

PRIME MINISTER

The Defence Secretary telephoned this morning to convey a message about Cabinet's discussion of the Social Security Review. He is at the Scottish Party Conference, and unable to attend.

He wanted you to be aware of his view that the 20% disallowance on housing benefit on the rates was extremely dangerous politically. He recognised that it was part of the Government's campaign to improve accountability of local authorities as regards rates. But it would be widely seen as a tax on every hardship case, imposed by the Government. Public opinion would not see it as something for which local authorities were responsible but as the fault of central government. There would be great scope for the Opposition to exploit the discontent.

C.D.P.

9.5.84