

NOTE FOR THE RECORD

The Prime Minister spoke to Lord Soames on the telephone twice on Sunday 6 July. The first conversation was at 0915 and the second at 1110.

In the first conversation, Lord Soames said that there was a difficulty, as yet unresolved, about the salaries payable to Junior Ministers in the Lords. The Prime Minister said that she had not yet looked at the papers about her forthcoming statement, but would be doing so shortly.

Lord Soames said that he had heard that the Bank of England were proposing to pay their own staff more than 17% as a salary increase. The Prime Minister said that such a proposal was absolutely absurd, and that she would take it up.

In the second conversation, the Prime Minister said that she had now looked at the papers about Ministerial salaries in the House of Lords. It was clear to her that the Government could not inflict double injury on this group of Ministers. Their increase would therefore have to be 9.6%, and not the 8.7% which was at present proposed. She said that we would have to have a look at what had been said on this in the House of Lords about Ministerial allowances.

Lord Soames said that the Ministers in the Lords had an enormous amount of work to do. The pressure on them was very considerable.

The Prime Minister said that it might be best if the statement said that there was a problem which had still to be resolved, since it was evident that it would be difficult to get much further in the next 24 hours. She said that it might in the end be necessary to legislate.

/The Prime Minister

The Prime Minister and Lord Soames discussed a few minor drafting points about the statement. The Prime Minister said that it was a brilliant piece of work, given the amount of time which had been available.

MS

7 July 1980