REPORT OF THE COAL COMMISSION.

Recommendations requiring Government Action (other than the nationalisation of Royalties).

Memorandum by Secretary for Mines.

It is unnecessary to summarise the findings and recommendations of the Commission; it would be impossible to improve on the clear and concise summary given in the last chapter of their Report.

It will be necessary for the Government to consider two questions without delay. The first is whether, or to what extent, they accept those of the Commission's recommendations that can only be put into effect by legislative or administrative action. The second is what policy is to be followed to meet what the Commission call "the present situation". The decision on the second point must depend to some extent upon the decision on the first; and it is with the first alone that the present memorandum deals. It takes the chapters of the Report one by one, sets out the recommendations that would require action by the Government, and comments on them. (Recommendations to which effect could be given without action by the Government are ignored).

It will be seen that one of these recommendations has already been considered and rejected by the present Government. With two others the Department is in emphatic disagreement. The grounds of disagreement are fully explained. This is done rather in order that
the criticism to which these proposals are open may be fully present to the minds of ministers than by any of a suggestion that the Government ought to reject them. The importance of a declaration by the Government that they accept the Report unreservedly if they feel able to do so is obvious, especially in view of the emphasis with which the Commission record their view that the immediate reduction of wages recommended by them "should depend upon the acceptance by all parties of such measures of re-organisation as will secure to the industry a new lease of prosperity leading to higher wages". "Acceptance" by the Government at this stage does not, of course, mean an undertaking to give effect to all the recommendations in all eventualities; it merely means that the Government will not, of their own motion, refuse to take the steps that the Commission have recommended they should take; how far they may actually be called upon to do so must depend largely on the attitude of the other "parties".

Neither Chapter I (on the demand for British coal) nor Chapter II (on the British coal reserves) contains any recommendations.

Chapter III, on the Utilisation of Coal, makes the following three recommendations:

(1) That "the Government should give sympathetic consideration to any proposals of the Fuel Research Board for the further investigation of processes of Low Temperature Carbonisation on a commercial scale."

(2) That "if and when the Fuel Research Board is able to report that a smokeless semi-coke is available ....... as suitable as raw coal ......... the Departments which are large users of coal should be instructed to purchase the semi-coke in preference."
This is a matter for the Department of Scientific and Industrial Research rather than the Lines Department; but the recommendations are so cautiously worded that it seems perfectly safe to accept them.

(3) That a "standing Conference" should be formed under some such title as the "National Fuel and Power Committee" representative of the electrical, coal and gas industries for the purpose of "a continuous and comprehensive survey of the heat, light and power requirements of the country .... It would exercise functions which would be advisory and not executive. Its primary task would be to ensure that, while a healthy competition should be maintained, where it was legitimate, between these various interests, their energies should be developed in a manner complementary, in the main, to one another.

This is put forward not as a "definite recommendation" but as a "suggestion for consideration". It is perhaps a little nebulous. It is difficult to visualise just how such a body would set about its task, or whom, in practice, it would "advise". But no exception can be taken to the idea underlying the recommendation, and in any case a general acceptance of the recommendations in the Report does not here mean more than an undertaking to consider the suggestion. Obviously the Government could not commit themselves further than this without consultation with the industries concerned.

Chapter IV. Research. The only recommendation in this chapter directly affecting the Liners Department is "that the valuable work now being done on safety and health be continued and developed. As this work is financed almost entirely out of the Liners' Welfare Fund, this recommendation does not necessarily mean any further expenditure from public funds. Certain other recommendations about the development of research by the industry itself
apparently point to increased expenditure by the
Department of Scientific and Industrial Research, and
that Department will no doubt advise the Government on
the point. There can be no doubt that the coal mining
industry in general has been backward in research,
largely owing to its excessive individualism.

Chapter V contains a long survey of "the Structure of
the Industry". It comes to the conclusion that,
generally speaking, the existing units are too small
and that amalgamations are desirable, but that the right
procedure is rather to foster amalgamations for which
there is a spontaneous movement within the industry
than to try to impose them by outside authority. The
exact nature of the machinery recommended is rather
obscure, but the intention is clear enough, viz: (a) that
it should be made impossible for schemes of amalgamation
to be rendered abortive by, for instance, failure to
agree on financial terms, or, by resistance by an un­
reasonable minority, and (b) that provision should be
made under which, if, after a lapse of three years, the
Mines Department certifies that this scheme of fostering
amalgamation from within has not proved sufficiently
successful, it would be possible for concerns which
ought to amalgamate but refuse to do so to be taken over
compulsorily by some enterprising outsider.

The Mining Association will probably have a good
deal to say about these proposals. But, by comparison
with the "Duckman" Scheme, which the Government of the
day accepted in 1919, they certainly do not err on the
side of being too drastic, and public opinion will, no
doubt, expect the Government to accept them. The
arguments on each side are fully set out in pages 49-62
of the report.
Chapter VI is a reasoned rejection of the proposals put forward for nationalisation of mines and contains no recommendations.

Chapter VII, recommending the nationalisation of royalties, is dealt with in a separate memorandum (No. 2). But it includes a recommendation not strictly germane to its main subject that "the right to impose a charge for underground wayleaves where no service is rendered or detriment suffered should be abolished for the future".

What the Commission meant was not that charges of this sort already created should be abolished, but that they should not be allowed to be created in future. The proposals for the nationalisation of royalties do not altogether meet the point, for there will still be other minerals (and some coal) in the hands of private owners. The principle is one that is likely to commend itself to public opinion, but some clearer words than "where no service is rendered or detriment suffered" will be needed for purposes of legislation.

Chapter VIII, on Distribution, makes two recommendations:

1. That Local Authorities should be empowered to trade in coal. The Commission say this rather dubiously, not feeling certain that it will do any good, and recommend that the Mines Department should review the situation after the lapse of two years.

This proposal was before the present Cabinet in March 1925, and was rejected by them. A full statement of the arguments for and against the proposal was furnished at that time.

2. That inquiries should be made in the principal coal importing countries with a view to calling an international conference (should it seem desirable) to discuss whether it would be useful and practicable to
establish a Public Authority, recognised by foreign purchasers, for the purpose of sampling and analysing cargoes of export coal at the loading ports.

This is a question that must be discussed with the colliery owners, but there can be no reason why the Government should not at once express their willingness to do their part.

Chapter IX, on the Conveyance of coal, advocates improvements in railway transport, e.g. by a greater measure of standardisation of wagons, an increased provision of wagons of larger capacity, and an extension of the principle of common user. In order to secure progress on these lines, the Commission recommend
(a) that a Joint Committee of the Ministry of Transport and Mines Department should be appointed, whose duty it would be to see that "continuous attention was given to those matters" and to report to Parliament annually;
(b) that the appropriate Department (presumably the Ministry of Transport) should be given power to make regulations for the standardisation of wagons, on the recommendation of the Joint Committee;
(c) that if legislation is necessary to enable the Railway Companies to give effect to the Commission's recommendation for preferential rates on large capacity and common user wagons, it should be passed.

These again will have to be discussed with the Railway Companies and the Coal Trade. But there does not seem to be any reason (subject to the view of the Ministry of Transport) why the Government should not "accept" them.

Chapter X - General Observations on the Relations between Employers and Employed - and Chapter XI, on Output, contain no recommendations requiring action by the Government.
Chapter XII. contains an exhaustive examination of the profit-sharing wages system and makes numerous recommendations for its improvement. The only one that requires action by the Government is the recommendation that profit-sharing schemes should be made compulsory. "We suggest" they say "that by suitable legislation colliery undertakings generally should be required, within a stated period, to adopt schemes providing that of all the profits hereafter distributed above a standard dividend on the existing capital... a fixed proportion should be reserved as shares to be issued to employees."

The Commission were impressed by the importance, as a cause of unrest, of the fact that under any system of determining wages rates on a larger unit than that which determines profits, it is inevitable that many concerns should make very large profits. This is their proposal for allaying this unrest. From this point of view the Government should, it is suggested, not only accept it, but press the two sides (with neither of whom it is likely to find favour) also to accept it. On the wider question of the policy of doing this sort of thing by legislation, the Ministry of Labour will no doubt give their views. It may be mentioned that in France the Government, as mineral owner, imposes a condition of this sort in all its mining leases.

Chapter XIII on Hours. The conclusion is arrived at that the men ought not to have a longer working day (unless they freely choose that alternative to a reduction in wages) but that the two following points ought to be considered:
(a) Whether the law might not be made rather more elastic in order to prevent the "quite disproportionate loss of time and earnings" that is sometimes caused by its present rigidity.
(b) Whether the definition of working time by the day rather than by the week is always essential; whether the daily limit might not be extended to 8 hours or even more provided that a total of 42 was not exceeded in the week.

These are obviously points which the Mining Association and Miners' Federation will have to discuss with one another; but the Government can safely offer to ask Parliament to give effect to any recommendation on which they may agree.

In Chapter XIV relating to "Regularity of Work", the only recommendation affecting the Government is a minor one about the wording of a Mines Department Return of absenteeism. Effect will be given to this.

Chapter XV on Recruiting and Personnel makes two recommendations:
(a) That mine owners and miners, either nationally or by districts, should consider in conjunction with the Ministry of Labour practical steps for securing the transfer of unemployed miners from one district to another.

The Ministry of Labour will no doubt be willing to do their part in this. A somewhat similar recommendation is made in Chapter XXI.
(b) That the Mines Department should consider whether the regulations governing the qualifications of mine managers are not of such a nature as to deter men of good general education from entering the industry.

This will be done.
Chapter XVI deals with Safety and Health and contains no recommendations.

Chapter XVII on Housing, makes no specific recommendations requiring Government action.

Chapter XVIII on Welfare recommends:

(a) That royalties should contribute to the Welfare Fund to the extent of 5% (roughly £250,000 a year);

(b) that pithead baths should be made generally compulsory.

(c) that the cost of this should be met from the Welfare Fund.

The proposed contribution of the royalty owners to the Welfare Fund is dealt with in the memorandum (No.2) on Nationalisation of Royalties. As to the proposal that pithead baths should be made compulsory, few people would deny that this ought to have been done long ago. But the proposal that the money for this should be found from the Miners' Welfare Fund, instead of by the colliery owners themselves, may well be the subject of criticism. This view was expressed to the Commission by the Department in the following note, privately communicated to them.

"Surely modern opinion recognises generally that an employer of labour in a process that is bound to make the workmen filthy is under a moral obligation to provide facilities to them to make themselves clean again before they leave his premises. This has long been recognised in foreign countries; why should we set any lower standard for ourselves? If this is the right way to look at it, what justification can there be for treating pithead baths in any different way from any other essential part of the equipment of a colliery? Surely the fact that the obligation has been so long disregarded, and the colliery owners have so long had the enjoyment of the capital that ought to have been locked up, reinforces rather than weakens the argument."
The only reason given in the draft is "the present economic condition of the industry". Is this really any reason at all? No-one has ever suggested that a law should at any time be passed requiring baths to be erected everywhere, instantly. The natural thing to do would be to require the owners to erect them within a certain period - say five years, or even longer. The state of the industry at the time of the passing of the Act is immaterial. During the period prescribed the industry will have had its normal ups and downs, and collieries must take the opportunity of the first "up" to lay by money for the purpose. In the three years 1923-4 (one bad year, one good and one fair) the profits of the industry (after setting off losses) were about £50,000,000. To have had to find four or five millions even in this short period would not have hurt the industry.

The proposal that the Royalty Owner should be called upon to bear part of the cost seems to be open to the same criticism. Would it not be difficult to persuade Parliament that it was right to confiscate part of the income of a very large number of individuals (many of them of modest means) in order to relieve colliery owners of part of an obligation that they ought to have discharged years ago?

It is understood that the reason why the Commission found it impossible to accept this view was that they could not reconcile a recommendation to impose this heavy new charge on the industry with their description of its present parlous economic condition.

Chapter XIX, "Association of the Workers" deals chiefly with Part II of the Mining Industry Act, 1929. This measure, as is well known, set up a system of statutory joint committees of owners and men in a regular hierarchy from the pit to the "National Board" and provided that in certain circumstances mandatory force might be given to the decision of the higher bodies. The Miners Federation in the first instance, and the Mining Association later, refused to take the necessary steps to set up these Committees, and the provisions of Part II lapsed, in accordance with a section of the Act which provided that this should happen if either side failed to avail themselves of them. The Miners
Federation, in evidence before the Commission, strongly pressed for the revival of Part II. The Commission do not recommend this in its entirety (holding that for the district and national machinery the existing voluntary committees meet the case) but do recommend that the statutory obligation to set up pit committees should be revived. This proposal is open to serious objection, as was pointed out to the Commission in the following note:

"In the earlier part of this chapter the point is made with much force that it is far better to leave these matters to voluntary action than to "the compulsion of an Act of Parliament and the rigidity of departmental regulations". It is pointed out that a considerable amount of machinery of this sort has been the "spontaneous creation of the industry itself"; but that the machinery has not extended to the pits. The conclusion is therefore regretfully reached that compulsion must be applied to the pit.

Ought not the conclusion rather to be that, since compulsion by Act of Parliament and departmental regulations is in practice futile if not mischievous, there is nothing for it but merely to exhort the industry to extend the machinery downwards. Even if an Act of Parliament could take the horse to the water (which may well be questioned) it seems hardly possible that it could make it drink. From the administrative point of view the job of nationalising royalties is far less formidable than the job of compelling managers to set up Committees. The prospect of the Department being constantly dragged into squabbles on this subject with no real powers behind them except the absurd one of prosecuting a manager, is really alarming. Nor would even that remedy generally be open, for nothing would be easier than to observe the form of Act and Regulations but to make them nugatory by disregarding their spirit. Now here is nothing; spirit is everything. To say this is not in the least to question the truth of all that the Commission say about the desirability of pit committees. The professed fears of owners and managers are absurd; properly run, the committees can do nothing but good. But must we not be on our guard against making the mistake that America has made of imagining the legislature to be omnipotent? May it not be that a matter such as this, in which the vital point is not the existence of a machine but the spirit in which it is worked, is one in which the legislature ought to recognise its impotence?"

The Commission were no doubt impressed by the difficulty of taking this view about a measure which had already been placed on the Statute Book and on the revival of which the miners evidently set such great
importance.

Chapter XX, dealing with Profits, makes no recommenda-
tions.

Chapter XXI contains the Commission's proposals for
meeting the present situation. This raises questions
of a different kind from those dealt with in this
memorandum and will be the subject of a separate
memorandum (No. 3). The only definite recommendation
that it makes that requires departmental action is
contained in its concluding words that "should the
occasion arise after the discontinuance of the Subsidy
the Government should be ready to take all practicable
measures for the assistance of any labour that may be
displaced or for facilitating its transfer, and
should provide such funds as might be required for
this purpose."

This is a matter primarily for the Ministry of Labour.

C. R. LAND-FOX.

Miners Department.
March 10th, 1925.