SECRET AND PERSONAL

Prime Minister

MCS 14/12

PRIME MINISTER

WITHSTANDING A COAL STRIKE

In his minute of 6 December, the Home Secretary suggested that I might offer my views on the issues revealed by the report of the Official Group on Coal (MISC 57) in advance of our meeting on 17 December.

2. We do not yet know how and when the current pay issue will be resolved. If we have to face industrial action this Winter there will be more immediate questions and any action to build endurance for the longer term will inevitably be postponed. If however a peaceful settlement is reached with miners either rejecting advice to authorise industrial action or, with its threat, settling on an improved offer, there is little doubt that the outcome of the NUM election increases the risks ahead of industrial action in the industry. I very much doubt that Scargill and his supporters among the leadership would be able to mount action on a wholly political issue, but they will be found very ready to demonstrate on any industrial issue of concern to miners that there is a fight to be won and ready too to campaign for industrial action in defence of miners' interests as they interpret them. Once industrial action began, its purpose could be broadened and the support of other unions and some political grouping would be readily forthcoming. As an example, Scargill has made clear that he is very ready to defy industrial relations law and there is little doubt that he would welcome an opportunity to do so.

3. In providing for endurance, we must avoid providing Scargill with the argument that we are preparing for confrontation. He would quickly

use it to claim that the Government was determined, for example, to reimpose an accelerated closure programme, increase imports, etc. On such issues there is little doubt that he could demand assurances with the developing threat of industrial action which a majority of miners could well be found to support. At the very least, he would ensure that any extension of endurance was frustrated.

4. It might just be possible to secure coal stocks of 27 million tonnes without it becoming a potentially explosive issue. But we cannot be sure and there are clear risks. Moreover, I would need to be persuaded that the additional 2 weeks endurance (without the use of Servicemen) this option provides measurably increases the deterrent effect of endurance beyond the option of maintaining this year's accelerated deliveries. This latter option, not entirely without risks but in my view likely to be found practicable, would enable us to make clear at the right time that a strike could be endured, without electricity cuts, for at least 4 months. The use of Servicemen would provide the possibility of yet longer endurance. We would hope that this would influence a ballot. The marginal increase in endurance that the 27 million tonnes option, if found practicable, could provide would not materially increase the deterrent effect.

5. On this same analysis, I am sure we should not authorise advance reconnaissance by Servicemen, but we should aim for a stock of ancillary materials equivalent to 23-24 million tonnes of coal.

6. I am sending copies of this minute to the Home Secretary, Chancellor of the Exchequer and the Lord President; to the Secretaries of State for Defence, Scotland, Industry, Transport and Energy; and to Sir Robert Armstrong, Mr Ibbs and Mr Wade-Gery.

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14 December 1981