

cc Mr Hockley



✓ C.F.
For files for
Chancellor mtg for
Thursday.

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

20 June 1980

Dear Tim,

We spoke earlier today about the paper on
medium term economic prospects which the Treasury
has made available to Chief Economic Advisers in a
number of Departments. I attach a copy.

Yours ever

John Wiggins

T. P. Lankester Esq

ECONOMIC PROSPECTS IN THE MEDIUM TERM

I INTRODUCTION AND SUMMARY

This paper considers economic prospects for the period to 1983. The economic projections discussed here are consistent with the Government's Medium Term Financial Strategy (MTFS) as presented in Part II of the Financial Statement and Budget Report (FSBR) 1980-81. The work on these projections was done in March, and some aspects of them may already have changed, though the broad scenario for the medium term still stands.

2. The outlook for growth is poor. Table I shows GDP only exceeding its 1979 level in 1983 (and then by only 1%). However, by the end of the period both wage and price inflation have fallen to around $7\frac{1}{2}$ per cent per annum, growth is faster and unemployment is starting to fall, albeit slowly. Table II compares this outlook with the views of the main outside forecasters.

3. A number of factors account for this poor prospect, but the major one is the level of trade competitiveness. Relative unit labour costs in 1980-83 are expected to be around 40 per cent higher than in 1978. Between 1978 and 1980 domestic labour costs increase by about 32 per cent, compared with an average figure for competitors of 10 per cent (in domestic currencies); this together with a rise in the effective exchange rate of more than 14 per cent over the same period explains the deterioration in competitiveness. In the medium term sterling is kept high by relatively high interest rates and sterling's role as a petro-currency. These factors are sufficient to outweigh the impact of a large cumulative current account deficit over the next four years.

II THE ECONOMIC BACKGROUND

In retrospect, 1979 was a reasonably good year for output, with GDP growing by 1.7 per cent, though half of this could be attributed to the growth of North Sea oil. GDP growth in 1979 was rather above the trend rate that seems to have established itself in recent years. However, there were some worrying features that cast severe doubt on the immediate future for the economy. In particular inflation rose, manufacturing output remained very sluggish, unemployment was moving upwards by the end of the year, and relative labour costs had jumped by 18 per cent. The problem of competitiveness and the UK's position in world markets amplifies what is expected to be a modest recession for the world economy into a major decline for the UK.

2. The rest of this paper deals briefly with the main features of the economic prospect.

WORLD ECONOMY

3. The real world price of oil, defined as the ratio of the world oil price to the price of exports of manufactures, rose by 201 per cent between the end of 1978 and the first quarter of 1980. (This is considerably less than the 366 per cent during 1973.) It is assumed to remain constant at this level thereafter. Industrial production in OECD economies grew by 4½ per cent in 1979 and is forecast to rise by 1 per cent in 1980, and thereafter to grow on average at 3 per cent (which compares with 2½ per cent for 1973-79).

4. World trade in manufactures (UK weighted) grew by over 6 per cent in 1979 and, despite a slowing down in growth during 1980 and 1981, is expected to remain fairly buoyant. It is projected to grow on average by 5½ per cent per annum after 1980, which compares reasonably well with the 5½ per cent between 1973 and 1978, although well below the trend of the '60s and early '70s.

MONEY AND BORROWING

5. The projections assume the Government's commitment to a progressive reduction in the growth of the money supply, which is held at the centre of the announced ranges. This is achieved by reducing the PSBR (as a proportion of GDP) and by varying the level of interest rates. Interest rates are shown to fall quite slowly in nominal terms, but to rise fairly

sharply in real terms. The PSBR path shown in Table III (taken from p.19 of the 1980-81 FSBR) is designed to enable nominal interest rates to fall at the same time as the monetary target is achieved.

6. Table III shows an 'implied fiscal adjustment' for the last two financial years. This represents surplus revenue, given the path for the PSBR necessary to achieve the monetary targets. This could be used to cut taxation or increase expenditure; in these projections it was assumed that the fiscal adjustment would be used to cut income tax, as this was felt to be more in keeping with the Government's aim.

7. A further complication is that even if the projection of GDP turns out to be correct the components may be different, and this would have implications for both revenue and expenditure. This possibility has been explored by calculation of two alternative cases, both of which keep GDP fixed at its level in the main projections by varying trade performance. The first case keeps the savings ratio up at its existing level, and this gives a lower yield from indirect taxes. The second has earnings growth declining more slowly (to 11 per cent in 1983) and this increases the relative price of public expenditure and worsens the position of the company sector. Both cases would lead to a fiscal adjustment of £2.0b. in 1982-83 and £1.7b in 1983-84, ie decreases of £0.5b and £1.8b respectively from the main projection. Neither of these variants represents an implausible outcome, and the reduction in the fiscal margin is independent of any impact on GDP. It is, of course, possible that the fiscal adjustment will be higher rather than lower than in the main projections.

PUBLIC EXPENDITURE

8. Exogenous public expenditure is consistent with the White Paper (Cm. 7841), after allowance for shortfall and allocation of the contingency reserve. Endogenous public expenditure takes account of policy changes announced in the White Paper, eg to real rates of social

benefits, but is consistent with the economic developments as projected in this note. The main categories of endogenous public expenditure are debt interest, housing subsidies, social security payments, and public corporations' borrowing. It is assumed that National Insurance contribution rates will be varied in order to achieve a balancing of the fund.

9. The volume of total public expenditure is planned to fall by 4 per cent between 1979-80 and 1983-84. The bulk of this occurs between 1980-81 and 1982-83, when expenditure falls by nearly 5 per cent in national accounts terms. Further details of public expenditure in cost terms is set out in Table IV, which is reproduced from the 1980-81 PSBR (Table 6, p.17).

TAXATION

10. It is assumed that in each Budget from 1981 onwards personal allowances, tax rate bands, and specific excise duties are revalorised in line with the increase in the RPI over the previous calendar year. The resultant level of revenues is shown in Table V. These are very sensitive to developments in the economy. Particularly important are the level of activity, the rate of inflation, and the components of total final expenditure. In general, revenue projections are more sensitive than expenditure projections to variations in output. Table V also shows the North Sea contribution to Government receipts.

III FORECASTING JUDGEMENTS

PRODUCTIVITY AND PRODUCTIVE POTENTIAL

The underlying growth of productivity in the private sector of the economy (and the nationalised industries) is thought to have fallen quite dramatically during the 1970's, and the extent to which this process is to be continued (or reversed) is extremely uncertain. The view taken in the MTPS projections is set out in Table VI.

TRADE AND OUTPUT

2. When constructing a forecast it is not usual to use the existing import equations unadjusted. The approach in the recent past has been to project a constant linear, rather than exponential, increase in the trend average import propensity, and to place an upper limit on the marginal import propensity. The main doubts about properties of the equations concern the size of the competitiveness elasticities, the cyclical demand-elasticities, the trend, and effects of incentives. These doubts are particularly important for a projection in which competitiveness is at such adverse levels.

3. Even if some of the above doubts are justified, it is felt that the economy should achieve average growth of 1 per cent after 1980. The projections of exports and imports (in Table I) are consistent with this view. Within the totals for exports and imports there are still some marked adverse trends.

In particular the volume of exports of manufactures grows by only 4 per cent between 1979 and 1983, in comparison with 23 per cent

for imports of manufactures. Perhaps the most difficult issue in this assessment of economic prospects is to decide whether trade will behave in this way if competitiveness is as projected or whether this and other pressures will themselves generate a different level of competitiveness.

4. The implications of the projections of trade for manufacturing output are shown in Table I. This sector is likely to experience two very bad years; by 1983 output is still almost 5 per cent below its 1979 level.

PRICES AND EARNINGS

5. The projected path for earnings is consistent with the existing equation for earnings from the middle of 1981, but has a lower level before then. The reduction in wage inflation combines with the effect of the exchange rate staying up to give a similar fall in price inflation. However, for those in work real take-home pay survives the recession remarkably well, and is boosted in the later years by the assumed use of the fiscal adjustment to cut direct taxation. A major worry is the outlook for the profitability of the non-oil company sector over the next two years.

6. The rate of price inflation is 18.1 per cent in 1980, but falls sharply thereafter. (There is substantial deceleration of prices during 1980 so that the figure for the year as a whole is consistent with the rate of 16½ per cent between 1979(4) and 1980(4) in the FSB.)

TABLE I THE MIFS PROJECTION

| ACTIVITY | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | ANNUAL AVERAGE | |
|------------------------------------|--------|---------|--------|--------|--------|--------|----------------|---------------|
| | | | | | | | 1978-1980 | 1980/1-1983/4 |
| GROSS DOMESTIC PRODUCT | 2.8 | 1.7 | -2.5 | -0.5 | 1.0 | 2.6 | -0.4 | 1.0 |
| MANUFACTURING OUTPUT | 0.4 | 0.2 | -4.5 | -2.2 | -0.2 | 2.1 | -2.2 | -0.3 |
| UNEMPLOYMENT* (%) | 5.6 | 5.3 | 6.1 | 7.6 | 8.5 | 8.7 | 5.7 | 7.7 |
| 000's | 1376 | 1304 | 1475 | 1839 | 2050 | 2104 | | |
| <u>PRICES AND COSTS</u> | | | | | | | | |
| AVERAGE EARNINGS | 13.7 | 15.4 | 18.4 | 12.8 | 8.7 | 7.5 | 16.9 | 9.6 |
| RETAIL PRICES | 8.3 | 13.4 | 18.1 | 12.3 | 8.6 | 7.9 | 15.7 | 9.6 |
| REAL TAKE HOME PAY | 6.4 | 2.6 | -0.7 | -0.0 | 3.4 | 1.8 | 1.9 | 1.7 |
| <u>BALANCE OF PAYMENTS</u> | | | | | | | | |
| EFFECTIVE EXCHANGE RATE | 63.0 | 67.8 | 72.0 | 72.4 | 71.8 | 71.1 | 67.6 | 71.8 |
| LABOUR COST COMPETITIVENESS | 94.4 | 111.7 | 126.5 | 133.0 | 132.4 | 132.7 | 110.9 | 131.3 |
| CURRENT BALANCE (£B) | 0.9 | -2.4 | -2.7 | -1.0 | -1.3 | -2.5 | -1.4 | -1.6 |
| <u>PSBR AND FINANCIAL FORECAST</u> | 1978/9 | 1979/80 | 1980/1 | 1981/2 | 1982/3 | 1983/4 | 1978/9-1980/1 | 1980/1-1983/4 |
| (FINANCIAL YEARS) | | | | | | | | |
| PSBR (£B) | 9.3 | 9.1 | 8.5 | 7.4 | 6.3 | 4.6 | 9.0 | 6.7 |
| PSBR AS % OF GDP (MARKET PRICES) | 5.6 | 4.8 | 3.7 | 2.9 | 2.3 | 1.5 | 4.7 | 2.6 |
| EM3 (% CHANGE THROUGH YEAR) | 11.6 | 12.0 | 9.4 | 8.0 | 7.0 | 6.0 | 10.7 | 7.0 |
| L. A. 3-MONTH INTEREST RATE | 10.7 | 14.9 | 14.0 | 9.2 | 9.0 | 8.5 | 13.2 | 10.2 |
| 20 YEAR GILT RATE | 12.9 | 13.3 | 12.7 | 10.6 | 10.1 | 9.5 | 13.0 | 10.7 |

*Unemployment excluding school leavers

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TABLE I THE MTF5 PROJECTION (Contd.)

| | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 | ANNUAL AVERAGE 1978- 1980 | 1980- 1983 |
|---------------------------------|------|------|------|------|------|------|------------------------------------|---------------|
| <u>DEMAND AND OUTPUT</u> | | | | | | | | |
| CONSUMERS' EXPENDITURE | 5.5 | 4.1 | 0.9 | 0.4 | 1.4 | 2.4 | 2.5 | 1.4 |
| PUBLIC CONSUMPTION | 1.9 | 1.1 | -0.1 | 0.3 | 0.5 | 0.8 | 0.5 | 0.5 |
| GROSS FIXED INVESTMENT | 1.5 | -3.0 | -2.3 | -4.4 | 1.6 | 4.9 | -2.7 | 0.6 |
| CHANGE IN STOCKS (% OF GDP) | 0.9 | 1.4 | -0.4 | -0.4 | -0.0 | 0.4 | -0.7 | 0.3 |
| TOTAL EXPORTS (G + S) | 1.9 | 2.0 | 0.5 | 0.2 | 2.1 | 3.7 | 1.2 | 2.0 |
| TOTAL IMPORTS (G + S) | 3.7 | 11.0 | 2.2 | 0.1 | 3.5 | 4.2 | 6.5 | 2.6 |
| GROSS DOMESTIC PRODUCT | 2.8 | 1.7 | -2.5 | -0.5 | 1.0 | 2.6 | -0.4 | 1.0 |
| <u>MEMORANDUM ITEMS</u> | | | | | | | | |
| WORLD TRADE IN MANUFACTURES | 4.7 | 6.2 | 4.6 | 3.9 | 5.7 | 6.4 | 5.4 | 5.3 |
| REAL NATIONAL DISPOSABLE INCOME | 4.7 | 2.4 | -1.7 | 0.5 | 1.4 | 2.4 | 0.3 | 1.4 |
| REAL PERSONAL DISPOSABLE INCOME | 6.9 | 5.7 | -0.8 | -2.7 | 1.4 | 2.2 | 2.4 | 0.3 |
| SAVINGS RATIO | 15.1 | 16.5 | 14.9 | 12.2 | 12.2 | 12.1 | 15.5 | 12.9 |

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TABLE II : CURRENT UK MEDIUM TERM PROJECTIONS

| | | 1980 | 1981 | 1982 | 1983 | AVERAGE 1979-83 |
|------------------------------------|---------|-------|------|------|------|--------------------|
| <u>GDP</u> | LBS (a) | -1.7 | 0.4 | 2.4 | 2.5 | 0.9 |
| | (b) | -3.0* | 0.3* | 2.0* | 1.5* | 0.2* |
| | F&D (a) | -1.9 | -0.1 | 1.5 | 0.6 | 0.0 |
| | (b) | -2.3 | 0.3 | - | - | - |
| NIESR | | -1.1 | 0.6 | - | - | -0.1 |
| CEISS | | -3.4 | 0.1 | 0.1 | 2.7 | -2.8 |
| CEPG | | -6.7 | -3.6 | -1.3 | 0.0 | 0.2 |
| MTFS | | -2.5 | -0.5 | 1.0 | 2.6 | |
| <u>INFLATION</u> | | | | | | |
| (Consumer Expenditure Deflator) | LBS (a) | 17.7 | 14.1 | 9.0 | 7.7 | 12.1 |
| | F&D (a) | 18.4 | 14.0 | 13.3 | 12.8 | 14.6 |
| | (b) | 18.7 | 15.4 | - | - | - |
| NIESR | | 17.2 | 14.9 | - | - | 11.4 |
| CEISS | | 18.6 | 10.9 | 9.4 | 6.5 | 13.1 |
| CEPG | | 19.1 | 12.6 | 10.9 | 9.8 | 11.7 |
| MTFS | | 18.0 | 12.5 | 8.5 | 7.6 | |

LBS - London Business School ((a) February 1980, (b) March 1980)

F&D - Phillips & Drew ((a) February 1980, (b) March 1980)

NIESR - National Institute (May 1980)

CEISS - Cambridge Econometrics (March 1980)

CEPG - Cambridge Economic Policy Group (April 1980)

* Figures for financial rather than calendar year.

† For both LBS and F&D (a) represents the last full published forecast and (b) represents a forecast that is consistent with the MTFS assumptions on

fiscal policy, and was presented as evidence to the Treasury Committee.

TABLE III
PUBLIC SECTOR BORROWING

1978-79 Prices (£ billion)

| | 1978-79 | 1979-80 | 1980-81 | 1981-82 | 1982-83 | 1983-84 |
|--|---------|---------|---------|---------|---------|---------|
| Total expenditure | 74.0 | 74½ | 74½ | 73 | 71 | 70½ |
| Total receipts | -65.0 | -66 | -67½ | -67½ | -69½ | -71 |
| Implied fiscal adjustment | - | - | - | - | 2½ | 3½ |
| General Government Borrowing Requirement (GGBR) | 9.0 | 8½ | 7 | 5½ | 4 | 3 |
| PSBR ⁽¹⁾ | 9.3 | 8 | 6 | 5 | 3½ | 2½ |
| (as percentage of GDP at market prices) | 5½ | 4½ | 3½ | 3 | 2½ | 1½ |

(1)

The difference between the GGBR and the PSBR-public corporation borrowing from the private sector and overseas is consistent with Table 14 of the 1980-81 PSBR for 1979-80 and 1980-81, and with Cmnd 7841, Table 1.1, line 9 for subsequent years.

TABLE IV
GENERAL GOVERNMENT EXPENDITURE

(£ billion)

| | 1978-79 | 1979-80 | 1980-81 | 1981-82 | 1982-83 | 1983-84 |
|---|---------|---------|---------|---------|---------|---------|
| General government expenditure at 1979 survey prices ⁽¹⁾ | 68.1 | 71 | 70 | 68½ | 67½ | 67½ |
| At 1978-79 prices | | | | | | |
| General government expenditure in cost terms ⁽²⁾ | 64.6 | 66½ | 66 | 64½ | 63 | 63 |
| Special sales of assets ⁽³⁾ | - | -1 | ½ | - | - | - |
| Shortfall ⁽⁴⁾ | - | -½ | ½ | -½ | -½ | -½ |
| Interest payments ⁽⁵⁾ | 7.6 | 8 | 8 | 7½ | 7½ | 7 |
| National accounts adjustment ⁽⁶⁾ | 1.8 | 1½ | 1½ | 1½ | 1½ | 1½ |
| Total expenditure in national accounts terms ⁽⁷⁾ | 74.0 | 74½ | 74½ | 73 | 71 | 70½ |

(1) Expenditure on programmes by central government and local authorities and the contingency reserve. See Cmnd 7841, Table 1.1, lines 1, 2 and 5. Debt interest payments are shown separately below. Since most plans are not decided in detail yet for the years after 1980-81 broad assumptions have been made about the share of general government in the total of expenditure on programmes shown in Cmnd. 7841, Table 1.1 for 1981-82 to 1983-84. For convenience, the whole of the contingency reserve is allocated to general government in all years in this table.

(2) Line 1 revalued to 1978-79 prices in cost terms i.e. including the relative price effect. For each category of public expenditure its relative prices is the ratio of its deflator to the deflator for GDP at market prices. The figure for 1978-79 is equal to the sum of the lines for central government and local authorities in Cmnd 7841, Table 5.3.

(3) Cmnd, 7841, Table 1.1, line 10, revalued to 1978-79 prices. For 1979-80 includes revenue offsets to planned expenditure and a small element attributable to public corporations.

(4) Cmnd, 7841, Table 1.1, line 12 revalued to 1978-79 prices with certain adjustments in respect of public corporations. Includes the net effect of different economic assumptions from those used in Cmnd 7841.

(5) For 1978-79 as in Financial Statistics, March 1980.

(6) Adjustment to convert line 2 to the definitions used in national accounts statistics. For 1978-79 includes residual measurement differences.

(7) For 1978-79 equal to line 4 of Financial Statistics, March 1980, Table 2.4. This base year is chosen because it is the latest complete year for which outturn figures, and full details of relative prices, are available.

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TABLE V

GENERAL GOVERNMENT RECEIPTS

| | 1978-79 | 1979-80 | 1980-81 | 1981-82 | 1982-83 | 1983-84 |
|---|---------|---------|---------|---------|---------|---------|
| General Government Receipts at 1978-79 prices* (£ billion) | | | | | | |
| Taxes on income expenditure and capital | 48.3 | 52 | 52½ | 52 | 54 | 55½ |
| of which NS revenues | 0.7 | 2 | 3 | 3½ | 5 | 5 |
| National Insurance, etc. | 10.2 | 10 | 10 | 10½ | 10½ | 10½ |
| Interest and other receipts | 6.5 | 4 | 5 | 5 | 5 | 5 |
| Total Receipts | 65.0 | 66 | 67½ | 67½ | 69½ | 71 |

*Converted to 1978-79 prices by using the deflator for GDP at market prices, so that these projections are directly comparable with the expenditure projections in Table III.

TABLE VI
PRODUCTIVE POTENTIAL

| | <u>1978</u> | <u>1979</u> | <u>1980</u> | <u>1981</u> | <u>1982</u> | <u>1983</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| (1) Trend productivity growth (% pa) (adjusted for cyclical effects) | | | | | | |
| (i) Manufacturing | 1.5 | 1.5 | 1.7 | 1.6 | 1.6 | 1.5 |
| (ii) Private non-manufacturing | 1.0 | 1.0 | 1.2 | 0.7 | 0.7 | 0.9 |
| (iii) Total (excl. N.Sea oil) | 1.0 | 1.0 | 1.2 | 0.9 | 0.9 | 1.0 |
| (2) Labour Force | 0.4 | 0.2 | 0.3 | 0.5 | 0.7 | 0.8 |
| (3) North Sea Oil contribution | 0.7 | 0.9 | 0.1 | 0.6 | 0.4 | 0.2 |
| (4) Productive Potential (1(iii) +2 +3) | 2.1 | 2.1 | 1.6 | 2.0 | 2.0 | 2.0 |

TABLE II : CURRENT UK MEDIUM TERM PROJECTIONS

| | | 1980 | 1981 | 1982 | 1983 | AVERAGE 1979-83 |
|---------------------------------|---------|-------|------|------|------|--------------------|
| <u>GDP</u> | LBS (a) | -1.7 | 0.4 | 2.4 | 2.5 | 0.9 |
| | (b) | -3.0* | 0.3* | 2.0* | 1.5* | 0.2* |
| | F&D (a) | -1.9 | -0.1 | 1.5 | 0.6 | 0.0 |
| | (b) | -2.3 | 0.3 | - | - | - |
| NIESR | | -1.1 | 0.6 | - | - | -0.1 |
| CEISS | | -3.4 | 0.1 | 0.1 | 2.7 | -2.8 |
| CEPG | | -6.7 | -3.6 | -1.3 | 0.0 | 0.2 |
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| <u>INFLATION</u> | | | | | | |
| (Consumer Expenditure Deflator) | | | | | | |
| | LBS (a) | 17.7 | 14.1 | 9.0 | 7.7 | 12.1 |
| | F&D (a) | 18.4 | 14.0 | 13.3 | 12.8 | 14.6 |
| | (b) | 18.7 | 15.4 | - | - | - |
| NIESR | | 17.2 | 14.9 | - | - | 11.4 |
| CEISS | | 18.6 | 10.9 | 9.4 | 6.5 | 13.1 |
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| Special sales of assets ⁽³⁾ | - | -1 | ½ | - | - | - |
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| Interest payments ⁽⁵⁾ | 7.6 | 8 | 8 | 7½ | 7½ | 7 |
| National accounts adjustment ⁽⁶⁾ | 1.8 | 1½ | 1½ | 1½ | 1½ | 1½ |
| Total expenditure in national accounts terms ⁽⁷⁾ | 74.0 | 74½ | 74½ | 73 | 71 | 70½ |

(1) Expenditure on programmes by central government and local authorities and the contingency reserve. See Cmnd 7841, Table 1.1, lines 1, 2 and 5. Debt interest payments are shown separately below. Since most plans are not decided in detail yet for the years after 1980-81 broad assumptions have been made about the share of general government in the total of expenditure on programmes shown in Cmnd. 7841, Table 1.1 for 1981-82 to 1983-84. For convenience, the whole of the contingency reserve is allocated to general government in all years in this table.

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| of which NS revenues | 0.7 | 2 | 3 | 3½ | 5 | 5 |
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| Interest and other receipts | 6.5 | 4 | 5 | 5 | 5 | 5 |
| Total Receipts | 65.0 | 66 | 67½ | 67½ | 69½ | 71 |

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|---|-------------|-------------|-------------|-------------|-------------|-------------|
| (1) Trend productivity growth (% pa) (adjusted for cyclical effects) | | | | | | |
| (i) Manufacturing | 1.5 | 1.5 | 1.7 | 1.6 | 1.6 | 1.5 |
| (ii) Private non-manufacturing | 1.0 | 1.0 | 1.2 | 0.7 | 0.7 | 0.9 |
| (iii) Total (excl. N.Sea oil) | 1.0 | 1.0 | 1.2 | 0.9 | 0.9 | 1.0 |
| (2) Labour Force | 0.4 | 0.2 | 0.3 | 0.5 | 0.7 | 0.8 |
| (3) North Sea Oil contribution | 0.7 | 0.9 | 0.1 | 0.6 | 0.4 | 0.2 |
| (4) Productive Potential (1(iii) +2 +3) | 2.1 | 2.1 | 1.6 | 2.0 | 2.0 | 2.0 |