

CONFIDENTIAL

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NOTE OF A TELEPHONE CONVERSATION WITH THE CHANCELLOR OF THE
EXCHEQUER AT 1000 ON 30 DECEMBER

The Prime Minister said that she was very exercised about the prospect of the steel strike, and was concerned about the press coverage it was being given. The Chancellor said that the coverage could have been a great deal worse.

The Prime Minister said that she was wondering whether it might not be possible to have some sort of system whereby there would be a final arbitration attempt, similar to that which operated in Australia, for use on occasions like this. She was also worried that steel workers were comparing themselves with local authority workers - who were getting 13% for nothing.

The Prime Minister said that the Government must not look as if it was doing nothing.

The Prime Minister and the Chancellor discussed the terms of her reply to Mr. Callaghan and agreed that it would be sent on 30 December.

MS

31 December 1979

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