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Y SWYDDFA GYMREIG

GWYDYR HOUSE

WHITEHALL LONDON SW1A 2ER

Tel. 01-270 3000 (Switsfwrdd)
01-270 0538 (Llinell Union)

Oddi wrth Ysgrifennydd Gwladol Cymru

WELSH OFFICE

GWYDYR HOUSE

WHITEHALL LONDON SW1A 2ER

Tel. 01-270 3000 (Switchboard)
01-270 0538 (Direct Line)

From The Secretary of State for Wales

The Rt Hon Peter Walker MBE MP

Prime Minister

21 January 1988

An amplification of what was said at Cabinet this morning, and an echo of what Mr.

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Dear Secretary of State Lynk hold ya.

REC 6/28/1

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This morning I raised at Cabinet the vital question of Margam. I would like to put this question in its correct context.

The National Coal Board whilst I was Secretary of State for Energy stated it was very important for the whole industry to break through to flexible working; the perfect case for this to be done was Margam; and they wished to proceed with this investment which would be profitable provided six day working took place. They felt that, given the leadership of the Welsh miners, they could well get the agreement of the Welsh miners although they understood that Arthur Scargill would be totally opposed to it.

On this basis the Cabinet agreed to the Coal Board putting forward the Margam project. The result was just as we had hoped and the Welsh miners voted that in principle they would work a six day working week provided the investment at Margam was made. Mr Scargill passionately opposed this and arranged for the National Executive of the NUM, which of course he controlled, to say that they would not accept or consider six day working and that it would be wrong for any region to do so against the wishes of the Executive. The leaders of the Welsh Union, who are moderate and totally oppose Mr Scargill, were then disappointed that the Coal Board did not proceed with the Margam project. Understandably the Coal Board were unwilling to proceed with the project until the detail of the six day working could be agreed with the miners leaders. The miners leaders in private talks with myself said they had immense difficulty in doing this during the Scargill election period. They were, however, very anxious to move into a situation where a positive proposal in detail was made by the Coal Board but said that the timing of this should perhaps take place after the Presidential elections. If Mr Scargill was defeated there would be no problem in negotiating the flexible working, but if Scargill was successful the Welsh miners would then have to decide whether or not to negotiate and ignore the directive of the Executive.

... I enclose the press cutting which gives the fullest description of what Mr Dutfield said on Wednesday and you will see from this that what Mr Dutfield is saying is that there is no chance of Mr Scargill agreeing to go ahead with Margam on flexible working. He also expresses his view that British Coal are showing no urgency over the Margam project. I can assure you that his desire and his view is that a project in detail should be put to the

/miners ...

The Rt Hon Cecil Parkinson MP
Secretary of State for Energy

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miners and obviously the moderate miners leaders would accept this. The Welsh miners would then have to decide whether they wanted Margam or not, and a decision to reject Margam would be on the basis that the majority of Welsh miners decided to obey Mr Scargill rather than go elsewhere.

Mr Dutfield points out that, if the NUM members are unwilling to do it, the UDM members may well take on the task and Welsh miners may of course join the UDM in order to be employed at Margam.

It is in this context that I think it would be totally disastrous if the reason for Margam not going ahead is not due to the votes of the South Wales miners, or to Mr Scargill, but is due to British Coal deciding not to get down to putting the positive proposal as to how Margam must be worked.

If Scargill vetoes flexible working at Margam the potential power of the UDM in South Wales, Leicestershire, the North West and North Wales is enormous.

If, however, Margam does not proceed seemingly due to the reluctance of British Coal, the leadership of the moderate miners in South Wales is totally undermined. Mr Scargill faces no difficulty, and indeed is greatly strengthened by passionately opposing the forthcoming closures in Wales and by pointing out the failure of the Government and British Coal to proceed with Margam irrespective of the working arrangements.

It is in my view vital that the South Wales miners are given the opportunity of accepting sensible, flexible working arrangements in order to procure the new investment in Margam. An investment I might say which is not only viable in terms of return on capital if flexible working applies, but is also a direct contributor to the balance of trade because - if it does not proceed - its product would need to be imported.

... I am copying this letter to the Prime Minister.

Yours sincerely
J. H. H. H.

Dictated by the Secretary of State
and signed in his absence

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WESTERN MAIL

THE NATIONAL NEWSPAPER OF WALES • PAPUR CENEDLAETHOL CYMRU

Thursday January 28 1988 ★★

No 36,824

23p

Miners lose hope of work on Margam pit

SOUTH Wales miners' president Mr Des Dutfield yesterday admitted he had abandoned any hope of his members working the planned Margam New Mine.

And he said that if British Coal did develop the £90m mine the door was now open to other TUC-affiliated unions to secure the jobs.

Mr Dutfield also revealed that the area's miners would demand that their newly-elected national president, Mr Arthur Scargill, opens negotiations with British

**By MIKE SMITH,
Industrial Editor**

Coal — even if it means sitting down with the breakaway Union of Democratic Mineworkers.

It has been Mr Scargill's refusal to sit down with British Coal in any meeting that could include the UDM that has halted any talks on issues such as miners' pay and flexible working arrangements.

Mr Dutfield said British Coal was showing no urgency over the Margam project.

"They have not come clean about the situation and have been playing with Margam for a number of years," he said. "The question must now be whether they intend going ahead with the mine or not."

"As far as the NUM is concerned the situation is finished in the sense that we cannot even consider any talks.

"If the coal board intends going ahead we certainly accept that any other recognised union should have the right to secure the jobs for South Wales.

"We will work with other accredited unions to bring the 800 Margam jobs to South Wales."

The Transport and General Workers' Union in Wales has already said it would represent the Margam workforce, with the agreement of the NUM, to keep the Union of Democratic Mineworkers out of the coalfield.

Mr Dutfield said the South Wales area had abided by NUM policy since the union's national conference last July rejected flexible working.

This is despite an earlier South Wales conference vote to accept in principle flexible working at Margam.

A British Coal spokesman said yesterday that Margam was still under consideration but pointed out that world coal prices had fallen since the project was prepared, reducing the income that would be expected from the mine.

He said this underlined the need for flexible working and highlighted the risk to the project from delay.

Meanwhile, a South Wales delegate conference yesterday voted to join with North Derbyshire miners at next week's national conference in calling for the opening of negotiations with British Coal.

Mr Dutfield said this was certain to be opposed by Mr Scargill, who has refused to remain in any meeting attended by the UDM.

The South Wales president said, "We in this coalfield are not directly affected by the UDM but we are affected when it comes to national talks affecting us, and Mr Scargill must get around the table."

"We do not believe we can serve our members by walking out of meetings because of the UDM being there."

Mr Dutfield said the South Wales leaders accepted the presidential election result and would work with Mr Scargill.

But he added, "We believe the national officials must also take heed of that vote because many of the men who supported Mr Scargill have also voiced considerable concern about his failure or refusal to get around the negotiating table."



SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01 211 6402

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ALCG

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The Rt Hon Peter Walker MBE MP
Secretary of State for Wales
Welsh Office
Gwydyr House
Whitehall
LONDON
SW1A 2ER

3rd February 1988

Dear Peter,

at Hof

Thank you for your letter of 28 January about Margam.

I agree that when British Coal decided to pursue the development of Margam an early agreement to six day working would have represented a major breakthrough. However, over the last few months there have been important developments. British Coal have arranged that Asfordby be developed as a UDM pit and there are very good prospects of an agreement on six day working being reached with UDM in the near future. I am sure you will agree that it would be very desirable for the UDM to be, and be seen to be, the trail blazer.

However, I have no doubt that a further agreement to six day working with the South Wales NUM would also be a valuable prize. I have discussed this with Bob Haslam. It is true that BC has been considering the economics of the project and that these do not look as good as early last year. Coal prices are low and the prospects for any increase in the foreseeable future are poor. Nevertheless British Coal still feel that, provided six day working can be secured, the project is worthwhile. Bob Haslam was therefore surprised to hear that the leaders of the NUM in South Wales were in any doubt about British Coal's plans, particularly as the NUM met his Area Director recently and nothing was said to suggest that BC's position had changed.

It was disappointing that, despite the views of the leadership, the men in Wales still voted in favour of Mr Scargill, but it may well be that there remains a good case for another more formal approach to the NUM to force the issue. This would certainly make them either face up to Scargill or publicly throw away the possibility of a valuable investment and new jobs for their members. I have put this point to Bob Haslam and at today's

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press conference I understand he made it clear that British Coal's offer remained on the table but could only stay there for a limited period and that, if it was not accepted, the Corporation would have to consider the possibility of allowing other unions to organise the pit.

I am copying this to the Prime Minister.

*Young, Ernest,
Chair.*

CECIL PARKINSON

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Naturalized Industries -

Financial Position

pt 21.





SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01 211 6402

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The Rt Hon John Major MP
Chief Secretary
HM Treasury
Treasury Chambers
Parliament Street
LONDON
SW1P 3AG

Prime Minister
You will be interested in

X selected.

Recd 21/10

21 October 1988

Dear John,
UDM PAY

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I undertook in my letter of 5 October to keep you informed of developments.

The Corporation met the UDM on 18 October. The union had asked for an increase on wage rates of 1% above the October RPI. They also sought a range of improvements in other benefits and allowances including retirement at 55 on terms equivalent to the RMPS; salaried staff status for their membership (with equivalent benefits) and improved holiday entitlements. As against these demands the UDM offered to drop fixed holidays at all pits they represent. The Corporation have costed the total package at some £300m pa.

As indicated in my letter of 30 September the Corporation offered a two year deal based on the September RPI. The UDM were given the choice of taking the total sum represented by a 5.9% increase on the wage bill of its members as a straight increase on grade rates or as a lesser increase plus some of the less expensive items on their shopping list. I understand the UDM were willing to negotiate on this basis and discussion focused on grade protection (for highly paid employees such as face workers temporarily transferred for health or other reasons to lower paid jobs elsewhere) plus increases on night and standard incentive rates. The same formula would apply in the second year, which would be based on the September 1989 RPI.

Against this offer must be set the effect of UDM's holiday concession for which the Corporation have been pressing for some



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time. This is valuable not only for the potential it offers for further improvements in productivity in Nottinghamshire but also for the precedent established for seeking this change in the other coal fields.

X | You will also be interested to know that Bob Haslam has told me the Corporation intend to offer the UDM negotiating rights for the Margam development. No action on this is being taken for the time being; it is being held back as a potential inducement to clinch the pay deal.

I shall continue to keep you in touch with developments.

I am copying this letter to the Prime Minister, members of E(PSP) and Sir Robin Butler.

Yours Sincerely,
Cecil Parkinson

CECIL PARKINSON

SNOW Ind - Coal Pr 21.

