



SECRETARY OF STATE FOR ENERGY

THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

27 April 1984

Dear Michael

I wrote on 16 March to give you a brief about the dispute between some sections of the National Union of Mineworkers and the National Coal Board. I am now writing again to make some further observations about current developments; I hope you will find this useful.

The National Union of Mineworkers is still very divided. This is illustrated by the fact that last Thursday, 26 April, 46 pits were working normally, these pits being in Nottinghamshire, Leicestershire, Warwickshire, Staffordshire, Lancashire, Derbyshire, Cumbria and North Wales. There are also plenty of indications that many miners in other regions, miners who have not been given the opportunity of taking part in a ballot, would like to return to work. The 40,000 miners who have been working have done so in spite of intensive picketing. This has demonstrated how deep their feeling is that there is no justification for industrial action.

The Pay Offer

As I informed you in my last letter, the current pay offer will provide face workers with earnings of £185 a week, £65 a week more than they were receiving when we came into office. It is interesting to note that since I last wrote the power workers and water workers have accepted, without industrial action, below the 5.2% on offer to the National Union of Mineworkers.

The pay offer means that miners average earnings will continue to be substantially greater than average earnings in manufacturing industry.



Pit Closures

It is important for us to make perfectly clear that this Government, more than any Government in history, has been willing to invest in the future of the mining industry. The figures are staggering. The last Labour Government between 1974 and 1979 invested £1472 million in the NCB's capital investment programmes. Between 1979 and 1984 we have invested £3889 million. I expect there to be further investment of around £3 billion in the coming four years. This makes a total nonsense of claims from Labour Party leaders and Mr Scargill that Mr McGregor and the Government are intending to destroy the coal industry.

The proposal to take 20 uneconomic pits out of production this year will enable the overall price of coal to be reduced, and therefore more markets to be obtained. It is important to recognise that full production from the new Selby and Asfordby mines which this Government is providing will produce three times as much coal as the 4 million tonnes reduction in output proposed for this year. Selby at full production will employ 4000 miners and Asfordby will provide one thousand new jobs.

Britain's proposals to continue massive investment to improve its coal industry are in sharp contrast to the announcements made recently by the Socialist Government in France: average coal production, which was 21 million tonnes in 1979, is going to be half that by 1988. The number of miners employed - some 64,000 in 1979 - is going to be more than halved during the same period.

The restructuring in this country is being conducted in a most civilised way as far as the miners are concerned. Every miner whose pit is to be closed this year will be offered an alternative job in another pit, so that the reduction of 20,000 mineworkers will be achieved without anyone who wishes to stay in the industry being forced to leave. Those made redundant will receive generous benefits.

Suggestions have been made by the Alliance that the National Coal Board should set up an organisation similar to that in the steel industry to provide alternative employment in those localities where closures take place. There are several practical reasons why this is not appropriate. The first being that, unlike in the steel industry, there is no plan to impose compulsory redundancies of any description. Most of those who leave will be people who genuinely wish to leave before retirement age, with an index linked income until they are 65 of at least £79 a week, plus a very substantial capital sum. The minority who go under the age of 50 will obtain very substantial capital sums that could enable them to start their own business,



and certainly give them plenty of time to find alternative employment. For example, four miners with an average age of 37 who have worked in the mines all their working lives would receive an average of £24,000 each, and therefore between them could have nearly £100,000 with which to buy or start a business.

A further factor is that a substantial number of those taking advantage of the redundancy terms live in areas which already receive the full benefits of regional policy for providing alternative employment, in addition to the services available nationwide. The National Coal Board have liaised with the Department of Trade and Industry to make certain that all aspects of regional development assistance are widely known.

There has been an attempt by Mr Scargill and the Labour Party to depict Ian MacGregor as a ruthless American who wishes to destroy the coal industry. Nothing could be further from the truth. It is Mr MacGregor who has proposed a pay increase as high as 5.2%, which keeps their pay well above that of average industrial earnings. It is Mr MacGregor who has asked the Government to invest more than £2 million a day in new capital investment in the coal industry. Our investment in the coal industry will be greater than that of all coal industries of the European Community put together. It is Mr MacGregor who has asked for and obtained the Government's support for the £450 million capital investment programme for the new pit at Asfordby. It was Mr MacGregor who requested the very large sums necessary to finance the significant improvements in the Redundant Mineworkers Payments Scheme introduced on 1 April. It is Mr MacGregor who has been searching the world to find new markets for our industry, and who has endeavoured to streamline the marketing of coal to industry in the United Kingdom. Alas, his efforts are being sabotaged by the present industrial action.

With best wishes

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Peter Walker', written in a cursive style.

PETER WALKER