

CONFIDENTIAL

Prime Minister (2) Nat Ind

To note. Please see Mr

MR. SCHOLAR

c. Mr. Mount

Lawson's
letter of 24 Sept.

MINERS' PAY

MW

MW 27/9

The Prime Minister may want to have our assessment of the prospects for the miners' ballot.

The NCB's negotiations with the NUM seem to have followed the line agreed at the Prime Minister's meeting on 10 September, and the outcome is a satisfactory degree of confusion about the figures: Scargill has tried to represent the offer as 7.2%, but up to 9% has been mentioned in the media. We have no reason to dispute Mr. Lawson's and the NCB's assessment that there is a reasonable chance of success in the ballot.

One obvious danger is that Scargill will succeed in presenting the issue as being closely related to the prospects for closures. I have discussed this with the Department of Energy, and they assure me that the NCB are well aware of this danger, and are preparing a careful PR strategy for the period building up to the ballot. We must also play our part: Mr. Lawson is of course right in asking colleagues to keep the lowest possible profile, but we must remember the potential impact of Government announcements on other issues. The RPI figures will be helpful, as would be an early announcement of a low pay factor for the public services; on the other hand, any increase in the offer for the NHS, especially for the ancillaries, could be seriously damaging.

Preparations are of course in hand on a contingency basis should the ballot go the wrong way. The Department of Energy will be considering between now and the end of October the kind of public stance the Government would then have to take, and MISC 57 will be meeting early in October to review the position of coal stocks and ancillary materials.

Mr. Lawson's letter of 21 September to the Chief Secretary reveals the prospect of a much higher EFL - some £1,200 million - than the £960 million provisionally assumed last year; but the

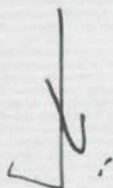
/ Treasury

CONFIDENTIAL

CONFIDENTIAL

- 2 -

Treasury tell me that they see little room for reducing it, save to the extent that Mr. Lawson can persuade the NCB to accept a lower figure for capital investment, perhaps providing some £30 million. I do not think there is much of a link to be made between the EFL and the pay negotiations: the only scope for substantial savings in the EFL would arise from an accelerated programme of closures.



J.M.M. VEREKER

27 September 1982