
Industrial Democracy

and

National Fuel Policy

Institute for Workers' Control

A MINERS' PROGRAMME

A Social Audit of the Coal Industry

NOTE: This programme is only concerned with the relations of the coal industry to the economy as a whole. It would have to be complemented by a second equally important programme of demands concerning the conditions of work in the industry. Only thus could a viable coal industry be established.

1. The Need for Unity

No programme of demands from the N.U.M. can have any hope of success unless it is designed to win allies for the miner's cause among other Unions and indeed throughout the whole Labour Movement. Appeals to past history and sentiment are not enough. The N.U.M. could only too easily become isolated and picked off as one by one the seamen, dockers, railway men and bus men have been. The inevitable clash that can be expected between the Minister of Labour and the unions which are currently demanding wage increases, creates both the opportunity and the need for inter-union collaboration.

2. The Tonnage Figures

The Government November 1967 Fuel Policy White Paper states (p.66) that "The decision was taken to try to hold the demand for coal by 1970 at around 155 million tons if this was practicable and necessary". Although the Paper was withdrawn three days after issue on account of devaluation of the £, Mr. Marsh has said that "no wholesale revision of the White Paper is envisaged." For various reasons listed below it seems to be necessary to accept this figure of 155m. tons for 1970. But the cut to 120m. tons by 1975 cannot be accepted, let alone the cut to 80m. tons by 1980. The reasons for accepting the figure of 155m. tons as realistic are as follows:—

- (1) Output for the year 1967-8 is likely to be around 165m. tons but stocks rose in 1967 by nearly ten million tons.
- (2) Growth of the economy up to 1970 is likely to be well below the 1965 Plan target and even below the 3% p.a. predicted in the 1967 Fuel Policy.
- (3) The Oil Company Refineries, the Nuclear Power Stations and the Natural Gas installations are already too far advanced, on

closely. (The quotations are from Appendix I of the White Paper, pp. 56—64).

- (a) "The quantity of Natural Gas available from the North Sea, the most economic method of absorption and its price to the gas industry". The quantity of natural gas likely to be available by 1970 was revised between January and April 1967 to twice the earlier estimate (p. 63). The price is still not determined except for one company's supplies and this was not determined when the Paper was issued. Moreover the price to the consumer depends on the load factor in the pipes and this in turn on the ability of industry and private users to absorb extra gas, taking into account the additional appliances or conversion of appliances required. On this the Paper is quite clear (Appendix II) that it is the town gas market that would give most savings but it is here that the cost of adapting appliances is greatest. Hence the need to push natural gas into power stations in order to build up an economic load for the pipes as soon as possible. Under the revised proposals that followed the Surrey Conference in May 1967 it was decided, however, to hold back the growth of gas sales to power stations. If the argument about premium sales means anything this should mean increased demand for coal not only in the power stations but as a result of relatively higher gas costs in other markets also. It is not clear, moreover, whether the estimates of coal demand for power stations include the possibility of a combination in some stations of coal and natural gas, coal being supplied in the winter months, gas in the summer.
- (b) "Relative selling prices (including transport and other charges when appropriate) of the various fuels" — particularly between coal and oil. Apart from the oil tax, for which different assumptions were specifically indicated, the Paper states that "the work undertaken . . . led to the conclusion that the pattern of demand would not be greatly affected by any likely variation in these price relativities" (p: 61). But it was assumed that "oil's already appreciable advantage over coal for most uses would increase slightly" (p: 60). Such an assumption excludes the possibility of rationalising coal distribution costs or obtaining additional coal from certain pits at less than average cost.

It has become evident from the discussion of the claims of rival fuels to supply aluminium smelters in Scotland or North Wales that the Coal Board is seriously limited in its ability to charge *additional* users a price based on lowest marginal cost instead of something near average

the basis of their expected shares of the market, to be checked now.

- (4) The 155m. ton estimate is based on considerably more protection for coal in power stations than is currently being provided.
- (5) The 155m. ton figure includes 24m. tons of coke ovens in 1970 that is most unlikely to be required.

The reasons for rejecting the 1975 figure include the enormous addition to the balance of payments burden of oil imports (36m. tons more than today or nearly £200 million at post-devaluation prices) and the uncertainty as to whether natural gas can be absorbed at such a fast rate as is implied by estimated sales of 49m. tons c.e. in 1975. (Only 14m. tons c.e. of gas are planned to go to power stations by 1975 and present uses of gas require only 25m. tons of coal equivalent fuel).

3. The Nature of the Tonnage Guarantee

Although the tonnage figure may be accepted, the nature of the guarantee "if practicable and desirable" is totally unacceptable and must be changed to a hard and fast guarantee underwritten by the Government. Nothing less can be accepted if the confidence of the men is to be regained, the rising costs of imported fuels are to be held back and the programmed development of natural gas is to be realistic. The major problem for the industry has been the succession of ever declining targets for 1970—240—200—180—155. What matters is to get a guaranteed figure that the Government can be held to.

The Government has agreed in principle not only to maintain the 2d tax on fuel oil but to require the Electricity Generating Board and the Gas Council to use more coal than they would otherwise have done. To these measures should be added the following:—

- (a) Provision of a free coal or smokeless fuel allowance to all persons over 65, to be supplied directly by the Board as with the miners' concessionary coal.
- (b) Requirement of all public bodies that they use solid fuel unless a special case, including a case based on wide price differences, can be made for exemption.
- (c) Development of solid fuel based district heating schemes.
- (d) Rapid expansion of research into the use of coal for oil and chemicals and as the base for synthetic materials.

4. Pricing Policy and Costs

The costing assumptions of the statistical analysis on which the Fuel Policy White Paper was based need to be examined very

cost. The limitation arises from the rule imposed upon the Board of non-discrimination in the pricing of supplies to different coal users. The Electricity Generating Board has complained that it has been regarded as a captive market and has failed to get the benefit of lowest cost supplies available near to its power stations. There is an argument here for special prices for large users like Electricity and steel; but there is an even greater argument for special prices to *additional* users who would take output from pits which could supply large quantities at lowest cost.

- (c) "The Economic rate of development of nuclear power". The Paper states (p. 61) that "Separate work on nuclear power costs made it possible to dispense with alternative assumptions as to how much nuclear power there would be by 1975 and to work on the basis that the existing programme would be fulfilled". But the Table of Generating Costs shown in Appendix III (p: 78) of the Paper purports to give figures for different fuels in the year 1967. These were all estimates since none of the stations were built then.

	1967 Estimates of Generating Costs (pence per KWh)
<i>Nuclear</i>	
Dungeness 'B'	0.52
Hinkley Point 'B'	0.48
<i>Coal</i>	
Cottam	0.53
Drax	0.56
<i>Oil</i>	
Pembroke with tax	0.53
without tax	0.42

The argument of the Appendix is that the costs of the next Nuclear Power Station after Hinkley will be down to the figure of stations using untaxed oil and that in any case the construction costs of conventional coal using stations will be higher in future than the figures shown here since they were based on 1964 building costs. But the crucial assumption is that coal will not be mined for power stations at an average of less than 2½d. per therm at pit head (3d. per therm delivered). That is equivalent to about 75s. per ton delivered. In fact, it is argued that this would have to be the cost of the highest cost fuel delivered to power stations since these are the stations whose output the nuclear station would replace. It is true that coal prices for power stations ranged in 1967 between

3d. and 6d. at pit head (3½d.-6½d. delivered) with an average of 5d., but something like 25 million tons must have been already available at under 3d.; it does not seem impossible that three times that amount might be available at that price by 1975 (discounting general price increases which will hit all fuels). The White Paper assumes that only 65 million tons of coal will be provided to power stations in 1975 although added protection might allow of 72 million tons being used in 1970.

- (d) "Rate of interest on new investment". On this the Paper states that "Scrutiny indicates that . . . within accepted limits (this) was unlikely to have any significant effect on the demand forecasts". Reworking of the relative costs of nuclear and coal fired power stations on an 8% D.C.F. basis would probably be much more favourable to coal. The following calculations are taken from R. W. Bates and M. G. Webb "Government Control over Investment Planning in Nationalised Electricity Supply Industry" *Bulletin of the Oxford University Institute of Economics and Statistics*, February 1968.

Type of Station	Generating Costs	
	Based upon 6% discount rate per KWh.	Based upon 8% discount rate per KWh.
Nuclear	0.6d.	0.9d.
Coalfired	0.7d.	0.8d.

- (e) "Certain additional factors were considered and particularly the possibility that money costs may not be an accurate measure of cost to the nation." This refers to the social costs of unemployment and unused resources in mining areas where pits are closed. Although the White Paper says that this concept of social costs has been "an important aid in reaching decisions" (p. 62), it is not clear what weight, if any, was put on this factor. The main argument, as has been shown, was in terms of money costs. What is more there is little or no indication that thought has been given to the possibility of developing a truly integrated fuel policy which made use of new technical possibilities, such as the use of the heat generation in nuclear power stations for carbon distillation.

The conclusion of this section must be that the N.U.M. should demand:

- (a) Independent review of the Fuel Policy assumptions and estimates by a special unit consisting of economists, engineers and accountants, set up under the auspices of the Select Committee on Nationalised Industries.

- (b) The nationalisation of natural gas and oil exploration and production in the British Isles and territorial waters.
- (c) An Energy Authority to work out an integrated plan for all fuel and power sources and to administer such a plan subject to review by the unions involved in the fuel and power industries.

5. Manpower Rundown

If we accept Lord Roben's figures, the manpower cuts involved from 1967 to 1971 by Area will be as follows:

	1967	1971	% Cut 1967-71	Compare % Cut 1963-7
Great Britain	391,000	282,000	28	23
Yorkshire	93,000	78,000	17	16
Northern	75,000	48,000	36	30
East Midlands	72,500	59,000	19	16
Wales	57,400	39,000	32	29
Scotland	39,700	25,000	37	27
West Midlands	28,000	21,000	24	23
North West	20,900	7,000	67	25
South East	4,000	4,000	0	12

In all cases the *rate* of decline between 1967 and 1971 will be greater than in the last four years and that was considerably greater than in the previous four years.

The manpower figure predicted for 1975 on the assumption of a fall in output to 120 million tons would increase the rate of decline for 1971-75 to quite unmanageable proportions (40% nationally and higher figures still in Yorkshire and the East Midlands). What is involved is a cut of over 100,000 men in each of the two four year periods. It is true that 90,000 were cut in the four years 1963-7 but only at the expense of grave collapse of confidence and sharp falls in productivity in 1965 when boom employment conditions outside the industry attracted men away from the most productive pits. The same situation could recur; but immediately the seriousness of the cuts is due to the high levels of unemployment in the very areas where pits are to be closed. This is now true not only in South Wales (unemployed in Rhondda is 8%, in Bishop Auckland 7% and in Irvine 6%) but in South Yorkshire (unemployment in Thorne is 9% and in Mexborough 4.5%) and in the Midlands (Nuneaton 4.3%).

It is necessary to insist on the principle that pits should not be closed without provision of suitable alternative employment. This demand needs to be spelled out in a quite specific way, so that it becomes a matter for agreement between the N.C.B. and the N.U.M. whether suitable employment does or does not exist.

6. The Demand for Information

It has been an ironical experience of joint consultation in the coal industry that detailed accounts for colliery and area operations have only been forthcoming from the Coal Board when they were required to justify a pit closure. Nevertheless in certain areas — North Derbyshire is an example. — the provision of such information in the event of closures has been extended to a much more regular and fuller statement of the financial position to both pit and area consultatives prior to final decisions being made. Detailed costings are not easy to master and are still more difficult to relate to wider considerations of sales policy, investment criteria etc. The demand must be pressed forward for more effective communication between national, area and pit levels of consultations and for wider circulation of documents. The establishment of the audit unit proposed some years ago should be put forward again — to operate under the Select Committee on Nationalised Industries as a body to which appeal could be made against Board decisions with which the Union could not agree.

7. The Right to Work

The traditional claim of the N.U.M. and of other Unions which sent representatives to Parliament to make good their claim was to the elementary right to work. There are not only 300,000 more unemployed today than in July 1966, there are altogether 750,000 less at work than in that month, because another 450,000 women and older men have not registered for jobs. To offer men at 55 three years pay and the hand-shake is to create demoralisation and despair and to lose to society the services of many who are willing and desirous to continue working and earning a decent wage.

There are five alternatives that could be offered to men as "suitable" employment.

- (a) Work at the same rate at another pit not more than 20 miles away and with transport provided and a five year guarantee of employment.
- (b) Work at the same rate in another pit more than 20 miles way with a house and removal expenses provided and a ten year guarantee of employment.
- (c) Retraining and something near full pay at a local retraining centre for a new trade in which there are likely to be available jobs.
- (d) Work within a 20 mile radius in a different industry at comparable rates of pay.
- (e) Temporary work for the local authority subsidised by government on schemes of building and renewal at the local rate for the job and on the assumption that this was preparatory to wider job opportunities that were being created.

8. New Developments in the Public Sector

Employment for men in coal, on the railways, in gas, water and electricity undertakings and in the steel industry amounted in 1960 to 11½% of all male employment. By 1971 this may be expected to have fallen to 7½% given the present proposals for reducing the mining industry and rationalising steel. This reduction of public sector employment may be resisted but new employment will have to be in much less labour intensive industries than coal and the railways have been. Very large quantities of capital will therefore be required for producing employment for something like two-thirds of a million men. But it is precisely a highly capitalised public sector of science-based industries that the government needs in order to strengthen its control over the economy and that Mr. Wilson promised in his Election Speeches that Labour would establish.

The nationalised industries of coal and steel and electricity and gas (to which oil should be added) also provide the basis for a public super-holding company that would not only integrate the plans of the whole steel, fuel and power sector but would be able to diversify into a wide range of secondary industries. Such a proposal has already been accepted in principle by the T.U.C. General Council in its recent Economic Report. What is now needed is a powerful demand from the N.U.M. in association with the Transport and General and the A.E.U. for its detailed implementation.

There is no hope that the problem of re-employing redundant miners can be solved by attracting small footloose firms into mining areas; nor even by extending schemes of local building and renewal. These must be associated with major developments of the public sector in each of the old mining areas around the growing points of steel and coal and chemicals and in relation to road and rail transport and the deep water ports.

9. A New Economic Plan

Neither a guaranteed fuel policy nor the development of public sector employment can be effective except as part of a new economic plan involving the complete reversal of the disastrous Tory policies of the last three years. What is required is a plan that "discriminates ruthlessly in the interests of Labour's priorities," as Mr. Wilson promised in the Spring of 1964. Only by the government using discriminatory control over investment and foreign trade can full employment and rising living standards for workers be combined with a balance of foreign payments. The miners have the greatest interest in both full employment and a discriminatory fuel policy but the rest of the Labour Movement has an almost equal interest in such policies. The N.U.M. still has both the political strength in Parliament and the economic strength in the T.U.C. — not to act

alone to defend its members — but to lead both the political and economic wings of the Labour Movement in demanding a total change of Government policy back to the principles on which it was elected and forward to Socialism.

10. A Special Session of the Labour Party Conference

The resolution passed in December by the Yorkshire Area Council of the N.U.M. may be taken as expressing the final demand of the miners that making the necessary changes in the Government's economic policy be regarded as a matter of the greatest urgency, calling for an emergency session of the Labour Party Conference.

FUEL POLICY

Resolution from Bullcroft Branch

This Council meeting of the N.U.M. Yorkshire Area instructs the National Executive Committee of the N.U.M. to call upon the National Executive Committee of the Labour Party; in conformity with Clause VI paragraph 1 of the Party Constitution to convene a special session of the Party Conference.

It insists that the White Paper on Fuel Policy has created an emergency: an unprecedented crisis of confidence has arisen between the miners, the working class, the Party and the electorate on the one hand, and the Government on the other. The White Paper is not a special, parochial concern for the miners alone: with large pools of unemployment throughout our country and the broken promises of the Government of the day, makes it the concern of the whole Labour Movement.

It recognises that it would not be a national emergency to have a planned run-down of mining manpower within the context of the promised end of "Stop Go" and the expansion of the economy on the basis of a 4% growth rate. It declares that it is a national emergency when mining manpower is to be run down at the rate of 35,000 jobs a year in the context of the abandonment of the National Plan: falling investment and manufacturing out-put: rising unemployment: and wages under severe restraint.

It reminds the National Executive Committee of the Labour Party that it was the miners who put this Party on the map and gave it some of its greatest leaders, from Keir Hardie to Nye Bevan. We have a special claim upon the loyalty of all organisations affiliated to the Party, but we ask for nothing for ourselves only that the pledges made by the Government be honoured: full employment: Planned Growth of the Economy including a dynamic and fully costed fuel plan.

The National Executive Committee of the Labour Party must convene a special session of the Party Conference so that the Government is blown back on to course and the will of the Party and the Electorate fairly and freely asserted.

The Miners' Demands and Union Strategy

by Lawrence Daly

What should the miners do in face of the Coal Board's argument?

It is not a new one. Indeed it was used by the private coal-owners throughout the entire period of their ownership. Improved wages and conditions could not be afforded. Reforms were ruinous. Our competitors would steal our markets! The whip of unemployment reinforced the "logic". If our forefathers had accepted these contentions no improvements would ever have been made.

When moderation in policy and strategy is advocated within our own ranks this also is nothing new. It had its advocates before nationalisation and also when the Tories were in Power between 1951 and 1964. It is not advocated only when a Labour Government is in power. But the election of a Labour Government gives strength to the case for modernisation. "Our Union is affiliated to the Labour Party— so let us be loyal to our own Government. Don't rock the boat, or we might get the Tories back. In any case, industrial action in pursuit of our demands will chase away customers and lose miners' jobs." Again, the "logic" is fearfully impressive.

On the other hand, if we do not compel the Government to change its policy, jobs will still be lost at a very rapid rate; and if we continue to accept the Coal Board's rejection of even the most moderate demands (for example, the 40-hour week for surface workers) we become ineffective and discredited as a Union and make progress, if at all, at a snail's pace.

There are those who believe we must accept the present rate of contraction and get the best bargain we can on the basis of improved productivity. There are those who believe we should demand a slow down in the rate of contraction to phase in with new industries and campaign on purely conventional lines for these objectives.

Is it possible—or advisable—to go further?

Would industrial action—which can take more than one form—really pay into the hands of our enemies?

We are told by the Board that improvements cannot be conceded because increased costs will simply increase the coal stocks and close pits. But because these stocks are there, runs the

argument, industrial action cannot be contemplated. We would emerge in a weaker bargaining position than ever before.

The argument is a vicious circle—and the miners will never escape from it unless they are bold enough to break out. And they will not break out unless they demonstrate to the Government and the Coal Board that this “logic” will not deter them in the pursuit of justice.

The economy of this country is still largely dependent on coal. Important sectors of the economy, including coal-fired power stations, are totally reliant on coal. A withdrawal of labour whether on a national scale or on a selective basis in each coalfield (with organised financial assistance by the Union for those involved) could make the Government realise that the miners’ loyalty is not something to be coldly taken for granted.

And it would make the Coal Board realise that a rejection of justified demands in future would meet with an angry and effective response from the miners!

The most effective form of industrial action is something that should be seriously considered. Such action need not take the form of a prolonged national stoppage. Short sharp “guerilla” action has been used in other industries.

More so, if the possibility of such action was seriously contemplated, other Unions and their members could be approached for assistance. Workers employed on railways, road transport, and coastal shipping are experiencing a decline in jobs because of coal contraction. Those engaged in the manufacture of mining machinery and equipment are also affected. The possibilities of joint action with workers in these industries exist and should at least be explored.

Certainly there appears to be little chance of pursuing our claims with the desired measure of success unless we demonstrate our determination to take industrial action when other means have failed. Other trade unionists—from railwaymen and dockers to busmen and bank clerks—have shown some boldness in pursuit of their demands in recent years, and have achieved varying degrees of success. Meekness on our part will meet with no response. *By adopting more militant attitudes to secure a change in fuel policy we could save Britain from over-dependence on foreign fuel supplies. But we could also protect our mining communities from the worst effects of redundancy and win conditions and rewards that would attract and hold young, skilful and intelligent men in our modern coal industry.* The future of coal affects all our members and that is why they should be entitled to participate as fully as possible in the making of decisions that affect their lives. Through their trade union representatives on the Consultative Committees they

should have access to all information, financial and otherwise, concerning the Board's operations. At colliery and every other level there should be maximum consultation with the Unions *before* decisions are taken. All too often consultation means deciding first and then in effect, telling the men to "take it or leave it". There is a strong case for a complete review of the industry's administration with a view to introducing a more democratic structure. This is not suggested as the ideal solution to all the problems of the industry. But, for a start, a thorough-going inquiry and some serious experimentation in forms of industrial democracy might produce some of the answers to the problems of industrial relations, about which there is so much talk and so little action.

There should be considered the possibility of reorganising, and renaming colliery consultative committees with effective powers on matters like hiring and firing, shift arrangements, team appointments and tasks and safety and health.

As pits are closed by the stroke of a pen at Hobart House, the consultative procedures become a grim and unpleasant farce conducive to the most cynical attitudes. Worse still when Lord Robens insists that the closing of these pits is being imposed upon them by a Labour Government. All of us want to see a Labour Government succeed and none of us, surely, would ever want to see the Tories back in power.

But as democrats we have not only the right but the duty to criticise our Labour Government if we sincerely believe that certain of its policies are mistaken. In criticising it we endeavour to be constructive and we make it clear that what we desire is *not a change of Government but a change of policy*.

As a member of the Labour Party I emphatically disagree with those who say that the answer might lie in the formation of a new trade Union Political party. And I disagree with those who advocate withdrawal of the political levy from the Labour Party. Such measures can only weaken and divide our movement and reduce the influence of the miners within our own Party.

The real alternative is to work for the implementation of radical policies by the Government designed to take Britain in the direction of a Socialist society. This alternative was outlined by the Trades Union Congress last year when it demanded that the Government should make full use of all *indigenous* resources and should:—

1. Maintain full employment.
2. Effectively control both import and export of capital.
3. Increase its efforts with regard to world trade and development.
4. Drastically reduce military expenditure.

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