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PUBLIC ADMINISTRATION IN THE FIELD OF COAL INDUSTRY

Purpose. To examine the experience of Great Britain in reforming the coal industry, as well as the opportunity to use the British Government’s experience in reforming the coal industry in Ukraine.

Methodology. The authors used the system and structure, structure and functional, analysis and synthesis, induction and deduction methods, as well as methods of comparison and prediction.

Findings. When considering the experience of Great Britain in reforming the coal industry, the authors accentuated: 1) the general characteristics of the industry; 2) the role of public administration in reforming the coal industry; 3) the importance of the coal industry in the British Government’s strategy. The general characteristics of the British coal industry showed that the UK economy had completely got rid of coal dependency. The analysis of normative legal documents of the Department for Business, Energy and Industrial Strategy found a complete absence of references to the coal industry as such. Confrontation of Margaret Thatcher’s government with the National Union of Mineworkers (NUM) in 1984–1985 and subsequent results of this confrontation proved the effectiveness and the dominant role of public administration in reforming the coal industry. In fact, public administration in the UK coal industry was aimed at declining its importance in the economy of the state. In analysing the importance of the coal industry in the strategies of the governments of Ukraine and Great Britain, the authors have found diametrically opposite vision. The Ukrainian government is focused on reforming the coal industry and increasing coal production, whereas the UK government does not even consider the coal industry in its strategy. The UK government builds its economy on low carbon and resource-efficient technologies.

Originality. The authors have proved the effectiveness of using the public administration in reforming the coal industry.

Practical value. The research does not only prove the power and effectiveness of using the public administration in reforming the coal industry. The authors have showed the difference between the vision of the coal industry prospects in the strategies of the governments of Great Britain and Ukraine, as well as possibilities of using public administration for building economy on low carbon and resource-efficient technologies.

Keywords: public administration, British coal industry, Ukrainian coal industry, low carbon technologies, development strategies, economics, regulatory documents

Introduction. At present, activities in the Coal Mine Industrial Complex in Ukraine are governed by 34 basic normative legal acts [1]. The basic document that provides for the way out of the coal industry of Ukraine of the crisis is the Order of the Cabinet of Ministers of Ukraine of May 24, 2017 No 733-p “On approval of the concept of reforming and developing the coal industry for the period until 2020” [2]. This document underlines that from 2013 to 2016 the state’s losses from the production of finished commodities of the coal industry amounted to UAH 17.6 billion. On average, the state has been standing the loss of UAH 4.5 billion a year in recent years [2].

The issues of the coal industry prospects and its ways out of the crisis are on the agenda not only in Ukraine. The same issues have been and continue to be solved by government authorities of Western countries. In the article, the authors will consider the characteristics of the public administration in reforming the coal industry of Great Britain as well as the use of its experience by Ukraine.

In the article, the authors will focus on:
1. The general characteristics of the industry.
2. The role of public administration in reforming the coal industry.

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3. The importance of coal industry in the strategies of the governments of Ukraine and Great Britain.

In the authors’ opinion, benefit from the UK experience for Ukraine has its own history. In fact, the Ukrainian coal industry began to develop on British technologies. In 1869, John James Hughes, a British industrialist who had already succeeded by that time, bought land from the Russian prince Kuchube in the Yekaterinoslav province and founded the “Novorossiysk society of coal, iron and rail production”. At that time, Great Britain had the most advanced technologies for the development of coal deposits, whereas coal mining in the territory of modern Ukraine was just beginning its history.

However, 150 years later, on December 18, 2015, the last deep coal mine was closed in Great Britain. It is necessary to note that this is despite the fact that British coal deposits are richer than Ukrainian ones, and British coal pits mined the most economically produced coal in Europe with a productivity level of 3200 tons per person per year [3]. The Ukrainian Government, vice versa, make projections for the increase in coal mining from 6.3 million tons of coal per year (2017) to 10 million tons in 2019 and 2020 [2]. Meanwhile, the cost of coal mining in Ukraine increases every year, just as the state’s losses from the coal industry as a whole.

Thus, 150 years later, history repeats itself: Ukraine faces the possibility of using the UK experience in reforming its own economy.

Presentation of the main research. The works of S. Rudenko [4], R. Naumenko [5], D. Svyrydenko [6], et al. deal with the necessity of reforming the Ukrainian economy based on the experience of European countries. The works of O. Petinova [7], O. Bazaluk [8], O. Pavlova [9], et al. are devoted to the impact of this reform on the daily life of workers in reforming industries.

1. Let us give the general characteristics to the coal industry of Great Britain. According to the authors, the history of the coal industry of Great Britain, as an example, is important for Ukraine. Coal in the territory of the United Kingdom was mined even before the Roman invasion on the islands of the United Kingdom. Coal mining in Great Britain reached its peak in 1950s. At that time in coal mining up to 700 000 workers were involved, which produced an average of 220 million tons of coal per year [10]. We note a very convenient information graphics, which presents data on the characteristics of the coal mining in the United Kingdom from 1853 to 2017 [10]. In the 1970s, coal mining in Great Britain went into decline, and the number of workers involved in the coal industry began to decline rapidly. For example, whereas in 1970, 290 000 workers were involved in the coal industry, in 1985 there were 91 000 workers, and in 1990 – 49 000. For 20 years, the number of workers has decreased almost six times. As for the coal mining, it declined by three times and in 1990 it was 93 million tons [10]. In 1971, Great Britain began to import coal for the first time. In 1990–1991, imports reached a maximum of 20 million tons of coal per year. Despite the wealth of its own deposits, in 2014, coal imports into Great Britain three times exceeded coal mining on its own pits. In 1994, the field was fully privatized. The last underground pit in Great Britain was closed on December 18, 2015. At present, coal in Great Britain is mined in quarries. In 2017, coal mining in Great Britain amounted to 3 million tons, imports reached 8 million tons, and the number of workers involved in the field was only 1000 people [10]. Coal is used mainly for energy and steel production. For home heating its consumption has virtually ceased due to stringent environmental standards.

Thus, the general characteristics of the field in Great Britain indicates that the economy of the United Kingdom has completely got rid of the coal dependence. The analysis of normative legal documents of the British Department for Business, Energy and Industrial Strategy, which oversees coal production, has found total absence of reference to coal industry as such [11, 12]. In paragraph 4.4 of the Corporate Report of the Department there is only one reference to coal: “Ensure the ongoing safe and responsible management of our coal legacy, including administration of the concessionary fuel entitlements and personal injury claims for those previously involved in coal mining” [13]. In effect, therefore, Great Britain is in the process of ending up paying damages to those individuals and organizations previously involved in coal mining. In the strategic plans of the Department, interest in the coal industry is completely absent.

2. Let us consider the role of public administration in reforming the coal industry. The coal industry has long been one of the main fields of the UK economy. For example, in 1920, there were 1 191 000 people involved in the coal industry [3]. The obvious question to ask is how Great Britain has been able to reform its economy in less than 100 years and what is the role of the state in this?

For example, in Ukraine, the coal industry remains the basic field of the economy, in which there are more than 200 000 people involved. The state owns 102 pits, 69 of which are located in the occupied territory of Donbas. Of the 33 state-controlled pits, only 4 are profitable [14]. Traditionally, the coal industry of Great Britain was heavily influenced by the National Union of Mineworkers (NUM). Until 1985, this influence was stronger than the influence of the state. This was clearly demonstrated by the events of 1974. The government’s attempts to reform the coal industry ended in resignation of the Conservative government led by Sir Edward Heath. The National Union of Mineworkers has demonstrated its power to the government, essentially proving that the public administration is powerless against the influence of trade unions.

However, in 1977 a politician and official of the British Government Nicholas Ridley compiled a report on nationalized industries in Great Britain entitled “Report of Nationalized Industries Policy Group” [15]. This document is noteworthy because it described for the first time the necessary actions of the government for the struggle and victory against major strikes in the nationalized industry. Ridley proposed a plan to allow the government to deal with any challenge from the trade unions. In fact, Ridley opened up new opportunities for public administration. The Ridley Report included the following statements [15]:

1. The state should be full of initiative, and not be led by trade unions.
2. The government should anticipate strikes in specific industries.
3. The government needs to create the necessary resources so that the strikes do not affect the livelihoods of citizens and do not arise their sympathy.
4. It is necessary to create alternatives to the coal industry and develop them.
5. Use the resources of the secret services in order to cause a split within trade unions and discredit the leaders of the trade union movement.
6. Train and equip a large mobile police unit, ready to confront mass riots, to defend the law prohibiting forcible picketing.

The leaders of the National Union of Mineworkers did not pay much attention to the Ridley Report. However, that very document played a major role in Margaret Thatcher’s government victory against the trade unions in 1985.

The turning point in the history of the coal industry of Great Britain occurred in 1984–1985. It coincided with the period of Margaret Thatcher’s Conservative government rule. Already at this time, unprofitability of coal production in Great Britain undermined economy of the state, and the production and use of coal was the main cause of environmental pollution. However, the NUM had the power to block the field reform initiatives, which came from the National Coal Board (NCB). It is a government agency that has been delegated the authority to reform the coal industry of Great Britain.

In 1984, the Thatcher Government decided to reduce Britain’s dependence on coal, arguing that it was cheaper to import it from Australia, the USA and Colombia than to produce in Great Britain. The Thatcher Government announced 20 coal pits closing and reforming of the field. Arthur Scargill, who at the time headed the National Union of Mineworkers, announced a general strike of the miners. In the heat of the strike, which lasted almost one full year, up to 142 000 miners participated. This strike is considered the largest one, which has no analogues in the world. In the book “The Enemy Within: The Secret War Against the Miners” Seumas Milne reveals the characteristics of the confrontation between the National Union of Mineworkers and the Thatcher Government [16]. Milne reveals implementation of the Ridley Plan in practice in detail. He writes about how all the power of public administration, including MI5, the United Kingdom’s domestic counter-intelligence and security agency and the police, were aimed at breaking the power of the British miners’ union and discrediting its leaders. At that time, the National Union of Mineworkers was considered one of the most influential and organized trade unions of Great Britain [16].

The Ridley Plan has proved its effectiveness. The power of public administration has crushing potential, indeed, able to break down confrontation of even the largest and most organized trade unions. Branding the leaders of miners’ strikes “the enemy within”, Margaret Thatcher’s government achieved its split and actual loss of influence. During the strike, 11 291 people were arrested, 8392 people received indictments in the courts, and three people were killed [16].

The confrontation ended on March 3, 1985. It was a total victory of the Thatcher Government. The defeat of the National Union of Mineworkers weakened the trade union movement both in Great Britain and in the world. It affirmed the public administration power. In a short time, Great Britain significantly reduced the number of pits and coal mining, in general. In December 1994, coal industry was privatized and turned into UK Coal. Of the 184 pits, working in 1983, in 2009 only 6 remained.

The example of breaking down the confrontation of the National Union of Mineworkers proved the effectiveness and the dominant role of the coal industry, indeed, and not just that. Moreover, it is appropriate to speak about moving away from coal in favour of renewable energy and low carbon sources rather than reforming of the field. In fact, the public administration in the field of coal industry in Great Britain was aimed at overcoming the dependence of the economy on the energy of coal.

3. Let us consider the importance of the coal industry in the strategies of the governments of Ukraine and UK.

Maksym Nemchynov, the State Secretary of the Ministry of Energy and Coal Industry of Ukraine, on August 28, 2018, in the interview with the Radio “Svoboda” stated that [14]:

a) there is no need to reduce the number of miners in state-owned pits;

b) the government’s project, the so-called “administrative adaptation”, which provides for the creation of the state-owned National Coal Company and the transfer of all state-owned pits to it, is not implemented for various reasons;

c) Nemchynov sees the point of looking for investors and investing money in the modernization of state pits.

The analysis of the normative legal acts on the website of the Ministry of Energy and Coal Industry deservesth special attention [1]. Especially, if this analysis is carried out in comparison with normative legal documents posted on the website of the UK Department of Business, Energy and Industrial Strategy [12].

The normative legal acts are the basis of public administration. In fact, these are official standard documents, adopted within the power of the government body: the Ministry of Ukraine or the Department of Great Britain. The normative legal act is the act of law-making, which establishes generally accepted and state-guaranteed rules of conduct for citizens and organizations that is their level of freedom. The normative legal acts determine the strategy of government bodies and ensure the legality of their daily activities.

As follows from the normative legal documents of the Ministry of Energy and Coal Industry of Ukraine, the coal industry continues to be the important component of Fuel and Energy Complex of Ukraine. For example, from the diagram “The State of Development of Fuel and Energy Complex in Ukraine” for January 2017 (according to actual data), we see that against the backdrop of declining gas, oil and gas condensate production in Ukraine, coal mining in the period 2016–2017 increased by 15%. It amounted to 3.7 million tons in January 2017 [1]. The Ministry plans to reform the field and increase coal mining in 2020 to 10 million tons [2].
We observe quite the opposite attitude to the coal industry in Great Britain. For example, on December 19, 2015, BBC News reported, “Three thousand people have marched to mark the closure of Kellingley Colliery in North Yorkshire, and with it the end of British deep coal mining” [17]. On April 21, 2017, for the first time since the Industrial Revolution (1760–1820), Great Britain spent the whole day without using coal to generate electricity.

The authors have analysed the normative legal documents that guide the Department for Business, Energy & Industrial Strategy of Great Britain. Forty-one agencies and government bodies support this Department. Analysis of the normative legal documents reveals that in 2017–2018 employees of the Department are working to achieve five aims [13]:

1. To deliver an ambitious industrial strategy.
2. To maximise investment opportunities and bolster UK interests as we leave the EU. To promote competitive markets and responsible business practices.
3. To ensure the UK has a reliable, low cost and clean energy system.
4. To build a flexible, innovative, collaborative and business-facing department.

The work of the Department is focused on the five foundations of productivity: ideas, people, infrastructure, business environment, and places. These are clearly defined, key elements of the UK economic policy strategy. The Independent Industrial Strategy Council is established to monitor and analyse the course of economic policy. The Council appointed Andy Haldane, the Economist of the Bank of England, as Chairman on October 8, 2018. The main responsibility of the Council is to develop the criteria of success and evaluation of strategy effectiveness.

In the normative legal documents that guide the UK Department for Business, Energy & Industrial Strategy of Great Britain, and that are freely available on the Internet, the authors have found that the UK government prefers to rely on low carbon technologies: wind energy, solar energy, hydropower, and atomic energy. The main aim of the Government is to move towards low carbon, and more resource-efficient economy.

Thus, the analysis of the normative legal basis of the Department for Business, Energy and Industrial Strategy indicates a complete lack of interest in the coal industry. The UK economic policy strategy does not consider the development of coal industry. This conclusion follows from the program document on the partnership between the British Government and industry by fields [18]. This document indicates that the Department for Business, Energy and Industrial Strategy bets on:

a) life sciences sector deal. It is about development in Great Britain of the innovative methods for treating patients and medical technologies that improve and prolong the lives of people. The turnover in this sector is £ 64 billion, and the number of scientists and staff involved is more than 233 000;

b) automotive sector deal. They are aimed at the transition of Great Britain to ultra-low and zero emission vehicles production and use. Investments are aimed at maintaining the third position of Great Britain as vehicle producer in Europe. In Great Britain 159 000 people are involved directly in vehicles production, another 238 000 people are employed in the supply chain;

c) creative industries sector deal. In the British economy, the share of the creative industries sector is more than 5%. It employs more than 2 million people. The value of goods and services produced in the sector of economy is estimated at £ 87 billion;

d) artificial intelligence sector deal. Great Britain is a recognized leader in creating artificial intelligence. “Deepmind”, “Babylon”, and “Swiftkey” are the leading companies in creation of artificial intelligence founded in Great Britain. By 2030, this sector is expected to enrich the British economy with £ 232 billion;

e) construction sector deal. The construction sector employs more than 3.1 million people, representing 9% of the total labour force of Great Britain. This is one of the largest sectors of the economy, whose turnover is £ 370 billion. The deals are aimed at reducing pollution of the environment, and increasing efficiency and value of new projects;

f) nuclear sector deal. Historically, the government has supported the nuclear sector and ensured its competitiveness with other forms of low-carbon technologies. The Nuclear Sector occupies an important place in the Clean Growth Strategy and Grand Challenge;

g) aerospace sector deal. The Aerospace Sector is a global leader in the development of new technologies. More than 120 000 highly qualified employees are involved in it. The annual turnover is £ 35 billion, most of which is exported. It is planned to increase the production of hybrid-electric and electric propulsion engines, drones and Urban Air Mobility;

h) rail sector deal. The Government stimulates the Rail Sector to move towards increased use of digital technology, increased productivity, and improved service quality. Thus, by analysing the importance of coal industry in the strategies of the governments of Ukraine and UK, the authors have found diametrically opposite prospects of this field. The Ukrainian Government makes plans for reforming the coal industry and increasing coal mining, whereas the UK Government does not consider the coal industry in its strategy at all. The UK Government builds its economy on low-carbon and resource-efficient technologies.

Conclusions. Thus, we have examined the characteristics of public administration in reforming the British coal industry. What conclusions for Ukraine can be made on the basis of the results obtained?

Firstly, the Ridley Plan and its use by the Thatcher Government in confrontation with the influence of the National Union of Mineworkers (NUM) in 1984–1985 proved the power and effectiveness of the public administration use in the coal industry reforming.

Secondly, analysis of the general characteristics of the UK coal industry, as well as consideration of its importance in the strategy of the UK government has found the fundamental difference in the vision of the coal industry prospects. The UK government does not consider coal production to be the important sector of the economy whereas the Ukrainian government considers the coal industry to be the key component of its economy.

Thirdly, the authors understand that consideration of the public administration in the field of coal industry,
as well as proposals for its improvement should be carried out on a wider scope of research. At a minimum, it should include:

a) analysis of the minerals and raw material base of Ukraine;

b) a set of actual data and theoretical assumptions covering the industry as a whole;

c) experience of the states, whose economic development is close to economic development of Ukraine. Only in this case, the approved methodological and practical recommendations will be relevant for reforming the public administration in the coal industry.

All alternative energy sources are still not efficient enough and require significant inputs. However, the experience of Great Britain is noteworthy for Ukraine because it shows the possibility of public administration to change the course of history, in the near future to restructure the economy for low-carbon and resource-efficient technologies.

References.

Державне управління у сфері вугільної промисловості

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Мета. Полягає в розгляді досвіду Великобританії в реформуванні вугільної промисловості, а також можливості використовувати досвід британського уряду для реформування вугільної промисловості в Україні.

Методика. Автори використовували системо-структурний, структурно-функціональний метод, аналізу й синтезу, індуктивний і дедуктивний методи, а також методи порівняння та прогнозування.

Результати. Після ознайомлення з досвідом Великобританії в реформуванні вугільної промисловості...
Государственное управление в области угольной промышленности

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Цель. Заключается в рассмотрении опыта Великобритании в реформировании угольной промышленности, а также возможности использования опыт британского правительства для реформирования угольной промышленности в Украине.

Методика. Авторы использовали системо-структурный, структурно-функциональный метод, анализ и синтез, индуктивный и дедуктивный методы, а также методы сравнения и прогнозирования.

Результаты. При рассмотрении опыта Великобритании в реформировании угольной промышленности авторы сделали акценты на: 1) общей характеристике угольной промышленности; 2) роли государственного управления в реформировании угольной промышленности; 3) важности угольной промышленности в стратегии правительства Великобритании. Общая характеристика угольной промышленности Великобритании показала, что экономика Соединенного Королевства полностью избавилась от зависимости от угля. Анализ нормативно-правовых документов Департамента бизнеса, энергетики и промышленной стратегии Великобритании обнаружил полное отсутствие упоминаний об угольной индустрии как таковой. Противостояние правительства Margaret Thatcher с Национальным союзом шахтеров в 1984‒1985 гг. и последующие результаты этого противостояния доказали эффективность и доминирующую роль государственного управления в реформировании угольной промышленности.

Практическая значимость. Проведенное исследование не только доказывает мощь и эффективность вмешательства правительства в галузі угольної промисловості, но и позволяет делать выводы о возможностях использования государственного управления в реформировании угольной промышленности в Украине.

Ключевые слова: державні управління, угідна промисловість Великобританії, угідна промисловість України, низькокуглеродні та енергозберігаючі технології.