

Not Ind.

NOTE OF A TELEPHONE CONVERSATION BETWEEN THE PRIME MINISTER AND  
THE SECRETARY OF STATE FOR EMPLOYMENT AT 0930 ON TUESDAY,  
1 JANUARY 1980

---

Mr. Prior reported that further talks through ACAS had not taken matters any further forward. The BSC side seemed very relaxed about the situation. The most significant piece of information concerned the possible productivity arrangements which had been discussed by Ministers the previous day. These had proved to be not so much productivity schemes as profit-sharing schemes which would only produce a pay out if there was a profit. The Prime Minister commented that Ministers appeared to have been misled. Mr. Prior said that the situation was pretty unsatisfactory.

The Prime Minister said that both sides seemed to be even further dug in. Mr. Prior was certain that the cash limits would be breached if there was a strike lasting two or three weeks. In the circumstances would it not be possible to bring forward some money and repay it later in the year whilst remaining within the cash limits? The Prime Minister said that there appeared to have been no real negotiations. Mr. Prior said that the only negotiations had been half-hearted and late in the day. He now regretted that he had not become involved earlier, but it was a very delicate position. The Prime Minister said that the BSC board seemed to want a strike. Mr. Prior said that this was true of Mr. Scholey.

The Prime Minister asked if the finances of a strike had been properly worked out. Mr. Prior said that the £40 million figure given to Ministers the previous day showed that some work had been done, but other information seemed to be lacking. The Prime Minister insisted that there was still room for genuine productivity arrangements. Mr. Prior said that matters were now <sup>at</sup> had an impasse and he was uncertain what could now be done. The Prime Minister commented that Messrs Villiers and Scholey would learn a lesson from the strike. Mr. Prior responded that the Government might also learn one. He suggested that it might be

/useful for

useful for him to discuss further with Sir Keith Joseph the £40 million figure. He commented that a ten week strike would spend the Corporation's entire cash limit. The Government would now probably simply have to see how effective the strike would be. His own view was that it would be pretty effective, although matters were unpredictable at present, with strange currents of feelings in evidence. It was clear that the Government could no longer do anything to stop the strike. The Prime Minister said the only remaining option to stop the strike was if the Government themselves were to call in both sides but this was not on in a situation where the two parties to the dispute had not seriously negotiated. She was horrified that the Department of Industry Director had found Messrs Villiers and Scholey at home following the Ministerial meeting the previous day, not sweating it out in their offices. Mr. Prior said that Messrs Villiers and Scholey appeared to have washed their hands of the matter. The cash limit gave them an alibi.

The Prime Minister asked Mr. Prior to talk to Sir Keith Joseph again about the possibilities for productivity arrangements. She would be available at Scotney later in the day and the next morning and would be back in London in the afternoon of the 2nd. Mr. Prior said that he would get in touch with Sir Keith Joseph again. Ministers would need to review the situation again the following day, although he would be in contact with the Prime Minister in the course of the day if there were significant developments.

1 January 1980