WAR CABINET.

COAL.

REPORT BY THE COMMITTEE ON THE ORGANISATION OF THE COAL INDUSTRY.

THE Committee were appointed by the War Cabinet at their meeting on the 8th October, 1943, to consider the question of improvements to the war-time machinery for the operational control of the Coal Mining Industry (W.M. (43) 197th Conclusions, Minute 6).

The Committee were asked, in the first instance, to report to the War Cabinet what should be said on this matter in the Debate in the House of Commons held on the 12th and 13th October, 1943. This task was discharged in the Note (W.P. (43) 451) which was circulated on the 11th October and which was considered by the War Cabinet on the same day (W.P. (43) 138th Conclusions, Minute 5).

War-time Machinery for Operational Control.

2. The present machinery for the operational control of the Coal Mining Industry is described in paragraphs 15 and 16 of the White Paper which was presented to Parliament by the President of the Board of Trade on the 3rd June, 1942. Any suggestions for improvements in that machinery must necessarily depend, in the first instance, on an assessment of the extent to which it has fulfilled its purpose and of the nature of any defects or shortcomings from which it has in practice been shown to suffer.

3. The level of output per man cannot fairly be taken as a measure of the success of the scheme for operational control. Many factors are operating which have nothing to do with the organisation of the industry—obvious examples are war-time fatigue, aggravated, no doubt, by general war-time conditions, and the increase since 1939 in the average age of the miners; and it is the view of the Minister of Fuel and Power, which the other Members of the Committee are disposed to share, that the scheme of operational control has, on the whole, worked well and that greater difficulties would have been experienced without it.

The fact that output per man has in recent months shown an increasing tendency to decline is, nevertheless, most disturbing and makes it all the more important that any defects or shortcomings in the machinery for operational control should be remedied without delay.

4. Criticism of the machinery set out in the White Paper of 1942 has been directed mainly to two features of the scheme:—

(a) The division of functions between the Directors of Production and Labour, both at Headquarters and in the Regions, and

(b) "Dual control," a phrase which implies that the manager is divided in his loyalty to the State and the mine-owners in whose employment he remains.

Relation between Production and Labour Directors.

5. The scheme outlined in the White Paper provided that the Minister of Fuel and Power should be assisted by a Controller-General who would have four chief officers, including a Production Director, responsible for efficiency and volume of production, and a Labour Director, responsible for welfare, safety.
health and working conditions of coal-miners, and allocation of labour. It was
similarly laid down that, in the Regions, the Regional Controllers should have
the assistance of three Directors, including one concerned with the technical and
engineering aspects of coal production and another concerned with labour
questions in the mining industry.

In some quarters this arrangement has been criticised on the ground that
it interferes with the control of the officers responsible for production; and the
suggestion has been made that the Directors of Labour, both at Headquarters
and in the Regions, should be subordinate to the Directors of Production.

6. When the scheme of organisation set out in the White Paper was drawn
up, Ministers had it in mind that there were certain special labour interests—
e.g., welfare and training—which should be the responsibility of officers of
comparable status to that of the Production Directors. They recognised, how­
ever, that over a wide range of questions no sharp dividing line of responsibili­
ties could be drawn; and it was certainly not their intention to exclude from the
purview of the officers responsible for production questions relating to the best
use of man-power of the industry.

As was to be expected, it has been shown in practice that, whilst there are
some matters which clearly fall within the sphere of responsibilities either of
the Production Director or of the Labour Director, there are many others for
which it is less easy to assign responsibility. In these circumstances, the success
of this part of the machinery has inevitably depended to a large extent on the
personal relations between the various officers concerned. For instance,
Dr. Houldsworth, who recently gave up the appointment of Regional Controller
for Yorkshire to become Controller-General at the Ministry, informs us that in
Yorkshire it was always possible to obtain agreement on a practical arrange­
ment for the handling of questions which concerned both the Production and
Labour Directors; but that, from what he has heard since coming to London,
he is doubtful whether in some of the other Regions relationships are sufficiently
harmonious to enable the machinery to work with the same smoothness.

7. The majority of the Committee are satisfied that there is a real need
for separate Directors of Labour to deal with special labour interests such as
welfare and training; and the Minister of Labour and National Service, in
particular, is strongly of the opinion that any other arrangement would be
inconsistent with the increasing recognition which is being given throughout
industry to the importance of personnel management as a distinct function.

We do not, therefore, recommend any alteration in the scheme set out in the
White Paper in so far as concerns the relative status of the Directors of
Production and of Labour. The Minister of Fuel and Power and his senior
staff are, however, making every effort, by personal visits and discussions with
the officers concerned, to secure, in those Regions where difficulties have been
experienced, such improvements in the practical working of the machinery as
may be necessary to enable the Directors of Labour to carry out their special
functions without impinging on the responsibility of the Directors of Production
for the technical efficiency of the pits.

"Dual Control."

8. We now turn to the question of "dual control." In so far as the criticism
which has found expression in this phrase is meant to imply that the managerial
staffs at the pits have failed to carry out Government instructions or that the
owners have attempted to persuade them not to do so, we do not consider it to be
justified. We have received no evidence to prove any such allegation; and we do
not believe that the managerial staffs can justifiably be accused of any attempts
to obstruct the efforts of the Government to secure increased efficiency and a higher
rate of output.

9. On the other hand we do believe it to be true that there has hitherto
been no really effective chain of responsibility for production. This has in a
sense been due to the fact that the managers have remained in the employment
of the owners—not because they have placed their loyalty to the owners before
their loyalty to the State, but because the State has thereby been precluded from
making the fullest use of the ablest managerial talent.
Production experts with a high degree of technical ability and managerial
experience are scarce—so scarce that it has proved consistently difficult to find
men suitable to act as Production Directors both at Headquarters and in the
Regions. Moreover it is impossible for a single Regional Production Director
personally to exercise real control over the very large number of pits in his Region.
In these circumstances it is clearly wrong that the Minister's choice of supervising personnel should be limited to those willing to accept salaries on Civil Service scales; or that the scope of some of the ablest Managers should be confined to one pit or to a few pits belonging to a single owner.

Grouping Scheme.

10. In order to remedy this situation the Minister of Fuel and Power submitted to us last November a scheme, of which an outline is given in the Appendix to this Report, for the formation of administrative groups of collieries, each group being under a Group Production Director responsible, through the Regional Production Director, to the Regional Controller; at the same time the Minister proposed that the Group Production Directors, together with the Regional Production Directors, should, though appointed by the Minister, be paid at the full industrial rate of salary from the Coal Charges Account. These proposals were approved by the Committee and were placed before the two sides of the industry, by whom, after some discussion, they were accepted in principle.

The Minister had hoped that the grouping scheme would be in full operation by the 1st February. In many districts it is, in fact, about to come into operation. In certain areas, however, there is likely to be some delay owing to difficulties which have arisen in regard to personnel—difficulties which are particularly acute in Scotland, where the owners have been refusing to release their best men for appointment as Group Production Directors. It is clear that the success of the scheme will be prejudiced if second-rate men are appointed to these posts; and the Minister is accordingly proposing, with the full support of the Committee, to take a firm line with the Scottish owners in this matter.

11. Each group will normally cover a production of 2-4 million tons per annum and the grouping has been based on considerations of production rather than of financial structure. Although neither of the two sides of the industry has shown any great enthusiasm for the scheme, they are, in general, both making a real attempt to co-operate with the Minister in working it.

It is the view of the majority of the Committee that the scheme should materially add to the efficiency of the industry, particularly in the long term; and that it may have a significant effect on its future organisation.

12. The grouping scheme described in the preceding paragraphs should serve to cure the only serious defect from which the machinery established in June, 1942, has, in our view, been shown to suffer. It must, however, be recognised that the success with which that machinery can be operated will continue to depend on the goodwill of both sides of the industry.

13. It is because he is not entirely satisfied as to the goodwill of the owners that the Minister of Labour and National Service is not able to share the views of the rest of the Committee regarding the value of the new grouping scheme. There is no doubt but that the owners have never liked operational control by the Government. They must, however, realise that there can be no question of operational control being returned to them during the war; and the majority of us prefer to believe that they will maintain the co-operative attitude which most of them have shown in connection with the introduction of the new scheme.

Existing Conditions in Industry.

14. The goodwill of the miners has tended to be affected partly by dissatisfaction with their existing conditions and partly by fears regarding the future of the industry after the war. As the success of the wartime machinery for operational control is so dependent on the attitude of miners, we have thought it right to give some attention to these matters even though they may, at first sight, appear to fall outside our terms of reference.

Wages.

15. In paragraph 20 of the White Paper of the 3rd June, 1942, the Government stated that, whilst it was not intended to introduce any fundamental alteration in the financial structure of the industry, they proposed to discuss with both sides of the industry the question of establishing a procedure and permanent machinery for dealing, against the background of a continuous review, both nationally and locally, with questions of wages and conditions.
The first step in pursuance of this proposal was the appointment by the Minister of Labour and National Service and the President of the Board of Trade on the 18th June, 1942, of the body which is commonly known as the Greene Board, with the following terms of reference:

(1) To consider and report in the first instance upon the immediate wages issue, and
(2) To enquire into the present machinery and method of determining wages and conditions of employment in the industry, and to submit recommendations for the establishment of a procedure and permanent machinery for dealing with questions of wages and conditions of employment in the industry.

16. In their first report Lord Greene's Board recommended certain flat rate additions to wages. They also recommended that the percentage additions to basic wages in the different districts should not be allowed to fall below the level which they had then reached; and they suggested a national minimum wage of 88s. in the case of adult underground workers and 78s. for those on the surface.

Further recommendations of the Board for remuneration in respect of increased output led to the institution of the present district bonus scheme; and the Board's Third Report, dated the 16th March, 1943, led to the establishment of a scheme for conciliation between owners and workers under which representatives of the two sides meet and come to an agreement, if possible, as to any disputed points but, if they are unable to do so, refer the matter to a national reference tribunal for the coalmining industry under the chairmanship of Lord Porter.

17. The first report of Lord Greene’s Board made in the Summer of 1942 was welcomed by the miners and, at that time, the President of the Mineworkers’ Federation made the following public statement:

“The increase of wages that has taken place nullifies all the discrepancies and anomalies existing a few months ago as between mining and other industries. A national minimum weekly wage is also established for which we have fought many battles. National control, increase of wages, a national minimum wage and a National Board bring us definite rights, but they also bring new duties and responsibilities. We have to accept the task and give the country the coal it needs. If we fail it will be a long day before the nation again listens in patience to any of our proposals.”

By the Autumn of 1943 the attitude represented by the above statement had once more given way to one of discontent. In correspondence with the Ministry in October and November of that year, the Federation expressed the opinion that the national minimum should be increased to £6 a week for underground adult workers and £5 10s. 0d. for surface adult workers; that the award for youths which had been made by the Porter Tribunal on the 4th September, 1943, should be reviewed in the light of these higher adult rates; and that piece-rates should be adjusted to take into account any new minimum that might be granted. They also asked that representatives of the Federation should be given the opportunity to state their case to the appropriate Committee of the War Cabinet.

After consulting the Committee, the Minister of Fuel and Power rejected this latter request and informed the Federation that their claim must be dealt with by the machinery set up in May 1943 for dealing with wage negotiations in the industry. The Federation complied with this request and, as the two sides could not reach agreement, the question was referred to the Porter Tribunal.

18. The award of the Porter Tribunal was published on the 22nd January, 1944. The main points in the award were as follows:

(1) The National Minimum wage for adult surface workers was increased from 78s. to 90s., and that of underground workers from 88s. to 100s.
(2) A substantial proportionate increase was awarded for youths up to the age of 18 and a greater increase for youths between the ages of 18 and 20.
(3) The claim for an increase in piece-rates to take account of the new minimum rates was rejected.
(4) It was agreed that payment for week-end work and for overtime should be at the rate of double and 1½ times the normal rates respectively.
19. One of the effects of this award is to increase from 5s. to 10s. the gap between the minimum wage of surface workers on the one hand and of underground workers on the other. Since, however, the minima only affect the lowest paid workers, the award has done nothing to raise the wages of the highly skilled workers, particularly the face workers and the highly skilled workers in the best paid coalfields. It will not, therefore, act as a stimulus to greater efficiency and higher output. Nor is it likely entirely to remove the dissatisfaction of the miners. Indeed, it has already given rise to difficulties which have been brought to the attention of the War Cabinet (W.M. (44) 18th Conclusions, Minute 1).

The shortcomings of the award were recognised by the Tribunal who, in publishing it, stressed their view that it was given merely as a temporary expedient which would afford an opportunity for the wage structure throughout the industry to be reconsidered and thoroughly reviewed, in conjunction with the general conditions obtaining in it. This is a matter to which we refer again later in this report.

**Output Bonus.**

20. Meanwhile the Greene Board have reviewed the output bonus scheme which was introduced in the late summer of 1942 as a result of the recommendations of the Board referred to in paragraph 16 above. It will be recalled that this scheme provides for the payment of a bonus to the workers in any district in which the output of coal over the district as a whole reaches a target figure.

The main conclusions in the Report of the Board presented on the 9th September, 1943, were that some scheme for an output bonus should be continued but that a pit scheme would have distinct advantages over a district scheme in providing an incentive to greater production. There could be either a simple pit scheme or a combined district and pit scheme. The former was preferred, but it was pointed out that, on the basis of the scale of bonus payments proposed in the Report, it would be more expensive.

This report was considered by the Lord President's Committee, who reached the conclusion that the simple pit scheme would be preferable and authorised the Minister of Fuel and Power to consult the two sides of the industry and to inform them that, if they were prepared to co-operate in a pit scheme on the lines recommended, the Government would be ready to accept the principle and to provide the necessary machinery for operating the scheme. (L.P. (43) 59th Meeting, Minute 3.)

21. The representatives of the mine-workers at first welcomed the proposal for a pit scheme. The representatives of the owners, however, put forward such strong practical arguments against it that the Minister of Fuel and Power was satisfied it would be unworkable at the present time. When, therefore, both sides of the industry sought permission to discuss together an alternative scheme put forward by the owners for a bonus based on attendance, in addition to the present district scheme, the Minister did not feel able to refuse.

22. It will be recalled that, on a previous occasion early in the war, when a bonus on an attendance basis was introduced, difficulties arose owing to loss of shifts owing to sickness and similar unavoidable causes; and that the outcome was that the bonus was added to the basic wage.

We have not had an opportunity of examining the new proposals which have only just been communicated by the two sides of the industry to the Minister of Fuel and Power. The Minister will, however, be consulting the Lord President's Committee on these new proposals; and at this juncture we would only wish to emphasise the importance of ensuring that any new scheme introduced in the place of, or in addition to, the existing district bonus scheme should be such as to provide a real incentive to increased output.

23. The following is a summary of the present position in regard to other matters affecting current conditions in the industry which the Minister of Fuel and Power has been discussing with the Mineworkers' Federation:

(a) Safety measures.

The Federation have been informed that it is the Government's intention to introduce legislation to implement the recommendations of the Royal Commission on Safety in Coalmines as soon as possible after the cessation of hostilities, and that meanwhile steps are being taken to introduce such measures as are practicable under wartime conditions. This position the Federation have accepted. They appear to appreciate the work done during the past eighteen months on improving conditions underground and minimising the risk of accidents. There has, in fact, been a welcome reduction in the number of fatal and serious accidents in the mines.
in 1943 as compared with the previous year. The number of men killed fell from 877 to 707, and the number of men seriously injured from 2,800 to 2,557.

(b) Discipline.

Both sides of the industry have raised objection to a proposal put forward by the National Association of Colliery Managers that the Colliery Managers should have the right to suspend a workman for a period not exceeding three days without pay, subject to the workman’s right of appeal. It seems likely that such a procedure would tend to promote unrest rather than to allay it, and the Minister has, therefore, decided not to pursue the subject.

On the other hand, a proposal for the extension of the present experimental system of dealing with absenteeism on the basis of voluntary fineing at the pits has met with considerable support from both sides, and the Minister is hopeful that, when certain minor difficulties have been cleared away, both owners and men will agree to extend the scheme to those coalfields where it is at present not operating.

(c) Machinery for settling disputes.

The Minister has held extensive discussions with both sides of the industry on methods whereby disputes, the great majority of which arise over comparatively minor matters, could be eliminated or dealt with expeditiously on the spot before local feeling comes into play. Proposals have been put forward by both sides of the industry, and the Minister is considering those which have the best prospect of success. There are, in particular, two such suggestions which the Minister hopes to be able to put into operation with the agreement of both sides of the industry.

The first suggestion is that colliery managers should be given greater power to settle questions promptly at the pit without fear of possible surcharge or reversal by their superiors; and that, similarly, trade union branch officials should be given authority to settle all purely pit disputes without referring the matter to their district associations.

The second proposal, which follows from the first, advocates the definition of certain purely colliery issues, which should be regarded as possible of settlement at the pit between the manager and the trade union branch official.

(d) Miners’ rations.

The Minister has, with the approval of the Committee, informed the Mineworkers’ Federation that the Government is unable to grant a request which they had put forward for additional rations for miners. He is, however, giving close attention, in consultation with the Ministry of Food, to ways of varying the food available at pit-head canteens and generally encouraging the greater use of these canteens.

Conditions in the Industry after the War.

23A. In the Debate in the House of Commons, on the 13th October, 1943, the Prime Minister made it clear that there could be no question of far-reaching changes of a controversial character in the structure of the industry being made by the present Government. The Minister of Fuel and Power has, however, with the approval of the Committee, invited both sides of the industry to consider certain fundamental issues affecting post-war conditions in the industry which are susceptible of clarification irrespective of whatever decisions may eventually be taken by Parliament on the future structure of the industry.

24. The most important of these fundamental issues is the wages structure of the industry. The present system is of such complexity that it is naturally conducive to disputes and does not provide sufficient incentive to greater efficiency and higher output. For this reason the Committee had, before the Porter Tribunal drew attention to the need for a thorough overhaul of the system (see paragraph 19 above), authorised the Minister of Fuel and Power to open tentative discussions with both sides of the industry looking towards the supersession of the present system by a system which would provide a better incentive to efficiency; there might, for instance, be a minimum basic wage graded in accordance with the type of work (the face-workers receiving the highest rate) and additional payments based on individual output.
25. Another matter affecting post-war conditions on which the Minister is consulting both sides of the industry is hours of work; and, when the Government’s general proposals for workmen’s compensation and old-age pensions have been announced, he is proposing to discuss with them the possibility of supplementary schemes being worked out and introduced by the industry.

26. These are matters on which the Minister will also consult his colleagues at the appropriate time. The wages question in particular is of great complexity and will require most careful consideration. The wages structure after the war will have to be such as to attract recruits to the industry and, in particular, to work at the coal-face. At the same time it is important that the price of British coal should not reach such a high level as to prejudice the competitive position in international markets both of British coal and of those manufactures in which coal represents a substantial proportion of the costs of production. High wages are bound to lead to high prices unless they are accompanied by an increase in efficiency. In so far, therefore, as increased efficiency depends on increased effort by the individual mineworker, the importance of a wage structure which includes a substantial element of incentive to such an increased effort cannot be over-emphasised.

Conclusion.

27. There are no definite proposals for which we wish to ask the approval of the War Cabinet at the present time. The Grouping Scheme described in paragraphs 10 and 11 of this Report is already being put into operation; and no other improvements in the war-time machinery of operational control are recommended.

The other matters which are discussed in our Report are not yet ripe for decision. We have, however, thought it advisable to set out the present position in some detail in order to facilitate their consideration by Ministers at a later stage.

On behalf of the Committee:

J. A.

Great George Street, S.W. 1,
16th February, 1944.

APPENDIX.

SCHEME OF GROUPING.

1. All the pits within each Region to be grouped in such a way as to ensure that the Regional Controller and his Production Director can provide effective supervision and expert technical advice.

2. Each group of pits to be an administrative unit designed to facilitate close supervision. The grouping, therefore, will not affect either the ownership of the pits or the financial structure of the companies concerned; nor will it impose a new executive responsibility for day-to-day management or the safety of the pit.

3. Each group to have a Group Production Director whose duty it will be to advise the Regional Controller through the Regional Production Director on the exercise of his powers in order to secure the maximum output of coal from the group.

4. It will be the duty of the Group Production Director to tell undertakings how, in his opinion, the output of their pits can be improved and to
warn them that failure to do what he suggests will lead to his advising the Regional Controller to use the powers of the Minister under the Defence Regulations.

5. The Regional Production Directors and the Group Production Directors to be paid the whole of their salaries at the full industrial rate from the Coal Charges Account.

6. The Regional Controllers would be asked—

(i) To prepare for the Minister's approval, within a specified period, a scheme of grouping in their respective Regions.

(ii) To nominate at the same time a Group Production Director for each administrative group.