‘The coal problem has still not been resolved’ from the Süddeutsche Zeitung (29 September 1958)

Caption: On 29 September 1958, the German daily newspaper Süddeutsche Zeitung focuses on the crisis affecting the collieries in the Ruhr basin and reviews the emergency measures planned by the country’s political authorities.

Source: Süddeutsche Zeitung. Münchner Neueste Nachrichten aus Politik, Kultur, Wirtschaft und Sport. Hrsg. Friedmann, Werner; Goldschagg, Edmund; Schöningh, Dr. Franz Josef; Schwingenstein, August ; RHerausgeber Friedmann, Werner. 29.09.1958, Nr. 233; 14. Jg. München: Süddeutscher Verlag. "Das Kohlenproblem ist noch nicht gelöst", p. 7.

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The coal problem has still not been resolved

Stocks continue to grow and with them the concerns of the mines

G. S. Essen (Own report) — Coal stocks have now exceeded 10 million tonnes. There are also 0.9 million tonnes being stored at the pits, which have been paid for but not yet collected by the consumer, and these consist predominantly of stocks of coke for the steel works. If the stocks of approximately 11 million tonnes held by consumers are added to this, then it becomes clear that the situation on the Ruhr has not become easier, it has been exacerbated. The pressure to cut more and more shifts is a demonstration of the problems from the employment angle.

It is true that the coal mines have recently received a sympathetic response from the Federal Government. However, the recognition of coal as the most important energy source cannot help in the short term. The Ruhr mining industry is therefore attempting to gain some relief by granting a 10 % discount on additional purchases. But not too much should be expected from this measure, either. Even the optimists are only counting on increased sales of a maximum of 2 million tonnes, which would only remove one fifth of the stocks. However, *rapid reduction* is becoming increasingly urgent, not only because financing these stocks is gradually causing concern, but also because overfilling the pit storage areas means that remote, and accordingly more expensive, storage facilities have to be used. It is, therefore, not surprising that there has been a succession of new proposals for a remedy to the coal crisis which consist essentially of two approaches: *to increase consumption* by means of price reductions and *to curb* imports.

Price advantages even for small-scale consumers

One of the proponents of using *flexible prices* to secure more effective control of the market for coal has been the Head of the Dortmund Chamber of Commerce, Dr W. Utermann. Even clearer emphasis on the advantages of a price reduction has emanated from the Trade Union Institute for Economics. In its view, small businesses and domestic customers should also be able to buy coal at reduced rates. This would be a way of curbing the *heating oil breakthrough* to a large extent. In addition, recommendations have been made for prices for exports to third countries to be drastically reduced, with long-term loans being granted to finance them. The trade unions are thinking here of developing countries and of the shortage of hard coal in Central Germany in conjunction with appropriate expansion of the inter-zone agreement.

The Ruhr coal *sales agencies* have made a less confident assessment of the value of a reduction in coal prices, given the high level of stocks held by consumers. Understandably, the mines are reluctant to take such a step also because their costings are so overstretched. It cannot, therefore, be expected that there will be any further price easing on the home market apart from the limited 10 % reduction. Appreciable success in exports to third countries is dependent on loan support from the Federal Government. But the High Authority is also likely to want to have a say in the matter, most certainly where coal imports are concerned.

Sliding scale of import duty

The rapprochement between Bonn and Essen has been confirmed in particular by the fact that the Federal Government has made it compulsory for licences to be obtained for new coal contracts. The High Authority has also agreed to provide help by ruling that, in future, imported coal should not enter the Federal Republic via the other partners in the Coal and Steel Community. And a proposal by Dr Utermann for a sliding scale of import duty on coal, linked to the size of the stocks, goes considerably further. Putting this into effect, however, is problematic, since it would have to be extended to apply to the entire Coal and Steel Community. There is not yet any information on whether the High Authority will approve this suggestion. At all events, it will be some considerable time before any decision is taken.

It is understandable that the *consumers* lodged serious objections against the abolition of the unregulated import of coal, because of concerns that a protective barrier for coal might result in the return of inflexible selling methods. These had often been the cause of complaints in the past, even though the dirigiste interventions of the High Authority and the Federal Government had been primarily responsible for them.

Consumers obviously want to buy their coal as cheaply as possible. They are quite right to point out that free competition in energy should not be absent from the concept of our market economy. Even the mining industry in the Ruhr itself cannot overlook the fact that it has to face up to competition in efficiency. It is also already possible to detect some initial signs of a flexible enterprise policy.

The end of the inflexible sales policy

The new coal policy, however, cannot have an effect until it has gone through a running-in period, especially since some old contracts are still putting pressure on the import side, and they cover over 40 million tonnes and will run until 1962. The Trade Union Institute has therefore proposed a more quickly effective, instant remedy in the form of a Federal Department for Coal Stocks, which would store all coal coming in from overseas at the port of entry. The Ruhr coalmines could then take over the importers' contracts with their customers and thus bring about a reduction in the coal stocks. The coal stored at federal expense would later be channelled into the market in the event of an economic upturn. The fact that this idea did not originate from the principles of a free market economy is too clearly apparent for it to be given any chance.

Detour via iron

Finally, reference should be made to the proposal made, again, by Dr Utermann, that the coal stocks should be transformed into remelt iron. The production of remelt iron would, without doubt, require considerable coal consumption. The storage potential of this iron is extensive, so that there would be nothing to stop it from being stored for later use. However, what is considerably more difficult is the settlement of the cost question. In the present climate of low sales, the steel industry would not be in a position to implement this plan using its own financial resources.

It very much appears, therefore, as if some time will elapse before the coal crisis ends. The steel industry, the main customer for coal, is more likely to be reducing its orders in the next few months. Demand for domestic coal has already been largely met in the summer months, with people making use of the discounts, and an early onset of the heating period seems unlikely. What is more, it is impossible now to reverse the structurally linked advance of oil for heating. Priority must therefore be given to increasing both the technical and the commercial *efforts of the mines themselves*, whenever attempts are made to improve the situation.