

THE COALFIELDS RESEARCH PROGRAMME:

DISCUSSION PAPER NO. 1

THE DECLINE OF KING COAL

**HUW BEYNON, ANDREW COX
AND
RAY HUDSON**

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THE DECLINE OF KING COAL

Nothing illustrates the changes in British society since 1945 as well as the history of the coal mining industry. Commonly described as King Coal in the post war period, in 1998 it was reduced far below regal status, employing fewer than 20,000 workers. This has been an astonishing fall from grace.

1. Changing Markets for Coal

In 1947, when the coal mining industry was taken into state ownership, the UK was virtually a single fuel economy. With the exception of the road and marine transport sectors, coal provided the basis for all the energy needs of the country: coke for steel making; gas for industrial and domestic use; steam to drive the electric turbines; steam for railway transport; heat from domestic fire grates and industrial boilers. Urban and industrial centres took much of their figurative characterisation from the chimney stacks that dominated their horizons. The smoke and air pollution that engulfed these places is used repeatedly as a central theme in autobiography and novel. Domestic life at this time was lived around "the hearth" which became a general metaphor for the warmth of family life.

In the 1940s and the early 1950s public discussion of energy supply related simply to the coal mines, while the periodic "energy crises" of these years referred to any shortfall in domestic coal production and the "coal gap"¹. Ten years later in a period of considerable social and economic transformation the position of the coal industry and the coal districts weakened. The smog that had engulfed London and the Northern cities prompted the passing of *Clean Air Acts* in 1956 and 1968 with the creation of "smokeless zones" and the conversion of many homes and factories to fuel other than coal.² The dominance of coal was further weakened by the prospect of oil, imported from the Middle East. The nuclear programme for electricity supply was seen to have an even greater significance. The early Magnox reactors seemed then to promise a future of increasingly cheap fuel, which (in the language of the time) would be based upon the developments of science rather than inhuman labour in the mines. These two fuels between them drew upon an increasingly optimistic view of economic change, technological development and social progress. It was this which was tapped most effectively by Harold Wilson. In his campaign for the 1964 General Election, technology was clearly linked with progress and contrasted with a conservative traditional past. In this way, economically and politically, coal became relegated to a bye-gone era.

¹ See Fuel Efficiency Committee of the Ministry of Fuel and Power Conference Proceedings, *Fuel for the Future*, Volumes 1-3, HMSO, 1948; T. Hall, *King Coal: Miners, Coal and Britain's Industrial Future*, Penguin Books, 1981

² Science Research Council, *Combustion-Generated Pollution*, SRC, 1976, p. 12. These programmes were successful in reducing pollution from domestic coal burning. UK smoke emissions from this source fell from an estimated 2.15mt in 1956 to 1.28mt in 1967, while emissions of sulphur dioxide fell from 1.54mt to 1.01mt over the same period.

The effects of these changes were dramatic. For whilst the nuclear promise failed to become reality, cheap imported oil quickly replaced coal as a fuel in the chemical industry, in the rail transport sector, in industrial boilers, and in domestic heating. Increasingly too, from the late 1960s, natural gas from the North Sea became another competitor in the market for fuel. As a consequence coal lost ground. In 1955, it accounted for 85.4% of UK energy consumption; by 1975 this figure had fallen to 36.2% (Table 1). Although the pace of decline was halted in the seventies and eighties, it was to be a short-lived reprieve. In this short space of time therefore, the position of the National Coal Board (NCB) changed from that of a monopoly producer ("King Coal" was a description it took to itself) to one amongst many in an increasingly competitive market place.

Table 1: UK Inland Consumption of Primary Fuels Percentage shares (energy supplied basis)

Fuel Sources	1950	1955	1960	1965	1970	1975	1980	1985	1990	1995	1996
Coal#	89.6	85.4	73.9	63.0	46.6	36.2	35.6	31.3	31.5	22.7	20.2
Petroleum	10.0	14.2	25.5	34.1	44.6	42.4	37.6	35.5	36.6	34.7	33.9
Natural Gas	--	--	--	0.4	5.3	17.2	21.8	25.0	23.6	31.9	35.6
Nuclear Electricity	--	--	0.4	2.3	3.3	4.0	4.8	8.0	7.6	9.7	9.6
Hydro Electricity	0.4	0.4	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Electricity imports	--	--	--	--	--	--	--	--	0.5	0.6	0.6

Source: Digest of United Kingdom Energy Statistics
HMSO/Stationary Office, London (various issues)

Figures rounded to 1 decimal place

- Also includes other solid fuels

In the 1960s, the supply of coal was adjusted to the changes in the market. Large numbers of coal mines were closed, over 400,000 miners left the industry and many thousands of others moved from one place of work (and home) to another. The pits that remained open underwent a process of technological change with the British mines transformed to become the most mechanised in Europe.³ In this situation the NCB operated as a broker with successive governments; arguing over the social infrastructural support for labour migration (mainly house building), the need to attract new industries to the declining coal districts and the need for investment funds for the potentially successful mine development projects. The complex social arrangements and conflicts associated with these changes have been detailed elsewhere.⁴ What they created, in the older coalfields especially, was a pronounced social

³ T. Hall, *King Coal: Miners, Coal and Britain's Industrial Future*, Penguin Books, 1981

⁴ See for example, H. Beynon, R. Hudson and D. Sadler, *A Tale of Two Industries*, Open University Press, 1991

division between the districts which had "long life" collieries, and those where coal mining was coming to an end.

Durham represents the clearest example of this process. As the deep mines of the south west of the coalfield were closed down, those on the east coast were expanded with new districts and faces being developed out under the North Sea. In a period of unbounded optimism, the Chairman of the Coal Board, Lord Robens, encouraged the miners to drive their tunnels eastward - "all the way to Norway". In contrast, in the west of the Durham coalfield, while some miners travelled to work in the expanding mines, many more left the industry and began to build new lives for themselves. Here in the context of increased unemployment jobs could still be found in the public sector and in the variety of light engineering and clothing and textile companies that had been attracted to the area.⁵ On the east coast, in the developing coal districts, coal miners discovered a new kind of militancy, striking successfully for higher wages in 1972 and 1974. These strikes made clear that in spite of its reduced status, coal remained a critical fuel, particularly in the electricity supply industry. The increase in the price of oil, initially in 1973/4 and then again in 1979, brought this home to the coal miners and the National Union of Mineworkers (NUM) who set about organising themselves to gain security and higher wages in the new conditions. This was the context in which the incoming Labour administration put forward the tripartite document *Plan for Coal*.

2. 1994: Plan For Coal

The 1974 *Plan for Coal* was a blithely optimistic document, which argued (with very little evidence) that the retreat made by coal in the 1960s would turn into an advance which would carry the industry towards the end of the century when coal output and demand would almost match the levels of the 1950s. Specifically it was proposed that output should be increased from 110 million tonnes (mt) to 135mt by 1985 with the prospect of expansion toward 200mt by the end of the century. In this it was assumed that demand for coal would increase as part of a general movement away from oil as a source of fuel and with the development of coal-based petrochemicals.⁶

For coal demand to increase at the rate anticipated in the *Plan* two things were necessary. *First* there would need to be a prolonged and general increase in demand for energy, and electricity in particular. *Secondly*, positive steps (directly in the market and indirectly through political decisions) would need to be made to maintain and increase the share which coal took of total UK energy demand. Neither of these things happened. By 1974 coal was firmly located as a supplier to the Electricity Supply Industry (see Table 2). In fact by that time the nationalised industries (ESI and British Steel) accounted for over 80% of its market. For this position to have been sustainable (and for the *Plan for Coal* to have had any veracity) these markets needed to be developed. A decision to electrify the railway system would have helped. So too would a policy which withdrew support for nuclear energy. In the absence of such initiatives, and given the slowing down of the economy, the demand assumptions of

⁵ See for example, H. Beynon and T. Austrin "Global Outpost", ESRC *Discussion Paper*, University of Durham, 1979 and M. Bulmer (ed), *Mining and Social Change: Durham County in the Twentieth Century*, Croom Helm, 1978

⁶ Diana Schumacher, Israel Berkoritch, Ross Hesketh and Judith Stammers, *Energy: Crisis or Opportunity*, Macmillan, 1985, pp. 90-94

Plan for Coal became worthless. However, more and more coal was being produced and millions of tonnes were being stockpiled; the new Selby mines were yet to come on stream. Some people saw this as part of a strategy to defeat the NUM in a major strike. Either way it was clearly going to end in tears.

During the 1970s the relationship between the state-owned Central Electricity Generating Board (CEGB) and the NCB was gradually transformed. At this time the supply of coal to the CEGB was governed by a series of "Joint Understandings".⁷ Although these Understandings were non-contractual, they established a framework of joint intent as the basis for formulating the annual plans of the two Boards and negotiations for changes in pricing structures. Under the 1979 Joint Understanding the NCB was bound to "use their best endeavours to supply 75 million tonnes per year of suitable coal" to the CEGB. The CEGB also laid down several markers for the future. It identified three major management changes which it considered the NCB should face in relation to its principle market and customer:

Table 2: UK Coal Consumption (million tonnes)

Market Sector	1955	1973	1980	1990	1995	1996
Power Stations	44	77	90	84	60	55
Industry*	50	13	8	6	4	4
Domestic/Commercial**	48	17	11	6	3	3
Railways	12	0	0	0	0	0
Coke Ovens	27	22	12	11	9	9
Gas Works	28	1	0	0	0	0
Manufactured Fuel Plants	2	3	3	1	1	1
Total	211	133	124	108	77	71

* - Includes colliery consumption

** - Includes Miners Coal and others

Figures rounded to nearest million tonnes and includes consumption of stocks in some sectors

Source: *Digest of United Kingdom Energy Statistics*

(various issues)

the NCB must give further attention to improving the quality and consistency of the coal that it supplied to the CEGB;

- it must reduce costs and pass on the reduction to coal users in the form of lower prices;

⁷ The last of which was agreed on 8th October 1979 and covered the period to 31st March 1985

- it must introduce a rational pricing policy for coal sold to the electricity generating market.

However, the NCB failed to reduce its costs and prices and this would lead to tension between the two industries.⁸

The post-war history of British coal mining is nothing if not ironic. By the end of the 1970s the deep-mined industry had established itself on a stable footing with a reduced number of productive mines supported by new capacity coming on stream in Yorkshire. However it was now shown to be highly vulnerable. Part of the story relates to the down turn in the domestic demand for coal. This, in turn relates to quite dramatic changes that had begun to take place in the international coal trade. Historically coal, as a low cost high volume commodity, had not figured centrally in international trade. However, in the 1970s, the enormous expansion of steel production in Japan and the Pacific, encouraged the exploration of new coking coal deposits in Australia and the transformation of South Africa into a major coal exporter. This coal (of high quality and low price) was increasingly mined through large opencast sites, with the surpluses being offered for sale in Europe. In the early 1980s, under enormous pressure from the government to restructure its operations, British Steel switched its ordering policy away from British coking coals. This was facilitated by a loosening of previous government restrictions on allowable levels of imports. One by one the deep coking coal mines of Durham, Yorkshire and South Wales began to close. It was a pattern that was to be repeated in the context of steam coal.

Coking coal made up less than 10% of British coal output, but far more worrying were the developments taking place in the steam coal market. As these terms imply, coking coal (containing more carbon and having certain caking qualities) is used in the steel and foundry industries for the production of coke. Steam coal is cheaper and of lower quality. It is suitable for burning in boilers to heat water and produce steam to heat buildings or to generate electricity. In a real sense, the future of the British coal industry in 1980 was tied to that of the electricity generating industry. However, this industry was increasingly looking toward the international coal market.

In the wake of the oil price increases in the early 1970s international oil corporations diversified into coal production opening up new large export-oriented mines (many being opencast) in the USA, Australia, South Africa and Colombia. More recently they have extended these operations to other countries, including Venezuela and Indonesia. Incrementally this coal began to arrive in Europe; large amounts of it were transshipped through the "ARA ports" of Amsterdam, Rotterdam and Antwerp. This coal began to exert a powerful influence over the European coal industry. In Britain, the CEGB made frequent reference to ARA spot prices which contrasted sharply with those being offered by the NCB.

This situation was accelerated toward a crisis by the determined policies of the newly elected Conservative Government, led by Margaret Thatcher. Coal, and the coal miners, were seen as the clearest example of a monopoly interest acting against the requirements of market forces

⁸ See A. W. Cox, "Future Strategies for Coal in the UK", *PhD Thesis*, University of Newcastle upon Tyne, 1987

and the public good. Consequently the developments in the international coal trade were welcomed and buyers were encouraged to use this market in order to pressurise the coal monopoly. Furthermore, alternative sources of electricity supply were enthusiastically considered. In the first weeks of its election victory the government committed itself to the expansion of nuclear power. Talk of a new "family of PWRs" (pressurised water reactors) led to the announcement of plans for a new station - Sizewell "B".

These developments brought forth considerable opposition. The reinvigorated nuclear programme can be seen as a catalyst for the growth of an environmental movement in Britain. The focus on nuclear power brought together groups and individuals who were involved in the Campaign for Nuclear Disarmament with those local groups deeply concerned about the implications of having a nuclear power station sited on their doorsteps. These groups drew upon the experience of Windscale in Cumbria and raised a variety of questions (on health and economics) at public inquiries and at political meetings. Significantly this issue also involved the NUM, with its newly elected President Arthur Scargill as a key activist and debater. To an important extent this movement was a success, and the new "family" was limited to Sizewell "B", and only then after an epic public inquiry. However this did not prevent the CEGB from investing in a cross channel link with the French electrical supply industry (EdF) which was to result in the routine import of electricity from the French nuclear stations into the UK; leading to a saving of up to 6mt of coal equivalent a year.

The other source of opposition lay with the NUM, and Arthur Scargill's determination not to compromise or to accept the closure of any collieries. The enormous strike of 1984-85 came out of these forces. It could possibly have succeeded; certainly it mobilised large groups of people around the idea of supporting communities that had no future without coal mining. However, the determination of the Government (dealing with the miners almost as an extension of the victorious war in the South Atlantic) ensured that the NUM would be defeated. During the strike, significant amounts of coal was imported, especially along the east coast, and electricity supplies were maintained by running the Magnox reactors at full capacity and through the dramatic replacement of coal with imported oil.⁹ This vulnerability of coal in its major (and previously secure) market was to foretell a worrying future. In 1988, two energy economists were to write of "a constant theme of CEGB policy, amounting almost to an obsession, has been the desire to reduce its dependence on British Coal".¹⁰

3. A New Strategy for Coal

In the wake of the strike the newly named *British Coal Corporation* (BCC) (usually referred to as British Coal) adopted a radically different approach to the trade unions, and also to the whole business of producing coal. Collieries were closed and managers began to talk a different language: the language of tonnage and production was replaced with a language of

⁹ H. Beynon and P. McMyler "The Miners' Strike and the Question of State Power", in H. Beynon (Ed), *Digging Deeper: Issues in the 1984-85 Miners' Strike*, Verso, 1985; T. Lane, "Foreign Fuel, Foreign Ships and Disorganised Trade Unionism: An Alternative Interpretation of the Defeat of the Miners in 1984-85" in *Work, Employment and Society*, Vol. 10, No. 1, 1996, pp. 57-84; M. Prior and G. McCloskey, *Coal on the Market: Can British Coal Survive Privatisation*, F. T. International Coal Report, 1988, p. 9

¹⁰ M. Prior and G. McCloskey, *Coal in the Market: Can British Coal Survive Privatisation*, F.T. International Coal Report, 1988, p. 9

costs and especially "cost per gigajoule". A gigajoule (GJ) is a measurement of energy, and this change in terminology was a realistic and symbolic recognition of the fact that the coal industry was firmly located in the energy markets which were becoming increasingly competitive. BCC had lost out in the coking coal market but it was determined that it would not suffer the same fate in the steam coal markets. In 1986, Malcolm Edwards, BCC's Director of Marketing was optimistic about the viability of the Corporation and highly enthusiastic about its new hard-headed approach. In the Review of the Horden colliery (a coking coal mine in East Durham closed by the dramatic changes in the international coal trade) he argued that:

The thing that the coal industry needs more than anything else is a reduction in its costs. That is the way to increase sales so that we can confidently price at what the market will pay at the margin without falling over our feet or accumulating losses like we had before the strike. That is the best thing that can happen to the coal industry in this country. We are well equipped to exploit that situation.

This new approach was outlined in a document entitled *New Strategy for Coal* Dated: 11th October 1985, it was drafted by Ken Moses, the then chief of mining operations, and begins with the memorable sentence: "A great deal has changed since the launch of the *Plan for Coal* in 1974". This corporate planning document outlined a new future for the industry which was to be built around the following goals:

- to phase out the industry's dependence on subsidy and to break even by the end of the decade;
- to achieve conditions in which the industry could sell coal at competitive prices; abandoning fixed production targets and adopting a more flexible approach to meeting market requirements.

Instead of production targets, mine managers faced cost targets. £1.50p/GJ was set as the cost target for all collieries and £1.00/GJ for all opencast sites. The linking of the deep mines with the opencast sites confirmed that BCC was aiming for an integrated plan based upon its entire production system. It summarised its new approach succinctly:

We need to maximise output in our low cost collieries and opencast sites as a means of reducing average costs.

Under this approach, large numbers of coal mines closed. Those that remained were the most productive ones which were themselves dramatically reorganised in ways which allowed them to compete with ARA coal and the international coal market which was rapidly growing in significance. A key element of the reorganisation would be the increasing use of heavy duty faces and retreat longwall mining under the so-called "Wheeler Plan" (named after Albert Wheeler, who later became BCC's Operations Director and Joint Deputy Chairman).

In the application of this new strategy with its "robust management rules", BCC was unsympathetic to the view that the international coal trade (increasingly dominated by the international oil and major mining corporations) was being organised in a way which would destabilise domestic producers. Rather, it took the view that:

the implementation of these rules will, notwithstanding the external uncertainties, (a) make it very unlikely that collieries which might have a viable long term future would be closed prematurely and (b) minimise the chance of unprofitable expenditure on new capacity.¹¹

It is the supreme irony that this approach, radical as it seemed, was incapable of preserving a stable deep-mined coal industry.

4. From Management Rules to the Rule of Markets

In 1973, the world trade in steam coal stood at 14mt; by 1989 it had reached 172mt. Remarkably the international trade in the (cheaper) steam coal market was exceeding that of the more established coking coal market. The role played by the oil transnationals in this trade is made clear by the fact that in 1988 three of them sold over 100mt of steam coal on the international market (Shell 39.6mt; Exxon 32mt; BP 29mt). While BP was to indicate that it intended to sell its coal interests, Shell (which made a profit of £40m from coal in 1988) "seems determined to stay".¹² Exxon expanded its coal interests by purchasing managing stakes in three large Australian mines. As a consequence, the downward pressure on steam coal prices continued, and with it the pressure on BCC. By this time Malcolm Edwards was taking a rather less sanguine view of the world energy markets, and especially the role being played by the oil corporations. In his view, they had:

... moved into coal just as robustly as they had moved into heavy chemicals in the 1960s and with even more disastrous results ... too large, too fast, too grand to listen, far too optimistic about the response of the market. All those overnight cuckoos crowded into a very small nest.

The nest, of course had once been the single preserve of the NCB, and it is fair to say that it, and its Marketing Director had, in the past, been vulnerable to similar kinds of criticism (too large ... too grand to listen). By 1989 however the position of BCC was becoming critical. It had defeated the NUM and pushed through draconian reforms. Yet still it was up against it; and it felt bitter about the competition from the oil companies which it regarded as unfair. Malcolm Edwards again:

When it became clear that the market for traded coal was not going to expand to order, the reaction of the oil companies was what came naturally to them - to rely on their great cash flows to push down hard to drive out the competition. Coal prices became disengaged from every other fossil fuel price, but all that the resulting price war did was to drive out other coal producers.¹³

In Britain the market for steam-raising coal (never before threatened by internationally traded coal) was drawing in more and more imports. While energy experts in 1984 had been predicting net *exports* of steam coal with imports as low as 1.4 mt¹⁴ the new reality was far

¹¹ Memorandum from the National Coal Board Select Committee on Energy, Vol. 1, p. 18, HMSO, 1986

¹² *Financial Times*, 28th June, 1989

¹³ *Financial Times*, 28th June, 1989

¹⁴ M. Prior and G. McCloskey, ?????????? 1984

different. Steam coal imports had, in fact, risen to almost 10mt by 1987, outstripping the imports of coking coal. In this situation the producers being pushed out of the market were the deep mines. Opencast production remained buoyant and throughout the 1980s took a greater and greater share of the British market. These changes were almost revolutionary, and compared with nothing that had happened in any other of the raw material or commodity markets. They were changes that were welcomed and encouraged by the government.

In 1988 we conducted a series of interviews with energy consultants. Their generally held view was put clearly by Gerard McCloskey when he maintained that:

When you look at the British energy industry, coal stands out as exceptional. Because the coal industry is understood by the Government as a *labour* issue rather than an energy issue. Their policies toward the coal industry are dominated by Arthur Scargill rather than by any clear energy strategy.

5. Privatisation in Stages

There is no doubt that the Conservative government had come to regard the privatisation of BCC as the pinnacle of its achievements in the area of industrial and economic policy. Cecil Parkinson, then Secretary of State for Energy, said as much at the Conservative Party Conference in 1988: it was to be the "jewel in the crown" and "the ultimate privatisation". However it never achieved these grand ideals. It was all a messy and unsatisfactory affair, a product of external forces and expediency, rather than a major ideological achievement.

The situation facing BCC was exacerbated by the projected privatisation of the electrical supply industry; the sale of this major public utility was a central objective of the third Thatcher administration. The CEGB had been prepared for its sale over a period of years. In 1985, it had entered the international spot market, paying £30 a tonne for 120,000 tonnes of Colombian coal to be delivered to the Fiddlers Ferry power station on the Mersey,¹⁵ and continued with this policy of international purchases in subsequent years; supplying Fiddlers Ferry and its power stations on the Thames.

The markets were geared to the paramount political need, of finding ready purchasers for the state owned utility. The *Electricity Act 1989* outlined the processes whereby the whole of the electricity industry would be privatised and the form that its regulatory framework would take. However, the costs of decommissioning the nuclear power stations deterred any prospective buyer. As a result they were pulled from the sale and given the lion's share of a new *Fossil Fuel Levy* (initially 10% on top of electricity bills) to pay for decommissioning. More importantly, they were given a guaranteed market for all their electricity consolidating their position. Ironically given the costs involved nuclear stations became the central source of the industry's "base load" generation. Should there be a future slump in electricity demand, they would be the last to shut down.

In these ways (through nuclear power, opencast coal and imported coal) the generating supply industry was gradually ridding itself of its dependence upon the British deep mines. When, in 1991, the generating stations in England and Wales moved into the hands of the private duopoly of PowerGen and National Power, the stage seemed to be set for the final

¹⁵ *Financial Times*, 24th July, 1985

tragic end of King Coal. However, a General Election was in the offing and the Conservatives were under a new leader, and therefore, in an industry run by political considerations, the end-game was delayed. As part of the privatisation, the new generating companies agreed to purchase significant, yet declining deliveries from BCC for the first three years of their operations. In 1986 the CEEB had agreed to buy approx. 70mt per financial year for a five-year period. The new agreement specified an initial purchase by National Power and PowerGen of 65mt - declining in the second and third FYs to 60mt. This represented a significant reduction in the market for coal from British mines. But this agreement was a transitional one for three years only. Thereafter it would be open house!

As 1993 approached, further (and even more damaging) threats to BCC emerged. The European Community had adopted strict new sulphur dioxide (SO₂) and nitrogen dioxide (NO_x) emission targets in order to reduce acid rain throughout the continent.¹⁶ Meeting the NO_x emission targets mainly involved the fitting of low NO_x burners at the power stations, however meeting the SO₂ targets presented the power station operators with a far greater challenge. When the electricity generating companies were privatised in 1991 only three power stations in England (Drax, Ratcliffe and Ferrybridge - totalling 8GW of capacity) were planned for flue gas desulphurisation (FGD) equipment. Later one station in Scotland (Longannet) would join the list. PowerGen refused to have FGD installed at Ferrybridge and the installation of more FGD was ruled out by the generators. Burning cheaper imported low sulphur coal was seen as one possible option - but converting to other low/non-sulphur fuels was the main option that the generators would adopt in 1990s, building new generating capacity, using "cleaner" natural gas as the fuel.¹⁷ This strategy fitted in well with the British Government's desire to present the new electricity industry as something more than a private monopoly replacing a public one.

These forces worked like a pincer on BCC. In its concern to "compete" a greater and greater emphasis was placed upon increasing the productivity of the mines, thus adding more and more coal to a situation of chronic over-supply the situation. Energy sector analysts and even BCC management viewed this as a disaster waiting to happen, and certainly the coal miners were in no doubt about their impending fate.

After trying all summer to agree new contracts with generators and persuade the Government to intervene, BCC's management finally lost patience. On 13th October 1992 it announced

¹⁶ The provisions of the *Large Combustion Plant Directive (88/609)* were adopted into UK law by the *Environmental Protection Act 1990*. Under the provisions of the 1990 Act, a *National Plan* (covering the period 1991-2003) was developed for SO₂ and NO_x emissions from UK power stations. In England and Wales, National Power was required to reduce annual SO₂ emissions from 1.595mt (1991) to 0.660mt (2003). PowerGen had similar targets: 1.085mt (1991) falling to 0.450mt (2003). Emission targets were also published for power stations in Scotland and N.Ireland.

¹⁷ In 1991, the European Commission had removed the restrictions on the use of gas for electricity generation. This allowed the development in the UK of a new generation of Combined Cycle Gas Turbines (CCGTs). New companies entered the sector and generate electricity for sale to the grid by using CCGTs. Lakeland Power was well advanced in its plans to build the first CCGT (229MW capacity at Roosecote, Cumbria) and in their initial prospectuses (issued in February 1991), PowerGen and National Power had indicated that it would be their policy to invest in these new stations. They also indicated that they intended to import increasing volumes of coal via several new coal import facilities (including Bristol, Liverpool, Hull and the Thames).

that 31 collieries would close or be mothballed. The announcement caused massive protests, both in and outside parliament which were loud enough to ensure a temporary change in policy. This involved a stay of execution for some mines, plus a detailed investigation of the markets and an Inquiry by the House of Commons Select Committee on Trade and Industry. That inquiry confirmed that the markets facing BCC had been organised in ways which disadvantaged the deep mines, and suggested that steps be taken to contain each of the competitor fuels. It was also clear in its view about the advantages to be gained from pegging back opencast production. But the Report¹⁸ was not discussed on the floor of the House of Commons, and none of these recommendations were adopted. The Government finally published a White Paper in which it outlined its limited additional support for the industry.¹⁹ While Mr Heseltine (President of the Board of Trade) had finally regained his composure, BCC continued to rundown production. In an extremely complex and confusing set of decisions, some BCC collieries were closed, others were "mothballed" or classified as "market testing" units and offered for sale to the private sector. By 1994, on the eve of privatisation, just fifteen BCC deep mines remained in production.

The outcry over the announced closures resulted in one achievement. It had forced the Government to persuade BCC to keep many of the threatened collieries open on a "care and maintenance" basis. This meant that while few miners were employed in these pits, which were not producing coal, they were being kept in a condition which allowed them to be opened again -not by BCC, but more likely by a competitor. It was in this way (and not in glorious triumphalism) that the privatisation of BCC commenced. In 1993 and 1994 several collieries were transferred to new private operators under lease and license agreements. RJB Mining took over Calverton and Clipstone in Nottinghamshire, plus Rossington in South Yorkshire. Coal Investments plc leased both Hem Heath (part of the Trentham complex) and Silverdale collieries in Staffordshire, Coventry colliery in the West Midlands, plus Markham Main in South Yorkshire. Other management buy-out (MBO) teams took over Hatfield Colliery in South Yorkshire and Betws Colliery in South Wales. The model for this process of buy-outs was the worker-led take-over of Monktonhall Colliery in Scotland which was to have its more successful parallel at Tower Colliery in South Wales. The remaining collieries, which had received no firm bids from the private sector, were closed and abandoned.

At the end of March 1993 BCC finally agreed new supply contracts with National Power and PowerGen. However the new contracts involved a substantial reduction on the earlier one. Only 35mt would be purchased in financial year 1993/94 - followed by 30mt in each year up until 31st March 1998 when the contracts expired. The private mining companies fared little better; only being offered contracts for 3mt in the first two years, with the promise of a possible increase to 5mt for the subsequent three. The generating companies explained that enormous stocks of coal had built up during the last years of public ownership and that they planned to run these down. They said that they intended to be even-handed about this and that they would also reduce their coal imports to the contractual minimum - concentrating on imports from a few overseas suppliers (mainly Colombian) plus occasional spot purchases. The weakening position of coal within the generating sector was clear to see.

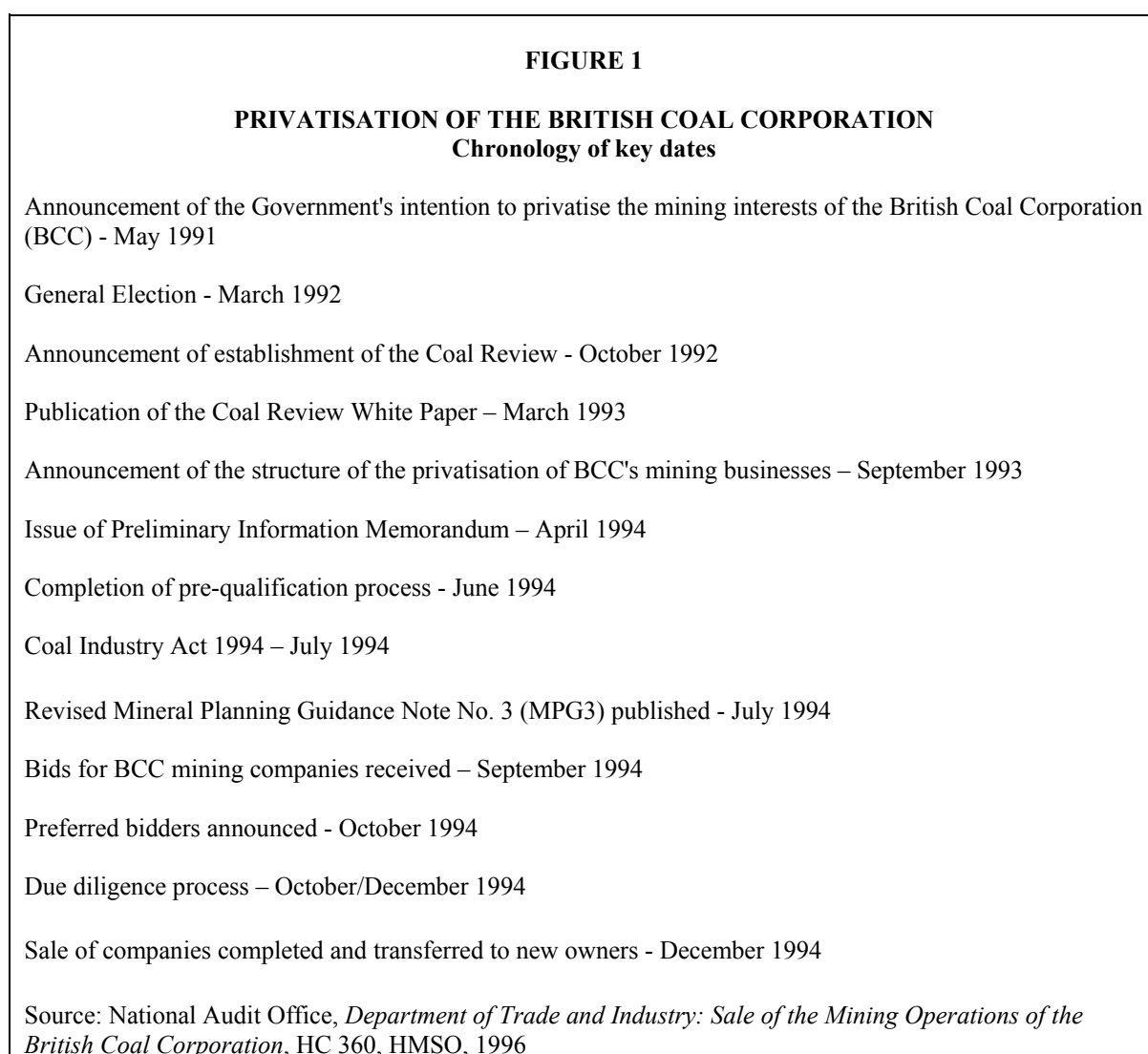
¹⁸ House of Commons Select Committee on Trade and Industry, First Report - Session 1992-93 (HC 237), *British Energy Policy and the Market for Coal*, HMSO, 1993

¹⁹ White Paper: *The Prospects for Coal - Conclusions of the Government's Coal Review*, Cm 2235, HMSO, 1993

6. The End of the Road for British Coal

The sequence of privatisations had badly affected the coal industry. Had it been privatised prior to electricity generation it would have been in a much stronger position. Left at the end of the queue, the victim of a predatory customer, headed by a supine management reluctant to battle with the government, it had no chance. In the view of Malcolm Edwards (who had been sacked at the end of 1992) "the new man (chairman, Neil Clarke) was happy to preside over the decline and did nothing to fight coal's corner".²⁰

On this basis, and once the furore over colliery closures had subsided, the Conservative Government moved ahead with its plans to privatise BCC in a way which would create a competitive coal sector in the UK (see Figure 1). With an eye on history and the importance of the symbolic in British political life, it was planned to transfer ownership from the state to the private sector by January 1st 1995. Old wrongs were to be righted!



²⁰ "The Man Who Would be 'King Coal' ", *Independent on Sunday*, 28th August 1994

A key feature of the *Coal Industry Act*²¹ was the transfer of the ownership of the coal reserves to a new regulatory body, the Coal Authority. Unlike BCC, the Authority would not be allowed to mine coal; instead it would be the main licensing body for all coal mining activities in deep mines and on opencast sites. The Government had also decided that BCC would not be privatised as a single entity. Competition would be created.

Tim Eggar, the energy minister at the Department of Trade and Industry who was in charge of this privatisation, announced that the mining activities of the state-owned corporation (deep-mined and opencast) would be bundled into five regional mining businesses. The few mothballed "stand-alone" collieries would also be added to the sale as separate items. It was to be an auction, with companies and mines going to the highest bidder. Initially bidders would need to go through a "pre-qualification process" to assess their capacity and fitness for their new role. This process took place during the early summer of 1994 and was followed by a round of bidding from all the pre-qualified companies. The names of the successful bidders were announced at the Conservative Party Conference in October 1994 by Michael Heseltine. Malcolm Edwards had been one of the hopeful bidders. In the run-up to privatisation Edwards, had already leased four of the mines closed by BCC, through Coal Investments plc. In the words of his "profile" writer, he was "The man who would be King Coal".²² However it was not to be. The industry was to be sold to a man with no direct connections with BCC; a man who had made his money in the opencast sector of the industry.

During this period Richard Budge had taken a very high political profile. For example, on 10th September 1993, his helicopter - RJB(Mining) logo clearly visible - landed in the centre of Doncaster Racecourse in the middle of the race meeting. On that occasion Budge was accompanied by Lord Wakeham, Tory Leader in the House of Lords and influential Cabinet Minister. This was one of the more public demonstrations of a practical process of political lobbying. We have been reliably informed that:

On no less than seven separate occasions, Budge met the Minister for Industry and Energy, who is responsible for coal privatisation, to discuss matters relating to that privatisation. Those meetings were all held at important and strategic times: 17 June 1992, 29 June 1992, 1 March 1993, 26 March 1993, 15 April 1993, 15 June 1993 and 7 July 1994. He had access to a Minister that even many Labour Members do not have.²³

On 12 October 1994, RJB Mining was named by the government as the preferred bidder for what remained of the English coalfield.²⁴ This, in spite of the fact that in the aftermath of

²¹ *Coal Industry Act*, HMSO, 1994

²² *Independent on Sunday*, 28th August, 1994

²³ *Hansard*, 16 May 1995, p. 234, Stephen Byers, Wallsend.

²⁴ RJB Mining took control of three English mining businesses (the North East, Central North and Central South) plus two other stand-alone mines (Ellington in Northumberland and Thorne in Yorkshire). In Scotland, Mining (Scotland) - a consortium backed by the Scottish NUM, other businesses and Coal Investments - took control of one large deep mine (the Longannet complex) and several large opencast sites. In South Wales a management-led buyout team, Celtic Energy, took over mining assets solely composed of opencast sites. Tower colliery, was sold to a management and employee group - trading as Goitre Tower Anthracite Ltd. The Coal Investments and UDM consortium was successful only in their bid for the mothballed Annersley-Bentinck colliery in Nottinghamshire.

the collapse of the AF Budge group in December 1992, Coopers and Lybrand had severely criticised the Directors of the Company and questioned their fitness to be Directors. As a result most people were either surprised or shocked by the announcement.

The unsuccessful bidders were openly disappointed and angry at the decision. In late-1994 the media and technical press contained a series of stories either attacking Richard Budge himself or the logic and economic viability of RJB Mining's bid for the English industry. However, despite these continuing attacks, RJB Mining managed to raise the £400m in bank loans and also raise a further £400m in a major share placing. In the words of *The Times*:

Richard Budge, the bluff chief executive of RJB Mining has pulled it off. Instead of being cold shouldered by the City, he has won support for his £400m share issue.²⁵

RJB had won the auction for the English mines by offering significantly more than its rivals - £900m subsequently reduced to £815m following negotiations with the DTI. The company claimed that its financial projections for future revenues were entirely realistic although based upon more favourable assumptions than most people thought reasonable. Much of the disagreement related to the assumed productivity of the mines and the long term stability of the coal market. In the early 1980s BCC's collieries achieved productivity levels of about 700 tonnes per man year. After closing many of its high cost mines it managed to increase productivity to over 2,000 tonnes per man year. In its share prospectus RJB Mining, provided projections for productivity at the mines acquired from BCC. Productivity was forecast to increase from 2,032 tonnes per man year in FY 1992/93 to over 3,300 tonnes per man year in FY 1999/2000. However Richard Budge was very coy when challenged about these projections. Certainly, if RJB could achieve such levels of productivity gain then it could well maintain its market share in the face of other competition. At the time it seemed reasonable, however, to agree with the conclusion of *The Times*:

There is no doubt that the company's future is open to interpretation. Its future revenue flows vary according to the assumptions used. Mr Budge claims that he used conservative assumptions while his critics claim that the assumptions are optimistic. The truth will emerge in about five years time.²⁶

What was indisputable, in the new dawn of privatisation, was the fact that the coal industry was going to remain a difficult industry in which to survive. Enormous competitive pressures (from major international corporations and from different fuel sources) would have an effect upon both the new private companies and the older ones which have been expanding profitably in the opencast sector. In the view of one analyst:

RJB's experience in opencasting will provide it with an economic benchmark against which it will judge the performance of its new deep mines. ... ruthlessness should prevail. The nineteen collieries (plus eight leased to other companies) is significantly more than most commentators predicted for the industry back in 1992. The number can only be maintained by lower rates of production (as has been witnessed in Coal Investment's pits). In the long term RJB should be

²⁵ *The Times*, 10th December 1994

²⁶ *The Times*, 10th December 1994

looking to maximise production at the cheapest pits and reduce the portfolio where markets cannot support it²⁷

7. A Fully Privatised Industry

For the market to operate effectively, there is a need for public institutions and an appropriate regulatory framework. This is particularly the case when the economic activity operates upon nature. Unlike a manufacturing industry, extractive industries (like coal) and some public utilities (like water) are based upon the extraction and refining of already existing natural materials. This was well understood by the government. The *Coal Industry Act 1994* created a new regulatory body: The Coal Authority. In the view of the DTI, The Coal Authority would take on "a number of important and wide ranging statutory duties (some of which) are intended to help the privatised industry develop on a sound economic basis".²⁸ In fulfilling these duties, the Authority would:

- own and grant access to all coal reserves
- be responsible for the licensing of all coal mining
- make available mining records and geological information
- take responsibility for the "physical legacy of historical coalmining", where this was not transferred to the private sector

These were later summarised in the "Mission Statement" of the newly established Authority:

The Coal Authority will manage on behalf of the nation the unworked coal reserves and other property under its control and will encourage economically viable operations to exploit those reserves. It will make information available and will, within its sphere of responsibility, protect the interests of those affected by past and future coal-mining activity²⁹

The 1994 Act was clear that the Coal Authority would be independent of the coal mining industry and would be prohibited from carrying out coal mining for commercial purposes, or with the view to itself using any coal mined. Neither could it explore for coal or involve itself in the planning process. Its function would be to vet and inspect the applications of others to mine the coal and carry out related activities, such as the commercial extraction of coalbed methane.

The Coal Authority was set up in Mansfield, Nottinghamshire, and preliminary estimates were that this new Authority would need "about 100 staff". As if to demonstrate its independence from the industry neither the Chairman nor the Chief Executive had had prior experience in coal mining. In that curious way that has become typical of the British state, "public men" emerged to fill these offices. The Chairman was to be Sir David White, who

²⁷ J. Hancock, *Opencasting in the UK*, McCloskey Coal Information Services, 1995, p. vii

²⁸ DTI, 1993, Para. 3

²⁹ The Coal Authority, *Annual Report and Accounts 1995/96*, p. 23

had been, until 1990, Deputy Chairman of National Freight Consortium. His link with the coal industry was his relatively short tenure as a part-time Board member of BCC (having been appointed in October 1993). When he took up his appointment at the Coal Authority, he was also Chairman of Mansfield Brewery, Chairman of the Council of Nottingham Trent University and Nottingham Health Authority; in addition he was Deputy Lieutenant of the County of Nottingham. His Chief Executive was to be Neville Washington, and after he had taken up his post we asked him about his background and how it was that he had ended up responsible for this new organisation:

After being at Cambridge University I carried out research on animal behaviour for a year in Tanzania. I decided that I didn't want to spend the rest of my life sitting in the jungle so I joined the Army. I spent 21 years as a professional soldier - but then with the cold war coming to an effective end the Army was not going to offer the outlets that it had in the past. I then went to the National Health Service in Glasgow and found that much more fascinating than I had expected. Then one day the telephone rang and I was asked whether I would consider going for this job. I have some experience in setting up organisations from scratch and so that was very attractive. As it was something that I knew I had done before, it gave a certain element of confidence in taking on what was quite a considerable and daunting challenge. The opportunity to create an organisation from substantially a blank piece of paper is very rare and not to be lightly passed up. And I have found the ideals of public service very attractive - and so the two elements combined happily.³⁰

The other members of the Board, appointed at that time, included a lawyer (John Cunliffe) and a chartered accountant (Tom Slee) with senior executive experience in the oil and gas industries. Environmental and planning issues were in the purview of Eric Hassall a chartered engineer and surveyor and current chair of the British Geological Survey Board, and Leslie Rendel former Director of Planning at Warwickshire County Council. Experience of the coal industry was in the hands of Roy Link, who had previously been President of the Union of Democratic Mineworkers (UDM) and had expressed an interest in purchasing some of the English mines. Someone who, in the words on the Chief Executive was "able to give his own particular and unique contribution".

If the Board members came from diverse backgrounds, the same could not be said for the Directors and staff of the Authority. The two critical directorial posts (Contracts and Licensing) were held by ex-BCC managers, Albert Schofield and Keith Leighfield. When we discussed this with Neville Washington, he agreed that most of the staff in the new Authority had previously worked for BCC:

Inevitably, the area where the right degree of expertise existed was overwhelmingly in British Coal. So if I take the short list for these Directors posts (contracts and licencing), there were seven on one short list and six on the other, and the only people who turned out to be appointable were ex-British Coal. And I don't think that that should be surprising. I am happy that I got the best people who came in front of me.

Under the new Authority the previous distinction made between the mines of BCC and those in the private licensed sector would cease. All mines (opencast and deep mines) would be of

³⁰ "Interview with Mr. Neville Washington", *UK Coal Review*, February 1995 pp. 3-7

unlimited tonnage and all would be licensed by the Coal Authority³¹. Under these new arrangements, RJB Mining, Mining (Scotland) and Celtic Energy would compete for licences on equal terms with the other small mine operators. In the words of the DTI, the Authority:

is to discharge its licencing responsibilities in a way that encourages competition and enables companies to finance their coal mining operations, and it is to have regard to whether applicants for licences have the necessary experience and expertise³²

Its interpretation of this sieving process was awaited with some interest. In its statement of policy it made clear that:

The Authority's policy is to respond to applications for licences and leases of coal. It will not normally actively seek such application. It will normally advertise the receipt of applications for licences and leases, to allow other interested parties the opportunity to make competitive applications.

The Authority will consider all applications for licences and leases equally, and will not favour particular types of application or classes of applicant. However the Authority will not necessarily grant a licence or lease in any particular case, if it considers the offer made does not represent the best terms reasonably available.

Of particular concern to the Coal Authority was the large number of very small drift mines working in South Wales. In February 1995, the Chief Executive expressed his concern over these mines:

In order that we discharge the duties under the Act, we have to ask quite a lot of supplementary detail. Undoubtedly, that has been a burden on some of the individuals concerned. We are talking about very small organisations who are not very geared to providing the level of financial detail that I require. But under the Act I have to make sure that they have sufficient financial clout both to carry on the operations properly and to meet any liabilities that might arise from that. In order to form a view on that I have to have a volume of cash flow information. That has proved to be quite a difficult hurdle to get over. Not surprisingly there are some people who find this requirement burdensome.

The Authority tried to address these issues during 1996 especially in the way it handed out a lifeline to the small number of remaining "free miners" operating small drift mines in the Forest of Dean.³³ Ironically, the fact remained that, under privatisation, the very small operators, on the margins of the industry, were finding the squeeze of the regulator more severe than under the benign gaze of the nationalised corporation. While BCC had been happy to receive a tonnage royalty from these small operators the new Authority was established through a new licencing arrangement and statutory responsibility that made its approach much more stringent. Washington again:

³¹ During the period of nationalisation, the NCB dominated coal production. Other, privately owned mines were restricted in size - opencast mines to tonnages of below 100,000 tonnes and underground mines to the employment of 10 workers.

³² DTI, 1993, Para. 3

³³ *Forest of Dean - Free Miners*, The Coal Authority Press Release 96/4, 21 March 1996

There are two separate pieces of paper. There is a licence for which there is a mechanical formula for working out what has to be paid. But also, in order to acquire a property interest in the coal, the operators have to have a lease. For that lease, they are required to make a bid. I have two duties to balance - I have to encourage economically viable coal mining and therefore I try to put as few hurdles in the way of potential operators as possible, while on the other hand I have to secure best terms. Although the ownership of the coal is formally vested with the Coal Authority I am quite clear that this is the nation's coal. We need to make sure there is an adequate return. Not surprisingly, the coal mine operators want to bid as little as possible to acquire an interest in the coal.

While the industry had been privatised the view of "the nation's coal" remained. Ironically too, and in spite of the rhetoric of "competition" and the "small company", the new regulatory arrangements seemed to favour the larger operators and especially those who had replaced BCC. There was an inevitability about this: one made stronger by the fact that the industry also operated in the context of another regulatory regime associated with the environmental planning system.

8. The Legacy

The privatisation of BCC was conducted with considerable haste, with many of the important administrative loose ends left undone. This was particularly true in the sensitive area of environmental control, with the bulk of liabilities, mainly subsidence problems, mine water pollution and gas emissions, being left ill-defined but within the purview of the Coal Authority. This became a focus of concern for the Coalfield Communities Campaign which coordinated the concerns of local authorities and other groups of activists worried about the polluting effects of colliery closures. For some years there has been concern over the rising level of the water table in the old coal districts as routine pumping came to an end. The rising water levels in abandoned mines could easily lead to major pollution incidents in the main rivers and other water courses throughout the former coalfield areas. The emissions of mine gases from abandoned mines are also a widespread problem (threatening to blight some former mining areas). Methane ("fire damp") had been the cause of many mine disasters. The deep mines had developed techniques to dealing with this problem; but once the mines closed the gas levels were usually no longer checked and there was a worry that methane could seep out to the surface and accumulate in buildings.³⁴ Carbon dioxide ("stythe") is another dangerous mines gas, and in February 1995 a man died in Northumberland after this gas accumulated in a factory next to a closed drift mine. Added to this was the desolation associated with unemployment and redundancy.³⁵

³⁴ Department of the Environment, *Methane and Other Gases from Disused Coal Mines: The Planning Response*, (Report by Wardell Armstrong), HMSO, 1996

³⁵ Another Government Agency, English Partnerships, was left with the unenviable task of bringing many derelict former colliery sites back into productive use. The scale of the work was highlighted in 1996 when 5,000 acres of largely derelict land was transferred to English Partnerships from BCC. One example of a derelict site that the Agency are now redeveloping is the site of the former Dawdon Colliery, near Seaham, County Durham. When the colliery closed in 1991 nearly 2,000 miners were made redundant. Aid from the European Union and the UK Government will attempt to attract new industry and commercial activities to the site and surrounding area. This regeneration programme will be continuing well into the next decade - helping to breakdown the legacy of depression, despair and debt in the affected communities. See for example English Partnerships, Press Release, *Deputy Prime Minister Visits Former Coalmining Area*, 10th October 1997; Coalfield Communities Campaign, *Britain's Coalfields - A Social Audit*, Barnsley, 1997.

There is no doubt that the privatisation of the British coal industry failed to live up to the Conservative Party's expectations. It was not a valedictory moment when the virtues of the market were seen clearly to triumph over the dark forces of the state. Almost the opposite in fact. The rumours and doubts over the process of the sale invited images of second-hand car dealers rather than something in which the nation might glory. The transfer of ownership carried none of the symbolic richness that had so typified Vesting Day in 1947. It had been a market transaction; nothing more.

Despite all the misgivings that were voiced about the privatisation of BCC the then Energy Minister Tim Eggar felt it possible to sound an optimistic note. On the eve of privatisation he told an audience of coal industry representatives that:

Coal remains a major resource for the nation. It will have a significant role to play in electricity generation, as well as other markets, in the years to come. I believe that by freeing the industry from the constraints of public ownership we are offering a great opportunity to those who work in it and depend upon it, to take their place within a truly competitive energy market and, by building on the achievements that have already been made, create for themselves a secure and viable future.³⁶

These were fine and almost heroic sentiments from a minister who would soon leave parliament for a new career. With the benefit of hindsight they have a distinctly hollow ring.

The first few months after the privatisation of BCC's mining businesses were something of a honeymoon period. There was an air of optimism and a feeling that the new owners could address some of the serious problems that they had inherited from BCC.

Mr Budge talked forcefully of the reductions in central overheads and the reductions in prices he had obtained from equipment suppliers,³⁷ to bring a feeling of confidence to the workforce by offering them a three year contract until the end of the supply contracts with the electricity generators in 1998. But the workforce was given a warning concerning market realities and corporate economics:

... job security depends on, primarily lowest cost, and secondly secure and consistent supply. Without those ingredients you will lose market share, resulting in job losses.

Like many other analysts (in the first half of 1995) Mr Budge envisaged that coal-fired generation would hold on to a substantial share of the electricity market. With this in mind he looked forward to a brighter future for coal, noting that:

We (RJB Mining plc) are a lean, fit and world competitive business. We have a bright future and our employees and shareholders deserve the recognition that this is the case.

RJB Mining also adopted a different management style to BCC; in particular it minimised contacts with the unions, especially over the negotiation of wages and working conditions.

³⁶ T. Eggar, *Speech to the Coal Industry Society Luncheon*, London, 5th December 1994

³⁷ R. Budge, *Speech to the Coal Industry Society Luncheon*, London, 6th March 1995

This stance alienated the company from the unions. The UDM (which had been involved in its own bid) felt especially betrayed by the Government's failure to give the miners a share of the industry after privatisation. However, RJB Mining did offer its workforce shares and even free shares in the company. Even so we heard several reports from men working at some collieries of local disputes over bonus payments, shift patterns and working practices. These were disputes that, in some cases, could have been easily settled by negotiations with union representatives.

The management of RJB Mining was pleased that the forecasts for coal consumption in the 1994 Share Prospectus turned out to be reasonably accurate. Several forecasts for coal consumption in the Electricity Supply Industry, produced after 1993 by other analysts, consultants and leading coal industry publications, turned out to be too low. There were several reasons for these low estimates, including: the use of poor models of the electricity sector; over-optimistic forecasts for the construction of the CCGTs; delays in the commissioning and initial operation of the CCGTs due to turbine problems; unplanned closures (outages) of nuclear plant; severe winter weather causing increased coal consumption; and a larger than expected growth in electricity consumption due to the economic recovery (especially in 1996). However, the trend in coal consumption in England and Wales continued on a downward path, bringing casualties in its wake.

The most spectacular collapse was associated with Coal Investments plc. and its Chairman Malcolm Edwards, the former Marketing Director of BCC. The company had obtained leases and licences from BCC to re-open five of the collieries that had been closed or mothballed after the coal crisis of 1992. It also purchased the Cymgwilli anthracite drift mine in South Wales. However, Edwards' optimism and sense of his own destiny as a major coal entrepreneur was misplaced. With insufficient capitalisation he soon accumulated huge debts, a situation which was exacerbated by the low prices obtained by Coal Investments for its coal and the changes in mining technology it decided to adopt. The company was forced into administration at the beginning of 1996. Midland Mining Ltd., bought the Silverdale and Annesley-Bentinck collieries for what seemed to be a short life (Silverdale closed at the end of 1998). No buyers could be found for Hem Heath, Coventry and Cymgwilli which were closed permanently. In Scotland, Monktonhall Colliery, after a brave attempt to continue through a worker share ownership scheme was forced to close in early 1997 after flooding and geological problems made the mine unviable. RJB Mining was also hit. The company never made a secret of the fact that it would probably close Point of Ayr colliery and Bilsthorpe colliery. However, the closure in 1997 of the new "supermine" at Asfordby in Leicestershire (allegedly for geological and safety reasons) was a strong signal that the industry was once again in crisis. In 1997 there were hopes and expectations that a new Labour government would respond to this situation in ways which would arrest the decline.