

Editorial

Budget Days

Amid the recent turmoil of inter-party jousting about whose economic and fiscal plans are best, and for whom, it is nice to note that one small part of Norman Lamont's pre-election Budget, on 10 March, provoked little partisan controversy. The Chancellor announced that, as from next year, the March Budget and the November Financial Statement would be consolidated into one annual Budget Statement – to be delivered each December. Under the new arrangement, the Finance Bill would be published soon after the Christmas recess, with the Provisional Collection of Taxes Act being amended so as to acquire royal assent to be secured by May (in lieu of the present deadline of 5 August).

The proposed change is explained in a White Paper, *Budgetary Reform* (Cm. 1867), which traces the evolution of the present two-stage process, in the wake of the Plowden Report on *Control of Public Expenditure* (1961). It also notes the disadvantages of an arrangement whereby major government announcements about public

expenditure are separated by a period of about four months: "It means that spending plans are not presented alongside the tax proposals needed to pay for them. And it means that at the time of the Budget, the public spending proposals from the previous Autumn are taken as given, with attention focusing solely on tax measures, or sometimes on any additions to the plans already announced." Until now, governments have been reluctant either to delay the announcement of their spending plans (of which other public bodies, such as local authorities, need as much advance notice as possible so that they can draw up their own budgets for the coming financial year) or to bring forward announcement of their tax proposals (thus depriving Chancellors of the chance to do a bit of eve-of-Budget fine tuning in the light of the very latest economic indicators).

As the time lag between the two statements has widened, the advantages of change, as argued in the White Paper – better decision-taking, more coherent presentation, improved public debate, and benefits both to taxpayers in planning their affairs and to employers in implementing fiscal changes – have

come to be seen as outweighing the disadvantages.

The potential administrative gains are considerable. Claims about improved public debate are more dubious; the main obstacle here is the entrenched tradition of secrecy in budgetary preparation, with the Financial Bill itself being unveiled soon after the Budget, without its authors having had the benefit of the prior consultation with experts and interest groups that accompanies the formulation of most other major Bills, and then being subjected to a tight parliamentary schedule. And the proposed reform, welcome though it is, leaves untouched the bewildering disjunction between the financial year, the parliamentary year and the calendar year – one of so many matters upon which we are out of step with most of our partners in Europe.