

SECRET

12

SOLE COPY

Prime Minister <sup>(2)</sup>

This is the note John Redwood gave you on Monday. I don't think you had time to read it fully.

18 April 1984

PRIME MINISTER

AT 18/4

THE COAL INDUSTRY

The miners' executive have decided not to hold a national ballot.

The delegate conference which will now meet (made up of 2 delegates for 5,000 men) will have a more effectively organised Left-wing encouraged by the militants' victory in the NACODS vote and at the executive. They are likely to:

1. Reaffirm support for continuing the dispute on an area basis under Rule 41.
2. Call for intensification of picketing and wider support from other industries.
3. They may reduce the majority for a national strike in a ballot from 55 per cent to 50 per cent (on a two-thirds majority).
4. And then recommend a strike ballot which they would expect to win.

It is therefore possible that there will be an all-out national strike by the second half of May. Militants would then be released from picketing other pits and could begin to switch their attention to power stations and other major industrial users.

Miners in the militant areas of Yorkshire, Scotland and Kent may well be determined to stay out for the whole summer. They are using up savings and selling other assets. A solidarity fund has been opened, and according to the Morning Star in recent days, modest sums have been contributed by ASLEF, the AUEW, NALGO, SOGAT and others. Pickets receive a small subsistence allowance, but there is no strike pay.

#### Winning the Battle for Miners' Opinion

In the run-up to any possible ballot, the NCB has to show that:

1. The Government and Coal Board are being all too reasonable on funding the industry: pushing home the argument about the amount of investment and resources going into the coal industry.

MINAAL

SECRET



2. The NCB and Government do seek a prosperous coal industry, and are following the best course for preserving the most jobs in the long run.
3. It is unlikely that any miner will be made redundant compusorily, and the redundancy terms are more than generous. If Ian MacGregor believes redundancies can be avoided, he should stress this.
4. The earnings potential for miners under the existing pay system should be stressed.
5. Above all, the miners must be reminded that they can vote for a strike, but they have no right to vote to end one. The NCB should get across the point that once they have given Scargill his mandate, he will determine, with his Executive, the timing and duration of the strike, even when miners' money has run out and they are keen to return to work.

What has to be done to keep Public Opinion on Side?

It is equally vital to keep the public with the NCB during the strike. Prior to any ballot, Ian MacGregor should show that he is willing to talk. The public expect participants on both sides of a dispute to be reasonable, to show some modest flexibility, and to look as if they want to talk rather than do battle. Ian MacGregor should be available to discuss with Scargill. They could consider the distribution of the redundancy monies, and the chances of avoiding compulsory ones; the way in which alternative jobs are found for miners in other pits - notice periods, areas in which the jobs are available, etc; ways in which the NCB could help local authorities and others in attracting new industry into the affected areas (eg using NCB land for development); the future of the coal industry under Ian MacGregor's plan and marketing initiatives.

Ian MacGregor could not discuss the principle of closing pits that have outlived their useful life, or are nowhere near viable. He should stress he does not intend to climb down on this issue.

Throughout the dispute it will be important for the Coal Board constantly to remind the public of the fundamental reasonableness of all its positions, even though this may be a PR exercise rather than genuine negotiation.

MINAAL



SECRET

- 3 -

How can the Coal Board improve its chances of winning a long strike?

It is vital throughout the dispute that the Coal Board looks as if it means business. This means:

1. Publicising the high level of coal stocks to explain to miners and public that the Coal Board can run a strike for a long time.
2. *already done.* Increasing endurance. The oil-burn decision has already been taken. The CEGB burn should be organised to maximise endurance, and supplies brought through the Scottish link where this helps. Later it might be necessary to consider the private trucking of coal from pithead to power station, and to reconsider whether there are any ways around the National Union of Seamen's ban on coal importation: both these courses are inflammatory.
3. Legal action. If secondary picketing becomes a feature of the dispute - if a national strike has been called - then Ian MacGregor will have to return to the courts.
4. MISC 101 should always be conscious of the danger of precipitating sympathetic action in the electricity industry, and should keep itself well-informed about opinion within the electricity industry.
5. If it becomes a long acrimonious dispute, the thing that matters is how much cash the miners are receiving. MISC 101 will have to monitor support from other trade union funds to the miners.

Peter Walker's figures show that when maximum oil burn is achieved next week with no coal movement, power station stocks could last until the end of September, ie 26 weeks from the beginning of April. CEGB power stations received about 0.3mt of coal last week by both rail and road. Total movements were 0.5mt, the balance going to other customers. Slightly more than half the total was moved by rail.

If this level of coal movement is maintained, power station stocks could last until about the end of November.

Nevertheless, coal stocks at the power stations are steadily declining, even with the current movements of coal. The later the date of a national strike, the lower the number of weeks we could then subsequently hold out. For example, we estimate that if a strike began at the end of May, power station endurance would then be about 20 weeks, assuming current coal movement until then.

MINAAL

SECRET



SECRET

- 4 -

How could the Dispute end?

If it becomes a long acrimonious dispute where endurance matters, there will be a large price to pay. Ian MacGregor has started to explain to the miners what that price might include. It would include more closures of pits forced out of production by the lack of satisfactory maintenance. It would therefore include more redundancies, many of which would have to be compulsory. If the miners suffered a major defeat because the public stayed with the NCB, it might also include some restructuring of the industry with the extension of more private mines, and perhaps the sale of some open-cast sites. At the moment, 700,000 tons a year are produced from small privately-owned deep mines and 700,000 tons from privately-owned open-cast sites.

Throughout the dispute, preserving public opinion on the NCB side is vital and will not always be easy. The public could quite easily go soft if the dispute lengthens and begins to hurt them. They could begin to blame the Government. Cabinet colleagues should be well aware of this eventuality well in advance so that they are prepared for it. It will also be difficult to close pits scheduled for closure that have worked through the dispute.

Recommendations

It is recommended for immediate action that:

1. The NCB, or some independent intermediary, should be encouraged to undertake regular opinion surveys both of miners' opinion and of public opinion towards the dispute. As the whole strategy rests upon keeping the support of the public and the moderate miners, it is a matter of some urgency to have access to good quality information on what these groups are thinking.
2. MISC 101 looks further at some of the actions for increasing endurance mentioned above, in addition to increasing oil-burn.
3. The NCB be encouraged to continue making clear statements as often as possible to the miners in the run-up to any strike ballot, of the dangers of a long strike, of the determination of the Coal Board, the unreasonableness of Scargill's position, and the generosity of the coal policy.

MINAAL

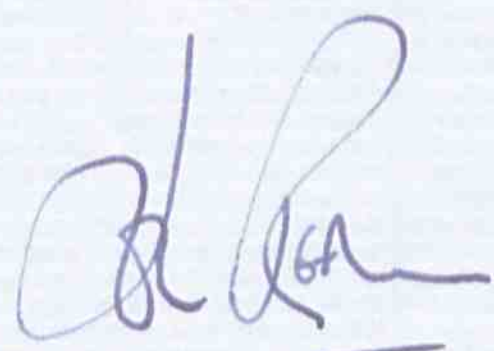
SECRET



SECRET

- 5 -

4. MISC 101 should satisfy itself that all of the current stocks of coal are usable (they weren't in 1974) and that they are correctly distributed so that all the power stations hold out for roughly the same length of time.
5. Industry may patchily run out of stocks. The CBI should monitor this and keep the Government discreetly informed. It could become a pressure point for an early and unfavourable settlement.



JOHN REDWOOD



DAVID PASCALL

MINAAL

SECRET