



For adjd. only

CHANCELLOR OF THE EXCHEQUER

cc Chief Secretary
Minister of State (C)
Minister of State (L)
Sir D Wass
Sir F Atkinson
Mr Unwin
Mr Welsh
Mr Ridley

FORECASTS: THE BRAY SCHEDULE

I will be glad to discuss Mr Shepherd's minute of 9 August on your return. In the meantime you may find it helpful to have my preliminary comments.

It is almost impossible to discuss the publication of forecasts in isolation from the making and use of forecasts. If it is the case (a) that forecasts are made and (b) that policy is based on those forecasts, then it seems to me reasonable to argue that such forecasts should, in some form, be regularly made available to Parliament. This unity is certainly embodied by the Bray amendment, which requires the Treasury not merely to publish forecasts, but to maintain a computerised macro-economic model specifically for the purpose of making such forecasts. Despite the undoubted embarrassment deriving from the fact that, as Mr Shepherd reminds us, it was the then Conservative opposition which put the Bray schedule on the statute book, I would favour its repeal on the latter rather than the former grounds - ie that we should not be required by statute to maintain (let alone use) a computerised macro-economic model, (with all the cost that that entails) rather than that we should not be required to publish the forecasts churned out by such a model. (A further argument for repeal, incidentally, lies in the schedule's reference, in paragraph 9, to planning agreements.) As for publication, our present position is that we do make the forecasts, but do not base policy on them. This theoretically justifies our not publishing them (if we can legally avoid this duty, and Mr Shepherd points out how loose the statutory requirement in fact is), but so long as forecasts of this kind are made by the Treasury, they will leak,

and we shall be accused of suppression and worse if we do not publish them. As I have indicated, most recently in my note of 19 June, my own feeling is that we should abstain from the computerised model/ forecasting business altogether (a course also advocated, incidentally by such well-informed observers as Sir Derek Mitchell, until quite recently second permanent secretary to the Treasury - and there are others), in which case the question of publication does not arise. In any event, I hope your proposed meeting will discuss the Bray schedule in this wider context.

PL

PP NIGEL LAWSON
24 August 1979