million tons. It is the continued investment in overcapacity facilities which must be moderated in order to bring about a balanced trade relationship.

STEEL AND ORE QUOTAS

Our support of the Vanik bill is predicated, therefore, upon a twofold objective. First, the bill will determine that, as a matter of public policy, a 10 percent penetration of our steel market is a balanced one. Maybe Congress will suggest another figure. But, set a level, it must, in our judgment. As far as iron ore is concerned, our miners have complained about job losses due to the continued high levels of importation of ore during periods of recession. Their job loss becomes more pronounced than basic steelworkers if there is not a proportionate reduction of iron ore imports comparable to a downturn in steel production. Currently, ore imports are about 36 percent of domestic consumption.

The second objective will be found in the fact that the bill will serve as a guideline for foreign steel industries to moderate their investments in facilities producing steel well beyond their own domestic consumption and a reasonable share of our market.

It would be disasterous for Japan, for instance, to be led to assume it has an unlimited access to the U.S. steel market. Then, at a later date, when its investments are already made and its manpower already committed, if Japan is forced to curtail its access, severe political and economic consequence would undoubtedly ensue. Now is the time to declare whether there is a limit. And, this is a responsibility for Congress.

This, then, is the sole purpose of our support of a flexible quota bill. We have arrived at this position at a time when our own industry is accelerating its investments in new plants and equipment to modernize obsolete facilities. There has been severe criticism levied at the industry for allowing its facilities to become outdated. There may be some justification to the charge. But the industry is now correcting this problem. My concern, however, arises from the fact that if we do not retain a steady share of the increase in domestic demand for steel, there will be a job loss, since the new facilities will be able to produce more steel with less workers. Furthermore, if the increased domestic market is lost to our own producers, I am afraid that the necessary continued investment to modernize will be suspended.

OVERCAPACITY

I cannot over emphasize the coincidence of these two factors: foreign overcapacity and domestic accelerated investment. If the report of the Senate Finance Committee carries any real message, it is the documentation of overcapacity and the concomitant pressure that it puts on the world market. The price structures of the United Kingdom and Europe are under heavy strain because of it. It is our firm contention that the world surplus of steelmaking capacity must be brought into balance with the world demand for steel. Otherwise, these industries, as instruments of their own government's full employment policy, will be compelled to export whatever the cost—or, should I say, loss. And that loss will be at our expense in steel production and steelworkers' jobs.