



cc ✓ JV
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SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

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Prime Minister

A rather different line
from that which you have
been taking.

M/S 4/12
3 December 1981

Michael Scholar Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

I agree with
this line under
where in ministerial
not

Dear Michael,

NUM WAGE NEGOTIATIONS

Thank you for sending me a copy of your letter of 30 November to John Kerr.

My Secretary of State has commented that the Chancellor's announcement has made it more important, not less important, that Ministers should avoid drawing attention to the fact that the current offer amounts to 7.3% rather than 9.1%, especially as the Chancellor has not been able to hold back significant elements in his announcement. He believes it is one thing for the NUM leadership to grasp the meaning of the figures. The Board's management can go on saying at the negotiating table, to the press and in the coalfields that this is a mere fiddling of the figures.

What is important is what happens in the pithead ballot. This will be influenced to a considerable degree by what appears in the newspaper headlines. Hitherto these have given prominence to the 9.1% figure. If the 7.3% figure now gains prominence the chances of a successful outcome will be significantly reduced. An adverse outcome is much more likely if Ministers now publicly support the view that the real rise is only 7.3%. In these circumstances the NUM leadership would be able to call our own statements or briefing in aid of their argument that the Board aided and abetted by the Government have been deceiving the membership and that substantially higher offers are necessary, if a strike is to be avoided. This would almost certainly lead to the Board either having to make a higher offer or whatever offer was on the table being rejected in a ballot.

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The Secretary of State hopes that the position of the NCB negotiators will not be further complicated, especially as they are committed to trying their hardest to maintain their offer close to its present level. He attaches great importance to avoiding a situation where the Board negotiators are forced to offer a "real" 9% increase on earnings or even a "real" increase over 10%. There would then be no room for the Government to claim after a ballot that the offer is in fact less than it appears to be. He accepts, however, that if, as a result of the Chancellor's announcement, the Board are forced to make an offer equivalent to 11%-12% on basic rates, it may be necessary to publicise the corresponding earnings figures. Fortunately this stage has not yet been reached.

I am sending copies of this letter to the recipients of your letter.

Yours ever,

J D WEST
Private Secretary