

Prime Minister

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One has the case for action. But surely the training could not be reserved only to UDM (as ~~the~~ UDM men being made redundant would have no union loyalty) Should not Mr Wakeham be invited to look at a range

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PRIME MINISTER

25th October 1991

of ideas - relocation grants, training for ex-miners, I'd like to talk conveniences to attract employers to the areas. to J.W. the home are proved on any of this 25/10. BHP 25/10

BRITISH COAL PRIVATISATION

The trickiest issue surrounding the work on coal privatisation is how to manage the public debate in the run up to the election. As the publicity caused by the leak during the Party Conference week showed, the inevitable rationalisation of the industry over the next couple of years is a subject open to much misunderstanding and one which Frank Dobson will try to exploit.

You are seeing John Wakeham on this subject in two weeks' time. He will report on the excellent work that Rothschilds have been doing, and their conclusion that the size of the future industry depends upon British Coal management making rapid progress on reducing costs and upon the renegotiation of the coal contracts with the electricity generators.

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Unfortunately, British Coal needs to be addressing these issues in the early part of next year, which inevitably will result in further leaks and press speculation. The key purpose of the meeting is thus to agree a strategy for preempting and controlling the public debate.

There is one aspect of the handling that I have been giving some thought to, and which I would like your guidance on in order to prepare for the meeting with John Wakeham. The question is how the Government can be seen to be discharging its debt to the UDM miners who broke the 1985 strike. This is not purely an electoral matter; there are at least seven Midland seats with UDM pits, three of which are marginals. There is also a moral imperative on the Government not to be thought to be forgetting the past.

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There are currently 15 UDM pits. All but 5-6 of these are likely to close over the next five years, largely because the geology of the southern coal seams is fractured, thin and difficult to mine. In these circumstances, offering the miners the opportunity to own shares in the future industry is unlikely to be a sufficient gesture. Nor could we contemplate subsidising these pits to keep them going; that would undermine the thrust of our energy policy.

We need therefore to find a way of re-assuring the UDM miners that they will not be left abandoned by the inevitable closure of most of their mines. That message needs to be communicated this side of the election.

Such a timescale rules out inward investment or redrawing the RSA regional map. Instead, it seems to me that what ex-miners would really benefit from is access to re-training so that they can compete for alternative jobs effectively. Naturally, BC and the EC subsidised scheme provide some training, but more is always welcome. Training has the right resonance of a Government helping miners in transition from a declining industry into a new skillset.

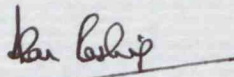
The next problem is how to target such training opportunities onto the UDM members. I do not believe it just nor defensible blatantly to exclude NUM people from benefiting from the training. Instead, I am seeking a way of structuring the scheme so that the official NUM rejects it. We should be seen to be on the moral highground, they to be fighting the old class war.

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What I have in mind is establishing a body to distribute training vouchers to miners. These vouchers might be redeemable at the local TEC, thereby injecting money into these organisations. The board of this body would consist of local business people and UDM officials, possibly even Roy Lynk himself. I would anticipate that the involvement of the private sector, the TECs and above all Lynk would force the NUM to boycott the scheme. The training would thus be available only to UDM people or NUM members who defied their union.

I have booked a slot to talk this over with Ken Clarke and will also have a chat with David Heathcoat Amory. Before doing so, however, I wanted to ensure that you endorsed this line of thought.

Shall I work up a proposal for the meeting with John Wakeham?



ALAN ROSLING

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MR. ALAN ROSLING

BRITISH COAL PRIVATISATION

The Prime Minister has seen your note of 25 October. He accepts there is a case for action to provide support for redundant miners and mining areas, not least in the UDM coalfields. He has commented that he would like to talk to the Energy Secretary, before proceeding with any of the ideas set out in your minute.

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BARRY H. POTTER

28 October 1991

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