's economic success has enabled pensioners' average incomes to grow by 23 per cent in real terms over the period 1979 to 1986 and the Government have met their pledge to maintain the real value of the state retirement pension, which is now being paid to one million more pensioners than in 1979, at a cost of over £20 billion this year. We have also announced that from October this year just under £200 million extra will ^{be} set aside for poorer pensioners, through the income support and housing benefit schemes. In all, about 2.6 million pensioners are expected to benefit from this increased expenditure. The abolition of the earnings rule for pensioners from 1 October 1989 will give more choice and flexibility for older people who want to carry on working. An objective of the Government has been to encourage the spread of occupational and personal pensions, and to give people more choice in how to provide for their retirement. In 1985 the Government gave everyone leaving an employment scheme the right to a fair transfer value to a new employer's scheme or to buy a deferred annuity. The Government also

gave members rights to all the information they need to take decisions about their pension. 1988 saw significant changes in the arrangements for pensions: from April 1988, contracting-out of SERPS was made easier and July saw the introduction of the new choice of personal pensions. More than 2 million people have already taken advantage of this opportunity to plan for their retirement by applying for a personal pension.

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In England spending on the Health Service is up by 40% in real terms from £6.5 billion in 1978-79 to £21.1 billion now. There are over 12,400 more doctors and dentists and over 53,000 more nurses and midwives. Capital spending has increased from £373 million to more than £1.2 billion. Some 300 health building schemes, each worth over £1 million have been started and completed and 500 further schemes are at various stages of planning, design and construction with 140 due to be completed in the next 3 years. Over 1.25 million more in-patient cases are now being dealt with each year, making a total of ^{over} 6.5 million.

General managers throughout the health service are providing energetic and innovative leadership through speedier and more incisive decision making. Health authorities are continuing to improve efficiency and their cost improvement programmes have yielded savings worth over £700 million in the past 5 years. Savings worth some £140 million are planned for this year.

The Government have set up an independent review body to recommend on nurses' pay. All six of the review body's reports, including the 1989 report, have been implemented. Since 1979, nurses will have received on average a 44 per cent real term increase in their pay.

A number of initiatives have been taken to improve the health and wellbeing of the population. We are the world leaders in introducing a breast cancer screening service and the first country within the European Community to have a comprehensive cervical cancer screening service based on computerised call and recall. Considerable progress has been made on improving the uptake of childhood immunisation and last October, the mumps, measles and rubella programme was announced which marks the most significant change in immunisation policy in the past 20 years. The Government have developed a comprehensive strategy in response to the threat of AIDS and have taken, and will continue to take, all necessary measures to prevent and contain the spread of the virus.

Waiting lists have fallen in the last few years and are now some 8 per cent lower than in 1979. Districts with waiting list problems have been targeted

with Government funding of £86 million in England to tackle waiting list black spots. This funding will allow treatment of some 300,000 more in-patients and day patients and 200,000 out-patients by the end of the current financial year.

In the social services field, there have been increases in places in training centres and community homes for mentally handicapped people. There are more home help staff, more social work staff, more places in day centres for elderly people, and more places in residential and nursing homes.

The White Paper, "Working For Patients", set out proposals for the most far reaching changes in the history of the NHS. The aim is to build on its record of achievement to provide even better service for patients and to raise the performance of all hospitals and GP practices to that of the best. This will be achieved through the introduction of measures designed to delegate responsibility and to promote patient choice.

The Government have secured the agreement of the profession's negotiators on the basis for a contract for GPs. This new contract will introduce health promotion and illness prevention as major objectives of service provision and will relate GPs' pay more closely to their performances.

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Since 1979, substantial progress has been made in reforming the structure and financial basis of local authorities to make them more accountable and responsive to the needs of their local electorates, and to give better value for money in the provision of local services. The structure of local government in England has been simplified and improved with the abolition of an unnecessary tier of government in Greater London and the Metropolitan areas. The Audit Commission for England and Wales was established in 1983 and has already made great progress in identifying opportunities for improving value for money in local government, some of which are beginning to show results. Legislation on competition is ensuring that local authorities in Great Britain subject the provision of an increasing range of their services to the disciplines of competitive tendering. The Widdicombe committee on the conduct of local authority business identified a number of measures needed to improve local authority procedures and avoid abuses, and the Government are now legislating to implement many of the key recommendations. Measures on local government finance have restrained the growth of local authority expenditure in Great Britain, particularly in some of the more extravagant high-spending authorities. The Local Government Finance Act 1988 makes provision for the abolition of domestic rates in England and Wales and their replacement by a fairer and more broadly based community charge from 1 April 1990. The same Act includes provisions to remedy the uneven burden of non-domestic rates on businesses through the establishment of a nationally determined uniform business rate.

In housing, the Government introduced the first statutory charter of rights for public sector tenants including the right to buy. Since then over 1 million tenants in Great Britain have bought their homes. The stock of owner occupied dwellings in Britain has increased by 3 million; more people own their homes than ever before; and 65 per cent of all dwellings are owner occupied. There has been a net increase in the stock as a whole of about 1.8 million more than enough to keep pace with the growth in the number of households over the period.

The Government's estate action programme has helped local authorities with over 200 schemes on rundown council estates in England. A scheme of

assistance has been introduced for owners of defective houses previously in the public sector throughout Great Britain, and good progress has been made. Measures have been introduced to strengthen the rights of leaseholders living in private blocks of flats.

The Housing Act 1988 aims to broaden the choice open to tenants and to encourage more private investment in housing in England and Wales; it deregulates rents in the independent rented sector; provides the basis for an expansion of the housing association movement; allows for the establishment of housing action trusts in some of the most rundown areas of local authority housing; and provides all secure local authority tenants with the opportunity to transfer to new landlords approved by the Housing Corporation.

The Local Government and Housing Bill now before Parliament maintains this progress: it introduces a new capital finance system permitting allocations to local authorities to be better tailored to need, a new housing subsidy system designed to impose better financial discipline, and provisions for targeting renovation grants on housing most in need of improvement and people most in need of assistance.

The Government have created a unified inspectorate of pollution for England and Wales with a remit to develop an integrated approach to pollution control. Following a successful initiative in Europe to bring to an end the addition of lead to petrol, the maximum lead content of petrol has been cut by 60 per cent, and a tax differential in favour of unleaded petrol of 14p a gallon has been introduced. Unleaded petrol is now available at over 7,700 sites and use of the fuel doubled last month to 14 per cent. Following the successful London conference on the protection of the ozone layer, the signatories of the Montreal Protocol to the Vienna Convention have agreed to phase out the production and consumption of the CFCs controlled by the Protocol as soon as possible, and not later than 2000.

The Government have taken steps to reduce the pollution of our rivers, estuaries and beaches. In 1987 the United Kingdom chaired the North Sea conference, which produced an important package of measures to safeguard and

enhance the quality of the North Sea. We are applying the measures agreed to all our seas.

The Government have made substantial progress in securing the future of the natural heritage. In Great Britain, over 5,000 Sites of Special Scientific Interest have been notified or renotified as part of the implementation of the Wildlife and Countryside Act 1981; this process is now 85 per cent complete. In addition, 33 special protection areas have been designated throughout the United Kingdom under the European birds directive, and 40 wetlands of international importance under the Ramsar convention.

The Government have been active in improving the care and management of our national heritage. We have established two powerful new forces for conservation - the National Heritage Memorial Fund in 1980 and the Historic Buildings and Monuments Commission (English Heritage) in 1984. A major resurvey of listed buildings is virtually complete.

The Government have taken a wide range of steps to simplify and improve the planning system and to speed up its operation, while protecting and enhancing the environment in town and country. The area of approved green belt in England has more than doubled since 1979; the annual acreage of agricultural land taken for development in England and Wales in the 1980s is less than one third of the levels seen in the 1960s and early 1970s; and nearly one half of land for new housing development in England is either redeveloped land or vacant land within urban areas.

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The Government have maintained central support for arts activities, and have introduced a number of measures to encourage greater self-reliance among arts institutions. There has been a significant upsurge in business sponsorship- the Government's business sponsorship incentive scheme has brought £22.75 million of new money into the arts in five years. Major progress has been made with the building of the new British Library at St Pancras and there have been major expansion schemes at some national museums and galleries, including the Clore Gallery at the Tate, the new Tate Gallery in Liverpool, the National Gallery's Sainsbury Wing, the Theatre Museum at the V and A, and the re-development of the Imperial War Museum.

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The Government have continued their policies to improve all aspects of the system in England and Wales: a new 16 plus examination system, the GCSE, has been introduced, as have the new AS levels which will broaden studies for 16-18 year olds. The Technical and Vocational Education Initiative is augmenting practical elements in the 14-18 curriculum. In higher education, record numbers of students were admitted last year and plans are being taken forward to continue the shift towards science and engineering and other key subjects for our continuing economic success, ~~are being taken forward~~. The Education Reform Act 1988 sets a new course for the future. The National Curriculum is being introduced from this September; assessment and testing are being taken forward; more open enrolment and new types of school will widen the choice of schools open to parents; local management of schools and colleges is being introduced; the new polytechnic and colleges sector of high education has been established; university funding arrangements have been reformed.

Since May 1978, the Government have increased the number of police officers in England and Wales by nearly 14,000 to over 125,000 and the number of civilians supporting the police by about 8,000 to over 42,500. Expenditure has been increased by about 55 per cent in real terms over the same period, and the Government continue to work closely with the service to ensure that these resources are used to the best possible effect. The powers of the police to deal with public disorder have been strengthened. Over 66,000 neighbourhood watch schemes are now in operation in Great Britain. Fourteen cities are involved in the Safer Cities programme to reduce crime and the fear of crime. The new national crime prevention organisation "Crime Concern" has been established and is working with the police, other public agencies and private business to develop and encourage crime prevention activity. An independent Crown Prosecution service is now in operation throughout England and Wales. Twenty-four senior and 34 junior attendance centres have been opened. The largest prison building programme this century is underway. Out of a total of 28 new prisons planned for England and Wales, 8 are already open and the remainder are at various stages of planning and construction. A major programme of refurbishment and modernisation is in progress. New staff working practices have been introduced. The number of uniformed prison

officers in England and Wales has been increased by 45 per cent, and the ratio staff^{to}inmates improved.

Measures have been taken to ensure that the terms of imprisonment served by violent offenders fully reflect society's abhorrence of their crimes. Government assistance to the victims' support movement has been greatly expanded: £11 million will be provided over the next three financial years to help local schemes. The Government have continued to develop an overall strategy for countering drug misuse and illicit trafficking. The National Drugs Intelligence Unit has been created and strengthened. Seventeen drugs wings, with an additional 229 officers to man them, have been added to the regional crime squads in England and Wales to target major drug traffickers. The Video Recordings Act has brought "video nasties" under control.

Legislation has also been put through for data protection; to provide more rigorous control of animal experimentation; to provide a framework for the development of broadcasting by satellite and cable television (including the establishment of the Welsh fourth channel); to set out a new framework for police powers, for providing safeguards for the citizen and for handling complaints against the police; to control the possession and sale of alcohol in connection with football matches; to provide for the establishment of the serious fraud office, now in operation, and to make other improvements in the investigation, prosecution and trial of fraud offences; to provide comprehensive new powers to investigate, restrain and confiscate the proceeds of drug trafficking, where the Government are working for international agreements to make such powers more generally effective; to improve controls on the possession of firearms and shotguns; to remove outdated restrictions in liquor licensing law; to enable the United Kingdom to participate more effectively in the international fight against crime, including a major reform of extradition law; to make provision for courts to order the confiscation of the proceeds of profitable crime; to provide for unduly lenient sentences to be reviewed; to create a statutory right for the victims of crime to receive compensation; to tighten the law on possession of knives and to ban the sale of offensive weapons which have no legitimate use; to strengthen the jury system; to reform the law on official secrets by replacing section 2 of the Official

Secrets Act 1911 with provisions protecting just six classes of official information; and to put the Security Service on a statutory basis with the appointment of a Commissioner and provision for complaints to an independent Tribunal.

The Government have played a major role in developing international co-operation in the fight against terrorism and have strengthened police powers under the Prevention of Terrorism Act. We continue our policy of fair but firm immigration control. The Immigration Act 1988 corrected a number of weaknesses in the existing legislation.

Proposals for new broadcasting legislation designed to promote greater choice and competition without detriment to programme standards and quality have recently been published in the White Paper "Broadcasting in the 1990s".

The Government have continued the reform of family law; have legislated to remove the legal disadvantages of children born outside marriage; and have brought schemes into effect to combat the evils of child abduction both within the United Kingdom and throughout the world. The Government have introduced the Children Bill which provides a single, coherent code covering the care and upbringing of children. It will enable steps to be taken towards a single integrated jurisdiction over all types of children's cases and will facilitate important procedural reforms.

The Government have embarked on a programme of reforms in the administration of civil justice in England and Wales which will improve access to justice for the public by speeding up, simplifying and reducing the cost of civil proceedings.

The Legal Aid Act 1988 established a Board to administer the Legal Aid scheme and to ensure that it operates as efficiently and effectively as possible. The Legal Aid Board assumed these functions on 1 April 1989.

The Government have simplified conveyancing, extended the areas in which

titles have to be registered, and have continued the major programme of the simplification and consolidation of our statute law.

A substantial increase in resources has enabled the capability of the armed forces to be strengthened. The Government played its full part in implementing the NATO twin-track decision to modernise intermediate-range nuclear weapons while seeking to achieve an arms control agreement, and this policy has been vindicated by the Intermediate-range Nuclear Forces (INF) Treaty. Increased efficiency is being pursued by the continuing transfer of resources from the support areas to the front line, and by introducing increased competition in defence contracts and promoting collaboration with our international partners. Major reorganisation of the headquarters structure of the Ministry of Defence has been introduced.

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The Government have maintained Britain's firm commitment to national defence and the NATO Alliance. At the same time, the Government have worked determinedly for a more stable security relationship between East and West, seeking verifiable reductions in nuclear and conventional weapons and a global ban on chemical weapons. The Government have been active in building up, and setting priorities for, an East-West dialogue on arms control.

The Government played a leading role in the Stockholm conference on European arms control which was successfully concluded in September 1986, and gave full support to our United States allies in their successful negotiations with the USSR over INF. British Ministers and representatives have played an active part in the preparation and conduct of the two sets of talks recently started in Vienna.

The Government have worked consistently to strengthen the Western European Union as part of their effort to promote closer European defence co-operation. Britain presided over the accession to the organisation last year of Spain and Portugal.

The Government have also consistently sought greater East-West co-operation in the settlement of regional conflicts. They maintained steady pressure for the withdrawal of Soviet forces from Afghanistan. They are now pursuing an active dialogue with the Soviet Union on other regional issues.

The Government have worked vigorously to ensure that human rights are fully respected in Eastern Europe. The Government played an active part in the successful conclusion to the ~~OSCE~~ Vienna meeting of the Conference on Security and Confidence in Europe which closed in January with substantive new agreements on human rights. The Government have also encouraged steps towards economic and political reform in the Eastern countries.

Within the European Community, the Government reached agreement at Fontainebleau in 1984 that the United Kingdom should pay a fairer share of the EC budget. In the United Kingdom Presidency of 1986, and at the Brussels European Council in February 1988, the Government secured major

reforms of the Common Agricultural Policy, including a binding ceiling on agricultural spending and an automatic cost-cutting regime for all commodities.

The Government have helped to establish the completion of the Single European Market by 1992 as the Community's top priority. They have worked consistently to ensure that this market will be as free as possible from internal barriers and regulation and will be open to the outside world, in order to encourage competition, enterprise and efficiency and to increase commercial opportunities for British industry. The Government have championed liberalising measures in Europe, such as freer movement consistent with national security; mutual recognition of professional qualifications; abolition of exchange controls; and cheaper air fares. In the GATT and other international economic fora, the Government have worked to strengthen the open world economic system, including through the current Uruguay Round.

The Government supported the entry of Greece, Spain and Portugal into the Community, in order to strengthen their democracy and prosperity, and to reinforce NATO. The Government have actively promoted close EC political co-operation, including the initiative for the provisions in the Single European Act which put this co-operation on a Treaty basis for the first time.

Rhodesia was brought to legal independence as the Republic of Zimbabwe in 1980. The Government resolutely upheld and continue to defend the right of the Falkland islanders to live in peace under a government of their own choosing. An agreement with China about the future of Hong Kong was ratified in 1985 and good progress has since been made with its implementation. The Gibraltar border has been reopened and the Government have established a negotiating framework with Spain aimed at overcoming differences over the Rock.

In November 1985 the Government concluded the ~~Anglo-Irish~~ Agreement which has played a major part in bringing about a ~~more~~ positive and mature period in Anglo-Irish relations.

Duplicated by Northern Ireland contribution?

With our Commonwealth and European partners, the Government have worked towards ending apartheid in South Africa by peaceful means. ~~They~~^{We} have extended significant assistance to black communities within South Africa. The Government have also worked to strengthen the security and stability of South Africa's neighbours through the provision of substantial development assistance and military training.

At the United Nations and elsewhere, the Government have supported the rule of international law, peaceful settlement of disputes, and respect for human rights. Through the Armilla patrol, Britain has fulfilled its long-standing commitment to protect merchant shipping in the Gulf. As one of the Five Permanent Members of the UN Security Council, Britain made a significant contribution to the initiation and adoption of Resolution 598 on the Iran/Iraq conflict and the subsequent ceasefire last year. The Government have been active in developing closer co-operation between the Five on this and other issues, such as Namibia. The Government have supported the successful US-led negotiations on Namibia's future; and the role of the UN in bringing the territory peacefully to independence. The Government have also worked for financial and administrative reform in the UN.

The Government have promoted international co-operation to combat terrorism and drug-trafficking. With the World Health Organisation, the Government organised the 1988 London Summit of Ministers of Health on programmes for AIDS prevention. The Government have also been in the forefront of international efforts to protect the environment. With the UN Environment Programme, the Government organised the recent London international conference on saving the ozone layer.

The Government have maintained a substantial and effective aid programme, totalling over £12.5 billion in the period 1979-88. While the bulk of our bilateral aid has been focused on the poorest countries, the Government have provided long-term help to nearly 130 developing countries. The Government have responded swiftly and generously to appeals for emergency aid to Sub-Saharan Africa and elsewhere and have taken the lead in promoting measures to relieve Sub-Saharan African countries of their official debts.

The White Paper on Scottish Enterprise put forward proposals to integrate the functions of the Scottish Development Agency and the Training Agency into a single body, Scottish Enterprise, and to provide training and to promote enterprise through a network of employer-led local agencies responding directly to local needs.

Unemployment in Scotland has fallen in 24 of the past 25 months and by 90,000 since January 1987. Manufacturing productivity in Scotland increased by 5.4% per annum between 1979 and the first 9 months of 1988. Between June 1983 and June 1988 the civilian workforce in employment increased by 106,000; and in 1988 alone the increase was 66,000. The number of self-employed increased by 66,000 between June 1981 and June 1988, compared with virtually no change in the 3 decades to 1981.

In 1988 there was a net growth of over 3,400 in company registrations in Scotland. Between 1 January 1980 and 1 January 1988 the number of companies registered in Scotland increased by some 20,000 or by over a half. Between the second quarter of 1979 and the third quarter of 1988, the output of the Scottish electronics industry increased by a factor of 3.7.

Inward investment planned by companies since the inception of the Government's Locate in Scotland programme totals some £3 billion and is associated with the intended creation or safeguarding of 6,000 jobs.

Expenditure by the Highlands and Island Development Board (HIDB) in 1988-89 was £42m, 5.5% higher in real terms than in 1979-80. The success of HIDB is indicated by an estimated 1% increase in the area's population since 1981. The Government have successfully maintained the area's eligibility for support from European Community structured funds and have obtained agreement to a programme of EC support of £73m to assist development of the area's infrastructure.

1988/89 saw the largest ever single project in a Scottish new town come on stream, with investment of over £200 million by Kymmene Stromberg in the new Caledonian Paper Mill in Irvine. Take up of industrial space in all 5

towns was at an all time high and private sector investment in both industry and housing continued to rise to record new levels.

Total gross public capital investment has increased by an average of 2 per cent per annum in real terms in the 10 years from 1979-80 (ie from £751 million to £919 million at 1988-89 prices.)

Owner-occupation among Scots has increased significantly, from 35 per cent to over 44 per cent. A major contribution to this increase has been the 150,000 tenants who have bought their homes from their public sector landlord under the right to buy legislation introduced in 1980, or through voluntary sales. The Housing (Scotland) Act 1988 introduced a statutory right for public sector tenants to transfer to a private sector landlord.

The Housing (Scotland) Act 1988 has established a new housing development agency, Scottish Homes. The new agency will play a key role in revitalising Scotland's housing and will promote more diverse patterns of tenure in the public sector. The volume of applications for home improvement and repairs grants has increased substantially. The Government have enabled the number of houses let by housing associations in Scotland to increase sixfold since 1979.

The Government have achieved their objective, on the timetable they originally set, of abolishing domestic rates in Scotland with effect from 1 April this year, and replacing them with a new community charge.

Measures have been taken to speed up the town and country planning system in Scotland to allow the establishment of Simplified Planning Zones and to meet the particular planning requirements of high technology industries, small businesses, private house builders and major retail development. The protection of the landscape and wildlife habitats has been strengthened. Major initiatives have been taken to reform and simplify the building control system to reduce restrictions while maintaining public safeguards. Access for disabled persons to public buildings has been greatly improved by reforms to building regulations.

The deregulation of local bus services in Scotland has been achieved with service levels maintained overall and improvements in many areas. The Government have stimulated innovation through competition while cutting subsidies. We have also introduced legislation to privatise the Scottish Bus Group. Since 1979, over £800 million has been invested in motorways and trunk roads in Scotland. Thirty bypasses, relieving communities of through traffic, have been opened.

Major reforms have been introduced to the education system in Scotland. The Education (Scotland) Act 1981 gave parents the right to choose their children's school, and since then over 140,000 placing requests have been made, with over 93 per cent of them being successful. That Act also introduced the Assisted Places Scheme to widen educational opportunity and parental choice. 2,660 children benefited from the Scheme in 1988-89, and it is now being extended to assist up to 3,000 pupils. The School Boards (Scotland) Act 1988 gave parents in Scotland the opportunity for the first time to become involved in running their children's schools. By the end of October this year, each school in Scotland will have its own Board with a majority of parent members. The school examination system is being modernised with the introduction of Standard Grade and the associated revision of the post-16 examinations. The Technical and Vocational Education Initiative is being extended throughout Scotland. Measures are being taken to revise the school curriculum for ages 5-14, to improve the assessment of pupils, including nationally standardised testing in key elements of English and mathematics at ages 8 and 12, and to better inform parents of their children's progress. The Self-Governing Schools Etc (Scotland) Bill, now before Parliament, will enable parents in Scotland to seek self-governing status for schools outside local authority control, and so will expand the educational choice available and improve the standards of educational provision for all. The Bill also provides for the establishment of technology academies, with private sector sponsorship.

The participation rates of young people in higher education has reached the highest ever levels. Radical changes in further education have increased the take-up of vocational training at all levels. The grant-aided higher education colleges have been reconstituted to give them greater freedom and incentives

to earn external income and to increase student numbers. The Government-backed Scottish Wider Access Programme has been launched to encourage collaboration between educational institutions to widen access to higher education, and provision has been made for a statutory Scottish Committee of the Universities Funding Council.

Police manpower in Scotland has increased, and, in order to release police officers for operational duties, the Government are encouraging civilianisation of posts wherever possible. Increased attention has been devoted to crime prevention.

The Government have intensified the campaign against drug misuse in Scotland. Drug wings have been established in the Scottish crime squad and all eight Scottish police forces now have a specialised drug squad or unit. Since 1979, a total of 60 major hospital developments have been completed in Scotland, providing 6,747 beds and 521 day places. A further 31 schemes are in planning, under construction or being commissioned which will provide a further 3,452 beds. In addition to the public education campaigns on AIDS, the Government have this year made over £12 million available to health boards throughout Scotland in recognition of the extra burdens which AIDS placed upon them, including funding for three special AIDS units in Edinburgh, Glasgow and Dundee. The Government have supported several projects for research on HIV infection and AIDS and have provided funding for studies into the incidence of AIDS in Scotland. In addition, the Government encourage and support voluntary sector initiatives in the AIDS field in Scotland.

Since 1987, £13 million has been allocated to Health Boards in Scotland for special action to reduce the number of people waiting for treatment and the time they have to wait. In the 18 months to September 1988, the number of people on waiting lists in Scotland fell by around 10 per cent.

With the publication in November 1988 of the SHARPEN Report (Scottish Health Authorities Review of the Priorities for the Eighties and Nineties) and the booklet "The Scottish Health Service", priorities have been set for the

Health Service in Scotland which emphasise the care of the elderly with mental disability; community care of the mentally ill, the mentally handicapped and the elderly; preventive medicine and the younger physically disabled.

Competitive tendering for ancillary services in the NHS in Scotland is expected to release £25m over the next 3-4 years from the contracts so far awarded. These savings will be reinvested in direct patient care.

The Health Capital Budget in Scotland is up by one third this year alone, and a substantial part of this increase is due to the incentive which allows Health Boards to keep all the proceeds of the sale of redundant buildings and land. This year, hospital building will benefit by £25m from these receipts, more than three times the estimate made before the incentive was introduced. This money will be ploughed back into the Health Service to provide buildings and equipment for patient care.

Special assistance is being made available to farmers in the North of Scotland to help restore floodbanks damaged in the exceptional floods earlier this year.

The Government's commitment to the outlying areas of Scotland is demonstrated by the Western Isles integrated development programme which ended its five-year span in 1987 and provided £56 million to improve socioeconomic conditions in the area, and by the five-year agricultural development programme for the other Scottish islands which started in 1988. This programme provides £38 million to increase the efficiency of agricultural businesses without adding to overall agricultural production.

Five environmentally sensitive areas (ESAs) have been designated in Scotland under which farmers can receive payments for agreeing to farm in a conservation-friendly way. These areas are in different parts of the country and include the Machair ESA in the crofting area of Scotland. The Government remain fully committed to the expansion of forestry and introduced two new grant schemes - the Woodland Grant Scheme and the Farm Woodland Scheme - in 1988.

The Government's commitment to promote art and culture in Scotland has resulted in major new galleries for the Burrell collection in Glasgow and for modern art in Edinburgh. A new home for the Royal Scottish Academy of Music and Drama was opened in 1988 and the first phase of a new building for the National Library of Scotland in Edinburgh will be opened later this year; the second phase will be completed in 1994.

The Government have done more than any previous Administration to secure the future of the Gaelic language. A new specific grants scheme for Gaelic education, designed to improve the quality of Gaelic teaching and curriculum in schools, was introduced in 1986. Grants under the scheme amount to £0.85 million in the current year. In addition, substantially increased resources have been allocated to a range of organisations providing support for Gaelic language and culture.

In Northern Ireland, the Government have pursued the policy of combatting terrorism, within the rule of law, by the most effective means available. In the implementation of this policy, the security forces have conducted themselves with great courage and skill; many terrorists have been apprehended, much material has been recovered, and a large number of terrorist operations have been frustrated, which would otherwise have added to the tragic toll of death and suffering.

The Government have continued to implement the Anglo-Irish Agreement, and have used its machinery further to improve security co-operation.

The Government's efforts to find an agreed basis on which greater responsibility can be devolved to the elected representatives of the people of Northern Ireland have continued.

A key objective of Government policy is to regenerate the private sector in Northern Ireland and release the region's potential for economic growth. To this end, the industrial development organisations in Northern Ireland have promoted over 75,000 jobs, while the youth training programme has provided opportunities for an estimated 84,300 entrants with some 32,000 man years of

work provided by the action for community employment scheme. At any time, some 29,000 persons are benefitting from a wide range of employment and training resources. Legislation has been introduced to secure equality of opportunity in employment.

Belfast city centre has been revitalised both in terms of housing and commerce. Housing conditions have shown improvement, with a considerable reduction in the level of unfitnes and a significant increase in the level of owner occupation.

In July 1988, the Government launched the Making Belfast Work programme designed to address the social, economic and environmental issues in the most disadvantaged area of Belfast. In addition to substantial mainstream programmes, a further £65m has been made available in the period 1988/89-1991/2.

Proposals have been developed, with a view to early implementation, for the reform of the educational system to improve educational standards and for the provision of new opportunities and incentives for existing schools seeking to promote integrated education.

Substantial programmes have been maintained in Northern Ireland for agriculture, health and personal social services, environmental services and social security.

D373/A290988

Since the establishment of WINvest in 1983, Wales has secured some 290 inward investment projects from overseas companies promising some 96,000 new or safeguarded jobs and involving almost £2 billion of capital investment. Notable successes include Ford's £700 million investment at Bridgend and Swansea and Bosch's £100 million project at Miskin.

Wales, with 5 per cent of the United Kingdom's population, achieved, in terms of related new jobs, 20 per cent of all inward investment into the United Kingdom in 1987 and 22 per cent in 1988. This compares with 6 per cent in 1979.

Since 1979, the Government have committed nearly £250 million - at today's prices - to the land reclamation programme in Wales, one of the largest and most sustained programmes in Europe, and the Welsh Development Agency has constructed over 11½ million sq ft of factory space with a job potential of about 35,000.

The success of the Development Board for Rural Wales is indicated by an estimated 4.5 per cent increase in the population of the area covered by the Board between 1979 and 1987.

Three enterprise zones set up by the Government are located in Wales: at Swansea, Delyn and the Milford Haven waterway. Over 8,500 people are currently employed in these zones, of whom 3,500 are in new jobs.

The Government have supported the rapid spread of local enterprise agencies in Wales, of which there are now 24. Such agencies have had £9.7 million of central Government assistance and they estimate that they have helped to create over 20,000 jobs.

Seasonally adjusted unemployment in Wales has fallen in each of the last 34 consecutive months to a total in April 1989 of 105,000 - a fall of 66,900 or 5.3 percentage points from ~~14.7~~ per cent to 8.8 per cent.

The number of self-employed in Wales is currently 148,000 - a substantial increase on the 1981 figure.

Since their introduction in 1982, urban development grants of around £37 million have been awarded to 75 projects throughout Wales. These will bring forward a total private sector investment of nearly £173 million. The scheme has now been superseded by a simplified grant mechanism, Urban Investment Grant, which was introduced on 1 April 1989. To date, 180 enquiries have been received and grants of just over £1 million have been awarded on two projects.

In June 1988, the Government launched a three year programme of action designed to improve economic, environmental and social conditions in the South Wales Valleys. Expenditure on key activities involving the promotion of investment, the creation of jobs and environmental improvement in the Valleys is expected to total some £500 million over the life of the Programme, and to help stimulate private sector investment of around £1 billion. In the first seven months of the programme unemployment in the Valleys has fallen faster than elsewhere in Wales, by over 5,000 since the Programme was launched. Factory lettings by the Welsh Development Agency (WDA) in the Valleys have been at record levels since the Valleys Programme was announced, running at 2 new lettings a week in the first 9 months of 1988-89. The WDA has made great progress in its factory building programme - some 492,500 sq ft of factory space was started in 1988-89 against a target of 450,000 sq ft. The WDA's derelict land clearance programme is well under way and will lead to the clearance of some 2,500 acres over the life of the Valleys Programme. 3is (Investors in Industry) now expect to provide over £5 million of venture capital for Valleys investments in 1988-89 compared with the earlier forecast of £2.5 million. Welsh Office offers of Regional Selective Assistance and Regional Development Grant made up to the middle of January 1989 have covered projects involving 7,500 new jobs and private investment of £180 million. 21 projects have been supported by the Welsh Development Agency under their Valleys Small Loan Scheme. In addition, the Valleys Enterprise Loan Scheme has funded 26 projects at a total cost of £315,500, and the Community Enterprise Scheme has funded 11 projects amounting to £70,000.

Urban Programme allocations totalling £18 million for 1989-90 have been directed to the Valleys area - 67 per cent more than in 1987-88, the year before the Valleys Programme was launched. The Wales Tourist Board has launched the first phase of a major new marketing campaign designed to attract more visitors to the Valleys. Health services in the Valleys have received support with 2 new Health Centres at Blaengwynfi and Gwaun-Cae-Gurwen. Ten more Valleys health projects will be funded in 1989-90.

Owner-occupation has increased from 59 per cent of housing stock in 1979 to 69 per cent. Almost 71,000 public sector dwellings have been sold to their tenants under Right to Buy and voluntary terms since 1980 and over 57,000 new homes have been built for sale. Since 1979, over 15,000 dwellings have been provided by housing associations for sale or rent to help people in housing need. Housing for Wales (Tai Cymru) was set up under the Housing Act 1988. Between 1979 and 1986 the proportion of Welsh households lacking basic amenities more than halved and this progress has been continued over the last 3 years. Over 162,000 home improvement grant schemes for private sector dwellings have been completed since July 1979 with a value of £479 million in the same period. £446 million has been spent on the renovation of local authority housing stock. Since 1982, over 8300 dwellings have been improved under enveloping schemes.

Expenditure on the Health Services in Wales has risen by almost 45%, after allowing for general inflation between 1978-79 and 1989-90. Nearly £700 million at current prices will have been invested in the capital estate of the Hospital and Community Health Services in the period April 1979 to March 1990: five major hospitals have been completed with a sixth due for completion before the end of this year. The number of staff directly concerned with patient care has increased by over 21 per cent since 1979, and 28 per cent more in-patients and 21 per cent more out-patients were treated in 1987 than in 1979.

Current expenditure on education in Wales, excluding school meals and milk, was provisionally 10.9 per cent higher in real terms in 1987-89 than in 1978-79. Pupil numbers dropped by 16.1 per cent in the same period; and

expenditure per nursery/primary pupil rose by over 27 per cent, from £792 to £1,004, and per secondary pupils by over 36 per cent, from £1,090 to £1,488, their best ever levels. The number of students on courses of advanced further education in the public sector rose from 9,000 in 1979/80 to 14,500 in 1987/88, an increase of 61 per cent.

Since 1979, almost £900m has been spent on providing some 140 miles of motorway and trunk roads in Wales. In addition over £240m has been spent on structural renewal and on general maintenance. The road programmes for the 1990's have been set out in the new edition of 'Roads in Wales' published on 10 April 1989. Since 1979/80 overall net resources to the WTB have increased by 185 per cent including an increase of 135 per cent in support of projects creating almost 4,000 jobs.

The Government's direct financial support for the Welsh language has increased annually from £0.2 million in 1979-80 to around £4.6 million in 1989-90. Since the Government decision to set up the Welsh fourth television channel in 1982, S4C has been an outstanding success in both artistic and employment terms. In July 1988, the Government established the Welsh Language Board to advise on all matters relating to the use of Welsh in the public and private sector.

D373/A 29 09 88

UNCLASSIFIED

CHANCELLOR

Handwritten note:
Thank.
We will need
with a new
constr.

FROM: A G TYRIE
DATE: 11 May 1989
cc: Mrs Chaplin
Paymaster General

BLUNKETT ON CHANNEL 4 NEWS: 8 MAY, 1989

This caught my eye, too. Where Blunkett talks about "bringing [the utilities] back under democracy" all I would ask is: "are Labour repudiating, revising, or implementing Clause 4? Are they going to revise their constitution at the Party Conference?" Gaitskellism revisited.

2. Even more interesting was the last part of the interview, on nuclear weapons. We now have four fairly clear (if illogical) contradictory statements from Labour's front bench on nuclear weapons:

- Bryan Gould, tells us that we should keep them for an indefinite period but not use them;
- Gerald Kaufman tells us that to say whether one would use them is something no responsible government should do;
- Joan Ruddock, thinks all our nuclear weapons should be scrapped immediately;
- David Blunkett, tells us that he is in favour of keeping nuclear weapons, but only for a period of up to five years.

3. In addition you could add the Hattersley/Kinnock position, which is not to offer a view at all on whether these weapons would ever be used, nor to give any explanation for not giving an answer!

Handwritten signature: A G Tyrie

PP.

A G TYRIE

UNCLASSIFIED

FROM: B O DYER (Parly Clerk)
 DATE: 11 May 1989
 EXTN: 4520

CHANCELLOR

cc Mr Gieve - IDT
 Mr Faulkner - IDT

PARLIAMENT PROGRAMME : THE CHILTERN HUNDREDS

Steve Johnson, producer of the programme for Channel 4, has asked me to convey to you his delight and appreciation for agreeing to be filmed signing the warrant appointing Mr Holland to the Chiltern Hundreds. He saw no difficulty in doing this at short notice as his film unit is based just across the road in the Queen Elizabeth II Conference Centre.

2. For the record, I saw Mr Johnson (in the company of David Faulkner) for an hour or so today, answered his earlier questions and gave him a potted history of the Chilterns: which, incidentally, is fascinating and dates back to the Domesday Book. I also provided him with a number of interesting peripheral facts, eg in 1463 the parliamentary pay of the Member for Dunwich, John Strahan, was a barrel of red herrings; up to 1840 Members accepting appointment had to pay the Chancellor a fee of £16.15s (including stamp duty of 35s); prior to 1893 warrants were carried away or destroyed by the Chancellor on leaving office, and it was Sir William Harcourt who ordered that they be registered in the Treasury and published in the London Gazette (TM 6759/93).

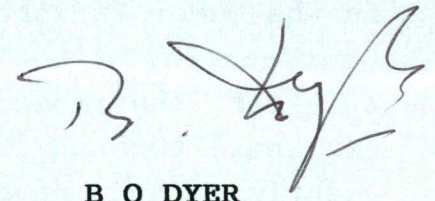
3. Relating to your Chancellorship, I told him that since WWII you hold the record with 21 appointments (RAB Butler 18) and since records began, second only to David Lloyd George (52); also that no previous Chancellor can match your granting 15 multiple applications in a single day (the Ulster Unionists on 17 December 1985). You are also the only Chancellor on record to have signed a Warrant of appointment outside the UK (ie for the TV personality, Robert Kilroy Silk on 1 October 1986 in the British Embassy, Washington).

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X | 4. In addition to filming the signing of the Warrant, he has asked if I would be prepared to do a brief interview for the programme. I said I would need to consult you first. Being a factual non-political programme, I see no objection in principle provided I have the questions and clear and comment with you in advance; but the decision, of course, is yours?

5. Mr Johnson expects the programme to go out in the back end of June. I promised to let him have a few factual notes during the course of next week. I will pass a copy beforehand to your office and IDT.



B O DYER

UNCLASSIFIED

File : CA/002

FROM : MISS J C SIMPSON
DATE : 12 MAY 1989
Ext 5211

CHANCELLOR

cc Chief Secretary
Financial Secretary
Paymaster General
Economic Secretary
Sir P Middleton
Sir T Burns
Mr Anson
Mr Monck
Mr Scholar
Mr Culpin
Mrs Lomax
Mr Peretz
Mr Gieve
Mr Pickford
Mrs Chaplin
Mr Tyrie
Mr Call

Cl- / Are you content with proposed changes? I think you can simply focus on the changes I have coloured in; the rest are just Treasury comments on other departments' contributions.

OK - DIS

PQ ON THE GOVERNMENT'S ACHIEVEMENTS SINCE 1979

The Cabinet Office have now circulated for comment a consolidated version of the draft reply to the PQ on the Government's achievements since 1979 which Nicholas Bennett has asked. (behind)

2. Our own contribution has emerged unchanged, although EA and FP would now like amend one sentence slightly. PPG would also like to add a piece on developments in civil service management. Treasury divisions had a number of comments on the contributions from other Departments. I attach a schedule of these.

3. The Cabinet Office have asked for comments by 4.00pm today, 12 May (the draft only reached us at 10.00 this morning). I attach a draft letter for Mr Sparkes to send with our contribution if you are content. [Deadline extended to Monday].

JS

MISS J C SIMPSON

John Fuller Esq
Home and Social Affairs Secretariat
Cabinet Office
70 Whitehall
SW1

PQ ON THE GOVERNMENT'S ACHIEVEMENTS

I enclose a schedule with the Treasury's comments on the proposed reply to Nicholas Bennett MP's Question to the Prime Minister asking her to update her answer last year to Sir John Biggs-Davison listing the Government's achievements since 1979.

X
The Chancellor would also be grateful if you could insert ~~a~~ after the first sentence of the paragraph on the FMI

All departments now have arrangements for delegating clear budgets and responsibilities down the management chain, and the flexible pay agreements now in force in the Civil Service will enable departments to make further improvements in the use of their human resources. The central instructions on personnel management in the Civil Service are being reviewed with a view to removing unnecessary controls on the discretion of managers in departments wherever possible.

DUNCAN SPARKES

Page 1

Rephrase final sentence of first paragraph "Retail price inflation has averaged around 5 per cent since 1983 compared to an average of over 15 per cent from March 1974 to April 1979."

In the final paragraph, please replace "nearly a third" in lines 2-3 with "about 30 per cent".

Page 6

Amend the final sentence of the third paragraph to read "Since the launch of the Initiative, over 25,000 applications have been received."

Page 7

Amend the end of the fourth paragraph so that it reads " ... 4 years. More recently, the Government have agreed to licence for consortia to operate the telepoint public cordless telephone services."

Page 12

Add a new fifth paragraph "The Government has introduced changes for some agricultural advice services with a target of achieving 50 per cent cost recovery by 1993-94 and has announced its intention of withdrawing Government support for near market R & D on agriculture, fisheries and food. Savings from these policies have been redirected to increase other science and technology expenditure. The Government has maintained a substantial programme of research in support of policy and public good objectives."

Page 14

Delete "In England" at beginning on second paragraph. In fifth line of same paragraph, replace "the majority" by "half".

The reference to the Government involving the private sector in funding projects such as the Channel Tunnel looks rather odd. We suggest it would be better for it to read "The Government have involved the private sector in the funding of transport projects, for example the Channel Tunnel ...".

The first sentence of the final paragraph should read "In England, capital investment in trunk roads has increased by 60 per cent in real terms since 1979." The figure in the next sentence should be 900.

Page 15

The fourth line from the bottom of the first paragraph should read "... United Kingdom the best overall road accident record ...".

In the third paragraph, delete "Virtually the whole population are customers", which gives the impression that most people are receiving benefits (by implication because they are sufficiently poor to need them).

Pages 15-16

Rewrite paragraph as follows "The Government's restructured system of income-related benefits was implemented in 1988. Income support, which replaced Supplementary Benefit, is simpler and targets help more effectively on those groups most in need. We have pursued our policy of targetting help on low income families. As part of this policy, child

benefit, for which all families are eligible, has not been uprated in 1988 or 1989. Many low income families have gained from the introduction of income support (replacing supplementary benefit) and family credit (the in-work benefit, replacing family income supplement). For example, family credit expenditure was about £400 million in the first 12 months of the scheme, twice the amount spent on family income supplement. Families on income support and family credit do not lose when child benefit is not uprated, because their income support or family credit are higher as a result. This year, the decision not to uprate child benefit will lead to £70 million of additional expenditure on the income-related benefits, leaving claimants no worse off. Moreover, we have added a special 50p a week increase for the child allowances in income support, family credit and housing benefit, raising the value of these benefits in real terms and costing a further £70 million. In total, we are directing about £200 million extra this year to the greater benefit of some 3 million children in low income families. From October this year, employees' National Insurance contributions will be reformed, and the main disincentive effects of the current system will be removed.

Page 18

The figure at the end of the second paragraph should be £150 million.

We suggest deleting the phrase "have fallen in the last few years" in the final paragraph. They have been creeping up since 1982.

Page 23

The figure at the end of the fourth line should be £24.82 million. The National Museum of Wales should be added to the list of expansion schemes.

Page 32

We suggest deleting the reference to "total gross public sector investment" in Scotland. The figures are not soundly based, and are not given for either Wales or Northern Ireland. We think it would be sensible to be certain they were good for these two territories before exposing ourselves to questions asking for the figures.



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

12 May 1989

John Fuller Esq
Home and Social Affairs Secretariat
Cabinet Office
70 Whitehall
SW1

pnw

Dear Mr Fuller,

PQ ON THE GOVERNMENT'S ACHIEVEMENTS

... I enclose a schedule with the Treasury's preliminary comments on the proposed reply to Nicholas Bennett MP's Question to the Prime Minister asking her to update her answer last year to Sir John Biggs-Davison listing the Government's achievements since 1979.

As I mentioned on the telephone, the Chancellor has not yet seen these amendments; I shall contact you on Monday with any further comments he may have.

cc: PS/Chief Secretary
PS/Financial Secretary
PS/Paymaster General
PS/Economic Secretary
Sir P Middleton
Sir T Burns
Mr Anson
Mr Monck
Mr Scholar
Mr Culpin
Mrs Lomax
Mr Peretz
Mr Gieve
Miss Simpson
Mr Pickford
Mrs Chaplin
Mr Tyrie
Mr Call

Yours sincerely,

Duncan Sparkes

DUNCAN SPARKES
Assistant Private
Secretary

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Insert after first sentence of the third paragraph "All departments now have arrangements for delegating clear budgets and responsibilities down the management chain, and the flexible pay agreements now in force in the Civil Service will enable departments to make further improvements in the use of their human resources. The central instructions on personnel management in the Civil Service are being reviewed with a view to removing unnecessary controls on the discretion of managers in departments wherever possible." Start a new paragraph with the sentence beginning "In 1988 the Next Steps Initiative.....".

Page 6

Amend the final sentence of the third paragraph to read "Since the launch of the Initiative, over 25,000 applications have been received."

Page 7

Amend the end of the fourth paragraph so that it reads "... 4 years. More recently, the Government have agreed to licence for consortia to operate the telepoint public cordless telephone services."

Page 9

Delete final sentence of second paragraph; it is likely to provoke the Commission in the context of the procurement directive. In the third paragraph, we would prefer to say "1984" rather than "pre-strike".

Page 12

Add a new fifth paragraph "The Government has introduced changes for some agricultural advice services with a target of achieving 50 per cent cost recovery by 1993-94 and has announced its intention of withdrawing Government support for near market R & D on agriculture, fisheries and food. Savings from these policies have been redirected to increase other science and technology expenditure. The Government has maintained a substantial programme of research in support of policy and public good objectives."

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The figure at the end of the fourth line should be £24.82 million. The National Museum of Wales should be added to the list of expansion schemes.

Page 32

We suggest deleting the reference to 'total gross public sector investment' in Scotland. The figures are not soundly based, and are not given for either Wales or Northern Ireland. We think it would be sensible to be certain they were good for these two territories before exposing ourselves to questions asking for the figures.

UNCLASSIFIED

⇒ Duncan

imp



FROM: Assistant Parliamentary Clerk
DATE: 12 May 1989
EXTN: 5007

PS/CHANCELLOR

✓

cc PS/Chief Secretary
PS/Financial Secretary
PS/Paymaster General
PS/Economic Secretary
PS/IR
Miss O'Mara - MG
Mr Gieve - IDT
Mr Dyer

FORTHCOMING TREASURY BUSINESS IN THE HOUSE OF LORDS

You may wish to be aware that the current forthcoming Treasury business in the Lords is as follows:

ORAL QUESTIONS

Monday 15 May The Lord Boyd-Carpenter - To ask Her Majesty's Government what would be the loss of revenue if a deceased person's principal home were exempted from inheritance tax.

Government Spokesman: Lord Young. IR in the lead

Thursday 8 June The Lord Dean of Beswick - To ask Her Majesty's Government whether, in order to reduce the present hardship being experienced by owner-occupiers, they intend to announce a cut in the Bank Lending Rate; and if so, when.

Government Spokesman: To be confirmed. MG in the lead.

Mari Rogerson
MARI ROGERSON

UNCLASSIFIED



FROM: D I SPARKES

DATE: 12 May 1989

MR TYRIE

cc PS/Paymaster General
Mrs Chaplin

pw

BLUNKETT ON CHANNEL 4 NEWS: 8 MAY 1989

The Chancellor was grateful for your minute of 11 May concerning Mr Blunkett's recent interview on Channel 4 News. He commented that we will need a meeting on this subject in due course.

D.I.

DUNCAN SPARKES



FROM: D I SPARKES

DATE: 12 May 1989

gwp

MR B DYER (Parly Clerk)

cc Mr Gieve
Mr Faulkner

PARLIAMENT PROGRAMME: THE CHILTERN HUNDREDS

The Chancellor was grateful for your minute of 11 May concerning the Channel 4 programme on the Chiltern Hundreds. He has no objection to your giving a brief interview for this programme.

D.I.

DUNCAN SPARKES



CH/EXCHEQUER	
REC.	16 MAY 1989
ACTION	MRS M BROWN ✓ 16/5
COPIES TO	CST, FST, PMG, EST
	MR WICKS, MR LANKESTER
	MR MOCK, MR PHILLIPS
	MR RIG ALLEN, MR I WISLOW
	MRS CABE, MR MORFITT
	MR BURR, MR DJ TWIGHT
MS JAMES, MR P RUSSELL	
MRS CHAPLIN, MR TYRRE	
MR CALL	

HOUSE OF LORDS,
SW1A 0PW

16 MAY 1989

15 May 1989

Dear Geoffrey,

CONTRACTS (APPLICABLE LAW) BILL

I am writing to seek policy approval from colleagues for my proposals for this Bill, which has been given a place as an uncontroversial measure in the legislative programme for the 1989/90 session. The Bill will enable the UK to ratify the 1980 Rome Convention on the law applicable to contractual obligations, which we signed on 7th December 1981, and also the 1984 Luxembourg Convention on the accession of Greece to the Rome Convention.

I enclose a short note explaining the Convention and Protocols in general terms, to which is attached a summary of its contents. The Convention, a Report on it by two Professors who had been involved in its preparation and two recent Protocols are to be found in the Official Journal on 9th October 1980 (L Series), 30th October 1980 (C Series) and 20th February 1989 (L Series).

In implementing the Convention, I propose that we should not apply two particular provisions. The first is Article 7(1). This gives a discretion to the courts to give effect to the mandatory rules of law (ie. those from which parties cannot derogate by contract) of countries which have some connection with the contract, even though they are neither the country whose law has been chosen by the parties nor the country whose law would apply under the Convention in the absence of a choice. This will introduce uncertainties and potential conflicts into the Convention and often make it difficult to predict what the legal effects

...../2

The Right Honourable
Sir Geoffrey Howe QC MP
Secretary of State for Foreign
and Commonwealth Affairs
Downing Street
London SW1

of a transaction will be. The United Kingdom has always taken the view that the provision will detract from the uniformity which the Convention aims to introduce.

The second provision is Article 10(1)(e), which provides that the consequences of nullity of a contract are to be among the aspects of a contract which are governed by the law that would have applied had the contract been valid. Under English law, the right to recover money paid under a void contract is part of the law of restitution, not the law of contract. Apart from this theoretical difficulty, it may well be inappropriate for a law which has no relevance to the contract, other than the parties' choice of it to govern it if valid, to apply to determine its consequences if void.

Reservations against these two provisions are permitted by Article 22 of the Convention, and we have always intended to make them.

It is open to us, at the same time as giving effect to the Convention, to provide that the Bill should apply the rules and principles in the Convention to other matters, even though they are excluded from the scope of the Convention. At the time of negotiating the Convention the UK pressed for the inclusion of arbitration agreements and agreements on the choice of court and I believe that these should be covered by the Bill. Insurance contracts covering risks within the EC were also excluded from the Convention, but they have been regulated subsequently by two Council Directives and I doubt whether it is necessary for the Bill to include them.

Finally, although Article 19(2) provides that a state shall not be bound to apply the Convention to conflicts between the laws of two of its territorial units, I see no reason to take advantage of this. The Convention would thus apply as much to contracts with an English and a Scottish element as to contracts with an English and a French element.

Having signed the Convention, our intention has always been to ratify it and we are coming under increasing pressure from EC member states to do so. Seven ratifications from the then nine EC member states are required for the

Convention to come into force; to date, six countries have ratified. Ratification will also be of benefit as we approach the 1992 internal market, since the provision of unified rules of conflict will assist the free movement of goods and services among the member states. I also believe that it will be in our interests, as supporters of freedom of choice for the parties, for that freedom, which is not at present always recognised by others, to be firmly established by the Convention. More generally, there will be advantages in the certainty achieved by established Treaty and statutory rules, as against the uncertainties of some of our present case law.

The Bill has no resource implications.

I am copying this letter to the other member of OD(E), to the Home Secretary, the Secretaries of State for Scotland and Northern Ireland and Sir Robin Butler.

Yours ever,
James.



ROME CONVENTION 1980

The Rome Convention lays down uniform laws to determine which country's laws are to govern the provisions of contracts which contain international elements. Its broad outlines accord generally with our current law. In particular, the two basic rules on the choice of law are the same as ours: first, that the express choice of law made by the parties will prevail and, secondly, in the absence of choice, that a contract will be governed by the law of the country of the closest connection. There is a rebuttable presumption that the closest connection where the contract concerns immovable property will be with the country where the property is and that otherwise it will be with the country where the party whose performance is characteristic of the contract has his habitual residence or place of business, as the case may be. There are special safeguards in the case of consumer contracts and contracts of employment.

The Convention does not cover family relationships or succession, insurance within the EC, negotiable instruments, arbitration agreements or choice of court agreements. Nor does it prevail over the rules on applicable law in other international agreements. However, it does operate worldwide, and not only to contracts where the choice is between the laws of EC member states.

The principal reason for the delay in implementing the Convention has been the need to decide what, if any, role the European Court of Justice should have in interpreting it. A compromise was finally reached last December whereby courts (in our case the House of Lords and other courts from which no appeal is possible) may request the European Court to give a preliminary ruling in a pending case on the interpretation of the Convention. A competent authority of the contracting state may also ask for a ruling if the judgments of its courts conflict with those of the European Court or those of the courts of another contracting state. (Irish constitutional difficulties have meant that there are two protocols, the first giving jurisdiction to the European Court to give rulings on the interpretation of the Convention, the second to give it the powers conferred on it by the first; Ireland will be able to ratify the second protocol without having to ratify the first.)

SUMMARY OF CONVENTION ON THE LAW APPLICABLE TO
CONTRACTUAL OBLIGATIONS, ROME, 19TH JUNE, 1980

INTRODUCTION

The Convention determines which national law is to govern contracts which contain elements connected with more than one country. The rules of the Convention are to be applied to all such international contracts whether or not the countries concerned are members of the EEC. With one or two minor exceptions the Convention does not lay down specific provisions of contract law but is concerned only with ascertaining which country's laws are to apply. The national laws thus ascertained can be displaced only by mandatory laws of the country of the court where the contract is adjudicated upon, the public policy of that country or different rules on the choice of law contained in international agreements to which that country is a party.

ARTICLE 1

The Convention applies to any contractual obligations in circumstances where a choice has to be made between applying laws of different countries. It does not, however, apply to questions involving status or legal capacity of natural persons, contractual obligations relating to testate or intestate succession, or to matrimonial or family relationships, cheques, bills of exchange and other negotiable instruments, arbitration agreements and agreements on the choice of court, matters concerning the internal management of companies, certain aspects of agency agreements, trusts or contracts of insurance (other than re-insurance) covering risks situated in the EEC.

ARTICLE 2

This makes the Convention operate world-wide, and not merely on the laws of Member States.

ARTICLE 3

Where the parties choose the law of a country that law governs the contract. It is permissible to choose different laws for different parts of a contract. Where all aspects of the contractual relationship relate to one country only, mandatory rules of the law of that country cannot be overridden by the choice of another country's law.

ARTICLE 4

In the absence of choice by the parties the contract is governed by the law of the country with which it is most closely connected. There are presumptions about that closest connection which apply in the absence of evidence of a closer connection elsewhere. Contracts concerning immovable property are presumed to be most closely connected with the country where the property is situated; contracts for the carriage of goods with the country where the carrier has his principal place of business, provided it coincides with the place of loading, of discharge or of the consignor's principal place of business; other contracts are presumed to be most closely connected with the country where the party who is to effect the characteristic performance of the contract has his habitual residence or principal place of business.

ARTICLE 5

This Article makes special provision for contracts entered into by consumers, that is, persons contracting for supply of goods, services, or the supply of credit for purposes outside their trade or profession.

If the consumer had, at the invitation of the other party, entered into the contract in the country of his own habitual residence and in certain other cases of special inducement offered to the consumer, no choice of law expressed in the contract can displace protection afforded by mandatory rules of the law of the consumer's country of habitual residence. In the absence of a choice of law

The governing law will in such a case be not that specified in Article 4, but that of the country of the consumer's habitual residence. These special consumer protection provisions do not apply to contracts of carriage, with the exception of holiday package tours.

ARTICLE 6

This Article affords special protection to employees. A choice of law expressed in a contract of employment cannot deprive the employee of the protection afforded to him by the mandatory rules of the law of the country with which the contract is most closely connected. Generally that is presumed to be the country in which the employee habitually carries out his work under the contract, or if there is no such country, the country of the place of business through which he was engaged. Where no choice is expressed in the contract the governing law is that of the country of the closest connection, subject to the aforementioned presumption.

ARTICLE 7

This concerns mandatory rules which can or must prevail over the applicable law. Effect may be given to mandatory rules (i.e. rules which under the law of their country cannot be excluded by agreement of the parties) of other countries with which the situation has a close connection. (But under Article 22 Member States may reserve against this provision.) In any case, the Convention cannot prevent the application of mandatory rules of the law of the court entertaining the proceedings.

ARTICLE 8 provides that the law which governs the contract also determines whether the contract is valid. There is an exception enabling a party who denies that he consented to the contract sometimes to rely on the law of his habitual residence.

ARTICLE 9 determines the law which decides whether a contract is valid as to its form. It will be valid if it satisfies the requirements

the governing law under the Convention or of the country where it was concluded, and where the parties are in different countries compliance with the law of either country is also sufficient. There are further rules about the law governing particular acts forming part of the formalities, and consumer contracts falling within Article 5 must comply with the rules enacted in the country of the consumer's habitual residence. Contracts concerning immovable property must satisfy the mandatory rules of the country where the property is situated.

ARTICLE 10 specifies the scope of the applicable law, which is to govern the interpretation of the contract, aspect of its performance, consequences of breach of contract, including assessment of damages, termination of contracts and of rights of action in relation to them, and the consequences of a contract being void. (On this last element a reservation is permitted under Article 22.)

ARTICLE 11 restricts the ability of a natural person to rely on the law of another country in order to claim that he did not have the capacity to enter into the contract.

ARTICLES 12 and 13 determine the applicable law for assignment of contractual obligations, whether voluntary or by operation of law.

ARTICLES 14-18

Article 14 enables the applicable law under the Convention to govern also presumptions of law and the burden of proof. Evidence relating to the contract may be adduced by any mode of proof recognised under the law of the court or any of the laws admitted under Article 9 to establish the formal validity of the contract.

Article 15 ensures that the law ascertained as the applicable law under the Convention comprises the substantive law of the specified country but not its rules on the choice of yet another law.

Article 16 preserves the overriding effect of public policy.

Article 17 makes the Convention apply only as to the future.

Article 18 calls for uniform interpretation of the rules of the Convention.

ARTICLE 19 provides that where, as is the case in the United Kingdom, a State comprises territorial units with different legal systems, each such unit is to be considered as a separate country for the purposes of ascertaining applicable law. However, such a State is not obliged to apply the Convention in relation to the application of these different territorial laws inter se.

ARTICLES 20 and 21

These Articles preserve the precedence over rules laid down in the Convention of rules contained in the Community Treaties and Instruments made under them, or any international Conventions to which a Contracting State is a party.

THE REMAINING ARTICLES

Article 22 permits some reservations. The rest deal with the usual matters of protocol. There are provisions for consultations if a Member State proposes to enact other choice of law rules for particular contracts or to enter into an international Convention to that end.

The Convention is to be subject to ratification and to come into force after the 7th ratification. It is to remain in force for 10 years with 5-yearly break clauses thereafter. The authentic languages are those of the Member States of the European Communities.

JOINT DECLARATIONS

Joint Declarations express the wish of the Member States to avoid fresh diversification of choice of law rules by -



~~map (x befn)~~
pwp

Treasury Chambers, Parliament Street, SW1P 3AG

01-270 4520

Steve Johnson, Esq
ITN Westminster Bureau,
Queen Elizabeth II Conference Centre,
Broad Sanctuary,
LONDON
SW1

15 May 1989

THE CHILTERN HUNDREDS

Enclosed is a copy of the notes I prepared for your visit last Thursday, together with a short historical preamble. The notes, in numerical order, correspond with your earlier questions. The annexes mentioned in the notes were passed to you when we met.

If the British Library is unable to dig out a copy of Parry's monograph, let me know and I'll see if we can help. While I cannot let our only copy out of the department, it may be possible for you to peruse it here.

B O DYER

cc Mr. Duncan Sparkes - c/Ex

Mr. David Faulkner - 1DT

X My minute to the Chancellor
of 11 May refers.

Brian Dyer
15/5/89

PARLIAMENT PROGRAMME : THE CHILTERN HUNDREDS

(Notes on questions submitted by Mr Johnson, ITN, prior to his Visit on Thursday, 11 May 1989 at 11am)

Q1. "Legal disqualification" - set out in Statute. The House of Commons Disqualification Act 1975, as amended, lists those offices which disqualify a person from membership of the House of Commons - eg Judges (Sir Thomas Williams, QC, MP was made a Circuit Judge in 1981 and was automatically disqualified under the Act).

Q2. "Conflict of interests"? Strictly speaking "no"; rather posts prescribed in the Act. It stems from the jealously guarded right of the House to have exclusive jurisdiction over its Members, ie posts incompatible with their membership of the House of Commons.

Q3. "Resolution of 1623" must be taken to mean that Members could not 'decline election' at will, not that the House would not consider applications for resignation.

Q4. Practice after 1623. Service in Parliament is a duty, originally a feudal obligation, required of Members for the duration of the Parliament to which they are elected. Dispensation from this duty is a privilege: resignation therefore can never be voluntary but must be subject to the permission of the King, or, when control over membership pass from King to Commons, of the House itself. In effect, the only way out was service to the Crown elsewhere, mental incapacity, elevation to House of Lords, death or dissolution. The Acts of 1705 and 1707 extended disqualification to all Crown Office holders; and after 1707 Members who accepted any Crown Office automatically forfeited their seats in the House of Commons.

Q5. The Re-election of Ministers Act 1919. Prior to that Act the appointment of a Minister of the Crown was technically made by the King and the appointee was therefore technically taking an office of profit under the Crown. This Act removed the necessity for Members of the House of Commons to seek re-election on acceptance of such an Office. The Chiltern Hundreds and Manor of Northstead were specifically excluded in the schedule to that Act.

Note 1: An Act of 1515 gave the Speaker and the House of Commons power to license the absence of Members. Later that century the House resolved that Members absent for a whole Session without permission of the House should be fined and lose their wages.

Note 2: The 1705 and 1707 Acts meant that without asking the permission of the House, Members could use Crown Offices either to withdraw from the House altogether or to withdraw in order to stand for another constituency. The task of finding suitable offices for the purpose was made easier because, under the 1707 Act and Other Places Acts, not only active offices but sinecures and semi sinecures were available, provided only the King was willing to grant them.

Q6. Spectacular applications? Depends what is meant by "spectacular". There were so many rotten and corrupt boroughs controlled by patrons in the nineteenth century that resignations initiated by 'patrons' were common place (often for a relative). For example, in 1845 Winston Spencer Churchill, Marquess of Blandford, and Member for Woodstock, was ordered to apply for the Chiltern Hundreds by his father the Duke of Marlborough, because he refused to hide his free trade opinions. He was succeeded by the protectionist J Loftus, and, when Loftus went to the House of Lords, by the Duke's younger son, Lord Alfred Spencer Churchill, who held the seat only until he had voted against repeal and, at the 1847 General Election, retired in favour of the Marquess of Blandford. There are many such cases demonstrating the power of a few powerful Nobles as patrons. It is only in this century that Parliament has represented the people (ie constituents) as opposed to the interests of a few powerful peers (eg Marlborough, Richmond, Newcastle, Buckingham).

Q7. Why the change in 1919? For an authoritative answer consult the Clerk of Journals or Librarian. I suspect it was because Ministerial appointments, in practice, shifted from the Crown to the Prime Minister. It would have been absurd, if following their appointment, Cabinet Ministers (as, technically, Ministers of the Crown) had to resign and seek re-election.

Q8&9. Other "offices of profit" and duties. See Parry monograph (British Library) and Annex A. For example, the Chiltern Hundreds covered part of Bucks, Tring, thro' to Henley in Oxford and Burnham Beeches which sheltered "numerous robbers". The Steward and Bailiff had a duty to control these marauders and protect the inhabitants. In days of yore, salaries and fees varied from £1 upwards eg Manor of East Hendred. In 1463, the parliamentary pay of the Member for Dunwick, John Strahan, was in red herrings.

Q10. "Nominal offices of profit under the Crown". Perhaps, best described as a legal fiction of practical use. Balfour who was no iconoclast, called it the 'most curious of the many curious survivals in our Parliamentary constitution.. by which the immemorial Rule of Parliament, that a man could not resign was evaded..(by) the curious practice of taking an office of emolument under the Crown, an office which carries with it no emolument, and which is not, in any but the most technical sense, under the Crown at all'.

Q11. Why not a simple letter of resignation to the Speaker? There have been many attempts to institute a simple method of resignation controlled by the Speaker and the House of Commons. These failed because most Members of Parliament were less interested in the constitutional undesirability of the 'dodge' than in its usefulness to them as individuals, ie the ability to control their own destiny.

Note: It is interesting to consider how the Speaker would retire in such circumstances? For example, Dr Horace King the retiring Speaker applied for and was granted the Chiltern's in 1971; other Speakers were Lowther in 1921 and Whitley in 1928.

Q12. See Chiltern Box (origin circa 1850, around time of Gladstone's Budget box, although ^{it} has worn better), register etc

Q13. What is a 'Hundred'? Hundreds were old anglo-saxon divisions of the shires representing the union of a number of townships for the purpose of judicial administration, peace and defence. The Hundred Court was presided over by the Steward and Bailiff.

Q14. When 'active' what would a Steward do? See note above: on behalf of the Crown, collect revenues, act as local sheriff and magistrate deal with robbers etc.

Note: Stewards and Bailiffs were officers deputed to supervise the judicial and financial administration of Crown Estates, but as the jurisdiction of their courts had been restricted by law and their financial dues had been curtailed by the loss of the Crown's feudal rights, those which have survived had few duties small salaries and shrunken fees. By the seventeenth century the appointment of Stewards, usually for life or during pleasure, was made through the Lord Treasurer and Chancellor of the Exchequer, and by the end of the eighteenth century about twenty Stewardships had come to be regarded as wholly within the gift of the Chancellor. By 1780 the practice of vacating seats in the House of Commons by accepting Crown stewardships seemed to have been 'so long acquiesced in, from its convenience to all parties' that it was impracticable to disturb it.

Q15. Why apply to Chancellor of the Exchequer? See Parry monograph. Stems from the days when he was Baron of the Exchequer and under Treasurer to the King. Leases of Crown land were granted by the Crown "by and with the advice of the Chancellor of the Exchequer" thro to the 18th century (hence Chancellor's/Board of Treasury's control over Crown Estates) ie Crown patronage delegated to the Chancellor. Now the only patronage that belongs to the Chancellor of the Exchequer.

Q16. How were the Ulster Unionist's able to quit en masse? The procedure for dealing with multiple applications on the same day is simple and straightforward. The Stewardship is held until the next incumbent is appointed, each subsequent Warrant revoking its predecessor. No time limit between appointments. They are held during pleasure.

Q17. Have any women applied for Chilterns? Yes, three:
Duchess of Atholl: 28 November 1938 - Chilterns
Mrs J L Adamson - 10 May 1946 - Northstead
Mrs Clarice MacNab Shaw - 2 October 1946 - Chilterns

Note: Members of House of Lords disqualified from sitting in Commons but not their wives.

Q19. What happened to Warrants before 1850? Up to 1840 Members accepting appointment to the Chilterns had to pay a fee £16.15s (including stamp duty of 35s). A Committee on Fees and Emoluments of Public Bodies recommended no fees should be levied - House of Commons Paper 277 of 1839. Promulgated in a Treasury Minute of 17 January 1840. Prior to 1893 Warrants were carried away or destroyed by the Chancellor on leaving office. Sir W Harcourt changed that (TM 6759/93) and ordered that they be registered in the Treasury and Published in the London Gazette.

Q20. Bad boys? See attached note by House of Commons Library. Will Owen MP applied for Chiltern Hundreds on April Fools day 1970 while in custody in Brixton Prison awaiting trial on a charge under the Official Secrets Act and was appointed to the Manor of Northstead on 2 April 1970. If found guilty he would have been expelled from the House automatically - eg Captain Peter Baker in 1954.

Note: Chancellor should in normal circumstances grant all applications immediately. Exceptions: where it might frustrate the will of the House eg defeat proceedings to censure or punish the MP.

Q23. What is the London Gazette? See Annex B.

Q24. Manor of Northstead? See Annex A.

Q25. Why Chilterns more popular? Older office ^{with a} ~~and~~ more colourful history.

Q26. 112 Appointments since WWII. Present Chancellor holds record since WWII with 21 (R A B Butler 18); second only to David Lloyd George - 1908-1915 with 52. 15 Applications in a single day - 17 December 86. Warrant appointing Robert Kilroy Silk signed in British Embassy, Washington - 1 October 1986 ^{only} _{one registered outside UK.}

TV Personalities

Robert Kilroy Silk - Northstead

Matthew Parris - Northstead

Brian Walden - Chiltern (in place of Roy Jenkins)

THE CHILTERN HUNDREDS

Historical Preamble:

The Office of Steward and Bailiff of Her Majesty's Three Chiltern Hundreds of Desborough, Stoke and Burnham was first used for the purpose of vacating a seat in the House of Commons in 1750. But the constitutional problems of vacation, whether members may resign and, if so, on whose authority, are as old as the House itself. They were not solved but reopened in 1750. Before the sixteenth century these problems, like all those concerned with the composition of Parliament, were the concern of the King. They became of theoretical importance to the Commons in the sixteenth century, when the House successfully maintained that its right of exclusive jurisdiction over its members covered questions of resignation, as it did questions of absence and replacement (an act of 1515 gave the Speaker of the House of Commons power to licence the absence of members). But in the sixteenth and seventeenth centuries, when only a few Parliaments were of long duration, the problems of vacation were of practical importance only intermittently. In the eighteenth century the House lost its control to the King: it neither provided the increased opportunities for vacation necessary in the period of regularly long Parliaments which opened in 1716, nor objected when the King did so. In the nineteenth century the King seldom exercised his control, but the Commons never regained it: resignations came to depend, in practice, neither on King nor on Commons but, with few exceptions, only on the wish of the members concerned, and this holds true today.

2. Permission to be excused from serving the King in Parliament was a privilege which the King was seldom willing to grant, and when the right to grant the privilege passed to the Commons it was not granted more easily (it was granted in 1377, when a Member was allowed to retire from the House on the grounds that he was engaged on the King's affairs beyond the seas; in 1534 on grounds of sickness; in 1542 on grounds of captivity in Scotland). Today the only grounds are 'legal disqualification' ie posts listed in the House of Commons disqualification acts, death, mental incapacity, ^{elevation to the House of Lords} formal expulsion or dissolution.



CH/EXCHEQUER	
REC.	15 MAY 1989 ✓ 15/5
ACTION	FST
COPIES TO	

HOUSE OF LORDS,
SW1A 0PW

15 May 1989

JPW

Dear Geoffrey,

CONTRACTS (APPLICABLE LAW) BILL

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...../2

The Right Honourable
Sir Geoffrey Howe QC MP
Secretary of State for Foreign
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Downing Street
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Convention to come into force; to date, six countries have ratified. Ratification will also be of benefit as we approach the 1992 internal market, since the provision of unified rules of conflict will assist the free movement of goods and services among the member states. I also believe that it will be in our interests, as supporters of freedom of choice for the parties, for that freedom, which is not at present always recognised by others, to be firmly established by the Convention. More generally, there will be advantages in the certainty achieved by established Treaty and statutory rules, as against the uncertainties of some of our present case law.

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James,

James.



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The Rome Convention lays down uniform laws to determine which country's laws are to govern the provisions of contracts which contain international elements. Its broad outlines accord generally with our current law. In particular, the two basic rules on the choice of law are the same as ours: first, that the express choice of law made by the parties will prevail and, secondly, in the absence of choice, that a contract will be governed by the law of the country of the closest connection. There is a rebuttable presumption that the closest connection where the contract concerns immovable property will be with the country where the property is and that otherwise it will be with the country where the party whose performance is characteristic of the contract has his habitual residence or place of business, as the case may be. There are special safeguards in the case of consumer contracts and contracts of employment.

The Convention does not cover family relationships or succession, insurance within the EC, negotiable instruments, arbitration agreements or choice of court agreements. Nor does it prevail over the rules on applicable law in other international agreements. However, it does operate worldwide, and not only to contracts where the choice is between the laws of EC member states.

The principal reason for the delay in implementing the Convention has been the need to decide what, if any, role the European Court of Justice should have in interpreting it. A compromise was finally reached last December whereby courts (in our case the House of Lords and other courts from which no appeal is possible) may request the European Court to give a preliminary ruling in a pending case on the interpretation of the Convention. A competent authority of the contracting state may also ask for a ruling if the judgments of its courts conflict with those of the European Court or those of the courts of another contracting state. (Irish constitutional difficulties have meant that there are two protocols, the first giving jurisdiction to the European Court to give rulings on the interpretation of the Convention, the second to give it the powers conferred on it by the first; Ireland will be able to ratify the second protocol without having to ratify the first.)

SUMMARY OF CONVENTION ON THE LAW APPLICABLE TO
CONTRACTUAL OBLIGATIONS, ROME, 19TH JUNE, 1980

INTRODUCTION

The Convention determines which national law is to govern contracts which contain elements connected with more than one country. The rules of the Convention are to be applied to all such international contracts whether or not the countries concerned are members of the EEC. With one or two minor exceptions the Convention does not lay down specific provisions of contract law but is concerned only with ascertaining which country's laws are to apply. The national laws thus ascertained can be displaced only by mandatory laws of the country of the court where the contract is adjudicated upon, the public policy of that country or different rules on the choice of law contained in international agreements to which that country is a party.

ARTICLE 1

The Convention applies to any contractual obligations in circumstances where a choice has to be made between applying laws of different countries. It does not, however, apply to questions involving status or legal capacity of natural persons, contractual obligations relating to testate or intestate succession, or to matrimonial or family relationships, cheques, bills of exchange and other negotiable instruments, arbitration agreements and agreements on the choice of court, matters concerning the internal management of companies, certain aspects of agency agreements, trusts or contracts of insurance (other than re-insurance) covering risks situated in the EEC.

ARTICLE 2

This makes the Convention operate world-wide, and not merely on the laws of Member States.

ARTICLE 3

Where the parties choose the law of a country that law governs the contract. It is permissible to choose different laws for different parts of a contract. Where all aspects of the contractual relationship relate to one country only, mandatory rules of the law of that country cannot be overridden by the choice of another country's law.

ARTICLE 4

In the absence of choice by the parties the contract is governed by the law of the country with which it is most closely connected. There are presumptions about that closest connection which apply in the absence of evidence of a closer connection elsewhere. Contracts concerning immovable property are presumed to be most closely connected with the country where the property is situated; contracts for the carriage of goods with the country where the carrier has his principal place of business, provided it coincides with the place of loading, of discharge or of the consignor's principal place of business; other contracts are presumed to be most closely connected with the country where the party who is to effect the characteristic performance of the contract has his habitual residence or principal place of business.

ARTICLE 5

This Article makes special provision for contracts entered into by consumers, that is, persons contracting for supply of goods, services, or the supply of credit for purposes outside their trade or profession.

If the consumer had, at the invitation of the other party, entered into the contract in the country of his own habitual residence and in certain other cases of special inducement offered to the consumer, no choice of law expressed in the contract can displace protection afforded by mandatory rules of the law of the consumer's country of habitual residence. In the absence of a choice of law

the governing law will in such a case be not that specified in Article 4, but that of the country of the consumer's habitual residence. These special consumer protection provisions do not apply to contracts of carriage, with the exception of holiday package tours.

ARTICLE 6

This Article affords special protection to employees. A choice of law expressed in a contract of employment cannot deprive the employee of the protection afforded to him by the mandatory rules of the law of the country with which the contract is most closely connected. Generally that is presumed to be the country in which the employee habitually carries out his work under the contract, or if there is no such country, the country of the place of business through which he was engaged. Where no choice is expressed in the contract the governing law is that of the country of the closest connection, subject to the aforementioned presumption.

ARTICLE 7

This concerns mandatory rules which can or must prevail over the applicable law. Effect may be given to mandatory rules (i.e. rules which under the law of their country cannot be excluded by agreement of the parties) of other countries with which the situation has a close connection. (But under Article 22 Member States may reserve against this provision.) In any case, the Convention cannot prevent the application of mandatory rules of the law of the court entertaining the proceedings.

ARTICLE 8 provides that the law which governs the contract also determines whether the contract is valid. There is an exception enabling a party who denies that he consented to the contract sometimes to rely on the law of his habitual residence.

ARTICLE 9 determines the law which decides whether a contract is valid as to its form. It will be valid if it satisfies the requirements

of the governing law under the Convention or of the country where it was concluded, and where the parties are in different countries compliance with the law of either country is also sufficient. There are further rules about the law governing particular acts forming part of the formalities, and consumer contracts falling within Article 5 must comply with the rules enacted in the country of the consumer's habitual residence. Contracts concerning immovable property must satisfy the mandatory rules of the country where the property is situated.

ARTICLE 10 specifies the scope of the applicable law, which is to govern the interpretation of the contract, aspect of its performance, consequences of breach of contract, including assessment of damages, termination of contracts and of rights of action in relation to them, and the consequences of a contract being void. (On this last element a reservation is permitted under Article 22.)

ARTICLE 11 restricts the ability of a natural person to rely on the law of another country in order to claim that he did not have the capacity to enter into the contract.

ARTICLES 12 and 13 determine the applicable law for assignment of contractual obligations, whether voluntary or by operation of law.

ARTICLES 14-18

Article 14 enables the applicable law under the Convention to govern also presumptions of law and the burden of proof. Evidence relating to the contract may be adduced by any mode of proof recognised under the law of the court or any of the laws admitted under Article 9 to establish the formal validity of the contract.

Article 15 ensures that the law ascertained as the applicable law under the Convention comprises the substantive law of the specified country but not its rules on the choice of yet another law.

Article 16 preserves the overriding effect of public policy.

Article 17 makes the Convention apply only as to the future.

Article 18 calls for uniform interpretation of the rules of the Convention.

ARTICLE 19 provides that where, as is the case in the United Kingdom, a State comprises territorial units with different legal systems, each such unit is to be considered as a separate country for the purposes of ascertaining applicable law. However, such a State is not obliged to apply the Convention in relation to the application of these different territorial laws inter se.

ARTICLES 20 and 21

These Articles preserve the precedence over rules laid down in the Convention of rules contained in the Community Treaties and instruments made under them, or any international Conventions to which a Contracting State is a party.

THE REMAINING ARTICLES

Article 22 permits some reservations. The rest deal with the usual matters of protocol. There are provisions for consultations if a Member State proposes to enact other choice of law rules for particular contracts or to enter into an international Convention to that end.

The Convention is to be subject to ratification and to come into force after the 7th ratification. It is to remain in force for 10 years with 5-yearly break clauses thereafter. The authentic languages are those of the Member States of the European Communities.

JOINT DECLARATIONS

Joint Declarations express the wish of the Member States to avoid fresh diversification of choice of law rules by -

- (i) adopting wherever possible rules corresponding to those in the Convention in Community instruments;
- (ii) consulting with each other concerning choice of law rules in future international instruments; and
- (iii) requiring future Members of the European Communities to accede to the Convention;

and declare that the Member States are to examine further the possibility of conferring jurisdiction in relation to the Convention on the European Court of Justice.



FROM: B O DYER (Parly Clerk)
 DATE: 17 May 1989
 EXTN: 4520

CHANCELLOR

cc Chief Secretary
 Financial Secretary
 Paymaster General
 Economic Secretary
 Mr J Gieve - IDT
 Mrs J Chaplin
 Mrs J Thorpe

CABINET : THURSDAY 18 MAY 1989
PARLIAMENTARY AFFAIRS

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

Monday 22 May

2.30pm: Social Security Questions
 3.20pm: Civil Service Questions (Mr Luce)
 3.30pm: Spring Adjournment Debate (Lord President)
 7.00pm: Atomic Energy Bill)
 National Maritime Museum Bill) Remaining stages
 Civil Aviation Bill)

Tuesday 23 May [Memo. 10.30am: Double Taxation (Sweden) Order - FST
 4.30pm: Fin. Bill St. Cttee 4th sitting]

2.30pm: Health Questions
 3.15pm: PMs Questions
 3.30pm: Ten Minute Rule Bill - James Paice : Take Away Food
 3.40pm: Opposition 11th Allotted (half) Day: subject to be announced
 7.00pm: Opposed Private Business
 10.00pm: Community Charge Orders - Opposition Prayer

Wednesday 24 May

2.30pm: Environment Questions
 3.30pm: Ten Minute Rule Bill - Douglas French: Car Telephones
 3.40pm: Dock Work Bill: Remaining stages

P.T.O.

CONFIDENTIAL

Thursday 25 May [Memo. 4.30pm: Fin. Bill St. Cttee 5th sitting]

2.30pm: MAFF Questions

3.15pm: PMs Questions

3.30pm: Business Statement (Lord President)

3.50pm: Fair Employment (NI) Bill: Remaining stages

Friday 26 May

9.30am: Adjournment Debates

3.00pm: House rises for the Spring Adjournment and returns Tuesday
6 June.

Brian Xyer

B O DYER

CONFIDENTIAL

UNCLASSIFIED



FROM: Assistant Parliamentary Clerk

DATE: 18 May 1989

EXTN: 5008

Handwritten initials

Ch/Comments? DTI would like to answer nos. 27, 32 & 92 (UK's trade balance with West Germany): content to transfer?

CHANCELLOR

TREASURY FIRST ORDER QUESTIONS - THURSDAY 8 JUNE 1989

I attach for your consideration a proposed allocation of the Questions tabled for Oral answer on Thursday 8 June between yourself, the Chief Secretary, the Financial Secretary and the Paymaster General.

2. Out of the first sixteen and the first twenty Questions the allocation of each Minister is:

	1st 16	1st 20
Chancellor	4	5
Chief Secretary	4	5
Financial Secretary	4	5
Paymaster General	4	5

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Handwritten notes: This is a few days

Handwritten notes: Told Party Section 22/5

Signature of Colin Hutson
COLIN HUTSON

UNCLASSIFIED

TREASURY FIRST ORDER QUESTIONS : THURSDAY 8 JUNE 1989

1	La	Mr Gerry Steinberg (City of Durham): To ask Mr Chancellor of the Exchequer, if he will make a statement on his policy in relation to the tax on workplace nurseries.	IR	FST +18
2	La	Mr Harry Cohen (Leyton): To ask Mr Chancellor of the Exchequer, if he will indicate the economic effect of all workers having the same pay rise as P & O directors this year; and if he will make a statement.	MR HIBBERD EAI	CST
3	C	Mr Nicholas Bennett (Pembroke): To ask Mr Chancellor of the Exchequer, what was the growth of real personal disposable income for the latest full year for which figures are available.	MR MATTHEWS ETS	PMG
4	C	Mr Tony Baldry (Banbury): To ask Mr Chancellor of the Exchequer, what estimate he has of the number of personal equity plans now in existence.	IR	C/EX
5	C	Mr Julian Brazier (Canterbury): To ask Mr Chancellor of the Exchequer, for how many months adult unemployment has fallen continuously in the United Kingdom.	MR PICKFORD EB	CST C/EX
6	La	Mr Tam Dalyell (Linlithgow): To ask Mr Chancellor of the Exchequer, if he will make a statement on the most recent discussions of the IMF on help to: (a) Brazil, (b) Zaire, (c) Indonesia and (d) Nepal.	MR WALSH IFI	PMG
7	C	Mr Andrew Hunter (Basingstoke): To ask Mr Chancellor of the Exchequer, what proportion of total income tax revenue was paid by higher rate tax payers in 1978-79; and what proportion was paid by them in 1988-89.	IR	FST
8	La	Mr Tom Clarke (Monklands West): To ask Mr Chancellor of the Exchequer, what are the current interest rates in: (a) the United Kingdom and (b) the rest of the G7.	MR MELLISS IF2	CST
9	La	Mr Rhodri Morgan (Cardiff West): To ask Mr Chancellor of the Exchequer, what changes he proposes to make to the release dates for the retail price index and the tax and price index, on his assumption of responsibility for their publication.	MR HIBBERD EAI	PMG
10	La	Mr Martyn Jones (Clwyd South West): To ask Mr Chancellor of the Exchequer, what was the balance of payments for the first quarter of 1989.	MR O'DONNELL EA2	FST
11	C	Mr Allan Stewart (Eastwood): To ask Mr Chancellor of the Exchequer, what is his estimate of the proportion of the public debt which will have been repaid in the three years to 1989-90.	MR MOWL PSF	CST C/EX
12	C	Mr Chris Butler (Warrington South): To ask Mr Chancellor of the Exchequer, if he will make it his long-term policy to abolish income-tax.	MR GILHOOLY FP	C/EX
13	La	Mr A. E. P. Duffy (Sheffield, Attercliffe): To ask Mr Chancellor of the Exchequer, what is his estimate of the underlying rate of inflation for the British economy; and whether he will make a statement.	MR HIBBERD EAI	PMG
14	C	Mr James Arbuthnot (Wanstead and Woodford): To ask Mr Chancellor of the Exchequer, what is the latest official projection for the growth of manufacturing investment in 1989.	MR HIBBERD EAI	+15 CST
15	C	Mr Gerald Howarth (Cannock and Burntwood): To ask Mr Chancellor of the Exchequer, what is the latest official projection for the growth of manufacturing investment in 1989.	MR HIBBERD EAI	+14 CST
16	C	Mr Graham Riddick (Colne Valley): To ask Mr Chancellor of the Exchequer, how many tax-payers will be affected by the increased company-car tax rates: (a) in total and (b) those driving more than 18,000 business miles per annum.	IR	FST
17	C	Mr Tony Speller (North Devon): To ask Mr Chancellor of the Exchequer, if he will make a statement setting out Government policy on tax reform.	MR GILHOOLY FP	C/EX
18	La	Mr Eric Martlew (Carlisle): To ask Mr Chancellor of the Exchequer, if he will make a statement on his policy in relation to the tax on workplace nurseries.	IR	FST
19	La	Mr Graham Allen (Nottingham North): To ask Mr Chancellor of the Exchequer, if he will make a statement on the repayment of the public sector debt held by foreign-owned institutions.	MISS O'MARA MG1	PMG
20	C	Mr John Ward (Poole): To ask Mr Chancellor of the Exchequer, what has been the annual rate of growth of manufacturing output over the last two years.	MR PICKFORD EB	CST

TREASURY FIRST ORDER QUESTIONS : THURSDAY 8 JUNE 1989

21	C	Mr Robert G. Hughes (Harrow West): To ask Mr Chancellor of the Exchequer, if he will make a statement setting out Government policy on tax reform.	MR GAMBOLLY FP	FST
22	C	Mr Phillip Oppenheim (Amber Valley): To ask Mr Chancellor of the Exchequer, what was the rate of economic growth in the latest year for which figures are available.	MR HIBBERD EA1	PMG CST
23	La	Mr Jack Thompson (Wansbeck): To ask Mr Chancellor of the Exchequer, if he will make a statement on his policy in relation to the tax on workplace nurseries.	IR	FST
24	La	Mr Bob Cryer (Bradford South): To ask Mr Chancellor of the Exchequer, if he will make a statement on the impact of current level of interest rates on the development of manufacturing industry.	MR GRICE MG2	CST
25	La	Mr Nigel Griffiths (Edinburgh South): To ask Mr Chancellor of the Exchequer, what is the most recent estimate for the tax and prices index.	MR HIBBERD EA1	PMG
26	C	Mr Peter Thurnham (Bolton North East): To ask Mr Chancellor of the Exchequer, whether any further measures are planned to control inflation.	MR DAVIES MPI	PMG
27	La	TRANSFER? Mr Alan W. Williams (Carmarthen): To ask Mr Chancellor of the Exchequer, what was the United Kingdom's balance of trade with West Germany in 1979 and 1988.	MR O'DONNELL EA2	CST
28	La	Mr George Howarth (Knowsley North): To ask Mr Chancellor of the Exchequer, what was the average salary increase amongst the highest paid directors of the biggest 50 companies in the last year.	MS SEAMMEN PAY 1	PMG
29	La	Mr John Evans (St. Helens North): To ask Mr Chancellor of the Exchequer, if he will make a statement on interest rates.	MISS O'MARA MG1	CST
30	C	Mr Kenneth Hind (West Lancashire): To ask Mr Chancellor of the Exchequer, what would be the increased income tax payable by a married man on average earnings if the basic rate of income tax were restored to 33 per cent.	IR	FST
31	C	Mrs Elizabeth Peacock (Batley and Spen): To ask Mr Chancellor of the Exchequer, what has been the annual rate of growth of manufacturing output over the last two years.	MR PICKFORD EB	CST
32	La	TRANSFER? Mr Ron Davies (Caerphilly): To ask Mr Chancellor of the Exchequer, what was the united Kingdom's balance of trade with West Germany in 1979 and 1988.	MR O'DONNELL EA2	CST
33	C	Mr Iain Mills (Meriden): To ask Mr Chancellor of the Exchequer, what is the latest official projection for the growth of manufacturing investment in 1989.	MR HIBBERD EA1	CST
34	C	Mr Christopher Gill (Ludlow): To ask Mr Chancellor of the Exchequer, what proportion of the total amount raised by corporation tax came from private companies; and what was the amount for the most recently available fiscal year.	IR	FST
35	La	Dr Norman A. Godman (Greenock and Port Glasgow): To ask Mr Chancellor of the Exchequer, what is the estimated reduction in inflation caused by a decision not to index excise duties.	CTE	EST
36	La	Mr Dennis Turner (Wolverhampton South East): To ask Mr Chancellor of the Exchequer, how many countries in the EEC spend a greater proportion of their gross domestic product on investment than the United Kingdom.	MR MELLISS IF2	EST
37	La	Mr Pat Wall (Bradford North): To ask Mr Chancellor of the Exchequer, if he will forecast the balance of payments in each year until 1992.	MR O'DONNELL EA2	CST
38	La	Mr Ted Garrett (Wallsend): To ask Mr Chancellor of the Exchequer, what recent submissions he has received on the tax harmonisation.	CTE	EST
39	La	Mr Win Griffiths (Bridgend): To ask Mr Chancellor of the Exchequer, what was the balance of payments for the first quarter of 1989.	MR O'DONNELL EA2	CST
40	La	Mr Doug Hoyle (Warrington North): To ask Mr Chancellor of the Exchequer, what has the level of manufacturing investment in the United Kingdom in 1979 and 1988.	MR HIBBERD EA1	CST

TREASURY FIRST ORDER QUESTIONS : THURSDAY 8 JUNE 1989

41	C	Mr Alan Amos (Hexham): To ask Mr Chancellor of the Exchequer, if he will make a statement on the level of taxation on tobacco products.	C + E	EST
42	La	Mr Gavin Strang (Edinburgh East): To ask Mr Chancellor of the Exchequer, whether he has made any study of the likely effect of a further increase in interest rates on the level of manufacturing investments in the current year.	MR GRICE MG2	EST
43	La	Mr Paul Flynn (Newport West): To ask Mr Chancellor of the Exchequer, what was the balance of payments for the first quarter of 1989.	MR O'DONNELL EA2	CST
44	La	Mr John Battle (Leeds West): To ask Mr Chancellor of the Exchequer, what was the net flow of foreign direct and portfolio investment into the United Kingdom in 1988.	MR HIBBERD EA1	CST
45	La	Mr Keith Bradley (Manchester, Withington): To ask Mr Chancellor of the Exchequer, what was the average salary increase amongst the highest paid directors of the biggest 50 companies in the last year.	MS SEAMMEN PAY 1	PMG
46	La	Ms Diane Abbott (Hackney North and Stoke Newington): To ask Mr Chancellor of the Exchequer, if he will forecast the balance of payments in each year until 1992.	MR O'DONNELL EA2	CST
47	La	Mr Elliot Morley (Glanford and Scunthorpe): To ask Mr Chancellor of the Exchequer, how many countries in the European Economic Community spend a greater proportion of their gross domestic product on investment than the United Kingdom.	MR MELLISS IF2	EST
48	C	Mr Neil Hamilton (Tatton): To ask Mr Chancellor of the Exchequer, what is his estimate of the proportion of the public debt which will have been repaid in the three years to 1989-90.	MR MOWL PSF	EST
49	La	Mr Stuart Bell (Middlesbrough): To ask Mr Chancellor of the Exchequer, what is the most recent estimate for the tax and prices index.	MR HIBBERD EA1	EST
50	C	Mr Alistair Burt (Bury North): To ask Mr Chancellor of the Exchequer, what is his latest estimate of the number of business start-ups in 1988-89.	MR BURR IAE3	CST
51	C	Mr Greg Knight (Derby North): To ask Mr Chancellor of the Exchequer, what would be the increased income tax payable by a married man on average earnings if the basic rate of income tax were restored to 33 per cent.	IR	FST
52	DEM	Mr Archy Kirkwood (Roxburgh and Berwickshire): To ask Mr Chancellor of the Exchequer, if he will make it his policy to publish: (a) a deutschmark/sterling exchange rate and (b) other similar rates at which he considers it appropriate to join the EMS; and what other considerations would affect his decision.	MISS O'MARA MG1	EST
53	La	Mr Dave Nellist (Coventry South East): To ask Mr Chancellor of the Exchequer, what was the average salary increase amongst the highest paid directors of the biggest 50 companies in the last year.	MS SEAMMEN PAY 1	PMG
54	C	Mr David Evans (Welwyn, Hatfield): To ask Mr Chancellor of the Exchequer, what was the amount of central Government expenditure in 1988/89 expressed as a percentage of money gross domestic product; and what were the comparable figures for the previous five years.	MRS BUTLER GEP3	CST
55	C	Mr David Davis (Boothferry): To ask Mr Chancellor of the Exchequer, what has been the fall in general Government expenditure as a share of gross domestic product since 1982-83.	MRS BUTLER GEP3	CST
56	C	Dr. Ian Twinn (Edmonton): To ask Mr Chancellor of the Exchequer, what is his latest estimate of the number of business start-ups in 1988-89.	MR BURR IAE3	CST
57	DEM	Mr Matthew Taylor (Truro): To ask Mr Chancellor of the Exchequer, what was the rate of inflation in the last month for which figures are available; and what was the rate of inflation in West Germany, France, Italy and the Netherlands in the last month for which figures are available.	MR MELLISS IF2	EST

TREASURY FIRST ORDER QUESTIONS : THURSDAY 8 JUNE 1989

58	C	Mr Tim Yeo (South Suffolk): To ask Mr Chancellor of the Exchequer, what are the latest figures for the identified stock of United Kingdom net overseas assets; and what these represent as a share of gross domestic product.	MR O'DONNELL EA2	CST
59	C	Mr Michael Jack (Fylde): To ask Mr Chancellor of the Exchequer, what is the latest official projection for the growth of manufacturing investment in 1989.	MR HIBBERD EA1	CST
60	C	Mr Jacques Arnold (Gravesham): To ask Mr Chancellor of the Exchequer, what has been the fall in general government expenditure as a share of gross domestic product since 1982-83.	MRS BUTLER GEP3	CST
61	C	Mr Ian Bruce (Dorset South): To ask Mr Chancellor of the Exchequer, what would be the increased income tax payable by a married man on average earnings if the basic rate of income tax were restored to 33 per cent.	IR	FST
62	La	Mr Martin Flannery (Sheffield, Hillsborough): To ask Mr Chancellor of the Exchequer, what is the total amount of money received by the Exchequer from North Sea oil since May 1979.	MR O'DONNELL EA2	CST
63	La	Mr Thomas McAvoy (Glasgow, Rutherglen): To ask Mr Chancellor of the Exchequer, what is the current inflation rate in the United Kingdom; and what it was one year ago.	MR HIBBERD EA1	CST
64	C	Mr John Redwood (Wokingham): To ask Mr Chancellor of the Exchequer, what has been the fall in general Government expenditure as a share of gross domestic product since 1982-83.	MRS BUTLER GEP3	CST
65	La	Mr Tony Worthington (Clydebank and Milngavie): To ask Mr Chancellor of the Exchequer, what are his priorities in the forthcoming public expenditure survey.	MR MARAVULAN GEP1	CST
66	C	Mr Irvine Patnick (Sheffield, Hallam): To ask Mr Chancellor of the Exchequer, when, on present trends, a balanced Budget will be achieved; and when was the last occasion a balanced Budget was achieved.	MR GILHOOLY FP	FST
67	La	Mr Tony Banks (Newham North West): To ask Mr Chancellor of the Exchequer, what is the estimated yield to the Exchequer in 1989-90 from income tax from company directors' emoluments.	IR	FST
68	C	Mr John Watts (Slough): To ask Mr Chancellor of the Exchequer, what was the share of gross domestic product represented by business investment in 1988.	MR HIBBERD EA1	CST
69	C	Mr James Couchman (Gillingham): To ask Mr Chancellor of the Exchequer, by how much employment in the United Kingdom has risen since 1983.	MR PICKFORD EB	CST
70	C	Mr Ian Gow (Eastbourne): To ask Mr Chancellor of the Exchequer, what is the latest estimate of the interest payable on Government debt during the current financial year, and what was the comparable figure, adjusted for inflation, for the year ended 31st March 1979.	MR MOWL PSF	EST
71	La	Mr Ian McCartney (Makerfield): To ask Mr Chancellor of the Exchequer, what was the average salary increase amongst the highest paid directors of the biggest 50 companies in the last year.	MRS SEAMMEN PAY1	PMG
72	C	Mr David Knox (Staffordshire Moorlands): To ask Mr Chancellor of the Exchequer, if he will make a statement about the current level of interest rates.	MISS O'MARA MGI	EST
73	La	Mr Andrew Smith (Oxford East): To ask Mr Chancellor of the Exchequer, what was discussed when he last met the Governor of the Bank of England.	MR PIRIE FIM1	EST
74	C	Mr James Cran (Beverley): To ask Mr Chancellor of the Exchequer, what are the latest available figures for the level of the United Kingdom's net overseas assets.	MR O'DONNELL EA2	CST
75	C	Mr Charles Wardle (Bexhill and Battle): To ask Mr Chancellor of the Exchequer, by how much employment in the United Kingdom has risen since 1983.	MR PICKFORD EB	CST
76	La	Mr William O'Brien (Normanton): To ask Mr Chancellor of the Exchequer, if he will forecast the balance of payments in each year until 1992.	MR O'DONNELL EA2	CST
77	C	Mr Conal Gregory (York): To ask Mr Chancellor of the Exchequer, what are his latest figures for output per hour worked in the United Kingdom.	MR HIBBERD EA1	CST

TREASURY FIRST ORDER QUESTIONS : THURSDAY 8 JUNE 1989

78	C	Mr Hugo Summerson (Walthamstow): To ask Mr Chancellor of the Exchequer, by how much employment in the United Kingdom has risen since 1983.	MR PICKFORD EB	CST
79	La	Mr Derek Fatchett (Leeds Central): To ask Mr Chancellor of the Exchequer, what is his latest forecast of the balance of trade in manufactures in 1989	MR O'DONNELL EA2	CST
80	C	Mr Martin Brandon Bravo (Nottingham South): To ask Mr Chancellor of the Exchequer, if he will make a statement setting out the Government's objective for the basic rate of income tax.	IR	FST
81	La	Mr Jeff Rooker (Birmingham, Perry Barr): To ask Mr Chancellor of the Exchequer, when he expects the Inland Revenue valuation officer to be able to inform businesses of the new rateable values following re-valuation.	IR	FST
82	C	Sir Fergus Montgomery (Altrincham and Sale): To ask Mr Chancellor of the Exchequer, what was the growth of real personal disposable income for the latest full year for which figures are available.	MR MATTHEWS ETS	FST
83	La	Alice Mahon (Halifax): To ask Mr Chancellor of the Exchequer, if he will forecast the balance of payments in each year until 1992.	MR O'DONNELL EA2	CST
84	C	Mr Lewis Stevens (Nuneaton): To ask Mr Chancellor of the Exchequer, how many people are now registered as self-employed; and what was the comparable figure in 1979.	MR PICKFORD EB	CST
85	C	Mr Quentin Davies (Stamford and Spalding): To ask Mr Chancellor of the Exchequer, what was the share of gross domestic product represented by business investment in 1988.	MR HIBBERD EA1	CST
86	La	Mr Jimmy Dunnachie (Glasgow, Pollok): To ask Mr Chancellor of the Exchequer, what is the estimated reduction in inflation caused by a decision not to index excise duties.	CYE	EST
87	La	Mr Dennis Canavan (Falkirk West): To ask Mr Chancellor of the Exchequer, whether the Treasury has had any recent communications with Scottish banks about the issue of Scottish bank notes; and if he will make a statement.	MR PIRIE FIM1	EST
88	C	Mr Harry Greenway (Ealing North): To ask Mr Chancellor of the Exchequer, what is the anticipated effect on the Exchequer by raising the higher rate of taxation to 50 per cent.; and if he will make a statement.	IR	FST
89	La	Mr Doug Henderson (Newcastle upon Tyne North): To ask Mr Chancellor of the Exchequer, when he last met representatives of the Low Pay Unit to discuss the numbers of people in poverty.	MR MCINTYRE ST1	CST
90	C	Dr Michael Clark (Rochford): To ask Mr Chancellor of the Exchequer, when he last met representatives of the credit card companies; and what subjects were discussed.	MR ILETT FIM2	EST
91	C	Mr William Powell (Corby): To ask Mr Chancellor of the Exchequer, what has been the annual rate of growth of manufacturing output over the last two years.	MR PICKFORD EB	CST
92	La	Mr Paul Boateng (Brent South): To ask Mr Chancellor of the Exchequer, what was the United Kingdom's balance of trade with West Germany in 1979 and 1988.	MR O'DONNELL EA2	CST
93	C	Mr Jeremy Hanley (Richmond and Barnes): To ask Mr Chancellor of the Exchequer, what was the growth of gross domestic product in 1987 and 1988.	MR HIBBERD EA1	CST
94	La	Mr Kevin Barron (Rother Valley): To ask Mr Chancellor of the Exchequer, what is his latest forecast of the balance of trade in manufactures in 1989.	MR O'DONNELL EA2	CST
95	La	Mr George J. Buckley (Hemsworth): To ask Mr Chancellor of the Exchequer, how many countries in the European Economic Community spend a greater proportion of their gross domestic product on investment than the United Kingdom.	MR MELLISS IF2	EST
96	La	Marjorie Mowlam (Redcar): To ask Mr Chancellor of the Exchequer, when he last met representatives of the Low Pay Unit to discuss the numbers of people in poverty.	MR MCINTYRE ST1	CST

TREASURY FIRST ORDER QUESTIONS : THURSDAY 8 JUNE 1989

97	L	Mr Jim Cousins (Newcastle upon Tyne Central): To ask Mr Chancellor of the Exchequer, when he next expects to meet the Governor of the Bank of England; and what matters he proposes to discuss.	MR PIRIE FIM1	EST
98	La	Mr Keith Vaz (Leicester East): To ask Mr Chancellor of the Exchequer, what is his latest forecast of the balance of trade in manufactures in 1989.	MR O'DONNELL EA2	CST
99	C	Mr William Cash (Stafford): To ask Mr Chancellor of the Exchequer, by how much employment in the United Kingdom has risen since 1983.	MR PICKFORD EB	CST
100	La	Mr Frank Doran (Aberdeen South): To ask Mr Chancellor of the Exchequer, what is the estimated reduction in inflation caused by a decision not to index excise duties.	C+E	EST
101	La	Mr Dennis Skinner (Bolsover): To ask Mr Chancellor of the Exchequer, when he next intends to meet other finance ministers to discuss international debt; and if he will make a statement.	MR WALSH IFI	EST
102	C	Mr John Greenway (Ryedale): To ask Mr Chancellor of the Exchequer, what changes were made in the basic rate of income tax from 1974 to 1979; and what changes have been made since 1979.	IR	FST
103	La	Mr Allen McKay (Barnsley West and Penistone): To ask Mr Chancellor of the Exchequer, what is his latest forecast of the balance of trade in manufactures in 1989.	MR O'DONNELL EA2	CST
104	C	Mr David Shaw (Dover): To ask Mr Chancellor of the Exchequer, if he will make a statement setting out the Government's objective for the basic rate of income tax.	IR	FST
105	C	Mr Neil Thorne (Ilford South): To ask Mr Chancellor of the Exchequer, for how many months adult unemployment has fallen continuously in the United Kingdom.	MR PICKFORD EB	CST
106	C	Mr Gwilym Jones (Cardiff North): To ask Mr Chancellor of the Exchequer, if he will make a statement setting out the Government's objective for the basic rate of income tax.	IR	FST
107	C	Mr Anthony Coombs (Wyre Forest): To ask Mr Chancellor of the Exchequer, what was the highest marginal rate of tax on income paid during the period 1974 to 1979; and what is the equivalent rate in 1989-90.	IR	FST
108	La	Joan Walley (Stoke on Trent North): To ask Mr Chancellor of the Exchequer, what is his latest forecast of the balance of trade in visible goods in 1989.	MR O'DONNELL EA2	CST
109	La	Hilary Armstrong (North West Durham): To ask Mr Chancellor of the Exchequer, what proportion of gross earnings a one-earner family with two children on average earnings pays in value-added tax in: (a) 1979 and (b) now.	MR MATTHEWS ETS	EST
110	C	Mr Gary Waller (Keighley): To ask Mr Chancellor of the Exchequer, what was the growth of real personal disposable income for the latest full year for which figures are available.	MR MATTHEWS ETS	FST
111	La	Mr Jack Ashley (Stoke on Trent South): To ask Mr Chancellor of the Exchequer, what is the present level of inflation.	MR HIBBERD EA1	C/EX
112	C	Mr Richard Page (South West Hertfordshire): To ask Mr Chancellor of the Exchequer, what was the highest marginal rate of tax on income paid during the period 1974 to 1979; and what is the equivalent rate in 1989-90.	IR	FST
113	La	Ms Joyce Quin (Gateshead East): To ask Mr Chancellor of the Exchequer, when he last met representatives of the Low Pay Unit to discuss the numbers of people in poverty.	MR MCINTYRE ST1	CST
114	La	Mr Harry Barnes (Derbyshire North East): To ask Mr Chancellor of the Exchequer, what is his latest forecast of the balance of trade in visible goods in 1989.	MR O'DONNELL EA2	CST

TREASURY FIRST ORDER QUESTIONS : THURSDAY 8 JUNE 1989

115	D M	Mr James Wallace (Orkney and Shetland): To ask Mr Chancellor of the Exchequer, if he will make it his policy to list the conditions which he considers will make it appropriate for the United Kingdom to take up membership of the European Monetary System.	MISS O'MARA MG1	EST
116	La	Mr Bruce Grocott (The Wrekin): To ask Mr Chancellor of the Exchequer, what is his latest forecast of the balance of trade in visible goods in 1989.	MRO'DONNELL EA2	CST
117	C	Mr Tim Boswell (Daventry): To ask Mr Chancellor of the Exchequer, what proposition of total income tax revenue was paid by high-rate tax payers in 1978-79; and what proportion was paid by them in 1988-89.	IR	FST
118	La	Mr Terry Lewis (Worsley): To ask Mr Chancellor of the Exchequer, what was the level of manufacturing investment in the United Kingdom in 1979 and 1988.	MR HIBBERD EA1	CST
119	La	Mr Alan Meale (Mansfield): To ask Mr Chancellor of the Exchequer, how many countries in the European Economic Community spend a greater proportion of their gross domestic product on investment than the United Kingdom.	MR MELLISS IF2	EST
120	La	Mr David Clelland (Tyne Bridge): To ask Mr Chancellor of the Exchequer, what recent submissions he has received on tax harmonisation.	CTE	EST
121	C	Mr Tim Janman (Thurrock): To ask Mr Chancellor of the Exchequer, what are his latest figures for output per hour worked in the United Kingdom.	MR HIBBERD EA1	CST
122	La	Mr John Cummings (Easington): To ask Mr Chancellor of the Exchequer, what recent submissions he has received on tax harmonisation.	CTE	EST
123	C	Mr Barry Field (Isle of Wight): To ask Mr Chancellor of the Exchequer, what progress he has made on the introduction of a Fast Lane clearance system for European Economic Community goods.	CTE	EST
124	C	Mr Cecil Franks (Barrow and Furness): To ask Mr Chancellor of the Exchequer, what changes were made in the basic rate of income tax from 1974 to 1979; and what changes have been made since 1979.	IR	FST
125	La	Mr Henry McLeish (Fife Central): To ask Mr Chancellor of the Exchequer, what is the current inflation rate in the United Kingdom and what it was one year ago.	MR HIBBERD EA1	EST
126	La	Mr Alistair Darling (Edinburgh Central): To ask Mr Chancellor of the Exchequer, what are the current interest rates in: (a) the United Kingdom, and (b) the rest of the G7.	MR MELLISS IF2	EST
127	C	Mr Tim Devlin (Stockton South): To ask Mr Chancellor of the Exchequer, if he will make a statement setting out Government policy on tax reform.	MR GILHOLLY FP	FST
128	La	Dr Lewis Moonie (Kirkcaldy): To ask Mr Chancellor of the Exchequer, what are his priorities in the forthcoming public expenditure survey.	MR MACAUSLAN GEPI	CST
129	La	Mr Peter L. Pike (Burnley): To ask Mr Chancellor of the Exchequer, what was the level of manufacturing investment in the United Kingdom in 1979 and 1988.	MR HIBBERD EA1	CST
130	La	Mr Eric Illsley (Barnsley Central): To ask Mr Chancellor of the Exchequer, what was discussed when he last met the Governor of the Bank of England.	MR PIRIE FIMI	EST
131	C	Mrs Edwina Currie (South Derbyshire): To ask Mr Chancellor of the Exchequer, what was the highest marginal rate of tax on income paid during the period 1974 to 1979; and what is the equivalent rate in 1989-90.	IR	FST
132	C	Mr Tony Marlow (Northampton North): To ask Mr Chancellor of the Exchequer, what was the growth of real personal disposable income for the latest full year for which figures are available.	MR MATTHEWS ETS	FST
133	C	Mr David Tredinnick (Bosworth): To ask Mr Chancellor of the Exchequer, what are the latest figures for the growth of business investment in the economy.	MR HIBBERD EA1	CST
134	La	Mr Eddie Loyden (Liverpool, Garston): To ask Mr Chancellor of the Exchequer, what was the level of manufacturing investment in the United Kingdom in 1979 and 1988.	MR HIBBERD EA1	CST

TREASURY FIRST ORDER QUESTIONS : THURSDAY 8 JUNE 1989

135	L	Mr David Hinchcliffe (Wakefield): To ask Mr Chancellor of the Exchequer, what was discussed when he last met the Governor of the Bank of England.	MR PIRIE FIM1	EST
136	C	Mr Andrew Mitchell (Gedling): To ask Mr Chancellor of the Exchequer, how many people are now registered as self-employed; and what was the comparable figure in 1979.	MR PICKFORD EB	CST
137	La	Mr Richard Caborn (Sheffield Central): To ask Mr Chancellor of the Exchequer, what was discussed when he last met the Governor of the Bank of England.	MR PIRIE FIM1	EST
138	C	Mr John Marshall (Hendon South): To ask Mr Chancellor of the Exchequer, when he next intends to meet his counterparts in the Group of Seven Finance Ministers; and what matters will be discussed.	MR MELLISS IFZ	EST
139	C	Mr Andrew MacKay (East Berkshire): To ask Mr Chancellor of the Exchequer, what proportion of total income tax revenue was paid by higher rate tax payers in 1978-79; and what proportion was paid by them in 1988-89.	IR	FST
140	La	Mr Chris Mullin (Sunderland South): To ask Mr Chancellor of the Exchequer, what was the bank rate on: (a) 8th June 1988 and (b) 8th June 1989.	MISS O'MARA MG1	EST
141	La	Mr Gareth Wardell (Gower): To ask Mr Chancellor of the Exchequer, what is his latest forecast for the United Kingdom balance of payments for 1989.	MR O'DONNELL EA2	CST
142	La	Mr Ronnie Campbell (Blyth Valley): To ask Mr Chancellor of the Exchequer, what proportion of gross earnings a one-earner family with two children on average earnings pays in value-added tax in: (a) 1979 and (b) now.	MR MATTHEWS ETS	EST
143	DEM	Mr A. J. Beith (Berwick upon Tweed): To ask Mr Chancellor of the Exchequer, what recent representations he has received on his policy on the European Monetary system.	MISS O'MARA MG1	EST
144	La	Mr John Reid (Motherwell South): To ask Mr Chancellor of the Exchequer, what are his priorities in the forthcoming public expenditure survey.	MR MARCUSIAN CEPI	CST
145	C	Mr Timothy Wood (Stevenage): To ask Mr Chancellor of the Exchequer, what recent consideration he has given to phasing out the married man's tax allowance.	IR	FST
146	C	Mr Patrick Thompson (Norwich North): To ask Mr Chancellor of the Exchequer, when he next intends to meet his counterparts in the Group of Seven Finance Ministers; and what matters he intends to discuss.	MR MELLISS IFZ	EST
147	La	Dr Kim Howells (Pontyrid): To ask Mr Chancellor of the Exchequer, what is his latest forecast for the United Kingdom balance of payments for 1989.	MR O'DONNELL EA2	CST
148	La	Mr Tony Lloyd (Stretford): To ask Mr Chancellor of the Exchequer, what is his policy with respect of establishing stable interest rates.	MISS O'MARA MG1	EST
149	C	Ann Widdecombe (Maidstone): To ask Mr Chancellor of the Exchequer, what changes were made in the basic rate of income tax from 1974 to 1979; and what changes have been made since 1979.	IR	FST
150	La	Mr Allan Rogers (Rhondda): To ask Mr Chancellor of the Exchequer, what is his latest forecast for the United Kingdom balance of payments for 1989.	MR O'DONNELL EA2	CST
151	La	Mr Calum Macdonald (Western Isles): To ask Mr Chancellor of the Exchequer, what is the current inflation rate in the United Kingdom; and what it was one year ago.	MR HIBBERD EA1	EST
152	C	Mr Ian Taylor (Esher): To ask Mr Chancellor of the Exchequer, what is his estimate of the proportion of the public debt which will have been repaid in the three years to 1989-90.	MR MOWL PSF	EST
153	C	Mr Michael Brown (Brigg and Cleethorpes): To ask Mr Chancellor of the Exchequer, what was the share of gross domestic product represented by business investment in 1988.	MR HIBBERD EA1	CST
154	C	Mr James Paice (South East Cambridgeshire): To ask Mr Chancellor of the Exchequer, what proportion of total income tax revenue was paid by higher rate tax payers in 1978-79; and what proportion was paid by them in 1988-89.	IR	FST

155	C	Mr Matthew Carrington (Fulham): To ask Mr Chancellor of the Exchequer, if he will make a statement setting out Government policy on tax reform.	MR GILHOOLY FP	FST
156	La	Mr Thomas Graham (Renfrew West and Inverclyde): To ask Mr Chancellor of the Exchequer, what is the estimated reduction in inflation caused by a decision not to index excise duties.	C+E	EST
157	La	Mr John McFall (Dumbarton): To ask Mr Chancellor of the Exchequer, what is the current inflation rate in the United Kingdom; and what it was one year ago.	MR HIBBERD EAI	EST
158	C	Dr Charles Goodson-Wickes (Wimbledon): To ask Mr Chancellor of the Exchequer, what is his latest estimate of the number of business start-ups in 1988-89.	MR BURR IAE3	CST
159	La	Mr John McAllion (Dundee East): To ask Mr Chancellor of the Exchequer, what is the most recent estimate for the tax and prices index.	MR HIBBERD EAI	EST
160	C	Mr Keith Mans (Wyre): To ask Mr Chancellor of the Exchequer, what was the highest marginal rate of tax on income paid during the period 1974 to 1979; and what is the equivalent rate in 1989-90.	IR	FST
161	C	Mr Roger Knapman (Stroud): To ask Mr Chancellor of the Exchequer, what recent consideration he has given to the married man's tax allowance.	IR	FST
162	DEM	Mr Simon Hughes (Southwark and Bermondsey): To ask Mr Chancellor of the Exchequer, what representations he has received on his response to the Delors Committee Report on economic and monetary union in the European Community.	MISS O'MARA MG1	EST
163	C	Mr David Curry (Skipton and Ripon): To ask Mr Chancellor of the Exchequer, what are the latest figures for the identified stock of United Kingdom net overseas assets; and what these represent as a share of gross domestic product.	MR O'DONNELL EA2	CST
164	C	Mr Andy Stewart (Sherwood): To ask Mr Chancellor of the Exchequer, what was the growth of gross domestic product in 1987 and 1988.	MR HIBBERD EAI	CST
165	La	Mr Denzil Davies (Llanelli): To ask Mr Chancellor of the Exchequer, what are the major disadvantages he has identified of including the £ sterling in the exchange rate mechanism of the ^{European} General Monetary System.	MISS O'MARA MG1	C/EX
166	La	Mr Keith Vaz (Leicester East): To ask Mr Chancellor of the Exchequer, if he will make a statement on his policy towards the tax treatment of work place nurseries.	IR	FST

UNCLASSIFIED



FROM: Assistant Parliamentary Clerk
DATE: 19 May 1989
EXTN: 5007

PS/CHANCELLOR

mp



cc PS/Chief Secretary
PS/Financial Secretary
PS/Paymaster General
PS/Economic Secretary
Mrs Brown - EC1
Mr Mercer - EC2
Miss O'Mara - MG
Mr Gieve - IDT
Mr Dyer

FORTHCOMING TREASURY BUSINESS IN THE HOUSE OF LORDS

You may wish to be aware that the current forthcoming Treasury business in the Lords is as follows:

ORAL QUESTIONS

Thursday 8 June The Lord Dean of Beswick - To ask Her Majesty's Government whether, in order to reduce the present hardship being experienced by owner-occupiers, they intend to announce a cut in the Bank Lending Rate; and if so, when.

Government Spokesman: To be confirmed. MG in the lead.

TREASURY INTEREST QUESTIONS

DEBATE

Wednesday 7 June The Viscount Chandos - To call attention to the case for Britains full participation in a more integrated European Community while maintaining Britains national interest and cultural identity; and to move for papers.

Government Spokesman: To be confirmed. FCO in the lead.

Mari Rogerson
MARI ROGERSON

BF 5/6



*Call must be for 170 names
must be in Paul's work*

Ch/

Chairmanship of Privacy Rvw.

PM responded to Mr Hurd's shortlist that none of the names fitted the bill and suggested Lord Justice Lawton.

Mr Hurd has now countered with a revised shortlist of fresh names but - despite your objections - has included McCrum again. Indeed, he clearly favours McCrum.

I have reminded No 10 of your strong reservations, PM agrees!

Do you wish to intervene again by commenting on the latest shortlist?

D15

24 MAY 1989

From: THE PRIVATE SECRETARY

25/5



APPOINTMENTS - IN CONFIDENCE

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

22 May 1989

CHIEF SECRETARY	
REC.	24 MAY 1989
ACTION	EST
COPIES TO	

FINANCIAL SECRETARY	
REC.	24 MAY 1989
ACTION	Mc Martineel
COPIES TO	PPS, CST, PNG, EST
	Sir P. Middleton
	Mc Anderson
	Mc Mervin

Mr. Westwater
Party Clerk

Dear Dennis

REVIEW OF PRIVACY AND RELATED MATTERS

Mrs Case
Mc Brook

Thank you for your letter of 5 May.

The Home Secretary has thought carefully about the possibility that Lord Justice Lawton might be asked to undertake this review. He agrees that Lord Justice Lawton would be a suitable person. However, he has been given to understand that Lord Justice Lawton has not recently been enjoying the best of health and the privacy review will be a fairly arduous task, lasting at least twelve months. He therefore wonders whether the Prime Minister considers, on reflection, that it would be advisable to ask Lord Justice Lawton to undertake such a review at the present time.

The Home Secretary agrees with the Prime Minister that someone is needed who is able to take a tough, commonsense view. He also agrees that the Chairman will need access to first class legal advice, although he is not so sure that the Chairman needs himself to be a member of the legal profession. Provided good legal advice can be secured, the Home Secretary hopes that the Prime Minister will not rule out of consideration the possibility of appointing a robust layman of sufficient quality to inspire public confidence in the review.

Looking again at the possible lawyer candidates, the Home Secretary sees as the front runners: Mr David Calcutt QC - Master of Magdalene College, Cambridge and Lord Colville - Chairman of the Parole Board. He believes that they would bring the right approach to the review, and they have the advantage of being lawyers.

Looking beyond the legal field, the Home Secretary would suggest:

Lord Armstrong - although Lord Armstrong might be thought a controversial figure in terms of his relations with the media over the "Spycatcher" affair, the Home Secretary did not think it right to exclude him from consideration solely on this ground.

Surely not: just started at
Takeover Panel ~~at this time~~
and could not afford time.

1.

2.

The Rt Hon Sally Oppenheim-Barnes, Chairman of the National Consumer Council.


Professor D S Brewer - Master of Emmanuel College, Cambridge.

Professor Sir Frederick Crawford - Vice Chancellor of the University of Aston.

The Home Secretary hopes that the Prime Minister would also be willing to reconsider Mr M W McCrum, Vice Chancellor of Cambridge University. The Home Secretary believes that he would be a very good choice for a Chairman likely to adopt a tough, commonsense view. The Home Secretary also takes the view that one or more of these names, if not acceptable as Chairman of the review, might be suitable as members.

As the matter is now becoming quite urgent, the Home Secretary would be grateful for guidance from the Prime Minister on how to proceed. He hopes that she will be able to grant him a little latitude over the next steps, since it is far from certain that the first person approached will be able to accept this appointment. It would therefore be extremely helpful if the Prime Minister could indicate two or three names she would be prepared to accept as Chairman of the review.

I am copying this letter with a reminder of your request that this correspondence should be seen only by the named recipients to those who received copies of your letter of 5 May.

Yours sincerely


C J WALTERS

Dominic Morris, Esq.

UNCLASSIFIED



FROM: Asst Parly Clerk
DATE: 22 May 1989
EXTN: 5008

PRINCIPAL PRIVATE SECRETARY
PS/CHIEF SECRETARY
PS/FINANCIAL SECRETARY
PS/PATMASTER GENERAL

cc

PS/Economic Secretary
Mr Pickford - EB
Miss Simpson - EB
PS/IR
PS/Customs
Parliamentary Section - IR
Parliamentary Section - C&E
See attached list of
copy addressees

PAP

*For 1st order
briefing folder
(Meeting 5/6)*

Nigel Forman MP
Tony Favell MP
John Maples MP
Michael Stern MP
Gillian Shepherd MP
Alan Howarth MP

TREASURY FIRST ORDER QUESTIONS - THURSDAY 8 JUNE

Attached is the Chancellor's allocation of Questions for Oral answer on Thursday 8 June 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. Could the attached list of questions be sent to the relevant drafting officers.

C A HUTSON

UNCLASSIFIED

TREASURY FIRST ORDER QUESTIONS : THURSDAY 8 JUNE 1989

1	La	Mr Gerry Steinberg (City of Durham): To ask Mr Chancellor of the Exchequer, if he will make a statement on his policy in relation to the tax on workplace nurseries.	IR	T18 FST
2	La	Mr Harry Cohen (Leyton): To ask Mr Chancellor of the Exchequer, what information he has on the pay rises awarded to directors in the last period for which figures are available, if he will indicate the economic effect of all workers having a similar pay rise this year; and if he will make a statement.	MR HIBBERD EAI	CST
3	C	Mr Nicholas Bennett (Pembroke): To ask Mr Chancellor of the Exchequer, what was the growth of real personal disposable income for the latest full year for which figures are available.	MR HIBBERD EAI	PMG
4	C	Mr Tony Baldry (Banbury): To ask Mr Chancellor of the Exchequer, what estimate he has of the number of personal equity plans now in existence.	IR	C/EX
5	C	Mr Julian Brazier (Canterbury): To ask Mr Chancellor of the Exchequer, for how many months adult unemployment has fallen continuously in the United Kingdom.	MR PICKFORD EB	CST
6	La	Mr Tam Dalyell (Linlithgow): To ask Mr Chancellor of the Exchequer, if he will make a statement on the most recent discussions of the IMF on help to: (a) Brazil, (b) Zaire, (c) Indonesia and (d) Nepal.	MR WALSH IFI	PMG
7	C	Mr Andrew Hunter (Basingstoke): To ask Mr Chancellor of the Exchequer, what proportion of total income tax revenue was paid by higher rate tax payers in 1978-79; and what proportion was paid by them in 1988-89.	IR	FST
8	La	Mr Tom Clarke (Monklands West): To ask Mr Chancellor of the Exchequer, what are the current interest rates in: (a) the United Kingdom and (b) the rest of the G7.	MR MELLISS IF2	C/EX
9	La	Mr Rhodri Morgan (Cardiff West): To ask Mr Chancellor of the Exchequer, what changes he proposes to make to the release dates for the retail price index and the tax and price index, on his assumption of responsibility for their publication.	MR HIBBERD EAI	^c PMG
10	La	Mr Martyn Jones (Clwyd South West): To ask Mr Chancellor of the Exchequer, what was the balance of payments for the first quarter of 1989.	MR O'DONNELL EA2	FST
11	C	Mr Allan Stewart (Eastwood): To ask Mr Chancellor of the Exchequer, what is his estimate of the proportion of the public debt which will have been repaid in the three years to 1989-90.	MR MOWL PSF	CST
12	C	Mr Chris Butler (Warrington South): To ask Mr Chancellor of the Exchequer, if he will make it his long-term policy to abolish income-tax.	MR GILHOLLY FP	C/EX
13	La	Mr A. E. P. Duffy (Sheffield, Attercliffe): To ask Mr Chancellor of the Exchequer, what is his estimate of the underlying rate of inflation for the British economy; and whether he will make a statement.	MR HIBBERD EAI	PMG
14	C	Mr James Arbuthnot (Wanstead and Woodford): To ask Mr Chancellor of the Exchequer, what is the latest official projection for the growth of manufacturing investment in 1989.	MR HIBBERD EAI	T15 C/EX
15	C	Mr Gerald Howarth (Cannock and Burntwood): To ask Mr Chancellor of the Exchequer, what is the latest official projection for the growth of manufacturing investment in 1989.	MR HIBBERD EAI	T14 C/EX
16	C	Mr Graham Riddick (Colne Valley): To ask Mr Chancellor of the Exchequer, how many tax-payers will be affected by the increased company-car tax rates: (a) in total and (b) those driving more than 18,000 business miles per annum.	IR	FST
17	C	Mr Tony Speller (North Devon): To ask Mr Chancellor of the Exchequer, if he will make a statement setting out Government policy on tax reform.	MR GILHOLLY FP	C/EX
18	La	Mr Eric Martlew (Carlisle): To ask Mr Chancellor of the Exchequer, if he will make a statement on his policy in relation to the tax on workplace nurseries.	IR	T1 FST
19	La	Mr Graham Allen (Nottingham North): To ask Mr Chancellor of the Exchequer, if he will make a statement on the repayment of the public sector debt held by foreign-owned institutions.	MISS O'MARA MGI	PMG
20	C	Mr John Ward (Poole): To ask Mr Chancellor of the Exchequer, what has been the annual rate of growth of manufacturing output over the last two years.	MR PICKFORD EB	CST

TREASURY FIRST ORDER QUESTIONS : THURSDAY 8 JUNE 1989

21	C	Mr Robert G. Hughes (Harrow West): To ask Mr Chancellor of the Exchequer, if he will make a statement setting out Government policy on tax reform.	MR GUNDOOLY FP	FST
22	C	Mr Phillip Oppenheim (Amber Valley): To ask Mr Chancellor of the Exchequer, what was the rate of economic growth in the latest year for which figures are available.	MR HIBBERD EAI	CST
23	La	Mr Jack Thompson (Wansbeck): To ask Mr Chancellor of the Exchequer, if he will make a statement on his policy in relation to the tax on workplace nurseries.	IR	FST
24	La	Mr Bob Cryer (Bradford South): To ask Mr Chancellor of the Exchequer, if he will make a statement on the impact of current level of interest rates on the development of manufacturing industry.	MR GRICE M.G.2	CST
25	La	Mr Nigel Griffiths (Edinburgh South): To ask Mr Chancellor of the Exchequer, what is the most recent estimate for the tax and prices index.	MR HIBBERD EAI	PMG
26	C	Mr Peter Thurnham (Bolton North East): To ask Mr Chancellor of the Exchequer, whether any further measures are planned to control inflation.	MR DAVIES MPI	OW 23/5 PMG 5
27	La	Mr Alan W. Williams (Carmarthen): To ask Mr Chancellor of the Exchequer, what was the United Kingdom's balance of trade with West Germany in 1979 and 1988.	TRANSFERRED TO DTI	X
28	La	Mr George Howarth (Knowsley North): To ask Mr Chancellor of the Exchequer, what was the average salary increase amongst the highest paid directors of the biggest 50 companies in the last year.	MS SEAMMEN PAY 1	PMG
29	La	Mr John Evans (St. Helens North): To ask Mr Chancellor of the Exchequer, if he will make a statement on interest rates.	MISS O'MARA MEI	CST
30	C	Mr Kenneth Hind (West Lancashire): To ask Mr Chancellor of the Exchequer, what would be the increased income tax payable by a married man on average earnings if the basic rate of income tax were restored to 33 per cent.	IR	FST
31	C	Mrs Elizabeth Peacock (Batley and Spen): To ask Mr Chancellor of the Exchequer, what has been the annual rate of growth of manufacturing output over the last two years.	MR PICKFORD EB	CST
32	La	Mr Ron Davies (Caerphilly): To ask Mr Chancellor of the Exchequer, what was the United Kingdom's balance of trade with West Germany in 1979 and 1988.	TRANSFERRED TO DTI	X
33	C	Mr Iain Mills (Meriden): To ask Mr Chancellor of the Exchequer, what is the latest official projection for the growth of manufacturing investment in 1989.	MR HIBBERD EAI	CST
34	C	Mr Christopher Gill (Ludlow): To ask Mr Chancellor of the Exchequer, what proportion of the total amount raised by corporation tax came from private companies; and what was the amount for the most recently available fiscal year.	IR	FST
35	La	Dr Norman A. Godman (Greenock and Port Glasgow): To ask Mr Chancellor of the Exchequer, what is the estimated reduction in inflation caused by a decision not to index excise duties.	C+E	EST
36	La	Mr Dennis Turner (Wolverhampton South East): To ask Mr Chancellor of the Exchequer, how many countries in the EEC spend a greater proportion of their gross domestic product on investment than the United Kingdom.	MR MELLISS IF2	EST
37	La	Mr Pat Wall (Bradford North): To ask Mr Chancellor of the Exchequer, if he will forecast the balance of payments in each year until 1992.	MR O'DONNELL EA2	CST
38	La	Mr Ted Garrett (Wallsend): To ask Mr Chancellor of the Exchequer, what recent submissions he has received on the tax harmonisation.	C+E	EST
39	La	Mr Win Griffiths (Bridgend): To ask Mr Chancellor of the Exchequer, what was the balance of payments for the first quarter of 1989.	MR O'DONNELL EA2	CST
40	La	Mr Doug Hoyle (Warrington North): To ask Mr Chancellor of the Exchequer, what has the level of manufacturing investment in the United Kingdom in 1979 and 1988.	MR HIBBERD EAI	CST

TREASURY FIRST ORDER QUESTIONS : THURSDAY 8 JUNE 1989

41	C	Mr Alan Amos (Hexham): To ask Mr Chancellor of the Exchequer, if he will make a statement on the level of taxation on tobacco products.	C + E	EST 2 ⁰¹
42	La	Mr Gavin Strang (Edinburgh East): To ask Mr Chancellor of the Exchequer, whether he has made any study of the likely effect of a further increase in interest rates on the level of manufacturing investments in the current year.	MR GRICE MG2	EST
43	La	Mr Paul Flynn (Newport West): To ask Mr Chancellor of the Exchequer, what was the balance of payments for the first quarter of 1989.	MR O'DONNELL EA2	CST
44	La	Mr John Battle (Leeds West): To ask Mr Chancellor of the Exchequer, what was the net flow of foreign direct and portfolio investment into the United Kingdom in 1988.	MR HIBBERD EA1	CST
45	La	Mr Keith Bradley (Manchester, Withington): To ask Mr Chancellor of the Exchequer, what was the average salary increase amongst the highest paid directors of the biggest 50 companies in the last year.	MS SEAMMEN PAY 1	PMG
46	La	Ms Diane Abbott (Hackney North and Stoke Newington): To ask Mr Chancellor of the Exchequer, if he will forecast the balance of payments in each year until 1992.	MR O'DONNELL EA2	CST
47	La	Mr Elliot Morley (Glanford and Scunthorpe): To ask Mr Chancellor of the Exchequer, how many countries in the European Economic Community spend a greater proportion of their gross domestic product on investment than the United Kingdom.	MR MELLISS IF2	EST
48	C	Mr Neil Hamilton (Tatton): To ask Mr Chancellor of the Exchequer, what is his estimate of the proportion of the public debt which will have been repaid in the three years to 1989-90.	MR MOWL PSF	EST
49	La	Mr Stuart Bell (Middlesbrough): To ask Mr Chancellor of the Exchequer, what is the most recent estimate for the tax and prices index.	MR HIBBERD EA1	EST
50	C	Mr Alistair Burt (Bury North): To ask Mr Chancellor of the Exchequer, what is his latest estimate of the number of business start-ups in 1988-89.	MR BURR IAE3	CST
51	C	Mr Greg Knight (Derby North): To ask Mr Chancellor of the Exchequer, what would be the increased income tax payable by a married man on average earnings if the basic rate of income tax were restored to 33 per cent.	IR	EST 2 ⁰¹
52	DEM	Mr Archy Kirkwood (Roxburgh and Berwickshire): To ask Mr Chancellor of the Exchequer, if he will make it his policy to publish: (a) a deutschmark/sterling exchange rate and (b) other similar rates at which he considers it appropriate to join the EMS; and what other considerations would affect his decision.	MISS O'MARA MG1	EST
53	La	Mr Dave Nellist (Coventry South East): To ask Mr Chancellor of the Exchequer, what was the average salary increase amongst the highest paid directors of the biggest 50 companies in the last year.	MS SEAMMEN PAY 1	PMG
54	C	Mr David Evans (Welwyn, Hatfield): To ask Mr Chancellor of the Exchequer, what was the amount of central Government expenditure in 1988/89 expressed as a percentage of money gross domestic product; and what were the comparable figures for the previous five years.	MRS BUTLER GEP3	CST
55	C	Mr David Davis (Boothferry): To ask Mr Chancellor of the Exchequer, what has been the fall in general Government expenditure as a share of gross domestic product since 1982-83.	MRS BUTLER GEP3	CST
56	C	Dr. Ian Twinn (Edmonton): To ask Mr Chancellor of the Exchequer, what is his latest estimate of the number of business start-ups in 1988-89.	MR BURR IAE3	CST
57	DEM	Mr Matthew Taylor (Truro): To ask Mr Chancellor of the Exchequer, what was the rate of inflation in the last month for which figures are available; and what was the rate of inflation in West Germany, France, Italy and the Netherlands in the last month for which figures are available.	MR MELLISS IF2	EST

TREASURY FIRST ORDER QUESTIONS : THURSDAY 8 JUNE 1989

58	C	Mr Tim Yeo (South Suffolk): To ask Mr Chancellor of the Exchequer, what are the latest figures for the identified stock of United Kingdom net overseas assets; and what these represent as a share of gross domestic product.	MR O'DONNELL EA2	CST
59	C	Mr Michael Jack (Fylde): To ask Mr Chancellor of the Exchequer, what is the latest official projection for the growth of manufacturing investment in 1989.	MR HIBBERD EA1	CST
60	C	Mr Jacques Arnold (Gravesham): To ask Mr Chancellor of the Exchequer, what has been the fall in general government expenditure as a share of gross domestic product since 1982-83.	MRS BUTLER GEP3	CST
61	C	Mr Ian Bruce (Dorset South): To ask Mr Chancellor of the Exchequer, what would be the increased income tax payable by a married man on average earnings if the basic rate of income tax were restored to 33 per cent.	IR	FST
62	La	Mr Martin Flannery (Sheffield, Hillsborough): To ask Mr Chancellor of the Exchequer, what is the total amount of money received by the Exchequer from North Sea oil since May 1979.	MR O'DONNELL EA2	CST
63	La	Mr Thomas McAvoy (Glasgow, Rutherglen): To ask Mr Chancellor of the Exchequer, what is the current inflation rate in the United Kingdom; and what it was one year ago.	MR HIBBERD EA1	CST
64	C	Mr John Redwood (Wokingham): To ask Mr Chancellor of the Exchequer, what has been the fall in general Government expenditure as a share of gross domestic product since 1982-83.	MRS BUTLER GEP3	CST
65	La	Mr Tony Worthington (Clydebank and Milngavie): To ask Mr Chancellor of the Exchequer, what are his priorities in the forthcoming public expenditure survey.	MR MARAVLJA GEP1	CST
66	C	Mr Irvine Patnick (Sheffield, Hallam): To ask Mr Chancellor of the Exchequer, when, on present trends, a balanced Budget will be achieved; and when was the last occasion a balanced Budget was achieved.	MR GILHOLLY FP	FST
67	La	Mr Tony Banks (Newham North West): To ask Mr Chancellor of the Exchequer, what is the estimated yield to the Exchequer in 1989-90 from income tax from company directors' emoluments.	IR	FST
68	C	Mr John Watts (Slough): To ask Mr Chancellor of the Exchequer, what was the share of gross domestic product represented by business investment in 1988.	MR HIBBERD EA1	CST
69	C	Mr James Couchman (Gillingham): To ask Mr Chancellor of the Exchequer, by how much employment in the United Kingdom has risen since 1983.	MR PICKFORD EB	CST
70	C	Mr Ian Gow (Eastbourne): To ask Mr Chancellor of the Exchequer, what is the latest estimate of the interest payable on Government debt during the current financial year, and what was the comparable figure, adjusted for inflation, for the year ended 31st March 1979.	MR MOWL PSF	EST
71	La	Mr Ian McCartney (Makerfield): To ask Mr Chancellor of the Exchequer, what was the average salary increase amongst the highest paid directors of the biggest 50 companies in the last year.	MS SEAMEN PAY1	PMG
72	C	Mr David Knox (Staffordshire Moorlands): To ask Mr Chancellor of the Exchequer, if he will make a statement about the current level of interest rates.	MISS O'MARA MG1	EST
73	La	Mr Andrew Smith (Oxford East): To ask Mr Chancellor of the Exchequer, what was discussed when he last met the Governor of the Bank of England.	MR PIRIE FIM1	EST W ML
74	C	Mr James Cran (Beverley): To ask Mr Chancellor of the Exchequer, what are the latest available figures for the level of the United Kingdom's net overseas assets.	MR O'DONNELL EA2	CST
75	C	Mr Charles Wardle (Bexhill and Battle): To ask Mr Chancellor of the Exchequer, by how much employment in the United Kingdom has risen since 1983.	MR PICKFORD EB	CST
76	La	Mr William O'Brien (Normanton): To ask Mr Chancellor of the Exchequer, if he will forecast the balance of payments in each year until 1992.	MR O'DONNELL EA2	CST
77	C	Mr Conal Gregory (York): To ask Mr Chancellor of the Exchequer, what are his latest figures for output per hour worked in the United Kingdom.	MR HIBBERD EA1	WID CST

TREASURY FIRST ORDER QUESTIONS : THURSDAY 8 JUNE 1989

78	C	Mr Hugo Summerson (Walthamstow): To ask Mr Chancellor of the Exchequer, by how much employment in the United Kingdom has risen since 1983.	MR PICKFORD EB	CST
79	La	Mr Derek Fatchett (Leeds Central): To ask Mr Chancellor of the Exchequer, what is his latest forecast of the balance of trade in manufactures in 1989	MR O'DONNELL EA2	CST
80	C	Mr Martin Brandon Bravo (Nottingham South): To ask Mr Chancellor of the Exchequer, if he will make a statement setting out the Government's objective for the basic rate of income tax.	IR	FST
81	La	Mr Jeff Rooker (Birmingham, Perry Barr): To ask Mr Chancellor of the Exchequer, when he expects the Inland Revenue valuation officer to be able to inform businesses of the new rateable values following re-valuation.	IR	FST
82	C	Sir Fergus Montgomery (Altrincham and Sale): To ask Mr Chancellor of the Exchequer, what was the growth of real personal disposable income for the latest full year for which figures are available.	MR HIBBERD EA1	FST
83	La	Alice Mahon (Halifax): To ask Mr Chancellor of the Exchequer, if he will forecast the balance of payments in each year until 1992.	MR O'DONNELL EA2	CST
84	C	Mr Lewis Stevens (Nuneaton): To ask Mr Chancellor of the Exchequer, how many people are now registered as self-employed; and what was the comparable figure in 1979.	MR PICKFORD EB	CST
85	C	Mr Quentin Davies (Stamford and Spalding): To ask Mr Chancellor of the Exchequer, what was the share of gross domestic product represented by business investment in 1988.	MR HIBBERD EA1	CST
86	La	Mr Jimmy Dunnachie (Glasgow, Pollok): To ask Mr Chancellor of the Exchequer, what is the estimated reduction in inflation caused by a decision not to index excise duties.	C/E	EST
87	La	Mr Dennis Canavan (Falkirk West): To ask Mr Chancellor of the Exchequer, whether the Treasury has had any recent communications with Scottish banks about the issue of Scottish bank notes; and if he will make a statement.	MR PIRIE FIM1	EST
88	C	Mr Harry Greenway (Ealing North): To ask Mr Chancellor of the Exchequer, what is the anticipated effect on the Exchequer by raising the higher rate of taxation to 50 per cent.; and if he will make a statement.	IR	02/23/ FST
89	La	Mr Doug Henderson (Newcastle upon Tyne North): To ask Mr Chancellor of the Exchequer, when he last met representatives of the Low Pay Unit to discuss the numbers of people in poverty.	MR MCINTYRE ST1	CST
90	C	Dr Michael Clark (Rochford): To ask Mr Chancellor of the Exchequer, when he last met representatives of the credit card companies; and what subjects were discussed.	MR ILETT FIM2	EST
91	C	Mr William Powell (Corby): To ask Mr Chancellor of the Exchequer, what has been the annual rate of growth of manufacturing output over the last two years.	MR PICKFORD EB	CST
92	La	Mr Paul Boateng (Brent South): To ask Mr Chancellor of the Exchequer, what was the United Kingdom's balance of trade with West Germany in 1979 and 1988.	TRANSFERRED TO DT1	X
93	C	Mr Jeremy Hanley (Richmond and Barnes): To ask Mr Chancellor of the Exchequer, what was the growth of gross domestic product in 1987 and 1988.	MR HIBBERD EA1	CST
94	La	Mr Kevin Barron (Rother Valley): To ask Mr Chancellor of the Exchequer, what is his latest forecast of the balance of trade in manufactures in 1989.	MR O'DONNELL EA2	CST
95	La	Mr George J. Buckley (Hemsworth): To ask Mr Chancellor of the Exchequer, how many countries in the European Economic Community spend a greater proportion of their gross domestic product on investment than the United Kingdom.	MR MELLISS IF2	EST
96	La	Marjorie Mowlam (Redcar): To ask Mr Chancellor of the Exchequer, when he last met representatives of the Low Pay Unit to discuss the numbers of people in poverty.	MR MCINTYRE ST1	CST

TREASURY FIRST ORDER QUESTIONS : THURSDAY 8 JUNE 1989

97	La	Mr Jim Cousins (Newcastle upon Tyne Central): To ask Mr Chancellor of the Exchequer, when he next expects to meet the Governor of the Bank of England; and what matters he proposes to discuss.	MR PIRIE FIMI	EST
98	La	Mr Keith Vaz (Leicester East): To ask Mr Chancellor of the Exchequer, what is his latest forecast of the balance of trade in manufactures in 1989.	MR O'DONNELL EA2	CST
99	C	Mr William Cash (Stafford): To ask Mr Chancellor of the Exchequer, by how much employment in the United Kingdom has risen since 1983.	MR PICKFORD EB	CST
100	La	Mr Frank Doran (Aberdeen South): To ask Mr Chancellor of the Exchequer, what is the estimated reduction in inflation caused by a decision not to index excise duties.	CTE	EST
101	La	Mr Dennis Skinner (Bolsover): To ask Mr Chancellor of the Exchequer, when he next intends to meet other finance ministers to discuss international debt; and if he will make a statement.	MR WALSH IFI	EST
102	C	Mr John Greenway (Ryedale): To ask Mr Chancellor of the Exchequer, what changes were made in the basic rate of income tax from 1974 to 1979; and what changes have been made since 1979.	IR	FST
103	La	Mr Allen McKay (Barnsley West and Penistone): To ask Mr Chancellor of the Exchequer, what is his latest forecast of the balance of trade in manufactures in 1989.	MR O'DONNELL EA2	CST
104	C	Mr David Shaw (Dover): To ask Mr Chancellor of the Exchequer, if he will make a statement setting out the Government's objective for the basic rate of income tax.	IR	FST
105	C	Mr Neil Thorne (Ilford South): To ask Mr Chancellor of the Exchequer, for how many months adult unemployment has fallen continuously in the United Kingdom.	MR PICKFORD EB	CST
106	C	Mr Gwilym Jones (Cardiff North): To ask Mr Chancellor of the Exchequer, if he will make a statement setting out the Government's objective for the basic rate of income tax.	IR	FST
107	C	Mr Anthony Coombs (Wyre Forest): To ask Mr Chancellor of the Exchequer, what was the highest marginal rate of tax on income paid during the period 1974 to 1979; and what is the equivalent rate in 1989-90.	IR	WID FST ^{19/2}
108	La	Joan Walley (Stoke on Trent North): To ask Mr Chancellor of the Exchequer, what is his latest forecast of the balance of trade in visible goods in 1989.	MR O'DONNELL EA2	CST
109	La	Hilary Armstrong (North West Durham): To ask Mr Chancellor of the Exchequer, what proportion of gross earnings a one-earner family with two children on average earnings pays in value-added tax in: (a) 1979 and (b) now.	MR MATTHEWS ETS	EST
110	C	Mr Gary Waller (Keighley): To ask Mr Chancellor of the Exchequer, what was the growth of real personal disposable income for the latest full year for which figures are available.	MR HIBBERD EAI	FST
111	La	^(27 Ho.) Mr Jack Ashley (Stoke on Trent South): To ask Mr Chancellor of the Exchequer, what is the present level of inflation.	MR HIBBERD EAI	CLEX
112	C	Mr Richard Page (South West Hertfordshire): To ask Mr Chancellor of the Exchequer, what was the highest marginal rate of tax on income paid during the period 1974 to 1979; and what is the equivalent rate in 1989-90.	IR	FST
113	La	Ms Joyce Quin (Gateshead East): To ask Mr Chancellor of the Exchequer, when he last met representatives of the Low Pay Unit to discuss the numbers of people in poverty.	MR MCINTYRE ST1	CST
114	La	Mr Harry Barnes (Derbyshire North East): To ask Mr Chancellor of the Exchequer, what is his latest forecast of the balance of trade in visible goods in 1989.	MR O'DONNELL EA2	CST

TREASURY FIRST ORDER QUESTIONS : THURSDAY 8 JUNE 1989

115	E M	Mr James Wallace (Orkney and Shetland): To ask Mr Chancellor of the Exchequer, if he will make it his policy to list the conditions which he considers will make it appropriate for the United Kingdom to take up membership of the European Monetary System.	MISS O'MARA MG1	EST
116	La	Mr Bruce Grocott (The Wrekin): To ask Mr Chancellor of the Exchequer, what is his latest forecast of the balance of trade in visible goods in 1989.	MRO'DONNELL EA2	CST
117	C	Mr Tim Boswell (Daventry): To ask Mr Chancellor of the Exchequer, what proposition of total income tax revenue was paid by high-rate tax payers in 1978-79; and what proportion was paid by them in 1988-89.	IR	FST
118	La	Mr Terry Lewis (Worsley): To ask Mr Chancellor of the Exchequer, what was the level of manufacturing investment in the United Kingdom in 1979 and 1988.	MR HIBBERD EA1	CST
119	La	Mr Alan Meale (Mansfield): To ask Mr Chancellor of the Exchequer, how many countries in the European Economic Community spend a greater proportion of their gross domestic product on investment than the United Kingdom.	MR MELLISS IF2	EST
120	La	Mr David Clelland (Tyne Bridge): To ask Mr Chancellor of the Exchequer, what recent submissions he has received on tax harmonisation.	C+E	EST
121	C	Mr Tim Janman (Thurrock): To ask Mr Chancellor of the Exchequer, what are his latest figures for output per hour worked in the United Kingdom.	MR HIBBERD EA1	CST
122	La	Mr John Cummings (Easington): To ask Mr Chancellor of the Exchequer, what recent submissions he has received on tax harmonisation.	C+E	EST
123	C	Mr Barry Field (Isle of Wight): To ask Mr Chancellor of the Exchequer, what progress he has made on the introduction of a Fast Lane clearance system for European Economic Community goods.	C+E	^a EST ²
124	C	Mr Cecil Franks (Barrow and Furness): To ask Mr Chancellor of the Exchequer, what changes were made in the basic rate of income tax from 1974 to 1979; and what changes have been made since 1979.	IR	FST
125	La	Mr Henry McLeish (Fife Central): To ask Mr Chancellor of the Exchequer, what is the current inflation rate in the United Kingdom and what it was one year ago.	MR HIBBERD EA1	EST
126	La	Mr Alistair Darling (Edinburgh Central): To ask Mr Chancellor of the Exchequer, what are the current interest rates in: (a) the United Kingdom, and (b) the rest of the G7.	MR MELLISS IF2	EST
127	C	Mr Tim Devlin (Stockton South): To ask Mr Chancellor of the Exchequer, if he will make a statement setting out Government policy on tax reform.	MR GILHOOLY FP	FST
128	La	Dr Lewis Moonie (Kirkcaldy): To ask Mr Chancellor of the Exchequer, what are his priorities in the forthcoming public expenditure survey.	MR MACAUSLAN GEPI	CST
129	La	Mr Peter L. Pike (Burnley): To ask Mr Chancellor of the Exchequer, what was the level of manufacturing investment in the United Kingdom in 1979 and 1988.	MR HIBBERD EA1	CST
130	La	Mr Eric Illsley (Barnsley Central): To ask Mr Chancellor of the Exchequer, what was discussed when he last met the Governor of the Bank of England.	MR PIRIE FIMI	EST
131	C	Mrs Edwina Currie (South Derbyshire): To ask Mr Chancellor of the Exchequer, what was the highest marginal rate of tax on income paid during the period 1974 to 1979; and what is the equivalent rate in 1989-90.	IR	FST
132	C	Mr Tony Marlow (Northampton North): To ask Mr Chancellor of the Exchequer, what was the growth of real personal disposable income for the latest full year for which figures are available.	MR HIBBERD EA1	FST
133	C	Mr David Tredinnick (Bosworth): To ask Mr Chancellor of the Exchequer, what are the latest figures for the growth of business investment in the economy.	MR HIBBERD EA1	CST ^W 19
134	La	Mr Eddie Loyden (Liverpool, Garston): To ask Mr Chancellor of the Exchequer, what was the level of manufacturing investment in the United Kingdom in 1979 and 1988.	MR HIBBERD EA1	CST

TREASURY FIRST ORDER QUESTIONS : THURSDAY 8 JUNE 1989

135		Mr David Hinchcliffe (Wakefield): To ask Mr Chancellor of the Exchequer, what was discussed when he last met the Governor of the Bank of England.	MR PIRIE FIMI	EST
136	C	Mr Andrew Mitchell (Gedling): To ask Mr Chancellor of the Exchequer, how many people are now registered as self-employed; and what was the comparable figure in 1979.	MR PICKFORD EB	CST
137	La	Mr Richard Caborn (Sheffield Central): To ask Mr Chancellor of the Exchequer, what was discussed when he last met the Governor of the Bank of England.	MR PIRIE FIMI	EST
138	C	Mr John Marshall (Hendon South): To ask Mr Chancellor of the Exchequer, when he next intends to meet his counterparts in the Group of Seven Finance Ministers; and what matters will be discussed.	MR MELLISS IFZ	EST
139	C	Mr Andrew MacKay (East Berkshire): To ask Mr Chancellor of the Exchequer, what proportion of total income tax revenue was paid by higher rate tax payers in 1978-79; and what proportion was paid by them in 1988-89.	IR	FST
140	La	Mr Chris Mullin (Sunderland South): To ask Mr Chancellor of the Exchequer, what was the bank rate on: (a) 8th June 1988 and (b) 8th June 1989.	MISS O'MARA MGI	EST
141	La	Mr Gareth Wardell (Gower): To ask Mr Chancellor of the Exchequer, what is his latest forecast for the United Kingdom balance of payments for 1989.	MR O'DONNELL EA2	CST
142	La	Mr Ronnie Campbell (Blyth Valley): To ask Mr Chancellor of the Exchequer, what proportion of gross earnings a one-earner family with two children on average earnings pays in value-added tax in: (a) 1979 and (b) now.	MR MATTHEWS ETS	EST
143	DEM	Mr A. J. Beith (Berwick upon Tweed): To ask Mr Chancellor of the Exchequer, what recent representations he has received on his policy on the European Monetary system.	MISS O'MARA MGI	EST
144	La	Mr John Reid (Motherwell South): To ask Mr Chancellor of the Exchequer, what are his priorities in the forthcoming public expenditure survey.	MR MARCUSIAN GEPI	CST
145	C	Mr Timothy Wood (Stevenage): To ask Mr Chancellor of the Exchequer, what recent consideration he has given to phasing out the married man's tax allowance.	IR	FST
146	C	Mr Patrick Thompson (Norwich North): To ask Mr Chancellor of the Exchequer, when he next intends to meet his counterparts in the Group of Seven Finance Ministers; and what matters he intends to discuss.	MR MELLISS IFZ	EST
147	La	Dr Kim Howells (Pontyrid): To ask Mr Chancellor of the Exchequer, what is his latest forecast for the United Kingdom balance of payments for 1989.	MR O'DONNELL EA2	CST
148	La	Mr Tony Lloyd (Stretford): To ask Mr Chancellor of the Exchequer, what is his policy with respect of establishing stable interest rates.	MISS O'MARA MGI	EST
149	C	Ann Widdecombe (Maidstone): To ask Mr Chancellor of the Exchequer, what changes were made in the basic rate of income tax from 1974 to 1979; and what changes have been made since 1979.	IR	FST
150	La	Mr Allan Rogers (Rhondda): To ask Mr Chancellor of the Exchequer, what is his latest forecast for the United Kingdom balance of payments for 1989.	MR O'DONNELL EA2	CST
151	La	Mr Calum Macdonald (Western Isles): To ask Mr Chancellor of the Exchequer, what is the current inflation rate in the United Kingdom; and what it was one year ago.	MR HIBBERD EA1	OW EST ²⁰
152	C	Mr Ian Taylor (Esher): To ask Mr Chancellor of the Exchequer, what is his estimate of the proportion of the public debt which will have been repaid in the three years to 1989-90.	MR MOWL PSF	EST
153	C	Mr Michael Brown (Brigg and Cleethorpes): To ask Mr Chancellor of the Exchequer, what was the share of gross domestic product represented by business investment in 1988.	MR HIBBERD EA1	CST
154	C	Mr James Paice (South East Cambridgeshire): To ask Mr Chancellor of the Exchequer, what proportion of total income tax revenue was paid by higher rate tax payers in 1978-79; and what proportion was paid by them in 1988-89.	IR	FST

155	C	Mr Matthew Carrington (Fulham): To ask Mr Chancellor of the Exchequer, if he will make a statement setting out Government policy on tax reform.	MR GILHOOLY FP	FST
156	La	Mr Thomas Graham (Renfrew West and Inverclyde): To ask Mr Chancellor of the Exchequer, what is the estimated reduction in inflation caused by a decision not to index excise duties.	C+E	EST
157	La	Mr John McFall (Dumbarton): To ask Mr Chancellor of the Exchequer, what is the current inflation rate in the United Kingdom; and what it was one year ago.	MR HIBBERD EAI	EST
158	C	Dr Charles Goodson-Wickes (Wimbledon): To ask Mr Chancellor of the Exchequer, what is his latest estimate of the number of business start-ups in 1988-89.	MR BURR IAE3	CST
159	La	Mr John McAllion (Dundee East): To ask Mr Chancellor of the Exchequer, what is the most recent estimate for the tax and prices index.	MR HIBBERD EAI	EST
160	C	Mr Keith Mans (Wyre): To ask Mr Chancellor of the Exchequer, what was the highest marginal rate of tax on income paid during the period 1974 to 1979; and what is the equivalent rate in 1989-90.	IR	FST
161	C	Mr Roger Knapman (Stroud): To ask Mr Chancellor of the Exchequer, what recent consideration he has given to the married man's tax allowance.	IR	FST ²
162	D E M	Mr Simon Hughes (Southwark and Bermondsey): To ask Mr Chancellor of the Exchequer, what representations he has received on his response to the Delors Committee Report on economic and monetary union in the European Community.	MISS O'MARA MGI	EST
163	C	Mr David Curry (Skipton and Ripon): To ask Mr Chancellor of the Exchequer, what are the latest figures for the identified stock of United Kingdom net overseas assets; and what these represent as a share of gross domestic product.	MR O'DONNELL EA2	CST
164	C	Mr Andy Stewart (Sherwood): To ask Mr Chancellor of the Exchequer, what was the growth of gross domestic product in 1987 and 1988.	MR HIBBERD EAI	CST
165	La	Mr Denzil Davies (Llanelli): To ask Mr Chancellor of the Exchequer, what are the major disadvantages he has identified of including the £ sterling in the exchange rate mechanism of the European Monetary System.	MISS O'MARA MGI	C/EX
166	La	Mr Keith Vaz (Leicester East): To ask Mr Chancellor of the Exchequer, if he will make a statement on his policy towards the tax treatment of work place nurseries.	IR	FST ²
167	La	Mr Ken Livingstone (Brent East): To ask Mr Chancellor of the Exchequer, if he will make a statement on the current level of inflation.	MR HIBBERD EAI	EST

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COPY ADDRESSES

Under Secretaries

Mr R I G Allen	EC	95/1
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Mr C D Butler	EOG	31/2
Mrs A Case	HE	10/1
Mr R P Culpin	FP	90/1
Mr A J C Edwards	LG	19A/1
Mr H P Evans	IF	107/3
Mr A Healey	CCTA	
Mr L J Harris	FMG	62A/1
Mr C W Kelly	Pay	120A/3
Mrs Lomax	GEP	94/3
Mr T Luce	RCS	54/1
Mr D Moore	PE	100/1
Mr P Mountfield	AEF	80/1
Mr J C Odling-Smee	FIM	82/2
Miss M Peirson	ST	18/2
Mr D Peretz	MG	84/G
Mr C J Riley	MP	45/2
Mr S A Robson	DM	37/1
Mr P N Sedgwick	EA	39/3
Mr M J Spackman	ES	83/3
Mr D S B Simpson	CISCO	

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Mrs R Butler	GEP3	19A/3
Mr S Davies	MP1	91/3
Mr J Gilhooly	FP	89/1
Mr J Grice	MG2	89/G
Mr J Hibberd	EA1	36A/3
Mr N J Ilett	FIM2	43/G
Mr J MacAuslan	GEP1	93/3
Mr P McIntyre	ST1	20/2
Mr S Matthews	ETS	118/1
Mr C L Melliss	IF2	105/3
Mr C J Mowl	PSF	111/4
Miss M O'Mara	MG1	109/G
Mr A T O'Donnell	EA2	38/3
Mr A Pirie	FIM1	36/G
Ms D Seammen	PAY1	122/3
Mr H G Walsh	IF1	108/3

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Rm 12/2.

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PNP

FROM: M J ERRITT

DATE: 23 May 1989

Mr ~~Denison~~ 101/3

PS/CHANCELLOR

cc. Mr Martin
Mr Willis

Please could you phone me to confirm you are content? Do you agree Chief Secretary could answer the PQ?

Duncan Sparkes
5004

DRAFT ARRANGED PQ - NEW ESTIMATE FOR CSO

The attached draft has been agreed with Treasury Expenditure Divisions. If the Chancellor is content I shall arrange with Parliamentary Section for answer this week.

cc Willis

[Signature]

Assistant Director
Central Statistical Office

Mr Sparkes

I suggest the attached amendments since the Dept of Employment will also be taking a Revised Estimate later than a supplementary. I have cleared this with Mr Willis. I agree that the CSO could answer the PQ.

[Signature]
23/5

Enc.

Draft arranged PQ

enlarged

To ask the Chancellor of the Exchequer, what will be the financial provision in 1989-90 for the ~~new~~ Central Statistical Office, [announced on 5 April 1989 (Official Report, cols 190-191)].

DRAFT REPLY

~~CHIEF SECRETARY~~

A New Estimate (Class XIX, Vote 18) will be presented to Parliament, in the Summer Supplementary Estimate round, to provide for expenditure by the new department from 31 July 1989. The provision sought will be offset by corresponding reductions shown in Revised Estimates for the Cabinet Office (Class XX, Vote 2), of £2,764,000, the Department of Trade and Industry (Class V, Vote 3), of £8,533,000, and ~~a Supplementary Estimate~~ ^{the} for Department of Employment (Class VII, Vote 2), of £2,430,000 which will be presented to Parliament on the same day. It will not therefore add to the planned total of public expenditure. The cash limit for the new Central Statistical Office Vote is £13,727,000 and the running costs limit is £10,804,000.

(which is part of the overall reduction on that vote)

M J Erritt

M J ERRITT
Assistant Director
Division III
Central Statistical Office

CONFIDENTIAL



FROM: Parliamentary Clerk
DATE: 24 May 1989
EXTN: 4520

cc PS/EST
Mr P Denison - GEP2
Mr S Willis - ST1
Mr M Erritt - CSO

pnp

PS/CHANCELLOR

DRAFT ARRANGED PQ: NEW ESTIMATE FOR CSO

I understand the attached draft PQ and answer has been approved by the Chancellor and agreed with copy recipients.

Unless advised otherwise, I propose to table it today (circa 4.30pm) for answer tomorrow, Thursday 25 May at 3.30pm.

A handwritten signature in black ink, appearing to be 'B O Dyer', written over a faint 'CONFIDENTIAL' watermark.

B O DYER

CONFIDENTIAL

DRAFT ARRANGED PQ: NEW ESTIMATE FOR CSO

To ask Mr Chancellor of the Exchequer, what will be the financial provision in 1989-90 for the enlarged Central Statistical Office.

MR NIGEL LAWSON

A New Estimate (Class XIX, Vote 18) will be presented to Parliament, in the Summer Supplementary Estimate round, to provide for expenditure by the new department from 31 July 1989. The provision sought will be offset by corresponding reductions shown in Revised Estimates for the Cabinet Office (Class XX, Vote 2), of £2,764,000, the Department of Trade and Industry (Class V, Vote 3), of £8,533,000, and the Department of Employment (Class VII, Vote 2), of £2,430,000 (which is part of the overall reduction on that Vote), which will be presented to Parliament on the same day. It will not therefore add to the planned total of public expenditure. The cash limit for the new Central Statistical Office Vote is £13,727,000 and the running costs limit is £10,804,000.



FROM: B O DYER (Parly Clerk)
 DATE: 24 May 1989
 EXTN: 4520

CHANCELLOR

cc Chief Secretary
 Financial Secretary
 Paymaster General
 Economic Secretary
 Mr J Gieve - IDT
 Mrs J Chaplin
 Mrs J Thorpe

**CABINET : THURSDAY 25 MAY 1989
 PARLIAMENTARY AFFAIRS**

Following is the business currently proposed for the Commons in the week Parliament returns from the Whitsun recess:

Tuesday 6 June

- 2.30pm: Education and Science Questions
- 3.15pm: PMs Questions
- 3.20pm: Ten Minute Rule Bill - Roger Knapman : Agriculture
 (control of Nitrates)
- 3.40pm: **Employment Bill:** Conclusion of remaining stages
Pesticides (Fees and Enforcement) Bill: Remaining stages

Wednesday 7 June

- 2.30pm: Scottish Questions
- 3.30pm: Ten Minute Rule Bill - Bruce Grocott: Political Honours
- 3.40pm: **Opposition 12th Allotted Day** - subject to be announced.

Thursday 8 June

- 2.30pm: **Treasury Questions (C/Ex, CST, FST, PMG)**
- 3.15pm: PMs Questions
- 3.20pm: Business Statement (Lord President)
- 4.00pm: **Debate on the Army**

Friday 9 June

- 9.30am: **Private Members' Motions**
 1. Mr Chris Butler)
 2. Mr Gavin Strang) subjects to be announced
 3. Mr George Buckley)

A handwritten signature in black ink, appearing to read 'B. O. Dyer'.

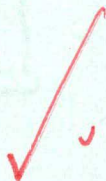
B O DYER



mp

Ch/

Somewhat surprisingly,
Caulcutt has agreed to chair
the Review of Privacy
but this is not yet public
knowledge.



DIS

5 JUN 1989



BF 19/6

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

25 May 1989

SECRETARY	
REC.	

De Gi

The Prime Minister has seen your letter of 22 May to Dominic Morris about the Review of Privacy and Related Matters. She has agreed that in view of his health it would not be advisable to approach Lord Justice Lawton at the moment.

In considering the other names proposed the Prime Minister has commented that she would be content with Mr. David Calcutt QC, Lord Colville, Professor Sir Frederick Crawford and Mr. M. W. McCrum.

I am leaving it to you to copy this letter further if you so wish.

FINANCIAL SECRETARY	
REC.	- 5 JUN 1989
ACTION	Mr. Mortimer
COPIES TO	PPS, CST, PMG, EST
	Sir P. Middleton
	Mr. Anson
	Mrs. Case

perly Clerk

Y -

Amg

Mr. Monck
Mr. Westwater

P. A. BEARPARK

Colin Walters, Esq.,
 Home Office

APPOINTMENTS IN CONFIDENCE



CH/EXCHEQUER ✓ 26/5	
REC.	26 MAY 1989
ACTION	FST
DATES	
TO	

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

26 May 1989

New Sir Geoffrey,

✓
Prof

PROCEDURE COMMITTEE ENQUIRY INTO THE WORKING OF SELECT COMMITTEES

Sir Peter Emery has recently written to me (see letter attached) about the Procedure Committee's forthcoming enquiry into the work of Select Committees. I have been invited to submit a memorandum giving the Government's views, and I am writing to seek the views of colleagues on the nature of our response.

I doubt whether it will be in our interests either in relation to Parliament or the wider public to provoke a major row with the House on the shortcomings of the Select Committees. At the same time, the Procedure Committee's investigation and Sir Peter's letter provide us with a genuine opportunity to indicate a Government view on matters of current and prospective concern in this field, to put down markers for the future, and to try to steer the Committee's future pattern of work into constructive, or at least less unhelpful, channels. For example, there is a clear invitation to us to address the current problems faced by some Departments of overlapping enquiries from different Committees at the same time (notably the PAC and other Departmental Committees); we might also, for example, want to encourage discussion on the right balance between carefully researched reports produced over a relatively lengthy period and quick reactions to particularly controversial issues of the day. We will also need to take account of the imminent arrival of television in the Committee rooms as well as on the Floor of the House.

On the other hand, I believe we should not raise with the Committee matters which are essentially internal to Government, such as the content of initial Government responses to Select Committee reports, on which I have written separately to you today.

I should, therefore, welcome colleagues' comments on the specific questions posed in Sir Peter's letter, together with any more general observations you may wish to offer at this stage, by Friday 16 June, if at all possible. I will then aim to circulate a draft memorandum for comment by the end of June, so that we can meet Sir Peter's proposed timetable.

My officials will be in touch with Departments separately about some of the background and factual material we shall also need.

Contd 2/ . . .

Finally, colleagues should note that it is probable that the Committee will wish to take oral evidence not only from me but also from a small number of departmental Ministers. The Procedure Committee may be prepared to accept guidance from us on the most appropriate choices in this area.

I am sending copies of this letter to the Prime Minister, other Cabinet colleagues, David Waddington, Richard Luce and Sir Robin Butler.

Yours sincerely



DP JOHN WAKEHAM

(approved in draft by the Lord President
and signed in his absence)

Sir Geoffrey Howe QC MP
Secretary of State for Foreign & Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
LONDON
SW1A 2AL



HOUSE OF COMMONS
LONDON SW1A 0AA

LORD PRESIDENT
OF THE COUNCIL
RECEIVED
19 MAY 1989

The Rt. Hon. John Wakeham, MP,
Lord President of the Council and
Leader of the House of Commons,
House of Commons,
London SW1A 0AA.

18th May 1989

Dear John,

As you know, my Committee is proceeding with an enquiry into the overall working of Select Committees, but that we are concentrating initially on those aspects affecting European Legislation. However, we are making preparations to turn to the new enquiry and, although the terms of reference embrace all Select Committees, it is likely that we shall focus our attention primarily on the departmentally related Committees.

My Committee would therefore be very grateful for a memorandum from you covering the following points:

- i. the value to the House and to Ministers of a system of departmentally related Select Committees;
- ii. an assessment of the effectiveness with which these Committees have carried out their task of examining "the expenditure, administration and policy of the principal Government departments", as set out in Standing Order No 130; it would be helpful if you could indicate in particular the main areas in which Select Committees have had an influence on the Government (either directly through the acceptance of their recommendations - particularly when this involved a significant switch or modification of policy - or through the indirect contribution of their activities to the wider public debate on issues of importance);
- iii. the impact on the Government both in terms of the expenditure, manpower and other resources devoted to responding to requests from Committees for evidence and in the form of any increased workload for Departments which is otherwise attributable to their activities;
- iv. the process by which Select Committees' recommendations are considered by the Government;
- v. an indication of any aspects of the work of Select Committees over the last ten years which suggest that changes in practice or procedure may be desirable;

/.....

- vi. an assessment of the extent to which problems are posed for the Government by the existing demarcation between the terms of reference of different departmentally related Committees and, more particularly, between those Committees and the Public Accounts Committee;
- vii. the impact, good or bad, of the work of Select Committees on the House as a whole;

I would be grateful if you could have a response from you during the early part of July. I will write to you separately as Chairman of the Services Committee.

Always
Peter

Sir Peter Emery MP
Chairman,
Procedure Committee.

UNCLASSIFIED



FROM: Assistant Parliamentary Clerk
DATE: 26 May 1989
EXTN: 5007

PS/CHANCELLOR

cc PS/Chief Secretary
PS/Financial Secretary
PS/Paymaster General
PS/Economic Secretary
PS/Inland Revenue
Mrs Brown - EC1
Mr Pirie - FIM1
Mr Melliss - IF1
Mr Mercer - EC2
Miss O'Mara - MG
Mr Saunders - ST2
Mr Gieve - IDT
Mr Dyer

FORTHCOMING TREASURY BUSINESS IN THE HOUSE OF LORDS

You may wish to be aware that the current forthcoming Treasury business in the Lords is as follows:

ORAL QUESTIONS

Tuesday 6 June The Viscount of Oxfuird - To ask Her Majesty's Government how absolute levels of United Kingdom productivity compare with those in Japan and the Federal Republic of Germany.

Government Spokesman: Lord Young. IF2 in the lead.

Thursday 8 June The Lord Dean of Beswick - To ask Her Majesty's Government whether, in order to reduce the present hardship being experienced by owner-occupiers, they intend to announce a cut in the Bank Lending Rate; and if so, when.

Government Spokesman: To be confirmed. MG in the lead.

Wednesday 14 June The Lord Ezra - To ask Her Majesty's Government whether and if so when they propose to privatise the Bank of England.

Government Spokesman: To be confirmed. FIM1 in the lead.

UNCLASSIFIED

TREASURY INTEREST QUESTIONS

Monday 12 June The Lord Jenkin of Roding - To ask Her Majesty's Government whether they have assessed the impact on forestry planting of the new forestry tax and grant regime introduced in the 1988 Budget.

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

Thursday 15 June The Countess of Mar - To ask Her Majesty's Government whether they intend to make good the shortfall of £490 million in this year's National Health Service budget which is due to inaccurate inflation forecasts.

Government Spokesman: To be confirmed. Department of Health in the lead.

DEBATE

Wednesday 7 June The Viscount Chandos - To call attention to the case for Britain's full participation in a more integrated European Community while maintaining Britain's national interest and cultural identity; and to move for papers.

Government Spokesman: To be confirmed. FCO in the lead.

Mari Rogerson
MARI ROGERSON

UNCLASSIFIED