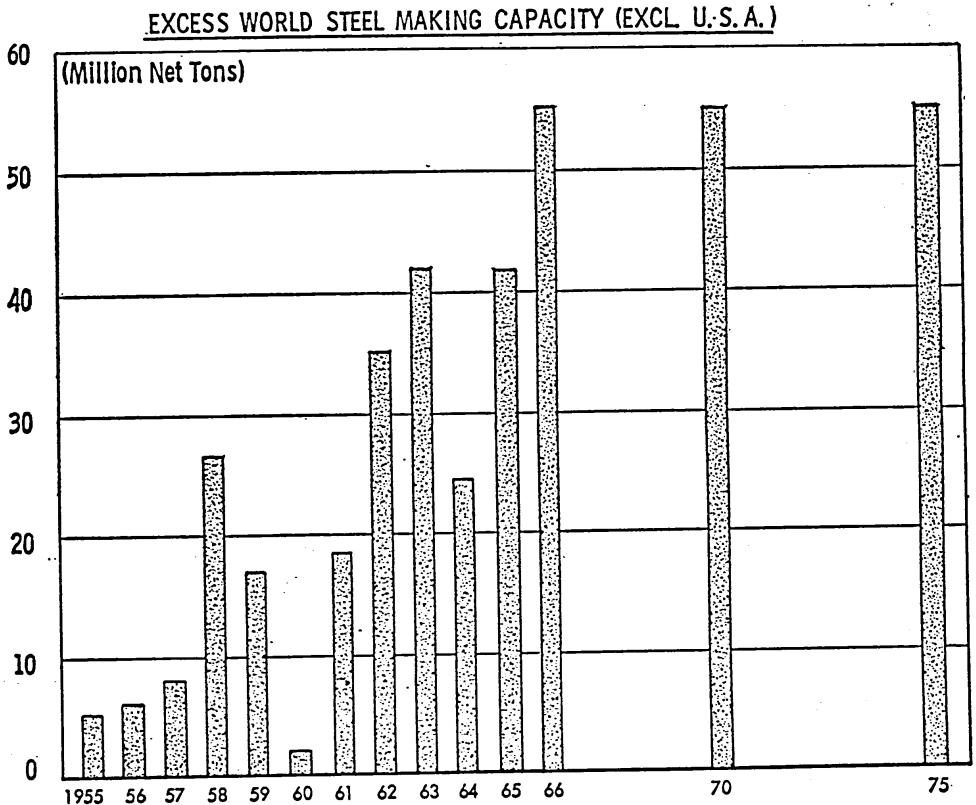


CHART 2



ships, and the construction of steel plants on deep water, foreign producers have been able to reduce their raw materials costs to levels about equal to those of the United States.

Costs of purchased services and supplies are below those in this country, largely because they reflect most lower wage levels. This is also true of construction costs, with the result that higher interest rates abroad have been offset by much lower initial costs.

Japanese hourly employment costs, including all identifiable benefits, are about one-fourth of ours, while those in Europe are one-half to one-third those in this country. This is largely a reflection of differences among national wage levels, since the relationship between steel wages and industrial wages generally is about the same in Europe and Japan as it is in the United States. Such differences obviously cannot be changed significantly by the actions of one industry or one labor union. By way of contrast, output per man-hour in the Japanese industry as a whole is about three-quarters of ours and in the newer plants it appears to equal the current level in this country. Thus, unit labor cost in the Japanese steel industry is only one-third that in the United States. The difference is very large—\$35 to \$40 per ton of steel mill products. Unit labor costs in Western Europe, where productivity is lower than it is in Japan, are about \$25 per ton below ours.

Following World War II, the United States provided both money and know-how for the rebuilding of war-torn steel industries abroad. This, together with the rapid expansion of domestic markets in other countries, led to the adoption of superior technology around the world. That has continued and technological developments in steel are now quickly available to all who have the funds required for their adoption.