

Lawson seeks public debate on spending

By Peter Hennessy

Mr Nigel Lawson, the Chancellor of the Exchequer, has been converted to the view that the Treasury must lead a more open debate on the prospects for public spending and taxation in the late 1980s.

The Prime Minister could kill the proposal. But if Mrs Margaret Thatcher gives it her blessing, future spending choices and methods of financing them could become a feature of ministerial speeches when the political season reopens at the end of the month.

The Cabinet considered in July the early results of a secret review by the Treasury's general expenditure division led by Mr Peter Mountfield, an under secretary, under the supervision of Mr Alan Bailey, Second Permanent Secretary in charge of its public services sector.

Their work is still guarded by security precautions unusually tight even by Whitehall standards. For example, officials have been expressly forbidden to talk to *The Times*. That will not change unless the Prime Minister approves Mr Lawson's plan.

His original idea was to encourage private "think tanks" such as the Institute of Economic Affairs, the Policy Studies Institute and the National Institute for Economic and Social Research to act as the Treasury's surrogates in kindling public debate. The Treasury's ministerial team has now accepted, however, that such a strategy would be inadequate.

They believe the Treasury, which possesses a near monopoly of financial information, must take the lead. Quite how has yet



Mr Lawson: Proposal could be killed

to be decided. But an obvious possibility is the publication of a Green Paper of options supported by background factual and analytical material.

There is a degree of nervousness in the Treasury about the Downing Street reaction to the desire for greater candour with the public. The Treasury's public expenditure projections for 1986 and beyond and the tax implications of funding existing welfare and defence provision, have alarmed all who have seen them.

Last year the Prime Minister was quick to disown an attempt by Mr Leon Brittan, then Chief Secretary to the Treasury, to engage in a public debate after a secret report on spending options prepared by the Central Policy Review Staff had been leaked.