



NOPTM AT413 ✓ NO 8
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5 March 1954

SECRET

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

Dear Nigel,

PUBLIC EXPENDITURE AND TAXATION IN THE LONGER TERM

Thank you for circulating the text of your draft Green Paper. I think the analysis it offers is well presented and the approach to determining public expenditure levels in the longer term is cogently argued. It should thus provide an excellent basis for the kind of public discussion you are seeking to stimulate. *File with AT*

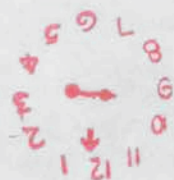
There is one point which concerns me, namely the use of the expression "real terms" to mean "cost terms". "Real terms" has in the past been generally assumed to imply changes in volume at constant prices and its use here may puzzle and irritate readers, especially those with an interest in particular services. Special difficulty is caused by the references to "real terms" growth in paragraph 15, eg paragraph 15(iii) quotes 33% real terms growth in law and order but admits that this includes substantial increases in pay. I think it would be wise to avoid any scope for misunderstanding on this point and suggest you refer to "cost terms" throughout the document when that is what is meant.

I am copying this letter to the recipients of your covering minute.

George Younger

Yours well,
George.

Econ Pol: Public Expenditure pt 27



- 6 MAR 1984