

SECRET

PRIME MINISTER

BRITISH COAL

I attach a revised version of John Wybrew's note for you to give to Mr. Parkinson on Sunday.

You asked about the history of discussion on the future of coal since the coal strike. The files show that you had a brief discussion with Mr. MacGregor in May 1985 which touched on open-cast mining, and again at a meeting with the Executive. But for the most part the discussions were concerned with closures and redundancies, NACODS and the review procedure, and management and Board changes. Restructuring the coal industry recurs once or twice up to the summer of 1985 but it was not a major theme. In the autumn of 1985 (after my arrival) the Chancellor proposed major changes to the coal industry. But Mr. Walker was very resistant, and argued the need for Sir Robert Haslam and new Board members to be allowed time to settle in. That was where matters rested.

You might tell Mr. Parkinson that you will look forward to a thorough discussion of the options in September. But you would also like him to consider what might be done to open things up during the next year, under the terms of existing legislation.

You will also want to look at the Chancellor's minute below about the programme of MMC references for this year. Mr. Parkinson has accepted that British Coal should be referred. It is important that this review should not be drawn in a way which might delay or inhibit consideration of privatisation options. I suggest you ask that when Mr. Parkinson, Mr. Clarke and the Chief Secretary have discussed the scope of the review they should report their conclusions to you.

Agree?

DAVID NORGROVE

24 July 1987

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