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Prime Minister

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This is very difficult. The point at X is a good one. But the announcement of the EFLs cannot be delayed until after the public expenditure

MR. SCHOLAR

announcement (otherwise the public expenditure totals won't be credible). Nor will we be able to get away without disaggregation since the industries already know their

Miners' Pay Negotiations: Announcement of EFLs

totals

(attached)

You will have seen from John Moore's letter of 19 November to the Chief Secretary that the Department of Energy fear that an announcement of EFLs in the course of the continuing negotiations between the NCB and the NUM might enable the latter to claim that the Government is tying the hands of the NCB. I fear there is considerable substance to this, and that such an announcement could enable the new NUM President (presumably Scargill) to turn this year's pay negotiations into a dispute with the Government, rather than with the NCB, if he chose to do so.

No doubt the Treasury will not welcome the prospect of having to change their plans for the EFL announcement: but unless there are overriding reasons either for having to announce EFLs together with the public expenditure decisions, or for having to announce the details rather than the overall cost of nationalised industry support, I think we ought to put off the EFL announcement, or at least the disaggregation within it.

J.

Suggest I write asking that you be consulted before any final decision is reached. Agree?

20 November 1981

I agree with M.S. 20/11 J.V. Perhaps

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the whole announcement should be delayed, it need not to come until later not

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cc: A. D. S. J. J. J.
J. J. J.



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19 November 1981

Leon Brittan

You will have seen from Nigel Lawson's letter of 13 November to Geoffrey Howe that the NUM wage negotiations are unlikely to be completed until some time in December. We may have a clearer picture of when the ballot is likely to be after the NUM/NCB meeting on 25 November, although this is by no means certain. At the moment the Board's best guess is that the NUM will want a further meeting with the Board on about 7 December, ie after the Presidential ballot, and the NEC will decide on 10 December what recommendation to make to NUM members for a pithead ballot.

As you know, the Board have repeatedly expressed the hope that the Government will not take any action during the negotiations, which might make a satisfactory outcome more difficult. In particular the Board have emphasised the need to avoid any action which might enable the NUM to claim with some credibility that they were not really negotiating with the NCB, but with the Government, who were imposing financial limits on the Board, which prevented the Board agreeing to a satisfactory settlement. It was for this reason that Derek Ezra urged us not even to inform him of the NCB's 1982/83 EFL and grant limits until the negotiations had been completed and certainly not to announce them. We have, of course, informed him confidentially of his 1982/83 EFL, but have not announced it publicly.

I realise that in the normal course of events you would wish to announce all the nationalised industries' EFLs towards the end of this month or early in December. In view of the delay in the timetable for the NUM negotiations I would, however, urge you to consider delaying the announcement at least until after the NEC have decided on what recommendation to make to their members. As indicated earlier this could be on 10 December.

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This would prevent the NUM being in a position to draw attention to the reduction in the EFL of some £90m and claiming that it was this reduction which effectively tied the hands of the Board in the wage negotiations (as indeed it is intended to do). I realise this will present problems for you. On the other hand it would be a great pity if the premature announcement of the NCB's EFL by Treasury Ministers put at risk the chances of a reasonable settlement, the importance of which you and Geoffrey Howe have rightly stressed. In any case I hope you will agree to delay a final decision on the date of publication until we see what happens on 25 November.

I have considered the possibility of asking you to omit publication of the NCB's EFL from the full list of Nationalised Industry EFLs. The purpose of such a device would be transparent. I do not think we should pursue such a course.

I am sending copies of this letter to the Prime Minister, other Members of E Committee, the Secretaries of State for Scotland and Wales, Sir Robert Armstrong and Mr Ibbs.

A handwritten signature in dark ink, appearing to read 'John Moore', written in a cursive style.

JOHN MOORE