ever, I believe that for most steel producing countries—and I know that for Japan—steel employees are among the highest paid group of workers in their own countries.

Allegations of "cheap labor" are unfounded.

Furthermore, while U.S. steel wages have increased at a steady pace, steel labor productivity has increased even more. I draw your attention to tables 4 through 7, indicating that from 1960 to 1967 industry sales and shipments have risen more rapidly than have employment costs, whether measured by total employees or by production workers.

We maintain that such employment as may exist in the steel industry is far more the result of technological advances and more intensive capital investment than it is of rising steel product imports.

In my next section, sir, I discuss a matter which has already been discussed today, the apparent lack of interest of the U.S. steel industry in research and development. I will skip that portion.

Vague and generalized statements have been made that, compared with the U. S. steel industry, foreign steel industries have been greatly advantaged by their respective governments in terms of financing, export promotion, and import protection of their home markets. These widely disseminated assertions, upon examination, are best characterized by their total lack of specific detail. With regard to the European or other steel industries, we must leave answer to others more knowledgable.

We believe that the allegations are lacking in substance insofar as the Japanese steel industry is concerned.

It has been stated that the Japanese industry "is heavily favored in terms of capital supply." Statistics on this matter, for the years 1960 through 1966, have been submitted to Professor Weidenhammer in connection with his steel study for the Steel Finance Committee. An examination of these figures does not bear out the allegations.

First, governmental loans to the steel industry are at the same rate of interest as those from private banks; this rate (8.2 percent per annum) can hardly be considered favorable, especially when compared with the rate at which the U.S. steel companies even today are able to borrow money.

Second, at no time over this 7-year period have governmental loans exceeded 1 percent of new capital for the industry.

Third, the major sources of investment funds for the industry have been retained profits and depreciation, the flotation of bonds, an increase of capitalization by the increase in share, and loans from private-commercial banks.

Over the period 1960 to 1967, the new financing provided by foreign loans, such as the World Bank, the U.S. Export-Import Bank, and so on, has rapidly decreased and by 1966 the payment on these foreign loans is well in excess of new capital so acquired.

By and large, over the period the major source of new investment has been retained profits and depreciation. This is similar to the practice of most U.S. steel companies.

Thus, the Japanese Government has played a small role in the capital supply of that nation's steel industry.

Since Japan became a full-fledged article 8 member in April of 1964 of the International Monetary Fund, no special income tax advantage has accrued to export industries, steel or otherwise. Japan, like the