

Original  
in G/R.

cc MOD  
CSD  
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CF to note

24 January, 1980.

Dear Julian,

Thank you for sending me the letter which you received from Mrs. B. Dent of 2 Lismoyne Close, Fleet, about the indexation of Armed Forces pensions.

I am sorry if the interview I gave to Weekend World on 6 January should have caused Mrs. Dent any concern. The discussion was concerned, at that point, mainly with the indexation of earnings, and with the indexation of short term National Insurance benefits payable to people normally in employment. My only reference to pensions was when I re-affirmed our pledge that old age pensions would keep pace with rising prices.

But the Government has to recognise that there is some public concern about the existing arrangements for inflation-proofing public service pensions. Since the introduction of these measures inflation has continued at a high level and as a result their cost has proved considerable. Moreover, many other pensioners are not protected against inflation to the same degree. The Government is, therefore, looking into this matter, but the issues involved are complex, and I can assure you that no decisions have yet been taken. Full account will, of course, be taken of the assurance which we gave to the

/Officers

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Officers Pension Society in August 1978 about indexation of pensions. We do, however, believe that it is essential that pensions contributions paid by public servants are fair and seen to be fair by the public generally.

Yours ever,

(SGD) MT

Julian Critchley, Esq., M.P.