

PRIME MINISTER

For your meeting at 12 o'clock on Monday, you might like to be reminded of the furthest extent to which the Government is committed on recovery of the 5 per cent abatement.

Mr. Rossi said on 18 March:

"My right hon. Friends on the Front Bench have promised to keep this matter under review. We have said that the abatement will not be a permanent reduction.

It is equally clear that the abatement cannot be made good now, but it will be made good. My right hon. Friends have the matter under review. At the right time it will be made good."

And Mr. Hayhoe on 13 May:

"As my hon. Friend knows, we debated the matter at some length on 26 April. I have nothing to add to what I said then, which made it clear that the abatement will not be a permanent reduction. It will be made good at the right time."

/You will

You will also remember that the Government won the crucial amendment to the Finance Bill on 13 July by only 8 votes: 291 to 283. The following Conservatives voted with the Opposition:

Thomas Benyon  
Patrick Cormack  
Julian Critchley  
David Crouch  
Stephen Dorrell  
Alan Haselhurst  
Robert Hicks  
~~Denis Howell~~  
David Knox  
Jim Lester  
David Madel  
Charles Morrison  
Richard Needham  
Sir Brandon Rhys Williams  
Robin Squire  
Peter Tapsell  
Cyril Townsend  
Sir William van Straubenzee  
Dennis Walters

The following signed the amendment, but abstained:

Hugh Dykes  
Sir Ian Gilmour  
John Hunt

MLS

Kenneth Lewis and Anthony Meyer

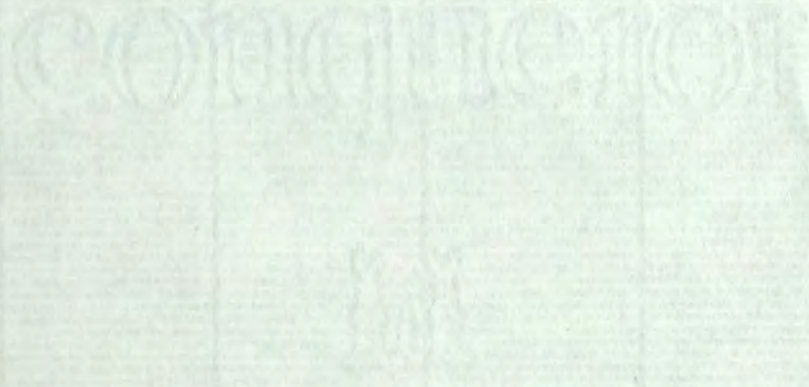
29 October 1982

B.R.

Social Services

5% ABATEMENT

1. Are they really arguing for a 16% increase in unemployment benefit when those in work, who will have to pay for this increase, are settling, many of them, at 6% and less e.g. armed forces 6.1%, civil servants 5.9%, teachers 6%, MPs and Ministers 4% ± or less.
  
2. The National Insurance Fund deficit last year was just over £1,000m. Through increases in contributions and other charges that deficit has been reduced to an estimated £350m (Government Actuary's Report June 1982). It is not acceptable to increase that by a further £60m
  
3. Cost of restoring abatement £60m gross which becomes when taxed - £40m net. Compare £30m on Small Engineering Firms Investment Scheme which will do much to secure and safeguard employment.



13 July 1982