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STEERING COMMITTEE

26TH MEETING

There will be a meeting of the Steering Committee on Monday, 12th May, 1975 at 5.00 p.m., in the Leader's Room at the House of Commons. A copy of the agenda is attached. The Leader would be grateful if you could attend.

CHRISTOPHER PATTEN

Conservative Research Department,  
24 Old Queen Street, London, S.W.1.

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STEERING COMMITTEE

26TH MEETING

5.00 p.m., Monday 12th May, 1975 in  
the Leader's Room at the House of Commons

AGENDA

1. Electoral Reform - a note and paper by the Research Department are attached.
2. The allocation of the "Short Money" - note already circulated (LOC/75/76).
3. Any other business.

Conservative Research Department,  
24 Old Queen Street, London, S.W.1.

CFP/SMW  
8.5.75

STEERING COMMITTEE

Minutes of the 26th Meeting held at 5.00 p.m. on Monday 12th May, 1975, in the Leader's Room at the House of Commons.

Present: Mrs. Thatcher (In the Chair)

Mr. Whitelaw, Sir Keith Joseph, Mr. Maudling, Sir Geoffrey Howe, Mr. Gilmour, Lord Carrington, Mr. Prior, Mr. Peyton, Mr. Atkins, Mr. Maude.

Mr. Clark (In attendance for item 1)

Mr. Patten, Mr. Douglas (In attendance)

1. Allocation of the "Short Money"

Mrs. Thatcher reported that she had received a letter from Mr. Edward Short, expressing concern at press reports that the money might be used to assist the Party outside the House. The press reports in question had not been seen. It was felt necessary to obtain further elucidation from Mr. Short. He might have been confused by the fact that the Research Department is physically located outside the Palace of Westminster, but the terms of the resolution referred to expense "incurred exclusively in relation to that party's parliamentary business", and the cost of the work done by the Research Department exclusively related to parliamentary business considerably exceeds the amount of "Short Money" that would be allocated to it.

Mrs. Thatcher also reported that a limited number of Shadow Cabinet colleagues were still unhappy with the proposed allocation as they would prefer a personal assistant of their own.

After a discussion of the financial and other difficulties it was decided that four members of the Steering Committee, Sir Keith Joseph, Sir Geoffrey Howe, Mr. Prior and Mr. Maude should talk to members of the Shadow Cabinet dissatisfied with the present allocation, exploring and explaining the limited possibilities available with a view to reporting back as soon as possible.

2. Electoral Reform

Mrs. Thatcher said that the subject of electoral reform was receiving a great deal of attention in the press and it was necessary for the Conservative Party to be ready to express a view. Lord Harris in a debate in the Lords had given a broad hint that the subject might be referred to a Speaker's Conference.

...../Mr. Gilmour said

Mr. Gilmour said that whereas ten years ago one would have little hesitation in thinking that the two party system was working well there was now evidence that the system was breaking down. There was therefore a very strong case for asking a Speaker's Conference to look at the electoral system.

Sir Keith Joseph said that some systems of proportional representation might prove highly harmful and he even wondered at times whether the Prime Minister might not see a shift to one of these systems as a means of protecting the position of some of his friends.

Mr. Peyton hoped that the opportunity would also be taken to look at the whole question of parliamentary reform and the reform of the machinery of government.

Replying to Mr. Maudling, Mrs. Thatcher and others said that there was considerable pressure amongst industrialists for a move towards proportional representation often based on false assumptions about its probable effects.

Mr. Maude reported that he had spoken to Lord Thorneycroft who took the view that the Party was committed to a Speaker's Conference but did not believe that the Party needed to commit itself further.

It was agreed that the Party should welcome a reference of the subject to a Speaker's Conference and should not prejudice the outcome. It was also agreed that it would be inadvisable for the Party to publish anything on the subject of proportional representation which would inevitably appear to be expressing a Party view, but in view of the rather one sided treatment of the subject in the press it might be helpful if some journalists could be encouraged to write a piece outlining some of the difficulties in proportional representation which had so far received inadequate attention.

### 3. Attitude to possible Labour Government measures

Mrs. Thatcher referring to the earlier discussion at the full day meeting of the Shadow Cabinet said there was now much speculation about the possibility of the Government introducing measures for which they would require Conservative support either ad hoc or as part of a coalition.

In the course of the general discussion the following possibilities were identified:-

(a) The Conservative Party should consider each measure on its merits supporting such measures as were in the national interest and opposing those which were not. The danger in this approach was that the Government could pass measures opposed by its Left-wing with Conservative support but also pass damaging Left-wing measures relying on its usual support. On the other hand the country would expect the Party to rise above partisan haggling and strike a patriotic note.

(b) The Party might be approached with a package of measures to be considered as a whole, support for which would have to depend on discussion and negotiation about its balance.

(c) The floating down of the pound might well lead very soon to a crisis in which it would be imperative for the Leader to state clearly the Party's position on such topics as incomes policy.

...../(d) A situation

(d) A situation was conceivable in which nothing short of a coalition government with Liberal and Conservative elements would satisfy our creditors.

(e) A temporary freeze, possibly softened by measures of indexation as proposed by Professor Milton Friedman, might become necessary and would not be open to the same objections as a long-term statutory incomes policy.

It was agreed to hold a further meeting of the Steering Committee on the following day at 5.15 p.m. for which the Research Department was instructed to prepare a paper outlining all the possible scenarios.

Mrs. Thatcher was due to take part in a broadcast with Mr. Robin Day on Friday which was primarily concerned with Europe but at which questions on the economic crisis had to be expected. She was also making a major speech in Scotland on Saturday at which the Party would expect her to give a clear lead. The Steering Committee discussion on Tuesday, and a meeting of the Shadow Cabinet on Wednesday for which Mr. Prior was preparing a paper, should lead to further clarification of the Party's position on the central economic issues.

The meeting adjourned at 6.45 p.m.