

18 July 1980

Policy Unit

MR LANKESTER

BENEFIT MINUTE

1. We agree with the Chancellor (paragraph 4 of his minute) that the three options operate on much too narrow a front. The criticism - and the misunderstanding - they would fuel would far outweigh their contribution to the wider problem.
2. I think the Chancellor is right to raise (paragraph 6) the indexation of social security benefits. In any event, we believe that the process of Transition from high inflation to low inflation requires at least partial de-indexation - possibly on a wider front than we have so far contemplated.

JOHN HOSKYNS

Why on earth do we  
choose this moment to  
consider FULL indexing  
of Child Benefits?



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*From the Private Secretary*

21 July, 1980.

The Prime Minister has read the Chancellor's minute of 15 July about the possibility of a cut-off on the size of benefit payments. She agrees with the Chancellor that the options for a cut-off discussed in the minute and in the accompanying report by officials should be ruled out at this stage. She has noted that the Chancellor proposes to commission further work on the level of social security benefits generally.

I am sending copies of this letter to the Private Secretaries to the members of E, and to David Wright (Cabinet Office), and Gerry Spence (CPRS).

**L. P. LANKESTER**

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28 July 1980

Dear John.

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## BENEFIT LIMIT

My Secretary of State has seen a copy of the Chancellor's minute to the Prime Minister of 15 July and the letter from Tim Lankester of 21 July.

He has asked officials here to look at some of the issues raised in the Chancellor's minute from the point of view of the labour market and to be ready to take part in any wider review.

I am sending copies of this letter to the Private Secretaries to the members of E, and to David Wright (Cabinet Office), and Gerry Spence (CPRS)

Yours etc

Richard Dykes

R T B DYKES  
Principal Private  
Secretary



26 JUL 1980

