

*I am less sure - + that will
no desiring briefly with him,*

1 SIR FRED ATKINSON
2 CHANCELLOR OF THE EXCHEQUER

*in light of our wider
discussion on my
return -
Mr 2. work*

copies attached for:
Chief Secretary
Financial Secretary
Sir Douglas Wass

*deadline is not
certain, this bill can't be published
in Oct. 22*

Chancellor

51

Are you content that this
should be left here alone?

cc Sir Lawrence Airey
Sir Kenneth Couzens
Sir Anthony Rawlinson 7/8
Mr Littler
Mr Fred Jones
Mr Anson
Miss Brown Mr Byatt
Mr Butler
Mr Bridgeman
Mr Cassell
Mr Hancock
Mr Middleton
Mr Unwin
Mr Tolkien
Mrs Stamler
Mr James

INDUSTRY ACT AMENDMENTS: THE "BRAY" SCHEDULE

The Department of Industry is preparing legislation to amend the 1975 Industry Act, and have consulted us on the possibility of altering the provisions for the publication of forecasts and the public availability of the Treasury model (Schedule 5 annexed).

2 I do not, however, myself think that there is any general case for doing so. The original amendment was passed largely on Conservative votes against the previous Government and any move now to abolish or water it down would be difficult politically. The Schedule as drafted is, in most respects, very loose notably about the content and period covered by the published forecasts. The effective commitment in these respects is now custom rather than law; there is no legal provision against reducing the content of published forecasts more or less indefinitely. To introduce amendments of substance would be to revive political controversy. Dr Bray may, in any case, seize any opportunity to table amendments imposing more stringent requirements; any sign of backtracking could help him to muster support.

3 Department of Industry will, in any case, want to remove paragraph 9. This relates to planning agreements and not to the substance of the Schedule. Without changing the substance there is also a case for amending paragraph 6 to stipulate two forecasts per calendar year rather than two forecasts to November 20 (the anniversary of the 1975 Act). The latter date can

/be

be awkward because we could want to publish an autumn forecast before this date in one year and after in another. But given the attention that amendments would create and given that it is almost certainly possible to interpret this timing provision with some elasticity it seems preferable, on the whole, to leave things alone and to minimise the occasions arising for further debate. I therefore recommend no further action. If changes are to be proposed Department of Industry should be told within the next two weeks.

JS

J R SHEPHERD
6 August 1979

I paused over this, wondering whether there was an opportunity to relieve Ministers of some of the discomforts of publishing forecasts. But given the fact that the legislative requirements are loose, I agree with Mr. Shepherd that it is best to let sleeping dogs lie.

FJA

(F. J. ATKINSON)
7th August, 1979.

SCH. 4
Industrial Development
Advisory
Board.

9.—(1) The Secretary of State shall appoint a board, which shall be called the Industrial Development Advisory Board, to advise him with respect to the exercise of his functions under sections 7 and 8 of this Act.

(2) The Board shall consist of a chairman and not less than six nor more than twelve other members.

(3) The members of the Board shall include persons who appear to the Secretary of State to have wide experience of, and to have shown capacity in, industry, banking, accounting and finance.

(4) If the Board make a recommendation with respect to any matter at the request of the Secretary of State and the Secretary of State exercises his functions under sections 7 and 8 of this Act contrary to their recommendation, he shall, if the Board so request, lay a statement as to the matter before Parliament.

(5) Any reference in this section to the Secretary of State's functions under sections 7 and 8 of this Act includes a reference to his functions under section 3 of the Industry Act 1975.

Section 27.

SCHEDULE 5

Annex A.

DISCLOSURE OF INFORMATION BY GOVERNMENT

1. For the purposes of this Schedule the Treasury shall keep a macro-economic model suitable for demonstrating the likely effects on economic events in the United Kingdom of different assumptions about the following matters, namely—

- (a) government economic policies;
- (b) economic events outside the United Kingdom; and
- (c) such (if any) other matters as appear to the Treasury from time to time likely to have a substantial effect on economic events in the United Kingdom.

2. The model shall enable forecasts to be made—

- (a) of any of the following, namely—
 - (i) the level of gross domestic product;
 - (ii) unemployment;
 - (iii) the balance of payments on current account;
 - (iv) the general index of retail prices; and
 - (v) average earnings; and
- (b) of such (if any) other economic variables as are appropriate in the opinion of the Treasury from time to time.

3. The references to forecasts in paragraph 2 above are references to forecasts relating to successive periods of three months and not to shorter periods.

4. The model shall be maintained on a computer.