

Ref: A04308

PRIME MINISTER

Coal  
(E(81) 24: E(81) 21 is also relevant)

## BACKGROUND

The background is familiar to you and I need not rehearse it. The immediate points are what to do next and when to do it. The Secretary of State for Energy's new paper (E(81) 24) represents an extensive and expensive shopping-list. In normal circumstances colleagues would want reasonable time to consider the proposals and can be expected, in any case, to be resistant - unless good cause can be shown - to being bounced by what is inevitably a very late paper.

2. I would suggest therefore that the first question to be settled on Monday is just what Mr Howell needs to say on Wednesday - and indeed whether he needs to say anything substantive at all beyond vague expressions of good will and a repetition of his earlier statement. It is relevant that Mr Howell's Private Secretary's letter to Mr Lankester on 18 February reporting this week's tripartite meeting quotes Mr Gormley as being anxious for next Wednesday's meeting to take place "even if there was by then little progress to report".

3. A lot will depend on how the situation in the coal-fields has developed by Monday morning. If the pressure is easing there would be a lot to be said for letting the dust settle before the Government comes forward with specific proposals. If the situation allows, and if your colleagues accept the view, there would also be a lot to be said for taking time to think of the tactical handling of the tripartite talks before rushing into Government announcements. The objective must be to put the NCB in a position to reach the best deal possible with the NUM on closures; and trying to set out all the goodies in the shop-window next Wednesday may not be the best way of proceeding.

4. And lying in the background are awkward questions, not simply of how much money should be spent, but of how much of the money might be raised by the industry, eg through prices. These need thought and should not be rushed. In this connection it is worth noting that the Secretary of State's earlier paper (E(81) 21: Appendix, paragraph 14) recommended against further price increases, but in the new situation such a view may need to be changed.

## HANDLING

5. You will want to ask the Secretary of State for Energy to introduce his paper and to report on any late developments. You might then suggest that the immediate question is what, if anything, needs to be said, or promised, at the tripartite meeting on Wednesday. If the view is that no new commitments need to be entered into then, you could properly suggest that consideration of Mr Howell's specific proposals in paragraph 11 of E(81) 24 should be discussed on a 'Second Reading' basis. They could then be picked up again for final decision, say next week after your return from the United States - with the benefit of considered reactions from the Chancellor and the CPRS. You might also invite the Committee to spend some moments on considering the tactics and timing in the next stages of this operation and perhaps commission a further paper on this aspect.

6. If on the other hand your colleagues feel that further promises should be made on Wednesday, they will need to decide on the minimum necessary for this purpose. Even if the whole business has to be rushed, not all the elements need go at the same speed.

## CONCLUSIONS

7. These will necessarily follow from the discussion but should I suggest cover -
- (i) What, if anything, new needs to be said on the Government's behalf on Wednesday?
  - (ii) How and at what speed should Mr Howell's specific proposals be processed through to a decision - and in particular can a substantive discussion wait until next week? If so, you might invite the Chancellor of the Exchequer and the CPRS to put in papers commenting on the proposals.



(iii) How and when can questions of tactics, as opposed to substance, be decided? Mr Howell could for example be asked to consult the NCB and let the Committee have a considered view of the best game plan to be adopted over the next days, weeks or months (whichever timescale proves to be the right one).

ROBERT ARMSTRONG

*(approved by Sir R Armstrong  
and signed on his behalf.)*

20 February 1981