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PRIME MINISTER

OIL BURN DURING A RAIL STRIKE

I have seen Nigel Lawson's minute of 15 July to you proposing that the CEEB should start oil burn immediately.

2. A week's extra oil burn has a public expenditure cost approaching £20 million so it is not a decision to be taken lightly. Nonetheless I accept that, if the rail strike continues, we should take the prudent course and move to maximum oil burn soon.

3. I have some reservations, however, about Nigel's proposal that oil burn should start straight away. I understand that in the last two weeks, deliveries of coal to power stations by road have been running above the normal level and that some 150,000 tonnes a week have continued to be moved by rail. The position on railways is not clear yet but it may be possible for BR to continue to deliver this quantity of coal for at least another few weeks. There is a risk that the move to increased oil burn at power stations will cause the miners to reduce these deliveries, especially, perhaps, those by rail. If that happens, the effect of extra oil burn on coal stocks - about 300,000 tonnes a week - could be largely offset. At some point we will need to take that risk but there is a suggestion in Nigel's letter that Norman Siddall believes the risk would be appreciably lower if oil burn was delayed for a week or so. If that is indeed the case, it provides strong grounds in my view for postponing oil burn for a week or two until the colliery holidays are well under way. At worst, a week's postponement will cost us a couple of days' endurance in the winter.



SECRET AND PERSONAL



I am sending copies of this minute to the Home Secretary, the Secretaries of State for Industry, Transport, Employment, Energy, Scotland and Defence, Sir Robert Armstrong and Mr. Sparrow.

*Peter Jenkins*

*for G.H.*

July 1982

*(Approved by the Chancellor and signed  
in his absence)*

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