PITTSBURGH, PA., *June 18, 1968.*

Hon. WILBUR D. MILLS,
Longworth House Office Building,
Washington, D.C.

DEAR MR. MILLS: The purpose of this letter is to ask you to support legislation limiting the amount of foreign steel which can come into the United States.

I am a director, a Vice President, and the General Counsel of Jones & Laughlin Steel Corporation. It has become very clear over the past few years that Jones & Laughlin and other American steel companies are being seriously hurt by the greatly increased tonnages of foreign steel entering the United States. If some restrictions are not soon enacted, serious economic and national security problems will result.

While I, personally, tend to favor free trade, there are three factors in the steel situation which lead me to a contrary conclusion. The first is that a substantial part of the foreign steel coming into the United States is from facilities which have been built with money provided by American taxpayers. The second factor is that our Government has chosen to do little or nothing about the non-tariff barriers against American steel erected by countries like Japan which are exporting steel to the United States. The third factor is that the governments of some of the countries from which steel is being exported to the United States are subsidizing such exports.

I believe that it is in the best interests of all concerned in this country if S. 2537 or similar legislation is passed by The Congress. I ask your help to this end.

Respectfully,

W. PARKER SHARP.

UNIVERSITY OF PITTSBURGH,
DIVISION OF THE SOCIAL SCIENCES,
Pittsburgh, Pa., June 25, 1968.

Hon. WILBUR MILLS,
House Ways and Means Committee,
House of Representatives, Washington, D.C.

DEAR SIR: I am sending you the enclosed reprint which I thought might be included in your hearings on Steel.

Thank you.

Sincerely,

REUBEN E. SLESINGER,
Associate Dean, Professor of Economics.

[From American Economic Review, March 1966, Journal of the American Economic Association]

STEEL IMPORTS AND VERTICAL OLIGOPOLY POWER: COMMENT

In the *American Economic Review* of September 1964 [1, pp. 626–55], Walter Adams and Joel Dirlam criticize the domestic steel industry on a number of counts—particularly regarding technology, production, pricing practices, vertical integration, and imports. This communication will be limited to an examination of the authors' contentions about steel industry technology. Although several other assertions of the authors justify a re-examination, space limitations are such that this communication will not be able to examine these in the detail necessary.

The authors contend that U.S. steel producers have lagged behind foreign producers in investing in technologically improved facilities and, further, that they have invested in obsolete equipment and that improvements have been adopted only when the industry has been forced to do so by the increasing pressure of foreign competition [1, pp. 626, 646]. To support their charges, the authors cite the examples of the oxygen furnace and the continuous-casting process.

Specifically, the authors state that during the 1950's, the U.S. steel industry bought 40 million tons of the wrong kind of capacity, namely the open-hearth furnace. They state that "Much of the U.S. industry's current investment in plant and equipment is calculated not to add to capacity, but to correct the embarrassing investment errors of the last decade" [1, p. 627].