

J. H. H. H.

PRIME MINISTER

COAL

Now that Tuesday's tripartite is over without explosion - despite some potentially dangerous rumblings from McGahey - the time has come to organise and plan carefully our objectives in handling the coal industry over the next four months.

Our aim must be to get a very low November pay settlement. This will be decisive in setting the tone for the whole pay round, so the prize is big.

The question immediately arises as to whether we are prepared to see a strike purely on pay. Our answer to this question must condition our actions from now on (the NUM conference, before which it would be unwise to move visibly, is 6 - 9 July. We should be clear about our intentions before then).

Our eventual confrontation with mining monopoly union power must be one that we will win. We will win if we have prepared properly. It may be that it would be better to fight on an issue such as the rational reorganisation of the industry than on the sole issue of pay.

However, if the answer to the key question above is that we are prepared to risk industrial action, and we should be quite clear in our minds in reaching this view, then a number of further issues arise:

- (i) How visibly do we prepare, bearing in mind that the greater the visibility the higher the risks of encouraging militancy? So far we have decided to increase power station endurance from 7-7½ to



9-9½ weeks. I have proposed that this be done by a low profile shift of extra stocks to power stations plus additional stock build resulting from below forecast demand, plus the possibility of raising oil burn fast, when and if the crisis comes, (plus organising sufficient ancillary material stocks). This would push potential endurance to 10 weeks. We could get another week's endurance by shifting up to two more million tonnes before autumn, but the logistics become more uncertain and costly and there would be much more public evidence of what we were up to. I understand you want to discuss this at a meeting on Friday.

- (ii) How do we best mount our campaign of public persuasion designed to put us in the strongest, and the miners in the weakest position when it comes to a pay battle? This should probably start directly the NUM conference is out of the way.
- (iii) What moves, if any, is it worth making between now and the pay negotiations to keep the temperature down so as to strengthen further Gormley's position and to frustrate Scargill? I doubt whether we will stop the Scargill succession but if we show ourselves publicly ready to take on the miners that will put him right in the driving seat.

I know that MISC 57 is examining how to withstand a coal strike and that the Civil Contingencies Unit planning for emergency is at the ready. And the CPRS are studying the wider impact of the coal miners' power on the basis of John Hoskyn's recent paper. There is also the longer term strategy for handling the coal industry, on which work is now in hand.



But meanwhile I believe it is essential for colleagues now to decide - in the light of the studies now in hand - whether or not we can now contemplate a miners strike - and, if so, to proceed with ~~the~~ most thorough planning and campaigning accordingly.

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I hope this minute may/provide a framework for our discussion on Friday.

Secretary of State for Energy

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