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8 January 1982

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Policy Unit

(2)

Prime Minister

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TACTICS AFTER AN ADVERSE MINERS' BALLOT

2 papers for Tuesday's meeting;  
others (on oilburn and ancillaries)

1. As Nigel Lawson indicates, we have contributed to his paper, but <sup>promised</sup> because it has been quite considerably changed since his meeting with Derek Ezra yesterday, it has not been agreed with us. And on the <sup>for</sup> Monday central issue of whether, if we have to choose, we buy off the miners or take a strike, Nigel presents no conclusion. MS 8/1
  
2. We think there are three key judgments that colleagues will need to make before reaching a conclusion, which ought to be discussed at Tuesday's meeting so as to clear the ground for decisions at the second meeting arranged for 20 January (after the ballot); and that there are a few subsidiary, but potentially very important, issues that also need to be thought about now. No immediate decisions are required other than to endorse Nigel's proposals in paragraph 20, which we think are uncontroversial.

The key judgments

3. The key judgments are these:
  - (1) How much would be needed to buy off the miners without a strike? The NCB think that 12% (ie an increase of 2.7% on base rates) would do the trick. We agree with Nigel that it largely depends on the support in the ballot for a strike.
  - (2) How much would be needed to bring a strike to a conclusion? Here there is great uncertainty. Until yesterday, the NCB were saying to Energy officials that it would certainly be no more than what would have been needed to prevent it, because the miners are much less keen than they used to be on staying out for a long time. Now the NCB are suggesting they could settle for about 15% after 3-6 weeks.
  - (3) Is it preferable to give the miners more without a strike, or only after they have had to strike? The NCB feel strongly that they should not capitulate without a struggle. We think the pros and cons are presented fairly in paragraphs 14-19 of Nigel's note.

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4. Colleagues should approach these judgments against the background of the fact that all the key assessments of the miners' pay negotiations this year have so far been either wrong or contradicted. We were expecting an early, moderate settlement: it is now late and already excessive. We were not expecting militancy: now we are advised of 60% support for strike action. We were told a strike could be settled for 12-13%: now we are told it is 15%. We are told the NCB are determined to stand firm; can we be sure that they will? Colleagues must recognise that they are building decisions on constantly-shifting sands, in a situation where the very fact of a majority for industrial action means that all the choices before them are unattractive.

The subsidiary issues

5. But some issues are more susceptible to logical analysis. Colleagues ought to probe these in particular:
- (1) Stocks. We think Energy is being unnecessarily cautious. In Annex C, they say that endurance (with oil burn) will be 8-9 weeks from 1 February. But before Christmas they assessed it at 13-15 weeks. Has bad weather/ASLEF really had such an impact? The latest (4 January) report gives 19.3 million tonnes of power station stocks at 19 December. The normal rundown at this time of year might reduce that to 16 million tonnes by 1 February. That represents 9 weeks' endurance (we use less than 2 million tonnes per week in the spring). On top of that, there should be 2 weeks from oil burn, and 1 week from gas and imports, say 12 weeks in all.
  - (2) The Scargill factor. We agree with the NCB that it would be harmful to future pay negotiations if it were seen now that Scargill had only to roll his sleeves up to extract more money. That has to be offset against the lower stocks we should have next autumn if we take a strike now: but we, like the NCB, doubt that the miners would strike twice in one year.
  - (3) The political overtones. The NCB suggest that the TUC would try to mediate. We doubt that; and we certainly don't think colleagues should rely on it. But the miners might find themselves short of friends: the SDP will be happy to leave it to us to take them on, and the moderates in the Labour Party may not be keen to support a TU leader so closely associated with Benn.

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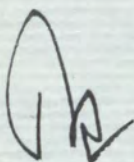
- (4) Autumn vs. spring. Since we're not envisaging rota cuts or major economies of consumption, the advantage of starting a strike in the spring is largely psychological. But psychology could be very important in maintaining public support.
- (5) Our publicity stance during a strike. We shall need to decide whether to play the strike up, with appeals for economies and attempts to turn the heat of public disapproval on the miners; or down, by saying the minimum and hoping to demotivate the strikers by minimising their public impact. We have done some preliminary work on this: officials need to analyse it properly.
- (6) Belvoir. We ought not to lose sight of Belvoir as a potential card in the negotiations. Nigel may be able to advise us on whether we could play it effectively.

\* on this  
see Len Murray's  
letter, in the box

hls

Conclusion

6. Like Nigel, we want to wait and see the ballot result before reaching a conclusion. For the moment, we think it would be sufficient for colleagues to agree that taking a strike is by no means ruled out.



JOHN HOSKYNS

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