



SECRET

John Hoskyns' commentary (ATA) is

PRIME MINISTER

MINERS' PAY

Yes - D.H. + L.H. - very critical of Mr Howell's proposals. Do you want to talk to Mr Howell? And other colleagues?
x S.P. -

I have now had details from Ezra of NCB's thinking on the handling of the miners pay negotiations.

MS
17/10

Joe Gormley has proposed a timetable which would provide for the negotiations to be concluded and the Board's final offer to be put to ballot before he goes to Australia in mid-November. This timetable is more compressed than usual but on balance the Board consider it politic to go along with Gormley, so as to ensure that the final stage of negotiations can take place while Gormley is still available to lead the union side. This means that the timetable is as follows:-

- Thursday 23 Oct: formal presentation of the attached claim (already sent to the Board in writing) and initial response by Board disclosing financial situation;
- Thursday 6 Nov: Board make formal offer;
- Tuesday 11 Nov: negotiations brought to conclusion;
- Thursday 13 Nov: Gormley puts results to his National Executive Committee (NEC);
- Friday 14 Nov: Delegate Conference summoned (as required by NUM's Annual Conference Resolution) and calls for ballot, probably recommending rejection of the offer.
- early Dec: ballot result available.

At the meeting on 23 October the Board will present financial information (copy enclosed) showing that at best £145m will be available for pay increases to all their employees. The union will be able to calculate that it is equivalent to roughly 10% on base rates. (Actually after allowing for the productivity earnings it would be 8% on the total pay bill). The Board will not finalise the details of their formal



offer until after this meeting but expect it to be either 10% on base rates for all, or a bit more for face-workers and a bit less for the others.

They had great difficulty in arriving at this figure, having to balance their difficult financial and market position against the real danger of provoking immediate industrial trouble (steel has been very much in their minds) if their initial offer is too low. Apparently the Board were influenced to decide on 10% by the strong advice of the new part-time members from the private sector.

However, they believe it inevitable that they will have to go a bit higher than this in the subsequent negotiations, and though they have no figure in mind at present, I am assured that they will be fighting very hard to keep any improvement as small as possible. They will keep me closely posted on developments, although once they reach the period of intense negotiations in early November they will clearly not be able to give us 7 days' notice of any proposed alterations in their offer.

I have detected no complacency on Ezra's part as was suggested in the Chancellor's letter of last week; indeed the Board regard their situation as an extremely tricky one to deal with. Recent stories in the Press to the effect that, with Government blessing, they are proposing to offer 18% will have raised miners' expectations in an unfortunate way. The Board have no illusions about the financial and marketing problems a pay increase of even 10% would cause them and will therefore strive for the lowest possible settlement they can get. But we have to accept that a break-down of negotiations leading to industrial action would, from their point of view, be disastrous as well as in the end leading to a much higher settlement. They realise that no offer that they can contemplate is likely to be endorsed by the NEC or the much more militant delegate conference. So it will all depend on the ballot and what is the lowest figure the individual miner will be prepared to accept - against the advice of his union - rather than strike for more. The Board therefore intend taking steps from now on to



put the essential facts of their financial and market position directly to the men.

How best to tread the tightrope will require very delicate judgement and I suggest that for the time being at least we must leave the Board to pursue their chosen tactics, while at the same time keeping in the closest touch with events and the further development of their thinking.

I am considering, following the Chancellor's meeting this morning, what advice I can give my colleagues if they are called upon to comment on the miners' pay claim.

I am sending copies of this letter to the Chancellor of the Exchequer and the Secretary of State for Employment.

DIA.

Secretary of State for Energy

10/14 October 1980