STATEMENT OF KURT ORBAN, PRESIDENT, AMERICAN INSTITUTE FOR IMPORTED STEEL, INC.; ACCOMPANIED BY SEYMOUR GRAUBARD, COUNSEL

Mr. ORBAN. My name is Kurt Orban. I am president of the American Institute for Imported Steel and with me is Mr. Seymour Graubard, counsel for the Institute.

Mr. Chairman and members of the committee, on behalf of the American Institute for Imported Steel, Inc., I thank you for this opportunity to present testimony concerning the need of this Nation for continued steel imports. The Institute consists of some 60 of the leading importers of steel in the United States. The import primarily from the Common Market nations and the United Kingdom. They also import from Japan and from other nations. Many members of the Institute export as well as import not only steel but other commodities. They would like to be in a position to become major exporters of steel as they once were.

The Institute wishes to record its approval of the bill cited as the Trade Expansion Act of 1968 (H.R. 17551). In this presentation, however, we wish to devote ourselves only to the issue of the international trade in steel. The Institute opposes all legislation designed to impose quotas or special import taxes on steel, whether such legislation be specifically devoted to steel or is of an omnibus nature.

STEEL AND INFLATION

According to last year's Senate Finance Committee staff study, during the period 1946 to 1966 the prices of all commodities in this country increased by 60.3 percent but steel increased by 150.4 percent. Clearly, steel prices are one of the principal generators of our present dangerous inflationary spiral. (See annexed table I.)

Because steel prices have accelerated so rapidly, other materials have become more economical for many uses. The cement, plastics, aluminum and glass industries, among others, must be grateful to the steel mill executives for having kept steel prices so high as to cause substitution of other materials for steel.

Imports have been the major brake on this escalation of steel prices. Steel imports could not have approached their present level without, in effect, being invited in by the domestic steel industry. As table I shows, price escalation diminished as imports increased. It is hard to imagine how high the domestic steel price level would be today had it not been for the competition by imports.

Steel industry spokesmen have reiterated that 73 companies "compete" with each other, but price competition is considered vulgar in the steel industry. Rather, the mills play the game of "follow the leader," also known as "administered pricing."

During the period 1951 to 1955 while wholesale prices fell 0.9 percent annually, the price index for steel rose 4.8 percent annually.

During the period 1955 to 1958, steel prices increased almost three times as fast as all wholesale prices.

Showing the harmony that existed among the steel mills in the years 1962 to 1967 is a tabulation of some 77 reported price changes.