

NCB

Public Relations

1. ~~IF~~
2. CF

Prime Minister ②
A useful quantity of
material.

National Coal Board
Hobart House, Grosvenor Place
London SW1X 7AE
Telephone: 01-235 2020

AT 10/4

EMBARGO: Please do not publish before 14.00 hours Tuesday April 10, 1984

"NO JUSTIFICATION FOR HARDSHIP AND DISRUPTION"

NCB Chairman on the Facts about the Coal Dispute

MS

The National Coal Board's proposals for re-structuring the industry were designed to correct the imbalance between supply and demand, said the Chairman, Ian MacGregor, at an Institute of Energy lunch in London today (Tuesday).

About half the surplus had been removed in the financial year just ended without one man being made compulsorily redundant. A similar adjustment this year, amounting to a reduction of about four per cent in the industry's capacity, would mean that 12 months from now the business would be in a stable condition for the first time in many years. Expansion could then match increases in demand as they occurred. Since UK demand for primary energy had at last stopped falling, there were good prospects of that.

The Board intended that when pits closed every man who wanted to stay in the industry would be offered another job. Those who chose to leave would do so on terms better than those available to any other industrial workers in Britain.

Members of trade unions who were being asked to act in support of the miners should bear those facts in mind.

/2.

There was no justification for the coal industry dispute, which was by no means unanimously backed by all mineworkers, becoming the cause of widespread hardship and disruption.

Leaders of the National Union of Mineworkers were making a number of misleading claims that did not stand up to factual examination.

It had been repeatedly argued that Britain produced the cheapest deep-mined coal in the world. If that were true there would be no problems in the industry. The facts were very different. On average British coal costs about £46 a tonne at the pithead. For coal of comparable quality the price in New South Wales would be between £16 and £19 a tonne and in the Appalachians, USA, between £23 and £27. The Board still had not seen any evidence to support the Union's claim. All the facts showed that even after the Australian and American coal has been delivered into Western Europe, it still cost a good deal less than the price of British coal before it left the pithead. It was claimed that these imports were being subsidised. Nothing could be further from the truth. The producers in both countries make substantial tax payments to their Governments.

The NCB had been accused of butchering the industry and running it down. In fact they were investing more than £2m. a day in new mines and modernising existing capacity. No other British industry has had such a sustained investment programme with £4,500m. worth of capital projects in the last ten years.

The Union argued that the Government should provide bigger subsidies and that it was wrong to close any pit where there are reserves of coal to be worked. Presumably the taxpayer was expected to pay the cost of piling up more and more coal at the pithead which was too expensive ever to find a customer.

There was no job security in subsidies. Governments could withdraw their subventions at any time. That was already happening in Western Europe. There was a retreat from subsidies. The coal and steel industries were now contracting fast, with job losses on a scale far greater than in the UK.

The NUM had been operating an overtime ban for 19 weeks and a full stoppage in some coalfields for four. Yet the NCB still had well over 2lm. tonnes of coal in stock and the electricity authorities more than in any previous year: enough to last for six months, at current rates of consumption.

The Coal Board's aim was to make the industry a cost-effective producer. That was by no means an unattainable objective. An important share of NCB coal output was already being produced at a price the customer was willing to pay. Continued investment must be directed to creating more low-cost capacity.

Elimination of a comparatively small amount of capacity that was hopelessly expensive and could never make a contribution, in spite of the dedication and skill of the managers and men working there, would have a favourable effect on the industry's finances.

The industry would then be able to provide well-paid jobs with real security.

The tragedy of the present dispute was that it was setting back the industry's recovery at a time when everybody involved in it should be concentrating on securing new markets for coal and maintaining the loyalty of the industry's present customers.

Press Office (1860)

April 10, 1984