They would result in more community blight—by adding to the pyramids of junked automobiles and other solid wastes now littering our cities and the countryside.

They would lessen the competitive impetus for the further technological improvement of our domestic steel industry which is so essential for it to maintain its position in the world market.

THE SCRAP INDUSTRY TODAY

For the benefit of those members of this Committee who are not familiar with the iron and steel scrap processing industry, let me say that our companies convert the nation's obsolescent iron and steel into a raw material used by steel mills and foundries in the production of new steel.

There are approximately 1500 companies in this country engaged in this cycling process. They take waste metals from manufactures; the iron and steel from wrecked buildings, ships, and railroad cars; abondoned autos, refrigerators and other household products; and from these they manufacture usable scrap for steelmaking.

Our industry plays an essential role in ridding our cities and countryside of ever increasing mountains of old cars, outworn equipment, and other waste materials. For example, modern scrap processing plants in which my own company has an interest, located on both the East and West Coasts, are presently converting automobiles into scrap without smoke, dust, or other pollution at the rate of about 1,000 cars per day for each of our plants.

The product we produce also plays an important role in the nation's conservation program, for the use of scrap by mills and foundries makes it possible to conserve irreplaceable natural resources. One and a half tons of iron ore, one ton of coke, and a half-ton of limestone can be saved for every ton of scrap used in making new steel.

Unfortunately, in relation to total steel production in the United States, there has been a steady decline in the proportion of scrap purchased and used in making new steel.

Steel mills have increased their dependence on basic oxygen furnaces, and are gradually discarding the old standard open hearth. But the basic oxygen furnace consumes only 30 percent scrap on the average in contrast to the 40–50 percent which open hearths consume. It is predicted that within a few years' time there will be no more open hearths.

A rapidly increasing spiral of railroad freight rates on scrap has made it economically impossible to move the product over long distances. This has meant that coastal processors of scrap have come to rely increasingly upon the export market of their product in order to maintain their existence.

Coupled with lessening demand and higher transportation costs, there has been a dramatic increase in the supply of scrap. Increased automobile production, for example, has resulted in some seven million vehicles annually being thrown on the nation's junk heap.

These factors have brought about an economic depression in our industry. The price of scrap has dropped by more than 50 percent in the last 10 years. For example, a No. 2 bundle, which is the equivalent of one baled car, brought an average price of $20.42 in 1967. Today it stands at $18.67. Compare this to $42.86 in 1956. That means the processor had to purchase the car, burn out all of the non-metallic components, remove all of the no-ferrous metals, bale it and then pay all transportation costs to the mill for less than 20 dollars.

One result: many of our yards have been forced out of business. According to business census statistics, there were 2700 companies in our business in 1958. By 1964, this figure had dropped to 1800. We know that the downward trend is continuing.

Let me make it clear to this Committee that unlike the steel industry, we are not asking for government controls. Even though we are considered an essential defense industry by the Office of Emergency Planning, even though the Department of Interior views us as a key to the conservation of natural resources, even though the national beautification program has recognized the vital role we play in ridding the landscape of unsightly wastes, we still believe in private enterprise.

We are investing our own funds in seeking technological breakthroughs that will make our product more competitive and many of the companies in the in-