

PRESIDENTIAL ADDRESS

MR. S. BULLOUGH (Vice-President): Fellow delegates, it is my privilege once again to call upon the President to deliver his annual Presidential Address. Sir Sidney Ford, your President.

CHAIRMAN: It is with sadness and dismay that once again—for the seventh year in succession—circumstances make it necessary for me to devote the greater part of my Presidential Address this morning to the difficulties that face us in the coalmining industry.

The sadness and dismay that I experience this morning arises not so much from the failure of the Government to take more positive steps to ensure the future of a strong and efficient coalmining industry in this country, but rather because of the lack of understanding of the importance of coal in the long-term planning of our industrial economy on the part of so many people and their apparent readiness to sacrifice the future for some limited short-term advantage.

For ten years now, we have stressed the need for a national—a co-ordinated—fuel policy based on the maximum use of this country's indigenous fuel resources. We have argued that in coal, Britain has an indigenous fuel of which there are abundant reserves readily available to us; that the use of coal, unlike certain fuels with which it is in competition, imposes no burden whatsoever on our balance of payments; and that supplies are not susceptible to foreign influence or interference. In this latter connection, I need hardly remind this Annual Conference that recent events in the Middle East are the

second sharp lesson that this country, along with other European countries, has had in the last decade, which clearly demonstrates just how ill-advised we are as a nation to permit of our industrial economy becoming increasingly dependent for energy and power on supplies from an area so politically unstable and where commercial contracts and international understandings apparently, have little or no meaning.

We know that the Minister of Power is currently engaged on a survey and review of the nation's energy requirements and how best these can be satisfied. Whilst the Minister continues to stress that he expects the coalmining industry to continue to play an important part in satisfying the nation's energy requirements for many years to come, persistent rumours would lead us to believe that those who are concerned with the review, see coal's share of the fuel market as being much less than we in the coalmining industry would regard as being in the national interest.

In defence of our apparent readiness to give greater credence to press speculations and forecasts as to what the future holds for coal than to the more reassuring statements of the Minister, I would make the point that it has been our unfortunate experience in the last year or so, that speculations which we discounted at the time because of our faith in policies and attitudes to which we believed the Labour Movement was firmly committed, were later found to be well-founded in that they conformed fairly accurately to subsequent Government pronouncements.

Far too many people who have been offering advice in this matter of fuel policy have, in my view, seriously underestimated the possibilities of coal and the value of the contribution that a strong and efficient coalmining industry could make within the national economy.

I emphasise "a strong and efficient coalmining industry" not only because we all must understand that the industry cannot survive on the strength of its past glories alone—or what it meant to the nation's industrial economy 25 years ago—but because I am satisfied that many people have yet to fully understand the quite dramatic progress that has been made in recent years in improving the efficiency of this industry.

I believe it would be a national tragedy were the Minister to fail to recognise the great potential of a sound and efficient coalmining industry. It would be quite wrong for the Ministry, when estimating the long-term prospects for coal, to base their calculations solely on the market trends of the last ten years and disregard the growing strength of the reorganised coalmining industry.

I make this point because I do not believe people have fully understood and appreciated just how catastrophic was the long-term effect of the industry's inability to meet the demands that were made on it during the first ten years of nationalisation on the pattern of energy consumption in this country. The loss of certain markets can be traced back to the fact that the industry, pitifully inefficient as it was on the change-over from private enterprise to national control, was inadequate to satisfy the requirements of British industry and demand in the export market during the early post-war years.

But coalmining, let there be no doubt about this, is fast becoming one of the nation's most technically-advanced and efficient industries; that part of

the coalmining industry that has been modernised can compete with alternative fuels, and I want to remind those who are ever-ready to "knock" coal, that the coalmining industry that will be all out to retain and regain a not insignificant part of the energy market in the next few years will be a much more formidable proposition than was the case in the first decade of nationalisation.

In trying to focus attention on this question, I want to make it clear that I do not see coal as being on its way out; I do not accept that further contraction of the productive capacity of this industry would be desirable, and most certainly I do not see it as being inevitable, but if coalmining is to survive as a major industry, we must, in my view, accept the need for change and be willing to face up to the inevitable consequences of change.

The Minister has made it clear that whilst he regards the future of the coalmining industry as "a good and long-term one," it "must be based on the ability of the industry to produce coal at prices which enable it to compete with other fuels." He has left us in no doubt, too, that there is no possibility of additional long-term protection for coal, which he insists is already very significant.

In my view we have now reached the stage where we will have to decide whether the interests of our members would be best served by a continuing campaign to bring about some fundamental change in the attitude of the Government and the acceptance of the principle that the survival of the industry should not necessarily depend in the long-term, on its ability to achieve price competitiveness, or whether we should concentrate our efforts on obtaining the maximum additional short-term assistance to enable the industry to complete the current plan of reorganisation and to meet the social costs that arise as a consequence thereof.

What chance have we of securing support for a fundamental change in the attitude of the Government and/or the view that the coalmining industry should escape the need for securing economic viability?

Clearly we can point, as I have on previous occasions, to the acceptance of policies within the Labour Movement acknowledging the need for a national fuel policy based on the co-ordination of all the fuel industries. We can point to statements by spokesmen of the Parliamentary Labour Party when in opposition that "to abandon coal production because of narrow cost margins as between coal and oil, would be the height of folly, and for the nation, economic suicide"; that "coal must have its place in the national economy"; that "the country was becoming too dependent on fuel being imported from countries where there was no political stability"; and many similar expressions in support of the idea that the national interest would be best served by the maintenance of a strong coalmining industry, can be quoted.

But before we move into any headlong clash with the Government, particularly, if our case is to be based on allegations of breach of faith, I would remind you that all the many undertakings and statements, have to be read in the context of the first objective of nationalisation, as stated by the Minister of Fuel and Power in introducing the Coal Nationalisation Bill in 1945, viz. "To reorganise and modernise the coalmining industry so as to produce more efficiently the coal required" and the belief that progress would be made in this connection.

To achieve our objective, we would have to secure the reversal of the principle embodied in the Coal Industry Nationalisation Act that the National Coal Board must pay its way on an average of good and bad years, and here, let me remind you, it was made clear by the Minister of Fuel and Power in 1946, that it was not the intention of the Government that the activities of the Board should be bolstered up by "concealed subsidies"; there was, he said, "no charity about the proposals for the industry."

The idea that the Labour Party has committed itself in the past to policies which discount the economic criteria that, averaged over the years, the National Coal Board's revenue must be sufficient to cover expenditure, including interest on borrowings from the Ministry and provision for depreciation, is without foundation. I can find no evidence to support such an impression. It has never been accepted within the Labour Movement that coal should be produced regardless of cost or that we could think in terms, to use the words of the Prime Minister some four years ago, of "uneconomic protection or subsidies" for the older industries.

Study Labour Party and/or T.U.C. decisions and official documents and publications and you will find such phrases as "efficiently-mined indigenous coal"; "everything depends upon efficiency, costs and the resulting prices," says the 1966 General Election Manifesto of the Party.

Could we expect support for such a contention from the Trades Union Congress? The trades union movement whilst supporting the need for a national fuel policy recognises that it must be such as will secure the maximum economic use of the nation's indigenous energy resources and clearly, the different unions with widely divergent vested interests in the various fuels, do not see the emergence of a national fuel policy as a means or excuse for subsidising coal; neither is the acceptance of the principle of a co-ordinated fuel policy seen as a means of financing the coalmining industry at the expense of increasing costs of production in other fuel industries.

Let there be no misunderstanding about this; whilst it is possible to find common ground amongst trade unions as to the need for a fuel policy, our motives, based on the special claims of the coalmining industry, are not necessarily shared by other unions who number amongst their membership, not only workpeople engaged in fuel and power industries other than coal, but also, hundreds of thousands of fuel consumers.

Those who do not share my view may well point to the spontaneous reaction of opposition within communities faced with the threat of a pit closure and the more general support for local campaigns against pit closures, and claim that such demonstrations are an indication of widespread support for coal.

Expressions of sympathy and support do not sell one extra ton of coal or contribute one penny piece to the revenue of this industry. I want to suggest that the real test of goodwill and support for the coalmining industry is to be found in the level of the demand for solid fuel. Let us take heed from the fact that there has been no single recorded protest by a group of workpeople or ratepayers in any part of the country (except ratepayers making up a mining community and having a direct interest in coal) against a decision of

management and/or a public authority to change over from coal to some alternative fuel.

In this connection, let us dismiss all that is distasteful to us in regard to the circumstances leading up to the fall in demand for solid fuel in industry and by the public utilities, as the outcome of some bad political plot, but we are still left with the lesson of the domestic market, which after all, is made up of millions of working-class people who select a fuel to satisfy their requirements and pocket, irrespective of political considerations.

Here, we have to face the fact that in spite of the very substantial increase in the number of households in this country over the last 20 years, annual demand in the domestic market has receded by some 14 million tons, by nearly a third.

In my view our hopes for the future lie not in campaigns, the objective of which would be contrary to the trend of events in every coal-producing country in the world, but rather in concentrating our efforts along the lines of the alternative course to which I referred earlier.

As I have said before, despite new discoveries and technical developments in the field of fuel and power, and more efficient fuel utilisation, this nation just cannot afford to ignore the still great potential of indigenous coal, and because of this, the claims of the nationalised coalmining industry for some assistance to enable it to stabilise itself over the next few years, are not inconsistent with the wider economic interests of the nation.

I am not suggesting that we can ignore the impact of recent discoveries of natural gas or the long-term possibilities of nuclear energy, but the prospect of a coalmining industry, which has increased its productivity by no less than 55 per cent over the last decade, continuing to improve its efficiency still further over the next few years, most certainly warrants much more favourable consideration than it would appear to have been receiving in recent years.

We have been reminded by the Prime Minister that we are now moving into a four-fuel economy—coal, oil, nuclear power and North Sea gas, and this, let us face the fact, signifies progress to most people. But what we have to guard against in present circumstances is that wholly unjustifiable assumptions and conclusions should be drawn from exaggerated claims that are being made as to the merits and prospects of fuels other than coal. I want this morning to briefly comment on the claims of each of these fuels.

Of North Sea gas, I think it can be fairly said that the long-term prospects are still highly speculative and I would seriously question whether the somewhat exaggerated forecasts as to low cost will be fulfilled; in view of the uncertainty that still exists as to the extent of reserves and the time lag until it is available in commercial quantities, indigenous natural gas probably constitutes a greater threat to imported oil than it does to an efficient coalmining industry.

That we shall have to come to terms with nuclear power, I have no doubt whatever, and we will have to recognise and accept as inevitable, as with any new project, that costs during the period of experimentation and development will be significantly higher than what would normally be regarded as commercially viable.

But clearly the high hopes held out as to the cost advantage of nuclear power

over solid fuel have not, so far, been realised. When the Government decided in 1960 to slow down the original programme it was admitted that the cost of electricity from the first nuclear stations would be "rather higher than earlier estimates" and that the fall which had "taken place in the costs of conventional power from new stations" had not been foreseen.

A recent report published by the Institute of Economic Affairs denounced the nuclear power programme as wasteful and inefficient and there are those critics who suggest that the second programme involving the construction of advanced gas-cooled reactor stations will cost some £300 million more than the capital cost of similar programmes of conventional stations.

Until the present uncertainty is cleared up, there is need for caution; in my view, it would be a grave mistake to base any judgement as to the future level of demand for coal on what are obviously confused and conflicting claims as to the merits of nuclear power as an alternative fuel.

Oil must be seen as the major competitor for coal for many years to come. I believe the prospect of rising oil prices presents a very real and serious threat to our national economy. Over the past ten years, oil, through price concessions and rebates, has made inroads into a number of what for years, had been regarded as traditional coal markets, but if, through the demise of coal, the oil interests obtained a monopoly of the fuel market, price-cutting as an instrument of competition would no longer be necessary or appropriate.

The best guarantee against rising oil prices is a strong coalmining industry.

Oil too, must be seen for what it is, an imported fuel. Because of this, supplies, as I have pointed out earlier, are vulnerable and it is essential that to the extent that the cost of such imports presents a direct burden on the balance of payments it is in the national interest that they should be kept down to the minimum.

This brings me back to coal. For my part, any policy that were to permit of the abandonment of a large part of the industry's productive capacity in order to gain some marginal short-term advantage, would be a tragedy. I talked earlier of the need for some further short-term assistance to enable the industry to stabilise itself. Let me explain what I have in mind in this connection and on what grounds do I justify it.

Hundreds of millions of pounds have been invested in coal production since the industry was nationalised to enable it to make a major contribution towards meeting the requirements of the nation for energy and power. To place a huge capital investment of the magnitude involved in jeopardy, because of some reluctance to make available further limited short-term assistance, not so much to provide further capital resources, but to cover the burden of the social consequences of the reorganisation of the coalmining industry envisaged when it was nationalised, would I venture to suggest, be a tragically short-sighted and mistaken policy.

The coalmining industry is not asking for charity; in spite of the new sources of energy and power, coal remains a vital asset to the nation and it is surely in the national interest that every possible assistance should be given to enable the industry to complete its reorganisation and modernisation.

Since 1951, when the blueprint for the reorganisation of the coalmining

industry was approved by the Labour Government, approximately 500 collieries have been closed. That reorganisation of the industry meant the closure of many pits, we all knew, but changes in the pattern of energy consumption necessitating a deliberate cut-back in the planned productive capacity of the industry by some 30 per cent—a complete reversal of the forecasts based on expansion which guided those concerned with the original plan—have created many added problems.

Time is an all-important factor when people are involved in changes of this kind, with all the consequent social upset, and it is not surprising in the circumstances, that we have fallen behind schedule. I hope the Minister will respond favourably to the recent plea of the Coal Industry National Consultative Council that “due regard should be paid to the potential within the industry and the need for an adequate transitional period to realise that potential.”

Two years ago we were promised that a special fund would be set aside to assist the industry in meeting the social and human costs arising from the speed-up of the closure of grossly uneconomic collieries and subsequently provision was made within the terms of the Coal Industry Act, 1965, for grants not exceeding £30 million, to be made to the industry over a period of five years. But the conditions attaching to these grants mean that only a very small part of the industry's costs arising from pit closures can be recouped from the Treasury. During the first year of the operation of these grants, ended March, 1967, total costs to the coalmining industry were some £7 million; of this, only £1.6 million will be met by the Treasury. If this pattern of expenditure were to continue over the next four years, Government assistance would be something of the order of £8 million, not £30 million as so many people assume. This would mean that a very heavy financial burden would still be carried by the industry; this is not my idea of generous assistance.

There is a strong case for the full burden of these social costs to be met by the Treasury over the next three or four years and I hope that the Government will urgently review the conditions attaching to the grants so that this can be done.

I am one of those who believe that if the industry is to survive it must be reasonably price competitive. This view does not, as some people have suggested, conflict with the stated aims of the Union, to mention those items of high priority, increased wages and improved pension benefits. The cost of improved conditions of employment can be met in one of two ways, either by passing it on to the consumer in the form of increased prices or by absorbing it through increased efficiency. Clearly, and we do not have to go back any further than the last 12 months for evidence of this, increased prices inevitably mean a further fall in demand. But in my view, there is no reason why the cost of the reforms we are so anxious to achieve over the next few years, should not be absorbed by the industry through increased productivity.

Indeed, if we study the record of the industry over the last ten years we find that in spite of increases in general wage rates of something more than £4 a week, wages costs per ton have actually fallen, and I repeat, there is no reason why this pattern cannot continue into the future.

What we have to ensure is that the industry's capital equipment and its manpower is utilised to the best possible advantage.

This can be achieved in two ways. First by concentrating production on the more efficient collieries, and secondly, by the more intensive utilisation of the available mechanical aids and equipment within each week.

The Union has recognised the need for maximum utilisation of mechanical equipment; with the change-over from a labour intensive to a capital-intensive industry, vast sums of money have to be found in the form of capital investment. In the long run this investment must be financed from the resources of the industry and if we are to achieve this without increasing prices we shall have to increase the performance and work-load of each machine.

Whilst there is, I am sure, room for greater utilisation of machinery within the limits of what have been the normal production operations for the past 20 years, I find it difficult to understand the attitude of those who insist that the five-day week, as we have it today, is sacrosanct when in fact over the years, thousands of men in the industry have worked some hours over the weekend, as a fairly normal pattern of employment. I find no particular virtue or merit in preserving the five-day week in its present form, if by so doing we impede the progress of this industry and thus prejudice our chances of achieving the aims and aspirations of our members for better all-round conditions of employment.

But I certainly do not see this kind of change taking place overnight. I regard the need for experimentation in this connection as absolutely essential. Environmental conditions, attitudes, habits vary from one part of the country to another and my view has always been that the conclusions drawn from an experiment based on one pit could not be regarded as a fair test of the reactions of workmen to what would mean for many, a radical change in family habits.

But I hope we shall at least, be given the opportunity to experiment. To reject the idea of change, out of hand, thus denying us the chance of experimentation, would be regrettable.

In advocating that we accept the inevitability of change, I accept the urgent need for reorganisation with all its implications, but I see it as a phased operation in which full account must be taken of employment and social considerations.

The National Coal Board is already involved in a programme of closing grossly uneconomic collieries and I do not believe the industry—indeed, I do not believe the nation—could face the consequences of a more rapid rate of pit closures than we have experienced in recent years.

Years of frustration arising from the apparent drift from the pinnacle of overriding importance to an industry surrounded by competitive forces against which we have appeared to be fighting a losing battle has, it would seem, taken its toll so far as certain local representatives of the Union are concerned.

When I hear of people complaining about the policies of the Union; when I hear suggestions, generally from people who ought to know better, that the

Union is becoming impotent, if it is not already so, I marvel at their temerity, at their apparent readiness and willingness to ignore the events of the last ten years and the effect of external influences on the standing of the coalmining industry.

We have been criticised as national representatives for having made the National Power Loading Agreement and this settlement is advanced as evidence of our being out-of-touch with the membership. As is usual when any change is made—when anything new is introduced—those who favour the change, accept it, and say little about it; those who oppose it are invariably the more vociferous and this often tends to distort and misrepresent the true feelings of the masses.

Implementing national arrangements which by their very nature impinge on many local customs and practices, is never easy, and there are those who do not like the idea of surrendering their right of local negotiations as inevitably they must do as we move closer and closer to complete national coverage of wages in the coalmining industry. Genuine differences on points of interpretation are to be expected, but irritations caused through the reluctance of individuals to accept the implications of national settlements, once they have been democratically approved within the Union, reflect no credit on those concerned.

Again, we have been assailed for having taken quite legitimate steps within our constitution to improve the finances of the Union. Whilst normally I would regard the criticism as part of the cut and thrust of democratic discussion within the Union, I am concerned that the spleen which characterises this dissent from our so-called "puny action," should be directed against the national establishment.

The greatest impact of the recent levies we are reminded, was felt by the lower-paid worker; this of course, will be true of any contribution or levy which takes the form of a flat rate irrespective of whether a workman is in receipt of the minimum or is earning twice as much. The fact is that the Union has been, and still is, facing a serious financial crisis; if we have to apportion blame for allowing this state of affairs to develop, I am going to suggest it lies in our failure to seek increased contributions much earlier, for what are we trying to survive on as a national organisation? Since July, 1962 (when the weekly surface minimum stood at £9 18s. 6d.) the net contribution per adult member has been 8d. per week out of which we have been providing a full trade union service—i.e., salaries of national, area officials and staffs, full cover for national and area administration, including rent, repairs and renewals of office buildings and equipment, lighting and heating, taxes and insurances, printing, postages and telephones, expenses of representatives involved in national and area meetings and deputations, and legal and medical costs involved in prosecuting the claims of injured members before Tribunals and in the Courts.

I venture to suggest there are few other unions, not only in this country but in the world, giving a comparable service to that given by the National Union of Mineworkers for 8d. a week.

Then we have the ravings of those who see a solution of all our problems in the application of "workers' control," including the "right of the workers

to veto managers' decisions"; of those who would oppose pit closures by organising "stay downs" and would urge other sections of the Labour Movement "to demonstrate its solidarity at the pit-heads"; of those who would have us support a "national fuel policy based on nationalisation of North Sea gas and administered by a National Fuel Board under workers' control" and who along with certain "experts" of the "left"—I seem to remember them as "economic experts from the universities" three years ago—seem to delight in vilifying the leadership.

Finding a scapegoat or two in the shape of your national representatives and carping outbursts and abuse will not, I assure you, help to solve the problems of the coalmining industry.

It has been the traditional task of trade unions to try, by all the power and persuasion they can exercise, to win for their members the best pay packets they can. But we have learned, the hard way, that wage bargaining can be a very crude process with very tough and uneven results. We have long since recognised this within the coalmining industry and have taken steps to bring about a measure of rationalisation.

But clearly if we are to modify our approach to wages, in the recognition that we must concentrate on improving real wages in our efforts to achieve a higher all-round standard of living, we must have, as we have insisted in recent years, economic planning—planning for the nation, planning for the regions and for industry.

Some of the national planning may not have worked out as well as we hoped it would. I find it hard to blame the planners for that; the best of them cannot plan for every conceivable change in the economic weather of the world we live in. But I am sure that nobody here wants planning to be abandoned and to return to the cruelty of leaving things to chance and the play of the market. Nor do I think that any experienced trade unionist is willing to leave planning to the economists and the politicians.

As trade unionists we claim the right to a say in the way our economic and social life is to be planned. We claim a right for our views, our industrial experience, our sense of human values to be taken into account when the big decisions are being made, month by month, on problems that are never discussed in election campaigns. But, you cannot separate incomes policy from all this; it is just not sense to think we can have any reasonable incomes policy without planning—or any effective planning without an incomes policy.

But all of us recognise that an incomes policy cannot be imposed on millions of workpeople. It will work only if they can be persuaded that it makes economic sense, that it helps to provide more goods and better services of all kinds, that it helps and not hinders the move towards greater social justice.

I believe it is for these reasons that unions have shown a willingness for the Trades Union Congress to devise and operate an incomes policy which depends upon persuasion. But the measure of our success will depend very largely on the loyalty of individual unions and their respect for the collective decisions of the trade union movement. For it has to be understood that the action of the Government in making Statutory Orders under previous legislation was precipitated by the decision of certain trade unionists to resort

to legal action in order to frustrate and nullify the policy which had been generally accepted within the trade union movement.

There will of course, be limitations on what advances are possible at any one time for particular groups of workers. An incomes policy is not a rubber stamp endorsement for every wage application; but it is not a clamp either. The ingredient of advance must be present but it will mean that some who have been left behind will advance faster than others.

I am sure that we have the capacity and I hope, the will to work steadily, sensibly and flexibly away from the catch-as-catch-can of wage bargaining and in the direction of closer co-ordination of trade union policies and strategy on incomes. To the extent that we succeed in this the closer we shall move towards the fulfilment of our ambition to improve the standard of life of the people of this still great nation.

In conclusion, I want to make the point that whilst the next General Election is still three or four years ahead, it could well be that the Government's fate will be determined over the next twelve months. The Government has found it necessary to take steps which have made heavy demands upon the loyalty of its supporters; as candid friends we are entitled to criticise, but I make a distinction between legitimate criticism and malicious attacks, designed not to help the Government, but to destroy it.

I believe the basic motives which move the Prime Minister and his colleagues are the same today as when they became active members of the Movement; we share the same ideals, the same common purpose. To me, there is no question of betrayal simply because unpleasant decisions have to be made.

I hope that as members of the Trade Union and Labour Movement we will continue to give the Government our loyal support.