

From Alfred Steman 6:46 Pm. (Received 25/4).

Confidential Memo.

24/4/84

**DON'T TRUST THE NCB TOO FAR.**

Ian McGreggor is a doughty fellow, but the NCB, like any nationalised industry bureaucracy, has divided loyalties and cannot be trusted very far.

The NCB was created by the Socialists to achieve Socialist objectives, and has no independent raison d'etre. It long since failed to achieve any of these objectives, and its only rationale is survival for its large staff with their secure employment and indexed pensions, paid for by taxpayers and electricity consumers.

The NCB was originally created in the belief that it would achieve to an efficient coal industry adding to the national wealth, an end to industrial conflict, and a high level of employment in the mines. That was the Socialist credo. Thirty five years and tens of billions of pounds (at current prices) later, it has achieved precisely the opposite: an ever-increasing subsidy bill - the real subsidy now reaches two billion a year if you take into account electricity prices - worse conflictivity has than ever, and a decline in employment nevertheless.

The burden on the national economy can be measured in real unemployment created in the private sector, and in shortage of resources to meet real needs.

Economic logic predicates the closing of far more mines, and much greater use of open-cast mining, which is cheaper, healthier and environmentally superior, since it does not create subsidence or dereliction.

There is no more need for a national coal board than there is for any other national board. Those countries where coal is produced at competitive prices have no such thing. There are no economies of scale to justify the high costs and bureaucratic rigidities. Any national board is by its nature uneconomic.

More.

Were the number of mines and miners reduced further, it would be harder than ever to justify the large numbers of managers at pit, area and national levels who, like the miners, are living with their hands in our pockets. This common cause has shown itself in their conduct. It was very bad under Ezra, who conspired with the Union in 1971/2 and in 1973/4, and the grounds that "he had to live with the miners after the strike." McGregor personally is of a different mould, but his board is the same as it was under Ezra.

On the matter of dereliction and reclamation, I have no doubt that they will tell you that they are doing wonders. As the saying goes, they would, wouldn't they. I doubt whether they will have told you that dereliction is proceeding in many areas faster than reclamation. Were miners put onto reclamation on a large scale, as I suggest, this would impinge further on the manning scales of the NCB itself.

I ask you to bear this in mind when I submit the study on transfer of resources from mining to reclamation, as a way of cutting coal board subsidies while bearing in mind miners' employment worries, with its economic, social and political balance sheet for such a proposal.

A propos, many miners would welcome the generous redundancy allowances. Opposition comes from the union bureaucracy, which would lose dues and voting strength in the TUC and Labour Party. My proposals would leave them in the miners union, but draw their fangs.

End.