1.1 INTRODUCTION:

This is a comparative study of the steel industries of Japan and the United States of America. The main purpose of this comparative study is to analyse the causes of the success and the drawbacks of the Japanese and the American Steel Industries that together govern the steel production in the context of the global environment. It is not necessary to emphasise that the steel is an internationally traded product because more than 20 per cent of the world output of steel enter the International markets. After the Second World War many of the developing countries realised the importance of developing their own steel industry instead of depending on foreign steel producers. In addition, other reasons such as the fear and distrust of foreign enterprises, the ever increasing difficulties of earning or obtaining of foreign exchange to import steel, and, in some cases, the ever increasing nationalistic feeling of the leaders of the newly emerging nations, encouraged them to start their own steel industries. This was a development of major significance.
to the leading exporters of steel such as the United States of America. Against this backdrop when the export market began to shrink, major exporters found themselves caught up in the problem of excess capacity and surplus workers. In terms of the volume of output and employment, problems confronting the American steel industry has been also a major problem for the national economy as well.

The American steel industry has been a problem sector for its national economy for the last two decades. Before the Second World War, the American steel industry was the leading sector both in terms of production and world trade. After the Second World War problems started to crop up and the industry began to lose the share of its domestic as well as international markets. Between 1950 and 1974, the annual growth rate of the steel production for the world averaged more than three times the growth rate of the American Steel Industry. During 1950 the U.S. steel industry produced around 47 per cent of the world steel output. During the last 30 years the U.S. share of the world output of steel declined very rapidly and it is estimated that in the early 1980's it is likely to be less than 15 per cent. Absolute decline in tonnage is as significant as the relative decline. The major cause of the relative decline
was the significant growth of the steel producing facilities in the developing nations. Then the importers of steel became producers of steel, the major exporters such as the United States had to reduce their production and the volume of exports. Until 1959, the United States was a net exporter of steel. There has been a deepening of foreign penetration of the United States markets because of the cost advantages enjoyed by the foreign producers over the U.S. Steel producers. In addition, the loss of the domestic markets to the foreign competitors is causing plant closure and massive layoffs in the American Steel industry sector.

The Japanese steel industry was also not free from the problems concerned with both the world steel output and world trade. Although the Japanese steel industry was a well developed one before the Second World War, large plant capacities were utilised during the Second World War because Japan was cut off from the major sources of supply of vital raw materials and fuel. Consequently, the industry was unable to operate many of its blast furnaces. It is reported that only 3 of the 35 blast furnaces were in operation in 1945. Therefore, the main

problem was to restore the operation rather than rebuilding the steel industry. After the Second World War, the steel industry undertook massive development efforts to modernise the steel producing facilities. Modernisation and revitalisation were a combined effort of the Japanese Government and the private sector. The Japanese industrial performance after the Second World War seemed to indicate that, although they lost the Second World War, they are certainly on the forefront of the industrial war against the winners of the Second World War.

1.2 OBJECTIVES OF THE STUDY

It has already been stated that this is a comparative study of Steel Industries in Japan and the United States of America. The major objective of the study is therefore to compare the United States Steel Industry with its principal competitors, viz., the Japanese Steel Industry and analyse the major problems that plague the American Steel Industry while pointing out the causes of the success of the Japanese Steel Industry.

The U.S. Steel Industry which remained as the world leader in the production and distribution of iron and steel around the world until the end of the Second World War, began
to face numerous problems after the early 1960's. The Japanese Steel Industry which remained relatively insignificant in the total steel production and world trade has almost become the current world leader in the production of iron and steel. The U.S. Steel Industry is struggling to maintain its number two position in total production. In this analysis the major emphasis is laid on the developments that took place in the iron and steel industries of Japan and the United States from 1945 to the early 1980's. Since significant changes have taken place in the Japanese and U.S. steel industries during the last two decades, it is believed to be apt and appropriate to present a comparative study of the two leaders of steel industry of the world. Besides, no such study has been made available from the point of view of the hypothesis of this study as detailed below.

1.3 HYPOTHESIS:

It is not necessary to emphasise that the researcher has to analyse as many variables as possible, in order to improve the quality of his research. But at the same time he has to work within the framework imposed on him by the constraints of time and limited resources at his command. Against this backdrop, the
researcher has advanced an hypothesis that serious problems of the U.S. steel industry are directly and/or indirectly related to: (i) the slow and inadequate rate of growth in the development of modern technology and its early adoption, (ii) not very conducive labour management and industrial relations (iii) uneconomic use of raw materials, coal and other sources of energy, and (iv) the insufficient appreciation of cordial relations and understanding between the government and the industry.

On the other hand, this study contends that the success of the Japanese steel industry is mainly due to: (i) the accelerated rate of growth of modern technology and its immediate adoption by the steel industry, (ii) highly conducive labour - management relations, (iii) efficient utilization of raw materials and energy; and (iv) cordial relations and understanding between the government and the industry.