

Ref. A03981

PRIME MINISTER

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E: Presentation of Mineworkers' Pay Settlement

BACKGROUND

You will recall that although the miners' pay settlement increased the NCB's total pay bill for miners by 9.7 per cent this was publicly presented by Mr. Gormley and by the Press and television as a settlement amounting to 13 per cent. The details were set out in a note by the Secretary of State for Energy attached to his Private Secretary's letter of 16th December to the Chancellor of the Exchequer's office. In that note the Secretary of State advised strongly against any Government intervention to comment on the presentation of the figures. He thought that it was too late to do so, and that if the NCB and the NUM leaders were made to look foolish this could create a bad atmosphere both for closures and for the autumn negotiations leading up to the November 1981 settlement.

2. The Chancellor of the Exchequer has now asked for this question to be discussed at E. He will wish to question whether there would be advantage in clarifying the figures on the miners' settlement in the interests of influencing employee groups involved in current pay negotiations.

3. A further development is that there have been some reports that the miners' settlement was worth more than 13 per cent. The Economist (page 47 of the current issue) says "the public sector is temporarily stuck with a going pay rate in the form of the miners' 13 per cent pay settlement over 10 months or 15-17 per cent over a year. Unions in the nationalised industries have seized upon this as a goal they must attempt to achieve for their members. Hence the threat of a national water strike".

4. Mr. Ibbs's minute of today to Mr. Lankester points out that there is a respectable case for interpreting the settlement as in the order of 13 per cent and proposing that the figures should now be clarified, by unattributable Press briefing, in the interests of killing the notion that the settlement was worth as much as 17 per cent.



HANDLING

5. As the Chancellor of the Exchequer has asked for this item to be on the agenda, you will wish to invite him to speak first and the Secretary of State for Energy to comment. The Committee will wish to hear the views of the Secretaries of State for Employment and for the Environment on the relevance of these figures to other current negotiations.

6. The Committee may well think that it is too late now to make a play of the 9.7 per cent:

- (i) It would be very odd for the Government to comment after this length of time.
- (ii) It would backfire if, as the CPRS point out, there are respectable different interpretations of the arithmetic and a basis for referring to 13 per cent.
- (iii) It is very important not to sour the atmosphere for mine closures or to prejudice the negotiations on the next miners' settlement towards the end of this year.

7. It is however a different matter, if figures higher than 13 per cent are gaining currency. The Committee will wish to consider whether in response to this either the NCB should be persuaded to clarify the position or, as the CPRS have suggested, there should be unattributable Press briefing.

CONCLUSIONS

8. If the Committee decides that any initiative should be taken to clarify the miners' settlement they will wish to decide whether the Secretary of State for Energy should be asked to invite the NCB to do this or whether it should be done by unattributable briefing. If the latter, it might be appropriate for the Treasury to take responsibility, since the aim is to influence pay settlements generally rather than those for which the Secretary of State for Energy in particular is responsible.

9. If it is to be done through the Treasury the Committee will wish to invite the Chancellor of the Exchequer to arrange for this in consultation with the Secretary of State for Energy who will probably wish to consult the NCB first.

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ROBERT ARMSTRONG

13th January, 1981