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CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on

THURSDAY 22 MAY 1980

at 11.00 am

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon William Whitelaw MP
Secretary of State for the Home Department

The Rt Hon Lord Hailsham
Lord Chancellor

The Rt Hon Lord Carrington
Secretary of State for Foreign and
Commonwealth Affairs

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

The Rt Hon Sir Keith Joseph MP
Secretary of State for Industry

The Rt Hon Francis Pym MP
Secretary of State for Defence

The Rt Hon Lord Soames
Lord President of the Council

The Rt Hon James Prior MP
Secretary of State for Employment

The Rt Hon Sir Ian Gilmour MP
Lord Privy Seal

The Rt Hon Peter Walker MP
Minister of Agriculture, Fisheries and Food

The Rt Hon Michael Heseltine MP
Secretary of State for the Environment

The Rt Hon George Younger MP
Secretary of State for Scotland

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

The Rt Hon Humphrey Atkins MP
Secretary of State for Northern Ireland

The Rt Hon Patrick Jenkin MP
Secretary of State for Social Services

The Rt Hon Norman St John-Stevas MP
Chancellor of the Duchy of Lancaster

The Rt Hon John Nott MP
Secretary of State for Trade

The Rt Hon Mark Carlisle QC MP
Secretary of State for Education and Science

The Rt Hon John Biffen MP
Chief Secretary, Treasury

The Rt Hon Angus Maude MP
Paymaster General

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THE FOLLOWING WERE ALSO PRESENT

Rt Hon Norman Fowler MP
Minister of Transport

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

Mr Paul Channon MP
Minister of State,
Civil Service Department (Item 4)

SECRETARIAT

Sir Robert Armstrong	
Mr M D M Franklin	(Items 2 and 3)
Mr P J Harrop	(Items 1 and 4)
Mr R M Hastie-Smith	(Items 2 and 3)
Mr W N Hyde	(Items 1 and 4)

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PARLIAMENTARY
AFFAIRS

1. The Cabinet were informed of the business to be taken in the House of Commons in the period 2 - 9 June.

FOREIGN
AFFAIRS

Previous
reference:
(80) 19th
conclusions,
para 2

2. THE FOREIGN AND COMMONWEALTH SECRETARY said that the latest position on the boycott of the Moscow Games was discouraging. British swimmers had now said that they intended to participate in the Games. Sir Denis Follows, Chairman of the British Olympic Association, had been unresponsive to the latest letter he had received from the Prime Minister. France and a number of other countries had failed to respond to the lead given by the decision of the West German National Olympic Committee not to go to the Games. This decision had only been taken as a result of considerable personal efforts by the President, Chancellor and Foreign Minister of the Federal Republic of Germany. The West German Government was now starting to feel isolated. In view of the robust position in favour of the boycott which the British Government had assumed, he believed that it would be helpful to British relations with the Federal Republic of Germany if senior British Ministers could be seen to be still trying to dissuade the Chairmen of the various British Sports Federations from participation in the Moscow Olympics.

Previous
reference:
(80) 19th
conclusions,
para 2

THE FOREIGN AND COMMONWEALTH SECRETARY said that the British decision not to make economic sanctions against Iran retrospective from 4 November 1979 had caused some irritation on the part of the United States and our Community partners. He had spoken to the American Secretary of State, Mr Muskie who seemed to understand the position. But a problem remained over making the necessary Orders in Council. Our European partners who were implementing the sanctions by administrative action were doing so from today. It seemed likely that the equivalent British measures could not be taken before the Privy Council had met in the following week, possibly on Thursday 29 May.

In a brief discussion it was agreed that it was probably necessary for Orders to be made under both the 1939 Act and the new legislation, and that it was essential to get the procedure right first time. Nevertheless there was no need to delay making the Orders for as long as the Foreign and Commonwealth Secretary had feared, in view of the possible adverse effects among our European partners and in the United States.

THE PRIME MINISTER, summing up the discussion, said that the Orders should be made as soon as they were ready, if possible on Friday 23 May.

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(30) 19th

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THE FOREIGN AND COMMONWEALTH SECRETARY said that he had met Mr Gromyko, the Soviet Foreign Minister, in Vienna and they had discussed Afghanistan. It seemed clear that the Soviets wanted to achieve a political settlement, but the terms they appeared to have in mind involved a recognition of President Babrak Karmal's regime, and guarantees of non-interference from Afghanistan's neighbours, without dealing with the need for the withdrawal of Soviet troops from the country. Thus the Soviet and Western view of the problem were still a long way apart.

ident Giscard's
to Warsaw

THE FOREIGN AND COMMONWEALTH SECRETARY said that the news of President Giscard's meeting with President Brezhnev in Warsaw had been generally badly received in the West. The fact that he intended to make the visit had been known during the meeting of Foreign Ministers in Vienna even though there had been no specific French announcement. Nothing significant had emerged from the meeting of the two Presidents.

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THE FOREIGN AND COMMONWEALTH SECRETARY said that it was not clear what was happening in Uganda since the displacement of President Binaisa, but there did appear to be a strong probability either of the return of Dr Obote to power or of the country sliding into civil disorder.

South Korea

THE FOREIGN AND COMMONWEALTH SECRETARY said that although serious rioting was taking place in several cities in South Korea these appeared to be caused by student discontent. There were no indications that they had been deliberately caused, or of North Korean involvement.

The Cabinet -

Took note.

3. THE FOREIGN AND COMMONWEALTH SECRETARY said that the informal meeting of Foreign Ministers in Naples had made very little progress. The French and German Foreign Ministers were not willing to discuss figures in advance of a meeting of the Council of Ministers (Ecofin) now scheduled for 27 May. While there had been some greater readiness to accept a settlement covering three years, the offers made in Luxembourg for a limit on our net contribution in 1980 had been withdrawn and we would be expected to pay more this year in any agreement covering three years. The Ecofin Council would be considering the latest Commission estimates about the size of the Community Budget and our level of contribution, but it was unlikely that this meeting would make any progress towards a solution. To make progress, there would need to be a meeting of the Council of Ministers (Foreign Affairs), with Foreign Ministers having a mandate to negotiate from their Heads of Government. In the meantime, the French and probably other Member States were considering national measures to raise the income of their farmers by the equivalent of the price increases which we were continuing to block. Thus our bargaining strength would be less after the end of May.

THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD said that the French Government had promised help to their farmers if there was no agreement on agricultural prices before the end of May. Whether other Member States would follow suit would depend on the strength of their farming lobby and their domestic budgetary situation. There was likely to be distortion of trade within the Community and if national aids led to increased production the cost of additional surpluses would still fall on the Community Budget. We were examining the legality of the proposed French measures, but they might not be illegal unless condemned by the Commission, and there were signs that the Commission would connive at what the French intended to do.

In a brief discussion it was suggested that it should be possible to achieve settlement on acceptable terms. Considerable progress had already been made - much more than would at one time have been thought possible - and an early settlement would be important for the unity of Europe. But the prospects for the next European Council on 12 and 13 June would not be good unless Foreign Ministers had negotiating mandates which would enable them to come close, if not all the way, to a settlement. While there was some risk that an arrangement for only three years would reopen the budget issue just at the time of the next elections to the European Parliament, it was more than likely that before then the Community would have had to make major changes in its budgetary arrangements because of the exhaustion of its existing financial resources. On the other hand,

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even if we were able, as we should seek, to achieve a settlement which was an improvement on what had been on offer at Luxembourg, we should still be the second largest contributor after Germany which had for long been gaining at our expense not only through the Community Budget but through the offset arrangements, and we should also still be making a substantially larger net contribution than France. National agricultural measures of the kind proposed by the French would not necessarily help our objective of reforming the Common Agricultural Policy: they might even help to entrench it. Nevertheless we should not be unduly concerned about the threat which they represented to our negotiating position on the budget issue: if the French were to act illegally, that would create a climate in which it would be less difficult for the Government to give further consideration to the withholding of our Value Added Tax (VAT) contribution.

THE PRIME MINISTER, summing up the discussion, said that it was right to use the Council of Foreign Ministers to try to reach an early settlement before the European Council. She would be discussing further with the Foreign and Commonwealth Secretary his negotiating mandate for such a meeting.

The Cabinet -

Took note.

COST OF
PARLIAMENT

4. The Cabinet considered a memorandum by the Chancellor of the Duchy of Lancaster (C(80) 28) about the cost of Parliament.

THE CHANCELLOR OF THE DUCHY OF LANCASTER said that he had examined the direct costs of running Parliament and, with the help of the Minister of State, Civil Service Department, some of the indirect costs falling on Government Departments. He had suggested in his memorandum ways in which improvements might be sought in the control of expenditure and for securing economies. Last year, the running of Parliament had cost £44 million. The current year's estimate was £51 million. The main items of expenditure were Members' salaries and allowances (£16 million in the current year), House of Commons Administration and catering (£11 million), House of Lords expenditure (£5 million), the Palace of Westminster (£8 million), and Hansard, printing, stationery and computer costs (£8 million). He had provided figures in Annex C, showing the growth since 1973-74 of House of Commons and House of Lords expenditure: in real terms it had risen by about 60 per cent due to increases in allowances (although not pay), extra staffing and policing, and the new arrangements for House of Commons catering. The remaining costs of Parliament, including the Palace of Westminster, Hansard, printing and stationery, had fluctuated in real terms in recent years and had amounted to some £14 million in the previous financial year. The current year's estimates did not make full provision for the most recent commitments, including improved secretarial allowances and pensions, and extended free travel for MPs. The extra cost might be £3 million. There were elements of uncertainty about future years. He had drawn attention to likely increases in printing costs, and in pensions for Members who had retired before 1964. The various systems of control which operated over different sectors of Parliamentary expenditure were described in the memorandum. The Cabinet had recently agreed that Parliamentary pay and allowances should continue to be decided after independent review. He would be circulating to his colleagues proposals for improving the accountability of MPs for their claims for allowances. He proposed no changes in the control of works at the Palace of Westminster. He had, however, made proposals for a review by the House of Commons Commission of the system of control over staffing and administration. Similar matters in the House of Lords might, in addition, need to be looked at. He proposed that Parliament's printing, stationery and computer requirements should be obtained on a repayment basis, so that financial control would rest with the two Houses. Parliament was, of course, highly sensitive about its constitutional position, and intensely jealous of its independence. It was essential to proceed diplomatically. There would need to be early informal talks with the Speaker, the Opposition and, later, with the House of Commons Commission. He did not favour a comprehensive inquiry into the cost of Parliament. It might well be counterproductive, leading to strong demands for better accommodation and more generous

financial treatment. Some improvements were needed, however, and he sought the Cabinet's agreement to the series of initiatives set out in paragraph 12 of his paper.

THE MINISTER OF STATE, CIVIL SERVICE DEPARTMENT, said that the indirect costs imposed by Parliament on Government Departments were difficult to quantify. Costs of answering Parliamentary Questions had been estimated as less than £2 million a year; and a similar estimate had been made of the cost for Departments of dealing with Select Committees. The overall figure of £10 million for Parliamentary Questions, Select Committees and MPs' letters was lower than he would have expected. It would be expensive to conduct a thorough survey across all Departments. He therefore suggested that Sir Derek Rayner's recommendation should be adopted and that one Department should be asked to keep a record next session of the resources committed in support of Parliamentary work. In the case of Select Committees, it was not simply a matter of the costs themselves so much as the fact that the burden fell on Ministers and senior officials. An immense amount of briefing was undertaken for those attending the Treasury and Civil Service Select Committee, for example, and much of it was on matters which, in the event, were not raised. As for Parliamentary Questions, he suggested that the £50 limit set in 1965, ie the limit above which Ministers should consider refusing to answer a Question on grounds of disproportionate cost, should be raised to £100. The present level was unrealistic and, in his experience, no longer observed.

In discussion it was noted that the increase in the direct costs of Parliament since 1973-74 had been substantially greater than the rate of inflation and that this increase was continuing at a time when the Government were curtailing the growth of other public expenditure. Publication of the relevant figures and of examples of apparent abuse or extravagance would certainly attract public attention; but it would be a mistake to stimulate anti-Parliamentary feelings by so doing. It was in Parliament's own interests to make such changes as were necessary. It would be better to concentrate, as the Chancellor of the Duchy of Lancaster had proposed, on particular areas where a more effective and coherent system of control of expenditure was desirable. Parliamentary expenditure should not be immune from questioning: there seemed to be a number of sacred cows. A desire to avoid the criticism of Members might in the past have led to inadequate scrutiny of proposed expenditure. There seemed to be grounds for concern over the increases in the staff employed in the two Houses; and the need for major expenditure on computers was not self-evident. The House of Commons Commission, who had statutory responsibility for the administration of the House, would need to undertake any review of staffing, but they might be encouraged to ask the Civil Service Department to assist in a review, as the House of Lords Offices Committee had already done in the case of their staff.

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The following were among the points made in further discussion of the direct costs of Parliament:-

- a. There was no realistic possibility of legislation to reduce the total number of Members of Parliament and thereby the cost of salaries and allowances. The Boundary Commissions were reviewing constituency boundaries, but the House of Commons (Redistribution of Seats) Act 1949 stipulated that there must be at least 71 Scottish Members and 35 Welsh Members and these numbers, in practice, broadly determined the number of English Members.
- b. The increase in the number of staff employed in the Library of the House of Commons, and other Departments, reflected the increased demands of MPs for research facilities and administrative support, and betokened a change in the attitudes of MPs to their role. Significant economies would be secured only if this new fashion were challenged.
- c. Responsibility for the maintenance of the Palace of Westminster rested at present with the Secretary of State for the Environment. It was argued that the Property Services Agency of the Department should act solely as contractors and that responsibility for deciding on the work to be done should rest with the Leaders of both Houses or with the House of Commons Commission and the House of Lords Offices Committee. Such a change would be in line with the changeover to a repayment basis for Parliamentary printing, stationery, etc. recommended by the Chancellor of the Duchy of Lancaster. On the other hand, the Leaders of the two Houses had no staff to carry out such functions and the control of expenditure would be less effective than at present if responsibility were transferred to Parliament itself. Control was likely to be best exercised by a junior Minister in the Department of the Environment as part of his regular duties.
- d. Examples were quoted of apparent abuse of travel at public expense, in this country and abroad, by members of departmental Select Committees. In such cases, a summary of the facts ought to be brought to the notice of the House of Commons Commission or the Liaison Committee, which had laid down rules about travel by members of the Committees.
- e. Although it was stated in the memorandum that arrangements for deciding the level of policing were satisfactory, the Metropolitan Police considered that there were too many police engaged at the Palace of Westminster. It might be possible to reduce the number, or to replace some by security guards. The Home Secretary undertook to examine the situation.

In further discussion it was suggested that the figures quoted in Annex D of the memorandum seriously underestimated the costs imposed on Departments by Parliament. Considerable numbers of staff were engaged in dealing with letters from Members of Parliament, the number of which appeared to be increasing. Much work was also being created by Select Committees. The preparation of unnecessary briefing material had been referred to. The problem also arose as a result of the use of "open" Parliamentary Questions, which the Speaker was now discouraging. The extent of Parliament's influence on the work of Departments was inherent in the constitutional relationship of Parliament to the Executive. Nonetheless, there was a need to quantify the indirect costs involved so far as possible and for individual Ministers to discourage the preparation of unnecessary background material when their Departments advised on the answers to Parliamentary Questions and MPs' letters. The limit of £50 on the cost of answering a Parliamentary Question was a useful reminder of the need for economy and it would be a mistake to increase it at present.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet were concerned at the increases in the direct costs of Parliament and in the burdens imposed by Parliament on Departments. The increases in costs and staffing, and the apparent lack of effective control, ran counter to the Government's general policy of reducing public expenditure and manpower. The Cabinet agreed that a wide-ranging enquiry was not appropriate and recognised that account must be taken of the constitutional position of Parliament and the statutory responsibilities of the House of Commons Commission. They therefore supported the proposals made by the Chancellor of the Duchy of Lancaster as a means towards improving the position in the House of Commons. In his informal talks with the Speaker, the Opposition and the House of Commons Commission, he should stress that Parliament itself would be damaged in the public eye if its expenditure were thought to be exempt from the constraints applying to other expenditure of tax-payers' money. The damage would be the greater if there appeared to be no effective controls against abuses, for example, as regards travel at public expense. Ministers should let the Chancellor of the Duchy of Lancaster know of any specific and well-founded examples of abuse so that he could take them up with the Liaison Committee or the House of Commons Commission as appropriate. A review of the staffing of the House of Lords was in hand, with the help of the Civil Service Department. The House of Lords Offices Committee should be asked to accept that printing, stationery and computer requirements should be obtained on a repayment basis. The Cabinet accepted the offer by the Secretary of State for Social Services that his Department should keep a record of the resources committed next Session in support of the Parliamentary work of Ministers and senior officials. Ministers should seek, so far as practicable, to reduce the work of their Departments in dealing with Parliamentary Questions and Ministerial correspondence.

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The Cabinet -

1. Invited the Chancellor of the Duchy of Lancaster to hold informal talks with the Speaker, the Opposition and the House of Commons Commission to seek their support for the steps set out in paragraphs 12(a), (c) and (d) of his memorandum.
2. Invited Ministers to inform the Chancellor of the Duchy of Lancaster of any specific examples of apparent abuse of travel arrangements by Departmental Select Committees.
3. Invited the Lord President of the Council to ask the House of Lords Offices Committee to accept that printing, stationery and computer requirements for that House should be obtained on a repayment basis.
4. Invited the Secretary of State for Social Services, in consultation with the Minister of State, Civil Service Department, to arrange for a record to be kept next Session of the indirect costs of Parliament imposed on his Department.

Cabinet Office

22 May 1980