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SECRETARY OF STATE FOR ENERGY  
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Rt Hon Geoffrey Howe QC MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
London W1

7 November 1980

*u Mr Hodgson  
Mr Barker  
Mr Lygh*

*MB*

*Neil Tucker  
Pm*

*dear Mr Howe*

*A report on  
yesterday's meeting  
may negotiations.*

*R  
7/11*

Dear Chancellor,

As was expected the negotiating meeting yesterday between the NCB and the NUM broke up at lunch time without reaching a settlement. There was some hard talking on both sides but no hostility and a further meeting is to be held on Wednesday 12 November (not Tuesday as was earlier thought likely) at which there seems to be a determination on both sides to finalise the negotiations.

At yesterday's meeting Cowan the Board member for industrial relations judged, as the discussion progressed, that it would achieve nothing to make any increase at that stage in the total amount on offer. He did not translate that into percentages but offered some examples of how it might be distributed in cash terms. He concentrated particularly on the difficulty of the financial and marketing outlook and the dire consequences that would flow from an excessive settlement. There appears to be some sign that this message is beginning to get across and further effort to put it over will continue to be made, behind the scenes, before next week's meeting.

At that meeting the NCB will pursue the strategy outlined in my letter of 31 October. They will be prepared to settle down to what will probably be a long and hard negotiation leading to a final offer within the limits they have set themselves which will have a real prospect of acceptance by the union membership.

Assuming that the negotiations can be finalised next Wednesday then the results can be debated at the meeting of the unions' National Executive Committee the following day. What will follow that cannot be predicted but the Board's assessment is that yesterday's meeting represented a constructive step forward, establishing a fair negotiating position for the next meeting and offering at least some hope of a successful outcome.

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I am sending a copy of this letter to the Prime Minister and the Secretary of State for Employment.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'D. A. R. Howell', with a long, sweeping underline.

pp D A R HOWELL

(Approved by the Secretary of State but signed in his absence)