THE COAL INDUSTRY: THE CURRENT CRISIS AND THE CAMPAIGN FOR A NATIONAL COAL AUTHORITY.

Margaret Lee and Simon Draper

The Australian coal industry has been in a state of crisis since export controls were removed by the Hawke government in September 1986. So far 16 mines have closed and 3800 jobs, representing 12% of the workforce, have been lost. Annual production has fallen by over 4.5 million tonnes. The Joint Coal Board has predicted that at least 5 more mines and 912 jobs will go by 1990. This article surveys the nature of the industry's problems and sets out the case for the establishment of a National Coal Authority.

Background

The campaign for a National Coal Authority has its roots in the period immediately prior to the Second World War. Coal mining unions at that time campaigned vigorously for nationalisation of the coal industry or, failing that, at least for heavy regulation sufficient to overcome the "coal problem" of cyclical swings in investment and capacity utilisation in the industry. The campaign of the 1930's and 1940's was part of a complex tapestry of forces operating both within the industry itself and more generally within the political and economic system. These forces included inability of the coal companies to mechanise the industry and guarantee the coal supplies so

* Margaret Lee and Simon Draper are Research Officers at the Miners' Federation. This paper has been authorised by the General Secretary, Tony Wilks.A fuller version (and other information) is available from the authors at the Miners Federation Office, 3rd Floor, 377 Sussex Street, Sydney 2000.

desperately needed in the post-war period; a concern with the increasing strength of the radical left (both communist and syndicalist); the ALP's enthusiasm for the role of planning in post-war reconstruction; and the recommendations of the Davidson Report which proposed regulation of the coal industry.

As a result joint legislation was enacted by the Chifley federal government and the New South Wales Labor government in 1946. The Commonwealth Coal Industry Act 1946 and NSW Coal Industry Act 1946 established the Joint Coal Board, which is responsible for the regulation of coal mining operations, coal production and coal distribution in NSW. They also established the Coal Industry Tribunal and Local Coal Authorities, which are responsible for industrial arbitration in the coal industry.

The Joint Coal Board has enormous responsibilities under the Acts to ensure the production of coal "in such quantities and with such regularity" as to fulfill both domestic and export demand, to ensure conservation and proper development of coal resources, to ensure that distribution of coal optimises resource utilisation, and to promote the welfare of mineworkers. It has extremely wide powers to fulfill these responsibilities, drawing on both State and Federal constitutional powers. Unfortunately, the other side of the peculiar legislative background of the Board is that its powers are presently interpreted to be limited to NSW alone.

Of course, there are many differences between the events which led to the establishment of the Joint Coal Board and the current campaign by the Combined Mining Unions (CMU) for the establishment of a National Coal Authority.

First, the Australian coal industry is no longer a predominantly domestically oriented industry. Approximately 65% of our annual coal production is now exported, and Australia is the single largest exporter of black coal in the world. The regulation of coal exports is now both more important to the viability of the industry and more useful as an instrument for overall industry planning. The export-orientation of the industry has also changed the government's view of the role of coal mining in the economy. Black coal is one of the most important sources of export revenue. In fact, until the price fall in 1987 it was the largest single export earner. Because of the present federal government's concern with balance of payments deficits, the coal industry is increasingly treated by the government purely as an export revenue raiser, rather than as an industry the overall viability of which is worthwhile in itself.

Secondly, the current campaign takes place not in the context of a strong socialist movement but in the context of a period of regrouping for the radical left. Further, and perhaps reflecting the previous point, unions are faced with a federal Labor

government which has displayed more than the usual hostility to "intervention" on behalf of workers when such action is opposed by the companies. In contrast to the Chifley government, the Hawke government has consistently espoused the philosophy of the free market, even at the expense of the ALP Platform. Insofar as any attention is paid to planning it is by way of powerless industry consultative councils or plans to deregulate industries. In the coal industry this has been manifest in the unwillingness of the Hawke government to honour the ALP policy to set up a National Coal Authority, and its reliance instead of the Australian Coal Consultative Council.

A third significant difference is that in 1946 Queensland produced relatively small amounts of coal. This may partly account for the limitation of the Board's powers to New South Wales, while the Tribunal proposal is not so limited. By contrast with 1946, Queensland is now the major coal producing State. It now accounts for 46% of Australia's saleable production and 56% of Australia's coal exports. The proportion of exports coming from Queensland is on an upward trend. Given the Queensland government's hostility to regulating the coal industry, and the Queensland industry's export orientation, Commonwealth constitutional powers are now even more important for national planning of coal mining.

Finally, it is important to note the changed features of the coal mining operations themselves. Coal mining has become increasingly capital-intensive and projects have much longer lead times. This means that crises and swings in capacity utilisation are more severe and are more damaging. From this point of view, the case for a National Coal Authority to plan and regulate production is stronger today.

On the other hand, some aspects of the industry have remained unchanged. Coal companies are still incapable of acting in the interests of the whole coal industry, to ensure the viability of coal mining in general or protect job security, working conditions, or proper resource development. Equally, the commitment of workers in the industry continues to be striking. Coal mine workers are still willing to take industrial action in pursuit of a planned mining industry. The numerous and regular national strikes and 24 hour stop-work meetings in 1987 were in support of a National Coal Authority, not in protest at retrenchments which had already taken place.

The campaign for a National Coal Authority has been a high priority for the mining unions since the election of the Hawke government in 1983. The government's period of office has been plagued with controversy over its policies regarding coal exports.

In 1978 a system of export controls had been introduced in the wake of price cutting by Utah and in response to action on this issue by mining unions. However, in September 1986 the federal government disposed of even the minimal regulation on coal exports. The result was almost immediate price-cutting by Australian coal exporters, particularly the large Queensland open-cut operations owned by BHP-Utah, MIM, and CRA. In the ensuing months Australia led the world price of hard coking coal down by US$4/tonne, and other grades of coal down by amounts commensurate with this.

The campaign for a National Coal Authority took on a new vigor. These self-inflicted price falls generated a crisis in the coal industry which manifested itself in the form of mine closures, retrenchments, and sustained attacks on working conditions of mineworkers. This only served to galvanise the resolve of mineworkers and their unions in the push for a National Coal Authority and government action. Repeatedly, rounds of aggregate stop-work meetings have demonstrated that mineworkers would not accept responsibility for the mismanagement and misguided priorities of the federal government or the coal companies. It was on this principle and on this strength that the campaign for a National Coal Authority was built in 1987.

What is a National Coal Authority?

The demand for a National Coal Authority includes specifications regarding the form it should take. The mining unions reject tripartite consultative committees which have no effective powers and which are dependent on information supplied by the companies. The demand is for an independent and informed body with the statutory power to effectively intervene in the industry on a day to day basis.

An effective body to implement a long term strategy would need to have the following **characteristics:**

- a permanent board or authority with its own staff and resources;
- autonomous;
- taking over all the responsibilities of the State and Federal departments necessary to undertake planning of capacity and the development and the operation of export controls;
- set up by statute, not *ad hoc* agreement.

The **functions** of a National Coal Authority as envisaged in the present campaign by the mining unions are:

1. The long term centralised planning of investment, mine development , and productive capacity, backed by the ability to directly control coal mining operations. There are three interrelated and equally important criteria on which planning should be based.

   (i) Planning of investment in productive capacity to match with demand;

   (ii) Balanced development of coal resources, particularly as between open-cut and underground mines;

   (iii) Efficiency of mines.

2. The operation of a strong and effective system of **export controls.**

3. The maintenance of detailed data on markets, coal types, and the supply of marketing support.

4. The performance of functions currently undertaken by the Joint Coal Board, such as the operation of the workers compensation systems in the coal industry, and initiatives in the areas of mine safety and technological innovation.

These functions can be taken as a framework for a more detailed consideration of the rationale for a Coal Industry Authority which is set out in the next section of this paper.

The Rationale for a National Coal Authority

1. Planning of investment in productive capacity

The most outstanding feature of the coal industry in 1987 was an extremely high level of excess capacity. The 1987 report of the Australian Coal Consultative Council showed that, without investing in any new capital, the Australian industry could produce an extra 37.3 million tonnes a year. Total saleable production for 1987 was only 148.7 million tonnes. Half this excess capacity was concentrated in the Central Queensland open-cut mines. These high levels of excess capacity came about as a result of over-stated demand forecasts by Japan and the International Energy Agency

in the early 1980's, and, more importantly, because there was no central planning agency to ensure that investments in coal mining were not duplicated.

Excess capacity undermines industry profitability in three ways:

(i) it increases fixed costs per tonne;

(ii) it threatens amortisation of investments; and

(iii) it necessitates unilateral price cutting.

These three problems have been visible in the industry over the last five years. The NSW Coal Association has identified excess capacity as being the cause of large extraordinary losses and write-downs over the last six years. The Australian Coal Association has blamed the crisis on the price-cost squeeze, but seeks to deal only with variable costs, namely labour costs. The Unions continue to play their part in the reduction of variable costs. However, by reducing excess capacity, the unilateral price cutting and the upward pressure on fixed costs would eventually be eliminated.

The Australian Coal Association's solution to the excess capacity problem is a short-term expedient. It seeks to increase utilisation of capacity by changing working conditions. On an enterprise level, this is a rational decision. However, if every enterprise adopted this strategy, in conditions of industry-wide excess capacity, there are two likely results:

(i) there would be an increase in industry production in an already over-supplied market, so that some mines must lose contracts; and

(ii) the cost reductions per tonne would in present conditions be passed on in further price reductions, as each mine seeks to sell its increased production.

The combination of these two results would be a downward price spiral until sufficient mines have closed to temporarily match capacity with demand. This would entail instability in employment and even further industrial turmoil as more working conditions are attacked. Thus, the Australian Coal Association's strategy creates the perfect conditions for a new crisis in the future. The most damning criticism of the Coal Association is that it does not address the problem of excess capacity or the reverse side, possible shortages in capacity arising in the future.

A planning decision made by a central body with all the available information should be more systematic than the sum of decisions made by individual companies all

chasing the same market. By planning its own capacity Australia cannot affect the capacity problem in other coal-exporting nations. However, planning can go a long way to minimise fixed costs per tonne , offer security in amortisation of investments and reduce unilateral price cutting in Australia. Such planning would put the industry in a stronger position to withstand the pressures exerted by excess capacity in the world market precisely because it would reduce costs in Australian mines. Moreover, a reduction in the level of excess capacity in Australia, as the world's greatest exporter of coal, would significantly reduce total world over-production.

Following last year's mine closures and a dramatic upturn in activity in Japan, the Australian industry in particular has very quickly turned around from conditions of excess capacity to shortages in capacity. Planning through a National Coal Authority would facilitate expansion of capacity without creating over-production. It would also engender much greater confidence that such a process would not undermine the viability of existing operations or endanger the other goals specified in the planning process. Attacking the capacity problem MUST be the major aim of the proposed strategy.

2. Planning investment: balanced development

Planning of investment in productive capacity includes planning the balanced development of our coal resources. At present there is a severe and inappropriate imbalance between open-cut and underground mining. This has arisen because development of mines is completely unregulated in Queensland. In NSW, there has been some effort made by the State government and the Joint Coal Board. However, competition between the States inhibits the ability of these bodies to enforce appropriate policies. Balanced development is crucial for the future viability of the industry. The rate of open-cut mining, coupled with the distribution of reserves winnable by open-cut methods, means that if current trends continue Australia will be faced with a shortage of underground skills at the same time as open-cut reserves run out. This is already reflected in increasing overburden ratios (the ratio between the thickness of the overburden to be removed and the thickness of the coal seam in an open-cut mine). The process can only have the effect of creating severe coal shortages in the medium term. Allowing the underground industry to wind down now will result in an extremely inefficient underground industry in the future. It is commercial decisions made by companies that are causing this problem.

The proportion of Australian coal reserves winnable by open-cut methods is only 30%. At present, about 70% of our coal is mined by open-cut methods, and efficient

underground mines are being forced to close. At this rate, open-cut coal will all be mined in 20-30 years, forcing the industry to go underground again, at a time when underground mining skills and capital investments have been lost.

3. Efficiency of Mines

Appropriate levels of investment and proper mining practice in underground mining have created some of the most efficient mines in the world. The classic example in Australia is the Ulan underground mine which achieves productivity of 60 tonnes mined per manshift: four times the average for underground mines and double the average for open-cuts.

The Hawke government has gone to considerable effort to create a public perception that Australian coal mines are inefficient and unproductive. In fact, Australian coal miners are the most efficient in the world. US mineworkers come closest to our productivity levels and yet they are still a long way behind. Figures taken from the Joint Coal Board's *Black Coal in Australia 1985-86* and from the US Government's Energy Information Administration's *Coal Production 1985* (corrected to ensure compatibility) show that:

(a) Output per Manshift (OMS) below ground for Australian undergrounds was 18.9 tonnes on average, while in the US it was only 11.2 tonnes.

(b) OMS for Australian open-cuts was 32.7 tonnes on average, while in the US it was only 26.7 tonnes.

(c) OMS for both undergrounds and open-cuts was higher on average in NSW than in Queensland, yet it was the NSW mines which suffered most from closures and retrenchments

Since 1985-86 when these figures were recorded, productivity in Australian coal mines has continues an already strong growth trend at an even faster rate. OMS for underground mines grew by 9% between 1985-86 and 1986-87, and by over 4% in open-cuts. It is important that a National Coal Authority maintain and enhance these improvements in efficiency. Mines without the potential to maintain this standard of efficiency in the long run without justification (eg. for blending purposes) would not be kept open.

4. Export Controls and Prices

Price-cutting is sometimes seen as an independent factor behind the crisis in the coal industry, although it is inevitably tied to excess capacity.

The question of how coal prices are set is not dealt with at all by the government or the companies, other than the assertion that there is a "market price" that Australian exporters cannot affect. In reality, the variety of types, qualities and uses of coal makes the concept of a market price irrelevant and makes export controls viable. Because there is no uniform product and because required specifications of coal vary with use, there can be no uniform price, even within broad categories of coal. This necessitates a process of negotiation to determine each individual contract price. The existence of individually negotiated prices implies that there is a range of possible prices for each type and quality of coal. The final price of the contract will fall within this range and will be determined by the relative bargaining strengths of negotiators. Conventionally understood, supply and demand determinants are relevant, but they operate only along with other factors as influences on bargaining strengths, rather than being "market forces" in their own right. Other factors determining bargaining strength are previous contract settlements which can be used as precedents, the financial position of mines, the currency that negotiations are conducted in, the level of common interest among exporters (in relation to excess capacity), the level of common interest among the buyers, administrative and marketing arrangements available to sellers, the role played by respective governments (including bilateral trade arrangements and the policies of Japan's MITI), the information-base of negotiations and the ability to issue believable threats and withstand threats from the other side.

Terms such as "market price, "price mechanism" and "market forces" are little more than rhetorical devices designed to conceal the administrative, political and negotiating processes involved in export price determination. Political intervention and "non-market" devices used by other countries are not "distortions" or "imperfections". They are the normal procedures of the coal trade.

There can be no argument with the fact that world over-supply can put downward pressure on prices. However, the evidence suggests that it has been unilateral action by Australian sellers that has led prices down further than need be. The mining unions have collected price data from the same industry journals used by the Department of Primary Industry and Energy: these journals repeatedly make the point

that, since September of 1986, Australian exporters have been price-setters and not price-takers.

This being the case, it is necessary to explain why Australian exporters are willing to lead prices down. The prices achieved by Australian negotiators will not always be the best possible for a given level of contract tonnage. Large central Queensland open-cut producers such as MIM and BHP-Utah were able and willing to supply additional tonnage at low prices in 1987 because they have easy geological conditions, the ability to carry losses in the short-to-medium term, and they had high levels of excess productive capacity. In short, their supply curves are relatively price-inelastic and limited only by the technical capacity to produce. However, other Australian exporters were not in a position to supply coal at low prices. Their supply curves are very price-elastic, as demonstrated by the many mine closures and retrenchments in 1987. Similarly in 1988 four Southern District producers settled for a US$2.9/t increase against the wishes of all other hard coking coal exporters, including BHP-Utah. They did this because the Japanese offered additional tonnage which facilitated a switching of coal away from the low priced European markets into Japanese Steel Mills. While this benefited the South Coast exporters it was to the detriment of the rest of the industry and is a clear example of the need for export controls.

In the absence of export controls it is the priorities of companies able and willing to cut prices which determines the future of the whole coal industry. The low price becomes THE price.

The role that export controls can play is that of preventing competition between Australian producers and hence minimising price falls. The mining unions do not suggest that export controls can set prices at an artificially high level. However, the restriction of export controls, by confining their use to the exercise of the Minister's reserve power of veto, has been demonstrated over the last twelve months to be insufficient. Australian sellers have dropped off the international competitors and then undercut each other. The Minister's reserve power was unable to prevent this.

The Government asserts that Japan would immediately terminate the purchase of Australian coal if price export controls or marketing assistance by a central body is introduced. However MITI has never demonstrated a willingness to forego economic advantage on the ground of philosophical objections. Japan shows a willingness to trade with the Soviet Union, and China. Indeed, Japan threatens Australia with the spectre of competition from China. These countries market their coal through central bodies. Japan's other major suppliers, Canada and the USA, enjoy a special

relationship with Japan either because of Japanese participation in joint-ventures or because of political pressure. Other North Asian markets for our coal operate on a similar basis to Japan. Korea centralised its coal buying negotiations early in 1987 to assist its local coal industry. In the whole international market, it seems that Australia is alone in advocating the existence of a "free" market for coal exports.

Deregulation: In Whose Interests?

When the federal government deregulated coal exports in September 1986 it set about establishing guidelines by which the then Minister for Trade would judge contract settlements and apply the power of veto over them. It was decided that the criterion on which export contracts would be judged would be whether or not they were in the "national interest".

The federal government sought to justify the removal of export controls by reference to the need to ameliorate the persistent balance of payments deficit and asserted that it would not redistribute export tonnages amongst producers. In a letter to the General President of the Miners' Federation, dated 23 September 1986, the Prime Minister said:

> "The Government's decision to streamline the administration of these controls has been made ... because of the need to increase Australia's total coal export revenues ..."

In other words, the viability of the whole coal industry was not regarded as a priority, as long as maximum export tonnage was achieved.

The decision to abolish export controls was not made in a vacuum. It has long been the policy of the Australian Coal Association, and particularly of companies like BHP-Utah and MIM, that any restraints on companies in the coal export trade be removed. These companies operate large, low cost, open-cut mines which until the end of 1987 had high levels of excess capacity. It is not the case that all companies oppose export controls. Many coal producers support controls privately, but not publicly because of fear of reprisals in the next round of negotiations. The Japanese are not above such actions as witnessed by the treatment of Mount Newman in iron ore export negotiations in 1987. The interests and the consequent attitudes of Australian coal companies are clearly divided, yet the Coal Associations represent only one side of this debate. This was apparent in the lead up to deregulation. The key groups lobbying the government for deregulation were BHP-Utah as a company and the Australian Coal Association as the peak body of the coal companies.

The reasons for BHP-Utah's enthusiasm for deregulation of coal exports are clear. More than one half of the excess capacity of the coal industry in 1986 and 1987 was concentrated in the open-cut mines of central Queensland, where BHP-Utah's operations are located and which BHP-Utah dominates. Moreover, the cost structure of the industry is such that these operations as a group are able to take advantage of easy geological conditions and a State government which demands very little in the way of proper and balanced resource development. Working Party 7 of the ACCC reported that in 1985 the central Queensland open-cut mines had an average cost of production of $19.4/t FOR and $39.3/t FOBT. The NSW open-cut producers could produce coal slightly cheaper than this. However, all other groups of producers had costs above this. They were as follows: Upper Hunter undergrounds - $50.4/t FOBT, Lower Hunter undergrounds- $47.2/t FOBT, Western undergrounds- $49.2/t FOBT, and Queensland undergrounds $52.5/t- FOBT. This is the last cost study carried out by the ACCC and there would have been substantial changes since then. However the central point remains that there are very large cost differentials within the Australian coal industry. These differentials would be even greater if the study were disaggregated to a mine by mine study. What is even more important is that the lowest cost operations were also those which had the greatest excess capacity.

Large open-cut producers and other low cost producers were clearly able to undertake price-cutting in order to win a large share of both the world market and the Australian tonnage, and thereby ameliorate their excess capacity problems. Deregulation of coal exports by the Hawke government facilitated this strategy. In late 1986 and early 1987 large central Queensland producers led world coking coal prices down, with MIM's Oaky Creek being the first in the world to settle with Japanese Steel Mills for US$44/t FOB for hard coking coal. Other central open-cuts were the first to consolidate what was to become recognised as the world benchmark price. Similarly, it was the low cost, high excess capacity producers from NSW whose tonnage came mostly from open-cut operations that broke ranks and set the new low benchmark of US$29.4/t FOB for steaming coal in 1987. Ulan Mine figured prominently in this action. The rewards for all these producers were additional or roll-over tonnages in a declining market.

It is clear that deregulation, through this process, did redistribute export tonnages within the Australian coal industry. This has been reflected in an increase in the proportion of the export tonnages accounted for by open-cuts, and particularly the central Queensland open-cuts. The Advisory Committee of the ACCC has reported that for the 30 weeks to 23rd January 1988 Queensland exports were up by 19.7% compared with the same period last year. NSW increased exports by only 2.9%.

Saleable production increased marginally in Queensland in this period, but NSW actually decreased saleable production by 5.9%. Moreover, stocks were down 28.6% in NSW but were down 57.4% in Queensland.

While a Queensland vs NSW analysis is not the goal, these figures are very revealing. It must be borne in mind that underground and West Moreton operations in Queensland were wound down in this period. This means that the large increase in export tonnages from Queensland came overwhelmingly from the central Queensland open-cuts dominated by BHP-Utah, MIM, CRA and CSR. Of the ten mines that have closed in NSW since deregulation, eight were undergrounds. These account for much of the reduced production and exports in NSW.

There are two ways in which central Queensland open-cuts and other low cost producers have been able to use deregulation to capture the tonnages of other Australian exporters:

1. By settling for low prices first in return for increased tonnages at the expense of other exporters who received reduced tonnages.

2. By setting prices which provide viability for themselves but forced 16 mines to close. This allows the open-cuts to represent a greater proportion of the Australian industry.

Not only has the removal of export controls led to an increased domination of the industry by the large open-cuts, but it has failed to deliver higher export revenues. Figures released by the Australian Bureau of Statistics show that this is the case. Tonnages exported for the month of June, 1987 were 8.2% higher than for the month of December, 1986. However, the export revenue from coal for June, 1987 was almost 1% **lower** than for December, 1986. Moreover, the proportion of metallurgical coal, which attracts a higher price, was higher for June, 1987 than for December, 1986. Looking at a shorter period covering the beginning of the Japanese financial year and the operation of new contracts, the tonnages exported for the month of May 1987 were 11% higher than for the month of March 1987. However, export revenues from coal were almost 1% lower for May than for March. In the early months of 1987, before the new contracts had effect, coal exports represented over 15% of total export revenue; figures for January and February 1988 show coal to represent only 11.9% and 11.3% respectively. It is clear that increased coal exports achieved by deregulation and price-cutting do not relieve the balance of payments deficit and may even worsen it.

The National Coal Authority: A Nationalist Policy or a Left Initiative?

There has been much debate in the Australian left over the course of the past decade regarding the need to avoid the tendency to react to crises by calling for increased protection of industry. Does the campaign for a National Coal Authority fit the mould of "left nationalism", or is it a more innovative left initiative? The Combined Mining Unions would argue that its campaign is part of a long tradition of progressive political actions by mineworkers.

The rhetoric of the early 1970's had a strong tinge of nationalism because it was a period of influx of transnational corporations and oil companies into the coal industry. However, the demands of the time were concerned with the welfare of mineworkers, the rational development of coal resources and the right of workers to have some control over the industry in which they work. The booklet released by the Miners' Federation in 1972, *Australia Undermined,* leaves in no doubt the thinking behind the demands of mining unions. It reiterated the policy of nationalisation which has long been the basis of the mining unions strategy to "enrich the lives of mineworkers and mining communities". The booklet also called upon Australian workers employed by multinationals to support workers in other countries employed by the same companies.

Similarly, the current demand for regulation and planning of the coal industry by a national statutory body is an integral part of, rather than a step back from, a progressive left strategy. In a period of regrouping for the radical left, a dramatic transformation of economic and social power relations is not on the immediate agenda. Moreover, "socialism in one industry" has never been a viable option. The nationalisation of industries in many western capitalist countries has shown this to be the case, with the experience of the British Coal Board being a prime example.

It is indisputable that in the context of an industry dominated by private capital (and possibly even in the context of public capital in a capitalist economy) profitability must be one of the criteria on which decisions are based. In order to attract capital and enable capital accumulation, the coal mining industry must be able to offer a normal and stable rate of profit. Based on the earlier discussion of the reasons for industry crisis and the rationale for a regulated and centrally planned industry it is clear that a National Coal Authority can contribute to this goal.

However, this does not mean that mining unions are capitulating or should capitulate to the demands and priorities of coal companies. Profitability is not inconsistent with imposing priorities such as job security, stable working conditions, balanced and proper resource development, or even mechanisms to allow workers to help determine the operation of productive forces in their mine and industry. Why then do coal companies oppose a National Coal Authority so vehemently?

It is clear that, after years of debate over the practicality and viability of a National Coal Authority, the **real** concerns of mining capital and the Hawke government are surfacing. The debate has swung to a question of who should run the coal mining industry. The federal government and the coal companies are determined to protect the authority of mining capital. While a National Coal Authority does not remove the economic domination of one class by another, and while it does not undermine the ability of capital to extract profit, it does impinge both practically and ideologically upon the power of capital in a capitalist economy. Moreover, it implies some recognition of the rights of workers to control their own work and industry.

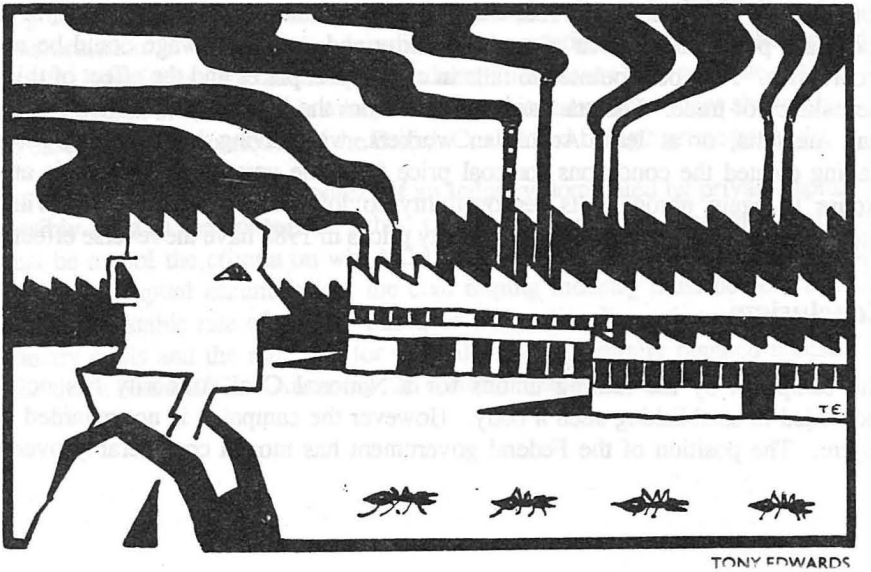
A further reason for the left and the labour movement to support the campaign for a National Coal Authority relates to the struggle to maintain the real incomes of workers and social security dependents in a period of domestic and international restructuring of capital. Coal is still one of our most important sources of export revenue. Knowing this, the Hawke government and conservative organisations have used coal price falls to undermine demands for real wage maintenance. In the lead-up to the Federal election in July 1987, the Prime Minister and the Treasurer both rejected suggestions that real wages should be maintained or increased, or that budgetary policy in the area of social security and the social wage could be more progressive. They both pointed to falls in coal export prices and the effect of this on the balance of trade. The standard response from the Hawke government has been that Australia, or at least Australian workers, were living beyond their means. Having created the conditions for coal price falls, the government used this an an excuse to again abrogate its responsibility to low income earners. It will be interesting to see if the booming commodity prices in 1988 have the reverse effect.

Conclusion

The campaign by the mining unions for a National Coal Authority has not yet succeeded in establishing such a body. However the campaign is not regarded as a failure. The position of the Federal government has moved considerably over the

past twelve months. Addressing the 1988 Coal Conference and in letters to the General President of the Miners' Federation, Federal Minister John Kerin has explicitly accepted the analysis of the mining unions regarding the crisis in the coal industry. Although this has not yet become manifest in the actions of the government, there are now strong pressures within the government which may result in concrete action. Even without the creation of a National Coal Authority, the campaign is playing a very important role in defending workers against the attempts of the coal companies to restructure the coal industry by attacking the conditions of mineworkers. Mining unions have a well considered established position which offers an alternative solution to the coal crisis without the need to attack the working conditions. In fact, it is the only solution to crisis. Moreover, the policy and campaign of mining unions contributes greatly to the reconstruction of the organised left in Australia, particularly within the union movement. In a period of malaise and defensiveness it is important that unions offer positive strategies which create alternatives to the retreat into "economic rationalism" and which strengthen the organisational base of unions and the organised left.

Unlike other battles the left has had with this Labor government, such as the debate over uranium exports and the present debate over user-pays education, the goal of the mining unions is to get the government to support new progressive policies and rights for workers, rather than to defend old ones. This makes the campaign by mining unions more difficult to win. Nonetheless it is a struggle which is both worthwhile and winnable.



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