

QUESTIONS

1. The Manifesto said: "Our aim is to ensure that public expenditure takes a steadily smaller share of our national income". Your statement today reaffirms that policy. It makes no mention of planning totals. Are you still seeking to achieve those planning totals - £154.2bn (1988-89); £161.5bn (1989-90)?
2. Is this not the first time you have not specifically set as the objective for the autumn round the containment of spending within those totals?
3. Does the failure this time to use those planning totals as the basis for the autumnal operation mean that you have abandoned them at the outset of the exercise?
4. If so, why have you abandoned them? Is it because they were set unrealistically low? Or that next year's contingency is unrealistically tight already? Or that you feel that the purse strings can be loosened a bit as we enter the seventh successive year of economic growth?
5. If the last, how do you propose to continue to curb the appetite of wage negotiators?
6. How much are bids over the top? Where are the pressure points - Defence, Health, Social Security, Housing, Education, Local Government, Inner Cities?
7. || If you are not to seek to adhere to planning totals, what || levels of expenditure do you have in mind? ||
8. How are you to exercise discipline, and curb demands, if you don't have cash totals to aim for?
9. || Isn't it a fact that since no one knows what national income || will be in 1988-89 et seq you are swapping a corset for || stretch trousers to accommodate elasticity? ||
10. Is it not a fact that the projected national income includes an allowance for inflation? If so, are you not automatically indexing expenditure before you start to curb demand, and thereby further weakening the control mechanism?
11. Will there be any need for a Star Chamber in view of this relaxation?

12. What effect will all this uncertainty about the future course of expenditure have on confidence? Isn't this the first major economic U-turn of the Prime Minister's Administration?
13. Are any moves to be made to try to tighten up on the efficiency with which Government spends money to try to sugar the pill?
14. What will happen if, as some commentators fear, the economy fails to grow, or fails to grow as rapidly as you forecast? Is the Government then prepared to raise taxes?
15. What, if any, are the prospects for tax cuts in the Spring in view of this manifest setback over spending?
16. Are we not beginning to see the first inklings of the trouble ahead which was forecast by the Opposition during the election - starting with spending out of control, overheating and rapidly deteriorating trade balance?
17. Alternatively, why should we remain optimistic about the future stewardship of the nation's finances and taxes over the coming years?
18. How do you characterise the bilaterals to come in September/October - the toughest yet? Or what?