production with considerably fewer workers than we had in former years of lower production, but this is because of increased productivity." As Table II–1 shows, this increased productivity, measured by average tons produced per wage employees, is in evidence both in the United States and the European Coal and Steel Community.

In short, our examination of the evidence indicates that steel employment may be related to progressive automation, to geographic shifts in demand (which may cause local labor shortages as well as surpluses), and to the abandonment of antiquated plants. It cannot be scientifically correlated with steel imports.

Appendix III

U.S. Imports of Iron Ore and Steel Products

In an interview entitled "Why the American people should be concerned about steel imports," L. B. Worthington, then chairman of the American Iron & Steel Institute, stated: "I believe that every thinking citizen is concerned that industry maintain the highest practical level of employment. Every ton of steel brought past our shores is a ton that an American steelworker didn't get a fair chance to make. Then, of course, there's the danger that—if imports are permitted to replace American steel in our domestic market—important producing segments of our industry may deteriorate, to the detriment of this country's economic welfare and its military strength. All of these factors should be, and I think *are* of great interest to citizens and their government representatives." (*"Steelways*, May-June 1967) Mr. Worthington expressed these concerns on the basis of 1966 statistics which showed that steel imports totaled 10.8 million tons, accounting for 10.9 percent of domestic consumption.

It is strange, to say the least, that Mr. Worthington mentioned only the deleterious effects of *steel* imports on employment levels, national economic welfare, military strength, and the U.S. balance of payments, while maintaining a golden silence on the parallel effects of *iron ore* imports. It is strange, because in 1966, "U.S. imports of iron ore, which amounted to 46 million long tons, valued at $462 million, constituted about 35 percent of steel producers' requirements and were larger than the iron ore imports of any other country." (U.S. Tariff Commission, *Summaries of Trade and Tariff Information*, Schedule 6, Volume 4, 1967, p. 2)

Tables III–1 and III–2 demonstrate the incongruence of Mr. Worthington's silence. Table III–1 shows that, between 1959 and 1966, iron ore imports accounted for a minimum of 25.1 percent and a maximum of 37.1 of domestic U.S. consumption—in contrast to steel imports which ranged from a low of 4.7 percent to a high of 10.9 percent. Why, one might ask, should we worry about 10.9 percent of the domestic *steel* market going to imports, while ignoring 37.1 percent of the domestic *iron ore* market being captured by overseas sources? Is not the impact on domestic employment, national welfare, and military strength analogous in both cases? If not, why not?

The same question arises with respect to the U.S. balance of payments. As Table III–2 shows, the total deficit on our *steel* trade between 1959 and 1966 amounted to $2.6, while the deficit on our *iron ore* trade totaled $2.3 million during the same period. Moreover, during five of these eight years, the deficit on iron ore was greater than the deficit on steel. It would appear, therefore, that the balance-of-payments effect of iron ore imports merit at least some mention in the steel industry's discussion of the import problem.

The reasons for the steel industry's silence are not difficult to fathom. Iron ore is the basic raw material for making steel, and the steel industry is anxious to buy the highest quality ore at the most reasonable price. In the interest of efficiency and cost-effectiveness, it imports more than ⅓ of its ore requirements—often from its "captive" mines abroad. This the industry regards simply as prudent management and routine cost minimization; as a purchaser, it seeks the best and cheapest source of supply. Why, then, the difference in its attitude to steel imports? Why demand government action to bar steel imports in excess of 9.6 percent of domestic