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COPY NO. 1 OF 3 COPIES

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

Prime Minister

I have kept

6 March 1982

on second (Alan's)

Michael Scholar, Esq.,
No.10 Downing Street

copy, and haven't

yet read.

Dear Michael,

MUS 6/3

BUDGET SPEECH : FINAL DRAFT

.....
in attached folder

I attach a copy of the last draft of Tuesday's Budget speech. The Chancellor has some finishing touches to make, particularly to the first two sections, and the last one, before the text is finalised on Monday morning.

With one major exception, the structure of the speech remains the same as in the interim draft which you saw on Wednesday. The exception is the section on Fiscal Justice, which formerly came, with rather too much prominence, near the end. It is now more logically placed at the point where the Chancellor moves from discussing primarily spending proposals to fiscal proposals.

But the structure is, after further refinement of the text, now very much clearer. You will note the frequent signposts which now guide the audience from the initial strategic material on overall policy, jobs, money, and borrowing, through the expenditure items, and non-fiscal revenue proposals (NIS and the specific duties) to the fiscal sections, which now conclude with the welcome news on capital taxes and on income tax. (Some of the earlier fiscal sections are necessarily still fairly detailed, but the cumulative effect of the various changes should be considerable, and the speech ends on a satisfactory crescendo. I am told that it is now shorter than several recent Budget speeches.)

As you know, the Chancellor has incorporated a number of very helpful suggestions from Ian Gow. And the monetary and PSBR sections have of course been discussed with Alan Walters.

Yours ever,

J. O. Kerr

J.O. KERR