can serve somewhat the same purpose for countries that need to belong to larger markets. The accidents of history that have given rise to national states have not created the most desirable economic units. If the less developed countries insist, as they apparently will do, on protection for their infant industries and expanding their markets, then the formation of trade areas may make sense, particularly in Latin America and in Africa, in order to create larger market areas which would lead to the benfits associated with economies of scale. This is, of course, the basis in logic for the blocs that have been formed in Latin America, the Latin American Free Trade Association and the Central American Common Market.

In general, however, the U.S.-Japan Trade Council submits that for the United States to consider seriously participating in any customs union comparable with the European Common Market would be a step in the wrong direction and away from the multilateral reduction of tariffs and trade barriers which is in the true interests of the United States and the world as a whole. The reason is simply that the United States, by economic geography, is not a member of any logical group. It is itself already a bloc in the only sense which is really justifiable, a bloc that was brought into existence in 1789 and that received its latest accretion when Alaska and Hawaii became states. It has its own interest everywhere in the world—in Europe, in Africa, in Latin America, and in Asia.

TABLE 1.—SALIENT FINANCIAL STATISTICS: U.S. PRIMARY IRON AND STEEL INDUSTRY

[In millions of dollars]

Year	Sales	Net profits [1]	Liquid position [2 3]	Earned surplus and surplus reserves [3]	Current assets [3]	Property, plant and equipment [3 4]	Reserves for depreciation and depletion [3 5]	Total assets [3]	Stockholder equity
1960	18,590	945	5,089	7,916	8,131	9,946	10,678	19,091	13,051
1961	17,532	803	5,460	8,017	8,547	10,176	11,242	19,793	13,152
1962	18,555	720	5,525	8,084	8,356	10,049	11,941	19,568	13,221
1963	19,435	938	5,837	8,463	9,109	10,055	12,743	20,262	13,532
1964	21,993	1,225	6,012	8,978	9,752	10,614	13,712	21,464	14,099
1965	24,451	1,401	6,270	9,697	10,346	11,401	14,639	22,907	14,578
1966	25,735	1,487	6,234	9,573	10,649	12,240	15,699	24,183	14,853
1967	24,146	1,165	6,296	9,978	10,491	13,190	16,670	25,165	15,284
Change 1960 to 1967	+5,556	+220	+1,207	+2,062	+2,360	+3,244	+5,992	+6,074	+2,263

[1] After Federal taxes.
[2] Current assets minus current liabilities.
[3] At the end of the period.
[4] Deducting reserves for depreciation and depletion.
[5] Of property, plant and equipment.

Source: "Quarterly Financial Reports for Manufacturing Corporations," Federal Trade Commission and Securities and Exchange Commission.

TABLE 2.—GROWTH IN U.S. STEEL INDUSTRY PROFITS

[Dollars in millions]

Year	Sales	Stockholders' equity	Net profits [1]	Profits as percent of— Sales	Profits as percent of— Stockholders' equity
1960	$18,590	$13,021	$945	5.1	7.3
1961	17,532	13,115	803	4.6	6.1
1962	18,555	13,225	720	3.9	5.4
1963	19,435	13,592	938	4.8	6.9
1964	21,993	14,083	1,225	5.6	8.7
1965	24,451	14,597	1,401	5.7	9.6
1966	25,735	14,853	1,487	5.8	10.0
1967	24,146	15,284	1,165	4.8	7.6

[1] After Federal taxes.

Source: FTC-SEC "Quarterly Financial Reports for Manufacturing Corporations."