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Chinese vs. U.S. steel production: two methods, and two results

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In 1996, China became the world's largest producer of raw steel, producing 100.4 million metric tons. America fell to third among world steel producers, producing 94.6 million metric tons. (Japan was second.) In 1990, only six years earlier, China had produced 66.3 million metric tons of raw steel. Thus, its output grew by more than 50% in those six years.

Table 1 compares raw steel output of the United States and China, from 1950 through 1996. The difference between the United States and China in steel output, is due entirely to method: In the 1960s, the United States abandoned the method of Alexander Hamilton—that of a dirigistically fostered, capital-intensive, power-intensive mode of development of the economy, with concomitant development of the cognitive powers of the labor force. The United States abandoned what economist Lyndon LaRouche calls "the horizon principle," the highest scientific development of the future economy determining policy in the present (see *EIR,* May 16, 1997, "Toward China's 21st-Century Economy"). Instead, the United States submitted to British-sponsored post-industrial policy, which created a huge speculative bubble.

China, in contrast—after the wild fluctuations in economic policy of the Maoist period were replaced, in 1978, by the reforms of Deng Xiaoping—pursued some of the more important features of the horizon principle, initiating the building of 200 cities, rail-spined development corridors, ports, and so on, all of which require the input of steel.

The current outcome is all the more remarkable in that, in 1950, when the United States was producing 87.9 million tons of raw steel, China produced less than a million tons.

The economy's directionality

Absolute output, by itself, is an insufficient measure of the success of an economy. As LaRouche has emphasized, a more accurate metric is to express output on a per-capita, per-household, or per-square-kilometer basis.

Table 2 depicts steel output per capita for the United States and China, for 1950-96. However, this introduces a distortion, because the United States started out as an immensely more industrialized economy. Still, Table 2 reveals some of the quality of change that has occurred during the past 45 years: Whereas, in 1950, the per-capita level of steel

TABLE 1
Raw steel production, 1950–96
(millions of metric tons)

	U.S.A.	China
1950	87.9	0.5
1955	106.2	3.0
1960	90.1	18.0
1965	119.3	13.5
1966	121.7	15.0
1970	119.3	18.0
1973	136.8	24.0
1975	105.8	22.0
1980	101.5	36.0
1985	80.1	49.0
1990	89.7	66.3
1992	84.3	80.9
1994	91.3	92.6
1996	94.6	100.4

Source: International Iron and Steel Institute (IISI); *EIR*

TABLE 2
Raw steel production per capita, 1950–96
(millions of metric tons per person)

	U.S.A.	China
1950	0.577	0.0009
1955	0.640	0.0049
1960	0.498	0.0277
1965	0.614	0.0189
1966	0.619	0.0204
1970	0.587	0.0232
1973	0.659	0.0272
1975	0.502	0.0240
1980	0.555	0.0366
1985	0.336	0.0465
1990	0.359	0.0582
1992	0.330	0.0693
1994	0.350	0.0777
1996	0.355	0.0826

Source: IISI; Department of Commerce, Bureau of the Census, Population Surveys, U.S.A. and China.

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