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MR. SCHOLAR

*overlaken*  
*MUS 14/1*

cc Mr. Hoskyns  
Mr. Duguid

Miners' Pay

Thursday  
now  
MUS

After yesterday's meeting, the Chancellor had a word with Robin Ibbs, John Hoskyns, Robert Wade-Gery and myself and suggested that Ministers really ought to have in front of them when they next discussed miners' pay some papers clarifying the decisions which had to be made. I have since had meetings with Robert Wade-Gery and Robin Ibbs, and the Prime Minister may wish to know what further work is being done centrally to prepare both the operational decisions and the strategic issues for Ministers, in the event that they have to meet next Wednesday in the aftermath of a miners' ballot authorising a strike. (This is of course in addition to the work to be undertaken by the Department of Energy, as recorded in your letter about yesterday's discussion, covering oil burn, ancillaries, imports, pit closures and gas turbines.)

We have agreed that Ministers need to be provided with two separate papers:

i) Robert Wade-Gery, after consulting MISC 57, will produce a factually based paper listing the points for decision and the operational consequences of those decisions. There are in practice three easy decisions and two difficult ones. The three easy ones are maximizing oil burn, maximizing gas burn, and maximizing imports (including stopping exports); the harder decisions are whether and if so when to use the servicemen to shift pit-head coal stocks, and whether and if so when to introduce demand restrictions.

ii) The CPRS will produce a paper on the strategic issues, based - as Robin Ibbs reminded the meeting yesterday - on the principle that the decisions chosen must depend on the objectives Ministers are pursuing. This paper will cover the differences between the NCB's and the Government's objectives; the differences between the Government's wider pay policy objectives and our objectives vis-a-vis Scargill and the NUM; the connection between industrial action in the spring and industrial action in the autumn; and the prospects

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for being able to present a significantly increased offer as anything other than a humiliating climb down for the Government.

In addition to this work, two other levels of co-ordination will be brought into play. Robert Armstrong is calling together a group of Permanent Secretaries, either late this week or early next week, to go over the ground on the decisions that have to be taken; and the CCU, which is a wide-ranging and low level forum, will be activated if a strike is imminent in order to provide a link between the strategic policy decisions and the more legalised effects of the dispute.

The Policy Unit believes that there is force in the Chancellor's point that the difficult decisions Ministers have to take in handling a miners' pay dispute, and the complicated ramifications, are hard to reach without a very clear exposition before them. We think it would be helpful if the issues and the required decisions are presented to Ministers orally at next Wednesday's meeting. Both Robert Wade-Gery and Robin Ibbs have indicated to me that they would, for instance, be prepared to speak to their respective papers, after Mr. Lawson has made his introductory remarks. Would the Prime Minister be content for them to do so?



13 January 1982