

CONFIDENTIAL



*Prime Minister* (2)  
*Outbreking does not  
 use this formula*

*AT  
 8/2*

Treasury Chambers, Parliament Street, SW1P 3AG  
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Michael Reidy Esq  
 Private Secretary to the  
 Secretary of State for Energy  
 Department of Energy  
 Thames House South  
 Millbank  
 London SW1

8 February 1985

*Dear Michael,*

**COAL INVESTMENT**

The Chancellor noticed that during the coal debate on Monday your Secretary of State quoted a figure of £3 billion for future investment in the NCB. As you know, this figure was used during the early days of the strike in relation to the four years 1984-85 to 1987-88 and the public expenditure programme did at that time include provision of slightly over £3 billion. But with the fallback in investment this year, provision is now only some £2.7 billion. As the Chancellor explained in his minute to the Prime Minister of 18 September, he thinks we shall need to look hard at the justification for this level of investment in the light of the NCB's lost markets and the slippage of closures during 1984-85 reinforces his concern. He believes that the £3 billion may now have to last a lot longer than four years.

The Chancellor therefore thinks it would be prudent to avoid repeating the £3 billion figure. He suggests that if we are asked directly about the NCB's investment, it might be better to say that the NUM have caused major investment opportunities in 1984-85 to be lost and that future levels will have to be re-examined after the strike.

A copy of this letter goes to Andrew Turnbull at No.10.

*Yours sincerely,  
 Margaret O'Mara*

MISS M O'MARA  
 Private Secretary