

NOTE FOR THE RECORDCOAL DISPUTE

On Wednesday evening the Secretary of State for Energy and the Secretary of State for Employment reported to the Prime Minister on the developments in the coal dispute. On Monday, Mr. Heathfield of the NUM had met Mr. Smith of the NCB for "talks about talks". The minutes of this meeting are attached at Annex A. These record that as yet there was no firm understanding that there should be a resumption of discussions and that representatives of both sides would report back to their principals who would consider whether discussions could be resumed. At the same time, the NUM had been in contact with ACAS. Mr. Lowry had met Scargill, Heathfield and McGahey and had set down on paper his understanding of the NUM position. He had confirmed it over the phone with Mr. Scargill. (Annex B).

The Prime Minister held a meeting this morning to consider these developments. Present were: the Secretaries of State for Energy and Employment and Mr. Gregson.

It was noted that while there were signs that the NUM was shifting its ground, its position still fell a long way short of what was needed for a satisfactory settlement. The Prime Minister said that, in any final settlement, there should be:

- (i) clear recognition of the right of management to close uneconomic capacity, subject only to the proper consultation procedures having been completed.
- (ii) the Collieries Review Procedure as amended in the negotiations with NACODS should be in operation immediately following the end of the strike.



The Secretary of State for Energy reported that he had seen Mr. MacGregor earlier that morning to discuss the line the NCB should take before the NUM Executive meeting and in responding to the outcome of that meeting. They had agreed that Mr. MacGregor should issue a statement before the meeting that the NCB was ready to resume negotiations provided the NUM was prepared in writing to confirm that it accepted that uneconomic pits should close and that it recognised the right of the Board to reduce uneconomic capacity.

If this statement was not to undercut what the Prime Minister and Mr. Eaton on behalf of the Board had said on Tuesday, it was essential to express these points as a condition for the resumption of talks and not as conditions necessary for a successful outcome. (Later in the morning the NCB issued such a statement - Annex C).

In discussion it was agreed that the Government should avoid being seen to oppose any talks. It should be prepared to welcome any genuine change of heart by the NUM, but it should insist that, before talks started, both sides should have a clear understanding of the other's position.

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24 January 1985