

Nat End : Coal Pt 7.

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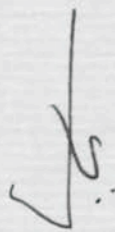
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MR. SCHOLAR

cc: Mr. Mower

NUM Wage Negotiations

Mr. Lawson's letter of 15 September to the Chancellor raises the familiar issue of whether it is better to allow the pay offer to the miners to be presented as higher than it is (in order to persuade them to accept it) or to emphasise its real effect on average earnings (so as to set a lower example for the rest of the pay round).

As in previous years, we must, I think, accept that it would be unwise, this side of the miners' ballot, to place too much public emphasis on the extent of negative wage drift in the mining industry, which results in average earnings rising by about 1½ per cent less than the figures used in the press. But, because it looks as though the ballot will take place much earlier this year than in previous years, we will have more opportunity than before to explain after the ballot what it really is. Were the Prime Minister here, I would suggest that you write to Mr. Lawson's office on her behalf asking him to ensure that his colleagues who deal with the other public sector monopolies are aware of the real nature of the offer. As it is, I propose to suggest this at official level (the Pay Monitoring Group meets tomorrow), and also to suggest that we gear ourselves up for suitable briefing on the real figures after the ballot.



J. M. M. VEREKER

16 September, 1982

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Prime Minister (2)

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

15th September 1982

Dear Chancellor

NUM WAGE NEGOTIATIONS

The first meeting on the NUM's claim for increases in base rates of up to 31% was held at the NCB headquarters this morning. It lasted for 1½ hours.

In his opening statement James Cowan, Deputy Chairman of the NCB and the Board's chief negotiator, stressed the parlous financial state of the coal industry and the need to maintain customer confidence at a time of contracting markets and weak prices. He ended by indicating that the Board might be able to make £120m available always assuming a continuation of Government support. While the Board were making no firm offer, Cowan indicated that this would be equivalent to between 6% and 6½% on base rates. (He did not, of course, mention the fact that it is also equivalent to about 5% on average earnings). He also indicated that, if the NUM was prepared to co-operate with the Board in making other savings and improving efficiency and productivity, there might be a little more money available.


Despite Arthur Scargill's earlier position, it was clear from the outset that the NUM were prepared to negotiate, although at the end of the day the NEC will undoubtedly recommend against acceptance of any final offer the Board makes. Indeed some members of the NUM executive said so in so many words. Scargill predictably said the offer was "derisory" and quite unacceptable. He also claimed that the Board's references to the need to find further savings and to improve efficiency and productivity were euphemisms for carrying out further closures. He received no support from the members of his team, and the Board pointed out that there were many ways of improving efficiency other than closures. Scargill did not pursue the point at the meeting. Nor did he refer to closures when briefing the press afterwards.

-He did on T.V.

At the end of the meeting it was agreed that there would be a second meeting on 23 September. This is considerably earlier than the date of 5 October previously contemplated by the Board. At this stage it is too early to speculate on whether there will in fact be a third meeting early in October. The NUM's NEC will meet tomorrow to consider what line their negotiators should take on 23 September. When briefing the press, subsequently Scargill referred to calling a special Delegate Conference, although the precise timing of such a Conference is unclear.

The Board will be considering the position after tomorrow's NEC meeting and will take soundings in the coalfields. They will then advise me on their proposed plans and tactics on 23 September.

I am sending copies of this letter to the Prime Minister, other members of E, George Younger, Nicholas Edwards and to Sir Robert Armstrong and John Sparrow.

Yours sincerely


NIGEL LAWSON

Approved by the Secretary of State and signed in his absence.