

SECRET

PRIME MINISTER

30 May 1986

COAL INDUSTRY BILL 1986

The tide of recent events continues to run against the coal unions. Accordingly, it is easy to overlook the threat to the recovery of the UK coal industry from a monolithic NUM at the dictat of Scargill and his cronies.

For the Government to abandon Roy Lynk and the UDM would be both immoral and short-sighted. After all, the UDM doesn't have many supporters amongst the management of British Coal.

The development of our coal reserves is not a natural monopoly. The recipe for a healthy, market-responsive industry is a diversity of private sector participants operating in a framework akin to that successfully established for oil and gas. The UDM is motivated not by political objectives but by the best interests of its members. As such, it could play a valuable part in the evolution of a restructured coal industry on these lines.

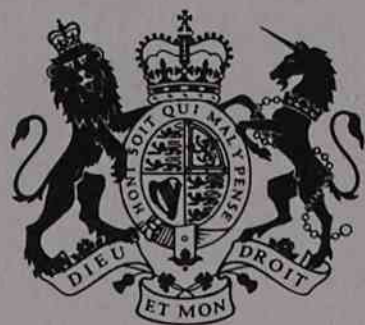
We recommend that you should support Peter Walker's proposal for rectifying the UDM's disadvantaged position.

JW

Very much so
not

JOHN WYBREW

SECRET



10 DOWNING STREET

Prime Minister!

While noting that the
business managers will wish
to comment, agree that the
USDN must be helped and
that you strongly support the
proposal to put the USDN on a
more even footing with the
NUM?

JWS

30/5



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

2 June 1986

Dear Joan,

The Prime Minister has seen the Secretary of State for Energy's minute of 30 May in which he proposes to add clauses to the Coal Industry Bill 1986 designed to overcome some of the problems faced by the UDM.

The Prime Minister supports these proposals very strongly indeed.

I am copying this letter to Geoff Dart (Department of Energy), Rachel Lomax (HM Treasury), David Morris (Lord Privy Seal's Office), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office), John Turner (Department of Employment) and to Murdo Maclean (Chief Whips Office).

David

(David Norgrove)

Miss Joan MacNaughton,
Lord President's Office.

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