

# Tory backbenchers warn Government against cuts in jobless benefit

By Philip Webster, Political Reporter

The Government was given a warning yesterday that failure to uprate unemployment benefit in line with prices would be strongly opposed by a large number of its own backbenchers.

A number of Conservative MPs are known to have told the party whips that such a proposal would be unacceptable, after Mr Nigel Lawson, the Chancellor of the Exchequer, made it clear in a television interview at the weekend that he had not ruled out an effective cut in unemployment benefit. Although the Government is committed to maintain the "real" value of pensions, the Chancellor said that it could not make such guarantees for all benefits.

It was stressed in Whitehall yesterday that no decision had yet been taken on future benefit levels, but Mr Lawson's remarks alarmed the Conservative "wets" who finally secured in the last Budget the restoration of the 5 per cent which the

Government cut from unemployment benefit in 1980 and over which they staged three substantial rebellions last year.

The Cabinet is due later this month to begin its annual public spending review. "Deindexing" of jobless benefit is likely to be one of the issues considered as the Treasury attempts to keep to its public spending target for 1984-85 in the face of bids some £5,000m in excess of the planned total.

● **Mr Lawson's** weekend claim that some unemployed people calculated that they were better off on the dole when there were jobs available, receives little support from a special survey of the regions by *The Times* yesterday (Frances Williams writes).

And the economic evidence suggests that only a tiny proportion of families are better off or little worse off out of work. Even then, the people

most affected - married men with children - are the ones who try hardest to find jobs.

Research by the independent Institute for Fiscal Studies suggests that last year only 2.5 per cent of all families could get more income when unemployed than in work. A further 4 per cent could get at least 90 per cent of their income in work if they became unemployed.

These figures have fallen dramatically since the Conservatives took office in 1979 as a result of benefit cuts, the abolition of earnings related supplement and taxation of unemployment benefit. In 1978, the IFS estimates that 38.5 per cent of families could have received 90 per cent or more of their net incomes in work if they lost their jobs.

In the country as a whole nearly seven people are chasing each vacancy. In many regions the position is much worse.