

MR. TURNBULL

This records some points emerging from the Prime Minister's discussion with the Secretary of State for Energy on 10 July which I have not thought it right to put in a letter going outside this building:-

(a) Future of the Coal Board

The Prime Minister and Mr. Walker both felt that Mr. MacGregor's performance gave grounds for doubts whether it would be desirable to keep him for his full term. If he left prematurely, however, it would be essential to have a good pretext. There had been a rumour, received by Stephen Sherbourne from David Hart, that Mr. MacGregor had been approached about joining the Federal Reserve Board; but it would be wrong to put too much weight on this.

On possible successors, the Prime Minister seemed most warmly disposed to Bob Haslam or Mr. Morgan, Chairman of Dowty Engineering, who had left the NCB earlier because he was dissatisfied with the way it was managed. Mr. Walker wondered whether Haslam had too much on his hands already with Tate and Lyle (who are said to be facing some difficult decisions) and had heard comments that Morgan was sound but not inspiring: he was meeting Morgan next week. The Prime Minister wondered whether Haslam would make a good Chairman with Morgan as his deputy.

Mr. Walker also said that Sir Ken Couzens was considering accepting the post of Secretary to the Board (which would probably be upgraded to Head of

Administration) in place of Brandrick. The Prime Minister was much in favour of this.

(b) Notts. Area

The main part of this discussion is recorded in my letter to Department of Energy. Mr. Walker said he had some doubts about the strength of the Notts. legal position: the NUM lawyers would probably argue that their rules had been validly changed while the Notts. miners were participating, and the Notts. assets therefore belonged to the central NUM. The answer to this lay in the previous resolution of the Notts. area to split from the NUM if the rule changes were passed. But it was important for the Notts. area to retain the assets which include £4 million in cash and £28 million pension fund: if they had to start from scratch and recruit members, their position would be a good deal more difficult. The NCB were taking the attitude to the Notts. area that they were entitled by the 1946 Act to give recognition to a group which represented a significant element of the workforce: in the meantime they were willing to listen to and talk with the Notts. area as they were doing with the breakaway group in Durham. The aim should be to get Leicester, Warwickshire and South Derbyshire to join Notts. so that a significant proportion of coal production was covered by the breakaway group. Mr. Walker expressed his confidence in Mr. Wheeler as the Manager in Notts.

(c) Oil

Mr. Walker said he thought it likely that OPEC would reach an agreement when their meeting was renewed. He said that BP and Shell had reverted to their suggestions for "banking" the Government's royalties,

but he and the Prime Minister agreed that this continued to look unattractive.

(d) Selby

Mr. Walker said that the story given to the Conservative Backbench Energy Group that a militant, Mr. Ted Dyke, had become personnel manager at Selby had proved to be false: Mr. Ted Dyke was a moderate.

(e) Nuclear matters

Mr. Walker said that, if the Sizewell inquiry came out in favour of nuclear development, there would be a tussle between Lord Marshall who would want to link up with Westinghouse and GEC who would want to link up with the French in building PWRs. Mr. Walker also said that there were some, including Lord Weinstock, who were reverting to the idea of building AGRs rather than PWRs. The Prime Minister remarked that, if so, it would not have been necessary to have the Sizewell inquiry at all.

F.E.R.B.

(F.E.R. Butler)

11 July 1985

*Subject -
cc Ministry*

PERSONAL AND CONFIDENTIAL

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10 DOWNING STREET

From the Principal Private Secretary

11 July 1985

Your Secretary of State called on the Prime Minister yesterday for a discussion about various issues connected with the National Coal Board. I record the main points in this letter.

Your Secretary of State left with the Prime Minister a note about the current state of play on the breach between the Notts. area of the NUM and the national NUM. He said that the Notts. area were getting good legal advice and much would depend on whether the courts decided that the Notts. area were the rightful inheritors of the assets which they had possessed as a constituent part of the NUM. Both the union and the NCB management had now seen the disadvantages of the idea that there should be a "closed shop" in the Notts. area. The right posture for the Government was to avoid too warm a welcome for the breakaway body but to challenge the Opposition on their attitude to the NUM rule changes.

Your Secretary of State said that the NCB's treatment of the problem of intimidation of working miners was still unsatisfactory. The Chairman had not put Mr. Eaton in charge, as the Prime Minister had requested him to do in her letter of 13 June. It appeared that Mr. Northard was exercising a general supervision. The Prime Minister said that she would like to devise with the Secretary of State a strategy for the future of the Board before the Summer Recess: your Secretary of State said that he was discussing this matter with a number of people at present and would be ready to have a further discussion with the Prime Minister before the Recess.

The Prime Minister also discussed with your Secretary of State the request to her from Mr. Chris Butcher - "Silver Birch" - that she should meet him to discuss cases of intimidation of working miners. Your Secretary of State

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said that he was expecting a report about Mr. Butcher from the NCB in the next 24 hours and understood that this would show strong grounds for avoiding an association between members of the Government and Mr. Butcher. The Prime Minister said that she would not take any decision until she had seen this, but thought it difficult for the Government to refuse to receive details of intimidation. In the light of the report, she would discuss further with the Secretary of State whether there was some other way in which Mr. Butcher could be enabled to put his information to the Government.

FERB

Geoff Dart, Esq.,
Department of Energy.