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cc. - Mr Hoskyns

Prime Minister

①

Mr Duguid - on return

Contact I write

as proposed at X?

Hus 28/10

Yes
ms

MR SCHOLAR

MINERS' PAY NEGOTIATIONS

attached

There are no surprises in Mr Moore's letter of 23 October to the Chancellor, reporting likely further developments in the miners' negotiations. Mr Lawson indicated in his letter of 30 September to the Chancellor that Sir Derek Ezra would probably be prepared to go up to an offer which increased earnings by 7%: this has now been weakened to "7% - 8%", some 2% below the basic rate increase. As you will know from my note of 23 October, I agree that the press reporting of the 19 October offer was satisfactory. The main point to watch now is that an increased offer on 11 November is not widely perceived as 9 - 10% (i.e. the basic rate increase). If the Prime Minister agrees, it might be appropriate for you to follow-up your letter of 12 October - in which you warned Energy that she was doubtful about the wisdom of letting the settlement be presented as more generous than it really is - with a letter saying that she hopes the main focus of attention will be on the increase in earnings.

J.

27 October, 1981

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DEPARTMENT OF ENERGY
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Copy to A Dwyer
J Vercher

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
London SW1P 3HE

23 October 1981

Dear Geoffrey,

MINEWORKERS' PAY NEGOTIATIONS

As reported in my letter of 15 October, the tempo of the negotiations between the National Coal Board and the National Union of Mineworkers has slowed down. Before the meeting on 19 October, the Board knew that the NUM did not wish to conclude the negotiations immediately. They therefore decided to offer no more money at the meeting, but simply to indicate how the £71 million, which had already been offered for increased payments to mineworkers, could be divided up. The example they gave was:-

£58 million for increases in basic rates ranging from £4.25 on the lowest rate of £80.85 to £6 on the highest of £111.25 (an average of about 5.3%).

£7 million to increase the standard rate of incentive pay (£30) by £1.

£6 million to finance improvements in other benefits.

Once again Cowan stressed that the amount of money available was constrained by the NUM's decision to give priority to maintaining employment by opposing the Board's closure proposals last February. The consequent need to clear stocks of coal by sales overseas at low prices meant that the cash available for pay increases was very limited.

The NUM's reaction was that the Board's offer was totally inadequate. Joe Gormley said that the NCB should go away and think very carefully before the next meeting. In response the Board indicated that there might be some scope for further movement, but this could not be anything substantial.



There was some discussion of the 'non-pay' elements of the NUM's claim and in particular the NCB agreed that the question of shorter hours should be examined by a Working Party, and that the Board would look at the question of paying miners on a salaried basis, but without commitment. The Board emphasised there was very little money available for non-pay items.

The two sides agreed to a further meeting on 11 November. That meeting is likely to be the final and crucial one. On 12 November there will be a regular monthly meeting of the NUM's National Executive Committee. There will be strong pressure at that meeting for the NEC to move to a ballot as quickly as possible (probably on 18/19 November), so as to avoid interfering with the NUM Presidential ballot which is already arranged for 2-4 December. If the NUM keep to this timetable the potentially disruptive intermediate step of a Special Delegate Conference will be avoided. In agreeing to a meeting as late as 11 November Joe Gormley was probably less concerned with the BL negotiations than with being able to move rapidly to a pithead ballot.

The outcome of the meeting on 19 October was satisfactory as far as it went. The NCB did not offer more money or agree to further negotiating meetings at which concessions could be wrung from them in stages. The press accurately reported the level of the NCB offer and the earlier erroneous reports of initial offers of 8%, 9% or even more have been corrected.

The Board have now to decide on the level at which to pitch their final offer on 11 November if it is to stand a reasonable chance of acceptance in the ballot. As indicated in earlier reports their current view is that they will have to make an offer which is equivalent to about 9%-10% on basic rates, but which increases earnings by only 7%-8%.

The Board will not finalise their plans, including how any money will be split between increases and basic rates, incentive payments and non-wage items, until much nearer 11 November. The final package could still be influenced by a number of external factors, in particular the outcome of the British Leyland negotiations, about which Patrick Jenkin will no doubt be keeping us informed. Any 'politicization' of those negotiations into a confrontation between unions and Government would make a satisfactory settlement in coal more difficult to achieve. Another factor which may have some influence is the NUM leadership struggle. As you know, two more candidates have entered and this may make Arthur Scargill more anxious to prove his mettle.



The fact that the whole Government has hitherto maintained a low profile on the NUM wage negotiations has enabled the Board to continue to rebut effectively accusations by Arthur Scargill and others, which have been referred to in the press, that the Board is negotiating under pressure from the Government. It is essential that we should maintain this low profile during the next 3-4 weeks until the ballot is over. It would also be helpful if you and other colleagues could continue to keep us informed of any announcements, speeches or other developments which could have a bearing on the negotiations. We shall, of course, continue to keep you and other colleagues informed as the situation develops.

I am sending copies of this letter to the recipients of our previous reports.

A handwritten signature in cursive script, appearing to read 'John Moore', is written above the printed name.

JOHN MOORE

RECEIVED
NUM
50 OCT 1985