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LONDON SW1A 2AA

From the Principal Private Secretary

16 January 1991

Dear John,

COAL PRIVATISATION

Your Secretary of State spoke to the Prime Minister today about coal privatisation. He said there had been a longstanding policy to privatise the coal industry and he expected this to be a commitment in the next Manifesto. If, however, privatisation were to be completed in the next Parliament, it would be essential for a well worked out blueprint to be available by the time of the election. There were many difficult issues to consider, for example, whether it would be right to establish a large number of small coal producers who would be pitched against two large generators.

Hitherto, the approach had been to adopt a low profile in discussing coal privatisation in order not to stir up industrial relations problems in the industry. An alternative approach would be to open the issue up for public debate through a Green Paper. Your Secretary of State felt, however, that it was right to proceed quietly.

The Prime Minister agreed that the long-term objective should remain to privatise the coal industry but also agreed that preparatory work for this should be done without publicity. There were a number of issues to be examined, for example, the effect on small mining communities. It would be important to seek the views of Government supporters representing the mining seats.

Your sincerely

Andrew Turnbull

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