



✓ CC FM 2

EDUCATION. 1

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

Prime Minister

JH

16 March 1983

16/3

Sir Geoffrey,

When we^x discussed a number of education issues on Sunday, we agreed the following policy guidelines about student loans.

- i. It is important to establish the principle of there being an element of loan in student support.
- ii. We are too far down the road to fight the election on a generalised commitment to loans, or to try to minimise discussion on the subject, because our opponents know that quite detailed schemes exist; we would be under constant pressure to deny or confirm particular plans, and at risk of leaks. Nor do we want to be forced to commit ourselves to abandon the principle.
- iii. We cannot proceed with a scheme on the lines of my now withdrawn H paper, on the grounds that the burden of debt on students, particularly on those from poorer families, is not considered in the present climate to be politically acceptable.

We therefore decided that:

- A. because of i. and ii. above we must have a scheme;
- B. because of iii. above it must not be thought to discourage poorer students and must be acceptable to our own people who are opposed to loans as they have been presented so far; that is, it must be defensible electorally.

/We then

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
Treasury
Parliament Street
London SW1P 3AG

X The Prime Minister, the leader of the House
and the Chairman of the party,

We then concluded that the only scheme which met these objections was one which maintained the present grant system and in addition established a loan scheme to which those who do not receive the full award would have the right of access up to the amount, in an individual case, of the currently assessed parental contribution.

My officials are working up such a scheme, with and without the various schemes for improvement to the present grant system suggested in my original 'H' paper proposal. If Treasury Ministers agree, I will ask William Waldegrave to pursue the administration of such a scheme with the banks and would then propose to return to H with a new paper.

I am copying this letter to the Prime Minister, the Lord President and the Paymaster General.

Yours ever,

Kevin

Education,
Mar '81,
Student Loans

10 11 12 1
9 10 11
8 9 10
7 8 9
6 7 8
5 6 7
4 5 6

16 MAR 1983