



HOUSE OF COMMONS

LONDON SW1A 0AA

16th August 1974

Dear Professor Laidler,

Keith Joseph has passed your letter of 25th June on to me; may I apologise for not replying before. The Conservative Party's policies on housing have not yet been published, but we certainly were discussing some of the things that leaked into The Times.

I have Mr Harrington's article on Supply and Demand, and agree with it. I accept that we need to have four things in equilibrium: supply of houses, money, materials and labour, and I accept that if we had time we could leave the supply/demand equation to work. This was just the view which I took when we were in office, and I recall saying then 'let the mortgage rate go up; it means that prices will go down and that the monthly payment will either be the same or be reduced'. But as you know economic machinery sometimes takes a rather longer time to work than politicians have between elections. The price did not go down enough, and the price of new houses will still continue to rise when the present surplus has been sold. The problem which I have to deal with at present is that of some £350 million going into the building of houses for the public sector. A new council house needs an annual subsidy of about £1,100. I think it would be much better to build slightly cheaper houses for sale, and have asked a number of builders if they could build this type of house if special reliefs or aids to purchase were given. I would accept that it would be better to remove all subsidies except ~~any in respect of those of a number of social cases~~, but that is just not politically possible in the time within which we must operate.

I can quite understand your alarm if you thought we were attempting totally to ignore the economic principles in which Keith Joseph and I believe. As it is we are trying to win Elections, so that we have a better chance of putting these into effect on the wider economic front.

If you are in London after the beginning of September would you kindly let me know? I should be most grateful if we could have a talk about some of these matters.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Margaret Thatcher'.

Professor D.E.W. Laidler,
Faculty of Economic and Social Studies,
University of Manchester,
Manchester M13 9PL.

? 23rd September

19th August 1974

The Rt Hon Margaret Thatcher MP
House of Commons
LONDON SW1A 0AA

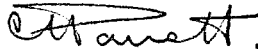
Dear Mrs Thatcher

Professor Laidler is out of the country on his annual holiday at the moment, so he won't see your letter until his return to the department on 9th September.

As it happens, he will be in London on Monday 23rd September when it looks as if he will be free after two-thirty in the afternoon. If this is also convenient for you, perhaps you would like your office to contact Professor Laidler on his return.

I am leaving this correspondence for Professor Laidler to see as I will soon be going on holiday.

Yours sincerely



(C H Parrett Mrs)
Secretary to Professor Laidler