western states. Our organization represents more than 100 of the leading metal importers of the West Coast, and we are therefore perhaps as close to the question under discussion today as any group of individuals could possibly be.

Based on our extensive experience in handling foreign steel, then, as well as our natural concern over charges that the commodity we handle is disruptive to the economy of our own country, we have found ourselves in a very necessary position of making a highly-qualified appraisal of the demands of the domestic steel industry. Our findings and our objective decisions should be of considerable valuable to the intensive investigation now being conducted by this powerful Committee. We sincerely appreciate the burden which rests on the shoulders of the Committee members.

It is our considered opinion that upon your decision concerning the U.S. foreign trade position, whether it be for steel or for any commodity, lie two very clear courses for the future: the decision you make can either take us into an era of further domestic and international economic development, or, it could bring us to the precarious point of an international trade war.

Those seem to be the alternatives we are facing as we weigh the evidence presented to this Committee on the subject of our general trade policies. Whether the steel industry, or any other industry, likes it or not, this country's trade position must be considered within the framework of its total economy—and it is an exceptional economist who does not espouse the value of world trade to the United States.

As citizens, we object to current trade restrictions and to proposed trade restrictions. As steelmen we object specifically to the proposed measure which would place quotas on steel imports and to any other measures contrived to protect the domestic industry from competition.

Our domestic steel industry is like the awakening giant. It is capable of accomplishing most anything it sets its mind to, but during its sleep other countries modernized and developed their own steel industries to become effectively competitive. In the past eight years the awakening giant has roused itself to bring about marvelous steps to modernization, through research and development. Virtualy each year since that time, according to the U.S. Department of Labor, it has lowered its employment cost per unit of output. But it still claims to be unable to compete with foreign steel, so it very logically appeals to the Government for protection from the intruder. We say "logically" because as businessmen ourselves we certainly can't blame the domestic industry for seeking every device available to it to hold down the competition. Whether or not it is successful in bringing the device of legislated import quotas into play is another matter.

Should we, as taxpayers, provide what amounts to a subsidy to an industry that neglected its own research and development until it discovered what the rest of the world was doing? Should we provide a subsidy to the steel industry to allow it more leverage to compete with other intruders into its self-proclaimed market—such as our own plastics and aluminum industries?

Any trade policy that would prevent a free flow of imported steel would be just that: a subsidy. Imported steel has actually forced the domestic industry into its modernization program which is reducing the per unit production costs every year. Would the industry be modernizing at a cost of nearly $3 billion per year if steel imports had not brought it some competition? And let us not forget the consumer. Without increasing foreign competition since 1959, where would the cost per unit of steel production be today? And, consequently, where would the cost of steel manufactures, consumer items, be today? If the domestic industry succeeds in controlling steel imports through quotas or other devices, it is then free again to grow at its own pace and to set its own price.

Steel imports have kept prices down, providing greater purchasing power to the consumer. Remove the import competition and you remove a check and balance system which has improved consumer purchasing power. Once removed, the consumer pays more, and we are, thereby, out of our own pockets, subsidizing domestic steel.

The West Coast Metal Importers Association would not expect our elected representatives to support any legislation which has at its base a "consumer be damned" principle. Yet, protection from foreign imports would seem to be saying just that.

As a stimulator for domestic modernization, then, steel imports have been a friend to the domestic industry—and certainly to the consumer.