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WANTED: A NEW PLAN FOR COAL

The collapse of the pit talks convened at Acas at the behest of the pit deputies marks – and should be seen to mark – the end of the peace process that has been pursued through a fitful series of negotiations since May. It is now clear that the leadership of the National Union of Mineworkers will not accept any formula that is likely to reduce taxpayers' annual £1 billion subsidies to the coal industry or to convert it from that outpost of Eastern block output norms revealed by the Monopolies Commission to an organization run on a humane long-term commercial basis. That is to say, the NUM leadership will accept neither the policy which Mr Ian MacGregor was appointed to pursue, nor his method of implementing it. And that should now be as clear to the pit deputies, who may now have to decide individually whether to intensify the dispute on the NUM's behalf, as it is to anyone else.

The pit deputies made a genuine attempt to bring the strike to an end and, although the final formula would have fallen far short of giving the taxpayer a fair deal, it is a great pity that it failed. The consequent fall in the pound, with its knock-on effects on the whole economy, is a powerful reminder of the cost of the strike to the miners, the long-term prospects of the coal, the public purse and to the peace and cohesion of society. Yet that failure is also, in another sense, a relief.

The National Coal Board's original proposals in March were generous and far too open ended in combining commitments to no compulsory redundancy, hefty redundancy benefits and ministerial undertakings to plough £3 billion of investment into NCB operations over four years, regardless of any agreement by the miners to cooperate. Progressive concessions made during negotiations would effectively have withdrawn existing announced pit closures, withdrawn the compendium plan to close four million tonnes of hopelessly uneconomic capacity and forced any proposed pit closure to go through a procedure made even longer, more cumbersome and less certain at enormous extra cost to the taxpayer.

Meanwhile, the economics have moved sharply in the opposite direction, leaving the final NCB offer, underwritten entirely by taxpayers' money, and financially unrealistic. Quite apart from the running costs of the dispute, the budgetary cost in 1985-86 and subsequent years would have to meet the cost of rebuilding coal stocks at the power stations. It would face the costs of slowing the closure programme when the deterioration of many coalfaces would dictate an acceleration. The need for repairs and maintenance will have pushed many more pits into the hopelessly uneconomic category. The reminder that supplies of coal are unreliable has already cut the potential demand for coal from new customers. And if investment in new low-cost pits is to be maintained, ministers must decide whether to plough yet more taxpayers' money into rehabilitating marginal pits that cannot be justified on normal investment tests.

The time has now come for Mr Peter Walker, the Energy Secretary, to withdraw the unconditional commitments on which Mr MacGregor's final terms were based. The generosity of the deal offered to the miners has failed in its questionable purpose. If any new negotiations are to start, they must start with a clean sheet, with the NCB offering terms that reflect the realities of October 1984, not those of March. Certainly there should be no refusal to negotiate or to compromise, but any negotiation must start from the new, inevitably harsher, realities brought by seven months of strike.

It is more than ever likely, however, that the strike will now end through the decisions of individual miners to return to work, rather than a national settlement. Spelling out the new realities should give miners an even greater incentive to end the stoppage, even though that incentive will now be more negative, more of a stick than a carrot. As Mr MacGregor has hinted, there should now be a time limit – a month would suffice – on a majority return to work if the voluntary principle on redundancy is to be kept or any extra investment funds provided to rehabilitate damaged pits. Economic realities should not, however, be a cloak for punishing miners. Indeed, more emphasis, and more financial flesh, should be put on plans to regenerate communities that face the loss of a pit.

The collapse of the Acas talks also removes any excuse for the Energy Department to delay a thorough review of the state monopoly of the industry, whose failure has been exposed so clearly by the strike, with a view to legislation to restructure the industry. Any such review must start with the Government formally abandoning the Plan for Coal – and it would be helpful if this were made clear at the outset. Theological discussion over the minutiae of the plan have veiled its essential bankruptcy.

Since the plan's inception in 1974, the NCB has consistently failed to achieve its productivity targets, except, ironically, just before last year's overtime ban. The envisaged changeover from old high-cost capacity to new low-cost pits has not been achieved because of the snail's pace of closures. And in any case, demand for energy in 1985 will be 100 million tonnes of coal equivalent less than forecast – a warning against all such plans.

Separating the NCB's role as a commercial business from its role as regulator of the industry and owner of mining rights and ending the state monopoly of production, offer the best hope of improving the efficiency of the industry, cutting public subsidies and ensuring better security of supply to enable the coal industry to exploit that exciting potential of which ministers and both sides of the industry have spoken so glowingly.

Setting up a separate National Coal Trust to own mining rights and franchise mines could provide a framework for restructuring the industry, for putting the responsibility for social costs with the community, where it belongs and perhaps for the mothballing of presently loss-making pits that might have some long-term strategic worth. The monolithic structure of production should also be changed by privatizing the NCB's opencast operations, which made £200 million profit last year and by putting viable mining areas into separate, preferably worker ownership. Such moves could take 40 per cent of coal output outside the state sector. There need be no hasty decisions. But it should be made clear that clinging to existing forms for the supposed sake of industrial harmony is no longer an option.

Wanted: A New Plan For Coal.
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