



SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

26 June 1984

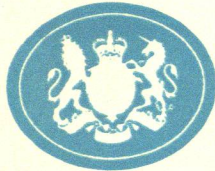
De minister

I have endeavoured to keep you informed of the major issues throughout this long coal strike. I thought I should now write again to update you on recent developments.

Coal stocks at power stations remain at a high level. Substantial volumes of coal have been produced and distributed throughout the dispute. At the beginning of this month we had approximately 18 million tonnes of coal at power stations, and over recent weeks stocks have only been reducing at approximately 1 million tonnes every three to four weeks.

Attendance at all the pits which balloted not to strike has been at a very high level, and production has been good.

Those pits which had low attendances at the beginning of the strike, such as Coventry and Bolsover, now have ever increasing numbers. This week both pits started with a record attendance. Two of the Lancashire pits which a few weeks ago were not producing anything are now close to normal production. Perhaps the most significant pits of the last ten days have been Shirebrook in North Derbyshire and Bilston Glen in Scotland. At Shirebrook a handful of people began to return to work. This number steadily increased and a week ago the pit started to produce coal. Throughout last week there was massive picketing, and every day an increased number of miners returned to work. This Monday a new record of attendance was achieved and a substantial quantity of coal is now being produced. Four men at Bilston Glen were the first in Scotland to break the strike. Massive picketing and intimidation took place but they continued to report for work. Numbers increased to 7, then 17, then 27, and at that point coal production was able to start. The NUM



then refused to provide safety cover. The National Coal Board pointed out that this would destroy the pit and the jobs of all the men who worked there. The NUM therefore had to restore cover and this Monday 38 men went through a massive picket line. Coal is again being produced.

Those miners forced to strike without a ballot have now lost more than £2000 each in earnings.

The coal conversion scheme, under which hundreds of firms were converting to coal, has come to a halt - thus losing many future customers for the industry.

I enclose a press cutting from this week's Sunday Times, which sets out clearly how the Government has more than fulfilled its part in "Plan For Coal", although neither the productivity or closure commitments have been fulfilled. The article also makes clear that closures of uneconomic pits, and not only those totally exhausted of reserves, were always envisaged.

Our message is clear. There can be no reason for arbitration or special inquiries when:

- (i) the miners have a good pay offer - even Stan Orme as Labour's spokesman has stated that this dispute is not over pay; when Mr Benn presided over energy in two successive years there was a substantial reduction in miner's pay in real terms; in present day cash terms in 1976 miners suffered a reduction of £13 a week and in 1977 a reduction of £15 a week;
- (ii) the miners have a capital investment programme greater than at any time in their history, which in total is more than twice that being invested in the whole of the rest of the European Community's coal industries;
- (iii) not one single miner will be made compulsorily redundant. Miners who wish to continue working in the industry will be able to do so.

During Tony Benn's period as Secretary of State for Energy in the last Labour Government miners who opted for voluntary redundancy were treated so much less generously than they are today. There cannot be one of the 17,000 miners who took voluntary redundancy during Mr Benn's period who does not wish that he had received the benefits now offered under a Conservative Government. In the last week of the last Labour



Government a miner aged 55 who volunteered for early retirement would have received no capital sum, and £46 a week for three years. As a result of the changes that the Government has made, he would now receive a capital sum of £7800 and £60 a week guaranteed for five years. Under our early retirement provisions, a miner aged 55 will not receive just £60 a week but also unemployment benefit, making £104 a week in total for a typical married man. Even more dramatic is the comparison for a miner aged 49. Under Mr Benn he would have received a capital sum of £1450. Now he receives £33,000.

What we have been able to say to every miner affected by an uneconomic pit being closed is that if you wish to stay as a miner we will offer you a job in another pit. If, on the other hand, you wish to go for early retirement or voluntary redundancy, we will treat you more generously than in any other mining industry in the western world, and indeed more generously than in any other industry in this country. No wonder that, even during the period of the strike, 17,000 miners have informed the National Coal Board that they would like to take advantage of these generous early retirement and voluntary redundancy proposals.

The NCB have always been willing to negotiate a sane and sensible future programme for the coal industry. It is the NUM who have repeatedly said they will negotiate only on the basis that every uneconomic pit is retained until it is exhausted of coal. The 10% of pits which are most uneconomic will be producing coal at three to four times the cost that coal can be produced in this country, and will be losing the taxpayer £300 million this year.

When a dispute continues for as long as this one has, it is very easy for the public to forget the fundamental issues which are at stake, and the generosity of the offer which has been made to the miners. It is in my view vital that these issues are constantly repeated, and that we make it quite clear we agree with more than 50,000 miners who did ballot to stay at work, and we agree with those thousands of miners who have not been given an opportunity of a ballot but are kept from work by the intimidation of the mob. We must not let these people down.

Yours sincerely

PETER WALKER



NCB stood by Plan for Coal

THE charts below were prepared by the National Coal Board for its meeting with Arthur Scargill and the National Union of Mineworkers three weeks ago. The board says they show, along with other material obtained last night by *The Sunday Times*, how the coal board has met its side of the bargain it made with the NUM in 1974 and agreed under the Plan for Coal, which has been much quoted by Scargill.

The Plan for Coal forecast that, in the decade to 1985, a total of £4,380m (in today's money) would be spent on new mines and other investment. In the event, £6,550m will be invested in the pits - over £2 billion above the 1974 target.

The figures also show that the industry is more or less on

by Ivan Fallon

target for the creation of new mines and capacity: the 1974 plan envisaged 42m tonnes of new capacity being created by 1985. The figure to date is 29.3m tonnes, with another 14.1m tonnes of capacity under construction and scheduled to be on stream by 1986.

So, on new investment and capacity, the coal board maintains it has exceeded the 1974 plan. But it claims the NUM has not kept its side of the bargain.

The plan set a target for a 4% annual rise in productivity for the 10-year period. But the actual rise is only 2% year.

The 1974 plan said that 3m to 4m tonnes of capacity should be

closed each year. In fact, the average has been 1.3m tonnes a year, less than a third of the original 1974 target.

The 1974 plan was optimistic about the demand for energy. The planners assumed that, by 1985, Britain would be consuming 430m tonnes of coal equivalent, of which deep-mined coal would provide 120m tonnes (28%).

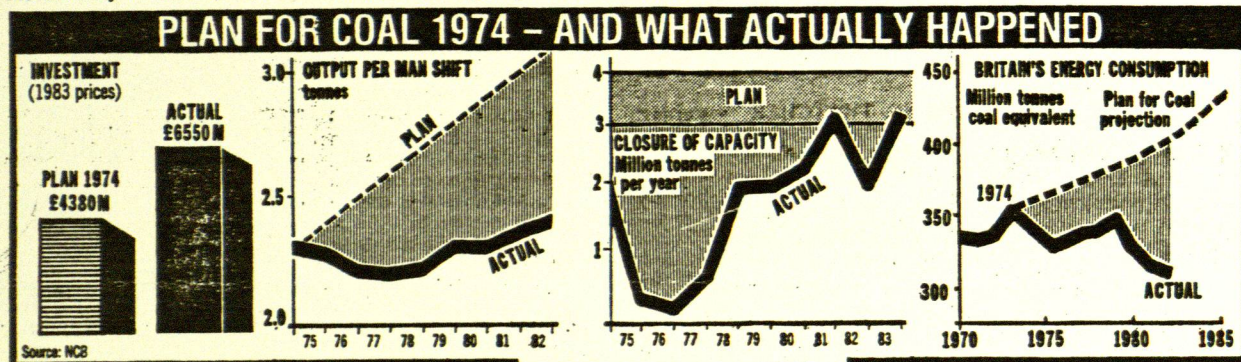
Latest estimates show an expected energy demand in 1984/5 of 330m tonnes equivalent, of which coal is expected to provide 100m tonnes (30.3%). So, even with a 20m tonne production shortfall, coal has gained a larger share of the total energy market than the plan envisaged.

The coal board is particularly furious with the persistent

claims of Scargill and Tony Benn that the 1974 Plan for Coal envisaged closing only exhausted pits, with no agreement on closing pits on economic grounds. The final report on the coal industry, agreed by the Labour government, the NCB and NUM, shows clearly that the closure on economic grounds was envisaged, and sanctioned by the NUM.

Paragraph 27 of the report hoped that "the need to close pits on economic grounds should be much reduced". But it also states that "inevitably some pits will have to close as their useful economic reserves of coal are depleted".

Throughout the strike, Scargill has continually accused the coal board of not honouring its 1974 commitments to the industry.



MR. BENN ON THE COAL INDUSTRY

"It is the Government's policy to phase out subsidies to the nationalised industries. In line with this the Government hope that the coal industry will be able to operate without the need for assistance apart from social grants."

(OR, 27 November 1975, Col. 1062)

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"The precise manpower needed will depend on the industry's competitive ability to take advantage of the market opportunities for coal and on realising the necessary advances in productivity."

(OR, 30 June 1975, Co. 1001:

In answer to a Question from Mr. Gwilym Roberts for his estimate of the number of jobs that would be available in the coal mining industry by the years 1980 and 1985)

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"It is in the development of new higher productivity pits that the National Coal Board hopes to achieve its long term production for its energy needs."

(OR, 2 March 1975, Col. 442)

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"I have never found the NUM in any way unreasonable where closures are necessary because of exhaustion or because pits are out of line in economic terms."

(OR, 4 December 1978, Col. 1016)