

PRIME MINISTER

① who is entitled to NHS
— spectacles vouchers?

② I do not believe the 25p for
the over 80's can be abolished

PUBLIC EXPENDITURE *Especially in view of the
election reaction of many members.*

John Moore has now started to tackle some of his very nasty *It is best*
legacy. He lists in his minute below some of the savings both *left alone.*
on health and social security which he will need to find over *— —*
the next year or so. *Wouldn't
it were not*

The particular reason for writing to you now is that he needs *dismissed*
to take to H next week the proposed savings on health. Two of *MS*
the savings on social security - a tightening of contribution
conditions for unemployment, sickness and invalidity benefit,
and abolition of the 25p addition for the over-80s - will be
mentioned at the same meeting.

He is not asking you to agree these savings now, but he wants
to make sure that you are not so horrified by them that you
would not wish them even to be discussed at H Committee. The
savings on health will need to be included in the Primary
Health Care Bill in this session, and those on social security
will appear in the Social Security Bill.

These changes are bound to be highly controversial. The
changes in the NHS in particular will revive Opposition
stories that the government is fundamentally opposed to state
health care. (This may be particularly true of the proposal
that those who do not receive NHS vouchers will have to pay
for sight testing privately.) The abolition of the age
addition is another highly controversial proposal, but it
saves around £25 million a year.

You will note that even with these savings (on which the
Treasury questions the principles and the arithmetic), John
Moore is still £139 million short of the saving promised on
social security in 1989/90 and £124 million in 1990/91. It is

SECRET

- 2 -

not a comfortable position to be expected to take decisions on some savings, without knowing where the rest of the money is to come from.

You will obviously not want to endorse these proposals in advance of H. But are you content for them to be discussed?

Ly. Stevens
DUTY CLERK

pp DN

13 July, 1987.

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