

Prime Minister

Vale of Belvoir

1. As you know, I have been talking to Nigel Lawson about this.
2. Herewith Memorandum of yesterday's date which he has sent to me.
3. May we please have an urgent word about this?

SA:07 (with RIMOST,  
TIP:ma)  
AS:07

28.1.82

IAN GOW

MINDS must be  
with AS Commission  
OK



HOUSE OF COMMONS  
LONDON SW1A 0AA

SECRET AND PERSONAL

Ian Gow Esq MP  
10 Downing Street  
LONDON SW1

27 January 1982

*Ian Gow*

You suggested that I should set out my thoughts on the Vale of Belvoir in a personal note for the Prime Minister.

This I now enclose. Needless to say, I would be more than happy to discuss it with her at the earliest convenient opportunity.

*Ian Gow*  
*Nigel*

NIGEL LAWSON

SECRET AND PERSONAL

THE POLITICS OF BELVOIR

Preamble

The economic case for developing the rich coal reserves of North-East Leicestershire, chiefly under the Vale of Belvoir, is very strong indeed. At over a billion tonnes, it is the largest unworked coalfield in Western Europe. Coupled with the low cost of production this means that it stands to have a significant impact on future electricity prices. But Belvoir is clearly not simply a matter of economics, and it is the political case to which this note is addressed.

The National Dimension

We have just secured a major victory over Arthur Scargill. He has already made clear his determination to get his revenge at the earliest opportunity. This means that he will be going all-out to engineer a full-scale confrontation over the NUM's 1982 pay claim this autumn/winter. It is essential that we frustrate this by consolidating the ground we have just won. Defeat by Scargill this coming winter would not only be very damaging politically; it would also make the coal industry virtually unmanageable for some time to come. By contrast, the political gain from inflicting a second defeat on Scargill would be of the first importance to the Government at a crucial stage in its life.

The only way to defeat Scargill in the next round is the way that proved successful this time: to create the conditions in which a majority of the miners themselves refuse to follow him in a pithead ballot. We must ensure, in other words, that the present majority for moderation within the NUM membership remains in existence. We also need to do what we can to strengthen the moderates within the NUM Executive.

It is in this context that the Coal Board's application to mine the Vale of Belvoir is of critical importance. Indeed, this was to some extent foreseen in the last year's CPRS/John Hoskyns report on the NUM/NCB problem which you commissioned and which laid particular emphasis on the wider significance of the Belvoir decision.

The essence of the moderates' case, as contained in Gormley's celebrated Daily Express article, is that the miners are doing well and will continue to do well provided they do not rock the boat. A strike (or indeed excessive pay settlements) would pre-empt the funds for investment on which the industry's future depends. And the miners have no quarrel with the present Government.

By contrast, the essence of Scargill's case is that moderation will get the miners nowhere, and that the present Government is their sworn enemy.

The event which more than anything else will determine in the eyes of the miners which of these two arguments is correct, will be Michael Heseltine's decision over the Belvoir application. If, despite the outstanding merits of the case (in the eyes at any rate of both the NCB and the NUM), merits which the planning inspector has endorsed, the Government were to turn Belvoir down, this would be the clearest possible demonstration to the NUM that Scargill was right and Gormley wrong. So far from safeguarding their future investment by not striking in January/February 1982, they would have lost it because the Government had deliberately chosen to kick them in the teeth. As a result, a bitter confrontation (probably over pay) and indeed a miners' strike during the winter of 1982/83 would be a near certainty. Not only that: the moderate miners' leaders would be discredited and the battle would be fought by an embittered membership united behind Arthur Scargill.

The importance of the Belvoir decision is further magnified by the political geography of coal mining in Britain. Analysis of the January 1982 ballot, for example, shows that the miners of Scotland, of Wales and of the North of England all voted by a majority against the pay offer and in favour of a possible strike. It was only because the miners of the Midlands voted by an overwhelming majority (some 72 per cent) in favour of the offer and against a strike that the overall result went the right way (see Annex for figures). The Midland miners are traditionally the most moderate: if they were to become radicalised (or 'Scargillised') all would be lost. Indeed, part of any strategy for coal must be to maintain and, if possible, to increase their relative importance in the overall picture, by ensuring that the necessary run down of the industry occurs less rapidly there than elsewhere.

And it is, of course, amongst the Midland miners that the issue of Belvoir is most prominent. As you know, the new coalfield is essentially an extension of the Nottinghamshire coalfield southward into North-East Leicestershire. As such, it is not far from the Leicestershire coalfield which lies in the North-West of the county (in Adam Butler's constituency). These are both crucial centres of moderation at present. Nottinghamshire is much more important numerically, while Leicestershire is the more robust (at the recent NUM special delegate conference which voted by 109-3 to reject Joe Gormley's advice and seek authority for a strike via a pithead ballot, the three lone dissenters were the three delegates from Leicestershire). With the prospect of a very substantial decline in jobs in mining in the existing Midlands coalfields over the rest of this century, most importantly because of the impending exhaustion of the profitable Leicestershire coalfield\*, both the regional Union leaders and their men look to Belvoir as an essential source of replacement jobs. By the same token, its rejection would be seen as dealing a savage blow in particular to the only region of the NUM where moderation has hitherto held undisputed sway. Nothing could better suit Arthur Scargill's book.

#### The Local Dimension

Against this, however, has to be set the local political impact of the decision, whichever way it goes. I have little first-hand knowledge of the balance of views in either Nottinghamshire or Lincolnshire. But as a Leicestershire member myself, I know the feeling in that county pretty well - and it is of course in Leicestershire that the Belvoir decision will have the biggest political impact. My assessment of that impact and of the present state of feeling in the county is as follows.

Belvoir is undoubtedly the biggest local issue in Leicestershire. The only constituency where opposition to mining the Vale still runs strongly is Michael Latham's Melton, where all three proposed pits are situated. At the other end of the spectrum, feeling in Adam Butler's Bosworth, where the existing Leicestershire coalfield is to be found, is emphatically in

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\*The entire coalfield is due to be closed by 1989/90, with the loss of some 3,000 jobs. Closures of roughly the same order are also scheduled for the very much larger Nottinghamshire coalfield.

favour of the project - even among our own supporters. But despite these local variations it is still possible to talk sensibly of public opinion in the county as a whole.

At the time of the inquiry, there was undoubtedly a majority who wished to see the Coal Board's application rejected, and a considerable strength of feeling on the issue. Over the two years since then, however, there has been a marked change. In particular, the intensity of feeling on the issue has now - with the exception of a small minority - greatly diminished. I attribute this to two main factors. First, there was a well-organised campaign which, quite simply, peaked too soon. Second, and more fundamentally, the past two years have seen mounting concern over unemployment in the area. Feeling over this is now running every bit as high as feeling over the environmental issue: this was emphatically not the case at the time of the 1979/80 inquiry.

I conclude that, in today's conditions, the Government could uphold the inspector's recommendation without risk of a severe political backlash. There would be some political price to pay in the Melton division, but it would be easily containable.

Indeed there would in my judgement actually be a net electoral cost at the local level, as well as the national, if the inspector's recommendation were to be rejected in its entirety. Of the three new pits the Coal Board has applied for, only one, Hose, is in the Vale of Belvoir itself. It is on Hose that 90 per cent of the environmental objections have concentrated. To refuse permission for Hose would undoubtedly be politically popular locally. But to refuse all three pits would be regarded, even in Leicestershire, as an astonishing decision. It would inevitably be interpreted as - to put it mildly - remarkable evidence of ducal power (and I write as a friend of Charles Rutland), and it would greatly alienate the floating Leicestershire voter. I have no doubt that a decision of this kind would actually lose more votes than it gained.

### Conclusion

If we had to choose between the national and the local considerations, I have no doubt that - in political and electoral terms - it is the national dimension which is by far the more important. Fortunately, however, there are a number of intermediate positions between what the inspector has recommended (which itself is less than the Coal Board asked for) at one extreme and turning down the whole application at the other, which offer the prospect of achieving our objectives at both levels. To be precise, we could:

- (a) authorise Saltby (with remote tipping), and Asfordby but restrict Hose to a satellite mine only (ie one restricted to men and ventilation except in an emergency - neither coal nor dirt would be produced from it);
- (b) authorise Saltby (with remote tipping) and Asfordby while rejecting Hose completely;
- (c) authorise Asfordby and reject both Hose and Saltby.

While option (a) makes most economic sense, I accept that you may feel that it is not one we can now follow. It is, however, worth noting that a satellite mine at Hose would only take up well under half the area affected by the inspector's proposal and thus greatly reduce the environmental impact. As for option (b), the environmental and local political case for rejecting Hose altogether is an attractive one. As I pointed out above, 90 per cent of the local objections concern Hose, and this was fully reflected in the weight of environmental evidence at the inquiry. Hose is the only one of the three proposed mines that is situated in the Vale itself. The political and environmental factors relating to Asfordby and Saltby are of a totally different order of magnitude to Hose. Both sites are situated well away from the Vale. Virtually no-one in Leicestershire is really worried about Asfordby, which is in a small valley close to a disused ironworks which is much more of an eyesore than the proposed NCB buildings. It is interesting that Michael Latham's evidence to the inquiry, so far as environmental considerations were concerned, scarcely mentioned Asfordby. Saltby, too, is a pretty bleak site, set on a disused airfield on a plateau.

Option (c) - a decision to go ahead with Asfordby alone - would be interpreted in Leicestershire as 'a victory for the Duke'. It would also, of course, by much the same token run almost as many risks at the national level as rejection of all three pits and threaten

one of our major political objectives, ie to keep the moderate Midlands miners moderate. Acceptance of Asfordby alone would certainly be welcomed in the Melton constituency, but taking Leicestershire as a whole there would be relatively little to choose between this and acceptance of Asfordby and Saltby (with remote tipping) which would be seen as a reasonable and sensible compromise and a clear victory for neither side. From the point of view of the national political dimension, however, acceptance of both Asfordby and Saltby, <sup>the</sup> neither of which is sited in the Vale itself, would be very much/less dangerous of the two. I believe we should settle for this option, namely Saltby (with remote tipping) and Asfordby. It would enable us to say with absolute truth that there will be no mine in the Vale of Belvoir.

I have given an analysis of the Leicestershire dimension partly because as a Leicestershire member I am familiar with it and partly because it obviously is something that has to be considered. But I have no doubt that - in political and electoral terms - it is the national dimension which is by far the more important to us.

There is also another important facet to the national political dimension. Planning approval is one thing: investment approval is another. Both are essential if a project is to go ahead. If - as I think is politically wise - planning permission were to be granted, there would still be no need for the Government to give immediate investment approval. Indeed, it would be foolish to do so. For if we do not, what we then have is a very important card to play in our future relations with the industry. We would make it clear that investment approval - for each of the pits separately - would be conditional on the industry's performance. This linkage could be invaluable in the handling of relations with the miners - and the avoidance of a strike - between now and the election. By contrast, if planning permission is refused, this card is thrown away and there is no conceivable substitute.



I apologise for going on at such length, but this is one of the most important decisions we have to take in political and electoral terms during the remainder of this Parliament and it clearly has to be taken quite soon. I have little doubt that to refuse planning permission for Belvoir lock, stock and barrel, is the one certain way of enabling Scargill to snatch victory from the jaws of defeat. This must surely be the very opposite of what we wish to achieve. We have just won a great victory on the mining front. I hope we will not now throw it all away.

X.R.  
27<sup>th</sup> Jan<sup>y</sup> 1982

## ANNEX

BREAKDOWN OF 1982 MINERS' BALLOT

	<u>Votes Cast</u>	Majority for:	
		<u>Acceptance</u>	<u>Strike</u>
England: North	95,103		10,197
"    Midlands	46,495	20,341	
"    South	2,271		163
Scotland	15,496		3,268
Wales	20,584		1,136
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Total of Regions	179,949	5,577	-
Others*	24,672	16,090	
	<hr/>	<hr/>	<hr/>
Total	204,621	21,667	-

\*special categories, notably NCB officials and staff,  
who do not vote on a regional basis.