4. Increase governmental pressure on nontariff barriers to steel exports.

I don't want to go into detail on the subject of nontariff barriers to trade as several speakers here today have. I can only second what they have said.

The steel industry today is faced with a critical choice. It must either meet the challenge of foreign steel, aluminum, cement, and plastics with a positive policy or else resign itself to a slow decline.

The advocacy of quota protection is the counsel or despair. It is an unimaginative effort to preserve profit margins in a declining industry without attempting to deal with the factors that have prevented the industry from participating fully in the unprecedented growth of the American and world economics. The steel industry's problems are capable of solution but they require basic changes of policy. The steel industry is tougher and more resourceful than the impression it gives from the statements of some of its spokesmen. The impressive increase in productivity that the industry produced under the pressure of World War II indicates the type of response that the industry is capable of delivering when challenged.

I have little doubt that the industry is capable of the same type of response to today's challenge of steel imports and domestic substitutes for steel if it only throws off its mourning clothes, rolls up its sleeves and starts to flex its muscles.

Thank you.

Mr. FULTON. Thank you, Professor Thorn.

Are there any questions?

Mr. CONABLE. No. I think that Professor Thorn has given us a helpful statement, though.

Mr. FULTON. We thank you for the excellent statement that you have presented.

Professor THORN. Thank you for the privilege of being able to come.

Mr. BATTIN. Mr. Chairman.

Mr. FULTON. Yes.

Mr. BATTIN. I don't know if Professor Thorn wants the appendix included as part of his statement.

Mr. FULTON. Would you like that included?

Professor THORN. Yes.

Mr. FULTON. Without objection the appendix to your statement will be included in the record.

Professor THORN. Thank you.

(Professor Thorn's prepared statement and appendix follows:)

STATEMENT OF RICHARD S. THORN, PROFESSOR OF ECONOMICS, UNIVERSITY OF PITTSBURGH

The rapid growth in steel imports should be restricted but quota and tariff restrictions are an inappropriate way to accomplish this end since they will not prevent the long-run decline in employment, profits and relative output which is taking place today.

Quota restrictions are simply an unimaginative effort to preserve profit margins in a declining industry which will take away most of the incentives to deal with the underlying factors which have prevented the steel industry from participating fully in the unprecedented growth in the American and world economies.