

AMERICAN IRON AND STEEL INSTITUTE

The testimony on the domestic steel industry before the Joint Economic Committee on February 16, 1968, of Mr. Harry L. Graham, legislative representative of the National Grange, appears to have been based upon observations he made several months ago during a 2-week visit to Germany. He is critical of the industry on essentially four grounds: Archaic production methods, lower technological efficiency than foreign steel companies, interest in expanded profits, and lack of interest in plant modernization.

I. PRODUCTION METHODS

A. The charge that the American steel industry "by and large is still engaged in producing by the Bessemer process of the last century" is incorrect. During the last year for which Bessemer production was separately reported by steel producers to the American Iron & Steel Institute (1966), such production accounted for only two-tenths of 1 percent of the total production. Bessemer steel was 2.8 percent of total U.S. production during 1956 and 5 percent in 1946—thus of only minor significance in the United States even two decades ago.

B. Mr. Graham used the West German steel industry as an example of efficient production methods which the United States should adopt. West Germany, however, produced 27.7 percent of its steel in 1966 by "the Bessemer process of the last century" and 42.8 percent in 1956. Comparable figures for the total European Coal and Steel Community (ECSC) were 35.5 percent by the Bessemer process in 1966 and 52 percent in 1956.

C. Not only is there a sharp contrast between the United States and the ECSC (including West Germany) in the degree to which the oldest steelmaking method (the Bessemer process) has been utilized during recent years but there is also an equally sharp contrast in the rapidity at which production by the newest steelmaking method—the basic oxygen process (BOP)—has been substituted for open hearth production (still the major method of steelmaking in both areas). Specifically, during the decade from 1956 to 1966 (the latest year for which data are available for the ECSC and West Germany), BOP production went from less than a million tons in both the ECSC and the United States to 22 million tons in the community countries—but to 34 million tons in the United States. On the other hand, during this same period open hearth production was expanded in both the ECSC and in West Germany (by 3 million and 2 million tons, respectively), while production by this method was reduced by 18 million tons in the United States. (During 1967, open hearth production in the United States declined an additional 14 million tons.)

In passing, it should also be noted that Mr. Graham's claim that National Steel Corp., was the first to install a BOP furnace in this