

~~CONFIDENTIAL~~
Original returned to W.

cc Mr. Walters
Mr. Duguid
Mr. Ingham

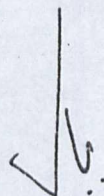
PRIME MINISTER

E, 14 JANUARY: PRESENTATION OF THE MINERS' SETTLEMENT

In his note of 16 December Mr. Howell opposes any initiative to publish the true percentage figures for the miners' settlement, for fear of adverse effects in the mining industry.

What the true figures are is in itself a disputable issue: by the usual yardstick of increase in the total pay bill it was a 9.7% settlement, but lasting for only 10 months. It is possible (but I would judge rather unlikely) that some of the miners think of it as 13% because of the way it was presented. The Economist this week talks of a 15-17% increase: you may want to probe Mr. Howell on the facts.

Provided it would not be open to contradiction, the balance of advantage has now shifted towards presenting it as a single figure settlement, because of the difficulties employers in three other nationalised industries - water, gas and electricity - face in negotiating settlements which are perceived to be several percentage points below what the miners got. The water workers have rejected 7.9%, the gas workers have rejected 9%, and the electricity workers have made it clear they will accept no less than the miners. The importance of lowering expectations of these groups in the current pay round now outweighs the hypothetical difficulty that might be created in the mining industry: Ministers should start to refer publicly to the need for responsible pay bargaining in the public sector monopolies, and the fact that even the miners only got 9.7%. But to draw parallels with the miners, and then to find there was a respectable case for saying they got 13% or more, would be to get the worst of both worlds.



J.M.M. Vereker

13 January 1981

~~CONFIDENTIAL~~