Price twenty pence

Chancellor under savage attack from all quarters

Hostility to the Budget swept upon the Government from almost all sides of the nation yesterday. The TUC and the CBI were at one in deploring Sir Geoffrey Howe's failure to give decisive encouragement to industrial expansion (Report, page 2). The universities predicted a disintegration into chaos, with the closure of some

institutions, because of a 15 per cent cut in income over three years. The Cabinet itself was beset with rumours that some ministers were profoundly shocked when the Budget proposals were disclosed to them, while it became apparent that at the Treasury plans were already being prepared to cut public spending below the level stated in the expenditure White Paper. The Prime Minister made a scathing denunciation of the critics of the Budget, which seemed to include dissident Cabinet ministers. Mr Edward du Cann, chairman of the Treasury select committee, called for a programme of national economic recovery (Report, page 2).

Fears of university system collapsing from loss of income

By Diana Geddes Education Correspondent

Britain's university system is likely to disintegrate into chaos as a result of a cut in income of about 15 per cent that the universities will face that the universities will face over the next three years, the University Grants Committee (UGC) and the Committee of Vice-Chancellors and Principals (CVCP) will tell the Government today.

The possibility of having to close whole universities, and of removing all postgraduate facilities or entire faculties from other universities, is being openly discussed.

At the same time, universities are likely to suffer another severe blow arising from the Government's revised estimates, as yet unpublished, on the future demand for school teachers.

school teachers.

The new figures show that the present planned output of newly trained teachers from teacher training colleges and university departments of 17,000 a year already far exceeds the estimated demand for the current year of 12,000, and that demand is expected to fall sharply over the next three years to a low of 3,500 in 1983-84.

It is then considered unlikely

1983-84.

It is then considered unlikely to rise above 10,000 until 1991. That dramatic fall in demand, arising partly from a reduction in teachers' jobs as a result of government spending cuts, partly from the falling number of pupils in schools, and partly from a lower than expected teacher wastage rate, will

almost inevitably mean closures of teacher training colleges and university education depart-

ments.

At their meeting today with Mr Mark Carlisle, Secretary of State for Education and Science, the vice-chancellors and the UGC will explain that the 8 per cent cut, which the Government said in its public expenditure white paper was planned for higher education over the next three years, is likely to amount to about 15 per cent for universities as a result of the Combined effects of the Government's policy on overseas student fees and inadequate cash limits.

University staff costs account for about 70 per cent of total expenditure, and it is there that most of the savings will have to be found.



Mrs Thatcher delivers scathing denunciation of her critics

By Fred Emery
Political Editor
The Cabinet was taken to the brink of crisis over the Budget yesterday, with Mrs Margaret Thatcher delivering an extraordinary denunciation of her critics, which seemed to include dissident ministers, and Mr James Prior, Secretary of State for Employment, publicly vowing that he would not resign but would continue the fight.
Choosing his words carefully, Mr Prior stated: "There is no question of my resignation. I am going to fight my corner for the Government, and in the Government." There was emphasis on both prepositions. Speaking at a luncheon award, Mrs Thatcher cast aside both restraint and prepared text, in rounding angrily on critics of the Budget's taxes. In a passage that came close to branding her own Cabinet as opponents she said: "I'll tell you what they really mean; they mean we do not like the expenditure we have agreed; we are unwilling to raise the tax to pay for it. Let us print the money instead; the most immoral path of all."
The question over Mr Prior's wishing to remain in the Cabinet arose when it was learnt that his associates were having, as they believed, difficulty persuading him to stay and fight. But Mr Prior chose to clarify matters last evening, deliberately turning up at the Commons to show that he was not evading colleagues and reporters.

By declaring his decision to fight, Mr Prior implicitly con-

ters.

By declaring his decision to fight, Mr Prior implicitly confirmed his opposition to the thrust of the Budget. Like the rest of the Cabinet he learnt of its proposals at the Cabinet meeting only a few hours

ON OTHER PAGES

Mrs Thatcher's speech Warning by Mr du Cann Parliamentary report Sir Geoffrey's revenge Leading article Banks cut rates Lobby against tax Budget condemned

before the Chancellor delivered his speech in the Commons.

before the Chancellor delivered his speech in the Commons.

It is accepted at Westminster that among ministers profoundly shocked by the Chancellor's failure to offer any real relief for industry were, with Mr Prior, Lord Carrington, Foreign Secretary, Mr Francis Pym, Leader of the House and Chancellor of the Duchy of Lancaster, Sir Ian Gilmour, Lord Privy Seal, and Mr Peter Walker, Minister of Agriculture. There have of course been private threats to resign from this Cabinet before, and possibly none will ensue. But this is the first time that the Cabinet guerrilla fighting of the past 20 months has broken out into the open.

They are all senior Cabinet members identified with, or close to, the so-called "wet" faction who worry over what they see as the obsession with monetarism and favour some expansion in the economy.

Whitle Mrs Thatcher was counterattacking at her luncheon, two more fell blows were struck at herself and at Sir Geoffrey Howe, Chancellor of the Exchequer.

The suggestion that Cabinet members must be asking themselves whether they could stay on after this Budget was voiced on television by Mr Norman St John-Stevas, who was re-

lieved of his Cabinet post in the January reshuffle.

the January reshuffle.

On ITN's News at One he was asked if he could have remained in the Cabinet after this Budget. He replied: "What I ask myself is can other people remain in the Cabinet who may have similar views to my own. That is a much more relevant question." Mr St John-Stevas, however, said he would vote to support the Budget "whatever reservations I may have".

That statement shock Con-

That statement shook Conservative business managers, and in Whitehall it was acknowledged that the party had not been in such a state since Mrs Thatcher herself deposed Mr Heath for the leadership. However, Mr Peter Tapsell, an influential City backbencher, and a former member of Sir Geoffrey Howe's shadow ministerial team, called flatly for his dismissal.

In a stinging statement he

terial feam, called flatly for his dismissal.

In a stinging statement he said: "Sir Geoffrey Howe has now lost the confidence of broad sections of the City, of industry, of the Cabinet and of the Conservative parliamentary party. His policies are damaging to the nation.

"The Prime Minister has a strong sense of duty and of patriotism. She owes it to the country and to the Conservative Party to find a Chancellor of the Exchequer who will command confidence and offer hope."

The Prime Minister was un-

The Prime Minister was unaware of these two broadsides when she spoke at lunchtime, and concentrated most of her counterattack against the hostile press reaction and that of the more vocal critics.

Speaking at a ceremony of the award to The Guardian young businessman of the year,

Continued on page 2, col 5

Ministers prepare for new battle over public spending

By Melvyn Westlake
Government ministers are already preparing for another bitter and bruising battle over public spending. It is now evident that one more determined attempt will be made by the Treasury team, led by Sir Geoffrey Howe, the Chancellor of the Exchequer, to cut Government spending from the levels planned in the latest annual expenditure White Paper, published with the Budget on Tuesday.

The White Paper makes it clear that there is much dissatisfaction about the Cabinet's inability to prevent public spending rising, It is a development which requires the "most serious attention", it says, hinting strongly that an attempt will be made in the coming

months to cut spending programmes in next year's White Paper.

The reduction in the volume

Paper.

The reduction in the volume of spending which was originally expected to take place in 1980-81, has failed to materialize, and on present plans there will be no fall in Government expenditure before 1982-83.

Given the persistent tendency for spending to rise, there now seems every chance that a further increase will take place in the new financial year which starts next month. If that happens, it would open up the prospect of yet a further rise in taxation.

The desire to make substantial tax cuts before the next election is adding to the determination to bring public spending down.

The overall burden of taxation on the economy is rising extremely fast. In the coming financial year, the tax burden will be equivalent to about 47 per cent or 48 per cent of the nation's gross domestic product. This compares with about 44.5 per cent in 1980-81 and about 40 per cent when the Government took office and means that the tax burden will have risen by nearly a fifth over three years.

three years.

The Government will be hard-pressed to get taxes back to the level at which they stood in May, 1979, and this could be immensely damaging in electoral terms.

toral terms.

The core of the Government's strategy has been to get itself into a position of strength from which it could make tax cuts

in the final years of this Parliament, financed from North Sea oil revenues.

The possibility of making such reductions in tax is now fading fast. The financial statement published with Tuesday's budget still coyly refers to a "fiscal relief" in 1982-83 and 1983-84, which is a euphemism for tax cuts.

However, it also says that the higher levels of public expenditure now projected inevitably mean that the margin for fiscal relief is substantially smaller, and occurs later than in last year's projections.

In broad terms this fiscal relief will do no more than offset the increase in the personal tax burden in the coming year. This, the financial statement says, "is clearly unsatis-

factory in the context of the Government's wider economic objectives".

But any attempt to cut public spending is bound to be fought by the Cabinet "wets". In the two years since the Government came to office it has undertaken four expenditure-cutting exercises. The last, late last summer, effectively resulted in a defeat for those ministers who had wanted huge reductions in spending programmes.

Ministers at spending departments believe, however, that they have already pared many programmes back to the bone. Much of the increase that has

Much of the increase that has taken place in government expenditure has resulted directly from the economic recession.

Extra £40m in fuel subsidy for needy and big rise in disabled allowance

By Frances Gibb
The Government is to give an extra £40m to help more than two million people on supplementary benefit to pay their fuel bills, Mr Patrick Jenkin, Secretary of State for Social Services, announced yesterday.

The supplementary benefit heating allowances are to rise by 18 per cent, the expected rise in fuel prices between last November and this. "Rising

November and this. "Rising fuel costs are causing increasing anxiety among needy people and the Government has every sympathy with the difficulties which they face."

Announcing a £2,000m package of measures aimed at bringing help to "the least privileged members of the community", he also said pensioners will receive their £10 Christmas bonus and there will be a big rise in the disabled people's mobility allowance.

The increase, of nearly 14 per cent to £16.50 a week, indicates the importance the Government attaches to the allowance, he said, and he was glad to announce it in the International Year of the Disabled.

The extra cash to meet fuel bills comes on ton of a £200m

Year of the Disabled.

The extra cash to meet fuel bills comes on top of a £200m programme last year and boosts total government spending on the fuel benefit programme to more than £250m, helping about 2,250,000 people.

The fuel allowance can be claimed by pensioners over 70

The fuel allowance can be claimed by pensioners over 70 on supplementary benefit, and householders with children under five on supplementary benefit. Supplementary benefit claimants with special circumstances, such as illness or a house which is hard to heat, may also qualify.

The supplementary benefit heating addition will go up from £1.40 a week to £1.65 a week, or £85.80 a year, and will help 1,500,000 people, Mr Jenkin said.

said.
The higher rate heating addition will rise from £3.40 to £4.05 a week, or £210.60 a year, helping 400,000 people, including the most severely disabled, who get the benefit automatically.

low level of the Christmas bonus for pensioners.

Mr Hugh Faulkner, director of Help the Aged, said it was disappointing that the bonus was to remain at £10. It had stood at that level since being introduced in 1972. A more reasonable figure was £35.

Age Concern also said that there were many elderly people who would not benefit from the fuel allowances, although they were near the poverty line. They were just a few pounds away from being able to claim supplementary benefit and would be "left out in the cold".

Details of the child allow-

Details of the child allowances, for those receiving benefits, on top of the child benefit increases announced in the Budget, also provoked a storm of criticism from the Child Poverty Action Group and the National Council for One Parent Families.

Miss Buth Lister director of

Miss Ruth Lister, director of

Miss Ruth Lister, director of the poverty action group, said that about a million children would be only a few pence, or one per cent, better off than they were last year.

"The Government has repeated its mean trick of cutting the real rate of child support for national insurance benefit claimants by an administrative sleight of hand", she said.

Other increases announced by Mr Jenkin include a rise in the family income supplement maximum payment from £17 to £18.50 for a one-child family. The prescribed income levels for the supplement go up by £7 to £74 weekly for one-child families, and the extra amount for each further child is raised by £1 to £8.

Supplementary benefits and

by £1 to £8.

Supplementary benefits and war pensions are to go up by 9 per cent, the same rate as other national insurance benefits announced in the Budget, and Mr Jenkin said the invalidity allowance paid with the invalidity pension was to go up by 14 per cent to restore the 5 per cent cut last November.

That was a start towards

who get the benefit automatically.

Help the Aged and Age Concern immediately welcomed the continued government help for poor people in meeting fuel of the pension

5 per cent cut last November. That was a start towards restoring the value of the invalidity benefit, he said, and he reiterated the Government's pledge to restore the full value of the pension

| | Existing | Proposed |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Child benefit: | 4.75 | 5.25 |
| One parent benefit (formerly child benefit increase): First or only child of certain lone persons: | 3.00 | 3.30 |
| Standard rate of retirement, and widows' pensions, and and widowed mothers' allowance: | Marine Co. | illurior. |
| Single person; Wife or other adult dependant: | 16.30 | 17.75 |
| An age addition of 25p is payable to retirement pen- sioners who are aged 80 or over. | | delle in |
| Standard rate of invalidity pension; Single person: Wife or other adult dependant; | 26.00 | 28.35 17.00 |
| nvalidity allowance: Higher rate: | 5.70 5.45 | 6.20 |
| Middle rate: | | 4.00 |
| Lower rate: | | 2.00 |
| Standard rate of unemployment and sickness benefits: | THE RESERVE | T. Carlotte |
| Single person: Wife or other adult dependent: | 20.65 | 22.50 |
| Beneficiary over pension age: Single person: | | 28.35 |
| Nife or other adult dependant: | 15.60 | 17.00 |
| Nidows' allowance (first 26 weeks of widowhood): | 38.00 | 41.40 |
| Maternity allowance: | 20.65 | 22.50 |
| ligher rate: | 21.65 14.45 | 23.65 15.75 |
| Non-contributory invalidity pension, invalid care illowance; norease of non-contributory invalidity pension and nvalid care allowance for a wife or other adult | 16.30 | 17.75 |
| dependant: | 9.80 | 10.65 |
| Mobility allowance: | 14.50 | 16.50 |
| Guardian's allowance, child's special allowance: Rate of benefit for children of widows, invalidity, non- | 7.50 | 7.70 |

| | 2 | 2 | 2 | 2 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Husband and wife: Person living alone: Non-householderage 18 and over: age 1617 | 34.60 21.30 17.05 13.10 | 43.45 27.15 21.70 16.65 | 37.75 23.25 18.60 14.30 | 47.35 29.60 23.65 18.15 |
| Any other person aged : 11—15 years : Under 11 years : | 10.90 7.30 | enson in the | 11.90 7.90 | |
| Non-householder housing addition: Heating additions to supplementary ben | | | Proposed To be announced | |
| Lower rate: Higher rate: Dietary additions to supplementary benefit: Lower rate: Higher rate: Blindness addition to supplementary benefit: Addition for claimant, or dependant over age 80: | | 1.40 3.40 | 1.65 4.05 | other machines |
| | | 2:80 1.25 25p | No change No change | |
| Family Income Supplement: Prescribed amount for family with or (income below which FIS is payable) | ne child | Existing | Proposed | A STATE |
| Increase in prescribed amount fo additional child: | | 7.00 | 74.00 8.00 | The state of the s |
| family: | | 17.00 | 18.50 | A. T |

SUPPLEMENTARY BENEFIT

Rate of benefit for children of all other beneficiaries.

Mrs Thatcher defends the 'moral' Budget

By Our Political Editor
Mrs Margaret Thatcher, setting
aside her prepared text, said in
a speech at The Guardian Young
Businessman of the Year award
last night: "One of the reasons
which led us not to increase the
standard rates of tax and not to
reduce, and not to alter, the top
rates of tax was the counsel of
one of your previous winners,
though he won't know it.

"At one time he said to me:
"Mrs T, don't take away the
incentives now, just when they
are beginning to work". And I
believe we were right not to
increase those levels of income
tax and that they will soon begin
to work... By Our Political Editor

"There are occasions when I think that other businessmen, perhaps not quite as successful as your good self, are indeed like Mr Micawber, waiting for something to turn up, and that 'something ' is the Government. But to them I should point out that to them I should point out that Mr Micawber in waiting for that went bankrupt several times and eventually emigrated on borrowed

One or two newspapers had condemned the Budget as highly deflationary. While it was true that the measures would increase tax by £3,500m, it was also true that public spending was up by £6,000m more than was planned a year ago. Public spending next year would exceed £100,000m.

"Now what really gets me is this: that it is very ironic that

extra tax are those who were most vociferous in demanding the extra

extra tax are those who were most vociferous in demanding the extra expenditures."

Having demanded that extra expenditure, they were not prepared to face the consequences of their own action and stand by the necessity to get some of the tax to pay for it.

"And I wish some of them had a bit more guts and courage than they have. Because I think one of the most immoral things you can do is to pose as the moral politician demanding more for health, for education, more for industry, more for housing, more for everything and then, when you see the bill, say no; 'No I didn't mean you to pay tax to pay for it, I meant you to borrow more..."

"Do they really think that had we gone on policies unchanged we could have borrowed f14 billion this year at an interest rate of 12 per cent? Because I tell you we couldn't. We managed to borrow something under f13 billion last year. We didn't manage to borrow everything we spent. And part of it was borrowed with an interest rate of 17 per cent and quite a lot at 16 per cent.

"And for those who say 'yes, increase your deficit spending, have this cosy reflation', they must face the fact that the interest rate would not have gone down, it would have stifled and strangled at birth any rebuilding of stocks or any expansion of

those who are most critical of the extra tax are those who were most vociferous in demanding the extra expenditures."

Having demanded that extra expenditure, they were not prepared to face the consequences of their comparison and stand by the of all.

instead, "the most immoral path of all.

"Because what that is saying is, 'Let us quietly steal a certain amount from every pound in circulation, let us steal a certain amount from every pound saved in building societies, in national savings, from every person who has been thrifty, 'What they are saying is 'Let's go and put a pair of bellows on to the rate of inflation we have now and make it a really big, raging furnace' and the first people to come in and complain would have been industry...

"I believe this Government has taken the wise and the moral course and I will challenge any-one who takes the contrary view.

view...

"I may say that I've written this all down in much better language . . . it's not good enough to talk but it's good enough to print so you can... print it and it will save a lot of people taking down in shorthand, which on a 25-hour week they are not always trained to do. . ."

She hoped that many businessmen there asked why so many of their own employees refused to buy British goods but bought foreign goods instead. "Because the trouble isn't all with the con-

sumer choice, Some of it might be with the design of the product or the delivery dare...
"Now, the third point. I just want to point out something which is quite different. The third point. I've lost my place. But never mind, it doesn't matter. I'm in full flood, so it never matters then.

then.

"The third point is this. In spite of everything and in spite of the difficulties, I did want to demonstrate, and so did the Chancellor, that behind every good man there is a good woman, you know. To demonstrate—so did the Chancellor—first that although we were not able to do more relief on tax allowances we did wish to do something for families, and that's why he was so careful to put up the allowances for the children by 50p each.

"Because we positively wanted under difficult circumstances to show preference for families, And we also positively wanted to do another thing, to do something special for the disabled.

"Therefore we doubled the income tax allowances for the blind, put up the travel allowance for the disabled and made a number of reliefs on value-added tax for charity.

"So when people say that it is a 'no hope' Budget, I can only say to them: this Budget is the only hope for Britain's sustained and genuine revival, and I hope that many people will in fact see it in that light."

calls for recovery programme

By Hugh Noyes Parliamentary Correspondent

Mr Edward du Cann, chair-man of the Conservative 1922 Committee and of the Treasury elect committee that recently produced a report critical of the Government's economic strategy, said yesterday that the Government should mount a programme for national

The economic situation was rave, the level of unemployment was intolerable and the in manufacturing output and capacity was un-

It was worse than it appeared on the surface. He gave a warning that within the next 12 months some of the country's most significant companies might find it impossible to

He did not accept that those disasters were inevitable, and the Government should mount programme for national econ-

Mr Peter Shore, the shadow Chancellor, earlier added to the battering given from all quarters to Sir Geoffrey Howe's Budget with a scathing attack that had Labour MPs cheering

0.80

It was a know-nothing, learn-nothing Budget, a Budget of failure. He hoped it was the last Budget Sir Geoffrey and "the wayward mistress of No 10" would present.

Mr Shore added that it would create unemployment and accelerate the decline of industry and the economy.

Bitterly he told the House that he could congratulate the Chancellor in that, after two years of increasing divisive-ness, he had succeeded on Tuesday in bringing together all the disparate elements of

Sweeping aside the budgetary phrases helping to disguise the real extra burden of direct taxation, Mr Shore told the House that, in real terms, the Chancellor was placing an additional £2,500m of direct taxation on the taxpayer. Mr Douglas Hogg, Conservative MP for Grantham, and the son of Lord Hailsham of St Marylebone, said that one of the great successes over the last 18 months was the substantial

lessening in the rate of infla-tion. He was worried about supporting proposals that would put that success at risk. The Budget would raise the cost of living by 2 per cent.

Mr Anthony Grant, Conserva-tive MP for Harrow, Central, said he was disappointed that so little had been achieved after

Parliamentary report, page 6

Mr du Cann TUC and industry united in attack on Budget failure to aid growth

By George Hill
There was little applause for
the Budget proposals through
the country yesterday, and the
TUC and the Confederation of British Industry were united in deploring Sir Geoffrey Howe's failure to give decisive en-couragement to industrial

expansion.

The general distress ranged from the Stock Exchange to the farmyard. The TUC's economic committee decided to seek CBI support in a joint propaganda offensive against the Government's economic policies.

It claimed that the Budget intensified policies that had demonstrably failed, and predicted that its consequences would be a million more unemployed and a further big fall in output.

employed and a further big fall in output.

A worker on average pay would be about £5 a week worse off as a result of the Budget it said, and added: "Working people cannot be expected to submit meekly to a drastic cut in their living standards."

Sir Raymond Pennock, president of the CBI, described the Budget as disappointing. He regretted the absence of a bold boost for industry, the absence of a big cut in energy prices for large industrial users, and the failure to cut the National Insurance supplements. It had been an important opportunity to make industry more competitive internationally.

to make industry more competitive internationally.

The National Consumer Council said that the increase in petrol duty would bear severely on rural communities and affect the price of all goods and services. The Automobile

for economic expansion. But it saw the Budget as an admission of previous defeat, and a last chance for the Government's

chance for the Government's strategy.

It regretted that the new policy on tax allowances would widen the poverty gap, and, like the Telegraph was worried that the discrediting of former monetary targets left the Government with no ready means of knowing whether its policies were succeeding or not.

The Guardian saw the Budget as an expression of "a false

Association and the Royal Automobile Club made similar comments. But the NCC welcomed the increase in child benefits, the windfall tax on bank profits, and the lower age limit for "granny bonds".

The press was divided between those newspapers that thought the Chancellor was piling on more of the same old policies, and did not like it, and those that thought he had significantly changed his tactics and deserved congratulation, if only of a sombre kind. The general implication was that some kind of U-turn should have occurred.

The Daily Telegraph was most forthright in its applause: after six months of weakness, the Chancellor had put a firm hand to the tiller. The help to industry was "most welcome", the hardships for personal spenders "inevitable", the decision to tax bank profits "justified".

The Financial Times, too, was pleased to detect a step "away from wishful thinking and towards reality" and endorsed the decision not to dash for economic expansion. But it saw the Budget as an admission of the profits of all with the impact on the drinker, the smoker and the drinker, the smoker and the drinker, the smoker and the Daily Mail applauded Sir Geoffrey's "stubborn political support. The assistance for small businesses was too modest to be effective in a climate political support. The assistance for small businesses was too modest to be effective in a climate political support. The assistance for small businesses was too modest to be effective in a climate political support. The assistance for small businesses was too modest to be effective in a climate of recession. But it frugally approved the higher taxes on personal pleasures, as well as those on petrol and bank profits.

The popular press were preoccupied first of all with the impact on the drinker, the smoker and the drinker, the smoker and the drinker, the smoker and the burdens on the Daily Mail applauded Sir Geoffrey's "stubborn political courage" in attempting to repair his own past errors, but added: "It had better be right thinking and towards re bank profits.

The popular press were preoccupied first of all with the
impact on the drinker, the
smoker and the driver. The
Daily Mirror dwelt on the
breach of campaign promises
and the burdens on the poor.
The Sun and the Daily Express
regretted the absence of
stronger reflationary measures.
Only the Daily Mail applauded
Sir Geoffrey's "stubborn political courage" in attempting to
repair his own past errors, but
added: "It had better be right
this time."

Almost all the popular papers

Almost leading, economic fore-

Most leading economic forecasting organizations also ex-pressed condemnation and dis-may over the likely impact of the Budget on output, employment and inflation, though backers of a monetarist strategy were taking a more sympathetic

The consensus is that the Budget will further depress

Unemployed will be worse affected, critics say

More families 'face poverty trap'

By Robin Young Consumer Affairs Correspondent

Those concerned for the low paid and unemployed were emphatic that the changes an-

paid and unemployed were emphatic that the changes announced yesterday in family income supplement and other welfare benefits would only reinforce the regressive effects of Sir Geoffrey Howe's Budget.

Mr Christopher Pond, director of the Low Pay Unit, an independent research group, estimated that the measures would result in 13,000 more families joining the 100,000 families already caught in the poverty trap, whereby they lose more in tax and benefit than they gain in income if their earnings improve.

He said that families with incomes of less than £80 a week would be paying on average £1.85 more a week in income tax as a result of the freeze on tax allowances, 75p a week more in national insurance contributions, and £1.23 a week

Increases in excise duties have a highly regressive impact on those in low income groups. Although fewer poor people can afford products bearing excise duty, the Government's family expenditure survey.

excise duty, the Government's family expenditure survey shows that the lower the income, the higher the proportion of it that will be spent on drink, tobacco or petrol.

For a couple earning £200 week with two children, the Budget will mean a loss of £3.71 in extra income tax, £4.36 in extra national insurance, and £7.87 in average extra excise duties, a total loss of 2.6 per cent of earnings.

A couple with two children and average national earnings of £130 a week will lose £1.85 in extra income tax, £1.30 in national insurance, and £2.53 in average extra excise duties, a total losses of 4.4 per cent of earnings.

of earnings.

A married couple with two children and an income of £80

a week will lose £1.85 in extra income tax, 80p in national insurance, and £1.90 in average extra excise duties, a total loss of 5.7 per cent of earnings.

A couple with two children, on flat rate unemployment

benefit, will receive £48.51 instead of £45.40, a gain of £3.11, but will lose £1.43 because benefits are increased by only 9 per cent, and an average of £1.15 because of excise duty increases. They will lose £2.58 out of £3.11

gained.

Another effect of the Budget is to discriminate more severely against the unemployed. A couple unemployed in the long term receiving supplementary benefit have to manage on nearly £10 a week less than a retired couple on long-term supplementary benefit.

Mr Robin Simpson, of the National Consumer Council, said: "This is a very acute problem for the unemployed".

Unions seek CBI support in economic fight

Labour Editor

Trade union leaders are to seek the support of the CBI in a fresh propaganda offensive against the Government's economic policies, after condemning the Budget as "one more desperate gamble with the British economy".

The TUC's influential economic committee argued yesterday that the Chancellor had decided to intensify policies that had demonstrably failed. In fact, he has gone for overkill in order to pay for the unemployment that will inevit-

a million more unemployed and a further massive fall in industrial output as a direct result of the Budget, TUC leaders asserted: "No wonder the reaction from almost every industrial quarter, including industrial quarter, including the CBI, has been so critical. "We will be emphasizing our

concern at the prospects for industry at an early meeting we intend to arrange with the CBL."

Whatever the prospects for were de such a joint initiative, the "the Go unions are determined not to tactics".

these give ground on the pay front. measures" the unions said. The TUC economic committee
Repeating their warning of estimated that Sir Geoffrey

> strategy" of a £6,000m publicly funded stimulus to the economy will be the keynote of a TUC week of protest next month designed to win shopfloor support for opposition to what were described yesterday as Government's kamikaze

Water workers in two regions reject 13% deal

By Our Labour Staff
Hopes of averting the
renewed threat of official action
in the water industry remained

in the water industry remained last night despite what seems certain to be a close vote by 32,000 workers on their 13 per cent pay offer.

Delegates from two regions of the General and Municipal Workers Union yesterday failed to back their negotiators' recommendation of the National Water Council's offer.

Mr Edmund Newall, the union's chief negotiator, said last night that he was still "reasonably hopeful".

£900 ayearon top of your grant if you join the Navy after University

You have to be accepted for at least a Short Career Commission in the Royal Navy, the Royal Marines or the Women's Royal Naval Service.

That's all. We'll leave you to get on with your education, and pay you a bursary of £900 a year for 3 years.

To qualify you must be a UK resident and have or expect to have a place on a UK degree course. The closing date for entry this year is 31st May.

For more information write to Captain W.J.FlindellRN,OfficerEntrySection(9BR3) Old Admiralty Building, Spring Gardens, London SW1A 2BE.



Scathing attack on critics of Howe strategy

Continued from page 1
she denied Mr Michael Foot's
charge that it was a "no-hope
Budget".

Budget".

She turned on her critics in the unrestrained manner which has recently been unnerving her Cabinet colleagues. "What gets me even more is that having demanded the extra expenditure they are not prepared to face the consequences and stand by the necessity to get some of the tax to pay for it."

"One of the most immoral "One of the most immoral things you can do is to pose as the moral politician demanding more for health, for education, more for industry, more for housing, more for everything, and then when you see the bill say: 'No, I didn't mean you to

To print money was "the most immoral path of all". most immoral path of all".

you to borrow more'".

She listed what relief the Budget had brought and went on: "But when people say you have not put enough into industry are they really forgetting that one of the reasons why we have got increased expenditure is because this year over a billion has gone into British Steel.

"Are they really forgetting that more goes into coal, for this year £834m into coal, for this year £834m into coal, for this year £834m into British Rail?

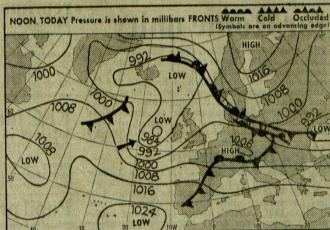
"Is not that into British industry, and are they also forgetting that one of the reasons why we had to put it into British Steel and British Leyland was the employment position?"

pay tax to pay for it, I meant

Wife killer convicted

John Traynor, aged 39, of Kirkcaldy, Fife, who killed his pregnant wife and hid her body for more than 15 years, was found not guilty of murder but guilty of culpable homicide at Perth High Court yesterday. The judge, Lord Cameron, will pass sentence today.

Weather forecast and recordings



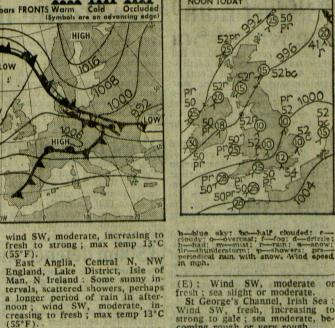
Today Moon sets: Moon rises: 12.39 am 9.54 am
First quarter: Tomorrow.

Lighting up: 6.30 pm to 5.50 am.
High Water: London Bridge: 5.46 am, 6.9m; 6.21 pm, 6.5m. Avonmouth, 11.20 am, 11.8m; 11.37 pm, 11.2m. Dover, 2.54 am, 6.3m; 3.25 pm, 6.0m. Hull, 10.26 am, 6.9m; 10.48 pm, 7.0m. Liverpool, 3.10 am, 8.6m; 3.36 pm, 8.6m.

1 ft=0.3048m. 1m=3.2808 ft

A mild, showery SW airstream covers Britain. Forecasts for 6 am to midnight:

Forecasts for 6 am to midnight:
London, Midlands: Some sunny
intervals, scattered showers, perhaps a longer period of rain in
morning; wind SW, moderate, increasing to fresh; max temp 13°C
(55°F).
SE, Central S, SW England,
Channel Islands, Wales: Rather
cloudy with coastal fog, sunny intervals in sheltered places, perhaps longer outbreaks of rain;



(E): Wind SW, moderate or fresh; sea slight or moderate.
St George's Channel, Irish Sea: Wind SW, fresh, increasing to strong to gale; sea moderate, becoming rough or very rough.

Yesterday

London: Temp: max 6 am to 6 pm, 15°C (59°F); min 6 pm to 6 am, 11°C (52°F). Humidity, 6 pm, 80 per cent. Rain, 24 hr to 6 pm, 0.31 in. Sun, 24 hr to 6 pm, 0.31 in. Sun, 24 hr to 6 pm, 1,001.1 millibars, rising, 1,000 millibars=29.53 in.

creasing to fresh; max temp 13°C (55°F).

NE England, Borders, Edinburgh and Dundee, Aberdeen, Moray Firth: Scattered showers, mostly later; bright or sunny periods; wind SW, light to moderate; max temp 13°C to 15°C (55° to 59°F).

SW, NE, NW Scotland, Glasgow, Central Highlands, Argyll, Orkney, Shetland: Rather cloudy, sunny intervals in sheltered places, occasional showers, perhaps longer outbreaks of rain later; wind SW, moderate; max temp 10°C to 12°C (50°F to 54°F).

Outlook for tomorrow and Satur-Outlook for tomorrow and Saturday: Showers, perhaps longer outbreaks of rain but also sunny intervals; becoming colder, with night frost and some snow showers on N hills.