



Social Services VLB
cc HMT
DHSS

10 DOWNING STREET

THE PRIME MINISTER

6 June 1979

Dear Mr. Sirs,

Thank you for your letter of 20 May.

I do of course share your concern about long-term unemployment. As you say, the main burden of it is borne by the unskilled, the more elderly, and the less fit. Apart from this, it is an appalling waste for people to be unemployed when they might be in work and adding to the country's wealth. One of the Government's overriding objectives, as you know, is to create a more thriving, efficient economy which will enable employment to expand. Only in this way will the problem of the long-term unemployed be tackled at its root.

As for the rate of benefit for the long-term unemployed, you will not expect me to anticipate what the Chancellor of the Exchequer and the Secretary of State for Social Services will be saying about Social Security benefits generally in the Budget Debate next week.

Yours sincerely
Margaret Thatcher

W. Sirs, Esq.

VLB



10 DOWNING STREET

PRIME MINISTER

You said you would reply to this letter from Bill Sirs about benefit rates for the long-term unemployed. I attach a draft, based on a draft provided by DHSS.

The draft is pretty guarded, because we will not of course be getting rid of the discrepancy between the benefit rate for the long-term unemployed and the rate which other long-term claimants are eligible for.

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5 June 1979



DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Secretary of State for Social Services

T P Lankester Esq
Private Secretary
10 Downing Street
London SW1

4 June 1979

Dear Sir,

Thank you for your letter of 24 May, addressed to Don Brereton, enclosing a letter of 20 May from Mr Bill Sirs. (Your letter in fact only reached us on 30 May). I enclose a draft reply for the Prime Minister's consideration.

I am sending a copy of this letter and enclosure to Martin Hall (HM Treasury).

Yours sincerely

S H F Hickey

S H F HICKEY
Private Secretary

Encs:

DRAFT LETTER FOR PRIME MINISTER

Thank you for your letter of 20 May. I do of course share the concern about long-term unemployment. As you say, the main burden of it is borne by the unskilled, the older, and the less fit. Apart from this, it is ^{an appalling} waste for people to be unemployed when they might be in work and adding to the country's wealth.

The Government's primary approach to long-term unemployment is to cure the disease in preference to simply easing the symptoms. Our aim is to get the economy working at much fuller capacity. This will reduce the level of unemployment directly. More employment, more wages, and higher wages will in turn mean that we shall be able to maintain and improve not only our standard of living but also our social services.

In the meantime ^{the} we ^{will}, of course, fulfil ^{our} commitments to those dependent on social security benefits. You ^{will} not expect me to go into further detail about our specific instructions at this time.

intention

~~The Government~~ *as you know,*
~~One of the Government's~~ *overriding objectives, is*
~~to create the right economic environment~~
~~to create~~
~~which will create businesses to expand~~
a more thriving, efficient economy which
will create employment to expand. Only in
this way will the problem of the long-term unemployed
be tackled at its root:



10 DOWNING STREET

From the Private Secretary

24 May 1979

The Prime Minister has received the enclosed letter from Mr. Bill Sirs on the question of long term rates of benefit for the long term unemployed. I would be grateful if you could let me have a draft reply for her to send, to reach me by Thursday 31 May. The Prime Minister is in no doubt that her answer will have to be in the negative.

I am sending a copy of this letter and enclosure to Martin Hall (HM Treasury).

T. P. LANKESTER

Don Brereton, Esq.,
Department of Health and Social Security.

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PRIME MINISTER

This letter from Bill Sirs asks that the long-term unemployed should be made eligible for long-term benefit rates. His figures are correct. The previous Government considered this proposal, but decided against - both on public expenditure grounds (£35 million in a full year) and because it would have weakened incentives.

I am sure the answer must be negative.
Shall we ask Mr. Jenkin to reply?

*Answer required
(shall have to reply
IL out.*

23 May 1979



OUR REF:

WS/BW.

THE IRON AND STEEL TRADES CONFEDERATION

General Secretary

W. Sirs

Swinton House,

324 Gray's Inn Road,

London, WC1X 8DD

20th May, 1979.

The Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London, S.W.1.

Dear Prime Minister,

I am writing to urge you to act now to extend the long-term supplementary benefit rate to unemployed claimants.

The growing incidence of long-term unemployment must be of concern to us all. In October, 1975, 17% of unemployed males had been out of work for over a year; by October, 1978 28% had been without work for this long. The main burden of long-term unemployment is borne by the unskilled, the older worker and the worker in ill health. At the end of 1977 107,000 unemployment claimants had been on supplementary benefit for over two years, the number will be much higher by now., These claimants get £6.30 less (if married) and £4.35 less (if single) than other long-term claimants. We can see no possible justification for continuing this discrimination against the unemployed. There is no evidence to support the view that to pay the long-term rate would encourage the unemployed to continue on benefit instead of looking for work. Moreover safeguards already exists in the supplementary benefit scheme against the small minority of "workshy" claimants.

Action was promised on long-term unemployment. This is one very small measure which you could take to help the long-term unemployed. The cost is relatively low: £33-million. The effect in mitigating the poverty experienced by the long-term unemployed could be considerable. It is essential that the unemployed should secure this extra assistance. To fail to do so now would be a bitter disappointment for the unemployed and for trade unionists fighting on their behalf.

Yours faithfully,

General Secretary.