

Mr. Ingham (Co.)
 (C) Mr. Ingham



You can discuss this
 the Chancellor on Thursday
 morning.

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

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BF

12/11 for my info

Ch.

12.

PRIME MINISTER

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I have been considering the timetable for announcing the decisions we shall be taking in the coming weeks and I thought that you might find it helpful to see the attached schedule which summarises what I have in mind. For convenience the schedule also notes the dates of announcement of important economic statistics and other major relevant developments.

2. As you will see, I envisage essentially a two-stage operation. The first stage is the announcement of the cash limits pay and price factors soon after we have decided them next week. I think it is very important to announce these before the CBI conference on 10 and 11 November, and I envisage a written Parliamentary Question, preferably on Thursday 6 November, but failing that on Friday 7 November so as to achieve maximum impact through the weekend press.

we need the
 RSC assumptions
 announced on
 Thursday to
 influence the
 Treasury's pay
 negotiations
 which have
 been suspended
 until Friday.

3. The second stage is the announcement of our monetary decisions (which will include the roll-over and any decisions we may by then have taken on monetary base control) together with the Industry Act forecast, which we are required by law to publish by the end of the month, and our decisions on nationalised industries EFLs. There is also the question of any tax decisions that we may take now - principally the possibility of changes on PRT and employees' national insurance contributions. Since I should want to reflect these in the Industry Act forecast, publication of the latter could not precede their announcement. And in any case early announcement would be operationally necessary if any such changes were to take effect from next April.



4. What I have in mind is announcement of the monetary decisions in the course of my speech on the economic day of the Debate on the Address. Choice of date will, of course, be a matter for the Opposition. But in the past they have generally chosen the final or penultimate day (i.e. 26 or 27 November) and, with the October unemployment figures being published on 25 November, I would expect them to choose the earlier of the two days. As indicated above, if we had also taken decisions on either of the two major tax possibilities, I would include an announcement in the same speech.

5. I envisage that we should also publish on the same day the Industry Act forecast and our decisions on the EFLs. The former will, of course, reflect the various other decisions announced and will contain among other things our latest estimate of the PSBR for the current year together with at least an indication of our forecast for 1981-82. I am giving further separate consideration to the problems of presentation here. So far as the EFLs are concerned (which we could announce by Written PQ) it will be a pity not to be able to publish them before the NUM delegates conference scheduled for 14 November. But I believe that publication before then of the public service cash limits pay and price factors will do as much, if not more, to set the general tone in the public sector.

6. One item for which no date is given in my schedule is the possible announcement about our intentions on public expenditure generally, with at least such information about particular decisions or programmes as is necessary to make the target credible. There is no doubt that we shall have to say something. Given the intense interest and speculation, we shall not be able to avoid this. And in any case we shall need to demonstrate how the EFLs, which will be manifestly larger than those in the last White Paper, are consistent with



continued adherence to our public expenditure strategy as a whole.

7. I have not yet decided how best this should be tackled. There are some arguments for an announcement before the end of the session (i.e. before 14 November) if we have reached the main decisions by then. If we delay, there will be continued press speculation and the risk of leaks. But on the other hand we may not be ready then to announce any possible decisions on social security. And there is also a case for postponing such an announcement until the statement during the economic debate referred to above, so that we can relate our public expenditure posture to our monetary and fiscal plans as a whole.

Probably best
to keep
public expenditure
decisions for
announcement
at the same
time as creating
etc.

D.

8. I should welcome an opportunity to have an early word with you about these possibilities.

(G.H.)

4 November 1980

- 25 Unemployment figures (November)
26 [Proofs of Winter Supplementary
Estimates to Select Committees.]

Possible complex of announcements as follows:

(a) In speech in economic debate:

- (i) £M3 roll-over
- (ii) any decisions on MBC
- (iii) any tax decisions for 1981-82

(b) Industry Act Forecast up to end 1981 (by press notice or Supplement to Treasury Economic Progress Report).

(c) Nationalised Industries EFLs (by written PQ).

Assumes Opposition will choose this day for economic debate.

For consideration whether speech should also be vehicle for public expenditure announcement.



4 NOV 1980