

COPY NO 1 OF 2

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We cannot let this go on. I will
 contact P.W. or David Lawson to consider
 PRIME MINISTER [Ⓢ] Mr MacGregor still pursuing his independent tactics. Perhaps
 line on NACODS. AT 24/11 Peter Greyson can take
 this in hand now.

I enclose a letter I have sent to Ian MacGregor following the meeting I had yesterday with the leaders of NACODS. I am very concerned at the manner in which this is being dealt with because on Tuesday, at my weekly meeting with Mr MacGregor, he informed David Hunt, Sir Kenneth Couzens and myself that he had decided to do nothing concerning NACODS until after Whitsun since he felt that 10 days for them to meditate on the potentiality of coming to an agreement without continuing the overtime ban would have a good effect. To my great shock about 10 minutes prior to my meeting with NACODS, I was informed by my press department that the press had got hold of a letter which the Coal Board had sent to every NACODS member telling them that unless they dropped the overtime ban they would lose their incentive bonuses and their holiday pay would be adversely affected. This is a particularly tough attitude because, for example, in many pits last week there was record production in spite of the overtime ban and in many places the overtime ban was not being operated very effectively. It must be wrong to say that you will not get your incentive payments in spite of the fact that you are part of a team turning out record production figures.

I quickly phoned Mr MacGregor and asked how it was that on Tuesday he told me he was going to do nothing and on Thursday NACODS members were receiving such a letter. He hummed and hawed and pretended that such a letter was a natural thing to happen and was just a logical sequence of their action. This of course is not so. At the meeting with NACODS, they claimed they had people close to the Board in senior positions who believed that Mr MacGregor is out to get his own back on NACODS and to try to destroy their union. They had copies of all the past correspondence from Hobart House to regional industrial managers giving details of the manner in which NACODS could be defeated by threats such as those contained in the letter now sent out to all NACODS members.

I have no doubt that NACODS are very uneasy about the action and their members are divided. There are many who must be losing money from the overtime ban, and many others who would loathe getting involved in further industrial action. The pressures on NACODS to settle are, I think, considerable. In my conversations with the Board I gained the impression that there is a desire to have a battle in which NACODS is clearly defeated. That is why I have suggested in my letter to MacGregor he should table, quickly and publicly, what he has on offer for the new procedures; and repeat an assurance that Jimmy Cowan gave earlier in the week that no pits will be closed in future without going through the proper procedures. A further feature of this dispute is that MacGregor is arguing that as soon as he announces a closure he can make the men redundant or transfer them to other pits. The unions argue that in the past this has not been the case and that once a pit starts to go through the procedures the status quo was retained until those procedures are completed. I asked MacGregor for evidence that this was not the normal practice but I am afraid the evidence he produced to me showed that in fact it was. It showed that of five recent pits in two of them the status quo had been retained after the closure announcement. In two of them the run down had taken place with the permission and agreement of the union and only in one had there been some run down without union permission but with very strong union protest taking place. Looking back at pit closures prior to that we only have the evidence that basically the status quo has been retained during these procedures.

I think it will once again be looked upon as a dishonest act if having said he intended to modify existing procedures in order to improve them he now starts pursuing policies which are totally contrary to what has been the practice in closure procedures in the past. I will keep you informed of future developments.



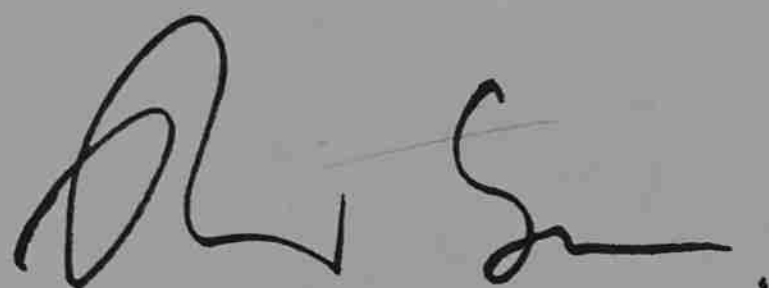
Secretary of State for Energy

24 May 1985

01-211-6402

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National Coal Board
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24 May 1985



As you know, I met Messrs Sampey, McNestry, Jones and Benham yesterday, at their request, to discuss the renewed strife in the coal industry.

You also know that I was shocked to discover a few minutes before this meeting took place that you had sent a letter to all NACODS members threatening them that their incentive bonuses would be stopped, and their holiday pay provisions adversely affected if they continued their overtime ban. This was contrary to what you had told David Hunt and myself on Tuesday when you told us you had decided to do nothing with NACODS until after the Whitsun holiday in the hope that ten days meditation would bring them back to negotiations.

I gather that the threat to their incentive payments has been very badly received in those areas where in spite of the overtime ban record production figures are being achieved.

At my meeting with the NACODS leaders I stressed the seriousness of this new industrial dispute to the long term interests of the industry. The Government had moved swiftly to demonstrate a new tangible commitment to the industry by means of a further huge financial injection. Marketing efforts by the Board, and by the Government through the Coal Firing Scheme, were being newly geared up. All this was now put at risk. I reiterated my own personal commitment to the future of the industry, and that of the Government. It was in no one's interest to argue that resources should continue to be committed to hopelessly uneconomic pits until the last moment that could be contrived under the Colliery Review Procedure. I confirmed the commitment of the Government and the Board to putting in place as soon as possible modifications to the Colliery Review Procedure reflecting the principles agreed with NACODS, pointing out that the minutes of the Board's meetings with the unions and Kevin Hunt's letter of 16 May demonstrated that intent on the part of the NCB. I gave an assurance on your behalf that you had no intention of by-passing the Review Procedure by running pits down during the review process to an irrecoverable level whatever the outcome of the Review. Such a policy would in any case be self defeating, since it would bias the independent review body in favour of the unions' case. I said that NACODS had a duty to pause before implementing the overtime ban, since agreement on the revised procedure was evidently close. To stand on the withdrawal of the March 27 letter was to ignore Mr Cowan's letter of May 10.



The NACODS representatives were bitter in their recriminations. They spoke of breakdown of trust, denying that the Board was either earnest or urgent in its attempts to reach agreement. They said that I was deceived in my assertions about the Board's intent. They cited Horden as an example of constructive closure and alleged coercion when men at Bates sought to rescind transfer applications once the application of the Review Procedure to Bates had been reaffirmed. They were evidently equipped with an internal Board document of 16 May about sanctions in response to the overtime ban, which they saw as being implemented through the letters to NACODS members about which I spoke to you just before the meeting. They also produced a letter from Kevin Hunt proposing a suspension of the ban, which I had not seen. They alleged access to Board sources revealing the purpose of destroying NACODS and there is no doubt that they have in their possession copies of many of the documents that have passed between Hobart House and the Regions containing recommendations as to how to deal with them over the overtime ban. For all this, there was certainly no unity of militant purpose. It was asserted that withdrawal of the 27 March letter and honouring the October agreement would alone achieve an immediate return to normal working. There appeared to be real interest in the proposition of suspending the industrial action.

My conclusion, from this meeting and from all I have heard of the facts of the situation, is that it would be in the best interests of the Board and the wider national interest if the Board were to make it clear that it has a set of proposals which it would be willing to put to NACODS immediately, in return for a suspension of industrial action while talks were taking place. The aim would be to secure an agreement, discharge the commitment of the Board and the Government in relation to the NACODS agreement of last October and clear the way for a planned programme of closures without industrial action; or, if NACODS refuse to agree, at least to satisfy all reasonable opinion that the Board had made a genuine offer. The components I suggest for an offer, and which I would like to discuss with you early next week are:-

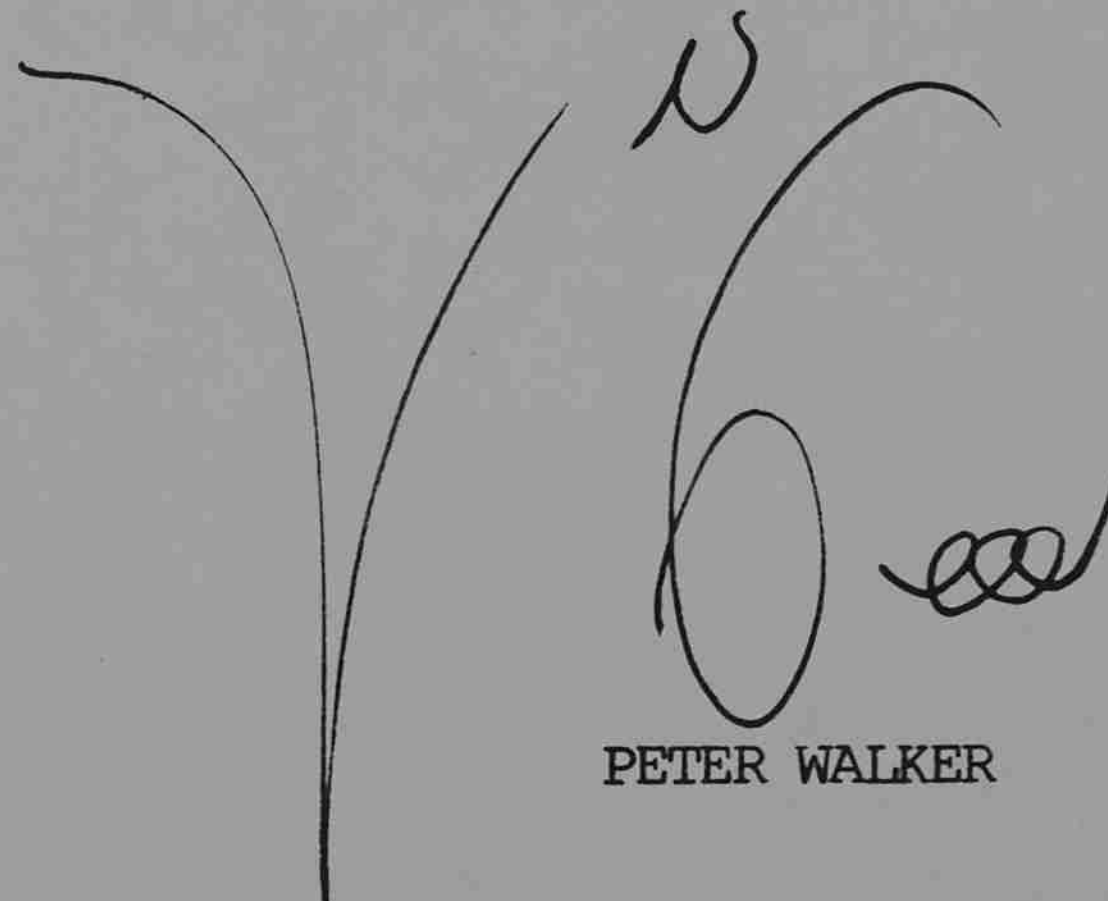
- (a) a retabling of the Boards' proposal for an agreement on the modified Review Procedure on the basis of the Boards' own document and the exchange of letters of 9 and 16 May between McNestry and Kevin Hunt. The Board would say that this understanding between the Board and NACODS, flowing from the agreement of October 1984, would provide the foundation for agreement also with the other unions concerned. The Board would propose that the "status quo" issue be dealt with as a separate heading, as was implicitly accepted in McNestry's letter of 9 May.
- (b) A statement by the Board, which would in fact be no more than Mr Cowan has already indicated, that for the future (ie effectively from 1 June) there would be no further closures or closure proposals under that part of the Boards statement of 27 March dealing with the immediate aftermath of the strike since the post-strike review of collieries was now complete.
- (c) Some reasonable degree of assurance on the status quo question. This would no doubt have regard to past practice but would also take account of the reasonable requirements of management and would point to the opportunity for drawing the attention of the new independent body in the Review Procedure to any alleged attempt to achieve closure by fait accompli.



(a) and (b) would, as I understand it, simply reflect the Board's existing position. (c) should be in the form of a proposal which would make clear the Board's intention of fair dealing and reflect past practice. I would hope that a set of proposals of this kind would produce an agreement, or at the very least lead NACODS to take up Kevin Hunt's proposal for a suspension of their overtime ban. Given your obligations under the October agreement, it seems to me that this outcome, at little real cost to the Board, would be greatly preferable to relying on a simple attempt at an outright defeat of NACODS.

You will know from our conversation, and from conversations with the Prime Minister that the Government believes that it is essential for the Board to be seen to be implementing the agreement with NACODS on the Review Procedures. We believe it would be fatal for the Board and the Government if it were perceived by the public that we were back-tracking on that agreement.

I should like to discuss with you your proposals on these heads, when we meet early next week. We need to consider, too, their public disclosure to demonstrate the Board's good faith.



PETER WALKER