

PRIME MINISTER

DIARY

Your speech to Guardian Young Businessman's Award lunch.
 Budget follow up (Mr. Lawson on "Today" programme).
 ? Fisheries statement.
 Your meeting with Spanish Leader of the Opposition.
 Coal industry tripartite meeting.
 TUC Economic Committee.
 Euro Parliament.
 President Reagan in Canada.
 Euro Parliament.

Mr. Nott meets Mr. Weinberger in Washington.
 Wintex.
 Follow up to Civil Service strike.
 Sir Ray Pennock's statement in Manchester.
 Nicholas Goodison gives St. Lawrence Jewry lecture.

Parliament:

Questions: Scotland; Lord Advocate.
Commons: 10-minute rule Bill - Prisoners' rights.
 Budget debate.
 Milk Marketing Scheme (Amendment) Regulations.

Select Committees: Foreign Affairs.
DES - Secondary School curriculum and examinations.
Industry and Trade - Effects of BSC's corporate plan.
PAC: Accounting arrangements for magistrates' courts transactions.
Employment: Work of D/Employment group.
Euro Legislation: CAP price proposals 81-82.
Social Services: Medical education.

Lords: 2nd Reading, Licensing (Amendments) Bill.
 Debates on British competitiveness in world markets; and efficiency and competitiveness of British industry - Warner Report.

Ministers:

Chief Secretary news interviews after Public Expenditure White Paper press conference.
 Dr. Boyson on future of independent schools at Dulwich College.
 Viscount Trenchard visits GEC Marconi, Chelmsford.
 Mr. Hurd at Democratic Youth Community of Europe conference and Euro Parliament, Strasbourg.
 Lord Ferrers at Parish Food and Agriculture Show.

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THE BUDGET

The Budget is not well received. The tone is set by some of the main headlines: 'Howe it hurts' (Sun), 'Howe the hit man' (Mail), 'Howe savages consumers' (Telegraph), 'Pain all round' (Guardian). Other angles are reflected in 'Chancellor's measures stake all on restoring the economy' and 'Budget dismays City and Industry' (Times), 'Lack of help ... shocks industry' (FT), 'Monetary screw tightened to impose long-term prospects' (Guardian).

Most of the specific measures - from petrol, pints, cigarettes and car tax to granny bonds, help for small businesses, the one-off tax on banks and new tax on North Sea oil, benefit upratings and the Vestey loophole, as well as the 'no change' on personal allowances, income tax rates and VAT - get their own headlines. So does the Civil List - with 12% (not 10%) highlighted.

Most comment from industry is either disappointed or critical. On MLR, the CBI (Beckett) said the cut was needed sooner and more is needed now. The Inst. of Directors (Mather) thought it the best business could expect. But the failure to increase personal allowances was 'back door taxation' - a recurrent theme in the comment. One bank general manager is 'hopping mad' and Sir Jeremy Morse says the one-off tax is 'quite unjustified'. The TUC (Basnett) says 'nothing can save us now from 3m unemployed'.

Political comment includes the suggestion in several papers (FT, Guardian, Express) that several Cabinet Ministers - at least six according to some papers - are unhappy about either the strategy or the tone of the Budget. The Express says the wets 'do not repent ... led by Mr Prior they are pressing for reflation ...'. Tory backbenchers from rural areas are reported to want the petrol duty increase cut to 15p. Mr Foot's point about a 'no hope' package is, inevitably, headlined.

Leader comment - some of it balanced and well considered - includes:

Mail: Austere, unrelenting, even savage ... it had better be right this time ... an act of stubborn political courage ... it seemed for once to put country before Party.

Mirror: It smashes the most solemn promises by which the Government tricked itself into power ... it means more inflation, more unemployment, more taxation and more borrowing. It is the price the country must pay for ever believing the Con men.

Sun: The Chancellor, and indeed the whole Government, have failed to deliver the goods ... the Sun understands the difficulties ... time is running out.

Daily Star: Good Government is about people not textbook theories. The sooner we get a Chancellor who realises that the better.

Express: The Tories came to office to reduce taxation. Now the burden is higher than under Labour ... Sir Geoffrey is taking big risks ...

FT: The strategy's last chance ... an admission of general defeat except on inflation ... C/E has now acted decisively and painfully to take large step towards reality ... the leader has praise for the courage ... to be "deflationary", and a welcome for the funding innovations and the indexation of duties. But the decision to over-ride Rooker-Wise is "deplorable".

Guardian: The Government enslaved by a false and destructive dogma. The raid on banks and oil company profits is welcome, as is the rise in petrol duty. The 'modest generosity' to small businesses is also encouraging. But the political effects of rising income tax are likely to be dramatic and the measures will do little or nothing to help industry.

Daily Telegraph: Congratulations ... bold, harsh and courageous ... firm hand on tiller ... the major judgment is the relatively conservative stance on monetary and fiscal policy ... there is a much greater chance of this year's PSBR target being met, provided public sector wages hold firm ... help for industry welcome ... tax on banks justified ... but the Chancellor has failed to reform the method of monetary control ...

Times: The Chancellor's conundrum ... he was right to raise excise duties ... he made a central point about sacrifices in personal spending ... we require further cuts in MLR ... cuts in public spending on investment have caused double damage to the economy ... but there are some indications that the Chancellor appreciates the need for a recovery led by investment and exports ...

[We shall circulate the more detailed Treasury summaries on the Budget later.]

REST OF THE NEWS

Civil Service strike

Customs men walk out on Irish border. Fishguard men also join in.

Staff at Bude intelligence monitoring station strike - but unit, says Times, remains operational.

Industry

- Rolls Royce wins Eastern Airlines engine order.
- UK reported to have won £600m Nigerian defence sales orders.

NCB/NUM

NUM will get less than expected at today's tripartite meeting, says Mail.

International

Poland: Solidarity fails to stop Lodz strike. But further strikes called off says BBC.

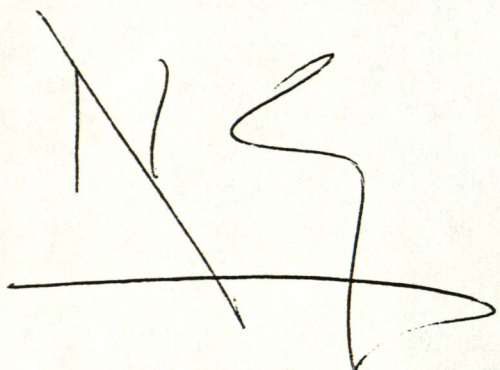
Warsaw Pact manoeuvres to be held in Poland later this month.

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Afghanistan: Mail says Russians face war of liberation because of President Reagan's willingness to arm guerrillas. His policy raises dilemma for UK.

People

Mark Thatcher to advertise Scotch on Japanese TV.



NEVILLE GAFFIN

11 March, 1981.