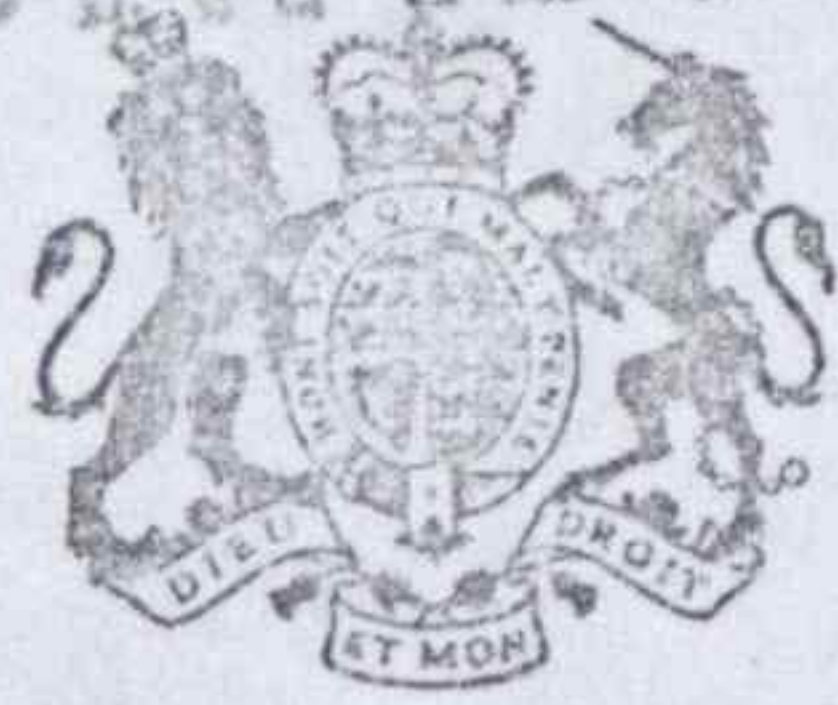


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10 DOWNING STREET

From the Private Secretary

27 May 1981

Dear Jim

As you know, the Prime Minister had a word on the telephone this afternoon with the Lord President about the Civil Service dispute.

The Lord President briefly explained the contents of Mr. Kendall's letter of 26 May, and the reply which he proposed to send. (You had earlier sent over copies of these papers.) Although he was far from confident that it would be possible to reach an accommodation with the unions, he thought it was right to go along with their proposal for early discussions. But he would make it clear in his letter, by referring to his earlier letters to Mr. Kendall, that the Government was not prepared to make any new concessions. He thought there was a good prospect of talks getting under way on Friday and he proposed that Mr. Hayhoe should take the chair on the Government side. He hoped that this would be followed by a further meeting with a smaller number of negotiators on the union side early next week when he himself would take the chair. He would of course report back to the Prime Minister as necessary, and to Cabinet next week.

The Prime Minister said she was entirely content.

I am sending a copy of this letter, together with a copy of the papers referred to above, to David Wright (Cabinet Office).

[Handwritten signature]

Jim Laker

Jim Buckley, Esq.,
Lord President's Office.

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5