Remaining 9,000 British miners' jobs under threat

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The future of 9,000 remaining coal miners is still in doubt. Changes in the regulation of the privatised electricity industry and a regeneration fund for the former coal communities recently announced by the Labour government will not secure their livelihoods. The government aims to defend Britain's national interests, drive down wages and conditions in the mines and use the former coal communities as the basis for new sweatshop factories. The jobs of gas workers are also threatened by the proposals.

The decision to intervene in the trading relations between the coal and electricity industries followed a government review of the energy sector. This was prompted by last April's expiry of power station contracts that required the generators to buy 30 million tonnes of British coal annually, at above world market prices. RJB Mining, which bought the pits from the former state-owned British Coal in 1994, faced the prospect of closing mines and making most of the last 9,000 miners redundant if these contracts were not renewed.

A campaign to advocate government action was launched by the Trade Union Congress, Leeds University and the Coalfield Communities. The 'economic' case for coal it advocated was based on the nationalist argument that an increased dependence on gas and oil would make Britain reliant on imported energy as North Sea oil runs out.

The government's response was to provide some minimal assistance to the coal industry in the short term, while insisting it become internationally competitive. A blanket five-year ban on new gas-fired power stations was abandoned after the intervention of Prime Minister Blair. All that was offered was a 'presumption against granting consent' for gas-powered electricity generators in England for a limited period. The power generators will also be required to sell off their coal-fired power stations, thereby reducing their monopoly of power.

In return for these favourable trading arrangements, the government told the coal employers to cut jobs, wages and conditions. It stressed, 'There is no deal between the Government and the generators to get them to buy British coal. Purchasing decisions are a matter for the generators.'

The only measure advanced to address the devastating social impact of the collapse of mining is the establishment of a 'regeneration' fund to help the affected communities. This is, in reality, a subsidy to industry in the form of tax breaks to encourage low-cost assemblers to move in and exploit redundant miners and their families.

One of the leaders of the pro-coal lobby was Mick Clapham, a former policy advisor to the National Union of Mineworkers and Labour MP for Barnsley West and Penistone. Clapham became a hate-figure amongst miners when he sat on the Tory government's all-party committee that endorsed the closure of 31 pits in 1992. In an attempt to rehabilitate both himself and his party, Clapham claimed that the proposals showed New Labour's 'third way' can reconcile the dictates of the market with saving jobs. 'Maybe now we are focused a little bit more on the Labour heartlands, because it is politically important, this decision on coal,' he said.

The fate of the coal industry under the Blair government shows the opposite. When the Labour government nationalised coal in 1947, the industry employed 750,000 people at 1,000 deep mines and produced 186 million tonnes a year.

From the late 1950s, there were constant closures and job shedding as demand from the steel and railway industries and domestic consumers declined. In the 1960s, one pit a week closed under the Labour government. From 1960-92, output halved to 90 million tonnes and employment fell to 50,000. Closures were concentrated on low productivity, high labour-cost pits.

The scale of the social tragedy this has produced can be seen from just a few statistics:

• South Yorkshire, at the heart of the English coal fields, has a GDP of less than 75 percent of the European average--the lowest of any UK region and falling.

• The real rate of unemployment in the mining communities is more than 20 percent.

• In a recent study, as many as 40 percent of pit village households had no wage earner.

• Eighteen months after a pit closure, those who had found work had taken a drop in take-home pay of £70 a week.

The coal crisis has its origins in the developing global market for energy. The British coal industry was deliberately isolated from the world market after it was taken into state ownership in 1947. It was developed as part of a nationally-based strategy linking it to the domestic production of power. Growth in world trade, 'liberalisation' and deregulation of national markets sounded the death knell for coal.

Nationalisation could only provide a stay of execution for British Coal. The bankrupt industry was saddled with an impossible financial regime. The National Coal Board (NCB) was burdened with a huge debt due to the very generous compensation paid to the old mine owners. It never recovered from this legacy. Successive governments also compelled the NCB to finance its capital investment with loans rather than government grants. Despite this, NCB always made an operating profit. Under the 1979 Tory government, the NCB had to make a much higher rate of return than the private sector.

However much the miners increased productivity and accepted 'sacrifices', it was never enough. Interest charges always wiped out the surplus. Between 1979 and 1992 the total operating profit was £2.6 billion, but interest charges amounted to £4.7 billion.

The development of high-tech 'super pits' further increased the debt. The power stations, which had become the NCB's main customers, demanded low-cost coal. By 1980, coal supplied to them by the NCB had risen to 88 million tonnes, from 32 million tonnes in 1950.

The defeat of the miners following their year-long strike in 1984-85 and the closure of the smaller peripheral pits was absolutely crucial to the government's overall energy policy. New sources of private profit were to be realised through liberalising electricity generation/distribution and privatising the state-owned gas, coal, oil and nuclear energy enterprises. The government also sought to free electricity from dependency on coal and open up the North Sea to the oil companies for gas exploration.

In the late 1980s and early 1990s, two new forces destabilised the link between coal and electricity: competition and the regulation of electricity prices. Competition brought in new products and producers with much lower labour costs. South African and Australian strip-mined coal had a lower physical labour content; Polish and Colombian deep-mined coal had much lower hourly labour costs. Oil and gas were liquid fuels that could be raised from the ground and moved more cheaply. Their prices had dropped after the 1970s oil crises.

The electricity market was opened up to competition and the generators lost their total domination of the market. The distributors preferred to build gas- rather than coal-fired power stations as it freed them from the grip of the monopoly generators, National Power and Powergen. It was also cleaner, saving on pollution costs, and slightly cheaper.

By 1992 it was clear that most of the coal industry faced closure. The gas-fired power stations in operation or under construction were set to displace 30 million tonnes of coal, reducing British Coal's share of electricity supply from 60 to 30 percent.

In 1994, the Conservative government sold off what remained of the coal industry to RJB Mining. It was a bargain sale as the state retained the debts and all the liabilities of the industry for ill-health, subsidence and environmental damage. RJB calculated that it could make more than enough profits to cover the cost of buying the pits out of the contracts with the electricity generators before their expiry in 1997-98.

The continued growth in the international trade in coal and other fuels meant the generators refused to renew the contracts with RJB. This threatens the total annihilation of coal mining, precipitating the present crisis.

See Also:

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