

31 January 1986

PRIME MINISTER

MORE MONEY FOR LAWYERS

Expenditure on legal aid is the Nimrod of our legal system: its cost is spiralling out of control, and there are severe doubts about its efficiency.

We oppose the Law Officers' recommendation for a 20% increase in barristers' and solicitors' remuneration because:

- i. The legal aid budget has already rocketed from £139m in 1980-81 to £309m in 1985-86. It is expected to carry on rising to £440m by 1988-89.
- ii. The timing is wrong. With the teachers' dispute rumbling on, and the nurses pressing for pay increases, a 20% increase for barristers and solicitors would be inflammatory.
- iii. The 20% payment is envisaged as a starter on account to demonstrate our goodwill. Then negotiations with the profession would begin in earnest. Surely we should offer the profession nothing to start off with, and then negotiate a package which might offer them better remuneration, but only in return for real reform of their restrictive and antiquated practices. Hartley Booth has ideas on how savings might be achieved.

iv. Some barristers may not be earning much. In other sectors of the labour market that would be regarded as a price signal to reduce an excess supply of barristers from the law schools. It is rather extravagant first to pay universities to produce too many lawyers, then to increase legal aid so they can all earn a high income.

Above all, we greatly regret the urgency with which this issue has suddenly blown up because the barristers have an EGM on 8 February. That is not the best context for taking clear, sober decisions. The Law Officers understandably wish to begin negotiating, but they should not put £90m on the table before they start.

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