

# Calendar No. 414.

66TH CONGRESS, }  
2d Session. }

SENATE.

} REPORT  
No. 458.

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## DUTY ON MAGNESITE ORES.

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MARCH 2, 1920.—Ordered to be printed.

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Mr. CURTIS, from the Committee on Finance, submitted the following

### REPORT.

[To accompany H. R. 5218.]

The Committee on Finance, to whom was referred the bill (H. R. 5218) to provide revenue for the Government and to establish and maintain the production of magnesite ores and manufactures thereof in the United States, having considered the same, report favorably thereon with the recommendation that the bill do pass without amendment.

The object of the bill is to protect the magnesite industry in the United States, to enable American consumers to procure the product from American magnesite mines.

Up to 1913 there was but one magnesite mine operating in the United States and it produced about 10,000 tons of crude magnesite per year. In the year 1913 there was imported into the United States 172,591 short tons of magnesite, of which 163,715 tons came from Austria.

The war virtually stopped the importation, and in the year 1917 there were only about 4,000 tons imported, and this came largely from Canada. The needs of the steel mills and the smelting works were so great that the industry was greatly developed in this country, and in 1917 there were over 300,000 short tons produced from the mines in the United States. The production of 1917 was as much or more magnesite than was ever used in this country in any one year, and it is perfectly evident that our needs can be supplied from American mines. Magnesite is used in every steel mill and in all the smelting works in this country, and the consumers in the United States have been taking from 50 to 60 per cent of the total magnesite production of the world.

Prior to the war only about 3 per cent of the product consumed in this country was produced from our own mines, while last year

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nearly all the magnesite used in this country was produced here. So it may be said that the Great War developed this very important industry.

Prior to the war magnesite was imported from Austria at a cost of \$15.75 per ton. It was stated that the cost at the mines in that country was about \$7 per ton. The railroad rates and dock charges amounted to about \$2 per ton and the ocean rates to Atlantic ports were about \$2 per ton. The average cost of that produced in the United States, at the mine, is about \$25 per ton, and the freight is from \$10 to \$16 per ton, depending upon destination, so it will be seen that it will require a tariff of at least 1½ cents per pound to cover the differential.

*Sworn cost statements—plus \$2 ocean charges.*

	At mine.	At Trieste.	At United States Atlantic ports.
Average United States.....	\$25.13	.....	\$41.20
Austrian.....	17.69	\$21.94	23.94
Difference in costs.....	7.44	.....	17.26

Let us in a similar manner show in parallel columns the sworn statement of the Austrian cost and the sworn statement of the lowest American producers.

*Sworn cost statements—plus \$2 ocean charge.*

	At mine.	At Trieste.	At United States Atlantic ports.
Lowest United States.....	\$21.09	.....	\$37.22
Austrian.....	17.69	\$21.94	23.94
Difference in costs.....	3.40	.....	13.28

For many years the magnesite produced in this country came from California, and the greater part of that used by our consumers came from Austria, but the needs brought about by the war caused the deposits in Washington and California to be developed, and by the building of works, exploration of mines, and the liberal expenditure of money some 65 mines were being operated in 1917 and enough magnesite was produced in the two States to supply the entire demand of this country, but to-day there are only 30 magnesite mines being worked, and more will be closed if the industry is not protected, and this country will again be dependent upon Austria for its magnesite, but, with proper protection, our mills will be independent of any foreign producer.

Magnesite, both crude and calcined, has been on the free list since 1883. The pending bill places a duty on magnesite and commercial ore, either crushed or ground, of one-half of a cent per pound;

magnesite, calcined, dead burned and grain, three-fourths of a cent per pound; magnesite brick, three-fourths of a cent per pound and 10 per cent ad valorem.

The evidence disclosed that prior to the war there were less than 50 men employed in the production of magnesite in the United States. In the years 1917 and 1918 there were about 2,000 men directly engaged in the magnesite industry in this country. They were receiving an average wage of \$5 per day. These men, with their dependents, made about 10,000 citizens directly dependent upon the magnesite industry.

The hearings before the House committee disclosed, however, that Austrian labor in the magnesite industry received from 20 to 40 cents per day, and that the American Refractories Co. stated that Austrian labor received \$1.10 per day. In considering the labor question it should be remembered that in Austria they work 12 hours per day, while in America they work 8 hours per day. It is estimated that the direct and indirect labor charge in the magnesite industry in this country is from 75 to 80 per cent of the cost of production.

Your committee, therefore, recommends the passage of the House bill H. R. 5218 without amendment.

