LEAD AND ZINC

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HEARING

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

S. 1747

A BILL TO STABILIZE THE MINING OF LEAD AND ZINC IN THE UNITED STATES, AND FOR OTHER PURPOSES

SEPTEMBER 20, 1961

Printed for the use of the Committee on Finance

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LEAD AND ZINC

WEDNESDAY, SEPTEMBER 20, 1961

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 10:25 a.m., in room 2221, New Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

Present: Senators Byrd, Kerr, Smathers, Anderson, Douglas, Gore, Talmadge, McCarthy, Williams, Bennett, and Curtis.

Also present: Evelyn R. Thompson, assistant chief clerk.

The CHAIRMAN. The committee will come to order.

The next matter before the committee is S. 1747.

(S. 1747 follows:)

[S. 1747, 87th Cong., 1st sess.]

[Omit the part in black brackets and insert the part printed in italic]

A BILL To stabilize the mining of lead and zinc in the United States, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Lead and Zinc Act of 1961".

TITLE I—GENERAL PROVISIONS

DECLARATION OF POLICY

SEC. 101. It is declared to be the policy of Congress—

(a) to promote a reasonable balance between foreign and domestic supplies of lead and zinc ores, concentrates, and metal;

(b) to restore to a sound and stable condition the domestic lead and zinc mining industry;

(c) to provide limited Federal financial assistance to domestic miners of the lead and zinc industry as (1) an aid to development of a profitable mine from a prospect, (2) economic assistance, to compensate for periodic cycles of low metal prices, to assure continued operation and exploration and development of new ore reserves, and (3) to provide recovery of metal that may be permanently lost by a mine closure.

EFFECTIVE DATE

SEC. 102. Subject to the provisions of section 4622(b) of the Internal Revenue Code of 1954, as amended by title III of this Act, this Act shall take effect ninety days after date of enactment of this Act, and the quotas provided for by Proclamation Numbered 3257 of September 22, 1958, shall be discontinued on the effective date of this Act.

SEVERABILITY

SEC. 103. If any provision of this Act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or the application of this Act which can be affected without the invalid provision or application, and to this end the provisions of this Act are severable.

TITLE II–STABILIZATION OF PRODUCTION FROM DOMESTIC MINES

ESTABLISHMENT OF PROGRAM

SEC. 201. The Secretary of the Interior is hereby authorized and directed to establish and to maintain a program of stabilization payments to *small* domestic [miners who sell newly mined] *producers of* lead and zinc ores and concentrates [mined] in [the United States and its possessions,] *order to stabilize the mining of lead and zinc by small domestic producers on public, Indian, and other lands* as provided in this title.

STABILIZATION PAYMENTS

SEC. 202. (a) Subject to the limitations of this title, the Secretary shall make stabilization payments to [domestic miners] *small domestic producers* upon presentation of evidence satisfactory to him of [the entitlement of a domestic miner to such payments under this title] *their status as such producers* and of the sale [after the effective date of this Act by such miner] *by them* of newly mined ores, or concentrates [mined in] *produced from mines located within* the United States [and] *or its* [possessions] *possessions, as provided in this title. Payments shall be made only with respect to the metal content as determined by assay.*

(b) Such payments shall be made [with respect to newly mined] *to small domestic producers of lead* [and zinc ores and concentrates whenever the average] *as long as the* market price for common lead [(in standard shapes or sizes delivered] at [New York City) and the average market price for slab zinc (prime western, free on board, East Saint Louis, Illinois)] *New York, New York,* as determined by the Secretary is below [16] *14½* cents per [pound on the date of delivery for sale of such ores and concentrates, and such payments shall be in an amount equal to but not exceeding the difference between the amount actually received by such miner from such sale with the settlement for treatment and all other charges based on the actual market price and an amount, as determined by the Secretary, which such miner would have received for such ore or concentrates had such price at the time of such sale been equal to 16 cents per pound] *pound, and such payments shall be 75 per centum of the difference between 14½ cents per pound and the average market price for the month in which the sale occurred as determined by the Secretary.*

(c) *Such payments shall be made to small domestic producers of zinc as long as the market price for prime western zinc at East Saint Louis, Illinois, as determined by the Secretary, is below 14½ cents per pound, and such payments shall be 55 per centum of the difference between 14½ cents per pound and the average market price for the month in which the sale occurred as determined by the Secretary.*

LIMITATIONS ON PAYMENTS

SEC. 203. (a) [No stabilization payments under this title shall be made to any person on sales, or further processing in lieu of sales, by such person of ore or concentrates the recoverable content of which totals in any one twelve month period in excess of two thousand tons of lead and two thousand tons of zinc] *The maximum amount of payments which may be made pursuant to this title on account of sales of newly mined ores or concentrates produced therefrom made during the calendar year 1962 shall not exceed $4,500,000; the maximum amount of such payments which may be made on account of such sales made during the calendar year 1963 shall not exceed $4,500,000; the maximum amount of such payments which may be made on account of such sales made during the calendar year 1964 shall not exceed $4,000,000; and the maximum amount of such payments which may be made on account of such sales made during the calendar year 1965 shall not exceed $3,500,000.*

(b) [No stabilization payments under this title shall be made on any domestically produced ores or concentrates which are sold to or eligible for sale to the United States Government, or any agency thereof, pursuant to a contract made under the provisions of the Defense Production Act of 1950, as amended, or the Strategic and Critical Materials Stockpiling Act. Any such ores or concentrates shall be included in ascertaining the entitlement of any person to stabilization payments under this title and shall be applied to reduce the quarterly limitations] *Subject to the provisions of subsection (c) and subsection (d) of this section, no stabilization payments under this title shall be made to any small domestic producer on sales, or further processing in lieu of sales, in the twelve-month period ending December 31, 1962, in excess of one thousand five hundred tons of zinc and one thousand five hundred tons of lead; or in the twelve-month period ending December 31, 1963, in excess of one thousand two hundred tons of zinc and one thousand two hundred* *tons of lead; or in the twelve-month period ending December 31, 1964, in excess of nine hundred tons of zinc and nine hundred tons of lead; and in the twelve-month period ending December 31, 1965, in excess of six hundred tons of zinc and six hundred tons of lead, subject to the further limitation that no producer may be paid in any such calendar year for an amount in excess of his maximum production during any calendar year between January 1, 1950, and December 31, 1960. Payments shall be made only with respect to ores and concentrates produced from an operating unit which was operated during the whole or some part of the period January 1, 1956, to August 1, 1961. No payments shall be made on any production from any property acquired by sale, lease, permit, or otherwise (except devise or inheritance) subsequent to August 1, 1961: Provided, however, That any person or firm acquiring a property by sale, lease, permit, or otherwise may qualify as a small domestic producer if such person or firm produced ores or concentrates from a mine specified in a lease, permit, or contract during the whole or some part of the period January 1, 1956, to August 1, 1961.*

(c) [No person shall be paid in any one quarter more than one fourth of the total annual stabilization payments to which the Secretary estimates that such person will be entitled, except that in the final quarter of any calendar year payments in excess of one-fourth of such total annual payments may be made to the extent necessary to make up any deficiency of payments made in any prior quarter or quarters as a result of erroneous estimates by the Secretary] *No stabilization payments under this title shall be made on any domestically produced material which is sold to or eligible for sale to the United States Government, or any agency thereof, pursuant to a contract made under the provisions of the Defense Production Act of 1950, as amended, or the Strategic and Critical Materials Stock Piling Act. Any such material shall be applied to reduce the annual limitations specified in this section, and the quarterly limitations as fixed by the Secretary.*

(d) For purposes of administration the Secretary may fix quarterly limitations on the total amounts of each material on which stabilization payments are made for the purpose of achieving stabilization in the annual rates of production.

(e) No payment shall be made under this title on any ores or concentrates sold, or processed in lieu of sale, after December 31, 1965; but authorized payment shall be made only if application therefor is filed not later than March 31, 1966, in accordance with regulations established by the Secretary.

(f) No producer shall be eligible for payment under this title if he is operating under a lease, contract, or permit obtained after the effective date of this title from another producer of lead and zinc who has placed a larger portion of his mining properties under lease, contract, or permit to other producers than he had placed at his highest production level since January 1, 1956, to the effective date of this title.

AUTHORITY OF SECRETARY

SEC. 204. (a) The Secretary is authorized to establish and promulgate such regulations and require such reports as he deems necessary to carry out the purposes of this title, but such regulations shall assure equitable distribution of the benefits of the programs provided by this Act among the *small* domestic [miners] *producers* affected.

(b) The Secretary may delegate any of the functions authorized by this title to the Administrator of General Services.

DEFINITIONS

SEC. 205. (a) For the purposes of this title—

(1) The term "Secretary" means the Secretary of the Interior.

[(2) The term "domestic mine" means any facility located within the United States or its possessions.]

[(3)] *(2)* The term ["domestic miner"] *"small domestic producer"* means [(1)] any person [owning and operating a mine] *or firm engaged in producing ores or concentrates from mines* located [in] *within* the United States or its possessions [except that all sales of ores and concentrate] *and in selling the material so produced* [from all mines owned by such person and operated by other persons under lease, permit, or contract entered into after] *in normal commercial channels who, during any twelve-month period between* January 1, [1961, shall be included with sales of ores and concentrates sold by such person for the purposes of determining limitations on such] *1956, and the first day of the period for which he seeks* payments [to such person as provided for in section 203(a); (2) any person operating a mine located in the United States or its possessions under lease, permit, or contract entered into prior to January 1, 1961; or (3) any person operating a mine located in the United States or its possessions under lease, permit, or contract entered into on or after January 1, 1961, except that all sales of ores and concentrates produced from all mines owned by the owner of such mine shall be included with sales of ores and concentrates sold by such person for the purposes of determining limitations on such payments to such person as provided for in section 203(a): *Provided*, That any person may be deemed to be a domestic miner under more than one of the foregoing definitions to qualify for stabilization payments as provided for in his title] *under this title, has not produced or sold ores or concentrates the recoverable content of which is more than three thousand tons of lead and zinc combined, recoverable content being computed as 95 per centum of the lead content of the ores or concentrates and 85 per centum of the zinc content of the ores or concentrates.*

[(4)] (*3*) The term "sale" means a bona fide transfer for value of ores and concentrates from a [domestic miner] *producer* to a processing plant. *In the event that a producer further processes ores or concentrates, a sale shall be deemed to have occurred when such ores or concentrates are shipped to the processing plant.*

[(5)] (*4*) The term "newly mined" means domestic material processed into concentrates or severed from the land subsequent to the date of enactment of this title, but shall not exclude normal inventories of crude ore. The term does not refer to material recovered from mine dumps, mill tailings, or from smelter slags and residues derived from material mined prior to the date of enactment ofthis title.

[(6)] (*5*) The [terms] *term* "quarter" [and "quarterly" mean] *means* the calendar periods commencing on the first day of the months of January, April, July, and October.

(*b*) *For the purposes of this title, the Secretary may determine what constitutes a single operating unit producing ores and, in the event that more than one producer claims payment for sales from production of a single operating unit, the Secretary may determine the quantity of sales for each such producer to which the above limitations apply.*

[(b)] (*c*) For the purposes of this [Act,] *title*, sales of concentrates produced from ores sold to a mill or processing plant in accordance with regulations issued pursuant to this [Act,] *title*, shall not be considered as sales of the owner of the mill, but shall be considered as the sales of the *small* domestic [miner producing such] *producer of the* ores.

LEAD AND ZINC STABILIZATION PAYMENTS FUND

SEC. 206. (a) There is hereby created in the Treasury of the United States a fund to be known as the lead and zinc stabilization payments fund and into which the Secretary of the Treasury shall cover all proceeds realized from the imposition of the import taxes set forth in subsections (a), (b), and (c) of section 4601 and of subsections (a), (b), and (c) of section 4611 of the Internal Revenue Code of 1954, as amended by title III of this Act.

(b) There are hereby authorized to be disbursed from the lead and zinc stabilization payments fund by order of the Secretary of the Interior such sums as may be necessary to carry out the provisions of this title.

(c) In the event that at the close of a fiscal year, there shall be funds remaining in the lead and zinc stabilization payments fund after the disbursements authorized by subsection (b) hereof have been effected for such year, such remaining funds shall be covered into the general funds of the Treasury. In the event that at the close of a fiscal year the lead and zinc stabilization payments fund shall have provided insufficient funds for disbursements authorized by subsection (b) hereof for such year, there are hereby authorized to be appropriated from the funds of the Treasury not otherwise appropriated, such sums as may be necessary, to carry out the provisions of this title.

ANNUAL REPORTS

SEC. 207. [Not later than March 1 of each year the] *The* Secretary shall make an annual report [to the Congress of the United States] with respect to [the administration of] *operations under* this [title.] *title, not later than March 1 of each year to the Congress of the United States. Any* [Each] such report shall contain such recommendations as the Secretary may deem appropriate.

PENALTIES FOR MISREPRESENTATION

SEC. 208. Whoever, for the purpose of procuring a payment to which he is not entitled under this title and the regulations issued pursuant thereto, or for the purpose of assisting another to procure a payment to which the other is not entitled under this title and the regulations issued pursuant thereto, misrepresents any material fact, knowing the same to be false, fictitious, or fraudulent, shall be guilty of an offense against the United States and shall be fined not more than $5,000 or imprisoned not more than two years, or both, and shall thenceforth be entitled to no benefits under this title.

PENALTIES FOR ACCEPTING UNAUTHORIZED PAYMENTS

SEC. 209. Whoever, accepts a payment under this title to which, or [to] any portion of which, he is not entitled, knowing that he is not entitled thereto or whoever, having accepted a payment under this title to which, or [to] any portion of which, he is not entitled, retains the same, knowing that he is not entitled thereto, shall be required in a civil action instituted by the Attorney General, to refund treble the amount accepted or retained by him. The acceptance or retention of any payment as aforesaid shall also constitute an offense against the United States punishable by a fine of not more than $5,000 or imprisonment for not more than two years, or both, and any person who shall be convicted of such offense shall thenceforth be entitled to no benefits under this Act.

TITLE III—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

AMENDMENTS TO CHAPTER 38 OF THE INTERNAL REVENUE CODE OF 1954

SEC. 301. Chapter 38 of the Internal Revenue Code of 1954 is amended as follows:

(a) By redesignating subchapter G as H.

(b) By renumbering sections 4601, 4602, and 4603 as sections 4631, 4632, and 4633, respectively.

(c) By inserting after subchapter F the following new subchapter:

"Subchapter G—Lead and Zinc

"Sec. 4601. Imposition of taxes on imported lead.
"Sec. 4611. Imposition of taxes on imported zinc.
"Sec. 4621. Price determinations.
"Sec. 4622. General provisions.

"SEC. 4601. IMPOSITION OF TAXES ON IMPORTED LEAD.

"(a) There are hereby imposed upon the following articles, imported into the United States, taxes at the rates specified:

"Article	Rate of Tax
Articles provided for in paragraph 391 of the Tariff Act of 1930, as amended: Lead-bearing ores, flue dust, and mattes of all kinds.	1.4 cents per pound on lead content, provided that such taxes shall not be applied to the lead contained in copper, gold, silver, or tin ores, or copper mattes, unless actually recovered.
Articles provided for in paragraph 392 of the Tariff Act of 1930, as amended: Lead bullion or base bullion, lead in bars and pigs, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, and all alloys or combinations of lead not specially provided for.	2.0 cents per pound on lead content.

"(b) If the average market price of lead determined in accordance with section 4621 is less than 13½ cents per pound, there shall be imposed on the following articles additional taxes at the rates specified beginning on the first day of the calendar quarter next following such determination: *Provided*, That when the said average price of lead so determined is 14½ cents per pound or more, the said additional taxes shall cease to be imposed beginning on the first day of the calendar quarter next following such determination:

"Article	Additional Tax
Articles provided for in paragraph 391 of the Tariff Act of 1930, as amended: Lead-bearing ores, flue dust, and mattes of all kinds.	1.4 cents per pound on lead content, provided that such taxes shall not be applied to the lead contained in copper, gold, silver, or tin ores, or copper mattes, unless actually recovered.
Articles provided for in paragraph 392 of the Tariff Act of 1930, as amended: Lead-bullion or base bullion, lead in bars and pigs, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, and all alloys or combinations of lead not specially provided for.	2.0 cents per pound on lead content.

"(c) In addition to any other tax or duty imposed by law, there are hereby imposed upon the articles provided for in paragraphs 46, 72, 320, and 397 and lead in sheets, pipe, shot, glazier's lead, lead wire, babbitt metal, solder, and type metal under paragraph 392 of the Tariff Act of 1930, as amended, imported into the United States, taxes at the rate of 2.0 cents per pound on the lead contained therein.

"SEC. 4611. IMPOSITION OF TAXES ON IMPORTED ZINC.

"(a) There are hereby imposed upon the following articles, imported into the United States, taxes at the rates specified:

"Article	Rate of Tax
Articles provided for in paragraph 214 of the Tariff Act of 1930, as amended: Zinc fume.	1.4 cents per pound on zinc content.
Articles provided for in paragraph 393 of the Tariff Act of 1930, as amended: Zinc-bearing ores of all kinds, except pyrites containing not more than 3 per centum of zinc.	1.4 cents per pound on zinc content, provided that such taxes shall not be applied to the zinc contained in lead, tin, or copper ores unless actually recovered.
Articles provided for in paragraph 394 of the Tariff Act of 1930, as amended:	
Zinc in blocks, pigs, or slabs	2.0 cents per pound.
Zinc, old and worn-out, fit only to be remanufactured, zinc dross, and zinc skimmings.	1.4 cents per pound.

"(b) If the average market price of zinc determined in accordance with section 4621 is less than 13½ cents per pound, there shall be imposed upon the following articles additional taxes at the rates specified beginning on the first day of the calendar quarter next following such determination: *Provided*, That when the said average price of zinc so determined is 14½ cents per pound or more, the said additional taxes shall cease to be imposed beginning on the first day of the calendar quarter next following such determination.

"Article	Additional tax
Articles provided for in paragraph 214 of the Tariff Act of 1930, as amended: Zinc fume.	1.4 cents per pound on zinc content.
Articles provided for in paragraph 393 of the Tariff Act of 1930, as amended: Zinc-bearing ores of all kinds, except pyrites containing not more than 3 per centum of zinc.	1.4 cents per pound on zinc content, provided that such taxes shall not be applied to the zinc contained in lead, tin, or copper ores unless actually recovered.
Articles provided for in paragraph 394 of the Tariff Act of 1930, as amended:	
Zinc in blocks, pigs, or slabs	2.0 cents per pound.
Zinc, old and worn-out, fit only to be remanufactured, zinc dross, and zinc skimmings.	1.4 cents per pound.

"(c) In addition to any other tax or duty imposed by law, there are hereby imposed upon the articles provided for in paragraphs 5, 77, 93, 214 other than zinc fume, 341, 380, 381, 1634, alloys of zinc, zinc strip, and other zinc mill products under paragraph 397, brass wire under paragraph 316(a), leaded zinc oxides containing over 25 per centum of lead under paragraph 72, zinc dust under paragraph 394, and parts whether partly or wholly manufactured from zinc, provided for in paragraphs 372, 369, 353, and 368 of the Tariff Act of 1930, as amended, imported into the United States, taxes at the rate of 2.0 cents per pound on the zinc contained therein and in addition to any other tax or duty imposed by law there is hereby imposed upon zinc wire under paragraph 316(a) of the Tariff Act of 1930, as amended, imported into the United States a tax at the rate of 4.0 cents per pound on the zinc content contained therein and in addition to any other tax or duty imposed by law there is hereby imposed upon zinc sheets under paragraph 394 of the Tariff Act of 1930, as amended, imported into the United States a tax at the rate of 7.0 cents per pound on the zinc content contained therein.

"SEC. 4621. PRICE DETERMINATIONS.

"(a) For purposes of this subchapter, the terms 'average market price for lead' and 'average market price for zinc' mean, respectively, the average market price for common lead (in standard shapes and sizes delivered at New York City), and the average market price for slab zinc (prime western, free on board, East Saint Louis, Illinois), each determined for a period of three consecutive calendar months as hereinafter provided.

"(b) As soon as practicable after the last day of the second month of each calendar quarter following the effective date of this Act, the Secretary of the Interior shall determine the average market price for lead and the average market price for zinc during the three consecutive calendar months immediately ending on the second month of each calendar quarter, shall notify the Secretary of the Treasury of each such determination and shall cause each such determination to be published in the Federal Register. The first such determination shall be made and published in the Federal Register as soon as practicable following the effective date of this Act and each such subsequent determination shall be made and published in the Federal Register not later than the last day of each such calendar quarter. The average market prices so determined and published shall be the average market prices governing the imposition and removal of the additional taxes set forth in section 4601(b) and in section 4611(b) of this subchapter as to articles provided for thereinentered, or withdrawn from warehouse, for consumption during the calendar quarter following the calendar quarter in which such determination is made.

"SEC. 4622. GENERAL PROVISIONS.

"(a) The taxes specified in subsections (a) and (c) of section 4601 and in subsections (a) and (c) of section 4611 shall be applied on and after the date of the effective date of this Act; the taxes specified in subsection (b) of section 4601 and in subsection (b) of section 4611 shall be applied on the effective date of this Act as if the average market price for lead and the average market price for zinc had been determined, in accordance with section 4621, to be less than 13½ cents per pound, and thereafter shall be applied in accordance with the provisions of subsection (b) of section 4601 and of subsection (b) of section 4611.

"(b) Notwithstanding the provisions contained in subsection (b) of section 4621 and in subsection (a) hereof, the provisions of subsections (a), (b), and (c) of section 4601 and of subsections (a), (b), and (c) of section 4611 shall not apply insofar as the imposition of taxes are concerned until the effective date of this Act: *Provided, however*, That any such taxes on any of the articles specified in sections 4601(a), 4601(b), 4611(a), or 4611(b), other than those included within paragraphs 392 and 394 of the Tariff Act of 1930, as amended, shall not be applicable to any such articles which were entered in bonded warehouse prior to the date of enactment of this subchapter, such products upon being withdrawn from bonded warehouse during the statutory period of the bond to be subject to the rates of duty which were applicable thereto prior to the enactment of this subchapter.

"(c) On and after the date of enactment of this Act, the articles provided for or referred to in subsection (a) of section 4601 and subsection (a) of section 4611 may be duly entered for warehouse by the importer under bond. Any such article may be withdrawn from warehouse and entered for consumption during a period when the tax imposed by section 4601(b) or section 4611(b), as the case may be, is applicable upon payment of such tax, and upon payment of the applicable duty; any such article may be withdrawn from warehouse and entered for consumption during a period when the tax imposed by section 4601(b) or section 4611(b), as the case may be, is not applicable only upon certification that the article has been sold for use. The term 'sold for use' applied to any article means that the article has been sold or otherwise transferred, or is subject to a binding agreement for sale or transfer, to a purchaser or transferee who intends to process, manufacture, fabricate, or combine it to produce a different article.

"(d) For purposes of this subchapter, the term 'United States' includes Puerto Rico."

(d) By amending the table of subchapters for such chapter to read:

"SUBCHAPTER G. Lead and zinc.
"SUBCHAPTER H. Special provisions applicable to import taxes."

TITLE IV—EFFECT OF AMENDMENTS ON TARIFF ACT OF 1930

SEC. 401. (a) The treatment provided for imports of articles described in sections 4601 and 4611 of the Internal Revenue Code of 1954, as amended by title III of this Act, shall, for purposes of section 350 of the Tariff Act of 1930, as amended, be considered as having been in effect continuously since the original enactment of said section 350.

(b) The duties imposed under paragraphs 214, 391, 392, 393, and 394 of the Tariff Act of 1930, as amended, shall cease to apply to the articles provided for in subsections (a) and (b) of section 4601 and in subsections (a) and (b) of section 4611 of the Internal Revenue Code of 1954, as amended by title III of this Act, as of the date the import taxes imposed by said subsections become applicable.

The CHAIRMAN. The first witness is Edwin M. Martin, Assistant Secretary of State for Economic Affairs.

Will Mr. Martin come forward?

Senator BENNETT. Mr. Chairman, while Mr. Martin is coming forward, I have a brief statement that I would like to offer for the record.

The CHAIRMAN. Do you want to include it in the record?

Senator BENNETT. Yes.

The CHAIRMAN. Without objection, it will be made a part of the record.

(The statement of Senator Wallace F. Bennett follows:)

FLEXIBLE LEAD-ZINC TARIFF BILL (S. 1747)—ONLY HOPE FOR THE DEPRESSED WESTERN LEAD-ZINC INDUSTRY

Statement by Senator Wallace F. Bennett

Mr. Chairman, I greatly appreciate the opportunity of appearing before you this morning in support of S. 1747 of which I am a sponsor. The flexible tariff provisions of this bill hold out the only hope for the economically depressed lead-zinc industry in our Western States, and specifically in Utah. Our lead-zinc miners and mine operators in the West are being drowned in a flood of lead-zinc imports from foreign countries. They have had little sympathy from any administration during the past three decades. Only foreign producers enjoy the favor of our Government. The recent July 21 report of the Department of the Interior flatly rejecting S. 1747, conclusively shows that the Kennedy administration is no exception to this long record of indifference to American miners. Unless Congress acts and acts soon, this hearing will be at best, a wake for the industry and we can proceed from here to dedicate the grave.

WESTERN MINERS HAVE SUFFERED THE GREATEST LOSS

Our western miners and mine operators have had to bear almost the total loss of markets caused by the great increase in imports from abroad. This discrimination must cease. Comparing the average domestic production of lead-zinc of the 1947–49 period with the domestic production of 1960, the loss of production in areas other than the Western States was just 51,080 tons, or 15 percent of the total loss. But the loss of production of the Western States was a shocking 85 percent, or 287,666 tons. This means a direct loss to western miners of $46 million in 1960 alone.

UTAH'S DEPRESSED LEAD-ZINC INDUSTRY

Where domestic lead-zinc mine and mills had 24,777 employees in 1952, there were only 9,769 in 1959 and fewer now, a decrease of 61 percent. In Utah, the number of employees in our lead-zinc mines has dropped from 3,118 in 1948 to less than 1,000 today. Where Utah had over 100 mines operating in 1948, there are only 6 today, and 3 of them are small mines combined under one management. Our Utah lead-zinc industry is an island of depression in a sea of national prosperity.

TARIFF COMMISSION UNANIMOUSLY FINDS INJURY

The Tariff Commission unanimously found in May 1954; in April 1958; and again in March 1960, that the lead-zinc industry is suffering serious injury because of excessive imports. I think all of our people recognize that we must import lead and zinc to meet our needs but not in the vast quantities now permitted to reach our shores, since it is having the effect of depressing the price of lead-zinc in domestic markets. It is particularly unfair that western miners should bear almost the full burden of this impact.

It is imperative for us to preserve a stable domestic lead-zinc industry in the interest of our national security.

We must have a reliable source of supply and it seems only fair and reasonable to permit our domestic industry to have 50 percent of the American market. Yet, at the present time, imports of lead exceed domestic production by 110,000 tons. Imports of zinc in 1960 exceeded domestic mine production by 70,000 tons. This flood of imports has caused a sharp drop in prices which makes it impossible for our Utah miners and mining operations to make a profit.

QUOTA PROGRAM—TRIED AND FAILED

The barter and import quota programs recommended by the Kennedy administration constitute a return to programs that have been tried and failed. The administration quotas are set so high that our shores are being flooded with imports of lead-zinc. In Utah alone there has been a decline of over 13 percent in lead-zinc metal production since quotas were imposed on October 1, 1958. Employment has dropped over 13 percent in the same period, with resulting hardship to miners and their families. In the last 2 years, two custom lead-zinc mills were closed, and a lead smelter and custom ore sampler have been dismantled. Where Utah 10 years ago had three custom lead smelters, three custom lead-zinc mills, and one independent custom ore sampler, we now have only one lead smelter, one lead-zinc mill, and no ore samplers.

BARTER PROGRAM—A FAILURE

The barter program was completely discredited when it was applied in 1955–56. All that barter accomplished then was to stimulate foreign production. As a result, imports reached an alltime high in the year 1956 through 1958, amassing commercial surpluses which have never been liquidated. The President's barter program would add 300,000 tons of lead-zinc to the huge supply already in the Federal stockpile. In all, it would waste $60 million of Federal funds. Any temporary benefit which might result would not reach the miners who are the ones who need help. On the contrary, the benefits would go to the two or three large producers who hold excess stocks. The end result of barter will be merely a subsidy to foreign producers.

SUBSIDY PROGRAM—LITTLE HELP TO UTAH AND OTHER WESTERN STATES

The administration's program calls for temporary subsidies to small producers. This would be of virtually no use to the existing lead-zinc mining operations in the State of Utah. Few of our remaining existing producers would qualify for assistance under the so-called Edmondson subsidy bill (H.R. 84) endorsed by the President.

Let me make it clear that I as one Senator, will not support any limited subsidy program to small producers unless the flexible tariff provisions of S. 1747 are enacted. The Finance Committee must not report out the subsidy provisions of S. 1747 without the tariff provisions.

If the present disastrous trend is allowed to continue it will not be long before the United States will be totally dependent upon foreign imports. Likewise our lead-zinc industry in the Western States will be dead. Therefore, I urge early favorable action by this committee to approve S. 1747 which is the only hope for the survival of the lead-zinc industry.

The CHAIRMAN. The Chair would like to insert in the record the reports of the Departments of Commerce, Interior, and Treasury.

The Treasury report says briefly that it is opposed to the enactment of the bill.

Senator ANDERSON. And all parts of it?

The CHAIRMAN. The Treasury is represented at the hearing, is it not?

Senator BENNETT. Yes.

The CHAIRMAN. The Chair offers these three documents.

(The documents referred to follow:)

THE SECRETARY OF COMMERCE,
Washington, D.C., September 20, 1961.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In response to your request there is attached a report with respect to S. 1747, a bill to stabilize the mining of lead and zinc in the United States, and for other purposes.

For reasons developed in the report the Department of Commerce does not favor the enactment of this bill. However, this Department would not object to the enactment of a limited and temporary subsidy measure which would assist the small lead and zinc mines. The basic features of the proposed plan are outlined at page 3 of the attached report.

We have been advised by the Bureau of the Budget that there would be no objection to the submission of this report from the standpoint of the administration's program.

Sincerely yours,

EDWARD GUDEMAN,
Under Secretary of Commerce.

DEPARTMENT OF COMMERCE REPORT RELATING TO S. 1747

This report has been prepared in response to the request of the Senate Finance Committee for the views of the Department of Commerce with respect to S. 1747, a bill to stabilize the mining of lead and zinc in the United States, and for other purposes.

If enacted this measure would (1) establish a system of stabilization payments to certain domestic producers of newly mined lead and zinc ores; (2) terminate the present quantitative quota plan relating to unmanufactured lead and zinc and, in lieu thereof, impose import taxes; and (3) impose import taxes on the lead and zinc contained in a number of semimanufactured and manufactured articles.

(1) STABLIZATION PROGRAM AND FUND

The stabilization payments, provided for in title II of the bill, would be made to domestic producers of newly mined lead and zinc ores whenever the average market price of common lead in New York is below 14.50 cents a pound and the average market price of prime western zinc in East St. Louis is below 14.50 cents a pound. For lead the amount of the subsidy payments would be 75 percent of the difference between 14.50 cents a pound and the average market price. For zinc the amount of the subsidy payments would be 55 percent of the difference between 14.50 cents a pound and the average market price.

The subsidy payments would be limited to domestic producers who have engaged in mining and who have not produced or sold more than 3,000 tons of recoverable lead and zinc combined during any 12-month period between January 1, 1956, and the first day for which they seek subsidy payments. The maximum production eligible for subsidy payments would be 1,500 tons of each metal during 1962; 1,200 tons of each metal during 1963; 900 tons of each metal during 1964; and 600 tons for each metal during 1965. The bill also provides that the total amount of subsidy payments for 1962 shall not exceed $4,500,000; for 1963 such payments shall not exceed $4,500,000; for 1964 such payments shall not exceed $4 million; and for 1965 such payments shall not exceed $3,500,000.

Title II of the bill also would create a stabilization fund into which the Secretary of the Treasury would transfer all revenues collected from the import taxes provided for in title III of the bill. The Secretary of the Interior would be authorized to make payments from this fund in order to implement the stabilization program.

One of the purposes of S. 1747 is to restore the domestic lead and zinc mining industry to "a sound and stable condition." It is suggested that this condition cannot be achieved on basis of subsidy payments of the magnitude proposed in this bill. The increase in domestic supplies of lead and zinc stemming from such a subsidy program could depress prices further and result in major offsetting adjustments by the unsubsidized output of the domestic industry. In realistic terms, this could mean a decrease in the production of the unsubsidized segment and of employment therein.

The establishment of a lead and zinc subsidy program of the magnitude envisaged in S. 1747 would have an adverse effect upon the efforts of this Government and the governments of other important lead and zinc consuming and producing countries to deal with the problems relating to these two metals. Since May 1959 certain producers in some foreign countries have voluntarily and independently reduced mine and smelter production and the exports of these two metals—especially lead.

Recent actions taken at the international level should have a substantial beneficial effect upon the domestic mining industry. At the Mexico City meeting of the International Lead and Zinc Study Group during March 1961 a number of foreign producers, through their respective government representatives, voluntarily and independently announced substantial reductions in lead mine and smelter output and in exports. As a result, for the first time since 1957 planned production of lead in the free world for 1961 is below estimated consumption for the year.

In addition to these efforts this Government has entered into barter arrangements whereby surplus agricultural products would be exchanged for surplus foreign lead accumulated prior to December 1, 1960. It is believed that the removal of these surplus lead stocks and the reductions in supplies of newly mined lead (including some zinc) will have a salutary effect upon the market.

In light of these international actions, to increase domestic lead and zinc production at this time through the payment of subsidies in the amount proposed in S. 1747 may be considered an unfriendly act by those countries whose producers have reduced output and exports in order to bring about a better balance between supply and demand for these two metals. Such action may result in the termination of these voluntary commitments and a collapse of international consultations.

Nevertheless, it is recognized that depressed conditions continue among the small lead and zinc mines, their employees and related communities; the market prices for both metals are low—due in major part to the decline in the consumption of these two metals in the United States. Accordingly, the administration has proposed two plans in lieu of the subsidy program envisaged in S. 1747.

First, the administration would not object to the enactment of a limited and temporary measure which would assist a large number of small domestic lead and zinc mines without affecting adversely the overall industry and corrective actions taken already. Listed below are the basic features of this proposal:

The subsidy assistance would be limited to small lead and zinc mines and to a period of 3 years. During this time, effort would be made to resolve the problems of the small domestic mines on a more lasting basis. The assistance payments would be limited to 750 tons of each metal (recoverable basis) for the first year; 500 tons for the second year; and 250 tons for the last year. The subsidy payments would be made on basis of a combined price of 27½ cents for the two metals. The program would be limited to small producers. A small producer would be defined as one who actually mined lead and zinc ores at some time during the 1956–60 period, but whose output during any one year did not exceed more than 2,000 tons of recoverable lead and zinc metal. Producers of other m ls who recovered lead and/or zinc as byproducts would not be eligible for subsidy payments. Output from mines not previously operated or the output of mines leased after January 1, 1961 would not be eligible to receive subsidies.

Second, the administration is developing plans to implement the recently enacted Area Redevelopment Act (Public Law 27). Under this legislation qualified firms in depressed mining areas may receive assistance to effect economies and changes which would make them more competitive. The legislation also provides for vocational retraining for unemployed miners and subsistence payments to persons undergoing training.

(2) TERMINATION OF QUOTAS IMPOSITION OF IMPORT TAXES

Title I of the bill would terminate the present quantitative import quota plan applicable to unmanufactured lead and zinc which became effective on October 1, 1958, pursuant to Proclamation 3257 of September 22, 1958. In place of the quota plan, title III of the bill would impose an import tax of 2 cents a pound on lead and zinc metal and 1¾ cents a pound on the lead and zinc contained in ores and concentrates, in zinc fume, and in zinc scrap when the quarterly average domestic prices for the two metals are at or above 14½ cents a pound. If the quarterly average market prices for the two metals are less than 13½ cents a pound, the import tax would be increased to 1 cent a pound on lead and zinc metal and to 2¾ cents a pound on the lead and zinc contained in ores and concentrates, in zinc fume and in zinc scrap.

While this Department does not favor the permanent continuation of the import quota program, it believes that the termination of the quotas at this time, and in lieu thereof, the imposition of the import tax rates proposed in S. 1747 would prejudice the domestic and international steps taken and contemplated to resolve the lead and zinc problem. Such action may weaken our international relations and the support of friendly nations at a very critical time. This Department is of the view that the Executive has sufficient legislative authority to effect a change from quotas to competitive tariffs when such a change becomes appropriate.

(3) IMPOSITION OF IMPORT TAXES ON LEAD AND ZINC ARTICLES

In addition to any other tax or duty imposed by law, title III of the bill also would impose import taxes on the lead and zinc content of some or all of the semimanufactured and manufactured articles enumerated in paragraphs 46, 72, 320, 392, and 397 (relating primarily to lead) and in paragraphs 5, 72, 77, 93, 214, 316(a), 341, 353, 368, 369, 372, 380, 381, 394, 397, and 1634 (relating primarily to zinc) of the Tariff Act of 1930. In the case of most articles the increase would be 2 cents a pound on the lead and zinc contained therein, but in the case of zinc sheet the increase would be 7 cents a pound.

With respect to lead and zinc products, it is assumed that the proposal to increase the import taxes thereon is related to the proposal to increase the import taxes on unmanufactured lead and zinc. Should there be no increase in the import taxes on the latter, we assume that there would be no increase in the import taxes on products.

Apart from this consideration, it should be noted that one objective of Senate Resolution 162 of the 86th Congress was to ascertain whether there had been an increase in the imports of lead and zinc articles which are not subject to quotas—thereby affecting adversely the domestic lead and zinc mining industry and the domestic industries manufacturing lead and zinc products. In its March 31, 1960, report, made in response to the resolution, the Tariff Commission concluded that while imports of lead and zinc products had increased after the quota plan became effective, the increases were not large enough to have an appreciable effect and that for many of these articles imports had been increasing for several years before the quota plan became effective.

At page 113 of the report the Commission stated that the conditions which caused an upward trend in imports of these products existed "before the imposition of U.S. quotas and the situation does not appear to have been greatly altered since." Even the minority members of the Commission who advocated the termination of the quota plan and the imposition of higher duties stated—at page 155 of the report—"imports of manufactured articles containing the two metals are not now sufficiently large to affect domestic mining operations, but they *might* [emphasis supplied] become so if higher rates of duty were applied to imports of unmanufactured lead and zinc." Primarily for this reason the bill under reference provides for additional import levies on lead and zinc articles. This Department is of the view that the proposal to increase the import duties or taxes on such articles on the basis of such an assumption is unwarranted.

Primarily because of the possible impact upon domestic fabricators of lead and zinc products, the Department of Commerce has had under review the foreign trade in these articles since the quota plan became effective. On basis of this review, through June 1961, we have reached the same basic conclusion as the Tariff Commission; namely, imports of lead and zinc products are not sufficiently large to warrant additional restrictive action at this time. In this connection it should be noted that the total quantity of imports of lead and zinc articles during 1960 was less than during 1959—although the imports of a few articles, such as lead pigments, have increased. Should the imports of such products increase so as to threaten or cause serious injury, the affected domestic interests could request the Tariff Commission to institute an escape clause investigation.

In view of these considerations the Department of Commerce is opposed to the enactment of S. 1747 or any other identical bill, but would not object to the enactment of a subsidy measure designed to assist the small miners—basic features of the proposal are outlined at page 3 of this report.

Department of the Interior,
Office of the Secretary,
Washington, D.C., September 19, 1961.

Hon. Harry F. Byrd,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

Dear Senator Byrd: Your committee has requested a report on S. 1747, a bill to stabilize the mining of lead and zinc in the United States, and for other purposes.

The bill provides for (1) a sliding-scale tax on imports of lead and zinc ores, concentrates, and metals; (2) stabilization payments to small producers of lead and zinc of 75 percent of the difference between 14½ cents per pound and the market price of lead and 55 percent of the difference between 14½ cents per pound and the market price of zinc; the maximum production eligible for stabilization payments would be 1,500 tons of each metal during the calendar year 1962, 1,200 tons during 1963, 900 tons during 1964 and 600 tons during 1965. The maximum amount of payments which may be made pursuant to the act would be $16,500,000 during the

4-year period; (3) termination of quotas on imports of lead and zinc; and (4) compensatory duties on certain products of lead and zinc.

The imports tax would be 4 cents per pound on lead or zinc metal (or 2.8 cents per pound on lead or zinc in ores or concentrates), if the market price is less than 13¼ cents per pound, and would be reduced to 2 cents per pound on lead or zinc metal (1.4 cents per pound on lead or zinc in ores or concentrates), if the market price rises above 14½ cents per pound. The taxes would be imposed as excise taxes under the Internal Revenue Code.

The Department opposes the enactment of the bill

The Department believes that the Government's objective with reference to lead and zinc should be to bring about conditions that would permit the lead and zinc industries of the United States to operate normally within our traditional concepts of private industry. We do not believe that such conditions can be achieved by a program of subsidies, such as proposed by S. 1747, nor by the prolonged use of the present import quotas, nor by manipulations of the tariffs in an effort to support prices.

The administration is opposed to any increase in the duties on lead and zinc, especially at this time when world conditions are such that we dare not weaken the friendship and support of friendly nations.

Especially objectionable are the provisions which would impose additional duties when prices fall below 13¼ cents per pound and withdraw them when prices rise above 14½ cents per pound. The sudden imposition of a duty of 2 cents per pound because of a price movement, which could be as small as one-fourth of a cent per pound, in the domestic market could cause extremely abrupt fluctuations in market prices both inside and outside the United States. The alternation between the lower and the higher levels of duties would introduce speculative factors into the market which could be controlled only by measures more stringent than those provided in the bills. Furthermore, the duties imposed when prices fall below 13¼ cents are higher than most duties on mineral commodities.

The Department believes that subsidies of the magnitude envisioned by S. 1747 would be detrimental not only to national interests but to the welfare of the industry itself. These subsidies would bring onto the market additional tonnages of metal at a time when stocks are unusually large and are depressing prices. In addition, they would stimulate production by marginal mines which would be unable to survive the expiration of the subsidy program. Subsidies of this character would make it difficult for the industry to achieve an economically independent status.

We recognize that the Government was responsible in part for stimulating world production by its stockpiling program. For this reason, we have endorsed the temporary use of import quotas and have used international consultations to push for reductions in output by producers outside the United States.

Imports of unmanufactured lead and zinc have been controlled by quantitative quotas since October 1, 1958. These quotas have not been sufficiently restrictive to permit domestic mine production to rise in the face of sharply declining consumption of lead and zinc. Nor have the foreign producers, to date, sufficiently reduced output to make it safe to remove the quotas While we should like to see the quotas removed at the earliest practical date, we strongly recommend that they be retained until surplus stocks accumulated outside of the United States are liquidated and world production is brought into line with consumption.

There remain, however, the problems of economic and human distress arising from the inability of depleted or uneconomic mines to continue to supply employment in a community. Measures to cope with such problems in all areas are now rapidly taking shape. The Congress has enacted the Area Redevelopment Act (Public Law 87-27), and the administration has moved promptly to implement it. In this connection, the administration expects to create a special task force to gather data and analyze the situations of depressed communities historically related to mining. The Nation cannot afford erosion of human resources by the depletion of the particular natural resources upon which the economy of a community has been based.

This Department is engaged in an analysis of the whole range of problems affecting the production and utilization of metals and minerals. These problems are complex and do not lend themselves to ready and easy solution. We regard this review as a continuing function of the Department, and as we find deterrents to fuller realization of the Nation's mineral potential, we shall seek their removal.

Meanwhile, the Department would not object to the enactment of a limited temporary measure which would assist a number of small producers without disrupting the entire industry. Such assistance should be limited to a 3-year period during which every effort should be made to utilize other more fundamental courses of action. To appropriately limit the program and to provide for orderly termination, we recommend that individual payments be limited to 750 tons of each metal the first year, 500 tons the second year, and 250 tons the third and last year, based on a combined price of 27½ cents for the lead and zinc.

We propose that a small producer be defined as one who actually mined lead or zinc ores at some time during the period 1956–60, but who did not in any year produce more than 2,000 tons of the 2 metals combined. This definition would cover approximately 90 percent of all domestic producers of lead and zinc. Producers of other metal who recover lead and zinc as byproducts should not be eligible. Production from properties not previously operated, or from properties leased since January 1, 1961, should not be eligible.

The Bureau of the Budget has advised that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

JOHN M. KELLY,
Acting Secretary of the Interior.

THE GENERAL COUNSEL OF THE TREASURY,
Washington, September 19, 1961.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Reference is made to your request for the views of the Treasury Department on S. 1747, a bill which would provide; (1) subsidy payments to domestic prohucers of lead and zinc, and (2) import taxes upon the importation of lead and zinc.

In its report on S. 1747 to the Senate Committee on Interior and Insular Affairs, the Department of the Interior, which is the executive agency with primary interest in conditions in the lead and zinc industry, said that it does not believe that desirable conditions for operation of the lead and zinc industry can be achieved by a program of subsidies, nor by prolonged use of the present import quotas, nor by manipulations of the tariffs in an effort to support prices. Since S. 1747 would provide for a program of subsidies and would impose import taxes in an effort to support prices, its enactment would not be in accord with these principles.

The Treasury Department is in general opposed to Federal subsidies and believes that they should be used only when they can be justified by overriding considerations of national policy. Since the Department of the Interior does not believe that desirable conditions for operation of the lead and zinc industry can be achieved through a program of subsidies, other overriding considerations must be found to warrant departing from sound policy by providing Federal subsidies. In this regard the Department is aware of the human problems of unemployment arising in communities which have depended on mines that have become uneconomic to operate. The Congress and the administration are seeking through other means to solve this problem. The Treasury Department would not, however, object to a temporary subsidy program designed to relieve human distress provided it were limited in duration and magnitude to the extent necessary, in the opinion of the Department of the Interior, to prevent disruption of the entire lead and zinc industry.

With regard to the import taxes proposed by the bill, the Treasury Department is of the opinion that they are unnecessary and undesirable. Established administrative procedures in the trade agreements legislation provide safeguards for domestic producers of commodities which are the subject of trade agreements. Under these procedures concessions may be modified or withdrawn if the Tariff Commission finds that increased imports are causing, or threatening to cause, serious injury to a domestic industry. Our foreign economic policy program contemplates the use, when appropriate, of these procedures, rather than the enactment of special legislation for particular commodities.

For these reasons the Treasury Department would be opposed to enactment of S. 1747 as presently proposed.

The Department has been advised by the Bureau of the Budget that there is no objection, from the standpoint of the administration, to the submission of this report to your committee.

Sincerely yours,

ROBERT H. KNIGHT, *General Counsel.*

The CHAIRMAN. Mr. Martin, will you proceed?

Senator GORE. Mr. Chairman, before the witness starts, I want to congratulate the chairman once again upon holding hearings on measures that have not passed the House. This is the fourth revenue measure on which the committee has held a hearing this year prior to action by the House, and I think it is a step in the right direction. Perhaps next year we can follow the examples of this year and consider additional matters before they pass the House.

Senator DOUGLAS. I also would like to congratulate the chairman, and I hope this is a happy indication of better things to come.

The CHAIRMAN. The chairman appreciates the compliments that have been extended to him by the two Senators. However, each appeal will have to be considered on its own status.

Off the record.

(Discussion off the record.)

Senator GORE. It might be of interest to the committee to know the State of Tennessee now shows increased resources of zinc. It is important to my State. Under the Constitution we are not required to wait for the House, and I think the chairman has been courageous and fine in setting the example by holding these hearings.

The CHAIRMAN. I may say one of the hearings was at the request of the Senator from Tennessee, and one was requested by the Senator from Illinois, and the Ways and Means Committee, and it was on the calendar of the House, so there are different conditions.

Senator GORE. One of the four hearings was on a bill in which the senior Senator from Oklahoma was very much interested, the insurance measure, which was approved by the committee and the Senate. So all of us are interested in bringing up questions for the consideration of the committee. It is a proper function of the committee, and I genuinely and sincerely congratulate the chairman and compliment him.

The CHAIRMAN. The chairman is very grateful for that.

Senator BENNETT. Mr. Chairman, while congratulations are going around, I would like to congratulate the chairman for standing up for the jurisdiction of this committee and bringing that part of this bill which refers to tariff to the committee for consideration here. Actually, the bill originated in another committee of the Senate that does not ordinarily have to wait for the House to act. So I think we are all acting within our spheres, properly, and I am happy that we are going to be given an opportunity to consider the tariff provisions of this bill.

Senator KERR. Off the record.

(Discussion off the record.)

Senator ANDERSON. Mr. Chairman, since this question of jurisdiction has come up, may I say that as the author of the bill and as chairman of the committee which reported it, I do not know how much jurisdictional squabble there was, but there was never a time that the Interior Committee opposed the Finance Committee having a look at it. However, I call your attention to the fact that when the wool bill was passed, even though it had revenue provisions in it, there was no attempt by anyone to refer it to this committee. This is identical to the wool bill, and my only suggestion is it seems to vary as to which types of revenue raising legislation are referred to this committee.

The CHAIRMAN. When was the wool bill enacted?

Senator ANDERSON. I do not know. I put it into Congress under the Agricultural Act of about 1955 or 1956.

The CHAIRMAN. I just wondered whether the present chairman was chairman at that time.

Senator MCCARTHY. The rule might be if the revenue law goes back to those participating in the program. It is not merely a revenue measure, it is a private bill.

Senator ANDERSON. This is not a bill to raise revenue. This is a bill which does the same thing as the wool bill does, collects a certain duty and gives it back to the producers. It is not revenue for the Treasury in any sense at all.

Senator GORE. A measure relating to the levying of duties and the collection of duties, however, is a revenue measure.

Senator ANDERSON. I hope the Senator from Tennessee will take a look at what the Supreme Court has said about it several times.

The CHAIRMAN. I would like to say the Senator from New Mexico was very cooperative. He was ill in the hospital at Albuquerque and the chairman called him up, and he, without hesitation, said he would be glad to see the bill referred to the Finance Committee.

Senator ANDERSON. I fully agree. I do think it ought to come to the Finance Committee. I subscribe to that thoroughly. I think some of these other bills that have revenue interests should come here also. There never was a time I questioned what the chairman of the committee did, and have stated so publicly repeatedly.

The CHAIRMAN. Go ahead, Mr. Martin.

STATEMENT OF THE HONORABLE EDWIN M. MARTIN, ASSISTANT SECRETARY OF STATE FOR ECONOMIC AFFAIRS, DEPARTMENT OF STATE, AS PRESENTED BY SIDNEY B. JACQUES, DIRECTOR, OFFICE OF INTERNATIONAL RESOURCES, ACCOMPANIED BY HARLAN P. BRAMBLE, DEPUTY DIRECTOR

Mr. JACQUES. Mr. Chairman, I am sorry that I cannot identify myself as Assistant Secretary Martin. Mr. Martin was previously called to testify before another committee of the Senate at 10:30 this morning and he asked me to ask your indulgence to make his statement for him.

My name is Sidney B. Jacques. I am the Director of the Office of International Resources, the Office which has jurisdiction over commodities, including the lead and zinc question.

I have with me Mr. Harlan P. Bramble, Deputy Director of the Office, a man who has been very intimately associated with this question in the Department.

Senator KERR. Did you say the Office of International Resources?

Mr. JACQUES. Yes, sir.

Senator BENNETT. What was the sentence that followed that? You identified your office as having certain jurisdiction.

Mr. JACQUES. Jurisdiction over commodities, including the lead and zinc question.

Do I have your permission to proceed, sir?

The CHAIRMAN. Go ahead, sir.

Mr. JACQUES. The subject of Mr. Martin's statement is S. 1747, a bill to stabilize the mining of lead and zinc. The Department of State testified before the Subcommittee on Minerals, Metals, and

Fuels of the Senate Interior and Insular Affairs Committee on one version of this bill.

Since that time the bill has been amended with respect to the subsidy provisions to reduce the price base for determining the subsidy but to increase the number of producers eligible for the stabilization payments, as well as the quantity upon which each may receive payments. The provisions which would raise the taxes on imported lead and zinc concentrates and metal and on numerous products are the same as originally proposed in S. 1747.

The Department of State, together with the other interested departments and agencies of this administration, recommended against the passage of this legislation and continues to be strongly opposed to its enactment.

Senator KERR. May I see if I understand you? Are you addressing yourself to the subsidy provisions of the bill, or to the other provisions of the bill?

Mr. JACQUES. We are addressing ourselves to both aspects of the bill in its present form, sir, both the subsidy and the tariff.

Senator KERR. You are aware of the fact that the President of the United States has endorsed the features of the bill other than that which has to do with tariff and so forth?

Mr. JACQUES. I think there is a question of time there. I did not understand that was an administration endorsement.

Senator KERR. I just asked you if you were aware of the fact that he had endorsed the provisions of the bill with reference to subsidies for small lead and zinc producers?

Senator DOUGLAS. May I ask when the President did this?

Senator KERR. You can take over the examination if you want to and I will wait until you get through, or you can wait until I get through, or you can wait until the witness answers the question.

Senator DOUGLAS. No, I was merely asking the question.

Senator KERR. In the first place, he voted for it on the floor of the Senate last year. And in his campaign he made a speech on this very subject, referred to the bill for which he had voted and regretted that it had been vetoed, and told 2,500 cheering miners who stood before him when the President was speaking to them with a miner's cap on his head that when he got to be President their bill would not be vetoed.

Does that answer the Senator's question?

Senator DOUGLAS. I would like to see the press report on that.

Senator KERR. I will say this, that I went beyond where I intended to with the Senator from Illinois when I gave him the information, and I am unconcerned about his skepticism of it.

Senator DOUGLAS. I am very appreciative.

Senator KERR. Now may I ask the question?

Senator DOUGLAS. I am not interfering with you.

Senator KERR. You did. I asked him a question and before he answered you asked me one, and I answered it, and you said you did not believe it.

Senator DOUGLAS. I thought we could talk to each other as equals here. If I am mistaken——

Senator KERR. We can since you put it on that basis.

The CHAIRMAN. The Chair recognizes Senator Kerr to start with.

Mr. JACQUES. Senator, I understand that Mr. Kennedy, when he was Senator, did expresss a view on this question. Secondly, as I was going to comment a little later on in my statement, the administration is not opposed to any kind of subsidy. The position of opposition I have stated is to the subsidy provisions of this bill. And a little later on in my comments I will have a statement on this point.

Senator KERR. All right.

Mr. JACQUES. We believe that the program would prejudice the broader interests of the United States both in the development of its own economy and foreign trade, and in its political relations with other countries.

The Department of State is keenly aware of the problems of this industry, especially in the areas where mines have declined, smelters have closed, and communities have experienced unemployment and business losses. The lead and zinc markets have been plagued by surpluses, caused primarily by reduced demand for these products, which has resulted in low prices. This condition of the industry has resulted from a number of different causes including overexpansion induced by World War II, the Korean emergency, and the stockpiling program. In addition it is suffering from the difficulties that all mining industries experience when ore bodies that were once economic become marginal because the quality of the ore declines or markets shift or newer lower cost supplies are developed. At the same time the markets for lead and zinc in the United States have declined from their 1955 peak due to inroads made by competitive materials and by changes in consumer taste, such as the development of the compact automobile.

Recognizing these problems the administration was prepared to consider a subsidy to small miners to help them over this difficult period. The terms of such a subsidy were outlined by the Department of the Interior.

I understand this was done in a hearing before the House committee, and also in a communication to the Senate Committee on Interior and Insular Affairs.

It would provide stabilization payments for up to 750 tons each of lead and zinc the first year, 500 the second year, and 250 tons the third and last year. It would contain proper safeguards against unwarranted windfall profits and was designed not to build up production that could not stand on its own feet in the future.

We believe the subsidy provisions in the bill before your committee to be too liberal. I leave to the Department of the Interior the assessment of the effect on the industry and the administrative difficulties. I understand, however, that such a subsidy could raise the production of lead and zinc by 40,000 tons or more for each metal. Such a volume would exert a downward pressure on prices, to the detriment of the unsubsidized sector of the industry. Such lower prices would cause concern to those friendly countries who depend on the U.S. market for a significant part of their sales of lead and zinc. Not only less developed countries such as Mexico and Peru depend on sales to the United States, but also Australia and Canada, which are important markets for American exports, need these earnings to help balance their accounts with us. Representatives of some of these countries have told us that the administration subsidy proposal would not injure them appreciably but that they were apprehensive of the proposal of S. 1747.

Turning to the import tax provisions contained in title III of S. 1747, the Department of State earnestly hopes that they will not be approved. In the first place it would be inconsistent with the general policy of leaving adjustments in tariff rates to machinery set up in the Trade Agreements Act and other administrative arrangements and of not legislating directly on individual commodities. Such a change would discourage the countries with whom we must work to reduce barriers to our own trade.

When we imposed import quotas on lead and zinc concentrates and metal in 1958 under the escape clause procedure of the Trade Agreements Act, the other countries, who were members of the General Agreement on Tariffs and Trade and who suffered injury to their trade, were entitled to ask us for compensation. They did not do so because they understood our problem and because they believed that our action was temporary and would be removed when conditions warranted. If we proceed to legislate increases in import duties there will be no reason why they should not ask for compensation. We would be obliged to offer reductions in some other tariff rates or perhaps to see these other countries raise barriers against us.

The tariff provisions of S. 1747 aim at the establishment of a domestic price for each of lead and zinc metal at between 13½ and 14½ cents per pound. There is good evidence that this is neither necessary nor wise from the point of view of the industry. Both metals have lost heavily from the impact of substitutes in the past decade. This process will be encouraged by the maintenance of high price. While present prices may well be too low for a long-term balance between supply and demand, it will only compound the difficulty to aim at a price that is too high.

The Department of State does not know the price level that will prove to be economically sound for lead and zinc but the Department of the Interior has pointed out that economic forces probably would not let the prices for these metals reach 14½ cents per pound more than temporarily. We believe that the targets are too high and that other means should be used to achieve more modest goals.

The decline in the domestic market for lead and zinc has been the basic problem for the domestic industry. The quotas have not maintained the domestic price at acceptable levels because of this falloff in domestic demand. But this has been due to domestic factors and not to an increase in cheaper imports, since the quotas have limited imports to 80 percent of the 1953–57 average. If lead and zinc had maintained their markets over the past 5 years against domestic substitute materials, their sales would have been about 10 percent, or about 100,000 tons, higher. Few people would deny that the industry would have been prosperous under those conditions.

Lead and zinc have been given a symbolic character by other countries which raises intense emotional and political reactions even in countries that are not substantially affected economically. This is especially true in Latin America but is remarkably present in other areas of the world. There is little doubt that more restrictive action on trade in these metals by the United States would be interpreted as a retreat from international cooperation as a means of solving economic problems. Coming at a time when we need the cooperation of others in reducing barriers to our trade this would establish an unfavorable atmosphere.

The Department of State has been using its best efforts internationally to improve the position of lead and zinc and thus benefit the industry in this country. Through the International Lead and Zinc Study Group we regularly examine both the short-term and long-term problems in this field. Several actions have been tried to overcome the weak market prices in these metals. Sales were voluntarily restricted by some countries. Others cut their production. The United States has contracted to take 100,000 tons of surplus lead off the market through barter for our agricultural surpluses from producers who undertook to reduce their output.

Senator ANDERSON. Over what market?

Mr. JACQUES. In the world market.

Senator ANDERSON. And not a dime from the United States——

Mr. JACQUES. For agricultural surplus.

Senator ANDERSON. You are going to buy production from countries other than the United States, bringing it in to further complicate the problems in this country, isn't that correct?

Mr. JACQUES. Buy from other countries on a barter basis.

Senator ANDERSON. Yes, and that is a great help.

Mr. JACQUES. None of these actions have had the full effect desired. In the main, lack of success has been due to failure of demand in the United States to return to what has been normal levels in the past. The study group will meet again this October in Geneva. The clear intention on the part of the United States to continue attacking the problem multilaterally instead of taking unilateral action will contribute greatly to our international position in these times.

The CHAIRMAN. Senator Kerr.

Senator KERR. Where are you from, Mr. Jacques?

Mr. JACQUES. I am from Rhode Island, sir.

Senator KERR. Where?

Mr. JACQUES. Rhode Island.

Senator KERR. Were you ever in a lead or zinc mine in your life?

Mr. JACQUES. No, sir.

Senator KERR. Did you ever see one?

Mr. JACQUES. No, sir.

Senator KERR. I think Rhode Island is a great State. One of the early members of my State made it a livable area. I think some of the greatest people that I know from Rhode Island, and certainly my question was not intended, nor would I for a moment permit the impression to be created that it was intended as a reflection on it. I am doing this for the reason that it appears to me that you are more familiar with the needs of Latin America and of Mexico and Peru and Australia and Canada than you are with the needs of Oklahoma, Missouri, Kansas, and a number of other areas which I am sure you are aware are members of States of the American Union.

I notice you said lead and zinc have been given a symbolic character by other countries which raises intense emotional and political reactions even in countries that are not substantially affected economically. Did it ever occur to you that lead and zinc have a symbolic character in the States of the American Union that produce it, and that whenever a producing mine in a State is shut down because the market for its product has been given by an agency of this Government to some other country, it creates intense emotional and political reactions in the ghost towns and the towns threatened with becoming ghost towns by reason of the fact that their industries are shut down and their people out of employment and their municipal governments bankrupt because of lack of revenue from employed people?

Mr. JACQUES. Senator, I would like to point out——

Senator KERR. I would like you to answer the question.

Mr. JACQUES. The answer I would give, Senator, is that we are aware of the problem——

Senator KERR. You said you never saw one, you were never close to one. Now give me the basis of your awareness of it.

Mr. JACQUES. We have heard, we have discussed this matter with members of the industry. Please notice that I say "we" which represents a collective judgment.

Senator KERR. Who have you talked to from the mining areas of Oklahoma, or Missouri?

Mr. JACQUES. Mr. Kaiser has been among those we have talked to.

Senator KERR. Have you talked to him?

Mr. JACQUES. I have not. Mr. Bramble has——

Senator KERR. I am asking you.

Mr. JACQUES. I have talked to very few people on the lead——

Senator KERR. Who have you talked to from either of these States about this situation?

Mr. JACQUES. I must go back, Senator, and explain my role here if I may. I am reading the statement for Mr. Martin.

Senator KERR. You did that when you started. I would be very happy if you would answer my question.

Mr. JACQUES. I do not recall the names of the people to whom I have spoken who come from Oklahoma. I have met with the industry advisory committee from the lead and zinc industry.

Senator KERR. You have talked with people from the mining industry in Oklahoma? You yourself?

Mr. JACQUES. I do not recall, sir. I do not recall whether a representative of that particular phase of the industry was on the advisory committee.

Senator KERR. If you have, you do not know who he was?

Mr. JACQUES. I beg your pardon?

Senator KERR. If you have, you do not know who he was?

Mr. JACQUES. I do not recall, sir; no.

Senator KERR. Well now, you look up the advisory committee and give this committee the name of the one from Oklahoma that you have talked to.

Now then, I would like you to answer my question, and that is, if the condition that I describe to you would not be calculated to those intense emotional and political reactions even, you say, in countries, and I say even in States of the American Union.

Mr. JACQUES. I am sure that this does raise reaction in the States of the Union, as has been evident.

Senator KERR. You are unimpressed by them?

Mr. JACQUES. I am not unimpressed by them, sir, nor is the Department of State. As indicated in our statement, our opposition is to this particular version of an approach. We have indicated a readiness to support another solution.

Senator KERR. Well, I want to tell you I have been waiting a long time for another solution from the State Department to the plight of any domestic industry whose existence has been threatened or destroyed by competition of low cost imports brought about by the administration of the programs by the State Department. And I want to say to you that as one member of this committee I have yet to receive from the State Department, or either of these last two administrations or this one, the suggestion for a solution for a single domestic industry impaired by the devastating effect of low cost foreign produced imports in this market brought here by reason of the administration of certain produce by the Department of State.

That is all I have, Mr. Chairman.

The CHAIRMAN. Any other questions? Senator Douglas. I am sorry, Senator Anderson.

Senator ANDERSON. This statement of yours refers to what Senator Kerr has been referring to. You say:

> Not only less developed countries such as Mexico and Peru depend on sales to the United States, but also Australia and Canada—

and you are very sensitive to their needs. Did Australia recently raise a whole batch of duties on commodities which also were produced in the United States?

You are in the Commodity Section, aren't you?

Mr. BRAMBLE. Yes, they did.

Senator ANDERSON. Didn't you just qualify yourself as being in the Commodity Section, Director of the Office of International Resources, handling commodities including lead and zinc? You surely know what Australia did about duties, don't you, recently?

Mr. JACQUES. May I go off the record for just a moment, Senator? I have just returned from an extended absence from the office. Before that I had been off on a special assignment. Before that I had only recently joined this organization. As a result, I am not as well briefed on many matters here that I would like to be. For this I apologize, Senator. For that reason I brought with me my deputy who has been very closely associated with this.

Senator ANDERSON. Yes, we have known Mr. Bramble for years and years, and his attitude has not changed in all these years. He and I understand each other perfectly. [Laughter.]

Senator KERR. As far as you are concerned, he has neither learned nor forgotten?

Senator ANDERSON. No; I would not go that far. We have had very good personal relations and I would not take advantage of him. I have been on the other side of the table testifying, too.

But we did not get concerned when Australia hiked those duties, did we? Did we protest to Australia?

Mr. BRAMBLE. May I answer that, Senator?

Senator ANDERSON. Yes, Mr. Bramble.

Mr. BRAMBLE. We made representations to Australia about it, but they took——

Senator ANDERSON. Yes. We did not shake our fist, we just lifted a monetary finger.

Mr. BRAMBLE. It did not have a great deal effect on us.

Senator ANDERSON. The principle was, Australia could go ahead and do what it pleased without the slightest interest in what we were doing. Why can't we do the same thing?

Mr. BRAMBLE. Senator, They took that action for balance-of-payments reasons. They were losing their reserves.

Senator ANDERSON. Maybe it would be a good thing if we kind of protected ourselves a little bit.

Mr. BRAMBLE. We have taken some action.

Senator KERR. Will the Senator from New Mexico yield?

Senator ANDERSON. Yes.

Senator KERR. Haven't our reserves now only been reduced, but ceased to exist?

Mr. BRAMBLE. Not ceased to exist. We have taken actions to protect our balance of payments, but this action proposed here is not really connected to any balance of payments.

Senator ANDERSON. All I am talking about is what Australia and the others were doing, because you mentioned Australia, Canada, Mexico, and Peru. Now, do not both Canada and Mexico do as they please with reference to international trade? Don't they trade with Red China and Cuba, for example?

Senator KERR. He is shaking his head.

Senator ANDERSON. I am going to wait.

Mr. BRAMBLE. Yes, sir. Canada has made sales to Red China, and I believe so has Mexico.

Senator ANDERSON. Yes. And my only question is, Mr. Bramble, if they do that steadfastly, why haven't we a right to do something for our protection in this country?

Now let me go back again to this 100,000 tons of surplus lead, Mr. Jacques. We traded agricultural surpluses which we had in this country to countries which had a surplus of lead and zinc and were bringing that lead and zinc into the United States.

Mr. JACQUES. Yes, sir.

Senator ANDERSON. Would you explain to me how that helps reduce the surplus in the United States?

Mr. JACQUES. It takes the surplus off the world market, sir. And by reducing——

Senator ANDERSON. You mean it transfers the surplus from other countries to our country, and thereby digs the hole a little deeper for our miners.

Mr. JACQUES. It goes into the stockpile, not on the market.

Senator ANDERSON. Do you mean to tell me nothing ever gets out of the stockpile? Does nothing ever get out of the stockpile?

Mr. JACQUES. No lead and zinc has been released from the stockpile.

Senator ANDERSON. For how long?

Mr. JACQUES. To my knowledge since the beginning.

Mr. BRAMBLE. Since the beginning.

Senator ANDERSON. But we are going to take this 100,000 tons of lead and zinc.

Now there is a surplus of textiles in Japan. How about trading some agricultural surpluses to bring into this country some textiles from Japan?

Mr. JACQUES. No, sir.

Senator ANDERSON. Why not? If it is good for the lead and zinc, why isn't it good for the textile workers in Senator Talmadge's State? Couldn't he have a little of the same treatment?

Mr. JACQUES. The barter program is for stockpiling of materials which are needed. I do not think there has been any suggestion we we have a shortage of textiles in the stockpile.

Senator ANDERSON. I know, but I only want Senator Talmadge to have a little of the same prosperity you are shoving on our lead and zinc miners. It ought to be spread around a little bit. We should not just have our lead and zinc mines closed to get relief. Why not have the textile mills close so they can get relief?

Senator TALMADGE. I am on your team. [Laughter.]

Senator ANDERSON. Find me a commodity that is not in Senator Talmadge's State and we will start over again.

No, I am only trying to point out that he would protest, and I would join him in the protest, if you tried to bring in textiles.

I would be right with you in trying to stop them from bringing textiles.

I am only trying to point out that the miners of this country have not been helped very much, have they? It is the miners of other countries?

Mr. JACQUES. They have, Senator, to the extent that this has——

Senator ANDERSON. They have been?

Mr. JACQUES. They have been to the extent that the removal of this from overhanging the market has improved the market.

Senator ANDERSON. Did that reduce the production in these other countries? Can't they go right ahead? You have not reached any real agreement through this international organization you are talking about. You say you are going to take steps. We had a hearing and asked what steps have actually been taken and they said "We have had discussions."

I do not mind Mr. Bramble testifying in the record if he wishes to.

Mr. BRAMBLE. Senator, may I answer that?

When we undertook to take this 100,000 tons of surplus lead off the market, we attached certain conditions to it. One was that it had to have been surplus that was produced before December 31, 1960. The companies which were selling the lead to the Commodity Credit Corporation had to agree to reduce their production so that they would not again replace this surplus.

Senator ANDERSON. Aren't some of those companies controlled in the United States?

Mr. BRAMBLE. I do not believe so, sir.

Senator ANDERSON. For example, is Newmont in this deal?

Mr. BRAMBLE. Newmont is not in the deal, sir.

Senator ANDERSON. We had the name of one the other day that was in the deal.

Mr. BRAMBLE. I do not believe so, sir. The two companies were Cominco, Consolidated Mining Corp. of Canada, and the Broken Hills Group of Australia. The American companies may own some shares in this, but they are of minority participation.

Senator ANDERSON. Now just to try to break it down a little bit, is American Smelting & Refining one of the partners in Broken Hills Mining in Australia?

Mr. BRAMBLE. No, sir. They are a partner in the Mount Isaac Properties of Australia, which is not a part of the Broken Hills Group.

Senator ANDERSON. Now, as I understand the testimony, you are not only opposed to the tariff provision, but you are even opposed to the subsidy provision of this bill?

Mr. JACQUES. To these particular subsidy provisions, sir.

Senator ANDERSON. When you say "these" subsidy provisions, isn't that "the particular subsidy," what is the difference between "the subsidy" and "the particular subsidy"?

Mr. JACQUES. I was merely trying to indicate, sir, our opposition is not to the principle of the subsidy, but to the level of subsidy.

Senator ANDERSON. I understand that.

Now let me read you what the then candidate for President of the United States said at Pocatello, Idaho, on May 16, 1961. I have put this into the record in another hearing. It is on page 193. He said:

> But if we are to really move ahead in this country, if the mineral and resource potential of this State and region is to be fully utilized, then a Democratic House and a Democratic Senate are necessary but not enough. The Congress can urge administrative action, the Congress can appropriate money, the Congress can pass legislation, but without Presidential cooperation instead of veto the Congress cannot do the job alone.

Would you indicate what Presidential cooperation there now is in the lead and zinc field since the bill vetoed that he referred to is about the bill which is the first part of S. 1747?

Mr. JACQUES. The cooperation, sir, is, first of all, reflected in the readiness to consider a different type of subsidy.

Senator ANDERSON. Is this type of subsidy that you folks advocate different from the subsidy which was in the bill which the Congress passed a year ago, in which Senator Kerr and I were joint sponsors, and Senator Kennedy voted for as a Senator?

Mr. JACQUES. It is different, sir. I do not recall——

Senator ANDERSON. The first part of this bill is almost identical, if not identical, and certainly identical in purpose, with the bill which was vetoed.

Is that not true, Mr. Bramble?

Mr. BRAMBLE. Yes.

Senator KERR. Will the Senator yield?

Senator ANDERSON. Yes.

Senator KERR. Isn't it a fact the one he voted for provided a more substantial subsidy than the one in this bill?

Senator ANDERSON. Yes. I was going to come to that.

We had a similar approach in 1960. I joined then with the Senator from Oklahoma, not because the bill was going to be of great benefit to my particular State, but because it was going to help in some areas at least. We needed a tariff provision to do any good for my State, and for Wyoming, and for Idaho, and for Montana, and maybe others—Colorado, I think. But the provisions in this bill will be helpful to industry as a whole.

Senator BENNETT. Will the Senator from New Mexico let Utah in under that tent, too?

Senator ANDERSON. I was about to say that, but I was not real sure, Senator Bennett. I do not think this is of much benefit to Utah. But the tariff, the——

Senator BENNETT. I mean the tariff provision; yes.

Senator ANDERSON. The tariff provision would be of benefit to Utah.

Senator BENNETT. That is right.

Senator ANDERSON. So we have attempted to take care of the States. And it certainly would be of benefit to Idaho, which was the spot in which Senator Kennedy was then speaking.

All I have asked is what new cooperation have we given that equals the cooperation which he discussed at that particular time? Did you find the Department ready to help, or are you still coming up with these proposals to buy agricultural surplus and bring more surplus into the United States? Could you tell me of any cooperation that is in the prospect anywhere, either one of you?

Mr. JACQUES. Mr. Bramble has mentioned to me that the Department of Interior apparently outlined a six-point program in one of the hearings before another committee of the Senate.

Senator ANDERSON. Yes, he did, and we had quite an interesting time about it. And the witness said afterward—I better not. Go ahead.

Mr. JACQUES. Speaking from the viewpoint of the Department of State, Senator, we stand ready to support a subsidy arrangement. Secondly——

Senator ANDERSON. Milder than the subsidy arrangement in this bill, which is milder than the subsidy arrangement voted for by Mr. Kennedy and to which he was referring in this speech?

Mr. JACQUES. And secondly, to deal with this matter on the international level through efforts of such groups as the International Study Organization, as well as trade agreements machinery, sir.

Senator ANDERSON. But the International Study Organization has been studying this for a great many years.

Mr. Bramble, how long have you been participating with the study groups and studying this?

Mr. BRAMBLE. In lead and zinc, sir, for only 2 years because I was——

Senator ANDERSON. But in other commodities for how long?

Mr. BRAMBLE. Sixteen years.

Senator ANDERSON. Sixteen years. And for 2 years you have been discussing lead and zinc, and the study group is just starting 16 years of discussion of that.

Mr. JACQUES. This particular group I think has been in business for 2 years. It has already produced results.

Senator ANDERSON. What results?

Mr. JACQUES. The results of our outline in the last paragraph of the statement.

Senator ANDERSON. In the last paragraph of the statement? You point to the results in that paragraph. I must confess that I missed them. I miss it in this text. You find it for me, would you, please?

Mr. BRAMBLE. It is in the last paragraph.

Senator ANDERSON. I am not very alert this morning. I cannot find it. You show it to me.

Mr. JACQUES. It is in the last paragraph.

Senator ANDERSON. You find it. Is the result the fact that the study group will meet again this October?

Mr. JACQUES. No, sir. Several actions have been tried to overcome the weak market prices in these matters. Sales have voluntarily been restricted by some countries. Others cut their productions. The bartering arrangement, which was mentioned, was worked out——

Senator ANDERSON. Over the protest of all the people who wanted to help lead and zinc in this country as far as I know. We certainly shouted our very loudest in the Interior Committee against this because this was directly aimed at hurting the lead and zinc industry of the United States in our opinion. Now someone says, "Oh, no, it does not hurt the lead and zinc industry to bring in 100,000 tons from the outside and clean their shelves so they can produce in large amounts again."

You say they agreed not to do it. We asked you to see a signed agreement. Can you produce a signed agreement?

Mr. BRAMBLE. No, sir, we cannot produce a signed agreement.

Senator ANDERSON. Of course not. So what are the results? Conversations? Is that largely the results?

Mr. BRAMBLE. Mr. Chairman, I think although there is no signed agreement, I do not believe that these people will go back on their word. I think they will comply.

Senator ANDERSON. Well, we have had some experiences recently where one or two countries have gone back on their word. And these are private individuals, and not half as sacred as the pledge of a nation.

Mr. BRAMBLE. No, sir, but I know them.

Senator ANDERSON. You know them?

Mr. BRAMBLE. I accept their word.

Senator KERR. Would the Senator yield?

Senator ANDERSON. Yes.

Senator KERR. I do not know what these foreign representatives are going to do, but as the Senator from Oklahoma, and as a great admirer of our President, I know he is not going back on his word either.

Senator ANDERSON. I do not want to take the entire time of the committee here in discussion of this. I only want to say to you that we are reducing gradually what we are going to do. We are going to do at least as much as the 1960 bill, and then the Representative from Oklahoma, Mr. Edmondson, and the senior Senator from Oklahoma, Senator Kerr, bring in bills that drop it a little bit from the 1960 level, and the Department of State says, "this is all right, we agree with it in principle, but we want to cut it down some more. If you will just cut it some more then it is all right." I think it should have gone the other way. I think every statement the President made indicates that ought to go the other way.

I refer to the report of the Treasury Department on this. They mention the human distress, human problems. Congress and the administration are seeking other means to solve this problem. The Treasury Department would not, however, object to a temporary subsidy program designed to relieve human distress provided it were limited in duration and magnitude to the extent necessary in the opinion of the Department of Interior to prevent disruption of the entire lead and zinc industry.

Have you seen a figure from the Department of Interior that will prevent disruption of the entire lead and zinc industry?

Mr. BRAMBLE. No.

Senator ANDERSON. Then how would the Congress know what to do?

Mr. BRAMBLE. Sir, the Department of Interior is present here and I think will be testifying on this.

Senator ANDERSON. Yes, and you wait and see what they testify to. They won't give a figure now, any more than they did before.

But we can safely conclude then that the Department of State is opposed to the tariff provisions of this bill?

Mr. BRAMBLE. Yes, sir.

Senator ANDERSON. And is opposed to the level of the subsidy provisions, although not opposed to subsidy in principle?

Mr. JACQUES. Right.

Senator ANDERSON. Well, I ought to have a lot to say, but I think I will stop.

The CHAIRMAN. Senator Bennett?

Senator BENNETT. No questions.

The CHAIRMAN. Senator Douglas?

Senator DOUGLAS. I would like to find out about the dimensions of this problem, and I would like to ask what the average annual sales in the United States has been over the past 5 years (*a*) for lead and (*b*) for zinc.

Mr. BRAMBLE. Sir, are you talking about consumption of zinc in the United States, lead and zinc in the United States?

Senator DOUGLAS. I am speaking of sales.

Mr. BRAMBLE. From all sources, both imports and production?

Senator DOUGLAS. That is correct.

Mr. BRAMBLE. And you want that figure in value or quantity?

Senator DOUGLAS. In tons.

Mr. BRAMBLE. Tons. This is consumption of lead and zinc in the United States for the past few years.

Sir, you want to remember that there is a difference in definition sometimes of the composition of these figures. Sometimes they include lead and zinc in combined form and alloys and sometimes they do not. These are figures which are generally used for the size of consumption in the United States, but they may differ by a few thousand tons from other figures.

Senator DOUGLAS. May I have them?

Mr. JACQUES. Yes, sir. I have them here for a 10-year period.

Senator DOUGLAS. Ten-year period?

Mr. JACQUES. Yes, sir. Would you like me to read them out or hand them to you?

Senator DOUGLAS. No. Can you strike an average?

Senator KERR. I would like him to read them out for a 10-year period.

Senator DOUGLAS. Very good. I am very glad to have the suggestion from the Senator from Oklahoma. Starting with——

Senator ANDERSON. Are you going to give us sales of lead and zinc by tons for the last 10 years?

Senator KERR. Consumption.

Mr. JACQUES. May I give this to you in round figures?

Senator DOUGLAS. In round figures.

Mr. JACQUES. 1951, lead, 1,100,000 short tons.

Senator KERR. 1,100,000?

Mr. JACQUES. 1,200,000 short tons. 1.2 million.

Senator KERR. 1,200,000.

Mr. JACQUES. For the same year, zinc, 1.3 million. For 1952, lead, 1,100,000; zinc, 1,200,000. For 1953, lead, 1,200,000; zinc, 1,300,000. For 1954, lead, 1,100,000; zinc, 1,200,000. For 1955, lead, 1,200,000; zinc, 1,500,000. For 1956, lead, 1,200,000; zinc, 1,300,000. For 1957, lead, 1,100,000; zinc 1,200,000. For 1958, lead, 1,100,000——

Senator DOUGLAS. 1,100,000?

Mr. JACQUES. No; 1 million. Zinc, 1.1 million. For 1959, lead, 1,100,000; zinc, 1,300,000. For 1960, 1 million; zinc, 1,200,000.

Senator DOUGLAS. No, if I may summarize, there has been no appreciable decline in the total sales of lead and zinc during this period. Is that correct?

Mr. BRAMBLE. About 10 percent, I believe. Eight or ten percent. Between 8 and 10 percent.

Senator DOUGLAS. But I mean on total sales. They seem to have been constant.

Mr. BRAMBLE. I think you will find that they are lower than the 1953–57 average. The sales since then have been 100,000 tons lower on the average.

Senator DOUGLAS. Now, then, what has been the domestic production in these years?

Senator KERR. Of each?

Senator DOUGLAS. Yes.

Mr. BRAMBLE. Sir, the production of these metals in the United States is of course divided between mining production and secondary recovery.

Senator DOUGLAS. Well, can you choose the best figure comparable to those which you have just given——

Mr. BRAMBLE. The comparable figures would be both mine production and secondary metal. But this would mask some of the problems that Senator Kerr is concerned with.

Senator ANDERSON. Why don't you just start out with it? It is 388,000 primary, 510,000 secondary, and go right on through.

Senator KERR. If I might ask at that point, in order that I might understand his answer, as I understood the question of the Senator from Illinois, what he wants to know is what part of this consumption has been produced by domestic mines.

Senator DOUGLAS. That is right.

Senator KERR. Whether in one phase of its utilization or another. And the secondary recovery stuff includes some foreign stuff, doesn't it? The figure you talked about, the secondary?

Mr. BRAMBLE. Not very much, sir.

Senator KERR. But some?

Mr. BRAMBLE. A small amount, sir, yes.

Senator DOUGLAS. If this is difficult, suppose we operate from the other end. What has been the importations from abroad, and specifically from the countries of Canada, Australia, Peru, and Mexico?

Senator KERR. I would be very interested in the answer to both questions, and I thank the Senator from Illinois for asking them, and I hope the witnesses who have the complete information will give it to us.

Mr. JACQUES. Yes, sir. Mr. Bramble is looking up the import information.

I was about to offer our metal production. This includes mining production plus secondary. The figures I have conveniently at hand do not go back quite as far. They start in 1952.

Senator ANDERSON. I would be glad to supply you the earlier information.

Mr. JACQUES. Fine.

Senator KERR. The committee wants it for the whole 10 years.

Senator ANDERSON. These are from the Tariff Commission.

Mr. JACQUES. Would you care to put those in the record?

Senator ANDERSON. I would be glad to hand them to you.

Mr. JACQUES. Fine.

Availing ourselves of Senator Anderson's figures, we can give you primary production, secondary production, and imports.

Senator DOUGLAS. Wait a minute. Let's have primary and secondary. Are these additive?

Mr. BRAMBLE. Yes, sir.

Senator DOUGLAS. They are additive. So the sum of the two will be equivalent to the total?

Mr. BRAMBLE. That is right.

Senator DOUGLAS. Secondary does not merely process the primary?

Mr. BRAMBLE. No, sir; the secondary is the recovery of old metal.

Senator DOUGLAS. I see, scrap.

Mr. BRAMBLE. It is recovery from scrap, from old metal.

Senator DOUGLAS. All right.

Mr. JACQUES. You want the totals?

Senator DOUGLAS. Yes.

Mr. JACQUES. OK. For 1950, total production, 913,000.

Senator ANDERSON. Can't we have a primary and secondary total?

Mr. JACQUES. Yes, sir. Primary, 430,000.

Senator McCARTHY. Is that American production?

Mr. JACQUES. Yes, sir. Secondary, 482,000, for a total of 900,000.

Senator KERR. We can total it.

Senator DOUGLAS. I am not as quick with figures as the Senator from Oklahoma. I do not object to your totaling it.

Senator KERR. That is lead you are talking about?

Mr. JACQUES. Yes.

Senator KERR. All right.

Mr. JACQUES. 913,000 total. I am doing some rounding out of the figures by the way and dropping off the small change. 1951——

Senator KERR. You are not giving the zinc, you are just giving the lead?

Mr. JACQUES. Lead now and zinc later.

Senator KERR. Is that lead and zinc?

Mr. BRAMBLE. This is lead, sir.

Senator KERR. All right.

Mr. JACQUES. 1951, 388,000 primary.

Senator KERR. How much?

Mr. JACQUES. 388,000. Secondary, 518,000 for a total of 906,000. For 1952, 390,000, 471,000, total 861,000. For 1953, 342,000, 486,000, total 829,000. For 1954, 325,000, 480,000, 806,000. For 1955, 338,000, 502,000, 840,000. For 1956, 352,000, 506,000, 859,000. For 1957, 338,000, 489,000——

Senator DOUGLAS. Pardon me, how much?

Mr. JACQUES. 489,000, 827,000. For 1958, 267,000, 401,000, 669,000. For 1959, 255,000, 451,000, 706,000. The original figures for 1960 were estimates. There are some new figures penned in here.

Senator ANDERSON. I think they are accurate. I cannot guarantee but I think they are accurate.

Mr. JACQUES. 1960 is 246,000, 469,000, 713,000.

Senator DOUGLAS. Now give us the figures on zinc.

Mr. JACQUES. In the same breakdown now by primary, secondary, and total, beginning with 1950, and dropping off the odd figures—1950: primary 623,000, secondary 326,000, total 949,000; 1951: 681,000, 314,000, 995,000; 1952: 666,000, 310,000, 976,000; 1953: 547,000, 294,000, 842,000; 1944: 473,000, 271,000, 745,000; 1955: 514,000, 304,000, 819,000; 1956: 542,000, 281,000, 823,000.

Senator DOUGLAS. Would you repeat those figures, please?

Mr. JACQUES. Yes, sir. In 1956; 542,000, 281,000, 823,000; in 1957: 531,000, 264,000, 795,000; in 1958: 412,000, 230,000, 642,000; in 1959: 425,000, 276,000, 701,000.

In 1960, using the figures which have been penned in: 435,000, 265,000, 701,000.

Senator DOUGLAS. Now let's take imports, total imports starting with lead.

Senator ANDERSON. In view of the fact these figures are put in, will you just comment there and say, on your own figures here on lead, which was domestic production of 388,000 tons, and drop to 246,000 tons, you would have to increase the 1960 production by 50 percent to bring it up to the 1951 figure, would you not?

Senator KERR. Use the 1950 figure.

Senator ANDERSON. I am just taking a 10-year period. It will be still be worse. And on zinc it would be the same story, you would have to increase it by 50 percent to get up to the 10-year-ago figure?

Mr. BRAMBLE. Yes, sir; that is approximately right.

Mr. JACQUES. That is right.

Senator DOUGLAS. Then we have the total import figures?

Mr. JACQUES. Yes, sir. These are dutiable imports.

Senator DOUGLAS. What is the distinction between dutiable imports?

Mr. JACQUES. These are the imports for consumption and they will exclude the——

Mr. BRAMBLE. Excludes stockpile, but they also exclude imports that are brought in, in one form, and later reexported. That is, imported in the form of ores and concentrates.

Senator DOUGLAS. Has any of the lead and zinc in the stockpile been resold?

Mr. BRAMBLE. No, sir.

Mr. JACQUES. I am reading the import figures now.

Senator KERR. As I understand it, you are going to read the figures of all the imports.

Senator MCCARTHY. Dutiable.

Mr. BRAMBLE. These are all of the imports that enter into our market, sir. There are others which do not.

Senator KERR. When you finish the dutiable imports, I would like, if the Senator is agreeable, to also include the imports brought into this country, paid for, and put into our stockpile.

Mr. BRAMBLE. Also, the entries into the stockpile, and figures for the stockpile, are classified information. There have been some estimates made of those figures, but we do not verify those as being accurate.

Senator DOUGLAS. Verify those as being accurate. Could you start off with dutiable imports?

Mr. JACQUES. 1950, lead, 514,000 short tons.

Senator DOUGLAS. What is this?

Mr. JACQUES. 514,000 short tons; 1951: 191,000, 52,000, 179,000 tons.

Senator DOUGLAS. That is a tremendous drop.

Mr. JACQUES. From 1950; yes, sir.

Senator DOUGLAS. I know, the figure for 1951.

Mr. JACQUES. Yes, sir; 514,000 for 1950, and 191,000 for 1951.

Senator DOUGLAS. You are giving lead before you start on zinc?

Mr. JACQUES. That is right, going down 1950, 1951——

Senator DOUGLAS. Were the heavy purchases in the year 1950 due to the Korean war?

Mr. BRAMBLE. Yes, sir.

Senator DOUGLAS. Go ahead.

Mr. JACQUES. 1953, 409,000; 1954, 460,000; 1955, 424,000.

Senator DOUGLAS. May I ask, how do you account for this increase in 1953, 1954, and 1955, after the 1951 and 1952 periods?

Mr. BRAMBLE. Sir, in 1951, at the height of the Korean war, lead and zinc were under allocation, international allocation, by a group in Washington known as the International Materials Conference. And we at that time were simply getting less lead.

Senator DOUGLAS. It is obvious that you were.

Mr. BRAMBLE. There was less available at that time. Lead was scarce and we could not buy as much as we wanted. We stocked up the year before.

Mr. JACQUES. 1955 was the last figure?

Senator DOUGLAS. Yes.

Mr. JACQUES. In 1956, 420,000; in 1957, 512,000.

Senator DOUGLAS. 512,000?

Mr. JACQUES. Yes, sir. In 1958, 561,000; 1959, 368,000.

Senator DOUGLAS. How do you account for that decrease?

Mr. BRAMBLE. This is when import quotas took effect.

Senator DOUGLAS. Quotas went into effect for 1959?

Mr. BRAMBLE. Yes. In 1958 they went into effect, and they showed up in 1959.

Senator DOUGLAS. They did not show up in the 1958 figures?

Mr. BRAMBLE. No, sir.

Senator DOUGLAS. Now, 1960.

Mr. JACQUES. 1960, 354,000.

Senator DOUGLAS. Am I correct in saying that the quotas probably cut down the importation of lead by about 150,000 tons from the figure for 1957 and 1958?

Mr. BRAMBLE. This is in the proper order of magnitude. Actually the quotas are established at 80 percent of the average of 1953–57.

Senator DOUGLAS. At 80 percent of the quantities from 1953 to 1957?

Mr. BRAMBLE. Yes, sir; but they are by countries so they do not necessarily show up as an exact 80 percent.

Senator DOUGLAS. All right, let's take zinc.

Mr. JACQUES. In the same sequence, 1950, 394,000; 1951, 285,000; 1952, 99,000; 1953, 654,000.

Senator DOUGLAS. That is an extraordinary variation in 1 year only, about 100,000 tons and the next year 6½ times as much.

Mr. BRAMBLE. Yes, sir; that is right.

Senator DOUGLAS. Have you any explanation for that?

Mr. BRAMBLE. Well, again, the scarcity of the metal due partly to speculative activity and partly to high demand around the rest of the world at the period of the Korean war which caused a sudden shortage of zinc at this time and very high prices. After that, supplies began to flow again rather freely.

Senator DOUGLAS. Is your explanation that we imported less because there was less to import, and we imported more because there was more to import? I mean, that is rather chronological. What is the basic difference?

Mr. BRAMBLE. Sir, I believe when we imported less in 1952, into a certain extent in 1951, as I say, that the material was scarce. This reacted also on world prices and sent world prices up. But in the United States we controlled prices because of the Office of Price Stabilization. And our importers could not pay the world price for it, and hence could not bring it in.

Senator DOUGLAS. Now I do not know too much about these metals. Some years ago I did look into the tin situation. I became convinced that there was an international tin cartel at that time based in London. Do you think there is an international lead and zinc cartel?

Mr. BRAMBLE. I do not believe so, sir, not at least of the type there was in tin. In tin it was openly a world agreement by the tin producers, London Tin Council. There is now also an international agreement in tin which controls the exports of tin from the producing countries.

Senator DOUGLAS. You do not think this applies in the case of zinc?

Mr. BRAMBLE. No, sir.

Senator DOUGLAS. Or lead?

Mr. BRAMBLE. No, sir. There are too many producers too widespread to be controlled. In the case of tin you have only a few exporting countries, and those exporting countries are not importers, not users of tin, and it is controlled by a few large producers. It is easy for them to get together and agree. In the case of lead and zinc, you have small producers from dozens of countries who enter into world trade, and it would not be possible to control it.

Senator DOUGLAS. Go ahead.

Mr. JACQUES. Had I given you 1959, sir, for zinc?

Senator KERR. 1953 was the last you gave.

Mr. JACQUES. All right; 1954 is 630,000; 1955, 569,000; 1956, 627,000; 1957, 881,000.

Senator DOUGLAS. How do you account for that? It is an increase of 250,000 tons in 1 year.

Mr. BRAMBLE. Yes, that is right, sir. This was the period in which foreign imports, because of the development of new supplies and lower costs, were able to underbid our sellers. The world prices were getting——

Senator DOUGLAS. In other words, they imported more because we imported more?

Mr. BRAMBLE. No, sir, because the prices were cheaper.

Senator DOUGLAS. Where did these lower costs come from?

Mr. BRAMBLE. They were coming from the Australian deposits. We do not get much zinc from Australia, but it enters into the world market. We get zinc from Mexico and Canada.

Senator DOUGLAS. Did Mexico and Canada furnish this low-cost ore?

Mr. BRAMBLE. That is right. I think the biggest contributor was probably Canada, but I would have to refresh my memory as to all of the countries that zinc came from.

Senator DOUGLAS. Go ahead.

Mr. JACQUES. 1958, 687,000; 1959, 570,000; 1960, 501,000.

Senator DOUGLAS. Now was this decrease from 881,000 to 687,000, and then 570,000 to 501,000, due to quotas?

Mr. BRAMBLE. Partially due to quotas. I think the 881,000 figure was exceptionally high and would not be repeated normally.

Senator DOUGLAS. You think the figure for 1959 and 1960——

Mr. BRAMBLE. They represent the quota figures.

Senator DOUGLAS. As compared to 1957 and 1958 are more indicative of the decrease—compared to 1958, rather?

Mr. BRAMBLE. Yes, sir. The figures for 1959 and 1960 represent the quota figures.

Senator DOUGLAS. And the same provision applies to them, 80 percent?

Mr. BRAMBLE. Eighty percent of the 1953–57 average.

Senator DOUGLAS. Now, then, what is the relative importance of the four countries—Peru, Mexico, Canada, and Australia—in the importation of these two metals?

Mr. JACQUES. May I give you a period of years, sir, so you can see the effect both before and after quotas?

Senator DOUGLAS. Yes.

Mr. JACQUES. I will give you three figures: 1957, 1958, and 1959.

Senator DOUGLAS. What metal is this?

Mr. JACQUES. This is lead. Peru, 35,000.

Senator DOUGLAS. In 1957?

Mr. JACQUES. Yes, sir. Again I am rounding out the figures; 1958, still Peru, 43,000; 1959, 29,000. Mexico——

Senator DOUGLAS. Wait a minute—1960?

Mr. JACQUES. I do not have the 1960 figures.

Mr. BRAMBLE. They would be approximately the same because it is a quota figure.

Mr. JACQUES. Mexico, 1957, 107,000; 1958, 124,000; 1959, 88,000.

Senator DOUGLAS. And 1960 would be about the same?

Mr. JACQUES. About the same.

Senator DOUGLAS. Canada?

Mr. JACQUES. I will give you Australia first. For 1957, 97,000; for 1958, 79,000; for 1959, 55,000.

Senator DOUGLAS. And about 55,000 in 1960?

Mr. JACQUES. We assume that, but we do not have the figures.

Senator DOUGLAS. Canada.

Mr. JACQUES. Canada, 1957, 32,000; 1958, 43,000; 1959, 45,000.

Senator DOUGLAS. There has been no decrease as to Canada?

Mr. BRAMBLE. No, sir; because the base period on which their quota was based showed some higher years in it.

Senator DOUGLAS. What?

Mr. BRAMBLE. The base period on which their quota was figured had some years with 64,000 in it and 49,000. They had a higher base period when the quota went into effect.

Senator DOUGLAS. In other words, that 32,000 for 1957 is not typical of Canada during the period of 1953–57?

Mr. BRAMBLE. That is right, sir.

Senator DOUGLAS. Just a minute. This does not account for all the lead?

Mr. BRAMBLE. No, sir. Did you want all of the countries?

Senator DOUGLAS. You have singled out these four countries which have created difficulties. Just mention briefly, without the detailed figures, what some of these other countries are that export lead to us.

Mr. JACQUES. Let me give the next largest producer, also substantial, and the total for all countries, if you like, or, alternatively, we have six.

Senator DOUGLAS. What are some of these other countries?

Mr. BRAMBLE. Yugoslavia in lead, sir.

Mr. JACQUES. Then Morocco, then Spain, then United Kingdom, West Germany, Denmark——

Senator DOUGLAS. Yugoslavia is next?

Mr. JACQUES. Yes, sir.

Senator DOUGLAS. Then Spain?

Mr. JACQUES. Then Morocco, very sharply less. For example, for Canada you have in 1959, 45,000. Yugoslavia drops down to 32,000; Morocco down to 5,000; Spain, 11,000; United Kingdom, 1,000; West Germany, 3,000; Denmark, under 1,000.

Senator KERR. How many?

Mr. JACQUES. Less than 1,000.

Senator DOUGLAS. Does Yugoslavia send us more lead than Peru?

Mr. BRAMBLE. Yes, sir.

Mr. JACQUES. They did in 1959. They did not in 1958. They did in 1957.

Mr. BRAMBLE. On the basis of their quotas they send slightly more. About the same order of magnitude.

Senator DOUGLAS. All right, now let's go to zinc.

Mr. JACQUES. The same period, sir. These are also short tons and the figures rounded out. Canada, 1957, 323,000; 1958, 266,000; 1959, 227,000. Mexico, 1957, 285,000; 231,000; 170,000. Peru, 1957, 170,000; 1958, 120,000; 1959, 903,000.

Senator DOUGLAS. And Australia?

Mr. BRAMBLE. Australia does not sell much zinc to the United States. They send most of theirs to Europe.

Senator DOUGLAS. What about Yugoslavia?

Mr. BRAMBLE. No. It is small.

Mr. JACQUES. In descending of importance the other suppliers are Union of South Africa, Belgian Congo, Belgium-Luxembourg, Australia, Bolivia, Guatemala and half a dozen other countries.

Senator DOUGLAS. You say Yugoslavia does not sell us zinc?

Mr. BRAMBLE. No.

Senator DOUGLAS. Therefore the importation of zinc is virtually confined to Canada, Mexico and Peru?

Mr. BRAMBLE. That is the bulk of it, sir.

Senator DOUGLAS. And under the quota system Canada has lost 20 percent, in the 1953–57 average, of roughly 60,000 to 70,000 tons a year—roughly?

Mr. JACQUES. Between 1957 and 1959?

Senator DOUGLAS. 1958 and 1959. Roughly 60,000 tons below its previous amount?

Mr. JACQUES. Yes, sir.

Senator DOUGLAS. Is that right?

Mr. BRAMBLE. That is right, sir. Those are the right orders of magnitude.

Senator DOUGLAS. Then Mexico from 50,000 to 60,000 tons a year?

Mr. BRAMBLE. That is right, sir.

Mr. JACQUES. Yes, sir.

Senator DOUGLAS. And Peru from 30,000 to 40,000 tons a year?

Mr. JACQUES. Yes, sir.

Mr. BRAMBLE. That is right, sir.

Senator DOUGLAS. And production and imports somewhere around 150,000 tons a year since the application of quotas——

Mr. BRAMBLE. It is something in that order of magnitude. I cannot figure it out exactly.

Senator DOUGLAS. And in spite of that our domestic production has fallen by 75,000 tons a year?

Mr. BRAMBLE. At least that; yes.

Senator DOUGLAS. 75,000 to 100,000 tons a year. And you feel the total reduction in imports has been what?

Mr. BRAMBLE. The reduction of imports has been approximately 20 percent.

Senator DOUGLAS. Naturally, 80 percent from 100 leaves 20.

Mr. BRAMBLE. Do you want it in tons, sir?

Senator DOUGLAS. Yes.

Mr. BRAMBLE. 75,000 or 80,000 tons. It is about 75,000 to 80,000 tons over a base period.

Mr. JACQUES. As compared to the base period, Senator.

Senator DOUGLAS. And in spite of that domestic production has diminished by not far from 75,000 tons.

Mr. BRAMBLE. At the same time domestic production has also declined.

Senator DOUGLAS. What you are saying is that this has been a decrease of around 150,000 tons, so far as lead is concerned than the total market of lead shared equally between the American producers and foreign producers?

Mr. BRAMBLE. Roughly, that is right.

Senator DOUGLAS. And that in the case of zinc, the reduction has been approximately equally shared?

Mr. BRAMBLE. That is right, sir.

Senator DOUGLAS. In other words, the foreign countries have not increased their share of the American market?

Mr. BRAMBLE. Since the imposition of quotas.

Senator DOUGLAS. That is, they have taken their absolute cut? I have not figured out the proportions yet, but they have taken their absolute cut in approximately the same quantities as the domestic producers—approximately?

Mr. BRAMBLE. Approximately; yes. The same order of magnitudes. If you would like more accurate figures on this——

Senator DOUGLAS. I will have to run these through the machines to find out the percentages.

Now let me ask this question—am I detaining you?

Mr. BRAMBLE. Not at all, sir; I am enjoying it.

Senator DOUGLAS. What is the difference between the subsidy which was originally proposed for lead and zinc and the subsidy which is in the bill in its present form (*a*) in terms of quantities, and (*b*) in terms of price, and (*c*) in terms of total cost to the Government?

Mr. JACQUES. Duration, too.

Mr. BRAMBLE. Yes, and in duration, too.

Well, you are talking about the subsidy that was proposed last year in the Edmondson——

Senator DOUGLAS. No; I mean in the original draft of this bill. As I understand the subsidy has been increased in this bill; is that right?

Mr. BRAMBLE. Yes, sir.

Senator DOUGLAS. Let me ask you, and perhaps the question should be directed to the representatives of the Interior Department. What I am trying to get at is what was the subsidy when Interior originally proposed this plan and the subsidy in the bill in its present form as it now faces us?

Mr. BRAMBLE. Sir, we could try to answer that question, and I have a general idea in mind of what it would be, but it would be better if you could ask the Interior representatives as they have accurate information on it.

Senator DOUGLAS. I see.

May I ask this question. Do you have an estimate as to cost of production per short ton in lead and zinc in the mines of these various countries?

Mr. BRAMBLE. That information is contained, I believe, in the report of the Tariff Commission on the 332 examination.

Senator DOUGLAS. All right. You say you do not remember what it was?

Mr. BRAMBLE. It varies from country to country.

Senator DOUGLAS. And you could not give any testimony that would be helpful?

Mr. BRAMBLE. I could give a generalization, sir.

Senator DOUGLAS. Would you be willing to prepare a statement for the record on this point?

Mr. BRAMBLE. Yes, sir.

Senator DOUGLAS. Thank you, Mr. Chairman.

(The information referred to follows:)

COSTS OF PRODUCTION IN LEAD AND ZINC IN FOREIGN COUNTRIES COMPARED WITH THOSE IN THE UNITED STATES

Costs of production in lead and zinc mining vary widely, not only between countries but also within countries. Many factors affect these costs. Among them are the richness of the ore, the depth and character of the mine, the percentage of capacity utilized, the complexity of smelting and refining treatment needed, the cost of transportation to market, the cost of supplies, and the wages of labor. Also to be considered is the cost of capital and taxation policies of governments having jurisdiction. It is practically impossible to compare either countries or companies with respect to the resultant of all these factors.

There are some general observations that can be made, however, which are pertinent to the problem of comparative costs. Lead and zinc are not among those materials which have an advantage over U.S. industry due to low labor cost. Wages per hour are lower in some lead- and zinc-producing countries such as Mexico and Peru; but, taken in conjunction with low productivity per worker, and generally higher cost of capital and equipment, the resultant cost per unit of output does not differ radically from that in this country. It has been noted often that the cost of getting a ton of material above ground and transporting it to where it may be useful is just as high, or higher, in foreign lead and zinc mines as in those in the United States.

In part the richness (or lower cost per pound of contained metal) is due to the fact that the Australian and Canadian mines, among others, are newer than many of ours. They may thus employ newer techniques or be working on the best ores. Others, such as some in Mexico, are simply fortunate to be among the finest lead- and zinc-ore bodies in the world. It has been said that these mines, if they were located in the United States with its lower tax structure, would be bonanzas for their owners.

The advantage that some of the mines in some of the competing areas have enjoyed is that the grade of ore is better than much of the ore in the United States. Over the years the rich tristate area has played out. Although there is undoubtedly a great deal of lead and zinc still there, so much rock and dirt must be moved to get it that it no longer pays. The same thing has happened in many mines of the Rocky Mountain West. This is the nature of the mining business. The ore is an exhaustible resource and must be expected to decline.

The decline of old mines will be hastened by the discovery of cheaper material either in foreign countries or in the United States. The future expansion of lead and zinc production in this country will come from the new developments in southeast Missouri for lead and Tennessee for zinc. The bulk of those operations can hold their own in competition at present or slightly higher prices. Moreover, they are more highly mechanized than older lead and zinc mines. This, as much as or more than import competition, has accounted for the decline in employment in the lead and zinc mining industry.

The CHAIRMAN. Senator Talmadge.

Senator TALMADGE. This is a rather remarkable document you read, Mr. Jacques, prepared, I assume, by Mr. Martin, Assistant Secretary of State. As I get the import of this argument, he says in effect that it will be bad to do anything to aid domestic producers of lead and zinc for fear that it would adversely affect foreign producers. Is that a fair statement?

Mr. JACQUES. No, sir.

Senator TALMADGE. That is the import I got from listening to you read it, and substantially the only import I got. That is a rather unusual attitude, it would seem to me, for the U.S. Department of State to take. What I want to ask you about specifically in your statement is, and I quote:

> When we imposed import quotas on lead and zinc concentrates and metal in 1958 under the escape clause procedure of the Trade Agreements Act, the other countries, who were members of the General Agreement on Tariffs and Trade and who suffered injury to their trade, were entitled to ask us for compensation.

Is that statement correct?

Mr. JACQUES. Yes, sir.

Senator TALMADGE. You mean our representatives could go to this International Agreement on Tariffs and Trade and make contracts that we won't take any action to protect our own domestic products, and that if we do we are entitled to pay damages to a foreign country?

Mr. JACQUES. No, sir.

Senator TALMADGE. That is what it says. It is plain.

Mr. JACQUES. Perhaps the word "compensation" is a bit misleading. We work out certain arrangements with other governments as to the level of tariffs and quotas, and we make concessions, they make concessions, and finally arrive at a bargain. It is understood that if subsequently the terms of the arrangement are to be modified, first of all that the modification be carried out under a certain procedure, and secondly, if the modification withdraws from other countries advantages of value to them, then we are called upon to make compensating adjustments in our own import restrictions to offset the loss of value to the other countries.

We have the same right as against them. If they make changes, we are entitled to ask for compensation.

Senator TALMADGE. Then is it true, or not true, those who are members of the Trade Agreement on Tariffs and Trade, and who suffer injury to that trade, are entitled to ask us for compensation? Is that statement accurate or inaccurate?

Mr. JACQUES. It is accurate, sir.

Senator TALMADGE. Then we do contract, if we took action to protect our domestic producers, that we will pay them damages for compensation?

Mr. JACQUES. Compensation means compensatory adjustment.

Senator TALMADGE. What is "compensatory adjustment" in plain English? What do we do, pay them in money, goods——

Mr. JACQUES. No, sir. We may have to lower tariffs on another item or series of items that are of interest to the countries which have been exporting the particular commodity in question.

Senator TALMADGE. In other words, take lead and zinc. When we put in import quotas on lead and zinc, that means that we have contracted to reduce a tariff on some other commodity? Is that correct?

Mr. JACQUES. To make some kind of compensatory adjustment which might be by way of reduction of tariff, or it might be by way of accepting an increase in the other countries' tariffs on goods imported from us.

Senator TALMADGE. Who determines what that tariff is going to be now and things of that nature? Who determines this compensation or adjustment?

Mr. JACQUES. This is carried out through a process of negotiation in which all the interested Government agencies participate. The site of negotiation is Geneva, the GATT organization center.

Senator TALMADGE. Could you supply the exact language of that contract, at this point in the record, for me? I would like to see what these contracts are wherein we agree that we won't take any action to protect our own people. Would you do that or not?

Mr. JACQUES. Yes, I will be glad to.

Senator TALMADGE. I would like to have it inserted at that point in the record.

(The document referred to follows:)

GENERAL AGREEMENT ON TARIFFS AND TRADE

ARTICLE XIX. EMERGENCY ACTION ON IMPORTS OF PARTICULAR PRODUCT

1. (a) If, as a result of unforeseen developments and of the effect of the obligations incurred by a contracting party under this Agreement, including tariff concessions, any product is being imported into the territory of that contracting party in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers in that territory of like or directly competitive products, the contracting party shall be free, in respect of such product, and to the extent and for such time as may be necessary to prevent or remedy such injury, to suspend the obligation in whole or in part or to withdraw or modify the concession.

(b) * * *

2. Before any contracting party shall take action pursuant to the provisions of paragraph I of this Article, it shall give notice in writing to the Organization as far in advance as may be practicable and shall afford the Organization and those contracting parties having a substantial interest as exporters of the product concerned an opportunity to consult with it in respect of the proposed action. When such notice is given in relation to a concession with respect to a preference, the notice shall name the contracting party which has requested the action. In critical circumstances, where delay would cause damage which it would be difficult to repair, action under paragraph I of this Article may be taken provisionally without prior consultation, on the condition that consultation shall be effected immediately after taking such action.

3. (a) If agreement among the interested contracting parties with respect to the action is not reached, the contracting party which proposes to take or continue the action shall, nevertheless, be free to do so, and if such action is taken or continued, the affected contracting parties shall then be free, not later than ninety days after such action is taken, to suspend, upon the expiration of thirty

days from the day on which written notice of such suspension is received by the Organization, the application to the trade of the contracting party taking such action, or, in the case envisaged in paragraph I(b) of this Article, to the trade of the contracting party requesting such action, of such substantially equivalent concessions or other obligations under this agreement the suspension of which the Organization does not approve.

(b) Notwithstanding the provisions of subparagraph (a) of this paragraph, where action is taken under paragraph 2 of this Article without prior consultation and causes or threatens serious injury in the territory of a contracting party to the domestic producers of products affected by the action, that contracting party, shall, where delay would cause damage difficult to repair, be free to suspend, upon the taking of the action and throughout the period of consultation, such concessions or other obligations as may be necessary to prevent or remedy the injury.

Senator BENNETT. Before you go on, Senator, may I interpose a question here?

Senator TALMADGE. Certainly, sir.

Senator BENNETT. When we make compensating adjustment, say, with Yugoslavia, are we then bound by the most-favored-nation basis or that international relation so we, in effect, make that compensation to all nations from whom we may buy that?

Mr. JACQUES. Yes, sir.

Senator BENNETT. We sit here as one country, negotiating with another country because we have affected their trade by some action of our own, and then open the door to every other country in the world to have that same basis. So we are one country, who in an attempt to create a balance with another, find we must create a balance with the entire world. And that means, in effect, that these things accumulate, so that every time we make one compensating adjustment we get a multiplied effect on our own industry.

Senator TALMADGE. I would like to ask a question at that point now. Who determines what that compensating adjustment will be?

Mr. JACQUES. This is a process of negotiation, sir.

Senator TALMADGE. Is that the entire group that meets in Geneva? Do they determine what that compensating adjustment will be?

Mr. JACQUES. No, the parties directly in interest will decide what it shall be.

Senator TALMADGE. Who are they? That is what I am asking.

Mr. JACQUES. Well, in the hypothetical case cited here, it would be the United States and Yugoslavia or the United States or any other——

Senator TALMADGE. All right. Now do all the representatives of this General Agreements on Tariffs and Trade make and decide that compensating factor?

Mr. JACQUES. This is only the parties involved, sir.

Senator TALMADGE. Suppose it relates to two countries, would it be bilateral between those two countries?

Mr. JACQUES. Yes, sir; within the framework——

Senator TALMADGE. Then any agreement we make, as Senator Bennett pointed out, would affect all representatives in the General Agreement on Tariffs and Trade?

Mr. JACQUES. I should point out, if I might—the answer is "Yes, sir"—we have the reciprocal benefit, however, and that if any adjustment that is worked out between two other countries in which we have the most favored nations arrangement, would also operate to our advantage.

Senator BENNETT. Do we have most favored nations arrangement with all other countries?

Mr. JACQUES. Except the Soviet bloc, sir.

Senator BENNETT. We do?

Mr. JACQUES. Yes, sir.

Senator CURTIS. How many nations have it with us?

Mr. JACQUES. The same number.

Mr. BRAMBLE. No.

Senator CURTIS. But there are other devices, aren't there?

Mr. BRAMBLE. Yes, sir.

Senator CURTIS. The most favored nation clause does not permit, does not prohibit, foreign nations from using embargoes and quotas and other limitations, does it?

Mr. BRAMBLE. Sir, the most favored nation treatment extends to the treatment, deals with the treatment, that is extended to two foreign governments. When we receive most favored nation treatment from another government, it means that we get treatment as good as they give any other government.

Senator CURTIS. It relates primarily to the weight of duty, doesn't it?

Mr. BRAMBLE. No, sir, that is not the most favored nation treatment. The weight of the duty might be the subject of some kind of reciprocal arrangement we have.

Senator CURTIS. No, but when we talked about the most favored nation principle, it was primarily in the context as to the rate of duty charged?

Mr. BRAMBLE. Primarily, although there are other factors involved in it, too. It might refer to quantitative restrictions.

Senator TALMADGE. Has the Senator finished?

Has this General Agreement on Tariffs and Trade been submitted to Congress for ratification?

Mr. BRAMBLE. Sir, it is carried out under the authority of the Trade Agreements Act.

Senator TALMADGE. It has never been submitted to Congress for ratification?

Mr. BRAMBLE. No, sir, not the general agreement as such.

Senator TALMADGE. Is it contemplated it ever will be?

Mr. BRAMBLE. I cannot answer that, sir.

Senator TALMADGE. You do not know what the policy is. Do you know, Mr. Jacques?

Mr. JACQUES. I do not think it is required. I think this is authorized under the terms of the act, and I think the agreement itself, is familiar to a number of the committees of both Houses, and I am sure they have entered very thoroughly into discussion on it.

Senator TALMADGE. Your position is that Congress has delegated that power then to the State Department; is that it?

Mr. BRAMBLE. The President.

Mr. JACQUES. To the President.

Senator TALMADGE. Under the Trade Agreements Act?

Mr. BRAMBLE. That is right, sir.

Senator TALMADGE. That was the position of the Government on the issue?

Mr. BRAMBLE. It was; yes, sir.

Senator TALMADGE. Do you desire Congress to look into that matter at all? Is it expected that the Senate Finance Committee and the Ways and Means Committee might do so when this Trade Agreements Act comes up for extension?

Mr. BRAMBLE. I think they will.

Mr. JACQUES. I think it has had very thorough examination each time it has come up for renewal.

Senator MCCARTHY. One question: Did the Department move to take action with reference to quotas on that——

Mr. BRAMBLE. Sir, the State Department did not take the action, it was taken by the President under the escape clause of the general agreement.

Senator MCCARTHY. I see; the State Department was called in for consultation. In this case what was your recommendation? Did you recommend against it?

Mr. BRAMBLE. No, sir; we went along with the quota.

Senator MCCARTHY. What would be the procedure to get at least an inquiry as to some of the States with reference to the growing imports of iron ore into this country? You are familiar, you are with the commodity group, with what has happened to iron ore since 1950. Some of the people are affected by the importation of iron ore as some are affected by the importation of lead and zinc.

Mr. BRAMBLE. I do not have the facts, but I believe that is right.

Senator MCCARTHY. It is a fact. What would be the considerations? Since most of our iron ore comes from Canada and Venezuela at the present time what would be the policy of the State Department with reference to quotas on iron ore? Would your position be similar to what you have indicated in the statement you have given here?

Mr. JACQUES. I find that question, sir, difficult to answer. In fact, it is impossible to answer without a full study of what are the facts.

Senator MCCARTHY. Well, you indicated you concurred at least in the President's action to establish quotas for lead and zinc. On what basis was that concurrence given?

Mr. BRAMBLE. A full investigation by the Tariff Commission, sir, under the escape clause.

Senator MCCARTHY. Did they find this was having a harmful effect on industry?

Mr. BRAMBLE. That was their finding.

Senator MCCARTHY. Say that these superficially are the facts, that some 30 million tons of iron ore are being imported while the production of iron ore in the United States has declined by roughly that amount with reference to total consumption. Would this be an indication that industry was being hurt?

Mr. BRAMBLE. It would be a fact that would be taken into account. I do not know whether the finding would be that injury was due to imports.

Senator MCCARTHY. At least superficially——

Mr. BRAMBLE. I would not care to comment on that.

Senator MCCARTHY. Well, the fact that there are 7,000 or 10,000 iron miners out of work would have some influence. The fundamental difference of course is this, that most of the iron ore overseas is captive iron ore, controlled by American companies, where as you say in the case of lead and zinc this is not the case.

Mr. BRAMBLE. I did not say that, sir.

Senator McCARTHY. I think you indicated to Senator Douglas this was not the case.

Mr. BRAMBLE. No, I said American companies do not own a large share of the companies who are bartering their surplus lead with the United States.

Senator McCARTHY. What about the other companies?

Mr. BRAMBLE. There are American companies who have very large interests in lead and zinc overseas.

Senator McCARTHY. In Australia?

Mr. BRAMBLE. Yes, in Australia.

Senator McCARTHY. Canada?

Mr. BRAMBLE. Some in Canada.

Senator McCARTHY. And the other countries from which——

Mr. BRAMBLE. Other parts around the world—South Africa, Peru, and Mexico.

Senator McCARTHY. I think it might be helpful if we put in the record the American companies that are interested and have holdings in the companies, as far as you know, which are major exporters. They are exporters and importers, they are on both sides.

Senator ANDERSON. That is a pretty hard question to address to the State Department. It might be more appropriate to address it to the Interior Department. But I think it would be useful information.

Would the Senator from Minnesota modify his question to ask the State Department, in conjunction with the Interior Department, to file as much information as they have?

Senator McCARTHY. All right. I think for this record it might be interesting to have the information supplied with regard to Export-Import Bank loans that were made to the companies in which American holdings are extremely heavy. I have this information with regard to the operation overseas in the iron mining industry with something like $133 million was loaned to American companies doing business overseas to develop iron ore. Information with regard to something like 25 requests that have been made for subsidized ship construction by American shipping companies, many of whom are controlled, or not directly owned, by various field producing manufacturing companies in the United States. But I think the fact with reference to Export-Import Bank loans, and if you have information with reference to any special tax concessions or tax subsidies, in the production of lead and zinc overseas, should be supplied for the record also.

Senator ANDERSON. Would the Senator yield?

Senator McCARTHY. Yes.

Senator ANDERSON. Many of the lead and zinc loans have been made by Defense Minerals Administration, DMA loans. I think there are more of those than there are Export-Import Bank loans.

Mr. BRAMBLE. I think that is true. My impression is we do not have very many in the form of Export-Import Bank loans.

Senator McCARTHY. To produce lead and zinc which is thrown into the competitive market—stockpiling operations. I think that information would be helpful.

Mr. JACQUES. It will be provided.

(The information requested follows:)

Lead and Zinc Data on General Services Administration Defense Materials Service Contracts

List of open SCM, ICA, and DPA foreign contracts as of Dec. 31, 1958—Foreign active

No.	Name	Location	Amount of Government commitment	Commodity	Deliveries: Tons	Deliveries: Cash
GS-OOS-28216 (ICA)	Azienda Minerali Metallici Italiani (AMMI(SAPEZ))	Italy	$1,494,180	Zinc metal, lead metal, or cadmium.		
GS-OOP-2368 (SCM-ECA)	Societe Per Azioni Piombo e Zinco (ICA/MSA development) supplement to No. 28216.		784,000	Zinc, including delivery under 2616.	6,550 short tons	
GS-OOP-2354 (ICA)	Uruwira Minerals, Ltd., Tanganyika, Africa	United Kingdom.	2,200,000	Lead Copper	661 short tons 801 short tons	$8,342.60
GS-OOP-1522, Nov. 1, 1951 (ICA)	Wildschapbach Ezberghan	Germany	118,571	Lead	470 short tons	4,817.20
GS-OOP-2301, May 31, 1952 (SCM-DMPA).	Societe des Mines de Zellidja (Morocco)	France	8,571,428	Lead (contract quantity 20,865 short tons).	23,258 short tons	
GS-OOS-26504 (ICA)	Medmines, Mediterranean Mines, Inc., and Societe des Usines de Laurium.	Greece	1,229,154	Lead metal or zinc.	301 short tons	5,628.70
DMP-III-12	Rhein-Wied	Germany	119,048	Zinc	44 short tons	14,264.29
DMP III-16, Apr. 15, 1953 (ICA)	Societe Anonyme "des Mines de Sidi-Kember" (Algeria)	France	680,080	Lead metal	120 short tons	82,706.00
DMP III-22, June 22, 1954 (ICA)	"Blendegal," Companhia das Blendas E. Galenas de Portugal S.A.R.L.	Portugal	104,895	Lead		264,523.00 0
GS-OOP-12194 (DPA)	Compania, Minera de Huehuetenango, S.A. (Guatemala)	Central America.	10,680,000	do	26,250 short tons	
SCM-12496	do					
ECA-107	Mid-African Development Co					

No.	Name	Total amount repaid	Type of financing	Production prior to contract	Production as result of contract	Remarks
GS-OCS-26216 (ICA)	Azienda Minerali Metallici Italiani (AMMI(SAPEZ)).		Counterpart funds.			([1]).
GS-OOP-2388 (SCM-ECA)	Societe Per Azioni Piombo e Zinco (ICA/MSA development) supplement to No. 26216.		do			
GS-OOP-2354 (ICA)	Uruwira Minerals, Ltd., Tanganyika, Africa.		Counterpart funds; U.S. dollars.			([2]).
GS-OOP-1522, Nov. 1, 1961 (ICA).	Wildschapbach Ezbergban		Counterpart funds.			In litigation status with Department of Justice.
GS-OOP-2201, May 31, 1962 (SCM-DMPA).	Societe des Mines de Zellidja (Morocco)		do			Will be complete with deliveries, Apr. 30, 1959. Outstanding balance on loan, Dec. 31, 1958, $1,087,881.
GS-OOS-26504 (ICA)	Medmines, Mediterranean Mines, Inc., and Societe des Usines de Laurium.		do			Compromise settlement: 4 payments of $45,000 each with Mr. Bodossakis Athanassiades.[3]
DMP-III-12	Rhein-Wied		do			In litigation status with Department of Justice.
DMP-III-16, Apr. 15, 1963 (ICA).	Societe Anonyme des Mines de Sidi-Kember (Algeria).		do			Open as of Dec. 31, 1958. Amendment extends delivery schedule to Dec. 31, 1961. Outstanding balance on loan Dec. 31, 1958, $330,347.
DMP III-23, June 22, 1964 (ICA).	"Blendegal," Companhia das Blendas E. Galenas de Portugal S.A.R.L.		Counterpart funds, $89,791; U.S. $15,103.			Production suspended April 1957; in litigation.
GS-OOP-12194 (DPA)	Compania, Minera de Huehuetenango, S.A. (Guatemala).					Direct purchase contract. Commitment purchase price per pound market between 17.342 cents and 20.342 cents. Provides a subsidy: Floor price 17.092 cents plus cost of refining.
SCM-12496	do					
ECA-107	Mid-African Development Co					

[1] Owned by and loan guaranteed by the Italian Government. The loan was given to construct a zinc refinery at Ponte Nossa. Shipments have been delayed by financial difficulties and a revised delivery schedule is under consideration. Estimated future deliveries are fiscal year 1959, 1,598 short tons; 1960, 1,598 short tons; 1961, 260 short tons valued at $878,396 equaling the balance outstanding on the contract which expires July 1, 1961.

[2] Original commitment was equal to an advance on 4,500 short tons of the $2,200,000 advanced; $560,000 came from counterpart funds, the balance U.S. dollars. Revision of repayment schedule being negotiated. Reserves are 3,000,000 tons of 3.8 percent lead 0.8 percent copper with some gold and silver, 1,000-ton plant. Expiration date of contract: Dec. 31, 1959.

[3] Mining 1,500 to 2,000 tons per month of 1½ percent lead, 1½ percent zinc ore, and mixing with 2,000 tons per month of higher grade ore shipped in by barge from the Cassandra mine.

Source: Prepared by OMM from various Government sources.

Lead and Zinc Data on General Services Administration Defense Materials Service Contracts—Continued

List of completed SCM, ICA, and DPA foreign contracts as of Dec. 31, 1958—Foreign completed

No.	Name	Location	Amount of Government commitment	Commodity	Deliveries: Tons	Deliveries: Cash
SCM-TS 25283, Feb. 4, 1949	N-A-P (D), Société Nord Africaine du Plomb both (Algeria) (31.8 percent owned by Newmount Mining Co.), Société Algerienne du Zinc.	France	$1,500,000.00	Lead Zinc	375 metric tons 3,754 metric tons	$2,287.04
SCM-TS 19594, Dec. 7, 1949	Zellidja (D) (Morocco) (Société des Mines de Zellidja)	do	4,175,000.00	Lead Zinc	10,892 metric tons 5,130 metric tons	
SCM-TS 25281, Dec. 18, 1950	Stolberger Zinc A.C. (Holzappel & Ramsbeck (Rhineland) (E).	Germany.	571,428.57	Lead Zinc	999 metric tons 500 metric tons	164,280.99
GS-OOP-108, 118, 119, 1519, 1520, Dec. 20, 1950.	EMAC and Middle Africa for EMAC (French Equatorial Africa) (E).	France	274,800.00	Lead; zinc; copper.		41,521.58
GS-OOP-116, 120, 1517, 1518, Jan. 24, 1951.	Sominia and Middle Africa for Sominia (French Equatorial Africa) (E).	do	276,000.00		None	49,576.61
GS-OOP-114, May 24, 1951	Siotis-Medmines (E), Island of Santorini, Greece	Greece	38,259.00		do	None
SCM-TS 25454, July 28, 1950	Zeelidja (ECA), supplemental to (GS-OOP-239 1)	France	4,000,000.00	Lead Zinc	16,510 metric tons 3,403 short tons	
GS-OOP-12106 (DPA)	National Zinc Co., Inc.	Mexico		Zinc Amended to Accepted	20,000 short tons 19,000 short tons 16,773 short tons	337,500.00
GS-OOP-12083, Sept. 24, 1951 (DPA)	Volcan Mines, Ticlio, High Andes (Ticlio & Carahuacra Mines).	Peru	4,788,000.00	Zinc metal	54,000 short tons, concentrates; 13,680 short tons, metal.	
463	Cerro de Pasco Corp	do	[1] 14,000,000.00 6,000,000.00			

No.	Name	Total amount repaid	Type of financing	Production prior to contract	Production as result of contract	Remarks
SCM-TS 25282, Feb. 4, 1949	N-A-P (D), Société Nord Africaine du Plomb both (Algeria) (31.8 percent owned by Newmont Mining Co.), Société Algerienne du Zinc.	$1,629,384.52				Completed.
SCM-TS 19694, Dec. 7, 1949	Zellidja (D) (Morocco) (Société des Mines de Zellidja)	4,604,232.70				Do.
SCM-TS 25281, Dec. 18, 1950	Stolberger Zinc A.C. (Holzappel & Ramsbeck (Rhineland) (E).	622,212.03				Do.
GS-OOP-106, 118, 119, 1519, 1520, Dec. 20, 1950.	EMAC and Middle Africa for EMAC (French Equatorial Africa) (E).	41,521.58				Exploration unsuccessful; contract liquidated July 1956.
GS-OOP-116, 120, 1517, 1518, Jan. 24, 1951.	Sominia and Middle Africa for Sominia (French Equatorial Africa) (E).	49,576.61				Do.
GS-OOP-114, May 24, 1951	Siotis-Medmines (E), Island of Santorini, Greece	None				Exploration unsuccessful; mine abandoned; contract terminated Aug. 25, 1953.
SCM-TS 25454, July 28, 1950	Zeelidja (ECA), supplemental to (GS-OOP-239 [1])					Completed May 1958.
GS-OOP-12106 (DPA)	National Zinc Co., Inc.	([2])	Export-Import Bank loan approved June 1952, Zinc Nat. SA.			([3]).
GS-OOP-12083, Sept. 24, 1951 (DPA).	Volcan Mines, Ticlio, High Andes (Ticlio & Carahuacra Mines).					([4]).
463	Cerro de Pasco Corp.		Export-Import Bank loan 4½ percent interest.			Zinc refinery and power equipment.

[1] Loan authorized Aug. 3, 1950.

[2] Paid in full.

[3] Concentrating to be done in Mexico, smelting in the United States. To refine at Bartlesville, Okla., crude zinc oxide produced at Monterrey, Mexico, from treatment of run-of-mine zinc carbonate and zinc oxide ore. Floor price commitment to purchase 20,000 tons at 16½ cents or market, whichever is higher, plus a premium of 1.35 cents per pound for special high-grade zinc. Gross transactions based on actual deliveries of 16,773 tons at cost of $5,679,000. Request for extension for reason "force majeure" denied and contract terminated Aug. 15, 1954. Repaid in full.

[4] Floor price contract 17½ cents f.o.b. smelter for prime western zinc plus 1.35 cents per pound premium for special high-grade zinc. Smelting to be done in the United States. Based on deliveries of full quantity at cost of $5,145,000, program is completed in August 1956. In 1957, company was 2d largest producer of zinc in Peru.

Source: Prepared by OMM from various Government contracts.

Senator McCARTHY. I have no further questions, Mr. Chairman.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. In all these matters pertaining to trade, tariffs, reduction of tariffs, do you regard the role of the State Department as administrative only?

Mr. JACQUES. I find a little difficulty with your terms, sir.

Senator CURTIS. I did not hear you.

Mr. JACQUES. I find it difficult to answer without knowing precisely what the word "administrative" means.

I will say that the State Department develops its position in consultation with the other interested agencies, and I think——

Senator CURTIS. I will put it this way: Do you regard the role of the Executive as administrative only, or do you contend they have power to determine policy as to tariff reductions and other trade restrictions?

Mr. JACQUES. The authority, sir, comes from Congress, certain powers conferred upon the administration, more particularly the President, under the Trade Agreements Act.

Senator CURTIS. I won't delay the committee for a long discussion. I have before me article I, section 8, of the Constitution, paragraph 1, very explicit:

> The Congress shall have power to lay and collect taxes, duties, imposts, and excises * * *.

It further provides it must be uniform throughout the United States.

And then paragraph 3 says:

> To regulate commerce with foreign nations * * *.

And it seems to me that the will of the Congress in these matters should prevail and that the State Department particularly, as well as the entire executive branch, that their contribution to this legislation should be pointed at the administrative matters only.

Mr. JACQUES. And adviser, too, sir, and also charged with the responsibility for the conduct of foreign policy, foreign relations.

Senator CURTIS. I beg your pardon?

Mr. JACQUES. I said the function is broader than that. Advisory——

Senator CURTIS. Is there anything in the Constitution that gives the Executive authority to control commerce with foreign nations?

Mr. JACQUES. No, sir. Within the powers that have been conferred upon the State Department——

Senator CURTIS. I understand, in the past. But we of this Congress could not bind the next Congress. We cannot pass a law and say, "This law shall never be repealed." The basic authority to regulate commerce of foreign nations is in the Congress. It is neither in the Executive nor with GATT, nor with anything else.

Senator DOUGLAS. Would the Senator yield?

Senator CURTIS. I am through; I yield the floor.

Senator DOUGLAS. I would simply like to point out that Congress delegated a large share of its consititutional powers to the President under the Federal Trade Agreements Act, and the administration and the Department of State is operating under the broad powers which Congress itself delegated. Now, there is a question as to whether Congress should have delegated those powers. In my own judgment it was inevitable because in the development of tariffs, the local interests were so strong that the national interest was obscured. And finally Congress itself, in sort of self-disgust at the turn of events that had taken, attempted to get a unified treatment in the national interest and delegate these powers. We should consider this again next year when the trade agreement comes up. In the meantime, I think we should welcome the testimony of the Department of State on these matters as the indirect agency to which we have delegated many of these matters. I do not regard their advice as gratuitous or superfluous.

Senator ANDERSON. Mr. Chairman, may I ask one more question?

The CHAIRMAN. Senator Anderson?

Senator ANDERSON. Inasmuch as the State Department has expressed its opposition to the tariff section of S. 1747, could I ask you whether you did or did not favor the Baker bill which was ordered favorably reported by the House Ways and Means Committee, H.R. 5193?

Mr. BRAMBLE. We testified against that.

Senator ANDERSON. You testified against it?

Mr. BRAMBLE. Yes.

Senator ANDERSON. And the Ways and Means Committee reported it out, contrary to the desires of the State Department and the Interior Department and the administration?

Mr. BRAMBLE. That is right, sir.

Senator ANDERSON. I just want to call attention to the fact that this bill has the same general provisions that S. 1747 has. The bill reported by the Interior Committee would impose a permanent tariff of 2 cents a pound on lead, and the Anderson bill provides a 2-cent removable tariff, whereas the Baker bill has only a 1-cent removable tariff. The peril points are the same, 13½ and 14½ cents.

As to zinc, the Baker bill would provide a permanent tariff of but 1½ cents and a 1-cent removable, whereas the Senate bill would provide 2 cents and 2 cents. But the zinc peril point is but 12½ and 13½ cents as in the Senate provision it is 13½ to 14½ cents.

But the principle of the tariff is the same, and the Ways and Means Committee reported it, the recommendations of the State Department notwithstanding.

The CHAIRMAN. Any further questions?

Senator KERR. Mr. Chairman, I wonder if the Senator from New Mexico wants the other witnesses to appear and give their testimony and to be questioned, or would he want them to just file their statements?

Senator ANDERSON. I would only say that the testimony of the Interior Department on this bill is, I think, sort of superfluous. This reference to the Finance Committee is because of the tariff provisions, and the State Department has given the point of view on the tariff provisions. I did not believe the Interior testimony would deal with that subject at all.

I think the statement filed by the Interior Department sufficient, and as far as I am concerned I would not care to interrogate the Interior Department witnesses again. I think we have all the testimony we need on this particular bill.

Senator DOUGLAS. Mr. Chairman, I do not wish to prolong the matters, but I would be interested in knowing the difference between the original proposal of the subsidy which was advanced in the early part of this session and the final subsidy in this bill. I wondered if I could get an explanation on this matter.

Senator KERR. Will the chairman of the Interior Committee provide the Senator from Illinois with a copy of the hearings on that matter?

Senator DOUGLAS. I appreciate your suggestion, Senator.

Senator KERR. I was just trying to be helpful.

Senator DOUGLAS. I appreciate the great helpfulness of the Senator from Oklahoma. The Senator from Illinois is able to agree it is sometimes hard to winnow out the eternal truth from the great area of verbiage. Since these gentlemen are in the room, if they could tell me briefly the difference between the subsidy plans I would appreciate it.

The CHAIRMAN. Do you want to hear them?

Senator DOUGLAS. I would like to hear testimony on that point, Mr. Chairman.

The CHAIRMAN. Well, that would come under Mr. McCaskill.

Senator DOUGLAS. Very good; if I might hear from Mr. McCaskill. Is Mr. McCaskill here? Will you take the stand?

STATEMENT OF JOSEPH C. McCASKILL, STAFF ASSISTANT, ACCOMPANIED BY JOHN O'LEARY, STAFF ASSISTANT, OFFICE OF ASSISTANT SECRETARY OF MINERAL RESOURCES, DEPARTMENT OF THE INTERIOR

The CHAIRMAN. Mr. McCaskill, the chairman would suggest that you insert your statement in the record and make yourself available for questions.

Mr. McCASKILL. I will be happy to, Mr. Chairman.

(The prepared statement of Mr. McCaskill is as follows:)

STATEMENT OF JOSEPH C. MCCASKILL, OFFICE OF THE ASSISTANT SECRETARY, MINERAL RESOURCES, DEPARTMENT OF THE INTERIOR

Mr. Chairman, There are three distinct purposes evident in the proposed legislation. The first is the use of the tariff as a price support device. Second, the bill provides subsidies to small producers of lead and zinc. A third provision of the measure would increase the duties on certain manufactured products valued chiefly as lead or zinc.

The report of the Department is in opposition to the enactment.

The countries which comprise the principal suppliers of lead and zinc to the United States are among our strongest allies. It is the considered judgment of the administration that any weakening of the economies of these countries, or any alienation of their support, by increased protection to domestic lead and zinc mining would be adverse to the overall national interest.

The measure provides for a basic duty of 2 cents per pound on lead and zinc metal, and 1.4 cents per pound on ores and concentrates. These duties are approximately double those now in force for lead, nearly three times the present rate for zinc metal, and 2½ times the current rate for zinc ores and concentrates. These basic duties would be doubled when metal prices drop below 13½ cents, and the additional duties would remain in force until metal prices reached 14½ cents.

It is difficult to see how an increase in the duties, in the absence of other measures, would increase the domestic prices of lead and zinc to the 14½-cent level. The price of slab zinc in the United States has not reached the 14½-cent level at any time since the Korean emergency, and the price of lead has been below this point since midyear 1957.

World production has been in excess of world consumption for several years, and unusually large stocks have accumulated. Consumption in the United States has declined sharply.

Certainly the chances of a 14½-cent price are not good if the subsidy provisions of the measure under discussion are adopted. The additional output that would be generated by such subsidies, added to the very large stocks now overhanging the market, would make it most unlikely that prices would rise to 14½ cents.

With the present price of lead at 11 cents, and the price of zinc at 11½ cents, the additional duties proviced in the bill would come into effect immediately upon its enactment. In view of the fact that there is no immediate prospect of a 14½-cent price, we must assume that the additional duties would remain in effect for an indefinite period.

The current duty on lead ore is three-fourths of a cent. With the passage of the bill, this duty will be increased more than 3¼ times to 2.8 cents per pound. The duty on lead metal, now 1¹⁄₁₆ cents per pound, will be almost quadrupled to 4 cents per pound.

The duty on zinc ore, now six-tenths of a cent per pound, will be increased 4⅔ times to 2.8 cents per pound. The duty on zinc metal, now seven-tenths of a cent per pound, will be 5⅔ times as much and will represent an ad valorem equivalent of approximately 60 percent.

The impact of such steeply increased duties would fall most heavily on Canada and Mexico, who between them supply more than 50 percent of our imports of lead and zinc. The on-again, off-again nature of these additional duties would lead to a marked instability in lead and zinc prices outside of the United States, and would introduce highly speculative elements into the lead and zinc trade. The ability of some companies to take advantage of the variable duties could result in wide fluctuations in available supply and price.

One of the major causes of the difficulties faced by the domestic lead and zinc industry has been the decline in industrial use of the two metals in the United States. While Europe, Japan, Australia, and other countries have shown steady increases, consumption in the United States has fallen sharply.

Lead consumption in the United States in 1960 was nearly 10 percent below 1957, while the rest of the free world showed an increase of more than 11 percent. For zinc the contrast is even sharper. In 1960, U.S. zinc consumption was 10 percent below 1957, while in the balance of the free world it was 22 percent greater.

During the 3 years, 1958, 1959, and 1960, the yearly average consumption of lead in the United States was 125,000 tons below the yearly average of the previous 5 years. Zinc consumption was 75,000 tons a year less.

The proposed measure seeks to achieve stability in domestic price and mine output in periods of low consumption by transferring to foreign producers the entire burden of adjusting output to meet declining consumption. This we have strongly objected to when done by other countries. It affords no basis for expanded trade and improved mutual understanding with our neighbors.

Title II of the bill provides for stabilization payments to lead and zinc miners. While opposing the subsidy provisions of the bill, the Department recognizes that there are problems of economic and human distress arising from the closing down of lead and zinc mining operations in many communities. The Congress has enacted the Area Redevelopment Act and the administration is moving rapidly to implement it. This will take some time.

Consequently, the Department is willing, in the meantime, to see the enactment of a limited, temporary measure which would assist a number of small producers without disrupting the entire industry. In reporting on H.R. 84, now incorporated as title II of S. 1747 in the form in which it passed the House, the Department recommended that the measure be amended to reduce the tonnages and the amounts of the subsidies. We proposed that such assistance be limited to a 3-year period during which every effort should be made to utilize other, more fundamental courses of action. We recommend that individual payments be limited to 750 tons of each metal the first year, 500 tons the second year, and 250 tons the third and last year, based on a combined price of 27½ cents for the lead and zinc.

We propose that a small producer be defined as one who actually mined lead or zinc ores at some time during the period 1956–60, but who did not in any year produce more than 2,000 tons of the two metals combined. This definition would cover approximately 90 percent of all domestic producers of lead and zinc. Producers of other metal who recover lead and zinc as byproducts should not be eligible. Production from properties not previously operated, or from properties leased since January 1, 1961, should not be eligible.

The final section of S. 1747 would increase the duties on lead and zinc products. These increases in duties are included in the bill to compensate for the proposed increases in the duties on unmanufactured lead and zinc. Should the duties on unmanufactured lead and zinc not be enacted, we assume no increase in duties on products would be warranted. Our Department considers the Department of Commerce as the agency of the Government primarily concerned with lead and zinc products. The primary concern of the Department of the Interior has been to see that the quotas on unmanufactured lead and zinc are not frustrated by the imports of products. To date there has been no marked increase in imports due to the quotas.

The bill, if enacted, would terminate the quantitative quotas imposed on imports of lead and zinc by the President on October 1, 1958. The Department believes it would be harmful to the domestic industry to terminate the quotas at this time. Surplus stocks of lead and zinc are now accumulating outside of the United States; these stocks would come to the United States in the absence of quotas even if duties of the projected levels were imposed. In our view, therefore, substitution of the subject measure for the existing quotas would have the immediate effect of increasing, rather than decreasing, lead and zinc imports with further injury to the domestic industry.

Senator DOUGLAS. Did you understand the question?

Mr. MCCASKILL. Yes, I think so.

Mr. Chairman, my name is Joseph C. McCaskill, I am staff assistant in the Office of the Assistant Secretary of Mineral Resources.

The original bill introduced into the House by Congressman Edmondson, of Oklahoma, H.R. 84, provided for a subsidy to small mines. This was a subsidy based on a combined price of 31½ cents, 17 for lead, 14½ for zinc. This subsidy would be paid to producers who had a history of production of not more than 5,000 tons of lead and zinc combined. The subsidy would go to 2,000 tons of each metal per year. He estimated the cost of that bill.

Senator DOUGLAS. Not more than 2,000?

Mr. MCCASKILL. 2,000 of each metal.

Senator DOUGLAS. A total of 4,000?

Mr. MCCASKILL. If a producer were producing both lead and zinc he would have 4,000 tons; that is correct, sir.

Senator KERR. But not over 2,000 of either?

Mr. MCCASSILL. 2,000 of each is the limit.

The bill provided an annual appropriation of $4,840,000 for a 5-year period. Our own estimates in the Interior Department of the cost of that bill would be considerably in excess of that figure, running perhaps $10 to $12 million for the first year, and something in excess of that for subsequent years.

Senator DOUGLAS. Was this a declining subsidy?

Mr. MCCASKILL. No, this was a straight 5-year program at this level.

The bill as amended by the Interior Committee proposes now a 4-year program on a sliding scale with a larger subsidy the first year and diminishing to a smaller subsidy in the fourth year. It is limited to producers of not more than 3,000 tons rather than the 5,000-ton limit in the original bill.

Senator DOUGLAS. 4,000?

Mr. MCCASKILL. Five in the original, three in this. This is the eligibility. In other words, small producers are defined as those who do not produce more than 3,000 tons a year, and those are the eligible people.

Senator DOUGLAS. 3,000 for lead, 3,000 for zinc?

Mr. MCCASKILL. No, 3,000 tons of total metal.

Senator DOUGLAS. Combined?

Mr. McCaskill. That is right. Then the subsidy runs 15, 12, 9, and 6; 15,000 the first year——

Senator Bennett. 1,500?

Mr. McCaskill. 1,500 of each the first year, 1,200 the second year, 900 the third, and 600 the fourth year, on each metal, on a 4-year program, at which time the plan terminates. The price as amended has been reduced to 14½ cents for each metal for a total of 29 cents combined price.

Senator Douglas. What is the estimated cost of this second plan?

Mr. McCaskill. $4½ million the first year, $4½ million the second year, $4 million for the third year, and $3½ million for the fourth year.

Senator Douglas. Do you agree with those estimates?

Mr. McCaskill. Yes, I think approximately so.

Senator Douglas. Do you think the cost of the original Edmondson bill would be in the order of $10 million and $11 million a year?

Mr. McCaskill. The original Edmondson bill had some loopholes in it that have been eliminated in the amended version so that it is a tighter bill.

Senator Douglas. How many workers are affected—how many workers in the lead and zinc mines of this country, or how many were there in 1957? Perhaps that would be fairer.

Mr. O'Leary. Senator Douglas. There were on the order of 13,000 to 14,000 people total employed in lead and zinc mining and milling in 1957.

Senator Douglas. In milling?

Mr. O'Leary. Mining and milling, or integrated operations. The milling in many instances occurs at the mines.

Senator Douglas. I see.

Mr. O'Leary. There is no separate breakdown.

Mr. McCaskill. This would not include smelting, but the milling of concentrates.

Mr. O'Leary. That has declined at the moment to something on the order of 10,000.

Senator Douglas. There has been a decrease of approximately 3,000?

Mr. O'Leary. On that order.

Senator Douglas. What percentage are employed in the small mines?

Mr. O'Leary. Something on the order of 10 to 12 percent in the mines that we are speaking of, the small category of 3,000.

Senator Douglas. So that nine-tenths of the production is in the bigger mines?

Mr. O'Leary. Yes, sir.

Senator Douglas. What are the major companies involved? American Smelting & Refining is one.

Mr. O'Leary. New Jersey Zinc Co., St. Joseph Lead Co., the American Metals Co., a smelter, the New Park City Mining Co., the Day Mines, Sunshine Mines—a number of mines. Perhaps 25 in the very substantial category.

Senator Douglas. That would be the companies excluded from this?

Mr. O'Leary. They would be excluded from this.

Senator Douglas. At least they will be protected on the first 3,000 or 4,000 tons?

Mr. O'LEARY. No, sir.

Senator DOUGLAS. Not even on that?

Mr. MCCASKILL. No, sir; they would be out of it entirely.

Senator DOUGLAS. They would be completely out of the picture.

Mr. MCCASKILL. This is primarily for small mines, small producers.

Mr. O'LEARY. Defined as those producing less than 3,000 tons in any 1 year on a base period.

Senator KERR. If a company produced more than that, they would not have the benefit of this bill with reference to anything?

Mr. O'LEARY. That is right.

Senator DOUGLAS. What about the present bill, the bill now before us?

Senator KERR. That is what he is talking about.

Senator DOUGLAS. I beg your pardon.

Mr. MCCASKILL. That is true of the present bill. It would apply to producers of 3,000 tons or less.

Senator DOUGLAS. I thought you were speaking about the House bill.

Mr. O'LEARY. That has been incorporated in the bill before you.

Senator KERR. The bill before you, Senator, with reference to the subsidy provision is an exact duplicate of the bill that was passed by the House.

Senator MCCARTHY. In addition to that you have the tariff provisions.

Senator KERR. And the tariff provisions are added to it. The subsidy part of S. 1747 are identical with H.R. 84 as it passed the House.

Senator MCCARTHY. It would apply to small producers. And you say the cost of about $4½ million had the effect of subsidizing employment for about 1,000 mine and mill workers—capital investment of course would be involved. It would involve about $4,000 subsidy per employee.

Mr. MCCASKILL. I think I figured $2,500 once.

Senator KERR. If the Senator would yield, I would like to put in the record at this point the statement of the Tariff Commission as to the number of employees in it.

In 1954 employees of lead and zinc mines and mills was 24,777. In 1952 it was 20,039. In 1953 it was 16,640. The figures are not here for 1955. In 1956 it was 16,737. In 1957 it was 15,874. In 1958 it was 10,768. In 1959 it was 9,769.

Senator DOUGLAS. Those do not include the smelters?

Senator KERR. No, they do not. There has been a very much smaller reduction in the employees in the smelters.

Senator DOUGLAS. I wonder if you would be willing to file for the record the comparative volume of production of these 25 companies which will not be eligible for subsidy under the bill now before us?

Mr. MCCASKILL. We will be happy to, sir.

(The document referred to follows:)

TWENTY-FIVE LEADING LEAD AND ZINC PRODUCING COMPANIES IN THE UNITED STATES IN 1960

St. Joseph Lead Co.	American Zinc Lead & Smelting Co.
Bunker Hill Co.	Emperius Mining Co.
U.S. Smelting, Refining & Mining Co.	Sunshine Mining Co.
Pend Oreille Mines & Metals Co.	Day Mines, Inc.
Shattuck-Denn Mining Corp.	Nash & McFarland
Idarado Mining Co.	American Zinc Co. of Tennessee
American Smelting & Refining Co.	United States Steel Corp., Tennessee Coal & Iron Division
Lucky Friday Silver-Lead Mines Co.	Tri-State Zinc Inc.
United Park City Mines Co.	Eagle-Picher Co.
The Anaconda Co.	Cyprus Mines Corp.
National Lead Co.	Tennessee Corp.
New Park Mining Co.	Ozark Mahoning Co.
The New Jersey Zinc Co.	

Lead output, 227,147 short tons; zinc output, 380,585 short tons; represents, respectively, 92.6 and 87.4 percent of total U.S. mine production of lead and zinc in 1960.

Senator BENNETT. Are you referring to their domestic production only?

Senator DOUGLAS. Yes.

That raises a very interesting point. I thank the Senator from Utah.

To what degree do these companies have foreign holdings in foreign production?

Mr. McCASKILL. To a substantial degree.

Senator DOUGLAS. What about American Smelting & Refining?

Mr. McCASKILL. They have operations in Australia and in Mexico.

Senator DOUGLAS. Do you know what their production is in Australia and Mexico?

Mr. McCASKILL. I think we had better supply that figure for you.

Senator DOUGLAS. Do you have the figures on other companies who have foreign holdings—foreign production, rather?

Mr. O'LEARY. We will be pleased to furnish that.

Mr. McCASKILL. I am not sure the extent to which we have available figures for all of the companies.

Senator DOUGLAS. I understand, but if such figures are available.

Mr. McCASKILL. You understand a good bit of the production of American companies abroad does not come to the United States but goes to other countries.

Senator DOUGLAS. I understand.

(The information referred to follows:)

MAJOR FOREIGN LEAD-ZINC HOLDINGS AND INTERRELATIONS OF DOMESTIC COMPANIES

AMERICAN SMELTING & REFINING CO.

Mexico: American Smelting & Refining Co. owns mines, smelters, and refineries that produce approximately 135,000 tons of refined lead annually.

Peru: The company owns Northern Peru Mining Corp. (Chilete silver-lead-zinc property).

Newfoundland: A.S. & R. owns Buchans mines, a gold-silver-copper-lead-zinc property that produces about 25,000 tons of lead in concentrates per year.

Australia: The company owns 53.9 percent of Mount Isa Mines, Ltd., a silver-copper-lead-zinc producer that has a yearly lead output of about 6,000 tons.

ST. JOSEPH LEAD CO.

Argentina: The company owns 99.9 percent of the stock of Compania Minera Aguilar, S.A., a mining company in Argentina that produces about 25,000 tons of lead per year.

North Africa: The company owns 17.15 percent in Soc. Nord-Africaine du Plomb and Soc. Algerienne du Zinc operating lead-zinc deposits near the Algerian-Moroccan border.

Peru: St. Joseph Lead Co. owns 66.9 percent of Compania Minerales Santander, Inc., that mines copper-lead-zinc ore.

BUNKER HILL CO.

United States: Bunker Hill Co. owns 37 percent of Pend Oreille Mines & Metals Co., and as a result of this relation owns 22 percent of Reeves MacDonald Mines Ltd. of Canada, a lead-zinc producer.

PEND OREILLE MINES & METALS CO.

Approximately 37 percent of Pend Oreille's stock is held by Bunker Hill Co. Pend Oreille, in turn, owns 59.4 percent share interest in Reeves MacDonald Mines, Ltd., a substantial lead-zinc mining company.

TRI-STATE ZINC, INC.

This company, as such, has no foreign lead-zinc production interest. However, it is owned by Consolidated Gold Fields of South Africa, Ltd., that has a major interest in Fresnillo Co., a significant lead-zinc producer in Mexico. Incidentally, Consolidated Gold Fields stands in complex corporate relations to American Metal Climax and other companies through common interest in producing and holding companies, mostly related to African copper.

In addition to domestic lead and zinc companies that have varying degrees of interest in foreign producing companies, there are several domestic companies that have little or no lead-zinc mining interests in the United States but do have significant interest in foreign operations that bear relations to the U.S. lead-zinc supply. A list follows:

CERRO CORP.

This Delaware corporation has copper-lead-zinc-silver mining properties in Peru. Custom ores and concentrates are smelted and refined at La Oroya. Production of lead is about 65,000 tons per year and yearly zinc output is about 72,000 tons. Cerro owns 22.25 percent interest in Southern Peru Copper Corp. (also see American Smelting & Refining Co., and Newmont Mining Co.).

AMERICAN METAL CLIMAX, INC.

In Mexico, American Metal Climax subsidiaries (Cia Metalurgica Penoles, S.A. and Cia Minera de Penoles, S.A.) own lead-zinc mines and lead smelter and refinery facilities. Penoles refined lead amounts to about 75,000 or 80,000 tons per year. Zinc concentrates are smelted in the United States (about 90,000 tons of contained zinc yearly) by Blackwell Zinc Co., a 100-percent owned American Metal Climax subsidiary.

San Francisco Mines of Mexico is 37.5 percent owned by American Metal Climax and ships about 32,000 tons of lead in concentrates to Penoles for smelting and refining.

In Canada, American Metal Climax owns 75 percent of Heath Steele Mine, Ltd., a lead-zinc-copper mine now under development.

In southwest Africa the company owns 30 percent of Tsumeb Corp., Ltd., major mine producer of copper, lead, and zinc. A large portion of the lead concentrates are smelted by American Smelting & Refining Co. in the United States.

NEWMONT MINING CORP.

Among other holdings this company owns 31.85 percent of Soc. Nord-Africaine du Plomb (north Africa), large but unknown interest in Tsumeb Corp., Ltd., a major lead-zinc-copper producer in southwest Africa. Newmont also has the principal share interest in Cyprus Mines Corp. and Soc. Algerienne du Zinc (north Africa).

Senator DOUGLAS. The Senator from Minnesota has made a very valuable point in that he says that the importation of iron ore from Canada and Venezuela largely comes from companies which are American owned, and the statement was made that the situation was somewhat different in the case of lead and zinc but it now develops that there are considerable holdings by American companies abroad and that some of these may be captive mines.

Senator MCCARTHY. That is right. It seems so. The statement was lead and zinc was produced in many countries but they may well be produced in many countries by a few companies.

Mr. MCCASKILL. I might add, Senator, that some 60 to 75 percent of the imports of lead and zinc into the United States are from captive operations of American concerns abroad.

Senator DOUGLAS. Of lead and zinc?

Mr. MCCASKILL. Of lead and zinc.

Senator DOUGLAS. This changes very markedly the testimony of the Department of State which certainly gave the impression that the imports were from small foreign producers.

Mr. MCCASKILL. It is not simple. Many of these productions abroad are owned in part by nationals of the country. For example, Mexico is now moving toward a nationalization of its mines—I do not mean nationalization—but a requirement that 51 percent of the ownership shall be Mexican capital.

Senator DOUGLAS. Aside from that, about two-thirds of the lead and zinc imported from abroad comes from concerns which are primarily controlled by American companies?

Mr. MCCASKILL. I think that would be a reasonable figure.

Senator DOUGLAS. That puts a very different light on this.

Mr. MCCASKILL. Seventy percent of the zinc imports which come into the United States come in the form of ores which are smelted by American smelters. It is not all metal. In lead it is some 35 percent in the form of ores.

Senator KERR. I want to thank the Senator from Illinois for developing those very pertinent facts.

Senator DOUGLAS. I was interested in finding out the truth.

The CHAIRMAN. Any further questions? Does the Senator from Illinois have further questions?

Senator DOUGLAS. No more questions.

The CHAIRMAN. The committee will adjourn to the call of the Chair.

(By direction of the chairman, the following is made a part of the record:)

MEXICO CITY, MEXICO, *September 20, 1961.*

Hon. HARRY FLOOD BYRD,
Chairman of the Finance Committee of the Senate,
U.S. Senate, Washington, D.C.:

Have been informed today hearings by Finance Committee you preside will start on bill to increase U.S. import duties on lead and zinc. Due to impossibility appear personally, we respectfully wish to state proposed elevation will cause very serious consequences Mexican mining industry already severely hurt because of low metal prices since 1957 which have caused reduction in lead and zinc production and unemployment of more than 10,000 workmen in mines and smelters. As Mexican mines have costs higher than other newer mines of exporting countries, proposed measures would exclude Mexican exports and provoke numerous shutdown mining operations because majority Mexican mines operate under marginal conditions. Proposed increase would also affect silver, copper, arsenic, cadmium, and bismuth obtained from mines producing lead and zinc which added to these metals represent 80 percent of the total value of Mexican mining production. Increase of duties would severely hurt not only mining industry but Mexican economy because of consequences in our foreign trade as exports these metals during last 5 years represented 25 percent of total value Mexico exports. Since Mexico is principal buyer U.S. products in Latin America, a reduction in Mexico's capacity to import will have repercussions on U.S. exporters.

In addition Mexican and Canadian production is the only one that may be shipped overland to United States, which is extremely important in times of emergency. During World War II Mexico sold lead and zinc to United States at lower prices than those obtained by U.S. producers; therefore, it does not appear fair to place additional burdens on Mexico, which has lesser capacity to absorb them. Projected increase not in accord with alliance for progress program initiated by President Kennedy and is openly against the spirit and conclusions on measures of international cooperation reached recently at Punta del Este. Lead and zinc problems are being examined on international level by U.N. Lead Zinc Study Group with projected meeting next month and no justification under these conditions adoption of unilateral measures with respect problems, which affect worldwide producers. Finally, proposed measure conflicts with spirit of cooperation and mutual help within American Continent in these times in which it is so important to secure solidarity and comprehension between the countries that form the continent. Therefore, we attentively request that the committee you preside does not approve proposed measure.

Obligingly,

MINING CHAMBER OF MEXICO,
LIC. JOSE CAMPILLO, *President.*

SALT LAKE CITY, UTAH, *September 19, 1961.*

Hon. HARRY FLOOD BYRD,
Chairman, Finance Committee of Senate,
New Senate Office Building, Washington, D.C.:

Consideration of S. 1747 by your committee is greatly appreciated by Utah lead-zinc operators. We fully support both the tariff and subsidy provisions of the bill, but depend almost entirely on tariff provisions for effective relief. Subsidy provisions of S. 1747 would afford some relief to both large and small Utah mines, but such relief would be temporary and make no contribution to desperately needed long-range solution such as proposed reasonable tariff provisions and rates would afford. We urge that no consideration be given to substituting provisions of H.R. 84, passed by House, for subsidy provisions of S. 1747. But few small western mines would be helped by H.R. 84 and larger mines long in critical economic condition would not be eligible.

MILES P. ROMNEY,
Manager, Utah Mining Association.

STATEMENT OF RICHARD A. YOUNG, VICE PRESIDENT, AMERICAN ZINC, LEAD & SMELTING CO., ST. LOUIS, MO

Practically all of the companies in the industry feel that a reasonable, lasting, and prompt solution to the problem is sorely needed. We have seen stockpiling, barter, sliding-scale duties, subsidies, and quotas proposed by the past administration at one time or another in the last 8 years. Of these, stockpiling, barter, and quotas have been used and found lacking. Industrywide subsidies were wisely rejected by the Congress. The Tariff Commission has consistently recommended the further consideration of duties. This is the approach of the Anderson bill (S. 1747), and the industry virtually unanimously endorses it in principle as the only solution.

However, the specific rates set forth in the Anderson bill are excessive. The recommendations of the two Tariff Commissioners in answer to Senate Resolution 162 are, we feel, the maximum rates which should be applied consistent with giving the aid needed by the mining segment of the industry and yet not unduly risking permanent injury to the long-range markets of lead and zinc and to the best interests of the consumers of the two metals. These rates are contained in the Kerr bill (S. 1361) and an identical bill (H.R 5193) which Congressman Baker introduced in the House and which was considered and reported unanimously with two amendments by the Committee on Ways and Means on Thursday, September 14, 1961. These rates are fractionally close to being the maximum specific rates allowable under existing authority of the escape clause of the Trade Agreements Act.

With the exception of one amendment which designates April 1, 1962, as the effective date, this is the same legislation approved by the House Ways and Means Committee and the Senate Finance Committee in the last session of the Congress. We commend these rates to this committee as more appropriate than those set forth in the Anderson bill.

It is rather widely recognized that a reasonable increase in U.S. duties or taxes on lead and zinc would not be too disturbing to the majority of foreign producers who regularly ship their production to this market. Since temporary expediency substituted for proper action in the past years has not solved our problem, we earnestly urge action by this Congress. The longer the delay, the more serious the results will be and the more difficult a proper solution will become.

STATEMENT OF CLARK L. WILSON, CHAIRMAN, EMERGENCY LEAD-ZINC COMMITTEE

Mr. Chairman, on behalf of the Emergency Lead-Zinc Committee and the domestic lead-zinc miners of the United States, may I thank you and your committee for the opportunity to submit a statement and urge favorable consideration of S. 1747, introduced by Senator Anderson and cosponsored by other friends of our industry.

As you know, this legislation was originally proposed by our committee, representing approximately 90 percent of the lead mining, 80 percent of the zinc mining, and 50 percent of the lead-zinc smelting industry in this country.

Let's very briefly review the past record statistically and also from the standpoint of procedures. I am attaching to this statement a summary of lead-zinc legislative and governmental experience since 1950, including statistics. A quick study of this sheet highlights the problem of the domestic miner.

It is generally acknowledged that the minimum U.S. annual lead mine production should be 350,000 tons to provide a stable domestic industry: 1960 production was approximately 244,000 tons, only 70 percent of the goal. Imports for consumption exceeded this by 110,000 tons, or 44 percent more than we produced.

Unfortunately, industrial consumption decreased in 1960. This, coupled with excessive imports, resulted in increased stocks of lead metal. The domestic market price dropped and has been at 11 cents since mid-December 1960, equaling the low price levels experienced only twice previously since the end of World War II. Reduced employment during the past few years, reflecting closed mines, completes the picture. Domestic lead-zinc mines and mills had 24,777 employees in 1952 and only 9,769 in 1959, a decrease of 61 percent. The smelting industry fared much better with a decrease of only 28 percent. Their business was able to continue on imported ores and concentrates.

The generally accepted minimum for annual zinc mine production is 550,000 tons. From 1958 to 1960, the United States produced at about 77 percent of this rate. Imports for consumption in 1960 exceeded mine production by 70,000 tons, or 16 percent. Here again the consumption of zinc decreased, but metal stocks at smelters built up in spite of the loss of substantial ore production due to strikes at plants of some of our domestic mines. The zinc price dropped from the 1960 level of 13 cents to the current 11.5 cents. The combined price of 22.5 cents is too low for any profitable mine operation in the United States.

A more detailed examination of the statistics and resultant effects confirms this quick résumé:

(1) Many domestic mines have been closed for several years with resulting unemployment, loss in investments, and accompanying hardships for many individuals and communities.

(2) Under present market conditions, additional reductions in domestic production have become necessary, and the following curtailments have been announced.

(*a*) The Anaconda Co. discontinued all lead-zinc mining at Butte and curtailed refinery facilities.

(*b*) American Zinc, Lead & Smelting Co. cut metallic zinc production 10 percent, and closed three Tennessee mines.

(*c*) St. Joseph Lead Co. curtailed zinc smelter production 15 percent, zinc ore production 15 percent, lead ore production 10 percent, and postponed plans to increase lead smelter capacity.

(*d*) New Jersey Zinc Co. early this year curtailed production of slab zinc and alloy metal by 15 percent. Last week this company announced a further 15 percent reduction in slab zinc production and has closed a Tennessee mine.

(e) Matthiessen & Hegeler Zinc Co. has reduced its slab zinc production by 20 percent.

(f) American Smelting & Refining Co. curtailed zinc metal production at Corpus Christi, Tex., by 11 percent.

(g) Several months ago, the Eagle-Picher Co. substantially cut back zinc metal production at Henryetta, Okla.

(3) Even under the present quota plan, imports of lead and zinc metal and ores and concentrates continue to exceed our domestic requirements. The result is continued excessive stocks, low metal prices, closed mines, and the domestic miner must bear the burden of keeping the foreign producer in business. We don't even get 50 percent of our domestic market needs for ores and concentrates. I think we should rightly expect this as our minimum share.

Let's quickly review the recent history of industry efforts to correct excessive import inequities. Our troubles stem from tariff reduction at Torquay in 1951 and stimulation of foreign production occasioned by the Korean emergency. The domestic lead-zinc mining industry has been examined by the Tariff Commission during November 1953, November 1957, January 1960, and September 1961. In each instance, the Commission unanimously found the industry to be suffering injury as a result of excessive imports. As you know, the Commission has made several suggestions on increased import protection, but the only executive action as a result of Tariff Commission findings has been imposition of the present quota plan established on a basis more favorable to the importer than to the domestic miner, whom it supposedly was designed to protect.

There have been numerous hearings before committees of both Houses of Congress where we have repeated the sad story of our industry and have always been sympathetically received with genuine efforts to help. We've suffered through programs of stockpile purchases and barter, temporary palliatives to avoid facing a permanent solution. We participated in the legislative efforts of 1957 and 1958 for an adjustable import tax and a stabilization payments plan—both unsuccessful in Congress. We have participated in 5 United Nations international lead-zinc meetings to try and solve these problems, worldwide, without success. At the last meeting, we were told that the surplus in zinc was a problem for the United States to solve internally, but the importing nations were very happy to have our State Department propose another barter program to put their surplus stock of lead in the U.S. stockpile at our expense—again a temporary palliative with very questionable possibilities for benefit to the domestic miner.

Through all this effort we have recognized:

(1) That the domestic lead-zinc industry must have a market price that will put the miner back in business and provide long-term stability to explore, develop, and produce a fair share of the domestic needs.

(2) The consumer of lead and zinc must be assured that there will be an adequate, long-term supply of metal at stable and reasonable prices to permit further planning and design for use in manufactured products.

(3) We realize that imports are needed to help supply our domestic market and agree that appropriate quantities should enter at reasonable tariff rates, but this has not been the case; it is the cause of our troubles and is the problem to be considered here today.

Consideration of these three fundamentals complicates the problem but an equitable and workable solution has been introduced in this Congress as the Anderson bill, S. 1747, and the Aspinall bill, H.R. 3416. This proposal recognizes that:

(1) A domestic price of 13½ to 14½ cents lead and zinc is a good price for the consumer and will provide him an adequate metal supply attractive for long-term design and use.

(2) These prices will probably not be effective immediately as large metal stocks must be worked off. To get the very small miner back in business, the legislation was amended by the Senate Interior Committee to include the administration proposal of a phaseout subsidy. This pays the small miner a percentage of the difference between the low market price and 14½ cents on production up to 1,500 tons of each metal the first year. The program is limited to only 4 years, and the subsidy tonnage decreases each year. Total cost is limited to $16.5 million. Subsidy payments will come from tariff receipts, similar to provisions of the National Wool Act.

(3) This price of 13½ to 14½ cents can only be maintained through elimination of excessive stocks caused by unneeded imports. The legislation proposes reasonable increased tariffs during periods of normal imports and at rates, with one minor exception, lower than 1930 schedules. Additional removable tariffs are needed during low-price periods to "police" the importer and reduce imports.

In proposing effective import controls, we must examine the minimum production price of our competition. The London Metal Exchange (LME) reflects the world price outside the United States, and a tariff schedule must consider metal pricing experience at the LME during the past few years. We have had excessive, unneeded imports of both metals at less than 8 cents LME prices (zinc in May 1958 and lead in December 1960). Legislation must consider these price levels as a very possible future threat. We know that the importing countries look at a 10- to 11-cent LME price as satisfactory for normal operation. Legislation must look to this as perhaps normal competition considering that something less than a cent must be added to the LME for transportation charges to the United States. The Anderson bill considers these conditions and proposes a permanent tariff on lead and zinc metal of 2 cents per pound (present rates 1.0625 cents per pound on lead and 0.7 cent per pound on zinc), again recognizing that both metals should be treated equally as opposed to the inequalities of present tariff schedules. This 2-cent tariff will produce a domestic market price of the desired level with normal LME prices and with imports limited to needed quantities of lead and zinc. Past experience tells us that these normal conditions won't prevail and additional controls are therefore mandatory during periods of subnormal LME prices. The legislation, therefore, further proposes that, should our domestic price for either metal go below 13½ cents, an additional 2-cent tariff be applied, to be removed when the domestic price rises above 14½ cents per pound. This is fair warning to the importer that we can protect the U.S. price down to the historic LME lows, that the domestic miner should have his fair share of the market, and that the importer can participate with us at a good price and reasonable tariff (2 cents) by limiting his imports to those needed by our industry.

The legislation provides for two other important considerations. Historically, lead concentrate tariff rates have been only 70 percent of the rate on lead metal recognizing the losses in, and the costs of smelting concentrates to produce metal.

In the case of zinc, the concentrate tariff rate has been 86 percent of the metal rate even though losses and costs are greater than in the case of lead. The Anderson bill proposes equal tariff treatment for both metals—1.4 cents per pound on lead and zinc concentrates, providing the importer of zinc concentrates an equal tariff "advantage" as is the present situation with lead.

Regarding the second consideration, as the price differential increases between the LME and the United States, it becomes advantageous for the foreign manufacturer to fabricate goods from cheaper foreign metals and import these manufactured items into the United States at the present low tariff rates on these goods. The Anderson bill proposes an additional compensatory tax of 2 cents per pound on these items to plug this import loophole.

There are other legislative proposals presently introduced in this Congress, designed to protect the interests of the importing smelters, and these don't provide for adjusting the old inequities between tariff treatment for lead and zinc. In contrast, the Anderson bill is truly a lead and zinc minerals policy that has not selfishly put the welfare of the domestic miner above other considerations. It recognizes the interests of the consumer and the importer, and the provision for protection adjusts to world prices and domestic needs.

Mr. Chairman, we have had high hopes that the new administration, as promised, would present a practical lead-zinc minerals policy. Unfortunately, for the industry and the country, their proposals to date have included (1) a barter program to acquire domestic lead-zinc stocks to be placed in an already overflowing stockpile, (2) a request to the Treasury to stop sales of silver stocks as a means of strengthening the silver price, thereby increasing income to lead-zinc miners producing silver, (3) a task force study of the industry to evaluate problems and recommend cures, and (4) the phaseout subsidy, recognizing Government responsibility for encouraging miners to produce during the Korean emergency, and providing a means for recovery of capital, assuming these miners will then go permanently out of business.

These proposals ignore the basic problem of excessive imports that ruin our domestic market and mining business and can only be controlled by a tariff program.

The barter program would purchase domestic stocks, but much of this metal has been produced from imported ores and concentrates, and the plan would act as a further subsidy to foreign producers. The silver proposal is logical, but since most lead-zinc ores don't have silver as a byproduct, we consider this good silver policy and not lead-zinc policy. Our industry knows its troubles, and a task force only postpones plans for action. The phaseout subsidy alone completely ignores the importance of the small miner as a continuing and essential part of the lead-zinc industry.

In view of these suggestions from the Department of the Interior and their ineffective approach to the situation, the hearing today is most timely, as you and your committee can further advise the administration as to your recommendations for a lead and zinc policy to not only get the domestic miner back in business, but provide a plan to assure an expanding healthy, growing U.S. industry. On behalf of the lead-zinc miners in this country may I thank you for your interest and support.

Summary of Lead-Zinc Legislative and Governmental Experience Since 1950

I. Details of experience of lead-zinc industry under various provisions and procedures of U.S. trade laws and legislative proposals

(1) On May 10, 1950, the lead mining industry petitioned the Tariff Commission for escape clause action. This petition was filed in accordance with article XI of the trade agreement with Mexico (1943) and with the provisions of Executive Order No. 9832 (1947) which first established the Commission's escape clause procedures. On July 18, 1950, the Commission informed the industry that no consideration would be given to this escape clause petition because the Mexican agreement was being canceled by the United States effective December 31, 1950. The industry's petition was formally dismissed by the Commission on January 25, 1951. With the cancellation of the Mexican agreement, the 1930 duty on lead was temporarily restored.

(2) In spite of presentations in early 1951 by the lead-zinc industry before the Committee for Reciprocity Information in preparation for the trade agreements negotiations at Torquay, the duty on lead, which had been restored only 5 months before by abrogation of the Mexican agreement, was cut to its prior level on June 6, 1951. In addition, the duty on zinc was also cut at Torquay on the same date.

(3) On February 14, 1951, the lead mining industry made application to the Tariff Commission under the provisions of section 336 of the Tariff Act of 1930 for an investigation of the differences in the cost of production of lead in the United States and foreign countries. The Commission, on May 29, 1951, dismissed this petition and advised the industry that trade agreement rates could not be changed by action under the provisions of section 336.

(4) On September 14, 1953, the lead-zinc industry petitioned the Tariff Commission for escape clause action under section 7 of the Trade Agreements Extension Act of 1951. Hearings were held during November 1953. On May 21, 1954, the Commission made a unanimous finding that serious injury was resulting from excessive imports and recommended maximum permissible increase in duties.

(5) Concurrent with this 1953–54 escape clause action, by resolution of the House Ways and Means Committee (July 29, 1953) and the Senate Finance Committee (July 27, 1953), the Commission also conducted a general investigation in accordance with the provisions of section 332 of the Tariff Act of 1930. This was transmitted to the Committee on Ways and Means and to the Committee on Finance on April 19, 1954 and is a 356-page volume with a detailed analysis of the economic conditions and pertinent statistics concerning the lead-zinc industry of the United States.

On August 20, 1954, President Eisenhower advised the Committee on Ways and Means and the Committee on Finance that he would not implement the unanimous recommendations of the Tariff Commission in their May 21, 1954 report (T.C. No. 27). In lieu of accepting the Commission's recommendations the President instituted increased defense stockpile purchases of these two metals and subsequently initiated barter. The President further stated that he was directing the Secretary of State to seek recognition by foreign countries who were principal importers that they would not take any unfair advantage of his alternative programs. However, the record now shows that imports for consumption did not decline and, in fact, increased since the President's letter.

(7) In a series of regulations issued May 28, 1957, the Department of Agriculessentially stopped all bartering in lead and zinc, which was the major alternate program instituted by the President. In testimony before the Ways and Means Committee August 1, 1957, Mr. Gordon Gray, Director of the Office of Defense Mobilization, announced that the defense stockpile goals for lead and zinc had

almost been met and that purchases would cease in the very near future. This statement was again repeated by Mr. Gray in his testimony before the House Appropriations Subcommittee during February 1958. OCDM announced that April 1958 was the last month it would purchase zinc, and lead buying was scheduled to be stopped at the end of June.

(8) Testimony was also presented to the Committee on Ways and Means by Mr. Gray on August 1, 1957, and repeated on February 18, 1958, that the lead-zinc industry is not eligible to seek relief under the national security amendment escape clause (sec. 7(b)) of the Trade Agreements Extension Act of 1955. He stated the reason for his decision was the existence of very large stocks of both metals in the hands of the Government which were acquired by the two alternative programs instituted by the President when he declined to follow the recommendations of the Tariff Commission. It is estimated that there are now in excess of 1,250,000 tons of each of these metals in the defense and the supplemental stockpiles.

(9) In his letter to the two congressional committees of August 20, 1954, the President concluded by stating that if the action he was taking, instead of following the Commission's recommendations, did not accomplish the objectives he sought that he "will be prepared early next year to consider even more far-reaching measures, and to make appropriate recommendations to the Congress." On June 19, 1957, Secretary of the Interior Seaton forwarded to the Congress a bill providing for the suspension of present duties and substituting a series of import excise taxes which would be effective only if the price of lead was below 17 cents and the price of zinc was below 14½ cents.

(10) Hearings were held August 1 and 2, 1957, before the Committee on Ways and Means on H.R. 8257 (and similar bills for an import excise tax on lead and zinc). Hearings were also held on a companion bill, S. 2376, by the Committee on Finance on July 22–24, 1957. The U.S. lead-zinc mining industry concurred in the proposed peril-point market prices of 17-cent lead and 14½-cent zinc. It also pointed out, however, that the proposed schedule was wholly inadequate to sustain the peril-point prices. The proposed schedule for zinc was, on an average, about 40 percent less than the Tariff Commission's 1954 recommendations; for lead, on an average, about 20 percent less. In only one instance was the proposed schedule greater than the Commission's recommendations—that was for lead, and then was only forty-five hundredths of a cent more than the Commission's report. In the President's letter of August 20, 1954, he cited as one of the reasons for not implementing the Commission's findings was that the maximum permissible increase in duty was insufficient to "reopen closed mines" and would have only a "minor effect" on U.S. prices.

(11) Following the exchange of letters between the late Mr. Cooper, chairman of the Ways and Means Committee (August 16, 1957), and President Eisenhower (August 24, 1957), the Emergency Lead-Zinc Committee again petitioned the Tariff Commission for escape-clause action. The petition was filed September 27, 1957, and hearings were held November 19–26, 1957.

(12) Commenting on the Commission's May 21, 1954 (T.C. No. 27) recommendation for maximum permissible increase in duties, the President stated in his letter of August 20, 1954, that the increase in duty would probably only have a "minor effect" on the U.S. price of lead and zinc. He also said it was "questionable whether the tariff action would have any important consequences in reopening closed mines." In the 1957–58 case (T.C. No. 65) the U.S. industry petitioned the Commission not only for increased duties, but also for quotas. A complete quota plan was submitted to the Commission.

(13) On April 24, 1958, the Tariff Commission again unanimously found that the domestic lead-zinc industry was suffering serious injury. Three Commissioners recommended reimposition of the 1930 rate of duty and three Commissioners recommended the maximum increase in duty (50 percent above the 1945 rates) and also recommended the imposition of absolute quotas, based on 50 percent of imports during the period 1953–57.

(14) At the conclusion of the 60-day period, as provided in the present Trade Agreements Act, the President advised the chairman of the Senate Finance Committee and the chairman of the Ways and Means Committee that he was "suspending consideration" of the Commission's recommendations. The President further stated that a final decision would be appropriate after the Congress had completed its consideration of the proposed minerals stabilization plan which was submitted by Secretary of the Interior Seaton.

(15) The Seaton plan provided stabilization payments on domestic production up to 350,000 tons of lead and 550,000 tons of zinc when the market price was below 15½ cents per pound for lead and 13½ cents per pound for zinc. An addi-

tional limited tonnage payment was to be made when the market prices of lead and zinc were below 17 cents and 14½ cents per pound respectively. This legislation passed the Senate, but was defeated by the House in August 1958.

(16) Presidential Proclamation No. 3257 of September 22, 1958, established absolute quota restrictions on imports for consumption of unmanufactured lead and zinc, effective October 1, 1958. However, the quota amounts were set at 80 percent of the average annual commercial imports for the base period, much more generous to the importer than recommended by the Tariff Commission. There was no change in basic tariff rates and no provision for quota control of manufactured items.

(17) ELZ received an invitation to send one observer-delegate to the London Conference of the United Nations Interim Coordinating Committee for International Commodity Arrangements, September 1958. The Committee was unable to be represented. Mr. C. E. Schwab, Committee Chairman, attended the second meeting in Geneva, November 1958. Plans were formulated for a long-term lead-zinc study group.

(18) Metal prices were not improving in early 1958, and in March the western Senators introduced S. 1566, a lead-zinc quota bill. Allowable imports were still excessive, lead and zinc stocks were increasing, mine production showed no improvement, and employment had not increased.

(19) The third session of the U.N. Lead and Zinc Committee, held during May 1959, in New York, found a world excess production of lead and zinc metal overconsumption. Voluntary production curtailments were announced by the larger exporting nations. Plans were laid for establishing an international lead-zinc study group.

(20) By mid-1959, the continued trouble of the mining industry prompted further congressional action with introduction of S. 2169 (Murray, Montana, and others), the 4-cent import tax bill with peril points of 15½ cents for lead and 13½ cents for zinc. Wayne Aspinall (Colonel) introduced H.R. 7721, the flexible quota bill.

(21) In May 1959, Wayne Aspinall introduced House Resolution 177 stating "that it is in the national interest to foster and encourage (*a*) the maintenance and development * * *, (*b*) orderly discovery * * *, and (*c*) * * * research to promote the wise and efficient use of domestic metal and mineral reserves." Hearings were held June 29 with ELZ representation. This was passed by the Congress, and while not having legislative force, it did call on the executive department to advise the Congress as to relief actions proposed.

(22) During July 1959, the U.S. producers of coated and uncoated zinc sheets filed for a section 7 escape-clause investigation. Hearings were scheduled for November 3, with ELZ presenting a statement. On January 14, 1960, the Tariff Commission issued a report (Commissioners Talbot and Overton dissenting) that injury from imports did not exist, and therefore, no recommendation for a change in tariff rates.

(23) ELZ planned to file another escape clause at the end of 1 market year under quotas. Tariff Commission counsel ruled that an industry operating under an escape clause proclamation was precluded from filing again for section 7 relief. In August 1959, mining State Senators introduced Senate Resolution 162, directing the Tariff Commission to review again the condition of the lead-zinc industry with findings of additional import restrictions needed for a sound and stable industry. Hearings were scheduled January 12, 1960, with ELZ presenting several witnesses to cover all phases of the problem. Fluorspar had a similar hearing under Senate Resolution 163 with the report issued February 29, 1960. Three of four Commissioners refused to make specific findings on the grounds that the Commission lacked authority to submit recommendations or findings. In the lead-zinc report, Commissioners Talbot, Overton, Jones, and Dowling maintained this position. Schriber and Sutton recommended increases in tariffs to 3 cents on lead and 2.5 cents on zinc metal, and 70 percent of this on ores and concentrates. In addition, compensatory duties were proposed on manufactured items.

(24) Six companies (importing smelters) filed a representation with the Commerce Department (August 28, 1959), and on November 24, 1959, with the Tariff Commission requesting formal investigation under Executive Order 10401 to determine "to what extent the quotas imposed by Presidential proclamation of September 22, 1958, remain necessary." This was opposed by the ELZ Committee, and Senator Murray as sponsor of Senate Resolution 162. This petition was refused by the Tariff Commission on December 15, 1959, as untimley in view of the Senate Resolution 162 investigation.

(25) The International Lead and Zinc Study Group was formally created and its first meeting held in Geneva, January 1960. Voluntary commitments made in New York in May to restrict zinc sales were withdrawn. Regarding lead—Australia, Canada, Mexico, and Peru stated they would withhold offerings to the market. The United Kingdom announced that its Government had available for "orderly" disposal 54,000 metric tons of slab zinc.

(26) Hearings were held by House Interior Committee in March on small mine subsidy bill. This passed the House prior to the political convention recess. It passed the Senate in the postconvention session and was pocket vetoed by the President as being difficult to administer, would establish an uneconomic precedent, production would adversely affect the market, and the present quota plan is still in effect.

(27) On April 6, 1960, Congressman Howard Baker (Tennessee) introduced H.R. 11584, sponsored by the "importing smelters" proposing import taxes at the rates recommended by the minority in the March Tariff Commission report. The tariff rates of this legislation would not help the domestic miner.

(28) In June 1960, Senator Kerr introduced the "importing smelters" bill as S. 3698, essentially the Baker bill, but including a 1-cent removable tax in the 3 cents and 2.5 cents on lead and zinc, respectively. Senator Bennett introduced the ELZ removable 4-cent tax as S. 3696, identical to H.R. 11786, which was essentially the same as S. 2169 with small changes in compensatory taxes. In Finance Committee action, Senator Kerr was successful in attaching S. 3698 as an amendment to the Virgin Islands bill, H.R. 5547, already passed by the House, and thereby bypassing the normal origination of lead-zinc tariff legislation in the House Ways and Means Committee. Senator Kerr's main interest was the small mine subsidy bill, and the lead-zinc tariff bill never reached the Senate floor. No lead-zinc tariff legislation was passed in the 86th Congress.

(29) The *Bicycle* case was active in 1960. Import taxes had been increased as a result of a section 7 hearing prior to 1958. The President imposed only a part of the recommended tax increases. The courts held he did not have this prerogative, casting doubt on the legality of lead-zinc quotas. However, the executive department held that 1958 extension of Trade Agreements Act gave the President authority to accept Commission recommendations in whole or in part, and quotas were imposed subsequent to the 1958 extension. Later perilpoint hearings reaffirmed bicycle rates, and these were imposed by Presidential proclamation, February 1961.

(30) The second session of the International Lead and Zinc Study Group was held in Geneva, September 1960. There was no action on restrictions of zinc offerings. Voluntary restrictions on commercial offerings of lead remained as per the February 1960 meeting. Concern was expressed that the United Kingdom would have sold 35,000 metric tons of slab zinc by September 30 from Government stockpiles.

(31) On September 30, the Tariff Commission issued a lead-zinc report reviewing the industry experience after 2 years of quotas under Executive Order 10401. It informed the President that serious injury continued in the domestic industry due to imports, and quota controls should continue. The President accepted this policy.

(32) Metal prices dropped in December as metal stocks built up, reaffirming need for legislative import controls. Mr. Wayne Aspinall, chairman of the House Interior Committee, introduced H.R. 3416, providing a base permanent tariff on lead and zinc metal of 2 cents per pound (70 percent on ores and concentrates) and a removable tax of 2 cents (applied below 13½ cents market and removed above 14½ cents market). It also includes compensatory tariffs on manufactured items and a small subsidy to domestic miners financed from tariff collections. This has three advantages of (1) getting the miner to work, (2) stabilizing a reasonable price and supply for the consumer, and (3) still provides a portion of our market to the importer at a good price with reasonable tariff rates. This is assigned to the House Ways and Means Committee for hearing.

(33) The small mines subsidy bill, H.R. 84 (Edmondson, Oklahoma) was reintroduced, and hearings have been held by the House Interior Committee on March 9 and 10, 1960. The administration position was not presented at these hearings. The testimony and committee discussion indicated controversial opinions on effects of this legislation. The limited participation is discriminatory to larger producers, the added production could be detrimental to present markets and prices, and adoption of this type legislation could be detrimental to passage of long-term legislative solutions. Testimony by ELZ noted that domestic stocks

of metal and ores and concentrates are at record highs with domestic mines and plants posting substantial voluntary production restrictions as follows:

(a) The Anaconda Co. has discontinued all lead-zinc mining at Butte, and curtailed refinery facilities.

(b) American Zinc, Lead & Smelting Co. cut metallic zinc production 10 percent and closed three Tennessee mines.

(c) St. Joseph Lead Co. curtailed zinc smelter production 15 percent, zinc-ore production 15 percent, lead-ore production 10 percent, and postponed plans to increase lead-smelter capacity.

(d) New Jersey Zinc Co. is curtailing production of slab zinc and alloy metal by 15 percent.

(e) Matthiessen & Hegeler Zinc Co. has reduced its slab-zinc production by 20 percent.

(f) American Smelting & Refining Co. curtailed zinc-metal production at Corpus Christi, Tex., by 11 percent.

(g) Several months ago, The Eagle-Picher Co. substantially cut back zinc metal production at Henryetta, Okla.

Subsidized domestic production may further aggravate this situation. The Interior Committee cannot consider the Aspinall bill, but there were numerous references to H.R. 3416 as being the proper approach to correct long-term legislation.

(34) "Importing smelters" tax bill was again introduced in March 1961 by Congressman Baker as H.R. 5193, and by Senator Kerr as S. 1361. The tariff rates are the same as the Kerr-Baker bill of the 86th Congress, with a permanent tariff of 2.0 cents on lead metal, 1.8 cents on zinc metal, 70 percent of these rates on concentrates, and an additional 1 cent removable tax on each metal controlled by peril points of 13½ cents and 14½ cents on lead and 12½ cents and 13½ cents on zinc. A change in this bill divides the compensatory rates on manufactured goods to a 1-cent base tariff on lead products, 0.8 cent base tariff on zinc products, and 1 cent removable on each controlled by above peril points.

(35) The third session of the International Lead and Zinc Study Group was held in Mexico City, March 20, 1961. Nations, other than the United States felt that their zinc stocks were normal and called for no controls. The U.S. delegate discussed our problems of stocks and reduced production, but no action was taken. Lead stock was acknowledged to be a world problem. The solution presented and accepted was a U.S. offer to barter surplus world stocks in return for reduced mine and metal production.

Summary of lead-zinc statistics since 1950

LEAD (IN SHORT TONS OF LEAD CONTENT)

Period	Production			Stocks end period		Dutiable imports	Industrial consumption	Average price per pound	Employees at lead and zinc mines and mills	Total employees at primary smelters and refineries
	Primary (mine output)	Secondary	Total	Producers'	Consumers'					
1950	430,827	482,275	913,102	137,669	139,884	514,954	1,237,981	13.296		
1951	388,164	518,110	906,274	124,080	102,760	191,649	1,184,793	17.500		
1952	390,161	471,294	861,455	149,778	122,530	179,600	1,130,795	16.467	24,777	17,928
1953	342,644	486,737	829,381	196,340	113,763	409,004	1,201,604	13.489	20,035	17,554
1954	325,419	480,925	806,344	201,850	124,641	460,197	1,094,871	14.054	16,640	
1955	338,025	502,051	840,076	150,822	117,458	424,413	1,212,644	15.138		
1956	352,826	506,755	859,581	159,259	123,995	420,005	1,209,717	16.014	16,737	16,969
1957	338,216	489,229	827,445	207,912	129,310	512,289	1,138,115	14.658	15,874	17,323
1958	267,377	401,787	669,164	303,316	122,900	561,263	986,387	12.102	10,768	13,856
1959	255,586	451,387	706,973	230,328	126,132	368,620	1,091,149	12.211	9,769	12,983
1960	243,586	[1] 460,000		305,841	97,246	354,213	1,026,300	11.95		

ZINC (IN SHORT TONS OF ZINC CONTENT)

Period	Primary (mine output)	Secondary	Total	Producers'	Consumers'	Dutiable imports	Industrial consumption	Average price per pound	Employees at lead and zinc mines and mills	Total employees at primary smelters and refineries
1950	623,375	326,030	949,405	8,884	64,206	394,153	1,350,501	13.866		
1951	681,189	314,377	995,566	21,901	50,071	285,618	1,326,082	18.000		
1952	666,001	310,423	976,424	87,160	92,579	99,074	1,211,648	16.215		
1953	547,430	294,678	842,108	180,843	84,863	653,832	1,342,389	10.855		
1954	473,471	271,774	745,245	124,277	100,981	630,488	1,180,692	10.681		
1955	514,671	304,775	819,446	40,979	123,544	569,639	1,469,080	12.299		
1956	542,340	281,355	823,695	68,622	104,094	627,071	1,323,022	13.494		
1957	531,735	264,104	795,839	166,660	88,342	881,953	1,231,593	11.399		
1958	412,005	230,332	642,337	190,237	93,609	687,189	1,142,165	10.309		
1959	425,303	276,254	701,557	154,419	102,195	570,868	1,278,518	11.448		
1960	432,442			190,810	66,111	501,597	1,165,825	12.95		

[1] Estimated.

Source: Data from U.S. Tariff Commission Report of October 1960.

NOTE.—Import duties suspended Feb. 12, 1952, to June 25, 1952. Imports include an additional 464,617 tons of lead and 509,435 tons of zinc.

Comments on Lead-Zinc Statistics, April 1961

(1) From 1951 through 1957, U.S. industrial consumption of lead and zinc was fairly constant at about 1,100,000 tons and 1,300,000 tons per year respectively. During this period, prior to the imposition of quotas in October 1958, the ratio of dutiable lead imports (eliminating duty-free imports for stockpile) to U.S. mine production increased from 49 percent in 1951 to 210 percent in 1958; in the case of zinc, imports increased from 42 percent to 166 percent.

(2) During this same period, imports of lead increased from 192,000 tons a year to 560,000 tons a year (1958); zinc imports from 286,000 tons a year to 687,000 tons a year (882,000 tons in 1957). U.S. mine production has stayed fairly constant during periods of reasonable prices but has been severely curtailed since the excessive imports of 1957.

(3) Varying U.S. market prices during these 8 years had very minor, if any, effect on U.S. industrial consumption of lead and zinc.

(4) Unneeded imports caused U.S. supply of lead and zinc to greatly exceed industrial requirements. Before barter stopped, in 1957, large amounts of these excess imports were absorbed by governmental acquisitions.

(5) Unneeded imports forced the price of lead to decline from 16 cents in early 1957 to 11 cents in July 1958—a drop of 30 percent. Zinc dropped from 13½ cents in April 1957 to 10 cents in August 1957—a decline of 26 percent.

(6) A sharp decline in U.S. mine production occurred in the second half of 1957 and early 1958. The annual rate was lower than the depression years of the mid-1930's.

(7) Employment in the lead-zinc mining industry by 1958 was cut in half. In the 1954 escape clause action, the Tariff Commission found employment had declined by 9,000 jobs. In its April 1958 decision, the Commission found that since January 1957, 4,500 employees had lost their jobs. The total loss of employment by 1959 within this industry since January 1952 was well over 15,000 jobs.

(8) U.S. prices improved in 1955 and 1956 under the alternative programs initiated by the President (in lieu of accepting the Commission's recommendations), but employment did not return to the early 1952 level.

(9) During Korea, United States prices of lead and zinc were frozen by the Government. Import duties were suspended subject to reinstatement if the U.S. price would fall below 18 cents for each metal, which happened early in 1952.

(10) Import quotas were established under Executive Order 10401 on October 1, 1958, permitting imports at 80 percent of the base period 1953–57 (Tariff Commission recommendation was 50 percent and increased tariff). These have proven to be too liberal compared to U.S. needs.

(11) Lead mine production has decreased annually since 1956, and in 1960 was 230,000 tons, the lowest output reported since 1900; 1960 zinc mine production of 427,000 tons was slightly higher than 1958 and 1959, but these 3 years were lower than prior years back to the early 1930's.

(12) Stocks of lead and zinc were excessivley high at the close of 1960 and were continuing to build in early 1961.

(13) Import levels were controlled by quotas, but lead imports in 1960 were 354,000 tons, or 148 percent of U.S. mine production; zinc imports were 502,000 tons, or 118 percent of mine production.

(14) The result of continued excessive imports since 1958 with an accumulation of excessive stocks was low mine production and poor metal prices. When quotas became effective, these prices were 11.5-cent lead and 10-cent zinc. April 1961 prices—11-cent lead and 11.5-cent zinc—too low to maintain a domestic mining industry.

(15) Zinc production curtailments in 1961 by domestic producers may help reverse the trend of building excessive stocks. At the same time, the importing nations adopted a policy that zinc is surplus only in the United States, and it is our problem to solve alone. They agree the lead surplus is an international problem but look to the United States for a world solution through barter of approximately 100,000 tons of these foreign stocks.

(16) A healthy stable domestic industry should produce an annual minimum of 350,000 tons of lead and 550,000 tons of zinc at a price fair to the producer and consumer.

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., September 19, 1961.

Hon. HARRY FLOOD BYRD,
Chairman, Senate Finance Committee,
Washington, D.C.

DEAR SENATOR BYRD: This is to express the view of Farm Bureau with regard to S. 1747, S. 115, H.R. 84, and similar bills dealing with compensatory payments and import quotas on lead and zinc.

As you are well aware, Farm Bureau has consistently opposed compensatory payments in agriculture. We believe that such a program will have the same disastrous effect in the lead and zinc industry as in agriculture.

H.R. 84, which is an identical bill to S. 115, has already passed the House and differs from S. 1747 in that it does not deal with the question of import duties on lead and zinc.

This legislation will be detrimental to the overall interest of the lead and zinc industry, because it will lessen the possibility of any effective relief for a sick industry at a cost of $16½ million to the taxpayers of the United States.

H.R. 84 will put more lead and zinc on the market and further depress the price. It will only affect a small percentage of workers involved and the ultimate result will be a shift in jobs and production from one segment of the mining industry to another. In other words, the efficient producer who is now able to keep operating at 11 cents per pound will be forced out of business by the inefficient producer who will be brought back into operation at a guaranteed price.

It was significant that Members of the House representing districts producing up to 50 percent of the U.S. lead and zinc made speeches and voted against H.R. 84.

The import of lead and zinc has steadily increased. Some people claim that the depressed domestic industry is caused from these imports.

On two separate occasions the Tariff Commission under section 7 of the Trade Agreements Act has dealt with the import problems of lead and zinc. We believe that the proper procedure to follow is for the industry to ask for an investigation under the escape clause provision of the Trade Agreements Act to determine injury or threat of injury from imports. We think this is a far more sound procedure than to legislate tariffs or import fees.

We believe that Congressman Ichord of Missouri expressed very clearly the situation that would be created by the enactment of a compensatory payments program for lead and zinc. (See p. 15814, Congressional Record, House, August 24.)

We believe that instead of taking this unwise step of further back door spending that the lead and zinc industry would be far wiser to get squarely behind the programs that you have advocated for balancing the budget, reducing Federal expenditures, and avoiding further inflation.

We respectfully urge, therefore, that S. 1747 and S. 115 and H.R. 84 not be approved by the Senate. We understand that this legislation is opposed by the principal administrative agencies of the executive branch who have responsibility in this field.

We request that this letter be made a part of the hearing record with regard to this matter.

Sincerely yours,

JOHN C. LYNN, *Legislative Director.*

(Whereupon, at 12:30 p.m., the committee adjourned, subject to the call of the Chair.)

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