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Econ Pol: Budget: Pt 4

CONFIDENTIAL

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*a Mr. Hitchens
Mr. Hitchens*

Treasury Chambers, Parliament Street, SW1P 3AG

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PRIME MINISTER

1981 BUDGET AND PUBLIC EXPENDITURE WHITE PAPER

This came in too late for your meeting this morning. You can discuss with the Chancellor next week along with the other time-table decisions.

*After 10-11 March
More initially simultaneous publication with Budget.
Believe I should be on the message to the Budget in the Economic Survey used to be delayed to opposition 4th week.*

In my minute of 4 November I set out my thinking on the handling of policy announcements on public spending, monetary policy and so on over the next month or so. Before we meet on 6 November I thought you might like to know also of the timetable I have in mind for the 1981 Budget and publication of the public expenditure White Paper with details of our plans to 1983-84. Perhaps we can then have a word about this aspect at the same time as we discuss the handling of things over the next few weeks.

The White Paper

2. We need to present the spending figures for all programmes, not only for 1981-82 but for later years, in a medium term fiscal context, showing how they relate to our financial and monetary strategy. The best time to do this is with the 1981 Budget next spring - hence John Biffen's proposal in C(80)58, which I endorse, for publishing the public expenditure White Paper on Budget Day again next year. This year's simultaneous publication was of course welcomed by many outside commentators and by the Treasury Committee as helpful in giving a more



coherent presentation of economic strategy. It proved too to be very much in line with one recommendation of the Armstrong Report, published subsequently.

3. I take this opportunity of mentioning that I am having further work done on the possibility of including in the White Paper itself some information in terms of planned or forecast cash spending, rather than just volume figures. I cannot be definite at this stage about how much progress we shall be able to make on that for the coming year, but I will keep you informed.

4. For the moment I should be grateful to know whether you would be content with publication of the White Paper at Budget time. I would propose to make clear our intentions on this in any announcement on 1981-82 spending generally, of the kind foreshadowed in my minute of 4 November.

5. There is one aspect of simultaneous publication of the White Paper and the Budget to which we may need to give further consideration. Mr. Callaghan remarked this year about the case for the House having the White Paper (and by implication the traditional Budget documents) 10 days or so "before the Budget". I do not think this request can be met in the terms in which it was put. But one possibility for going some way to give the House more time to consider the Budget proposals before debating them would be to release the documents and announce our proposals on the Tuesday, as is traditional practice, but to resume the Budget Debate not the next day but on the Monday of the following week. There would be some disadvantages in this - e.g. more time for the Opposition to marshal their

I doubt that the Opposition would like this - they wouldn't be able to mount a sustained attack quickly enough!

MS



attack - but by the same token it would give us more time to influence the climate of opinion and on balance I think the idea worth considering further. But before I do - which would involve talking to Norman St. John Stevas and Michael Jopling - I should be grateful for any views you may have.

Date for 1981 Budget and White Paper

6. I have considered this in the light of last year's experience and I am asking my Departments to plan for the time being for a Budget Day of Tuesday 10 March. An early Budget has important revenue advantages - especially next year when we shall need all we can get. The earliest date we can manage is to be preferred if simultaneous publication of the White Paper is not to mean undue delay in telling the country (including suppliers to the public sector) of our detailed plans. (Departments will of course be able to do their own budgeting for 1981-82 as soon as programme figures are decided and without waiting for the White Paper.) 10 March will also enable us to get the Finance Bill second reading through before Easter.

7. Of course no final decision on the Budget date is needed until the New Year and it is best to hold options open until then in case unforeseen developments change the balance of advantages. But it would be helpful to know that you are content with a planning date of 10 March.

A handwritten signature in dark ink, appearing to be 'G.H.' with a flourish.

(G.H.)

6 November 1980

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