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MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

THE PROSPECTS, AND CONSEQUENCES, OF INDUSTRIAL ACTION IN THE COAL INDUSTRY

Note by the Secretaries

The Prime Minister asked for a rapid appraisal by the Civil Contingencies Unit at official level of the potential consequences of possible industrial action by the miners, and of the various fuel economy measures which might be available in the event of such action. The attached note has been prepared by the Deputy Chairman of the Civil Contingencies Unit, after a meeting with officials of the Departments concerned.

Signed ROBERT ARMSTRONG
P Le CHEMINANT
P MOUNTFIELD

Cabinet Office
30 November 1979

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THE PROSPECTS, AND CONSEQUENCES, OF INDUSTRIAL ACTION IN THE COAL INDUSTRY

1. The following is intended as background material for Ministers, in considering the current pay dispute in the coal industry. It has been prepared after a discussion including all Departments involved, but there has not been time to agree its precise form with them.

The Threat

2. The precise form of the threat will depend on when industrial action starts. But the effect of different patterns of action on endurance is unlikely to be great enough to lead to different overall conclusions. If the miners' ballot gives the necessary majority for industrial action, it seems likely that the miners will prefer to continue negotiations, and to delay any actual action until after the Christmas holiday. They might then go for an all-out strike from 2 January, or might operate an overtime ban, or work-to-rule, for a period before commencing a strike in say February. Both patterns have been used in the past, but under the new productivity scheme the loss of earnings from a work-to-rule or overtime ban would now be greater, and this may point towards earlier rather than later strike action. Once industrial action starts, the miners have, in the past, held out for 2 months or more, and there are no indications that they would give in more quickly on this occasion. They know very well that the effects of the action on the community, and thus the pressure they can bring to bear, increases very rapidly as the coal stocks start to run out.

The Effects of Industrial Action

3. Almost all the available stocks are now located with users, and by the beginning of January pithead stocks of coal suitable for use at power stations could be down to half a million tons, or the equivalent of one day's supply. Stocks of domestic coal at pitheads would be about 4 days' supply at normal rates of consumption. Thus, unusually, on this occasion transport will not be a key factor. We cannot increase endurance by modifying transport arrangements; nor, on the other hand, is there any additional weak point where the miners can exert pressure by picketing transport.

4. The key factor in endurance seems more likely to be the effect on electricity production, rather than shortage of coal itself as a fuel. Although 200 hospitals rely on coal for heating, and particularly those located in coal mining areas, they probably have 2-3 weeks supplies at present, and on past experience the miners have always allowed special supplies to move to hospitals. Industry generally is thought to have 4-6 weeks stocks, and British Steel 5-5½ weeks stocks. In the case of electricity, power stations will, by the beginning of January, have sufficient coal for 5 weeks endurance at full output. If the miners operated an overtime ban or work-to-rule, and did not strike until February, the power station endurance might then be down to about 3 weeks from the onset of the strike. In either of those cases, at the end of the endurance period quoted, the electricity system would depend entirely on nuclear power, and such oil as was available, and on any small tonnages of coal imports. The grid would operate at a minimal level, but industry

would be effectively closed down, and only absolutely essential services would be sustained, with almost no supplies for domestic consumers.

5. The miners could in theory exert extra pressure by refusing to undertake safety work in the pits, so endangering the capital equipment. But past experience has been that they do not put their future livelihood at risk in this way.

Possible measures to extend endurance

6. For coal supplies themselves, the coal merchants would, on past form, be ready to operate a voluntary rationing system, which would give priority to consumers who have compassionate needs, eg the old, infirm, etc. And as noted above the miners would probably allow hospitals to obtain supplies, while industry is thought to have substantial stocks.

7. The critical issue is therefore likely to be how far electricity supplies can be extended. To achieve substantial reductions in consumption, one can adopt a system of rota-cuts, or a system requiring a percentage reduction in consumption. Rota-cuts could apply to domestic and industrial consumers, though it is difficult to provide any effective exemptions, for example to the food processing industry, except for those few firms and services who have discrete feeders to the grid. The alternative of percentage reduction would apply to industry only, and although it could be more selective, reductions in consumption would have to be at a much higher level to achieve the same savings. The basic consequence of a regime roughly equivalent in severity to a 3-day working week for industry, though without the inflexibility of that approach, using either method of restriction,

and commencing from the onset of the action in early January, would increase the overall endurance from 5 to 6½ weeks in the case of an immediate all-out strike, or would add perhaps one week to the existing 3 weeks endurance of a strike following a work-to-rule.

8. During the period of electricity restriction, there would of course be adverse consequences. If industrial production fell to say 80 per cent of normal the cost would be about £300 million reduction in GDP per week. Many firms could be forced into bankruptcy. Major NHS hospitals would continue to operate on stand-by power, but this provides only 25-40 per cent of normal consumption, and there would inevitably be discomfort to patients. If there is a system of rota-cuts, domestic consumers would also suffer discomfort, and the operation of a rota-cut system for any extended period would cause great problems for the food industry. Production would probably fall to perhaps 60 per cent of normal by the second week, and shopping would be disrupted. There is no experience of operating a rota-cut system for more than 3 weeks; 8 weeks is probably the absolute maximum, before the strain on electricity industry staff would become too great.

9. As noted above, there are no transport measures which could improve matters, apart possibly from the supply of ancillary materials to some Scottish power stations, where the stock levels of these materials are only about 3-4 weeks, (they are about 6 weeks elsewhere). Additional imports of coal are not practicable, because of timescale and the capacity of port facilities.

10. There are no Service contingency plans for the coal industry. Operation of the mines themselves is too specialised. Paper plans for using servicemen to assist in transport have been dropped as being too limited in capacity to have any worthwhile effect on endurance - and in any case this year transport is not a key factor.

Possible interaction with other disputes

11. If the oil tanker drivers strike, particularly in the period before Christmas, this could affect the supply of lighting up oil to power stations, and so have some effect on endurance. But an early strike is thought unlikely. They could also affect the amount of oil-burning at power stations to some extent, but since two-thirds of oil is delivered by pipeline and oil is itself a minority fuel at power stations, this would only have a small effect on overall endurance in a coal dispute.

12. There is no reason to expect sympathetic industrial action by other unions for a miners' strike, although their members would almost certainly refuse to cross miners' picket lines. Water manuals and hospital ancillary workers are not essential to the use of standby generators, but the water workers, who will be entering wage negotiations at the same time, and the power workers, who come later, will no doubt look to the miners' pay settlement as a guide to their own expectations. Both these latter groups can, if they choose, exert muscle similar to the miners. For example, an interruption of mains water supply to base load power stations could close them within 2-3 days.

Conclusion

13. The bulk of existing coal stocks are with users, and so users are probably as well placed as they could expect to be at the present time

for facing a miners strike. Nevertheless, even if very stringent electricity consumption restrictions are introduced from the outset of industrial action, endurance is limited to about 6½ weeks. Before that conditions will become increasingly uncomfortable for individuals with limited heating, and shortages of goods; costs to industry will grow progressively; and after that "endurance period" industry will be virtually at a halt, and there would be almost no electricity available for domestic users. There are no other steps which can be taken to brighten that picture. If a strike does occur, a number of operational decisions will be necessary to ensure that the restrictions are applied so as to cause the least practicable hardship.