

earlier, the unemployment rates would have been totally unacceptable not only to our union, but, I am sure, to the Nation also. It is precisely because increase in productivity does indicate a downturn in employment that we must retain an appropriate share of increased steel demand. If investments proceed at the present clip and imports expand at the current accelerated rate then we are in for employment trouble. The Wall Street Journal, May 23, 1968, recently noted:

Consumption (1968) is much higher, but imports are siphoning off most, if not all, the growth.

Moreover, if there is a dip in the economy and the present percentage penetration by foreign producers is retained, the reaction of unemployed steelworkers will be predictable and justifiable.

(b) Conglomeration

We have become increasingly uneasy over the new tendency for corporations to conglomerate. Its impact upon labor relations could be disastrous. During the recent strike with the copper industry, we were appalled over the contemplated merger between Kennecott Copper and Peabody Coal. Now the steel industry is engaged in this adventure. The list of companies so far include Crucible, Youngstown Sheet & Tube, Alleghany Ludlum, Bethlehem, United States Steel, Jones & Laughlin and Detroit Steel. Inland Steel has created a corporate development staff unit which will be responsible for seeking out and evaluating new diversification opportunities.

I mention this new development here because the pressure to get a higher rate of return upon capital investment may begin to drive steel funds out of the industry into other lucrative endeavors. If the industry is doubtful of its future share of the market, its stockholders will put the doubt to rest.

We are all aware of the fact that the industry must and is investing heavily in new technology. But as the Senate Finance Committee reports:

Aside from the fact that foreign producers are also modernizing their facilities, often with assistance from their governments, these investments are greatly increasing the fixed charges of the domestic industry. Unless the output of the U.S. steel industry increases by some 2 to 2½ percent a year, such fixed charges can only mean higher rather than reduced costs per ton of output and, therefore, smaller rather than higher profits. This would result in less funds being available from retained earnings and the capital market for investment in research and modern facilities.

A rise in imports may, therefore, not only result in a displacement of workers but also by encouraging conglomeration may put the workers who remain in the industry in an extremely jeopardized position as far as their ability to collectively bargain.

COLLECTIVE BARGAINING

There is yet another major concern which we have over increased imports. It is the short-term adverse impact which these imports exert upon our membership's expectation of normally continuous employment and our union's right to bargain. When the union's contract approaches the termination date, there is a rush to build up inventories as a hedge against strike action. Despite various attempts to keep the purchasing domestic, many steel consumers increase their foreign or-