

cc) V

Prime Minister (2)

SECRETARY OF STATE FOR ENERGY  
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MCS 27/1

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

24 September 1982

Dear Chancellor,

## NUM WAGE NEGOTIATIONS

As foreshadowed in my letter of 15 September, Norman Siddall and James Cowan came to see me on 22 September following a series of visits to the coalfields. They told me that they felt they had to make an offer of £155m if the Board was to have a reasonable chance of winning the ballot. When I pressed them on whether, in light of the improved inflation figures, a slightly lower offer might not do the trick, Siddall and Cowan reaffirmed that in their view any offer lower than £155m, which was equivalent to just over 8% on base rates (or 6½% on average earnings), would not stand a reasonable chance of acceptance in the inevitable pithead ballot.

At the meeting on 23 September Arthur Scargill began by reiterating that the Board and the Government could and should find the necessary funds, eg from the savings achieved from reduced manpower. He also claimed that the Board were trying to link closures and other job losses with pay. After rebutting these and other tendentious points, the Board duly put on the table an offer of £155m in the form of 7.2% on base rates and £1.50 on incentives. The Board said that they were prepared to rejig the offer including putting the full sum on base rates, in which case it would represent an 8.2% increase.

The NUM then adjourned. They subsequently sent a message to the Board that the NEC had unanimously rejected the offer and by a majority had decided to call a Delegate Conference on 4 October prior to a ballot on 28-29 October.

Scargill then told the Press that the negotiations were at an end and that the NUM would ballot their members on the question of whether they would support their Executive in seeking undertakings that there would be no closures except on grounds of exhaustion and on going back to the Board for

a realistic pay offer with authority to take strike action, if necessary. The exact form of the question is only likely to be decided on 4 October. He also indicated that there would be an overtime ban following the Delegate Conference.

I will report further following the Delegate Conference on 4 October. In the interim could I renew my request to all colleagues to maintain the lowest possible profile on all this. I shall be urging the NCB once again to launch a major PR programme to convince their workforce of the value and generosity of the offer and that a vote against the Board's offer is a vote for a strike. In the run-up to the ballot on 28-29 October I should also be most grateful if colleagues could consult me on any announcements that might have an impact on the outcome of the ballot.

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.

*W. Simon*

*J.P. Clark*

PI NIGEL LAWSON

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