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DEPARTMENT OF EDUCATION AND SCIENCE

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FROM THE SECRETARY OF STATE

1) Mr Roberts *WR 3/5*

2) Prime Minister
JF 3/5

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Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
LONDON SW1

3 May 1983

John Giffney

STUDENT LOANS

Following our discussion in March I have been giving further thought to what might be said on the question of student loans. I now see advantage in making an early announcement by means of a Written Answer in order to clarify the Government's position. I attach a draft statement together with draft notes for use in answering future questions in the House, Ministerial correspondence and press enquiries. I should be grateful to know as soon as possible whether you are content with the proposed line.

I am copying this letter and enclosures to the Prime Minister, the Home Secretary, the Secretaries of State for Northern Ireland Scotland and Wales, the Lord President, the Lord Privy Seal, the Paymaster General and the Chief Whip.

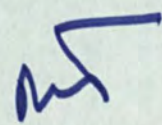
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DRAFT ARRANGED PQ ON STUDENT LOANS

Question: To ask the Secretary of State for Education and Science, if the Government has yet decided whether to introduce a system of student loans, and if he will make a statement.

Answer: The Government has at present no intention of replacing any part of the student grant by a loan. We remain interested in finding means of widening access to higher education without excessive cost to the taxpayer, and in this context will continue to examine the whole system of student support. Student loans may have some part to play in this, but we would introduce any reforms, whether or not involving loans, only after widespread consultation; the first step would be the issuing of a consultative paper.



NOTES FOR SUPPLEMENTARIES

Q. Does this mean that there will be no further developments in respect of loans in the life of this Parliament?

A. Yes.

Q. Does this mean that the Government will introduce a loans system directly after the Election?

A. No. We would only make a decision about legislation after first undertaking widespread consultation.

Q. When will the consultative process begin?

A. No decision has yet been made.

Q. Why, then, have you raised such expectations about loans?

A. The Secretary of State has said only that he is interested in the idea; he has never committed the Government to any moves, legislative or otherwise.

Q. The Government is trying to have its cake and eat it: this is no more than a cynical pre-Election attempt to throw dust in the eyes of the public. Are you or are you not going to introduce loans?

A. We have no present intention of doing so.

Q. Has not the Secretary of State already made up his mind to introduce loans, but recognising the unpopularity of the idea is afraid to come clean?

A. The introduction of some form of loans arrangements is only one amongst a number of possible approaches to widening access to higher education which we shall be examining carefully before preparing our consultative paper.

Q. Both the Secretary of State and his predecessor have failed to carry their Conservative colleagues with them on this issue. Why does he not recognise a bad job when he sees one?

A. The Party opposite does not have a monopoly on the free expression of opinion. I would be disappointed if the day ever came when radical new ideas failed to provoke a strong reaction. It is healthy for them to be subjected to constructive criticism.

Q. Is the Government's objective in all this not simply to further reduce spending on education?

A. No. We are seeking to maximise the effectiveness with which the available resources are used.

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