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THE HIGH AUTHORITY

MEMORANDUM ON THE DEFINITION OF GENERAL OBJECTIVES

July 6, 1955

Under Article 46 of the Treaty, the High Authority is obliged to publish its general objectives with respect to modernization, the long-term planning of production and the expansion of productive capacity, after first submitting them for the approval of the Consultative Committee.

The document which the High Authority is now releasing is to all intents and purposes the one submitted to the Consultative Committee and discussed by the relevant Committees of the Common Assembly. It has been amended in so far as was necessary to bring the statistical data up to date and take into consideration all comments noted by the High Authority.

It is intended only as a first attempt to establish in broad outline the general objectives of the Community. Much intricate work is now going on to determine how they are to be applied in practice on certain points. This is being done along three main lines:

- (1) Studies are carried on all the time, with the aim both of checking results already obtained and of working out new methods of forecasting (especially forecasting by consumption sectors). Structural changes from the pre-war period require that forecasts be reviewed at regular intervals, as their basis is constantly altering in line with new developments.
- (2) In accordance with the procedure suggested by the Council of Ministers' resolution of 13th October, 1953, the High Authority, in co-operation with the member States through a Joint Committee representing itself and the Council, is seeking to forecast the general trends of development of the different economies, and the conditions likely to affect the future consumption of coal and steel in competition with other sources of energy and other basic raw materials. Preliminary studies of this nature are essential if the objectives are to be properly established, particularly in regard to production capacities.
- (3) At the same time, the High Authority is setting up Committees of experts on economic, technical and social questions, to examine in detail the problems involved in establishing the general objectives, and to help it to produce a definition of those objectives, which shall be both accurate and concrete, and in accordance at once with the provisions of the Treaty and with practical considerations.

Both in previous studies it has undertaken and now in connection with the definition of its general coal and steel policy, the High Authority is devoting much attention to the repercussions of production developments or technical conversions on the employment situation and living and working conditions of the labour force. It is also co-operating with the Council of Ministers to define the spirit in which it is applying the provisions of the Treaty concerning the readaptation of workers, and is studying what action is to be taken to

implement the Common Assembly's resolution of 13th May, 1955, concerning the interpretation of the provisions as they stand and the measures which will have to be taken to render them broader and more flexible in order to develop action at European level in the social field.

I. THE SIGNIFICANCE OF THE GENERAL OBJECTIVES

Article 46, paragraph 3 of the Treaty lays down that "the High Authority shall . . . periodically set out the general objectives with respect to modernization, the long-term planning of production and the expansion of productive capacity."

The general objectives referred to in this paragraph should not be confused with "programmes giving forecasts, for guidance, of production, consumption, exports and imports." Forecasts of this latter type can in fact only be drawn up in the form of short-term programmes.

The general objectives are intended as guidance for enterprises' investment projects. The Treaty is so worded as to bar the establishment of any objectives—even to serve as guidance—for production itself. The reason is that objectives of the latter kind can only be properly established on the basis of a plan covering the entire economy, or most of it, whereas the Community's jurisdiction extends only to two industries. Furthermore, the actual production level depends on the consumption level, and the level of coal and steel consumption is still essentially bound up with those economic sectors which have remained under the authority of the national governments.

Among the tasks assigned to the Community, the fixing of objectives in respect of the expansion of production capacities can assume a certain importance. For it is vital that coal and steel should not be allowed to form a bottleneck in the development of the various economies as a whole.

The basis for determining the production capacities to be eventually arrived at is a series of long-term forecasts of consumption and exports. Work to date on this subject, improvements in the methods used, revisions in regard to assessments, and research undertaken or to be undertaken have been dealt with in separate memoranda in the different institutions of the Community, and will continue regularly.

But a forecast of consumption is not in itself sufficient for fixing the production capacities which it is hoped to set up. The iron and steel industry, if we include the steel-processing industry, has its eye very definitely on the export side, and it has got to keep it there. Consequently, total requirements are bound to be above home consumption. Moreover, the Community is not self-sufficient, and cannot simply decide that in future it will meet all its requirements out of its own production. Any attempt to cover peak coal requirements out of the Community's own production would be liable to swell production costs by more and more unsound investments and by the creation of a capacity which would be employed only part of the time; furthermore, this over-capacity would mostly mean periods of serious trouble as regards employment.

The aim is, therefore, not so much to fix definite production capacities to be achieved, as to establish what conditions and measures will be required for such capacities to be arrived at economically, so as to contribute most satisfactorily to overall economic expansion and increased productivity in

the Community. And the general objectives, which must cover at once modernization, the long-term planning of production and the expansion of production capacities, will form a more homogeneous whole the more they are framed to bring down production costs rather than to ensure a particular production volume.

It is with this end in view that the High Authority is organizing the work now in progress on coal and steel respectively, in accordance with the principles enumerated below.

II. STEEL

The problem of production capacity and the problem of planning are closely interconnected. The principal measures to be taken to reduce production costs will be dealt with separately.

SECTION I: *Production Capacity and Planning*

It is proposed to deal first with crude steel, then with pig-iron, followed by iron ore, and finally with the problem of iron and steel end-products.

A. CRUDE STEEL

(1) *Forecasting requirements*

Steel requirements develop in accordance with

- the rate of the general expansion of the economy ;
- the planning of that expansion, particularly of products as against services, and of capital goods as against consumer goods (planning of this governs the ratio of increases in the social product to increases in steel consumption) ;
- competition from other materials (non-ferrous metals, plastics, concrete), or alternatively the possibility of finding new uses for steel (building, etc.) ;
- exports, which themselves depend on the way in which requirements and production develop in other countries, and on the competition encountered from other suppliers.

These forecasts are intended to orient the expansion of production capacity. In view of the specific features of the iron and steel industry, it is necessary to rate the volume of requirements as high as it can reasonably be expected to rise. It would be intolerable for steel production capacity to constitute a bottleneck in the expansion of the Community's economies and an impediment to the balancing of their external trade. At the same time, for the iron and steel industry to operate economically, it is not necessary for it to work at full capacity.

The best working hypothesis to adopt is not theoretical capacity, but maximum production potential, which may be defined as follows:

“Maximum possible production is the maximum production which it is possible to attain during the year under normal working conditions, with due regard for repairs, maintenance and the usual holidays, employing the plant available at the beginning of the year, but also taking into account both extra production from any plant to be installed, and any existing plant

to be finally closed down during the year. Production estimates must be based on the probable make-up of the input of each plant, on the assumption that the raw materials will be available.”

On this basis optimum utilisation may be placed at approximately 95 per cent. of maximum potential.

This being so, any pronouncement regarding the expansion of capacities now going on must be based on a forecast of probable home and export requirements in 1958. The net export level for that year may be expected to be more or less the same as the present one, some 9,000,000 metric tons in equivalent of crude steel.⁽¹⁾ Estimated home consumption is based on a ratio observed between a given increase in the national income and the corresponding increase in steel requirements.⁽²⁾ Thus the recent rate of economic development above that which appeared most probable two years ago has meant that the forecasts for 1958 have had to be revised. The base-year adopted is 1953, and, in order to even up to some extent the variations resulting from changes in the economic situation, and in particular to reduce the influence of speculative movements of stocks, calculations for that year are based on a crude-steel consumption figure equal to the average of the apparent home consumption for 1952, 1953 and 1954, viz. 33,000,000 metric tons. If we were to forecast an increase in the national income resulting, for the period 1953-58, from a certain rise in the level of employment and from an 18-20 per cent. improvement⁽³⁾ in general productivity within the economy, we would obtain, on the basis of the estimated ratio of the increase in the national income to the increase in steel requirements, the figure of 52,000,000 metric tons in equivalent of crude steel for 1958 as the probable home and export requirements.

We find, however, that a rate of production almost up to that figure has already been reached in the first quarter of 1955 and after. During boom periods we must, therefore, take into account variations in consumption and in stocks, and anticipations by consumers. In these circumstances, the requirements expressed by consumers may be anything up to 10 per cent. above that figure, and may result in an actual demand of some 57,000,000 metric tons in equivalent of crude steel.

This, as will be seen, is to be met through the investments now in hand. Normal requirements, estimated at approximately 52,000,000 metric tons, will be covered by plant running more or less at optimum capacity, and the investments will doubtless still pay even when business is slack, i.e. when production is, say, 10 per cent. below normal requirements.

(2) Results to be expected from investments known to the High Authority

The production potential defined above may be estimated, on the basis of plant in operation at the beginning of 1955, at some 51,000,000 metric tons. Investment projects in hand and those to be undertaken in 1955

(1) Treaty products plus tubes and wire products.

(2) Analysis of the position in the Community, and in a number of countries at a comparable stage of economic development, reveals that an increase of 1% in the national income means an increase of approximately 1.25% in steel requirements.

(3) During 1954, the increase in general productivity per person employed was slightly under 5%; it may be assumed that the 1955 figure will be at least that. As things are at present, such an exceptional rate of advance will doubtless not be kept up during the latter part of the period, so that an increase of 18-20% may be forecast for 1953-58.

should bring it up to about 57-58,000,000 metric tons, probably as early as the beginning of 1958.

(3) *Planning of production*

Steel production which is centred too much on the use of scrap may easily be cramped in its expansion by the fact that scrap recovery depends largely on the steel consumption of long ago.

In recent years, capacities for the production of open-hearth steel have shown a disproportionate increase. From 1913 to 1939, basic Bessemer steel represented 60 per cent. of total production, but the ratio is now down to 55 per cent., and even dropped to 51.6 per cent. in 1954. Open-hearth steel production has risen from 37 per cent. to 39.7 per cent. Production of electric-furnace steel has climbed steadily from 2.5 per cent. in 1913 and 1929 to 7.1 per cent. in 1950 and 8.7 per cent. in 1954. True, in the early part of 1955, the proportion of basic Bessemer did increase slightly. But the expansion programmes of which details are at present available show a relatively more marked increase in open-hearth and particularly electric-furnace steel than in basic Bessemer.

Under present production conditions, and if a permanent shortage of scrap is to be avoided, a satisfactory balance should be maintained between basic Bessemer, open-hearth and electric-furnace capacities. The introduction of new technical processes in connection with basic Bessemer should make it possible to get more out of existing plant wherever the blast-furnace production potential permits of a corresponding increase in the production of basic Bessemer. Moreover, the employment of new processes will improve the quality, which is essential if it is to replace open-hearth steel for certain purposes. Such a development is to be welcomed in view of the comparatively limited scrap resources likely to be available in the future.

The other possible method is an increased throughput of pig-iron in the production of open-hearth steel.

B. PIG-IRON

From a study of steel production capacities and their planned allocation among the different technical processes, we may deduce the capacities required for the manufacture of pig-iron.

Increased production of electric-furnace and special steels means a lowering of the proportion of pig-iron employed. On the other hand, pig-iron is consumed in large quantities in the manufacture of open-hearth steel. If it is borne in mind that the production of electric-furnace steel, which is definitely going up, is almost entirely dependent on scrap, while on the other hand the increasing tightness in the supply of scrap will entail a proportionate increase in the input of open-hearth pig and spiegeleisen for open-hearth furnaces and, in any event, full responsibility for supplying the basic Bessemer steelworks with basic Bessemer pig, it will be realized that an adequate stepping-up of pig-iron production is becoming vitally necessary. This need for a relatively higher output of pig-iron is in no way lessened by the relatively lower input of foundry pig-iron. This latter decrease is not to be put down solely to the fact that castings are being ousted by plastics: it is also influenced to some extent by the relation of scrap prices to pig-iron prices, which is more

favourable than was the case before the war to the use of cast-iron scrap and other scrap in foundries, and thus reduces the tonnages available for the steelworks.

We may reckon that, for a normal production of 52,000,000 metric tons of crude steel in 1958, the overall pig-iron production will need to be in the region of 41,000,000 metric tons. At the same time, if the steel production capacities were fully utilized, we should find ourselves in two or three years' time with a production of some 57,000,000 metric tons, which would correspond to the anticipated maximum demand, and pig-iron production would have to reach something like 45,000,000 metric tons.

Parallel with this development, it will be necessary to see that prices are so balanced as to permit of an increased input of pig-iron in relation to the input of scrap in steel production.

C. IRON ORE

If we include the blast-furnace input of scrap, residue of pyrites and miscellaneous recovered ferrous matter, as well as the consumption at the steelworks and exports to third countries, total iron-ore requirements may be placed at 31-32,000,000 metric tons of iron content for a production of 41,000,000 metric tons of pig-iron, and 34-35,000,000 metric tons of iron content for a production of 45,000,000 metric tons of pig-iron.

Investment projects enable us to reckon on a potential extraction of 86-87,000,000 metric tons of crude ore in the Community in 1958, with an iron content of approximately 25,500,000 metric tons, while 18-20,000,000 metric tons of ore, or 10-11,000,000 metric tons of iron content, can be secured by imports. As the delivery potential of the main iron-ore basins outside the Community is sufficient, there is no reason to expect supply difficulties during this period, and investments within the Community appear appropriate to the level of requirements, leaving a sizeable safety margin. For the period beyond, however, additional studies will be necessary.

D. IRON AND STEEL END-PRODUCTS

1. *Semis*

A study of the investments in hand indicates that production capacities will suffice to cover the requirements in semis both of rolling-mills at steelworks and of the independent rerolling firms.

2. *Rolled Products*

The marked expansion in rolling-mill capacity now taking place raises a number of important problems. The 1955 survey of investments in the Community reveals that the production potential of the rolling-mills will go up by at least 9,000,000 metric tons over the early 1955 level, whereas the steel production potential will go up by only 6-7,000,000 metric tons.

This situation should be examined in greater detail, for we must be wary of jumping to conclusions.

It is more or less true to say that the rolling-mills taken as a whole must always possess a reserve capacity greater than the actual steel production capacity itself. The market is constantly changing (quite apart from long-term

structural changes) in regard not only to the qualities but also to the types and sizes required. For this reason, the margin between capacity and production must always be greater in the rolling-mills than in the steel works or the blast-furnaces.

On the other hand, it may be that, in certain cases, the increase in rolling capacity has outstripped all possible present or future deliveries by the steel works. It is also reasonable to wonder whether, for instance in the various sectors now expanding, we are not overestimating the future rise in demand for particular products.

(a) *Sections and merchant steels*

Any planning of production must take into account the technical progress and developments in connection with certain sections. Moreover, with improved qualities, consumers prefer smaller sizes and lighter sections. It remains to be seen whether the consequent increased introduction of the so-called "small mills" is not already in excess of its objective. Thus a rise in overall steel consumption can go hand in hand with a drop in the consumption of particular types. A certain reticence is observable, for example, in the development of heavy sections.

(b) *Flats*

As regards sheet and strip-mills, there has been a striking intensification of investments. This is due mainly to the three following factors:

- (i) the disproportionate increase of requirements in flats, which has been noticeable for a number of years but quite recently showed a further sharp rise ;
- (ii) the revolutionizing technical advances in sheet manufacture by automatic continuous or semi-continuous production in plant of appropriate dimensions (wide-strip, Steckel and Sendzimir mills) ;
- (iii) the outstanding improvement in the quality of sheet brought about by the new production methods (particularly as regards surface, which has itself had something to do with the revival in demand).

It is not yet clear whether the production capacity for flat products, which is now so noticeably expanding, will always be satisfactorily utilized. Even though all flats are showing a very distinct upward trend in comparison with the general trend of development, it looks more and more as if capacities were expanding well in excess of requirements. The objection will doubtless be put forward that capacities have developed ahead of consumption in the United States also, particularly as regards wide-strip mills. But so far as Europe is concerned, exceptional financial resources would be needed to keep such plant going, with its high capital interest and redemption rate, at times of a general recession, i.e. when utilization was falling off.

The heavy and medium-plate mills are showing a particularly marked expansion of capacity. There is no doubt that the wide-strip mills, if it were to their advantage (for example in a period of crisis) could produce and market higher tonnages of heavy and medium plates.

It should be emphasized that as regards heavy plates no fresh project for expanding capacities had been announced at the time of the 1955 inquiry. But to what extent obsolete plant will be eliminated in future under the

pressure of competition remains to be seen—a very vital point for the whole flat-products sector, and particularly sheet and strip.

The whole nexus of problems in connection with the planning of iron and steel production is to be studied in greater detail by commissions which the High Authority has decided to set up.

SECTION II: *Modernization and lowering of production costs*

The lowering of production costs is one of the fundamental objectives of the Community.

The measures designed to bring it about are

- the actual operation of the Common Market, which must lead to the progressive development of the best production units replacing the less economical ones ;
- action by the High Authority and application of the provisions of the Treaty to reduce the cost of raw materials, transport costs and financing charges ;
- efforts by the enterprises themselves to achieve modernization, standardization, specialization and/or the establishment of production units on the optimum technical scale ;
- readaptation, which by protecting the workers from the social consequences of economic progress, and hence calming their fear of progress in productivity, will enable enterprises to specialize in these manufactures which they are best situated to produce.

1. *Features of investments known to the High Authority*

Much of the increase in capacity expected is not in itself the main object of the investment expenditure started or planned, but a consequence of modernization or plant renewals amounting to modernization.

Thus the principal purpose of present investments by companies is increased production and lower production costs, which is undoubtedly all to the good.

2. *Contribution to the lowering of production costs*

The High Authority's policy is to recommend and encourage all action aimed at lowering production costs.

(a) The High Authority is helping to co-ordinate and to finance technical research, with a view to the introduction of new processes which will

- enable a wider range of raw materials to be used (e.g. low-shaft furnaces, new coking processes) ;
- improve the quality of the materials (e.g. dressing of burden, improvement in the quality of coke) ;
- simplify production circuits (continuous-casting process) ;
- raise efficiency by increased mechanization.

(b) The High Authority is urging producers to bring down to the absolute minimum the number of different sections, sizes and qualities, which is much higher in the Community than in the United States. Standardization should result in a lowering of production costs for the producer and of consumption costs for the consumer.

- (c) The High Authority is encouraging specialization of enterprises and plant: the introduction of the Common Market opens up wider opportunities in this vital field. The High Authority is engaged (especially in connection with applications for the authorization of concentrations and specialization agreements) in studying what savings can be effected by specialization, which methods should be employed to develop it, and what commercial and financial arrangements submitted for its approval might best facilitate it.

III. COAL

The coal sector is having to adapt itself to an entirely new situation. Whereas coal policy used to be based on the monopoly held by coal in the field of energy during the nineteenth century, it is today confronted by growing competition from other sources of energy—hydro-electric power, natural gas, oil products and, in the near future, nuclear energy. In addition, the price of coal has risen in the Community in relation to other prices. The Community must realize the need to do everything possible to check this disproportionate increase in coal prices in the interests of the very future of the coal industry if the position of coal as an economical source of energy in the Community is to be preserved.

The consequence is uncertainty as to future coal requirements, which will depend very largely on the chances of reducing production costs. These chances are rather limited, particularly those offered by an increase in output. A special feature of coal policy is the development of methods enabling coal to adapt itself to the present competition situation.

SECTION I: *Production Capacities and Planning of Production*

1. *Forecasts*

As things look at present from the technical point of view, it is not to be expected that coke will be superseded to any great extent in iron and steel production. This may be taken as the point of departure for estimating coal requirements and establishing the grades to be developed.

To cover normal pig-iron requirements for 1958 of 41,000,000 metric tons and maximum requirements of 45,000,000, availabilities of coke should be increased by 10-11,000,000 and 14-15,000,000 metric tons respectively over 1954: the ratio of metallurgical coke to the total in these additional availabilities has been put rather low in order to allow for difficulties in marketing small-sized coke by assuming that there will be a lowering of the smallest size recognized.

Keeping the input-output ratio at 10:7-8 (which may go up as a result of increased employment of long-flame coal), we get an increase in coking-coal requirements in the neighbourhood of 14,000,000 and 19,000,000 metric tons respectively.

These additional requirements on the part of the iron and steel industry may either come on top of requirements by other industries, or be offset by reductions in consumption by the remainder of the economy. The line along which overall coal requirements will develop depends ultimately on the rate of general expansion attained, on the production costs achieved, on whatever substitution of grades may prove possible, and on technical advances in utilization.

2. Investments known to the High Authority

The latest survey, undertaken at the beginning of 1955, indicates that the extraction potential of the Community collieries in 1958 will have gone up by some 20.000.000 metric tons over 1954, as follows:

					<i>Metric Tons</i>
Ruhr	...	...	...	...	11-13.000,000
Aachen	...	...	...	...	1,000,000
Lorraine	...	...	...	...	3,000,000
Saar	...	...	...	...	1-2,000,000
Belgium	...	...	...	...	1-2,000,000

This being so, the extraction potential would total 260-265.000.000 metric tons not allowing for those existing capacities which would by then be eliminated by market conditions.

Just as in present production, more than half the increase in capacity is in respect of coking coals.

3. Planning of production

The forecasts on the development of requirements bring out the importance of coal which can be used for coking.

Moreover, it is absolutely essential to encourage every possible means of making the various grades more interchangeable, so as to avoid a simultaneous shortage of some and glut of others. This is the only way of ensuring a more economical development of coal production. Measures being taken with this end in view include:

- (a) research on possibilities for putting certain grades to new uses, and on the introduction by consumers of plant in which a wider range of grades can be used;
- (b) investments to make certain grades usable for new purposes, or to improve the quality of certain products;
- (c) linked with these technical developments, a more flexible price policy for the different grades, in order to help balance production and requirements.

SECTION II: *Production Costs and Valorization*

1. Output

In all endeavours to safeguard the future of coal as an economical source of energy in the Community, the fundamental objective must be to increase output, by means of

- modernization measures,
- technical concentrations,
- organization,
- appropriate technical processes,
- the progressive substitution of the best production units for the less economical ones.

The High Authority is willing to collaborate on any experimental research whereby the best methods for working the various types of deposit may be established.

It is urging concentration of plant above and below ground in order that deposits may be worked as intelligently and economically as possible.

2. Valorization

Two essential considerations have to be borne in mind.

- (a) Increasing the market value of products, and making economical use of products which sell badly or are worth little, is as beneficial as actually lowering production costs. The valorization of coal is vitally important, all the more so in that, as well as increasing the receipts of the pits, it makes it possible to reduce the price of those grades which have to withstand competition from imports and from other sources of energy.
- (b) Direct coal consumption is tending to fall off, whereas gas and electricity consumption is rising steeply: it is estimated that electricity consumption will have doubled in ten or twelve years' time, and that gas consumption will go up about 60 per cent. during the same period. The future of coal will be all the more secure the more coal is supplied in the form of gas or electricity. And the moral is the same as before, since gas and electricity production provides a use for products which are unsaleable or fetch very poor prices.

For this reason, the High Authority is drawing attention to

- the importance of screening and washing for improvement in quality;
- the development of pithead power-stations to consume low-grade fuel;
- technical methods of fully gasifying coal, whereby gas can be obtained from certain qualities which fetch little in the market;
- the development of synthetic hydrocarbon chemistry enabling more use to be made of coal as raw material for chemical processes.

3. Balancing Coalmining

These measures to step up output and improve valorization are essential if the coalmining industry is to bear the increased burdens resulting, in particular, from the gradual deepening of the workings and the financial charges on the new investments, and if the mineworkers are to be sure of receiving the wage to which their working conditions entitle them.

SECTION III: *Coking and Gas Production*

Normal additional requirements for 1958 have been put at 10-11,000,000 metric tons of coke, and maximum requirements at 14-15,000,000 metric tons.

Investments in hand, or to be undertaken in and after 1955, will bring the production potential up to approximately 75,000,000 metric tons by 1958, thus enabling the expected increase in requirements to be covered.

The problem arises of a possible reserve capacity in the coking-plants. These constitute the principal source for the supply of gas, consumption of which is rising rapidly. In order, however, to prevent coke production from developing in excess of requirements simply to keep pace with the increased demand for gas, the following possibilities should be borne in mind.

- (a) Peak requirements could be covered by also employing gas produced from oil, or by enriching the gas with methane. It would further be a help if large quantities of gas could be stored under pressure, as this would solve the problem presented by distortion of the market between the demand for coke and the demand for gas.

(b) Full gasification of the inferior grades of coal helps both to valorize the products concerned and to break the interdependence of coke and gas.

Coking-plants still absorb for their own firing anything from one-third to one-half of the gas produced. Every effort should be made to lower this proportion, for instance by substituting producer gas for coking-plant gas, so as to release more gas for sale.

SECTION IV : *Building of Workers' Houses*

The definition of general objectives serves as a framework for the opinions which the High Authority is expected to issue on investments, and for the financial assistance which it grants in connection with them. For this reason, out of all the social problems now confronting the Community, it is the question of workers' housing which is most directly linked with the general objectives.

In the first stage of its studies, the High Authority was chiefly concerned with problems regarding the living conditions of the miners.

Housing in the neighbourhood of the pits is often inadequate both in quantity and in quality: many miners cannot have their families to live with them, and some are accommodated in hutments under insanitary conditions which lower morale and affect both attendance and output. Where miners live at too great a distance from the pits, they have to travel many miles (sometimes taking as much as five hours a day), which means for them an additional strain and for the enterprises considerable direct expenditure (as much as a dollar per ton in certain coalfields) which could be better used for other purposes.

Unsatisfactory housing conditions are driving many workers away altogether, particularly those of the younger generation. This hampers the stepping-up of productivity, and prevents the training of a new generation of skilled miners in large enough numbers to make up for the losses represented by the workers who have reached retiring age in the ordinary course of events.

The collieries of the Community are at present employing almost 1,100,000 workers, including over 650,000 faceworkers, while the iron and steel industry employs over 400,000 and the iron-ore mines nearly 50,000. It is the faceworkers in the coalmines who present the most serious housing problem, and whose production and productivity are most directly affected. Some 10 per cent. of them are unsatisfactorily housed, and 60,000 housing units have definitely to be replaced. A further 40,000 houses will need to be built in the neighbourhood of those pits which are increasing their production.

However substantial the investments in capital goods, neither the productivity nor the production of the collieries can be raised to the maximum unless the necessary labour is available where and when required, and can work under satisfactory conditions. This raises a serious housing problem whose solution cannot be separated from the programme of technical investments proper.

One of the objectives of the Community must be to push ahead simultaneously with technical investments in modernization and equipment, and with the scheme for building workers' houses which is so directly bound up with them.

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