

e.No.



Prime Minister

Please also see

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

Mr Fowler's
minute (attached).

PRIME MINISTER

Yes - but I think we must give a statement - Agree to a talk with the Chancellor and do this better because Mr Fowler?

Cabinet on 3 March discussed the presentation of the Government's long-term intentions on social security benefits

2. The important question is how we should respond when asked whether we intend to carry forward to the next Parliament the pledge we gave for this Parliament to maintain the real value of pensions and associated benefits.

3. One possibility would be simply to repeat this pledge for the next Parliament. This is what Norman would prefer, along the lines set out in his letter to me of 14 March.

4. In my view it is most important that we should avoid a commitment. Social security accounts for 30 per cent of public expenditure. Our policy of containing expenditure, and avoiding commitments which might increase it, can hardly be effective if it does not apply to this, the largest single programme.

5. Nor need the avoidance of a commitment be politically damaging to us. We can point to our record on pensions and refer to our intention to continue to give the needs of pensioners high priority. We can also point out that no responsible Government can commit itself regardless of circumstances, and draw a contrast with the extravagant promises made by the Opposition. These points can and should be made explicitly and positively.



6. The line I would prefer would therefore run broadly as follows:-

"During this Parliament we have more than protected the value of pensions and other related long-term benefits against rising prices. We have also brought inflation down very considerably. During the next Parliament we intend to keep inflation under control, and this will continue to benefit pensioners, who will not see the value of their pension eroded as it has been in the past. No responsible Government can commit itself for ever on this or any other major item of expenditure regardless of economic circumstances. But it is plain from our record that we have given a high priority to protecting the living standards of pensioners. This we shall continue to do."

7. A copy of this minute goes to Norman. You will probably want to discuss it with him and me before we consult colleagues generally.

A handwritten signature in black ink, appearing to be "G.H.".

(G.H.)
30 March 1983

Social Services . Upgrading
of Benefits Pt 3



10-11-1988

COPIED



14
Social
Services

6 April 1983

The Prime Minister has seen the minute of 30 March by the Chancellor of the Exchequer relating to the Government's long term intentions on social security benefits.

The Prime Minister would like to discuss the contents of Sir Geoffrey Howe's minute with him and with the Secretary of State for Social Services. She has made the preliminary comment that she believes that the Government must "price protect" the basic retirement pension and that we are the more able to do this because inflation will be kept down.

We shall make arrangements separately for a meeting.

I am copying this letter to Colin Phillips (Department of Health and Social Security).

JOHN COLES

John Kerr, Esq.,
HM Treasury.



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From the Secretary of State for Social Services

J O Kerr Esq
 Private Secretary to the
 Chancellor of the Exchequer
 HM Treasury
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 SW1P 3AG

30 March 1983

Dear John

PLEDGE ON FUTURE PENSION UPRATINGS

At this morning's meeting on commitments for the next Parliament on the uprating of pensions, I understand that my Secretary of State agreed to give the Chancellor an opportunity to comment on the draft of a minute he intends to send to the Prime Minister. I attach a draft - which the Secretary of State has not yet seen - on which I would be grateful for comments.

We were surprised to see that the Chancellor had already sent his own minute to the Prime Minister without, as far as I can tell, any consultation with us. The Prime Minister will, no doubt, wish to consider the two minutes together.

I would be grateful therefore for comments as early as possible tomorrow.

I am copying this letter (but not the enclosure) to Michael Scholar.

*Yours
 Steve*

S A Godber
 Private Secretary