

Econ Pol: Public Exp: P27

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5 March 1984

Dear John,

PUBLIC EXPENDITURE AND TAXATION IN THE LONGER TERM

My Secretary of State has only two comments on the Green Paper on Public Expenditure attached to the Chancellor's minute of 29 February. Both arise on paragraph 7 of Annex 3, "Growth in the long term".

His main point is on the last sentence of the paragraph. He is concerned that without more this could be used to imply that the Government is accepting that there will be only a slight fall in unemployment over the next five years, or perhaps no fall at all. He suggests that the words "but modest" should be inserted between "steady" and "decline" in the last sentence; and that a further sentence should be added at the end to read:

"Higher output growth would of course imply a greater decline in unemployment".

His second point arises on the third sentence of paragraph 7. He feels this would read better and be more accurate, if it read,

"No explicit assumptions about future changes in employment or unemployment have been made because they were not necessary for the purposes of the Green Paper".

I am copying to Private Secretaries to recipients of the earlier correspondence.

Yours sincerely

David Normington

DAVID NORMINGTON
Principal Private Secretary