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NOTE OF A TELEPHONE CONVERSATION BETWEEN THE PRIME MINISTER  
AND THE HOME SECRETARY AT 1600 ON 29 DECEMBER

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The Prime Minister said that she had received a request from Mr. Callaghan for the recall of Parliament. There seemed to her to be no point in a recall. The BSC had made as large an offer as was possible, and her information was that the union leaders would have accepted it but their shop-stewards and executives had prevented them from doing so. It was now hard to see how conciliation could work. She proposed to reply to Mr. Callaghan that she was just as worried as he was about the consequences of a strike, especially given the vast sums of public money which had already been poured into the steel industry. She would not rule out the possibility of a recall in the week beginning 7 January, but saw no possibility of an earlier recall.

The Home Secretary said that he thought it right that the House might have to meet in the week after next, but he was absolutely convinced that it should not meet next week. He said that he would make sure that he got what information he could and would let the Prime Minister have it.

The Prime Minister said that if the House did come back they would face calls from the Opposition for a surrender to the unions. As far as the strike itself was concerned, her main worry was the amount of secondary activity which there might be. The Government however could not push the Steel Board into giving more money than it had got to give.

She thought that one possibility would be to bring the House back on Thursday 10 January for one day, but would consult other colleagues before she reached any sort of decision. She intended to reply to Mr. Callaghan on 30 December rather than more quickly.

The Home Secretary said that he would ring the Prime Minister again on 30 December, perhaps while she was with Lord Carrington.

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