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File 10

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PRIME MINISTER

AT 25/1

25 January 1985

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THE COAL DISPUTE

We have to consider options for the future of the coal industry now that the return to work is gathering momentum, so that any talks take place with NCB and DEN knowing what winning means.

The strategic options for the industry remain as set out in our note of last September. In order of attractiveness and practicality, they are:

a big increase in open-cast mining and disengagement of NCB from this business; sale of remaining ancillary businesses; closure of some uneconomic pits; expansion of coal imports; regionalisation of deep mining activities; introduction of private capital into new pit developments; sale of groups of pits; giving pits to miners.

Tactics

What should be said once we have passed the 50% mark which has been made into the big test?

The options include:

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- a. Setting a date for everyone to return. Those failing to do so will no longer be covered by the pledge of no redundancies.
- b. Closure of pits with no men present.
- c. Announce a rejigging of the capital programme in favour of the working areas
- d. Announce that private capital may have to be involved in new mine development, in view of the sharp deterioration of the financial position.
- e. Announce sale of assets to help fund investment.
- f. Announce regionalisation.
- g. Write market forces and realistic demand projections firmly into new Plan for Coal.

Conclusion

There should be an early debate in MISC 101 or a smaller group concerning the tactical options in the light of the strategic objectives.

This is relevant either to the conduct of talks or to making a statement when 50% have returned.

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Sterling will not be helped by giving in to the men of violence. The bulk of the press and public now want Scargill to be defeated and common sense to be restored.
Let's not snatch defeat out of the jaws of victory.



JOHN REDWOOD

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