

SUBJECT
cc Martin

NOTE OF A MEETING BETWEEN THE PRIME MINISTER AND THE NATIONAL
PENSIONERS CONVENTION AT 1630 AT THE HOUSE OF COMMONS ON
TUESDAY, 1 MARCH 1983

Present:

Prime Minister	Mr. Willis
Secretary of State for Social Services	Mr. Jones
Mr. Luxton	Mr. MacDonald
Mr. Scholar	Mrs. Crook
Mr. Flesher	Mr. Jacques
	Mr. Smith
	Mr. Baker
	Mr. Paynter
	Mr. Massey

The Delegation said that there was great discontent amongst pensioners, a feeling which was clearly manifest in the meeting of the Convention which had taken place that morning. Pensioners had a wide range of grievances, the remedies to which were set out in the Convention's Declaration of Intent. Of these, the most significant was that of the basic level of the pension. There was no doubt in the view of the delegation that the present level of £32.85 for a single person and £52.55 for a married couple was quite inadequate. It was, for example, clearly lower than in most European countries; in France, for example, the single person's pension was 50% of the average earnings. The Convention wanted a pension of 50% average earnings for a couple and 33 1/3 % for a single person; in the short term, however, they would settle for the TUC's proposal for a married couple's pension of £63.50 and a single person's pension of £39.50. They recognised that such an increase would require a redistribution of income from the working population to the retired population, although this was not the only

factor in the equation. There was, however, considerable evidence in the form of opinion polls to suggest that most of the working population were prepared to acquiesce in such a redistribution.

The Delegation also raised a number of other points arising from the level of the pension. They would prefer the earnings link to be restored. Its abolition had cost married couples £2.25 and single people £1.25. The Delegation was also sceptical about the accuracy of the retail price index as a basis for calculating inflation as it affected pensioners; they preferred the pensioners' price index. They also hoped that the 2% overshoot in the November 1982 uprating would not be adjusted in the November 1983 uprating.

The Delegation raised a number of other points:-

- (i) The Christmas bonus should be increased to £30, and thereafter index-linked.
- (ii) The Death Grant should be increased to £200 and should not be means-tested.
- (iii) Gas and electricity standing charges should be abolished for pensioners.
- (iv) There should be considerable extra help for fuel costs for pensioners: this should no longer be limited to those over 70, and receiving supplementary benefits.
- (v) The Government should restore the level of personal social services which had been reduced as a result of cuts in local authority budgets.
- (vi) The principle of concessionary travel for pensioners should be greatly extended.

Responding to the Delegation, the Prime Minister said that she would like to see a much higher level of pensions. But the pensions of retired people had to be paid for from the contributions of those in work. Comparisons with other European countries were misleading because their production was much higher. The Government had, despite a severe recession, been able to more than protect the level of the pensions and expenditure on the social services. The basic pension had, for example, increased by 68% during the lifetime of this Government, whereas the retail price index had risen 61%, and the pensioners price index 58%. The Delegation's proposals for the level of the pension would cost about £14 billion or £9.54 a week in National Insurance contributions for male average earners, and £11.08 for employers. At a time when there was considerable demand for reductions in levels of taxation, especially on the lower earners, such increases would be intolerable.

Other points made by the Prime Minister and the Secretary of State for Social Services were:-

- (i) The Government recognised the difficulties caused by the forecast method; but announcements about the November 1983 uprating would be made in the Budget.
- (ii) The Government had already responded to the Convention's concern about standing charges; the new arrangements should benefit pensioners considerably.
- (iii) The level of expenditure on the social services had been maintained, and indeed increased. Since 1978/1979 there had, for example, been a real increase of 7% in spending on personal social services, and a 5% increase in National Health Service provision.

/ (iv)

- (iv) The Government already provided considerable assistance for fuel consumers. Of the £355 million special help, £200 million went to pensioners.

Concluding the meeting, therefore, the Prime Minister said that at a time of recession, the Government's objective had been to protect the social services, including the level of the pension. They had done so, and despite what the Delegation had said, pensioners were now better off than they had been before the Government took office. The Prime Minister believed that most pensioners recognised this. The problem was to secure the right balance between the working population and the retired population. The Government's approach was designed to achieve such a balance, and at the same time not to prejudice the economic recovery, which alone could provide the money for the kind of increases in the standard of living for pensioners which everyone wished to see.

JJ.

1 March, 1983.



file to
Prime Minister

10 DOWNING STREET

From the Private Secretary

2 March, 1983.

Dear Sir,

I attach the record of a meeting between the Prime Minister, your Secretary of State and the National Pensioners Convention which took place yesterday at 1630 hours at the House of Commons. The Prime Minister, as for last year's meeting with the Convention, commented that the briefing was both comprehensive and well presented, and I should be grateful if you could pass on her thanks to all those who were involved in its compilation.

I am sending copies of this letter and its enclosure to Jill Rutter (HM Treasury) and Julian West (Department of Energy).

Yours ever,

Tim Fisher

Colin Phillips, Esq.,
Department of Health and Social Security.

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