

SUBJECT

cc Martin



File 17J  
17  
b.c.c. to Rownt

10 DOWNING STREET

From the Private Secretary

21 April 1983

Dear John,

Pledge on Future Pension Upratings

The Prime Minister had a discussion this afternoon with the Chancellor and the Secretary of State for Social Services about the Government's pledge on future pension upratings.

After discussion it was agreed to carry forward to the next Parliament the pledge the Government gave for the present Parliament to price-protect pensions and associated benefits. It was also agreed that there should be no acknowledgement in the pledge that, if there were an economic crisis, the pledge would need to be abandoned. The argument here was that, if there were a crisis this would happen in any event, so that there would be no need to create suspicions by announcing this in advance.

In a separate discussion about this year's uprating it was agreed that, if there were to be a June election, consideration would need to be given from the outset about what should be said about the May RPI figure, to be announced on 17 June, which was to be the basis of the November uprating. Meanwhile, the formula to be used about the June figure should continue to be that it would be "in the region of 4 per cent".

I am sending a copy of this letter to Steve Godber (Department of Health and Social Security), and to Richard Hatfield in Sir Robert Armstrong's office.

Yours sincerely,

Michael Scholten

John Kerr Esq  
HM Treasury.