

THERE ARE NO "HIDDEN" STEEL PROFITS

United Steelworkers of America-CIO charges that steel companies piled up huge "hidden" profits during the war. It insists that the steel companies now can use their "swollen" wartime profits in order to pay a \$225,000,000-a-year wage increase.

The Union's charge of "hidden" profits during the war is false. That was shown conclusively by the fact-finding panel of the National War Labor Board. In September, 1944, that government agency declared in an official report that what the Union calls "hidden" profits are necessary reserves, and that such reserves "are proper and cannot be considered as steel profits."

The truth about profits in the steel industry during the war is that they were not "swollen." They were less than in any good peacetime year! After all bills were paid, net earnings after taxes during the three war years, 1942 to 1944, represented an average return of 5 per cent on the money invested. That was a lower return on investment than in any peacetime year of high steel production.

There is no mystery about reserves in the steel industry. Workers as well as stockholders are protected by these reserves. Machines wear out and must be replaced. During the war the wear and tear under capacity operations was without precedent. When necessary reserves are not provided, any company will run down. Then there are fewer jobs, smaller pay checks. These principles of sound management apply to a one-man garage or any small business as well as to a million-dollar corporation.

Every cent that steel companies set aside for future needs is checked by your Government. Nothing can be hidden. The tax collectors, renegotiation boards, and many other government agencies have reviewed the figures year after year. They recognize reserves as an essential part of the cost of doing business.

Reserves set aside for wear and tear of facilities and for contingencies do not constitute a fund out of which wages can be paid. To do so would quickly exhaust the reservoir on which the steel companies depend for their future lives.

Any solution of the present wage-price issue in the steel industry must take into consideration these clearly established facts.

American Iron and Steel Institute

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OUR COMPANY MEMBERS EMPLOY 95 PERCENT OF THE WORKERS IN THE STEEL INDUSTRY.