

MR SANDERS

The Prime Minister spoke to James Prior at 1810 this evening about the threatened steel strike, asking what had gone wrong with Friday's negotiations.

Mr. Prior said there had been many crossed lines, and everything was in a muddle. Scoley and Greaves had had a row; one negotiating group had been kept apart in another room to wait for several hours, and no one was in a mood to agree anything.

The Prime Minister asked what happened when a nationalised industry went to conciliation. Mr. Prior said that Mr. Kerr of ACAS had already unofficially contacted management at BSC to see if there was room for manoeuvre. Villiers would be having a meeting tomorrow with executives to discuss this, and they would contact ACAS if there was any hope. ACAS would then approach the Unions.

The Prime Minister asked about redundancies. If workers were on strike would they lose redundancy payments? Mr. Prior thought if everyone was sacked they might get away with that, but it was a dangerous card to play. He was not sure of the legalities of the situation but would check it out.

The Prime Minister and Mr. Prior agreed to allow the situation some time to "sink in" and they should meet on Monday, with Sir K. Joseph, Sir G. Howe and Mr. Whitelaw to discuss further moves.

*G. Baldwin*  
*Duty Clerk*

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