

Ans

Some 100 Members present. General impressions:-  
Likely to be unexciting after initial impact, leaves election options open, implications could be highly inflationary and opportunities missed.

Some of the points in detail:-

1. Geoffrey Howe. PSBR at £8.5 bn too high - and going up as proportion of GDP. Sceptical that money supply at 8 - 12% can be contained. Danger that this will push inflation up significantly again.

Because of planned increase in public expenditure, tax reductions were minimal. Reduced rate a mistake. Because nothing done on basic rate, the marginal rate for every extra £ earned by man on average earnings even slightly up (NI included)

We should emphasize that he(Healey) has left himself through expansive public spending programmes insufficient room to make the real tax changes required.

2. Reggie Maudling. Suspects people will think this is a sensible Budget and they may be right. It is like his own of 1963! (Not many shared this view)

3. Crouch. Did not get feeling it was an Election Budget. Increases for health and education insignificant.

4. Mitchell. Only the tail(Brush?) had been shot from his fox. Welcomed small business proposals, but nothing like enough to deal with problem. Increase in MCR would affect businesses in opposite direction.

5. Lawson. Government relying heavily on public expenditure for expansion. Increase in public expenditure likely to be 6% next year. Greatly worried by size of PSBR - further increases in interest rates therefore likely.

6. Baker. The give-away is small and will be disappointing to the average man. Will be advocating a reduction in the basic rate. Geoffrey Howe - difficulty is how far we can press for changes, given the planned increases in public expenditure.

7. Stewart. The PSBR ceiling may be phoney, and there may be capacity for further tax reductions half-way through the year.

There is no shift from direct to indirect taxation

8. Tapsell. Budget dull without being sound. Extremely inflationary in its effect.

9. Morgan Giles. Concession to farmers far too restricted

10. Higgins. Thinks budget may look good in press. But storing up trouble later. Attack on whole range of Healey's budgets.

11. Ridley. Also on over-expenditure

12. Biffen. Nothing in Budget to affect an election date. Sharply inflationary. Concentrate on Government's economic policy over past 4 years. Cautious about being too strong on tax cuts.

13. Emery. Worried that effect of child benefits on women's votes could be beneficial.

14. Horder. Contingency fund for next year has already been heavily raided before year started.

The 1% M&R increase may put people off investing in gilts, thus making Government's problem re PSBR more difficult and put money supply up again

Others spoke