



10 DOWNING STREET

Robin,

You might like to see the record of John Butten's lobby. Bernard has brought this to Lord Whitelaw's attention and he in turn may speak to John Butten.

My view is that we should draw this to be attended by Prime Minister. The Chancellor is angry about it and may raise it himself.

What do you think?

AT

Prime Minister

10/2

I think you should see and may like to have a word with Lord Whitelaw on Monday morning.

Amud m

FERB

10.2

would happen - alas.

THE BUDGET

Cabinet this morning had been one of the most bland, miserably disappointing and boring meetings he had ever been at. It was absolutely awful; there was no lively debate, just unctuous self-satisfaction. Things had been described as "coming along nicely", although unemployment was still high.

Asked about the mood, he said the Government was on course to victory - on automatic pilot.

No one had seriously questioned the strategy for the next 12-18 months. It had been reassuring for those afraid of a frenzy of tax cuts.

It had been helpful for the Treasury, in contrast to the early years of the first Parliament of this administration. He preferred any pyrotechnics in the second half of a Parliament.

Asked about the effect of American policy, he said there wasn't much you could do about it. He agreed that asset-selling was a shortish-term device and confirmed the Opposition voices in Cabinet were muted.

The economy was growing at 3% pa, a brisk pace by UK standards, and probably faster than most of Western Europe.

Asked about tax changes, he pointed out there was an obvious inhibition, even in Cabinet to discuss them. The discussion had been discreet, but the main concern, across the whole spectrum of Government was to deal with direct tax thresholds. This was held to be a priority both economically and socially.

The instinctive judgement was that if there was any room for relief, it should be on income tax thresholds.

The argument in the past from the corporate sector had been that it was in a bad way and needed help. The CBI pointed to the NI surcharge above everything else. But our corporate tax structure was not more onerous than the rest of Western Europe.

Today the mood was to back income tax thresholds, especially to combat the "why work" syndrome at the lower end of the tax bracket.

Asked if it would boost industry at home, he pointed out that this shouldn't be expected immediately. If people had more money, they would spend at least 50% on readily available imports.

LOBBY BRIEFING

4.

time:

date:

The discussion on tax had been tentative and shrouded; the instinctive judgement had been to go for personal thresholds.

MG

LOBBY BRIEFING

time: 4.20 pm date: 9.2.84

We repeated this morning's Lobby.

ANSWERS OF INTEREST

We added No 111 Written: Mr Alan Williams to ask the Minister for the Civil Service, how many vacancies exist in the Civil Service at executive officer level and above in the Cheltenham travel-to-work area and nationally. (Answer was substantive but didn't add much to the sum of knowledge. (There was no available breakdown of EO vacancies for the Cheltenham travel-to-work area.))

AIRBUS

Asked about an announcement, we did not expect it would be this week.

LEBANON

We confirmed the PM was keeping closely in touch with the situation.

BUDGET

We couldn't help on the stage of preparations. On the Green Paper on Long Term spending, we pointed out the Chancellor had said it would be published in due course, and gave no guidance on timing. We thought work on it had started in the Treasury.

We also confirmed that the Public Expenditure White Paper was pretty firm for 16 February.

Asked about the mood of Cabinet, we said there had been no great dramas. The Chancellor and the Chief Secretary would have opened proceedings.

SCOTT LITHGOW

We had no firm idea of the cost of the write-off, and suggested approaching DTI. Obviously it was being worked on.

LEBANON

Asked if the PM had heard Mr Luce's interview on the Today programme (where it was claimed he "had been torn to shreds"), we said if she had, she had not been greatly moved.

NEW COMMERCIAL VEHICLE SPEED LIMITS

Asked, we were not aware of any controversy.

LEBANON

Asked about the charge for evacuation, we confirmed it was £30, and

LOBBY BRIEFING

2,

time:

date:

Had the World Service announcement. We could not help with the likely supplementary charge if a helicopter was involved. We suggested asking the FCO for details.

LEADER OF THE HOUSE'S LOBBY

4.40 pm

GCHQ

He pointed out a debate was not in next week's business, and confirmed that the work of the Select Committee had not finished - and he did not know when they would report.

HOUSING BENEFITS

He thought Monday's statement had substantially defused the issue, and he would be surprised if there were more than a handful of rebels.

MATRIMONIAL AND FAMILY PROCEEDINGS BILL

Asked about possibility of a Committee Stage on the Floor of the House, he said it would be very controversial - hence the call for the procedure. It would be absurd to see party affiliations on the issue, but he was not suggesting there would be a free vote. There were some precedents (eg the Bill that created the GLC), for a key clause to be discussed on the Floor of the House. He had undertaken to look into the suggestion but did not think it was likely to happen.

METROPOLITAN COUNTIES BILL

Asked about a Floor-of-the-House procedure, he said he didn't think so.

TELEVISION PARLIAMENT

He didn't think there would be a debate. Most people were happy to see the Lords' moves continue. The pro's thought it would allay fears; the anti's saw it as playing for time. He was not conscious of pressure for subsidies. The question would eventually arise and a budget would have to be arranged at some time.

As for the Austin Mitchell Bill, he would have expected to see a steady stream of PQs to keep up the interest, but they were not there. Personally, he was mildly pro, but he was not aware of pressures.

LONG-TERM SPENDING

About about rumours that the PM was delaying the Green Paper, he had never seen any paper or heard gossip to suggest that (up to now).