

Not Fed
Coal 47

MR MOUNT

cc Mr Scholar ✓
Mr Wolfson
Mr Ingham

COAL

MISC 57 has begun the next phase of its work, ie preparing for possible industrial action in the new year over pit closures, and establishing endurance targets for next Autumn. Some quite far reaching aspects of coal policy are involved, and it may be helpful if I record one or two points.

Analysis of the Latest Ballot

In a major concession to us, and in contradiction to much the Department of Energy has argued over the last two years, Ivor Manley said that he was "quite sure" that the deterrent effect of high coal stocks had a substantial effect on the last ballot. We had the greatest difficulty in launching the concept of deterrence at the beginning of the MISC 57 exercise, and it was nice to hear this said. But not everyone is converted: Douglas Smith repeated his oft asserted view that going on strike was like contemplating crime: you don't try and work out the consequences. In his view, there is little extra deterrent effect in 24 weeks endurance over seven weeks. None the less the group as a whole now takes as accepted wisdom that it is right to plan for maximum endurance throughout the year as a deterrent to industrial action.

Closures

You know the general background to the closures issue, and the inevitability of some closures regardless of the existence or otherwise of a "hit list". The Treasury's view is that between one third and half of the NCB's capacity comes from uneconomic pits, and that an economic closure programme would be on such a

scale that massive industrial action would be inevitable. Certainly it was cheaper to carry extra stock if that gave the NCB the power to close more pits. The target should therefore be a level of endurance which would permit a rate of closures which was considered by the NCB "managerially sensible" (which would, of course, itself be a limited programme concentrating on the main loss makers).

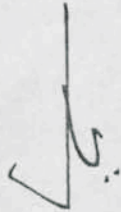
even

In Ivor Manley's view, /the normal pit closure programme would cause industrial relations difficulties early in the new year. The NCB were determined to deal with their uneconomic tail, and a further ballot on a strike call was possible. But Scargill would find it difficult to bring about a national strike: the NCB interpreted the last ballot result as indicating miners' resistance to national action against all closures. The main focus of discontent would be over Kenneal in Scotland and Snowdown in Kent. There would certainly be a substantial majority for strike action in the Scottish pits in support of Kenneal, as (less importantly) in Kent; a similar result could be expected in Wales. But of course the NCB could face with equanimity the prospect of a long strike in Scotland and Wales, and our endurance in Scotland is very high (because of hydro-electricity and the interconnector). The key to the effectiveness of strikes against closures therefore lies in Yorkshire, since it would be much harder to do without the Yorkshire power stations. He and Douglas Smith both thought that even in Yorkshire an all-out strike in support of closures elsewhere was very unlikely for any extended period.

So a tentative conclusion on pit closures is that there will be a considerable amount of fuss and aggravation, possibly extending to localised industrial action, but no real threat of an extended national strike. Taken with our current endurance position, and the outcome of the recent ballot, the NCB are therefore in a stronger position than ever before to proceed with a sensible closure programme.

Prospects for the Autumn

The group is working on two main new elements: ancillary materials (which proved to be on the critical path this year), and achieving another six weeks or so of endurance by expanding power station stocking capacity. I will not trouble you with the details of the former, which are still under discussion; on the latter, the main point is that it is increasingly cost-effective to buy the extra endurance, because each ton of coal lasts for longer as the endurance period extends into the warmer weather.

18 November 1982