



Prime Minister.

PRIME MINISTER

Seen by Sir [unclear]
[unclear]
[unclear]

D.S.T. Collins
Duty clerk
12/6/87.

NCB FINANCES

1. In order to minimise the risk of leaks, I decided to tell the National Coal Board of our decisions on their finances shortly before the Tripartite arranged for next Tuesday, 16 June. In Ezra's absence in Vienna, I saw Siddall and three others of full-time Members today.

2. I explained our decisions and made it clear that I should need to rely on the Board to help us put these decisions across at the Tripartite and to support us against any charge that the Government was failing to honour the commitments given in February or our general support for "Plan for Coal". I said that I would rather cancel the Tripartite, even at a late stage, than go into it if there was a rift between us which the unions could exploit.

3. The reaction of Siddall and his colleagues was straightforward. They understood the present state of the economy and the pressures on public expenditure. The figures however were extremely tight and keeping within them would be so difficult a task that they did not feel able to accept a final commitment to them until they had been discussed with the full Board. In order to fit in with our timetable, a special meeting has been arranged for Monday.

4. As for the Tripartite, Siddall and his colleagues understand the dangers of a rift between us and I rely upon them to stay beside us. They emphasized however that, without the greatest care in presentation, the Tripartite could go badly wrong and that, even after it was past, there would still be considerable risks. They were particularly concerned about the level capital investment, where expectations are high, and where a slowing down of new expenditure is likely to become visible during the year.



5. These reactions underline the anxieties which I have expressed to you before. As you know, I am concerned that our decisions may give the militants material which they could use to polarise opinion against us in the coalfields. You will remember the relatively small majorities against industrial action on the last two ballots over pay; swings of 1% and 6% would have been enough to swing the decision the other way. I believe that allegations of bad faith on our part or renegeing on our commitments would be most damaging and could well set the scene for a confrontation over pay later in the year.

6. I shall therefore seek to play the Tripartite on the lowest possible key. I shall seek to use it to show that we are maintaining effective discussions with both sides of the coal industry and that we are honouring our commitments. I shall not encourage further meetings but, if one is inevitable, I shall seek to secure a date as late in the year as possible.

7. The themes which I mean to develop in the Tripartite are the extent to which we are honouring our commitments, the economic pressures which we have to overcome in order to do so, and, for the longer term, the way in which Plan for Coal emphasizes not only the need to protect the coal industry from short-term market fluctuations, but also on the need for long-term decisions to be based on a sober view of demand and competitiveness. You may like to see the enclosed draft of an opening statement which my officials have prepared and which seems to me to be on the right lines although I shall want to do some work on it myself. If I can develop these lines now, they will be a useful base for a subsequent campaign to bring home to the public the true cost of supporting the present coal industry.

8. I am sending copies of this letter to the other members of E Committee, the Secretaries of State for Scotland and Wales, Sir Robert Armstrong and Mr Ibbs.

PP SECRETARY OF STATE FOR ENERGY
12 June 1981
(approved by the Secretary of State and signed in his absence)