

NBPM
AT 613

PRIME MINISTER

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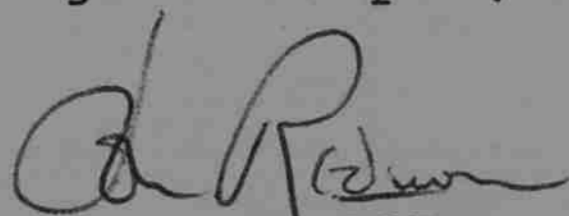
Now that the miners have returned to work, we need a clear line. May I suggest:

The return of the miners voluntarily after a long strike is an historic victory for common sense. For the first time for many years, there is a serious prospect of building a prosperous and expanding coal industry. But it can only expand if we invest in new pits, in low-cost production, and if we close down the most expensive and the outdated.

In 1984/85, an estimated £1,800 million of taxpayers' money has been spent to pay for investment, for the losses incurred by the strike, and to meet the usual bill for uneconomic activity. That's a new peak of subsidy for a major British industry of £180 a week per colliery worker: much more in subsidy per worker than many of the people earn who pay the tax to keep that industry going.

Even last year, before the strike the taxpayer put in £1,145 million in grants, or £115 a week for each colliery worker.

We can no longer afford dear coal, heavily subsidised mines, and a shrinking industry. Together we can build a low-cost, higher output, more successful coal industry.


JOHN REDWOOD