It is requested that special care may be taken to ensure the secrecy of this document.

WAR CABINET.

REORGANISATION OF THE COAL-MINING INDUSTRY.

Memorandum by the Lord President of the Council.

AFTER the discussion in the War Cabinet on the 10th April, the Prime Minister appointed a Committee of the following Ministers:

Lord President of the Council,
Minister of Production,
Minister of Labour and National Service,
Chancellor of the Exchequer,
Minister of Supply,
President of the Board of Trade,
Secretary for Mines,

to work out detailed proposals for securing such practical control over the working of the mines as is necessary to increase the war-time efficiency of the industry and to put it in a position, at the end of hostilities, to compete for the early recovery of our export markets (W.M. (42) 46th Conclusions, Minute 1 (ix)).

2. The Committee have held fourteen meetings; and have heard evidence from the Mining Association, the Mineworkers' Federation, Sir Ernest Gowers and a number of other persons with special technical or administrative knowledge of the industry.

We have made a strictly practical approach to our problem. We started by asking what were the practical measures which could be taken to increase coal production. Secondly, we enquired whether any further powers were required to enable these measures to be put into operation. Lastly, we considered what changes should be made in the organisation of the industry to ensure that those powers could be effectively exercised.

3. There is general agreement that, if output is to be maintained, still more if it must be increased, the most urgent and important need is to conserve the labour force of the industry. In spite of the fact that the Essential Work Order has been applied to the industry and that men are not, therefore, at liberty to leave it at will, wastage is exceeding normal intake by something like 25,000 men per annum. The numbers accounted for by death, disablement, normal retirement and compensation cases are roughly balanced by the intake of youths; and the larger part of the net wastage is represented by men leaving the industry in middle age on medical certificates. There is no doubt that a proportion of these men are, in fact, fit to continue work in the mines; and they obtain medical certificates to the contrary because, in view of the Essential Work Order, this is the only way in which they can leave the industry for the purpose of taking other work which is more attractive to them.

In normal times the new entrants into the industry consisted, not only of boys, but also of young adults who came into the mines from agriculture and other industries. Under war conditions this source of new man-power has been cut
off almost entirely; and there is now no means of drawing any substantial numbers of young men into the industry. It may, however, be possible to secure that some of the men who are being displaced from the less essential industries (as arrangements are made for their work to be taken over by women) will take employment in the mines in lieu of being called up for military service; and the Minister of Labour has given instructions that coal-mining shall be added to the list of priority industries which such men may choose in preference to military service.

The problem of closing the gap between normal intake into, and wastage from, the industry must be tackled at both ends—by increasing the intake of boys and youths, and by checking the out-flow of middle-aged men from the industry. The first of these problems is being considered by a Departmental Committee under the chairmanship of Sir John Forster. Their report is expected towards the end of June, and in these circumstances we have not ourselves gone into this aspect of the matter. Of the second problem, we are satisfied that there is no single solution. Of many factors contributing to the desire of middle-aged men to leave the industry, three are outstanding:

(i) For some years before the war coal-mining was a declining industry; and, if they have no faith in its future, a number of men will take such opportunities as offer to transfer to other industries.

(ii) The miner could often earn more in the munitions industries than he can if he remains in the mines; and some of the miners are undoubtedly becoming restive—particularly in areas where there are munitions factories near at hand—at being prevented by the Essential Work Order from transferring to other employment in which their earnings would be larger.

This feeling has now come to a head in the claim by the Mineworkers’ Federation for a national minimum wage of £4 5s. 0d. a week for all miners.

(iii) In a number of cases a miner, though genuinely suffering from some loss of physical fitness, could be retained in the industry if there were a proper scheme for medical treatment within the industry. At present, such men have no difficulty in obtaining a medical certificate that they are unfit for continued work in the mines; and in many cases an independent medical referee would be unlikely to override that certificate so long as there is no alternative but to allow the man to leave the industry or to require him to continue to work in the mines without any assurance that he will receive proper medical treatment.

Wastage due to this cause could be checked to some extent by the establishment of a Medical Consultative Service for the mining industry on the lines indicated in paragraph 8 below.

It would be premature to attempt to formulate comprehensive recommendations regarding the wastage of middle-aged men from the industry until the Report of the Forster Committee has been presented. We recommend that this problem should be further considered, as a matter of urgency, as soon as the Report of that Committee is available.

4. Apart from the problem of maintaining or increasing the labour force of the industry, there is general agreement that output could be increased (irrespective of increases in the labour force) by measures which may be grouped under the following heads:

(a) Technical direction.—There is a wide variation in the standard of the skilled technical advice available to colliery managements; and output could be increased if all collieries could secure the advice of the most competent mining engineers in their District.

(b) Mechanisation.—On a long-term view greatly increased output could be achieved through extended mechanisation. During 1941, only 63 per cent. of the total output was obtained by mechanical coal-cutters, and only 61 per cent. was mechanically conveyed. There is also some scope for short-term improvement, particularly through the development of mechanical loading.

(c) Concentration.—The most direct means of securing an early increase in output is by concentrating the available man-power in the most productive mines and seams. The Mines Department have made a sample study (covering Districts
producing 44 per cent. of the total output) of the results which might be achieved by transferring men from pits with a low output to more productive pits in the neighbourhood. The total man-power in these Districts is 277,000; and the study shows that, by transferring 17,800 of these to an average distance of only four miles from their present pits, output might be increased by 6-5 per cent. Assuming that a similar result might be achieved in other Districts, these measures of concentration would, if applied comprehensively throughout the industry, increase total output by about 250,000 tons a week.

These figures take no account of the practical difficulties of transferring men from one pit to another. Apart from the difficulties of providing transport, and arranging that no additional financial burden would fall on the men transferred, there is strong reluctance on the part of miners generally to move to pits other than those in which they have been accustomed to work. The success of all measures of re-organisation will turn very largely on securing the good-will of the men; but this is specially important in relation to measures for securing increased output by means of concentration. Purely theoretical calculations of the increased output which might be secured by these means must be substantially discounted on account of the reluctance of the men to give their full co-operation in measures involving transfer from one pit to another.

(d) Absenteeism.—In recent discussions there has been a tendency to exaggerate the gain in production which might be secured by checking absenteeism and by additional effort on the part of the men. The records kept at the mines often fail to show the cause of absence sufficiently clearly to differentiate between avoidable and unavoidable absence from work; and we doubt whether in fact avoidable absenteeism is greater in the mines than in other industries. While the absenteeism percentage has risen substantially during the war, there has also been a steady rise in the number of shifts worked per wage-earner; and in the last week for which statistics are available the number of shifts worked was 5·06, the highest on record. It is doubtful whether more can be expected, week in and week out, from men working under conditions as exacting as those in the pits; and charges of excessive absenteeism cannot be sustained against the great majority of the miners.

While, however, the average figures are not unsatisfactory, there is undoubtedly some avoidable absenteeism; and it is important that every possible step should be taken to reduce this to the minimum. Apart from an improvement in the general spirit throughout the industry, this can only be secured by tightening up the arrangements for dealing with individual cases of absenteeism. It is admitted on all sides that the existing arrangements are not working satisfactorily; and in paragraph 7 below we make certain recommendations for altering the present procedure.

5. For the purpose of securing increased output no far-reaching new powers will be required in addition to the powers already available under the Defence Regulations.

Defence Regulation 55 confers on the Secretary for Mines wide powers of regulating, by order, the production, storage, transport and distribution of coal; and colliery managements may be required to carry on their undertakings in accordance with directions given by the Minister. If such directions are not complied with, or if for other reasons it is thought necessary to do so, the Minister may take control of a colliery under paragraph (4) of the same Regulation.

Power to control labour in the mining industry is equally available to the Minister of Labour and National Service, under Defence Regulation 58A and the Essential Work (Coal Mining Industry (No. 3)) Order, 1941.

If the War Cabinet approve the general system of control suggested below, the legal position will be examined afresh, to make sure that the existing powers provide full authority for the scheme of control contemplated.

6. What is needed is, not so much fresh powers, as machinery to enable those powers to be exercised effectively.

The problem of increasing output is, in the main, one of securing detailed changes in the operation of particular collieries. These cannot be brought about through directions issued from the centre. What is needed is an effective Regional organisation charged with responsibility for securing the maximum
production from the mines in their Region, and exercising, by virtue of delegation, the full powers of direction and control conferred on the Secretary for Mines.

In view of the imperative necessity of ensuring that coal output and allocation are put on a basis adequate to meet the demands arising out of war conditions, the Government must organise the coal industry on the basis of national service, with the intention that the organisation now to be established will continue pending a final decision by Parliament on the future organisation of the industry.

For this purpose we recommend the immediate establishment of Regional and National machinery on the following lines:

**Headquarters Machinery.**

(a) The Government will take full control over the operation of all coal mines and over the allocation of the coal raised; and the Secretary for Mines will become responsible for exercising this control over the industry with a view to ensuring maximum production to meet war-time needs.

The Minister will be assisted by a Controller-General of Production, who will have as his chief officers—

(i) A Production Director, responsible for efficiency and volume of production.

(ii) A Labour Director, responsible for welfare, safety, health and working conditions of coal-miners, and allocation of labour.

(iii) A Services Director, responsible for distribution and allocation of coal.

(iv) A Finance Director, responsible for all financial arrangements, including advice on coal prices.

(b) A National Coal Board will be established. The Board will meet under the chairmanship of appointed by him—

The Controller-General (Vice-Chairman).

The Vice-Chairmen of the Regional Coal Boards (see sub-paragraph (f) below).

A number of pit managers and colliery technicians.

Persons representing coal distribution.

Persons representing coal consumers.

(c) The functions of the Board will be:

(i) To consider the general planning of production, including the allocation of district and regional targets.

(ii) To consider the best means of securing the highest efficiency of the coal-mining industry and any improvement in machinery or methods of operation whereby output may be increased.

(iii) To consider the provision of supplies, equipment and materials for the conduct of mining operations.

(iv) To consider matters relating to the maintenance of man-power and labour productivity, including the enrolment of new entrants and the instruction, training and advancement of boys and youths.

(v) To consider all matters affecting the welfare of the mine-workers, including housing, transport and feeding facilities.

(vi) To consider questions of health and safety and, in particular, such occupational diseases as silicosis and nystagmus, with a view to providing all possible preventive measures, clinical treatment and rehabilitation.

Thus, the Board will have no executive function. Its main duty will be to give leadership and guidance to the industry in carrying out the tasks imposed upon it during the war and in the critical years to follow.

**Regional Machinery.**

(d) In each coal-producing Region there will be a Controller, to whom will be delegated the powers of the Secretary for Mines to assume control of colliery undertakings and to give directions to the managements regarding the carrying
of the undertakings. In virtue of these powers, the Controller will be charged with responsibility for exercising control over the operation of collieries in his Region to such extent as may be necessary to ensure maximum production.

(e) The Controller will have the assistance of three Directors—one concerned with the technical and engineering aspects of coal production; another concerned with labour questions in the mining industry; and a third concerned with the public services (gas, electricity and the transport and distribution of coal).

(f) In each Region there will be a Regional Coal Board, appointed by the Minister, to advise the Controller on matters concerning output and the means of achieving maximum production.

These Boards will comprise representatives of coal-owners, managers and technical staff, and miners. The Controller will preside at meetings of the Board; and two Vice-Chairmen will be elected, one representing the owners and the other representing the men.

The functions of this Board will be consultative, not executive.

(g) The Controller and his Directors will be responsible for ensuring that competent technical advice is available to all colliery managements within their Region. In some cases the Controller may find it convenient to secure this by grouping pits for the purpose of technical advice. To supplement such arrangements, however, the Controller will have on his staff a number of technical assistants whose function will be to survey the operation of particular pits and, where necessary, to supervise and increase the technical efficiency of a colliery.

(h) Pit Production Committees will continue as at present constituted, to assist pit managers to secure maximum output. Their functions will be limited to matters associated with production. They will not be concerned with absenteeism (see paragraph 7).

7. We propose that Pit Production Committees should be relieved of all responsibility for dealing with individual cases of absenteeism. They are not suitable bodies to undertake disciplinary functions, and it is generally agreed that the present procedure for dealing with these cases has not worked satisfactorily.

We recommend that in mining, as in other industries, absenteeism and persistent lateness should be made offences for which a man can be prosecuted without the prior issue of "directions."

Experience in other industries has shown, however, that in the large majority of cases absenteeism can be checked by methods of persuasion without recourse to proceedings in the courts. We therefore recommend that the Secretary for Mines should appoint in each Region Investigating Officers, to whom all cases of absenteeism, persistent lateness and other disciplinary offences should be referred. This Officer will interview the man, within twenty-four hours of receiving such a report, and, if he is satisfied that the alleged offence has been committed, will decide whether to warn him against a repetition of the offence or to recommend that he should be prosecuted. The Investigation Officer will not be responsible for instituting proceedings in the courts; this will be the responsibility of the National Service Officer.

We also recommend that the Secretary for Mines should prescribe the form in which records are to be kept by colliery managements for the purpose of dealing with absenteeism.

8. As part of this reorganisation of the mining industry, and with a view particularly to checking wastage of labour, we think it desirable that there should be established a Medical Consultative Service for the mines.

The detailed organisation of such a Service would have to be worked out in consultation with the Minister of Health and the Secretary of State for Scotland. The general aim, however, would be to ensure that in each Region there would be at least one full-time medical officer responsible, under the Regional Controller, for supervising and, where necessary, supplementing the facilities available for the medical treatment of miners.

If such a Service were established it would be possible to secure that no miner would be released from the industry merely on the certificate of his own panel doctor. All applications for release on medical grounds could be dealt with through the Service, and might be examined by a panel of three independent
doctors. This panel might be authorised to prescribe treatment; and the Service
might then be responsible for arranging for the man to receive appropriate
treatment designed to enable him to continue his employment in the mines.

9. In connection with this scheme of reorganisation, there are several points
to which we invite the special attention of the War Cabinet—

(a) Nature of Government control.

The object of the scheme is to ensure that the Controllers shall have, and
exercise, full and undivided responsibility for the policy and general conduct of
mining operations in their Regions, and have power to give whatever directions
are necessary for this purpose. At the same time, it is undesirable that they should
be burdened with the details of day-to-day management of the pits. This will be
left, as it is to-day, in the hands of the managers, who will continue to be the
paid servants of the owners, though subject to removal at the instance of the
Controller should he deem that course necessary.

In order to avoid any blurring of responsibility, we propose that the owners of
each colliery undertaking shall nominate a single person who will be responsible
in respect of such undertaking for receiving and carrying out the directions of
the Controller. This would normally be the agent or pit manager. The Controller
will thus have direct access to, and control over, the person in executive charge of
the working of the mine, who will similarly have direct access to the Controller.

Each Controller, with the assistance of his staff, will exercise general
supervision over the whole conduct of mining operations in his Region. This
general supervision will have to be sufficiently close to enable him, in consultation
with his Regional Coal Board, to give such directions as will ensure the most
efficient operation of the industry, treated as a whole, in his Region, including
directions as to concentration, grouping of pits, and other necessary matters
relating to mining operations.

Directions would have to be complied with (subject only to the ultimate
authority of the Minister) save in cases where the pit manager represents in
writing to the Controller that he could not comply with the direction consistently
with the discharge of his statutory responsibility for the safety of the pit. It
is not proposed to interfere with the statutory responsibility of pit managers for
questions of safety.

In the event of any failure to carry out the Controller’s directions, the
Minister has power to take over the mine and to put in a manager.

We believe that the full measure of control required to obtain increased
output can be secured by this scheme.

The wages and profits structure of the coal mining industry has been operated
on the basis of division of proceeds as between wage costs and profits. It is not
intended by this scheme to introduce any fundamental alteration in the financial
structure of the industry.

(b) Regional Controllers.

The Mining Association have informed us that, while they favour the
appointment of Controllers with full power to give directions regarding the
working of mines within their Region; they consider that these should not be
men chosen from within the mining industry.

On the other hand, there are obvious advantages in securing that the action
taken by these Controllers shall be supported by all the best available knowledge
and experience of the mining industry.

This point could often be met by appointing as Controller a person not
previously connected with the industry, but associating with him as Director of
Production a person with skilled technical knowledge of the problems of the
mining industry within the Region. It seems important, however, that the
Government should make it clear that in selecting Controllers they will not feel
precluded from appointing the best man available by reason only of the fact
that he has previously been connected with the industry.

(c) Wages Machinery.

The Mineworkers’ Federation have recommended that the proposed National
Board should be empowered to determine all national wages questions and to deal
with regional wages questions that may be referred to it.
We do not think it desirable that wages questions should be dealt with by a Board with which the responsible Minister is associated, but we should welcome the development of a system by which questions of wages and conditions in the mining industry would be dealt with on a national basis and by a properly constituted national body.

There is, however, a deep-seated reluctance on both sides of this industry to surrender any part of the independence of the individual Districts, and we believe that it will be necessary to move very cautiously towards the development of national machinery for the settlement of wages questions. In particular, we fear that the success of the proposed National Board as a body for promoting increased production would be gravely prejudiced if it were associated in any way with wages questions.

We recommend that the Government should announce their intention to make it their business to discuss with both sides of the industry the questions of continuing procedure and permanent machinery for dealing, both nationally and locally, with questions of wages and conditions.

10. If the War Cabinet approve a scheme of reorganisation on the lines suggested, the outlines of the scheme could be included in the White Paper which is to be presented immediately after Parliament reassembles next week. It should be made clear that the details would have to be elaborated in discussion with both sides of the industry.

A draft of the proposed White Paper will be circulated for consideration by the War Cabinet at their meeting on Monday, the 1st June.

Great George Street, S.W. 1.
May 28, 1942.