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10 DOWNING STREET

*From the Private Secretary*

9 April 1981

Student Loans

The Prime Minister has seen a copy of your Secretary of State's letter of 8 April to the Home Secretary.

As you know, the Prime Minister was concerned about the prospect of an announcement on student loans, because she felt it likely to cause considerable confusion and anxiety, whilst satisfying no-one. Nevertheless she recognises that the Government's consideration of the matter has been sufficiently well known to make some statement necessary. Dr. Boyson's Answers at Question time early in the week clearly foreshadowed a public announcement. The Prime Minister is therefore content that your Secretary of State should give a Written Answer on 15 April, in view of the timing considerations you mentioned to me on the telephone.

She has one comment on the text. She believes that the present Answer will lead to the Government being tackled about the phrase "for the time being". She would prefer to see this deleted. The Government would clearly have to give the arrangements further consideration if, in the future, it became possible to introduce a scheme along the lines discussed in H.

I am sending copies of this letter to the Private Secretaries to the members of H Committee and to David Wright (Cabinet Office).

M. A. PATTISON

Peter Shaw, Esq.,  
Department of Education and Science.

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PRIME MINISTER

STUDENT LOANS

Mr. Carlisle does propose to make a statement about student loans, in line with the conclusions of H Committee. He is aware of your reservations, but believes that something must be said because of the expectations that have been aroused in the knowledge that the Government was examining the matter. Rhodes Boyson's Answers to Questions yesterday have effectively committed Mr. Carlisle to a public announcement.

His intention is to give the attached Written Answer next Wednesday. Initially, it looked as if he would refer to a decision in principle favouring a mixed system, which could not be implemented for lack of finance. The draft is more a statement of personal view, which is overruled for the foreseeable future for financial reasons. He has chosen Wednesday, so that the announcement is not made whilst the Federation of Conservative Students are in Conference on Monday and Tuesday. Loans are a highly controversial matter within FCS, and the press might try to write this up. Are you prepared to agree that he should give this Answer?

Yes - but we shall be locked about the phrase "the time being". Can we not delete it? We should have to reconsider the matter if we do want to go on with this since it seems not

8 April 1981



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DEPARTMENT OF EDUCATION AND SCIENCE  
ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH  
TELEPHONE 01-928 9222  
FROM THE SECRETARY OF STATE

Rt Hon William Whitelaw CH MC MP  
Secretary of State for the Home Department  
50 Queen Anne's Gate  
LONDON  
SW1H 9AT

8 April 1981

Dear Willie,

STUDENT LOANS

Following H Committee's decision on student loans on 30 March, I have been considering how and when to make a statement to Parliament. My conclusion is in favour of an arranged written answer for Wednesday 15 April. I enclose for your information the text of what I propose to say.

I am copying this letter to the Prime Minister, in view of her interest in the matter, to colleagues on H Committee and to Sir Robert Armstrong.

Yours ever

Mark.

MARK CARLISLE

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DRAFT WRITTEN QUESTION

To ask the Secretary of State for Education and Science, if he will make a statement on the question of introducing a loans scheme for student support.

MARK CARLISLE

After studying a number of possibilities and taking into account the experience of other countries who operate a loans scheme for student support, I believe that there would be considerable merit in a system which would replace the present system of grants by a scheme of student support involving a mixture of grants and loans. I am also satisfied that it would be feasible to devise such a system which would be suitable to this country's circumstances. However, I consider that an essential element of such a scheme should be the abolition of the parental contribution. I also considered, as part of my review, the desirability of extending a loans scheme to include those courses on which students have to rely on discretionary awards. To make either of these changes would mean additional net costs in the early years of any new scheme. Since in present economic circumstances the Government does not feel able to provide the extra funds that would be entailed, I have concluded that (for the time being) the existing system of student support by means of grants only should be retained.

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