Despite these questionable management decisions by the domestic industry, we find that it has continued to increase sales and to maintain profits, as indicated in amended table II. The table also shows that there is no correlation between industry profits and imports. This is demonstrated even more clearly by the first quarter 1968 performance of the steel mills when imports were at an all-time high.

One factor which adversely affects steel profits today is twofold depreciation: one for the 40 million tons of open hearth steel constructed in the 1950's and 1960's, and one for capital and startup expenses for more modern oxygen furnaces which are replacing the open-hearth furnaces.

Having made a major mistake in failing to keep up with modern technology, the domestic steel leaders are compounding past errors by raising prices still higher, thereby forcing the public to pay for their mistakes. Consequently, more imported steel enters the nation to meet the consumers' demand for lower-priced steel. The domestic steel leadership answers by raising prices still further. They visit the sins of past managements on present consumers.

PRODUCTION AND PROFITS

The domestic industry has no reason to be afraid of the future. This is confirmed by projections which show steel ingot production in excess of 200 million tons a year by 1980.

The domestic industry's drive to modernize and expand is well underway and is confirmed by every industry financial report published in 1968. Analysis of these reports demonstrates that these steel corporations are now paying the penalty for abdicating their research and development leadership to others.

The disease of the steel industry is inflation; imports are only a symptom.

LABOR AND STEEL IMPORTS

Last year, L. B. Worthington, chairman of the American Iron & Steel Institute, claimed that the elimination of 11 million tons of imported steel would result in the employment of an additional 70,000 steelworkers. This figure assumes that the elimination of imports would result in the construction of new mills to supply the additional production. It is dubious, however, that one new single installation would be added to make up for the elimination of imports. Instead, the existing automated mills would run the additional hours to produce what is needed. It is doubtful that even 10,000 additional employees would be added if all steel imports were stopped. But, even if 10,000 additional employees were required to replace the imports, there is no indication that these employees could easily be found. Unemployment in the Steelworkers Union is, and has been, at a low. Vacationing college students and women have been employed in the mills to compensate for the lack of mature, trained personnel.

Weighed against the employment of some additional steelworkers would be the employment of over 2 million workers in this country who rely upon exports for their jobs.

It is well known that many more man-hours per ton are needed for the finishing and fabricating of steel than for basic steelmaking.