

content and unique properties, have myriad important applications. Some can remain stable at high temperatures; some have extraordinary toughness, particularly at low temperatures. Such qualities have made specialty steels an integral part of the defense program of the United States.

A list of strategic products dependent upon specialty steels includes: missile and rocket frames and parts, airplane structures, atomic reactors, jet engines, turbine blades, ball bearings, oil refining equipment, and cutting tools and dies. Not only is the Apollo spacecraft fashioned from stainless steel, but so is the anti-spike innersole in the combat boot now being worn in Vietnam. Both are the products of constant research and development, often extending over a period of years from first identification of need to final practical application.

The markets for these specialty and tool steels have suffered severe inroads from foreign steel products. The importation of strategically important stainless steels has increased approximately 15 times since 1959. Foreign countries without a vested interest in American national security must not be relied upon to support American military steel technology, especially in time of war; yet if the increase in imports continues, the American steel industry will have neither the incentive nor the ability to go on spending hundreds of millions in research and development, let alone increase these expenditures.

The incentive to expand crucial defense research in the face of rising imports is furthermore affected by the fact that the domestic steel industry does not today enjoy any lasting technological advantage over foreign producers. The advantage which domestic producers formerly possessed due to their large research and development programs has been reduced. This is not because domestic research and development has been lagging; indeed, the opposite is true. However, advances in steelmaking technology, by their nature, are quickly adopted by all major world steel producers. As Mr. Yushihiro Inayama, President, Yawata Iron and Steel Co., Ltd., said in a presentation at the International Iron and Steel Institute in Brussels, November, 1967:

"It is my firm conviction that, however, hard we may have tried, such phenomenal development as Japan's steel industry enjoys today could never have been achieved without the invaluable assistance and cooperation extended to us by the steel companies represented by many of you present at this meeting. In this sense we may say without exaggeration that you are the real magicians who accomplished our 'economic miracle'."

The American steel industry is uniquely capable of meeting increased military needs today, and this capability must not be impaired by any further denial of a share of market growth upon which future investment so heavily depends.

4. Steelmaking facilities requirements for national security

Aside from periods of sharply increased defense steel requirements, the demand for steel in the United States is subject to a substantial degree of fluctuation. There are a number of reasons for these fluctuations. Among the most important of these are: fluctuations in the overall economy (especially in the level of capital spending), changes in the mix of the economy, consumers' building or liquidation of steel inventories, and seasonal factors. The domestic steel industry has provided in the past, and can be expected to provide in the future, productive flexibility sufficient to adjust to normal changes in the level of steel demand resulting from these factors.

Government defense planning requires that the domestic steel industry be capable of providing steel in an emergency sufficient to meet direct defense requirements, substantially higher indirect defense steel needs, and all essential civilian needs, *in the absence of imports of steel except those from Canada or Mexico.*

The domestic steel industry was able to ship steel at an annual rate of 103 million tons during the peak demand period in the six months prior to the settlement of the 1965 labor negotiations, but part of this tonnage was available only through the reduction of mill stocks. The industry has added capacity since 1965; and in 1968, under similar strike threat conditions, domestic shipments during the six-month period ending in July could be at an annual rate of 108-110 million product tons. Currently, as in 1965, part of the tonnage being shipped is available only through a liquidation of steel inventories held at the mills. It is probable that both in 1965 and presently the additional tonnage shipped out of mill stocks would offset any capacity not completely utilized during these periods because of lack of demand in particular products or areas. Therefore, the actual shipping levels are probably a good gauge of the domestic steel industry's ability to produce and ship for a sustained period.