

THE POSITIVE PLAN FOR COAL OR CONFLICT, VIOLENCE AND DISASTER

SPEECH BY PETER WALKER, SECRETARY OF STATE FOR ENERGY TO
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If Britain is to recover from the worst world recession this century, there is a desperate need for Government, Industry and the Unions to work in collaboration for our economic success. If, as a nation we wish in the coming decades to provide generously for the elderly, to have health and education services that are the envy of the world, to have leisure and cultural facilities for all to enjoy as technology lessens the burdens of monotonous and unattractive work, then we have to achieve economic success on a scale unprecedented since the war.

I could not illustrate the importance of collaboration between Government, Industry and Unions more effectively than by pointing to the opportunities, as opposed to the potential disasters, that face the coal industry.

In 1974 a Labour Government, with a sensible Secretary for Energy in Eric Varley, agreed a Plan For Coal with both the Coal Board and the Unions.

A Plan designed to give Britain a coal industry that would take advantage of our geological gifts so as to give British industry low cost energy and to give the miners good opportunities of prosperity. The Plan had three ingredients. One - a massive investment programme, of necessity financed by Government due to both its scale and the loss-making position of the Coal Board. A programme to develop 42 million tonnes of new capacity in new coal fields and new coal faces where with the most updated machinery coal can be produced at low cost. Two - an eradication of coal capacity in pits that were no longer safe and where the stocks of coal that remained could no longer be

produced other than an exorbitant cost. The Plan For Coal envisaged that, on average between three & four million tonnes of such capacity would be closed each year. Three - that with the collaboration of the miners in operating the new machinery and the new capacity, productivity would improve by 4% per annum. Alas, only one of these three prime objectives has been achieved - only achieved but exceeded - exceeded because this Conservative Government has for five years put more than £2 million a day of new capital investment into the industry.

We have invested £650 million more than was envisaged in Plan For Coal. We are fulfilling the objective for new capacity. The 42 million tonnes of new capacity is now either already in operation or is under construction - 19 million tonnes of new capacity in operation and a further 24 million tonnes will come into operation within the next three to four years.

The withdrawal of three to four million uneconomic capacity per annum has not taken place - only half of that target has been fulfilled - an average of only 1.7 million tonnes a year.

The improvement in productivity has not been obtained - indeed the improvement in productivity of 4% which was envisaged each year was hardly achieved over ten years.

When, therefore, the Coal Board and the Unions now look to the future they must devise a Plan which fulfills the three M's of economic success - Money, Markets and Men.

Money only the Government can provide in the present insolvent state of the NCB. We will, if the Unions are willing to create a fine industry for the future, provide money. £3 billion of further investment over the next few years - money to be invested in splendid new pits like Asfordby and Selby. Money to develop exciting coal fields already identified from the Coal Board's extensive exploration programmes. Money to give the British coal industry the best mining machinery and the best

coal faces in Western Europe. Money to develop research and development in the liquification and gasification of coal.

Whilst France halves its coal industry and the German industry declines, the British Government is willing to invest in the future of our industry.

But, of course, it would be a blatant nonsense to invest money in pits where the nature of the coal stocks would mean producing coal at £100 a tonne when there are investment opportunities to produce coal at a quarter of that cost. British industry, if it is to succeed and to create more jobs, needs to exploit the cheapest way of producing coal.

The British coal industry, if it is to expand and not contract, needs to achieve a competitive price for coal.

This of course is the second M - Marketing.

I believe that in 1984, with the Government grants I was willing to provide, 1,000 British firms could have been encouraged to convert to coal burning. Due to the totally unnecessary industrial action, coal burning firms are considering converting to other fuels. With an agreed Plan For Coal - a plan in which investment would take place and the Unions would not strike - we could achieve a substantial expansion of our domestic market in coal.

With Europe's coal industries in decline, we could become the prime coal providers for the European Community. There are considerable marketing opportunities for specialist cokes and fuels in the Mid West and East coast of North America. But dynamic marketing can only succeed if the product is competitive and delivery is guaranteed. There are no markets for high priced products and uncertain delivery.

The third M - and perhaps the most important - is Men. Miners

thoroughly deserve earnings way above the average. If the industry is to succeed, it will be because of the miners and they will deserve their reward for that success.

I have no doubt that Trade Union Leaders of the calibre of Ernie Bevin and Bill Carron - giants from the past - would, with an employer who was willing to put in £3 billion of new investment, negotiate for their members a share of the improved productivity that would give them a prosperous future.

Because of the importance of the men, the Government provided the money this year to see that they would have a good wage increase.

The Government is willing to provide the money so that, if new technology and the development of new economic pits and the phasing out of some of the older and more exhausted pits means that less men are required, this will not be achieved by compulsory redundancies, but in the main by early retirement on the most generous terms for those miners who wish to volunteer for such an opportunity.

Also, in the interests of the men and the communities in which they live, over the past few months the Board have announced, with the financial backing of the Government, that a new company has been launched to provide finance, advice and accommodation for new enterprises and new businesses in mining communities. Pits have always closed. 330 pits closed in the last eleven years of Labour Government without any Coal Board facilities to encourage new enterprises in mining communities.

For the men, therefore, there is available a Plan for Coal with prospects unparalleled in any mining industry in Europe.

The NUM have a unique opportunity which must be the envy of most industries in Britain and most unions in Britain. I only hope that the NUM will have the economic success of the industry and

the prosperity of its members in mind so that it can grasp the opportunity of achieving a prosperous and successful coal industry.

A peaceful participation in success is on offer - conflict, violence and disaster would be a crazy alternative.