

*for meeting folder*

MR SCHOLAR

*Prime Minister*

*MCS 26/1*

cc Mr Mount  
Mr Walters

PIT CLOSURES

Mr Lawson's note of 21 January, which will be discussed at the Prime Minister's meeting on Thursday, recommends that the Government endorse the NCB's strategy for pit closures - the fastest programme of closures which is consistent, in the Board's view, with a probable avoidance of a national coal strike.

We have seen, although Mr Lawson has sensibly decided not to circulate, illustrative lists indicating the closures likely to be necessary under various assumptions. The scale of closures needed for the NCB to operate commercially, without cross-subsidy, would be truly colossal; and would certainly lead to a national coal strike. The most radical option considered by the NCB does not go that far: it states as its objective breakeven by 1986/87. Even that would involve closing some 38 pits by 1984, including about a dozen in Yorkshire and the Midlands where a strike would really bite.

We do not believe it would be right to pursue any strategy which made a national coal strike likely. For all our preparations, the outcome of such a strike would be uncertain, and the wider repercussions undesirable. But we do not believe that we should be put off a particular strategy because a national coal strike was possible. We do not therefore question Mr Lawson's judgement that we should pursue a policy of closing pits at roughly twice the present rate, giving rise in all probability to localized industrial action in those areas (Scotland and Wales) most affected.

Such a policy will enable us to build up to an enhanced rate of closures over a period of time, so that the fact of closure on uneconomic pits becomes more widely regarded as reasonable.



In the meantime, both because the NCB's judgement may turn out to be wrong, precipitating a national strike earlier than we expect, and because eventually a national coal strike is probably unavoidable in order to bring the NCB anywhere near breakeven, we must maintain our capacity to withstand loss of coal production.

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J.

25 January 1983