

gc Ingrid  
Vercher  
Walters

Prime Minister (2)  
Miss [unclear]

SECRETARY OF STATE FOR ENERGY  
TRADE HOUSE SOUTH  
MILBURN ROAD, LONDON SW1

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From the NCB and Mr Lawson  
seem bent on presenting a settlement  
as higher than it is notwithstanding  
your comments.

Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer  
HM Treasury  
Parliament Street  
London SW1

But you will have an opportunity  
to intervene decisively - see X  
22 October 1981

overleaf.

*John Gifford*

plus 23/10

*mb*

MINERS' PAY

Thank you for your letter of 8 October on this subject. I have also seen the Prime Minister's comments which are recorded in her Private Secretary's letter of 12 October to my Private Secretary.

I am sure that it is common ground between us all that the miners' pay settlement should be as low as possible. David Howell made this point to Ezra and I also made it to him, as you will have seen from my letter of 30 September to you. I know that Ezra and his Board are also anxious to reach as low a settlement as possible. The important question is how this can best be achieved.

I believe it is also common ground between us that a settlement without a confrontation would almost certainly be lower than a settlement reached after a confrontation. The key judgment, which the Board itself must make, is therefore the lowest settlement offer that can be put to the ballot with a reasonable chance of it being accepted in the coal-fields, if necessary against the recommendation of the NUM's Executive Committee or Delegate Conference. If the offer is rejected the outcome could well be confrontation with the Board eventually being forced to make an even higher offer.

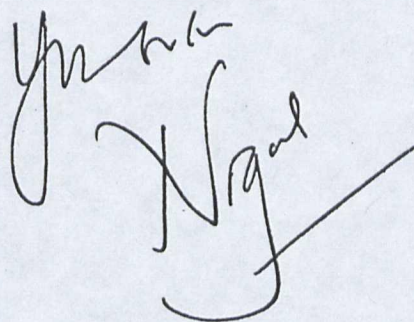
It is against this background that both David Howell and I have advised you and other colleagues on a number of occasions that, in order to enhance the chances of gaining acceptance of an offer in the pithead ballot, the Board would present their offer in the most attractive light. (For ease of reference I enclose copies of the relevant papers).

We are in close touch with the Board about the development of the negotiations, while avoiding giving the impression that the Government is attempting to dictate their course. We have specifically asked the Board to consult us about the presentation of the outcome of the negotiations. I will, of course, also consult the Prime Minister, yourself and other colleagues. We shall have to think very carefully before attempting to restrict the Board's ability to present their offer in the most attractive light before it is put to the ballot. On the other hand, unlike last year, we could take steps to present any offer in its true light after it has been accepted in a ballot. But even here our room to manoeuvre must be limited, if we are to avoid the short term danger of the NUM trying to re-open the negotiations and the longer term and more important danger that we would probably be pre-empting the NCB adopting similar tactics in future years.

I hope, however, that your understandable concern about certain press reports following the meeting on 6 October has to a large extent been allayed by the comments in John Moore's report of 15 October to you and the article on coal in last week's Economist as well as by the more accurate Press reporting of the second negotiating meeting between the Board and the unions. John Moore will report on that meeting in a separate letter.

I am copying this letter to the recipients of yours.

NIGEL LAWSON

A handwritten signature in dark ink, appearing to read 'Nigel Lawson', with a large, sweeping flourish at the end.