

MR. SIMMONS: Thank you, Mr. Chairman. My comments have been submitted. I will not read them. I would like to use my time to discuss some of the broader issues.

I have just completed a 46-year career in the specialty steel industry. Having retired just this month as Chairman, President, and Chief Executive Officer of Allegheny Teledyne. Twenty seven years ago when I became President of Allegheny Ludlum, the largest specialty metals segment of Allegheny Teledyne, my competition in the United States consisted of the following: Crucible Steel employed 5,500 people just a few miles from here. They are gone. Jessop Steel, we acquired. Washington Steel, just south of here. Shut down. Eastern Stainless Steel in Baltimore, shut down. McClouth Steel in Detroit, shut down. Republic Steel in Canton, Ohio, shut down. Latrobe Steel in Latrobe, Pennsylvania, acquired by another firm. Braeburn Steel, effectively bankrupt. Firth Sterling, shut down. Joslyn Steel, acquired by another firm.

Even my colleague Paul Wilhelm at U.S. Steel exited the stainless steel business in the early 1980s.

J&L Specialty, now owned by the only French steel company, Usinor. Cyclops, acquired by a company which was in turn acquired by a company.

Now some might say that this is the American system, that this is the way the game is played, and that the strong will consume the weak, and those that cannot compete go out of business. I'm quite willing to accept that, particularly those whom I see on the panel who have a business background.

That's not what I am here to talk about. What I am here to talk about is the trade imbalance. If you look at the net imports of specialty steel, the highest technology segment of the steel industry, which represents only about three percent of the volume in tons, but 10 or 11 percent in dollars, and if you understand the technologies that have been developed by this industry that permitted you to fly here today, because we make the jet engine materials that go into the jet engines, or the titanium, or the zirconium for nuclear power plants, or all of the things that are around you in your automobile and your home, then you would ask the question, why are all of these companies gone?

Some of them are gone because they could not compete. But a number of them are gone because of what happened in the world of trade and specialty steel.

Paul Wilhelm has already discussed the explosion of imports into this market. I would add that

it started with stainless steel and other specialty steels in the 1960s. The specialty steel industry won one of the first section 201 escape clause cases in 1976. It won another one in the early 1980s. My prepared remarks outline the history of 40 years of trade actions.

So I sit before you not as an optimist, but as a pessimist with regard to the ultimate impact on the economy of this nation. Indeed, as I overheard one of the panelists say, our unemployment rates are at the lowest level they have been in 29 years. But one ought to look at the quality of jobs that have been created and the quality of jobs that have been lost. Then one ought to segment the jobs that have been created that only college-trained people can fill and the jobs that are left for those who are not college trained.

At my company and most of the other major steel companies, our current cost of a worker, a blue collar worker, represented by the United Steel Workers, last year was about \$75,000. The jobs that are being created for non-college graduates are not \$75,000. Those people, many of them, must take jobs that pay below the poverty level if they are willing to do it.

If you parallel the growth in steel, net steel imports and the trade imbalance, when I became President in 1972, we had a trade surplus. This year

we all know what the numbers will be. We can haggle over whether it's \$300 billion or \$250 billion, and what part of it is a merchandise deficit. But the fact remains that what has been moving off shore or what is being supplied to the American economy from offshore are the highest paying manufacturing jobs for which non-college trained people can aspire.

Now this is a social cost that none of my friends who are macro economists ever wish to deal with. They look at the macro numbers and they say the unemployment rate is 4.3 percent or whatever the number is currently. Yes, that's true, but there are 25 million people in this country between the age of 25 and 64 who are not even in the workforce. You know how the numbers are determined. They are determined by people looking for jobs. In addition, of all of the people working, there must be a sizeable component of people who are working in jobs below the poverty level.

I leave my industry far worse than I joined it, and the steel industry has been very good to me indeed. But it has not been nearly as good for the 180,000 people in this region alone who lost steel jobs starting in the early 1980s. I am deeply involved in community affairs, and so when I am told that on a macro basis this economy is far better than it ever

was, am a bit cynical because people are examining the data the way they choose to arrive at an answer.

The final point I'll make, I see my light is blinking, is that this nation will not in the long run deal with its trade deficit if we continue to export the kinds of manufacturing jobs which is one of the components of this economy.

I leave that message to you with just one anecdote. The largest importer of stainless steel into the United States today is Mexico. Ten years ago, they were not even a producer. By the way, they are owned by a major German steel company. So much for the rules of NAFTA. Thank you.