



10 DOWNING STREET

Prime Minister

This provides the run of public expenditure / GDP figures.

It shows

(i) the ratio has begun to decline from peak in 1981-82 (the trough of the recession)

(ii) The peak under the Conservatives was lower than the peak under Labour in 1974-75.

AT

4/11

Pharley on no

12/02

From: Mrs Todd  
11 January 1984

MISS M O'MARA ←

cc Mr Scholar  
Mr Hart  
Mr Stibbard

## RATIOS OF PUBLIC EXPENDITURE TO GDP

Mr Stibbard asked me to reply to your minute to him of 10 January on the above.

2. May I draw your attention to the article entitled "Public Expenditure: Definitions and Trends" in the November issue of Economic Trends. This includes the series that No 10 require. I attach a copy of a table from the article with the appropriate column marked.

3. This series will alter marginally as the planning total and net debt interest will alter in outturn years in the White Paper. We do not yet have final figures for the revised series. But the ratios should not alter when rounded to the nearest half.

*Phyllis Todd*

P TODD

APPENDIX

Public expenditure 1963-64 to 1982-83

TABLE 1a

	£ billion			February 1983 (Cmnd 8789) Definition excluding PCMOB <sup>4</sup>			February 1983 (Cmnd 8789) Definition		
	Definition prior to February 1977 (Cmnd 6721)			Cash	1981-82 cost terms <sup>1</sup>	Percentage of GDP <sup>2</sup>	Cash	1981-82 cost terms <sup>1</sup>	Percentage of GDP <sup>2</sup>
Cash	1981-82 cost terms <sup>1</sup>	Percentage of GDP <sup>2</sup>	Cash						
1963-64	11.9	68.5	38.5	9.9	57.1	34.0			
1964-65	12.8	70.7	38.1	10.8	59.6	33.9			
1965-66	14.2	74.9	39.5	12.0	63.4	35.1			
1966-67	15.7	79.3	41.0	13.3	67.3	36.3			
1967-68	17.9	87.7	44.0	15.5	76.3	39.9			
1968-69	18.8	88.2	42.9	16.1	75.6	38.2			
1969-70	19.8	88.1	42.1	17.0	75.8	37.5			
1970-71	22.2	91.5	42.8	19.1	78.4	37.7			
1971-72	24.6	92.7	42.2	21.4	80.7	37.6			
1972-73	28.3	98.4	43.0	24.8	86.4	38.5			
1973-74	33.8	109.8	46.2	28.6	92.7	39.9	29.3	95.0	40.9
1974-75	45.6	124.1	52.0	38.6	105.1	45.0	39.3	107.0	45.8
1975-76	57.1	123.7	52.1	48.5	105.1	45.4	48.9	106.0	45.8
1976-77	63.7	122.0	49.9	53.2	101.9	43.0	54.4	104.1	43.9
1977-78	67.7	114.0	45.8	56.0	94.2	39.3	56.8	95.6	39.8
1978-79	78.2	119.2	46.5	65.3	99.6	40.4	65.8	100.2	40.7
1979-80	93.0	121.3	46.3	77.4	101.0	40.6	76.9	100.4	40.3
1980-81	112.7	123.9	49.0	93.4	102.6	42.9	92.8	102.0	42.6
1981-82	124.1	124.1	49.4	104.4	104.4	44.1	104.7	104.7	44.2
1982-83	137.4	128.9	49.5	114.7	107.5	43.8	113.4	106.4	43.4

<sup>1</sup> Cash deflated using GDP deflator, base year 1981-82 = 100.  
<sup>2</sup> Defined as total public expenditure plus general government consumption of non-trading capital divided by GDP (expenditure estimate) at market prices. The definition of total public expenditure prior to Cmnd 6721 included payments of VAT by local authorities and gross debt interest.  
<sup>3</sup> Defined as the planning total plus general government consumption of non-trading capital plus payments of VAT by local authorities plus net debt interest divided by GDP (expenditure estimate) at market prices.  
<sup>4</sup> Public corporations market and overseas borrowing.

42.5  
42.0

1983-84  
1984-85  
Cas in Autumn  
Statement and  
PEWP to be  
published shortly

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