imports. What imports supply will then be subtracted from the sales of domestic producers. If the demand for the goods is elastic, demand will, of course, respond to the lower prices but imports may reap the benefit by capturing a rising share of the domestic market. The market does not wait for the domestic industry to adapt itself as it does when a technological innovation of a domestic company is covered by a patent. Thus the domestic industry often sees imports gain all or most of the effects of demand-elasticity.

Such is the price of economic efficiency! The productivity of the coal industry increased from 1159 tons per man-year in 1950 to 3697 tons in 1965, or more than threefold. This was reflected in the decimation of the work force related above.

The coal industry was in deep trouble because of the high wages of mine workers. Yet their hourly wages (average) were a little less than those paid in steel and rolling mills and in contract construction in 1963 (Survey of Current Business, U.S. Dept. of Commerce, December 1964, p. S–15.)

The Steel Industry

The American steel industry has in recent years become confronted with import competition that has absorbed about 11% of the total market.

Obviously the industry faces a problem not unlike that of coal. In recent years it has spent over $6 billion on new plant and equipment, devoted principally to modernization. Already in 1964 the output per man year had increased to 248 tons compared with 165 tons in 1950; but obviously this record fell far short of that of the coal industry. The latter exceeded steel four-fold in productivity increase and in displacement of workers.

The result in human terms was that while the coal industry sacrificed the jobs of 340,000 workers the steel industry displaced only 75,000 workers in 15 years.

The lesson is very clear. If steel is to make itself competitive with imports it must take much more drastic steps than it has taken hitherto. If it were to come on a par with coal it must separate some 200,000 more steel workers from its payroll. It could then reduce its cost of production about 10% and perhaps stand off imports. Whether the modern technology available to the steel industry will accomplish this feat is a question. Other countries are not backward in this field and are also increasing productivity. The steel workers might find themselves displaced and unemployed without gaining a competitive advantage for the industry.

This or some other order of gargantuan magnitude is the price exacted by the demand that the industry stand on its own competitive feet, to pull out of a situation into which it did not place itself. The steel workers have only to look across the Monongahela into West Virginia to read their own fortune if steel is to become competitive with imports or to get a lesson in laissez-faire economics as it tries to make its way midst the modern planned and controlled forces of the economy.

Competitive Handicaps of Other American Industries

Not all other industries beside the two mentioned suffer the same disadvantage as the maritime industry, but the difference is a matter of degree. Some of them enjoy a material margin of tariff protection as an offset. Many of them enjoy additional insulation or protection from greater proximity to inland markets than imports, as already noted. Also, some enjoy a greater productivity lead than shipbuilding and ship operation over their foreign competitors, as a result of advantages from economies of scale. Mass production is not a characteristic of shipbuilding with the exception of some of the materials that are assembled into a ship.

Yet in spite of these differences all other industries are subject to the same general effects of the many legislative enactments that have increased costs of production. They were also subject to the same increase in costs that came from the War and cold war expenditures. They are therefore competitively disadvantaged compared with foreign producers no less so than the maritime industry, but some of them enjoy certain advantages from other sources (high productivity for example) that partially and in some instance wholly offset the disadvantages—at least temporarily.

However, what is important to this discussion is that competitive disadvantages not reflecting relative productive efficiency or deficiency may persist over the