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Seen by the Prime Minister  
25.3.67

PRIME MINISTER

cc: Mr. Wolfson  
Mr. Hoskyns  
Mr. Vereker

COAL DISPUTE

Sir Donald Maitland rang me at lunchtime to report on the outcome of today's tripartite meeting. A telegram containing a full account of the discussion will be waiting for us when we get to Washington.

The atmosphere at the meeting was calm and non-polemical and the discussion was constructive. Nonetheless, in Sir Donald Maitland's view, the situation, though under control for the moment, remains tense. The NUM pressed for rapid progress, and it was agreed that the next tripartite meeting should be on 11 March.

Mr. Gormley produced a long shopping list of subjects for discussion but this contained no surprises. On the closure programme and on imports Mr. Howell said that he would apply the undertakings he had given last week but he went no further today than he had done then. In particular, he did not mention any sums of money on either score; and nor did anybody else. On imports Sir Derek Ezra said that a reduction of three million tons a year might be possible, but he was still in negotiation with the CEGB on this and had no idea when such a reduction might be achieved.

Mr. Howell rejected two items in the NUM's shopping list - a proposal for cheap coal for pensioners and a smokeless fuel scheme.

Sir Donald Maitland said that the key subject in the NUM's list was undoubtedly redundancy payments. Mr. Howell made it clear that he was ready in principle to see the redundancy terms enhanced but, again, he did not put any figures on the improvement. Sir Donald Maitland believes that if we can move quickly

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on this - and by that he means be in a position to put something to the NUM and the NCB early next week - it will help to get things moving on closures (on which the NCB and NUM have agreed that the accelerated plan should be withdrawn and that the original procedure should be reintroduced). Without early progress on redundancy payments he believes it <sup>will</sup> ~~would~~ be difficult to sustain the degree of control of the situation which the Government now has and in particular to keep Mr. Gormley's position intact.

Sir Donald Maitland said that Mr. Howell would be minuting his colleagues later today about the next steps. But there will be a sting in the tail: Sir Derek Ezra has warned Mr. Howell that because of the collapse of the coal market, there are likely to be massive breaches in the EFLs for 1980/81 and for 1981/82, in addition to whatever has to be added to them as a result of the outcome of the closures dispute.

fuw.

25 February 1981

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