

PRIME MINISTER

AUTUMN STATEMENT

We are still on schedule for the oral Autumn Statement next Wednesday afternoon following Cabinet in the morning.

I now attach:

Flag A - a draft of the Chief Secretary's paper for Cabinet

Flag B - the latest proof of the written Autumn Statement which will be published a few days after the oral Statement. (Wednesday's oral Statement will be accompanied by a summary press release.)

Chief Secretary's Paper

This follows the conventional pattern. As usual it does not reveal the proposed levels of the Reserves or the resulting public expenditure totals. The Chancellor will present his proposals for these aggregates orally at the Cabinet meeting.

If you are content with the form of the paper I suggest we also follow past practice for its circulation and put it round during the course of next Tuesday - i.e. the day before Cabinet.

The written Autumn Statement

Again this follows the pattern of earlier years and comprises four chapters

- public expenditure plans
- the economic forecast
- the annual national insurance proposals
- the tax revenue ready reckoner.

The expenditure plans set out the overall aggregates, which the Chancellor discussed with you earlier in the week, and summary

details of each of the individual programmes.

The economic forecast is again as the Chancellor discussed with you. The one change I have spotted is that he now proposes to give a RPI figure for 1990 Q4 of $5\frac{3}{4}$ per cent rather than 6 per cent. You may like to flick through this chapter to see how the general message compares with the present draft of your Lord Mayor's Banquet speech; it looks to me to fit very well with it, including a reference to the problem of increases in costs.

The national insurance proposals are for a normal uprating, with the usual indexation of the various earnings limits. No change is proposed in the rates of contribution.

Conclusion

Content with the format of the Chief Secretary's paper for Cabinet and for it to be circulated on Tuesday?

Recg.

(PAUL GRAY)

Y
eo mt

10 November 1989

c:\wpdocs\economic\autumn.dca