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MR. TURNBULL

Prime Minister

Relevant to next MISC 101 and to  
Thursday's meeting with PW and C/Ex

AT  
25/3

38A

The Coal Dispute

Endurance

CEGB coal stocks on 20 May were 17mt with a further 1.8mt in Scotland. The underlying trend of deliveries to power stations is now running between 0.3 - 0.5mt per week. With maximum oil burn this provides endurance until the end of the year. The overall picture on endurance is therefore encouraging.

Oil Burn

CEGB oil burn is now at a maximum, saving about 0.5 - 0.6mt of coal per week. This compares with coal burn last week of 0.75mt. Oil burn is therefore a vital part of our endurance strategy.

In terms of generating mix, oil is now contributing about 40% compared with a normal figure of 4% at this time of the year. Nuclear power is providing about 18% with the balance held by coal.

Although the situation in the Gulf remains fragile, we would not expect the closure of the Straits of Hormuz to jeopardise our oil burn policy. Continued supplies are likely to be a price rather than availability question and provided we are prepared to pay higher prices in the event of a major crisis in the Gulf, we should be able to continue with 100% oil burn.

Even if supplies were not available, UK stocks could meet CEGB demand for 20 weeks. There may be some problems

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in giving the CEGB priority on fuel oil stocks, particularly as they have only recently become a large purchaser. Nevertheless we would not expect this to present any major difficulties. If the situation did become critical, we could always take wide-ranging powers under the Energy Act 1976 to regulate supplies within the UK.

The CEGB have so far managed the increase in oil burn extremely efficiently. About half the fuel oil is supplied from UK refineries and about half purchased on the spot market.

### Imports

The CEGB is not importing any coal. They have made a strategic judgement that this would be counterproductive. Not only could coal imports provoke some of the moderate NUM areas, but more importantly could also jeopardise sea-borne oil supplies.

If imports were judged to be desirable at a later stage in the dispute, the Thameside power stations have the capacity to accept coal imports at an annual rate of 7mt, i.e. about 140,000 tonnes per week. This would add perhaps three to four weeks endurance.

Private coal imports to industry are increasing. The Trade Statistics indicate that imports probably more than doubled in April compared with normal levels.

### Opencast

Opencast production is proceeding normally in the public sector and is averaging about 0.3mt per week. Although figures on the movement of opencast coal are difficult to come by, a rough estimate indicates that at least a third of opencast production is being moved. This

corresponds to production in areas where deep mining is continuing. In addition there is some low profile movement in striking areas through local ingenuity.

Combined private opencast and private deep mine production is averaging about 100,000 tonnes per month.

### Public Presentation

Although Ian MacGregor is generally creating a purposeful and clear impression, we question whether the NCB are fully committed to the importance of skilful public relations.

The Board are not natural communicators. Professional advice is important as Michael Edwardes' use of professional public relations advisers while at British Leyland showed. The NCB have to reach two distinct audiences - public opinion and the miners. We have the impression that they regard a clear statement of the case as sufficient. However it is precisely at this point in the dispute that the presentation of the NCB's case needs to be most skilfully managed.

### Public Opinion

We have obtained access on a strictly private and unattributable basis to the results of a national public opinion poll commissioned by a private interest. These show some sympathy with the miners' strike but strong opposition to the tactics being employed by Mr. Scargill. There is also a clear view that the NCB is likely to win and that most people wish this outcome. The results also show that there is a general feeling that the strike is not benefiting anybody and that the longer it continues the more jobs will be lost and the more damaged will be the coal industry. Ian MacGregor has also a significantly higher credibility than

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Arthur Scargill. There is also little support for sympathetic action by other groups of workers.

There is little public support for the use of troops and a majority against the use of civil proceedings. An overwhelming majority back the Board's case to close uneconomic pits and do not consider that Arthur Scargill will force the Board to abandon its plans. (See Attachment)

#### How will it end?

Although some cracks have appeared in the ranks of the NUM, there is no indication that the strike is likely to crumble in the foreseeable future. There is some gradual improvement in the number of miners at work and in the amount of coal moved, but the regional divisions remain as strong as ever. Miners' endurance is notoriously long (26 weeks in 1926 without social security) and should not be under-estimated.

On current form, there is no likelihood of a negotiated settlement. As long as Arthur Scargill insists on no pit closures, there is no basis for a settlement.

Nevertheless, the NCB should be alert to any possibilities for allowing the NUM Executive a face-saving way out. In this context, Arthur Scargill's apparent willingness to discuss, with no conditions or prior commitment on either side, the principles of the Plan for Coal in relation to the future for the industry is encouraging although, with a fanatic like Scargill, we cannot be sure it is not just a PR stunt. However, there does seem to be a significant change of emphasis on Mr. Scargill's part to emphasise that there can be no settlement unless the Board withdraw unilateral proposals for pit closures rather than to insist on this condition before talks can begin.

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It is also relevant that the Board were able to close a substantial number of pits in recent years without any major complaint from Scargill. In 1983/84 manpower reductions were 21500. 16 pits were closed and 8 merged. The present dispute was largely initiated by the high profile given to the target of 20,000 job losses and 20 pit closures. It may be possible to reduce this profile while still maintaining the Board's overall strategy. Even the Plan for Coal envisaged significant numbers of closures of which under half have been achieved.

So far we have been very successful in keeping the dispute at an industrial rather than a political level and this should be continued. This approach has made it difficult for Arthur Scargill to rally other unions. It has also had the extremely important advantage that we have been seen to be distanced from the dispute. This gives us the opportunity to adopt a higher profile later on if the need arises.

If the dispute does continue through the summer, we shall need to consider whether a change of strategy is required. Such a review should take place before the Government is seen to be in a weak position, i.e. before stocks are seen to be running out.

Given the duration of the dispute and the cost to our other policies, there should be no question of conceding the central objective of financial break even in the coal industry by 1987/88. Nevertheless, there are two approaches which could be considered in July:

- (1) A tougher approach could have the twin benefits of confirming to moderate mining opinion that the Government is determined to win and could ensure that we obtain maximum advantage from the dispute.

Tougher measures could include the withdrawal of management/union maintenance and safety cover in loss-making pits. Options to improve endurance could include transporting coal from the pits and opencast mines to the power stations and increasing imports.

(2) A conciliatory approach on the other hand could encourage moderate miners to return to work and accelerate a split of the NUM. Such measures as the phasing of closures and enhanced pit review procedures may well be discussed in the near future anyway. Other possibilities for the late summer which would not prejudice the overall strategy could include an improved productivity deal and perhaps a guarantee of no compulsory redundancies in the industry either this year or for a limited time. This would be a risky approach as it could force some increase in the already extremely attractive terms of the miners' redundancy scheme. However, this could be linked to the current discussions of an NCB/ MSC new jobs/training scheme for closure areas and could be a price worth paying in order to meet our ultimate objectives.

### Conclusion

Although it is always possible that the strike will crumble, we consider that it is likely to last for some time to come. The current policy of maximising power station endurance and giving no real concessions to the NUM should be continued.

We shall need to reconsider our strategy in the late summer before we are seen to be in a position of approaching

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weakness. Either a tougher or a more conciliatory approach could offer prospects for encouraging the end of the strike, while ensuring that the NCB's overall objectives for financial break even by 1987-88 are still achieved. Before this was considered, the Government would need private access to opinion research about the state of miners' attitudes.

In the meantime both the Government and the NCB should stand firm while remaining alert to the possibilities for giving the NUM Executive some face-saving way out.

DLP.

David Pascall

25 May 1984

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ATTACHMENT

The enclosed results from a national public opinion poll were passed to the Policy Unit via Sir Keith Joseph on a strictly private and unattributable basis.

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GENERAL PUBLIC: NATIONAL SAMPLE

17. How much in sympathy are you with the miners who are on strike? Would you say you are ..... (READ OUT)

ALL.  
%  
13  
31  
11  
18  
26  
1

- Completely in sympathy
- In sympathy to some extent
- Neither for nor against them
- Opposed to the miners on strike to some extent
- Completely opposed to the miners
- Don't know

18a. Mr Scargill and his colleagues are using mass pickets to try to persuade those miners still working to join the strike. How strongly do you approve or disapprove of these methods?

- Strongly approve
- Approve to some extent
- Disapprove to some extent
- Strongly disapprove
- Don't know

8  
14  
20  
58  
\*

18b. Do you think the miners are within their rights in trying to bring other miners out by mass picketing tactics?

- Are
- Are not
- Don't know

22  
73  
5

19. Who do you think is going to win the miners strike - Mr Scargill and the NUM leadership or the National Coal Board and the Government?

- Scargill
- NCB
- Don't know/neither

12  
51  
37

20. Which of them do you want to win?

- Scargill
- NCB
- Don't know/neither

24  
52  
24

21. Looking at this card which of these statements is nearest to your own view?

In the end the Coal Board will win because they hold most of the cards and miners will not be able to afford to stay out for months.

25

In the end the miners will win because they have a just cause and whatever it costs they will hold out until the Coal Board gives in.

12

Nobody will win. The longer the strike goes on the more jobs will be lost and the more damaged will be the coal industry.

60

don't know

3

There are so many statements being made on television and in the newspapers by Arthur Scargill and Ian MacGregor, Chairman of the Coal Board that many people are confused.

Which of them, Arthur Scargill or Ian MacGregor would you say is speaking most of the truth?

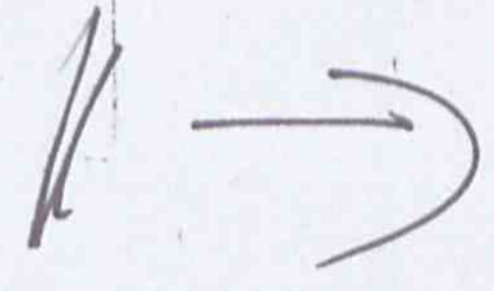
Arthur Scargill  
 Ian MacGregor  
 Neither is speaking the truth  
 Don't know

16  
 38  
 27  
 19

Q25b. Thinking of these groups again would you say whether, in your opinion, each of these groups of workers should or should not support the miners strike?

READ OUT

	Should	Should not	Don't know	%
<del>The dockers</del>				
<input checked="" type="radio"/> Steel workers	24	67	9	%
<input checked="" type="radio"/> Railwaymen	25	66	9	%
<del>Electricity supply workers</del>				



Q2. There are various things which could be done to stop the coal blockade of steel works and power stations. So far they have not been tried because of the fear of inflaming the strike, angering other unions and perhaps turning the dispute into a General Strike. Keeping that danger in mind do you think it would be wise or unwise to try the following:

READ OUT

	Wise	Unwise	Don't know
The Government to bring in troops, to see the coal moved to the steelworks in serious danger, and to electricity power stations threatened with shutdown, due to lack of coal	23	71	6
British Steel Corporation to seek a court injunction against the NUM and the rail unions and possibly get very heavy damages from the union	39	46	15
<del>The Central Electricity Board to seek a court injunction against the NUM and the rail unions to ensure that coal continues to reach power station</del>			
<del>British Rail to seek a court injunction against the rail unions and some railway workers who are badly damaging their business by paralysing the movement of coal trains</del>			

Q3. The Coal Board is currently producing about 4 million tons of coal a year for which there is no market. They are planning to remedy this by closing about 20 uneconomic high cost pits and getting rid of 20,000 jobs by voluntary redundancy. Do you think this is sensible or do you think they should keep the collieries open and let the taxpayer subsidise the losses involved?

Sensible to close uneconomic pits

Not sensible, should keep pits open and taxpayer subsidise

Don't know

73  
 17  
 10

Mr Scargill says that the miners strike will force the Coal Board to abandon its plan and not have any pit closures. Do you think he will or will not succeed in forcing the Coal Board to abandon its plan?

Will  
Will not  
Don't know

%  
14  
70  
16