

to which it points in justification. Each dollar of wage increase has brought \$2 in increased prices. This does not deter the domestic steel industry from claiming that cheap labor abroad is the basis for the ability of imports to undersell domestic steel in this country.

During the past year, once again, price increases totaled \$350 million, while labor increases totaled \$175 million.

As just published by the Bureau of Labor Statistics, Department of Labor, wages in the steel industry in France, Germany, and the United Kingdom run about one-third of those in the United States. However, because of the labor laws abroad and the higher productivity in the United States, the labor cost per unit abroad is about two-thirds of that in the United States. The report points out that "unit labor cost alone cannot measure the cost competitiveness of an industry in international trade." Certain costs overseas, such as coal and electricity, are higher than in the United States. In addition, since international competition takes place "where the steel-consuming industries are located, the cost of transportation is an important factor in assessing the competitive position of a particular country in international markets."

Our labor unions have urged the Trade Information Committee to pattern our international trade policy on the principle of equal wages for labor in all trading countries. Without such equality, the unions are asking for special duties or quotas. This argument overlooks the fact that such a stand would make it impossible for less prosperous nations to trade with the United States. It also assumes quite falsely that the purchasing power of equivalent wages is the same abroad as in the United States.

Were this Congress to consider favorably the pleas of the various groups to impose quotas or special duties on steel and other commodities, then labor itself and, even more, people on fixed incomes, whether through retirement or otherwise, would suffer the terrible consequences of the subsequent inflation.

The cure for what ails the steel industry in this country does not lie with higher prices. It lies in the desire to compete and to produce goods of better quality more efficiently. In short, it lies in a return to the American system of competition and not in cries for Government assistance.

INDUSTRY ARGUMENTS AGAINST IMPORTS REFUTED

I now turn briefly to certain arguments frequently made by the domestic steel leadership, and hold them up to the light:

(a) *Difference in capital costs.*—Industry spokesmen have recently cited a differential of \$275 per ton of capacity in the cost of building new steel plants in the United States versus new capacity in Japan. This figure has never been documented.

Yet, only some 5 years ago, the experts gave the cost of building new capacity as between \$250 and \$300 per ton of annual capacity. It is well known today that a plant for the production of 100,000 tons per year of such products as bars and rods can be built for a capital investment of less than \$10 million, which is a capital cost per ton of less than \$100.

(b) *Foreign government subsidization of steel exports.*—We are repeatedly told by industry spokesmen that foreign countries subsidize