



10 DOWNING STREET

Prime Minister (2)

I have asked Dept of Energy
to provide a zitre for
the weekend base on

(i) the industrial relations
scene

(ii) action being taken in
Whitehall to activate
contingency planning

These are intended to be
factual reports. Mr Walker
is in America. He will give
you policy advice early
next week. Mr MacGregor
is coming to see you on
Wednesday. The first
 $\frac{1}{4}$ hour will be on the Channel
crossing; the rest of the
meeting which Mr Walker
will attend, will be on coal
questions.

AT 7/3

MR TURNBULL7 March 1984COAL

The temperature is rising in the coalfields for a number of reasons:

- the overtime ban is not achieving its objectives and is penalising the miners
- the NCB are refusing to negotiate on the proposed 5.2% wage increase
- Ian MacGregor announced yesterday that 4 million tonnes of capacity and 20,000 jobs will go next year.

As a result, there is a strong possibility that the Scottish and Yorkshire miners could be on strike by the weekend.

Although the situation is potentially worrying, we do not think that the Prime Minister should be unduly alarmed at this stage.

Ian MacGregor appears well on course for achieving the required capacity and manpower reductions. The Select Committee have recently drawn attention to the worsening of the NCB's P&L position caused by the overtime ban and subsidence claims. This emphasises that we should not let up in our policy and is helpful in publicising the NCB's financial plight.

ie in time to influence tomorrow's meeting of the NUM.

The Government have laid an order today to implement the redundancy terms for the under 50s which Ministers agreed in January. This should play an important role in meeting the Board's objectives without the need for compulsory redundancies.

The Yorkshire and Scottish areas could go on strike with executive approval under the authority of the 1981 ballots. However, a national strike could not take place without a national ballot and there has been no talk of this so far. The indications are that the union wish to avoid the test of a national ballot which they are not confident they could win. It is likely that their preferred strategy will be to encourage local action.

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If the immediate situation is resolved without a national strike, the implications of a prolonged overtime ban will become more serious. If the ban lasts beyond April stocks will fall below 6 months endurance. If the overtime ban continues until October stocks will be down to 3 months. In these circumstances we shall need to consider whether any additional measures should be taken to alleviate the potentially worrying stock position in the Autumn.

Conclusion

In current circumstances, we should continue to back Ian MacGregor's judgement and to distance the commercial actions of the Board as far as possible from the Government.

If the immediate problem is resolved and the overtime ban continues, we shall need to review the situation.

DLP.

DAVID PASCALL

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