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Prime Minister

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Ca  
Duguid  
Verdear

The Chancellor  
did not  
raise this  
in E



This came in just before  
E. I thought the Chancellor  
would make the point in  
it. In the event, he did  
not; but he has asked  
me to show it you  
nowadays

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

PRIME MINISTER

R

12/5

~~Debate~~

~~Prime Minister~~

R

~~This has just  
come.~~

12/5

NCB FINANCES

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12/5

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In our discussion of NCB finances at E Committee tomorrow I hope that we can discuss further the case for mounting - not attributably - a major PR campaign on the costs imposed on the taxpayer by the coal industry. I understand that the No.10 Policy Unit are already considering such a campaign. Its aim would be to bring home to the British public that the inefficiencies of the NCB, together with the attitude of the miners to such questions as closing down the high cost uneconomic pits, despite the extremely generous redundancy benefits available, are imposing a real and growing burden on the economy. It is relevant here that the MMC concluded in their CEEB report that the denial of the CEEB's access to cheap imports, mainly as a result of Government policy, has had the effect of raising the Board's costs because of the extent to which it has had to use more expensive home produced coal. The Commission comment that barriers to imported coal could have even more important consequences in the future.

2. I certainly recognise that such a campaign would need careful handling if we are to avoid confrontation with the miners. But the NCB and the NUM will be able to continue to hold the nation to ransom unless the pressure of public opinion can be brought to bear upon the industry to modernise itself by phasing out the uneconomic capacity and by generally getting

/its costs down.



its costs down. A change of public attitude might also help create a better climate for moderation in miners' pay.

3. We clearly could not expect quick results from such a campaign since attitudes will take time to change. But unless we start now, the results will be even further delayed. A useful step in such a campaign would be to refer the NCB in the near future to the MMC. Their report ought to provide useful evidence for the campaign. Indeed, apart from any campaign, an MMC reference of the NCB would be a useful follow up to the CEEB reference in view of the Commission's comments in their latest report on costs imposed on the CEEB by the NCB.

4. I am sending a copy of this minute to David Howell and John Biffen. A copy also goes to Sir Robert Armstrong.

*G.H.*

(G.H.)

13 May 1981