

COAL PAY NEGOTIATIONS

You are discussing the coal pay negotiations at E tomorrow. This note is concerned with our longer-term position on this type of problem, rather than any ad hoc response to the present negotiations, in which latest reports suggest that the ballot may turn out favourably.

1. According to David Howell's minute of 27 November, Ezra's position seems to be rather confused. He says that standing firm might lead to a strike, while settling would reduce management's credibility. He therefore suggests an improvement in the incentive scheme, which sounds like a fudged compromise; or else a commitment to "over-index", by increasing a 20% base rate offer in line with any RPI index which goes above the figures expected. Imagine other big industries indexing themselves in line with an RPI which itself reflects their own pay awards!
2. The refusal by miners and dockers to handle coking coal for Llanwern today suggests that Ezra's warning that excessive pay awards to the miners will simply lead to shrinking markets and fewer jobs, may fall on deaf ears. However, I have heard that the decision not to handle the coking coal was only narrowly taken.
3. When a labour monopoly effectively "owns" a nationalised industry whose disruption can bring the country to a halt, we have to consider a number of questions before we can work out what Government's posture and strategy should be. An ad hoc solution this time round (even if a favourable one) will not make the problem go away for good.
4. There are many questions which we need to consider before the problem comes round again next year. For example:
  - (a) Can the Government remain uninvolved <sup>at the start;</sup> in negotiations which may go wrong and escalate into a situation where the Government has to be involved?
  - (b) Should the Government, in any case, be more closely involved in developing a negotiating strategy, with NCB (rather as we have tried to do with BL)?
  - (c) What is the long-term solution to the NUM bargaining problem? For example, is it conceivable the NUM would consider a no-



strike package with special pay arrangements (very unlikely, I would think)? Or is intelligent "ad hocery" with some sharpening up of NCB's bargaining techniques, the best way to continue, even if it costs more? Would that be seen as a fair deal in other industries? If one group need not face economic reality, why should others?

- (d) Should Government's effort be concentrated on keeping competitive sources open so that, at the margin at least, there is some alternative supply? What would this mean in infrastructure investment, or using troops to unload etc? Lead time, investment required, dangers of escalation to all-out strike? Are we quite satisfied that an all out strike would be unbeatable?
- (e) Depending on the route we adopt, how do we/NCB (or in the Llanwern case, BSC) mobilise public opinion to see just what militant union leaders are proposing?

These questions cannot be answered quickly enough to help us decide how to handle this pay round for the NUM. But they can and should be, for next time round. It may therefore be worth having them at the back of your mind during tomorrow's discussion.

  
JOHN HOSKYNS

3 December 1979