



10 DOWNING STREET

THE PRIME MINISTER

12 September 1980

Dear Sir

Thank you for your letter of 11 September renewing your request that Parliament should be recalled on 23 September.

I want to make it clear that I gave your original request my immediate attention as soon as I received it. I consulted my principal colleagues concerned, and we considered your letter very carefully indeed. As I explained in my reply, we concluded that there were no new factors in the unemployment situation which would justify the recall of Parliament.

We have now considered your second letter with equal care. So far as unemployment is concerned, I made it absolutely clear in the Debate on 29 July that if earnings continued to increase at a high rate, unemployment would go on rising. This is why we have repeatedly sought your support in achieving moderation in pay settlements so that the conditions can be re-established for renewed growth and higher employment.

As I said yesterday evening and as the statement issued earlier this week by the Treasury made clear, monetary growth has indeed been too fast, and this means that it is crucial to keep Government borrowing under control. The Government are determined to achieve

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this by carrying out the policies which they have presented to Parliament in the Budget and on many other occasions. Under these policies interest rates will come down, to the benefit of industry.

I must repeat that there was no question of what you call a peremptory dismissal of the request you made yesterday for the recall of Parliament. Nonetheless, I and my colleagues have considered your demand again in the light of your second letter. But we remain firmly of the view that there are no developments in the country's economic situation which make it necessary to bring Parliament back on 23 September.

Yours sincerely
Margaret Thatcher

The Right Honourable James Callaghan, MP