



March 12th 1986

My dear Nigel,

Thank you for your letter about my proposals for the Budget. Of course, I appreciate that the contents of the Budget are for you to decide.

However, we will as a Government have to return later this year to the problems of homelessness, which is continuing to rise - with grave social and political consequences - as well as the problems of the large City estates until we can privatise them.

It was thoughtful of you to draw my attention to the article in 'Today', which I'd overlooked. I suspect that you may be the only member of the Cabinet who reads this paper - I'll have to scan it more carefully!

I do hope that we might be able to have a word about this structure. Yours ever
Peter Heath

CUBG



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11 March 1986

The Rt Hon Kenneth Baker MP
Secretary of State for the Environment
Department of the Environment
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LONDON SW1

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Ken Baker

ML

PUBLIC EXPENDITURE WHITE PAPER

Thank you for your letter of 25 February suggesting a number of public expenditure measures for the Budget. I have discussed your proposals with John MacGregor.

I firmly believe that it is best to consider public expenditure priorities in the context of the annual Public Expenditure Survey, and to confine the Budget to tax matters. There have of course been one or two exceptions to this general rule in the past, but they have been relatively few in recent years, and I hope they will be fewer still in the future.

While I do not therefore want to include your proposals in the Budget, I found it helpful to have this indication of your priorities. If there are any measures which you are particularly anxious to get ahead with now, you may want to get in touch with John, who would be happy to discuss reordering priorities within your existing expenditure plans for 1986-87. If, however, you want to seek additional resources, or to reorder your priorities for 1987-88 and later years, John's minute of 6 February to the Prime Minister suggests a way forward.

Meanwhile, I am grateful for your pre-Budget thoughts. But I must say that I am concerned at the growing tendency for colleagues' representations to appear in the newspapers, which certainly does not make it any easier to consider them properly. There is an example on the front page of "Today" for 11 March, headed "Budget Plan to Beat the Burglar", setting out one of the proposals which you and Douglas Hurd have urged on me. I very much hope this is not going to become a regular feature of the Budget process.

I am copying this letter to the Prime Minister and Douglas Hurd.

Nigel Lawson
NIGEL LAWSON

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