

original referred to
Policy Unit -

2 July 1980

Policy Unit

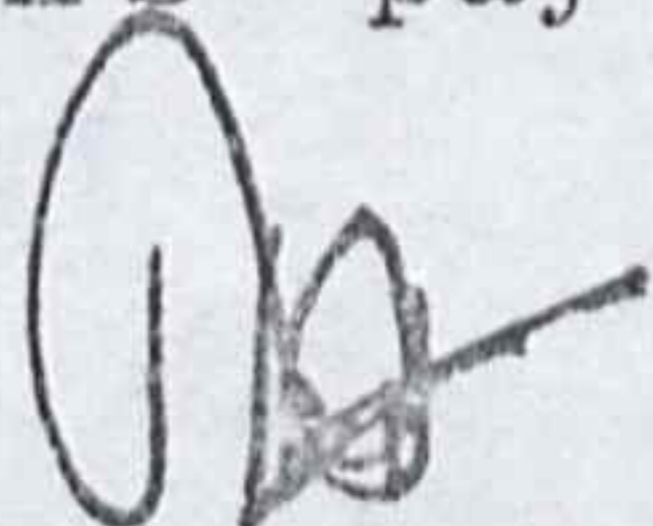
TIME MINISTER

lobby to: Parliament Member: MPs pay: P. 2.

TSRB - CABINET

One or two points that occur to us, if Cabinet discusses TSRB after the Terry Burns presentation.

1. It would help if something can be said publicly about MP's pay, before the nurses' ballot which is, I think, on 8 July. The moral pressure will work both ways. MPs can be told that we're asking the nurses to accept 14%. The nurses are more likely to do so if MPs have made a genuine sacrifice.
2. Everyone knows that you have personally taken a very substantial cut from the outset. I think this carries most moral force with colleagues and MPs if it is not spelt out. If it is overtly used to set an example, then inevitably people will say that different individuals have different circumstances and that it is an unfair form of pressure.
3. Colleagues may tend to think serially about the whole public sector pay problem, seeing each case in isolation. It is important they understand that each situation sets the stage for simultaneous situations in the private sector and subsequent situations in the public sector. Thus, MPs' pay and nurses set the stage for each other, and both set the stage for public services pay as a whole and for any public debate about British Telecommunications. If the public sector settlements begin to get out of control, the Government could be left with the choice between two politically unpalatable alternatives: abandon the struggle against inflation; or face much higher unemployment, much greater recession, far more bankruptcies. Jim Prior seems fully aware of the risks. Once Cabinet is - and they seem well on the way to conversion now - it will be easier to get the message across to MPs.
4. But MPs, like everyone else locked into the Prisoner's Dilemma, will be hard to persuade unless they believe that sacrifice by them is going to lead to similar sacrifices elsewhere in the public sector. An early and unfavourable settlement of British Telecomms (I'm not sure of the time scale for that) could conceivably even feed back and upset the MPs' pay decision.



JOHN HOSKYNs

270

IN CONFIDENCE



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From the Private Secretary

2 July 1980

Clive Whitmore Esq
Principal Private Secretary
to the Prime Minister

Prime Minister.

JWH
2 vii

Dear Clive,

TSRB: MINISTERIAL SALARIES IN THE LORDS

The Lord President has asked me to let you have this copy of Lord Elton's letter with a request that you show it to the Prime Minister before tomorrow's Cabinet.

Yours sincerely,
Jim Buckley.

J BUCKLEY

IN CONFIDENCE



2 - vii - 80

Dear Christopher:

We spoke briefly about the financial position of Parliamentary Under-Secretaries of State in the Lords. I have since checked with the Computer Centre and they confirm that our salaries stand at £9,811. We also receive, of course, secretarial expenses allowances up to a limit of £1,000. They are not aware of any increments to these (Ministerial) Salaries - only to our Colleagues (Parliamentary) Salaries which we, of course, do not receive.

Any increment to Ministerial Salaries depends upon recommendations from the Boyle Committee which have to be endorsed by the Prime Minister. I gather that that endorsement is now in doubt. We are thus faced with a probable widening of the already very large gap in between the

incomes which we get from all sources for
the rather exacting work which we do and the
incomes of our & Colleagues. (While I accept that
they have Constituencies, which we don't, they
don't answer for for or five Departments, which
we do).

However it isn't so much the apparent
inequity of this that worries me so much
as the increasing difficulty, for those of us
without large private fortunes, of making
ends go on meeting. I have had to sell
shares worth over £5,000 since we took
office; ~~and~~ I earned more in a 2/3
time job in a private Company than I
do now. In short, while I have promised
to be at Humphrey Atkins' service till I
drop, it looks as if it will be my
Bank manager rather than my physique
that causes me to drop when I do —
— though both are under some strain at
present!

Can anything be done to help us?
I find it distasteful to parade my



difficulties like this, but there seems
no other way of settling to remedy a
situation which does strike me as
being both unjust and contrary to the
public interest and if nothing is done
it will soon become intolerable not
only for us but for those who
have to be appointed in our places

In great haste

Yours ever

Rolton

(Eltan)