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Ble J. Kolesov

10 DOWNING STREET

From the Private Secretary

4 June 1982

Dear Julian,

NCB: POLICY LETTER TO THE NEW CHAIRMAN

The Prime Minister has seen your Secretary of State's draft policy letter to the new Chairman of the National Coal Board, circulated under cover of his paper E(NI)(82)16. She has also seen his letter of 27 May to the Chancellor of the Exchequer, in which he sought clearance of this draft letter in correspondence.

The Prime Minister notes that, as paragraph 2 of the E(NI) paper indicates, the thrust of the policy letter is that the NCB should develop the coal industry to the extent that the market allows them to do so profitably, so that it is envisaged that a high proportion of the CEGB's requirements will be met at the end of the century by coal from existing NCB pits and from those already being developed. The Prime Minister wonders whether this approach is not a step towards reinforcing rather than reducing the monopoly power of the NUM, and she has asked that alternative approaches should also be explored.

B/F. | Mrs. Thatcher would be grateful if Mr. Lawson would circulate some further analysis of the NCB's long-run objectives, taking account of this concern. She will then consider whether the draft letter could be cleared in correspondence, or whether it would be necessary to hold a meeting.

I am sending copies of this letter to the Private Secretaries to the other Members of E(NI) and to Adam Peat (Welsh Office), Gerry Spence (CPRS) and David Wright (Cabinet Office).

Yours sincerely,

Michael Scholar

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