



Prime Minister

Handwritten notes at the top center: "I've been thinking... in your letter to see... say... on the basis of... charges... possible... to..."

Handwritten initials and date: "WJL 7/4"

Handwritten notes in blue ink: "I look to me as if this has had only cursory consideration. I don't think that will do. I shall need to see some figures of the effect of various charges in the proportion of standing charge: cell charge."

PRIME MINISTER

TELEPHONE RENTAL CHARGES AND PENSIONERS

Your Private Secretary's letter of 22 March asked for my considered reaction to the possibility of pensioners being helped by reduced rental charges for all customers coupled with increased charges per call to recoup lost revenue.

2 My considered view is that this is not a course we can reasonably ask BT to take on behalf of pensioners and other small users. BT must align their charges more closely to costs and any device to help the pensioner would conflict with this. The very existence of a telephone in a home imposes costs on BT which must be met and I would not wish telephone users generally, including industrial users, to subsidise those who have a telephone but do not use it much. It seems to me that those who have no telephone at all have at least as good a case for any subsidy that may be on offer.

3 I mentioned in my earlier minute that the cost of the telephone rental relative to pensioner income has fallen quite dramatically over the last decade; the rental now represents a little over half the 1972 proportion of the basic pension.



2.

4 I am sorry that my reply to your proposal has to be negative.

5 I am sending copies of this minute to the recipients of my earlier one.

PJ

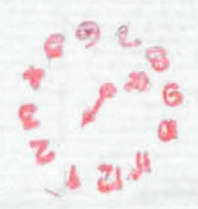
P J

Department of Industry

7 April 1982



CONFIDENTIAL



7 APR 1982



Box

10 DOWNING STREET

*From the Private Secretary*

8 April 1982

Telephone Rental Charges and Pensioners

The Prime Minister has seen your Secretary of State's minute of 7 April giving his reactions to her suggestion that telephone rental charges for all customers might be reduced so as to help pensioners, with increased charges per call to recoup lost revenue. She is not convinced that this option should not be pursued. She would like it to be studied in more detail. In particular she would like to see figures on the increase in charge per call necessary to produce a given reduction in rental charges. In short, she would like to see a more detailed justification of your Secretary of State's position.

I am copying this letter to John Kerr (HM Treasury), Brendan O'Gorman (Department of Health and Social Security) and Julian West (Department of Energy).

W. F. S. RICKETT

Richard Riley Esq  
Department of Industry.