same time will likely send total imports for the year skyrocketing. Japan, for instance, actually showed a drop in steel exports to the United States from 4.7 million tons in 1966 to 4.3 million tons in 1967. But at least one leading Japanese steelmaker, basing a prediction on orders already placed, is expecting Japan's exports for 1968 to exceed 6 million tons.

Even with record-setting domestic production, members of this Committee can be expected to receive voluble complaints and sharp finger-pointing at the 1968 import figures. But we only ask that when you encounter those new pressures from the domestic industry, you take into account the circumstances of 1968. If it were possible to remove the periodic threat of a clash between the huge powers of labor and management, such irregularities would not appear in the natural growth of steel consumption. And once the 1968 inventories are accumulated, we can expect a reversal of the sudden increase as inventories are being disposed of.

Perhaps one of domestic steel's most frequently heard arguments against imports to bolster its demands for protection, involves the great price differential. Domestic steel claims it would be many years before the costs of labor, which is primarily blamed for the price differential, would bring equality between domestic and foreign steel. In Japan, for instance, the steelworker's wage is about one-fourth that of the U.S. steelworker. Other countries have wage scales somewhat closer to that of the United States. But in Japan, where steel companies are so eager to maintain their market in the U.S. that they have offered voluntary export controls in order to help this country to avoid the harmful quota system, actual wages are a small part of maintaining the worker. It is impossible to put a price on the Japanese steelworker's other benefits, for how can one evaluate job security, housing, subsidized meals, vacation resorts, twice-a-year bonuses of perhaps two months wages, company hospitals for complete medical care, company stores with prices frequently below wholesale., recreational and schooling facilities, retirement income after age 55, and so forth? Then, too, wages around the world are rising faster than in the United States.

Added up, the differential in steel prices must be the result of something else; which takes us back to our general thesis. Modernization of facilities can produce more and better steel in less time. It is efficiency of operation which brings the price differential of perhaps 17 per cent below the domestic market price.

There are several points, then, which the West Coast Metal Importers Association would like to make quite clear.

The first is a fact which we have learned by experience: In general, to sell imported steel, there should be a price advantage of about 10 per cent.

The second is related: If the price advantage now is about 17 per cent, what would it take for the domestic industry to improve its price by 7 per cent to become competitive with foreign steel? Domestic industry claims such competition would be impossible. U.S. Steel Corporation has already proved that wrong. It has reduced prices on several products and Pittsburgh can't keep up with demand. Competition is possible, even today.

The third point is further related: Research and development, which the domestic industry should have been doing in the 1950s, can bring domestic prices well within the competitive range of imports.

And fourth: All of this can be accomplished without the false protection of import quotas or other controls on imports, which would only reward an industry for its lack of foresight and at the same time alienate countries whose friendship we must have.

The real issue at stake should not be protection of an industry that is quite capable of taking care of itself, but rather protection of the consumer, who does not have the resources to prepare a campaign on his own behalf as the powerful domestic industry has done.

In summary, then, it is the position of the West Coast Metal Importers Association that:

1. Imports of pig iron and steel mill products have not adversely affected the United States balance of payments; and in fact controls on imports would adversely affect the U.S. balance of payments.
2. Imported steel has not contributed to reduced employment in the domestic steel industry; and in fact has created new income and new jobs.
3. Imported steel has not captured such a share of the domestic market as to threaten the soundness of the domestic iron and steel industry; and in fact said industry can and should compete more vigorously for both domestic and foreign markets to become a more valuable member of the U.S. economic community.