boilers would yield only 40 percent of the energy that oil or natural gas-fueled boilers yield. The only sensible thing would be to phase out old boilers and build modern coal-fired ones for the industry's steam generation needs — but how many steel companies are in the financial position to do that?

Rationalization Already in Effect

Alanwood, the small specialty steel producer in Eastern Pennsylvania, has filed for Chapter 11 bankruptcy. Inside sources say that two-thirds of the company's long-term debt is held by Prudential Life and the other third is held by Newark Life. Because of the miserable market for specialty steel, Alanwood was having trouble keeping up with debt payments, and the creditors threatened to pull the plug. Midvale-Heppenstall, which shut down its Philadelphia plant last year, postponed shutting down its Pittsburgh plant recently when its workers agreed to accept a wage cut. Phoenix, a third small Pennsylvania company, has shut down some of its operations. Bethlehem, the country's second largest company, which is heavily oriented to the capital goods and construction industry, has recently shut down a couple of its structural units. And U.S. Steel has just put workers at its Southworks structural steel unit on indefinite layoff.

An officer at the Commerce Department's iron and steel desk foresees an acceleration of this trend, come the next downturn. Unless there is a pickup in the industry this fall, he predicts widespread closings in the Mahoning Valley, south of Cleveland, where U.S. Steel and Republic plants are located; at Youngstown Sheet and Tube, and at Pittsburgh-Wheeling. "It's not an unhealthy thing...*if* we build new capacity." There is modernization underway at, for example, various company's Chicago plants, at Jones and Laughlin in Pittsburgh and at U.S. Steel's Alabama and Texas plants. However overall steel capacity is going to shrink.

New Steel Industry Studies

In addition to the New Merrill Lynch study, the Japanese Iron and Steel Exporters Association has answered AISI white paper charges that the industry is receiving special treatment. The Japanese steel industry, said Hiroshi Takano at a Toyko press conference last week, is the most productive, low-cost steel industry in the world because Japanese mills have pioneered the newest steel producing techniques. The big expansion in Japanese steel exports, said Takano, has not been to the U.S. but to the Middle East and Asia. In fact, the percentage of Japanese exports destined for the U.S. has dropped from 52.6 percent in 1968 to 20.1 percent last year. In contrast to the American institute, the JISEA foresees a serious steel shortage by 1980 unless other countries follow Japan's lead.

But as the Merrill Lynch study reveals, only one new medium-sized steel mill has been constructed in the U.S. in the last 15 years, compared to eight giant mills in Japan. Labor productivity is 50 percent higher in Japanese industry.

On modernization of the U.S. industry, Merrill Lynch makes the ludicrous proposal that all "de facto price controls" on steel be removed, allegedly to improve the industry's cash flow and boost capital formation. But under Wall Street credit policies, it would take a price increase on the order of 25 percent to raise sufficient funds for modernization and expansion in the steel industry today due to the inflated cost of capital goods. That sort of price increase, of course, would blow the rest of the economy out of the water.

The Merrill Lynch report also makes it clear that the U.S. industry has been living on borrowed time over the last several years. In 1973 Japan had a 30 percent cost advantage over the U.S. industry, largely because of its more efficient steel capacity. But the two dollar devaluations in the early 1970s and the OPEC price increase put Japan at a great disadvantage. Now the gap is back to 30 percent.

Conference Board Sees Slave Labor As U.S. Future

A report issued last week by the Conference Board, a prominent national businessmen's group, calls for slave labor to increase employment within the context of halting inflation.

SPECIAL REPORT

The report, which consists of the Fall 1976 speeches and panel discussion of the nation's leading Nazi technocratic "nuts and bolts" experts in the fields of manpower and national planning, recommends drastic measures.

Highlighted in the report is structural unemployment among youth, women, and minorities, with a proposal for shunting them into various forced work programs, with a heavy emphasis on labor productivity.

Typical is the recommendation of Eli Ginzberg, head of the federal National Commission on Manpower Policy. Ginzberg calls for revitalizing the Work Incentive Program (WIN) to employ welfare mothers at far below the minimum wage. "If you can offer them (WIN) jobs," Ginzberg reasoned, "then I want to begin pushing the people to take them."

As for reducing unemployment benefits, Ginzberg, a self-professed admirer of Adolf Hitler's labor policies, stated, "I want to take low-income people, who have been out of work for 15 weeks, and offer them a job at a modest figure ... a figure that would be 50 percent above the average unemployment compensation rates."

Labor productivity came in for repeated attention. Ray Marshall, Secretary of Labor, and another panel participant, was insistent that "workers have to improve their hourly wage rates in order to make up for a lot of inefficiency and unemployment."

Other panel recommendations included Brookings Institution senior fellow Richard Nathan's demand to eliminate youth minumum wage laws on the grounds that "the minimum wage law does contribute to higher unemployment" and Ray Marshall's plea for a low energy economy premised on the fact that "people can earn a substantial amount as small farmers in labor-intensive farming activity."

Sar Levitan, director of the Center for Social Policy Studies, in a fervid national call for the Ford Foundation's scenario for race riots and police state emergency measures for this summer, stresses that, "youth unemployment is ... social dynamite. While we have not had riots for a couple of years, the potential is there."

The panelists writing the Conference Board report intend its recommendations to be the thrust of the Carter Administration's domestic policy. The report's issuance comes at the very moment that the Humphrey-Mondale Fabian forces in Congress have stepped up their call for a spending orgy, blowing up the 1978 federal deficit to a minimum of $465 billion as their solution to the uncontrolled, accelerating U.S. monetary and basic economic collapse.

To handle the anticipated opposition to the report from conservative businessmen, who make up the large bulk of the Conference's membership, the report throws out a sop of tax breaks and incentives for business to encourage moderate employment increases. As the report indicates, this sop is actually preparatory to suckering businessmen into agreement with recycling of workers within industry, through partial government funding.

What is most striking about the report is what it leaves out and its glaring thoroughgoing incompetence. The stagnation of the economy through high unemployment rates in basic production, which the report acknowledges, and the pitiful state of basic scientific and technological education, precludes meaningful job apprenticeship or education programs for these youth acquiring skills.

It is most ironic that the report documents the simultaneous growth of the unemployment rate and the Consumer Price Index (CPI) from 1970 through 1976, when unemployment jumped from 4.9 percent to 7.7 percent and the CPI rose from 116.3 to 170.5. Yet the report monumentally fails to note that this trend became more pronounced after the breakdown of the Bretton Woods monetary system in August 1971; and has generally accelerated with each new phase of the crisis for the collapsing dollar. Herein lies the motivating force — and explanation for the process — that has shot up inflation, while simultaneously skyrocketing the unemployment rate.

This last point should underlie the reports' "general consensus ... that the standard fiscal and monetary policies adopted in the past would be unlikely by themselves to bring large-scale reductions in joblessness."