

SECRET

3 August 1981
Policy Unit

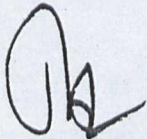
9

PRIME MINISTER

*Original returned to
John Hoskyns.*

POWER STATION FUEL STOCKS IN 1982

1. Your last meeting concluded that only limited measures should be taken to increase stocks for this winter (because of the risks of provocation), but that a very determined effort should be made to improve stocks for 1982.
2. David Howell's latest minute shows that:
 - (a) Increasing coal stocks for 1982 will be visible to the miners sooner or later. If we think it worthwhile in terms of deterrence - and we think it is - our only choice is about when our action becomes visible.
 - (b) There is a conflict between the desire to avoid anything that might be construed as provocation before November 1981 and building up maximum stocks for 1982. (Paragraph 4(i) of David Howell's note says that a decision to go ahead should be taken immediately for maximum effect.)
 - (c) Measures to increase endurance through building up oil stocks are both more expensive and more risky than coal stocks.
3. Our view is that we should suspend judgment on whether building up oil stocks is worthwhile until the spring. But planning should go ahead now on building up coal stocks for next year. We should try to keep these plans secret between now and November, but be ready to explain, if this leaks, that in a period of unprecedentedly high coal stocks, it makes sense for more of these stocks to be at the place of use. After November, there is no point in pretending that action to increase coal stocks can be concealed. Indeed, the deterrent value of higher stocks depends on visibility. The limited aim of the exercise would be to raise the proportion of rank and file NUM members who by November 1982 feel that a long strike would simply not be worthwhile.



JOHN HOSKYNS

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