



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

11 June 1984

The Rt. Hon. Lord Hailsham of St Marylebone CH FRS DL
Lord Chancellor

Stan Quinlan

**TREASURY AND CIVIL SERVICE COMMITTEE:
LONG TERM TRENDS ENQUIRY**

The Treasury and Civil Service Committee has launched an enquiry into Long Term Trends in Resources and Public Expenditure by asking Departments for a wide range of factual papers, mostly by the end of this month. Some questions have been directed at the Treasury; some at other Departments. They raise some awkward issues, and we need to consider carefully how to respond.

The Committee is spreading its shot very widely, as you will see from the requests listed in the annex to this letter. We must obviously do what we can to assist the Committee within the limits of what it is reasonable and practicable to offer beyond the information contained in our Green Paper on Public Expenditure and Taxation into the 1990s. But there can be, I believe, no question of meeting the Committee's request for 10 year projections of programme expenditure in the terms it has set. In my view it would be quite impossible to construct and agree any useful figures for even the main programmes projected so far beyond present public expenditure plans - the concept of "present policies" so far ahead would become meaningless and the other uncertainties are too great. Even if that were not so, to provide such projections would be totally at odds with the Government's policy towards public spending in the longer term. Revenue must determine expenditure, not the other way round.

Since the Committee cannot have the figures for which it asks, we need to consider how else to respond. The simplest thing would be to rest on the Green Paper as the Government's contribution. But that might seem churlish when the Government has encouraged public debate on long term spending; and it would no doubt precipitate a major row.

Alternatively, having drawn attention to the Green Paper, and the reasons why "present-policy" projections are inappropriate, we could offer to provide the Committee instead with an account of the longer-term pressures - upwards and downwards - bearing on the main expenditure programmes. This would build on the approach followed in the Green Paper. The degree of detail would no doubt vary from programme to programme but that need not matter. Where quantitative illustrations were readily available, they might be mentioned, as in the Green Paper. But no attempt would be made to cost whole programmes, or to provide comprehensive data.

This last approach is the most clearly consistent with Government policy and is the one I recommend. I hope that none of our colleagues sees any insuperable

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difficulty in adopting it. I suggest that only those Departments that have been approached by the Committee for material need be involved, and that we should not volunteer information any more widely. That would, for example, release Northern Ireland from the exercise. And so far as Scotland and Wales are concerned, there will, of course, need to be close liaison with other Departments. For the present, I understand the Treasury Committee proposes to defer consideration of defence expenditure, pending a separate enquiry by the Defence Committee into the implications of ending the 3 per cent NATO commitment. Michael Heseltine and I may need to be in touch again at a later stage.

The Treasury Committee, as I have said, has asked for papers by the end of June. If colleagues are content with what I propose, Treasury officials will circulate a draft timetable and suggest how the exercise might be conducted among officials. The Treasury will also need to reply to the Committee, explaining why detailed projections are not available, and offering help in the way I have suggested. Thereafter, I think it might be best for Departments to send their contributions directly to the Treasury Committee, after clearance with the Treasury and other Departments as necessary. Departments will need to keep closely in touch when the Committee gets round to taking oral evidence.

I see less difficulty in responding to the Committee's other demands. The requests for tax projections do not raise anything like the same problems, and we should be able to provide much of the past data on public expenditure for which the Committee has asked and some limited data on prospective spending by economic category up to 1986-87, consistent with the Public Expenditure White Paper. We should also be able to provide material on long-term planning procedures overseas.

I am sorry to press you for an early reply, but we ought to let the Committee know soon what we propose, in case it needs to rearrange its programme.

Copies of this letter go to those of our colleagues shown below.

NIGEL LAWSON

A handwritten signature in dark ink, appearing to read 'Nigel Lawson', written over the typed name.

REQUESTS FOR INFORMATION MADE TO DEPARTMENTS

- (i) The Treasury has been asked for a paper showing how programme expenditure are likely to evolve over the next 10 years, assuming that existing policies are maintained and using explicit assumptions about prospective demographic, economic and technological developments.
- (ii) The Committee has written separately to a number of other Departments, asking for Departmental projections in identical terms.
- (iii) The Revenue Departments have been asked for revenue projections over the next 10 years on the basis of present tax rates and allowances.
- (iv) The Treasury (and the CSO) have been asked for data on public spending and receipts for the last 10 years, and for the next 10 years, by economic category (public sector value-added; current spending on goods and services; capital spending and so on) and for material about longer term public expenditure planning procedures in other countries.
- (v) The Committee has asked the Registrar General for demographic projections.

Copies to:

Foreign Secretary

Home Secretary

Secretary of State for Education and Science

Secretary of State for Northern Ireland

Secretary of State for Energy

Secretary of State for Defence

Secretary of State for Scotland

Secretary of State for Wales

Secretary of State for the Environment

Secretary of State for Social Services

Secretary of State for Trade and Industry

Secretary of State for Employment

Minister of Agriculture

Chief Secretary

Secretary of State for Transport

John Biffen.

NBren
RT 26/2



GWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 6106 (Llinell Union)

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-233 6106 (Direct Line)

Oddi wrth Ysgrifennydd Gwladol Cymru

From The Secretary of State for Wales

THE RT HON NICHOLAS EDWARDS MP

26 June 1984

Dear Chancellor

TREASURY AND CIVIL SERVICE COMMITTEE: LONG TERM TRENDS ENQUIRY

Thank you for sending me a copy of your letter of 11 June to the Lord Chancellor.

I agree with the general approach you suggest. *will request if required* The Committee's requests to the two territorial departments are awkward, as you imply, and I am not sure that we can say anything particularly helpful in reply. That is, after all, why it was agreed the territorial programmes should not receive full treatment in the Green Paper. However, my officials will be in touch with yours and George Younger's to see what can be said without potential embarrassment to us all.

I am copying this to the other Ministers who received your letter.

Yours sincerely,

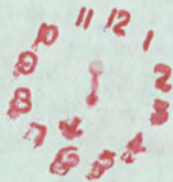
Ch Jones

Approved by the Secretary of State and signed in his absence.

The Rt Hon Nigel Lawson MP
The Chancellor of the Exchequer

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26 JUN 1984





DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

D Peretz Esq
Private Secretary to the
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
London SW1P 3AG

AT

22 June 1984

Dear David,

TREASURY AND CIVIL SERVICE COMMITTEE: LONG-TERM TRENDS
INQUIRY

I refer to the Chancellor of the Exchequer's letter of 11 June to the Lord Chancellor. My Secretary of State is content with the Chancellor's proposals.

I am copying this to the Private Secretaries to the recipients of the Chancellor's letter.

Yours sincerely
Stephen Hickey

S H F HICKEY
Private Secretary

~~Civ Service Long~~
~~PKM P-15~~

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NBPM

CF

~~Any previous ppt?~~

END
25/6

01-211-6402

Miss Margaret O'Mara
Private Secretary to the
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON
SW1P 3AQ

22 June 1984

Dear Margaret,

TREASURY AND CIVIL SERVICE COMMITTEE: LONG TERM
TRENDS INQUIRY

My Secretary of State has seen the Chancellor of
the Exchequer's letter of 11 June to the Lord
Chancellor, and is content with the approach he
proposes.

will request, if required

I am copying this to the private secretaries
of other Ministers involved in this correspondence.

Yours

John

J S NEILSON
Private Secretary

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23 JUN 1984



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NORTHERN IRELAND OFFICE
WHITEHALL
LONDON SW1A 2AZ

SECRETARY OF STATE
FOR
NORTHERN IRELAND

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
Treasury
Parliament Street
LONDON
SW1P 3AG

21 June 1984

Nigel Lawson

TREASURY AND CIVIL SERVICE COMMITTEE:
LONG TERM TRENDS ENQUIRY

- will request, if required

Thank you for your letter of 11 June about the inquiry which the TCSC has launched into Long Term Trends in Resources and Public Expenditure.

I agree with your suggestion that only those departments approached by the Committee need be involved in this exercise and that we should not volunteer information more widely. As you indicate, this would release Northern Ireland as we have received no request for material.

I am copying this letter to the recipients of yours.

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Law
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PARLIAMENT: Procedure
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25 JUN 1984





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Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 5422
GTN 215
(Switchboard) 215 7877

18 June 1984

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The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
Treasury Chambers
Parliament Street
London SW1P 3AG

D. Nigel.

TREASURY AND CIVIL SERVICE COMMITTEE: LONG TERM TRENDS ENQUIRY

Thank you for sending me a copy of your letter of 11 June to the Lord Chancellor.

The Committee's request does pose difficulties but I agree that we should try to be helpful. Your suggestion of providing an account of the longer term pressures on the main expenditure programmes seems to me to be an acceptable compromise.

My officials will keep in touch with yours about the timetable and content of the paper.

I am copying this letter to the Lord Chancellor and other colleagues.

Norman

NORMAN TEBBIT

Copies to:

Foreign Secretary
Home Secretary
Secretary of State for Education and Science
Secretary of State for Northern Ireland
Secretary of State for Energy
Secretary of State for Defence
Secretary of State for Scotland
Secretary of State for Wales
Secretary of State for the Environment
Secretary of State for Social Services
Secretary of State for Trade and Industry —
Secretary of State for Employment
Minister of Agriculture
Chief Secretary
Secretary of State for Transport

Andrew Turnbull.

John Biggin