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Secretary of State for Industry

25 February 1981

Rt Hon David Howell MP
 Secretary of State for Energy
 Department of Energy
 Thames House South
 Millbank SW1

Dear Secretary of State

COAL TRIPARTITE DISCUSSIONS: MINeworkERS' REDUNDANCY AND
 TRANSFER TERMS

below

Your letter of 24 February sought my urgent agreement to an offer of enhanced redundancy payments at today's tripartite meeting, but arrived too late for me to comment before the meeting.

2 I am concerned that you should apparently have offered enhanced terms without any certainty of achieving desired closures. This undermines the whole purpose of redundancy payments. I am most reluctant to agree to such an open ended commitment, since my understanding of discussion at E was that enhanced terms should only be offered in return for a closure programme higher than 1½m tonnes of capacity a year.

3 Your proposals will have repercussions in other sectors. You will know that redundancy payments to shipbuilders are much less generous than those proposed by NCB. In addition, the steel industry is trying to reduce its levels of payment. The level of BSC payments has led to criticism in the private sector, which cannot pay comparable sums. The enhanced terms you propose will increase the difficulties in this area.

4 Furthermore, in the context of the steel payments, Ministers have taken the view that such generous redundancy terms could not go on for ever, and that a time limit should be set. I should like to see the concept of a time limit introduced into any deal with the miners. There will be repercussions, too, in the private sector. The petrochemicals industry is in much the same position as the coal industry, attempting to negotiate their way through a programme of closures of old plant and the

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building of new ones. Increased generosity by the NCB would make these necessary changes even more costly.

5 I am copying this letter to the Prime Minister, Jim Prior, Christopher Soames, Leon Brittan and Sir Robert Armstrong.

Yours sincerely

Ian Ellison

KEITH JOSEPH

(approved by the Secretary
of State and signed in his
absence)

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