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SUBJECT



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10 DOWNING STREET

cc. Minister sec.

cc. B. Ingham

J. Hoskyns

From the Private Secretary

5 August 1981

Dear Tuhai.

The meeting which the Prime Minister chaired yesterday afternoon considered briefly the CPRS report on the NCB/NUM problem, circulated by Robin Ibbs under cover of his minute of 31 July to the Prime Minister. I am writing to you separately about this because the CPRS report has not been circulated to some of the other Departments which have been involved in the work on how to raise power station endurance in the event of a miners' strike.

Mr. Ibbs said that the CPRS report first attempted to analyse the nature of the NCB/NUM problem. This was essentially the fact that the NUM were so strong that it was difficult to prevent high pay settlements, and as a consequence, they were able to extract ever increasing resources for their industry; and this had damaging effects on the Government's economic strategy generally. The report went on to consider the possible ways in which the Government could hope to shift the balance of power away from the miners under two broad headings - how to reduce the power of the NUM and how to make them more reluctant to use their power. Unfortunately, the CPRS had not been able to find solutions which would improve the balance of power significantly in the near future. He was personally disappointed that this was the case, but it showed how difficult the problem was. On the other hand, he did not wish Ministers to be discouraged. There were many unknowns, and there would be opportunities for tilting the balance against the miners; it was essential that every opportunity should be taken up as and when it appeared.

The most important conclusions of the report were as follows. First, it was essential that the next Chairman of the NCB should be appointed as soon as possible, and that he should be the right man. A key problem in recent years had been the weakness of management, and the failure to give it a clear set of objectives. This must now be corrected. As between someone with industrial or political experience, the CPRS believed that the Government should opt for the former. What the industry needed above all was someone with business experience. It was true that Lord Robens, a former politician, had been a success; but he had in fact shown extraordinary management talents. Second, a policy of continued modernisation, as opposed to retrenchment, was necessary if the new Chairman was to have any chance of success. But new investment in the industry would have to be related to improved efficiency.

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Third, the current differences of view about a public opinion campaign should be quickly resolved. The CPRS view was that a low-key approach was probably right for the moment; but the Government and NCB must be prepared to mount a higher profile campaign with an agreed set of hard facts if the NUM decided to take the Government on. Fourth, renewed efforts should be made to push ahead with the nuclear programme so as to reduce the country's dependence on coal.

In discussion, Mr. Howell said that he would be minuting the Prime Minister next week on the public opinion campaign: officials now seemed to be agreed on its approach, and that it should be low-key at least up to the NCB/NUM negotiations. More generally, it was essential that the public should be weaned away from siding with the miners. The Chancellor added that this could be done by bringing out the industry's poor productivity and high pay performance over the past decade. The new NCB Chairman would have an important role to play in getting over these facts and in getting public opinion more on the Government's side.

Summing up, the Prime Minister said that they were agreed that the disagreement about the public opinion campaign should be resolved quickly. They were also agreed that a new Chairman should be sought and appointed as soon as possible, and that he should probably be an industrialist. The CPRS' other recommendations were mainly of a longer term nature. Ministers would bear them in mind in their continued consideration of the problems relating to the coal industry.

I am sending numbered copies of this letter to John Wiggins (HM Treasury), Richard Dykes (Department of Employment), David Wright (Cabinet Office) and Gerry Spence (Central Policy Review Staff). Copies should be seen on a need to know basis only.

*mm.*  
*Tim Lamm.*

Julian West, Esq.,  
Department of Energy.

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