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COAL

For the best of Cabinet Office reasons I do not normally venture into the substance, as opposed to the handling, of policy issues. But I have some, if rather dated, experience of the coal industry which prompts the following thoughts.

2. If the miners are hellbent on a strike - as they appear to be - they are pursuing the wrong issue at the wrong time. It has always been on the cards that the present Government would not get through its term without one stand-up confrontation with the miners. But all rational expectation has been that the issue would be pay and the timing geared to the next election, ie a blow-up in the winter of 1982 or 1983. Although there were other factors at work the progressive creep-back of the mineworkers' pay settlement date to November (from March where it was two years ago) could be seen as part of the preparation for this. A coal strike in November - preceded by go-slows to pull down the level of stocks - is the best time for the NUM. Governments face the worry of getting through a long winter with diminished stocks, old ladies risk dying of cold, and the rest of it. A strike in March on the other hand comes as the better weather approaches, demand is falling, and this year coal stocks are very high.

3. Of course there are the added complications in the shape of the NUM's need to find a successor to Joe Gormley - in about a year's time - and the tide of frustration in the trade union movement at this Government's apparent imperviousness to traditional pressures. Moreover, the slump by filling the coal stocking yards to capacity - at enormous expense - coupled with tight control of cash for the NCB has forced the latter's hands on pit closures to

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an extent which would have previously been regarded as unthinkable. (For years received wisdom in the NCB - and Department of Energy - has been that closures happen best by stealth and that NUM acquiescence was to be obtained by avoiding rude words in front of the children. The NCB's present actions are a vast departure from precedent.)

4. In short the timing is off both in terms of the period of the year and the stage reached in the life of the Government.

5. As to the issue, closures, despite the emotion - synthetic or otherwise - which they can arouse, are a poor cause to fight for especially when the facts are on the table. It is one thing to say to the troops "Fight, and anything you lose in the short run you'll more than make up in the long". It is quite another to say "Fight, and accept the loss of pay, in order to prevent some other miner in some other pit getting his redundancy money". Miners can be altruistic but losing over £100 a week for no personal gain pushes altruism a bit far.

6. Again the pits to be fought over have, so far as I know, no real future anyway. The issue is not whether they close at all but whether they close now or in a few years' time. The NUM argument that the proposals threaten the long-term future of the industry stands reality on its head. It is the losses of the marginal pits which threaten investment (the Economist puts the losses due to the marginal 10 per cent capacity at £200m a year).

7. Of course the NUM will say that the closures are only the tip of the iceberg and will revive the spectre of 1967. They will also say that the British coal industry enjoys the smallest subsidies of any in Western Europe and if only the Government would pay up, miners' jobs could go on forever. But this argument, too, will not wash. It is perfectly true that Western European coal industries - and notably the German industry - receive very much higher subsidies than does the NCB. But these subsidies reflect real differences in costs (for example social security costs, which in this country are borne largely by the State, are borne in most European countries by the industries themselves) and, if memory serves, the post-subsidy cost of coal throughout Europe, including the UK, is much of a muchness and roughly equates to the cost of imported coal away from the ports.

8. It is a pity that Mr Howell has been manoeuvred into taking part in

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tripartite talks with both sides of the coal industry next week, though given that he was not ready in time with proposals for better redundancy pay etc, perhaps inevitable. The risk is that - given the identity of interest between the NCB and the NUM - the Government will be put straight in the firing line and the whole operation politicised. On the other hand the meeting will enable Mr Howell to spell out the facts of life - and if a later concession on redundancy pay, social costs etc looks like a retreat by Government, it will at least provide a face-saving way out for the NUM.

9. In short, if there has to be blood-letting in the mining industry the present timing and issue are the best the Government could have hoped for. Indeed if - which I don't believe for one moment - the whole thing had been stage-managed by the NCB, Machiavelli would have been proud of them!



P Le CHEMINANT

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