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NOTE FOR THE RECORD

cc: Minister's Sec

NOTE OF A MEETING BETWEEN THE PRIME MINISTER AND LORD LONGFORD
ON FRIDAY 15 OCTOBER

The Prime Minister saw Lord Longford on Friday 15 October at 3.15 pm at his request, about the book which he was writing.

The Prime Minister said that she had read the material which Lord Longford had sent, and was concerned that he appeared to portray her as something similar to a Methodist preacher. She would come immediately to an area of difference between herself and Lord Longford, and that was in their attitude to the welfare state. She knew that Lord Longford had been an assistant to Lord Beveridge and she warmly admired the principle in the 1944 White Paper that people should put in to the national insurance system before they took out from it. The original purpose of the welfare state was to help people in difficulty through unemployment, old age and sickness: in some cases it was no longer fulfilling that purpose but people were manipulating it to their advantage. She found it infuriating to hear people say that it was not worth working when they only earned £2.00 more in work than they received through unemployment benefit. She held to the principle that if people could work, they should not expect to be maintained by their neighbours.

The Prime Minister said that the second point she wanted to make was that there appeared to be an impression gaining ground that compassion was equivalent to maximum state spending. She felt that to take an increasing proportion of people's income to spend it on their welfare was an affront to their individuality and undermined their character. She thought that it would be deplorable if we became a "pocket money society" where the state looked after everyone's needs and merely left them with pocket money for them to spend on their own luxuries.

Lord Longford commented that most people looked at it, not from the view point of the Government, but from that of the people in need. He ran a centre in Soho for young people, many

of whom were rogues; but that had to be accepted in order to help the minority in real need.

The Prime Minister asked whether he had ever thought of the American system of "workfare", under which young people were required to do something to improve the life of the community as a condition for benefit. The unions had opposed this as they had opposed other measures. She had been struck by the fact that if Britain had kept the same share of home and overseas markets as we had twelve years ago, we would have one and a half million extra jobs.

Lord Longford said that he admired the lead given by the Prime Minister in surrendering part of her salary. Just before he had resigned as a member of the Labour Cabinet, that Cabinet had almost taken a similar decision. Eight years ago he had had taken an initiative designed to encourage people in authority to give a lead and felt that the present Government could do more to ask business people to make sacrifices. The trade unions were selfish, but business leaders often appeared selfish.

The Prime Minister agreed. Business leaders often got into difficulty through refusing increases to their work force and then giving themselves more.

Returning to the main theme, the Prime Minister said that she saw state provision in the last resort as a supplement for what people could do for themselves, not as a substitute. She believed in the national health service but thought that people, when working, should make provision for their sickness. Only by making decisions did people develop their characters.

Lord Longford said that many people would regard this as a middle or upper class point of view; ordinary people were not in a position to take such decisions.

The Prime Minister said that she felt that one consequence of the state trying to do too much was that those who contributed to services through their taxes were pushed around. She was concerned with increasing people's dignity.

Lord Longford commented that, if the Prime Minister's approach was to save public expenditure, someone would have to lose: who would that be ?

The Prime Minister said that she felt that the Government was too ready to take people's money: for example the national health service was overmanned. The Government had to take a more rigorous approach and remind people that it was their own money which was being used. One area which was wrong in Britain was housing: she did not know of any other country with so much public housing provision.

Lord Longford said that he applauded efforts to get better value for public money. But he was not himself concerned about complaints that wealthy people were too heavily taxed. The sort of people who made that complaint were the sort of people whom the country could afford to lose. The Prime Minister commented that she did need the best people to provide jobs through building up businesses.

Lord Longford said that he agreed with much of what the Prime Minister was doing in the country's interest, including her stance on defence. On economic policy he was worried about monetarism. The Prime Minister said that monetarism simply meant sound money, and people did not like the discipline which keeping sound money involved. Lord Longford said that he applauded that sentiment but was anxious to see unemployment coming down: he expected that the Prime Minister had the same wish. The Prime Minister confirmed that a reduction in unemployment was what she wanted most.

F. R. B.

18 October 1982