

Conservative Research Department Brief

COAL - LIMIT OF DEFICIT GRANTS ORDER
 - PAYMENTS SCHEMES AMENDMENT ORDER

Prepared For:

Debate in the House of Commons on
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Contents	Page
A. Introduction	1
B. Increase in the limit on deficit grant	1
C. The Redundant Mineworkers' Payment Scheme	2
D. Developments in the Strike since the NACODS Settlement	3
1. The return to Work	3
2. Mr Scargill's desperate action	4
3. Mr Kinnock's Position	5
E. The Package on offer to the Miners	6

Appendices

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A. Introduction

The two Orders that have been laid before the House illustrate the fundamental issues at stake in the current miners' dispute; issues which the violence and intimidation on the picket line must not be allowed to obscure.

First, the Order to increase the limit on deficit grants payable to the National Coal Board illustrates the vast scale of the industry's losses over the last two years. No private sector company could continue to trade with such a poor record. The Government, through the taxpayer, cannot indefinitely be expected to fund huge losses on the scale that we have seen hitherto.

The accrued Government support in 1983/4 totalled £1.3 billion. This is equivalent to an increase in the basic retirement pension of £2.70 a week for each pensioner, or a 39% increase in the current level of child benefit. £1.3 billion would more than pay the annual salary bill for NHS Hospital Doctors and dentists.

While raising the limit on deficit grants to accommodate such losses, the absolute necessity to reduce the tail of high-cost pits becomes even more clear. Failure to tackle this problem will not only absorb scarce resources that could be used more effectively elsewhere, but it will also pose a threat to the prospects for lasting employment in the coal industry itself.

Secondly, the Redundant Mineworkers' Payment Scheme is an impressive reminder that this Government understands that the inevitable restructuring must be carried out with humanity and understanding. The provision of redundancy benefits, beyond those which the industry itself can afford, and the offer of security of employment to all those who want it, shows a commitment to the British miner stronger than that of any previous Government.

These provisions are in sharp contrast to the way in which the NUM Executive has allowed the current dispute to develop. The decision not to pay strike money, the support that has encouraged the paid and violent pickets to ever more serious acts of intimidation, the disregard for the damage that the strike is doing not only to good and economic coal faces but to the economy as a whole, and the denial of the miners' right to a ballot on an excellent deal; these issues lay bare the disregard which the NUM leadership has for its ordinary members.

B. Increase in the limit on deficit grant

1. Background. The Coal Industry Act 1983 provided that the maximum amount grant which the Government might pay to finance the deficits registered by the National Coal Board should be £1200 million for the years 1983/84 to 1985/86 inclusive. This limit could be raised in one or more stages to £2000 million by Order of Parliament. This Order would therefore increase the limit to £2000 million, the maximum amount permitted under the 1983 Act.

2. Reasons for the Order. The NCB registered a much larger loss in 1983/84 than had originally been forecast. In the event the loss was £875 million.

This figure can be broken down as follows:

£197 million:	the current strike and overtime ban.
£143 million:	the high costs of putting right the subsidence damage in the Mansfield area.
£535 million:	the Board's adverse trading position with problems of overproduction and a tail of high cost pits.

The original deficit limit of £1200 million has already been breached by some £193 million. It is difficult to assess what the NCB's precise losses for 1984/85 will be, but current indications suggest that the full £607 million sought for in this Order will be required. In short, over the two years 1983/84 and 1984/85, the NCB will need at least £2 billion to account for its losses on revenue account alone.

As Mr Peter Walker has said:

'Support on this scale greatly exceeds anything available to the industry's competitors in Europe. The subsidy element is equivalent to £130 per week for each man on colliery books' (Hansard, 4th June 1984, WA, Col. 120).

The National Coal Board has estimated that if it cut out the 12 per cent of its output which is the most costly to produce, it would save around £215 million a year.

C. The Redundant Mineworkers' Payment Scheme (RMPS)

1. Background. Redundancy follows from the closure of pits only when miners themselves decide that they wish to leave the industry. Those who do leave in these circumstances are eligible for payments which, compared with other industries, are very generous.

Redundancy terms have greatly improved under the present Government. A miner aged 50 with thirty years' service receives a capital sum of £14,500 and £79 a week until normal retirement age assuming he fails to find another job. For those under 50 a capital sum of £1,000 for every year of service (from the age of 16) is available. (See Appendix I for payments under RMPS).

Under the last Labour Government, redundant mineworkers over 50 received no capital payments whatsoever; those under 50 were eligible for no more than £1,450.

2. Reasons for the Order. This Order is needed because of the present dispute. The Secretary of State for Energy, Mr Peter Walker, said that:

'The Government have no desire to see miners who take redundancy penalised as a result of the strike. They therefore intend to introduce amendments to the redundant mineworkers' payments scheme to enable men whose scheme benefits are affected during the period of the dispute to receive additional payments designed broadly to compensate for RMPS basic benefits and pension supplement lost. Such amendments are necessary because under the existing order, entitlement to weekly RMPS benefit is linked to eligibility for unemployment benefit so that a man who is ineligible for the latter also generally loses entitlement to the former. A man's entitlement to lump sum benefit is not affected' (Hansard, 25th May 1984, WA, Col. 580).

3. Changes to be made

- The Amendment Order will enable weekly benefits under the RMPS (except unemployment benefit equivalent under Article 9 of the existing Order*) to be paid to employees becoming redundant during a trade dispute who would not otherwise be entitled to such benefits because of the present provisions contained in the Social Security Act 1975.
- The Amendment Order will also enable an additional lump sum to be paid to men who lost basic benefit or pension supplement due to the current dispute (a period which will not obviously be affected by the changes outlined above).

In the first 6 months of the current financial year up until the end of September, nearly 6,000 men received RMPS benefits for the first time, and expenditure amounted to just over £100 million. Those changes are expected to affect a few hundred men at a cost of a few hundreds of thousands of pounds, and will remove a considerable source of grievance amongst those miners who have been affected.

- * Article 9 benefit is a sum equivalent to the prevailing rate of unemployment benefit paid to men who would be entitled to unemployment benefit but for the fact that their entitlement is exhausted. A man who is ineligible for unemployment benefit for the duration of the dispute will not begin his period of entitlement to that benefit until the dispute is over, and therefore would not be entitled to Article 9 benefit.

D. Developments in the Strike since the NACODS Settlement

(For information on the industry and the strike prior to the NACODS settlement, see Politics Today (No. 19, 5th November 1984): 'The Coal Industry'.)

1. The Return to Work

Since the breakdown of negotiations between the NCB and the NUM on 31st October 1984 the numbers of former striking miners returning to work has steadily increased. Denied a ballot, and despite widespread intimidation, many miners are voting with their feet and returning to work. This demonstrates their clear dissatisfaction with Mr Scargill's intransigence during over a hundred hours of negotiations in which, as he himself has brazenly admitted, he has not budged an inch since the start of the dispute. Negotiations finally broke down on 31st October 1984. Since then over 14,000 strikers have returned to work.

The situation for pits and men returning is given by area in the table below:

	Normal working	Some coal	Men working no coal	Pits on strike	Men returning between 5.11.84 - 23.11.84 incl.	New faces at dayshift 26.11.84*
Scotland		2	8	2	1317	280
N. East			13	2	2613	278
N. Yorks			10	2	561	27
Doncaster			8	2	173	4
Barnsley			11	5	425	11
S. Yorks			13	2	1428	92
N. Derby		6	3		3394	137
N. Notts.	14				325	5
S. Notts.	11				73	2
S. Mids.	11	1	3		384	10
Western	9	6	2		2034	70
S. Wales			4	24	147	5

* excludes the afternoon shift.

2. Mr Scargill's desperate action

(i) Escalation of violence. It is now clear that a fair settlement has been reached on all the outstanding industrial issues and is supported by NACODs, BACM and a third of the mining workforce. Mr Scargill has openly admitted his political and revolutionary objectives in the handling of previous disputes. For example of the 1972 dispute, Mr Scargill said:

'We wished to paralyse the nation's economy. It's as simple as that. We were fighting a class war and you don't fight a war with sticks and bladders. You fight a war with the weapons that are going to win it' (Observer, 7th September 1975).

As control of the situation slips away from him, Mr Scargill has permitted the violence to escalate and sought help from friends in Libya and the Soviet Union. Far from condemning the violence and intimidation at present taking place in pit villages and collieries, Mr Scargill denies that striking miners have caused any violence. As early as May Mr Scargill said:

'I do not accept there has been violence against anybody by people who are on strike. I certainly know that there has been violence by the police upon our people, I certainly know that the intimidation has come from the police' (Daily Express, 22nd May 1984).

Mr Scargill's initial reaction to the report of the savage attack on Mr Michael Fletcher, a working miner at Fryston colliery on 23rd November was to say:

'Without any evidence offered to suggest that in any way the Miners' Union was involved, it would be inappropriate for me to make any comment' (Times, 24th November).

However, after the house of Mr Stuart Spencer, a Yorkshire miner, was destroyed in an arson attack he prepared to say that the NUM would not support attacks on people's houses.

Since the strike began there have been over 80,000 arrests (of whom 500 were non-miners) over 1,800 convictions and 80 custodial sentences.

(ii) The NUM's Libyan connection. The disclosure of a meeting between Colonel Gadafy, the Libyan leader, and Mr Roger Windsor of the NUM, acting at Mr Scargill's behest, demonstrates the lengths to which Mr Scargill is prepared to go to prolong the strike and avoid genuine negotiations. Mr Scargill has made it clear that he will accept money or other assistance from anyone. In an interview on BBC's 'World this Weekend' on 28th October 1984, Mr Scargill justified his contacts with Libya. He said:

'As far as we are concerned we would welcome assistance from trade unionists anywhere'.

He said that Mr Windsor (an NUM official) had gone to Libya to 'explain the position of the British miners to the trade unionists in Libya' at their request. But Mr Scargill was clearly unaware that when Colonel Gadafy seized power in a coup in 1969, one of his first acts was to dissolve all the unions'. Furthermore, Colonel Gadafy banned all strikes and sit-down protests, even amongst students, after a week long dock strike in Tripoli in March 1972. The NUM's contacts with a Government which is heavily implicated in many terrorist campaigns around the world and in the murder of WPC Fletcher in London was roundly condemned. Mr Kinnock said that to accept assistance from Libya would be 'an insult to everything that the British labour movement stands for'. Mr Willis, General Secretary of the TUC, also condemned the meeting.

(iii) Mr Scargill and the Soviet Union

Mr Scargill has also sought assistance from the Soviet Union, and is well placed to do so, coming as it does after his several visits to the country, whilst taking part in the usual fraternal external exchanges between the NUM and Soviet miners' union. Mr Scargill's amicable relations with unions in Russia contrasts with his attitude to the Polish free trade union, Solidarity. Of them, he said:

'I am opposed to Solidarity because I believe it is an anti-socialist organisation who desires the overthrow of a socialist state' (Times, 8th September 1983).

3. Mr Kinnock's Position

Mr Kinnock is said to have described Mr Scargill as the Labour Party's 'nearest equivalent to a First World War General' (Morning Star, 10th September 1984). Unlike Mr Willis, General Secretary of the TUC, Mr Kinnock has not yet found time to speak to a miners' rally, although he intends to do so on Friday, 30th November at Stoke on Trent. Mr Kinnock has condemned all violence but still supports the aims of the strike. On 14th July at an NUM rally he declared 'there is no alternative but to fight'. However, Mr Kinnock has been criticised by left-wing MPs and other sections of the Party for appearing to distance himself from the miners' cause. This has now culminated in a challenge from

Mr Scargill to clarify his position when he said:

'No doubt on the occasion of the meeting on Friday night in Stoke the leader of the Labour Party will make clear what he wants to say and where he stands on every single question affecting the miners' strike' (Times, 26th November 1984).

He continued:

'As far as the miners' union is concerned, we would expect that both the Labour Party and the TUC would abide by the near-unanimous decisions of both conferences to give total support to the miners' union in this most historic fight against the Coal Board's policies' (Daily Telegraph, 26th November 1984).

E. The Package on offer to the Miners

The package on offer is the best ever offered to the industry:

- (i) The NCB has guaranteed that there will be no involuntary redundancies - there is a job for every miner who wishes to remain in the industry. Terms for those men who choose to leave the industry are probably the most generous available to any industrial group. The NCB had received more than 20,000 enquiries from men interested in taking up the voluntary redundancy payments.
- (ii) Wages will be increased, back-dated until last November by 5.2 per cent, a greater increase than those already accepted by many groups of workers and which will retain the large pay differential between miners and other industrial workers.
- (iii) There will be a continuation of the high capital investment programme in new machinery, new collieries and new coal faces. This will enable the industry to produce cheap coal and therefore expand its markets. Last year £702 million was invested. A larger sum was envisaged this year, but the strike has slowed or halted work on some of the NCB's most important projects, such as Selby and this year investment may drop below £500 million.
- (iv) The NCB have created a new enterprise company to provide finance, advice and accommodation for new businesses and new enterprises in any mining community adversely affected by closures.
- (v) In negotiations with NACODS an amendment was agreed to the colliery review procedure whereby an Independent Review Body can, if asked to do so, give its views on a closure. The NCB made an undertaking to give full weight to the advice received from the Independent Review Body. The Board also undertook to keep open the five pits named for closure and to consider them in common with all other pits under the modified colliery review procedure.

AGT/AD/RDO
26th November 1984

APPENDIX 1

Redundant Mineworkers Payments Scheme

Year	No of Beneficiaries Qualifying in Period	Weekly Payments £m	Lump Sums £m	Total £m
1968/69	20,600	3.184		3.184
1969/70	4,200	8.438		8.438
1970/71	4,900	10.883		10.883
1971/72	3,700	8.144		8.144
1972/73	7,000	6.452		6.452
1973/74	18,500	8.568	2.844	11.412
1974/75	5,200	11.001	1.254	12.255
1975/76	6,700	12.821	0.437	13.258
1976/77	5,400	15.711	0.390	16.101
1977/78	4,900	16.843	0.307	17.150
1978/79	3,500	17.161	0.463	17.624
1979/80	1,700	15.102	0.317	15.419
1980/81	3,200	14.090	1.179	15.269
1981/82	10,500	22.728	25.186	47.914
1982/83	8,500	49.957	30.074	80.031
1983/84	20,400	91.206	98.441	189.647

Appendix II

Deductions from Supplementary Benefit to strikers

The Secretary of State for Health and Social Security has estimated that the effect of the increase in benefits together with the higher deduction will increase cash payments to 30,000 striking miners and their families, have no effect on another 6,000 and will only reduce payments to around 200 by up 55 pence per week. These figures show that there is no foundation in the allegation that the increased deduction was designed to bring more pressure to bear on striking miners. Since the beginning of the strike over £22 million has been paid to the families of striking miners. Only about a quarter of striking miners are eligible for supplementary benefit, either because of spouses' earnings or because of savings.