

DEBATE ON THE AUTUMN STATEMENT

The Chancellor gave a competent performance, but which was only moderately well supported by the Government side, even when he was dealing with the success of BT. Part of the speech was deliberately workmanlike where he was answering the specific criticisms of the TCSC on the procedure for setting public expenditure totals, public expenditure programmes and on the inclusion of asset sales in public expenditure totals.

Three points of interest emerged:

- (i) The Chancellor identified three ways in which the recovery differed, helpfully, from earlier recoveries:
 - no large build up of stocks, thereby reducing the chance of a large stock run down at a later date;
 - a large increase in profits;
 - no resurgence of inflation.

- (ii) Hattersley tried to establish an antithesis between income tax cuts and unemployment, arguing that the Government consistently chose the course which would keep unemployment high. He argued that higher public investment would create more jobs than income tax cuts. In doing so he was attempting to strike a chord with some, eg Peter Tapsell, on the Government side. The Chancellor received support from Alan Howarth who argued that through its impact on the poverty and unemployment traps the tax threshold has a major impact on jobs. I think you, too, will be happy to take this argument on.

- (iii) Hattersley reacted in mock horror to Lord Young's article in yesterday's Times and today's Leader

which developed it. He sought an undertaking that benefits would not be withdrawn for 16-18 year olds. Edward Leigh helpfully pointed out that Hattersley was being selective as he made no reference to the fact that withdrawal of benefit was to go hand in hand with more training and better job opportunities.

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6 December 1984

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