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NOTE OF A TELEPHONE CONVERSATION BETWEEN THE PRIME MINISTER AND
THE SECRETARY OF STATE FOR INDUSTRY AT 2315 HOURS ON 17 JANUARY

Sir Keith Joseph telephoned the Prime Minister to inform her that Mr. Bob Scholey felt that he had been put in a difficult position by the decision of Ministers to see the steel union leaders. Mr. Scholey's confidential meeting with Mr. Sirs earlier in the week had been very useful, and the two men had got on well. Scholey had been looking forward to making progress in a further meeting planned for Tuesday, 22 January. But the public announcement that he (Sir Keith) and Mr. Prior would meet Mr. Sirs had been misinterpreted as conscious intervention by the Government. Mr. Scholey considered that this completely undermined the prospects of serious discussion at his next session with Mr. Sirs. Mr. Sirs would undoubtedly hold back for his promised meeting with the Prime Minister.

Sir Keith wanted the No. 10 Press Office to brief even harder to the effect that the meetings with Ministers would involve no substantive discussion, and that the meeting with the Prime Minister was just an example of her usual courtesy in meeting anybody who wished to go over difficulties with her.

Sir Keith said that he and Mr. Prior were considering the possibility of bringing Mr. Sirs to see her on Monday, 21 January, at the end of their meeting with him. This would ensure that he was aware that he could not expect further concessions from the Prime Minister, and that he would therefore need to treat his next private meeting with Mr. Scholey as a serious step in the negotiations.

The Prime Minister said that she would wish to consider this possibility overnight. She would certainly want it to be made clear to Mr. Sirs that he could expect to get nothing further from her. Sir Keith should instruct her Press Secretary to brief still harder along the lines that he proposed. If necessary, the meetings between Mr. Sirs and Sir Keith with Mr. Prior, and with her, could be brought forward to the weekend, although she understood that this timing might be difficult for the union side.

18 January 1980

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