

C. Technological knowledge about steelmaking and related subjects is quickly transmitted throughout the steelmaking world so that any company—if it can obtain the necessary capital—can have the latest technology in a relatively short period of time. Although steel is made in the United States with fewer man-hours per ton than abroad, our advantage in efficiency is insufficient to offset our much higher hourly employment costs—as is reflected in unit costs being about \$25 per ton higher than in Europe and about \$40 per ton higher than in Japan. This is one of the major reasons why foreign steel is sold in this country for less than domestically produced steel—not our lower productive efficiency, as Mr. Graham contends.

D. American steel producers not only shared their technical knowledge with foreign steelmakers after the war to help them get back onto their feet, but the American Government and international agencies such as the Export-Import Bank of Washington advanced over \$2 billion to build, modernize, or expand foreign steel plants from 1947 through 1966. Much of the postwar gain in technology abroad has been the result of borrowing American technology. Japan, for example, started very late in steel research; in fact, most of the major steel laboratories in Japan have only been established during the last decade.

The role which American steel producers have played in the development of the Japanese steel industry was acknowledged by Mr. Yoshihiro Inayama, president of Yawata Iron & Steel Co., at the recent meeting of the International Iron & Steel Institute:

In counting our achievements since the end of the World War II, the Japanese steel industry cannot but recall the whole-hearted assistance that the American and European steelmaking nations extended to us in respect to techniques, equipment, raw materials and funds. This assistance was vital to achieving today's prosperity in our industry. It is my firm conviction that, however hard we may have tried, such phenomenal development as Japan's steel industry enjoys today could never have been achieved without the invaluable assistance and cooperation extended to us. . . . In this sense we may say without exaggeration that you are the real magicians who accomplished our "economic miracle."

E. During much of the postwar period American corporations and individuals were being taxed for aid to steel industries and other industries abroad, while at the same time both the ability and the incentive of American steel companies to invest in new plant and equipment were being severely restricted by tax law provisions for depreciation which were far less adequate than those applicable abroad. In addition, American steel producers have expanded and improved their steel mill facilities without direct financial help of any kind from Government.

F. On the question of "inefficiencies" in American steel production, it is true that if the industry could start from scratch, the total production function would obviously be somewhat more efficient. The reason why all existing facilities are not immediately scrapped and replaced with others incorporating the latest technology is because an orderly, case-by-case evaluation of facility needs is financially much more prudent. But this approach to facility replacement is no different from that utilized by any other industry. (In agriculture, for example, a farmer might wish to scrap his existing tractor or milking machine, regardless of their efficiency, and buy an improved model every time one becomes available. However, he knows that such an approach would quickly lead to bankruptcy.)