

NOTE OF A TELEPHONE CONVERSATION WITH THE HOME SECRETARY AT 2215 ON
2 JANUARY 1980

The Home Secretary said that he had had an account of the Ministerial meeting on 2 January from Robert Armstrong. He had been upset to hear that the Prime Minister had been isolated. He wondered whether the time had come for a discussion by the whole Cabinet, perhaps early in the week beginning 7 January. He was sure that Ministers generally would back the Prime Minister rather than taking a rigid line.

The Prime Minister said that Bill Sirs had castigated her on the television news for taking the Steel Corporation's line; in fact, she had only been talking common sense. At her meeting she had not been able to understand the proposed productivity scheme and the management now had to move quickly to sort it out. She was determined that the Corporation's cash limit would not be broken. She suggested that there might be a meeting of E Committee early in the week beginning 7 January, and the Home Secretary suggested that it should be on Monday. He said that the Prime Minister should not find herself outflanked in a small group of Ministers. He had already discussed the question with Mr. Prior.

The Prime Minister said that the problem was that the sensible view could not operate at once because there were no practical means of putting it into effect.

The Home Secretary said that he would telephone the Prime Minister again after her meeting on 3 January.

MS

3 January 1980