

PRIME MINISTER

CHANCELLOR OF THE DUCHY'S LOBBY

I think you should know that Mr. Pym this afternoon, responding to questions in the lobby, rather deftly applied public pressure for a pre-Budget discussion in Cabinet of economic strategy.

He floated the thought after making it clear he would like to see the Budget down-graded as an occasion in the British calendar - "no-one else has this orgasmic cataclysm". He then wove the idea of a different approach to the Budget as traditionally a closely guarded secret between the Chancellor and his Ministers and the Prime Minister with the suggestion that, while it might be necessary to have a single tax levying event, it might make better sense to make other changes during the course of the year as the need arose.

All this prompted Fred Emery to ask whether collective responsibility for a Budget should be collectively shared. Mr. Pym emphasised that the traditional practice had been observed this year. Cabinet had moreover had a good discussion of economic strategy last October. But he thought it would be helpful to the Budget process to have another discussion in January. There was something to be said for this though it was, of course, for the Prime Minister to decide.

'Was the Prime Minister persuaded of this?', he was asked. He did not answer the question directly and, without being specific, suggested that you may find another way of doing it. Ministers were of course able to put their views to the Chancellor but, without saying so in so many words, Mr. Pym indicated that the Cabinet did not have a similar kind of strategic discussion before the Budget in the way that they discussed other matters in advance of decisions.

He said that no decision on a pre-Budget discussion had been taken but there was a "general feeling" that the idea should be considered. Ministers had exchanged views among themselves and with you on the proposition.

/How typical

How typical was his view in Cabinet? Probably typical, he said.

The questioning became pretty insistent and Mr. Pym obviously felt at one stage that it was getting out of hand. He finally made it clear that he did not think the Cabinet could discuss Budget judgments - in other words he envisaged a discussion of economic strategy before basic Budget decisions were taken.

Mr. Pym made three other points:

- He might make a speech this weekend on the post-Budget economic situation.
- While there was a lot of anxiety about Monday's vote on the increase in petrol duty, he had no reason to suppose that the Government would not win.
- He did not think that a tough line by the Treasury during the next public expenditure review in the Autumn would be particularly well received; he was not, however, responsible now for half a million people as last year - he now had a Department of all of nine people and therefore did not spend much.

I have since learned from Jim Wightman - Daily Telegraph - that he has checked Mr. Pym's economic strategy discussion idea with other Ministers. He believes Mr. Pym is right in saying that a majority in Cabinet would support such a discussion. The point is being made that, compared with the Heath Administration, Ministers are now much busier because of our membership of the EEC. They have altogether too little time to take stock of policy. Hence the need to spend a weekend at Chequers to stand back and assess the situation.

/I conclude

I conclude that the idea of a discussion of economic strategy by Cabinet this year (perhaps again next January/February) is not merely being nursed by a few Ministers; it is beginning to take off.

*Bayham*

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