

PRIME MINISTER



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JA

I saw Sir John Methven last Monday. He was extremely positive on the Budget and our well-judged attitude to the unions. He believes there are signs of a new and more positive mood in management because a Government has at last done something positive to help them.

He was emphatic that the union leaders were on the defensive, well aware that they had lost a great deal of their authority and moral credibility. They were anxious to be seen as responsible people co-operating with Government.

X- | Methven wondered whether an "Economic Summit" in which Government, TUC and CBI tried to established a shared understanding of the UK economic problem, would be useful. He realised the overtones of corporatism etc, which he does not favour. But he felt that the monthly NEDC meetings were simply rituals in which nothing serious got discussed. I have since tried the Summit idea on Keith Joseph and Jim Prior, with guarded enthusiasm from the former but very little from the latter. I suspect that the trade union leaders are almost irrelevant, now, to the things we have to do. All we should be concerned with, therefore, is to keep them on the moral and economic defensive so that they can do little harm.

I see that you are meeting the CBI on Monday 9 July. Should I sit in at that meeting?

Yes - but I do not favour the summit idea.

Prime Minister.

X/ above is very much on the same lines as the Forum, on which I am due to discuss a paper by the Chancellor on 9th July.

JOHN HOSKYNS
29 June 1979

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