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cc. A. Duguid.

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J. Verekas

PRIME MINISTER

NCB FINANCES

The Chancellor of the Exchequer sent me a copy of the minute which he addressed to you on 13 May.

I strongly agree with what he says about the need to bring home to the public generally and to the tax-payer the burden which supporting the coal industry places on the whole economy; we cannot hope to restore any sort of sense to the coal industry's affairs unless we first get public opinion on our side. I have already asked my officials to consider the sort of information which might be used for this purpose.

I also agree that any such campaign must be unattributable and must be handled in a way which will not increase the risks which we are already running of a collision with the mining unions. In particular, we shall need to give careful thought to the timing. The next Tripartite meeting will have to be held in June, and promises to be difficult. I should not wish to start such a campaign before it, and perhaps not before the NUM Conference, which is to be held in early July. Thereafter, the campaign should be handled so as to fit in with our strategy towards the next round of NUM wage negotiations.

The Chancellor also suggests that, as part of this campaign of public education, we should refer the NCB in the near future to the Monopolies and Mergers Commission. I should like to consider this suggestion further and certainly do not want to rule it out. I am sure, however, that we should consider it on its own merits and not attempt to see it as part of this campaign. Given the time which the Commission's inquiries will inevitably take (their recent report on the CEGB took about a year from start to publication) their report would not be available in time to help much in the sort of campaign which we have in mind. Further, such a reference could easily be construed as a hostile move against the coal industry rather than a neutral step, and its public presentation would need to be carefully considered in its own right.

I am sending a copy of this minute to the Chancellor of the Exchequer, the Secretary of State for Trade, and to Sir Robert Armstrong.

Secretary of State for Energy

J4
2

1 June 1981