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C. (51) 3

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3RD NOVEMBER, 1951

CABINET

ECONOMY

Memorandum by the Chancellor of the Exchequer

In my paper C. (51) 1, I said that I wanted to inform the House, in my speech in the Debate on the Address, of the general lines on which I have asked my colleagues to review their expenditure.

2. I now ask my colleagues to approve the lines of the attached statement and to give me their full support in the campaign for economy, in the ways suggested. I shall keep in constant touch with them and shall give them all the help in my power.

R.A.B.

Treasury Chambers, S. W. 1.,

3RD NOVEMBER, 1951.

One of our most important tasks in combating inflation is to reduce Government expenditure. It is the classical function of the Chancellor of the Exchequer to see to this, and this is an aspect of the Treasury's functions to which I shall devote particular attention. With my colleagues' help I hope to be successful.

After only ten days in office, it would be a sign of levity in me to produce a complete programme of retrenchment. These things affect the whole country; they need careful thought and must be concerted. We shall lose no time, and we shall announce our measures as soon as we have determined them; the results of our work can be judged as a whole when the Estimates for next year are laid before the House.

Meantime I should like to tell the House how my colleagues and I have already set on foot the radical review of all Government expenditure which we consider necessary. Some critics have suggested that a Committee should be set up of outside investigators. I do not favour this course. Economy is not a prescription to be imposed from outside, and I do not want my colleagues to be put in the position of defendants, bound to protect their Departments against attack. They have already promised me their co-operation. The Treasury, of course, can and will make many suggestions where savings can be made; but each Minister, perhaps, is in the best position to enforce savings over the whole field of his Department, and to instil the sense of economy into all his officials. We shall work together on this as a team which it is the Chancellor's task to lead and to direct. It must be my special duty to ensure that all play their part in the common effort and that the drive to secure savings is pursued with the same intensity and the same sense of urgency in all Departments.

We are at the time of year when each Department prepares its estimates for the coming year and presents them to the Treasury. It is the time when the expenditure of Departments, and the number of their staff, is examined as a whole. This examination will be the basis of our work. I have asked my colleagues, and they have agreed, each of them personally to ensure that their estimates as submitted to the Treasury are cut to the lowest possible figure. I shall play my part in helping them to do so; and together we shall ensure that in the Estimates submitted to Parliament all waste and unnecessary expenditure is cut out and less essential services are deferred or slowed down wherever possible.

We shall pay particular attention to capital expenditure, and to the reduction of any activities which are keeping in Government employ those kinds of man-power which are most needed elsewhere. We shall watch those services in which the Government's expenditure is not directly or closely governed in Whitehall. I have in mind, to give only one example, local government services on which we pay grant. Expenditure here is often increased not by conscious and major acts of Governmental policy, but by the frequent admonitions to expand and improve which are given by the Departments concerned, working in recent years in an atmosphere where economy had a low priority. We shall review the thousand and one instructions, regulations and manuals of advice which go out from Whitehall so as to see that there, too, the same principle of reasoned economy is observed.

I must wait till my review of the draft estimates is completed before I am in a position to decide whether sufficient savings have been made. Hon. Members may rest assured that, if they are not enough, we will do whatever else is needed to put our affairs once more on a sound basis.

