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10 DOWNING STREET

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12 February 1982

From the Private Secretary

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COAL AND THE RAILWAY

The Prime Minister held a meeting yesterday morning to discuss the railway dispute. Those present were the Home Secretary, the Secretaries of State for Defence, Scotland, Energy, Industry, Transport and Employment, the Chief Secretary, Treasury, Sir Robert Armstrong, Mr. Ibbs and Mr. Wade-Gery.

The Prime Minister, summing up the discussion, said that there seemed no prospect of an early resolution of the rail dispute. Ministers would need to meet again as soon as Lord McCarthy's inquiry had reported. Meanwhile MISC 57 should report urgently on power station endurance in the event of the complete shutdown of the railways. The Secretary of State for Scotland should consider whether the South of Scotland Electricity Board should be encouraged to increase its rate of power station oilburn. The Secretary of State for Transport should seek to discover very discreetly from the Railways Board what were the detailed implications of their proposals on ASLEF members' earnings and hours/days worked and should encourage the Board to make a much more vigorous publicity effort to get their case across to ASLEF members. The Ministers directly concerned would need to meet once the McCarthy inquiry had reported, to consider the situation as it then stood and the Government's stance in relation to it. The Secretary of State for Transport, in consultation with the Secretary of State for Employment, the CPRS and the No. 10 Policy Unit, should prepare for that meeting advice on the situation and prospects, and on any action it might be appropriate for the Government to take. In the meantime, it was vital that the Government should continue to remain apart from the dispute and not seek to make it a matter of Party political controversy. Ministers would need to consider at a later stage the Government's response to any request from the Railways Board for an increase in their temporary borrowing powers.

We have tentatively arranged the meeting to which the Prime Minister referred for Tuesday 16 February at 1715 hours or Wednesday 17 February at 1500 hours (depending on when McCarthy reports; the earlier time, if possible - we will let you know) with your Secretary of State, the Home Secretary, the Chancellor of the Exchequer and the Secretaries of State for Scotland, Energy and Employment.

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SECRET AND PERSONAL

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I am sending a copy of this letter to the Private Secretaries to the Chancellor of the Exchequer, the Home Secretary, the Secretaries of State for Scotland, Defence, Industry, Energy and Employment, Sir Robert Armstrong and Mr. Ibbs. I should be grateful if you and they would ensure that it is circulated only on a strict "need to know" basis.

M. G. SCHOLAR

Anthony Mayer, Esq.,
Department of Transport

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