

Energy Insider by William Engdahl

The plan to ruin European coal

The secret study will do to coal mining what the same EC mechanisms have done to steel and shipbuilding—destroy it.

A top-secret staff document is circulating in the 10-member European Community (EC) in Brussels which would, if adopted, collapse Europe's coal-production infrastructure. In its extreme version, according to sources who have obtained an advance copy of the report, the plan would mean the loss of something on the order of 300,000 jobs in mining and allied industries over the next several years.

This week, EC Director General for Energy Christopher Audland (U.K.), is to make the first formal presentation of the plan to EC members. Knowledgeable Brussels sources report that the draft contains a detailed strategy under which the system of EC subsidies to domestic European coal production would be phased out in several stages. By the end of 1986, all EC subsidies to coking coal, used for the production of steel, would be eliminated. At the same time, EC subsidies which have maintained a Strategic Coal Reserve would also be eliminated. And interest-free loans from the European Coal and Steel Community (ECSC) for development of new coal faces, would be ended.

Between 1974 and 1982, Britain received £758 million from the ECSC through the National Coal Board to subsidize coal production, grants for research in miners' diseases, and social aid for housing for retired miners. Under the proposal now being advanced in Brussels, all of this would go.

A second, equally important part of the strategy will be to remove stringent protectionist tariffs and other bar-

riers which presently protect European coal from cheaper U.S., Australian, Polish, or even Russian coal. This would be done over a 6-to-10 year period in order to dull its explosive political impact on European industry. The plan directly parallels the way in which the European Community group mechanism has gutted European steel and shipbuilding capacity.

In 1982, in Britain, the investment bank Lazard Frères advanced what became infamous as the "Lazard Scheme." Under this plan, British steel producers were given tax and other incentives to pull their mills down and make a nice "one-shot" profit in the process. The coal scheme would similarly "entomb vast coal fields and close them permanently from future production," according to Malcolm Wright at the Darlington College of Technology in the Durham coal region.

A British member of the European Parliament from the coal region of Durham, Stephen Hughes, denounced the proposed free-market plans being advanced in Brussels. "They throw fresh light on the determination of Mrs. Thatcher and Mr. MacGregor to precipitate a coal strike last year. It's clear they wanted to crush resistance before these proposals were unveiled." Ian MacGregor is chairman of the nationalized National Coal Board of Britain which, since 1946, has owned all coal mines in Britain. The government's conduct of negotiations during the bloody 1984 miners' strike, the longest labor dispute in postwar Britain, left a demoralized National Union of Miners without a contract, and paved

the way for massive rationalization and closings in the coal industry under a master plan developed by MacGregor's NCB.

The office responsible for coal policy in Brussels nervously told this reporter that it is "hesitant to confirm" the details of the secret staff study. Sources from the U.K. coal region claim that British Thatcherite Conservative Audland is the prime mover behind the strategy. In an interview, a leading planner with the NCB revealed that it had just completed a major study of the future of the European coal industry. He revealed that NCB long-range strategy projects that a vastly restructured and smaller U.K. coal industry will soon be in a position to protect its own markets from foreign competition while the other major European producers—West Germany, France, and Belgium—would be forced to undertake actions similar in effect to the brutal union-smashing miners' strike. Independent of any Brussels action, the British coal board planner said, the Coal Board is proceeding to eliminate all its subsidies to coal mining by 1990. He emphasized that the strategy, which has not been made public inside Britain because of its explosive political aspect, will rely on forced labor reductions and mine shutdowns. "This will allow us to keep exports out."

The West German government of Helmut Kohl is reportedly adamant in its opposition to the British Audland Plan to rationalize EC coal. It is extremely sensitive to any increased unemployment and wants to keep its rationalized steel and coal industries afloat. In three weeks, regional elections in the heart of the coal and steel region, North Rhine-Westphalia, will give an important indication of whether Kohl can retain his fragile majority coalition.