situation which should be rectified to make international trade truly a two-way street.

But these so-called border taxes are merely a different form of sales taxes or excise taxes. They are comparable to our State and local sales taxes and to the Federal excise taxes which have been in effect for many years for certain products. The fact is that the tax system in European countries takes a much greater percentage of the gross national income than does the tax system in the United States. The Germans have an excise tax of approximately 10 percent and the French have one of some 20 percent.

As an example of an American equivalent of the so-called European border tax, take the case of an imported car sold in the city of New York. In addition to the regular import duty, there is a Federal excise tax of 7 percent and a New York City sales tax of 5 percent, or a total tax of 12 percent. This is exactly the same as a buyer of an American auto would pay, and is exactly comparable to the European excise tax system.

Incidentally, Japan has no such system. Steel is being imported into Japan, particularly from Australia. The statements about a complete prohibition against imports of steel into Japan are simply not correct.

(*e*) *Domestic mills cannot meet European competition.*—The charge has been aired that there is a price difference of about $40 per ton between domestic and imported steel; that pretax profits on domestic steel amount to only $17 per ton, and, therefore, it is impossible for domestic steel to compete on a price basis with imports.

First, let me state that it is not necessary for a domestic mill to match import prices dollar for dollar, since it can offer the advantages of quick delivery, easy communication, the elimination of transport hazards, and the carrying of big inventories. As a rule, people will not buy imports unless there is a saving of 10 percent or better. Thus, even if the $40 figure were correct, the domestic mills would not be forced to reduce prices to the extent of $40, in order to hold customers. Annexed to this document are some actual selling prices during the past 4 years. I believe this is the first time such data have been presented to the Government (see annexed tables VIII–XIII).

In no case did price differentials run as high as $40 per ton. In absolute figures, they ran about half of that amount. It would take only a small price reduction to enable the domestic mills to compete effectively with imports. The U.S. Steel Corp. and several others of giants have already demonstrated how they can take business away from imports by abandoning their pricelists in selling soncrete reinforcing bars, wire rods, structural, and even sheets.

(*f*) *National defense and the balance of payments.*—Another claim is that, without Government protection the industry may wither away and be unable to meet the Nation's defense needs. But does this make sense? At present, the industry is not dying but showing signs of renewed vigor. Imports of 10 percent of apparent consumption, and even imports of 15 percent, or possibly even 20 percent of consumption, are not likely to put it out of business.