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Parliament
O.A. 6W
Parliamentary expenses
Pay - June 1979

NOTE FOR THE RECORD

cc: Mr. Whitmore
Mr. Lankester
Mr. Sanders

MPs' PAY

The Prime Minister spoke to the Home Secretary and to the Chief Whip on 24 June about MPs' pay.

Mr. Whitelaw told the Prime Minister that his visits to Wales and Manchester had shown him that both the public and the Party rank and file thought that the Government was entirely right to take the position it had on MPs' pay; the reaction was hostile to the behaviour of the MPs on Thursday and approving of the Government's line that MPs should not treat themselves better than other groups. Mr. Whitelaw said that there was a body of opinion which favoured linkage between MPs' salaries and that of another group, for example Assistant Secretaries in the Civil Service. The Prime Minister said that another possibility might be a biennial review, as suggested by Boyle. Mr. Whitelaw agreed that this would be better than indexing; the Treasury and the Department of Employment would in any case oppose either linkage or indexing. He would take stock of the position while the Prime Minister was in Tokyo and be prepared to report to Cabinet on her return.

The Prime Minister told Mr. Whitelaw that her instinct was to stand firm and let Members vote on the issue. Mr. Whitelaw agreed but said that it would be important to avoid creating a "we and they" atmosphere as between the Cabinet and the backbenchers.

The Prime Minister recalled that the doctors and dentists had been given a built-in review in real terms: it should be possible for MPs to have the same, at stage 2. Mr. Whitelaw thought that this would be a good idea and would defuse the problem. The Prime Minister recognised that Junior Ministers had a special problem: would it be possible to enable them to receive a cost of living allowance for their London houses, as they would if they maintained houses in their constituencies. She asked

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/Mr. Whitelaw

Mr. Whitelaw to get in touch with the Chancellor on this point. Mr. Whitelaw said that he would pursue this; but he thought that a biennial review and an up-dating in real terms in 1980 would carry the Party.

At the end of the conversation, the Prime Minister said that her main worry was the mortgage rate: this must on no account go up - if necessary, it should be subsidised from the contingency reserve. The Prime Minister said that she would like to have a meeting of the "Inner Cabinet" at 1130 on Tuesday, 26 June.

Speaking to the Chief Whip later in the day, the Prime Minister said that it was important that the Whips should be active in selling the Government's proposals to the Party. Mr. Jopling expressed the view that part of the Government's difficulties had arisen from inadequate consultation with Mr. Du Cann before Thursday's announcement. He suggested that the Prime Minister should see Mr. Du Cann as soon as possible. Mr. Du Cann was now taking the line that the Government could carry the Party if linkage were to be added to the package. Mr. Jopling's own view was that the Government should agree to this while standing firm on phasing. The Prime Minister mentioned the up-dating in real terms, comparable to that given to the doctors and dentists, which could be brought into the package at stage 2. Mr. Jopling said that linkage to, e.g., the Assistant Secretary grade would give MPs a better deal than phasing over two years. This linkage could apply to percentage changes in Assistant Secretaries' salaries during the period of phasing.

The Prime Minister commented that linkage in this way would give MPs an enormous increase. She pointed out that Assistant Secretaries were to be cut by 3 per cent in numbers in order to pay for their salary increases. It followed that the Boundary Commission should be told to cut the number of seats in Parliament. Mr. Jopling strongly urged the Prime Minister not to adopt this course. The Prime Minister said that linkage with an outside grade would not be in accordance with the Boyle recommendations.

/Mr. Jopling

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Mr. Jopling repeated that it was important for the Prime Minister to meet Mr. Du Cann soon. He went on to say that there was deep gloom among a number of Junior Ministers, some of whom were experiencing severe personal difficulties. The Prime Minister said that the problem here was one of allowances: the possibility of an allowance for London houses should be taken up with the Treasury. Mr. Jopling said that he would pursue this. Several Junior Ministers were finding it difficult to meet preparatory school fees and maintain the two houses which many of them had. He would send a note to the Chancellor on Monday.

G.M.

25 June 1979

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