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PRIME MINISTER

Coal Dispute

You are seeing the Secretary of State for Energy and Mr MacGregor tomorrow evening. It may therefore be helpful to you to have this report of what emerged from their talk this morning, at which I was present. We examined the contribution which each of the following elements might make to bringing the dispute to an end:

- the drift back to work
- the NUM Annual Delegate Conference on 11/12 July
- the moves for a breakaway union
- the closure of pits for geological reasons
- going ahead with planned closures by accepting applications for redundancy
- NCB/NUM talks
- endurance.

Drift back to work

2. It is hoped that the letters from colliery managers and new, more effective, press advertising this week will help to reinforce pressures for a return to work. Protection from intimidation is the main contribution which the Government can make. Mr MacGregor said that he was not satisfied with the police effort in North Derbyshire which he attributed to long standing difficulties with the left wing police authority resulting in the recent suspension of the Chief Constable. The Secretary of State for Energy is contacting the Home Secretary to see whether the police effort in that area can be made more effective. In general however the problem is that no consistent pattern of a drift back to work can be established until the holiday season comes to an

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end at the end of August. Nothing Mr MacGregor said gave grounds for hope that any major acceleration in the pace of the return to work can realistically be expected over the next two months.

NUM Conference 11/12 July

3. Mr MacGregor did not expect that the NUM Annual Delegate Conference on 11/12 July would cause problems for Scargill. As at the Sheffield Conference which decided on the rule change about the ballot, the militants will be in control. He thought that there was just the possibility that Scargill might seek agreement at the Conference for a snap ballot. The most likely outcome would however be agreement on rule changes designed to reinforce Scargill's central authority and stifle dissent. It would be necessary to exploit this fully in the media in the hope of alienating Scargill further from the rank and file miners and from public sympathy generally. The NCB would also seek to counter the intimidatory effects of these changes by making it clear that there was no closed shop. The Conference does not however appear to provide the means of putting effective pressure on Scargill.

Moves for a breakaway union

4. Some moves are in progress to set up a breakaway union. The NCB's attitude is that it cannot be seen to be assisting or encouraging such moves and that its aim is to have a more democratic and responsible NUM. It does not look as if any significant pressure is likely to be exercised on Scargill from this direction over the next couple of months. Its main significance may be that, if talks were to start, it would put the NUM in the position of wanting something from the NCB. This would be marginally helpful.

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Closure of pits for geological reasons

5. Mr MacGregor said that 55 pits are requiring continual observation on geological grounds. There are already problems at one or two coal faces and these problems will increase as time goes on. There appears to be however no prospect that over the next month or two a complete pit will be closed down irrevocably on geological grounds. Even where major problems do arise, it will nearly always be possible for the NUM, who are well informed locally, to argue that production could be resumed if enough money was spent. It also appears that many of the pits where problems could arise are ones which the NCB would wish to keep open. It will thus continue to be possible to exploit the geological factor to some extent, but it does not appear to be as strong a card as we might have supposed.

Going ahead with closures by accepting redundancy applications

6. Although the total number of applications for redundancy is at least equal to the number of redundancies required for the planned closures, the match is not right. Many have skills which the NCB will wish to retain. Although there is a wide geographical spread, Mr MacGregor was not clear whether the applications were concentrated sufficiently in the areas of planned closures. There are also problems, of which the Energy Secretary is already aware, about adapting the regulations and mechanics of the redundancy scheme to fit the case of a miner who has been, and still is, on strike. Mr MacGregor will, as a result of this morning's meeting, be exploring whether, on the basis of the applications received, it would be feasible to close at least some pits. The advantage of doing so would be to demonstrate that the closure programme, which the dispute is all about, can be and is being achieved by consent and without hardship. The NUM would no doubt argue even so that the miners involved were traitors in selling the jobs of their grandchildren.

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They would also try to get some mileage out of the disregard existing consultative procedures. Mr MacGregor pointed out that, while ever there remains the prospect of a ballot, it would be undesirable to lose the votes of several thousand who might favour a return to work. He therefore sees substantial downside reasons and would be reluctant to do anything before the Conference on 11/12 July, even if this were practicable. We cannot take this idea further until we hear more from Mr MacGregor about whether in fact there are some pits which could be closed on the basis of the applications received.

NCB/NUM talks

7. The NCB's public position, which will be repeated again during energy questions in the House this afternoon, is that they are prepared to resume discussions on the basis of the Edinburgh meeting, ie before Scargill's revival at Rotherham of his pre-condition that the closure programme should be withdrawn. There is however no sign that Scargill genuinely wants to resume talks on this basis, despite the recent confusion about what Heathfield may or may not have said to the press. It is common ground that talks will not achieve a satisfactory result unless Scargill is persuaded that he is losing ground. The NCB must therefore tread the difficult path of being willing to resume talks, without actively seeking them.

Endurance

8. There was little discussion of endurance, since I shall be putting a report to you and a few other Ministers later this week. It is common ground however that, unless the NUM position is crumbling fast by the end of September, the prospect of winter will give Scargill a major psychological advantage. It will be vital to be able to demonstrate that endurance can be sustained beyond the winter. The report which I shall be letting you have later this week suggests that as a first step we ought to try to step up coal deliveries to power stations from the

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present average weekly level of some 420,000 by a further 150,000 so as to prolong endurance into March. The idea would be to try and do this by drawing on pithead stocks at working pits and working open-cast sites and by concentrating on deliveries to power stations away from the main strike bound areas. The hope would be to step up deliveries without giving Scargill and his friends in the rail and transport unions a new rallying point. Once that had been achieved we might try something more ambitious later. But it remains to be seen what we can get away with without putting in jeopardy the coal and oil deliveries which are so vital to our existing endurance plans.

Game plan

9. Where does all this leave us in terms of a game plan? In the immediate future the main trial of strength is at Llanwern and Ravenscraig. Victory there would be a major boost for Scargill; failure a substantial though not a decisive blow against him. We have not so far identified any initiative which could be taken over the next couple of months which could be relied on to bring the matter to a head in our favour.

10. It seems that over the next couple of months we may have little alternative but to pursue a three-pronged strategy along the following lines:

i. leaving no stone unturned in getting additional miners back to work even if the additional numbers from week to week are small and the position is confused by the holidays;

ii. continuing to try and retain the support of the general public by a position on talks which is seen to be reasonable, by drawing attention relentlessly to Scargill as an anti-democratic bully with ulterior motives, and by making it clear that the issues at stake are so vital that this is not the kind of dispute which can be settled by some easy concessions;

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iii. taking discreet steps to prolong endurance into 1985.

11. If by September this strategy is not producing good enough results, we shall then have to be ready to try some bolder moves, for example by going ahead with closures despite the downside risks and by attempting to get imported coal into the Thameside power stations. By then we may judge that we have less to lose. Going on to the offensive in that way may be the only means of gaining some leverage in talks. Civil action in the courts may also have a bigger part to play at that stage.

Handling of the meeting

12. When you see Mr MacGregor, I suggest that it would be very desirable to try and get him to do as much talking as possible at the beginning. As he is so laconic, it is all too easy to put words into his mouth and it would be much better for you to hear from him at the outset how he thinks the battle is going and how it can best be brought to a satisfactory conclusion.

PLG

P L GREGSON

2 July 1984

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