A TALE OF TWO INDUSTRIES

THE CONTRACTION OF COAL AND STEEL IN THE NORTH EAST OF ENGLAND

HUW BEYNON · RAY HUDSON · DAVID SADLER

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Huw Beynon
Ray Hudson
David Sadler

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Preface

This book has its origins in a request in 1985 by the Durham County Mining Federation Board (comprising representatives of all sections of the Durham Area NUM, Durham Mechanics, COSA and NACODS) that Huw Beynon should co-ordinate the preparation of a report to help fight the proposed closure of one of the area's major mines – Horden colliery. In the wake of the miners' strike, a question mark hung over the industry's future and in Durham this was being resolved on a pit-by-pit basis. Horden was the first colliery in the county to be considered a suitable case for closure by British Coal and the men at the pit felt, very strongly, that the reasons for this decision deserved broader consideration and recognition.

The report, '(Mis)Managing Horden', was launched in September 1985. At that time no agreement had been reached concerning the independent review procedure, which had been promised to the pit deputies' union, NACODS, in November 1984. Then, the deputies had voted in favour of action to resist the threat to jobs and collieries, and the promised procedure was critical to their subsequent decision to remain at work and not to join the NUM in its struggle. After months of negotiations and a certain amount of stonewalling by British Coal, agreement was reached over the composition of the new body and its terms of reference. In January 1986 Horden became the first colliery to be taken through this new procedure, and '(Mis)Managing Horden'

was used as part of the evidence which the union presented for continuing production in the mine.

The appeal proved unsuccessful, and the Horden mine was quickly closed. In writing the report and arguing the case through the independent review body, however, we became increasingly aware of the importance of the broader issues raised by the proposal to close the colliery. These concerned the relationship between a particular pit, owned by the state, and the fates of other industries here and abroad. They pointed to the relationship between market forces and strategic political decisions made by corporations and nation states. What was also involved (and perhaps this was important above all else) was the nature of managerial prerogatives and related questions of democracy and the rights of peoples as employees and citizens. We have written of these issues elsewhere (Beynon *et al.* 1986, Hudson 1986) but as time has passed we have grown convinced of the need for the details of cases like the Horden closure to be available to a wider audience, thereby facilitating a fuller and more informed discussion of the pattern of changes that has affected British industry and society in the 1980s.

There is a further reason for publishing this monograph, and it relates to more narrow concerns within academic geography and sociology. In our discussions with the people who lived and worked in Horden we noted the ways in which they made use of ideas of 'community', of 'solidarity' and of people like 'us'. The Horden mine, they told us, used to be a 'family pit' and in the twentieth century its history had been deeply entwined with the lives of the people who lived in the village (see Beynon and Austrin 1991). Their sense of propriety was deeply linked into a situation in which social, economic and political affairs were strongly ordered through local institutions. In the 1980s a radical change in international markets and the ascendance of Thatcherism altered all of this, with deep consequences for places like Horden.

At this time the ESRC launched an initiative to examine 'The Changing Urban and Regional System' in the UK. This was based on a national study and seven local cases, of which our study of Middlesbrough and Teesside was one (see Cooke, 1989). The ESRC initiative had not included a coal field district within its range of localities. This was unfortunate as areas like these –

dependent upon single industries – presented important examples of economic and social change in the 1980s. On Teesside, we were examining, among other things, the effects of changes in the steel industry. Our researches at Horden had brought home to us the extent to which South East Durham and Teesside were historically linked, as a coal, steel and chemical producing area (Beynon *et al.* 1989). As such we thought it important to link the Teesside study with our earlier researches on colliery closures. In this book we explore the way in which these coal and steel producing areas were once linked, and then broken apart, and we explore some of the consequences of this separation for the people who have lived their lives amongst the coal mines and the steel mills.

It remains for us to thank all those people who have helped us by talking with us, and by answering our endless questions – special thanks here go to the Horden lodges of the Durham Miners, the Durham Mechanics and NACODS.

Introduction

In March 1985 the coal miners in Durham returned to work after being on strike for a year. The area has had a tradition of moderate leadership during this century, and their agreement to strike in 1984 was seen as a major setback by the NCB, and by its Area Management in the North East. The strike was over the decision by the NCB to reduce the capacity of its deep mines by 4 million tonnes. This would clearly involve the closure of pits and, despite managerial reassurances, many felt that their future in the industry was decidedly insecure. These feelings proved to be well founded. In the wake of their return to work a series of colliery closures were announced. The first of these was of the Horden mine in the south east of the county.

By any standards Horden was a large mine, and it had provided an impressive history of production since it was sunk early in the century. Placed on the edge of the North Sea, its workings extended some six miles off the coast. In the 1970s Horden, like the other large mines which stretched northward along the coast, had been receiving men transferred from other collieries which had closed down. Mostly these men had come from inland collieries, and they travelled eastward across the county every day to work. In 1981, however, Blackhall, a coastal colliery to the south of Horden, closed down, and this registered a shock wave through the mining workforce, for it pointed to the fact that these 'safe', 'long life' collieries were also vulnerable to

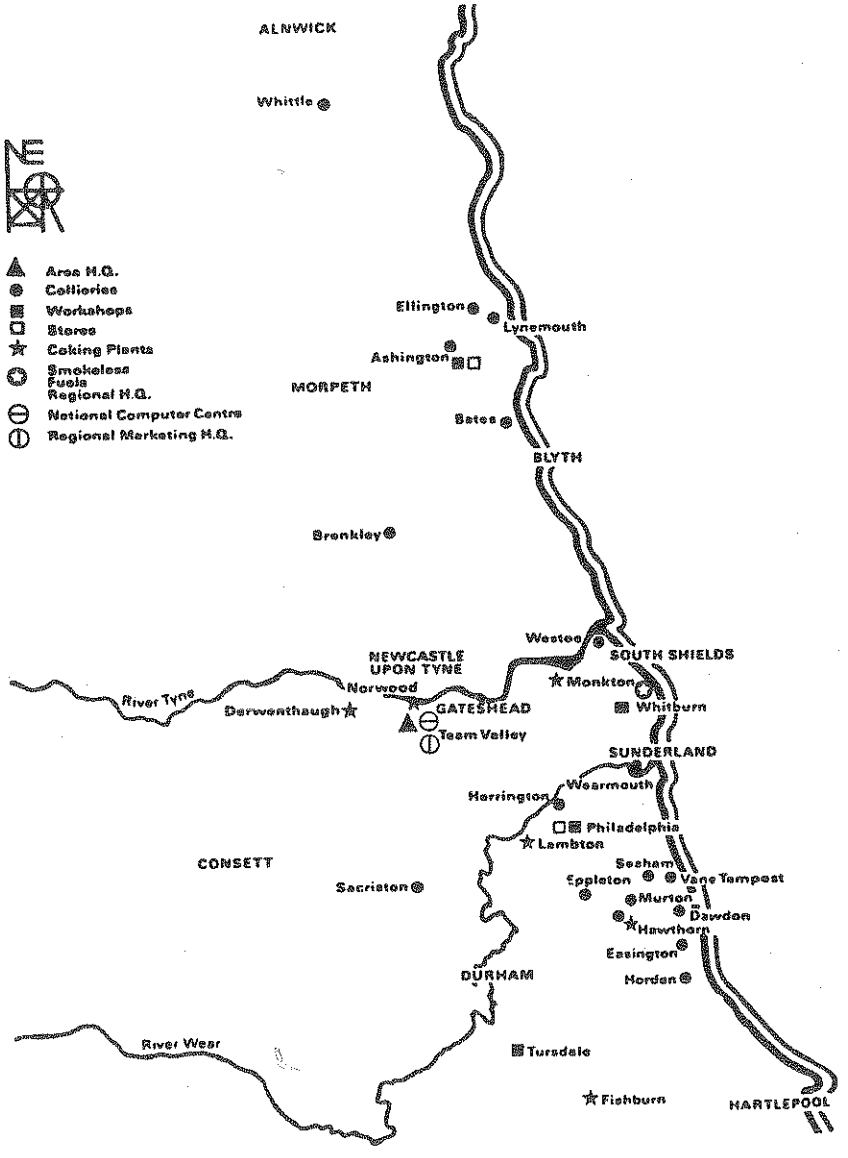

Figure 1 The North East coalfield

closure. The villages of Horden, Easington, Murton and Seaham are really small towns and in 1984 – in spite of long-term attempts to diversify employment through the Peterlee Development Corporation – these towns remained highly dependent upon coal mining as a source of employment for men. In this context the announcement of the closure of the Horden mine raised in sharp relief questions about the future of the area. It also raised questions about *why* pits were closing down and *how* local people could influence the changes which would so deeply affect their future.

The immediate context within which the fate of Horden was cast, relates to the decline of manufacturing industry in the UK since 1979. In the space of just two years, the value of manufacturing output at 1980 prices fell by 14.5 per cent. Within this decline, the steel- and metal-using sectors were particularly badly affected. Steel consumption, within the UK, dropped by one-fifth from 15m to 12m tonnes. Railways, motor vehicles and electrical engineering demand fell at an even faster rate. Overnight, it seemed, whole sections of UK industry were wiped out. As they went, so they took with them jobs in the raw materials sectors, like coal mining and steel production.

A further consequence of the decline of Britain's industrial base was seen in the balance of trade in manufactured goods. For the first time ever, during 1983, Britain recorded a trade *deficit* in manufactures. In the previous 20 years, manufacturing exports had always exceeded imports by between £1,500m and £6,000m. So concerned was the House of Lords by these developments that it established a special Committee to examine their causes and consequences. This is what it said:

> The Committee's view is that the continuing deficit in the balance of trade in manufactures is a symptom of the decline in Britain's manufacturing capacity on the one hand and of the poor competitiveness of important areas of manufacturing on the other. Unless . . . the manufacturing base is enlarged . . . the country will experience adverse effects which will worsen with time. These will include:
>
> - a contraction of manufacturing to the point where the successful continuation of much of manufacturing activity is put at risk;

- an irreplaceable loss of GDP;
- an adverse balance of payments of such proportions that severely deflationary measures will be needed;
- lower tax revenue for public spending on defence, welfare and other areas;
- higher unemployment, with little prospect of reducing it; and
- the economy stagnating and inflation rising, driven up by a falling exchange rate.

> The Committee takes the view that, taken together, these prospects constitute a grave threat to the standards of living of the British people. Failure to recognise these dangers now could have a devastating effect on the future economic and political stability of the nation.
>
> (House of Lords 1985: I, 47–8)

In considering the *causes* of Britain's manufacturing decline the House of Lords Committee felt that

> the paramountcy of manufacturing has not been recognised in the formulation of policy with the result that policies – or on occasion the avowed lack of policies – have actually been inimical to manufacturing. . . . The Committee regret that a combination of tight monetary policy under the Medium Term Financial Strategy, as part of the Government's anti-inflation policy, accompanied by a high exchange rate, resulted in the loss of a significant part of Britain's manufacturing base.
>
> (House of Lords 1985: I, 60–1)

In other words the view of this Committee was that government policy had actually hastened the decline of manufacturing industry and, hence, the demand for steel and coal. This was clearly recognized in Sheffield, where the steel industry shed 30,000 jobs in four years after 1979. The City Council was in no doubt that 'the international recession has been magnified in Britain by the effects of domestic government policies which have accelerated the decline in manufacturing and construction industries and undermined the publicly owned users of steel' (Sheffield City Council 1984). So too for coal. The economic policy of

the government, together with its strategic policy of preparedness for the actions of organized workers (see Beynon and McMylor 1985), was a critical factor leading up to the coal strike and the closure of the Horden mine.

But the problems cannot all be laid at the door of the Conservative government. Changes in the British economy also related to broader, international changes. By 1984, for example, steam coal was in chronic over-supply on the world market and the international trade in coal as a commodity was accelerating. In the wake of the oil price increases in the early 1970s, many of the oil companies had shifted their investment into coal as an alternative energy source. Coking coal supplies expanded in step, despite the growing problem of over-capacity in its main purchaser – the steel industry. So too did steel *capacity* increase as steel corporations built bigger plants, competing among themselves for a share of an essentially *static* market. This increased the pressure upon the coal industry worldwide, and a period of intense competition ensued in which coal was often 'dumped' at prices below the average costs of production. These changes in the *international* market posed fundamental problems for state-owned industries, which were vulnerable in many ways, not least from the fact that their operations were restricted, for the most part, to national markets.

Nationalization of the British coal industry in 1947 represented the outcome of a particular political consensus, incorporating Labourist institutions and organizations within the committees of the state. In contrast, the nationalization of steel was successfully resisted by the steel corporations in 1951, but ultimately 'conceded' to in 1967. Even then though, there were important differences from the post-war proposals, not least the maintenance of a privately owned and relatively profitable specialist steel sector. What was never established for either industry, however, was the question of freedom of manoeuvre available to the nationalized corporation in the context of a global market economy. In the 1960s one clear answer emerged as the energy markets changed dramatically. As oil prices declined, coal mines – here, in Germany and in the USA – closed down. What seemed clear then was that nationalized industries presented an *ordered* response to the logic of the international market place. Some miners were transferred to other coalfields; some alternative

employment was provided. In the late 1970s and 1980s the question was answered again; this time not just in one industry under 'public' ownership, but in virtually all of them. As if to emphasize the vulnerability of the nationalized industries to the pressures of a market economy, the contraction of one (like British Leyland, for example) served to precipitate the collapse of others (like steel and coal), in a vicious spiral of decline. This time, though, the process was accompanied by much more conflict.

It is of course possible to argue, quite honourably, that little or nothing can, or could, be done to arrest this process of change. In the face of international market forces and a particular national political strategy, the freedom of manoeuvre left to an industry, or to the manager of a particular factory or coal mine, is clearly limited. However (accepting this for the moment), there still exists a further (independent) question of *how* those changes are organized and managed. How, for example, are workers informed of their future prospects; how are decisions arrived at, and by whom; how are key events monitored and communicated? These are important points which, like the others, raise issues of politics and strategy. They bear particularly acutely upon an industry which was nationalized and in 1947 destined to be run 'on behalf of the people'. It is significant, for example, that this phrase was often greeted with hollow laughter at Horden where most of the miners felt that they had been let down very badly by the area and local management of the NCB, and that they had in real terms been 'sold down the river'.

In an extractive industry such as coal mining, change is inevitable, not least because seams and collieries, even coalfields, can become physically exhausted. To regulate this process within the industry, a wide-ranging set of consultative procedures was evolved, with each colliery having a 'Five Year Plan' explained by management to the miners' representatives. Even before the strike, however, men at the colliery felt wary of management's promises and were dubious about the veracity of its plans. As management asserted its 'right to manage', consultative procedures were used to rubber-stamp decisions whose wisdom was increasingly questionable. In both a strategic and an operational sense, the workforce felt that it was being mismanaged, and they were not alone. In 1986 the report '(Mis)Managing Horden' was read by miners in other pits which seemed to be threatened with

closure, and the story struck many chords. Repeatedly men said, 'that's just what's been happening to us. Exactly the same. They've been trying to stitch us up just like they did to Horden.'

These points raise questions about the form of organization of public companies, the industrial relations within them, and their relationship to the decisive centres of power within the state. What emerged only too clearly from the 1984–5 strike was the extent to which there had been a radical departure from the 'normal' patterns of compromise and negotiation, characteristic of post-war British society. Although this had been set in progress well before 1984, what was revealed during the strike was a picture of state power united with the transactions and prejudices of class in a concerted assault upon the collectivity of labour. Within this kind of state (and in the nationalized industries), *public* accountability had become a watchword for weakness. This was apparent in the ways in which senior NCB managers disdainfully tolerated the proceedings of the independent review body, chose to ignore its findings and refused to enter into any discussion about the social costs of closure. In eschewing public responsibility, the managers of the state industries have laid blame at the door of market forces – the inescapable logic of the market. But beneath the rhetoric lies something more complex than market despotism. For one thing, it has been *co-ordinated* by the state. The market has not willingly dictated events; indeed, it is debatable whether, even in an abstract sense, it is capable of doing so. It has been pushed into so doing through the state's direct, unmediated control over the nationalized industries, the police and, less directly, the media. What's been involved here is a renegotiation of the balance between capital and labour. This has been most strongly felt in the old heartlands of industrial capitalism, such as the North East. Here, through the degree of control over nationalized industries, through involvement in policies to attract new industry to the region, and, more latterly, in support of the unemployed through redundancy payments or unemployment benefits, it is possible to speak of a 'state-managed' region (see Hudson 1989). As such, this region has been particularly severely affected by the changes that have taken place within the state; nowhere has this been more clear than in the area around Horden in South East Durham.

For most of this century, the area of South East Durham and Teesside represented a coherent 'local economy' founded on close links with the ownership of companies and the organization of production between the dominant industries of coal, steel and chemicals. Furthermore, in the 1920s and 1930s miners laid off from the pits of Durham were taken on at the expanding Billingham works of the newly formed Imperial Chemical Industries. On the eve of coal's nationalization in 1947, the most prominent steel companies on Teesside had substantial financial interests in the Durham coal combines. Most significant, perhaps, was the controlling interest which Dorman Long held in the Horden Colliery Company. In the 1960s Teesside was designated under the Hailsham plan for the North East (HMSO 1963) as a growth zone which could mop up surplus labour from the coalfield through investment in privately owned steel and chemicals production. This investment was to be heavily subsidized by the state through regional policy assistance. In the mid-1970s these ties looked secure as expansion of the by now nationalized British Steel complex on the south bank of the Tees seemingly guaranteed a continuing market for Durham coking coals.

In the 1980s, however, things were very different. Pressures of international competition were being mediated by a particular form of public ownership. The nationalized industries were not, on paper at least, created to bring about the destruction of jobs and communities. Coal and steel were ostensibly intended to be the 'commanding heights' of the economy from which growth and further employment could be generated, resolving the unemployment problems of the 'Special Areas' as the 1944 White Paper on Employment Policy emphasized. In practice, however, both industries have ended up operating in the manner of private, capitalist monopolies. Certainly, there has been little sign of any elaborate form of public accountability. In the 1970s, both NCB and BSC were, as will be seen, instrumental in creating over-capacity in their respective markets. Both producers have since reacted by closing capacity – in the case of coal sterilizing many millions of tonnes of reserves. In the process, an economy founded on ties between privately owned, locally dominant sectors of production has (under public ownership) first been deliberately expanded solely around these connections, and then coldly decimated as the links have been severed.

What this means is that the particular form of public ownership in these industries has, with hindsight, benefited capital as much as labour. Some would argue that the clear benefits to capital outweigh all others. The open backing of the state, for example, enabled steel (in 1980) and coal (in 1984–5) to withstand bitter strikes which private capital could never have sustained. International processes of change have acted to unpick the local coherence of both economy and society in this part of Britain; but these processes have also been developed through a particular form of politics, based on the public ownership of industry, which has served goals other than those formulated by labour. In doing so, these changes have revealed the British experience of nationalization for what it really is – a continuing process of reconstruction of the dominant, capitalist relations of production. This revelation raises questions about future options for labour. Nationalization, as traditionally conceived, is clearly not a sufficient condition for socialist transformation; increasingly, it is open to question as to whether it is even a necessary one.

What has also emerged from this state-led fragmentation of economy and culture has been a similar rupture in the political sphere. The 1980s witnessed the emergence of new kinds of community politics. In a *regressive* form this was evident in the plethora of local development agencies springing up, seemingly every day, across the country; all concerned with attracting a slice of the cake, but uninterested in, or unable to affect its size, and downplaying other broader questions such as the quality of jobs and the general conditions of employment. Any crumbs are seen as better than none. In a more *progressive* fashion this new kind of politics was evident in campaigns against nuclear power or nuclear waste and for cleaner, safer energy; in the women's support groups on and off the coalfields; in spirited defences of the countryside against opencast mining; in unemployment centres run by the unemployed, for the unemployed; perhaps too in the range of co-operative ventures, occasionally involving local authorities. In this there is both a warning and a challenge to socialist strategy. The danger is that, on their own, such forms of response lack the resources to tackle the established power of the state and the problems posed by international capital. The challenge is to reintegrate and combine them within a new strategy, a new kind of politics of production which can learn

from the mistakes of the past and point the way to a brighter future.

In the following chapters we set out to expand upon these brief introductory remarks. The remainder of the book falls into three main parts. In *Part one* we consider the underlying logic behind nationalized industry policies in North East England since the early 1970s. We examine how these industries set about planning for expansion at the beginning of the decade, culminating with the steel industry's 'Ten Year Development Strategy' in 1973 and 'Plan for Coal' in 1974. We show too how the projections on which these plans were based were unmonitored and wildly optimistic. Planned investment for expansion merely served to intensify a process of capacity closure, with severe consequences for the people and communities associated with both the coal and steel industries. These changing conditions are intimately associated with international processes and government policies, and in Chapters two and three we consider the new international economy of coal and steel production and the government's strategy of privatization.

In *Part two* we look closely at Horden colliery, a case-study which epitomizes the ways in which nationalized industries have operated. Chapter four demonstrates how, up to the eve of the miners' strike, the pit was in the position of having access to reserves of coal reallocated to neighbouring collieries as plans were changed and consultation procedures treated with disdain by management. In Chapter five we examine the ways in which, after the strike, management went about closing the colliery, first through encouraging the workforce to leave by retirement or transfer, then through the channels of the independent review body.

Part three examines the general issues raised by the closure of the coal mine and the consequences which this has had for the people who live on Teesside and in the Easington district of Co. Durham. This is discussed in Chapters six and seven which consider government policy toward industry and employment, through its strategies for privatization and the development of an 'enterprise culture'. Against this background, questions are raised about the future of the 'old' industrial regions and of public-ownership policy and state planning.

Part one

The context: coal and steel 1970–85

1

Expansion and contraction: the two sides of state planning

During the 1960s successive waves of colliery closures and contractions swept through the coalfield of North East England. Central government, faced with seemingly endless supplies of cheap oil and the prospect of cheap nuclear-generated electricity, moved decisively toward a diversified energy policy. Under these circumstances, support for the coal industry was cut back and the NCB savagely cut capacity and employment. These closures were intended to cut the costs of energy, as one way of enhancing the competitive position of manufacturing in the UK. The *price* of this new energy policy fell unevenly, however – regions such as the North East paying particularly heavily. Here communities were devastated by pit closures and miners still comment on the irrationality of the process which often saw collieries being closed just as major modernization investments had been completed. The fact that the closure programme generally went uncontested was partly due to a reluctance to embarrass a Labour government and, also, to the promises made of alternative jobs to replace those lost in the mines; promises which were largely unfulfilled (Hudson and Sadler 1985). In this way 50,000 miners left the industry in Durham alone.

However, by the early 1970s the future for the North East coalfield looked altogether brighter. For one thing the era of cheap oil forever ended abruptly and the 1974 'Plan for Coal' seemingly gave coal a revived role in relation to power station

markets. In addition, because of the specific characteristics of the coals within their allocated reserves, some collieries seemed to be guaranteed a secure future supplying coking coals to the new Redcar complex on Teesside. As part of BSC's major investment and expansion programme outlined in its 1973 'Ten Year Development Strategy'. While this predicted some closures and job losses elsewhere in the North East, it promised a long-term future for steel making in a massive and technically sophisticated complex. Moreover, in linking Redcar with coking coal collieries in Co. Durham, it seemed to suggest that a more rational co-ordination of investment and production strategies in the nationalized coal and steel industries was under way. While this would reproduce the sorts of links that had developed historically between these industries under private ownership, it offered the prospect of a more coherent regional economy than one based upon an *ad hoc* range of branch plants of multinational corporations. But, by the same token, it made Durham's coking coal collieries crucially reliant upon the success of BSC's strategy on Teesside, and this strategy proved to be ill conceived.

Following nationalization in 1967, BSC embarked on a series of corporate-planning exercises, intended to produce a technically sophisticated, internationally competitive and profitable nationalized industry. This process culminated in the 'Ten Year Development Strategy' which was published in 1973 (HMSO 1973; see also Bryer *et al.* 1982). This programme proposed massive fixed capital investment and capacity expansion, which would be linked with employment cuts and a marked increase in labour productivity. To the extent that this investment was to be based around very large integrated works and individual production units, it mimicked the Japanese strategy for steel. Production at BSC's existing five coastal complexes was to be increased, and in this Teesside was singled out for special attention. No less than £1,000m (1972 prices), one-third of the total investment programme, was allocated to it with the intention of producing 'the largest and most up-to-date steel plant in Europe' (Northern Region Strategy Team 1976: 43).

Redcar, therefore, was a critical site. Here was to be the location for new iron ore unloading and processing facilities, two blast furnaces (or maybe more) with an annual capacity of 4m tonnes

each, and a new Basic Oxygen Steel (BOS) plant of 7m tonnes annual capacity (to be built in two stages of equal size). Taken together with the expansion of the existing Lackenby BOS plant, the South Teesside complex was therefore planned to have an annual liquid steel capacity of 12m tonnes (out of a national total of 40m) by the early 1980s. At the same time, and partly as a result of these developments, there would be capacity closures and job losses elsewhere. In 1973, the main steel workers' union, the Iron and Steel Trades Confederation (ISTC), decided to accept these changes as inevitable, so long as alternative employment was made available to the workers made redundant by BSC. This soon came to be the generally accepted view throughout the Labour movement. The Welsh Labour Party, for example, resolved at its annual conference in 1975 to confirm its policy that 'no redundancies arising from the modernisation of the steel industry should take place without suitable alternative employment being available within reasonable travelling distance of the workers' homes'. During this period the multi-union, TUC Steel Committee, had an overriding concern not to be seen to favour one plant over another. This was clearly expressed by Bill Sirs, at the time Chairman of both the ISTC and the Steel Committee:

> Painful change would have to be: this the Committee had to accept. But the Committee took a deliberate decision for which they were subsequently criticised in certain quarters, not to formulate a development strategy of their own. For they knew that if they did this, those of their members at the works which any 'Steel Committee strategy' would have to propose for closure might have felt abandoned by their own unions.
>
> (Sirs 1977)

The emphasis, then, was on the seeming inevitability of closure and the need to provide alternative jobs for those laid off by BSC. On Teesside, at the time, belief in the 1973 White Paper was strong. As Tony Cook, then a member of the ISTC Executive Committee, put it:

> we felt that with a minimal shake-out, new technology and new plant, we would be competitive. We closed down steel plant after steel plant in this area, to accommodate a new BOS plant that could make more in a day than the old

> open-hearth furnaces could make in a week. We were all saying: 'maybe the work won't be so bad'.

Shedding labour during this period was not particularly difficult. Other jobs were available and the age-structure of the workforce was relatively top-heavy. Looking back today, the same union official was adamant that the strategy was right – it was the timing that was wrong. 'I'd say that if we'd done it five years earlier, we could have taken the world on, rather than being the world's football.'

Whatever the reasons, it soon became clear that the process of change was going to be more difficult than envisaged. Within Teesside, iron and steel making (though not rolling) ended at Hartlepool with a loss of 2,850 jobs. However, alternative jobs were becoming harder to come by and this closure was delayed by the 1975 'Beswick Review'. Then, for the first time, the Steel Committee was involved in negotiations over redundancy payments, and this became a central concern. There was no reprieve for the three Clay Lane blast furnaces at South Bank, which closed with the lighting of the Redcar No. 1 furnace in November 1979, and the question mark over the future of BSC's Consett works in West Durham remained. While the official view remained optimistic, to many of those directly involved the future was beginning to look decidedly ominous.

An international recession, deepened by the oil price rises of November 1973 and the accelerating decline of the manufacturing sector in the UK, was rapidly making the 'Ten Year Development Strategy' redundant. Sir Charles Villiers, then BSC's Chairman, was to remark with considerable understatement in 1977: 'I have to say that the 1973 Plan has been overtaken by events' (HMSO 1978a: 517). Rather than expand, BSC's output actually *fell by a half* from an annual level of around 24m tonnes in the early 1970s to around 12m tonnes in the early 1980s. Moreover, the renewed drive to cut public expenditure initiated by IMF pressure in 1976 led to BSC being forced to consider ways of cutting its burgeoning losses. Its approach was to abandon a policy of expansion for one of savage retrenchment. Although formally announced in 1978 (HMSO 1978b), this switch had in fact begun two years earlier in March 1976 (Bryer *et al.* 1982: 171). This put the final nail in Consett's coffin, and the works were closed in September 1980. While the loss of 3,700 jobs

at Consett was perhaps the most dramatic consequence of the about-turn, the decision by BSC to rethink the development of the Redcar/South Teesside complex was to have even more far-reaching implications. Initially, this involved a restriction – only one blast furnace was completed (a second was left to rust peacefully on an adjacent site); plans for new steel making capacity were abandoned; there was considerable closure of existing rolling mill capacity. Capacity closures, along with reorganization of work practices to increase labour productivity, resulted in a very sharp fall in numbers employed by BSC in the Teesside area. By 1984–5, BSC employed marginally more than 7,000 at its Redcar/South Teesside complex and several hundred at Hartlepool. This represented a loss of over 13,000 jobs in the iron and steel industry in six years and over 21,000 jobs since 1971. Also it produced uncertainty. The necessity to periodically reline the Redcar No. 1 blast furnace (the only source of hot iron in the complex) posed a considerable question mark over the future of BSC's Redcar/South Teesside operations as a continuous strip mill (see Hudson and Sadler 1984). These uncertainties were to move from the steel to the coal industry as BSC implemented a further part of its new cost-cutting plan by scrutinizing the costs of its raw materials, especially coal. Here the likely impact upon jobs and employment over the coalfield was catastrophic given the critical part played by the coking coal market in the 'Plan for Coal' investment programme in Durham.

Coal is not a uniform commodity. Produced, naturally, through a combination of pressure and heat over millions of years, its form varies – from the lignites and brown coals which contain little carbon through a range of coals of varying properties to the anthracites which are almost pure carbon. In Britain, coals are worked along this continuum from anthracite in South Wales through the high grade coking coals again in South Wales, Kent, Durham and Lancashire and down through to the low quality steam raising coals found in great abundance in Yorkshire and the Midlands. The Durham coalfield was built around the quality and versatility of its coal. Former NCB Chairman of the Area, Sir William Reid, describes it in this way:

> Durham coals are of high rank, being 501 with some 401 suitable for gas making and blast furnace ovens. These grades are obtained from collieries mainly to the East of the

main A1 road, while coals to the west of the road are largely 301 rank, being prime coking coals, some of the best in the world and suitable for the making of foundry coke. The coals all have high calorific value and, in addition to being high quality carbonised coals, are very good general purpose coals for steam raising. . . . [Durham coal] has a distinct advantage over that mined in many other parts of Britain. It is suitable for a wider range of products, from high grade coking coal to steam raising and general purposes. This unique flexibility arises from the inherent quality of the coals.

(Reid 1970)

Under 'Plan for Coal', Durham was to be redeveloped as a coking coal producer and its future was linked with the planned modernization and expansion of steel production by BSC on Teesside. As the NCB put it:

After BSC had confirmed that their long term plans were still based upon 35/36 million tonnes of steel by 1980, the NCB consulted them about the exploitation of reserves of coking coal off the Durham coast. On receiving assurances from BSC that a blend of Durham 501 coal and Kent rank 204 coal was acceptable for the new Redcar works . . . the total expenditure committed in Durham and Kent on this new capacity, preparation and loading facilities was about £40 million.

(NCB 1979)

In Durham this investment was made in the Horden, Blackhall and Easington mines which would provide the basic supply of rank 501, high volatile coal for Redcar. Later, the proposed Redcar blend was revised to one of 501s, 301s and 204s, with the higher quality, medium volatile rank 301 coals to be provided by pits in the west of the county and, most significantly, by an expanded programme of opencast mining. In spite of the downturn in steel demand which became noticeable in 1975, and in spite of BSC's decision of that year to move toward importing 1m tonnes of coking coal a year into Redcar, NCB management remained optimistic. On 10 August 1978, for example, Mr Milburn, the Area's Marketing Director, wrote to Mr Tom Callan,

the General Secretary of the Durham Miners Association (DMA), informing him that BSC:

are accepting that with selected 501's they can carry at least 40% which represents 800/850,000 tonnes per annum. They will accept all the rank 301b coals we have available which will be in the order of 700/800,000 tonnes per annum.

These assurances were reinforced by statements from BSC Chairman, Sir Charles Villiers. On 24 April 1979 he wrote a letter to Easington MP, Jack Dormand, in which he said this:

the lighting of the Redcar blast furnace will involve a large increase in the quantity of Durham 301s taken by BSC. BSC took only 118,000 tonnes of Durham 301s in 1978/79 but intends to take all the Durham 301s of the correct specification made available by NCB in 1979/80. At full output the Redcar blast furnace will use about 500,000 tonnes of Durham 301s. At full output the Redcar blast furnace will require about 740,000 tonnes of Durham 501s. . . . The immediate point is that the increased coke requirement consequent upon the successful commissioning of the Redcar blast furnace will significantly *increase* the use of Durham coking coals compared with those now used.

This assurance was given on the clear understanding that there were no technical problems involved in supplying coal of a sufficient quality and strength from a blend of Durham ranks 501 and 301 and Kent rank 204. Certainly, the NCB was in no doubt as to this or of the fact that BSC shared its view. In his letter of 10 August 1978, Mr Milburn had made clear that:

A joint working party with BSC has been set up at Headquarters level to determine the true facts of the technical suitability of Durham and other indigenous coals. We have worked out a number of blends using Rank 301b and 501 coals together with Kent rank 204 coals. These blends have been carbonised in our small ovens and the *resultant cokes tested under the normal parameters . . . and . . . have been of high class quality. In addition we have had the full cooperation of BSC South Teesside in carrying out the Japanese*

tests on their apparatus and the tests have been extremely encouraging. [Our emphasis]

Moreover, BSC's technical specifications for the two new coke oven batteries at Redcar, which were commissioned in 1978/79, incorporated new technological developments, in particular preheating of the coal and pipeline charging to the ovens 'based on the need to produce high-quality coke for the Redcar 14 metres blast furnace using indigenous "low-cost" medium-rank high-volatile coal' (Guerin and Bowness 1984). The reasons for the choice of technology were described in September 1979 in this way in *Steel Times*:

> It was stated at the outset that the plant had to be designed to produce coke using indigenous U.K. coals. . . . Meeting the specification for the quality using indigenous U.K. coals was a fundamental problem in the design of this coke making plant. . . . At this time considerable development work was being carried out worldwide into various processes for charging preheated coal into the ovens. These processes were claimed to achieve significant improvements in the quality of the coke produced from poor coal blends. . . . Redcar coal blends were tested in the USA and it was proved that by preheating the coal, a suitable quality of coke would be produced for the Redcar blast furnace. As a result it was decided that the Redcar coke making plant would employ pre-heating of coal.

These points are important to bear in mind given the decision by BSC to alter its ordering policy for coal in 1979. On 29 October that year, BSC announced that it intended importing about 25 per cent of its coking coal requirement in 1980. This would involve a national figure of 2.8m tonnes, with every expectation that it would be increased. In the North East it involved a dramatic downward revision of Villiers' promised demand for Durham coking coal.

One view, which gained powerful public support in the mid-1980s, is that the shift toward imports was a matter of technical necessity. On 6 July 1984 Mr Mate, ex-BSC Teesside Works Director, wrote of how: 'We had *no choice* if we were going to have the coke quality we needed for such a large furnace' [our emphasis]. BSC management has generally gone out of its way to

press this view of technical inevitability. Previously, on 4 May 1984, in a letter to local trade union officials, Mr J. Baker, the Employee Relations Manager for Iron Making on Teesside, said this:

> management have emphasised to you the need to blend coals in order that we produce the correct quality of coke for consumption at the blast furnace, hence the requirement for imports of high, medium and low volatile coals. The coal blends are similar for both Redcar and South Bank coke ovens and are made up as follows:
>
> High volatile 50% (Clinchfield, Robin Hood Coals)
> Medium volatile 30% (Polish Weglokoks)
> Low volatile 20% (Saraji)

Oddly, the NCB has also been inclined to go along with this version of things. On 21 August 1984, Mr M. E. Bradley, the North East Area Marketing Manager, wrote of these events. His letter suggests that BSC had never seriously considered using Durham rank 301 coal, and that the cutback in the use of rank 501 coals was determined by technical considerations alone. The blend he said was:

> selected Durham rank 501 coals, rank 204 coals from Kent and South Wales plus coke breeze. . . . *In 1975* in order to achieve the required coke quality for the new large blast furnace BSC revised their view of the best coal blend and later, *in 1977*, BSC decided, after consultation with their Japanese advisers for the 10,000 tonne per day furnace at Redcar, to revise their coal blend to produce a coke that met the Japanese criteria on performance of the coke in the blast furnace. . . . *The outcome of these changes was that BSC imported Rank 301 coals and did not accept all of the Rank 501 coals from the NCB's coastal pits*. [Our emphasis]

Clearly, technical considerations were, and are, important in an increasingly competitive market. However, the problem with this account is that it masks the other, and far more important, consideration which pressed upon BSC's decision-making processes. Quality was important, but so too was price, and at the time this was clearly seen as a central consideration. BSC had been pressed to break even by the spring of 1980, and in this context the presence of coking coal on the international market which

could severely undercut domestic supplies, was of critical importance. In October 1979, BSC claimed that it was losing £135m a year by buying UK coking coal rather than foreign coal, due at least in part to a £10 per tonne cost disadvantage (on average, £40.90 per tonne against £30.37 per tonne for foreign coal). The price of the NCB 'superblend' offered for the Redcar coke ovens was specifically quoted as £18 per tonne dearer than Australian coking coal of the same quality (*Financial Times* 30 October 1979).

The senior executives at BSC (like their counterparts in CEGB) had been pressing for some time to move towards imports. One of the last acts of the Callaghan government had involved putting a brake upon this tendency within the steel corporation. As the *Northern Echo* noted: 'The Coal Board had spent £35 million on pits in South East Durham to supply the Redcar works and reacted angrily to British Steel's deal with Australia whose coal was £10 a tonne less than Durham's' (5 May 1979).

There is no doubt that the question of price was of overriding concern to the NCB in 1979. Its memorandum 'Coking Coal – Statement by the Coal Industry' recognized the technical advantages of low sulphur coals available as imports but added that they were attractive 'not just on technical grounds but also because imported coal is cheaper'. To this end the Board 'agreed to defer the coking coal list price increase of 7.5% intended to operate from 1st July 1979'.

In short, the NCB was being squeezed by the international coking market. As two BSC managers (Guerin and Bowness 1984) have written: 'There is no longer any *commercial* advantage to be gained by Teesside works by maximizing the quantity of local, high-volatile coals used; *additionally* the quality of the coal has deteriorated' [Our emphasis].

This combination of factors was clearly at work from 1978 onwards. It was exacerbated by the downturn in the demand for steel and its consequence has clearly been seen in the shifting of coal supplies from Durham and toward imports (see Table 1). Against this background, Mr Tom Callan, when President of the Durham Miners Association, raised the question of Durham coking coal pits at a meeting of the Joint Coal Industry Consultation Committee in 1978. Sir Derek Ezra was reassuring in his reply. The Board, he said: 'had no intention of cutting back coking coal capacity (except in cases of exhaustion of economic

Table 1 Coking coal supplies to BSC

NCB supplies to BSC Redcar

Year	*Tonnes*
1976–7	56,000
1977–8	36,000
1978–9	134,000
1979–80	244,000
1980–1	199,000
1981–2	318,000
1982–3	32,000
1983–4	48,955

Source: NCB.

Imports into BSC Redcar

Year	*Tonnes*
1975	92,150
1976	164,045
1977	239,991
1978	486,697
1979	1,025,226
1980	1,252,850
1981	1,127,130
1982	1,131,464
1983	1,441,102
1984	2,105,000

Source: Tees and Hartlepool Port Authority Annual Reports.

reserves), the day would come when they would be needed again'. This view of coal mining is consistent with a view which stresses the need to conserve a scarce natural resource, and with the view of Schumacher who, when at the Coal Board, wrote in the early 1960s of the wantonness of an economic policy which led to the sterilization of coal reserves:

> It is a policy of doubtful wisdom and questionable morality for this generation to take all the best resources and leave for

its children only the worst. But it is surely a criminal policy if in addition we willfully sterilise, abandon and thereby miss such inferior resources as we ourselves have opened up but do not care to utilise. This is like the spiteful burglar who does not merely pinch the valuables but in addition destroys everything he cannot take.

(Schumacher 1960)

In the 1960s this view cut little ice; nor did Ezra's view in the years after 1979 when coking coal pit after coking coal pit closed on the Durham coalfield. Horden's linked mine, Blackhall, closed in 1981 and was quickly followed by Houghton, Boldon and Marley Hill; South Hetton and East Hetton closed not long after. They all shut down in the space of three years. Numerous reasons were given by the NCB, locally, for these closures: exhaustion, safety, problems of ash or sulphur content; it's a long list. Perhaps the Board gave the clearest and most honest reason for these closures in its submission to the European Coal and Steel Community for readaptation aid. Under Article 56.2 (b) of the Treaty of Paris, the NCB was entitled to aid in relation to the rundown and closure of collieries producing coking coal. As such, in 1980 it said the following in relation to Durham collieries:

> Blackhall Colliery. . . . A partial closure of the pit was carried out towards the end of the year. *The colliery produces high quality coking coal* which is an *essential component for the blend being supplied to Redcar*. The requirements of BSC have become more demanding and *the competition from imported cheap coal more acute*, so that the coal being worked in the 'J' section of the Low Main Seam could not satisfy market requirements. [Our emphasis]

The following year's submission included:

> Blackhall Colliery. . . . *The pit was basically a high quality coking coal supplier*. With the drastic reduction in BSC requirements, attempts to reduce the size of the pit, then to find alternative markets failed.
>
> Houghton Colliery. . . . The pit was a supplier of coking coal from the Busty Seam. Its main reserves were in the Harvey Seam, which *were not considered to be viable in a situation where there was an excess of coking coal available for the reduced market requirement*.
>
> Marley Hill Colliery. . . . The Busty Seam was closed with a consequential reduction of output at the pit *consistent with a reduced demand from the market*. [Our emphasis]

Here there was no hint of pits being run down or closed because of exhaustion of high quality coking coal. Rather the emphasis is upon competition from cheaper imported coals. It was this loss of a market (described by Tom Callan as a 'stab in the back') which moved the South East Durham pits into an economic crisis. They were forced to switch out of the coking coal market and into the steam raising market of the CEGB. As the *Newcastle Journal* put it:

> More than 20,000 tonnes a week are being sent to Yorkshire generating stations because of BSC's controversial decision to import Australian coal. . . . An NCB spokesman said that more than half the output of Easington, Horden and Blackhall is going to power stations. He *confirmed that selling of the 501 coal earmarked for BSC means lower revenues for the pits*.
>
> (*Newcastle Journal* 17 July 1979 [Our emphasis])

The power stations of Ferry Bridge, Eggborough and Drax provided little stability, however. Easington colliery was a major supplier until 1983 when, with Selby production on the horizon, the CEGB switched its orders to the North Yorkshire Area. In this way Easington colliery became described as a 'rogue' colliery by the NCB. Horden was more of an 'arterial bleeder'. For while geological problems were not insignificant in the coalfield, the overriding problem was one of revenue and markets. Horden was granted something of a reprieve in 1980 when the BSC agreed to take part of its 501 output (something described by Bill Davies, NCB's Head of Operations, as 'A great relief, a real boost for the coalfield'). In the face of BSC's ordering policies, however, this was always likely to be a short-lived affair. The problems experienced by BSC with its Redcar coke ovens exacerbated the situation. As we have noted, these were originally designed to use domestic coal operating with a dry-charging process. These ovens, during the first nine months of their operation (when, incidentally, they were using Durham coals), had 'produced coke

of very high quality which had exceeded the specifications laid down for the new blast furnace' (*Steel Times* September 1979: 152). However, by July 1982 (and with the imported blend) operating problems necessitated the closure of the coke ovens and a complete rebuild at a cost of £50m. These rebuilt ovens were then designed on a wet-charging process and are best suited to supplies from the international coal market.

The NCB's proposal to close Horden developed out of this situation. It lay at the centre of the problem of coking coal production and markets. In 1985, coals from this colliery, along with its neighbour Easington, replenished the stocks at the North Yorkshire power stations. This too had all the makings of a stop gap arrangement. It served to highlight the process whereby Horden colliery, once squeezed in the coking coal market, was being squeezed out of existence entirely.

2

International markets

In Chapter 1, we outlined the way in which the major investment plans of the nationalized industries in the North East created clear links between the coal and steel industries. We demonstrated how, in a short period of time – almost a matter of months – the central assumption of these plans (the expansion of BSC's Redcar complex) was undermined. In this chapter we explore, in greater depth, the reasons for the abandonment of BSC's expansion strategy on Teesside. What is of central importance here is BSC's and central government's response to the changing world market for steel and the implications within Teesside for BSC's subsequent policy of retrenchment.

Steel has traditionally been regarded as a cyclical industry, production levels mirroring the peaks and troughs of investment in construction and in fixed capital formation. Since the war, however, these periodic fluctuations have taken place against a background of growth. Each year (with only three slight exceptions between 1945 and 1974) world output grew. This growth was fuelled initially by post-war reconstruction and then a massive expansion of demand for consumer goods like motor vehicles in the 1950s and 1960s. Alongside these changes, the continued buoyancy in steel's traditional markets, such as ship building, contributed to world steel output doubling between 1960 and 1973 (see Table 2).

In many ways, the emergence of Japan as a major steel

Table 2 World steel production 1960–83

	Crude steel output (million tonnes)			
	European Community[1]	*Developing areas*[2]	*Centrally planned economies*[3]	*World*
1960	98	8	104	345
1965	114	16	133	457
1970	138	22	176	596
1971	128	23	186	582
1972	139	26	196	630
1973	150	29	206	697
1974	156	31	209	704
1975	125	33	219	643
1976	134	38	222	676
1977	126	44	232	676
1978	133	48	248	717
1979	140	55	249	746
1980	128	57	252	716
1981	125	59	247	707
1982	111	60	246	645
1983	109	64	256	663

[1] Nine member states of European Community as of 1973.
[2] Africa except Egypt, Libya and South Africa; Middle East; Latin America; Asia except centrally planned economies.
[3] USSR; Eastern Europe; China; North Korea.

Source: OECD (1985).

producing nation epitomized these trends, with output soaring there from a mere 1m tonnes in 1947 to 119m tonnes in 1973. Few parts of the advanced capitalist world missed out on expansion. More significant, perhaps, were the few newly industrializing countries which began to develop their own steel industries during this phase.

In this climate of expansion the International Iron and Steel Institute (IISI) met in Johannesburg in 1973. The only problem it foresaw was one of *under*-capacity. One speaker summarized this well:

> The past twelve months have been eventful ones for the steel industry. Caught, as we are now, in the strong worldwide upsurge of demand for all kinds of steel products, the primary concern of all steel producers is to maximise output in an effort to satisfy the market's needs. The chief limiting factor in this strong demand is the ability of the industry to produce. For practical purposes it can be said that the industry is in fact producing at capacity levels and thus future near-term growth will be almost entirely dependent on increased production capacity.
>
> (Quoted in Hogan 1983: 15)

The following year all seemed well. Output peaked again at an all-time high of 704m tonnes. In October the IISI meeting, this time in Munich, saw continued grounds for optimism. The Secretary General was confident:

> In the light of the very strong demand for steel which has continued unabated over the past two years and which still maintains a firm tone generally, I can find no basis for pessimism about the market outlook for the next twelve to fifteen months.
>
> (Quoted in Hogan 1983: 16)

Some 240m tonnes of new, additional capacity was planned to come on stream, half of it in Latin America, Africa and the Far East.

In the event the following year saw a dramatic collapse. The impact of the four-fold oil price increases of 1973 and 1974 on investment and on consumer spending, combined with stocks built up during 1974 in case of anticipated shortages, rapidly worked their way through to steel production. Global output slumped by 9 per cent as many producers faced a severe crisis of profitability. Mills and furnaces were shut down around the globe, especially in the USA. Nor was an early respite in store. Not until 1978 were earlier levels of output restored. Although 1979 saw some recovery to a new record high of 746m tonnes, the following year output collapsed again. A further drastic decline during 1982 meant that production fell back once again to the levels of 1975.

These global trends mask a number of significant phenomena. Production in the centrally planned economies was hardly affected – it continued on a steadily rising path. This amplified the crisis in North America and Europe. In the European

Community (EC) 350,000 jobs were shed from steel in an attempt to cope with output levels which were down by as much as 30 per cent from those at the height of the boom. At the same time, expansion has continued in the newly industrializing countries. This has supplied rapidly rising domestic demand, and it has also fuelled exports. As yet, relatively few of those countries export on a large scale, the biggest producers being Brazil, South Korea and Taiwan whose combined exports amounted only to 14m tonnes in 1983. However, the growth in their steel industries in a time of international over-supply had the effect, directly or indirectly, of displacing exports from the advanced capitalist states. From 1961 to 1976, when the volume of internationally traded steel trebled, new producers' share of trade grew from 1 to 6 per cent as the share of established producers declined. By 1982 15 per cent of a total of 103m tonnes of traded steel came from newly industrializing countries.

The coal industry also reflected, and suffered from, these changes. After the oil price increases of the early 1970s, coal once again became a prized commodity. In spite of its bulk, and its high handling and transport costs in relation to its value, the prospect for an increase in its international trading seemed immense. To this end the giant oil companies purchased coal reserves in the USA, Australia, South Africa and Latin America. The main push in this process was for steam coal, the direct competitor to oil. But this push affected coking coal also. As the *Financial Times*' prestigious 'Coal Year Review' put it in 1984:

> It has been one of the oddities of the 1980s that in parallel with the opening of steam coal mines as a counter to rising oil prices, coking coal deposits have been developed at an equal pace. The only spur was an inexplicably optimistic set of forecasts from the Japanese steel industry.

As a consequence there has been an enormous increase in coking coal capacity and in its presence within the international coal trade. In 1985, for example, the US coal industry exported 48m tonnes of coking coal, while in the same year Australian exports of coking coal totalled 51m tonnes. In order to develop this trade, major dock and handling facilities have been developed. The exporting facilities on the east coast of the USA

were transformed, as were the importing facilities in Europe where the expanded ports of Antwerp, Rotterdam and Amsterdam gave rise to a new term in the industry – ARA coal. These developments continue. World tidewater coal trading capacity increased by 56 per cent between 1985 and 1990 and is expected to increase by another 130 per cent by 2000.

This increase in international coal trade and port capacity took place in a decade when the demand for coal (and energy generally) failed to develop at anything like the rates anticipated at the time of 'Plan for Coal'. Here the story mirrors steel's. What was created was a situation of chronic over-production of coal. In Rotterdam, stock piles increased at an enormous rate. This situation applied to both steam raising coals and to coking coals. In the UK it saw both the BSC and the CEGB exerting pressure upon the NCB to cut capacity and reduce its price. It also saw both corporations pressing for the freedom to purchase on the international market. We have seen how BSC, with its lower tonnage requirement and deep water harbour locations, was able to do this most successfully.

In 1985 Japan imported 62m tonnes of coking coal, and a similar pattern developed in Western Europe (see Table 3). In 1985 it took strong political pressure to side-track a move in Brussels to phase out all coking coal subsidies and shift the EC countries more

Table 3 World coking coal imports (million tonnes)

	Actual		*Forecasts*	
Country/region	*1982*	*1985*	*1990*	*2000*
EEC	29.3	29.1	32.2	35.0
Other Europe	9.4	10.5	10.5	11.2
Canada	4.5	5.8	6.5	6.5
Centrally planned economies	12.0	13.6	14.6	16.5
Japan	64.8	62.0	56.0	53.5
Other Asia	11.0	12.5	16.1	21.4
Latin America	5.9	7.2	13.1	18.2
Africa	1.2	2.2	2.9	5.5
Total	138.1	142.9	151.9	167.8

Source: Economic Assessment Service (IEA Coal Research).

firmly into the international coking coal market. This importing strategy was based on the expectation of an increasing international supply and stable prices. As the *International Coal Report (ICR)* put it in May 1985: 'In coking coal, the forecasters are surprisingly bullish, and expect total world-wide imports to increase by 16% between 1983 and 1995, for an annual growth rate of 1.3%.' However, these projections were made in the context of the belief held by the Energy Information Administration that coking coal demand was unlikely to rise. In its view: 'One third of steel production volume lost during the recent worldwide recession may be permanent and electric arc furnaces will continue to replace basic oxygen furnaces, thereby cutting into coking coal use.'

This view was supported by the European Commission. In its publication on the 'General Objectives – Steel 1990' it concluded that severe additional cuts, 'not far short of those already made in the first half of the decade', would be necessary before 1990. While it saw the possibility of some growth this:

> will not suffice in all cases to offset the effects of a still declining specific consumption of steel. It can be expected therefore that between now and 1990 steel consumption will not exceed the level it reached in 1984.

As the 'Coal Year Review' 1984 put it: 'The state of the coking coal market is awful and prospects are worse.' As a result of the international tendencies we have just described, it added:

> the fall off in prices to levels which for many producers have given no meaningful return at the minehead, created financial distress for mines in the major coal exporting countries of the US, Australia and Canada and produced a growing distrust between the new and the long established mines, particularly in Canada.

It warned, however, that:

> While the steel industry the world over may be more than happy to face virtually unlimited bargain-priced supplies, the miners themselves are convinced that the steelmen will have to face a day of reckoning and that day is not too far off.

This is an important point and an important international perspective against which to place the UK situation generally and the particular case of Horden. On the one hand, the BSC (under Mr MacGregor) was keen to play the international markets for all they were worth. On the other, the NCB (under Mr MacGregor) seemed to have accepted the inevitability of it all. Yet in the USA and Australia, coal producers were putting up a tougher fight with the steel companies. In this fight it was hard to disagree with the assessment of Nippon Steel's expert Kats Tanaka to the effect that 'closures, bankruptcy and redundancies' would be the order of the day in the coking coal trade. But in quoting this assessment the *ICR* was clearly aware of the underlying irrationality (even chaos) of these international arrangements. It was aware too that Japan – for all its foraging into the coal markets of Australia and the Pacific Rim – protects its (reduced) domestic producers with the requirement that all output is purchased under a profitable arrangement with the steel companies and the utilities. In the UK, however, NCB strategy fell neatly into line with the ordering policy of BSC and the industrial strategy of the government. The Board for all its rhetoric had made a surprisingly weak attempt at fighting for its own corner; most especially under MacGregor. One coking coal mine followed quickly after another along the road to closure (see Figs 2a and 2b): Horden, Herrington and Sacriston in Durham, Polkemmet in Scotland, and St Johns in South Wales and Cortonwood, the pit at the heart of the coal dispute. Far from adhering to Ezra's promise and warning ('they will be needed in the future') the NCB rode hard towards overkill in its closure programme for coking coal pits. A hint of this was given again by the *ICR*, when it assessed the potential of a 2m tonne a year order from Romania.

The Romanian contract was difficult because it involved a bartering arrangement. This aside the *ICR*'s comment was interesting:

> *ICR* believes that the U.K., increasingly hard pressed to supply even half of the British Steel Corporation's coking coal demand, will not have such tonnage available in this time span; only with the opening of new coking capacity – at Margam in South Wales for example – will supplies expand and even then the logical market for this coal is local BSC blast furnace capacity.

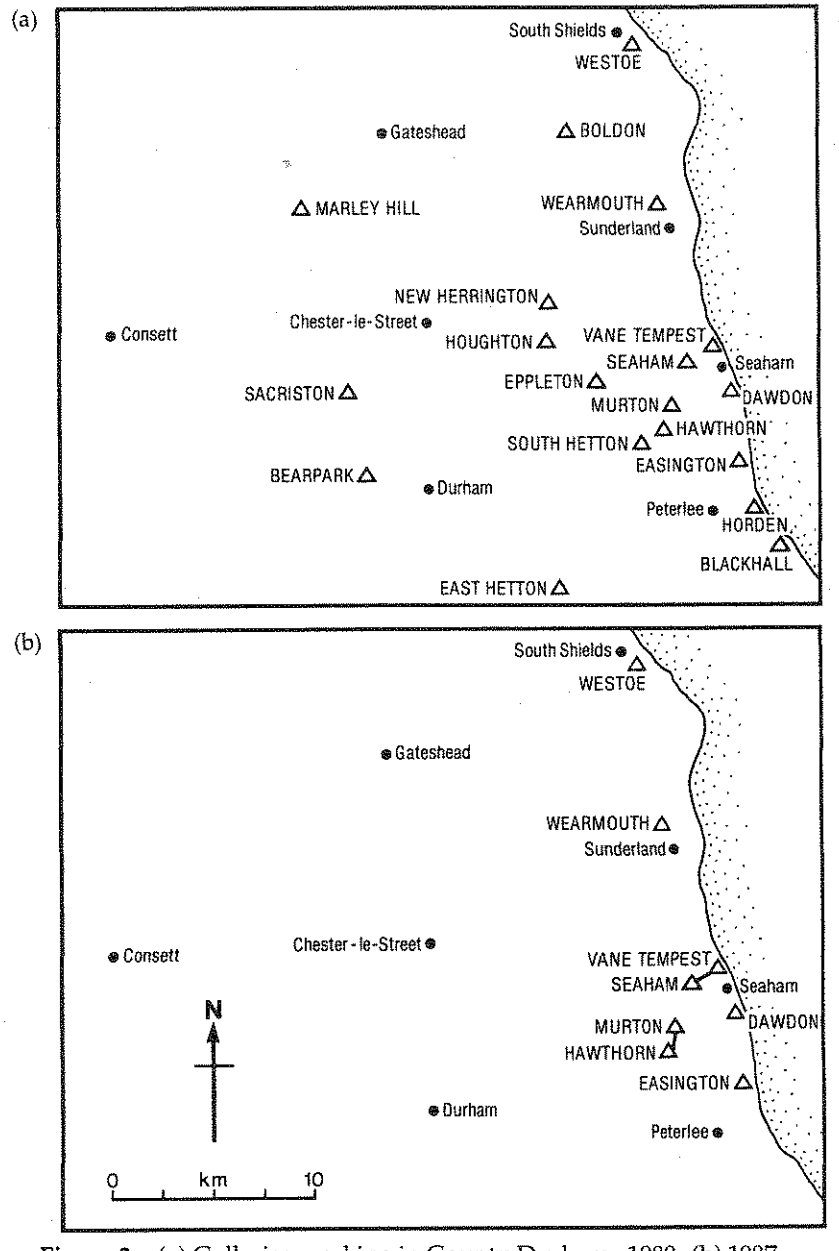

Figure 2 (a) Colleries working in County Durham, 1980. (b) 1987.

This indicated a situation of some national importance, for it reflected upon how a once dominant coal and steel producing nation had declined into the minor league. It also pointed to a process whereby through the 'morality' of a market rhetoric ('we have to buy the cheapest') key sectors of the British economy had been reworked in a way which reflected a deep and fundamental change in industrial *policy*.

3

A privatizing tendency

The steel industry is now, once again, privately owned, as is electricity, and plans for the privatization of coal are well advanced. The tendencies toward this were well in evidence in the early 1980s.

When BSC was formed in 1967 it incorporated the 14 largest UK steel companies, those producing more than 500,000 tonnes of steel annually. At the smaller end were companies producing steels profitably for direct consumption by the engineering industry. These producers were not necessarily small companies (they included GKN) and they were not nationalized. BSC represented a compromise – a company formed to reorganize crude steel production with the higher value-added market of special and engineering steels largely left to the private sector.

Part of the Conservative government's post-1979 strategy towards the nationalized steel industry has been to encourage it to return to profit so that, ultimately, the whole corporation might be sold off to private capital. BSC Chairman, Robert Haslam, in 1985 commented: 'It remains our primary objective to be free of state aids by the end of this year, and then to create and sustain a viable and robust core business which, ultimately, can be privatised' (BSC 1985). At the same time parts of BSC already making a profit (typically the Sheffield-based engineering and special steel side taken over with the 14 companies in 1967) were sold to the private sector through a series of financial deals

dubbed the 'Phoenix' programme. Between 1980 and 1985 assets of £349m were 'disposed of' by BSC to private hands. Phoenix typically involved the establishment, for a finite period, of a joint venture between BSC and some other company; Phoenix I, for example, involved GKN and BSC in establishing Allied Steel and Wire; Phoenix III, BSC and Johnson and Firth Brown in Sheffield Forgemasters. These financial transactions were intended to require significantly less public expenditure than would be required to finance BSC's business if it remained in the public sector. Examining whether this had in practice been the case, a House of Commons committee considered the first three Phoenix deals. Among its conclusions were the following:

> In relation to Phoenix I . . . the condition of the GKN assets was probably less good than BSC's and their worth to the joint venture as trading assets was probably less than their net book value suggested . . . the arrangements in the initial agreement for ASW to rely on BSC for its future cash requirements not only favoured GKN but also resulted in BSC providing substantial amounts of cash in advance of ASW's needs.
>
> Phoenix III probably did not conform strictly to the guideline that the finance required should be significantly less than would be needed to finance BSC's business if it remained in the public sector.
>
> (House of Commons 1985: XIV–XV)

In short, the deals represented a significant net support for the private sector at public expense, greater than would have been incurred if the assets concerned had remained in the public sector.

While this was taking place, people working in the privatized companies were seeing a number of changes. These were matched within BSC as the first step to privatization. Management contracted out a number of tasks. BSC Special Steels in Sheffield was the first to contract out catering and cleaning. Monitoring this, the City Council has seen job losses of between 33 and 50 per cent as a direct consequence of the change. New working conditions include more split shifts, part-time working and low wages. In these arrangements BSC contributed a large part of the overheads – heating, light and premises, for example –

and union membership was actively discouraged (see Sheffield City Council 1984).

The privatizing tendency in the coal industry was also evident in the early 1980s. Increasingly, private contractors were used in the collieries for the laying of conveyors in roadways; and this established practice was to develop considerably in the aftermath of the strike. Away from the collieries, and often ignored, another powerful force of private enterprise could be observed in the industry. This was in the *opencast sector*. Here coal was mined by privately owned civil engineering companies. On the large sites these companies dug the coal under contract to the NCB's Opencast Executive. On a growing number of small sites, the operators (with a licence from the Opencast Executive) sold the coal on the open market. Both these sources of 'privately mined' coal raised a growing influence upon the character of the industry in the 1980s.

In 1974, the 'Plan for Coal' called for a gradual increase in opencast mining. This policy affected the Durham coalfield quite profoundly. Because of the supposed need for adequate supplies of 301b coking coal for the Redcar blend a great push took place to increase opencast output substantially in the area. This push was supported by the mining unions and by Durham County Council. In 1975, for example, the Council agreed to a new site near Medomsley after giving special regard to 'the worsening employment situation in the County as a whole and in the Derwentside District in particular' and 'the renewed threat of the loss of jobs at the Consett steel works'.

By the early 1980s, however, and in the face of drastically altered circumstances, the Council had changed its view. The leader of the Labour Group, Mick Terrans, an ex-miner, remembers how he was

> always suspicious of opencast mining. They wanted it increased to 900,000 tonnes and I was Chairman of the Planning Committee at the time. I wasn't happy about it but the NUM supported it because of the blend for Redcar. And we went along with it. But they're closing deep-mines now and they won't cut back the opencast.

The NCB recognized that deep mines were closing, but it refused to give the trade unions or the County Council any assurance that opencast mining would be reduced in scale in the North. In fact the opposite was hinted at, and at meetings and public inquiries the NCB and private opencast operators testified to the 'need' for opencast coal.

Table 4 Opencast coal production (tonnes), County Durham 1974–85

Year	*NCB sites*	*Licensed sites*	*Overall production*
1974–5	537,000	164,000	701,000
1975–6	477,000	95,000	572,000
1976–7	451,000	97,000	548,000
1977–8	1,190,000	115,000	1,305,000
1978–9	874,000	138,000	1,012,000
1979–80	496,000	110,000	606,000
1980–1	724,000	154,000	878,000
1981–2	917,000	179,000	1,096,000
1982–3	723,000	178,000	901,000
1983–4	651,000	178,000	829,000
1984–5	717,000	287,000	1,004,000

Source: Durham County Council.

Opencast coal mining began on an organized basis in 1942 as part of the war-time effort to maximize coal production. Its role was clearly established as an important *supplement* to deep-mined production. This role was confirmed in 1959 when, in a period of recession in coal demand, opencast production was deliberately curtailed. A similar cutback occurred in 1968–9.

Under the 'Plan for Coal' (1974) and 'Coal for the Future' (1977), investment in deep-mined production was supported by an expansion in opencast capacity. Production in opencast mines was projected to increase from 9m tonnes (1973–4) to 15m tonnes. This expansion did take place and in Durham, as Mick Terrans noted, the local authority established a forward programme to ensure that the county produced its 'fair share' of opencast coal. This figure was seen to be 900,000 tonnes within an overall figure of 3m tonnes for the North East. In Durham (as Table 4 shows) opencast output had kept up with these planning forecasts and often exceeded them. In contrast to the expansion in opencast coal mining, deep-mined output in the North East declined from 14.1m tonnes in 1980 to 12.4m tonnes in 1983 and 11.9m tonnes in 1984. The statement from the NCB in March 1984 indicated a

further 1.4m tonnes reduction in output from the deep mines to a level of 10.5m tonnes in 1985. On top of this, in 1985 the NCB announced the closure of the Horden and Bates collieries. This left the men – and men at other 'marginal' collieries waiting on the sidelines – expecting the worst.

This period of contraction had been a long one, and during it there had been no cutback in opencast output or capacity. In 1960, 7.7m tonnes of opencast coal represented just 4 per cent of national coal production; in 1984 the 14m tonnes represented 13 per cent of national production, concentrated in a few major producers. Opencast coal production was clearly being established in a new role and one which was at odds with its historical relation with the deep mining industry. Rather than *supplementing* deep-mined production, it was emerging as an alternative and competing source of supply within a static (or declining) market. In the North East opencast production (at 20 per cent of the area's total output) had established this role most clearly. By 1984 the ratio of opencast to deep mined in the North East was 1:4; nationally the ratio was 1:7.

A central feature of the county's Structure Plan relates to the question of employment. The 'Structure Plan Written Statement' (1978) made clear that 'the numbers of people and jobs within the County are fundamental to most of the decisions to be taken' (Para. 4.1) and that 'it is essential to the strategy of the plan to make up employment losses, to seek to reduce present unemployment rates and to provide jobs for an increasing number of people of working age' (Para. 6.2) and that it is 'vital to pursue measures which help conserve existing jobs and stimulate the creation of new jobs' (Para. 6.3).

In some ways opencast production *appeared* to be compatible with those aims of the Structure Plan, and the NCB and private operators often alluded to this. In their evidence to an inquiry in 1984, the planning consultants F. J. and J. Davis argued that:

> The proposed mine would directly create 16 jobs on site. In addition the mine would require drivers for an average of 5/6 20-tonne lorries per day. . . . In addition to the employment created directly by the mine, other jobs are initially created and local industries supported.

However, these employment gains needed to be offset against

potential *losses* in deep mining. Such losses would not occur in a situation of complementary production, but where a level of competition exists it became clear that increased tonnage in the west of the county would produce a comparable loss of tonnage in the east. The employment effect for the area as a whole was likely to be severe.

For example, in 1984–5 1,004,000 tonnes of coal were produced on the opencast sites in Durham by a combined total (private and NCB Opencast Executive) of 577 men. Using a comparison with the least productive deep-mined million tonnes in Durham, the employment ratio of opencast to deep-mined on this basis was 1:5. Put another way, the reduction in capacity of 1.4m tonnes in the deep mines would have produced a direct job loss for the area of over 3,100. Were the cutback to be divided equally between opencast and deep-mined production the job losses would be cut to 1,805: a direct 'saving' of over 1,000 jobs. To put it yet another way, it was arguable then that if, in 1978, the NCB and the local authority had produced a plan to scale down opencast output to (say) 400,000 tonnes per annum, output would have been cut by almost 3m tonnes by 1989. There would be very little stockpiling in the county and a significant proportion of the 8,500 jobs lost in deep mining in Durham between 1978 and 1984 would have been saved. The argument becomes stronger if we consider the additional ancillary jobs created by deep mining in contrast to opencast. On this basis, the ratio would be nearer 1:7.

In the face of this evidence it is important to ask why opencast output continued, and what effects it has had upon the future of collieries like Horden. Here, it is important to realize that both 'Plan for Coal' (1974) and 'Coal for the Future' (1977) were documents drawn up on the basis of an assumed 2 per cent per annum expansion in energy demand. This never materialized; in fact energy consumption in 1980 was *below* the 1973 figure. This 'lack of fit' between the demand estimates of the plan and the reality is not entirely surprising: all plans need adjustments. What *is* surprising perhaps is the response of the NCB to the developments, especially in the opencast area.

By 1979 (and as early as 1975 perhaps) it was clear that the BSC would not be taking up its options on Durham medium volatile coal, the 301bs from the west of the county. By that date, it was also clear that too much coal was being produced nationally. Yet

in one planning inquiry after another the NCB insisted upon the need for an expansion in opencast workings. In its defence the Board made slavish reference to the 15m tonne target of the 'Plan for Coal'.

However, many people, including the Industrial Staff on the *Newcastle Journal*, were keenly aware that there was an over-production of coking coal in Durham. The newspaper interviewed the Deputy Marketing Director of the NCB at Team Valley on the subject. He defended the Board's position on opencast expansion by insisting that:

> there is no excess of supply over demand. There is no question that every tonne of coal we produce is needed. Any stockpiling in supply is short term.
>
> (*Newcastle Journal* 29 June 1978)

A subcommittee from Durham County Council also met the NCB in 1978 at a special meeting called to discuss the Opencast Executive's programme with regard to coal stocks. Mr Taylor, Deputy Regional Marketing Director, was at pains to link the opencast programme to the Redcar market. He stated that:

> the fourteen metre blast furnace at the Redcar complex would use two and a half million tonnes of high quality coking coal per year and the coal obtained by opencast mining in the west of the county was of this quality (rank 301B). It had been assumed that rank 400/500 coal from East Durham blended with Kentish coals and breeze would be adequate for the project but it was now expected that between 25% and 60% of rank 301B would be needed in the blend – further experimental work was continuing.

He also reassured the meeting that:

> the NCB were totally geared towards deep mining and each application for opencast mining had to be without prejudice to deep mining. . . . It was not the NCB's intention to restrict deep mining in order to increase opencast coal production.

He agreed, though, with the County Planning Officer that in the longer term the NCB intended to increase opencast supplies of rank 301b coking coal from the current figure of 100–150,000 tonnes (of the county's 900,000 tonne opencast total annually) to some 300,000 tonnes.

Two years later, in September 1980, the Board reported total stocks of Durham coking coal standing at 1.8m tonnes. Faced with this evidence Mr Bradley, North East Area Marketing Manager, admitted the scale of the problem and commented that 'the 501 coal we should eventually be able to find a market for, either abroad or to the CEGB. Selling the 301 coking coals will be extremely difficult.'

Yet in spite of this, opencast mining continued unabated. Alongside it had the expansion of *private* opencast sites selling their coal on the open market. In its public statements the Board insisted that opencast and deep-mined output complement each other. In 1984 there was strong and growing support for an argument which would suggest the opposite. Certainly, it was clear that what was taking place represented an important shift in policy from that recommended by the widely respected Flowers Commission in its report 'Coal and the Environment'. This report had argued that 'as older, more costly and less environmentally acceptable pits are closed, and more efficient and profitable operations take their place, the volume of opencast mining should be allowed to decline' (HMSO, 1981). Since that date, ten pits closed on the Durham coalfield but there was no commensurate decline in opencast output. Furthermore, it suggested that opencast production could only be justified in the future if there was a 'demonstrable need for a certain grade of coking coal' or if there was a need to fulfil 'short term increases in demand'. By 1984 opencast production had taken on a far more significant position within the industry and had become strongly linked to arguments which examined how a private coal industry would operate in the county. By 1988, as we shall see, those operators were openly bidding for a stake in the deep mines.

Part two

The closure of Horden colliery

4

The colliery and its reserves

The Horden colliery was situated in the south-east of the Durham coalfield. This was the last part of the coalfield to be developed. While most of the pits in Durham were sunk in the mid-nineteenth century, Horden first drew coals in 1904 and it was one of the few pits in the North East to be sunk in this century. In the inter-war period Horden, under the control of the Horden Coal Company, emerged as the largest mine in Britain with three shafts and an extensive surface operation involving a washery, brick works and coke works.

Nor was this ascendance merely an historic one. It was in 1960 that Lord Robens, newly appointed head of the NCB, travelled to the North East and announced, on a boring ship off Blackhall, that there was enough coal beneath the North Sea to guarantee a future of over a hundred years for the east coast mines. This claim was substantiated in 1965, in an enthusiastic report in the NCB's house journal *Coal News*.

> Vigorous North Sea exploration by an NCB boring tower over the last seven years has revealed that at least 550 million tonnes of workable coal lies in the undersea coalfield now being 'attacked' by Durham coastal collieries. It will be enough to keep 20,000 miners who work in these pits working for many years to come.

The article commented that reserves in the areas of the

Blackhall-Horden-Easington collieries totalled 200m tonnes. In 1974, under 'Plan for Coal', this complex of pits was identified as being central to the NCB's investment strategy for the area. Horden was a key pit in the plan to deliver almost 2m tonnes a year of blended coking coal to the new BSC complex on Teesside. At that time the future of coal mining in Horden, and South East Durham generally, seemed secure.

This view was supported forcefully in 1977 when the NCB launched a recruiting drive in the area focusing upon the Horden and Dawdon collieries. The campaign was aimed at recruiting 'experienced miners' who had left the industry in despair in the 1960s. 'Come back into the top league' read the copy; 'Come back to Big Pay' it continued; 'come back to a secure job'. The coal industry, and Horden colliery, was totally secure, 'the demand for coal is greater than ever'. This was the message then. And it convinced people. Horden was not a 'Victorian hole in the ground', it was a modern super-pit. While pits in the west might continue to close because of exhausted or limited reserves, Horden on the east coast was a pit with a future. It was a pit which attracted new recruits: it was a 'receiving colliery' for transferred men from closed pits in the west of Durham. It was a pit with a future. This was the view developed by the NCB in the area. It was a view which was generally accepted by the people who worked at Horden and lived in the village; it was accepted by their trade union representatives.

It is against this background that the closure of Horden, and its impact upon the locality, needs to be assessed. In truth though, the closure didn't come completely 'out of the blue'. In the late 1970s the coking coal market became severely depressed as a consequence of both the decline in steel output and the changed purchasing policies of BSC. In the wake of these changes Blackhall, after a severe rundown of manpower in 1980, was closed in 1981. That closure (and the subsequent ones at Boldon, Marley Hill, South Hetton, East Hetton) point to the speed with which the NCB's plans for the North East were changing. With hindsight it seems clear that the Board's plans for Horden were of a similar kind. And it is this which rankles most with the people of the area. Many men who work, or recently worked, in the pits are now convinced that the NCB's main area of expertise is in colliery closures. To this task it has developed numerous

engineering, economic and psychological skills. One man put it like this: 'I'm convinced there's planners up there not planning to mine coal *but planning to close pits.*' To 'outsiders' this might appear an overly cynical or exaggerated view. At Horden men repeatedly pointed back to particular incidents which lead to this conclusion – to agreements made with the Board and to statements made by the Board's representatives. Their claim in 1985 was a simple one: 'the NCB tells lies as a matter of course and its management has behaved in a deceitful manner towards the workers' representatives and the agreed consultative machinery'. These claims, made by reasonable men, who would describe themselves as deeply 'moderate' politically, are disturbing ones, which require investigation. In themselves, they raise important questions in relation to the manner in which one of the country's major state-owned industries has operated over the years.

Collieries extract coal out of coal seams. These seams were laid down in the Carboniferous geological period and (where they are not subjected to faulting and other types of upheaval) lie in horizontally parallel strata. These seams of coal are of varying thickness and quality, and they form geologically distinct coalfields. The extraction of this coal from particular collieries therefore involves a process of establishing 'rights' of particular 'takes' (see Figs 3 and 4). Under private enterprise these 'takes' (not infrequently the subject of feuds) were established by the ownership of the land. Private companies bought the rights to extract whatever coal existed beneath an acreage of land. One of the criticisms brought against such a system was that it did not provide for the rational extraction of coal *seams*; that the pattern of colliery ownership could produce an arbitrary process of extraction across a coalfield. What this argument pointed to was the irrationality of private ownership (especially of natural resources) and thereby the potential for a publicly owned coal mining operation to produce a coherent and rational approach to the mining of a coalfield. In this way, public ownership would serve to point to the essentially arbitrary lines drawn between particular 'takes' and develop a more universal approach to coal mining across a large area.

To some extent these developments have taken place as intended. But as the recent history of South East Durham shows,

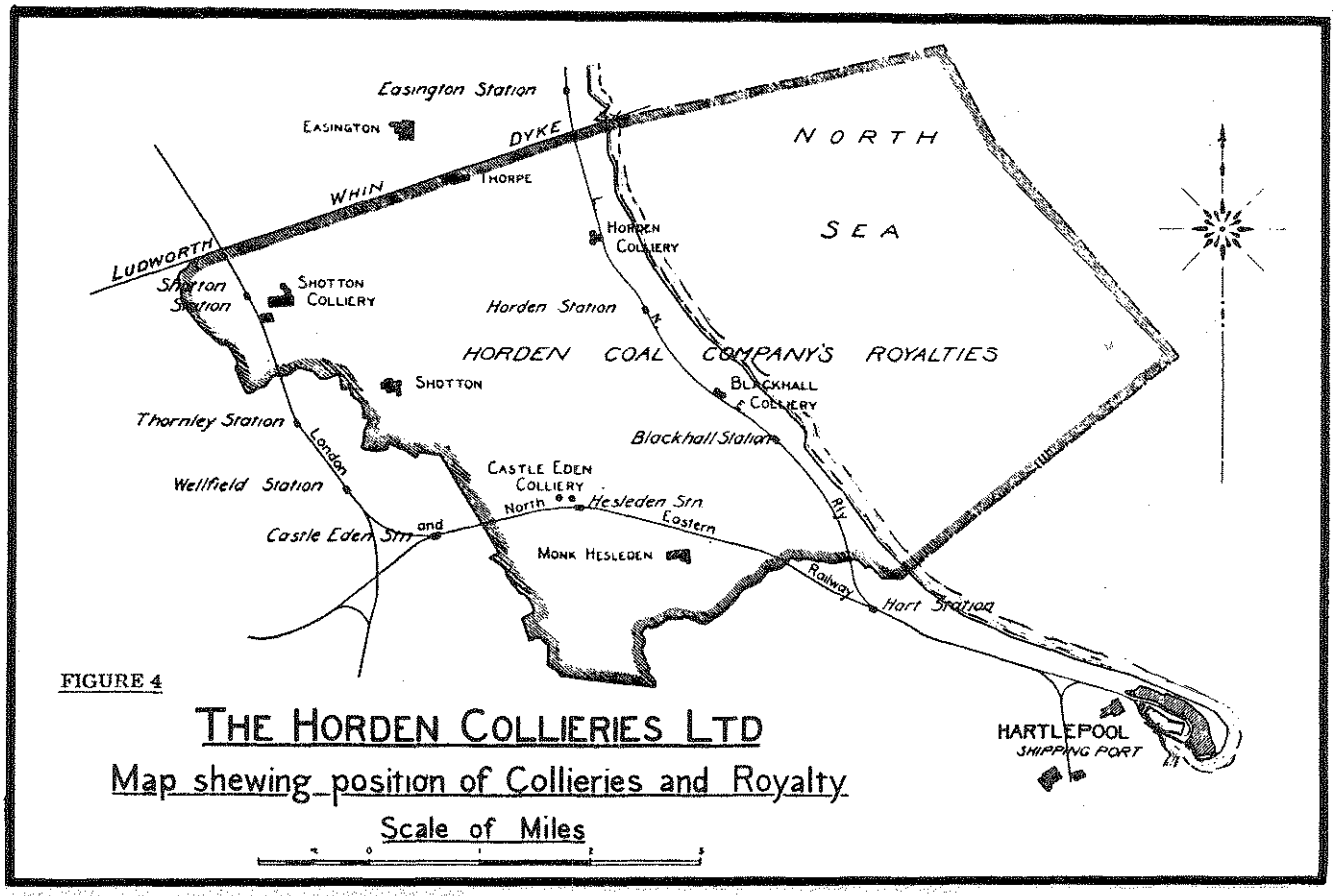

Figure 3 The Horden Collieries Ltd

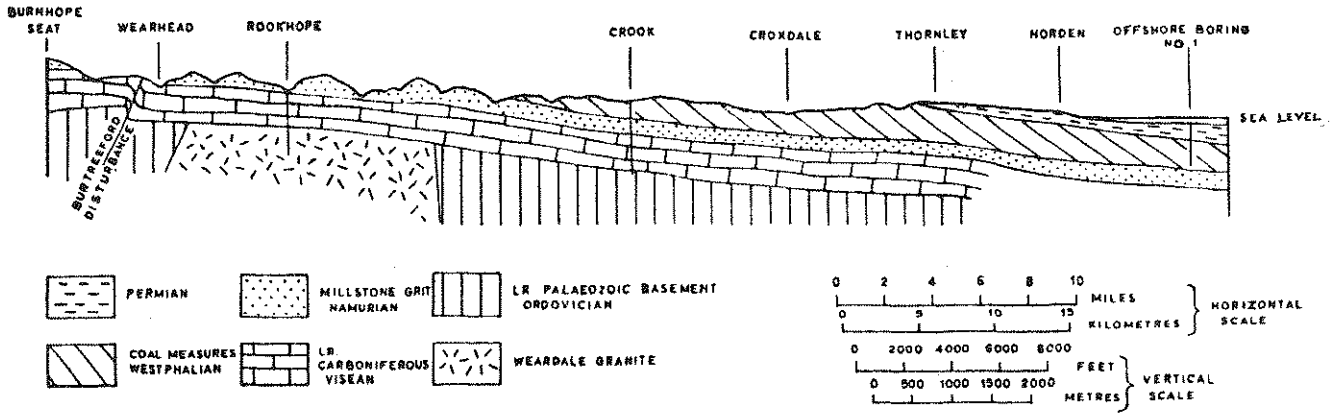

Figure 4 Geological section of the Durham coalfield

the delineation of a colliery's reserves remains critical. While ownership once determined these boundaries, they are now constructed within the administration of the Area Coal Board. It would be comforting to believe that these administrative decisions were made purely on the basis of mining considerations. There is more than a suggestion that they are not.

The history of the boundaries between the reserves of the Blackhall, Horden and Easington collieries is quite detailed and rather complicated. It can be simplified in the following manner. In 1973, a major development took place with the linkage of the Blackhall and Horden collieries. At the same time it seems that adjustments took place between the 'takes' of Easington and Horden, in relation to an area known as Zone 6. The Zone 6 area cut across the eastward development of the Horden colliery, and between 1972 and 1975 the NCB developed plans for Easington colliery to break through the Whin Dyke barrier and work the J seam in the Zone 6 area. The upper seams of Zone 6 (the High Main [E] and Yard [G] seams) remained in the Horden take, while Easington colliery was to maintain its right to mine the Low Main or J seam. This seam was a major part of the development of Easington and from 1975 onwards it was mined in the Zone 6 area. This boundary alteration was done without any consultation with the various unions. By the late 1970s, when Horden was in a position to mine its seams in Zone 6, serious problems emerged.

The eastern part of the Durham coalfield lies under a layer of Permian limestone. This 'limestone cap' stretches across the coalfield from South Shields, through Houghton and south-westward towards Kelloe. From this ridge, the strata slope in an easterly direction towards the coast, and onwards beneath the sea. Limestone is porous and this 'Permian layer' provides a major hazard to mining as it disgorges water (picked up along its length) to the strata beneath. Coal seams in close proximity to the layer have always been subject to flooding. It was assumed, however, that the E and G seams (lying as they do 275 and 390 feet beneath the limestone) would be immune from this threat. This, apparently, proved not to be the case. In 1981, the NCB announced that so vulnerable were the E seam workings in Zone 6 that Horden would be withdrawn from them. Two years later it announced that the reserves in the entire Zone 6 area should be

returned to Easington. The Horden lodges took exception to this decision and refused to accept it as the final settlement of the collieries' reserves. They were placated, to some extent, by the fact that another area of Easington's reserves, the Zone 5 area, had been ceded to Horden in 1980, and that the management seemed optimistic about its future.

The discussion of these various zones and their relation to management's strategy and the future of Horden colliery order the negotiations and discussions which took place between 1981 and 1984.

In October 1981, the NCB announced its intention to withdraw Horden from the Zone 6 area where faces had been developed in the E seam. At the meeting of the pit's consultative committee convened on 1 October 1981, Tom Callan, General Secretary of the Durham Miners Association (DMA), expressed his complete surprise at the decision. Zone 6 was seen as the future of Horden colliery and already rumours were circulating around the village to the effect that the pit's future was in doubt. Gordon Proctor, the NCB's D District Production Manager, was at pains to alleviate these fears. He explained the problems encountered in Zone 6 (two faces, E80 and E81, had encountered Permian water) but added that:

> The colliery was certainly recording a financial loss and it was imperative to increase production . . . production of the G seam (in Zone 6) could not be expected before 1983, and in the meantime a concentrated effort will be made in the seams currently worked to raise output to 3,000 tonnes per day. There were sufficient reserves in these seams to employ current manpower for a further ten years. There was no plan to reduce manpower.

The trade unions were unhappy with the situation and expressed the view that decisions were certainly being taken by the NCB without prior consultation, and that these decisions deeply affected the future of the colliery. Nevertheless, the trade union representatives were reassured by the statements of Mr Proctor, and also by his reaffirmation of the fact that the reserves in the G seam in Zone 6 were clearly 'in the Horden colliery take'. And by statements to the effect that, although Easington colliery *could* work the G seam, 'there was no plan for Easington to work

any section of this seam in the next fifteen years'; 'subject to the "E" seam being left sterile' there was every hope that the G seam would be dry and workable from Horden. Their confidence in the future of the pit was bolstered further by the assertive words of Mr Atkinson, the Area Industrial Relations Director. The rumours and worries, he said, were based upon a misinterpretation of events: 'There were reserves for 10 years production with the present level of manpower . . .'. Worries about the pumping costs increased by Blackhall's closure were also unfounded: 'This had been discussed at Area level and full cognizance taken in both budgets and appraisal of results.' In response to the worries expressed by the General Secretary of the Durham Mechanics, Mr Tom Bartle, Mr Atkinson could not have been plainer. While no-one had guaranteed manpower levels, because no-one could,

> The production manager had said that there were existing reserves for ten years with the current level of manpower. There was no plan to run down manpower at this colliery, and nothing had been said about job losses in the next ten years – the production manager had said that if a wrong decision was made now this could result in job losses in the future.

He added however that, in spite of the union's protestations and suggestions, 'the subject for discussion is a management decision'.

Five months later, at another special meeting of the pit's consultative committee held on 5 March 1982, the Board reported back on these developments, with a 'Five Year Working Plan' for the colliery which was presented on a wall board. Mining would continue at this pit in *four* seams over the period:

> *High Main Seam (E):* production would be maintained at 550 tonnes per day . . . there would still be reserves at the end of the period.
>
> *Main Seam (F):* production would be got from two faces for a period of 3/4 years . . . and thereafter from one face.
>
> *Yard Seam (G):* the number of faces would increase from two to three for 3/3.5 years.

> *Low Main Seam (J):* only one face . . . is included in the five year plan and this would be worked next year.

Several points of worry were already present however. To begin with, there was the problem of markets. Reference was made by the Board to the ash content of coal currently mined in the Main seam. Reserves there were available but 'the ash content was 15% plus and the coal was unsuitable for coking and the markets would dictate whether or not these [reserves] were extracted'. Furthermore, a core sample from the G seam in Zone 6 'had shown the coal to have a higher sulphur content than usual'.

This reference to the Zone 6 G seam was just part of a general reluctance, expressed by the Board, to enter the Zone 6 area above the workings of the Easington colliery. The Board pressed the view that Easington colliery must not be endangered and pointed to the need for 'information obtained from developments and boreholes over the next 3/3.5 years'. While the union representatives expressed impatience over these delays, the Board's Five Year Plan offered an assurance that time was on their side. While the union representatives pressed with questions on Zone 6, management made reassuring noises about Zone 5. This area of coal had been ceded to Horden from the reserves of Easington colliery as a token exchange for the Zone 6 take. Easington had experienced enormous difficulties in mining in the Zone 5 area. At Horden, however, the Board seemed optimistic and pointed to the possibility that 'the drift currently being driven from Seam "E" to Seam "G" in Zone 5 could continue to the Seam "J" ', thereby offering a serious expansion in the pit's reserves and more time before Zone 6 reserves were explored. Even without this, the pit had a Five Year Plan and the minutes of the meeting record how Mr Proctor reassured the union representatives with the opinion that 'there were reserves from existing seams for five years plus – they afforded ample time to get the information required and to decide what seams are to be worked [in Zone 6]'. When pressed on this by Mr Tom Bartle of the Durham Mechanics, who suggested that 'the closure of Horden may be imminent', Mr Proctor was categorical in his denial, and Mr Atkinson added that:

> There was no threat of any early closure, although eventually all pits must close. What was being said was that care had to

be exercised as Easington Colliery had the greater resources and therefore had a longer production life.

The worries expressed by Mr Bartle, however, extended to the other union representatives present. Everyone had a sense that the Board was not being straightforward, or even honest. The assurances seemed too pat. Lodge officials knew that the men in the pit were extremely worried. Stan Langley of the DMA felt that the Board was 'sowing seeds of doubt in the minds of the workforce by means of propaganda to precondition them to the possible closure of the mine'. Furthermore, Tom Callan was sure that 'economics had a large part to play in the current situation'. This view – that the losses attributed to the Horden pit were the essential background to all the discussion of the pit's reserves – was supported by certain references to markets and reinforced by the Board's insistence on the need to shed manpower. The Five Year Plan had, as its immediate aim:

> to boost output from 2,500 tonnes a day to 3,000 tonnes per day. This would reduce the envisaged financial loss by £5 million. Manpower for the Horden/Blackhall mine would reduce (by redundancies and natural wastage) to 2,000 in the next eighteen months thus further reducing the loss.

The Board added that:

> If manpower saving schemes were introduced then further reductions could be obtained – *a reduction of 100 men would result in the loss being reduced by £1 million*. [Our emphasis]

Within all this, though, the Board's representatives were bland in their assurances. While all pits closed at some point, Horden's early demise was not being planned. All that was required was time to investigate further the strata in the Zone 6 area.

This investigation, with water problems in the G seam, led the NCB to announce its intention to return Zone 6 reserves to the Easington take. As Tom McGee, the union's engineer, stated in June 1983 when he investigated the decision:

> The Coal Board believed that there could be undue risks to Easington Colliery associated with the Permian water if the High Main (E) remained intact and the Yard Seam (G) was exploited. This appraisal by the Board induced them to change the boundary line between Horden and Easington Collieries. . . . This change meant that 3.6 million tonnes of High Main reserves and 3.3 million tonnes of Yard seam reserves would be removed from earlier estimates of Horden Colliery future reserves.

While Mr McGee accepted the Board's view that 'Easington Colliery takes priority over Horden' he was unconvinced that 'leaving the High Main intact and working the Yard seam after fully exploiting the Low Main from Easington would present an unacceptable risk to Easington Colliery'.

McGee's point was clear. There was no need to redraw the boundaries. No colliery would proceed into Zone 6 until such time as Easington had completed the extraction of coal from the Low Main seam. This was likely to take between ten and fifteen years. Horden *could* enter Zone 6 at that time. If Mr Proctor's assessment of the other reserves in the colliery was accurate, it was simply a question of planning and not one which required boundary revision.

This, however, was not to be. The Board's assessments were not correct. The situation was spelled out to the union representatives at a consultative committee just three months later on 14 September 1983. The situation was 'so severe' that the Area Chief Mining Engineer, Mr H. Burn, 'had not yet made any recommendations to the Area Board'. He intended to read a 'prepared statement' with the intention of receiving 'constructive comments'. The tone was very different from two years previously.

The pit was losing money; pumping costs were £3.5m per annum; results in the E seam were 'extremely disappointing'; given this, there was only one 'realistic plan', and this looked different from the Five Year Plan discussed earlier:

> There had been good faces in 'F' and 'G' seams. . . . The best plan would be to concentrate production on 4 faces in these seams with associated developments – this should produce 3,000 tonnes per day. However to arrive at/near this break-even figure on this tonnage would entail reducing manpower to 1,200.

He was clear that 'implementation of plans must be carried out as quickly as possible . . . there must be evidence in this financial

year that attempts were being made to reduce losses . . . no colliery had a guaranteed life . . . the smaller the number of men employed the longer the life of the colliery'.

This 'new realism' had clearly affected Mr McGee who said that while he would

> like to say that all reserves would be worked, in the present economic climate this was not possible – elsewhere in the country, collieries were being closed. Today the Board had given indication of the road to follow to attain a near-viable situation.

The unions agreed. The Mechanics Lodge Secretary, Derek Gray, discussed the mechanisms for reducing manpower by 500. In reply to his questioning, the Area Chief Mining Engineer reiterated that 'the acceptable figure would be attained if the output was raised to 3,000 tonnes per day, and manpower reduced to 1200 men'. He added that 'one factor in the colliery's favour was that the product was being sold (rather than stock-piled) – this aided the Area's cash flow'. Nevertheless, 'if a positive proposal was not submitted in the short term then there was the distinct possibility of one being enforced from other channels'.

The plan was accepted. Horden went through a manpower rundown. There followed a period of quite intense discussion of problems over the organization of production in the pit. In this it was clear that the men and their union representatives were intent upon achieving the 3,000 tonne target set by the Board. They had agreed to co-operate with Mr Burn's arithmetic and with it the prospect of a secure future. However, Mr McGee's appraisal of the pit's reserves signalled a major problem: 'It is likely that the G seam in the area currently being worked will be exhausted in about 5 years. The F seam also has about 5 years life on the area currently being worked.' Cost-effective the pit may have been. But without a settlement on Zone 6 it would be cost-effective and short lived. This was the situation in early 1984, before the strike which affected the Durham coalfield for a twelve-month period. (See Beynon 1984, Beynon 1985.)

After the strike, the pressures upon the Horden colliery intensified. To begin with, the Board closed the workings to the E seam, and unilaterally shortened the belt line which linked the pit

with possible reserves in the Zone 6 area. This change was started *during* the strike. The reassurances of continuity, which had coloured consultative discussions prior to the dispute, disappeared. This was made most clear in the meeting of the Area Consultative Council which met at NCB Area HQ at Team Valley on 7 May 1985.

At this meeting the Area Industrial Relations Officer made it plain that 'a very large number of men . . . were asking for redundancy'. This provided the background to his 'Manpower Report'. After a bitter and protracted strike, thousands of miners wished to leave the industry, to pay off debts and to turn their backs on the pits. The Board was constrained by the fact that it 'cannot make men redundant and at the same time begin juvenile recruitment . . . [and] in order to achieve a stable situation we need to fix manpower priorities for collieries'. In this prioritization process there was to be one overriding consideration which was: 'whether a pit is making, or is capable of making, a viable contribution to the future of the industry in the North East'.

'Viable' pits would survive. On the other hand: 'Collieries which are not, because their actual or potential losses are an unsupportable burden on Area results, would become effectively, manpower reservoirs.' Horden and Bates near Blyth, Northumberland, were to be the first of these reservoirs and 'the men there would be given the opportunity to transfer to the high priority pits to facilitate redundancy on a one-for-one basis'. There was to be no further discussion of Horden's reserves, nor an assessment of the 'viability' achieved as a result of the 1983 rundown. Neither, incidentally, was the language of 'economic' to vie with that of 'exhaustion'. The test of 'viability' was one induced by a need to 'facilitate' the men's own desires for 'redundancy'. The decision, in effect, was portrayed as an act of charity.

It was understood rather differently by the union representatives at the meeting. John Varley of COSA, the NUM's white-collar section, described it as a 'cut throat tactic' likely to produce 'irreparable damage' in the industry. He acknowledged that 'it is the Board's business to manage the industry but to do so successfully requires trust, cooperation and the involvement of everyone in it'. It was this 'cooperation' which was being put at

risk by the Board's policies. It was further damaged when George Stephenson of NACODS pressed Area Director, David Archibald, on the question of 'manpower reservoirs'. He asked 'a theoretical question':

> if all employees at these units opted for either transfer or redundancy, would they in effect close? Mr Archibald answered 'this is a question of logistics but the simple answer is – if the reservoir of men dries up, yes they would close.'

Under such questioning, the charitable act began to look more and more like a sabotage – a clever way of dodging all established (as well as newly agreed) procedures, and closing pits by the back door. This was certainly the view of the representatives of BACM, the colliery managers' association. In response Mr Archibald was firm. He had already referred publicly to loss-making collieries as 'a cancer'. At this meeting he acknowledged that morale was low 'but nevertheless facts must be confronted in a business-like manner . . . the plan offered jobs to those who wanted them and did not involve any compulsory redundancy'.

The logic of these sentiments was lost on the men and women of Horden. Certainly there would be no compulsory redundancy, but to move on to Murton, or another 'longlife' colliery, could well be to invite such a fate in a year's time when the Board's transfer and redundancy payments might not be so generous. After all, they had received years of promises at the Horden pit. 'Promises or lies?' This was the question being asked. 'If it can happen here it can happen at the next one. I'm not going to gan like; if Horden closes I'll take my redundancy here and to hell with the pits.' The women were equally angry. Redundancy and transfers might resolve the problem for the Coal Board (the question of 'logistics' that Mr Archibald talked about), but what about the village and the future of the youngsters? Where did they fit into the Board's plans? Down the coast at Blackhall men reflected that Horden had been treated just like their pit had been. Barry Chambers, Lodge Secretary, remembered the 'run-down' at Blackhall which was intended to produce a 'viable' colliery: 'On the day that the last of the men involved in the rundown were transferred we were called to Team Valley to be told that the pit was going to be closed – *on the very same day.*' In

his view, the Board played a 'dirty trick' on the men at Blackhall and they were using 'exactly the same tactics' at Horden.

All those feelings of resentment were in evidence at the special meeting of the Horden/Blackhall consultative committee that took place the following day. They listened as Mr Burn, the NCB Area Chief Mining Engineer, outlined the situation. The pit had lost money as a result of the strike, and conditions had deteriorated underground. That was one thing. He reminded the meeting of the earlier agreement.

> In October 1983 the agreed plan for Horden section was production from four faces with a manpower complement of approximately 1200 achieving a daily output of 3,000 saleable tonnes . . . [breakeven would require 3,300 tonnes/day]. However . . . whilst Horden had two excellent faces, F27R and G37 [. . . G37 was to become the standard for the Area] there was little hope of G12 improving on earlier results or, *with the reduced manpower*, of attaining a four face situation. It was the considered opinion of the Team that the colliery would continue to incur heavy losses. [Our emphasis]

The union representatives found themselves 'dumbfounded and disgusted' by these developments. Even more so when George Stephenson voiced the Area Director's view that the colliery would close in six to nine months. There was general agreement with the view expressed by the General Secretary of the Durham Mechanics, Bill Etherington. He made it plain that the *unions* did not want redundancies; they wanted jobs and he proposed 'a moratorium on redundancies and transfers until the case for Horden was heard through the Review procedure'.

In expressing the need for 'sincerity on the part of all concerned' Bill Etherington raised a major issue facing the mining industry and one of considerable public concern. It provides a basic background to this book. The men who worked at Horden and their union representatives felt that they had been involved in protracted discussions, but that these had not been honourable ones. They felt that they had been led up the garden path, and they felt this most strongly. Most significant was their belief that none of the plans they had agreed to had been given a chance.

Lodge representatives pointed to promised developments within the G and F seams which had simply been 'rubbed off the plans'.

They objected to the 'devious means adopted by the Board in as much as men had been invited to apply for redundancy without the lodges being consulted'. It was the women of the village and the county support groups who, in unison with the trade unions, organized a rally and demonstration in defence of Horden. This helped staunch the potential flow of transfers and redundancies. Nevertheless, men had been allowed to leave the pit in the months that followed the strike and this was then used by the Board to undermine the 'Four Face Plan' for the pit agreed before the strike.

In what ways had the Board been sincerely carrying out its responsibilities for the efficient mining of coal reserves? In the view of the DMA Lodge Secretary, Irvine Lyons, the pit had been 'pinned back and back and back. It's like a vice they've put us in. We were a big pit, now we're down to two faces. Every way the Board has pushed us back'. And as the pit had been pushed back so had its life. And with this shortening, so the promised reserves in Zone 6 appeared less and less like the salvation the pit needed.

In the face of resistance and a refusal by the Horden miners to budge, the NCB was forced to announce its plans to close the colliery. Against this background the union's Senior Mining Engineer made an inspection of the pit and its reserves. Aware of the previous discussions and of the problems relating to the Zone 6 area he was nevertheless clear that between two and four years of work remained for the 850 men employed in the established reserves of the F and G seams. In his view these should have been worked and, at current output levels of 2,000 tonnes a day, these two faces should have made the colliery viable. Furthermore, in his view, Horden had been 'sold a duck' with the Zone 5 reserves which were totally unworkable. All discussions (and presumably all investments) relating to this area of the pit had been a sham.

If there was one thing which miners felt aggrieved about, it was the issue of 'management's right to manage'. In the view of most of the workforce, and their trade union representatives, this 'right' was not deserved:

> That's one thing that they went on about in the strike – 'the right to manage' – but look what they do with it when they get it. The decisions that they've made with regard to this pit are diabolical: they are mind – diabolical.

When pressed to give examples of mismanagement men, like the one quoted above, took a deep breath and reeled off case after case. On one occasion we asked the representatives on the local Federation Board for their views on this issue. Man after man gave his own particular example of the 'classic case' which revealed managerial ineptitude. They talked of faces:

> Take G22: This face hardly got into production before the coal ran out due to faulting. Although management were warned repeatedly by the men working the district that the loss of coal would occur, they still persisted in the winning out and installing of it. After all this work the men were proved right, and a new face line had to be in-bye of the first one. The supports had to be withdrawn off the original face and installed on a new one.
>
> F23 was the best example. This face commenced production in 1975 even though it had a geological fault at the Main Gate end of the Face. This Face Line should have been won out further in-bye of the fault. Although water was a problem, and resulted in production ceasing, it was felt by the workforce that had the proper procedures for pumping been in operation, the district could still have remained in production.

And face equipment:

> F24 had the wrong pans . . . this face line stopped 400 metres short of its projected life.
>
> E81 is a good case. The seam of coal on this face started off at 5ft 6ins and as the face came out dropped down to 4ft. Instead of the supports that were installed having extensions, the face was installed with large supports. Consequently when the face reached the 4ft coal the machine had to cut 15ins of bottom stone out causing water problems and the face's life had to come to an end 40 metres off its intended mark to finish.

During the late 1970s Horden miners repeatedly argued with management decisions. They often expressed the view that 'if

you went down the pit, you wouldn't believe that it was possible to get any coal out with the kind of things that are going on'. Their overwhelming view was, and is, that the workforce in the colliery were moderate men who gave full support to management and pressed for, rather than objected to, changes that would improve the pit.

These problems reached their peak in 1982. Trade union representatives sat on two subcommittees concerned with a detailed examination and monitoring of production facilities in the pit. In 1985 the NUM Lodge Secretary reflected upon how 'nothing came of them; we were keen to get them going but they fell by the wayside'. Repeatedly, these trade unionists argued that the overall administration of the colliery needed serious improvement. Many of them later reflected that, at the back of it all, 'they didn't want the coal'.

> If you look at what's happened in this colliery in mining terms it's just unbelievable. They've had faces going through faults and knocking bells out of the gear. They've chopped and changed constantly. They've had faces working with the wrong supports. . . . When it comes right down to it, they just don't want the coal. They wanted Horden kept out of Zone 6 and they want to close us down.

5

Closure

Throughout the coal dispute of 1984 and 1985, discussion ranged over the question of colliery closures and the meaning of the terms 'exhaustion' and 'economic' when applied to coal mines. The strike ended without a settlement of this matter. Enough evidence has been presented here to indicate that the definition of an 'exhausted' colliery is a matter of some ambiguity. A colliery's 'reserves' are affected by boundary decisions; they are affected by the kinds of seams (thickness, faulting etc.) and the kinds of technologies available; what is considered mineable is also directly affected by the market. In so many ways questions to do with natural 'reserves' interrelate with societal questions of technology and markets. Any consideration of a pit's future, therefore, needs to take into account more factors than geology alone.

In the case of Horden colliery no-one denied that on the basis of current, and planned, faces in the 'F' and 'G' seams, the pit had at least two years' life and probably four. What was in dispute, in relation to reserves, was the future of the 'E' and 'G' seams in and around the Zone 6 area. In this area no-one questioned that the seams are over 4 feet thick and capable of being mined at high levels of output. There had been considerable disagreement over the way the NCB handled mining operations in this area and over the nature of the Board's future intentions. The workers at Horden, and their trade union representatives, feared that the

NCB intended flooding the Zone 6 area and sterilizing those reserves of coal. As the Chairman of the Horden Mechanics Branch put it at a meeting of all trade unions at Redhills on 30 August 1985:

> It's perfectly clear what they are doing; and you've got to go to the Zone 6 Area to see it to believe it. They've got nine or ten fitters involved in salvaging. I've never seen anything like it – the rate which they're salvaging. It is perfectly clear to the men that they've made their minds up to flood the Zone 6 Area and *they've decided this before the Review meeting*.

The Board's claim, at the time, was that to work the seams in the Zone 6 area, given the water problems in the mine, threatened the reserves of the Easington colliery. This problem had been an obvious one for many years. In 1985, the Board appeared to have openly made up its own mind and decided to act irrespective of procedures.

Whatever the claims in Zone 6, there was no dispute about the mineable reserves which the colliery was then working. In this, the Board made it abundantly clear that the decision to close had been made on economic grounds alone. In fact, area management took something near delight in the toughness it directed toward the question. The Area Director had (with what one assumes to be a carefully chosen metaphor) referred to uneconomic capacity as a 'cancer'. Subsequently, a Team Valley spokesman noted that while the NCB 'appreciate the serious problems . . . they are not our responsibility. Our job is to produce coal and sell it' (*Newcastle Journal* 15 August 1985). It will be for the reader to judge whether such a statement is appropriate, when viewed against the evidence of the NCB's performance as a monopoly coal producer over the past decade or so. Even more disturbing is the Board's use of 'economics' as a source of justification, for by any standards the NCB's definition and use of economic data is somewhat arbitrary.

The NCB's justification for closing Horden has been stated on a number of occasions, but it boils down to this:

> Horden colliery has lost more than £55 million over the last five years and also has to pay interest charges of £1.2 million per year. The pit has not made a profit for ten years. It has the worst water problems of any mine in Britain.
>
> (*Newcastle Journal* 15 August 1985)

The emphasis is therefore upon the pit's past performance, and upon the problem of water.

A summary of the colliery's performance since the 1974 'Plan for Coal' is contained in Tables 5a and 5b. Several things become clear immediately. The major capital investment programme associated with the planned expansion in the coking coal market took place over a five-year period, and totalled £14.6m. The pit was in profit prior to 1975, and its losses were containable up until 1979–80. From then onwards the pit was in a critical state with losses reaching £14m per annum. Within this general trend there are two anomalies. In 1980–1, a critical year which included the announced closure of Blackhall colliery, manpower at the Horden colliery increased, largely as a result of transferees from Blackhall. In December 1980, the Secretary of the Horden Miners' Lodge raised the question of such transferees and the effect upon the pit's future. The reply from the colliery's General Manager was reassuring:

> The wages of additional men of course will increase the colliery's wages bill. On the other hand the wages bill will be reduced by men being made redundant. Any increased wages from Horden of course will be covered by the contribution – in output or other work performed – by any net additional manpower.

In that year, then, there was a net increase in manpower. In that same year and the following one, capital investment in the pit concentrated upon drivages – new underground roadways to open up fresh areas of reserves. In the September of 1980, planners from Team Valley had visited these eastward drivages and had assured the men that 'they could go on to Norway lads'. In October, however, the strategy changed. The drivages were aimed at establishing Horden's bulk production from the E seam in Zone 6 and Paul Stradling, the NACODS Lodge Official, subsequently still remembered the changed plan vividly:

> These drivages were set to establish face lines in the Zone 6 area. And the story of how this happened – of the way

Table 5a Financial performance of Horden colliery 1974–83

	1974–5	*1975–6*	*1976–7*	*1977–8*	*1978–9*	*1979–80*	*1980–1*	*1981–2*	*1982–3*
Annual saleable output ('000 tonnes)	708	584	512	574	537	474	630	597	574
Saleable output/day (tonnes)	2,989	2,487	2,200	2,466	2,246	2,035	2,702	2,575	2,464
Average overall OMS (tonnes)	2.11	1.65	1.39	1.62	1.43	1.29	1.62	1.47	1.41
Average face OMS (tonnes)	7.39	6.27	5.47	7.05	5.96	5.07	6.62	5.73	5.81
Average manpower	1,775	1,946	1,972	1,941	1,972	1,953	2,020	2,034	1,944
Profit/loss (£'000)	+1,027	−1,071	−3,150	−1,201	−4,195	−7,341	−8,248	−14,572	−13,691
Profit/loss (£ per tonne)	+1.45	−1.83	−6.15	−2.09	−7.81	−15.48	−13.10	−24.40	−23.85

Table 5b Capital investment (£'000) in Horden colliery 1974–83

	1974–5	*1975–6*	*1976–7*	*1977–8*	*1978–9*	*1979–80*	*1980–1*	*1981–2*	*1982–3*
Major projects	1,930	3,873	4,102	2,892	1,845	1,811	1,027	1,196	594
Other capital	165	232	205	378	341	233	779	308	399
Capital drivages	–	–	–	–	–	370	649	1,044	400
Total (£'000)	2,095	4,105	4,307	3,270	2,186	2,414	2,455	2,548	1,393

management pulled out of Zone 6 – has got to be told. Because it's criminal. The plan, as I said, was to establish faces in the Zone 6 area. There was perfect coal 4'10" and 5'5" horizontal strata. But the Board never went into that area. They went into the Area known as E80 and they worked this against all the advice of everyone in the colliery. The E80 area was a block of coal in between two faults and everyone said that there'd be water problems. Everybody complained in the most strenuous manner. But the only response we got from management was 'we need a quick return'.

This view of things was supported by a member of the miners' lodge committee:

> If ever there was a lesson on where not to start a face this face was it. The men who were working No.3 DOSCO were astounded when they were pulled back from their heading and told to win a face-line out in this area which lay between two faults. Three weeks previous to being pulled back to win this face our area planners had visited them and told them to advance as sharp as they could for they had miles of drivage to win out. The district when it started production only advanced 120 metres before production stopped owing to water and heavy weighting in gates. Everyone associated with the colliery knew that this face would never amount to anything yet it was still put into production. Once again the men had been proved right and management wrong.
>
> But in being proved right, the men found that water in E80 had been used as a main reason for not continuing with the pit's production in the E seam in Zone 6. Paul Stradling again:
>
> They told us that the colliery was recording a financial loss and that they need a quick return on the investment. But it seems to me that they knew that if we'd established faces in Zone 6 we would have become a bulk producer and they wouldn't have been able to close us.

These points are important. They indicate how a pit in a period of development (like Selby) necessarily sustains losses. Capital investment, together with the wages of men involved in development, is not matched by production. Production (as it were) is in

the future. Horden's critical position centred on it not being able (or allowed) to deliver the high tonnage which the investment anticipated. Effectively, the pit was pulled out of the bulk coking coal market, and thereby the NCB abandoned hope of any realistic return on its major investments at the colliery. The 1983 manpower rundown was an expression of this. In these circumstances it is important to reassess the economic position of the colliery.

We have noted how the NCB, in the critical two years that preceded the strike, presented the trade unions with a series of homilies on the economic rules which governed coal production. In all this, the reduction of manpower was seen to be critical. 'One hundred men less equals a saving of a million pounds'; 'The fewer men the better'. So the story went in the days when it was critical to adjust the Horden workforce to the fact that they weren't any longer heading for Norway and super-pit status. Whether the adjustment was a sincere attempt at a new strategy for the pit is a matter of conjecture. The men at the pit felt quite strongly that it was a strategy which was never tried.

The closure decision and the proposed use of the pit as a 'manpower reservoir' were the clearest examples of this. There were others. The trade unions, in their attempt to present a case to keep the colliery open, approached the NCB for information; in particular they wanted to see the monthly accounts of the pit. The Board kept these accounts in its 'F23' statements which were treated with extreme secrecy within the Board. At the colliery offices they arrived in NCB 'Private and Confidential' envelopes and could only be opened by the General Manager. When the General Secretary of the Durham Mechanics formally requested the F23 statements for Horden he was informed that:

> It is not our policy to make the management document F23 available to the industrial unions, and in any event I would suggest that the months of June and July are not really representative of a norm.

This general approach to consultation and information was confirmed in a letter which Mr Atkinson wrote to Tom Callan, General Secretary of the Durham Miners. Mr Callan had passed on the request for information relating to the markets for Horden coal. The reply was abrupt:

> As a matter of policy we are not prepared to supply detailed information of the kind specified to any independent person. . . . The case has now reached the stage of a National Appeal Hearing. Thereafter it will be for the National Board to decide whether any information of the sort requested is made available to, e.g., an independent review body.

Given the significance that the closure of Horden colliery would have for the future of employment in the area, the extent of the NCB's resistance to supplying information which would have allowed the details of its economic performance to be subjected to some public scrutiny was and is regrettable. It is also, perhaps, understandable.

Established as the monopoly producer and distributor of coal, with the authority to develop coal reserves as it thinks fit, the NCB has always been a curious organization. It has tended to be something of a law unto itself. Certainly 'the Board' through its monopoly position also 'owned' most of the detailed knowledge available on coal production processes in this country. This knowledge has often been used to fend off unwanted comment and interference. However, the more that the Board justified its policies in terms of the imperatives of 'economics', the greater has been the pressure for public and independent assessment of the NCB's accounting and budgeting procedures. Where this has taken place, the NCB has come off rather badly. For example, Emile Woolf, senior partner in chartered accountants, Kingston-Smith, has commented on the 1984–5 Annual Account. The NCB is required to produce such accounts, and to ensure that they provide a 'true and fair view' of the NCB's performance over the year. Woolf's conclusions were these:

> Obviously the industry requires rationalisation, and over-stocking at high cost puts pressure on prices; but decisions with far-reaching consequences should be based on data presented objectively.

In his view the NCB's accounts failed to come near to meeting such a requirement. They were, in his view:

> A supreme masterpiece in the art of obfuscation. Even if Sherlock Holmes had held a Masters degree in accounting

> he would have found his powers stretched to their utmost in finding his way through this particular maze of artfully presented decoys (*The Guardian*, 10 July 1985).

He concluded that 'For the purpose of identifying genuinely uneconomic pits – of which no doubt there are several – these accounts are virtually useless.'

This criticism of the National Coal Board's accounts (to which we return below) has also been applied to the local F23 statements. A number of academic accountants have criticized the statements, on the grounds that they give no accurate assessment of the performance and future prospects of a particular colliery (see Cooper and Hopper, 1989). Rather than a conventional profit and loss statement, the F23 contains within it a whole series of apportioned costs which are decided through the arbitrary (and undisclosed) assumptions of the operating area. This point has been supported by Mr Brewer, the NCB's Chief Accountant for the South Midlands Area. Commenting in the *Mining Engineer* he accepted that:

> There are some difficulties and controversy in apportioning indirect costs to individual collieries. . . . There are similar difficulties in a unified industry in which the individual markets and industrial producing units are not directly identified with each other, of defining the value of each colliery's saleable output.

Mr Brewer went on to suggest a simplified profit and loss account, based upon a 'contributal' analysis of pits and districts within pits. These points are of relevance to the discussion of Horden's fate, and to any discussion of the actual costs and benefits of its closure.

In the months which followed the dispute, production in the Horden colliery became concentrated upon two retreating faces in the G and F seams. Output levels on F27 and G12 reached 2,400 tonnes a day and, in the view of area management, were setting the standards for the county. Management representatives who visited the colliery commented upon the 'degree of commitment shown by the workers' and how the level of morale associated with the productive effort in these two faces was a vital asset for the future of the pit and the industry.

That the miners, after a year-long dispute, and years of being

Table 6 F23 statement for Horden colliery, May 1985

	(£'000)
Proceeds	1,649
Colliery costs	
Wages	789
Wages charges	395
Materials	334
Repairs	59
Power, heat and light	190
Plant hire	315
Salaries and related expenses	89
Other colliery expenses	244
Depreciation	100
Area overheads	78
HQ overheads	89
Total costs	2,682
Operating loss	**1,033**

moved around, could still give this level of commitment to the mining industry is, in many ways, quite extraordinary. As a resource, this good will and commitment could possibly have enabled the Horden colliery to produce an average of 1,850 tonnes a day through faces in the F and G seams over the following four years. This represents a lot of coal. Managers, deputies, miners and mechanics have agreed that production in the region of 9,000 tonnes a week was a feasible prospect. Over a four-year period of work this would involve a total output of 1,656,000 tonnes and a revenue of £80m. The immediate closure of Horden would involve the loss of this production. In effect it would be a mineable natural resource which was to be 'written off'.

What would be the costs of mining this coal? The public statements of the Board indicated that the pit operated at a loss of something in excess of £10m a year, representing a loss per tonne of over £20. In May 1985, the Board argued that it lost £1,033,000 through its operation at Horden and that this represented a loss of £28.45 a tonne.

Two points need emphasizing here. First, there was an assumption in the Board's argument that past losses would, of

necessity, continue. This led to a second assumption; that the closure of Horden would save the Board £1m every month. Both assumptions were suspect. We'll discuss them both in turn.

The losses incurred by Horden in May 1985 are set out in the F23 statement (see Table 6). The account is based upon a saleable output of 36,292 tonnes. This figure is not a real figure but one which is based upon an apportioned share of the 'vend' which left the Horden washer. Horden union representatives (in line with the comments of Mr Brewer) argued that Horden coal had a higher 'vend' than the average and was thereby badly represented in the accounts. This aside, a number of things become clear. Output throughout June and July continued at or above the May level, although manpower was reduced from 1,200 to below 900. To the union representatives at the colliery this was an important point. One man put it like this:

> In September 1983 Mr. Burn said that 'break-even' would be achieved at this pit if we produced 3,000 tonne a day with 1,200 men. Today we're producing 2,000 tonne a day with 900 men. The proportions aren't very different.

In making the point in this way, this man, and many other representatives on the Federation Board of Unions at Horden colliery felt that the pit hadn't been given a chance. In discussing the charges relating to plant hire, men again returned to the question of management's decision-making processes; they pointed to the wrong face equipment being ordered. When we talked with them, several men got particularly animated when discussing the Bo-Bo locos:

> £1,600 it cost a week to hire them and we didn't want them. We told them they were no use to us and we were told that we had to have them. They were set away without adequate facilities for maintenance and repairs. They were a disaster.

Most significant in this respect, they talked of machinery on hire that hadn't been used. Union representatives argued that in May 1985 (the month of this statement) machinery with a hire charge of £30,000 a week remained idle throughout the period – a total cost of £120,000 – a third of the total hire charge.

Viewed in this way, it seems possible that (given the market) an

operating system could have been established at the Horden colliery which involved considerably smaller direct costs than were attributed to the pit in the May account and in the public statements made by Board representatives in August. Given the output levels and the reduction of the labour force it would seem quite feasible to imagine the pit operating with an annual loss nearer £4m than £12m.

Having said this, the second point is in order. The Horden accounts involved an apportioned cost of area and HQ overheads. These costs had to be borne (they included Mr MacGregor's salary) but they had no direct bearing upon the daily costs of the Horden colliery, or vice versa. These costs totalled £167,000 in May and at that rate would add up to an annual charge of over £2m. These charges would still need to be met in the event of Horden closing – they would simply be apportioned to the other pits in the North East.

This is all the more pertinent in the case of pumping costs. The NCB, as we have seen, described Horden as the mine with the worst water problem in the country, and there is no denying this fact. The Horden–Blackhall complex pumped water at a rate of 7,500 gallons a minute at an annual cost of £6.5m. These costs were shared by all the collieries in the area, but the assumption prevailed that should Horden close, the whole of this £6.5m would be saved.

Clearly, although Horden closed, pumping still had to continue. The pit was flooded and the water level maintained by a large submersible pump. The costs of this operation have been passed on to the neighbouring Easington colliery. Like Horden before them, the miners in that pit are worried lest these costs adversely affect their future. This was raised as an issue in 1985. The experience of Blackhall, after its closure, led him to make a number of serious comments which go beyond the simple, and short-term, question of costs: 'When a pit closes in this industry we tend to forget it. We don't learn the lessons. We ought to have an in-depth study on the effects of things – particularly the implications for pumping and water.'

This point raises the question of one pit's relation to the coalfield as a whole and also the idea of public accountability. Repeated closures in South East Durham have been accompanied by the closure of pumping stations. The effects of this upon the

Permian layer across the south of the county require investigation. A prominent civil engineer commented to us that the Durham coalfield was dying on its feet because of the way in which the problem of water was handled over the past 20 years. He described the Permian limestone as a 'vast lake, fully saturated at all points'. Previously, some pits in the west of the county were kept pumped to prevent flooding in pits to the east. Even under private ownership co-operative arrangements helped to minimize the risks of flooding. With closures of pits and pumping stations across the coalfield he asked 'just what are the Board trying to protect?'

On the basis of the experience of Blackhall, it would seem that the NCB experienced real difficulties in estimating the rate of water loss from the Permian layer. The plan there was to eliminate smaller pumping stations in-bye and build a major pumping station at J23, 4.5 miles from the shaft. Barry Chambers again:

> They told us that it would take 33 days for the in-bye end to be flooded out. *The water came back in 21 days*. Every day the water was beating us. They estimated that it would need 4 Mackley pumps at J23 with two running constantly, and one running occasionally and one spare to help out; they've had to put an extra pump in. In the haste to get rid of men, a lot of jobs weren't done at Blackhall, and in the Low Main the shaft pumps were left in. The submersible pumps in the Harvey standage were supposed to last two years; they ended up lasting twelve weeks! If the Low Main pumps had been taken out as planned, Horden would have been shut now. That's the Coal Board's calculations!

In September 1985 the future of Horden colliery was discussed at Hobart House, the NCB's headquarters in London. The following month, the Board announced that it still intended to close the mine although it was possible that the colliery *might* go for consideration under a new independent review procedure.

During the NUM dispute, NACODS members had voted by an 82 per cent majority to strike against the Board's programme of pit closures. Agreement was rapidly reached with the Board, though, that after the conclusion of the NUM dispute, consultation would take place over the addition of a fresh, independent

element to the existing colliery review procedure. This agreement was confirmed by the government as 'sacrosanct'.

In March 1985 it became apparent that the Board was intent on pushing through its programme of closures, ignoring the agreement with NACODS. The 17,000 members of the deputies' union were asked to support an overtime ban in protest. As the ballot started, Michael Eaton, spokesman for the Board, confirmed once again that the agreement was 'sacrosanct', and announced that there would be an agreement 'very soon' on the setting up of the new consultation machinery. NACODS members were unimpressed. With an 80 per cent turnout there was a 61 per cent majority in favour of immediate industrial action. Peter McNestry, Union General Secretary, felt that the Board was now 'totally dishonourable'. The British Association of Colliery Management (BACM, the union which represents the Board's own middle and senior managers) was told by its President that

> The Board must fully implement in the field their commitment that until the new revised colliery review procedure is agreed any proposals to close collieries will be examined under the current arrangements. We have repeatedly pointed out to the Board in recent weeks that the dispute destroyed trust, and that in order to regain that trust, the Board must demonstrate by their actions that they are not in the business of butchering.

The overtime ban lasted three weeks. It was called off when the Board pledged not to take action which could prejudice the outcome of any appeal against pit closure. At the very least, the fabric of a pit would be maintained, although members of unions not appealing against the closure would be allowed transfer or redundancy on request. The door was left open, however, for local agreements on transfers of manpower.

Later in June, talks on the establishment of the independent review body broke down yet again, as the scale of closures envisaged by the Board became apparent: at least 50 pits were to close and 50,000 jobs were to be lost. Against this background, three collieries came before the Board in September for final appeal decisions: Horden and Bates in the North East, and St John's in South Wales. At first the Board refused the unions the right to take these cases to an independent hearing (even if it

could be established in time). When the unions refused even to discuss closure without this assurance (which had been freely given during the NACODS overtime ban) the option was restored. When the verdict over the three collieries was announced later in October, though, there was still no agreement. It took until the end of that month before the eight-month negotiations over its terms of reference and composition were settled.

The Board and the three mining unions agreed to appoint six independent arbitrators, three to be nominated by each side. Only one of the panel would chair each hearing. The unions could object to closure on a variety of grounds, including the social consequences which might result. The findings of the panel would only be advisory – the final right of decision was to remain with the Board, although it would give 'full weight' to the panel's findings.

Horden colliery, then, was to be among the first cases to appear before the independent review body. In the end it was *the* first, but not before management tried every means possible to get the workforce effectively to close the pit by transferring or 'taking redundancy'. The tactics of the Board during this period are central to an understanding of its attitude to the review body. It also raised serious and disturbing questions about the aims of senior management and its ability to communicate with the workforce in the industry.

A feature of the Board's strategy in reducing its workforce has been the scale of the redundancy payments on offer. A first deadline of midnight on 9 October was set for miners seeking to leave the industry with their full cash entitlements. This, the Board argued, was the *last possible date* on which they could be issued with 90-day redundancy notices enabling them to leave by the end of 1985. Those who had failed to pay national insurance contributions during the strike would lose out on some payments the following year. As the local press reported a 'scramble' to leave, a Coal Board spokesman remarked that 'nothing could be done' until union officials made an approach. As the month progressed the closures of Sacriston, the last colliery in West Durham, and of Brenkley in Northumberland, were brought forward to December as the workforces there looked to secure their redundancy payments.

The Horden workforce felt that the issue of redundancy pay

was a ruse. 'They're trying to get us to close the pit – it's obvious what they're after', one man commented. Ruse or not, the pressure on both Horden and Bates intensified. At Horden a rock-fall on G37 affected 70 metres of the 230 metre face-line, seriously affecting production. At Bates a different situation was developing. On the R52 face output had been increasing, and as it did, so the production targets increased from 15 to 23 metres of advance per shift. During the previous eleven weeks the face had advanced an average 16.1 metres per shift. As a result of the new target, the men stood to lose between £12 and £15 a shift in bonus payments. Ronnie Campbell, NUM Lodge Chairman, asked 'why have the Board suddenly decided to raise production targets?' and answered his own question: 'I believe it's tactics. They don't want Bates to stay open. It's a deplorable move. The management couldn't run a kindergarten.'

Questions of redundancy payments still loomed large. In November, Area Production Manager, Gordon Proctor, told union representatives that decisions on leaving the industry with full redundancy payments now had to be made before the 27th of the month in order to enable the paperwork to be completed by the end of the calendar year. Newly elected Durham Area NUM President, Dave Hopper, felt the Board was using 'scare tactics' to push through the closure of Horden. At Herrington, another threatened colliery in Durham, workers gave up the fight and voted to accept closure (after a rock-fall there had restricted production). At St John's in South Wales another ballot produced the same result – acceptance of closure. On the Sunday before the new deadline, though, Horden workers, in spite of the pressures and against the trend, decided to continue their opposition to closure.

Faith in the colliery's future took another knock the following week. On the Friday night a fresh rock-fall was discovered on G37, blocking most of the face. Production slipped to 200 tonnes per day. Various theories circulated among the men about the reasons for the collapse. In the previous week the face had produced a healthy tonnage. Output had started to climb. Some felt that the face had been deliberately made to collapse, by leaving it unsupported for an excessive length of time. The Board warned that in its opinion the fall would mean no more production at the pit before the end of the year.

Under these conditions the lodge officials felt it important to

ballot their members on whether to continue opposition. In an all-union ballot a resounding and, in many senses, astonishing degree of support emerged. The workforce voted by 631 to 251 to pursue the case against closure. Irvine Lyons felt that a message had gone out to the Coal Board: 'we have a future at Horden Colliery. We're willing to stand by anything the colliery review procedure comes up with.'

In the face of this determination, the Board was forced to announce dates for the review body hearings: Horden during the second week in January, and Bates the following week. Energy Minister, Peter Walker, then announced that he believed he had, after all, found a solution to the question of miners losing out on redundancy payments through leaving the industry after 1985. Clearly, earlier statements with 'unbreakable' deadlines had been superseded.

Fully aware of the broader implications of the case, the lodges met in Horden on the eve of the independent review body hearing. The Board had set out the grounds for closure very clearly in its submission:

> The Board's decision to close Horden colliery has been taken on economic grounds. The colliery has a history of heavy losses and, whilst there are limited reserves remaining, the Board do not consider that these could be worked viably. On this basis, the Board cannot justify the costs of any further development and the continued operation of the colliery.

The question of water was raised again:

> the Board considers that Horden has reached the end of its useful life. It is a colliery that has suffered (and continues to suffer) from difficult geological conditions – in particular, extensive faulting and water problems associated with the overlying Permian strata. . . . In the circumstances, the Board can see no alternative to closure.

A number of points were immediately apparent to the Horden representatives. The submission spoke of the G37 face encountering geological difficulties shortly after F27 stopped production (so that the colliery was currently producing no coal). The men were adamant that G37 suffered a roof fall two weeks before F27 stopped. A minor point, perhaps, but it raised a feeling of unease. How seriously were the Board taking the hearing? Other questions were pushed around. Was the problem of water relevant to other collieries further up the coast? 'They always said about Blackhall, it's got to be maintained to save Murton and Easington from the water. What's going to happen there if Horden floods?' Derek Gray was strongly in favour of a local input to proceedings. How were the national officials preparing to argue the case? They weren't there, so no-one could ask them. As might be expected, perhaps, given the novelty of the situation, nobody had any clear-cut ideas of procedure, of what was going to happen. It was all very much in the air.

The hearing opened on 14 January in Room 16 of Hobart House. Throughout the industry this room (where all national appeal meetings are held) is known as the crematorium – no pit ever came out alive! It is a room with no natural light. The curtains are closed as the street outside is deemed a high-risk area for explosive devices. The Chairman of the hearing, Mr Stuart Shields (drawn from the list of union nominees), chaired the meeting, with the Board on his left, NUM members on his right, and NACODS facing him. Mr Northard, NCB Operations Director, opened. In a crisp, ten-minute statement speaking to the Board's seven-side submission, he made it plain that the case rested purely on 'economic grounds'. The pit's financial record was not good and no prospects for improvement were envisaged. As he sat down it was plain that, from the Board's side, this was meant to be it. No further questions should be necessary.

For a QC this was evidently unsatisfactory. Mr Shields eventually persuaded a reluctant Mr Northard to nominate witnesses from among his colleagues to answer questions under the headings of geology, finance and social consequences. Mr Burn, Area Mining Engineer, took the questions on geology. In response to questions from the chair, he contended that the total mineable reserves in the current Horden take amounted to 2.2m tonnes, sufficient for a four-year life. Mr David Archibald, Area Director, followed. Pressed by Mr Scargill, he agreed (after a long, loaded pause) that if he had been following the same guidelines now as in 1983, he would not be proposing Horden for closure. But the most revealing questions on this first day were to do with the problem of markets.

The Board's Marketing Director, Mr Edwards, put up an assured and competent performance. In the power station market, he made it clear that 'it was obvious the North East coalfield will feel the effect of the increase in nuclear capacity more than any other coalfield'. When asked by Peter McNestry why no long-term agreement had been signed with Horden's other major market, BSC, he was regretful:

> It's a case of being wise after the event. The BSC argument would have been that the world had changed. We're looking for a document that should have been signed, then we would have sued somebody. But if we'd kept BSC to the old prices, they'd have gone broke, and we'd have had no customer at all.

As the NCB submission stated:

> To get the BSC business we have to align our prices directly to the price of imported coal delivered direct to Redcar. Taking into account haulage costs to Redcar (which we have to pay) and the quality penalty (mainly in respect of the high sulphur content of Horden coal), the true netback to the pit as at end of December 1985 is only £34.29 per tonne.

The pressures of the international market upon domestic production are clear here. Given the depressed prices in a currently over-supplied market for coking coal and the withdrawal of government support in 1979, the NCB had been forced to abandon this strategic market in the North East. In 1986 it was also clear that a similar situation was emerging with regard to the electricity generation market. During that year, under the new managerial imperatives, these facts were hammered home with a zealous sense of purpose. In the coking coal market 'there are no customers for coal at list prices'. This was the message and on the eve of the first day of the inquiry the view of the trade union representatives varied. Some felt the Board had been caught unprepared by the review body insisting that witnesses answer questions. Others felt that this was indicative of a general disdain for proceedings:

> Even if we win, another one will take its place. If we get a clear recommendation from the referee, the Board will find it difficult to close Horden. But if there's any equivocation they'll go ahead anyway.

Peter Heathfield voiced the sentiments of many, the Board had offered no evidence regarding the social consequences of closure: 'They're going to say it's costing too much, the social costs are not our concern.' This was to be a persistent theme for the rest of the proceedings.

Day two opened with the Board double ranked – they really meant business. 'They're closing ranks today', one man commented. There were two main strands to the evidence presented by the trade unions. The first concerned mining plans, geology and consultation.

Derek Gray, who had worked at Horden for 34 years and had been involved in pit-level discussions since 1975, assured the panel that he had been led by management to understand in 1983 that the colliery had substantial reserves. There was up to eight years' life in the existing workings and further life in the Zone 6 area. He recalled how he had been told in March 1985 that there would be no more consultation – 'you're now in a different ball game'.

Paul Stradling, a pit deputy whose experience at the colliery dated back to 1963, confirmed these answers. A viable mining plan could be produced on the basis of the Board's own 1983 plan, he said; 'I honestly believe we can produce the results on a four face basis'.

These two men, Derek Gray and Paul Stradling, had spent their lives in Horden colliery. Their integrity and honesty was clear as they spoke. We had had many discussions with them and with miners in Horden and what shone through these discussions, with a brilliant transparency, was that the men had believed what they had been told in the past, and that they believed in the future of the colliery. This was also apparent in that meeting-room in Hobart House, and would have to be challenged in some way by the management.

If the men who worked the mine could claim honesty and integrity, the men who managed the mine had expertise as their trump card. No matter what else, they had the knowledge. They demonstrated this regularly. But they needed more. 'Mr Stradling', asked the Board's Operations Manager, 'do you think I am

an honest man?' It is not an easy question to be asked by your boss and Paul conceded the point. (Later he claimed to have had his fingers crossed under the table, thereby excusing all lies!) This line of attack became tougher when the Board was faced by independent witnesses who appeared to challenge the Board's knowledge. This was especially the case with Dr Eric Wade. Wade had been originally trained as a mining engineer and had considerable knowledge of the geology and underground conditions of the Durham coalfield. He was called by the trade unions as an expert witness on the basis of the research he had undertaken into the socio-economic consequences of colliery closures. He was questioned by Mr Northard, the Operations Manager of the NCB, who was at pains not to discuss the substantive issues but the experience and character of the witness. The transcript reads as follows:

Q. Are you qualified to manage a coalfield?
A. No.
Q. What practical management experience have you had in operating?
A. I have no experience in operating because after 1966, when I obtained my Ph.D., it was rather difficult then for the Coal Board and they did not want people who had doctorates in management, so they suggested I should go elsewhere.
Q. For your information we have numerous people with doctorates.
A. I know. But at the time, shall we say, it was a rather difficult period. Lots of pit closures, particularly in the North East in that period – should I say the demand for my skills in the North East area – which I wanted – was not there. I could have had a job with the Board in a research capacity.
Q. You were never really interested in management?
A. I would not say that.
Q. You would not take your management certificate. People who are interested in management would take the management certificate.
A. I would have had to take just that section in mining law. Since I did not remain in the mining industry after 1966, after completing my work at Fishburn Colliery I went to Cambridge to do postgraduate studies in economics.
Q. You have referred to Mr Edwards and his problem of trying to sell coal at prices that we were able to produce at.
A. Yes.
Q. Have you any personal knowledge of selling coal to commercial buyers?
A. No.

What this revealed, most clearly, was the authoritarian strand to be found in the managerial ideology of the Coal Board, and this carries through to British Coal. This monopoly of coal production and of coal markets was mirrored in its claim to the monopoly of knowledge relating to coal-mining matters. This approach, as we have seen, was extended to the review procedure itself. Mr Northard made it clear that British Coal took exception to the format of the review and to the idea that its representatives should be cross-examined by representatives of the trade unions. He also made it clear that, in the company's view, the review should be conducted within narrow economic and geological parameters. It should not, for example, be extended to consider indirect economic costs and certainly not the social consequences of mine closures. On these matters British Coal studiously folded its arms; it was not concerned to present or to attend to evidence which considered the wider implications of coal-mining redundancies upon the coal districts.

However, the pit deputies' union, NACODS, wished to stress this aspect of the case and had hired a firm of chartered accountants to analyse the Board's projected savings from closure in comparison with the costs. The costs of *closing* a coal mine can be assessed fairly accurately (see Hudson *et al.* 1984): 870 redundancies would involve statutory payments of around £2.9m, of which the NCB would be required to contribute 59 per cent or £1.75m. Ironically, these payments would then appear among the production costs of the remaining collieries. As Emile Woolf explained:

> Hundreds of millions of pounds of costs [at the NCB], related more to the contraction of the industry than its operation, are cited in the case for shrinking its capacity –

> surely one of the more blatant cases of the proverbial self-fulfilling prophecy . . . 'Operating costs' are loaded with items which have nothing to do with operating mines – but rather to do with *not* operating mines . . . [such as] the very substantial inducements not to work until the normal retirement age.

After its initial £1.75m payment, the NCB would cease to have any further obligation or responsibility. The rest of the financial burden would be borne directly by the tax payer. Coal-mining job losses increase the expenditure of central government by substantial amounts in the form of unemployment benefits, redundancy payments, payments under the Redundant Mineworkers Payment Scheme (RMPS) and rent and rate rebates. In addition, revenue is cut from income tax and national insurance. These costs can be fairly accurately assessed. In the year of Horden's closure they would total £19.65m. Significantly, the redundancy payments made under RMPS (the major proportion of this £19.65m) do not appear in NCB accounts, but instead come under a separate fund administered by the Department of Energy. Many of the costs would recur in subsequent years and it seemed likely that by 1989, four years after closure during which time coal could have been mined, central government would have paid out a total of £28m. These financial costs can be seen to be fairly directly associated with the closure of a coal mine. However, the costs do go further, and affect local government also. In 1984–5 for example, the NCB contributed £90,000 in rates at Horden and the following year's contributions totalled £87,000. This revenue would, of course, cease with closure, and would only be replaced if other commercial concerns expanded in the area. Given the loss of income in the village, it seemed much more likely that shops and services would also decline and that the commercial rate would follow a downward path.

Taking all aspects of the closure decision into account, it was estimated that the combined *measurable* costs would be at least £24.5m *in the first year*. Over time the cumulative costs of closure would certainly rise, probably to as much as £35m over a four-year period. The NCB would pay just 10 per cent of this.

These costs, together with the indirect 'knock-on' effects of closure, could be seen as real *economic* costs, which it can be argued bear on an economic decision to close a mine. Equally important are the wider social *consequences* associated with long-term unemployment and the unemployment of young people. These too can be 'costed' (via estimates of the resulting increases in state expenditure) but they also have a deeper social significance. The closure of Horden colliery would lead to 870 redundancies in an area where 19 per cent of the male population was already unemployed. In these circumstances it seemed likely that any redundant men who obtained jobs in the district would do so at the expense of other unemployed people. People could of course leave, or travel beyond the area in search of work. In posing these alternatives as solutions it became clear to the people who worked at the mine that it was a way of life that was under threat, not just a coal mine.

These were the issues which the trade unions wished to raise in the review meeting at Hobart House. The NCB representatives were equally determined *not* to discuss them. This posed a serious problem for the deputies' union, NACODS. It was this union which had been promised this new independent stage in November 1984 in return for not striking after receiving an overwhelming vote in favour of such action as a means of preventing colliery closures. The vote had taken place while the miners were on strike, and a strike by the deputies at that time would have tipped the balance in favour of the NUM. The NACODS representatives were sure that the NCB had agreed that all issues relating to the closure of a coal mine could legitimately be considered by the new review body. At Hobart House in January 1986 Peter McNestry raised those issues in a highly charged and, at times, emotional statement. He informed the Chairman that it had taken fourteen months and twelve meetings to get to this review hearing, and he was in no doubt that the Board had undertaken to consider the wider costs and implications of colliery closures. 'The agreement was sanctioned by the government because they needed it at the time, and the government cannot get out of it.' To Mr Shields he addressed a plea: 'You are in a unique position. You are able for the first time ever to determine the future of a colliery. Should the Board ignore your recommendations, they will lose total credibility.'

The NACODS' accountant opened by analysing the Board's proposed savings from closure, using figures from a document

dated June 1985 which had been extracted from the Board the previous lunchtime. Mr David Archibald took a back seat as a Board finance member moved alongside Mr Northard. In its evidence the Board had studiously refused to discuss or consider economic costs beyond the narrow production costs of the colliery. As such, the discussion of the case presented by NACODS and the NUM was predictably restricted in its scope. Here too the Board was concerned to establish the illegitimacy of evidence and data other than its own. Again Mr Northard's tone was hectoring: 'Have you done any other calculations on the mining industry?' 'Would you recommend a bank to invest in us?' It *was* a different ball game. Coal Board managers who had once talked the language of 'production', 'budgets' and 'plans', who at one level had once embraced the idea of a mining industry with a 'cultural heritage', now talked only of markets. And it was tough talk. The pit was going to close. Given the logic of markets it had to happen. But it was still a brutal thing to do. Some of the Board's representatives sensed this. 'I'm closing your pit but can't we be friends?' That was the question posed over tea and coffee to one Horden miner. The answer then was a laugh. On the train going back it was clearer – 'Friends! He wants to be friends after all they've done. There's only one answer to that question.'

On the journey home the Horden miners talked of the party they would have in the club if they won. Some thought that sufficient evidence had been presented to win the colliery a four-year reprieve for existing workings to be fully exploited. The alternative didn't bear thinking about. Yet it was at the back of everybody's mind.

The review body's verdict was returned at the end of January and it was a disappointing one for the Horden workforce. There was no party. The pit was to close. In his report Mr Shields made clear that he was in no doubt that the Board was in breach of existing review procedure, having taken steps to transfer men from the colliery, and thereby prejudicing any further review hearing:

> As a result by the time the review procedure was resumed the elimination of the available manpower excluded any possibility of carrying out the plan to which the unions had agreed in September 1983. I find on the documentary evidence of the minutes of meetings and the correspondence from which I have quoted that the Board's actions were in fact contrary to the clear understanding expressed in the documents.

However, he was

> not satisfied that had the matter been pursued in accordance with the agreed procedure at an earlier date that the conclusions I have come to in this report would necessarily have been different.

Whatever the moral or political judgement on the behaviour of the NCB's management, given the market situation and the mining plans for the colliery *'as of this moment in time'*, there seemed no option but closure. In his view Horden 'could continue to produce coal for a period of four to five years (but) in view of the evidence about Zones 5 and 6, there are no substantial grounds for forecasting a longer productive life for the colliery'. On a two-face basis Mr Shields seemed unconvinced by the optimistic estimates of the union representatives and proposed that Horden could produce some 400,000 tonnes a year. This would involve an operating loss of £2.7m per annum with no prospects for further marketing of Horden coal being envisaged.

Against this position the social consequences were evaluated. Given a short life for the colliery, these costs, Mr Shields reasoned, would have to be incurred at some point:

> Looking at the question narrowly, Horden's life is in my view a limited one at best because of the geological and mining factors I have outlined. Lump sum payments therefore occasioned by closure will be incurred in any event.

Nor did he feel that these costs were unimportant: 'I fully accept that serious consequences will result to the local community if Horden is closed, not only on adult employment and youth employment but on the economy generally.' But, and this became the critical point, Mr Shields agreed that the Board had *no statutory obligation* to take these consequences into account:

> to consider the general economic position of the area, the cost to central and local government where such matters do

> not impinge on the carrying out of the Board's statutory duties, are in my view matters for Parliament. . . . Where the social consequences of a decline in coalmining in a region would be particularly acute, it is for the Government to decide what action to take.

As a result, he concluded: 'my view is that the proposal to close Horden Colliery is a reasonable one'.

Horden, then, was to close. However, during the following week another QC, Mr Bowsher, who had been Chairman for the discussion of the Bates colliery on the Northumberland coast, proposed a two-year reprieve for that mine. Social consequences, he felt, *were* within the ambit of the review body's jurisdiction. As he reasoned:

> The social consequences of closure of a pit were matters which NACODS wished to be taken into account in the New Modified Colliery Review Procedure. The NCB never agreed to this. But so far as I can ascertain from the evidence before me, it was never explicitly stated that social consequences would be disregarded.

At Bates, the colliery had substantial reserves of coal which should not be left sterile if at all possible:

> The marketing problems for Bates coal are severe. I do not believe that they are insuperable. If the NCB and the Unions would only demonstrate to the voting public the measure of common interest that was demonstrated to me during this hearing, I believe that a change in government policies could be effected, particularly as we approach a General Election. The influence of the environmental lobby in all parties is not to be underestimated and that lobby will not lightly accept that substantial national resources should be discarded.

Within two years, the unions had argued, the colliery could start contributing to area overheads (thus make an operating profit) and Mr Bowsher argued that:

> The workforce at Bates have been led to believe that the pit has a future and they have made financial sacrifices on that basis. Fairness requires that the workforce should be given the chance to prove that the pit has a viable economic future. There is at least a possibility that Bates has a viable economic future.

Accordingly, he recommended:

> That Bates Colliery be operated for two years from now on the lines of the 'Bulmer Plan' and if results then show that the 'Bulmer Plan' is to a reasonable degree on course and there is then a reasonable expectation that a contribution will be made to overheads the colliery should remain in operation thereafter.

In the North East contrasts were readily drawn between the two cases. Peter Heathfield, speaking after a meeting in Newcastle, expressed a commonly held sentiment:

> The only reason why Bates got the verdict and Horden didn't was simple. Horden didn't have any faces working – because they'd sabotaged them. Simple as that – they'd sabotaged the face and the pit had no chance.

Equally significant was the importance attributed by Mr Bowsher to 'fairness', and to the fulfilment of past promises to the workforce, together with the importance of preserving natural resources which would be sterilized on closure. A leader in the *Newcastle Journal* on 5 February responded positively to these themes:

> it is surely now incumbent upon the National Coal Board to accept the recommendation of the panel. Presumably, there would be no hesitation in accepting decisions that go in the NCB's favour.
>
> We would hope that the Coal Board not only accept with good grace, but that they also try to ensure that Bates continues to produce coal for much longer than the two years mentioned.
>
> Justice demands that Bates now be reprieved. Failure by the Coal Board to accept the outcome of the colliery review procedure would be sure to attract widespread opprobrium.

But it was a different ball game. The Board had said it often enough, but there was a suspicion that even its managers had

not fully comprehended just how hard the ball was in this new game of markets and cost-effectiveness. An NCB board meeting on the 7 February decided that salvage work was to start forthwith at Horden. No more coal was to be produced. A decision on the situation at Bates, on the other hand, was postponed until 20 February, when the Board announced its reaction to the verdict. Bates was to close too. As the *Newcastle Journal* commented:

> The National Coal Board's decision to close Bates Colliery at Blyth will attract little else but condemnation.
>
> It demolishes the credibility of the independent colliery review procedure, under which it was recommended that Bates should remain open for at least two more years.
>
> Whilst there was no requirement for the NCB to abide by the recommendation, it should have been accepted as a matter of good faith. What is the point of holding such proceedings if their decisions are then to be tossed aside with the Coal Board effectively deciding to go its own way irrespective of what the review body may say?
>
> Social considerations, says the NCB, sounding like a nineteenth century pit-owner, are not its concern. But they are the Government's. Energy Secretary Mr Peter Walker has to decide whether or not to allow the Coal Board to be judge, jury and hangman. He should intervene – in the interests of fairness and the NCB's reputation.

It is fair to say that a lot of people in the coalfield district of the North East shared this view. What it confirmed, however, was the logic of the new strategy for coal. At Bates the trade unions attempted to retrieve the situation. They obtained an injunction to prevent closure while talks continued, along with a judicial review of the decision. However, on 28 February in the High Court the union was unable to give any undertaking to meet financial losses that the Board might suffer in the interim, and the injunction was removed. In March the judicial review, first won by the NUM, was lost on appeal in the High Court. By this time the workforce had become quite demoralized. A national ballot of

NACODS members on an overtime ban failed to achieve anything like a majority. Local union leaders were forced, unwillingly, to concede defeat. Many of them, like Ronnie Campbell (now MP for Blyth), refused to transfer and to continue to work for an employer which he felt to be 'totally dishonest'. And he was not alone in this view.

Part three

Themes, issues, problems

6

Rationalization, privatization and the market

The Horden mine closed in 1986. It was to be one of many. Table 7 lists some of the 83 coal mines which closed down in the four years since the end of the miners' strike. It is a chilling list and it shows how no area was left unaffected. In March 1983 the industry employed 287,600 men at its collieries. Six years later the number had declined to 80,100 (British Coal 1990) and the numbers continued to fall. An estimate for employment in the mines in March 1990 puts the figure at 66,000 (Department of Energy 1990).

This has been a dramatic decline. Almost half of the collieries have closed and two-thirds of the workforce have been made redundant. During this process few followed Horden and Bates through the review procedure. 'What's the point?' That was the general feeling. 'The Board is going to do what it wants anyway – they've got Government at back of them and there's no way that procedure will affect what they do.' Also, men were demoralized by the new conditions in the mines – demoralized and, in the end, often talked of being 'glad to be out of it'. In 1986 British Coal employed a firm of consultants to gauge the feelings of the workers it employed. It reported that communication and understanding between management and workers was 'worse than we have found in any other survey'. On the specific questions which related to workers' information about management decision making, 'the scores were so low we thought that there must be some error in our data' (*The Guardian* 17 February 1986).

Table 7 Selected colliery closures 1985–8

Colliery	*Area*	*Date closed*
Ackton Hall	North Yorkshire	5 July 1985
Moorgreen	South Nottinghamshire	19 July 1985
Pye Hill	South Nottinghamshire	9 August 1985
Saville	North Yorkshire	23 August 1985
Bedwas	South Wales	31 August 1985
Celynen South	South Wales	6 September 1985
Markham	South Wales	20 September 1985
Treforgan	South Wales	30 September 1985
Aberpergwm	South Wales	7 October 1985
Penrikyber	South Wales	9 October 1985
Yorkshire Main	South Yorkshire	11 October 1985
Wolstanton	Western	18 October 1985
Brookhouse	South Yorkshire	25 October 1985
Cortonwood	South Yorkshire	25 October 1985
Brenkley	North East	25 October 1985
Bold	Western	15 November 1985
Sacriston	North East	15 November 1985
Herrington	North East	22 November 1985
St Johns	South Wales	22 November 1985
Haig	Western	26 November 1985
Fryston	North Yorkshire	6 December 1985
Garw	South Wales	13 December 1985
Emley Moor	North Yorkshire	20 December 1985
Bates	North East	25 February 1986
Horden	North East	28 February 1986
Glasshoughton	North Yorkshire	28 March 1986
Polmaise	Scotland	July 1987
Wheldale	North Yorkshire	16 October 1987
Nostell	North Yorkshire	23 October 1987
Snowdown	Kent	23 October 1987
Woolley	North Yorkshire	21 December 1987
Redbrook	North Yorkshire	22 December 1987
Arkwright	Central	22 January 1988
Seafield	Scotland	22 January 1988
Ashington	North East	28 January 1988
Lady Windsor	South Wales	8 February 1988
Abernant	South Wales	23 February 1988
Linby	Nottinghamshire	11 March 1988
Mansfield	Nottinghamshire	25 March 1988
South Kirby/Ferrymoor	North Yorkshire	25 March 1988
Manvers	South Yorkshire	25 March 1988
Cadley Hill	Central	25 March 1988
Mergers		
Annesley with Bentinck	Nottinghamshire	26 March 1988
Barony with Killoch	Scotland	29 March 1988

Source: NUM Annual Reports 1986, 1987 and 1988.

Under these circumstances men left the industry. They 'took their lot'. Here the parallels with the previous experience of British Steel (where the workforce declined from 125,000 to 50,000 in four years) and the subsequent ones at the nationalized British Shipbuilders are powerful. In each of these state-owned companies powerful workplace traditions existed, captured in trade union agreements and in the operation of custom. These were not simply (or even) 'restrictive practices'. Rather they were patterns of workplace behaviour which, in composite, added up to *being* a miner, or a teamer, or a plater, or a fitter. The restructuring and rundown of these industries seems to have been predicated ultimately upon the operation of the power of the state to break these traditions, creating thereby a demoralized workforce – most of whom leave, some remaining under the new conditions.

In the steel industry, in 1980, the workers responded to a 'zero' pay offer with a strike which lasted 13 weeks. After returning to work, trade unionists on Teesside recall how management was wilfully determined in its drive to cut capacity. Accounts of meetings to discuss the closure programme resemble in their detail those which took place at Horden. 'They had eyes with steel shutters over, they were enjoying it.' This view, expressed by Tony Cook of the ISTC on Teesside, was generally shared by branch officials involved in negotiations with British Steel. Frequently they made reference to a new ruthless streak in their management and of 'management by fear'.

A similar pattern developed in the coal industry. As pit after pit closed, men calculated 'just how much longer [they could] stand it'. In this process (and in spite of the NUM's continued rhetoric about not 'selling your job'), any number of men – among them strong supporters of the union – left the industry. They had had enough.

Amid this, however, some groups of workers were so incensed by their treatment, and by the waste involved in colliery closures, that they *did* resist and pushed their case through to the final stage of the procedure. Cadeby in South Yorkshire was one. In his assessment of the situation in the mine and its locality, the Review Chairman, Mr John Diamond, wrote:

> The NCB has the right to shut a colliery for due cause and the fact that a colliery is inevitably loss making must

> necessarily constitute due cause for closure. But economic and social considerations *do* seem to me to be relevant when considering the pace of withdrawal from coalmining in a particular area and the rate and timing of pit closures. The NCB in my view has an obligation at any rate where several collieries are concerned or where coalmining is the only economic activity in a certain area, not to close a colliery save on reasonable notice. This is not a legal obligation, it is a moral one.

British Coal refused to accept this reasoning. Where it acknowledged such moral obligation, it argued that it was satisfied through the payments it made to the redundant miners, and (as we shall see) through its contribution to the economic regeneration of the coal districts through its enterprise scheme. Such 'moral obligation' could and would have no place in the day-to-day running of the industry. This, as was made plain by Malcolm Edwards in the Horden review, was determined by markets alone. That and the ongoing drive toward privatization.

During the 1984–5 miners' strike many of the private opencast operators continued to produce coal and sell it on the open market. Several fortunes were made as a result. In the North East one such operator, Banks, was picketed by the miners. This company took out an injunction against the Durham NUM and the court ruled that all picketing of Banks's sites should cease. At that point, Tom Callan, the moderate General Secretary of the Durham Area, remarked that: 'They are just out to make as much profit as they can, and they'd do anything to make a profit. They're just private capitalists. Ruthless capitalists.' This feeling of antagonism rested upon more than the writ issued by Banks against the union. It stretched back to 1947 and the idea that the private interests had been removed from the industry. In 1984 they could be seen as active agents once again; and subsequently these private operators have exerted a powerful pressure upon the government, arguing for the privatization of the industry.

Theirs was not the only pressure however. The coal industry had few friends in the Tory Cabinet, and the miners' union none at all. In the years that followed the strike all parts of the industry (and this of course includes the UDM) were to come to realize this.

In 1984, stockbrokers Laurie Millbank had considered the prospects for privatizing the industry. They had concluded that at least 60 of the 180 pits would have to close before British Coal could be sold off as 'a commercially viable business'. Two years later (with the number of pits reduced to 118) the newly appointed Chairman of British Coal, Sir Robert Haslam, announced that 'At the end of the day, privatisation is a matter for the government'.

However, Haslam made clear that he knew well enough the government's intentions. Like Peter Walker, the Secretary of State for Energy, he was aware that the Prime Minister wanted to privatize 'most elements of the nationalised industries' (*The Guardian* 12 November 1986.) His speech was fully reported in the *Daily Telegraph* on the same day:

> We believe that first we have to get through the break-even milestones and then build on a reasonable track record and establish financial viability. This will make privatisation possible. We hope, in the end, that the Government would see us privatised as a whole rather than in a fragmented way.

He told the press conference that 'privatisation on an individual colliery basis would be a mistake, but I am not against privatisation'. Statements like those (and those which subsequently came from the Department of Energy) encouraged opencast operator Bob Young to imagine himself in the role of a major northern coal owner. In 1987 he had been successfully nominated by Ian MacGregor as a Freeman of the City of London and when, in June 1988, his company, R. and A. Young, was floated on the stock exchange he took advantage of his visit to the capital to visit the Department of Energy. There he had 'serious discussions' about his future prospects:

> The question we were asking the Department of Energy was: 'In the event of the North East coalfield being available en-bloc what would be your position.' We told them we have the financial backing to buy them . . . we have given our commitment as a company to secure the mining rights in the North East and retain them locally, in the interests of coalmining, the workforce and the community. . . . The last thing I want is for the North East Mines to end up with a

> London based organisation or controlled from another country.
>
> (*Sunday Sun* 5 June 1988)

This enthusiasm fits well with an idea of a new enterprise culture emerging in the North. And there is no doubt as to how Bob Young sees himself in this way; one-time face worker and lorry driver, he has made a considerable fortune in the coal trade. However, large-scale deep mining is a rather different proposition from selling opencast coal on the fringes of the market. Haslam realized this in 1986. 'It would be difficult', he said, to establish the conditions which would allow privatization to work. For him the task of getting British Coal 'financially viable' and ready for sale in the market was subject to a number of very real constraints. These constraints made clear the limitations of a simple 'enterprise' solution for this sector of British industry.

In 1985 British Coal finally buried the 'Plan for Coal' and replaced it with 'New Strategy for Coal'. This was no tri-partite document, nor was it aimed at expanding production. The new strategy involved the establishment of tight cost parameters against which all new investment projects and the viability of collieries, would be assessed. In this costs per tonne were replaced with costs per gigajoule (GJ): a measurement of the heat produced by the fuel. In moving to this new standardization, British Coal tacitly recognized that it would no longer be selling the *coking* properties of its coal. Horden's demise was part of a general approach which marked the abandonment of the coking coal market to the international producers. British Coal's future was seen to lie in steam generation and thereby in the hands of its dominant purchaser, the CEGB. This was recognized in the way in which it changed its costing arrangements. The 'New Strategy' established three critical cost barriers: £1.65 GJ; £1.50 GJ; and £1.00 GJ, and argued that

> It is most unlikely that any colliery constantly producing at an operating cost in excess of £1.65 GJ could make an economic contribution even if supply and demand were in balance. In the short run we would regard this as an absolute upper limit of acceptable costs . . . indeed in due course we shall aim at costs of no more than £1.50 GJ at our long life pits. Because the UK market is likely to be contained for some years ahead . . . any additional production must be low enough in cost to justify additional exports at prices of about £1.00 GJ.

In the operation of this policy pits were closed and productivity rates increased dramatically in those which remained. In March 1987, the Secretary of State for Energy reworked these objectives with Sir Robert Haslam. The new agreement made clear that coal production must make a satisfactory return on capital, and that the industry should aim to break even by 1988–9. Again the emphasis was upon low-cost production and long-term profitability, with the general understanding that costs per gigajoule should be reduced by a further 20 per cent on the 1985–6 performance.

Under these pressures, daily output per face had, by 1989, increased 94 per cent above the 1983 figure. Overall output per man shift (OMS) was up by 85 per cent and overall operating costs had been cut by 25 per cent. This pattern was seen clearly in the North East. At the time of the Monopolies and Mergers Commission (1983) investigation into the industry, 22 collieries operated in the area with an average OMS of 2.5 tonnes. By 1989 just seven collieries remained with an average OMS of 3.9 tonnes (see Table 8). This performance was assessed in the most recent investigation by the Monopolies and Mergers Commission (1989) as 'impressive by any standards'. Yet *still* British Coal makes losses and *still* cutbacks are envisaged.

In spite of these changes Michael Spicer, the minister responsible for the coal industry, could claim that he

> was not happy with the speed with which the corporation is introducing more flexible working practices . . . [these] . . . were essential to raise the return from expensive machinery which has been widely introduced since the end of the 1984–5 miners strike. British Coal unveiled its plan for more flexible shift patterns almost two years ago but little progress has been made in implementing the changes.
>
> (*Financial Times* 15 June 1988)

Spicer made this attack at the annual conference of the UDM in Weymouth. He spoke there in the knowledge that in the Nottinghamshire coalfield considerable flexibility had been

Table 8 Collieries in the North East: performance 1981–9 in tonnes

Colliery	*1981–2 OMS*[1]	*1989 OMS*[2]
Herrington	1.21	Closed
Sacriston	1.23	Closed
Marley Hill	1.34	Closed
Horden	1.47	Closed
East Hetton	1.49	Closed
Bearpark	1.52	Closed
Shilbottle	1.67	Closed
Brenkley	1.71	Closed
Lynemouth	1.76	Closed
Hawthorne complex	1.82	3.91
South Herton	2.06	Closed
Easington	2.22	3.51
Ashington	2.25	Closed
Wearmouth	2.25	3.04
Dawdon	2.31	3.73
Bates	2.35	Closed
Boldon	2.36	Closed
Seaham	2.44	Closed
Vane Tempest	2.48	3.68
Westoe	2.67	3.74
Whittle	2.79	Closed
Ellington	3.75	4.99
Average	2.50	3.89
Total collieries	22	7

1. Monopolies and Mergers Commission 1983: Appendix 3.5(b).
2. British Coal 1989.

introduced into working practices, and these had been finally agreed by the union. Here men worked at weekends on the basis of private contracts for which they had tendered – to open a face or advance a heading. In this tendering process, teams of men competed with each other and with outside contractors for weekend work. This, in form, is the butty system which operated in the industry prior to nationalization. Similar arrangements operate generally in the Lancashire and Staffordshire collieries with men being paid in two payments: one for the week and the other for the weekend contract. Informally, other practices of weekend working and coal cutting have spread through the coalfields of Yorkshire and the North East. There too private

'bargains' (or contracts) were being struck between managers and work teams as a way of increasing production. In 1987, the Murton colliery established a national record for the development of a heading. We asked the Lodge Secretary how this had come about. We were told that the management had offered a contract to the men. The Lodge had advised the men against this but 'they took no notice. As they see it they want to get as much money as they can now when the pit is working.' As another man put it:

> They all want to be out really. And they all expect the pit to close. So their attitude is 'there's nothing the union can do about it so let's get what we can before we take our lot'. It's a pretty general attitude really.

These facts were generally recognized within the union. British Coal's approach toward industrial relations has shown a marked shift since 1984. The approach to the union and the workers at Horden was but one example of a general trend away from a 'constitutionalist' approach toward industrial relations. This was seen most clearly in the way in which the 'Conciliation Scheme', established under the 1946 Nationalization Act, had been terminated. The issues here are rather complex ones and relate to the presence of two unions in the industry. The upshot of it has been that the management at pits is no longer constrained by the procedures of collective agreements that had patterned life in the industry since nationalization. In those circumstances Peter Heathfield agreed that

> anyone looking at the average number of shifts worked in the industry would find six rather than five. In some instances members of the NUM are producing coal on Saturdays, although traditionally it has been a rest day in the mining industry.

In summing up the experience at British Coal he said that 'It is the same sort of attack on agreements which many of you in the public sector have been facing' (*Financial Times* 1 November 1988). Mr Heathfield made this statement at a conference on electricity privatization, and this fact brings together many of the issues and difficulties experienced in the coal industry. We have seen how the pattern of change in British Coal followed in many respects

the pattern established in British Steel as *it* approached privatization. In dealing with its problems, British Steel enforced changes in working practices and bought coal on the international market. It closed plants, sold off others and generally cut its capacity to a fraction of that expected under the plans outlined in the early 1970s. British Coal has done the same. In *its* case, however, room for manoeuvre is contained by the fact that it is an *extractive* industry. Unlike British Steel, it cannot reduce costs by purchasing cheaper raw materials – it *produces* the raw material – and most of it goes to the CEGB, another nationalized industry being prepared for privatization.

British Coal, as part of its 'push to competitiveness', had been made increasingly aware of the international spot market for coal by the purchasing department of the CEGB. In its evidence to the Select Committee on Energy (House of Commons 1986) the CEGB compared pithead prices at Westoe in the North East with those available on the spot market. The contrast was between £43.30 a tonne and £32.73 a tonne. It concluded that:

> New contracts for substantial tonnages of imported coal could perhaps be obtained at prices marginally less than present prices on the spot market. . . . The analysis demonstrates that the Board's coal bill (including delivery charges) could be reduced by £549 million (about 14%) in the third year if imports increased progressively to 30 million tonnes/year.

Clearly, there was an element of bluff and power politics in this. Nevertheless, a contract was signed between the two state companies which recognized the international availability of coal and oil.

The *International Coal Report* (20 June 1986) described the arrangements in this way:

> The arrangement covers 72 million tonnes of coal although BC hopes to persuade the utility to buy an additional 1 million tonnes. Even this will be 7 million tonnes down on 1985–6 purchases. The first 50 million tonne chunk will be priced at £46.88 at the mine; the second chunk of 10 million tonnes is geared to a combination of the prices of low sulphur heavy fuel oil and coal delivered to inland stations and works out at just below £34 a tonne at the mine; the remaining 12 million tonne is linked to the delivered price of international coal and is marginally below £30 a tonne.

The variable prices built into the second and third tranches meant that British Coal's prices were increasingly linked to variations in the international energy markets. As such, the decline in the *oil* price in 1988 created a crisis within British Coal's operations. As the *Financial Times* (10 October 1988) reported:

> prices for some of the coal delivered to power stations are adjusted to reflect price movements in heavy fuel oil. In the past year, fuel oil prices have dropped from about $80 (£47) a tonne to the present $50 a tonne.

As a result of this decline, the CEGB was 'seeking a cut in its coal bill of over £100m a year'.

In this way, therefore, international market prices, and the political decision to sell off British Steel and the CEGB, put increasing pressure on British Coal's operations. These pressures were made abundantly clear in 1988 when, in his dealings with the South of Scotland Electricity Board (SSEB), Malcolm Edwards ended up in court. The SSEB had decided unilaterally to purchase coal on the international market and, as Edwards put it, 'the last thing we want is to end up in court with a customer but there seems to be no genuine alternative'. As British Coal's counsel put it 'we are talking effectively of the destruction of the Scottish coal industry . . . the issue dependent upon the outcome of this case is that there would be no deep mines left' (*Financial Times* 2 March 1988).

In that same month, BP had offered the CEGB its old Isle of Grain port in the Thames estuary as a potential coal-importing terminal. Currently, the Thames Valley power stations are supplied by coal from the coastal pits of Durham. Such a terminal would make increasingly real the competition between the coal stockpiled in Antwerp, Rotterdam and Amsterdam (the ARA ports) and that deep mined in the North East. Certainly, it seemed that once privatized, the new electricity generating corporations would have no obligation to honour the CEGB's contracts with British Coal.

In assessing the implications of the international coal markets and privatization of the electricity supply industry upon British Coal, an authoritative study came to the following conclusions.

Even *without* privatization 'we expect an introduction of imported coal, of at least 10 million tonnes by the mid-1990s. This will serve to hasten the decline of the North East, North Nottingham and North Derbyshire regions of the Coal Board which supply the Thames estuary stations and Didcot' (Holmes *et al.* 1987: 106). With privatization, however, the authors anticipated a much sharper increase in imports. As they reasoned:

> It is possible that the coal industry in Britain could be protected by some sort of barrier to imports, though it is very difficult to imagine that a government prepared to privatise the electricity industry would be likely to adopt such a tactic.
>
> (Holmes *et al.* 1987: 108)

They concluded that, given the pattern of privatization:

> the prospects for the coal industry vary from a sharp acceleration of its rationalisation programme, and a stabilisation thereafter, to a radical and permanent reduction in its power station market, and the shrinking of the industry to its central belt.

Either way the authors were clear that the North East faced permanent 'closure by the mid-1990s at the latest'.

These facts – of the market and international trade – found Malcolm Edwards attending a conference organized by opponents of the privatization of electricity. At the Horden review Edwards was seen by the trade union representatives as 'the man who shut the pit'. His evidence on the imperatives of market forces and the tyranny of prices was cogent and impressive. There was no alternative. British Steel *had* to buy on the international market to survive. Horden thereby *had* to close. That was his message *that* day. In 1988, however, he argued that in relation to steam coal and electricity generation other considerations were important.

> The Electrical Supply Industry (ESI) burns 77% of the coal sold by British Coal. The CEGB alone burns 70%. British Coal accounts for 45% of CEGB's total costs and 55% of its operating costs. Even if British Coal continues in public ownership during this parliament, its future will be determined at the same time as the change in ownership of the ESI.

This duopolistic arrangement had, he argued, worked to the general advantage of both the industries and the consumer, and it should remain so in the future. He asked the question, 'would not a switch to foreign coal save £750 million a year?' and provided his own answer: the figure, he said

> is based on no study of the market now or in the future, cannot be substantiated and should be disregarded. Certainly tonnages of coal from abroad are available more cheaply than tonnages of British coal. They have been for a year or two; . . . six years ago this would not have been a serious issue. But internationally traded coal is only 4% of world steam coal production. It is now in gross surplus because of over investment and because demand has not risen as was expected. The producers with low operating costs are foregoing a return on their capital investment so as to drive out competitive producers in the West. . . . Present price levels for international coal are quite unsustainable . . . a substantial shift to foreign coal at power stations would mean closing the equivalent amount of British Coal capacity. This would apply in every coalfield – the North East, Nottinghamshire, South Wales – nothing could be sheltered or preserved just in case it was needed in the future.

This reference to 'shelter' and 'preservation' is an interesting one. It has a familiar ring because, of course, it belongs to another song – one which stresses planning rather than markets, and the importance of coal reserves and scarce skills over short-term market fluctuations. When the winds of the market place begin to blow with severity, the protagonist of the 'New Strategy' slips into an earlier rhetoric. And this slip is a critical one. It came out strongly in 1989 as the *Financial Times* assessed Sir Robert Haslam's tour as Chairman of British Coal. Explaining the pressures upon the industry the article concluded in this way:

> Above all, there has been pressure from the Government to smooth the privatisation path of the electricity industry

even if that means damaging the coal industry's own short term reputation.

It was left to Mr Cecil Parkinson, Energy Secretary, to spell out the situation when he told the Commons last week that, instead of breaking even this year, the corporation's losses would reach £100 million with more of the same next year.

He added that the corporation was reacting to these pressures by accelerating the 'restructuring of its operations' by shedding 'unprofitable businesses in non coal markets' and by reducing its capital requirements over the next two years.

(*Financial Times* 14 February 1989)

Clearly, there were going to be more redundancies, more closures. Clearly, the protestations of Malcolm Edwards had counted for little in the government's assessments of its priorities. In these circumstances

> Sir Robert must be more frustrated than ever. . . . His three year chairmanship is due to end at the end of August, but it is reported that he has been asked to stay another year. In the new climate, it is not yet clear whether he will.
>
> (*Financial Times* 14 February 1989)

In this climate more and more miners have made their decision – and have opted to leave. As the pace of these redundancies increased, large questions were again raised about the future of the coal districts.

7

Halting economic decline

In 1984, in her interview with the *Financial Times*, Margaret Thatcher cited the North East as a clear example of her policies working. The failure of northern dockers to join in a national strike, and the location of the new Nissan plant near Washington were the specific examples she mentioned. In this way, unemployment (created through the restructuring of old traditional industries like mining) is held to provide its own solution in reduced militancy, increased acceptance of new flexible working practices and new jobs in advanced sectors of manufacturing.

Were this a viable option for the North, it might be worth considering seriously. While it involves the questionable judgement of inflicting unemployment upon a generation of young people, it could perhaps be argued that the long-term benefits make such suffering worthwhile. However, there is much which suggests that the suffering for many people in this area is likely to be of a long-term nature. Certainly, if history is any guide.

Easington district is still highly dependent upon coal-mining employment. There is a reason for this. In spite of British Coal's protestations about its current area of 'responsibility', it is a matter of fact that since the war employment policies relating to the coalfield have danced to the tune of the coal industry, and the NCB.

In the immediate post-war period, priority was given to maximizing coal output. At that time the NCB and the Ministry of

Fuel and Power successfully argued that new male-employing manufacturing activities should not be introduced into the coal-mining areas because they would cause miners to leave the pits and so reduce coal output. When the NCB rapidly began to reduce coal-mining employment after 1958, as cheap, imported oil and nuclear power increasingly replaced coal for electricity generation, this constraint was removed. This led to political pressures for a 'strengthened' and vigorously implemented regional policy, with the intention of transforming the coalfield economies to create a more diverse range of industrial employment. Such pressures came mainly from the labour movement and from those living in areas where coal-mining jobs were shrinking rapidly. But a broader political consensus developed around the politics of 'regional modernization' as some sections of private capital recognized the opportunities that such policies offered to them. Even in this period, however, the needs of the coal industry were seen as dominant and few new employment opportunities for working class men were created in proximity to productive coal mines. Easington district suffered as a consequence of this.

Nationally, too, it is easy to over-emphasize the success of this new policy of modernization. Various estimates have been made of the 'new' jobs created by regional policy in the assisted areas. Perhaps the most widely accepted are those that claim regional policy added 325,000–375,000 jobs in all the assisted areas, of which 200,000–250,000 were in the four development areas of North England, Northern Ireland, Scotland and Wales. But even if one accepts these figures, regional policy incentives could achieve this only because of the substantial pools of unemployed labour that were being recreated directly by NCB policies and, indirectly, by the downward multipliers that followed, particularly in the service sector. Furthermore, any job gains in 'new' manufacturing have to be set against losses in 'old' manufacturing already established in the assisted areas, losses partly attributable to existing companies, some of which were nationalized, using regional policy aid for restructuring, rationalization investments and, so, labour shedding. At best, then, in terms of total numbers of manufacturing jobs, regional policy was doing little more than replacing job losses from existing manufacturing activities, and perhaps not even achieving this, *during a period of relatively strong economic growth*. Taking into account the replacement of manufacturing jobs lost, regional policy made no contribution whatsoever to replacing the 400,000 jobs lost in coal mining between 1960 and 1976. If we add to this considerations like the mismatch in skill levels and wages between 'new' and 'old' manufacturing jobs, the situation appears even grimmer. And this is how it seems if we talk to people who had direct experience of the colliery closures in those years.

In the 1960s, 50,000 jobs were lost in coal mining in Durham. In 1962 the mine at Wingate closed. This village is situated just five miles inland from Horden, and it is remembered by many of its older inhabitants as a thriving commercial centre with a strong sense of local identity; all built around the pit. Historically, the village had served as a major service centre for the outlying small villages and as such had a disproportionately large number of shops and services. In 1938, for example, Kelly's Directory listed 53 shops, 26 services and 7 public houses, or 86 commercial premises in total. This high figure was maintained through to 1962 when a survey revealed 82 such premises. By the late 1970s, though, this figure had declined to 66, comprising 43 shops, 19 services and 4 public houses. Before the war, Wingate is remembered as having:

> Front Street full of shops of various kinds, all making a living. There wasn't a shop that was empty. . . . First of all there was Harland's. It was down at the bottom where the Labour Exchange used to be, just over the beck. Then there used to be the Cash Clothing Company over the road. Then there used to be Brough's, a laundry shop, Duncan's the Meadow Dairy and Doggarts. On the other side there was Foster's Post Office. There was also a chap called Conlin who had a jeweller's shop, he used to mend watches. That was at the bottom end of Wingate. There was Booth's the newsagent and Dodd's the sweet shop.

And then there was the market:

> it was held on a Friday night. There were all kinds of stalls there . . . there were clothes stalls and somebody who used to sell tripe. . . . We had a lovely market in Wingate. They used to come from all around.

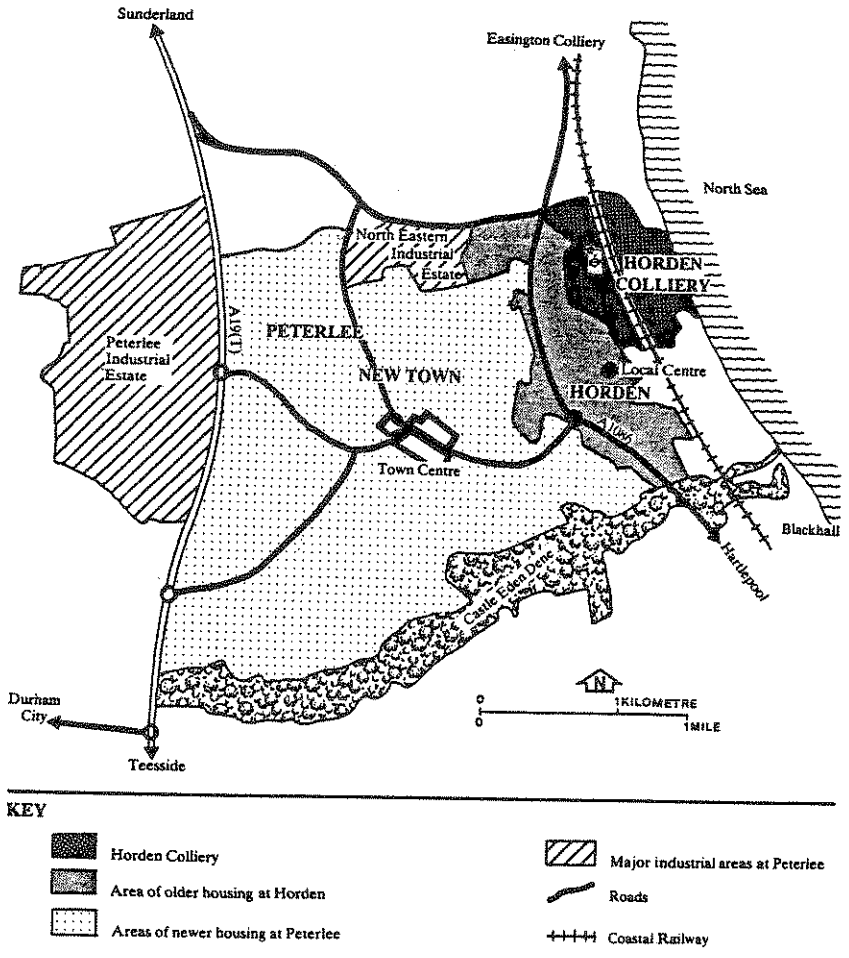

Figure 5 The area around Horden colliery

Since then there has been decline; a process linked, not only to the collapse of coal mining but also to the development of Peterlee New Town (see Fig. 5) as an alternative service centre, and to the general trend towards smaller numbers of larger retail establishments. The tone of present inhabitants is rather bitter:

'as soon as the money was pulled out, it was like pulling the plug out'.

At Wingate the plug was pulled by a combination of factors – the closure of the pit was critical, but with it went the *transfer* of miners out of the area to alternative mining jobs in Yorkshire and Nottingham. Wingate represents the clearest example of this pattern, with 60 per cent of its miners opting to transfer out of the county.

In the early 1960s, therefore, alternative jobs *were* available for redundant miners, either in new manufacturing plants or in other coal-mining districts. While both those options were limited ones, they did create a great deal more choice for people than was to be available 20 years later. After 1976, public expenditure was increasingly restricted, and this led to cutbacks in regional policy assistance. In addition, there was a further switch in emphasis – regional policy objectives changed from employment creation to industrial restructuring *per se*. It is generally acknowledged that the net employment creation effects of that policy in the ensuing ten years was near to zero. Between 1976 and 1978 in the northern region, for example, new manufacturing plants moving in provided 3,300 new jobs while job losses in manufacturing activities existing in 1976 amounted to 64,300 over the same period, and this basic pattern continued.

In this context the closure of the Blackhall mine in 1981 was experienced quite differently from that of Wingate. While the Wingate men moved south to new mining jobs, retired or found alternative work in the area, the Blackhall men predominantly either 'took their redundancy' or transferred into another mine in the Easington district. Of the 1,273 men we have traced from Blackhall (leaving 45 unaccounted for) only five transferred to other coalfields; 450 were made redundant and the rest transferred into local mines: 167 went to Horden, 157 to Easington, 132 to Murton and 90 to Seaham. The implications of this were two-fold. On the one hand, Blackhall's commercial activities survived the closure far better than did Wingate's. There was, of course, a smaller service sector in Blackhall which had none of the local commercial significance of Wingate as a village. But, equally, the village was not depopulated and disposable income was kept reasonably high by the wages of the transferred miners and the payments received by the redundant men under the redundant miners' scheme.

However, this is but one side of the picture. The other lies in the way in which the policy of transfer has *spread* the impact of a colliery closure *beyond* the village to the district. As a consequence of the Blackhall closure (and the same argument applies to the subsequent closures of East and South Hetton, Marley Hill, New Herrington, Sacriston and, of course, Horden) recruitment was cut in the receiving mines and the job opportunities in mining across the district vanished. Unionists in these mines talked of them being used as 'a sponge, but the sponge is full'. The increasing unemployment rates for young men was one consequence of this, and men who have transferred from one pit to another within the district have become aware of the lack of opportunity for future transfers, given that so few pits remain:

> When Blackhall closed three years ago men were transferred to other mines, some of them to Horden. Soon Horden was experiencing economic and geological difficulties. The workforce was cut from 1500 to about 1000 in an effort to make it viable again. This reduction means that there are no vacancies for 'green labour', and very few jobs for young people. The old saying in colliery areas 'There is always the pit', i.e. if all else fails we can find work at the colliery, is no longer true. Repeated movement and colliery closures helps to explain the support that some young miners have felt for the strike. They fear for the job prospects of their children.

Others feared a general and more widespread economic and social decline across the Easington district. In 1986, one man talked to us about the effect of Horden's closure being 'a blanket cover: it could mean the death of a district rather than just a village'. At that time comparison was invited with Consett: 'We fear perhaps a worse situation than the Consett area experienced when the steel works closed there, and which will affect the District for a long time.'

Under these circumstances in 1986 with unemployment remaining at high levels, increasing publicity was given to various local job-creation initiatives, involving local authorities. Within this, special attention was given to two *ad hoc* agencies: British Steel (Industry) Ltd – BSC(I) and British Coal (Enterprise) – BC(E).

BSC(I) had come to considerable prominence in the North East in relation to its involvement in Consett. It began operations in the stricken steel town in 1979, a year before the final closure of the steelworks with the loss of 3,700 jobs. Its activities were later taken over by the Derwentside Industrial Development Agency (DIDA). This is an enterprise trust involving local companies which had the aim of providing small firms with three-year business plans and of assisting them in the use they made of financial assistance available from local and central government and the European Community. Cochrane, in his assessment of such activities, has suggested that it was akin to 'draining an ocean with a teaspoon' (Cochrane 1983). However, this is considerably at odds with the success which the agency claims for its efforts in Consett. Initially, the claims were that BSC(I) could replace the jobs lost in the steel closure in five years. This was later revised to a claim of 5,000 job *commitments* by 1985. In 1985, it calculated that 2,000 new jobs were created between 1979 and March 1984. Clearly, there was a substantial gap between expectations and outcome. Indeed, these 2,000 jobs did no more than offset jobs lost through other plant closures in the district after BSC's Consett works was closed. Looked at in this way, rather than succeeding there had been little or no impact on the loss of steel jobs.

Given the range and extent of available incentives and the substantial number of unemployed people within the area, it would indeed have been surprising if no investors had taken advantage of the situation. And, of course, new jobs were created. Nevertheless, it is debatable whether these amounted to the 2,000 new jobs claimed. For example, there seems to be considerable confusion between job commitments and subsequent job creation. Many of these new jobs resulted from existing companies switching location in Derwentside. Others came from DIDA, adding existing companies to its portfolio of projects. Moreover, no allowance was made for new jobs that subsequently disappeared. DIDA chronicles a list of 'births' but none of 'deaths'. A particularly stark example of this was the clothing company which established itself in Derwentshire, went bankrupt, and re-emerged under a new name on no less than three occasions following further bankruptcies within a two-year period (*Newcastle Journal* 4 February 1989). In so far as DIDA's

activities had created jobs, then the net gain was considerably smaller than 2,000 jobs. With regard to manufacturing employment, for example, data from the *Annual Census of Employment* reveals a *net* increase of only 600 in this sector in the district between 1981 and 1987. Furthermore, many of the jobs created had not employed ex-steelworkers; indeed, the main employer of ex-steelworkers and their families has been the Manpower Services Commission via its temporary job schemes. Nor is it justifiable to argue that DIDA has transformed steelworkers into entrepreneurs. Few ex-steelworkers were prominent among the new small businessmen in the town, and if we examine the companies which DIDA treats as its high profile success stories (e.g. Derwent Valley Foods and its managing director, Roger McKechnie) we see that these were established by immigrants to rather than residents of the district.

What *can* be claimed in relation to Consett and the Derwentside district is that the extent of mass unemployment has declined since the steel plant closed in 1979. To an extent this is supported by the figures. In 1981, for example, registered unemployment in the district leaped from 4,912 to 8,565, and this was seen to be of crisis proportions (see Robinson and Sadler 1984 and 1985). In spite of the activities of BSC(I) and DIDA, unemployment remained above 8,000 for the next four years, and in 1986, though reduced, the total remained high at 7,208. Of these, disturbingly high proportions were long-term unemployed, and this was especially true of older men. In this year 63 per cent of unemployed men over the age of 45 had been unemployed for over a year. During this critical, and highly publicised, period of local intervention into the labour market therefore, the number of registered unemployed was reduced by just over a thousand.

Since 1986 things seem to have improved slightly – the numbers of *registered* unemployed declining annually from 7,208 to 6,149 in 1987, 5,205 in 1988, and 3,727 in 1989. If we take them at face value for a moment, it is clear that there has been a shift, but this is more related to a general change in national economic performance than to specific local initiatives. By extension it seems likely that should the economy turn down again in the 1990s old steel districts like Derwentside will see unemployment rising once again.

Having said this, it is important to raise questions about the

data. All numerical data need to be interpreted carefully, and this is especially true for unemployment statistics in the UK in the 1980s. The extent to which the term 'registered unemployment' has altered in meaning during this period has been the subject of considerable comment (Unemployment Unit 1988) and concern. It has certainly hampered our efforts to produce a credible series of unemployment statistics for the coal and steel districts in the wake of closures. In the case of Derwentside, we should note that a considerable number of older, unemployed steel workers moved off the unemployment roll on to the list of sick people, registered with the Department of Health and Social Security and not the Department of Employment. Equally important has been the arrival of 'employment substitutes' in the form of temporary employment on Youth Training Community Programme and Employment Training schemes. In Derwentside, registration on those schemes rose from 1,700 in 1985 to 2,312 in 1988. Even with these changes, 65 per cent of men over 45 were registered as long-term unemployed, with a growing core who had been out of work for considerably longer than a year. More disturbing still is the fact that in 1989 just *194 vacancies* were listed at Job Centres in the district.

Notwithstanding these problems, BSC(I) was projected as a success. And local agencies such as DIDA which sprang from it have been at least as prominent in self-promotion as they have been in job creation. DIDA has engaged in an assiduous process of image creation, seeking to construct a picture through the media of its success as an agency in reviving Derwentside's economy. Attempts at a reasoned debate about the actual effects of its activities in creating jobs have provoked a fierce reaction designed to suppress or discredit criticism.

Furthermore, it was BSC(I) which provided British Coal with a model for *its* involvement in reindustrializing the areas which it had left to waste. In this way, at least, the two state-owned industries became linked in what amounted to a united ideological assault – an assault which, ironically, paraded individual enterprise and entrepreneurship as the saviour of these old state-managed areas of Britain.

In May 1985, the Coal Board officially launched two schemes for coalfield areas. The first, a £10m retraining agreement over three years with the Manpower Services Commission (MSC),

was aimed at providing up to 10,000 redundant miners with skill training if, in the words of Merrick Spanton, NCB Personnel Director, 'there is a reasonable chance of the person trained finding a suitable local job'. The other scheme, officially launched in Newcastle that same month, had in fact been in existence since the end of 1984. Announced by Peter Walker at the height of the miners' strike, British Coal (Enterprise) (BC(E)) was set up as a specialist agency:

> to assist in the creation of long term job opportunities in the coalfield areas of the UK, and, hence, to assist in wealth creation in the country as a whole.
>
> The scale of the operation is intended to be such that all of the jobs lost in mining during the present restructuring will be replaced by alternative opportunities over a reasonable period of time.

This (notwithstanding the caveat which talked of 'five or six years' as being reasonable) was quite a claim. It is a claim that BC(E) continued to make: its 'Annual Review 1987/8' talked of creating 100,000 jobs within the next six years, broadly in line with the objective 'to assist in offsetting all the jobs lost in the coalmining industry during its current restructuring'. And it is a claim which sounded the more extreme when it was made explicit that the prediction was based upon the success of BSC(I) and operations like DIDA.

BC(E) was set up with an initial funding of £10m; and this was subsequently increased to £20m and then £40m. Under its aegis, assistance was provided for existing enterprise agencies, and for the refurbishment of business premises (especially redundant British Coal property). Additionally, help was to be found for the retraining of redundant miners. Most significance was given to its support for businesses which set up or expanded in the coalfields. Here the emphasis was, and is, upon enterprise and upon the partnership between public and private capital. At the end of its second year, the results seemed excellent. Its 'Annual Review 1986/7' claimed that, since it had been established, 20,000 jobs had been created in mining areas where pits had shut down. BC(E) had contributed £27m of the £186m involved in these activities. By the end of its third year, it was claiming to have helped create over 26,000 jobs, committing £43m of the total

funding of £326m provided for over 2,000 projects. Add to these the jobs expected to accrue from BC(E) providing workshops and the number of ex-miners it had helped to retrain and an apparently very optimistic picture emerged:

> The projects to which funds have been committed give a total of over 32,000 jobs.
>
> A total number of potential new employment opportunities from all BC(E) activities equivalent to more than 25% of the number of employees who left the coal industry between September 1983 and March 1987.
>
> (BC(E) 1988: 4)

In assessing achievements such as these, Merrick Spanton, now Chairman of BC(E), has asserted:

> Our achievements show that Arthur Scargill's talk about the death and destruction of mining communities is nonsense. We have a caring image and within five years we should have helped through loans in creating as many jobs as have been lost in the coalfields.
>
> (*The Observer* 5 July 1987)

This is powerful talk and it needs to be evaluated. Certainly, the experience of examining the claims of BSC(I) should forewarn us: there is often a considerable gap between jobs 'claimed' and jobs 'on the ground'. Equally, 'new' jobs are often 'old' ones redressed for the purpose, or simply moved for the purpose of obtaining the state allowances. Also, of course, all 'jobs' are not of the same value, to the individual or to the district. Some have higher pay than others, or higher skills; some jobs have a greater knock-on effect than others, being involved in activities which require other jobs to be created. We know that the coal industry, in spite of the underground conditions, had a high proportion of 'good' jobs – reasonably well paid, with high skill contents and a high 'knock-on' effect within the economies of the coal districts. All this of course raises important questions about both the number and quality of the jobs that have replaced them.

In 1988, the claims of BC(E) and agencies such as DIDA seemed less than convincing. This was certainly the case for some MPs from East Durham. By March 1988, BC(E) was claiming to have helped create over 2,800 jobs in North East England, providing

£6.5m from a total of £48.7m to support 264 separate projects. These figures, however, have been strongly contested. For one thing, BC(E) will not supply a detailed breakdown of the figures, a point taken up by John Cummings, MP for Easington: 'The BC(E) will not give me details for firms helped in my constituency and until they do I suspect the figures they give' (*Newcastle Journal* 9 August 1988). Tony Blair, MP for Sedgefield and Labour's Shadow Energy Minister, expressed more general doubts about the effectiveness of BC(E)'s activities: 'The loss of jobs in the [coal] industry is probably keeping pace with those created and the part played by BC(E) is quite small in some cases' (*Newcastle Journal* 9 August 1988). Further doubts on the effects of BC(E)'s efforts in creating jobs via their extensive support to local enterprise agencies comes from these agencies themselves. This sort of response is typical: 'it is very difficult in many instances to decide even for ourselves the effectiveness in terms of jobs created'. This is a pretty worrying statement which reads strongly alongside the assertiveness of the Chairman of BC(E) and the annual reviews.

But at the same time, it is clear that BC(E) has learned a lot from the experiences of BSC(I) in *presenting* its claims and trying to defuse or head off criticisms before they arise. No longer does BC(E) claim to 'create jobs'; rather, as it stresses, its 'very slogan is "*Helping* to create jobs" '. It seeks to deflect criticisms of its reliance on 'job opportunities' rather than jobs, its provision of jobs in ex-coalmining districts rather than of jobs for ex-coalminers. Thus, it argues in its 'Annual Review 1987/8':

> BC(E) have received criticisms from some quarters for using the term 'job opportunities' rather than jobs. The comparison is unrealistic. They are one and the same. The only reason BC(E) uses 'opportunities' is that it is a widely used and accepted term which means the creation of employment opportunities, in order to take advantage of which, individuals may make applications. It does not identify a job for a particular individual. This definition fits in very closely with BC(E)'s own objective of creating opportunities for employment in mining communities (as opposed to the oft assumed objective of creating jobs for identified individuals – i.e. ex-employees).

Indeed, it is not at all clear that BC(E) sees its main task as the creation of employment but rather sees it as the creation of an enterprise culture in ex-coalfield areas. Its 'Annual Review 1987/8' is replete with references to such a culture: 'British Coal Enterprises has been pioneering this spirit of Enterprise, and nowhere has it fructified more dramatically in the last 12 months than in the coalfield regions of Great Britain' (p. 6). Referring to the projects that BC(E) has supported, it proudly claims that:

> no less than 51% of the projects are start-ups from within the coalfields and 40% arise from the expansion of Enterprises already located in the coalfields. This is a major cause for satisfaction because it really does demonstrate the role of BC(E) in developing the Spirit of Enterprise in the coalfields, where traditionally many people have thought only of being employees.

But, as recent research in South Wales has shown (Rees and Thomas 1989), many ex-coalminers thought of establishing their own business but rejected the idea. It didn't make sense to embark on this route in the uncertain economic environment of the coalfields. It is difficult to imagine that East Durham offers a more attractive economic environment in which entrepreneurship can prosper. So, while BC(E) may assert that 'We firmly believe that the climate is right for more entrepreneurs to emerge. And we also believe that our own approach is right to help them emerge in Britain's coalfield regions', it is little more than *belief*, and there are few in the coalfield regions who share it.

BSC(I) and BC(E) were but two initiatives involved in the attempt to rebuild the economies of the coal and steel districts after the sustained haemorrhage of jobs that took place in the 1980s. Everywhere local authorities attempted to attract new industries into these areas. Occasionally, they were successful. A measure of the success (and the problem) was seen in the location of the Nissan plant in Washington on the northern outskirts of Sunderland. Twelve thousand people applied for the first 250 jobs advertised by the company. This fact was seen by many to point to the scale of the problems involved. 'We don't want to be full of "doom and gloom" all the time; and there are good things happening but there's also a hell of a lot of bad. And unemployment is the most difficult thing we've got to cope with up here.

Table 9 Registered male unemployment in East Durham[1] 1980–8

	Total	*– of which*				*% of total unemployed for one year or more*
		aged 17–24	*aged 25–44*	*aged 45–54*	*aged 55+*	
April 1980	2,721	777	991	308	645	35.4
April 1981	3,791	1,172	1,325	382	912	37.9
April 1982	4,678	1,644	1,553	438	1,043	39.2
April 1983	4,841	1,832	1,639	508	862	40.3
April 1984	5,010	1,765	1,903	531	811	41.0
April 1985	5,157	1,804	1,722	531	1,100	49.8
April 1986	5,399	1,766	1,978	848	807	44.6
April 1987	5,421	1,616	1,948	1,001	856	43.4
April 1988	6,420	1,541	2,961	1,009	909	40.7

1. East Durham is defined as the Peterlee, Seaham and Wingate travel-to-work areas.

Source: NOMIS, University of Durham, Department of Geography.

Table 10 Registered female unemployment in East Durham[1] 1980–8

	Total	*– of which*			*% of the unemployed for one year or more*
		aged 17–24	*aged 25–44*	*aged 45+*	
April 1980	1,455	842	422	191	16.8
April 1981	1,755	975	453	327	14.8
April 1982	2,090	1,171	659	260	21.4
April 1983	2,122	1,351	523	248	23.6
April 1984	2,005	1,112	582	311	33.0
April 1985	2,057	1,067	641	349	32.9
April 1986	2,119	1,094	662	363	26.6
April 1987	1,873	840	632	401	29.6
April 1988	1,594	738	518	338	27.6

1. East Durham is defined as in Table 9.

Source: NOMIS, University of Durham, Department of Geography.

It's a hell of a difficult thing.' This was the view taken by many people in the Easington district. There is no doubt, as the data in Tables 9 and 10 show only too clearly, that this is an accurate and sober assessment of the situation. Even allowing for the numerous statistical and social changes which have masked the recorded level of unemployment, the rising trend is only too clear. So too is its relationship to the coal industry. In March 1984, there were 10,250 coal-mining jobs in Easington district. This figure had dropped to 5,800 in March 1989 (Durham County Council 1989). Moreover, as in Derwentside, rising unemployment has to be seen in relation to absolute population decline as people migrate in search of work and a better life. For example, the population of Easington district fell from 101,800 in 1981 to 98,100 in 1986. Taken together, falling population and rapidly rising unemployment indicate a deepening economic and social crisis in the East Durham coalfield.

Unemployment in East Durham, then, soared in the 1980s. While this is particularly true of registered male unemployment, we need to remember that many married women will not have registered themselves as unemployed. In 1988 male unemployment stood at around two-and-a-half times the level that it had been in 1980, affecting all age groups to varying degrees. The great increase in unemployment amongst young men reflected

not only the cessation of mining apprenticeships but also the absence of alternative non-mining jobs. The increase in unemployment among men aged 45 or more is particularly revealing as it reflects the loss of mining jobs and the lack of alternative jobs for ex-miners. Again the parallels with Derwentside are clear.

Here too, perhaps the most significant data refers to long-term male unemployment. In 1980 just 956 men had been registered as unemployed for over a year. By 1988 this figure had risen to 2,610 – an increase of more than 250 per cent in eight years. Again the pattern is of a growing number of men who are permanently unemployed and a growing number of people who are dependent upon state transfer payments for their survival – all this pointing toward a growing need for alternative jobs and sources of income. As one district councillor put it to us:

> the *current* scale of unemployment problems in the District require greater resources. The position will become critical when the anticipated further colliery closures occur, because the rate at which new jobs are being brought into the District is insufficient to absorb even a fraction of the 7,000 people presently without a job.

This assessment of the employment situation in the district is shared by many of its inhabitants, especially the miners. As one man observed: 'There's more people living off the dead carcass of a pit like Blackhall than in most advanced factories. In pay terms you need to create two jobs to replace one lost mining job. I can't see anybody who could replace 2000 lost mining jobs in Blackhall.' Another pointed out: 'The new town of Peterlee for all its many factory sites has not really provided adequate male employment for the people of Easington District.' Equally, the problem facing the development of new small businesses in a context of uncertainty over the future for coal mining was expressed by a member of a local co-operative:

> Any small business has to depend on selling goods or services within their own community, at least when they are starting. The effect of pit closures here will be to reduce economic activity to such a level that new businesses, which the prevailing economic thinking would have us believe to be the major source of new jobs, are going to be more difficult than ever to start. The area's main grant making body, Peterlee Development Corporation, is about to close. Without this, it is hard to visualise what would attract large firms to Easington District. In short, close the pits and where are the new jobs going to come from?

Dissatisfaction, then, over the lack of alternative jobs, has gone hand in hand with the prospect of continuingly high levels of unemployment for the foreseeable future. As a response to this, the district's Unemployment Committee was formed in 1982 to attempt to counter some of the problems. To quote from its own background literature:

> Concern at the rapidly growing problem of unemployment in the villages of Easington Colliery and Easington Village attracted the attention of several members of the local community during the early part of 1981. As a result of this a committee was formed in February 1982 . . . it became clear . . . that as a first step in carrying out its mandate of helping the unemployed, the committee should set up a centre where unemployed people could get help with all the problems arising from unemployment . . . the Committee recognises the urgent need for additional facilities to help the area's unemployed both to contribute towards the improvement in the quality of life on the 'dole' and to improve the prospects of obtaining such work as may become available.

Whilst the objectives of this MSC-funded scheme are clearly to counter the problems arising from unemployment, there is no way in which it represents a long-term solution to these problems. As one man put it: 'The pits are still all we have. That's why we went on strike for a year. They're still all we have'. To them, and many others, it rings truer than the assurances of Merrick Spanton.

This view finds strong expression amongst the young people in the district. In 1984 we talked with some fifth-formers, and the universal view was of a depressed future for the people of Horden and the Easington district generally. One girl expressed this view: 'I think it will be dead. It will not be Blackhall and

Horden and Easington without the pits.' Another looked to the future in this way:

> in years to come if the mines close down the people will end up joining the unemployment list. . . . Also other businesses in the village will close down because people can't afford to buy things. So trade will suffer.

Some had an almost apocalyptic view, like this Easington girl:

> In a few years time I don't think Easington will exist. People will have moved away to try and find a job elsewhere. I don't think anyone will even know Easington existed if the coal mines were closed down.

Others referred to the strike as an example of what might happen. Deserted streets – 'ghost towns'. Only a few of the young people we talked to expressed any optimism about the future. The most abrasive and confident talked of leaving: 'It would be absolute shit . . . and I will get away as soon as I can.' Whereas others, like this young man from Hesleden, saw an unchanged future: 'No change; just more unemployed.' The ever-present view though was of anxiety. And it was summed up well by one lad from Horden. His view of the effect of Horden's closure he put in this way:

> Well if this does happen I think the village will just be like a ghost town. If the pits get taken away from these people they will just be stuck. The people who have lived and worked for so many years will just be left in the cold with no job. And probably NO FUTURE.

The situation facing the people of Horden and the Easington district generally is worse today than it was in the 1960s. In some ways the situation is worse than it was in the 1930s. For today the scale of the employment crisis (and in particular its effect upon the morale and motivation of the young) meshes with an international over-production crisis of quite dramatic proportions.

There *are* those who suggest that Easington district has a brighter future; there is a sense in which, politically, they see no choice but to assert this. In the same way as Derwentside's post-steel future was to revolve around DIDA, so Easington's

revolved around EDDA – the East Durham Development Agency. EDDA was consciously modelled on DIDA, premissed on the supposed success of that agency in transforming Derwentside's economic structure and prospects during the 1980s. It is deeply ironic that at the time EDDA was being established, the District Council in Derwentside was increasingly recognizing the limitations of DIDA's market-driven strategy, seeking to distance itself from DIDA's activities, exploring alternative ways of regenerating the district based on different forms of social organization of production, such as co-operatives, and a new, fresh approach to cultural development (see Hudson 1989).

The parallels with West Durham are strong ones. As there was a close link between BSC(I) and DIDA, so is there a close link between BC(E) and EDDA. EDDA is one of the many enterprise agencies which BC(E) funds (the list now includes DIDA) and its contribution to EDDA of £10,000 a year seems a modest one. EDDA, for all the problems it has to tackle, is a low-budget operation. In May 1989, Eddie Morley, EDDA's Chief Executive (and a man with great experience as Industrial Development Officer in the steel closure area of Hartlepool), had to persuade BC(E) to make a one-off 'up front' payment of £50,000 to EDDA to allow the agency to concentrate on encouraging new firms and jobs rather than constantly having to seek funds to keep itself afloat. Here, the contrast with DIDA is a strong one. Of course, DIDA was also able to ride on the back of the national publicity attached to the closure of Consett steelworks, one of a few major steelworks closures at that time. In contrast, colliery closures in Easington occurred at a time of widespread closures and job losses from the mines nationally. Consequently, no one area has been able to command the same media attention and public expenditure as did Consett. The failure of DIDA to regenerate Derwentside's economy successfully is all the more salutary a reminder of the problems faced by the coal districts. What hope can be held out for Easington in a much less promising environment?

However, EDDA's activities have to be seen in relation to a wider plan to regenerate the East Durham coalfield (or, more accurately, the ex-coalfield). EDDA is but one, albeit an important one, of many organizations involved in trying to implement this plan and offset the consequences of mine closures. The plan is based upon a report produced by a Birmingham-based firm of

consultants, ECOTEC. It was paid for by a consortium of local authorities, the Aycliffe and Peterlee Development Corporation, English Estates (North), the European Community and, of course, BC(E). The report was called 'The Potential for Investment Projects in the East Durham Coalfield: A New Future for East Durham' (ECOTEC 1988). The plan in fact is a fairly conventional 1960s-style regional planning exercise scaled down to a sub-regional level. Thus, it proposes a variety of public sector investments in environmental improvement, infrastructure provision (factories, industrial estates, roads, settlements etc.) which it hopes will provide the pre-conditions for private sector investment. In this way, the plan sees the district's economy being regenerated via diversification based not only on new manufacturing industries but on activities as diverse as agriculture and tourism. The direct employment resulting from the strategy would be 9,000 jobs over ten years. ECOTEC estimate that a total budget of £41.5–£46.0m (capital expenditure) and £6.0–£6.5m (revenue expenditure) would be needed over a ten-year period to implement the strategy.

It is at this point that serious doubts begin to arise about the proposed new future for East Durham. For one thing, if the 9,000 jobs *do* materialize (which we think is very unlikely), they would do little more than replace the further loss of mining jobs over the same period. Only a supreme optimist would believe that the 6,600 mining jobs remaining in the district in 1988 will remain in 1998. As we have seen, several authoritative commentators hold out very little hope for the North East coalfield over the next decade in the face of the privatization of the CEGB and/or British Coal. More important, it is not at all clear *how* the implementation of the strategy can be guaranteed to have its intended effects (and only these). This is not a particularly novel point of criticism, but it is a crucial one in relation to the future of people in East Durham. For, while public sector investment can provide *pre-conditions* for investment, it is the private sector which would have to generate most of the jobs. There can be no guarantee that this investment would be made at all or that it will be made in a way that will deliver jobs in these numbers. This is to say nothing about the types of jobs, the skills, the wage levels and so on.

The fatal weakness in the strategy was in fact recognized, albeit unwittingly, in a summary document produced by Durham

County Council, Easington District Council and Sunderland Borough Council in April 1988. It too was called 'A New Future for the Durham Coalfield'. The foreword to it was written by Mick Terrans, Leader of Durham County Council and Chairman of the Joint Steering Committee. This is what he had to say:

> People might say 'A new future? The future is always new because it is unknown!' However, for the East Durham Coalfield the future has to be new. It must be rid of its old problems of unemployment and declining population. The Consultants have put forward new ideas for agriculture, manufacturing and service industry as well as for housing and tourism. Their report shows what action is needed for these new ideas to prosper. This includes investment by many different bodies – in fact partnerships between public and private bodies are needed.
>
> In its recent White Paper, 'DTI – the Department of Enterprise', the Government states: *'Only when commercial judgement comes to regard the inner cities as a worthwhile investment will the underlying economic problems be solved.'*
>
> *The same situation applies in the East Durham Coalfield* which has similar problems to the inner cities. [Our emphasis]

What this makes very clear is that implementation of the strategy will be driven by the market; under these conditions, there is very little chance of the strategy being implemented as intended. It is difficult to imagine, for example, that East Durham is well placed in the competitive struggle that all local authorities engage in to attract private sector investment. The significance of the strategy is not so much a realistic statement of economic opportunities but as a political statement. It recognizes that the market rules and will provide for East Durham only if the locality responds to what the market wants. But what if East Durham does not prove attractive to the market? What then? This key question is left unanswered. The prognosis for East Durham is less of a new future than more of the same old past of high unemployment, deprivation and population loss.

To stand back from this and assume that 'the market' will decide and resolve things for the betterment of Durham people is a vain hope; and, ultimately, a foolish one. Coming from Mrs Thatcher's tongue it is a basically dishonest one. But there is no

reason for people in the area to be a party to this dishonesty. The case which we argued for keeping Horden colliery open is supported by strong and rational arguments; arguments which relate to financial costs and the quality of human life. And on this point it might be as well to leave the last word with the Bishop of Durham. In 1984, he expressed the view that the miners must not be defeated, because:

> they are desperate for their communities and this desperation forces them to action. No-one concerned in this strike – and we are *all* concerned – must forget for one moment what it is like to be part of a community centred on a mine or a works when that mine or works closes. It is death, depression and desolation. A society which seeks economic progress for material ends must not indifferently extract such human suffering from some for the sake of the affluence of others. The miners must not be defeated, and this must be the first priority.

As we know, the miners *were* defeated, and in the wake of the defeat the voices raised in sympathy with the desperation of these communities have been weak indeed. In 1983, no mining district featured in the 15 most deprived districts of the United Kingdom. By 1988, five such districts were in the top 13. In Easington district the unemployment rate stood at 18 per cent. In spite of hopes of new industry there was and is little prospect of this figure falling in the near future. The costs of colliery closures and the historical dependence upon the coal industry remain as a legacy for the people who still live on the east coast of Durham.

Conclusion

On 1 January 1947, when the assets of the coal industry were vested with the state, Josiah Winter, the Lodge Secretary at Horden, took part in a ceremony with the representatives of the National Coal Board. A hatchet was buried at the base of the flag pole at the top of which the new blue and white flag of the NCB was unfurled. In this simple ceremony, a critical break with the past was symbolically registered. The NCB was to be run on 'behalf of the people', and in that way the coal districts were to be reordered and the county of Durham restructured after the devastation of war.

Forty years later, speaking in Durham, Peter Heathfield expressed the feeling that the hatchet had been dug up and 'buried between my shoulder blades'. The experience of nationalization in the North East had critically exposed problems with the organization and structure of the state-owned corporation. These problems were seen in the most acute way in the 1980s. As Heathfield noted:

> I think that what a lot of post-war nationalisation produced was State control, and that was not what I envisaged in my young days. Nationalisation today requires a deeper approach to things like personal involvement. I don't accept that a miner loses his rights from the moment he clocks on.

In 1947 there was a sense that those rights were established through the 1946 Act of Parliament. However, experience has shown that this was not the case. In its dealing with its workers and the region, British Coal has made itself vulnerable to the criticisms of heavy-handedness and of a general lack of accountability. As one miner put it to us in 1983, *before* the strike: 'If it was an international mining company that was doing these things everybody would be up in arms. But somehow because it's "the Board" it's seen to be different.'

Today, of course, it is no longer 'the Board', it is British Coal, and if Tory policies continue it will soon be privatized. In reflecting on this process it is difficult not to consider, in a deeply critical way, the implications of the story of nationalization for the future of socialism and for ideas relating to the public ownership of major industries. Certainly, Peter Heathfield was correct in pointing to the rights of industrial workers within state-owned enterprises, and the point can be developed further. There is no doubt that during the dispute which the NUM conducted with the NCB in 1984–5, the government was directly involved. Mrs Thatcher chaired a miscellaneous subcommittee of the Cabinet which was concerned simply with the problem of breaking the miners' strike. Possibly a similar committee would have existed if the corporation was in private hands, but there is no doubt that the funding of the industry and the politicization of appointments in the state sector allowed the government extra dimensions of interference in the affairs of the industry. In this the strike raised all too clearly the worries raised by syndicalists early in this century when they spoke of nationalization ushering in the 'servile state' that Belloc and their counterparts in France had written about (see Beynon and McMylor 1985). From this perspective, the piecemeal public ownership of industry simply achieves the end of opening sections of the working class to direct exploitation by the state, and this is achieved either through direct and extra-economic forms of exploitation, or through the detailed involvement of workers' leaders in the administration of production. Many would say that this represents, adequately, the history of the NCB.

It is possible, however, to raise a dissenting voice (albeit a small one) which suggests that the history of the coal industry under private ownership may have been worse for British miners and

the mining districts, and that more detailed attention needs to be paid to the administrative form of the public corporation. This is a real problem and not a semantic one. It isn't simply an issue of nationalization or social ownership: at its heart are questions of both managerial responsibility and accountability; issues of authority and democracy and their relationship to ideas of participation and control. Mr Heathfield, for example, talked of 'involvement' and this covers a multiplicity of sins. Japanese managers talk in the same way, and the dilemma lies in the axis of rights and responsibilities *within* the corporation in the context of externally generated possibilities and constraints. In his presentation of British Coal's case at the Horden inquiry, Mr Northard laid great stress upon the formal and legal responsibilities of corporate management for the safe and effective running of the mines. It was this which he turned against critics and witnesses like Dr Eric Wade. However, under certain conditions, such responsibilities can be transformed into a kind of tyranny, locked as it is into a professional ethic which stresses 'we know best' (see Anthony 1986 and MacIntyre 1981). Here perhaps are important problems for a new perspective on public ownership to address. What is meant by management? How, and on what basis, can managerial authority be challenged? How can an industry be organized and run for the 'public good' in a way which balances the concerns and interests of its workers with those of the wider community? How, and in what ways, should these various interests be involved in the management process? The consultative machinery established under the 1946 Nationalization Act hardly begins to deal with these issues, and in periods of corporate crisis the mechanism has simply broken down or been circumvented. Today trade union officials as politically diverse as Bill Sirs and Peter Heathfield join with academic accountants and others (see, for example, Cooper and Hopper 1989), to point to the need for greater managerial accountability. The Horden experience underlines this; it does not produce easy answers, however.

The problems facing the people at Horden were mediated by the corporate structures of British Coal. However, their roots were to be found beyond the corporation, in government and in the international market for coal and energy. Here is another set of puzzles, provided by the closure of this coal mine. Throughout

the experience of the rundown and closure of the mine, union officials, political leaders and planners in the district stressed the *local* consequences of the decision. We have outlined those concerns and the deep-rooted problems which underlie them. In their presentation, corporate management stressed national (government policy) and international (the market for coal) factors to the exclusion of these local issues. In an odd way, locally generated economic processes were bracketed under the rubric of 'social consequences' and, thereby, disregarded. This, as we have seen, produced a strong sense of frustration on both sides and a deep sense of non-communication. At a more abstract level, however, the disagreement highlights the operation of separate processes within an economy and society. Historically, places like Horden were established under specific political and economic circumstances. In the context of British imperial domination and a single-fuel economy, coal production was established on the East Durham coast. Here local economies (both formal and informal) built upon complex social networks, linked in to the overarching coal economy. Socially, a 'coal culture' was created. Throughout the 1930s, as particular markets ebbed and flowed, men who worked in certain seams were laid off by the coal company. However, they remained *miners* and waited for their recall to the pit. Under these conditions miners and their families constructed patterns of life through custom and through formal organizations. These they came to associate with ideas of 'community' and a 'way of life' linked to mining.

In the 1960s and again, more dramatically, in the 1980s, the underpinning conditions changed. The location of British coal within energy production generally, and, more recently, in the international coal market, became increasingly vulnerable. As international production processes changed, and energy prices altered, so too did particular places (first West Durham, now East Durham) become *dislocated* within the system. While coal production developed generally with output increasing on a world scale, particular places experienced social disruption and economic crisis. This is, of course, and has been, an ongoing process of economic transformation. Across the century, transformations in national and international patterns of economic organization have seen particular places change, develop or decline. What is of interest, theoretically, is the processes which link changes at both

levels. It seems clear, for example, that coal districts in Europe and the USA have proved particularly vulnerable to changes in international market conditions. These districts (Appalachia, Durham, Lorraine etc.) have been so dominated by coal mining, that the rundown and closure of the industry has disrupted the operation of these local economies in quite decisive ways. Ways which have had strongly adverse effects upon other economic activities (small businesses, for example) which might be looked upon as a basis for internal regeneration. The coal districts, therefore, were constructed (from outside and inside) in ways which left them particularly vulnerable to changes in the economic conditions of coal and energy production. Ironically, this has meant that they have continued to be places with a strong dependence upon *external* solutions to their economic problems. It has often been argued that this dependence can be best revealed in the psychological make-up of the people of these areas; through their lack of drive, the entrepreneurial spirit and the like. What such explanations under-emphasize, however, is the critical link between the structure of local industry and the opportunities this presents to people, and the pattern of power relationships that develop as a result. This process has been well documented in Appalachia (see Gaventa 1983), and similar pressures have been at work in Durham. As a part of the dramatic restructuring of the coal industry in the 1960s, unemployment increased and the national state intervened and produced a 'solution' which was based upon the location in the area of large numbers of branch plants of international manufacturing companies. Many of these plants, for example those in the textile industry, had a short life. In the late 1970s and early 1980s, the area was hit by another cycle of closures. This time it was the factories and offices that were closing (see Austrin and Beynon 1981; Hudson 1989). In this way a process of growing economic (and psychological) vulnerability was accelerated in the area. The rundown in the coal industry (albeit in a deeply symbolic form) simply added to this. In this process, and with the ascendance of the Thatcherite state, a break was also made in the institutional processes which governed and regulated change. In the crisis of the 1960s, local representatives of the people (as local councillors, trade union officials etc.) were, to some extent, involved in the committees and decision-making bodies concerned with economic decision making. This was

much less the case in the late 1980s. Councillors and MPs regularly informed local meetings that 'no-one will listen', that 'their ears are closed', that 'we've been told that they will not take account of the social consequences'. The impact of this has been quite profound.

The logic of the new political economy would have it that as the market place changes, so too do new opportunities emerge for people in districts like Easington, and in villages like Horden and Blackhall. The breaking of these local institutions and regulating mechanisms is often presented as a necessary precursor for this. Given the absence of local bureaucracies (the argument might run), local entrepreneurism will flourish and fill the gap – relating directly to the market. Unfortunately, however, this hasn't taken place; or at least it has taken place in only a most limited way. We have already commented on the performance of British Coal's 'enterprise' scheme. To this a further ironic comment needs to be added.

If we examine the most dynamic changes that are taking place in the economies in Durham and the North East, we see that generally they fall into two types. On the one hand enterprise zones and urban development corporations on Tyneside and Teesside have been associated with an increase in speculative development, often associated with leisure industries and commercial and retail activities. Here we find men like John Hall (ex-miner now resident in Wynyard Hall, the old home of the aristocratic coal-owning family, the Londonderrys) involved in the Metro Centre retail complex in Gateshead. Closer to Easington is Hartlepool, and there (within the territory of Teesside Urban Development Corporation) £150m have been made available to regenerate the old coal dock as a major marina with associated retailing, leisure and housing developments. This leads us to the second form of economic activity emerging in the North East, and this has a familiar ring to it. In the coalfield area (as in Scotland, South Wales and, now, South Derbyshire) there has been an increasing flow of 'inward investment' from Europe, the USA and, of increasing significance, from Japan. The Nissan factory in Washington is the most dramatic of those developments, but it is one of many. Komatsu in Gateshead and Fujitsu in Newton Aycliffe are others, and on the path down the 'central corridor' of Durham the list is now quite a long one. The Nissan

plant's location (adjacent to the closed mines of New Herrington and Boldon) is most poignant, however. It is also very reminiscent of the plant locations of the 1960s.

To the extent that both these areas of economic development are strongly linked to state support (and, therefore, *political* decisions) they might suggest that much of the talk of 'the market' and the 'Thatcher Revolution' is a mere sham. To an extent this is true. The 'branch plant economy' being constructed in the coalfield *is* similar in form to the one that was developed in the 1960s and it is similarly vulnerable. The scale to which this new investment has come from overseas adds a particular twist to the process; one picked up by Bryan Gould in 1989 when he talked of Japanese expansion as 'part of a process of economic colonisation'. But the most important point to stress is the way in which these new developments (on the coalfields and in the cities) have been accompanied by a very different kind of political practices and facilitated through very different state forms. In our account of the National Coal Board and British Coal, we have stressed the importance of organizational forms in the operation of economic activity – especially in the state sector. Market forces change, and these are anticipated, interpreted and acted upon by people in organizations. We have been quite critical of the ways in which the state-owned monopoly handled these changes. But it is important to also criticize the view that private corporations deal with these processes in a 'better' or 'more humane' or 'more rational' way. In the contemporary context of Durham and the North East it is clear that particular kinds of employment possibilities are emerging, and that these have been strongly influenced by state policy. These policies, however, have increasingly been administered by organizations and agencies which have little or no local accountability. Their relation to local life is quite different from a local council or even the earlier development agencies. As a consequence and paradoxically, given the rhetoric of the present government, the significance of local initiatives has declined. For people in the area, employment prospects are increasingly determined by processes which are outside or beyond their control. Increasingly too, they are developing in ways which are in sympathy with the values and aspirations of particular groups. In his comments on this, Bryan Gould added a question: 'Why can our government not invest in

shipbuilding in the North East?' In doing so, he raised an important issue. If markets don't simply operate as economic forces but are to an important extent dependent upon social institutions *and* upon state funding, the question of economic policy and economic priorities becomes a more complex issue. It involves questions of social values and of political power. Looked at in this way it is hard not to conclude that in the economy of the North East, market forces have been given a very strong helping hand, pushing them in favour of some interests rather than others.

In concluding in this way, the problem of the people of Horden and their future appears rather bleak. On the one hand the old state machinery achieves the closure of the mine, on the other the new employment prospects appear to be low waged (in the service and leisure industries) and also quite vulnerable to further changes in the international economy. And, lest we forget, many of the people there are unemployed and will remain so for a long time to come. What it does point to, however (and this may be a more positive way to end), is the importance of *political* processes in the patterning of *economic* change. For places like Horden to break out of a cycle of dependency much more is needed than an 'enterprise' fund. The operation of the state under Mrs Thatcher's government has quelled, rather than developed, initiative and autonomous economic developments. For such developments to take place in the future we need to think about and achieve different forms of social organization (less hierarchical, less punitive) and forms of state regulation which are truly *enabling*. It's a different and more difficult task, but it seems to us that the lessons of Horden and the coal districts of the North East, and beyond, proclaim the need for such a political project. There is no going back to the old ways, and up to now the new ways seem so deeply unequal and full of conflict, that they seem bound to fail. As this process unfolds, the challenge will be inescapable.

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