IMPORT DUTY ON VIRGIN COPPER AND METAL SCRAP

HEARINGS

BEFORE THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

EIGHTY-FIRST CONGRESS

FIRST SESSION

ON

H. R. 5327 and S. 1358

TO CONTINUE UNTIL THE CLOSE OF JUNE 30, 1950, THE SUSPENSION OF DUTIES AND IMPORT TAXES ON METAL SCRAP, AND FOR OTHER PURPOSES

S. 2022

A BILL TO REPEAL THE ACT ENTITLED "AN ACT TO SUSPEND CERTAIN IMPORT TAXES ON COPPER"

AUGUST 4 AND 5, 1949

Printed for the use of the Committee on Finance

UNITED STATES
GOVERNMENT PRINTING OFFICE
95249 WASHINGTON : 1949

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IMPORT DUTY ON VIRGIN COPPER AND METAL SCRAP

THURSDAY, AUGUST 4, 1949

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to notice, at 10 a. m., in room 312, Senate Office Building, Senator Walter F. George (chairman), presiding.

Present: Senators George, Connally, Byrd, Johnson, Lucas, Hoey, McGrath, Millikin, Taft, and Martin.

The CHAIRMAN. The committee will come to order and proceed with the hearing. Several of the Senators have other committee meetings, and the minority side of this table is attending a caucus and will not be present until later, but they will come in some time during the morning session, perhaps by 11 o'clock.

The bill before the committee is a House bill, H. R. 5327. This bill proposes to suspend import duties on scrap iron, scrap steel, and nonferrous metal scrap provided by the act of March 13, 1942, as amended, which amended act expired June 30, 1949. An identical bill was introduced in the Senate by Senator Martin, from Pennsylvania, under the number S. 1358. Since the committee has no primary jurisdiction of tariff measures, the House bill will be considered. The bills are identical.

(H. R. 5327 is as follows:)

[H. R. 5327, 81st Cong., 1st sess.]

AN ACT To continue until the close of June 30, 1950, the suspension of duties and import taxes on metal scrap, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of March 13, 1942 (ch. 180, 56 Stat. 171), as amended, is hereby amended to read as follows:

"SEC. 1. (a) No duties or import taxes shall be levied, collected, or payable under the Tariff Act of 1930, as amended, or under section 3425 of the Internal Revenue Code with respect to metal scrap, or relaying and rerolling rails.

"(b) The word 'scrap', as used in this Act, shall mean all ferrous and nonferrous materials and articles, of which ferrous or nonferrous metal is the component material of chief value, which are second-hand or waste or refuse, or are obsolete, defective or damaged, and which are fit only to be remanufactured."

"SEC. 2. Articles of which metal is the component material of chief value, other than ores or concentrates or crude metal, imported to be used in remanufacture by melting, shall be accorded entry free of duty and import tax, upon submission of proof, under such regulations and within such time as the Secretary of the Treasury may prescribe, that they have been used in remanufacture by melting: *Provided, however*, That nothing contained in the provisions of this section shall be construed to limit or restrict the exemption granted by section 1 of this Act."

SEC. 2. The amendment made by this Act shall be effective as to merchandise entered, or withdrawn from warehouse, for consumption on or after the day following the date of the enactment of this Act and before the close of June 30, 1950. It shall also be effective as to merchandise entered, or withdrawn from warehouse, for consumption before the period specified where the liquidation of the entry or withdrawal covering the merchandise, or the exaction or decision relating to the rate of duty applicable to the merchandise, has not become final by reason of section 514, Tariff Act of 1930.

Passed the House of Representatives July 19, 1949.

Attest: RALPH R. ROBERTS, *Clerk.*

The CHAIRMAN. This committee has received favorable reports on the Senate metal scrap suspension bill (S. 1358) from both State and Treasury Departments; also an analysis of this bill has been received from the United States Tariff Commission. I submit all three reports for the record at this point.

(The reports referred to are as follows:)

DEPARTMENT OF STATE,
Washington, June 2, 1949.

Hon. WALTER F. GEORGE,
United States Senate.

MY DEAR SENATOR GEORGE: I refer to your request for the Department's views on a draft of a bill to continue until June 30, 1950 the present suspension of import duties on scrap iron, scrap steel, and nonferrous metal scrap.

The Department favors continued suspension of duties on these products. This country is now required to import substantial quantities of scrap metals to supplement domestic supplies. It would be most unfortunate if shipments of scrap from overseas areas were to be impeded or the cost of imported materials increased through reimposition of tariff duties in the near future.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

ERNEST A. GROSS,
Assistant Secretary
(For the Secretary of State).

TREASURY DEPARTMENT,
Washington, June 6, 1949.

Hon. WALTER F. GEORGE,
Chairman, Senate Committee on Finance,
Washington, D. C.

MY DEAR MR. CHAIRMAN: Reference is made to your letter of March 25, 1949, requesting an expression of the views of this Department on S. 1358, a bill to continue until the close of June 30, 1950, the present suspension of import duties on scrap iron, scrap steel, and non-ferrous-metal scrap.

The proposed legislation would extend for a further period of 1 year the exemption from duty and import tax now accorded to scrap iron, scrap steel, as defined in paragraph 301 of the Tariff Act of 1930 (U. S. C., title 19, sec. 1001, par. 301), relaying and rerolling rails, or non-ferrous-metal scrap under Public Law 497, Seventy-seventh Congress, as amended.

Substantial difficulties have been encountered in administering Public Law 497, supra, because of the kinds of commodities claimed to be free of duty as scrap metal. As a result, representatives of the Department of Commerce and of the Treasury Department have discussed the desirability of suggesting changes in the law which would reduce those difficulties.

The Department of Commerce has submitted to the Bureau of the Budget a draft of a bill which meets with the approval of this Department, and which, it is understood, will be the subject of a communication of the Department of Commerce to you. In the circumstances, detailed comments on S. 1358 by this Department seem unnecessary.

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

Very truly yours,

JOHN S. GRAHAM,
Acting Secretary of the Treasury.

UNITED STATES TARIFF COMMISSION,
Washington, April 18, 1949.

REPORT FOR THE COMMITTEE ON FINANCE, UNITED STATES SENATE, ON S. 1358, EIGHTY-FIRST CONGRESS, A BILL TO CONTINUE UNTIL JUNE 30, 1950, THE PRESENT SUSPENSION OF IMPORT DUTIES ON FERROUS AND NONFERROUS METAL SCRAP

Ferrous and nonferrous metal scrap are free of duty until June 30, 1949, under the act of March 13, 1942, as amended (Public Law 497, 77th Cong.; 56 Stat. 171; and Public Laws 384 and 613, 80th Cong.) Enactment of the proposed legislation would extend free entry until June 30, 1950. Bills are also pending to provide for temporary free entry of lead (H. R. 2658), zinc (H. R. 561; S. 532), and aluminum (S. 179), and these include the respective metals in scrap form.

The rates of duty on the principal types of ferrous and nonferrous metal scrap which will become effective July 1, 1949, unless further legislation is enacted, are as follows:

Article	Rate
Ferrous scrap	
Iron and steel scrap	37½ cents per long ton, plus additional duties on alloy content
Relaying and rerolling rails	1/10 cent per pound, plus additional duties on alloy content
Nonferrous scrap	
Aluminum	1½ cents per pound
Copper	(1).
Lead, including antimonial lead	1 1/16 cents per pound on lead content.
Magnesium	20 cents per pound
Molybdenum or molybdenum carbide	50 percent ad valorem
Tungsten or tungsten carbide	30 percent ad valorem.
Zinc	¾ cent per pound.

(1) Free of duty under the Tariff Act of 1930. Sec. 3425 of the Internal Revenue Code provides for an import-excise tax of 4 cents per pound on copper content of copper scrap, which was reduced to 2 cents per pound under the Geneva agreement. Pursuant to Public Law 42, 80th Cong. and Public Law 33, 81st Cong., the import-excise tax on copper is suspended through June 30, 1950

The ad valorem equivalents of the specific rates of duty shown above, based on import values in 1948 and considering free imports as if they had been dutiable, are as follows: Iron and steel scrap, 1.3 percent; aluminum scrap, 12.3 percent; copper scrap, 11.5 percent; lead scrap, including antimonial lead scrap, 11.3 percent; and zinc scrap, 11.2 percent. There were no recorded imports of alloyed iron and steel scrap, and the insignificant imports of relaying and rerolling rails and of magnesium are not separately reported.

Although average imports of the principal kinds of ferrous and nonferrous scrap in postwar years have been far above the 1939 levels, they have represented very small proportions of domestic consumption of all the major scrap metals except aluminum. The tables at the end of this report cover all types of scrap for which the rates of duty are shown above except relaying and rerolling rails, magnesium, molybdenum or molybdenum carbide, and tungsten and tungsten carbide. Statistics on imports of the excepted types of scrap are not separately available, but imports are known to be insignificant.

During the war and most of the postwar period, virtually all metals have been in short supply. During the past few months, however, supplies have become more plentiful, and there have been moderate declines in the prices of some primary and secondary metals. Favorable weather conditions in the eastern part of the United States facilitated scrap collections during the winter months, and scrap supplies have increased. In this connection, however, it should be noted that domestic scrap supplies from certain types of operations, such as scrap from shipbreaking, may be expected to decline. On the other hand, the demand for steel and nonferrous metals may continue at high levels for some time, in which event large quantities of scrap will be needed.

As indicated above, the duties on ferrous- and on most non-ferrous-scrap metals are fairly low in terms of ad valorem equivalents. Thus, while the continued suspension of these duties might have a tendency to encourage imports, the effect with respect to the volume of imports of most scrap metals would no doubt be small. Factors such as availability in foreign countries, demand in the

United States, and comparative prices of imported and domestic scrap are under present conditions of greater importance in determining the rate of importation than are the tariff duties. Although total supply of some metals has reached or is approaching demand, including stock-pile requirements, there are no developments indicating that the United States will not continue to need imported metals, including scrap, in the foreseeable future.

The extension until June 30, 1950, of the free importation of scrap metals would probably not result in serious injury to the domestic scrap collectors and dealers and might aid somewhat in encouraging imports of some of the scrap metals.

Iron and steel scrap: Total United States consumption and imports for consumption, 1939 and 1946–48

[In long tons]

Year	Consumption [1]	Imports [2]	Ratio (percent) of imports to consumption
1939	32,434,407	29,492	0.09
1946	49,484,111	[3] 26,989	.05
1947	54,343,179	[3] 32,318	.06
1948	[4] 58,288,000	[4] 370,600	.64

[1] Represents total consumption of home and purchased scrap for steelmaking and other purposes.
[2] Imports include both nonalloy and alloy scrap, the latter representing far less than 1 percent of the total. Imports of relaying and rerolling rails, which are very small, are not separately classified or reported.
[3] Preliminary.
[4] Estimated.

Source: Consumption, U. S. Bureau of Mines; imports, official statistics of the U. S. Department of Commerce.

Aluminum scrap: Total United States consumption and imports for consumption, 1939 and 1946–48

[In long tons]

Year	Consumption [1]	Imports [2]	Ratio (percent) of imports to consumption
1939	31,166	4,506	14.46
1946	80,848	[2] 12,942	16.01
1947	146,315	[2] 14,024	9.58
1948	(3)	[2] 64,053	(3)

[1] Represents aluminum recovered from old scrap.
[2] Preliminary.
[3] Comparable figures not available.

Source: Consumption, U. S. Bureau of Mines, imports, official statistics of the U. S. Department of Commerce.

Copper scrap: Total United States consumption and imports for consumption, 1939 and 1946–48

[In long tons]

Year	Consumption [1]	Imports [2]	Ratio (percent) of imports to consumption
1939	256,202	118	0.04
1946	362,963	[3] 921	.25
1947	449,515	[3] 5,319	1.18
1948	[4] 452,452	[3] 8,335	1.84

[1] Represents copper recovered from old scrap.
[2] Copper content.
[3] Preliminary.
[4] Estimated.

Source: Consumption, U. S. Bureau of Mines; imports, official statistics of the U. S. Department of Commerce.

Lead scrap: Total United States consumption and imports for consumption, 1939 and 1946–48

[In long tons]

Year	Consumption [1]	Imports [2]	Ratio (percent) of imports to consumption
1939	188,244	1,407	0.75
1946	307,677	[3] 2,211	.72
1947	397,008	[3] 14,288	3.59
1948	[4] 381,311	[3] 25,710	6.74

[1] Represents lead recovered from old scrap.
[2] Lead content.
[3] Preliminary.
[4] Estimated.

Source: Consumption, U. S. Bureau of Mines; imports, official statistics of the U. S. Department of Commerce.

NOTE.—Imports of antimonial scrap lead, never separately classified, have been included with these statistics beginning sometime (exact date unknown) prior to 1947.

Zinc scrap: Total United States consumption and imports for consumption, 1939 and 1946–48

[In long tons]

Year	Consumption [1]	Imports	Ratio (percent) of imports to consumption
1939	40,274	375	0.93
1946	68,900	[2] 3,650	5.30
1947	66,950	[2] 4,560	6.81
1948	(3)	[2] 9,174	(3)

[1] Represents zinc recovered from old scrap.
[2] Preliminary.
[3] Comparable figures not available.

Source: Consumption, U. S. Bureau of Mines; imports, official statistics of the U. S. Department of Commerce.

The CHAIRMAN. There are two witnesses here who desire to testify on H. R. 5327, but first we will hear Senators Hayden and McFarland, who are appearing in favor of repealing the suspension of import duty on copper, as proposed in S. 2022. Senators Hayden and McFarland are 2 of the 12 coauthors of S. 2022 who desire to attach it as an amendment to H. R. 5327.

(S. 2022 follows:)

[S. 2022, 81st Cong., 1st sess.]

A BILL To repeal the Act entitled "An Act to suspend certain import taxes on copper", approved March 31, 1949 (Public Law 33, Eighty-first Congress)

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act to suspend certain import taxes on copper", approved March 31, 1949 (Public Law 33, Eighty-first Congress), is hereby repealed, effective on the day following the date of enactment of this Act.

The CHAIRMAN. Senator Hayden, we will be glad to hear you.

STATEMENT OF HON. CARL HAYDEN, UNITED STATES SENATOR FROM THE STATE OF ARIZONA

Senator HAYDEN. I want to make it perfectly clear, Mr. Chairman, that as far as I am concerned and the 11 other Senators with whom I joined in introducing the bill S. 2022, to repeal the act of March 31, 1949, to suspend certain import taxes on copper, have no opposition whatsoever to the bill which has passed the House with respect to scrap metal.

The CHAIRMAN. I understand that, and that bill is favorably recommended by the two departments concerned, but there are two witnesses here who may be in opposition or who may be favorable. We will hear them later this morning.

Senator HAYDEN. I direct the attention of your committee, Mr. Chairman, to a number of circumstances which are very unusual.

During the war there was a great scarcity of copper for both military supply and for domestic use, and under those circumstances all of the Senators who represent the regions of the United States where copper is produced gladly consented to removal of the 2-cent excise tax on copper because it was impossible to produce enough of that metal in the United States to meet the wartime demand, and there was therefore no need for the import tax which was waived until March 31, 1949. That just happened to be a most unfortunate date. If the suspension of the law had expired a month later, undoubtedly the 2-cent excise tax would have been continued, but on representations made by all of the American producers of copper that there was apparently to be an excellent market for the metal for another year, maybe 2 years; that everything indicated there would be no cessation in the demand for copper in the United States, the Senators and Representatives from the copper-producing States thought it might be just as well to leave the 2-cent import duty in abeyance for an additional time. There was general agreement to do so for about 2 years.

The House passed a bill, H. R. 2404, reported favorably on March 10, 1947, which originally removed the import tax on copper until March 31, 1949. The report from the Committee on Ways and Means, stated:

> The purpose of this bill is to alleviate the present acute shortage of copper in the United States.

When the extension of the exemption after March 31, 1949, came up before the Senate committee its report dated March 3, 1949, states:

> There is no intention of amending the Tariff Act with respect to such composition metals, and the committee amendment is designed simply to effectuate the purpose of the legislation; viz, to make available to the Government and to industry adequate supplies of copper to alleviate the critical shortage now confronting our economy.

So with the understanding that there was a critical shortage of copper that might continue for a considerable period of time, every one agreed and Congress passed an act eliminating the 2-cent import tax until June 30, 1950.

An examination of the market prices as stated in the report from the Tariff Commission which you have before you at page 3, discloses that at the time this action was taken by Congress, the price of copper was 23.37½ cents per pound. After passage of the act the price went down to 21.50 on April 14. On April 21, the market price was 20 cents. On May 2 it was 18¾ cents. On May 9, it went to 18 cents. On May 27, it lowered to 17.62 and on June 8 it went to 1 cents. Finally on June 17 it dropped down to 16 cents a pound The American market price went off but at the same time importations from abroad were continued. The effect of these price cuts was that copper mining in the United States had to be greatly reduced. I speak for my own State of Arizona where either the mines are closed or they are operating on a 5-day week. The miner working on a 5-day week loses about $50 a month. His pay has been cut that much, and yet for the groceries and all the other things he has to buy to support his family there has been no material reduction in prices, which is a very serious economic handicap. To make it worse, in a town like Bisbee where the mines have closed down hundreds of other men, who are not miners, have been thrown out of work.

I would like to appeal to the committee from the human side of this problem for a moment. The copper mining industry in the United States had great difficulty in obtaining an adequate supply of labor during the war because of the high wages paid in the war industries, particularly along the Pacific coast and elsewhere; but with the cessation of hostilities and the closing down of the war plants, an excellent supply of labor became available. I have been told by managers of the copper mining companies in Arizona that they have never had as fine a set of employees as during the past year or more since the war plants were shut down. There were two causes for that. One has been highly skilled labor looking for work; second, the housing shortage in many of the places where the war industries were located, whereas the copper companies have provided more adequate housing. So the men moved with their families to the mining camps and smelter towns and built up an excellent group of skilled employees, fine Americans. Nobody who ever served in the copper industry could be a better type of people than those who came to work in the mines and smelters, and the communities in which they lived were prosperous. Along came this sudden change, and that very high class of workers are out of employment or working only part time. It is a tragedy that we are faced with at this moment.

The restoration of the 2-cent duty is not a serious burden on foreign imports. It was nothing more than a reasonable handicap in normal times. It was never a prohibitive tariff in any sense.

The representations that come to this committee from the State Department indicate that American producers of copper abroad are interested in continuing to bring the metal into this country. That situation exists because many of the copper properties where the metal is produced outside the United States are owned by American companies. In some instances they have taken advantage of the present situation and shut down their mines in the United States and then appear before the State Department to ask that nothing be done to reimpose the import tax.

The relief we seek is only for a comparatively short time. If there had been any intimation at all that there was to be such a serious drop in the price of copper, the act fixing a 2-cent import tax would now be on the statute books. We just missed it by about 30 days. If Congress had named the end of April rather than the end of March as the expiration date the duty would be on today. The exemption was continued until June 30, 1950, which covers the first 6 months of next year. In a little more than 9 months the 2 cents a pound tax on imported copper will be automatically restored, but we are now asking today that Congress restore it at once.

The CHAIRMAN. Are there any questions the Senators of the committee would like to ask?

Senator McFarland.

STATEMENT OF HON. ERNEST W. McFARLAND, UNITED STATES SENATOR FROM THE STATE OF ARIZONA

Senator McFARLAND. Mr. Chairman, I do not want to take the time of the committee to make a lengthy statement. I wish only to supplement what my colleague, Senator Hayden, has said in regard to the situation in Arizona. I was in Arizona over the week end, and the people there not only in the copper areas but throughout the State are very much disturbed about the conditions that have been brought about by the drop in the price of copper. I could hardly go up and down the streets or go anywhere but what the people were talking to me about it and the effect that it was having on the State, particularly the effect that it would have if the suspension were not repealed. We already have unemployment as a result of this. Some of the mines are closed and, as Senator Hayden has well said, other mines are operating only 5 days a week.

Mr. Sam Morris and others can give this committee a complete report and I will therefore not take up too much time.

The testimony before our Committee on Interior and Insular Affairs on the copper situation in another field showed that it would take a tariff of from 4 to 6 cents to meet the differential between conditions in Chile and other foreign countries, and in the United States. The differential is caused by cheap labor and other factors, and because some countries can mine their ore cheaper than we in the United States. If we expect to compete with them, we would have to have for most of our mines a tariff from 4 to 6 cents. Even if we repealed the Suspension Act they would still have an advantage over us and of our mines of from two to 4 cents a pound on copper, which is quite an advantage when you are producing copper. Some of our people have told us that we should not make over 1 cent a pound on copper during the war, and that is all they allowed them to make. If this Suspension Act is not repealed, it is going to cost our Government money, and it is going to cost them money because we have to pay these employees unemployment compensation. It is just taking money out of our pockets and giving it to a foreign country. I think it is time that we think a little bit about our own people in the United States. If we expect the people of the United States to support our foreign program and to help put up money for foreign countries we had better help our own people now and then. Otherwise, I do not expect that we can get continued support.

I have not the words adequately to describe the fear that exists in the State of Arizona today on account of the repeal of the copper tax for this period of time.

Some might say, "This is a short time. Why not just wait and let it go off automatically?" Those of you who have had experience in mining know that some of the mines are operated by the tunnel system, quite a number of them are. If these mines are shut down the tunnels become flooded, and that ore is lost, you might say, forever, that is, for any immediate future use, because the unwatering of that mine and the replacing of the timber is just something that costs too much money. It is a very serious situation, and I cannot overemphasize it.

If for no other reason, this suspension act, Public Law 33, should be repealed for national defense purposes. We cannot afford to lose these mines under the present circumstances. We cannot afford to have them revert to a condition where we could not in a very short time start them up anew. If we do not take early action to repeal this act, this length of time may mean our losing these mines.

Other witnesses can describe these conditions better than I, and I do not want to take more time of the committee, but I want to urge upon this committee the seriousness of the situation as it prevails in Arizona and other Western States; this situation will be described by other witnesses.

Thank you very kindly, Mr. Chairman.

The CHAIRMAN. Thank you, Senator McFarland.

Is the price of copper now on the upgrade?

Senator HAYDEN. There has been a slight increase. The State Department in its letter mentions that fact and hints that under the circumstances maybe we had better let the situation alone. They say:

> It is suggested that the recent action in the copper market has been precipitous and it may well be that further adjustment will take place before the market takes a more permanent position. It might, therefore, be inappropriate to make any important decision of policy on the basis of developments up to this time.

That is a good argument in one sense, but it is fallacious to my mind because if we had had the slightest intimation, any one of us, and that includes all the producers of copper in the United States, this 2-cent rate would be right on today. It just happened that the Congress took the action, and within 30 days the market began to go to pieces. As I said before, it is a matter of some 9 months. We ask to have it corrected today and not take any chances.

Senator MCFARLAND. Mr. Chairman, if I may, I would like to ask that the memorandum dated July 19, 1949, submitted to the committee by the Tariff Commission, be made a part of the record.

The CHAIRMAN. It will be made a part of the record.

(The memorandum referred to will be found on p. 12.)

Senator MCFARLAND. It is factual and very good, and I would like particularly to call the committee's attention to the last pragraph of the memorandum, which reads:

> In view of the foregoing facts, it would appear that as of the present time the shortage of copper in the United States in 1948 and early 1949, which resulted in the enactment of Public Law 33 in March 1949, continuing in effect the suspension of the excise of 4 cents a pound, has disappeared. The Congress may therefore wish to repeal Public Law 33, Eighty-first Congress.

I thank you.

(The following summary statement was subsequently submitted for the record by Senators Hayden and McFarland:)

SUMMARY STATEMENT SUBMITTED JOINTLY BY SENATORS CARL HAYDEN AND ERNEST W. MCFARLAND

Public Law 33 of the Eighty-first Congress extends, in identical language, Public Law 42 of the Eightieth Congress, and was enacted for the following purpose:

"The purpose of this bill is to alleviate the present acute shortage of copper in the United States by suspending certain import taxes on copper" (p. 1, Senate Finance Committee Report on Public Law 42).

The acute short supply of copper has long since passed, and that metal is now and has been for some months in long supply.

The United States Tariff Commission's memorandum to the Senate Finance Committee dated July 19, 1949, respecting repeal of Public Law 33 says in conclusion of its seven-page report:

"In view of the foregoing facts (a review of the domestic copper situation), it would appear that as of the present time the shortage of copper in the United States in 1948 and early 1949, which resulted in the enactment of Public Law 33 in March 1949 continuing the suspension of the import tax of 4 cents a pound, has disappeared. The Congress may therefore wish to repeal Public Law 33 of the Eighty-first Congress."

The conclusion stated in the United States Tariff Commission report is sustained by official figures based on domestic production, deliveries, stocks on hand, and imports of refined copper covering the period from January 1, 1949, as follows:

Domestic production, net imports, and deliveries for domestic consumption

[In tons of 2,000 pounds]

Year 1949	Domestic crude production			United States net imports or exports	Total domestic supply	Deliveries for domestic consumption	Deliveries to Government account	Total refined stocks including metals reserve at end of period
	Primary	Secondary	Total					
January [1]	53,066	16,372	69,438	34,772	104,210	94,070	10,679	91,058
February [1]	58,751	18,190	76,941	43,678	120,619	97,801	9,750	83,841
March	79,256	17,867	97,123	44,070	141,193	113,154	14,010	68,450
April	75,703	15,886	91,589	27,566	119,155	76,134	[2] 29,083	76,494
May [3]	70,703	10,555	81,258	36,188	117,446	32,566	[2] 25,306	128,441
June [3]	63,321	8,285	71,606	30,408	102,014	45,653	[2] 21,428	166,925

[1] Reduced domestic primary production in January and February due to Kennecott, Utah, unit strike.

[2] Abnormally high deliveries to stock pile to catch up back deliveries due in 1948 and early 1949. Unofficial information indicates that stock-pile requirements would total approximately 10,000 tons per month from foreign and domestic purchases, fiscal year 1949-50.

[3] Reduced domestic primary production due to shut-down and curtailment in domestic production in May 1949 because of oversupply of copper.

The Copper Suspension Act was renewed March 31, 1949. Commencing in April and continuing through July (last available figures), there has been a sharp drop in deliveries of copper for domestic consumption. Deliveries have averaged during the past 4-month period less than 52,000 tons per month, as compared with average deliveries during the first 3 months of 1949 of 102,000 tons and an average of over 112,000 tons per month in each of the years 1947 and 1948. The precipitous drop for such an extended period clearly indicates that the backlog civilian demand for copper which accumulated during the wartime years has been satisfied; and deliveries for domestic consumption have leveled off to a peacetime economy, which can be more than met from domestic production.

This country's past experience of copper consumption in the years preceding the last war shows that from 1931 to 1940, inclusive, per capita consumption was 10.1 pounds. Consumption of copper for the 22-year period from 1919 to 1940, inclusive, amounted to 11.71 pounds per capita. It would be a fair assumption if the last figure be taken as indicative of future consumption to state that the annual consumption will be 875,000 tons for a population of 150,000,000, which consumption will be less than the available domestic supply.

Normal domestic primary production capacity is approximately 75,000 tons per month, or 900,000 tons per annum. It could be fairly assumed that 450,000 tons of primary copper would have been produced in the first 6 months of 1949, or at the annual rate of 900,000 tons, had the mines had an incentive to operate at normal capacity. Such normal primary production of 900,000 tons, plus refined secondary production of approximately 10,000 tons per month (first 6 months of 1949 averaged 14,500 tons per month), or 120,000 tons per month, would give a total domestic production of approximately 1,020,000 tons per annum. Total deliveries for domestic consumption for the first 6 months of 1949 equaled 404,435 tons, as against a normal annual supply for the period of 510,000 tons, or at the annual rate of 918,870 as against 1,020,000 tons of available metal. It is to be noted that the first 3 months of this year included abnormal consumption of metal in excess of 100,000 tons per month as compared to the average consumption of slightly more than 50,000 tons per month during the last 3 months of that period.

The deliveries for domestic consumption above-mentioned are exclusive of stock-pile requirements, which, according to rumors, is expected to be approximately 120,000 tons for 1949–50 from both domestic and foreign sources. However, even with stock-pile requirements, productive capacity based on normal consumption is sufficient.

Despite the lack of domestic demand for copper which forced a sharp cut-back of domestic production, net imports have continued at an accelerated rate. Such imports during the first 6 months of 1949 amounted to over 216,000 tons, which, if continued at that rate, would amount to 432,000 tons for the entire year. Such a tonnage would exceed the net imports for each of the postwar years 1946, 1947, and 1948, thereby showing a progressive increase of net imports since the war.

Total net imports of copper for the 3 months of April, May, and June, 1949 amounted to 104,162 tons, while total deliveries for domestic consumption for such 3 months amounted to only 154,353. Therefore, during that period net imports amounted to over 60 percent of deliveries for domestic consumption despite the fact that available domestic production capacity during that period was in excess of the country's needs. Domestic mines have, during the past 3 months, curtailed approximately 20 percent of production, while unneeded foreign imports have continued to pour into the country.

From April 1 to June 30, inclusive, deliveries for domestic consumption have averaged 51,451 tons per month as against a normal domestic production capacity of approximately 84,000 tons per month.

Due to the short demand for copper and uninterrupted flow of imports, there has accumulated in producers' hands 166,025 tons of copper as of July 1. Preliminary figures indicate that that figure will be in excess of 180,000 tons as of August 1.

The 6 States of Michigan, Nevada, Montana, Arizona, Utah, and New Mexico, which produce over 95 percent of all primary copper, show that mine production of recoverable copper of these States was 75,459 tons for the month of March and decreased to 58,356 tons for the month of June. The figures for the month of July will show a further curtailment because of the fact that the full impact of the reduction from a 6- to 5-day work week did not become effective until July 1 in many of the copper-producing properties. This reduction represents approximately 20 percent of primary mine production in the United States.

Heavy copper producing properties in the above-mentioned States have either suspended operations entirely or have reduced production from a 6 to a 5 day basis.

The fact that the domestic mines have been forced to cut production drastically, which has continued in effect into the fourth month, namely, from May 1 to and extending into August, conclusively establishes that there is an over supply of available copper produced in the United States.

In light of the present copper situation, which shows an excess of productive capacity over domestic demand, and the constant increase of stocks in producers' hands, it is evident that the acute shortage of copper for which Public Law 33 was enacted no longer exists. Since such public law was enacted for temporary relief only and its purposes have now been served, it is respectfully urged that it be repealed.

The CHAIRMAN. I will put into the record now the report of the Tariff Commission on S. 2022, which is, I believe, largely a factual report; and at this point perhaps it would be wise to also insert the report from the Secretary of the Treasury on S. 2022; the Treasury, I believe, does not make a recommendation, but indicates that the State Department and Commerce Department should consider this matter.

The State Department has filed its report urging that the Congress give very careful consideration to the great importance which the action would have in the sphere of foreign relations before acting on this bill.

The Commerce Department has likewise filed a report which is against the suspension of the act.

(The reports referred to follow:)

MEMORANDUM OF UNITED STATES TARIFF COMMISSION ON S. 2022 AND H. R. 5119, IDENTICAL BILLS, "TO REPEAL AN ACT TO SUSPEND CERTAIN IMPORT TAXES ON COPPER," APPROVED MARCH 31, 1949 (PUBLIC LAW 33, 81ST CONG.)

Either of the above bills, if enacted, would terminate the suspension of the import-excise tax on the copper content of copper-bearing articles, including ores and concentrates, copper matte, blister copper, refined copper, and copper-containing alloys (brass, bronze, bell metal, nickel silver, phosphor copper, and composition metal). Public Law 42, Eightieth Congress, had suspended the import-excise tax on these articles from April 30, 1947, through March 31, 1949. Public Law 33, Eighty-first Congress (approved March 31, 1949), extended the suspension through June 30, 1950.

Copper in unmanufactured forms was free of duty under the Tariff Act of 1930, but under the Revenue Act of 1932 (now section 3425 of the Internal Revenue Code) an import-excise tax of 4 cents per pound was imposed on the copper content of copper-bearing articles. In the general agreement on tariffs and trade (Geneva agreement) the United States reduced the import-excise tax on copper by 50 percent. Thus, if the tax suspension is terminated, as proposed by S. 2022 and H. R. 5119, the import-excise tax on copper will be 2 cents per pound.

At the time of enactment of Public Law 33, Eighty-first Congress, the domestic supply of copper, as indicated by data then available, still appeared short of domestic demand, and the price of electrolytic copper (Connecticut Valley) was 23.37½ cents per pound. Since then the situation has changed greatly.

Domestic supply has increased in relation to domestic demand: the price of copper declined to a low of 16 cents on June 17. The price rose to 17 cents on July 6—the first rise in nearly a year—and to 17.625 cents on July 11.[1]

Table 1 indicates the changes in the price of copper since November 8, 1946, when the OPA ceiling price was in effect.

Table 2 shows monthly averages of production, consumption, imports, and exports on a quarterly basis for 1948, and the first quarter of 1949, and monthly totals for April and May 1949.

TABLE 1.—*Copper: Changes in United States published prices from the expiration of OPA controls on Nov. 9, 1946, to July 11, 1949*

COPPER, ELECTROLYTIC, DELIVERED CONNECTICUT VALLEY

[Cents per pound]

Date of change	New price	Date of change	New price
1946—Nov. 8 (OPA ceiling)	14.37½	1949—Mar. 29	23.37½
Nov. 12	17.50	Apr. 14	21.50
Nov. 20	18.50	Apr. 21	20.00
Nov. 23	19.50	May 2	18.50
1947—Jan. 28	20.00	May 9	18.00
Mar. 3	20.50	May 25	17.62½
Mar. 8	21.50	June 8	17.00
May 12	22.75	June 13	16.50
June 6	21.50	June 17	16.00
1948—July 29	22.50	July 7	17.00
Aug. 10	23.50	July 11	17.62½

Source: American Metal Market.

[1] The price of copper in the United Kingdom, although higher than that in the United States, has followed a similar trend. The United Kingdom price is fixed by the British Ministry of Supply; the price on July 12, 1949, was at the low point equal to approximately 18.745 cents per pound (for copper delivered to consumers' works); on July 13 it was raised to the equivalent of 19.37 cents.

United States total consumption of refined copper as reported to the United States Bureau of Mines averaged 124,118 short tons of copper monthly during the fourth quarter of 1948 as compared with 107,220 tons monthly in the first quarter of 1949. Although comparable data are not available for subsequent months, trade reports indicate that copper consumption (excluding withdrawals for the strategic stock pile) continued to decline at least through April and May and possibly through June of 1949, although deliveries of copper to customers are reported to have increased during June. Producers' stocks of refined copper, which at the end of March amounted to 68,450 tons, are reported to have increased in each subsequent month, amounting at the end of June to 166,925 tons—the largest since September 1940. During July offers and takings of copper by producers and consumers have increased somewhat.

World consumption of primary copper has shown a similar trend to that for the United States. In 1948 the average monthly consumption by 11 of the principal consuming countries was 183,000 tons, and during the first quarter of 1949 it was 176,000 tons. The above figures include the United States, which has accounted for about half of the total consumption. World consumption data are not available for the months following March. However, figures on April copper consumption in the United Kingdom, probably the largest consumer of copper outside of the United States, show a decrease from the amount consumed in the previous month.

TABLE 2.—*Unmanufactured copper: United States production, consumption, imports, and exports, monthly averages by quarters, January 1948 to March 1949, and April and May 1949*

[Short tons copper content]

Item	1948				1949		
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	April	May
	Monthly average	*Monthly average*	*Monthly average*	*Monthly average*	*Monthly average*		
Production:							
Mine output [1]	72,061	74,906	71,507	56,747	61,674	72,657	67,305
Secondary [2]	42,601	40,359	40,326	41,436	39,420	(3)	(3)
Total	114,662	115,265	111,833	98,183	101,094	(3)	(3)
Consumption [4]	115,472	113,500	122,235	124,118	107,220	(3)	(3)
Imports for consumption [5]	41,352	39,670	40,251	40,734	55,479	48,609	48,792
Domestic exports [5]	12,070	14,756	11,309	10,888	13,590	9,579	11,822

[1] Estimated recoverable copper content of ores and concentrates.
[2] Represents copper recovered in all forms (copper metal, alloys and copper compounds) from old scrap.
[3] Not available.
[4] Represents consumption of refined copper by brass mills, wire mills, foundries, chemical plants, and miscellaneous manufacturing plants as reported to the U. S. Bureau of Mines.
[5] Represents copper in ore, concentrates, matte, blister copper, refined copper, and scrap copper. All imports were entered free of duty during the period shown.

Source: Production and consumption, from official statistics of the U. S. Bureau of Mines, imports and exports, from official statistics of the U. S. Department of Commerce.

NOTE.—It should be noted that the consumption figures shown in the table represent quantities reported by consumers as having been used each month. Withdrawals of copper for the strategic Government stock pile, which during the first half of 1949 were substantial, are not included in the figures given.

United States mine production of recoverable copper, as reported by the Bureau of Mines, averaged 61,674 short tons monthly during the first quarter of 1949; however, this average was much smaller than mine capacity owing to a strike at one of the largest mines. April mine output amounted to 72,657 tons and that for May to 67,305 tons. Trade reports indicate a further decline in June. With the reductions in the price of copper, some high-cost operations have been discontinued; other producers, including the three largest copper producers, have reduced the number of hours worked per week. The curtailment of copper-mining operations in the United States began on May 1, 1949, when the leading producer in Michigan ceased operations. Early in June one of the major producers suspended operations at one of the mines in Montana; another producer shut down the copper mines at Bisbee, Ariz.; and at the end of June a smaller company discontinued all underground operations at its properties at Kimberly, Nev. Many mines have gone from a 48-hour to a 40-hour week; these include the Ray, Chino, and Nevada mines of the Kennecott Copper Corp., the Butte properties of the Anaconda Copper Co., and the large open-pit mines of the Phelps-Dodge Corp. at Morenci and Ajo, Ariz. It is estimated by the trade that these curtailments if continued will lower domestic production, as compared with April 1949, by from 10,000 to 15,000 tons per month.

Foreign copper mine operations have also been curtailed. Recent reports indicate that, owing to the recent decline in copper prices, two large mines in Chile have reduced operations by about 30 percent, equivalent to about 7,500 tons per month. Belgian Congo copper production has recently declined by about 10 percent because of a water shortage. Rhodesian copper mines and the largest copper producer in Canada have also curtailed copper output by about 10 percent. These operations are the source of most of the United States imports of copper and they are the largest producers outside the United States.

Imports of unmanufactured copper in all forms in the first quarter of 1949 totaled 166,438 short tons, an average of 55,479 tons monthly compared with imports of 48,609 tons in April and 48,702 tons in May. Exports during the first quarter averaged 13,590 short tons monthly and were 9,579 tons in April and 11,822 tons during May.

To summarize, the period since the end of the first quarter of 1949 has been characterized by relatively high net copper imports, by fairly high domestic copper output with some falling off of production in May and June, and by a substantial increase in producers' inventories of copper. Under these conditions the imposition of the 2-cents per pound copper import-excise tax would tend to restrict copper imports, thus lessening the impact of reduced copper demand upon domestic copper producers.

In view of the foregoing facts it would appear that, as of the present time, the shortage of copper in the United States in 1948 and early 1949, which resulted in the enactment of Public Law 33 in March 1949, continuing in effect the suspension of the excise tax of 4 cents a pound, has disappeared. The Congress may therefore wish to repeal Public Law 33, Eighty-first Congress.

TREASURY DEPARTMENT,
Washington, August 8, 1949.

Hon. WALTER F. GEORGE,
Chairman, Senate Committee on Finance,
Washington, D. C.

MY DEAR MR. CHAIRMAN: Further reference is made to your letter of June 10, 1949, transmitting a copy of bill S. 2022, to repeal the act entitled "An act to suspend certain import taxes on copper" approved March 31, 1949 (Public Law 33, 81st Cong).

You request an expression of this Department's views with respect to the proposed legislation.

The bill, if enacted, would make copper ores and certain copper articles subject to the import taxes provided for in section 3425 of the Internal Revenue Code, as modified. At the present time these taxes are suspended, with certain exceptions, by virtue of Public Law No. 33 of March 31, 1949.

The bill raises questions involving the international trade policy and foreign relations of the United States on which this Department does not desire to offer any comments. It is suggested that the views of the Department of State, which has primary responsibility in this field, should be given most careful consideration. In view of the fact that copper may be considered an item on the strategic and critical list, you may also desire to obtain the views of the Munitions Board, Department of National Defense, and the Department of Commerce.

If legislation such as this is to be be enacted it is recommended that the effective date be such as will afford the Department an opportunity to advise its field officers of the change in the law before it takes effect and thereby insure proper collections of the tax. This could be accomplished by striking out the words "effective on the day following the date of enactment of this Act" in lines 5 and 6 of the bill, and by inserting in lieu thereof the words "effective as of the close of official business hours on the thirtieth day after the date of enactment of this Act, or if such thirtieth day falls on a Saturday, Sunday, or holiday, then this Act shall be effective as of the close of official business hours on the next official business day".

If the suggested wording is used, the exemptions provided for in the act of March 31, 1949, will not apply after the close of the official business hours on the thirtieth day after the date of the enactment of the act, or if such thirtieth day is a Saturday, Sunday, or holiday, then they will not apply after the close of business hours on the next official business day.

If the suggested change is adopted, this Department anticipates no unusual administrative difficulties and would have no objection to enactment of the bill, insofar as the administrative responsibilities of this Department are concerned.

The Department has been advised by the Bureau of the Budget that while there is no objection to the submission of this report, the enactment of the proposed legislation would not be in accord with the program of the President.

Very truly yours,

JOHN S. GRAHAM,
Acting Secretary of the Treasury.

DEPARTMENT OF STATE,
Washington, August 1, 1949.

The Honorable WALTER F. GEORGE,
Chairman, Committee on Finance,
United States Senate.

MY DEAR SENATOR GEORGE: Reference is made to your letter of June 10, 1949 transmitting for the consideration of the Department of State a copy of S. 2022, a bill to repeal the act entitled "An act to suspend certain import taxes on copper" approved March 31, 1949 (Public Law 33, 81st Cong.).

This bill would affect not only our domestic interests but also the foreign relations of the United States and important American investments in copper abroad. The Department is of course aware of the effects of the recent drop in the price of and demand for copper on a significant portion of our domestic mining industry. On the other hand, passage of the bill leading to restoration of the import tax would involve losses for important American investments in copper abroad and would have a detrimental effect on the economy of copper producing countries as well as the relations between the United States and those countries.

Certain countries are dependent on the export of copper for a major portion of their internal revenue and general prosperity. In the case of Chile, a very large part of Government revenue and dollar exchange is derived from sales of Chilean copper to the United States. The Chilean Government feels that the reimposition of the export tax will further depress the copper industry in that country and that the consequences of internal unrest and economic instability will be far-reaching. The American Ambassador to Chile and American companies operating in Chile emphasize the extreme gravity of a situation resulting from a further drop in Chilean copper production.

Another consideration is that the export of copper to the United States is an important source of dollar earnings to many countries. The loss of a portion of such dollar earnings and consequent decreased dollar availabilities in some countries may seriously affect the American exporting industries. In Chile, for example, the fall in the price of copper has already resulted in the sharp curtailment of licenses for imports from the United States and this situation would be further aggravated by the proposed United States import tax. In addition, the loss of dollars to copper-exporting countries impairs the efforts the United States is making to place international trade and payments on a sound and viable basis.

It is suggested that the recent action of the copper market has been precipitous and it well may be that further adjustment will take place before the market takes a more permanent position. It might, therefore, be inappropriate to make any important decision of policy on the basis of developments up to this time.

The Department recognizes that domestic interests of considerable importance must be given consideration by the Congress in determining the action to be taken upon this bill. The Department wishes to urge, however, that the Congress give very careful consideration to the great importance which the action would have in the sphere of foreign relations.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

ERNEST A. GROSS,
Assistant Secretary.
(For the Secretary of State).

THE SECRETARY OF COMMERCE,
Washington, August 3, 1949.

Hon. WALTER F. GEORGE,
Chairman, Committee on Finance,
United States Senate, Washington, D. C.

DEAR MR. CHAIRMAN: This letter is written in reply to your request of June 10, 1949, for comments on S. 2022, a bill to repeal the act entitled "An Act to Suspend Certain Taxes on Copper," approved March 31, 1949 (Public Law 33, 81st Cong.)."

This bill would immediately reimpose the import duties on copper which were recently suspended to June 30, 1950, by Public Law 33.

I recommended approval of H. R. 2313 in a letter of February 10, 1949, to the Congress on the subject of proposed continuation of the suspension of import taxes on copper, in which I stated that this exemption should be maintained until the domestic production of copper caught up with the domestic demand. I also stated that the continuation of this exemption would be helpful in forestalling a rise in the price of copper and would, therefore, have an anti-inflationary effect.

Although the consumption of copper declined sharply immediately after the enactment of Public Law 33, it has recently begun to revive considerably. As shown in the attached table I, brass mill production in June 1949, was 17,000,000 pounds over that in May, an increase of 19 percent. The brass mill industry accounts for about one-half of the total copper consumption. Total refined copper consumption was 70,000 short tons in June, as compared to 61,000 short tons in May (see tables II and III).

The price of refined copper declined somewhat after the enactment of Public Law 33, but has recently regained some of its loss, as shown in table III. In March 1949 the average price was 23.5 cents per pound. The lowest price in April was 20.0, the lowest in May was 17.625, and the lowest in June was 16.0. The present price (August 1) is 17.625. As can be seen from an examination of table III, the current price, while lower than that of 1947, 1948, and early 1949, is still high compared with that of prewar years. The 1938 price, for example, was 10.0.

I believe that much of the decline in demand experienced immediately after the enactment of Public Law 33 was due to reduction of inventories by consuming companies, which drew upon inventory reserves in order to decrease their investment in high-price copper with a view to replacing it with lower-price metal. In other words, the real demand did not decline so much as the drop in price might seem to indicate.

It seems undesirable in the public interest to reimpose the import duty at this time, in view of the plans for stock-piling of copper by the Munitions Board. This buying may be expected to be resumed in the near future. At present, domestic consumption other than stock-piling seems to be about equal to domestic mine production. Domestic production is inadequate to meet our total requirements at high levels of consumption, such as during 1948, when imports supplied about 30 percent of domestic consumption.

Another reason for continuing the present suspension of import duties on copper is the probable adverse effect of an opposite course of action upon our trade relations with Chile. As shown in the attached table IV, copper imported from Chile represented 65 percent of our total imports of this commodity in 1948 and nearly 60 percent in the first 4 months of 1949. Chilean copper represented 23 percent of total United States consumption in 1948 and nearly 36 percent in the first 4 months of 1949.

In summary, I believe that there is no justification for the reimposition of the import tax on copper at this time. I am therefore unable to recommend the enactment of S. 2022.

I have been advised by the Bureau of the Budget that the enactment of the proposed legislation would not be in accord with the program of the President.

Sincerely yours,

BERNARD L. GLADEUX
(For the Secretary of Commerce).

TABLE I.—*Brass and wire mill production*

[Millions of pounds, gross weight]

	1946	1947	1948	1949					
				January	February	March	April	May	June
Brass mill production: [1]									
Plate and strip	904	931	912	75	61	53	40	41	49
Rod and wire	857	673	690	41	40	37	28	27	29
Tube and pipe	383	495	550	43	31	26	19	20	27
Total	2,154	2,099	2,152	169	132	116	87	88	105
Average monthly	179	175	179		116				
Wire mill production	1,151	1,434	1,554		381		286		(2)
Average quarterly	287	359	389		334				(3)
Foundries	1,066	1,052	1,031	76	69	70	60	54	(3)
Average monthly	88	88	86		66				

[1] Includes both unalloyed and alloyed products.
[2] Preliminary estimate.
[3] Not available.

Source: Bureau of Mines and Brass Mill Producers Association.

TABLE II.—*Refined copper supply and consumption*

[Thousands of short tons]

	1946	1947	1948	1949					
				January	February	March	April	May	June
United States refined from domestic and foreign ores etc. plus secondaries	604	1,196	1,234	78	80	88	94	98	92
Imports	154	148	249	22	31	32	21	30	(1)
Total	758	1,344	1,483	100	111	120	115	128	(1)
Exports	53	77	143	18	8	13	8	11	(1)
Available for United States needs	705	1,267	1,340	82	103	107	107	117	(1)
Consumption, excluding strategic stock pile	1,231	1,338	1,394	110	93	90	65	61	70
Average monthly	103	112	116			84			

[1] Not available.

Source: U. S. Copper Association.

TABLE III.—*Copper, refined: Production, imports, consumption, and price*

[Thousands of short tons]

	Production [1]	Imports	Apparent consumption [2]	Average price (cents per pound f. o. b. refinery)		Production [1]	Imports	Apparent consumption [2]	Average price (cents per pound f. o. b. refinery)
1919	643	18	457	18.691	1928	913	42	804	14.570
1920	605	54	527	17.456	1929	1,001	67	889	18.107
1921	253	85	305	12.502	1930	697	43	633	12.982
1922	475	52	448	13.382	1931	521	87	451	8.116
1923	718	80	650	14.421	1932	272	81	260	5.555
1924	817	73	677	13.024	1933	225	5	339	7.025
1925	837	50	701	14.042	1934	244	27	323	8.428
1926	870	85	785	13.795	1935	391	18	395	8.649
1927	842	52	711	12.920	1936	631	5	630	9.474

See footnotes at end of table, p. 18.

TABLE III.—*Copper, refined: Production, imports, consumption, and price*—Con.

[Thousands of short tons]

	Production [1]	Imports	Apparent consumption [2]	Average price (cents per pound f. o. b. refinery)		Production [1]	Imports	Apparent consumption [2]	Average price (cents per pound f. o. b. refinery)
1937	868	7	671	13.167	1947	871	147	1,233	[3] 21.040
1938	570	2	461	10.000	1948	850	249	1,265	22.360
1939	744	16	702	10.965	1949—January	83	22	[4] 169	23.500
1940	915	68	883	11.296	February	59	31	[4] 93	23.500
1941	985	347	1,546	11.797	March	79	32	[4] 89	23.500
1942	1,098	401	1,464	[3] 12.407	April	77	21	[4] 65	[5] 20.000
1943	1,111	403	1,618	[3] 13.175	May	71	30	[4] 61	[5] 17.625
1944	996	492	1,596	[3] 13.432	June	62	(6)	[4] 70	[5] 16.000
1945	792	531	1,413	[3] 13.580	July	(6)	(6)	(6)	17.625
1946	610	154	1,199	[3] 15.572					

[1] Mine or smelter production from domestic ores only in terms of recoverable copper.
[2] Excludes secondary copper.
[3] Prices for 1942 through June 1947 include premium payments.
[4] United States Copper Association.
[5] Lowest price during the month.
[6] Not available.

TABLE IV.—*Chilean imports as a percentage of total imports and domestic consumption of refined copper*

	Short tons	Percent
Year 1948:		
Copper imported from Chile	321,158	65
Total imports	496,320	
Copper imported from Chile	321,165	23
Domestic consumption of refined copper	1,394,307	
January, February, March, and April, 1949:		
Copper imported from Chile	113,885	59.9
Total imports	190,097	
Copper imported from Chile	113,885	35.7
Domestic consumption of refined copper	358,320	

The CHAIRMAN. Senators Hayden and McFarland, have you witnesses here favorable to this amendment or bill?

Senator McFARLAND. Yes.

The CHAIRMAN. I have a list, but I am not sure who your witnesses are.

Senator McFARLAND. Mr. William Lynch is the first witness in support.

The CHAIRMAN. Mr. Lynch, you may come around, please, sir. You may be seated, if you wish to. Will you give the committee your name and connection, please?

STATEMENT OF WILLIAM W. LYNCH, NEW YORK REPRESENTATIVE, CALUMET & HECLA CONSOLIDATED COPPER CO.

Mr. LYNCH. My name is William W. Lynch. I am an employee of the Calumet & Hecla Consolidated Copper Co., in the capacity of New York representative. I appear in behalf of Calumet & Hecla and also in behalf of a group of domestic copper producers, as follows: Bagdad Copper Corp. (Arizona), Calumet & Hecla Consolidated Copper Co. (Michigan), Castle Dome Copper Co. (Arizona), Consolidated Copper Mines Corp. (Nevada), Copper Canyon Mining Co. (Nevada), Copper Range Co. (Michigan), Magna Copper Co. (Arizona), Miami Copper Co. (Arizona), North Carolina Exploration Co. (North Carolina), Quincy Mining Co. (Michigan), Phelps Dodge Corp. (Arizona, Texas, and New York), Tennessee Copper Co. (Tennessee), Vermont Copper Co. (Vermont).

I am a mining engineer and spent some 20 years in the operating side of mining, largely in Canada, Alaska, Arizona, and Bolivia. Most of my work has been in copper, and in more recent years I have been engaged in the marketing of that metal.

My duties with Calumet and Hecla are largely in the matter of the marketing of our metal.

My company's mines are on the Keweenaw Peninsula of upper Michigan. In recent years our mining has involved the operation of seven underground mines, some of which extend to a depth of 7,000 feet on a 40-degree dip. Until economic conditions forced us to shut down on May 1, 1949, we were producing from our mines about 3,000,000 pounds of copper per month. We have our own smelter and refinery. We normally employ about 2,500 people. A population of about 25,000 is directly dependent on our operations.

My company also owns and operates two copper-fabricating plants, the products of which are chiefly copper and brass pipe and tubing. These plants are operated by a division of the company called the Wolverine Tube Division. One of these plants is at Detroit, Mich. The other is at Decatur, Ala. The combined capacity of our fabricating plants, in terms of consumption of copper, is about 7,000,000 pounds per month, or more than twice the amount which our mines produce.

At the outset, therefore, I wish to make it clear that my company, in the net position, is a buyer of copper. We buy both secondary copper, which we refine ourselves, and refined copper from other producers. In respect to being dependent on outside sources of copper, therefore, our situation is very much like that of the independent fabricator. My point is that if, as a buyer of copper, we felt that our fabricating business would be endangered by a resumption of the copper-import tax, we obviously would not be appearing here today in favor of such resumption.

I might add if our mines continue to be shut down we will then indeed be an independent fabricator because we will not have any copper of our own to supply to those plants, but even in that event we would support the copper-import tax because we believe so much in a healthy copper-mining industry, and we believe that without it we will not have a healthy mining industry.

Let me say, however, that we were producers long before we also became fabricators. We perhaps know the problems of the nonferrous mining industry better than those not engaged in mining. As miners we perhaps have a more intimate interest than they in keeping the country's mines alive and maintaining a healthy mining industry. We take the view that doing so it is not only important to this country from an economic standpoint but essential from a security standpoint.

The situation today in the Michigan copper district is that our mines are closed. Economic conditions forced my company to close its mines on May 1, 1949. We have had to throw out of work about 2,000 men. For the time being, we are operating our mine pumps and keeping our shafts in repair. We are simply awaiting whatever action Congress may take in this session that might avert a permanent shutdown. If we do shut down completely our mines will flood and our shafts will cave. From any practical viewpoint, the large reserves of copper that are left will be lost to the Nation and it will mean the end of the Michigan copper district. Some 25,000 people will be directly affected.

We in Michigan are by no means alone in the present predicament. Copper mines in Nevada, Montana, New Mexico and Arizona have also shut down. I cite our own case in some detail because I am entirely familiar with it and because it is a clear-cut example as to what is happening today in our nonferrous mining industry.

The broad subject of conservation of our mineral resources has had much attention during the past several years from the Department of Interior and from various committees of the House of Representatives and the Senate. It is generally recognized that something must be done to conserve our mineral resources and to stimulate exploration or otherwise we surely and rather shortly can become a "have not" nation in the strategic and critical metals and minerals. This does not mean that the possibility of new discoveries is lacking. It means only that the discovery of new ore bodies by the prospector-and-burro method are reaching an end in this country.

The real exploration today is that which naturally accompanies underground mining and which, in many cases, is an automatic result of mining. If we permit our underground mines to die there will be a dying out of exploration. If this happens it seems clear to me that the end of nonferrous metal mining in this country is also in sight. I am not speaking in terms of 5 or 10 years but in terms of 25 to 30 years, a very short period in the life of a country.

An understanding of our present situation in copper, in respect to the copper import tax, requires an understanding of why the 4-cent import tax was imposed in 1932. Prior to 1929, except when our industry was still in its infancy, we were an exporter of copper. This was because we had an exportable surplus and there was a deficiency in foreign production to meet the foreign demand. But starting about 1915, and particularly in the 1920's, there were great developments abroad in copper. These took place largely in South America, Canada, and Africa. Between 1916 and 1929 the production of these areas grew from 228,000 tons per year to 710,000 tons, an increase of 211 percent. Meanwhile, in the United States the growth was only 4 percent, from 964,000 tons to 1,001,000 tons. By 1929 the foreigners also had an exportable surplus and naturally sought a market in the United States. Naturally, also, a price war began, in which the foreign producers had the upper hand because of higher-grade ores and cheap labor. By 1932 the price of copper was driven down to 5 cents per pound. The domestic copper industry was on its way to destruction and naturally looked to Congress for tariff protection. At that time Congress was in no mood to open up the tariff question. Nevertheless, Congress recognized the serious plight of the copper industry and imposed a tax of 4 cents per pound on imports of copper through means of the Revenue Act of 1932.

The original act made the tax effective for only 2 years. Successive extensions were made in 1934, 1935, 1937 and 1939. Finally, in 1941, Congress eliminated any specific date of expiration. The matter has thus been reviewed by Congress on several occasions and the need for the tax has each time been recognized.

In 1946 the industry learned that the import tax on copper would be under discussion at the Geneva Conference on reciprocal trade agreements. In December 1946 the group of domestic copper producers which I represent today appeared before the Committee for Reciprocity Information to show the domestic copper industry might suffer by a reduction of the 4-cent import tax. The fact is, however, that the Geneva Conference brought about a reduction of the copper import tax from 4 cents to 2 cents per pound, effective January 1, 1948.

Early in 1947, however, Congressman Patterson, of Connecticut, introduced H. R. 2404, calling for the suspension of the copper import tax for a period of 3 years. This bill was finally enacted but mo lified to provide a suspension for 2 years, from April 1, 1947, to April 1, 1949.

An understanding of the facts surrounding the introduction, consideration by Congress, and final enactment of that bill is impcrtant in the consideraion of the bill at ha ıd, namely S. 2022.

The demand for copper in World War II for military purposes was such that civilian use of the metal was necessarily reduced to a minimum by the War Production Board. In fact, allocations of copper for civilian use were restricted to uses which the War Production Board termed "essential." The shelves of hardware and plumbing-supply stores were soon bare of copper and brass products. Telephone and power companies were greatly restricted in serving the public with installation of electric wiring, instruments and appliances. The restriction in manufacture of automobiles, refrigerators, washing machines, radios, et cetera, was partly due to the need for conserving copper for military purposes.

There was therefore created by the war a tremendous pent-up civilian demand for copper which could be filled only after hostilities ceased. The same, of course, applied to such materials as steel, lead, zinc, and other basic materials. With the end of hostilities no one, apparently, could estimate with accuracy what the "filling of the pipe lines" would do to our economy nor how long it would take to bring us "back to normal." The country had no real background of experience to know these things simply because we had never before gone through a war like World War II. We have now learned that if took us until the early part of 1949 to fill the war-created void for such metals as copper, lead, and zinc.

It goes without saying that there was a scarcity of copper throughout the world during World War II. For the reasons mentioned above the scarcity continued until nearly 1949. For a while after hostilities ceased, the deficit between production and demand in this country was met partly from sales to industry by Metals Reserve Co. from the stock of some 300,000 tons which they had on hand. Thereafter, domestic production had to be augmented by imports of copper. Even then there was not enough copper to satisfy the demand. There was, in fact, a world shortage of copper.

This world shortage brought the price of copper to 23.5 cents, and only the desire of the producers to combat inflation kept the price from going higher. In fact, some foreign copper was offered and undoubtedly sold in this country at prices higher than this.

I might add that when the price of copper went up to 23.5 cents, the foreign price went up before the domestic price did.

It was perhaps natural, under these abnormal circumstances, that Congressman Patterson introduced H. R. 2404 calling for a temporary suspension of the copper import tax early in 1947. As a matter of wishing to cooperate in combating inflation, the domestic producers refrained from opposing H. R. 2404 except as to the proposed period of suspension. They feared a suspension for as long as 3 years, knowing full well the dangers they faced if the period were too long. The group of domestic copper producers which I represent today prepared and filed with the Ways and Means Committee a brief setting forth their views. Following are some excerpts from that brief:

> For the time being, the carry-over of unsatisfied civilian requirements from the war years has created a domestic demand in excess of our power to produce * * *. The proponents herein are in accord with the principle of facilitating the satisfaction of this excess (while it lasts) with foreign copper, provided that the temporary measures to be adopted for the purpose are sufficiently limited in duration to safeguard the domestic market against harmful invasion, and to give the domestic producer full assurance of continued protection.
>
> * * * The current abnormal demand is just as much a part of the extraordinary war economy as the military requirements of 1941 to 1945, and, like those military requirements, should be met by special measures. The special measures embodied in the bill under consideration provide for the suspension of the existing 4-cent copper excise tax for a period of 3 years. We hold that a lapse of the tax for so prolonged a duration is wholly unjustified * * *.
>
> * * * Should the world supply-demand attain a balance in, say, a year or at any time short of the 3-year period, foreign copper would flood our economy.

As enacted, the measure suspended the import tax for 2 years, or until April 1, 1949.

As matters turned out, the period of suspension of 2 years proved to be just about the correct length of period to serve the intended purpose. By about April 1, 1949, but scarcely before, it became obvious that the filling of the abnormal postwar demands for copper had been completed. The demand for copper to be delivered in January, February, and March was as high as ever. It was in these months, however, or prior to April 1 that Congress had to decide whether or not to suspend the import tax further.

Early in the session of the Eight-first Congress, Congressman Mills, of Arkansas, introduced H. R. 2313, calling for continuation of the suspension for another 2 years. Once more the domestic producers took a realistic view. They viewed with great alarm any further suspension, but they realized also that statistics were such at the time that it would be futile to argue that further suspension was unjustified. We contend that if the original suspension had ended July 1, instead of April 1, as was the case in lead, Congress would not have continued the suspension.

H. R. 2313 was enacted, but after modification which reduced the further suspension to a period of 15 months. As the law now stands, the tax is suspended until July 1, 1950.

Immediately after April 1, 1949, the sellers of refined copper found the market to be almost completely "dried up." In other words, the things which we had predicted as inevitable in the brief which we presented to the Ways and Means Committee in early 1947, and from which I have previously quoted, were now taking place and there was no doubt about it.

The drying up of the market was naturally accompanied by a dropping of the price of copper. It dropped by various stages from 23½ cents to 16 cents per pound. As stated previously, my company closed its mines on May 1, 1949. Shut-downs were also announced by companies in such States as Nevada, Montana, Arizona, and New Mexico. Other announcements were to the effect that certain important copper-mining operations were reducing from a 48-hour-per-week basis. Unemployment and reduced pay rolls became, and continue to be, general in the copper-mining States.

Senator CONNALLY. May I ask a question, Mr. Chairman.

The CHAIRMAN. Yes.

Senator CONNALLY. I apologize for being late. What about the reserves of copper all over the United States? Have we adequate reserves of copper resources?

Mr. LYNCH. Senator, we have for the time being. In the early part of my statement——

Senator CONNALLY. I am talking about the future as well as the time being.

Mr. LYNCH. In the early part of my statement I said——

Senator CONNALLY. If you have covered it in your statement, I will not bother you.

The CHAIRMAN. He did go over that.

Senator CONNALLY. All right, just skip it. I apologize.

Mr. LYNCH. I was concerned about it not for the next 5 or 10 years, but I was talking in terms of 25 to 30 years.

Senator CONNALLY. That is better.

Mr. LYNCH. The picture which I have tried to give you may be clarified by some statistics. During the years 1947 and 1948, domestic copper consumption, measured by deliveries of refined copper, averaged about 112,000 tons per month. Domestic production during this period, in comparable terms, averaged about 81,500 tons per month. Net imports amounted to about 30,500 tons per month. In April 1949, deliveries dropped to 76,134 tons; in May they were 32,566 tons; in June, 45,653 tons.

Shut-down and curtailment in mines brought domestic production in June down to 71,606 tons. Even so, the domestic supply alone for June was about 26,000 tons higher than the domestic deliveries. Figures of net imports of copper for June are not yet available. Presumably they will again be in the nature of 30,000 tons. Whatever the imports amounted to in June, they will have simply helped to displace domestic production and prolong the present unemployment situation.

We assume that opponents of S. 2022 may theorize that we are now in a temporary depression or recession from which we shall quickly emerge. If so, this will be little consolation to the miners and their families, and there are thousands of them who are now living on unemployment benefits.

The question before you, as we see it, is whether or not you will restore to the country's copper-mining industry what previous Congresses decided on several occasions to be necessary to preserve a healthy copper-mining industry. It is not a question of our asking for something new. We went through all that in 1932, and Congress imposed the import tax at that time.

We repeat that in early 1947 we showed willingness to assist in combating inflation by foregoing temporarily the import tax. Are our mines to remain closed or in curtailed condition and our miners and their families to be penalized with unemployment just because a temporary measure to meet a condition which no longer exists is still on the books? With a return to the conditions which induced Congress to impose the tax, we submit it is only logical that the tax should be restored now. Otherwise, there will be little incentive to start new exploratory projects during the next year or even to continue those already started.

That ends my statement, Mr. Chairman.

The CHAIRMAN. I believe, Mr. Lynch, the committee very well understands the general problem. In 1932 you were given the 4 cents import tax.

Mr. LYNCH. That is correct.

The CHAIRMAN. The Geneva Trade Agreements Conference, through generalization of course extended to all copper-producing countries with which we have trade agreements, provided for a 50-percent cut in that tax effective this year.

Mr. LYNCH. That is correct.

The CHAIRMAN. It finally went into effect sometime in the spring of this year.

Mr. LYNCH. I thought it was in January, January 1.

The CHAIRMAN. It was so provided, but actually, I believe, it did not go into effect until a little later. It is now in effect.

Are there any questions, gentlemen, of Mr. Lynch?

Could you tell us, Mr. Lynch—maybe other witnesses will do it—how many mines are actually closed; that is, what actual unemployment exists in these copper mines?

Mr. LYNCH. I only know specifically about our own Michigan copper district, Mr. Chairman.

The CHAIRMAN. You have given that.

Mr. LYNCH. I have given those figures. I think probably Mr. Morris will be able to give the figures for Arizona and perhaps for some of the other Western States.

The CHAIRMAN. Are there any other questions, gentlemen? If not, thank you very much, Mr. Lynch.

Mr. LYNCH. Thank you, sir.

The CHAIRMAN. Congressman Wood of Georgia is here, gentlemen. Are there any other Members of the House or Senate present who desire to be heard on this matter?

STATEMENT OF HON. JOHN S. WOOD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Representative WOOD. I am requested, Mr. Chairman, to convey to the committee a message from Representative Frazier, of the Tennessee district in which is located the Tennessee Copper Co.'s plant, his regret that he was detained at home and was unable to appear here today.

The CHAIRMAN. That mine is practically on the line of Georgia and Tennessee; is it not?

Representative WOOD. The actual plant is in Tennessee, but it is within sight of the Georgia line, and about 70 percent of the employees of the plant live in Georgia and the district I serve.

Senator CONNALLY. That is a big strip mine; is it, a surface mine?

Representative WOOD. No, sir. They have underground mining.

Senator CONNALLY. They do get a great deal of it right off the surface almost? I drove through that area once.

Representative WOOD. They get some of it off the surface, but they also have some underground mines.

The Tennessee Copper Co. also owns and operates the North Carolina Exploration Co., which is engaged at present in undertaking to explore certain copper deposits in the State of North Carolina.

I assume that there is no question that the original enactment of the suspension of this tax was brought about by reason of the shortage of copper in this country following the war and in the postwar period; and, as has already been pointed out by Senator McFarland, the United States Tariff Commission has indicated that that shortage which brought about that suspension no longer exists. That is further evidenced by the fact, and I quote from Business Week of June 18 this year:

> Consumers in America took delivery of only 32,000 tons during the month of May this year, which was down from 76,000 tons in April, and compares with the 1948 average of about 115,000 tons a month. Production meanwhile overshot demand by nearly 52,000 tons. This sent producers' stock up to 128,000 tons at the end of May of this year.

The CHAIRMAN. Congressman, is there any unemployment in the area of the Tennessee Copper Co.?

Representative WOOD. I cannot say that at the moment there is, for the reason that the Tennessee Copper Co., as most of you gentlemen may know, also produces a byproduct acid, which has so far kept their employment practically up to its normal standard, but we have very grave apprehensions as to what may result unless this suspension is repealed and this small protection is again given us in the production of copper.

The CHAIRMAN. Are there any questions for Congressman Wood by the members of the committee?

Senator McFARLAND. May I ask him a question?

The CHAIRMAN. Yes.

Senator McFARLAND. Congressman, if your mine were closed down, what would be the effect?

Representative WOOD. It would be very disastrous to the entire section of north Georgia and Tennessee.

Senator McFARLAND. Do they become flooded? Do you have to keep the water pumped out?

Representative WOOD. Oh, yes. Many of our mining operations are underground, and we have to keep them clear of water.

Senator McFARLAND. If you closed down, either you would have to keep pumping the water or you would lose the mine; is that correct?

Representative WOOD. That is right.

Senator McFARLAND. Thank you.

The CHAIRMAN. Thank you very much, Congressman.

Representative WOOD. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Morris? You may be seated, Mr. Morris. Will you give the committee your connection, please?

STATEMENT OF SAM H. MORRIS, GLOBE, ARIZ.; CHAIRMAN, ARIZONA COPPER TARIFF BOARD, PHOENIX, ARIZ.

Mr. Morris. My name is Sam H. Morris. I reside in Globe, Ariz. I am at present, and have been since 1933, chairman of the Arizona Copper Tariff Board. I might add that this board was created by an act of the State legislature to further mining in Arizona, which is our principal industry. The board consists of five members appointed by the Governor who serve without compensation, merely working for the best interests of our State.

I appear here today as a representative of that board and in association with Senators Hayden and McFarland in support of Senate bill 2022 or such other proposed legislation as your committee may have under consideration which has for its purpose the repeal of Public Law 33 of the Eighty-first Congress, which law suspended the import tax on copper.

We urge the repeal of Public Law 33 because the purpose for which it was enacted—namely, to meet an anticipated shortage in the domestic supply of copper—does not exist and has not materialized. Instead of being in short supply, this country is faced with an oversupply of that important metal.

We have submitted for your committee's consideration a memorandum giving figures taken from official sources showing the supply, deliveries, imports, and stocks of copper on hand covering the period down to and including June of this year, which are the latest figures available.

This memorandum conclusively establishes that there is now an oversupply of copper in this country; further, that the available copper from domestic sources exceeds our domestic needs and requirements; that the importation of foreign copper is no longer required for the peacetime economy of this country, and, therefore, Public Law 33, having served its original purpose, should now be repealed.

I know, departing from my statement, that there will be figures presented here, speculation and conjecture, that we have not reached the point where this bill should be repealed because we are in a temporary lull. Those figures, of course, are purely speculative and are conjecture on the part of those who are offering them. We do know that there is an excessive supply of copper, and the figures shown in our report are supported and sustained by the tragic fact that many copper mines throughout the country have completely suspended operations, resulting in grave unemployment problems and in bringing distress and hardship in districts and communities dependent for their existence upon the continued operation of our mines.

When Public Law 33, providing for the suspension of the import tax on copper, was under consideration by the Eighty-first Congress, there existed in this country a shortage of that metal which condition was expected to continue for an unforseeable period of time. Accordingly, to care for this deficiency and until domestic copper production was again adequate to meet the domestic demands and requirements, the importation of foreign copper free of duty was deemed necessary. Such were the reasons advanced in the House and Senate reports and at the hearings on this legislation, and served as the basis for its enactment.

In the brief period intervening since last March, the date of the passage of the present suspension statute, the copper picture in this country has completely reversed itself. The forecasted shortage of deficiency of metal has failed to materialize. Not only is the country back in balance again as between domestic production and consumption, but it has now found that domestically produced copper exceeds domestic demand, which condition is expected to continue, and the foreign importation of duty-free copper is no longer necessary.

You will note from the memorandum which has been submitted by the Arizona Copper Tariff Board that the total domestic production, primary and secondary, of refined metal far exceeds deliveries, and that stocks of copper in producers' hands are rapidly accumulating to the serious detriment of copper mining and the employment in that field of industry. The influx of duty-free foreign copper adds to this already oversupplied market, and consequently contributes in no small part to the closing of the domestic copper mines and the resulting unemployment.

Because of this oversupply of copper, during the past 90 days many copper mines located in the copper-producing sections of this country have completely closed, adding greatly to the unemployment problem. Such other mines as are still operating are doing so on a curtailed basis, which has resulted in a substantial cut-back in the take-home pay of those fortunate enough still to have jobs.

I might add there that, to my knowledge, there is not a copper mine in the United States that is operating today at capacity. Either they are closed down or they are operating on a curtailed basis. When we talk about a cut-back in the pay of the employee, as Senator Hayden or Senator McFarland pointed out, it means this: In Arizona, for instance, we pay a miner $11.17 a day. That is for straight time. On Saturday, that miner makes about $17 a day. In other words, he gets time and a half. For the week, he gets $72.

Senator CONNALLY. It is up to the company, though, whether they work him time and a half; is it not? It is up to the company whether he works on Saturday.

Mr. MORRIS. That is true, Senator. The man, of course, also has that choice. Senator Connally, all the copper mines in Arizona and in the West, up until this recent slump in the copper situation, have been operating on a 6-day basis. It is only recently that they have gone on a 5-day basis.

Senator CONNALLY. If they have been working on a 6-day basis, that means they are anxious to get the copper out and to sell it, even though it is cheaper than it was before.

Mr. MORRIS. If we have a market for it, we work 6 days. The thing I want to point out is that a man dropping back to 5 days' work instead of 6 has a cut in his take-home pay of 23½ percent, which is substantial. In other words, he drops from about $72 a week down to $56 a week because of losing that sixth day.

Senator MCFARLAND. If I may interrupt, Mr. Morris, is it not very difficult for a mine to work on a 5-day week? Are there not incentives other than just to sell the copper that face a mine in regard to the 5-day or 6-day week?

Mr. MORRIS. There is no question about the continuous operation. That means you can keep your overhead cost down substantially. It means a cut in cost. The reason you cut back to lower production is that there is no demand for your product, just as is true in any other business.

The CHAIRMAN. When you speak of your domestic production now exceeding domestic requirements, Mr. Morris, are you taking into account the stock-piling requirements.

Mr. MORRIS. Senator, if I may advert to the situation in the first 5 or 6 months of the present year, from January 1, 1949, down including June, this country produced 400,000 tons of primary copper; that is, from the mines. In addition to that, there was a refined scrap of 87,000 tons, meaning that we produced for consumption 487,000 tons of metal. There was delivered for domestic consumption 458,000 tons. In other words, there was an overage of some 30,000 tons over and above what was actually delivered for domestic consumption. But keep in mind that the largest producer of copper in the United States, the Utah Mine at Bingham Canyon, Utah, was closed down in the month of January until about the middle of February because of labor difficulties. Then we had that tremendous storm in the West, as Senator Johnson well knows, that cut down the production of mines again, especially the open-pit mines. Consequently, in January and February there was a shortage of normal production from the mines, and then beginning in May all the mines of the country, because they could not sell their product, began to step from 6 days back to 5 days, and again you had a cut in production because they were not producing to capacity.

Consequently, the figure of 400,000 tons of primary production for the first 6 months is very short of the mark. If we could operate to capacity, it should be at least 450,000 or 460,000 tons.

The CHAIRMAN. Are you familiar with the stock-piling requirements?

Mr. MORRIS. All I know is that there has been published in official papers in New York that in the first 6 months of this year there was delivered 110,000 tons of copper to stock piling. It is interesting to note that the first 3 months of the year it ran only 10,000 tons, then 9,000 tons, then 14,000 tons. But, due to the fact that Kennecott had closed down its mine and was unable to fill its contract, the last 3 months of the first 6 months, as I understand it, they stepped up their deliveries to keep up with that contract. Just what the future is, I don't know, but I understand the stock-pile authorities are going to buy possibly 120,000 tons for the present fiscal year. That is 10,000 tons a month.

The CHAIRMAN. If business is on the upgrade again, that will of course mean larger consumption here; will it not?

Mr. MORRIS. That is correct, Senator George. We project ourselves to the future based on our past experience, and we find that for the 10-year period from 1931 to 1940 the average per capita consumption of copper in the United States was just a little over 10.1 pounds per person. If you use that same figure based upon the 150,000,000 people which we presumably have at the present time in this country, that would mean 750,000 tons of copper. At the present time the primary producers of this country, the mines, are able to produce, separate and apart from secondary refined copper which also enters the picture, in excess of 900,000 tons. So we have an overage there, based upon per capita consumption in our past experience, of 150,000 tons just on primary. Then when you move into the refined secondary which is another 100,000 tons, you have approximately 250,000 tons available for any overage or stock piling.

I want to say that you are going to find figures advanced here that our per capita consumption in the future is going to be greater than it was in the past. I trust it is going to be that way. I hope so. I do say that was the consumption for that 10-year period. Of course, that was during the depression of the early thirties.* It you take the average from 1919 down to and including 1940—of course, after 1940 we were dislocated during the war—the consumption of copper in this country was then only 11.7 pounds per capita, which is high; and, if that were to continue, then you would consume in this country around 900,000 tons, which the primary mines are more than able to take care of.

Figures are going to be advanced here that we are going to consume 15 or 16 pounds. That is purely speculation and conjecture. As Senator Hayden says, consider the human side of this thing. Our mines are closed; the men have no jobs, and communities are in distress. Consequently, we do not want to ride upon the speculation, conjecture, and guess of people.

I have here the reports of this committee in 1947, when witnesses appeared before the committee and testified there was going to be a shortage of copper for the next 5 to 10 years—purely speculation. The producers went along. Arizona went along. We did not resist the tax suspension because there was a shortage of the metal at the time. But now these so-called speculations or conjectures have failed to come about. As time moves on, the forecasts have been in error. After acceding to what they asked for, we ask now that we be restored to what we are entitled to because there isn't enough demand in this country to absorb 186,000 tons of copper that has been imported since January 1, in the first 5 months, plus what we are able to produce in the domestic mines.

I want to point out that from January 1 down to and including the month of May—there are only 5 months' figures available so far as imports are concerned—there was imported into this country 186,000 tons of copper from abroad. Assuming that that same ratio keeps up, you would have imported into the United States for the year 1949 approximately 450,000 tons of copper. At the present rate of consumption we are consuming only about 800,000. In other words, they would take away over 50 percent of our domestic market, and there would be no domestic mines left in operation outside of possibly one or two of the large mines that maybe could operate on a low-cost basis.

The CHAIRMAN. Do most of our copper imports come from American-owned plants or partially American-owned plants, if you have the figures on that?

Mr. MORRIS. I have not the figures on that, except I think a substantial part of it comes from Chile, which is owned primarily by the Anaconda interests. I think practically all their copper is produced there. In other words, Anaconda produced last year 304,000 tons of copper in Chile. I believe that was the figure they filed this spring. Only 60,000 tons were produced in this country. I would say most of that copper would come to the United States. They do sell some abroad.

Canada produced about 242,000 tons last year. I think some of that copper comes in here. Senator, not only do they have a lower cost than we in Canada, but the freight differential for bringing copper from producing points or smelting points in Canada into the copper-consuming centers like Detroit, Buffalo, Schenectady, and the Mississippi Valley, is only approximately one-half or less than one-half of what the freight charges are to bring copper from Arizona to the Atlantic seaboard and refine it and sell it to domestic consumers. So Canadian producers have not only the advantage of a higher grade ore, a complex ore in which they have precious metals to reduce the cost of producing copper, but they also have this favorable freight differential.

Since 1940 the miner in Arizona has had his base wages increased 105 percent. In other words, he was getting about $5.50 in 1940, and now he is getting $11.17 per day. What is true of the miner applies to all other classes of labor. The common unskilled laborer now makes $9.28 when at the beginning of the war he made only $4.25.

Not only has that increased the cost of metal, but our freight rates going from Arizona into the eastern seaboard has gone up 63 percent, while west of the Mississippi it has gone up only 50 percent. In the cost of our supplies, which I had recently from Arizona, there has been a 76 percent increase. So between freight rates and the cost of supplies and labor, the cost of producing copper in the Arizona mines of course has gone up substantially.

We are at a disadvantage because many of our mines are low grade. We do not possess the other rare metals like those you find in the Canada mines, like International Metal and Hudson Bay. Our mines in Arizona primarily are copper mines. We have one or two underground mines, but most of them are large open-pit mines where the major production comes from.

The CHAIRMAN. Pardon me for interrupting your statement, if you wished to follow it.

Senator CONNALLY. Mr. Chairman, has the witness talked about stock piles any?

The CHAIRMAN. Yes. I asked him about the stock piling.

Mr. NORRIS. Senator Connally, of course those figures are unofficial. You just hear that they expect to put in during the present fiscal year about 120,000 tons, about 10,000 tons a month.

As I was saying, just before I came here, the Arizona copper tariff board had a survey made of the copper-producing States, that is, the major copper-producing States. There are about 12 in the United States, extending from Vermont, which produce some copper, down to Tennessee, and then Michigan and through Missouri, the Rocky Mountain States on into the Pacific States. Of those 12 States, 6 produce practically 95 percent of all the copper that is produced in the United States. The largest producer of copper of course is Arizona, the second in line is Utah. The third in line is New Mexico, the fourth in line is Montana, the fifth in line is Nevada, and the sixth is the State of Michigan.

We had a survey made as to the situation in those copper States, as to whether or not they were operating, how many mines they were operating, or if they had suspended entirely. I have summarized that survey which I would like to read to you.

Michigan: A complete shut-down of all copper-producing mines has occurred in that State, with a loss of employment of over 3,500 men engaged in that industry, and with disastrous effects on communities and districts dependent upon the continued operation of the copper mines. Mr. Lynch, from Michigan, has gone more into detail with respect to that shut-down and the effect it had on the community.

I think you asked how many men might have lost their employment. It is rather difficult to tell the effect or to count the number of men and the effect on the community. For instance, I live in a community, Globe-Miami, Ariz., where we have three producing mines and a smelter. It is a community of 30,000 people. There is nothing there but the copper mines. We have a railroad that comes in 128 miles. If the mines didn't operate the railroad would have to suspend operations. Those copper mines support and maintain a community of 30,000 people. We have a pay roll there of $1,250,000 a month. Two of those mines spend $1,600,000 a month in operations; that is, for labor, railroad freight, transportation, supplies and the like. So when you ask how many men have lost jobs, that does not reflect the true condition and the tragic situation of the community, because the grocer, the barber, the railroad—everyone depends upon the continued operation of the mines.

The CHAIRMAN. I was inquiring about those who were directly affected.

Mr. MORRIS. Senator, we try to avoid that as much as we can in our mines by so-called staggering of employment. We have reduced employment from 6 to 5 days a week. That means you can spread it out a little more and give more men work. They put some men on swing shifts, giving a fellow some work. We do not like to lay men off. Possibly second and third generations are working in our mines. We try to keep men on the employment rolls so far as consistently possible. That doesn't reflect the true tragic picture of these copper camps. When you ask about how many men have been laid off, it doesn't, as I say, give the true picture.

Senator MCFARLAND. While you are discussing the labor situation, you might elaborate just a little bit on the difficulty of collecting that skilled and professional labor. What would be the situation if you lost them for 2 years?

Mr. MORRIS. Of course, that leads to another big problem, and that is this: We must have a healthy, going mining industry in the United States if we are going to have a copper mining industry or any kind of mining industry we must have trained employees. The young man who goes to college, who learns the technology of mining, must have some encouragement that there are going to be mines for him to operate. If you close a mine, not only do you lose your operation, the product, your ores, but the shut-down expense may be such that you can't keep it out of water. Consequently, the picture is that you may lose your ore. Then the staff leaves and goes looking for jobs elsewhere. Then you lose time trying to assemble new people, and it takes a long time to get back in step again so you are back in production. Consequently, if you do not keep going and maintain your operation, then when your mine closes down, it is just starting anew, and it means a long postponement bringing your mine again into production.

The CHAIRMAN. You may proceed with your statement.

Mr. MORRIS. The next State we inquired into was the State of Montana. We found that in the Butte district, which is the largest copper producing district of that State, several of the copper mines have already completely suspended operations. This included the closing of the large-scale Kelly shaft operation the Greater Butte operation which has for its end increasing substantially the copper production of the United States. This undertaking, which is by the Anaconda Copper Co., entails the expenditure of approximately $20,000,000 and when completed will prolong the life of the Butte camp for many, many years to come. The Montana mines which are still in operation and have not been suspended have been placed on a 5-day workweek basis resulting in a substantial cut-back in the take-home pay by those still employed. The suspension of the copper-mining operations has seriously affected business in Montana and particularly in the Butte district and also in the Great Falls and Anaconda, Mont., districts wherein are located the smelters and reduction works which are dependent on the Butte mines ores to carry on their operation.

The next State is the State of Nevada. The largest producer of copper in the State of Nevada is the Nevada unit of the Kennecott Copper Co. located at Ruth. This property has been placed on a 5-day work-week basis, with cuts in take-home pay of the employees. The second largest copper producer in that State is the Consolidated Copper mines. That mine has closed completely its underground operations, thereby reducing its production of copper approximately 50 percent and releasing from employment a substantial number of men. In addition thereto, their surface mining operations have been cut to a 5-day basis.

In New Mexico we found that the Chino unit of the Kennecott Copper Co., which is the largest copper producer in that State——

Senator MARTIN. May I ask a question, Mr. Chairman? What is the usual workweek?

Mr. MORRIS. Six days in the West, 40 hours straight time and 8 hours time and a half.

As I was saying, in New Mexico the Chino unit of the Kennecott Copper Co., located at Santa Rita, is the largest copper-producing mine in that State. It has reduced operations to a 5-day workweek basis, and in like manner has cut the take-home pay of its employees.

The Burro Mountain Copper Co. located at Tyrone has suspended operations entirely, and likewise many of the small copper mines in the State of New Mexico have closed. On June 20, the New Mexico Company Mine and Prospectors Association announced that production in that State of copper, lead, and zinc had dropped 30 percent, with the loss of hundreds of employees.

The next State is the State of Utah, which is the second in production of copper in the United States. The largest copper-producing mine in the United States is located in Utah. It is the Utah unit of the Kennecott Copper Co. located at Bingham Canyon. This property has been placed on a 5-day workweek basis resulting in substantial cut in take-home pay of its employees. In addition many of the small properties located in Utah producing copper, lead and zinc, have completely suspended operations.

Arizona: In 1948 Arizona produced approximately 375,000 tons of copper. The mines of Arizona produce more copper than is produced in any other State in the Union, and last year, 1948, we produced 45 percent of all the copper that was produced in the United States by mining.

Senator CONNALLY. That is the finished copper; that is not the ore?

Mr. MORRIS. That is finished copper; yes, sir. That is the refined copper.

Because we are the largest producer, as a consequence this State has been hardest hit by reason of the depressed copper situation. The Copper Queen mine at Bisbee, which is one of the oldest mines, if not the oldest mine in the State, has completely closed copper production, which has resulted in the laying off of several hundred employees. Due to the suspension of this operation, the smelter at Douglas, dependent upon the Bisbee mine for smelting ores, has been forced to curtail and lay off several hundred employees. Inspiration Consolidated Copper Co., located at Inspiration, Ariz., has cut production and released several hundred men from employment. The Bagdad Copper Co., a smaller property operating at Bagdad, Ariz., has reduced its number of employees. The Phelps-Dodge Corp., operating the Morenci mine at Morenci, which is the second largest copper mine in the United States, and operating its Ajo unit, has reduced its operation at both those properties to a 5-day workweek basis.

Senator CONNALLY. That company has mines in Mexico, too, have they not?

Mr. MORRIS. No, they have what is known as the Moctezuma Copper Co. located in Mexico, but it produces only about 5,000 tons of copper. It wouldn't represent 2 percent of their production. It is very negligible. Ninety-eight percent of their production is in Arizona.

Senator CONNALLY. The reason I asked the question I was wondering what effect it had on their Mexican operation. Did they reduce wages over there also?

Mr. MORRIS. No, they have closed their operation in Mexico completely.

As I say, the Phelps Dodge Corp., has reduced its operations at Morenci and Ajo to a 5-day work-week basis. The same is true of the Kennecott unit at Ray, Ariz. Likewise the Miami Copper Co., located at Miami, and the Castle Dome Copper Co., located at Miami, have gone on a 5-day work-week. That is true of Magma Copper Co., located at Superior, Ariz. In addition to that, Inspiration Copper & Consolidated Copper Co., which reduced its operation by laying off some have reduced the balance of their operations to a 5-day work basis. These curtailments of course resulted in a serious cut-back in the take-home pay of each and every one employed.

The closing of some of the mines and the curtailing of operations of others has had a serious effect on the economy throughout Arizona, and on the employment problem since Arizona copper mining is the State's basic industry.

The mines of Arizona pay 28 percent of the assessed valuation of our State. In other words, of the assessed valuation, 28 percent is represented by our mines. We have a sales tax in Arizona. Of that sales tax 12 percent is paid by the mining production. We have an income tax, and one company last year paid in excess of $2,000,000 in income tax. Consequently, we look to our mines for a substantial contribution to carrying on our fiscal affairs in that State. The taxes are so arranged that in the event the mines do not operate, the valuation on those properties are reduced because it is only when they produce that they have earnings which reflect the value of the property.

Consequently, the tax picture of the State and public political subdivisions has been seriously dislocated because of the cut in sales, income, and property taxes normally paid by producing mines when in operation. These taxes take care of a substantial part of the expenses incurred in carrying on the State government, the local governments, and the schools. The State tax commission has already announced that the State government alone, not the political subdivisions but the State government alone, will lose over $5,000,000 income from sales, income, and property taxes normally paid by the Arizona mines due to the shut-down and curtailment of mining operations.

The unemployment situation as it relates to the above-named States gives only a part of the disastrous effect of the closing of the copper mines. However, it shows concretely what had happened in the copper-producing States due to the oversupply of copper, which oversupply is now being augmented by the importation of unneeded foreign-produced metal.

The full copper requirements of this country are now more than adequately met by domestic production. The pent-up demand for copper which accumulated during the war years because of restricted civilian uses has been satisfied, and this country again is leveling off to a normal peacetime consumptive basis. The productive capacity of the domestic mines can more than meet domestic requirements as was clearly established in the years prior to the commencement of the war.

Imported copper is no longer needed and its continued dumping into this country will postpone and, if not halted, will prevent the copper industry returning again to full employment and operations.

Inasmuch as the purposes for which the suspension law was enacted have been more than satisfied, such law should be repealed. Such repeal is necessary if the people of the copper-mining districts are again to obtain employment and the copper communities returned to normal times and prosperous conditions and the industry restored to full operations.

Before I retire, Mr. Chairman, I would like to raise one point. Senator Connally, you asked a moment ago about reserves. There is rather an interesting thing which develops with respect to that. In Arizona today we have one property which is possibly destined to become the second largest ore reserve property in the United States. Five years ago they were undeveloped claims out on the desert. The Magma Copper Co. did some exploratory work and drilling on the property, and as a result of a 4-year program they have developed practically 500,000,000 tons of copper ore in that property. It will take them 5 years to bring the mine into production. It will cost between $40,000,000 and $50,000,000 to equip it, and prepare it for production, before they will get one dollar back from their investment. The grade of ore that is in that mine is less than eight-tenths of 1 percent, and it is an underground mine, not an open-pit mine, where the operation charges are usually cheaper. I say that concern that is willing to come in and spend 40 or 50 million dollars opening up this natural resource of a very low grade ore, possibly the lowest in the world, is entitled to encouragement. There ought to be given some sort of assurance to the men who are willing to invest such large sums of private capital in the property and bring it in production.

There is a property in Michigan known as the White Pine mine. It is estimated they have 200,000,000 tons of ore. Before that property can come into production it will require expenditure of many, many millions of dollars. We have vast regions in Arizona of undeveloped mineral ground which we think contain potential mines. All that is needed is capital.

Senator CONNALLY. When I asked the question I had in mind the idea that we were going to need copper for a long period and I just wanted to be sure we had sufficient reserves for the future rather than just this temporary situation.

Mr. MORRIS. That is right. I would like to bring your attention to one other thought and that is the Phelps Dodge Corp. that opened at Morenci. The Morenci mine was started in 1936; that is, to bring it in. Formerly there were three companies: the Arizona Copper Co., the Detroit Copper Co., and the Shannon Copper Co. They were small properties. Phelps Dodge began the development of this mine in 1936, and fortunately for this country in 1942 it came into production, and was able to contribute to this critical period copper which was badly needed for war purposes. That company spent over $50,000,000 and over 6 years of time in bringing in that mine. Why? Because I feel they had some assurance under that 4-cent import tax that the future of their mine was going to be protected against the inroad and inflow of foreign produced metals.

I would just like to leave this thought. I have lived in Arizona a great many years and know its condition of mining camps there. Some of you gentlemen have been there. You know the kind of men who work in our mines. You know the kind of communities. We have the finest schools, the finest highways, every sort of facility that every modern community needs to have. If you come to Arizona and visit our camps and then go 30 miles south into Mexico and see the standard of living that those employees live under, the sanitary conditions which they enjoy, the highways which they have to pass over, you would immediately understand why it costs more to produce a pound of copper in the United States than it does in other countries.

I hope you will see fit to aid us in restoring again the suspended import tax which today, due to the President's proclamation of February which you spoke about, Senator George, has been cut to 2 cents. That 2 cents would go a long way toward stabilizing again the copper industry and restoring these men to employment they so badly need.

The CHAIRMAN. That is the point I wanted to ask you. Do you feel this bill, if enacted, would have appreciable effect of correcting these conditions you speak of?

Mr. MORRIS. I think, Senator, that 2-cent wall would at least prevent a lot of this foreign copper coming in, because they are going to find the market for it elsewhere. It will mean, further, that we will begin to absorb a lot of this surplus that is accumulating so that our mines can step back into production if consumption increases, and it will be testified here that we are going to have an increase in consumption.

Senator TAFT. Mr. Morris, can you give us just a brief picture of the course of the price of copper beginning the first of January?

The CHAIRMAN. That has been put in the record.

Senator JOHNSON. Senator Hayden gave us that.

Senator TAFT. It was not in the statements I had heard.

The CHAIRMAN. What is the present price, Mr. Morris?

Mr. MORRIS. Seventeen and a half cents, 17½.

The CHAIRMAN. It has gone up about a cent.

Mr. MORRIS. It went to a low of 16 cents.

The CHAIRMAN. Down to 16 from 23.

Senator TAFT. Do you think the reimposition of this duty would raise the price 2 cents? That would be its effect, would it?

Mr. MORRIS. It would have that effect, I think. That is, assuming the foreigner didn't want to bring his copper in and sell under that, I would say yes, the result would be to raise it 2 cents.

Senator TAFT. That would be the normal result.

Mr. MORRIS. Senator Taft, I will say that when the 4-cent tax was in effect at no time was that 4-cent full differential in effect. We sold maybe only 1 or 1½ cents higher than the foreign producer in this country. The 4 cents didn't raise the differential up to the full 4 cents. If the foreign producer was selling at 13, we would be selling at 14½ or 15.

The CHAIRMAN. Thank you very much, Mr. Morris.

Mr. MORRIS. Thank you, sir.

(The memorandum submitted by Mr. Morris follows:)

STATEMENT REGARDING NEED FOR REESTABLISHMENT OF THE COPPER IMPORT TAX SUBMITTED BY ARIZONA COPPER TARIFF BOARD, PHOENIX, ARIZ.

I. SUMMARY

The need for restoration of the import duty on copper is shown by the following considerations:

1. Whereas prior to World War II foreign copper consumption exceeded foreign copper production, since the war the situation has been reversed and foreign production has been exceeding foreign consumption by about 30,000 tons a month, as shown in exhibit A.

2. Net imports of copper into this country since the war averaging in excess of 30,000 tons per month have about equaled this excess of foreign production over foreign consumption. (Compare exhibit A with exhibit B.)

3. The vast accumulated demand for copper in this country built up through the war as the use of copper for civilian uses was held to bare minimum, enabled the domestic market, from 1946 through 1948, to absorb both domestic production and these net imports of around 30,000 tons a month. That accumulated demand has been satisfied and the domestic market is back to normal proportions.

(a) Per capita domestic consumption of newly mined and secondary copper for the period 1931–40 averaged 10.1 pounds. (See exhibit C.)

(b) Using 10.1 pounds per capita as a measure of formal copper consumption, a total of about 750,000 tons per year or 62,250 tons per month is arrived at. It is obvious from the record of domestic capacity to produce that this total domestic requirement can be met from domestic sources.

4. The brief table below supports the conclusion that a normal period has already been reached as evidenced by the figures of deliveries for domestic consumption and the increase in refined stocks which has taken place within the past 3 months. During the year 1949 the situation has been as follows:

[In tons]

1949	Domestic crude production (primary and secondary)	United States net imports	Total domestic supply	Deliveries for domestic consumption	Deliveries to stock pile	Refined stocks
January	69,438	34,772	104,210	94,070	10,679	91,053
February	76,941	43,678	120,619	96,861	9,750	83,841
March	97,123	44,070	141,193	113,154	14,010	68,450
April	91,589	27,566	119,155	76,134	29,683	76,494
May	81,258	36,188	117,446	32,566	25,306	128,441
June	71,606	(1)	(1)	45,653	21,428	166,925

[1] Not yet available.

NOTE 1.—The comparatively small domestic production in January and February was due to the Utah Copper Co. strike.

NOTE 2.—Changes in refined stocks from month to month do not equal differences between supply and deliveries in the same month because of time lag between mine production and resultant refined copper.

Sales for July delivery will no doubt be somewhat better than June but it is apparent that a further increase in refined stocks will occur in July despite the drastic curtailment in domestic production.

5. It is estimated that normal domestic demand will be 62,250 tons of refined copper per month. Domestic production, including refined copper from secondary sources, is capable of averaging substantially better than 80,000 tons per month (see exhibit D), and can easily supply the domestic market and stock-pile requirements. Without a tariff continued net imports of 25,000 to 35,000 tons per month will force further drastic curtailment of domestic mine production.

II. DETAILED DISCUSSION OF ABOVE POINTS

1. *Postwar excess of foreign production over foreign consumption.*—The figures are given in exhibit A. That tabulates total mine production, plus scrap, versus deliveries for foreign consumption from 1934 to the present, all as published by the American Metal Market and the Daily Metal Reporter. The tabulation clearly shows the shift in the foreign supply-demand situation from a deficit in the prewar years to an excess in the postwar years. The average monthly rate of foreign production and consumption for the 4-year period, 1935 to 1938, inclusive, was as follows:

Production	96,500
Consumption	102,300
Deficit (short tons)	5,800

The average monthly foreign production and consumption for the 30-month period, January 1947 through June 1949, was:

Production	106,595
Consumption	76,735
Excess (tons)	29,860

Foreign consumption has decreased 25 percent since the prewar period, whereas the average rate of foreign copper production has increased 10 percent since the prewar period.

2. *Postwar net imports into this country have been very substantial.*—The figures are given in exhibit B, which tabulates our total imports and exports of unmanufactured copper beginning with the year 1934 down to the present. During the years 1934 to 1939 the United States was an exporter of copper on balance. In 1940 a sharp shift occurred and we have been large importers for the past 10 years. During 1948 our imports totaled 395,112 tons. For the first 5 months of 1949 copper was being imported at the rate of 450,000 tons per year. Up to March

1949, these imports were needed to help satisfy the demand for copper for civilian consumption which accumulated during the war years. This pent-up demand has now been satisfied and our economy is returning to a more normal peacetime basis. Importations at the recent rate are having serious repercussions in our domestic mining industry. Recent volume of imports is taking more than half of our domestic market from our domestic producers.

3. Until recent months the domestic market could absorb domestic production plus heavy imports because of accumulated demands unsatisfied during the war. That situation has now terminated and domestic demand has reverted to normal—which should run about 62,500 tons of refined copper per month.

For the 10-year period, 1931–40 inclusive, average per capita consumption of refined copper from newly mined and secondary sources was 10.1 pounds per year. The figures are given in exhibit C.

There is no disputing the fact that during the war the civilian economy was drastically curtailed to the point where civilian per capita consumption was at a very low level. The resultant pent-up demand led to an abnormally large domestic demand immediately following the end of the war. The per capita consumption of refined copper during the period 1946 through 1948 was 18.5. It can hardly be denied that this is completely out of line with any past per capita consumption figure. Hence, during the postwar years the domestic market was able to absorb not only every pound of refined copper which could be produced from our domestic mines and from reclaimed scrap but also all of the excess foreign production of copper.

The present population of the United States is about 148,000,000 people. The normal peacetime requirements of this population, based upon our prewar experience of 10.1 pounds per capita, would be about 62,250 tons of refined copper per month or 750,000 tons per year.

4. *The supply-demand situation, with respect to copper available to and consumed by the domestic market, supports that conclusion.*—Domestic supply-demand figures support the conclusion that we have returned to a normal demand which should average in the neighborhood of 62,250 tons of refined copper per month.

The domestic supply-demand situation for the past 15 years is tabulated in exhibit D. It also shows the refined stocks of copper on hand at refineries at the end of each year, and by month for the current year. The tabulation shows the reduction in refined stocks in this country during the period 1934 to 1939, inclusive, when this country was exporting copper to make up the foreign deficit. This exhibit also shows the increase in stocks during the war period largely due to the activities of the Metals Reserve Company. These stocks were used to help satisfy the abnormal postwar demand during 1946, 1947, and 1948.

A change in postwar demand has taken place during the last few months. Copper has been in excess supply beginning with the month of December and this monthly excess has steadily increased since then, until in May, excess copper was accumulating at the rate of 84,000 tons per month or at the rate of over 1,000,000 tons per year. Import-export figures for June are not available at this writing. We estimate, however, that net imports for June will be at least 25,000 tons, which gives a total supply of copper available for domestic industry of 96,600 tons for that month. Domestic deliveries to industry for consumption in June were only 45,653 tons, which when deducted from the above available supply, gives us an excess supply of copper in June of about 50,000 tons.

This accumulation of excess copper began to show in the refined stocks at the end of May. During May refined stocks increased 52,000 tons and during June refined stocks increased 38,000 tons. The accumulated excess did not become evident before the end of May because of large deliveries to the stock pile. Such deliveries were unquestionably heavier than normal during March, April and May, since deliveries for earlier months had been deferred during the period of shortages and deliveries for June were in many cases accelerated as a result of the oversupply of copper. Although heavy stock-pile deliveries continued in May and June, the drop in deliveries for domestic consumption was so drastic that, as noted, refined stocks increased 52,000 tons in May and 38,000 tons in June.

Although production has been sharply curtailed, and many mines have shut down, it is apparent that July will show another substantial increase in refined copper stocks.

5. Our domestic production of refined copper from primary and secondary sources during the past 2 years has been at the rate of over 80,000 tons per month (see exhibit D), even though it was severely decreased during the last 2 months of 1948 by the Utah Copper Co. strike. Domestic sources are well able to supply the domestic industrial normal demand estimated above at 62,250 tons of refined

copper per month. They could also supply all anticipated stock-pile demands. Without an import tax the domestic industry is faced with further drastic curtailments and shut-downs.

EXHIBIT A.—*Foreign copper production and deliveries for foreign consumption*

[In tons of 2,000 pounds]

	Total, crude production plus secondary	Deliveries for foreign consumption	Excess or deficiency of foreign production
Total, year:			
1934	941,247	952,929	−11,682
1935	1,023,481	1,074,740	−51,259
1936	966,153	1,027,992	−61,839
1937	1,349,138	1,345,082	4,056
1938	1,293,798	1,463,602	−169,804
1939	(1)	(1)	
1940	(1)	(1)	
1941	(1)	(1)	
1942	(1)	(1)	
1943	(1)	(1)	
1944	(1)	(1)	
1945	(1)	(1)	
1946	(1)	(1)	
1947	1,238,820	921,851	316,969
1948:			
January	102,388	79,962	22,426
February	[illegible],597	55,133	41,464
March	110,2[illegible]	69,127	41,135
April	103,310	86,612	16,698
May	114,211	76,826	37,385
June	111,439	70,753	40,686
July	106,293	[illegible],287	19,006
August	108,357	78,[illegible]39	30,318
September	96,169	74,[illegible]	22,086
October	10[illegible],474	73,29[illegible]	36,176
November	108,825	73,006	35,819
December	11[illegible],085	76,947	36,138
Total, year	[illegible]0,410	901,073	379,337
1949:			
January	113,205	77,546	35,659
February	107,142	74,327	32,815
March	120,7[illegible]	85,750	34,979
April	112,[illegible]02	75,424	36,578
May	11[illegible],526	79,644	34,882
June	[illegible]1,014	86,475	24,539
Total, 6 months	[illegible]8,618	479,166	199,452

[1] Not available due to war conditions.

Source: American Metal Market and Daily Metal Reporter.

EXHIBIT B.—*Total imports and exports of unmanufactured copper of the United States*

[In tons of 2,000 pounds]

	Total, unmanufactured imports [1]	Total, unmanufactured exports [2]	Net imports	Net exports
Total, year:				
1934	[illegible]	301,116		87,830
1935	257,182	292,223		35,041
1936	190,339	252,700		62,361
1937	279,879	335,397		55,518
1938	252,164	408,036		155,872
1939	336,297	414,111		77,814
1940	491,342	384,551	106,791	
1941	735,569	118,024	617,545	
1942	764,395	136,371	628,024	
1943	716,838	178,581	538,257	
1944	785,391	69,101	716,290	
1945	853,278	53,739	799,539	
1946	411,144	56,013	355,131	
1947	493,010	151,142	341,868	

See footnotes at end of table, p. 40.

EXHIBIT B.—*Total imports and exports of unmanufactured copper of the United States*—Continued

[In tons of 2,000 pounds]

	Total, unmanufactured imports [1]	Total, unmanufactured exports [2]	Net imports	Net exports
1948: [3]				
January	33,460	14,930	18,530	....
February	54,656	13,704	40,952	....
March	54,498	8,896	45,602	....
April	43,316	17,903	25,413	....
May	40,291	13,839	26,452	....
June	52,665	16,829	35,836	....
July	46,714	12,257	34,457	....
August	48,290	15,571	32,719	....
September	39,094	7,771	31,323	....
October	38,533	13,747	24,786	....
November	40,340	10,013	30,327	....
December	54,991	9,786	45,205	....
Total, year	[4] 550,358	155,246	[4] 395,112	....
1949: [3]				
January	54,288	19,516	34,772	....
February	52,566	8,888	43,678	....
March	58,240	14,170	44,070	....
April	37,396	9,830	27,566	....
May	50,277	14,089	36,188	....
Total, 5 months	[4] 254,694	66,493	[4] 188,201	....

[1] Include composition metal; also brass scrap and old, fit only for remanufacture, starting with 1946.
[2] Include rods.
[3] Preliminary.
[4] Include composition metal; monthly distribution not available.

Source: U. S. Bureau of Foreign and Domestic Commerce.

EXHIBIT C.—*Per capita consumption of refined copper in the United States*

Year	July 1 population [1]	Domestic consumption of refined copper [2]	Per capita consumption of refined copper [3]	Year	July 1 population [1]	Domestic consumption of refined copper [2]	Per capita consumption of refined copper [3]
	Thousands	*Tons*	*Pounds*		*Thousands*	*Tons*	*Pounds*
1931	124,040	600,753	9.69	1936	128,053	808,953	12.63
1932	124,840	335,981	5.38	1937	128,825	878,186	13.63
1933	125,579	381,726	6.08	1938	129,825	521,675	8.04
1934	126,374	417,110	6.60	1939	130,880	845,230	12.92
1935	127,250	578,239	9.09	1940	131,970	1,099,507	16.66

[1] Department of Commerce, Bureau of the Census (Statistical Abstract of the United States, 1948).
[2] American Bureau of Metal Statistics.
[3] Computed weighted average for 10-year period: 10.12 pounds per capita per year.

EXHIBIT D.—*Domestic production, net imports and deliveries for domestic consumption*

[In tons of 2,000 pounds]

	Domestic crude production			United States net imports or exports	Total, domestic supply	Deliveries for domestic consumption	Excess or deficiency of production plus imports (net)	Deliveries to Government account	Total, refined stocks, including metals reserve at end of period
	Primary	Secondary	Total						
Year 1934	250,845	109,689	360,534	[1] 87,830	272,704	379,843	−107,139	....	354,436
1935	393,614	112,471	506,085	[1] 35,041	471,044	528,194	−57,150	....	231,415
1936	630,557	101,072	731,629	[1] 62,361	669,268	764,560	−95,292	....	161,068
1937	868,003	114,042	982,045	[1] 55,518	926,527	803,095	123,432	....	259,351
1938	578,772	66,097	644,869	[1] 155,872	488,997	481,803	7,194	....	289,755
1939	744,190	91,884	836,074	[1] 77,814	758,260	814,407	−56,147	....	159,485

[1] Net exports.

EXHIBIT D.—*Domestic production, net imports and deliveries for domestic consumption*—Continued

[In tons of 2,000 pounds]

	Domestic crude production			United States net imports or exports	Total, domestic supply	Deliveries for domestic consumption	Excess or deficiency of production plus imports (net)	Deliveries to Government account	Total, refined stocks, including metals reserve at end of period
	Primary	Secondary	Total						
Year 1940	915, 217	77, 076	992, 293	106, 791	1, 099, 084	1, 001, 886	97, 198	....	142, 772
1941	985, 288	31, 708	1, 016, 996	617, 545	1, 634, 541	1, 545, 541	89, 000	....	94, 192
1942	1, 098, 007	54, 337	1, 152, 344	628, 024	1, 780, 368	1, 635, 236	145, 132	....	161, 904
1943	1, 111, 022	83, 677	1, 194, 699	538, 257	1, 732, 956	1, 643, 677	89, 279	....	268, 036
1944	995, 938	60, 242	1, 056, 180	716, 290	1, 772, 470	1, 636, 295	136, 175	....	411, 502
1945	792, 126	49, 541	841, 667	799, 539	1, 641, 206	1, 517, 842	123, 364	....	548, 683
1946	618, 757	32, 503	651, 260	355, 131	1, 006, 391	1, 260, 921	−254, 530	....	176, 220
1947	871, 391	105, 307	976, 698	341, 868	1, 318, 566	1, 383, 666	−65, 100	....	83, 386
1948:									
January	73, 204	9, 223	82, 427	18, 530	100, 957	118, 855	−17, 898	....	79, 058
February	72, 149	10, 810	82, 959	40, 952	123, 911	106, 823	17, 088	....	76, 759
March	73, 651	10, 258	83, 909	45, 602	129, 511	122, 988	6, 523	....	74, 199
April	76, 728	12, 013	88, 741	25, 413	114, 154	116, 475	−2, 321	....	72, 981
May	76, 813	15, 006	91, 819	26, 452	118, 271	113, 389	4, 882	....	77, 854
June	78, 335	9, 343	87, 678	35, 836	123, 514	112, 677	10, 837	7, 250	76, 478
July	74, 222	7, 251	81, 473	34, 457	115, 930	108, 277	7, 653	3, 500	83, 440
August	72, 953	16, 212	89, 165	32, 719	121, 884	107, 496	14, 388	500	83, 742
September	72, 803	15, 302	88, 105	31, 323	119, 428	122, 938	−3, 510	900	76, 466
October	73, 454	8, 020	81, 474	24, 786	106, 260	112, 580	−6, 320	750	80, 622
November	51, 141	7, 156	58, 297	30, 327	88, 624	99, 655	−11, 031	500	89, 756
December	54, 635	9, 816	64, 451	45, 205	109, 656	102, 292	7, 364	1, 527	96, 080
Year 1948	850, 088	130, 410	980, 498	395, 112	1, 375, 610	1, 344, 445	31, 165	14, 927	96, 080
1949:									
January	53, 066	16, 372	69, 438	34, 772	104, 210	94, 070	10, 140	10, 679	91, 053
February	58, 751	18, 190	76, 941	43, 678	120, 619	97, 861	22, 758	9, 750	83, 841
March	79, 256	17, 867	97, 123	44, 070	141, 193	113, 154	28, 039	14, 010	68, 450
April	75, 703	15, 886	91, 589	27, 566	119, 155	76, 134	43, 021	29, 683	76, 494
May	70, 703	10, 555	81, 258	36, 188	117, 446	32, 566	84, 880	25, 306	128, 441
June	63, 321	8, 285	71, 606	(1)	....	45, 653	....	21, 428	166, 925

[1] Not available.

NOTE.—From month to month, changes in refined stocks are not equal to excess or deficiency of production plus imports because of time-lag between mine production and resultant refined copper.
Source: American Metal Market and Daily Metal Reporter, except imports and exports, which: U. S. Bureau of Foreign and Domestic Commerce.

The CHAIRMAN. Mr. Strauss? You may give your name to the reporter and your connection.

STATEMENT OF SIMON D. STRAUSS, VICE PRESIDENT, AMERICAN SMELTING & REFINING CO., NEW YORK, N. Y.

Mr. STRAUSS. I am Simon D. Strauss, vice president of the American Smelting & Refining Co., with offices at 120 Broadway, New York.

The company is one of the largest smelters and refiners of copper in the United States, with refining plants located at Tacoma, Wash.; Baltimore, Md.; and Perth Amboy, N. J., and smelters at Tacoma; Hayden, Ariz.; Garfield, Utah; and El Paso, Tex. The material treated in these plants consists of copper from both domestic and foreign mines and also a certain amount of secondary material representing scrap of domestic origin. In addition, through its federated metals division, the American Smelting & Refining Co. handles a large tonnage of copper-bearing scrap which is remelted and sold as brass and bronze ingot.

Parenthetically, Mr. Chairman, I would like to apoligize for the fact that this mimeographed statement you have here says "Statement for Senate Banking and Currency Committee." That was an error that was made in our office in New York. I apologize for it.

It is my understanding that your committee is considering the desirability of reimposing an excise tax on imports of copper, even though only 4 months have elapsed since Congress voted to extend the suspension of this excise tax until June 30, 1950.

The very material decrease in the price of copper in the last 4 months has resulted in the curtailment of domestic copper production, and the resulting drop in employment has quite naturally caused those Members of Congress who represent the copper-mining areas to question the desirability of continuing the suspension of the copper duty.

In fact, of course, Mr. Morris has testified to that effect.

I have seen certain statements on the statistical position of copper, in which it is concluded that copper demand has now dropped to a point at which this country's requirements can safely be met from copper produced by the domestic mining industry.

It is almost impossible at any time to tell what the actual consumption of copper is. The available statistics report shipments of copper from producing companies to their customers, the copper fabricators, and also shipments of products containing copper from the fabricators to their customers, the manufacturers of electrical equipment, transportation equipment, etc. However, before copper reaches the ultimate consumer, it must pass through several additional hands, including not only the manufacturers, but also distributors and retailers. There are no available statistics to indicate the actual rate at which copper is reaching the ultimate consumer.

Over a period of time we find out because historically the deliveries of copper in any long period of time will equal the actual consumption. What I am talking about here is the period from month to month.

Senator MILLIKIN. Does not the trade have a pretty good idea?

Mr. STRAUS. It is very difficult to ascertain, Senator, because of the fact that the bulk of copper gets to the ultimate consumer either in the form of automobiles, finished housing, electric refrigerators, washing machines, and so forth. The nearest approach we can make to that would be to take some general index of industrial activity, such as the Federal Reserve Board's index of industrial activity. We unfortunately don't have copies of this chart, Senator, but this is an attempt to correlate the Federal Reserve Board index of industrial activity with the consumption of copper, and over a period of time this diagonal line—you can see there are some dots on one side and some on the other—represents the approximate correlation. In other words, if you took the Federal Reserve Board index of industrial activity at some such figure as 150, you could read this chart and if you found where it intersected with the copper consumption you might come to some approximation of what you would expect the real consumption of copper to be.

Senator JOHNSON. Is not the best index possible the price index? It reflects accurately the supply-and-demand status. I do not know how you could get a better index than just the price index.

Mr. STRAUSS. My testimony goes on to that point, Senator, right at this point, and I would like to develop that point with you if you feel my statement does not meet it.

During a period of violent price changes such as that through which we have been going, the statistics are distorted by the attempts of buyers to outguess the market. If consumers, retailers, distributors, manufacturers, and fabricators believe that the price of copper is going to be reduced, they will all restrict their buying to a minimum. As a consequence, shipments of copper by the producers drop to a far greater extent than the actual consumption of copper itself.

During the first 6 months of this year the general rate of industrial activity as measured by the Federal Reserve index has declined from a high of about 192 to about 165, a drop of 27 points, or under 14 percent. It is our experience that the actual consumption of copper varies closely with the Federal Reserve index. Therefore, the drop in copper shipments to consumers from the average of 110,000 tons a month, which prevailed in 1948, to the level of 45,000 tons in June does not present a true picture of the real demand for copper. It would appear premature for the Congress to take action based on what is almost certainly a temporary situation.

If I may elaborate a little on that point, Senator, in answer to your inquiry, if business starts to slide a little bit, the man who is a hardware manufacturer and carries a few feet of copper tubing in his shop may feel that there is no point in his buying further copper tubing, so he places no order with his distributor. If that is happening in a fair section of the country, the distributor begins to get disturbed about the fact that the hardware merchants aren't ordering from him, so he does not order from the manufacturer the copper tubing, and similarly the manufacturers of copper tubing will not order copper from us. The net effect is a more or less cumulative effect, with the result that the effect on copper prices itself tends to be exaggerated

We undoubtedly had some exaggeration on the other side when the price of copper rose as rapidly as it did, because every one, anticipating that the price of copper would rise, tried to buy while the price was still low and as a result created a shortage which perhaps didn't actually exist to the extent indicated by the buying at that time.

Similarly, when the impression gets abroad that there is a surplus and buying stops overnight, then the price reacts quite violently. For that reason, I would not consider that the price of copper is an accurate index of the real consumption of copper. It is an index of the frame of mind of the buyer of copper as to what is going to happen to the price of copper subsequently. As long as he has some stock to draw on, he will draw on that stock in preference to placing a new order for copper.

Those who believe that the tariff should be reimposed argue that the rate of consumption of copper in the years immediately following the end of the war has been unusually high. They say that we are now returning to a normal pattern. They claim that during the decade from 1931 to 1940 the average consumption of copper per capita in this country was about 10 pounds a year. On this basis, assuming a present population for the United States of 148,000,000 people, they conclude that the consumption of copper should be about 1,480,000,000 pounds, or about the equivalent of 62,000 tons of copper a month.

I find it difficult to share this view. Perhaps this country is headed for an economic situation which is parallel to that of the 1930's, but I sincerely hope it is not. The first half of that decade will be remembered by all of us as the most severe depression which this country has ever experienced. In the second half there was a mild improvement, but you gentlemen will all recall that during that period and prior to the outbreak of the European war this country had some 6,000,000 to 10,000,000 persons on the unemployment rolls.

Comparisons of our present situation with that which existed prewar can be extremely misleading. Since 1940 the population of this country has increased by approximately 16,000,000 people. This is more than the population of Canada. It is more than the population of the three combined Scandinavian countries. I mention Scandinavia and Canada because these are two other areas which approach, though they do not equal, the American standard of living. Try to imagine the effort required within a 10-year period to duplicate the entire economy of the Dominion of Canada; or the entire economy of the Scandinavian nations. This would mean cities, railroads, factories, power plants, mines, highways, et cetera. Yet, in accommodating our increased population here in the United States, we must endeavor to do exactly that, while at the same time maintaining the high living standards of the enormous population we had when the decade began.

If there is to be full employment in this country, the consumption of copper should be about 1,100,000 tons per year.

Reverting to this matter of the Federal Reserve index, that would assume a Federal Reserve level of activity of about 140 or 145 as compared with the present situation which is 165. This is equivalent to a consumption of approximately 14 pounds per capita per annum. Such a rate would merely maintain industrial activity at a level about 20 percent below the high attained in the years 1947 and 1948.

This does not appear to be aiming too high. I consider it a modest goal indeed.

In addition to the 1,100,000 tons of copper required to meet industrial needs, there would have to be added whatever tonnage is desired for the stock-pile program. While the details of that program are not made public, it would appear at present that stock-pile buying is at the rate of about 150,000 tons of copper a year.

Senator MILLIKIN. Most of that comes from Canada.

Mr. STRAUSS. I have no personal knowledge of the particular contract that you are referring to, but my impression is that it is only for 40,000 tons a year, sir. However, my company is not a party to the contract, and I am speaking from hearsay.

Thus, the total of demand, both for industry and for stock pile, would be 1,250,000 tons.

Even with the stimulus of the high prices which prevailed during 1947 and 1948, the mine production of copper in the United States has been only approximately 850,000 tons a year. In addition, there is a secondary supply handled by the primary smelters and refineries of about 120,000 tons per year.

Senator MILLIKIN. Is not part of that production record due to the fact that during the war exploratory efforts practically stopped and they had to work on existing known supplies?

Mr. STRAUSS. That is quite correct, sir. To a certain extent the high-grade resources of this country have been depleted. However, 850,000 tons a year is historically a high level of copper production in this country. It is not the maximum, I fully agree with you, but it is a high level.

The total of these two figures represents, therefore, 970,000 tons on the supply side, as against the estimated 1,250,000 tons on the demand side.

It follows that this country will probably need to import approximately 280,000 tons of copper a year if business activity drops 20 percent below the 1947–48 level, and if the stock-pile program is continued.

Obviously, both these assumptions may turn out to be in error, but based on current conditions they appear to be reasonable.

It would seem premature, therefore, to be stampeded into action on the copper exicise tax based solely on the experience of the last 4 months.

Senator HAYDEN. I would like to inquire of the witness, Mr. Chairman, as to the possible effect of the 4-cent rate when it was in effect.

Mr. STRAUSS. During the entire period of 1930's, Senator, the price of copper in the export market, that is, in the market outside the United States, as a rule varied within about a half or three-quarters of a cent of what the domestic price was. That was due to the fact that during the greater part of that period the United States was a surplus producer of copper. Our production was in excess of our requirements, and we were actually exporting copper to the European countries. There were some years when business activity was high here that we actually had net imports, but at no time during the 1930's did they amount to anything substantial.

Senator HAYDEN. The effect of the 4-cent rate was to increase the American price about a cent a pound.

Mr. STRAUSS. I would say that on an average it would work out something like that; yes, sir.

Senator HAYDEN. What would the effect be of a 2-cent rate, if restored?

Mr. STRAUSS. That is a hypothetical question, based on a different set of conditions. As I said here, I don't believe the prewar situation will necessarily indicate what the postwar situation is. If my estimate of our consumption requirement here is correct, and if my belief that this country is going to continue to be a net importer of copper is correct, then I think the 2-cent duty may prove more effective in the postwar period than the 4-cent duty has proved prior to the war, assuming of course that the Congress puts the 2-cent duty back into effect.

Senator McFARLAND. Mr. Strauss, did you state that Congress should not act on a temporary situation.

Mr. STRAUSS. That is right.

Senator McFARLAND. Without question, Congress acted on a temporary situation when it suspended this tariff; did it not?

Mr. STRAUSS. Yes; that is right. I suppose it comes down to a question of how temporary it is.

Senator McFARLAND. It just depends on whose foot the shoe fits. does it not?

Mr. STRAUSS. No; I would say that there is quite a difference there. We had a record of 2 years of postwar shortage of copper at the time that the duty was first removed in 1947. You have had a continuing record of shortage since then. In other words, what you are comparing is that since the European war ended in April 1945 we have had a total elapsed period of perhaps 50 months, in which in 4 months there has not been a shortage and in 46 months there has been.

Senator MILLIKIN. The philosophy of the suspension was definitely a temporary philosophy to meet a temporary situation in this country. There is no question about that.

Mr. STRAUSS. There is no question about that. The Congress set the date of June 30, 1950, for a review of the program. That is right, sir.

The CHAIRMAN. Any further questions?

Senator MCGRATH. What is the price of copper at the present time?

Mr. STRAUSS. The foreign copper price is exactly the same as the United States price. In fact, a good part of the copper that is being sold here, as Mr. Morris has testified, is undoubtedly of foreign origin. Both foreign and domestic copper are selling at 17⅝ cents a pound.

Senator MCGRATH. So there is no advantage in buying in the foreign market.

Mr. STRAUSS. No.

Senator MCGRATH. What percent of copper that your company handles is produced in foreign markets?

Mr. STRAUSS. Our production of copper last year was about 450,000 to 500,000 tons. My guess is that about 20 percent of that would be foreign origin, and the balance of domestic origin.

Senator MILLIKIN. When the domestic and foreign price are approximately the same, it indicates a surplus condition in this country, does it not?

Mr. STRAUSS. The foreign and domestic prices must inevitably be the same, sir, when there is no import duty, because copper is a world commodity and if the foreign price were a little lower than ours, foreign copper would be attracted here to take advantage of the domestic price or, vice versa, if it were higher than ours, then domestic copper would tend to be attracted elsewhere. It is like water. It seeks its own level. The only occasion when you are likely to have a difference between the two markets would be when you put in some barrier such as an import duty.

Senator CONNALLY. The temporary conditions that brought about the suspension are not existing now, are they?

Mr. STRAUSS. They are not existing now, Senator, solely in the sense that for the last 4 months there has been no shortage of copper in the United States or outside the United States. There is temporarily a surplus of copper. Whether there will continue to be a surplus of copper depends on what your prognosis of the general business picture is.

Senator CONNALLY. I have no prognosis.

Senator MILLIKIN. If it should develop that we again go into a period of shortage, we will have the same opportunity to grant a temporary suspension again.

Mr. STRAUSS. The Congress might not be in session then, sir.

Senator CONNALLY. The significant thing to me, Senator, is that it was only a suspension. It wasn't a repeal. The very idea of a suspension indicates a temporary condition and not a permanent one.

The CHAIRMAN. The foreign demand for copper has fallen off, too, within the last 3 or 4 months.

Mr. STRAUSS. Yes, it has, but not to quite the same extent as the drop in demand in the United States, Senator. In this statement I am trying to present a purely factual approach. I think in all fairness one ought to point out that there has been serious curtailment of foreign production just as there has been curtailment of production here. The tax revenues of foreign countries have dropped just as our own tax revenues have dropped. The effect of this change in the copper picture is not being borne solidly by the domestic producers. Although undoubtedly they have been, as I have said here, very seriously affected by it. But the foreign producers have been also.

Senator CONNALLY. How has your company fared?

Mr. STRAUSS. The way in which my company operates, Senator, is that we are under commitment to the mines which ship ores to us to buy their ores whether or not we sell the resulting copper. In the first half of this year we have paid mines for copper which they had delivered to us in ores which we have been unable to resell, and we have taken a very substantial inventory loss the full extent of which I am unable to disclose to you now, but our statement for the first half of the year will be out shortly and it will show the financial loss which has resulted from it.

Senator CONNALLY. Your prognosis is favorable to not repealing this suspension.

Mr. STRAUSS. I am going on the assumption that the administration and the Congress will take steps which will keep the business of this country at a high level, and I say that if the business of this country is maintained at a high level then I believe this country will have to import some copper, and it will import that copper whether or not there is a duty in effect. The only question that the duty raises is what the price of that copper will be. If we have to import copper over a 2-cent excise tax then the price of copper will be higher to the consumer in the United States than it otherwise would be.

Senator CONNALLY. You are concerned only with copper mines anywhere?

Mr. STRAUSS. Yes, sir. We have two small copper mines; one in Peru and one in Bolivia, and we have a number of inactive deposits in other parts of the world.

Senator CONNALLY. The reason I was prompted to question you was because your testimony indicates an interest in foreign copper. I assumed your company owned some mines abroad.

Mr. STRAUSS. The basis for my testimony is not based on the two small properties that we own outside the United States, one of which is being closed down.

Senator CONNALLY. Whether they are small or big, they are the only ones you have, and to the extent that they are affected it naturally would affect your revenues, would it not?

Mr. STRAUSS. Our revenues are affected to a much greater extent by the volume of smelting activities that we carry on as a result of the shipment of ores and scrap to our plants.

Senator JOHNSON. Are you in favor of H. R. 5327 which suspends the duties and import taxes on metal scrap, both ferrous and nonferrous?

Mr. STRAUSS. We have taken no position on that, Senator. I think on balance our position would be to favor that bill; yes, sir.

I want to make very clear in testifying on this matter that we feel frankly what is important here is a full disclosure of the facts on both sides. We don't feel that the copper business is going to come to an end whether the duty is repealed or whether it is continued in effect.

Senator CONNALLY. Is the copper from your mines in South America shipped here?

Mr. STRAUSS. It is treated at our plant at Tacoma, Wash.

Senator CONNALLY. You bring it in here?

Mr. STRAUSS. We reexport that copper, the greater part of it, because our plant at Tacoma is so situated geographically, due to high freight rates, that it cannot supply most of the important industrial consuming centers. So that particular copper that you are speaking of is actually sold in a foreign market. It is not sold in the United States market.

Senator CONNALLY. None of it? We want a full disclosure of the facts.

Mr. STRAUSS. Our Tacoma plant produces on an average of five to six thousand tons of copper a month, of which on an average between 1,500 and 2,000 tons is sold in the United States, and the balance is exported. The quantity that is sold in the United States is less than the quantity that is shipped to that plant from mines in the United States.

Senator MCGRATH. What in your opinion would be the immediate effect on employment in the United States of the reimposition of the tax?

Mr. STRAUSS. I seriously doubt that there would be any unless the price immediately arose. I think it is quite possible that if the tax were restored, what would happen would be that the export price, the foreign price, would drop and the domestic price would remain unchanged. That would be my first expectation.

Senator MCGRATH. That would not necessarily create additional employment here.

Mr. STRAUSS. No; not immediately. It might in the long run; I don't know. I think maybe Mr. Morris could tell you about that.

Senator MILLIKIN. Doesn't it follow that if you have a receding market and an increasing surplus or the potentiality of an increasing surplus, to the extent that you add to that surplus you add further depressants to your market?

Mr. STRAUSS. That is perfectly true, Senator.

Senator MILLIKIN. Is that not the effect of importing copper when, according to your testimony, you have surplus inventories that you can't dispose of?

Mr. STRAUSS. My point simply is that at the immediate time of the reimposition of an excise duty it would of course depend on what the particular circumstances were then, but I was trying to say that at that particular time it is unlikely in my opinion that anybody would be immediately reemployed, for the reason that this surplus still exists, is physically in the United States, and will presumably be disposed of first.

Senator MILLIKIN. To the extent that you had the surplus, you are adding depressants to your market, are you not?

Mr. STRAUSS. What you are saying perhaps is that there might be a further increase in your employment if the excise tax were not reimposed.

Senator MILLIKIN. I am saying that, and I am also talking about the maintenance of the present condition of unemployment. It works both ways. If your surplus is depressing the market, adding to your surplus depresses further, obviously. Is that not correct?

Mr. STRAUSS. That is precisely true, but I am saying that the company——

Senator MILLIKIN. If your problem is to reduce surplus, and therefore reactivate production, you do not help that problem in terms of present unemployment by adding to your surplus.

Mr. STRAUSS. Let me try to put it this way, Senator. Mr. Morris read a list of mines that had closed down and he read a list of mines which had changed from a 6-day to a 5-day workweek. I would say that those particular companies would not reinstitute the 6-day workweek or would not reopen their mines until there was an actual demand for the copper which they have on hand.

Senator MILLIKIN. They would not go out of business overnight and they will not go back into business overnight.

Mr. STRAUSS. That was what I was trying to say to the Senator. Perhaps I said it poorly.

Senator MILLIKIN. We should not run our business here on an autopsy basis. We should have a little foresight and try to get these people back into business.

Senator MCFARLAND. If I may suggest it, Mr. Chairman, one of our difficulties and problems here is to keep more of them from closing down, which undoubtedly will occur if we do not do something about this.

The CHAIRMAN. Thank you very much, Mr. Strauss.

Mr. STRAUSS. Thank you, sir.

The CHAIRMAN. Mr. Hickman? We will continue for a few minutes, if that is agreeable to the committee. Otherwise, we will go to the floor of the Senate.

Mr. Hickman, will you please indicate your connection here?

STATEMENT OF NORMAN HICKMAN, VICE PRESIDENT AND DIRECTOR, THE AMERICAN METAL CO., LTD., 61 BROADWAY, NEW YORK, N. Y.

Mr. HICKMAN. Thank you, Senator.

My name is Norman Hickman. I am a vice president and director of the American Metal Co., Ltd., which, among other activities in the nonferrous metal field, produces and sells copper originating both from domestic and foreign sources. I am also a director of the Consolidated Coppermines Corp. and the Titan Metal Manufacturing Co., which is a small domestic brass manufacturer, and I am a director of the Roan Antelope Copper Mines, Ltd., Northern Rhodesia, which is one of the large copper mines in Northern Rhodesia. I have been connected with the nonferrous metal business since 1916 and for the greater part of the time have specialized in the marketing of copper both in the United States and abroad. I believe my experience permits me to view the copper situation objectively and impartially.

I would like to say here, while I am reading this brief, that it was prepared rather hurriedly because the notification came at a time when our company was beset by a large strike and I was greatly occupied, and I am quite willing and anxious to amplify it. In fact, I have one point in connection with the United States Tariff Commission's statement which I particularly want to give you later. In the meantime if any question occurs to any of the Senators during this brief presentation I would be most happy to try to answer it.

Senator MILLIKIN. I would like to ask what foreign mines your interests own.

Mr. HICKMAN. We are the sales agents of the International Nickel Co., and our London subsidiary company is the sales agency for Roan Antelope Copper Mines, Ltd., and Mufulira Copper Mines, Ltd. We are also part owners and sales representative of the O'Okiep Copper Co., Ltd., of South Africa and the Tsmueb Mining Co., of South Africa, which was formerly German Southwest Africa.

Senator MILLIKIN. In terms of percentages of the copper that you handle in this country, what part is domestically produced and what part is produced abroad?

Mr. HICKMAN. The production of Rhodesian copper, which is the largest individual block, in those two mines last year was on the order of 110,000 to 120,000 tons a year. That was all marketed in England. England has a shortage of copper on a sterling area basis. No Rhodesian copper or other African copper, no sterling area copper gravitates to this market. The only Rhodesian copper which has come here has been copper treated on toll in this market from the ore and listed to be delivered as refined copper back to the United Kingdom.

Senator MILLIKIN. Skipping the details, of the copper which you sell in this country, how much of it originates abroad and how much in this country?

Mr. HICKMAN. I should say of the copper we sell and produce here. more than 50 percent originates domestically.

Senator MILLIKIN. Much more, as much as 60 percent?

Mr. HICKMAN. No. I should say it would vary from time to time because we are a custom smelter at our Carteret refinery and the location in advance, of where we are going to get the supplies isn't always determined. It is a fluctuating thing.

My point here is that I am trying to give you gentlemen, for whatever help I can be, the benefit of my own knowledge of what goes on in the copper world.

My feeling is that the current plea for the reimposition of a 4-cent duty on imported copper is supported by a number of very facile arguments which I have both read and listened to this morning, but in my judgment they simply do not stand analysis.

I recall that similar arguments were used back in 1932 prior to the imposition of the 4-cent excise tax. The claim was made then that in order to protect the United States mines from an impending flood of foreign copper this 4-cent duty was imperative.

I chanced to read just recently a letter written on July 14 to one of the Members of Congress by one of the leading proponents of the reimposition of this duty. With that was transmitted a brief and support-ing statistical data. You have heard portions of that brief already this morning. I would like to repeat two of them.

> The tabulation clearly shows the shift in the foreign supply-demand situation from a deficit in the prewar years to an excess in postwar years.

That same brief also states:

> During the years 1934 to 1939 the United States was an exporter of copper on balance.

Events therefore proved that the vehemently expressed fears of the tariff proponents in 1932 were completely belied by the facts which developed during the 1934–39 period. That is the statement of one of your witnesses this morning in his brief.

As for the current situation, the same letter I referred to——

Senator MILLIKIN. Export would be encouraged by domestic surplus; would it not?

Mr. HICKMAN. Of foreign demand. It means certainly that there was an adequate amount of copper abroad rather than a surplus waiting to pour in our markets. I think that is too clear for any additional explanation.

Senator MILLIKIN. I am suggesting to you that if you have domestic surpluses of farm products or of copper or of anything else—that puts pressure on you to export. You must find, or at least you try to find, a market for your surplus.

Mr. HICKMAN. Senator, from the reading that I have of the situation——

Senator MILLIKIN. My second point is that to the extent you increase your imports, you accentuate that condition.

Mr. HICKMAN. I agree with you quite thoroughly. I just want to point out, somebody mentioned before the pattern of prices before the war and pointed out that the foreign prices were but little below the domestic prices—at no time anything approaching the full extent of the 4-cent duty. I would say that that in itself indicated a very healthy absorption of copper in the foreign countries because, were they in a distressed condition, the price would tend to sink very near to the level by which it was shut out from this country.

I am really afraid, Senator, that the conclusion is demonstrated that the loudly expressed fears, and I listened to some of them back in 1932, were not borne out by the facts. That again prompts one to look at all these things in perspective and not to judge things too hastily. I am coming to a point that I think is in quite serious need of explanation.

This letter that accompanied the brief from which you have heard some quotations, both by me and by one of the other witnesses, also states this:

> * * * it is now found that domestically produced copper greatly exceeds domestic demand, which condition is expected to continue and therefore foreign importation of duty-free copper is no longer necessary.

I believe this conclusion is invalid because it is based on a misapprehension of its premise. The expression "domestic demand," it seems to me, is badly in need of clarification.

I am sorry the statement was hastily mimeographed for you, but as I said the preparation of the short statement was made rather hurriedly, and I think there is nothing that lends to lack of clarity like the recitation of a lot of figures. I have given the actual figures from the most authoritative sources that the industry has. They are based on the figures of the Copper Institute and of the United States Copper Association. They are in every way complete. But, and I want to express this, they cover only the production of copper in the United States, the sale of this copper to the primary fabricators, and the sales on a copper-content basis of these fabricators to their customers. No available statistics are complete enough to show the final end use of copper. It is important to recognize, therefore, that the available statistics cover only a portion of the stages which must be analyzed in assessing either the demand or the consumption of copper in a given period.

Let me just explain that, if I may, very briefly. I have a case in point in another metal this year, where, due to general disquietude of over-all business conditions, one large company decided to shrink its inventories in a chemical process from a 3, which they had thought safe, to a 1 month's basis. They had been using as a round figure some 1,000 tons of lead a month. They were carrying a stock of 3,000 tons. They visualized, due to this general uncertainty, that their business would fall off considerably. It fell off far less than they contemplated. Nevertheless, they were out of the market because, having 3,000 tons and deciding to go on a 1 month's inventory basis, they were out of the market for 3 months entirely. That same application went down the line. This is a chemical product that is sold to various distributors and by them to various dealers, by them to various fafmers throughout the country, going down to the final shop, the man with tin cans on his shelf, who decides not to buy until he has sold them all. Last year he was trying to get more, he was trying to have plenty. That is a cumulative phase. The worse picture always backs up, first with the primary fabricator, which is this particular process uses refined pig lead, and on the lead producer.

I could illustrate that in numerous ways, but I don't want to take your time unduly.

I do hope you appreciate the need of the utmost clarification in talking about demand or use of a product. For example, one of the largest uses of copper on an end-use basis is in the automotive industry. Taking their radiators alone, I think the Harrison Radiator Division of General Motors uses some 96,000 tons of copper a year. The over-all copper used by General Motors is far in excess of that. General Motors output of cars I think will be, for the first 6 months about the highest in history. Automobile production for the country is going to be some six million cars as against a little over three million in 1939. There is an end-use of copper which goes right into people's hands. You might say that is the final application when you get your gaskets, your brasses, and your various bearing metals, the powdered copper that goes into bearings and one thing and another, that is in the final consumers hand. That use of copper, far from matching the statistics that have been presented here, is a step in the other direction.

One must try to weigh all these aspects before you rely too completely, or rather shall I say, one should discriminate between trying to get the true picture and trying to select those particular figures which prove the case in point.

Senator MILLIKIN. How close would you say the automobile business is to catching up with demand?

Mr. HICKMAN. I think it is the general expectation, Senator, that there will be some change-over in designs and some slowing down in the fall. Of course, it has been such a tremendously large year so far in cars that it seems to me the over-all record for the year will be an excellent one, based on any previous figures we have.

Let me say again that our own experience with General Motors is, despite the production of cars and an end-use of copper far greater than they had last year, that they bought to my knowledge, at least from us, nothing this year. That doesn't mean that copper is not being used. It means their inventories, and those of their customers all down the line, are being shrunk down.

I have gone on a little bit in further explanation. I hope I won't repeat what I have already said, but I will return, if I may, to the former statement.

I am not repeating these figures. The figures are accurate and give you just what has happened, the average monthly figures for 1948, the average for the first 6 months of 1949, and the last available month, which is June.

Senator CONNALLY. May I ask you a question? How do you figure that the repeal of this suspension will affect your business?

Mr. HICKMAN. Frankly, from a purely company standpoint, I think it has no material interest to us at all, as far as dollars and cents goes with us.

Senator CONNALLY. What is your interest, then, if it does not affect you at all?

Mr. HICKMAN. My object in coming here was because I had been asked by some of my consuming friends with whom I am closely in touch to express my views about this subject which is of very vital interest to them.

Senator CONNALLY. The consumers of course want it as cheaply as they can get it.

Mr. HICKMAN. I think they do, and interested in copper mines as our company is, we recognize that the best interests of copper in the long run call for a moderate price. There are too many competitive materials in this world, and copper is in continuous danger of substitution from various important metals, aluminum which has been progressively reduced in price, and which is a very active competitor of copper, various alloys in the brass field, various light alloys of aluminum and various other combinations that have come about, and plastics which have come into the thing a good deal. I think for the wholesome growth of the copper economy we must recognize the need for a price at which the fullest possible use of the metal is given, consistent with an adequate return to what I would call economically situated enterprises.

I am a director of a company that has had to shut part of its operations, cut them in half. I think all the directors were sorry to see it shut down. But I think they all realized it would be a little rash to expect a mine whose cost is considerably above 20 cents to be salvaged by a general market price rise to that figure.

Senator MILLIKIN. Mr. Chairman, I understood the witness to say that there had been a shrinkage in the copper market in foreign countries. Is that right?

Mr. HICKMAN. That is true.

Senator MILLIKIN. As that shrinkage progresses, and considering the desire of anyone who has anything to sell to do business, would that not have a tendency to accelerate imports of copper into this country?

Mr. HICKMAN. Senator Millikin, I can only speak for the companies of which I have direct and exact knowledge. I am coming to that very point a little later in the brief. Perhaps in the brief I may have put it in somewhat simpler, more compressed language than I would use extemporaneously. I want to take no unnecessary time.

During the first 6 months of this year the price of copper dropped from 23½ to 16 cents a pound, from which it has subsequently recovered to 17⅝ cents. This period has been featured by a drastic adjustment of inventories, accompanied by an abnormally small volume of sales both by the copper producers and by the primary fabricators. The full impact of the inventory adjustments has fallen on these two groups, with a consequent statistical record quite unrepresentative of this country's actual uses of and need for copper.

In 1948 our Federal Reserve bank index of industrial production reached 192. It has declined 14 percent to 165. The actual figure may be 164, but it is around there. It is clear from a comparison of the changes in the Federal Reserve index and the copper figures shown above—the tabulation you have—that the latter reflect an abnormal and temporary situation not borne out by the over-all industrial activity of the country. The plain fact is that for the greater part of this year consumers of copper were shrinking inventories all down the line and that the burden of this procedure fell on the copper producers and their immediate customers.

In other words, to the extent that inventories were shrunk, that is, consumption of copper, everybody who lived off inventories for a time and didn't buy any copper nevertheless did not decrease their use of copper. That situation reached a scale that I haven't seen for many, many years.

Again I come back to this brief from which you have heard portions read today. The brief referred to above, which was attached to the letter of one of the tariff proponents under date of July 14 of this year has the following two sentences near its end:

> Domestic sources are well able to supply the domestic industrial normal demand estimated above at 62,250 tons of refined copper per month. They could also supply all anticipated stock-pile demands.

The figure of 62,250 tons is arrived at by applying to a population of 148,000,000 a 10.1-pounds-per-capita consumption. In arriving at the per capita consumption which the tariff proponents state to be normal, the period 1931–40 was used, including the extraordinarily abnormal years of 1931, 1932, and 1933. I contend that to visualize a prospective consumption of copper at the rate of 62,250 tons per month is to forecast a degree of collapse in our industrial economy which would bring the Federal Reserve industrial index down to or below the 1935–39 period, for which period 100 is the index standard.

I say that because in arriving at a per capita consumption of 10.1 you averaged a group of per capita consumption years in the second half of that period which was substantially above 10.1, and you only arrive at 10.1 by including years when the per capita consumption dropped to 5.38 pounds in 1932, and to 6.08 pounds in 1933. During 1936, 1937, 1938, 1939, and 1940 they were respectively, 12.6, 13.6, 8.4, 12.92, and 16.66. I think that is using figures to prophesy rather far more bearishly than I feel.

Our expanding electrical industry, our current rate of building, our automotive industry at its present rate of operation, and many other industries in which copper finds its ultimate use, are clearly now on a substantially higher level than the average of 1931–40. The Federal Reserve bank index, now standing at 165, shows this clearly.

I want to stress this next paragraph. It apparently has nothing to do with the subject directly, but it is something I feel very strongly about. It is imperative for the soundness of the copper economy that its price makes it competitive with aluminum, stainless steel, and various combinations of alloys, to say nothing of plastics and other materials which tend to be substituted for copper when the price and supply of that metal encourage substitution.

Broadly speaking, the cost of producing copper has more than doubled since 1939. The availability in the United States of copper which can be produced at a reasonable price leaves a gap between the amount of copper, on an end-use basis, which is currently being consumed and is likely to be consumed in the immediate future. This gap cannot be filled by the few marginal producers in this country whose production is small in tonnage and producible only at prices which are uneconomically high. The gap must be filled by imported copper.

An investigation of the current availability of foreign copper reveals a situation wholly at variance with the unrealistic statements which I have seen of late coming from those who would reimpose the duty. Specifically, and after taking into account the curtailment programs now in progress, no copper can be expected to gravitate to the United States either from the Belgian Congo or from Rhodesia. Even allowing for a substantial reduction in the United Kingdom's consumption, its needs are still inadequately covered by the amount of copper available to them from the sterling areas, primarily Northern Rhodesia. As for Canada, after completion of their existing contracts it is unlikely that any additional Canadian copper will be available this year for our fabricating industry.

It is the consensus of opinion of the best posted consumers with whom I have been in touch that the country's consumption of copper this year on an end-use basis will be between 1,000,000 and 1,200,000 tons. Let us take the lower estimate of 1,000,000 tons. To supply this need the country's mines were operating in June at the rate of 672,000 tons per annum. In 1948 these mines produced 781,926 tons. Additional copper is obtained as a byproduct from the mining of ores of which other metals are the chief constituent. This byproduct copper reached 68,162 tons in 1948. If our primary mines go back to their 1948 rate, if byproduct copper amounts to 68,126 tons, and if secondary copper treated at the primary refineries recovers to a rate of 10,000 tons a month—incidentally, it is running around seven to eight, according to the last figures, which means less than 100,000 a year—we will not have reached a domestic supply of 1,000,000 tons. Others, better qualified than I, can tell you whether an annual production of approximately 782,000 tons can be obtained from our domestic mines. I can assure you that the flow of secondary copper will barely reach 10,000 tons a month. It may be said that this is a nice balance. But what about the stock-pile requirements, which by congressional directive to the Munitions Board must be furnished in the form of domestically produced copper? I don't know what the stock-pile goal is for the fiscal year 1949. If this committee knows, it can establish to its reasonable satisfaction the deficiency in copper supplies which this country faces.

Senator MILLIKIN. Mr. Chairman, I may say that when we have inquired into that subject, the Munitions Board has informed us that it has Canadian long-term contracts which interfere very seriously with its domestic buying ability.

Mr. HICKMAN. That, Senator, you probably know more of than I do because I did not make that contract myself, and it is not with the Canadian company that I represent.

As well as producing and selling copper, both from domestic and foreign sources, my company is a large producer of zinc. As a producer and seller of this metal we cannot share the naive reliance on tariff protection which is shown by the proponents of the copper tariff. According to these proponents, the lack of a copper tariff is responsible for the shut-down of mines, the accumulation of stocks, and a precipitate drop in price. During the same statistical period which has been discussed, that is, the first 6 months of this year, domestic zinc deliveries dropped from a 1948 average of 64,100 tons to a low in April of 35,948 tons. Stocks rose from 20,848 tons on December 31, 1948, to 82,796 tons at the end of June 1949, or an increase of 400 percent. The zinc price has declined from 17½ to 9 cents, nearly cut in half, from which it has subsequently recovered to 10 cents. And zinc has a tariff protection of seven-eighths of a cent per pound.

Senator MILLIKIN. Mr. Chairman, is it not apparent that with an enormous increase in stocks, an increase of 400 percent, it reflected an increase in price of only 1 cent?

Mr. HICKMAN. I may say then, that one of the reasons zinc has moved up less quickly, I believe, is that it does not share in the stock-pile needs; the stock piles of zinc are pretty well covered in the form of concentrates that the Government owns, and therefore the rise in the zinc price is modest. The fact that it did increase in the face of a 400 percent increase in stocks is important. It shows something that I want, if I may, to take just a few minutes after I have finished this to tell you in connection with my views on the Tariff Commission's report.

The CHAIRMAN. We will be glad to hear you, but we must go to the floor. There has been a quorum call. Go ahead and we will see if we can finish.

Mr. HICKMAN. As I say, zinc has a tariff protection. As anyone not wholly misled by self-deception or self-interest will realize, the lack of a copper duty had no more to do with the first 6 months of this year's developments in the copper market than had the existence of a duty to do with an even more apparently disastrous showing in zinc.

The United States Tariff Association memorandum, which I happened to see, was published in the Congressional Record the other day—I say this with regret because I have great admiration for that Commission, but in the first place its statistical presentation is not very complete, and I think its selection of figures shows somewhat a lack of validity and draws incorrect significance from them. In the first place, the figures they present show as far as they can show that in the first quarter of 1949 domestic consumption was running over 100,000 tons. Then they haven't any figures for April, May, and June. Such figures were available, incidentally, from the United States Copper Association. They have a little note down here, as if it were a very minor matter, that withdrawals of copper for the strategic Government stock pile during the first half of 1949 were substantial. I should say they were substantial. They totaled 110,000 tons, and the figures are available month by month.

I have at least a balance arrived at in a compilation prepared for me which is quite different from the rather sketchy figures given you by the Tariff Commission because there no balance is achieved. It would seem to me inasmuch as my statistics are so carefully drawn to balance, allowing for the consumption of consumers' stocks, which are not included here, and therefore which balance out, that the information which could be obtained by a study of the Copper Institute's and the United States Copper Association's figures would possibly be more rewarding than this memo you have received from the Tariff Commission.

Also I would like to point out that in high lighting the fact that stocks in producers hands have risen from—they say here—68,000 tons to 166,925, these figures would have been better placed in historical perspective, because, in years before the war we were dealing on the whole with considerably larger stocks in producers hands, and even on the very low estimate of the use of copper by the primary consumers in June which got up to 70,000 tons, and even at the figure of 166,925 tons in producers hands—who have to carry a wide variety of shapes and in process material—it seems to me that this stock of a little over a 2-month supply, is rather a normal thing. The fact is that all during the war years and during 1947 and 1948 the plants were in chronic difficulties because their working stocks at the refineries were wholly inadequate. The stuff was rushed out. Nobody could have balanced supply of any shape. The burden of this of course is included in the last paragraph.

I don't think the conclusion the Tariff Commission draws from the somewhat inadequate and unbalanced figures they give, plus their high lighting of certain figures shown without the proper historical position of the industry, quite merits the attention which I myself would be inclined to have given to anything that the United States Tariff Commission puts out for which body I again repeat I have the highest respect.

Senator MILLIKIN. May I ask one question? I am very much interested in the zinc statistics. If increasing the stocks by the tonnage mentioned and by the 400 percent would increase the price of zinc only 1 cent, would that not indicate a rather unmanageable surplus?

Mr. HICKMAN. The price has gone up in the face of it.

Senator MILLIKIN. It has gone up 1 cent.

Mr. HICKMAN. Yes.

Senator MILLIKIN. By increasing your stocks 400 percent. Should there not have been a larger price increase than that?

Mr. HICKMAN. I market zinc myself, Senator Millikin, and I have felt that this large debacle in prices, after all, if one is perfectly impartial about this thing, stemmed not from tariffs but from the general lack of business confidence brought about by innumerable things, by taxation matters, by labor matters, by foreign developments. It stems, when one looks at the whole thing, from a variety of things. Confidence was very badly shaken.

Senator MILLIKIN. I would not for a moment suggest that tariff was the only factor to be considered, but I am suggesting that when you mount up stocks amounting to 400 percent over a given period and you raise the price of zinc only 1 cent, you have a real genuine surplus picture there which is not helped and made more manageable by importations of zinc.

Mr. HICKMAN. Senator, let me point out that my moral in that is expressed in the words "Apparently disastrous." Those are the words I used. It was not an unmanageable stock. If you just take those two figures it looks very large. So the Tariff Commission took the low refinery stocks at one point and they went up to 166,000 tons; a crisis. It is not so. In the face of that, the primary fabricators used over 70,000 tons in June and that is not too bad. I illustrated that very thing to show the danger of isolating a few statistics without making a complete study of what they mean and what part they play in the entire economy affecting one given raw material.

The CHAIRMAN. We will be compelled to suspend because we must go to the floor for a vote. We will resume the hearings in the morning at 10 o'clock with those witnesses who could not be reached today.

(Whereupon, at 12:40 p. m., the committee recessed until 10 a. m., Friday, August 5, 1949.)

IMPORT DUTY ON VIRGIN COPPER AND METAL SCRAP

FRIDAY, AUGUST 5, 1949

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to recess, at 10:50 a. m., in room 312 Senate Office Building, Senator Walter F. George, chairman, presiding.

Present: Senators George, Byrd, Johnson, Hoey, McGrath, Millikin, Taft, Butler, Martin, and Williams.

Also present: Senator McFarland.

The CHAIRMAN. The committee will come to order. Senator Malone, you are our first witness.

STATEMENT OF HON. GEORGE W. MALONE, UNITED STATES SENATOR FROM THE STATE OF NEVADA

Senator MALONE. Mr. Chairman, in my previous statement before your committee on February 24, 1949, I said at that time that whenever the world price of copper dropped below the cost of domestic production—that the independent copper mines in our country would close—and production would generally be curtailed causing unemployment and loss of taxable property.

The amendment to the scrap-metal bill would restore the copper tariff that was repealed or the time of such repeal extended on March 18, 1949. Of course, the State Department has reduced the 4-cent-per-pound tariff or import fee to 2 cents per pound under the authority granted them under the 1934 Trade Agreements Act—so it would only be a token protection now.

GENERAL PROBLEMS

First, the problem is general. It is unfortunate that copper has been singled out because practically all the strategic and critical minerals produced in this country, including practically all other products—I mention briefly livestock, sugar, lumber, textiles, precision instruments, and many other industries—and the workers in those industries are affected in exactly the same manner.

The wage-standard of living in these industries has been raised above the world average through protection, and as a result the standard of living in such industries and the standard of living of the workingmen of America are far above the standard enjoyed in any other country.

Therefore, there are only a very few industries, and those only temporary, in my opinion, in which the workingmen of America can compete with the lower wage-living standard countries of Asia, Europe, Africa, and South America in production.

First, it was generally considered that with our "know-how" and our up-to-date machinery, we could still compete with foreign cheap labor; that, however, is no longer true, because our machinery and assembly line methods, together with our trained superintendents and foremen are all available to their countries.

Money is fluid. It can and does go anywhere. Capital investment follows wherever the economic adjustment places the industry. When a tariff is removed or adjusted or in some manner the economics of the industry is changed and made more economically feasible in another country than it is here, it immediately locates there. That is simply business. No one is to blame but ourselves.

When we continually tinker with the tariff or import fee, which establishes the floor under wages for the workingmen of America, it is simply to give notice to the public that capital investment is no longer safe in that field, therefore, experience shows that no further capital investment will be attracted to that industry; simply because of the fear that when the investment had been made that Congress or the State Department would again remove the differential in cost of production which is represented by the tariff or import fee.

I am not discussing a high tariff or low tariff. I am referring to that differential in cost of production between producing an article in this country and in the low-wage foreign country, due mostly to the wages paid and the standard of living enjoyed by the workingmen of the competitive countries, as against the standard enjoyed in this country.

Mr. Chairman, the flexible import fee which I introduced in 1948 and again in 1949—and which I intend to offer this year as a substitute for the 1934 Trade Agreements Act when that act comes before the Senate for the 3-year proposed extension, simply is based on "fair and reasonable" competition. The "fair and reasonable" competition can easily be determined from the declared customs value and from the offered sale price.

It will take into account the manipulation of currency by the foreign nation for trade advantage—and also the block buying and selling that some foreign nations now are practicing—where they undersell in this country for dollars and then sell the dollars at a higher price in another country which in many cases makes up for more than the loss in the first instance. All of the foreign nations manipulations are rather complicated, but the flexible import fee would automatically take all of such intrigue into account. I will go into it at the proper time on the Senate floor.

My second point is that it is practically impossible to get new capital investment into any industry where the labor needs such protection when Congress is continually fiddling with the amount of such protection, on no principle whatever except whatever influence and whatever immediate shotgun opinion can be brought before the committee.

Capital is invested only where it has a reasonable chance for success and where there is no reasonable protection against the low-cost foreign labor—then little new capital investments will be found.

Mr. Chairman, those are my two main points in this particular instance.

I understand that since the Congress removed the tariff on copper early in 1947 for 2 years, and extended it again for 1 year in 1949, that the State Department has reduced the tariff to 2 cents through a trade agreement with Chile. The 4-cent of production—the differential of cost, import fee or tariff or excise tax, whatever you choose to call it, has been reduced to 2 cents through the exercise of the 1934 Trade Agreements Act provisions.

The 2 cents of course is no protection at all. The floor under wages has been lowered so there is no recourse but the resulting unemployment and loss of taxable property.

It is a parallel case of the tungsten import fee—we had a 50 cents a pound tariff on contained tungsten for many years. Just prior to the war we were producing about 45 percent of the tungsten used in this country. Such import fee does not stop imports. What it does is bring them in on our level of costs and keeps our own people working on their standard of living.

So we were importing the required 55 percent. When they hit Pearl Harbor and cut off the Burma and China (the world supply) shipments—we raised the domestic price slightly and within about 6 months we were practically self-sufficient in the production of that metal.

I was special consultant to the Senate Military Affairs Committee during the war—and very familiar with the operation—I was not in the Senate. The State Department lowered the tariff from 50 cents to 38 cents per pound of contained tungsten and almost immediately shut down every tungsten mine in America except three. Two of the remaining mines closed down very soon. There is one running now and it will probably be closed in a very short time. They are running on developed ore and will quit when it has been worked out.

I mention this as an illustration of interfering with that differential of cost due to the difference in the wage-standard of living, without proper information. A State Department official with whom I was discussing it informally said, "We didn't lower it very much. We only lowered it to 38 cents, lowered it 12 cents."

I said, "Yes, but you can take a blow torch and cut 2 feet off the Potomac River bridge. You wouldn't cut much off it but you wouldn't have a bridge left either—and you couldn't swim the river because it would block the channel."

That is what we have done to tungsten, and that is what you are doing to copper. All the independent copper mines are now closing because of removal of the 4-cent tariff, and the big operations are curtailing their work.

Inexperienced people juggling the tariff or import fees is just like a blacksmith working on a Swiss watch. This flexible import-fee legislation which I shall again propose would turn the Tariff Commission into a foreign trade authority and give them the same latitude in that field that we give the Interstate Commerce Commission in fixing the freight rates.

Mr. Chairman, if I might be allowed to round out this testimony with any facts I think might be helpful to the committee, I think that completes my statement. If there are any questions, I would be very glad to answer them.

The CHAIRMAN. You may round out the statement if you wish to submit additional facts.

Senator MALONE. Mr. Chairman, I am including a table showing the world production, domestic production, the United States percent of world production, imports into the United States, United States exports, and the domestic consumption.

Amounts in short tons

	World production	Domestic mine production	United States percent of world production	Imports	Exports	Consumption
1940	3,000,000	878,086	30	491,342	427,650	1,008,785
1941	3,000,000	958,149	32	735,545	158,893	1,641,550
1942	3,100,000	1,080,061	35	764,393	210,518	1,678,091
1943	3,038,000	1,090,818	36	710,596	294,459	1,502,000
1944	2,843,000	972,549	34	785,211	237,515	1,504,000
1945	2,425,000	772,894	32	853,196	132,555	1,415,000
1946	2,023,000	608,737	30	393,275	97,475	1,391,000
1947 estimate	2,458,000	846,400	35	413,890	196,999	1,290,000
1948 estimate	2,400,000	824,813	35	406,112	146,000	1,202,000
1949		[1] 385,655		[1] 303,898	[1] 72,665	[2] 316,661

[1] 6 months.
[2] First quarter.

It will be noted that imports were not restricted or in any way retarded through the 4 cents per pound tariff which prevailed up to and including the year 1947—until removed by congressional act—but the 4-cent tariff representing the "floor under wages"—the differential of the cost of production in this country and where the competition is located, due mostly to the difference in the wage-living standards.

WAGE COMPARISONS

The following wage comparisons for skilled and semiskilled labor prevailing in several of the foreign nations and in the United States are self-explanatory.

Country	Group	Rate	Date
Sweden	All industrial groups—men	68.5 cents per hour	November 1948.
Canada	Manufacturing	95.9 cents per hour	December 1948.
Great Britain	Including Scotland. Average of 16 major industries—men.	59 cents per hour	October 1948.
Australia	All industrial groups except shipping and agriculture.	56 cents per hour	March 1948.
New Zealand	Skilled labor	72 cents per hour	September 1948.
Chile	Average industries	30 cents per hour	December 1948.
China (Shanghai)	Textiles, printing, machine making	5.26 cents per hour	August 1948.
India	General engineering	13 cents per hour	1946.
Iran (Tehran)	Plumber. Wage rates vary greatly less than a dollar for unskilled workers up to $5 a day for highly skilled workers. Hours of work not available.	$1.50-$2 per day	September 1948.
Spain	Skilled single men	23 cents per hour	1947.
	Skilled married men with 3 children.	40-45 cents per hour	
Burma	Information not available.		
Iraq	do.		
United States	Copper mines	$1.40 per hour	1947-48.

PREVAILING TARIFFS ON COPPER AND BRASS PRODUCTS

There is a tariff on brass sheets, strips, rods and plates of 4 cents per pound.

The tariff on the lipsticks which are often made of brass is 20 percent ad valorem.

Copper Ore and Fabricated Goods Tariffs

Copper acetate and subacetate (verdigris): Free plus 4 cents a pound on copper content (Internal Revenue Code).

Copper concentrates—for smelting or refining and export: Free.

Copper concentrates—product of Cuba: Free.

Copper concentrates (taxable): Free plus 4 cents a pound on copper content (Internal Revenue Code).

Copper: Cuprous oxide; 35 percent ad valorem 3 cents per pound (Internal Revenue Code).

Copper in rolls, sheets, or rods: 2½ cents per pound plus 4 cents per pound on copper content (Internal Revenue Code).

Copper ore and concentrates—product of Philippine Islands: Free.

Copper ore—for smelting, or refining and export: Free.

Copper ore (taxable): 4 cents per pound on copper content.

Copper ore—product of Cuba: Free.

Copper, other than ore and concentrates—product of Philippine Islands: Free.

Copper oxides, n. e. s.: 25 percent ad valorem plus 3 cents per pound (Internal Revenue Code).

Copper, Refined, in ingots, plates, or bars—for smelting or refining and exports: Free.

Copper—refined in ingots, plates, or bars (taxable): Free plus 4 cents per pound (Internal Revenue Code).

Copper sulfate (blue vitriol): Free plus 4 cents per pound on copper content (Internal Revenue Code).

Copper tubes, brazed: 11 cents per pound plus 4 cents per pound (Internal Revenue Code).

Copper tubes and tubing, seamless: 7 cents per pound plus 4 cents per pound on copper content (Internal Revenue Code).

Copper: unrefined black, blister, and converter, in pigs, or converter bars—for smelting or refining and export: Free.

Copper: unrefined black, blister, and converter, in pigs, or converter bars, free for United States Government: Free.

Copper: unrefined black, blister, and converter, in pigs, or converter bars (taxable), free plus 4 cents per pound on copper content (Internal Revenue Code).

Copper wire, not specially provided for: 25 percent plus 4 cents per pound on copper content (Internal Revenue Code).

Mr. Chairman, it will be noted that the brass manufacturers, the manufacturers of the fabricated articles made from the raw brass and copper are all supported by a substantial tariff or import fee. (The copper content of brass averages approximately 70 percent.)

The raw material—the copper which is the basic material used in the manufacture of such fabricated articles and products is on the free list—there is no floor under wages—so the workingmen in the industry must meet the foreign wages plus the freight to keep their jobs.

Mr. Chairman, copper is high on the list of strategic minerals and materials necessary in an emergency; it is high on the list for stockpiling purposes. National security is the paramount consideration, and it is well known and recognized that it is necessary to have a healthy "going concern" copper-mining industry in addition to a substantial stockpile to meet a real emergency.

The employment and taxable property furnished by this important industry is important to our national economy.

The CHAIRMAN. Are there any questions for Senator Malone?

Senator MILLIKIN. I might invite the Senator's attention to the fact that it is our trade agreement with Chile that rules the copper tariff, the 2-cent tariff, to which the Senator referred. The trade agreement with Chile was made at the conference in Geneva in 1947. That agreement, happily, contains an escape clause. If the President is of a mind to do so, if we should restore the tariff to 2 cents, the President would have it within his power to restore it to 4 cents.

Senator MALONE. I might say to the Senator from Colorado I appreciate the question, but there is no matter of record that I can find where the President has used the escape clause to restore anything that looks reasonable.

Senator MILLIKIN. I was not putting that out as an assurance, Senator. I was putting it out as a possibility.

Senator MALONE. I would take the entire matter of adjusting tariffs and import fees out of the President's hands, out of the State Department's field—and away from Congress—put it under the Tariff Commission—turned into a foreign trade authority—to be adjusted under the flexible import fee principle laid down by Congress—just as freight rates are adjusted under the jurisdiction of the Interstate Commerce Commission.

We have transferred the copper jobs from the independent copper mines of America to Chile, South America, and Africa. We all know with $2 and $2.50 labor in Chile, they can produce copper much cheaper than we can here. They can add the freight to it and still the wages must be substantially lowered in this country to meet the low-wage living standard foreign competition.

I say again, if we could put the emphasis where it belongs, which I shall do on the floor of the Senate when the 1934 trade agreements come before us for the 3-year extension, we will understand that what we are doing is lowering the floor under wages—and destroying an important source of employment and taxable property.

What we do when we remove the import fee on copper or any other mineral, when we lower it on textiles, or precision instruments or any other industry, is to say to the working men of America that we are lowering the floor under wages.

When we lower the floor under wages, the working men must meet the labor in Chile, on copper for example, at $2.50 per day with the freight to America added and our people must work for the resulting wage or become unemployed. Take precision instruments. Competing countries are paying 8 to 10 or 12 cents an hour. We pay $1.80 to $2.40 here. They are transferring those copper jobs to Chile, the precision instrument jobs to Japan and Germany. If it were examined in that perspective, I do not think the people would let it be done.

It means that the people have their choice. They can come down to the $3.50 or $4 a day, or they can have mass unemployment. If they come to the $4,when they have been getting $11.17 a day in the copper mines, they cannot keep the kids in school or pay their taxes, and they cannot buy radios or keep carpets on the floors or live on any standard that befits the American working man, so naturally we are going to have mass unemployment, and then the Congress will be passing bills appropriating money to relieve the unemployment.

Mr. Chairman, that completes my statement.

The CHAIRMAN. Thank you very much. We are glad to have your statement.

Senator MALONE. Thank you very kindly.

The CHAIRMAN. Mr. Gay? Will you give your full name to the reporter?

STATEMENT OF ROGER ELIOT GAY, PRESIDENT, THE BRISTOL BRASS CORP., BRISTOL, CONN.

Mr. GAY. My name is Roger Eliot Gay. I am president and a director of the Bristol Brass Corp., 580 Broad Street, Bristol, Conn. Our company, which was organized in 1850, is a small independent producer of brass mill products in the form of sheet, wire, and rod, which we furnish in about 30 commercial alloys of copper, zinc, and other elements. By small I mean that we employ about 350. By independent, I mean that we are not owned by any copper producer. Our corporation is owned by approximately 1,600 stockholders, who average less than 100 shares each. No individual stockholder owns more than 3 percent of the shares of our corporation, and the board of directors as a whole does not own or control through trusts more than 15 percent of the stock of the corporation. We are capitalized for $1,500,000, consisting of 150,000 shares of $10 par value capital stock.

I appear here representing our company. I believe also I represent the feeling of the entire brass mill industry.

I might add parenthetically that we are the salesmen of the copper industry. In my 23 years in the business I have yet to meet a copper salesman. No one sells copper. We buy copper, sir. I have never met a salesman, and a tariff is a poor substitute for a salesman.

We are reasonably large buyers of copper. We buy not only from primary producers whose sole production is in the United States, but we also buy from producers with both domestic and foreign properties and from custom smelters. To operate at a reasonable level and to insure steady employment, our industry, and in fact industry in general, must have at all times an adequate source of copper.

While my heart bleeds for the miners, in the little Naugatuck River Valley in the small State of Connecticut we have twice as many unemployed that are out of work in the blast mills than there are miners out of work. I bleed for the poor miners who are working only 5 days, sir, but our men are working 3 days and 3½ days.

Senator JOHNSON. Why are your men out of work?

Mr. GAY. They are out of work because, as you heard yesterday, Senator, we have gone since the first of the year through a tremendous adjustment particularly in our business. The raw-materials industry generally feels the effect of any drop-off in business sooner than any other industry. We were faced, as you recall, with large stocks, large inventories so called, in the hands of our customers. At a time when our President was proposing a $4,000,000,000 increase in corporation taxes, an additional excess profits tax, when the Taft-Hartley law was due for revision, every businessman sat back and said, "I am not going to buy until I see how things are going to work out. Things are tough. We want to know what the score is. We can't make any long-range plans in the face of the uncertainty that is apparent in the country today."

Deliveries were long at the end of last year. By that I mean it took 6 or 8 weeks for a man who placed an order for brass products to get it into his plant. Therefore, he built up inventories to carry him over that perhaps 2-month period that might have been required to get materials into his plant. All of a sudden he said to himself, "I have too much cash tied up in these inventories. I cannot afford to do that. We have enough, and we will sit back and relax and wait and see what happens."

The result has been that since the first quarter our customers have not been buying, and when they don't buy from us we cannot produce and we have to lay off men.

Senator JOHNSON. What do you get a pound for your finished product?

Mr. GAY. About 28 cents, sir.

Senator JOHNSON. Twenty-eight cents a pound for your finished product. Is it sold by weight?

Mr. GAY. Yes, sir.

Mr. JOHNSON. The gadgets that you turn out are sold by weight?

Mr. GAY. We do not make gadgets. We make sheet brass, brass wire, and brass rods. Out of those products the man who buys sheet brass may make vanity cases, lipstick containers, automobile radiators. The man who buys brass wire will make screws, rivets, bolts and nuts, and things of that character. The man who buys brass rod will put it in a screw machine and turns out myriads of little screw machine parts, the knobs that turn on and off lamps, inserts in plastics where tapping and drilling are required and a strong thread is wanted in the plastic. We sell a raw material. We do not sell a gadget. That raw material is priced by the pound.

Senator MILLIKIN. How many of your men are idle because of the importation of similar products to those that you make?

Mr. GAY. None that I know of, sir.

Senator MILLIKIN. In other words, you have the benefit of a tariff that has prevented idleness.

Mr. GAY. No, sir.

Senator MILLIKIN. Of course you have. It is a fact that you have.

Mr. GAY. I am reasonably familiar with the tariff problem, and I have my own basic philosophy about tariffs. I am a Republican, but I am not a high-tariff man.

Senator MILLIKIN. Is there a tariff on the products which you make?

Mr. GAY. Yes, sir.

Senator MILLIKIN. You have no men idle because of importation of the products that you make. You said "no."

Mr. GAY. No, sir.

Senator MILLIKIN. Is there a tariff on the products which the fabricator makes out of the products that you make?

Mr. GAY. Yes, sir.

Senator MILLIKIN. Then there are no men idle because of importation of those products?

Mr. GAY. In one industry only. That is the clock and watch industry, sir, and that is a special problem of its own.

Senator MILLIKIN. That relates to the Swiss problem.

Mr. GAY. Yes. We are one of the largest manufacturers of clock brass.

Senator MILLIKIN. So in that situation you do have idleness because of a lack of quota or lack of tariff or other protection.

Mr. GAY. Senator, it is awfully hard to say what causes idleness. I would not say that the fact that the clock industry is slow has caused idleness on the part of our men. It has aggravated the situation.

Senator MILLIKIN. I would not say the tariff is the sole cause of anything. I am simply pointing out that your own product is a protected product, that the product of the men who fabricate your material is a protected product, and that there is no idleness in your business because of importations and there is no idleness in the fabricators who use your product because of importations.

Senator MALONE. Had you finished?

Senator MILLIKIN. Yes.

Senator MALONE. May I ask a question?

The CHAIRMAN. Yes. We have several witnesses, though, Senator.

Senator MALONE. I would like the witness to give us for the benefit of the record what percentage of copper is in the ordinary brass raw material that you turn out.

Mr. GAY. Our alloys run from 60 percent copper and 40 percent zinc to 98 percent copper and 2 percent zinc.

Senator MALONE. What is the average?

Mr. GAY. The average for our company is 70 percent copper. The average for our industry is 80 percent copper. That is because our industry includes the manufacturers of sheet copper, copper in rolls, and copper tube, which are 100 percent copper.

Senator MALONE. I understood from your answers to Senator Millikin that you are satisfied with the import fee on your own products.

Mr. GAY. I don't care about an import fee on our products, sir. I do not ask for a tariff on brass products.

Senator MALONE. Do you have any idea what the tariff is?

Mr. GAY. It is in proportion. It comes under this same bill here, sir, in relation to the copper content of the product coming in. In other words, if there were a 4-cent tariff, brass mill rods coming in here containing 80 percent copper would bear a tariff of 3.2 cents a pound. It is done in proportion.

Senator MALONE. Have you any idea, for example, in lipstick, what it would add to the price of the lipstick at retail if you had a 4-cent tariff on copper?

Mr. GAY. I wouldn't guess, sir. It wouldn't be a heck of a lot.

Senator MALONE. Eighty percent?

Mr. GAY. Less than that. It would be much less than that.

Senator MALONE. Would you have any idea in general what it means in fabricated products?

Mr. GAY. No. I don't think it means anything. It does not impress me at all.

Senator MALONE. It would be negligible, you would say?

Mr. GAY. Yes. It doesn't impress me at all. We do not want a tariff.

Senator MILLIKIN. You may not want one, but I have a distinct memory that other fabricators have been here rootin' and tootin' for the tariffs of the type that I have mentioned.

Mr. GAY. Not on brass mill products, sir. I have been in the business 23 years, and I have yet to see anyone of our industry appear and ask for protection. We do not want it. We can sell. You do not need protection when you can sell, sir.

Senator MILLIKIN. But the fellow that you sell to——

Mr. GAY. That is a different thing.

Senator MILLIKIN. Oh, yes.

Mr. GAY. Sure.

Senator MILLIKIN. That is the point.

Mr. GAY. Sure. I agree with you. But I don't agree with that philosophy. If I cannot make and sell a better product than anybody from abroad can, I will get out of business.

Senator MALONE. Mr. Gay, would it interest you to know that your have a 4-cent-per-pound tariff on the brass rods, strips, sheets, and plates which you have just testified you make?

Would it interest you to know that there is a 20 percent ad valorem tax on the lipsticks which you have testified that your fabricators make from your products—in other words a $1 lipstick coming into the United States from foreign countries would pay 20 cents duty—which would add up to nearer $4 per pound of contained copper and brass than the 4 cents protection which you get on your rods, strips, sheets, and plates?

You have the additional protection when there is a duty on copper in that that duty, whatever it might be—2, 4, or 6 cents per pound—would be added to your 4-cent duty on brass rods, strips, plates, and bars of contained copper.

In view of the facts your statement sounds somewhat hollow when you say that if you cannot meet foreign competition, you would get out of business.

According to your own testimony, it is shown that without the tariff or import fee of 4 cents per pound, which amounts to about 15 percent of your selling price for the brass rods, strips, sheets, and plates, you could not stay in business.

The CHAIRMAN. Mr. Gay, you say really the cause of the cessation of buying, this fall-off of demand, is wating on account of uncertainties until a time when prices would really reach a stable basis?

Mr. GAY. That is right, sir.

The CHAIRMAN. You may proceed with your statement.

Mr. GAY. The effect of any tariff is inflationary. We believe the great consuming public, whom we in fact represent, would be distressed by the higher price of copper which would inevitably result if the tax were reimposed.

I am opposed at this time to any attempt by any means of reimposing an import tax on foreign copper. I believe that the reimposition of such a tax, suspended by Congress only a few months ago, would weaken the foundation of an industry fundamental to our peacetime economy and most necessary in time of war. If the attempt to reimpose the tax were successful, it would jeopardize the effective operation of our industry and the welfare of the country as a whole.

Furthermore, I am opposed to a copper tax because the present agitation for its reimposition completely ignores the history of our business and chooses a few short months of decreased copper purchasing as an excuse to reimpose this tax.

Senator MILLIKIN. We granted the suspension because of a short experience with short supplies in this country; it was granted on a temporary basis.

Mr. GAY. Yes, sir. I wish it had been more permanent.

A combination of events current in the early part of the year caused all of our customers to stop buying and to work on their inventories. It caused us to decrease our purchasing. At the same time, while making much smaller shipments, we were still obligated to accept from our customers large shipments of scrap made from materials which they had on hand, all of which further decreased our need for purchasing new copper.

In scrap alone, our industry took back the first 6 months of this year over 120,000 tons, representing over 80,000 tons of copper, 1 month's production for the industry. This was an extraordinary situation caused by the liquidation of huge inventories of scrap which had accumulated in the previous period of high volume production.

At this time, sir, I would like to insert some prognostications and some figures about the situation as I see it and what our future may be.

Our hindsight is always better than our foresight but a businessman has to try and look ahead. We have certain standards which we use in forecasting.

I repeat, the history of our industry is one of wide fluctuation. We should not be distressed by a few short months of decreased activity. All of our studies indicate a return to substantially increased volume by the end of the year. Therefore, we will have to have considerable copper from abroad in addition to that from our domestic production.

I have made some estimates of what the rate of copper consumption will be in our industry for the rest of this year. Basing my estimates first on the actual production of brass mill products in June, the 105,000,000 pounds produced in that month required 42,000 tons of copper or an annual rate of 504,000 tons. The wire and cable mills usually consume somewhat more copper than the brass mills, but even estimating equal consumption, the brass mills and the wire and cable mills together were then consuming at the rate of 1,008,000 tons a year or substantially more than our domestic production.

Brass mill production, however, since June has expanded, except during the vacation period in July. In August we expect to produce 120,000,000 pounds of brass mill products. This will require 48,000 tons of copper or an annual rate of 576,000 tons. Assuming again an equal consumption of copper by the wire and cable mills, we would require an annual amount of 1,152,000 tons of copper or considerably more than we produce in this country.

I then made an estimate from another angle. We have found from experience that brass mill production——

Senator MILLIKIN. No one is suggesting that we put an embargo on importation. There is no suggestion here that you will not be able to import as much copper as you may need——

Mr. GAY. We don't want it.

Senator MILLIKIN. In addition to that which is domestically produced.

Mr. GAY. I think there very definitely is. This is an embargo.

Senator MILLIKIN. The 2 cents?

Mr. GAY. Of course it is, sir.

Senator MILLIKIN. You really assure me of that?

Mr. GAY. It is, sir.

Senator MILLIKIN. No copper will get through on a 2-cent basis.

Mr. GAY. No, sir. The only copper that will come in will be some highly refined Chilean copper that people have to pay the 2 cents for because they cannot get it in this country.

Senator MILLIKIN. You are giving heart to a lot of people in that statement.

Mr. GAY. I wish I might, sir. I still am bleeding for the poor miners who are out of work only working 5 days.

Senator MILLIKIN. A man who is out of work is in a bad fix.

Mr. GAY. That is right.

Senator MILLIKIN. And there is no use sitting here sneering about the poor miners.

Mr. GAY. I am not sneering about the poor miners.

Senator MILLIKIN. I wish you would get off that theme of the poor miner.

Mr. GAY. Yes, sir.

Senator MILLIKIN. A miner that is out of work is a poor man.

Mr. GAY. That is right.

Senator MILLIKIN. He is in a very bad fix——

Mr. GAY. I have been out of work and I know.

Senator MILLIKIN. And I do not like your sneers. The unemployed miner cannot eat your sneers.

Mr. GAY. Shall I continue?

The CHAIRMAN. Yes, sir.

Mr. GAY. I then made an estimate from another angle. We have found from experience that brass mill production is very closely correlated with the Federal Reserve Board index of industrial production, and I say brass mill because the copper people brought out the same reference with respect to copper yesterday. In the early part of this year brass mill production fell below this index by a very unusual amount and has since been coming back toward the index. The Federal Reserve Board index in June, the latest available, was 169. Even if it should drop to 145, which is the most pessimistic forecast I can obtain, this would indicate brass mill production of 134,000,000 pounds per month, requiring 54,000 tons of copper, or 648,000 tons annually. Doubling this again to make allowance for the wire and cable mills, we again have an annual requirement of 1,296,000 tons, or far in excess of domestic copper production.

I then estimated copper requirements from still another angle, that is from the angle of per capita consumption. Based on the experience of the last 20 years, I believe it would be very conservative to allow for 15 pounds per capita consumption annually at this time. The population is at present estimated at 148,000,000, and this would require 1,110,000 tons of copper, or again considerably more than the domestic production.

It is thus obvious from all angles of approach that we can expect an annual consumption of copper of at least 1,100,000 tons, and to assure this quantity we must import 200,000 tons or more from abroad.

That completes my statement, sir.

The CHAIRMAN. Any further questions?

Thank you very much, Mr. Gay.

Mr. GAY. Thank you, gentlemen.

The CHAIRMAN. Senator Danaher, do you wish to appear at this time?

Mr. DANAHER. Mr Chairman, I would like simply to conclude with a few remarks later.

The CHAIRMAN. We will call the other witnesses then. Mr. Metz? Mr. Metz, will you please give the reporter your name and for whom you appear?

STATEMENT OF A. F. METZ, PRESIDENT, OKONITE CO., PASSAIC N. J.

Mr. METZ. Yes, sir, Mr. Chairman. My name is A. F. Metz, president of the Okonite Co., of Passaic, N. J.

We manufacture insulated wire and cable for electrical purposes. We employ approximately 2,500 men and women. We are one of the five largest manufacturers of the products which we make. We have no affiliation with any copper interests or any other interests supplying our raw materials, and are considered as an independent.

I regret that the notice of this meeting to us was so short as to make it impossible to submit a formal brief. However, we consider the suspension of the copper excise tax so important to our operations as to ask for the opportunity to submit our remarks to your committee at this hearing on the proposal to repeal the suspension.

Copper is our major raw material. We have had a number of occasions when it was unavailable to us. The most recent difficulty arose in November 1948 when even imported copper was in short supply. Without it, our plants would have been shut down in December 1948 and January 1949 during which period we ran at a short workweek.

If a 2-percent premium is imposed on foreign copper with a 17% domestic market, we would face an average additional cost of 5 percent on our total manufacturing costs. Such an increase would wipe out our profit. The recent slump in purchases of copper from copper producers was not in our opinion in any way caused by the suspension of the tax. It was the result of domestic business conditions within the United States.

Consumers of copper and their customers and the distributors had unusually high inventories at record high prices at a time when business confidence was at a low ebb, chiefly due to the threats of uncertain tax increases, unsettled international grants, labor law controversies, manufacturing controls, together with an extremely expanded plant and working capital requirements. Most consumers of copper, like ourselves, not only had large inventories but also had future commitments. Hence, we placed no copper orders for more than 2 months. Naturally the price of copper dropped beginning with the scrap market and subsequently in the producers' market. However, beginning in May 1949 copper purchases have considerably increased and consumption by primary fabricators alone has reached the present volume of about 70,000 tons per month, indicating a sharp decline in inventories of both fabricators and their customers. We happen to operate on a "last-in, first-out" inventory price method and naturally wanted to get rid of our high price metal commitments and inventories. Now we have no better guess than anyone else as to what business conditions are going to be between now and June 30, 1950. However, with the restoration of confidence our customers, which are light and power utilities, industrial contractors, railroads, and electrical jobbers, are ready to place business when price stability as a result of high price inventory liquidation is reached.

Our own production while down somewhat from last year has been holding up very well. We do expect in the near future we are going to have some short workweeks. We believe that we are going to feel this adjustment just like anybody else. However, we are not pessimistic about a country that is producing 6 million automobiles annually.

Domestically we know that about 93 percent of our copper is produced by six companies, and at least three of them are also very substantial fabricators. We also know that a volume of 70,000 tons per month is very close to total production of domestic mines. Any slight spurt in business or any stoppage in copper production due to strikes or other things or any increase in stock piling might impose extreme hardships and losses on industries such as ours if foreign copper is taxed.

We have to anticipate copper requirements 60 days in advance to maintain our production schedules. It is therefore necessary to have an adequate supply when we need it at the domestic price. We certainly want to see miners fully employed, and I understand that most of them now are getting a 5-day workweek. That is all our employees are getting at the present moment. A copper tax in my opinion certainly won't put any more miners to work. We are the ones who certainly have to keep the miners at work, and we certainly will try to do so if we can stay in business.

We strongly urge that the present suspension of the copper tax be maintained.

I thank you, Mr. Chairman and gentlemen.

Senator MILLIKIN. I would like to ask just one question: In your judgment the restoration of the 2-cent tariff would increase the price of copper?

Mr. METZ. We do believe it, yes, sir.

Senator MILLIKIN. Thank you.

The CHAIRMAN. Thank you very much, Mr. Metz.

Mr. METZ. Thank you, Senator.

The CHAIRMAN. Mr. Fraser? Come around, Mr. Fraser, please.

STATEMENT OF A. D. R. FRASER, PRESIDENT, ROME CABLE CORP., ROME, N. Y.

Mr. FRASER. Mr. Chairman, my name is A. D. R. Fraser. I am president of Rome Cable Corp., of Rome, N. Y. We are an independent manufacturer of electrical wires and cables or, in other words, what is known as a copper fabricator. We take the wire bars from the copper refinery, roll, draw, and insulate to many thousands of sizes and types of wires and cables for electrical use. Our company depends for its livelihood on the availability of copper supply in this country. We are a relatively new company, having been incorporated in 1936. We have one plant located in Rome, N. Y., and have no connection with any copper producers or suppliers. Because of this we feel our position is more dependent on the availability of foreign copper than that of the majority of our larger competitors, many of whom are connected by stock ownership to copper suppliers.

Some idea of our growth since 1936 can be gained from published figures, which showed that in the second year of our operations our sales were under $2,000,000, while for the last fiscal year, ended March 31, 1949, they exceeded $26,000,000. Our products are shipped on a Nation-wide basis to public utilities, electrical wholesalers, electrical equipment manufacturers, railroads, mines, other industrial concerns, Government, and so forth.

Senator MILLIKIN. Your products are protected by tariff, are they not?

Mr. FRASER. Yes, sir.

Senator MILLIKIN. Thank you.

Mr. FRASER. We are also a supplier of copper rods and bare wire to other copper fabricators for further processing. Only a negligible amount of our sales enter the export field. At present we employ approximately 1,000 people. Since the end of World War II we have spent approximately 3½ million dollars in plant and equipment and have nearly doubled our manufacturing floor space. We felt that this expansion was necessary in order to meet the needs of the utility and electrical manufacturing industry, new housing, as well as rewiring and extension of wiring to houses not now served.

There have been many times during our 13 years of corporate existence when the domestic supply of copper has been inadequate and our operations would have been drastically curtailed had not foreign copper been available. The wire industry is a low-profit-margin industry. I might say that in the 13 years of our corporate existence our net return has been approximately 4 cents on the dollar. We have paid in taxes $9,000,000, or a couple of million dollars more than we have been allowed to retain in net profits. It would be impossible for us to compete if a portion of our product had to be purchased at any premium, such as would be imposed by the addition of the 2-cent excise tax on copper.

Senator MILLIKIN. During those 13 years of corporate existence how many of those years were covered by tariffs on copper?

Mr. FRASER. I couldn't answer that. From 1932, I think.

Senator MILLIKIN. They were covered by tariff until you had the suspension, were they not?

Mr. FRASER. I think that is right.

Senator MILLIKIN. So you did not continue your corporate existence despite the tax on copper.

Mr. FRASER. Of course, we have had a rather unusual life as a company. We have never really had a normal year. We were formed in the depression. We were one of the first companies that went through SEC. We then came into the prewar years. Then we went into the war years. We had the postwar expansion, the inflationary period, and the deflationary period. We have never really had what you might call a normal period.

Senator MILLIKIN. What I am getting at is that I gathered the impression from your testimony that you could not stay in existence if you had a tariff on copper, perhaps, whereas according to your testimony the greater part of your existence has been under a tariff on copper.

Mr. FRASER. I did not mean to imply that. I said that our operations would have been drastically curtailed if the foreign copper had not been available, and that, incidentally, comes right down within the last few months, as an actual matter of fact, last fall.

Senator MILLIKIN. I think your testimony also shows, then, that foreign copper has been available to you even though there was a tariff on it, and so no mill has been shut down because of lack of copper.

Mr. FRASER. You heard the testimony of Mr. Metz, and I can testify that if it were not for foreign copper being available last fall, with the strikes in certain of the big suppliers we would have been shut down.

Senator MILLIKIN. That reinforces the point I am making that foreign copper is available to you when you require it.

Mr. FRASER. The point, of course, is, if you do have a tariff and we are forced to pay a higher price, having no domestic producer parent, with a low margin of profit, we just cannot compete.

Senator MILLIKIN. But you did compete during the time that you had a tariff on copper.

Mr. FRASER. Because that condition did not exist. Copper was available at a level that everybody could buy at the same price.

The CHAIRMAN. As I understand it, if your costs are increased now, you are out of a competitive position with those users of copper who have producing interests here or abroad.

Mr. FRASER. If there were the necessity of paying 2 cents more for foreign copper in order to keep us running.

The CHAIRMAN. Yes.

Mr. FRASER. We don't have that kind of margin in our product.

The CHAIRMAN. I see. You may proceed.

Mr. FRASER. We have consistently worked for the suspension of the copper excise tax. We are, therefore, alarmed at this sudden change 4 months after the enactment of Public Law No. 33, to find a movement to repeal the suspension of the 2-cent excise tax. If this movement is generated because of figures which show drop in shipments of refined copper in the quarter immediately following the enactment of Public Law No. 33, we believe that certain other figures relative to consumption in the country should be considered.

Practically every year since the end of the war we have had predictions of general drop in business, which has been offset by some new inflationary hypodermic each year. Economic history has taught us that adjustments eventually come and certain well-known international and domestic economic and political facts resulted in a very definite drop in business this year. The desire to liquidate high-priced inventories became paramount in the minds of most businessmen. This meant less buying of prime supplies and on March 29 copper price dropped one-fourth of a cent from its previous high of 23½ cents. In nine stages it dropped steadily to 16 cents on June 17. This froze all but the most necessary buying. Copper contents of our incoming orders dropped almost 50 percent in the second quarter against the first quarter.

Domestic copper-consumption figures as published by the United States Copper Association averaged 97,000 tons for the first quarter and dropped to 66,000 tons in the second quarter. Yet, in the months of May and June there was a drop in fabricator-consumer inventory of 55,000 tons in 2 months. During this period of price reduction a split copper price existed most of the time between the producers and custom smelters.

It shall be my part today to present certain data emphasizing that actual consumption of copper by consumer is much greater than evidenced either by refined shipments or net domestic consumption figures previously quoted.

Much of the material which we ship goes out on returnable containers, reels and spools, for which the customer is charged when the wire is shipped out and credited when the container is returned. In the periods of high business activity shipments usually exceed returns. In the first quarter of 1949 we shipped out 8 percent more than were returned.

Incidentally, that level was about the same as the average for last year. There was only a small percentage difference.

In the second quarter of 1949—and this is a significant item—while the amount of returns equaled the first quarter, indicating actual consumer usage at the same level as the first quarter, the amount of containers we sent out was 30 percent less than what we received back, indicating inventory liquidation by customers. Reversal of this trend is evidenced in the July figures, which show that although we were down 1 week for mill vacation, July shipments were only 10 percent below returns. These reels are returned by utilities, equipment manufacturers, industrials, railroads, mines, and wholesalers and are an excellent measure of customer usage. It is of considerable interest to note that our own copper inventories have dropped 23 percent from March to July. In other words, we were buying less prime copper during that period.

Our industry is a large supplier of material to the construction industry. The figures for new construction, as published by the Survey of Current Business of the Department of Commerce for July, shows the following interesting data:

New construction totaled in April a year ago, $1,378,000,000, in 1949, $1,368,000,000, a difference of $10,000,000. In May, $1,572,000,000 in 1948, $1,584,000,000 in 1949, an increase of $12,000,000.

In other words, new construction activity runs about the same as a year ago. All wire manufactured for the building trade has to bear an underwriter's stamp at the time it is produced. Therefore, this is an excellent measure of new production. Total stamps purchased for the year 1948 reached an all-time high to meet building demands. Because of the natural desire of wire producers to reduce high-priced inventories the April 1949 level of stamps used fell to one-quarter what it was for the same month a year ago and about one-quarter what it was even in January of 1949 and the lowest peacetime monthly total since 1938. This despite the high construction activity as evidenced by previous figures.

Electrical wholesalers, one of our biggest outlets and distributors, sell a sizable proportion of wire to the building contractors. I quote from the publication Trends In The Electrical Goods Trade, published by the Department of Commerce, released July 15, their May 1949 figures:

> May sales of electrical goods wholesalers all classes combined, gained 3 percent over previous month * * *. Inventories, May 31, 1949, were 8 percent below previous month's level * * *. At the current rate sales electrical goods wholesalers had sufficient stock on hand at the end of May for 62 day sales * * *. Five days supply less than was reported for the previous month * * *. A decrease of $53,000,000 from the previous month * * *.

Appendix A, which I am merely submitting for the brief, supplies quotation from July Survey of Current Business on plant and equipment expenditures as reported by business in the regular joint quarterly survey by the Office of Business Economics and the Securities and Exchange Commission.

Appendix B is a clipping from the New York Herald Tribune of August 3, which states "Manufacturers' June sales rise contraseasonally; stocks drop."

That is not stocks or bonds, but inventories drop. I think it was half a billion dollars.

The McGraw-Hill Publishing Co. has just completed a survey of over half of the electrical utility industry, which indicates that March 1949 inventories in the hands of utilities were at an all-time high. June shows a drop of over 4 percent from that level. The survey was a midyear follow-up of their predictions for the year. It shows that the utilities expect to complete their projected program, which totaled over $2,365,000,000 estimated capital expenditures for new construction in 1949, the highest in history. A noted economist on July 20 commenting on the Federal Power Commission report stated that he saw no deterioration in the construction program of utilities through 1951. In fact, as of June 19, there was an increase of 3 percent above planned additions in the Federal Power Commission's April report. We are well aware of how uncomfortably close to capacity our utility operations have been. We must also recognize the 15 percent increase in population since the early thirties as a big source of new demand.

In the decade of the 1930's the per capita consumption of copper averaged 10 pounds, due largely to the subnormal years of 1932 to 1935. Even in this decade domestic consumption of copper averaged 54,000 tons per month. In the years 1936 and 1937 the average climbed to 13 pounds per capita or 70,000 tons per month. In the immediate postwar years the figure has run as high as 18 pounds per capita. Even using 13 pounds per capita, which we consider low because of improved standards of living since the 1936 period, would require consumption of over 80,000 tons per month. When stockpiling requirements of 10 to 12 thousand tons per month is added to this figure, the total is in excess of estimated domestic production of copper.

Senator MILLIKIN. Your figures of course include making good wartime obsolescence, do they not?

Mr. FRASER. You mean the consumption?

Senator MILLIKIN. Your present pounds per capita consumption.

Mr. FRASER. They are taken from the United States Copper Association's figures.

Senator MILLIKIN. I am not challenging their accuracy. You use copper in automobiles and people are buying automobiles which they could not buy during the war.

Mr. FRASER. Correct.

Senator MILLIKIN. The same goes all the way along the line. So I am merely suggesting that your present per capita figures include what might be a nonrecurring item.

Mr. FRASER. But the figure that I have used, sir, is only 13 pounds and I am saying that the figure in the postwar years was 18 pounds. In fact, it ran higher in some of that period. So I believe that I have been sufficiently conservative in my figure.

Down through the years there has been a close correlation in our economic cycle between the Federal Reserve Board index of production and the net domestic consumption of copper. A glance at appendix C filed with this brief shows a chart where the average month domestic consumption and Federal Reserve Board index of production are plotted by years for the years 1934 through 1947. The year 1948 and through June of the current year are shown on a monthly basis. The separation of the two lines starting in February of 1949 is strong evidence of the inventory liquidation that I talked of earlier.

I am sorry this chart is such a crude one because of the lack of time. You note how the two figures practically parallel. They start to break away in February of 1949.

By reference to the chart and only assuming that the economic experience of the prior 15 years hold true the net domestic consumption would be near the 100,000 tons per month level in June, with the production index at 164. If we are to assume on this basis that our consumption of copper is to drop to the level of approximately 60,000 tons per month, we are talking about a Federal Reserve Board index of about 100, or a drop of 64 points from the June level. This would be going back to the 1939 level, and I do not believe that anyone of us here is that pessimistic about the future of America, in the near-term at least.

No need to tell you gentlemen of the unbalanced condition of our export and import trade. The United States World News, issue of August 5, said that in the 35-year period 1914 to 1949 we sold $270,000,000,000 of goods and we have imported $169,000,000,000. You all know how a good portion of that difference of $101,000,000,000 was accounted for.

Chile helped us out with their copper in our time of crisis during the last war. It would be poor thanks to cut them off now on the basis of 3 or 4 months' poor domestic copper shipment figures. You have authorized sizable amounts for stock piling of strategic material. I am told that the amount of copper that we have at present in stock pile would average less than 2 months' wartime consumption, emphasizing the necessity of near-term sizable additions in accordance with your program. We do not believe that this can be done and meet our domestic requirements without Chilean and Canadian copper.

Senator MILLIKIN. Do you believe a 2-cent duty would keep out Chilean and Canadian copper?

Mr. FRASER. I believe it might create a situation where, without proper original sources of supply, we might be keeping out some of it, yes.

Senator MILLIKIN. The evidence indicates, at least the evidence I have seen indicates that the differential in cost is in excess of 2 cents.

Mr. FRASER. I can't talk authoritatively on that subject. I don't know.

Senator MILLIKIN. I think the end point is that when those duties have prevailed they have not kept out Chilean and other copper.

Mr. FRASER. This tax if imposed will undoubtedly increase the cost of copper to consumer at a time when we are trying to get prices down. Increased higher prices of copper means greater amount of substitutions. I would estimate that approximately 90 percent of the industrial workers in Rome work for copper fabricators. I think at one time it was estimated that about 10 percent of the copper fabricated in the United States was fabricated in Rome, N. Y. I think it is a little higher than that today.

During this period of inventory liquidation unemployment in Rome has increased from 1,963 on April 1 to over 3,500 as of July 1. A copper tax of 2 cents would certainly not improve this situation. We believe it will and is being improved by greater consumption during July and August, although comparable figures are not available to substantiate that.

As an independent fabricator of copper, thinking not only of our own position but also the consuming public from a price and availability angle, and our national defense requirements also, we respectfully urge you to retain the suspension of the 2-cent excise tax as called for by Public Law No. 33, until at least June 1950.

That ends my testimony.

Senator MILLIKIN. Mr. Chairman, may I ask the witness whether he shares the indifference of Mr. Gay to the tariff which now protects his business.

Mr. FRASER. We have quite an overcapacity in our industry. We have never been bothered that I know of by any foreign materials.

Senator MILLIKIN. Are you willing to have it taken off if we continue this suspension?

Mr. FRASER. I am afraid I could not answer that question authoritatively.

Senator MILLIKIN. I think you would make a bad mistake to answer it. You, of course, would not want that taken off.

The CHAIRMAN. Any further questions?

All right, Mr. Fraser, thank you, sir.

Mr. FRASER. Thank you.

(The information referred to by Mr. Fraser follows:)

APPENDIX A.—A. D. R. FRASER BRIEF TO SENATE FINANCE COMMITTEE—JULY SURVEY OF CURRENT BUSINESS, PLANT AND EQUIPMENT EXPENDITURES

Expenditures on new plant and equipment by nonagricultural business continued through the first 6 months of this year at the peak rate prevailing with but minor interruption since the end of 1947, after approximate adjustment for price changes and seasonal factors. First quarter 1949 expenditures on new plant and equipment, as reported by business in the regular joint quarterly survey by the Office of Business Economics and the Securities and Exchange Commission, amounted to 4.5 billion dollars compared with 4.2 billion dollars in the same period of last year. The preliminary estimate for the second quarter is 4.8 billion dollars, the same as in the corresponding period of 1948. The continuation of such high expenditures in the face of weakening tendencies in some parts of the economy reflects the firm character of the programs under way.

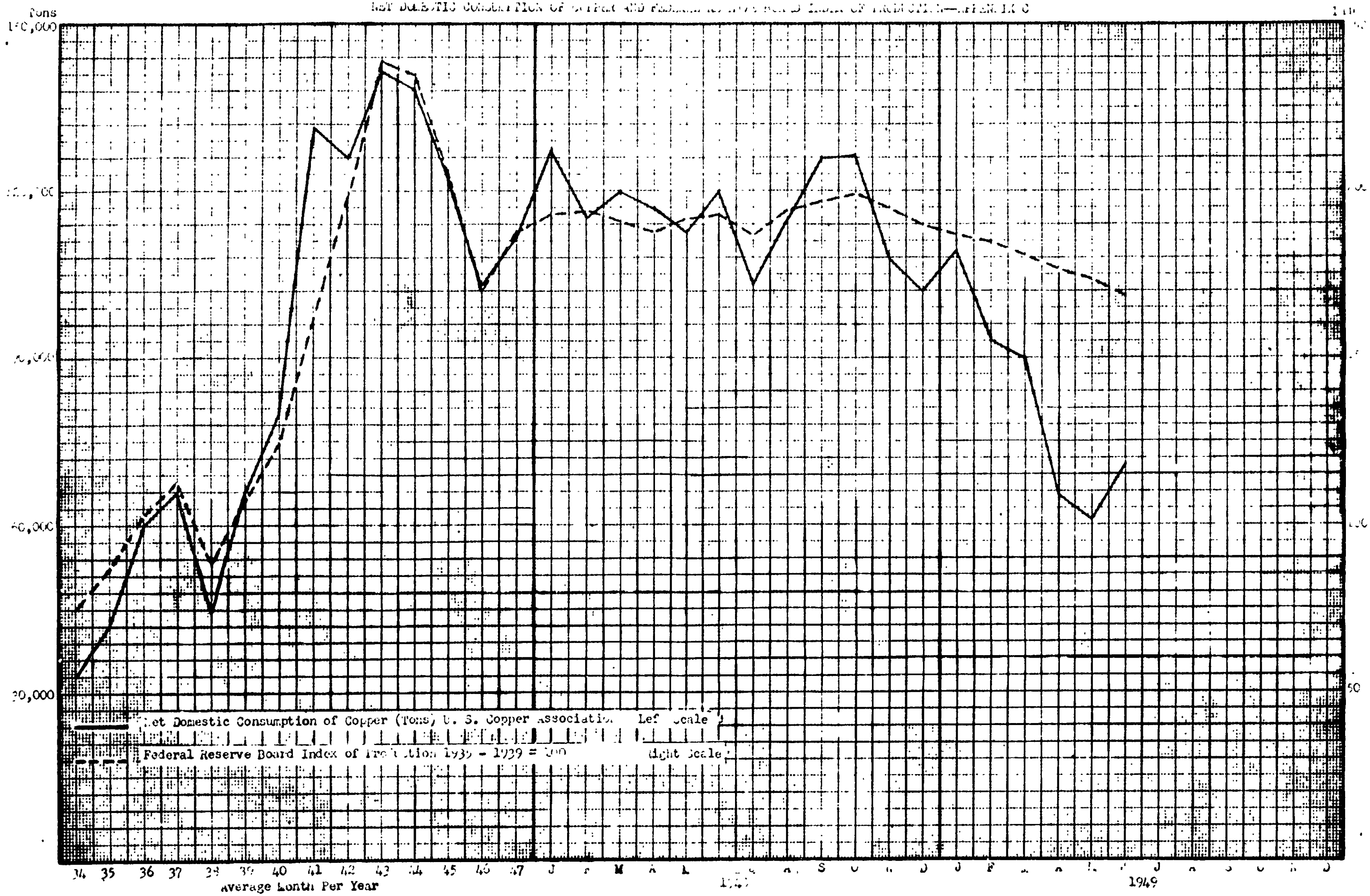
According to these reports, a moderate decline may be expected in the third quarter of this year with planned expenditures on new plant and equipment fixed at 4.6 billion dollars—about 4 percent below the preceding quarter and about the same amount below the corresponding quarter in 1948.

It is significant that these plans evidence no deterioration when comparison is made with the results of a preceding survey conducted in mid-February. In the earlier survey business anticipated a decline of 14 percent in capital outlays from the second half of 1948 to the second half of 1949. If expenditures now planned for the third quarter are actually realized, however, so large a decline in the last 6 months of the year seems improbable—particularly since it would imply a very sharp drop in the fourth quarter, when the typical seasonal movement in that period has been upward.

APPENDIX B.—A. D. R. FRASER BRIEF TO SENATE FINANCE COMMITTEE—NEW YORK HERALD TRIBUNE, AUGUST 3, 1949

MANUFACTURERS' JUNE SALES RISE CONTRASEASONALLY: STOCKS DROP

WASHINGTON, August 2 (UP).—Heavier buying by wholesalers and retailers resulted in a $200,000,000 increase in manufacturers' sales and a drop of $500,000,000 in their inventories in June, the Commerce Department reported today. It said manufacturing sales totaled $16,500,000,000, while inventories declined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to $30,400,000,000. The increase in sales was even more significant than it appeared, because it reversed the normal seasonal decline from May to June.

"After allowance for seasonal influences," the Department added, "the June increase was $400,000,000."

The sales increase was attributed mainly to increased purchases of durable goods. Sales in that field totaled $7,100,000,000, or $300,000,000 more than in May. Allowing for seasonal trends, the increase was $500,000,000.

"Higher sales were characteristic of many industries in this group," the report said, "but a major element was the increase in the automotive industry accompanying the resumption of full-scale output among the largest producers."

The Department said very little of the decline in inventories was attributable to season factors. Of the $500,000,000 drop in June inventories, it said, $300,000,000 represented durable goods. Durable goods manufacturers held stocks valued at $14,600,000,000 at the end of June.

The CHAIRMAN. I think Mr. Burton is next.

Mr. BURTON. Yes, sir.

The CHAIRMAN. Will you please give the reporter your name and the name of your company or organization.

STATEMENT OF CARL H. BURTON, SECRETARY, ALUMINUM RESEARCH INSTITUTE, CHICAGO, ILL.

Mr. BURTON. I am Carl H. Burton, secretary of the Aluminum Research Institute of Chicago. It will require about 10 minutes for me to present this statement, Mr. Chairman.

First I would like to express our appreciation for being asked to give our statement on behalf of the aluminum smelting industry.

This industry is composed of approximately 50 companies producing aluminum alloy ingot for sale to foundries to be used in producing castings. It relies primarily upon aluminum scrap as its major raw material. The industry represents the one constant source of supply for the 3,000-odd nonintegrated aluminum foundries, never withdrawing from the foundry market to serve other temporary yet apparently more profitable markets.

Aluminum Research Institute is an association of 15 aluminum smelters who produce approximately 80 percent of the entire industry's output. Their names and plant locations are as follows:

Aluminum and Magnesium, Inc., Sandusky, Ohio and Corona, Calif.

Aluminum Smelting & Refining Co., Inc., Cleveland, Ohio.

American Metal Co., Ltd, Carteret, N. J.

Apex Smelting Co., Chicago, Ill., and Cleveland, Ohio.

Berg Metals Co., Los Angeles, Calif.

Cleveland Electro Metals Co., Cleveland, Ohio.

Federated Metals Division, American Smelting & Refining Co., Detroit, Mich.; Perth Amboy, N. J.; Los Angeles, Calif.

General Smelting Co., Philadelphia, Pa.

Samuel Greenfield Co., Inc., Buffalo, N. Y.

William F. Jobbins, Inc., Aurora, Ill.

R. Lavin & Sons, Inc., Chicago, Ill.

Niagara Falls Smelting & Refining Division of Continental Copper & Steel Industries, Inc., Buffalo, N. Y.

North American Smelting Co., Wilmington, Del.

Sonken-Galamba Corp., Kansas City, Kans.

U. S. Reduction Co., East Chicago, Ind.

Senator MILLIKIN. May I ask a question, please. You make the ingot. Then you send the ingot to the foundry which makes the casting?

Mr. BURTON. That is right.

Senator MILLIKIN. Is there a finishing step beyond the foundry?

Mr. BURTON. Oh, yes.

Senator MILLIKIN. They send rough castings?

Mr. BURTON. There is the machining of castings and the fabrication of those castings into the ultimate products.

Senator MILLIKIN. Thank you.

Mr. BURTON. As to the proposed amendment which would repeal Public Law No. 33 of the Eighty-first Congress affecting copper, we assume a totally neutral stand. We are interested in the passage of H. R. 5327 as written with respect to aluminum scrap, but would hope that no legislation which may be of a controversial nature would be attached to that bill which would in anyway serve to delay or hinder its passage.

We have nothing to say about the proposed amendment. It may be excellent legislation. We don't know. Our proposition is that H. R. 5327 is not controversial legislation. It hasn't had an opponent or a proponent before this hearing up to this time. All the testimony that has been developed so far on the proposed amendment clearly indicates that it is controversial. We therefore ask that that amendment not be attached to this legislation. They both may be good. Let each stand on its own feet.

Continuation of free importation of aluminum scrap will be of benefit to the domestic economy because domestic supplies of aluminum scrap will be insufficient to fulfill all the requirements of industry. The shortage must, therefore, be supplied from imports. Therefore, imports continued on the duty-free basis established in wartime will continue to serve a basically expanding economy without adverse effect on domestic operations.

There are at present insufficient stocks of aluminum scrap in the United States to support the volume of secondary ingot required by the foundries. Generation of scrap has declined with lowered industrial production, and the war surplus has been consumed. Smelters, therefore, rely on the shortened supply of domestic industrial scrap, plus obsolescent scrap, plus imports.

The increasing importance of scrap imports in the aluminum picture is shown in the following table: In 1946, 425 million pounds of secondary ingot produced required 472 million pounds of scrap. In that year the United States imported 28.9 million pounds of scrap.

In 1947, to produce 385 million pounds of secondary ingot required 427.5 million pounds of scrap. In that year the United States imports of aluminum scrap were 31.4 million.

In 1948, in producing 405 million pounds of ingot, 450 million pounds of scrap were used. And the United States imports in that year were 143.5 million pounds.

In 1949, projecting the figures for the full year on the basis of the first 6 months' operations, ingot production will be about 380 million pounds, requiring 422 million pounds of scrap. For the first 3 months this year, which is the latest figure available, we have imported into this country—I mean the entire United States imports were 31.9 million.

It will be noted that scrap imports have been increasing for 3 years, and that the rate was well maintained for the first quarter of the present year. However, imports of aluminum scrap have been declining since the first quarter due to the uncertainty of its import status as of June 30. That is the date upon which the old law went out of operation. As the time for expiration of the duty-free status approached, consumers of scrap were loath to make commitments until the matter of duty or no duty should be determined.

That same hiatus now exists, pending the outcome of the legislation now under discussion. The result has been that regardless of what action is taken now, we shall have lost the inflow of several thousand tons of needed material. It scarcely seems necessary to point out that there is considerable time lag between the offering of scrap and its actual appearance at a point of entry. This factor has of course made it virtually impossible to negotiate for imports on a continuing basis. It has, in fact, had the effect of slowing down the offerings of scrap from abroad for the time being.

Final figures for June are not yet available, but our estimate based on partially complete reports, shows an inventory of scrap and unshipped ingot in smelter's hands of about 40,000,000 pounds at June 30. Experience shows that aluminum scrap is not too readily available in the market today. We do not consider this a safe position, either from the commercial or the national security angle, particularly in view of the fact that smelters bookings are increasing in a healthy manner, indicating that ingot inventories in foundry hands have been largely consumed.

We fear any obstacle to a plentiful supply of aluminum and aluminum scrap would bring upon us a recurrence of the experience of last year, where short supplies gave rise to all sorts of "trick deals" and caused scrap prices to soar to a ridiculous level. We deplore such situations. We want no more of them.

It should be borne in mind that smelters do not consume all the domestic and imported scrap. Aluminum producers also compete in the market for this commodity.

While actual figures on the total scrap acquisitions of the producers—that is the aluminum producers—are not available, it is my personal estimate that they approximated 350,000,000 pounds in 1948. If that is realistic—and I feel that it is—and since smelters consumed 450,000,000 pounds, the total consumption of aluminum scrap in 1948 amounted to 800,000,000 pounds for the year.

Allowing for some decline in 1949, as indicated in the table above, we will need 700,000,000 to 725,000,000 pounds of aluminum scrap this year.

As previously stated, that much aluminum scrap will not be available from domestic sources. We must have imports about equal to last year's. We can get those imports, to the best interests of the national economy, by continuing to welcome them duty-free, through the prompt enactment of this legislation.

We have purposely kept this statement rather general and free from statistics. However, I am at your service to answer any questions or to prepare data on any point upon which any member of the committee may wish further clarification.

In closing, I would like to reemphasize what I stated before, that we would regret very much seeing any controversial legislation attached to this particular bill which is not controversial, and we therefore ask that H. R. 5327 be enacted as it was turned over to the committee by the House.

The CHAIRMAN. Thank you, sir.

Mr. BURTON. Thank you.

The CHAIRMAN. Mr. Felix Wormser? You may be seated and give the reporter your name and your connections. Are you appearing primarily on the bill or the proposed amendment to the bill?

Mr. WORMSER. I am appearing on the bill, sir. I have a very short statement, Senator.

The CHAIRMAN. We will be glad to hear you.

STATEMENT OF FELIX EDGAR WORMSER, VICE PRESIDENT, ST. JOSEPH LEAD CO., NEW YORK, N. Y.

Mr. WORMSER. My name is Felix Edgar Wormser. I am vice president of the St. Joseph Lead Co., of New York, which mines lead in Missouri and a little lead in New York and some zinc in New York.

I am appearing in opposition to H. R. 5327.

H. R. 5327, which would continue the suspension of the duties and import taxes on scrap metal through June 30, 1950, proposes to continue in effect an emergency law, Public Law 497 of the Seventy-seventh Congress, enacted in 1942, which was designed to encourage the free flow of all kinds of scrap into the United States for our war effort by establishing free trade in these products.

The war is over, and the need for the legislation is no longer apparent. In fact, the lead duties on a reduced basis have been restored, and we feel that it would be a great mistake to undermine the tariff protection accorded lead by giving special treatment, or free trade, to one segment of the lead industry, namely, the smelting and refining of scrap material, as this bill provides. Indeed, it is quite possible that, should H. R. 5327 become law, the rate on pig lead could be evaded, because the chemical and physical content of some secondary or scrap lead is identical with the virgin metal.

There is no more reason to favor the importation of scrap lead than there is the importation of lead in the form of ores and concentrates, which may also be converted in the United States into pig lead.

The tariff protection accorded the lead-mining industry has always been modest. Today it stands at one-half the rates effective in the Tariff Act of 1930. The tariff on scrap at the reduced rate is 1 1/16 cents per pound. It used to be 2 1/8 cents. At a 14 3/4 cent lead market today, this protection only amounts to about 7 percent. Surely it is not asking too much for Congress to maintain this extremely moderate protection to an important industry so essential to the defense of the United States. Right now when the Senate is giving thought to methods by which Government assistance may be given the non-ferrous-metal-mining industry, is no time to take a step which would do exactly the opposite.

We feel sure that when the discrimination in this bill and the undermining of the lead tariff structure become known to the nonferrous-metal-mining industry of the West, there will be a rising voice of objection.

We therefore respectfully request that your committee amend H. R. 5327 so as to exclude scrap lead from its provisions.

The CHAIRMAN. We thank you, sir.

Mr. WORMSER. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Sanek? You may have a seat there. Give your name and your connection to the reporter.

STATEMENT OF JAMES SANEK, PURCHASING AGENT, THE CRESCENT CO., INC., PAWTUCKET, R. I.

Mr. SANEK. Mr. Chairman, my name is James Sanek and I am purchasing agent of the Crescent Co., Inc., of Pawtucket, R. I., an independent manufacturer of automotive replacement wire and cable. By "independent" I mean that we are not affiliated with any of the copper producers, and by "independent" I mean that we are not connected with any of the large automotive manufacturers.

We employ approximately 225 people, and we use copper in the form of rods which we draw into bar wire, which in turn goes through the several processes in the manufacture of insulated wire and cable.

For a period of approximately 3 years it had been necessary for us to secure our copper in the form of wire bars which we in turn sent to the producers to be rolled in the form of rods. Some of these wire bars were of foreign copper. Some we had to secure from the conversion of scrap, and some was domestic copper. In no case could we secure sufficient copper either from domestic or scrap to take care of our own requirements at the rolling mills.

In October of 1948 it was necessary for us to establish a larger inventory of copper due to the fact that some of the domestic producers were out on strike. In like token we found that with the longshoremen's strike in New York copper did not come in and we had to endeavor to secure scrap conversion to a greater degree.

In February of 1949 we found that our orders were dropping to a very marked degree. Business conditions were not as favorable as they had been in 1948, and our customers were reducing their orders.

In like token we found that we in turn could not place any further commitments for copper and decided to reduce our own inventory. The result has been that since February of 1949 we have drastically cut our own inventory and have not appeared in the market for the purchase of any copper from the suppliers who supply us with rods.

The result was that from a normal inventory of approximately 400,000 pounds which we maintained, which was approximately a 30-day inventory, last week I had reduced it at one stage so that we had one coil of copper in the mill. In other words, 265 pounds of copper. We cut it right down to the bone.

I feel that if this imposition of the 2-cent tax was permitted to go through, we could not secure sufficient copper from one of our producers, and now that we are back in the market buying copper we would be at a disadvantage.

The CHAIRMAN. How much imported copper do you buy, or do you distinguish between domestically produced and imported copper?

Mr. SANEK. Mr. Chairman, for a period of approximately 2 years I would say that we consumed 60 percent foreign copper.

The CHAIRMAN. That is for 1947 and 1948?

Mr. SANEK. For 1947 and 1948.

The CHAIRMAN. Any questions?

Senator MILLIKIN. No questions.

The CHAIRMAN. We thank you for your appearance.

Mr. SANEK. Thank you, sir.

The CHAIRMAN. Mr. Consley? Will you give your name, please, and your connection?

STATEMENT OF H. L. CONSLEY, DIRECTOR OF PURCHASES, THE YORK CORP., YORK, PA.

Mr. CONSLEY. My name is H. L. Consley and I am director of purchases for the York Corp. in York, Pa.

The CHAIRMAN. Mr. Consley, are you appearing primarily on S. 2022, and not on the basic bill?

Mr. CONSLEY. That is correct. My company are manufacturers, have been since 1885, of refrigerating equipment in all of its phases, which includes food processing and preservation, industrial uses for plastics, oil, rubber, and so forth, ice-making, air-conditioning for all purposes and of all sizes. I am not appearing as a metallurgist or as an expert on tariffs, but as an individual who has the responsibility for keeping a manufacturing plant supplied with copper.

Our interest, therefore, is a constant and dependable supply of copper at a reasonable price so as to assure us of a continuous production and the placing of our product in the hands of as many people as possible. This in our opinion tends toward a better standard of living in general.

As for substitutions for copper, we have been through that, and we do not believe it is to the advantage of our product or the copper suppliers to make any substitutions. We want to give the customer, the public, the best product and in our opinion that is a product which is made with a copper evaporating surface.

My only purpose in talking here today is to consider the use of copper as it has been used in the last year, and to try to prevent the assumption that copper usage for the past 6 months has been normal.

The first of this year we found ourselves as a company in the position of having a good business volume. We had high inventory in relation to other periods in our history. We had the general feel of rumors, or facts as they may be, which pervaded the industry at that time, of impending price reductions, price controls, material controls, a lower business level, and a change to a competitive market.

The management of our company, with these things in mind, decided at that time that it was advisable to reduce inventories. We took the stand because we had to be in position to move quickly with the market, whichever way it went, and, second, to reduce our carrying charges so that the cost of our product would be more nearly in line with the competitive market.

Approximately 15 percent of the cost of the raw-material content of our product is copper, and approximately 15 percent of our inventory on January 1, 1949, was in copper products.

You can well realize, then, that in our move to reduce inventory, copper received some special attention.

As a result of that, some unusual things happened. To show the effect, I collected figures last night which show a comparison in purchases of copper for the past 6 months and the 6 months immediately preceding.

Senator MILLIKIN. Is that for your own company, or generally?

Mr. CONSLEY. This is the York Corp. only, an independent company.

We found that we had bought 55 percent less copper in the past 6 months than we had in the 6 months previous, and we were surprised to find that our use had been 3 percent greater in the past 6 months than it had been in the 6 months previous.

Senator MILLIKIN. May I ask a question, please.

The CHAIRMAN. Yes.

Senator MILLIKIN. Are you supplying all your customers at the present time with what they want?

Mr. CONSLEY. We are.

Senator MILLIKIN. Was that the situation a year ago?

Mr. CONSLEY. Not to the extent that it is now.

Senator MILLIKIN. You had a backlog of orders a year ago.

Mr. CONSLEY. Yes. We still have a backlog, but not as great as it was then.

Senator MILLIKIN. You have about caught up on a current basis?

Mr. CONSLEY. More nearly caught up.

In looking ahead, it is our thought, and this is an estimate, that we will use practically as much copper in the next 12 months or the 12 months beginning October first as we used in 1948. As a result of our inventory campaign, we have reduced inventory between January 1, 1949, and June 30, 1949, by 44 percent.

I remember that about 2 years ago we had difficulty in securing copper for our requirements. I know that at that time we were forced to buy foreign copper at a premium to protect ourselves. As I said in the first place, I am not posing as an expert on tariff. We are users of copper, and we would like to have you do whatever you can to assure us of a constant and reliable source of copper at a reasonable price so that we can put the best product into the hands of more people and in that way we will use more copper than we would otherwise.

Senator MILLIKIN. Your products are affected, are they not?

Mr. CONSLEY. In what way?

Senator MILLIKIN. By duties.

Mr. CONSLEY. Not that I know of. There are no imports of the product that we manufacture.

Senator MILLIKIN. But you have a duty on your product.

Mr. CONSLEY. We probably do. As I say, I am no tariff expert. I would ask you that question, sir.

Senator MILLIKIN. The end-point is that you have no imports to disturb you.

Mr. CONSLEY. That is right.

The CHAIRMAN. What is it you manufacture?

Mr. CONSLEY. We manufacture refrigerating equipment, cooling equipment of all kinds including ice-making, food processing and storage, industrial uses in connection with oil, plastics, rubber, and thousands of other industrial uses.

The CHAIRMAN. I see.

Mr. CONSLEY. Copper is an important content in the evaporating surface, and it is so because of the wet condition of the surface, and the fact that copper is highly resistant to corrosion from moisture.

The CHAIRMAN. You are not troubled by imports of the particular products that you produce?

Mr. CONSLEY. No, sir, we are not.

Senator MILLIKIN. I believe your company is one of the greatest refrigerating companies in the country, is it not?

Mr. CONSLEY. We think we are, sir.

The CHAIRMAN. We thank you for your appearance, if you have nothing further to contribute.

Mr. CONSLEY. That is all, thank you, sir.

The CHAIRMAN. Senator Danaher? Are there any others? I do not know of any other witnesses present who want to be heard. Is there any other witness here who wishes to appear? The representatives from two departments, Commerce and State, are on hand here this morning, but we have the formal reports submitted by both departments, and they have already been put into the record.

All right, Senator Danaher.

STATEMENT OF JOHN A. DANAHER, ATTORNEY AT LAW, WASHINGTON, D. C.; HARTFORD, CONN., REPRESENTING REVERE COPPER AND BRASS, INC.

Mr. DANAHER. Mr. Chairman, my name is John A. Danaher, and I am an attorney at law located at 1625 K Street, Washington, 50 State Street, Hartford. I appear as attorney for Revere Copper & Brass, Inc.

The company I represent, if it please the committee, is an independent fabricator. It is my purpose simply to sum up the presentation of those who are opposed to the repeal of the suspension of the import tax.

Briefly, by way of rebuttal of some of the main points which have been offered by the proponents, our good friend, the Senator from Colorado, a few minutes ago observed that when duties have prevailed they have not kept out Chile copper. I think we ought to cause the record to show that commencing in the year 1934 the United States exported 87,830 tons of copper; in 1935, 35,041 tons; in 1936, 62,361 tons; in 1937, 55,518 tons. In 1938, exports were 155,872 tons. In 1939 we exported 77,814 tons.

Senator MILLIKIN. Is that raw copper, Senator, or fabricated copper?

Mr. DANAHER. Refined copper. Mr. Chairman, it obviously demonstrates that not only were we exporters of copper over that period and not importers from Chile, but we were also able to compete in the world market through those exports. It is an important fact, I think, for us to bear in mind.

With the onset of the prewar education orders, so-called, and running right down through to present time there has been no tariff on copper. You will recall that the Navy Department, under an old statute adopted during World War I, undertook at first the duty-free importation of copper to meet our prewar and early war year needs. Thereafter, the Metals Reserve Company was formed, and the

Metals Reserve Company, a subsidiary of RFC, brought in the copper. By a credit of the import tax and a cancellation through the Treasury of the charge, the net effect was that all copper brought into this country to meet our wartime demands came in duty free. It was made available to American industries serving wartime needs through the war price and allocation system.

At the end of the war we found ourselves with a stock pile, owned by our Government, of several hundred thousand tons. I will say from memory, 600,000 tons. I supplied all of the figures here in a table on this point some 2 years ago. We came into 1947 and we found that the Metals Reserve Company had been selling that copper to meet the demands of American postwar industry, again duty free, and we were confronted with a period where American productivity still was unequal to meet American demand. Whereupon, industry came before Congress, disclosed the problem, and the Congress suspended the import tax on copper, which at that time was 4 cents per pound, for a period to expire on March 31, 1949.

The continuance of the shortage in the first quarter of this year impelled industry once again to come before Congress, and again Congress, recognizing the situation, continued the suspension of the import tax until June 30, 1950.

There is a distinction, it seems to me, to be noted here because of certain questions that were asked, between the suspension of a tariff which has been levied as against the importation of a material which is in short supply in this country—that is the principle which Congress recognized when it suspended the importation—and the situation where competing American industry is in position to take care of all American demands. Thus, if there be a duty, for example, on the finished product of the wire and brass mills or any other of the fabricators of the country, we find within the walls of the country an intense competition among the several manufacturers engaged in as many lines, but, taken together, they are able to meet our domestic requirements.

Consequently, the distinction between the application of the tariff in a situation where we are able to meet domestic needs is completely the reverse of the situation which confronts us if a particular product is in short supply and our country must have it. Then we must import and should have no tariff.

Basically, the problem arises here because of the fact that three great companies, enormous companies, are not only producers, but they also have integrated lines right down through to the customer wherein they smelt and they refine and they fabricate. So great indeed is their position in the industry and in the American economy that one company alone, Phelps Dodge, I heard Mr. Morris yesterday say, produces 45 percent of all the copper produced in the United States.

Mr. MORRIS. I didn't say that. I said Arizona produces 45 percent.

Mr. DANAHER. I accept the correction. The figures show that Phelps Dodge produces 66 percent of all the copper produced in Arizona. The figures show that one mine, Morenci, of Phelps Dodge, produces 60 percent of that 66 percent which Phelps Dodge produces, and there isn't a mine in the world whose costs are lower than those of Morenci. But that is not the point here. It is the fact, however, that on Phelps Dodge Arizona production alone, amounting to 246,725 tons in 1948, a rise of 2 cents per pound means $9,869,000 additional profit to a company which in 1947 paid dividends of $21,299,292 and in 1948 paid dividends of $25,356,300 as disclosed in its annual report made this year to its stockholders.

Even that isn't controlling. I mention it only because it is the fact. What is important is that we recognize in some measure here that the problem of which Senator McFarland and Senator Hayden and others so properly complain isn't going to be met by the imposition or by the repeal, as the case may be, of a tariff. The figures are factually demonstrable from official Government sources that there are some 210 high-cost mines, marginal producers, which were under the incentive payment plan, which in 1943, the biggest copper production year this country ever knew, produced only 81,700 tons.

I am not saying that the producers who own and the miners who work in those mines should not somehow find a measure of relief. I share the feeling of Senator McFarland and Senator Hayden and others in their behalf, but I point out that seven mining companies operating 20 mines in that same year of 1943 produced over a million tons. How can the marginal producer compete against that? In other words, where you find the entire production, smelting, refining, and fabrication so limited that each of the Big Three American producers can take care of his own fabricator out of his own production, an independent, like Revere, either has to hurdle the tariff wall and pay the premium price abroad to get copper here or he is at the mercy of the three big producers. That is the problem, Mr. Chairman.

When Congressman Engle went to see President Truman a few days ago with a committee of House Members in furtherance of the adoption of an incentive payment plan of some sort, the trade papers carried the story that Congressman Engle was informed that the President was opposed to an incentive payment plan. It certainly is the fact that the President vetoed one last year after Congress had passed it.

I note that Senator O'Mahoney has introduced a bill the effect of which would be to provide that high-cost marginal producing mines be put on a stand-by basis and that funds be provided from the Federal Treasury to keep them from becoming in watered condition and to up-timber them and to support them and sustain them if need be. In my own opinion, speaking only as a citizen, that is a highly desirable measure. I believe it would be enormously valuable to the country. I think it would provide a form of insurance and completely justify the very minor costs that would be involved.

As a matter of further fact, let me remark that the incentive payment plan during the war worked so well in bringing these high-cost marginal producers of copper into production, that for a cost of something like $75,000,000, a comparatively minor sum, the American taxpayer was saved more than three-quarters of a billion dollars. That was on copper alone.

I remember, Mr. Chairman, that Mr. Jesse Jones came to see me one time when I was on the Committee on Banking and Currency, and he wanted to know how I felt about the matter of providing subsidies, to use at that time an abhorred word, to bring out the high-cost production from Michigan. He told about the Calumet and Hecla properties among others. He said there were small mines in northern Michigan that needed help. Their copper cost might run up to 25 or

26 cents. He said, "I have a charter," and he took from his pocket an envelope. He said he had been down to see the President and while he was waiting for his audience he had written on the back of the envelope an outline of how the Metals Reserve Company could be caused to operate. He explained to the President what he had in mind. The President said, "I will be glad to look this over," and he did.

He said, "I approve that wholeheartedly."

Mr. Jones said, "Very well, if you do, please initial it for me," and Mr. Jones showed me the envelope with "F. D. R." on the back of it, and he said, "That is my charter." That is how the incentive payment plan actually took shape.

I was in favor of doing what was necessary, but it certainly is the fact, Mr. Chairman, now, as well as then, that price is what is involved. If these high-cost producers cannot produce with the price at 17.5 cents, imposition of a tariff isn't going to do the job. If these consumers whom you have heard, who, after all, make the American market, aren't willing to pay more than 17⅝ cents, they certainly aren't going to pay 19⅝ cents because of the imposition of an additional 2 cents tariff. Certainly over the period all during 1947 and 1948 while the tariff stood suspended, and the price was 23½ cents per pound over the last year and a half of it, the mines were all in operation. The absence of the tariff didn't get them the price. American demand did.

So the situation that confronts us has two aspects, as I see it. One is that if in fact the country is in short supply, and if in fact American mine production is not going to be equal to meeting American demand, we must have access to foreign copper to make up the deficit. That is the first situation. The second, I will mention later.

To that end we have endeavored to demonstrate to you that during a 3 or 4 months' period there was a falling off in customer orders, there was a falling off in fabricators' orders, and inevitably the mines did not sell as much as they otherwise would have done. But in the first quarter of the year we averaged over 100,000 tons a month, and it is reasonable to think that over the months to follow in the light of the developments which we have disclosed, once again we will be returned to that rate, and only in that way can the rate of demand in this country, stepped up by itself, result in a price which will make possible an economical and profitable operation by these high-cost mine producers. Certainly it costs something like $5,000,000 a day to keep open the mines in the United States, and mining companies are not putting $5,000,000 into the ground each day to take copper out if they cannot sell it.

That is fundamental.

Mr. Chairman, supplementing this comment about the situation in working off consumer investors, I have in my hand a letter which I asked the clerk to let me take, addressed to you under date of August 2, from the General Electric Co. I would like to read one paragraph:

> It is true that sales of new copper fell off in the second quarter of this year, but July sales far exceeded those in June, and August sales will reflect a renewed and possibly greater increase. The most important fact is that the rate of consumption of copper by the consuming industries continued throughout the second quarter at almost the same rate as prevailed in the first quarter.

I break off and interrupt to say by way of comment that it follows that if the consumption rate in the second quarter was as great as in the first quarter, which roughly compared with some degree of exactitude with what prevailed in the high 1948 year, it follows that these customers have to come in to the market again. I resume the quotation:

You can see that what really has happened is that consumers have been working-off large accumulated inventories, but this process in a great many instances has already been arrested.

I interrupt again to call to your attention the testimony of Mr. Sanek, who was down to one spool. I resume the quotation:

You can realize this must be the fact because after reaching a low of 16 cents per pound, copper prices have advanced again until copper is now selling at 17⅝ cents per pound.

I end the quotation, but ask that the letter may be printed in full in the record, Mr. Chairman.

The CHAIRMAN. It will be printed in the record.

(The letter will be found in the appendix, p. 121.)

Mr. DANAHER. I have at hand also a letter addressed to the chairman, dated August 2, from Anaconda Wire & Cable Co., from which I will read one paragraph:

Today and for the last few weeks the trend is changing. Our customers are reordering and demanding prompt shipment, proving that their inventories are depleted. This means a pick-up in fabricators' business and the resulting increase in demand for copper. And that increase, Senator, in my estimation, will make the demand far exceed the domestic production. Therefore, a tariff - any tariff - no matter how small - will definitely effectuate a shortage of copper in this country, causing loss of work among employees of copper fabricators. Such a shortage will further depress the economy of this country when we want, above all, to increase the tempo.

I end the quotation but ask that the letter be incorporated in the record in full.

The CHAIRMAN. The reporter will incorporate it.

(The letter will be found in the appendix, p. 111.)

Mr. DANAHER. My good friend, Senator McFarland, yesterday asked that you cause to be printed in the record a report from the United States Tariff Commission under date of July 19. I examined that report, and I noticed that in table 2 when we came down to the figures for consumption, it showed in 1949 for the first quarter a monthly rate of consumption of 107,220 tons, April, blank, May, blank. But there is a reference to a footnote and the footnote says the figures for those months were not available. The footnote further showed that no figures had been included for the stock-pile additions over that period.

So I went to the United States Tariff Commission and it developed that the record, the tables involved, had been compiled many weeks ago. So I brought here from the United States Tariff Commission this morning—they haven't even had time to put it together—their latest report entitled "Unmanufactured Copper, Lead, and Zinc, Summaries of Tariff Information With Additional Data." They show under "consumption," 105,555 tons average monthly for the first quarter. Then they add: April, 67,000; May, 66,000. April exports, 9,579 tons. May exports, 11,822 tons.

The rate of stock pile, I am informed reliably, is roughly at the rate of 15,000 tons per month for the first half of this year.

Senator MILLIKIN. That is from domestic sources, Senator?

Mr. DANAHER. Yes, sir. Domestic sources only.

Senator MILLIKIN. You said stock piling.

Mr. DANAHER. I beg your pardon?

The CHAIRMAN. The stock piling is from domestic sources.

Mr. DANAHER. Under the law, as I understand, that Congress has passed, stock-pile additions were to be drawn from domestic sources.

The CHAIRMAN. I think that is correct.

Senator MILLIKIN. Copper is covered by a Canadian contract.

The CHAIRMAN. There is an existing contract.

Mr. DANAHER. I believe I heard something to the effect that on a 5-year basis some Canadian company was to see to it that our stock pile was to have access to something from 25,000 tons a year to 40,000 tons maximum, something like that.

Senator MILLIKIN. That is a long-term contract for copper from Canada. I was curious to know what additions were being made to the stock pile from domestic copper.

Mr. DANAHER. Sir, I am unable specifically to answer that, but I am able to say that if you add 66,000 tons of May consumption to 11,000 tons of May exports, that is 77,000 tons, plus 15,000 tons of stock pile, that is 92,000 tons, which isn't too far off the first quarter average of 1949.

The point is, after all, that I wanted to bring down to date for Senator McFarland the tables to which he made reference yesterday and to show that there is a consumption rate that we can see right there without taking anybody's estimate of the future, of about 90,000 tons per month, which far exceeds the total rate of domestic production in 1948, nearly 200,000 tons per year more.

Mr. Chairman, when you take a reasonable view of this situation it seems to me that we are bound to take account in the long run of the factors which properly actuate Senators to come in here and ask the committee to take some steps which may lead, they think, to a resumption of employment where there is unemployment. On the other hand, you must admit that where you cut a work-week back from 6 days to 5 days, as is true in most of the copper mines, and certainly in all the large ones, while there is some degree of recession, it is far from disastrous.

I heard the Senator from Arizona ask Congressman Wood yesterday, "If your plant down there at the edge of the Tennessee-Georgia line were closed down, what would be the effect in your community and in your district?" The Congressman answered of course that it would be disastrous. It would be disastrous to the whole Atlantic seaboard if you shut off the Pennsylvania Railroad, but the point is that the Tennessee Copper Co. hasn't closed down, and as Congressman Wood said, it is operating and it hasn't cut back. The chief reason is that it produces mainly copper sulfate, and you will remember Mr. Chairman, that when we drew our bill 2 years ago and when we passed it this year, we specifically exempted copper sulfate.

I mention that simply by way of rebuttal to my good friend from Arizona.

Senator MCFARLAND. It would not be an appeal to the chairman, would it, Senator?

Mr. DANAHER. If he recognizes the reference to Georgia, I will not be surprised.

In sum, Mr. Chairman, I know that when we have these close questions of the economic impact of legislation on a nation whose economy is as complex as ours, they are hard decisions. I know, also, that we can do no more in any case than ask Senators to exercise their best judgment in the light of the facts. But when the truth of the matter is that the overwhelming plurality of American production in copper mining is still producing, and at a tremendous rate, when the marginal high-cost producers whose mines in fact have closed cannot get back into the market unless the price is up at 20, 21, or 22 cents, reimposition of a 2-cent tariff isn't going to put a single miner back to work, nor is it going to extend the work week from 5 days to 6.

Demand in the United States is what will do it, and the fostering of demand must be balanced off against all other factors in this complex economic picture.

Addressing myself again to the second point to which I referred, our company, having no access whatever to any producer, not controlled by any, quite the contrary, is at the mercy of these three. We are at the mercy of the company that can follow its mine production all the way through to fabrication, where the ultimate fabricator not only gets the advantage of whatever price its own holding company, owning company, wishes to charge it, but is assured of supplies as well. We, on the contrary, having no access to similar copper, being compelled to hurdle the tariff wall, would be compelled to pay a high premium, $40 per ton, to bring copper in. The price of our end product then would be so high we could not compete.

It is the availability of foreign copper, it is the fact that a lever is there, that makes the difference between whether you are going to shut off legitimate competition in the United States or not. That is what is involved, Mr. Chairman, from the standpoint of Revere, and of the American copper-consuming industries as well.

I have argued the matter before. I do not wish to trespass unduly on the time of patient people who have given us this hearing. I respectfully request that you accept my thanks for the courtesy you have extended and permit me to supplement my remarks today with a memorandum to each member of the committee. Perforce, many are engaged in other work, and I would like to do that before the committee acts finally.

The CHAIRMAN. We would be pleased to have you do so, Senator Danaher.

Mr. DANAHER. Thank you; I will be happy to attempt to respond to any questions.

The CHAIRMAN. Are there any questions?

Senator McFARLAND. I would like to ask this question, Senator, you introduce the matter of the profits of the mining companies, of Phelps Dodge. Did you figure what the profits would have been if they had not received even the price that copper is selling for now?

Mr. DANAHER. Did I figure what they would have been?

Senator McFARLAND. Yes.

Mr. DANAHER. Whatever would have been, let me say, at the present price, it would be increased, I said, by the amount of $9,800,000 by the addition of 2 cents.

Senator McFARLAND. You do not contend for one moment that they would have earned that amount of profit if the price had been at the present level; do you?

Mr. DANAHER. No; I do not say they would pay 24 or 25 million dollars dividends at the present rate. Of course I don't.

Senator McFARLAND. You do not know whether they paid anything at all or not?

Mr. DANAHER. Well, I tell you, that is a bad question to ask me because I can assure you that they have not failed to pay dividends year in and year out, and very good dividends, Mr. Senator. As a matter of fact, after looking over the stock-price list today, I think I will go in and get some of it.

Senator McFARLAND. That would be fine. We would be happy to have you be a stockholder of an Arizona corporation.

Mr. DANAHER. It is a great company.

Senator McFARLAND. As to your own company, how about their dividends? Did they pay dividends last year and the year before?

Mr. DANAHER. They did.

Senator McFARLAND. And they had the protection of a tariff, too; did they not?

Mr. DANAHER. No; they did not. There was no tariff.

Senator McFARLAND. Was there no tariff on fabricated articles?

Mr. DANAHER. To the same extent that this section of the code, section 3425, involved here, takes it off of copper ores and concentrates, it takes it off the other articles that are mentioned in paragraph 117.

Senator McFARLAND. What articles does your company produce?

Mr. DANAHER. Rods and bars and shapes and the like. They are all covered.

Senator McFARLAND. Is there not a tariff on those articles today?

Mr. DANAHER. No.

Senator McFARLAND. I beg to differ with you on that.

Mr. DANAHER. You take a look at the section.

Senator McFARLAND. Senator Millikin has it there. He can read it to you. It has not been repealed.

Whom do you sell your articles to?

Mr. DANAHER. Railroads, public utilities, automobile companies, industrial copper users generally.

Senator McFARLAND. Is there any tariff on those products?

Mr. DANAHER. On what they produce? I do not think they are very high, and if they are, it is because of the fact that the American producing industries in whatever line are able to take care of American demands.

Senator McFARLAND. Would you advocate taking the tariff off those products?

Mr. DANAHER. Indeed I would.

Senator McFARLAND. You would?

Mr. DANAHER. Yes, I would. I am one of those rare people who believes that that ought to be.

Senator McFARLAND. You ought to be a free trader.

Mr. DANAHER. You said, "off those products." I have other articles that I would keep under tariff.

Senator McFARLAND. Mr. Chairman, I would like the same privilege, as I do not want to take more time here of the committee, to submit probably a statement in rebuttal of the statement of Mr. Danaher.

(The summary statement submitted jointly by Senators Carl Hayden and Ernest W. McFarland will be found on p. 10.)

The CHAIRMAN. You may do so, Senator.

Senator MILLIKIN. Mr. Chairman, I wonder if the York man is here.

Mr. CONSLEY. Yes, sir.

Senator MILLIKIN. I am reading from the Tariff Act of 1930, which I have no doubt has been somewhat modified by reciprocal trade agreements. I am sure under the terms of the Reciprocal Trade Agreement Act the tariff has not been completely eliminated. Paragraph 353 of that act reads as follows:

> All articles suitable for producing, rectifying, modifying, controlling, or distributing electrical energy;
>
> Electrical telegraph (including printing and typewriting), telephone, signaling, radio, welding, ignition, wiring, therapeutic and X-ray apparatus, instruments (other than laboratory), and devices; and
>
> Articles having as an essential feature an electrical element or device, such as electric motors, fans, locomotives, portable tools, furnaces, heaters, ovens, ranges, washing machines, refrigerators, and signs;
>
> All the foregoing, and parts thereof, finished or unfinished, wholly or in chief value of metal, and not specially provided for, 35 percent ad valorem.

Mr. CONSLEY. Thanks for the information, Senator. I am glad to know that.

Senator MILLIKIN. As I said before it has been reduced somewhat by reciprocal trade agreements. It has not been eliminated.

Mr. CONSLEY. Refrigerators in that case refers to what is commonly called the domestic refrigerator. We manufacture larger equipment than that. We do not manufacture domestic refrigerators. It is industrial, air-conditioning such as is in this building, and of the larger kind, cold storage, ice cream and dairies and so forth.

Senator MILLIKIN. I read a vast number of items there that could be included in the type of business that you are doing.

The CHAIRMAN. Are there any further questions of Senator Danaher? Thank you very much, Senator.

Mr. DANAHER. Thank you, sir.

The CHAIRMAN. If there is any witness who has a brief he wishes to submit, if he will hand it to the clerk of the committee, it will go into the record. A number of letters and telegrams have been received and they will all be placed in an appendix to the record. That will end the hearings in the case and the committee is adjourned.

(Whereupon, at 1 p. m., the committee recessed subject to the call of the Chair.)

APPENDIX

(The following letters, telegrams, statements, etc., favorable to the passage of S. 2022 were received for insertion in the record:)

STATEMENT

STATEMENT SUBMITTED ON BEHALF OF THE FOLLOWING-NAMED UNITED STATES COPPER PRODUCERS AND THEIR EMPLOYEES IN FAVOR OF THE REESTABLISHMENT OF SUCH TAX: BAGDAD COPPER CORP. (ARIZONA), CALUMET & HECLA CONSOLIDATED COPPER CO. (MICHIGAN), CASTLE DOME COPPER CO. (ARIZONA), CONSOLIDATED COPPERMINES CORP. (NEVADA), COPPER CANYON MINING CO. (NEVADA), COPPER RANGE CO. (MICHIGAN), MAGMA COPPER CO. (ARIZONA), MIAMI COPPER CO. (ARIZONA), NORTH CAROLINA EXPLORATION CO. (NORTH CAROLINA), PHELPS DODGE CORP. (ARIZONA, TEXAS, AND NEW YORK), QUINCY MINING CO. (MICHIGAN), TENNESSEE COPPER CO. (TENNESSEE), VERMONT COPPER CO. (VERMONT)

I. SUMMARY OF STATEMENT

Proponents.—This statement is filed on behalf of copper producers whose operations are carried on in Arizona, Nevada, Michigan, Tennessee, North Carolina, Texas, Vermont, and New York, and who represent a cross-section of the copper-producing industry of the United States. It is filed, in a broader sense, on behalf of many thousands of wage earners in the industry, of whole communities dependent on its well-being, and indeed of one State, Arizona, whose financial integrity depends in large part on the industry's preservation. Finally, it is filed on behalf of national defense, for which a healthy and fully developed copper-producing industry is, as shown by the war just ended, an absolute necessity.

Copper import tax is established policy of this country.—When foreign production began flooding this country, commencing in the years 1929–30, it produced virtual paralysis of the American copper-producing industry. To relieve this paralysis, the basic enactment of the import tax on copper took place in 1932. Since the situation which it was designed to relieve was permanent—that is, foreign production would continue to flood this country, the 1932 act was necessarily continued in subsequent years, until finally the Revenue Act of 1941 placed the tax in continued effect, without specific date of expiration.

1947 suspension of tax was for temporary situation only.—In the years immediately following the end of World War II, domestic consumption temporarily exceeded domestic production—this because the most highly mechanized war in history was bound to leave metal consumption and supply in disturbed and abnormal condition. Therefore the temporary suspension of the import tax, which began in 1947, was necessary; the proponents herein were in accord with that suspension. But the suspension clearly was to continue only so long as the need therefor lasted.[1]

Temporary situation has ended—Abnormal domestic demands are now satisfied.—From the end of the war until the early part of this year, imports of foreign copper were needed while the civilian demand for copper, accumulated during the war, was being satisfied. That demand has now been satisfied. Based on normal per capita consumption of the prewar period, the total normal domestic demand for refined copper (from mine production and secondary sources) will be about 62,250

[1] The proponents were in accord with the principle of facilitating the satisfaction of the excess demand (while it lasted) with foreign copper, provided that the temporary measures adopted for the purpose were limited to the duration of the need. The proponents were thus in accord with the suspension of the copper import tax in April 1947 for a period of 2 years, and with the continuation of that suspension in March 1949 for a period of 15 months, until June 30, 1950. But, in expressing their accord, proponents nevertheless pointed out that, as soon as the unusual post-war demand was satisfied (as it now has been), the prompt reimposing of the import tax was a necessity.

tons per month. The domestic industry is well able to supply that amount, plus any foreseeable stock pile needs.[2]

Domestic market cannot absorb imported copper—Displacing of domestic production has already begun.—Since the end of the war, and up until a period of a few months ago, net imports of copper of about 30,000 tons per month could be absorbed in the domestic market because of the above-mentioned demand accumulated during the war. In recent months, however, these net imports, with the domestic production, could not be absorbed by the domestic market, and notwithstanding heavy stock-pile purchases, refined stocks of copper in the hands of producers have been accumulating.

Heavy net imports have already caused shut-downs and curtailment.—These continued heavy net imports have not only caused the building up of large stocks in the hands of producers, but have also already caused the shutting down of many mines and curtailment of the workweek at all mines not shut down. Unless the import tax is reimposed, only further curtailment can be expected. The shutting down and curtailment already undergone has caused vast economic hardship to the employees and to the States in which the operations are carried on.

Shut-downs caused permanent injury to development and conservation of mineral resources.—The enforced shutting down of mines is inconsistent with the maintenance of a healthy domestic mining industry which is the best protection for the country in the event of war. It means that the exploration and development work, which is a part of all mining, will be stopped to the extent to which mines are shut down. Furthermore, the absence of the import tax will necessarily mean that work on new prospects and on new developments will be stopped or will not be initiated.

Full American copper production must be preserved as national safeguard.—Is American copper production worth preserving? It has just proved its absolute necessity to the Nation's security. Even with every conceivable resource developed, it was physically unable to furnish all the copper needed for a major war, so that every available pound of our potential productivity has the status of a national safeguard. Nor can we afford to stop mining out copper on the mistaken theory that it should be held in the ground for future emergency; the abandonment of mines means irretrievable loss of resources, whereas orderly mining begets the discovery of ore, and only a going industry, with equipment in use and organized know-how on the job, can respond when the emergency comes.

II. THE COPPER IMPORT TAX IS ESTABLISHED POLICY OF THIS COUNTRY

The copper import-tax law.—The basic enactment of the import tax on copper is found in title IV, section 601 (c) (7), of the Revenue Act of 1932, which imposed a tax of 4 cents per pound on copper in various unmanufactured forms, with compensatory rates on manufactured forms.

Section 629 of the Revenue Act of 1932 made the foregoing import tax effective until July 1, 1934. This date of expiration was extended by section 212 of the National Industrial Recovery Act of July 1, 1935; again by Public Resolution No. 36, Seventy-fourth Congress, to July 1, 1937; and further by Public Resolution No. 48, Seventy-fifth Congress, to June 30, 1939. The Revenue Act of 1939, section 1, made the tax effective to June 30, 1941, and the first Revenue Act of 1940 extended it to June 30, 1945.

Finally, by repealing section 3452 of the Internal Revenue Code, the Revenue Act of 1941 placed the tax in continued effect, without specific date of expiration.

The copper-import tax was instituted to relieve virtual paralysis of the American producing industry. For many years the United States had been the world's leading producer and exporter of copper. But, from 1912 onward, the successive development of tremendous resources in South America, Canada, and Rhodesia built up foreign production until, in 1929, for the first time we became a net importer of the unmanufactured metal.[3] In addition to the great size of the foreign resources, cheap native labor, or extraordinary byproduct credits, gave the major foreign producers cost advantages which much of our domestic copper could not match.

For 4 years this net import continued, forcing an equal tonnage of domestic production into stock, so that by 1932 the accumulated net imports (or, what

[2] For example, the average monthly domestic production (from mine and secondary sources) for the years 1947 and 1948, and for the first 4 months of 1949, was 81,850 tons. Without the Utah Copper Co. strike, which began October 1948, the figure would have been 84,550 tons.

[3] The interesting record of the reversal of the net export flow, beginning in 1929 and continuing until the establishment of the copper-import tax, is set forth in exhibit A hereto; it is well worth examining.

was worse, their equivalent in displaced domestic copper) amounted to more than half our consumption for the year. The effect of these conditions was to close down many of the American copper mines and bring widespread distress to the copper-producing areas. This was the crisis which the import tax was designed to relieve, and from which it continued to give protection, for a full 15 years, until the temporary suspension in 1947.

Suspension in 1947 was for temporary abnormal situation only.—The war just past was bound to leave metal consumption and supply in disturbed and abnormal condition. It is certain that our normal peacetime economy was undersupplied with copper during the war years, and this backed-up demand, carried over into the intermediate postwar period and then released, temporarily raised domestic consumption not only far above its normal level, but above our own capacity to produce, so that, for that temporary period, we were filling the gap with foreign copper. The suspension of the tax was needed for that period.

As stated above, the domestic producers in whose behalf this statement is filed were fully in accord with the principle of recognizing that temporary excess of demand and of taking measures to insure its satisfaction. They thus were in accord with the temporary suspension of the import tax, imposed in March 1947, and with the further suspension imposed in March 1949 to continue until June 30, 1950 (unless sooner ended as herein urged). They expressly stated, however, that the suspension should continue only so long as the abnormal situation continued.

As seen, the copper-import tax is the established necessary policy of this country, and the temporary suspension was admittedly to provide for an abnormal situation only. The succeeding sections of this statement, it is submitted, clearly show that that temporary abnormal situation is now ended. Thus the copper-import tax must be reimposed.

III. PERIOD OF EXCESS DEMAND NOW ENDED; COPPER INDUSTRY IS SUFFERING GRAVE DISTRESS

Abnormal demand of postwar years has been satisfied.—During the war emergency, the War Production Board allocated all forms of copper; thus the consumption of copper by the civilian economy was drastically curtailed, to a point where no copper was allowed for civilian consumption except that which was necessary for public health and safety. This policy (necessary during the war) resulted in the accumulation of an abnormally large domestic pent-up demand, which asserted itself forcefully immediately upon the war's end, in 1946, 1947, and 1948.

Per capita consumption of refined copper in the United States, during those years 1946, 1947, and 1948, was 18.5 pounds per annum. This abnormally large consumption (contrasted with 10.1 pounds per annum prior to the war—see exhibit C referred to below) was in excess of the ability of the United States to meet—hence the necessity for the temporary suspension of the tax.

But this carry-over of requirements from the war years, a one-time factor and not a recurrent one, has now been satisfied. The falling off in consumption of copper is shown by exhibit B. Deliveries of copper for domestic consumption have fallen from an average of 112,037 tons per month during 1948 to an average of 51,451 tons for the last 3 months. Refined copper stocks have increased 98,475 tons during the last 3 months, and this trend is continuing.

The result is that we must now look forward to an economy in which copper consumption will be determined by normal requirements alone.

Domestic production, alone, can meet future normal requirements.—What will the future normal requirements be in this country? The 10-year peacetime record (1931 to 1940, inclusive), shown on exhibit C hereto, indicates a per capita consumption average of 10.1 pounds per year of refined copper from newly mined and secondary sources. The present population of the United States is about 148,000,000 people. The normal peacetime requirements of this population, based upon our prewar experience of 10.1 pounds per capita per year, would therefore be about 62,250 tons of refined copper per month, or 750,000 tons per year.

Exhibit B shows that the average domestic production per month, for the years 1947 and 1948, and for the first 4 months of 1949, from both mine and secondary sources, was 81,850 tons (84,550 tons if there had been no Utah Copper Co. strike), or well in excess of the 62,250 tons estimated normal. Thus domestic production alone can fill our domestic needs, and any presently indicated stockpiling needs.

Copper is now in excess supply.—For the first 5 months of 1949, net imports of foreign copper were at the rate of 450,000 tons per year (see exhibit A). Yet, as far back as December 1948, copper has been in excess supply, and this monthly excess has steadily increased until, during May 1949, excess copper was accumulating in the hands of producers at the rate of 85,000 tons per month, or over 1,000,000 tons per year. Import-export figures for June 1949 are not available at this writing, but the proponents herein estimate that net imports for June were at least 25,000 tons, which would give a total supply of copper available for domestic industry of 96,600 tons in that month. Deliveries for domestic consumption in June were only 45,653 tons which, when deducted from the above available supply, gives us an excess supply of copper in June 1949 of 50,000 tons, or a rate of 600,000 tons per year.

During May 1949 refined stocks increased 52,000 tons, and during June refined stocks increased 38,000 tons (exhibit B). The accumulated excess did not become evident before the end of May because of large deliveries to the Government stock pile (for example, 14,010 tons in March, 29,683 tons in April, and 25,306 tons in May). Such deliveries were heavier than normal during March, April, and May since deliveries scheduled for earlier months had been deferred during the period of shortages, and deliveries scheduled for June were in many cases predelivered as a result of the oversupply of copper. Although heavy stock pile deliveries continued in May and June, the drop in deliveries for domestic consumption was so drastic that refined stocks increased in those 2 months in the sizable amounts noted above. And, despite sharply curtailed production, it is apparent that, when figures are available, July will show another substantial increase in stocks of refined copper in the United States—possibly as much as 40,000 tons.

The serious injury caused by the current excessive imports, and by the resulting displacement of domestic production, is shown in the two succeeding subsections of this statement.

Injury to Nation's economy caused by current excessive imports.—The Congress, through the passage of the Reciprocal Trade Agreements Act and its extension in 1948, has presumably set forth the policy of this country with respect to tariffs. It is to be noted here that in the case of copper the State Department, acting through the authority of that act, has already granted, through an agreement with Chile (and thus to all other countries signatory to the General Agreement on Tariffs and Trade, signed at Geneva, October 30, 1947), the maximum tariff reduction authorized under the statute; it has reduced the 4 cents per pound import tax to 2 cents per pound. The present issue is whether we should continue the suspension of the remaining 2 cents per pound import tax. That suspension was enacted to meet a temporary domestic shortage; the remaining 2 cents tax was not suspended for the purpose of carrying out this country's policy with respect to tariff concessions, since the maximum tariff concession had already been granted. Therefore the question presently before us must be decided solely with reference to the present domestic injury, and to whether the temporary domestic shortage, which gave rise to the suspension, has been relieved—not on the basis of any alleged injury to foreign producers and governments.

What is the present situation in our own copper-producing industry today? It is one of shut-downs and curtailments, loss of jobs, and considerable reduction in take-home pay, all caused by the displacement of domestic production by excess imports. The alarming record is as follows:

In Michigan, every copper mine in the State has ceased operation, with the consequent loss of employment to over 3,500 men formerly engaged in mining, milling, and smelting operations. In Nevada, where the major portion of copper production comes from two mines, the one has entirely ceased its underground operations with resultant loss of 50 percent of its production, while the other has curtailed its mining activities to a 40-hour-week basis. The number of men laid off in both these mines is substantial, not to mention the fact that those miners, millmen, and smeltermen have been obliged to take a considerable reduction in wages in comparison with those enjoyed during the period of full mine output. The same can be said for the one big copper mine's activities in the State of New Mexico, where reduction of work hours to a 40-hour-per-week basis has substantially reduced the pay roll and the amount of wages received by employees per week. According to the June 20, 1949, announcement of the New Mexico Mine and Prospectors Association, metal production in that State had dropped 30 percent, with a loss of employment of more than 500 men, both from the large property mentioned and from other smaller mining operations.

The copper-mine story in Utah paints the same type of picture. In this State, the largest single copper-mine producer in the United States has reduced its workweek to a 5-day basis, and smaller properties have been forced to close. Montana, in which only a year ago the principal copper producer had commenced a large project for the development of low-grade ores, which in the course of the next 10 years would add great tonnages of copper to the domestic economy, has seen the suspension of further work on this expansion of production facilities. The same company has drastically curtailed its other producing properties, and other small mines have been obliged to shut down. Arizona, whose mines lead every State in the Union in copper output, has suffered enormous injury. Mines, mills, and smelters which during the past 10 years have been turning out capacity production have either ceased operations or drastically curtailed output. Unemployment has risen sharply, and take-home pay of those employees still working on a cut-back basis has been substantially reduced.

The copper-mining industry plays a major role in creating prosperity and stability in the States, and in the individual communities within these States in or near which mining activity is carried on. It need hardly be stated that in addition to the injury done directly to the employee or former employee of all these affected mine operations in the West, the communities and the States have been seriously damaged by the reduction in general business and in taxable income.

Irreparable injury done to development and conservation of mineral resources.—We have just discussed the extent to which mining operations have been obliged to cease operations and curtail output, and we have seen the injury that has been done through the creation of unemployment, reduction of employee take-home pay, and lack of revenue to communities and the States involved.

But there is another consideration which must not be lost sight of, a consideration already mentioned in the opening paragraphs of this statement, namely, the result of closed mines on the conservation and development of the Nation's mineral resources.

It has been urged in some quarters that as a matter of conservation a Nation should leave its copper-ore reserves in the ground and depend for its principal requirements on foreign sources, saving domestic supply at the expense of foreign resources. This idea rests on a profound misconception of the art of mining and the development of ore resources. It assumes tht every pound of copper ore in the ground is known, and that we have only to reach out our hands and pick it up when an emergency arises. It also assumes that the extremely complex operations of ore concentration, smelting, and refining can be manned and started overnight.

The real truth is, that a mine is necessarily a slow growth. An underground deposit is rarely if every fully known and delimited before mining begins, because its exploration is necessarily an underground problem and is carried on largely from the mine workings. The problem of ground support in a mine is a continuing one, and constant maintenance and repair of timbering is the price of keeping it open and workable, especially timbering in haulageways, gangways, and shafts, because these are the sole means of access. The provisions of this access and preparation of a deposit for active production are matters of many months, often running into years, and the notion that a new deposit can be opened, or an abandoned one restored to activity, in instant response to emergency is a dangerous fallacy.

Under these physical conditions, an underground mine can suspend operations for a very limited period of time only. In this case the pumps are kept running and the ground support is under constant inspection and maintenance, even in idleness. But when a mine is facing basic economic conditions which make its operation unprofitable and hold out no assurance of betterment, only two courses are open to the miner, both of them involving the abandonment of resources which would otherwise be utilized. Either he must shut down altogether, or attempt to salvage what he can still mine at a profit.

To shut down without hope of resumption means withdrawing the pumps, letting the timbers rot and give way and the workings cave in and fill, and frequently leads to irretrievable loss of ore. Salvaging what can still be mined means taking only the high-grade ore and sacrificing the rest. When this takes place the mine has passed into its final phase as an operating unit, and what is not then taken out is lost.

What can amount to an irretrievable loss is the reason for saving our mining industry in the interest of conserving our mineral wealth. If only a few small and basically uneconomic units were involved and the loss were trivial, it would not be worth a national effort at protection; but the present closing of mines is serious enough to be a matter of national concern. Mines cannot live on an unsupported hope that the existing condition is merely temporary, and that they should be content with a "wait and let's see" attitude. Mining investment faces not only the usual business risk, but an additional and well-recognized "mining risk" inherent in the uncertainties of ore occurrence, and in order to function the domestic miner must be given immediate assurance that the import tax will be reestablished and that it will continue to make possible the development and conservation of American mineral resources.

IV. FOREIGN PRODUCTION WILL CONTINUE TO FLOOD THIS COUNTRY UNLESS NORMAL PROTECTIVE MEASURE, IMPORT TAX, IS REIMPOSED

The great competitive power of foreign production to displace domestic production, and thus to injure the domestic industry and to keep it permanently in subjection, has been many times fully demonstrated by factual proof. The facts were fully presented to the Congress when the copper-import tax was first enacted in 1932, and were before the Congress on each succeeding occasion that the tax was continued. However, a very brief review of those essential facts is in order now, conclusively to demonstrate the need for the reestablishment of the tax.

Present foreign productive capacity.—The great rise of foreign productive capacity, in the recent decades, in comparison to domestic production, is graphically depicted by the following condensed record of the Bureau of Mines, in terms of smelter output of newly mined copper:

Average yearly production, in short tons

Inclusive years	United States	Foreign	Inclusive years	United States	Foreign
1902-10	428,200	334,700	1936-39	680,300	1,604,500
1911-20	716,000	502,700	1940-45	973,698	[1] 1,882,801
1921-30	742,300	754,600	1946-47 [2]	731,264	1,480,236
1931-35	328,800	1,041,800			

[1] Partly estimated.
[2] During these 2 years production abroad was seriously interfered with by fuel and transportation shortages, as well as by strikes.

Between 1901 and 1945, therefore, foreign production more than quintupled This enormous increase was due in large part to the increase in output of three regions alone: Canada, South America, and Africa. The record of these three regions, as reported by the American Bureau of Metal Statistics, is as follows:

Yearly production, in short tons

Inclusive years	Canada	South America	Africa	Total, 3 regions
Average 1914-20	48,000	137,000	37,000	222,000
Average 1930-37	179,500	302,000	247,500	729,000
Average 1938-47	246,500	515,650	438,050	1,200,200

While the foregoing data strikingly illustrate the rise of foreign productive capacity, they do not completely define its potential peak. During the past 3 years, foreign producers have been beset with labor difficulties, shortage of fuel, and shortage of rail transportation facilities, which have seriously interfered with their production. When these difficulties are ended, foreign production will rise even further. (The United States has had some labor difficulties, but not fuel or transportation shortages, in that same period.) Moreover, the Rhodesian copper producers are exerting a particular effort to expand their production. The British Government has issued a white paper on its 4-year plan covering the period 1949 to 1953, which has been submitted to the Organization for European Economic Cooperation. In regard to copper, it is remarked that production in 1952-53 in Northern Rhodesia is expected to reach 340,000 tons compared with 195,000 tons in 1947 and 144,000 tons in 1946. It is also stated that electrolytic copper-refining capacity in Rhodesia will be doubled during the next few years.

Present ore reserves.—A review of the world's copper resources shows clearly that the foreign ore deposits are far greater. They thus not only support but will increase the already achieved predominance of foreign over domestic production. Furthermore, the leading foreign fields are generally much younger than ours, and less explored; and, tonnagewise, their prospects of adding to their present known reserves by future discovery are correspondingly brighter.

The world reserve position, based on United States Tariff Commission figures, is as follows:

	Copper content (tons)
United States	30,017,900
Foreign	81,763,700

The detailed figures of the above estimate are shown in exhibit D. The estimates made by the Tariff Commission do not give ore tonnage for all mines. For those mines for which ore tonnages are given, the comparative grade of the ore reserves is:

	Approximate tons of ore	Average grade, percent copper	Tons of copper
United States	2,001,506,000	1.02	20,442,900
Foreign	2,437,717,000	2.68	65,241,700

This data shows foreign reserves of gross tonnage considerably larger than ours, over two times as rich, and almost three times as much copper. Thus there is no question of the power of foreign resources to outdo and outlast our own.

Present comparative costs of production.—The relative costs of copper production, in the United States and abroad, are in favor of foreign copper. The relative costs are as follows:

Domestic costs.—Since the year 1928, for which the United States Tariff Commission determined composite costs of producing domestic copper by direct study of the basic data, there has been no general survey of this important subject. For that year the Commission found costs, exclusive of depletion, ranging from 7 to 12.4 cents per pound, with a weighted average of 9.26 cents (S. Doc. 28, November 1931).

For the next 8 or 9 years—that is, up to 1936–39—there was no fundamental change in the operating conditions of American copper production. To a large extent the producing mines in 1928 were still the producing mines in 1936–39, and they were meeting much the same problems, except that underground operations were necessarily reaching greater depths. No significant change was to be expected, therefore, in average cost.

For the period from 1936–39 to 1946, however, an official determination is available from which a quantitative conception can be obtained of the increase in costs. For 1946 the Office of Price Administration found that the operating margins of producers in the lower part of the cost range, representing roughly two-thirds of domestic production, had decreased 2.32 cents per pound below the margins earned in 1936–39. Since the market value of their product had meanwhile advanced about 0.87 cent, the increase in cost must have been about 3.2 cents per pound. Added to the costs determined by the Tariff Commission in 1928, this increase indicates an average cost in 1946 of about 12½ cents per pound, with an upper range of as high as 15 cents.

Since 1946, costs have continued to increase, due to substantial wage increases with attendant increases in costs of supplies, etc., and the upper range today reaches well above 20 cents per pound. While this upper range is by no means a representative cost of American production as a whole, and much of our domestic copper is produced at lower cost levels, the significance of the higher range of cost is that it applies to a substantial portion of our total production which the Nation cannot afford to lose.

Foreign costs.—Not every foreign producer enjoys exceptionally low costs, nor is every foreign source of copper a potential threat to our copper industry. The costs selected here for comparison with our domestic average are those of large sources, capable of flooding our market, and situated in countries which, like Canada, produce more copper than they consume at home, or, like Chile and Rhodesia, consume very little and produce almost altogether for export.

The production costs of the three leading Canadian companies, and of five other large foreign producers, are analyzed in exhibit E, hereto. As shown in such exhibit, two of the three Canadian companies, because they mine complex ores with a wealth of other saleable metals, could have shown profits in 1948 on a zero copper market. Although the other Canadian company apparently could not show profits in 1948 on a zero copper market, its costs of copper production are far below that of the lowest American copper producer. As further shown on exhibit E, the largest Chilean producer showed a cost per pound of copper in 1948 of 11.72 cents, while two of the three leading Rhodesian companies showed a cost in 1948 of 11.18 cents and 12.65 cents per pound, respectively.[4] Thus, to summarize, all three of the Canadian companies can operate at price levels which would shut down every copper mine in the United States, and the remaining five foreign producers discussed in exhibit E can meet the lower range of our domestic cost on substantially even terms and have a tremendous advantage over the higher range.

To illustrate the competitive potential of the eight producers whose favorable costs have just been discussed, the following table sets forth the aggregate production of these eight operations in 1948, and shows that they alone can produce more copper than the United States has consumed in any peacetime year during the entire period between wars with exception of the boom years of 1928 and 1929. When uninterrupted by strikes or unhindered by other operating difficulties, these eight foreign companies alone can produce more copper than the United States consumed even in the boom years of 1928 and 1929:

1948 production as reported by American Bureau of Metal Statistics

	Short tons
Three Canadians:	
International Nickel Co	118, 052
Hudson Bay Mining & Smelting Co	39, 921
Noranda Mines (own ores only)	21, 866
	179, 839
In Chile: Chile Copper Co	229, 285
Three Rhodesians:	
Rhokana Corp	117, 194
Mufulira Copper Mines	59, 994
Roan Antelope Copper Mines	57, 459
In the Belgian Congo: Union Miniere du Haut-Katanga	171, 424
Total	815, 195

Foreign production now exceeds foreign consumption.—Since the end of the war, foreign production has been in excess of foreign consumption. Exhibit F shows total foreign mine production, plus scrap and deliveries for foreign consumption, from 1934 to the present (exclusive of the war years, during which figures were not compiled), as published by the American Metal Market and the Daily Metal Reporter. The tabulation shows the significant shift in the foreign supply-demand situation, from a deficit of production in the prewar years to an excess in the postwar years.

The average monthly rate of foreign production and consumption for the 4-year period 1935 to 1938, inclusive, was as follows (figures from exhibit F):

	Short tons
Production	96, 500
Consumption	102, 300
Deficit	5, 800

The average monthly rate of foreign production and consumption for the 30-month period, January 1947 through June 1949, was as follows (figures from exhibit F):

	Short tons
Production	106, 595
Consumption	76, 735
Excess production	29, 860

Foreign copper consumption has thus decreased 25 percent since the prewar period, whereas the average rate of foreign copper production has increased 10 percent since the prewar period.

The excess of foreign production over foreign consumption, just shown, is being imported into this country, and will continue to be imported in increasing amounts (unless the tax be reimposed) to the irreparable injury of this country already shown.

[4] Further, should the pound sterling be revalued downward, the costs in terms of dollars of the Rhodesian producers would be proportionately lower.

V. CONCLUSION

The preceding sections of this statement provide the bases for these conclusions:

Our domestic copper-producing industry is a national asset and a national safeguard, but remains so only if kept in a sound and healthy condition.

It is subject to irreparable injury by prolonged shut-down, especially if the hope of protection and the prospect of resumption of operation of shut-down properties are not forthcoming.

Shut-downs, curtailment, and consequent serious unemployment and loss of revenue to copper-mining communities and States have already taken place. To the extent that the current harmful invasion of the domestic market by foreign production is allowed to continue unchecked, the shut-downs and curtailment will increase; the injury will become irreparable.

It is on these grounds that the proponents herein urge that the copper import tax, suspended until June 30, 1950 by Public Law 33, be reimposed now. The temporary period of abnormal demand, which justified the suspension, has ended; the industry is already in grave distress from unneeded imports.

The reimposition of the import tax is needed by the Nation now, in its own interest and as a matter of national defense, for the maintenance and preservation of its copper-producing industry.

EXHIBIT A.—*United States imports and exports of copper in all unmanufactured forms*

[Short tons]

Total year	Total unmanufactured imports [1]	Total unmanufactured exports [2]	Net imports	Net exports
1919	214, 658	220, 658		6, 000
1920	242, 412	277, 271		34, 859
1921	175, 138	305, 021		129, 883
1922	270, 396	354, 056		83, 660
1923	337, 817	398, 039		60, 222
1924	384, 386	538, 789		154, 403
1925	326, 475	518, 140		191, 665
1926	389, 673	462, 904		73, 231
1927	359, 155	516, 869		157, 714
1928	393, 515	540, 049		146, 534
1929	487, 148	473, 379	13, 769	
1930	408, 569	351, 658	56, 911	
1931	292, 943	265, 852	27, 091	
1932	195, 992	158, 642	37, 350	
1933	145, 585	169, 304		23, 719
1934	213, 286	301, 116		87, 830
1935	257, 182	292, 223		35, 041
1936	190, 339	252, 700		62, 361
1937	279, 879	335, 397		55, 518
1938	252, 164	408, 036		155, 872
1939	336, 297	414, 111		77, 814
1940	491, 342	384, 551	106, 791	
1941	735, 569	118, 024	617, 545	
1942	764, 395	136, 371	628, 024	
1943	716, 838	178, 581	538, 257	
1944	785, 391	69, 101	716, 290	
1945	853, 278	53, 739	799, 539	

Total year	Total unmanufactured imports [1]	Total unmanufactured exports [2]	Net imports	Net exports
1946	411, 144	56, 013	355, 131	
1947	493, 010	151, 142	341, 868	
1948: [4]				
January	33, 460	14, 930	18, 530	
February	54, 656	13, 704	40, 952	
March	54, 498	8, 896	45, 602	
April	43, 316	17, 903	25, 413	
May	40, 291	13, 839	26, 452	
June	52, 665	16, 829	35, 836	
July	46, 714	12, 257	34, 457	
August	48, 290	15, 571	32, 719	
September	39, 094	7, 771	31, 323	
October	38, 533	13, 747	24, 786	
November	40, 340	10, 013	30, 327	
December	54, 991	9, 786	45, 205	
Total year	[3] 550, 358	155, 246	[3] 395, 112	
1949: [4]				
January	54, 288	19, 516	34, 772	
February	52, 566	8, 888	43, 678	
March	58, 240	14, 170	44, 070	
April	37, 396	9, 830	27, 566	
May	50, 277	14, 089	36, 188	
Total 5 months	[3] 254, 694	66, 493	[3] 188, 201	

[1] For the years 1919 to 1932 inclusive, minor amounts of alloy designated "composition metal" have been included at the full weight of alloy; these have been corrected herein to copper content using a factor of 80 percent copper. Since 1932, "composition metal" has been reported by copper content and is thus included. Starting with 1946, brass scrap and old, fit only for remanufacture is included in the foregoing tabulation of imports.

[2] Include rods.

[3] Include composition metal; monthly distribution not available.

[4] Preliminary.

Source: U. S. Bureau of Foreign and Domestic Commerce.

EXHIBIT B.—*Domestic production, net imports and deliveries for domestic consumption*

[In tons of 2,000 pounds]

	Domestic crude production			United States net imports or exports [1]	Total, domestic supply	Deliveries for domestic consumption	Excess or deficiency [2] of production plus imports (net)	Deliveries to Government account	Total refined stocks including metals reserve at end of period
	Primary	Secondary	Total						
1934	250,845	109,689	360,534	[1] 87,830	272,704	379,843	[2] 107,139	....	354,436
1935	393,614	112,471	506,085	[1] 35,041	471,044	528,191	[2] 57,150	....	231,415
1936	630,557	101,072	731,629	[1] 62,361	669,268	764,560	[2] 95,292	....	161,068
1937	868,003	114,042	982,045	[1] 55,518	926,527	803,095	123,432	....	259,351
1938	578,772	66,097	644,869	[1] 155,872	488,997	481,803	7,194	....	289,755
1939	744,190	91,884	836,074	[1] 77,814	758,260	814,407	[2] 56,147	....	159,485
1940	915,217	77,076	992,293	106,791	1,099,084	1,001,886	97,198	....	142,772
1941	985,288	31,708	1,016,996	617,545	1,634,541	1,545,541	89,000	....	94,192
1942	1,098,007	54,337	1,152,344	628,024	1,780,368	1,635,236	145,132	....	161,904
1943	1,111,022	83,677	1,194,699	538,257	1,732,956	1,643,677	89,279	....	268,036
1944	995,938	60,242	1,056,180	716,290	1,772,470	1,636,295	136,175	....	411,502
1945	792,126	49,541	841,667	799,539	1,641,206	1,517,842	123,364	....	548,683
1946	618,757	32,503	651,260	355,131	1,006,391	1,260,921	[2] 254,530	....	176,220
1947	871,391	105,307	976,698	341,868	1,318,566	1,383,666	[2] 65,100	....	83,386
1948—January	73,204	9,223	82,427	18,530	100,957	118,855	[2] 17,898	....	79,058
February	72,149	10,810	82,959	40,952	123,911	106,823	17,088	....	76,759
March	73,651	10,258	83,909	45,602	120,511	122,988	6,523	....	74,190
April	76,728	12,013	88,741	25,413	114,154	116,475	[2] 2,321	....	72,981
May	76,813	15,006	91,819	26,452	118,271	113,389	4,882	....	77,854
June	78,335	9,343	87,678	35,836	123,514	112,677	10,837	7,250	76,478
July	74,222	7,251	81,473	34,457	115,930	108,277	7,653	3,500	83,440
August	72,953	16,212	89,165	32,719	121,884	107,496	14,388	500	83,742
September	72,803	15,302	88,105	31,323	119,428	122,938	[2] 3,510	900	76,466
October	73,454	8,020	81,474	24,786	106,260	112,580	[2] 6,320	750	80,622
November	51,141	7,156	58,297	30,327	88,624	99,655	[2] 11,031	500	89,756
December	54,635	9,816	64,451	45,205	109,656	102,292	7,364	1,527	96,080
Year, 1948	850,088	130,410	980,498	395,112	1,375,610	1,344,445	31,165	14,927	96,080
1949—January	53,066	16,372	69,438	34,772	104,210	94,070	10,140	10,679	91,053
February	58,751	18,190	76,941	43,678	120,619	97,861	22,758	9,750	83,841
March	79,256	17,867	97,123	44,070	141,193	113,154	28,039	14,010	68,450
April	75,703	15,886	91,589	27,566	119,155	76,134	43,021	29,683	76,494
May	70,703	10,555	81,258	36,188	117,446	32,566	84,880	25,306	128,441
June	63,321	8,285	71,606	(3)	....	45,653	....	21,428	166,925

[1] United States net imports or exports.
[2] Excess or deficiency.
[3] Not yet available.

NOTE.—From month to month, changes in refined stocks are not equal to excess or deficiency of production plus imports because (1) there is a time-lag between mine production and resultant refined copper; (2) all imports and exports (such as some scrap) do not enter into the refined stocks; (3) there is an increase or decrease each month in quantity of copper in process at smelters and refineries.

Source: American Metal Market and Daily Metal Reporter, except Imports and Exports which, U. S. Bureau of Foreign and Domestic Commerce.

EXHIBIT C.—*Per capita consumption of refined copper in the United States*

Year	July 1 population [1]	Domestic consumption of refined copper [2]	Per capita consumption of refined copper
	Thousands	*Tons*	*Pounds*
1931	124,040	600,753	9.69
1932	124,840	335,981	5.38
1933	125,579	381,726	6.08
1934	126,374	417,110	6.60
1935	127,250	578,239	9.09
1936	128,053	808,953	12.63
1937	128,825	878,186	13.63
1938	129,825	521,675	8.04
1939	130,880	845,230	12.92
1940	131,970	1,099,507	16.66
Computed weighted average for 10-year period	....	....	10.12

[1] Department of Commerce, Bureau of the Census (Statistical Abstract of the United States, 1948).
[2] American Bureau of Metal Statistics.

EXHIBIT D.—*Ore reserves, domestic and foreign*

A. DOMESTIC

	Short tons of ore [1]	Average percent copper [1]	Short tons of copper [1]
Anaconda Copper Mining Co.:			
At Butte, Mont	(2)	(2)	3,500,000
Inspiration	55,000,000	1.37	750,000
Mountain City	(2)	(2)	10,000
Yerington	30,000,000	1.0	300,000
Bagdad	20,000,000	1.0	200,000
Calumet & Hecla	(2)	(2)	250,000
Consolidated Coppermines	15,000,000	1.10	165,000
Copper Range	(2)	(2)	75,000
Gray Eagle	(2)	(2)	20,000
Isle Royale	(2)	(2)	20,000
Kennecott Copper Corporation:			
Chino	125,000,000	1.2	1,500,000
Nevada Consolidated	70,000,000	1.0	700,000
Ray Consolidated	70,000,000	1.5	1,000,000
Utah Copper	700,000,000	1.0	7,000,000
Magma Copper Co.:			
Magma Mine [3]	1,134,000	5.83	66,100
San Manuel Mines [3]	119,172,000	.8	951,800
Miami Copper Co.:			
At Miami, Ariz	60,000,000	.9	550,000
Castle Dome	36,000,000	.7	250,000
Phelps Dodge Corporation:			
New Cornelia	150,000,000	1.0	1,500,000
Morenci	450,000,000	1.0	4,500,000
United Verde	(2)	(2)	200,000
Copper Queen	(2)	(2)	800,000
Quincy Mining Co	(2)	(2)	50,000
Tennessee Copper Co.	(2)	(2)	400,000
Miscellaneous, California and Michigan	100,200,000	1.01	1,010,000
Miscellaneous [4]	(2)	(2)	4,250,000
Total copper content			39,017,900
Total of items reporting tons of ore	2,001,506,000	1.02	20,442,900

B. FOREIGN

	Short tons of ore [1]	Average percent copper [1]	Short tons of copper [1]
Canada:			
Aldermac	1,700,000	2.0	34,000
Amulet Dufault	3,000,000	5.5	165,000
Britannia	10,000,000	1.0	100,000
Falconbridge Nickel	12,000,000	.93	114,000
Granby Consolidated	17,300,000	1.2	208,000
Great Falls	300,000	1.0	3,000
Hudson Bay	27,300,000	2.59	709,000
International Nickel	224,500,000	2.4	5,500,000
Noranda	23,400,000	2.23	523,000
Normetal	1,400,000	3.67	53,000
Quemont [5]	9,431,000	1.49	140,800
Sherritt Gordon	2,800,000	2.47	69,000
Waite Amulet	3,300,000	5.25	176,000
Total	336,931,000	2.3	7,791,800
Newfoundland:			
Buchans	2,500,000	2.0	50,000
Gull Lake	1,300,000	2.7	35,000
Total	3,800,000	2.2	85,000
Mexico:			
Greene Cananea	(2)	(2)	300,000
Others	(2)	(2)	300,000
Total	(2)	(2)	600,000
Bolivia:			
Corocoro	427,000	4.21	18,000
Others	(2)	(2)	22,000
Total	(2)	(2)	40,000
Chile:			
Andes	60,000,000	1.21	730,000
Braden	170,000,000	1.7	2,900,000
Capote	260,000	8.3	22,000

See footnotes at end of table, p. 106.

EXHIBIT D.—*Ore reserves, domestic and foreign*—Continued

B. FOREIGN—Continued

	Short tons of ore [1]	Average percent copper [1]	Short tons of copper [1]
Chile—Continued			
Chile Exploration	1,000,000,000	2.0	20,000,000
Los Mantos	900,000	6.4	58,000
Naltagua (Condones)	4,000,000	2.7	108,000
Rio Blanco	42,000,000	2.3	966,000
Santiago	52,819,000	2.11	1,116,000
Total	1,329,979,000	2.0	25,000,000
Peru:			
Cerro de Pasco	(2)	(2)	2,000,000
Ferrobamba	6,788,000	3.56	241,000
Fundicion de Magistral	3,000,000	7.0	210,000
Northern Peru	1,500,000	5.0	75,000
Total	(2)	(2)	2,526,000
Africa:			
Eritrea (Italian East Africa)	2,400,000	2.0	47,000
Falcon mines	50,000	7.0	4,000
Kansanshi (Rhodesian-Katanga)	4,000,000	3.65	145,000
Kolemba mine (Zambesia)	330,000	4.5	15,000
Katanga	115,000,000	6.44	7,400,000
Messina (Transvaal)	3,000,000	2.18	65,000
Mufulira	154,000,000	4.11	6,329,000
N'Changa	1[illegible],000,000	4.66	6,710,000
O'Okiep	10,000,000	2.5	250,000
Rhokana	114,000,000	3.42	3,910,000
Roan Antelope	[5]110,000,000	3.42	3,773,000
Tsumeb (Otavi) [6]	914,000	7.10	64,900
Total	657,604,000	4.37	28,712,900
Asia:			
Burma	3,000,000	.84	25,000
China	(2)	(2)	500,000
India	1,000,000	2.86	27,000
Japan	(2)	(2)	1,000,000
Turkey	2,100,000	6.04	128,000
Others	(2)	(2)	200,000
Total	(2)	(2)	1,880,000
Soviet Union	(2)	(2)	9,000,000
Australia:			
Lake George	2,880,000	.75	22,000
Mount Isa	2,000,000	3.03	52,000
Mount Lyell	16,000,000	1.14	180,000
Mount Morgan	8,000,000	1.81	142,000
Wallaroo and Moonta	618,000	3.77	23,000
Total	29,498,000	2.10	419,000
Europe:			
Albania	5,000,000	2.0	100,000
Cyprus	20,000,000	2.1	420,000
Finland	25,000,000	3.5	870,000
Germany	(2)	(2)	600,000
Norway	(2)	(2)	600,000
Portugal	(2)	(2)	300,000
Spain	(2)	(2)	1,200,000
Sweden	12,000,000	1.8	216,000
Yugoslavia	(2)	(2)	300,000
Others	(2)	(2)	200,000
Total	(2)	(2)	4,806,000
Total copper content			81,763,700
Total of items reporting tons of ore	2,437,717,000	2.68	65,241,700

[1] Compiled by the U. S. Tariff Commission from published material, as of Jan. 1, 1945, except as otherwise noted

[2] Not available.

[3] As stated in the corporation's prospectus of July 26, 1946.

[4] Includes tailings and precipitate plants and other miscellaneous potential ore reserves.

[5] As stated in company's annual report for 1948.

[6] As reported in U. S. Bureau of Mines Mineral Trade Notes for January 1948. Comprised of sulfide ores and stock ores in surface dumps.

EXHIBIT E. COSTS OF LEADING FOREIGN COPPER PRODUCERS, YEAR 1948

CANADA

All three of the following companies are mining complex ores, which yield metals other than copper, and it is shown that by virtue of these other values, two of the companies could have made a profit for the year on a zero copper market. The annual reports of International Nickel Co. of Canada, Ltd. and Hudson Bay Mining & Smelting Co., Ltd., show combined sales of metals and the costs of these sales. The International Nickel Co. also reports poundage of copper sold, whereas the Hudson Bay Mining & Smelting Co. reports only the quantities produced. However, under conditions of excess demand prevailing throughout 1948, copper production may be accepted as substantially equivalent to copper sold. The following analysis of the companies' accounts is made on this basis:

	International Nickel Co.	Hudson Bay Mining & Smelting Co.
Refined copper sold, pounds	219, 130, 830	79, 597, 911
Sales of metals, as reported	$197, 021, 736	$38, 259, 272
Less value of copper sold	48, 971, 358	17, 788, 541
Sales of metals other than copper	148, 050, 378	20, 470, 731
Cost of sales, as reported	139, 062, 975	16, 305, 955
Net profit with copper at zero	8, 987, 403	4, 164, 776

Noranda Mines, Ltd., operates the Horne mine for its own account and also treats custom material produced by others. Since its reported income combines sales of its own metals, custom tolls, and other income in a single inseparable total, it is replaced in the following analysis by the market value of Horne production only. Its reported costs include expense on custom materials, so that the cost of Horne production alone cannot be isolated. If it could, it would show an even lower cost of copper production than that shown below.

Value of Horne mine production, omitting copper:	
142,273 ounces of gold at $35	$4, 979, 555
437,493 ounces of silver at 74.36 cents	325, 320
Total for Horne mine, omitting revenue from copper	5, 304, 875
Total costs on all materials, Horne mine and custom	7, 638, 452
Cost of copper produced from Horne mine	2, 333, 577
Horne mine production of copper .... pounds	43, 731, 979
Cost per pound .... cents	5. 34

In addition, 54,024,518 pounds of copper and 44,329 ounces of gold were produced at the Noranda smelter. The cost of treatment of this metal is included in foregoing tabulation.

Thus two of the three Canadians could have shown profits on a zero copper market, and the third company had a cost, after byproduct credits, much lower than any American mine.

CHILE

Chile Copper Co., with the largest single copper ore reserve in the world, reports the following definitive data for the year:

Deliveries of copper to purchaser .... pounds	458, 569, 014
Cost of deliveries, i. e., cost of mining, treatment, and delivery including depreciation and obsolescence	$53, 760, 966
Derived cost per pound of copper .... cents	11. 72

AFRICA

The costs of the following three Rhodesian companies are reported in pounds sterling f. o. b. the African shipping port of Beira, and relate partly or wholly to smelted but unrefined copper. They are converted below to cents per pound of refined copper, United States currency, f. o. b. New York, by adding refining charges at $30 per short ton and ocean freight at $13 per long ton. They are therefore completely comparable with our domestic costs. Rhokana Corporation produces cobalt as well as copper from the same ore, and the market value of its cobalt production (810,000 pounds at $1.65, with 2 percent loss allowance) is credited to copper cost in accordance with the practice of the United States Tariff Commission. The accounts of Mulfulira Copper Mines, Ltd., and Roan Antelope Copper Mines, Ltd., present interesting examples of low costs achieved entirely without benefit of byproduct credits.

	Rhokana Corp.	Mufulira copper mines	Roan Antelope copper mines
Long tons rough copper produced		53, 360	51, 757
Short tons rough copper produced	13, 108	59, 763	57, 963
Equivalent refined, at 99.3 percent	13, 017	59, 345	57, 557
Refined copper produced	64, 572		
Total equivalent refined, short tons	77, 589	59, 345	57, 557
Total costs f. o. b. Beira, sterling	£4, 307, 048	£3, 121, 754	£3, 428, 404
The same in dollars at $4.03	$17, 357, 403	$12, 580, 669	$13, 816, 468
Allowance for refining rough copper	393, 240	1, 792, 890	1, 738, 890
Freight, Beira to New York	903, 898	644, 477	673, 550
Cost f. o. b. New York	18, 654, 541	15, 018, 036	16, 228, 908
Less cobalt credit	1, 309, 770		
Net cost of copper at New York	17, 344, 771	15, 018, 036	16, 228, 908
The same, per pound of copper ... cents	11. 18	12. 65	14. 10

The foregoing tabulation of costs in pounds sterling as reported in annual reports is converted into dollars at the exchange rate of $4.03 per pound sterling. Should the pound sterling be revalued downward in terms of dollars, costs in terms of dollars would be lowered.

Union Miniere du Haut-Katanga.—This company is controlled by the Belgian Government and operates diverse mining enterprises in the Belgian Congo. The company is a producer of cobalt, radium, tin, and precious metals in addition to copper. It does not report its copper costs. The company's copper ores, however, are the highest in copper content of all the large copper mines of the world—over 6 percent (see exhibit D)—and its copper costs are reputedly at least as low as the other African producers.

EXHIBIT F.—*Foreign copper production and deliveries for foreign consumption*

[In tons of 2,000 pounds]

Total year	Total crude production plus secondary	Deliveries for foreign consumption	Excess or deficiency [1] of foreign production
1934	941, 247	952, 929	[1] 11, 682
1935	1, 023, 481	1, 074, 740	[1] 51, 259
1936	966, 153	1, 027, 992	[1] 61, 839
1937	1, 349, 138	1, 345, 082	4, 056
1938	1, 293, 798	1, 463, 602	[1] 169, 804
1939	(2)	(2)	
1940	(2)	(2)	
1941	(2)	(2)	
1942	(2)	(2)	
1943	(2)	(2)	
1944	(2)	(2)	
1945	(2)	(2)	
1946	(2)	(2)	
1947	1, 238, 820	921, 851	316, 969
1948—January	102, 388	79, 962	22, 426
February	96, 597	55, 133	41, 464
March	110, 262	69, 127	41, 135

See footnotes at end of table, p. 109.

EXHIBIT F.—*Foreign copper production and deliveries for foreign consumption*—Con.

Total year	Total crude production plus secondary	Deliveries for foreign consumption	Excess or deficiency[1] of foreign production
1948—April	103,310	86,612	16,698
May	114,211	76,826	37,385
June	111,439	70,753	40,686
July	106,293	87,287	19,006
August	108,357	78,039	30,318
September	96,169	74,083	22,086
October	109,474	73,298	36,176
November	108,825	73,006	35,819
December	113,085	76,947	36,138
Total year	1,280,410	901,073	379,337
1949—January	113,205	77,546	35,659
February	107,142	74,327	32,815
March	120,729	85,750	34,979
April	112,002	75,424	36,578
May	114,526	79,644	34,882
June	111,014	86,475	24,539
Total 6 months	678,618	479,166	199,452

[1] Deficiency of production.
[2] Not available due to war conditions.

Source: American Metal Market and Daily Metal Reporter.

BOSTON, MASS., *August 5, 1949.*

CHAIRMAN, SENATE FINANCE COMMITTEE.

DEAR SIR: I am in favor of restoring the import duty on copper. I am an owner of copper securities and I should like the same protection the farmer receives in his crop supports.

Foreign duty-free copper is forcing the closure of American mines, and I realize my own objection carries little weight, but I am sure that the million or more holders of American copper company securities must feel as I do.

Thank you for your kind consideration.

Sincerely,

DAVID FISHER.

PHOENIX, ARIZ., *August 2, 1949.*

Senator WALTER F. GEORGE,
Chairman, Finance Committee,
Senate Office Building, Washington, D. C.

I wish to join with the Arizona delegation urging the approval of legislation pending before your committee that proposes to repeal the suspension of the import tax on copper.

Arizona produces more copper than any other State, and copper mining is a big segment of our economy. Due to the oversupply of copper of which a great part is foreign produced metal, most of our domestic copper mines have completely suspended operations, while others have greatly curtailed production. This has seriously affected not only the copper-mining industry, but the impact has been felt throughout the State, resulting in contributing to the unemployment problem in the copper producing States. Since the consumption of copper has now leveled off to a normal basis, it is evident that the domestic copper-producing mines can now adequately meet our domestic demands.

The purpose which prompted the enactment of the suspension law no longer exists, and I respectfully join the delegation in urging favorable consideration by your committee of legislation repealing the suspension statutes.

DAN E. GARVEY, *Governor of Arizona.*

MIAMI, ARIZ., *July 9, 1949.*

Re 4-cent copper tariff bill, S. 2022.

The Honorable WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.

DEAR SENATOR GEORGE: Enclosed herewith you will find a number of petitions with some 3,000 signatures, requesting the Senate of the United States to reimpose the 4-cent tariff on imported copper.

We note that the House Ways and Means Committee have turned down any further consideration of the tariff bill, H. R. 2313, until the suspension expires June 30, 1950.

When this tax was suspended, there was a shortage of copper according to all reports. Since that time, the market seems to be flooded with foreign copper, leaving no demand for domestic copper, thereby causing the price of copper to fall from 23½ cents per pound to 17 cents per pound and very little demand at this price. This has made it necessary for the mining companies to curtail production by laying off thousands of employees, as well as only operating 5 days per week. This reduces the take-home pay of each employee still working by 23 percent.

With the high cost of living, this creates a very serious situation regarding income, not only to the employee, but each city, county, State and the Federal Government. Income taxes are reduced, State unemployment compensation and relief rolls are increased, causing a deficit in county, State, and Federal budgets. We see by the papers that the Government finished the year with a deficit of well over a billion dollars.

We feel that the closing of a great number of the metal mines throughout the Middle West and far West, due to the low price of copper, lead, and zinc, has affected the entire United States as these mining companies purchase supplies all over the country.

When the Japs attacked us at Pearl Harbor, they caught us short on copper, lead and zinc, and these metal mines made a huge effort to supply the United States with these vital metals, not only at a great expense to themselves but to the Federal Government. We had to rely on imported metals, and this was very costly in lives as well as money, as the Germans were cutting our supply lines and sinking our ships. As we are spending billions of dollars on defense, we feel that the Federal Government should make it possible for the mining companies to maintain their organizations so that if a crisis develops, we will be ready.

The United States has a long-time contract with Canada to purchase copper (at 18 cents per pound). We feel that some assistance should be given our own metal mines.

The 40-hour law was enacted to provide more jobs for people, and if the companies would operate to capacity it would create jobs and cut down on the 5,000,000 now unemployed.

We, some of the people of Arizona and New Mexico, request your committee to enact a law in itself, dealing with the tariff on copper, lead, and zinc, and not an amendment attached to any other bill.

If you or your committee can suggest any procedure that might be used in getting the House Ways and Means Committee to reconsider H. R. 2313 and any help you or your committee can give will be greatly appreciated by the entire United States.

Yours very truly,

A. G. NEELEY.

(The petition, with 3,000 signatures, will be found in the files of the committee.)

(The following letters and telegrams, opposing the passage of S. 2022, were received for insertion in the record:)

ALL AMERICAN SUPPLY CO.,
Orange, N. J., August 2, 1949.

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SENATOR: We oppose Senate bill 2022.

Continued suspensions of copper import duty is vital to our business.

Yours very truly,

ARTHUR C. HAINES, *President.*

AMERICAN EMBLEM CO., INC.,
Utica, N. Y., August 1, 1949.

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: We understand your committee at Thursday's meeting will consider Senate bill 2022 which would restore the tariff on copper imports by repealing the present suspension. Copper alloys constitute the principal raw material of our stamping business, which is already in a depressed condition due to price competition of substitute metals.

We feel sure that any influence which would increase the cost of our copper alloys would not only further depress our industry but impose substantial losses of both present and prospective business. We, therefore, hope that your committee does not take any favorable action to restore this tariff.

Very truly yours,

EARLE CONGELTON, *President.*

ANACONDA WIRE & CABLE CO.,
New York, N. Y., August 2, 1949.

The Honorable WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: It has come to my attention that your committee will hold a hearing on Thursday, August 4, relative to a proposal to put into effect a duty on copper despite the fact that it was only 3 months ago that the Senate extended for another year the suspension of the 2-cent tariff contained in Public Law 33.

Others more able than I will probably set forth facts and figures to disprove the necessity of a tariff and the great harm it would do to the public generally—including the copper fabricators and their many thousands of employees. With your permission Senator, I would like to make one point that might be overlooked by others. That point is that the recent let-up in the copper business—both mining and fabricating—was not due primarily to a let-up in demand. It was essentially due to a liquidation of inventories. In my estimation, this came about from fear born of so much talk of a recession in business—manufacturers and consumers alike did not want to get caught with large inventories. So they began to live on them—and thus effect a liquidation.

Our company did it too—to the extent of some 16,000,000 pounds—although recently this reduction was lessened to approximately 11,000,000 pounds. (This is an example of a company going too far—something I believe has been quite general.

But the reduction in inventory by the fabricators was not all-important; it was the reduction by the fabricators' customers that really made itself felt. I refer to companies that make heavy electrical apparatus, who had very large inventories—automobile manufacturers, plumbing supply companies—and, too, the electric utilities around the country who had gradually increased their stocks until they were really tremendous.

Then, there were the wholesale electrical distributors and dealers and contractors—all of whom had their shelves filled with what had been hard-to-get electrical wires and cables. That represented a great tonnage too.

And when the fear of a recession arose, it spread like wildfire, and all of these customers of copper fabricators either canceled orders or held up shipments. They began to live off their inventories. And they could live off them for many weeks—which they did.

Today—and for the last few weeks—the trend is changing. Our customers are reordering and demanding prompt shipment, proving that their inventories are depleted. This means a pick-up in fabricators' business and the resulting increase in demand for copper. And that increase, Senator, in my estimation, will make the demand far exceed the domestic production. Therefore, a tariff—any tariff—no matter how small—will definitely effectuate a shortage of copper in this country, causing loss of work among employees of copper fabricators. Such a shortage will further depress the economy of this country when we want, above all, to increase the tempo.

Senator, this country needs more copper than it can produce.

Very truly yours,

W. E. SPRACKLING, *Executive Vice President.*

ANACONDA WIRE & CABLE CO.,
Anderson 11, Ind., August 9, 1949.

Hon. WALTER F. GEORGE,
United States Senate, Washington, D. C.

DEAR SENATOR GEORGE: I am naturally interested in the proposal now before the Senate Finance Committee for reimposing an import tax of 2 cents per pound on copper. We have devoted considerable study to the supply and demand of copper and our figures show the available domestic copper production is insufficient to supply our country's normal requirements. It is therefore necessary to import a substantial tonnage of foreign copper to supply the deficit.

I believe that a copper import tax would effectively stop such imports and the country would be faced with another copper shortage. Such a copper shortage would result in serious unemployment at our mill as well as in the mills of other copper fabricators and would hurt both labor and general business conditions. I therefore respectfully request you to give the most serious consideration to these factors and vote against any reimposition of the copper tariff.

Respectfully yours,

R. E. WOLFORD, *Mill Manager.*

ANACONDA WIRE & CABLE CO.,
Hastings on Hudson, N. Y., August 10, 1949.

Hon. WALTER F. GEORGE.
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: You have before you a proposal to reimpose import tax of 2 cents per pound on copper. Our studies on the availability of domestic copper production prove that it is insufficient to meet the country's normal requirements. We therefore find that a substantial tonnage of foreign copper is necessary to supply the deficiency.

If this copper import tax is reimposed, our country will again be faced with another copper shortage. It will definitely result in widespread unemployment in mills of copper fabricators.

We therefore urge you to vote against the reimposition of this copper tariff.

Yours very truly,

ANACONDA WIRE & CABLE CO.,
H. F. ORMEROD, *Manager, Hastings Mill.*

ANACONDA WIRE & CABLE CO.,
Sycamore 1, Ill., August 9, 1949.

The Honorable WALTER F. GEORGE,
Care of Senate Office Building, Washington, D. C.

DEAR SENATOR GEORGE: It is my understanding that the Senate Finance Committee is currently considering a proposal to reimpose an import tax of 2 cents per pound on copper. With a substantial tonnage of foreign copper needed to augment the available domestic copper production to meet the country's normal requirements, I seriously question the wisdom in reimposing a tax which will certainly effectively block these copper imports and soon create another shortage of this base metal. Certainly, all copper fabricators can anticipate production curtailment and the resultant widespread unemployment if this additional tax is reimposed.

I sincerely urge you therefore, to give the matter the very serious consideration it deserves and fervently hope that you will vote against this measure which would have a far-reaching detrimental effect on a substantial part of copper industry.

Yours very truly,

ANACONDA WIRE & CABLE CO.,
CHAS. B. TOWNSEND, *Manager, Sycamore Mill.*

THE ANSONIA ELECTRICAL CO.,
Ansonia, Conn., August 12, 1949.

Hon. WALTER F. GEORGE,
United States Senate, Washington, D. C.

DEAR SIR: It is my understanding that you have before you for consideration in the Senate Finance Committee a bill to revive the import tariff law on raw copper, and it is our opinion that to reinstate this tariff at this time will not be in the best interest of either ourselves or any of the rest of the wire and cable industry.

We believe this to be so because we feel that under normal copper tonnage consumption our own country's mines cannot produce sufficient quantity of ore to meet the demand. Further, any tariff imposition at this time will of course automatically raise the cost of copper, at a time when the wire and industry certainly is having a terrific battle to obtain the business at prices based on the current 17⅝-cent copper price.

We, therefore, urge you to do everything in your power to discourage passage of any bill of this kind at the present time.

Yours very truly,

ALDEN P. LUNT, *Executive Vice President.*

ARIZONA COPPER TARIFF BOARD,
Phoenix, Airz., July 14, 1949.

Subject: S. 2022. Repeal of Public Law 33, Eighty-first Congress, Suspending Copper Import Tax.

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR GEORGE: Pending before the Senate Finance Committee, of which you are chairman, is S. 2022 jointly introduced by Senators McFarland and Hayden, of Arizona; McCarran and Malone, of Nevada; Thomas and Watkins, of Utah; Anderson and Chavez, of New Mexico; Johnson of Colorado; Ferguson of Michigan, and Aiken, of Vermont; that has for its purpose the repeal, of Public Law 33 of the Eighty-first Congress which law "suspended certain import taxes on copper." On behalf of the people of Arizona we are writing this letter in support of this pending bill and respectfully ask your favorable consideration of the proposed legislation which vitally affects not only the people of this State but also the people of all of the copper-producing States.

Enclosed is a statement regarding the need for reestablishment of the copper import tax submitted in support of the proposed measures and which is based upon statistics and information obtained from authoritative sources. It shows the oversupply copper situation in the United States and the need for the passage of the sponsored bills if full employment is again to be enjoyed in the copper-producing districts of this country.

When Public Law 33, providing for the suspension of import taxes on copper, was under consideration by the Eighty-first Congress, there existed in this country a shortage of that metal which condition was expected to continue for an unforeseeable period of time. Accordingly, to care for this deficiency and until domestic copper production was again adequate to meet the domestic demands and requirements, the importation of foreign copper free of duty was deemed necessary. Such were the reasons advanced in the House and Senate reports on this legislation and served as a basis for its enactment.

In the brief period intervening since last March, the date of the passage of the suspension statute, the copper picture in this country has completely reversed itself. The forecasted shortage or deficiency of metal has failed to continue. Not only is the country back in balance again as between domestic production and consumption, but it is now found that domestically produced copper greatly exceeds domestic demand which condition is expected to continue and therefore foreign importation of duty-free copper is no longer necessary.

The enclosed statement shows in detail the official trade figures covering domestic supply, net imports, and domestic deliveries, including copper delivered for stock-piling purposes. You will note that the total domestic production—primary and secondary—far exceeds deliveries and the stocks of copper in producers' hands are rapidly accumulating to the serious detriment of copper mining and the employment in that field of industry. The influx of foreign copper adds to this already oversupplied market and consequently contributes in no small part to the closing of the domestic copper mines and the resulting unemployment.

Because of this over supply of copper, during the past 90 days many copper mines located in the copper-producing sections of this country have completely closed, adding greatly to the unemployment problem. Other copper mines, while still operating, are doing so on a curtailed basis which has resulted in a substantial cut-back in the take-home pay of those fortunate enough to still have jobs. The impact of the depressed copper situation has been felt in all of the copper-mining States and particularly in the following-named States which produce more than 95 percent of the entire copper-mine output of the United States;

Michigan: A complete shut-down of all copper-producing mines has occurred in this State with a loss of employment to over 2,000 men engaged in that industry, and with disastrous effect on communities and districts dependent on the continued operation of the copper mines.

Montana: In the Butte district, which is the largest copper-producing center of the State, several of the copper mines have already completely suspended operations. This includes the closing of the large-scale Kelly shaft operations which had for its end increasing substantially the copper production of the United States. The Montana mines still in operation have been placed on a 5-day-workweek basis resulting in a substantial cut-back of take-home pay by those still employed. In a like manner the suspension of the copper-mining operations, with resultant unemployment, has seriously affected business in Montana and particularly in the Butte district and districts wherein are located the reduction works dependent on mine production.

Nevada: The largest producer of copper in Nevada is the Nevada unit of the Kennecott Copper Co. located at Ruth. This property has been placed on a 5-day-workweek basis with cuts in take-home pay of the employees. The second largest copper producer of this State is Consolidated Copper Mines which has closed its underground operations, thereby reducing its production of copper approximately 50 percent and releasing from employment a substantial number of men.

New Mexico: The Chino unit of the Kennecott Copper Co., the largest copper producer in this State, located at Santa Rita, has reduced operations to a 5-day-workweek basis and in like manner has cut the take-home pay of its employees. Also, many of the small copper mines have closed completely. On June 20 the New Mexico Mine and Prospectors Association announced that production in that State of copper, lead, and zinc has dropped 30 percent with a loss of employment of more than 500 men.

Utah: The largest copper-producing mine in the United States is the Utah unit of the Kennecott Copper Co. located at Bingham Canyon. This property has been placed on a 5-day-workweek basis resulting in a substantial cut in the take-home pay of its employees. In addition many of the small properties located in Utah producing copper, lead, and zinc have completely suspended operations in total.

Arizona: The mines of Arizona produce more copper than is produced in any other State of the Union and as a consequence this State has been hardest hit by reason of the depressed copper market. The Copper Queen mine at Bisbee has completely closed copper production which has resulted in the laying off of several hundred men. Due to the suspension of this operation, the smelter at Douglas dependent on the Bisbee mines for smelting charge has been forced to curtail and lay off several hundred employees. Inspiration Consolidated Copper Co. located at Inspiration, Ariz., has cut production and released several hundred men from employment. Similarly, the Bagdad Copper Co., operating at Bagdad, has cut some of its employees to a lesser degree. Phelps Dodge Corp. has reduced its operations at Morenci and Ajo to a 5-day-workweek basis with resultant cut in take-home pay. The same is true of the Kennecott unit at Ray, Ariz. Likewise Miami Copper Co. and Castledome Copper Co., Inc., operating at Miami, Ariz., have gone on a 5-day-workweek basis. Inspiration and Consolidated Copper Co., above-mentioned, have placed the men still in their employ on a 5-day-workweek basis. These curtailments have, of course, resulted in a serious cut-back in take-home pay.

The closing of some of the mines and the curtailing operations of others has had a serious effect on the employment problem in Arizona since copper mining is the State's basic industry.

The tax picture of the State and political subdivisions has been seriously dislocated because of the cut in sales, income, and property taxes normally paid by producing mines when in operation. These taxes take care of a substantial part of the expenses incurred in carrying on the State government, the local government, and the schools. The State tax commission has already announced that the State government alone will lose over $5,000,000 income from sales, income, and property taxes normally paid by the Arizona mines due to the shutdown and curtailment of mining operations.

The unemployment situation as it relates to the above-named States gives only a part of the disastrous effect of the closing of the copper mines. However, it shows concretely what has happened in the copper-producing States due to the oversupply of copper, which oversupply is now being augmented by the importation of foreign-produced metal.

The full copper requirements of this country are now more than adequately met by domestic production. As shown by the enclosed statement, the pent-up demand for copper which accumulated during the war years because of restricted civilian uses has been satisfied and this country again has leveled off to a normal consumptive market. The productive capacity of the domestic mines can more than meet domestic requirements as was clearly established in the years prior to the commencement of the war. Imported copper is no longer needed and its continued dumping into this country will prevent the copper industry returning again to full employment and operation.

Inasmuch as the purposes for which the suspension law was enacted have been more than satisfied, such law should be repealed. May we respectfully ask your aid in support of the bill pending before your committee providing for the repeal of this law known as Public Law 33. Such repeal is necessary if the people of the copper-mining districts are again to obtain employment and the copper communities returned to normal times and conditions.

The people of Arizona will be most grateful to you for your favorable consideration of this pending legislation.

Respectfully yours,

SAM. H. MORRIS, *Chairman.*

ATLAS SUPPLY CO., INC.,
Bronx, New York, N. Y., August 2, 1949.

Re Senate bill 2022.

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SENATOR: We herewith express our opposition to Senate bill 2022, as we believe it will be harmful to our economy.

Yours truly,

MAURICE MUSIKER.

THE BAHNSON CO.,
Winston-Salem, N. C., August 2, 1949.

Senator WALTER GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SENATOR GEORGE: It is our understanding that the Senate Finance Committee expects to hold hearings this Thursday on Senate bill No. 2022 which proposes the repeal of the present suspension of import duty on copper.

Our experience in the purchase of copper leads us to believe that it is inadvisable to repeal this suspension of import duty at this time. During the past few years, copper has been in very short supply and this necessitated the importation of copper as well as the operation of certain of the high-cost mines. It is realized that the demand for copper during the past several months has been at a low ebb; however, indications are that users are again in the market to purchase copper after having liquidated certain stocks. This has been evidenced by recent increases of 1⅝ cents per pound in the price of copper following a drop of 7½ cents per pound.

Unless the membership of the Senate Finance Committee feels that there is going to be a continued decline and a serious recession, we do not believe that the import duty of 4 cents per pound should be placed back on imported copper for if the general economy levels off we believe that the user demand for copper will remain at a substantial level and will require the importation of certain tonnage for some little time.

It might be pointed out that export markets for equipment manufactured in this country are already declining and if we are to maintain export markets we must indulge in free trade where it does not produce any hardship on our own labor. For an example, we understand that the national income of Chile was reduced by approximately 10 percent with the recent drop in copper prices. This of course means that they have less purchasing power for equipment manufactured in this country and placing an import duty on Chilean copper would not increase their purchasing power in any way and would in our estimation result mainly in higher prices to copper users, and subsequently higher prices on exports for we do not believe that the domestic production would be sufficient to meet demands.

In view of the above, we strongly urge that the situation be left as is so that a free and open market is maintained. Should conditions become such that an import duty be necessary to protect the labor in this country, we would be wholeheartedly in agreement.

Yours very truly,

AGNEW H. BAHNSON, Jr., *President.*

MIDLAND PARK, N. J., *August 11, 1949.*

Senator WALTER F. GEORGE,
Senate Building, Washington, D. C.

(Subject: Tariff on Copper.)

DEAR MR. SENATOR: I received a letter from the Revere Copper & Brass, Inc., this morning asking that I write you protesting against the proposed tariff of 4 cents a pound on copper. Ordinarily I would never write a letter at someone else's instigation, but I have always felt that the less tariff we have the better, and if it is true that our own reserves of copper are not limitless, it would seem to me that it would be all the more reason to allow a favorable set-up for importers of copper.

Yours truly,

JACOB BAKKER.

L. BIELER & SONS, INC.,
Long Island City 1, N. Y., August 2, 1949.

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.

DEAR SENATOR: Referring to Senate bill 2022 with reference to the 4-cent tariff on copper, after reviewing this proposition from various angles, we strongly oppose the passage of this bill.

Very truly yours,

L. BIELER, *President.*

BLACKMAN PLUMBING SUPPLY CO., INC.,
Flushing, N. Y., August 2, 1949.

Senator WALTER F. GEORGE,
Chairman of the Senate Finance Committee.

SIR: We should like to express our opposition to Senate bill 2022, since we believe it will be detrimental to our business.

Very truly yours,

SAMUEL E. BLACKMAN, *President.*

BLAKE MANUFACTURING CORP.,
Clinton, Mass., August 10, 1949.

Senator WALTER F. GEORGE,
Senate Finance Committee, Washington, D. C.

MY DEAR SENATOR: It is our opinion as large users of copper products that the import duty on copper should not be reimposed. We manufacture large quantities of hand flashlight cases which use copper alloy. The products which we manufacture are distributed widely throughout the United States, Canada, and other countries.

Until the recent reduction in copper it was becoming difficult to sell our product due to the high cost. We feel that now the price of copper has been somewhat reduced we will find a better market for our products as we have reduced our selling price accordingly.

It seems to us that it is to the best interest of all industry using copper alloy and for the country generally that imported copper from South American countries should not have a high import duty.

As we understand it, the proposed Senate bill No. 2022 would repeal the present suspension of import duty and this would undoubtedly influence price of copper here in this country, possibly sending it to levels where in many instances it becomes impossible to use it and still sell the product.

Very truly yours,

W. J. OFFICER, *Vice President.*

THE C. L. CARR CO., INC.,
Batavia, N. Y., August 12, 1949.

Re bill No. 2022

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR GEORGE: Word has reached us that your committee is considering the above bill which would raise the duty on copper. While we do not profess to know all the "pros and cons" we feel that such a bill is contrary to the best interests of the general public. We believe that this bill should be defeated.

It will most certainly raise the prices of everything made of copper. But we think this is not nearly as important as it is to conserve the limited copper reserves which this country possesses. Further this country should take no action which would restrict the importation of such goods and materials as the rest of the world is able to sell us at reasonable prices. Only in this way can they pay for the things which we want to sell them. The only alternate is to give our goods away and this we have done too much already except that we have little choice. Let's not discourage them altogether. The welfare of the Nation should come ahead of the selfish interests of any group. Again we urge you to defeat this bill.

Yours truly,

R. W. CARR.

CHICAGO METAL HOSE CORP.,
Maywood, Ill., August 8, 1949.

The Honorable WALTER F. GEORGE,
Senate Office Building, Washington, D. C.

DEAR SIR: As a user of copper products in the manufacture of our products, we ask you to oppose Senate bill 2022.

Senate bill 2022 proposes repeal of present suspension of import duty of copper. This would undoubtedly result in an increase in the price. New uses for copper as well as the established markets require the maintenance of a price competitive with other materials. The American economy and the national defense have required foreign copper in the past and will require it in the future. At a time when the objective is to reestablish the economy on the basis of lower and less inflated prices, we are opposed to any measures that may result in higher prices for basic commodities.

Yours very truly,

R. RAYMOND MULLER, *Secretary-Treasurer.*

COLE HERSEE CO.,
Boston 27, Mass., August 11, 1949.

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: It has come to the attention of the writer that the Senate Finance Committee is considering the question of import tax on copper, and that bill No. 2022 has been sponsored to repeal the present suspension on this import duty.

We wish to register our protest against this bill, because the imposition of this tariff is inflationary and, if this import duty is placed back on copper, a direct result would be higher prices on copper and copper goods and also in the allied industries of brass and brass mill products.

It has been proven in the past that the consumption of copper in this country far exceeds the domestic output of copper and we are, therefore, dependent on imported copper to maintain our economy. It has also been proven in the past that when the price of imported copper is higher than the domestic grade, inevitably the domestic price of copper rises to meet this imported price.

Will you, therefore, please consider that we are definitely opposed to the repeal of the present suspension of the import duty on foreign copper?

Very truly yours,

COLE HERSEE CO.,
J. J. BURNS, *Purchasing Agent.*

COLEMAN ELECTRICAL SUPPLY CO.,
Brooklyn 32, N. Y., August 3, 1949.

SENATOR WALTER F. GEORGE,
Washington, D. C.

DEAR SIR: We are greatly opposed to Senate bill 2022 with regard to placing a tariff on copper imports.

It is necessary that the price of copper be kept at a minimum in order to keep business and home building going.

Your efforts in defeating this bill will be appreciated.

Very truly yours,

P. COLEMAN.

COLUMBUS IRON WORKS CO.,
Columbus, Ga., August 9, 1949.

Hon. WALTER F. GEORGE,
United States Senate, Washington, D. C.

DEAR SENATOR: We have definite advice that your committee is seriously considering a proposal to reimpose an import tax of 2 cents per pound on copper.

We do not believe that copper available from domestic production is sufficient to take care of the normal requirements in this country. If that is a fact it naturally means that the 2 cents per pound suggested would have to be applied on copper that is highly necessary to make up the difference between what we can produce and what we can actually consume. This would bring about an unjustifiable burden and for that reason we hope that you will give the matter your most serious consideration before voting for the tax.

Thanks

Very truly yours,

E. S. WADDELL, *President.*

C. G. CONN, LTD.,
Elkhart, Ind., August 11, 1949.

Hon. WALTER F. GEORGE,
Senate Office Building, Washington, D. C.

DEAR SENATOR GEORGE: We are very much interested in the matter before your committee in regard to the possibility of reimposing the import tax on copper.

It seems to the writer from a long-range view that it would not be advisable to collect a tax on this material for several reasons among which are the following:

1. It is necessary for us to import various items so that we can have international trade to help stimulate world peace and our good neighbor policy.

2. There seems to be a definite shortage of copper in this country for the domestic requirements without taking into consideration the Government stock piling.

3. To import raw material that can be fabricated into finished products by using our labor will help to alleviate the unemployment situation which is facing this country at the present time.

We would, therefore, recommend that no import tax be collected on copper at this time and would appreciate your consideration of this matter.

Yours very truly,

C. T. BOYNTON,
Secretary.

AUGUST 9, 1949.

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: I heartily endorse the efforts, in print, in correspondence with proponents and Members of Congress, and in personal appearances before congressional committees, of the thoughtful earnest opponents of Senate bill 2022, reportedly passed by the House and now pending before the Senate Finance Committee. Please, therefore, record my endorsement with other opponent evidence, which I expect will be cumulatively convincing of the desirability of voting "no" on the bill.

Respectfully,

CHAS. S. COOK.

COUNTY SUPPLY, INC.,
NORWALK, CONN., *August 9, 1949.*

SENATOR W. F. GEORGE,
Senate Finance Committee, Washington, D. C.

DEAR SENATOR: In regards to the 4 cent tariff bill on copper, we are opposed to that tariff being imposed on copper as it will greatly influence the cost of copper to the ultimate consumer.

We are in the plumbing business and we know our particular products would be greatly increased in price because of the fact that copper tubing is being used for water mains in the street, water piping in the house, piping for hot water heating systems, piping for radiant heat and piping for drainage and soil pipe, all of which naturally include the fittings necessary for assembling the piping which are naturally made of a copper base.

You readily can see that this may defer a lot of private home building as well as cutting down the total amount of public home building.

Very truly yours,

E. R. SCHULTE,
Vice President and Manager.

DOBBIN METAL STRIP MANUFACTURING CO.,
Chicago, Ill., August 12, 1949.

Hon. WALTER F. GEORGE,
Senate Office Building, Washington, D. C.

DEAR SIR: Senate bill 2022 proposes repeal of present suspension of import duty of copper. This would undoubtedly result in an increase in the price. New uses for copper as well as the established markets require the maintenance of a price competitive with other materials. The American economy and the national defense have required foreign copper in the past and will require it in the future. At a time when the objective is to reestablish the economy on the basis of lower and less inflated prices, we are opposed to any measures that may result in higher prices for basic commodities.

Yours very truly,

ALBERT CEYS, *Vice President.*

EAGLE ELECTRIC MANUFACTURING CO., INC.,
Long Island City 1, N. Y., August 8, 1949.

Hon. SENATOR WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.

HONORABLE SIR: Recently Senate bill 2022 has been introduced as an amendment to copper tariff bill H. R. 5327.

As president of a company which uses almost exclusively nonferrous products in the manufacture of over 1,100 articles, I wish to voice my opposition to Senate bill 2022. We are in competition in world markets with a number of foreign countries in our electrical field. It is therefore essential that we buy our nonferrous metals as cheaply as possible in order to be able to somewhat meet this competition.

Respectfully yours,

LOUIS LUDWIG, *President.*

INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS,
Sycamore, Ill., August 9, 1949.

Hon. WALTER F. GEORGE,
Senate Office Building, Washington, D. C.

DEAR SENATOR GEORGE: A. F. L. Local No. 1543, of the International Brotherhood of Electrical Workers urges your vote against the proposal now before the Senate Finance Committee to reimpose a 2-cent-per-pound import tax on copper.

With available domestic copper production inadequate for the normal demand, foreign copper must be imported to meet the deficiency and keep the copper fabricating plants operating at current levels. Any further tax on copper imports will effectively stop this source to supply with resultant shortages and increased unemployment for workers associated with this type of industry.

By your action against this proposed tax increase on copper imports, we can be assured of your interest in the welfare of American labor.

Yours very truly,

RAY F. FOSTER,
President, Local No. 1548.

LOMBARD, ILL., *August 9, 1949.*

Senator WALTER F. GEORGE,
Senate Office Building, Washington, D. C.

DEAR SIR: Senate bill 2022 which proposes to repeal the present suspension of import duty on copper is before your Committee for consideration.

It is my opinion that if this bill is passed the price of copper would be increased which certainly won't help the economical condition in our country. Stabilization of price is a necessity in our economical structure and if the price of copper is increased producers of this metal will be priced out of business.

I sincerely hope that you will do everything in your power so that this bill will not be passed.

Yours very truly,

W. A. FRANTES.

FREER AND SMITH,
Clifton, N. J., August 8, 1949.

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SENATOR: May we urge your opposition to Senate bill 2022, with reference to tariffs on copper?

We feel that it is detrimental to our industry, and to economic conditions in general.

Your cooperation will be appreciated.

Sincerely,

HAROLD A. FREER.

THE G & O MANUFACTURING CO.,
New Haven 8, Conn., August 5, 1949.

Subject: Copper tariff, Senate bill 2022

Honorable Members of the Senate Finance Committee:

Copper is the principal metal which we use in the manufacture of our products and we, therefore, try to keep ourselves fully advised as to conditions affecting its availability, price, etc. Based on such information as we have, we do not think it is in the general interest to reimpose an import tariff of any amount on copper at this time and are, therefore, opposed to Senate bill 2022.

We believe it has been demonstrated definitely in recent years that our domestic production of copper is not sufficient to meet what might be termed normal present demands. For that reason, we feel it is very necessary to keep an adequate supply open from other copper producing countries.

It is true that the over-all demand for copper in this country has, in recent months, dropped very drastically. That situation, however, has improved as evidenced by the fact that the price rebounded from a low of 16 cents to the present 17 5/8 cents price. In our opinion, it would take very little additional demand to further strengthen the price and there is considerable evidence that this increased demand is near at hand.

We hope you can see your way clear to reporting unfavorably on the subject bill.

Yours very truly,

CHARLES OPPE, *Treasurer.*

GENERAL BRONZE CORP.,
Garden City, N. Y., August 5, 1949.

Hon. WALTER H. GEORGE,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: Our attention is called to the amendment covered by Senate bill 2022 with respect to H. R. 5327 which is concerned with the tariff on copper content of scrap imports.

We are informed that this amendment, which the Senate has under consideration, would have the effect of reinstating the former import duty on copper metal generally.

Our business has been affected adversely by the high cost of brass, bronze, and copper alloys. It has had the effect of raising our manufacturing costs to a point where they cannot be kept competitive.

We, therefore, view with concern the possibility of any increase in our material costs due to imposition of import duties, and we shall appreciate your using your influence to prevent passage of this legislation.

Very truly yours,

H. MEYER,
Director of Purchases.

GENERAL ELECTRIC CO.,
Schenectady 5, N. Y., August 2, 1949.

Hon. WALTER F. GEORGE,
Senate Committee on Finance,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR GEORGE: We understand that you will conduct hearings August 4 on a proposal to repeal the law now in effect which suspends the import tax on copper until June 30, 1950. We feel that any such action would be a serious mistake.

It is true that sales of new copper fell off in the second quarter of this year, but July sales far exceeded those in June, and August sales will reflect a renewed and possibly greater increase. The most important fact is that the rate of consumption of copper by the consuming industries continued throughout the second quarter at almost the same rate as prevailed in the first quarter. You can see that what really has happened is that consumers have been working off large accumulated inventories, but this process in a great many instances has already been arrested. You can realize this must be the fact because after reaching a low of 16 cents per pound, copper prices have advanced again until copper is now selling at 17 5/8 cents per pound.

Assurances of continued and adequate supplies of copper are vital to long-range production planning. With a resumption of business activity, accumulated producers' stocks can readily be absorbed in the vast American market.

As our industry is one of the largest in the electrical field, you can understand that our experience in the copper-buying market is reasonably entitled to some weight. We feel that the views we voice are widely shared in the copper-consuming industry of the United States.

We respectfully urge that your committee defer action looking to repeal of the suspension of the import tax until you have received a clear picture based on operations throughout the entire year.

Very truly yours,

H. L. ERLICHER, *Vice President.*

WILLIAM L. GILBERT CLOCK CORP.,
WINSTED, CONN., *August 11, 1949.*

Hon. WALTER F. GEORGE,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR GEORGE: We have noticed that the pressure is again on to add an import duty of 2 cents to the price of copper. I hope that you and your interested colleagues will use every effort to prevent such an added tax being placed at this time.

It seems very much out of order in the present chaotic state that small business finds itself, in that this subsidy should be paid to one interest.

Brass represents a third of the material cost entering into the manufacture of a clock and brass, as you know, represents anywhere from 66⅔ to 70 percent copper. This would have a disastrous effect on the cost of producing a clock that is facing severe competition at the present time with business off approximately 50 percent.

We appreciate that this is only a small matter confronting you at this time; it is, however, very important to small industries such as ourselves and we will certainly appreciate every effort that you can place against such a tax being reimposed.

Very truly yours,

P. HEYMANN.

W. R. GRACE & CO.,
New York 5, N. Y., August 4, 1949.

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR GEORGE: In connection with current hearings by your committee, we respectfully submit that in our opinion the present, somewhat frantic, demands on the part of some interests for the immediate reimposition of a 2 cents per pound excise tax on copper imports are not in accord with the best interests of this Nation. A hasty repeal of Public Law 33 (81st Cong.) would not only be contrary to our avowed policy of promoting a higher volume of world trade but would also be detrimental, at this time, to our own economy.

We should like to call attention to the fact that the United States, for strategic as well as normal industrial uses, must import a portion of its copper requirements. There is no question here of favoring a foreign product to the exclusion of the domestic, but rather one of supplementing our own copper output with that of the same friendly nations which provided large tonnages at reasonable prices during the war years.

As the world's largest copper producer we provide about one-third of the total world supply; as the largest consumer we use about one-half the total world production. Domestic mine production is about 900,000 tons a year; consumption has been running at about 1,645,000 tons according to the 1946-48 averages compiled by the United States Tariff Commission. Some of that differential has been made up by scrap, but a part has been furnished in recent years by Chile, Peru, Mexico, and Canada, with Chile by far the largest single supplier.

As late as February of this year your committee conducted hearings on the advisability of continuing to permit the import of copper without payment of the 2 cents per pound excise tax. It was the opinion of the Congress, at that time, that the reimposition of this tax was not necessary. Since then there has been a sharp drop in the volume of purchases and the price of copper as revealed by statistics recently released by the Tariff Commission. This temporarily decreased demand has given impetus to requests that the excise tax be reimposed immediately. We submit that to do so now, without deep and serious considerations of both the immediate and long-range effects, and in response to what may well prove to be a purely temporary condition of the copper market, would be ill-advised.

The decreased purchases of copper in the first, and more particularly in the second, quarter of 1949, reflect, we feel, an inventory condition which has not previously prevailed in recent years. With inventories at a high level copper consumers were slow in placing orders. This attitude, we submit, was not confined to purchasers of copper but was common to a majority of commodity buyers during the first half of 1949. These 6 months were a period of readjustment reflecting the end of the sellers' market in most fields and a period of reappraisal of future prospects.

More than 75 percent of all the copper consumed in this country goes into the manufacture of wire, electric generators and motors, automobiles, and building construction. Most of those industries are still producing at a high rate and, unless this country should be plunged into a severe depression, will continue to consume large quantities of copper. To burden these, and other copper-consuming industries, with an artificially increased price would not appear to be in the best interests of our economy.

The Chilean Government has expressed its concern over the possible reimposition of the 2-cent tax. Although it is our belief that some Chilean copper will continue to find its way into the United States domestic market even though the tax be revived, any decrease in Chilean exports will pose a serious economic problem for that nation. Chile is already short of dollars. Her foreign exchange budget for 1949 contemplated that 40 percent of her foreign exchange or about $117,000,000 would be produced by copper exports. Every dollar which accrues to Chile through the sale of this mineral is ultimately, and in most cases immediately, used for the purchase of United States goods.

In addition to the adverse economic effect that the renewed application of the excise tax might cause, there would be a psychological effect of more than minor proportions. This Nation, after careful analysis of the economic and exchange situations prevailing in most of the other nations of the world, has firmly asserted its intention to do all things in its power, providing other nations indicate a willingness to reciprocate, to increase the total volume of world trade. If we now rush to reimpose the excise tax on Chile's most valuable export item and on an important dollar exchange producer for Peru, Mexico, and Canada as well, we will have taken a grave step backward. In many respects it would be tantamount to serving notice that we have no desire to buy in foreign markets even though we realize that our payments are immediately used for purchases of the goods we manufacture. Those nations which helped provide the copper which we needed so desperately during the war may, not illogically, consider that they are being poorly repaid for their wartime cooperation; and we may need their help again.

The Munitions Board has placed copper in its group 1 a of strategic and critical materials. This group is comprised of materials "for which stock piling is deemed necessary to insure an adequate supply for a future emergency." Prudence would appear to dictate a policy which will aid in preserving easily accessible foreign sources of this important strategic material.

Chile, with 40 percent of her expected dollar income deriving from copper sales, faces an economic crisis of a most serious order. If Chile's position, already prejudiced by the drop in the copper price, is further prejudiced by the reimposition of the tax in question, we will be striking a severe blow to the economy of this, friendly nation.

We respectfully urge consideration of the points of view expressed above and hope that they will aid your committee in reaching a decision favorable to the continued suspension of the excise tax on copper.

Respectfully yours,

W. R. GRACE & CO.,
ANDREW B. SHEA, *Vice President.*

HALSTEAD & MITCHELL,
Pittsburgh, Pa., August 9, 1949.

Hon. WALTER F. GEORGE,
Senate Finance Committee, Washington, D. C.

DEAR SIR: As a user of substantial quantities of copper tubing, we should like to bring to your attention our strong opposition to the establishment of the proposed tariff on imported copper.

Our suppliers have indicated to us that their operations require considerable amounts of imported copper due to the fact that domestic sources have been unable to supply their full requirements.

Accordingly, it is evident that the imposition of the proposed tariff would serve merely to increase the cost of copper to users, such as ourselves, and this increased cost would ultimately be passed on to the consumer.

We do not believe your committee would knowingly bring about an unnecessary price increase, and we trust that you will find sufficient evidence available to convince you of the inadvisability of imposing the proposed tariff.

Very truly yours,

W. R. SCHWARZ.

ILLINOIS MANUFACTURERS' ASSOCIATION,
Chicago 3, August 4, 1949.

Re Copper Import Duty (S. B. 2022).

Senator WALTER F. GEORGE,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: A number of the industries in Illinois have called our attention to the above legislation now pending consideration before the Senate Finance Committee. This bill would repeal the present suspension of the import duty on copper. Our inquiries indicate that the results of such suspension would be an immediate, and probably substantial, increase in the cost of copper to Illinois consumers.

New uses for copper as well as the established markets require the maintenance of a price competitive with other materials. The American economy and the national defense have required foreign copper in the past and will require it in the future. At a time when the objective is to reestablish the economy on the basis of lower and less inflated prices, we believe that the imposition of an import duty on copper would be particularly unwise. Our inquiries also indicate that removal of this tariff suspension will not result in putting additional miners back to work.

With assurances of our gratitude for your consideration of our views on this subject, and with kind regards, I am,

Cordially,

JAMES L. DONNELLY,
Executive Vice President.

STUART C. IRBY CO.,
Jackson, Miss., August 12, 1949.

Subject: Proposed import tax on copper.

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.

DEAR SIR: We are large users of copper, mostly for resale to the electric cooperatives. We, of course, would have to pass on any increase in copper prices to our customers and this would finally be paid by the farmers who are building the rural electric lines with money borrowed from the Rural Electrification Administration.

We hope that you can devise other methods of raising revenue rather than this import tax, and especialy hope that the expenses of the Government can be reduced.

I want to congratulate you for your part in enacting the reorganization bill which was a splendid step toward economy in the Government.

Yours very truly,

STUART C. IRBY.

CITY COMMISSION OF THE CITY OF JACKSONVILLE,
Jacksonville, Fla., August 10, 1949.

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: The City Commission of the City of Jacksonville, Fla., understands that the Senate Finance Committee is considering a proposal to reimpose an import tax of 2 cents per pound on copper.

As you may know, the city of Jacksonville operates its own electric-light plant and other utilities, which are presently engaged in a long range program of expansion, using a large quantity of copper.

Our commission is fearful that the available domestic copper production is insufficient to supply the country's normal requirements. This would mean that a substantial tonnage of foreign copper is necessary to meet all of the country's needs.

With these thoughts in mind, the commission feels that a copper import tax may well stop such imports, with the result that the country would soon be faced with another copper shortage.

In the light of these contentions, the City Commission of the City of Jacksonville, Fla., respectfully urges you and the other members of your honorable committee to reject the proposal to reimpose the import tax on copper, and will be grateful for your favorable action on the request.

Yours very truly,

EARLE E. JONES,
Secretary, City Commission.

GEORGE KELLER COPPER WORKS,
Brooklyn 6, N. Y., August 2, 1949.

Senator WALTER F. GEORGE,
Senate Finance Committee, Washington, D. C.

DEAR SENATOR GEORGE: We oppose Senate bill No. 2022.
Continued suspension of copper import duty vital to our business.

Yours very truly,

JOSEPH KELLER.

KENTUCKY MINE SUPPLY CO., INC.,
Harlan, Ky., August 12, 1949.

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

SIR: We understand that the Senate Finance Committee is considering proposal to reimpose an import tax of 2 cents per pound on copper.

It is our understanding from reliable sources that the available domestic copper production is insufficient to supply the country's requirements and, therefore, substantial tonnage of foreign copper is necessary to supply the deficiency.

We believe the copper import tax would practically stop such imports and the country would be faced with another copper shortage or substantial increases in price. Either would be bad for our economy, and we urge you to use your influence against reimposition of the copper tariff.

Most sincerely yours,

J. G. ERWIN, *President.*

KEYSTONE CHROMIUM CORP.,
Buffalo 13, N. Y., August 9, 1949.

SENATE FINANCE COMMITTEE,
Senate Office Building, Washington, D. C.

(Attention: Senator Walter F. George, chairman.)

DEAR SIRS: It has come to the writer's attention that your committee is considering reimposing a 2 cents per pound tax on copper imports. We are of the opinion that it would not only be a disservice to the country at large, but would also contribute much toward increasing the price of commodities using quantities of copper. Inasmuch as the domestic supply of copper available would not be sufficient to meet emergency demands, we feel that large quantities of copper should be allowed to enter this country duty free, even if it is necessary for the Government to stock-pile this vital material.

We trust that in view of the above facts, you will not reimpose the contemplated import duty.

Very truly yours,

J. LAWRENCE OSBORNE.

PITTSBURGH, PA., *August 11, 1949.*

Hon. WALTER F. GEORGE,
United States Senate, Washington, D. C.

SIR: It has been stated that the domestic copper production is insufficient to supply the country's normal requirements and, therefore, foreign copper importation is essential to supply the deficiency.

Your vote against any importation tax on copper is respectfully requested

Very truly yours,

R. D. KING.

KNOWLES-FISHER CORP.,
Gowanda, N. Y., August 2, 1949.

Hon. WALTER GEORGE,
United States Senate, Washington, D. C.

DEAR SIR: It is our understanding that Senate bill 2022, calling for a \$0.04 per pound tariff on copper is being considered as an amendment to copper tariff bill H. R. 5327. As this would raise the price of copper \$0.04 per pound, we do not think it advisable.

During the period when copper prices were high, we found that many copper products were priced out of the market. With recent decrease in the copper market, they came back and we are getting a fair volume again. We, therefore, do not like to see the price of copper go up again.

Our largest volume in brass and copper is in valves and plumbing supplies.

Respectfully yours,

C. E. KNOWLES.

SAMUEL LEVINE,
New York, N. Y., August 3, 1949.

Subject: Senate bill 2022, tariff on copper.

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Building, Washington, D. C.

DEAR SIR: We understand that Senate bill 2022 proposes to reimpose a tariff on imports of copper.

We oppose such a tariff on the following grounds:

1. The copper industry of the United States is not an "infant industry" and does not require tariff protection.

2. The revenue that might accrue to the United States Treasury would be insignificant compared to the increased cost of copper products to the American consumer.

3. We therefore believe that imposing the proposed tariff would be the equivalent of taking money from the pockets of the American consumer and placing it in the private treasuries of the American copper producers.

Very truly yours,

SAMUEL LEVINE.

LONG MANUFACTURING DIVISION,
BORG-WARNER CORP.,
Detroit, Mich., August 12, 1949.

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
The Senate, Washington, D. C.

MY DEAR SENATOR GEORGE: In the manufacture of automobile radiators and various types of cooling systems we use a considerable tonnage of copper.

We do not think the import duty should be placed on copper at this time. It is necessary to purchase a portion of the copper requirements from foreign sources; therefore the import duty will increase the cost of our products to the consumer, which we believe to be very unwise during this period of increasing unemployment.

Your efforts to defeat the import duty at this time will be appreciated.

Respectfully,

R. B. SCOTT,
Purchasing Manager.

McDONALD ELECTRIC CO., INC.,
Miami, Fla., August 10, 1949.

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SIR: We have made a study of the copper situation and it is our firm belief that the domestic copper production is insufficient to supply the country's normal requirements, therefore, substantial tonnage of foreign copper is necessary to supply the deficiency and it is our understanding that there is some talk of imposing a 2-cent tax per pound on the importation of copper which would, in our opinion, stop or slow up very much the importation of copper and therefore cause a shortage which in turn would cause a rise in our own copper prices and start the ball rolling for higher prices which we are firmly opposed to. I think it is very important at this time that prices stay down instead of going up.

Trusting you will consider our angle in making any decision in this matter, we remain,

Sincerely yours,

R. S. McDONALD, *President.*

JOHN J. MEAD CO., INC.,
Sayville, Long Island, N. Y., August 8, 1949.

Senator WALTER F. GEORGE,
Washington, D. C.

DEAR SENATOR GEORGE: We are opposed to Senate bill No. 2022. We feel that this bill is detrimental to the best interests of our industry.

Trusting that we have your attention and consideration in this matter, and thanking you, we are,

Very truly yours,

GEORGE J. HUETHER, *Manager.*

METAL TEXTILE CORP.,
Roselle, N. J., August 8, 1949.

Hon. WALTER F. GEORGE,
Chairman, Senate Committee on Finance,
Senate Office Building, Washington, D. C.

DEAR SIR: There have been several reports in the press concerning the efforts of certain domestic copper interests toward the reimposition of a copper-import tax of 2 cents per pound. Since our particular business depends in a large measure on the availability of a plentiful copper supply and, since we feel very strongly that the national interest also lies along this same line, we want recorded with you our thoughts on this particular matter.

You are undoubtedly aware of the fact that during the past 2 or 3 months the domestic demand for copper has been at an extremely low figure. This is due primarily to the fact that buyers throughout the country have been working down their copper inventory at a time when they believe a lower price is in prospect, hoping for a lower replacement price. It is apparent to those close to the industry that this reduced consumption cannot long continue at the recent low rate.

If the tax were to be reimposed, it would virtually mean that all copper consumed within the United States would have to be produced from domestic sources because the 2-cent differential would be a premium that no American company would be prepared to pay. This would cause greatly accelerated depletion of an irreplaceable natural resource which has proven so extremely valuable in periods of war and military necessity. From this standpoint alone, if from no other, every effort should be made to stimulate importation of copper, because every ton thus imported will defer at least that much the depletion of our domestic supply of metal.

If an import tax is considered, exportation of the metal by domestic producers should be prohibited because by exporting the domestic metal, the domestic interests would bring about a stringency in the domestic copper market which would permit a raising of the base price of the metal under the protection of the import tax. We believe that in the importation of copper, which in coming to us would primarily be from South America, we can promote foreign trade with our hemispheric neighbors and, at the same time, preserve at least to some degree our dwindling natural resources in this metal.

As the domestic producers are driven to lower-grade ores, through depletion of the high-quality ores, the refining process will become both slower and more expensive, which will definitely work against the United States in the event of another national emergency.

We understand that you are conducting a hearing on bills proposing the reimposition of the aforementioned 2-cent-per-pound duty. We would respectfully request that this letter be included in the transcript of these hearings.

The writer would very much appreciate an expression from you of your ideas on this reimposition of the duty and would also very much appreciate any action you might take toward seeing that this reimposition of the copper-import tax does not take place.

Respectfully yours,

B. A. KINGMAN, *President.*

MILWAUKEE FLUSH VALVE CO.,
Milwaukee, Wis., August 11, 1949.

Subject: Senate bill No. 2022.

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee, Senate Office Building, Washington, D. C.

DEAR SIR: The principal raw material we use in the production of plumbing fixtures is brass ingot, rod, and tubing. The price of these materials is affected principally by the cost of copper. When copper increases in price then ingot, rod, and tubing increase which affects the price of plumbing fixtures and, in turn, the cost of housing.

If Senate bill No. 2022 is passed by the Congress it will very promptly cause price increases in plumbing goods which, we believe, should not increase in price under present conditions. We are attempting to keep prices low so as to encourage rather than discourage building activities.

We urge you to use your influence in defeating Senate bill No. 2022.

Yours very truly,

G. L. HARTMANN,
Vice President and General Manager.

CHARLES MUNDT & SONS,
Jersey City, N. J., August 2, 1949.

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.

MY DEAR SENATOR: Senate bill 2022 has been introduced as an amendment to copper tariff bill, H. R. 5327. The effect of this amendment will be a reimposition of import duty on foreign copper amounting to 4 cents per pound. We want to voice our vigorous objection to this amendment and ask that you do everything possible to prevent its passage.

Yours truly,

W. L. LIPPELGOES, *Secretary.*

CHICAGO, *August 11, 1949.*

Hon. WALTER F. GEORGE,
United States Senate, Washington, D. C.

DEAR MR. GEORGE: We urge that the present move to reimpose the 2-cent import duty on copper be defeated.

The price of copper is still very high and this duty would, of course, increase the price.

It is also worth while considering whether we should not encourage the import of copper by eliminating this tax altogether, so that the limited reserve of copper in this country can be retained for such future emergencies as might arise.

We hope that our suggestion will receive your favorable consideration.

Yours sincerely,

C. E. NIEHOFF.

NEISNER BROS., INC.,
Rochester 2, N. Y., August 11, 1949.

SENATE FINANCE COMMITTEE,
Care of Walter F. George,
United States Senate, Washington, D. C.

GENTLEMEN: We are opposed to an amendment to the copper tariff bill, H. R. 5327, now pending before the Senate Finance Committee restoring an import excise tax on copper.

We feel that this country should not bar importation of copper which is essential for national security.

Very truly yours,

J. S. NICHOLSON,
NEISNER BROS., INC.

NUECES ELECTRIC CO-OPERATIVE, INC.,
Robstown, Tex., August 11, 1949.

Hon. WALTER F. GEORGE,
Senator, Senate Office Building,
Washington 25, D. C.

DEAR FRIEND: It has just come to our attention that the Senate Finance Committee is considering a proposal to reimpose an import tax of 2 cents per pound on copper.

Should this tax be placed back on copper, it will certainly increase the cost of building REA lines and these costs are now much too high. If the information we have is correct, the mines in the United States and its possessions cannot produce enough copper for this country's normal requirements. I believe that only three of the copper companies have mines of any substantial production in the United States. Would not the reimposition of the tax result in a serious shortage of copper, a much higher price, and favor the copper people who have mines in the United States over those who do not and must get their copper outside?

This cooperative cannot use aluminum conductor, since it has a very short serviceable record along the Gulf coast. It is our belief that this copper tarriff, if reimposed, would cost the people of this country much more per pound than the 2-cent tax, and if such be true, it would certainly be poor business to do so. We all know free trade with clean competition benefits the consumer.

Sincerely yours,

NUECES ELECTRIC CO-OPERATIVE, INC.,
C. M. WAGNER, *Manager.*

ORR SUPPLY CO., INC.,
New York 1, N. Y., August 3, 1949.

HON. WALTER F. GEORGE,
Senate Office Building, Washington, D. C.

DEAR SENATOR: We wish to express opposition to Senate bill 2022 which we feel is detrimental to the best interest of American business.

As you know business is suffering at this time and everything possible should be done to aid business over the current slump.

Please use your influence toward defeating this bill.

With best wishes for continued good health to enable you to serve your country for many years to come.

Yours very truly,

ORR SUPPLY CO., INC.,
FREDERICK ORR, *President.*

PACIFIC METALS CO., LTD.,
San Francisco 10, August 9, 1949.

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR: In the interest of American economy, we are opposed to Senate bill 2022 because we believe the imposition of this duty will very greatly retard the use of copper.

We would appreciate it if you would use your efforts and influence in the opposition.

Sincerely yours,

PACIFIC METALS CO., LTD.,
WALTER SCHROEDER,
Executive Vice President.

PACKLESS METAL PRODUCTS CORP.,
New Rochelle, N. Y., August 2, 1949.

Hon. WALTER F. GEORGE,
Chairman, Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR GEORGE: There was a tariff on import copper sometime ago which, through the efforts of the industry, was finally repealed, allowing import copper to come into the country to help fill consumption requirements, which were in excess of the copper capacity of this country.

Certain copper interests are agitating for the restoration of this import duty at 4 cents a pound.

This has already passed the House as a rider to copper tariff bill H. R. 5327.

A bill has already been introduced as Senate bill No. 2022 upon which a hearing is to be held Thursday morning, August 4th, before the Finance Committee of the Senate.

Copper and brass are the raw materials from which our products are made. We look upon the restoration of the import duty on copper as a means of shortening the supply of copper and playing into the hands of the vested interests so they may raise prices and reap an unjustified benefit at the expense of the public.

We urge that Senate bill No. 2022 be killed.

Yours very truly,

HARRY W. COLE, *President.*

JOSEPH G. POLLARD CO., INC.,
New Hyde Park, Long Island, N. Y., August 2, 1949.

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.

SIR: We oppose Senate bill No. 2022. Continued suspension of copper import duty vital to our business.

Very truly yours,

R. D. STODDARD, *Vice President.*

GEORGE W. PRENTISS & CO.,
Holyoke, Mass., August 10, 1949.

Hon. WALTER F. GEORGE,
Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SIR: It has come to our attention through the news that there is a possibility of the law being changed so as to reimpose the import tax on copper.

During the past war our country's high grade copper reserves were sadly depleted and it seems to us that anything that can be done to conserve these reserves should be done. The reimposition of the tax on copper imports would have a tendency to exclude a tonnage of copper which would protect some portion of those reserves.

As we are users of copper as a raw material we would be interested, from a selfish viewpoint, in keeping out foreign copper but looking at the problem in a larger sense and for the national interest we feel that the reimposition of the tax would be a mistake. Anything that can be done to protect our own reserves of raw material should be done. Also the purchasing of foreign copper is one way of placing dollars in foreign countries and at the same time getting something tangible in return.

Awaiting with interest the Senate's action in this matter, we are,

Very truly yours,

D. T. DIXON, *Comptroller.*

RESERVE SUPPLY CORP.,
Mineola, N. Y., August 9, 1949.

Hon. WALTER F. GEORGE,
House of Representatives, Washington, D. C.

DEAR MR. GEORGE: We do not know just what the status of Senate bill 2022 is; however, we would like to voice an opposition to this bill.

Yours very truly,

A. M. CRITTENDEN.

REVERE COPPER AND BRASS, INC.,
New York 17, N. Y., August 8, 1949.

Hon. WALTER F. GEORGE,
Senate Finance Committee,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: I regret that I was unable to appear in person before your committee last week during the hearings on the copper import tax. I wish to make a short statement to be added to the record of those hearings.

It has been argued that American copper mines cannot compete under present circumstances with foreign producers without the protection of a tariff. On the contrary, we in the copper business know that at 17½ cents a pound, the current price of copper, the producers of the large part of American copper can operate very profitably. I doubt that there is a mine outside the United States that can produce more cheaply than the Morenci mine in Arizona.

Furthermore, in the period between 1934 and 1940, the United States was a net exporter of copper, on the average more than 60,000 tons a year. Obviously we were competing then against all those foreign mines and we did it successfully. Coinciding with war order placements, and to this day, the United States copper mines have been unable to meet the needs of American industry and we have become net importers of copper, at the rate of approximately 400,000 tons a year.

Not only consumers of copper, my company among them, will suffer if the price of copper is artificially increased by means of an import tax. Producers in the end will suffer also, because copper is competitive with other metals, and substitution of other metals for copper will be accelerated if the price of copper is raised.

It seems to me that the crux of the immediate problem is whether or not domestic production of copper is adequate for domestic consumption. A spokesman for the Arizona copper mining companies has placed consumption by industry at 62,500 tons a month. This is far too low a figure. A conservative estimate of the August-September-October rate of consumption by fabricators is close to 100,000 tons a month, which is considerably more than domestic production can supply. To the 100,000 tons required by industry must be added 10,000 tons or more per month for the Government stock-piling program.

Every present indication, in fact, is that to reimpose the import tax at this time would be to place the consumers of copper between the jaws of a nutcracker. Curtailment of production already in effect domestically will result in total domestic production for September of only about 62,000 tons, this including primary, custom, and secondary production the total domestic supply. Therefore, without foreign copper, there would be a net deficit in supply of 30,000 to 40,000 tons in September, a truly serious outlook from the consumers point of view.

It would indeed be a pity to reimpose a copper tax simply on the basis of a 90-day postwar readjustment, during which inventories were being reduced. Even then the consumption rate was running at better than 90,000 tons a month.

This is not simply a matter of price. We were paying, not very long ago, 23½ cents a pound for copper. But then foreign copper was freely available. If imports are cut off the independent fabricator, who is not allied with a domestic producer of copper, must somehow hurdle the tariff barrier or find himself literally at the mercy of the three completely integrated domestic producers who do their own mining, smelting, and fabricating and who control 85 percent of domestic production. The 15 percent of production available to the independents through the custom smelters is a mere fraction of their needs.

For all these reasons, I urge that the current suspension of the copper import tax be continued.

Sincerely,

C. D. DALLAS.

ROME-TURNEY RADIATOR CO.,
Rome, N. Y., August 1, 1949.

Hon. WALTER F. GEORGE,
United States Senate, Washington, D. C.

DEAR SENATOR GEORGE: I am writing you in reference to the above bill as a user of a considerable quantity of copper for the refrigeration trade. Knowing that my customers have during recent months restricted their buying in order to reduce their inventories, I feel that figures showing consumption of copper during these months do not represent a normal average. I think that 100 to 110 tons per month will be closer to the correct average and that every effort should be made to stop the imposition of a copper tariff.

I sincerely hope that you can see your way clear to oppose this bill which will hurt us very much.

Thanking you for your consideration, I am

Very truly yours,

WILLIAM L. LYNCH, *President.*

THE SCHAFER CO., INC.,
Decatur, Ind., August 12, 1949.

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SIR: We certainly are opposed to barring the importation of copper. We, therefore, urge you to do everything in your power to defeat Senate bill 2022 and copper tariff bill H. R. 5327.

Yours truly,

E. H. REINKING,
Buyer of Hardware and Sporting Goods.

SAN FRANCISCO, *August 9, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.

DEAR SENATOR: In the interest of American economy, we are opposed to Senate bill 2022 because we believe the imposition of this duty will very greatly retard the use of copper.

We would appreciate it if you would use your efforts and influence in the opposition.

Sincerely yours,

WALTER SCHROEDER.

SPRING & BUCKLEY, INC.,
New Britain, Conn., August 9, 1949.

Subject: Import tax of 2 cents per pound on copper.

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.

HONORABLE DEAR SIR: We ask your favorable consideration toward the elimination of the 2-cent tax on copper imports as it will seriously retard our business and we understand that domestic production is insufficient to supply normal requirements.

Yours very truly,

C. T. HAYDEN, *President.*

SPRINGFIELD WIRE & TINSEL CO.,
West Springfield, Mass., August 11, 1949.

Re reimposition of a 2 cents a pound tax on imported copper.

Hon. WALTER F. GEORGE,
United States Senate, Washington, D. C.

DEAR SIR: We hope that you will vote against any reimposition of a tax on copper at this time.

Our business is primarily the manufacture of 10 cent metal pot cleaners on which our selling price cannot be increased without pricing ourselves out of our markets.

We have been seriously affected by the increase in the cost of copper, but have been carrying on in the belief that as soon as supplies became more plentiful, the price of copper would return to a more normal level.

We cannot urge you too strongly to vote against any reimposition of a tax on copper.

Sincerely yours,

E. STANDISH BRADFORD,
General Manager.

SUPERIOR-STERLING CO.,
Bluefield, W. Va., August 12, 1949.

Senator WALTER F. GEORGE,
Senate Office Building, Washington, D. C.

DEAR SIR: It is my understanding that the Senate Finance Committee is considering a proposal to reimpose an import tax of 2 cents a pound on copper.

Prospective consumption studies prove that the available domestic copper production is insufficient to supply the country's normal requirements. Therefore, substantial tonnage of foreign copper is necessary to supply the deficiency.

The copper import tax would effectively curtail such imports which would create another copper shortage in this country of 30,000 to 40,000 tons a month.

You have, undoubtedly, given consideration to this subject, or will in due time. I will greatly appreciate it if you will vote against any reimposition of the copper import tax.

Very truly yours,

SUPERIOR-STERLING CO.
By C. E. LILLEY, *Manager.*

SYRACUSE SUPPLY CO.,
Syracuse, N. Y., August 1, 1949.

Senator W. F. GEORGE,
Chairman of Senate Finance Committee,
Washington, D. C.

DEAR SENATOR GEORGE: The writer wishes to call your attention to bill No. 2022 which is now before the legislature. I wish to register through wide experience and close observation of the copper industry in this country that there should be no tariff imposed on incoming ingot or raw copper.

I ask that you use your influence to definitely see to it that no tariff is imposed. I do not speak for the policy of this company and the above is purely personal.

Yours very truly,

SYRACUSE SUPPLY CO.
W. H. SCOTT, *Secretary.*

DETROIT 21, MICH., *August 9, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SENATOR: Being interested in the production of copper and its products, I note that Senate bill 2022 is under discussion by the Senate Finance Committee.

We sincerely hope that the 4-cent import duty on copper will not be reinstated because we do not believe that this tariff will in any way help business conditions in the industry.

The tariff is inflationary and would no doubt mean a higher price for copper. During April, May, and June companies using copper lived off of their inventories, although actual consumption during this period was as high as the same period a year earlier.

Industry has now used up their inventories and are beginning to buy in larger quantities.

Based on present actual consumption and the outlook for business the balance of the year, it would appear that we will need substantially more copper than is available from domestic production.

Yours very truly,

HAROLD N. TODT.

J. M. TULL METAL & SUPPLY CO., INC.,
Atlanta 3, Ga., August 3, 1949.

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.

DEAR SENATOR GEORGE: We understand that the Senate Finance Committee is presently holding hearings on a bill to repeal the suspension of import duty on copper.

We are distributors of brass, copper, and other metal products in the Southeast. It is our understanding that the copper production of the United States is considerably short of the domestic demand and for that reason the importation of copper is demanded. Under those circumstances we believe a continuance of the suspension of import duty is not only appropriate but required, in order to insure adequate supply and lend stability to the price structure.

With highest personal regards, I am

Cordially yours,

POLLARD TURMAN, *Vice President.*

UNITED CHINA AND GLASS CO.,
New Orleans, La., August 13, 1949.

Re Senate bill No. 2022.

Mr. WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.

DEAR SIR: It has been brought to our attention that your committee is at present considering the above bill which advocates repealing the present suspension of the import duty on copper. We understand that this is to be added as an amendment to the copper tariff bill, H. R. 5327.

We are writing to advise you that we are very much opposed to the restoration of an import excise tax on copper. We believe that the figures presented to the committee are somewhat erroneous in that they merely cover 3 months in which domestic copper purchases were very low. We feel that the restoration of this import excise tax would ultimately cause an increase in copper prices which would work to our disadvantage.

We trust that you will understand our position in the matter and respectfully request that you give this matter your further consideration.

Sincerely,

ARTHUR A. MEYER, *Treasurer.*

VOLUPTÉ, INC., *August 2, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.

DEAR SIR: We are manufacturers of small metal parts made of brass. Eighty-five percent of the brass used by us consists of copper. Since the war, the price of copper has gone up considerably and this high cost makes it very difficult for us as a small manufacturer to compete with manufacturers using other materials.

We understand that you intend to conduct hearings on Senate bill No. 2022 which was introduced as an amendment to copper bill, H. R. 5327, which concerns the 4 cents import duty on copper. We feel that this import duty is very unjust and we want to register our objection to the continuation of same.

Your favorable consideration to this request will be greatly appreciated by us.

Sincerely yours,

MILTON SPITALNY,
Vice President.

CHICAGO 24, ILL., *August 10, 1949.*

Senator WALTER F. GEORGE,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: If the Senate bill 2022 is adopted, an increase in the price of copper will most likely result which will tend to increase instead of level off basic commodity prices. This could help prevent the economy of our country from becoming stabilized.

Also, with copper prices increased artificially, development of new uses for this metal will be hindered in favor of other metals less durable. I am sure you will agree that free competition must be maintained in our country if our way of life is to continue.

I am hoping that you will vote against this restrictive bill.

Yours very truly,

GARY G. WALTERS.

WARDEN WATER HEATER CO., INC.,
Brooklyn 16, N. Y., August 3, 1949.

Re Senate bill No. 2022

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SIR: We wish to herewith register a protest against the passage of this bill. It is our understanding this bill proposes a tariff on copper.

We use copper in the manufacture of water heaters for one-family homes and apartment houses now being erected throughout the country. Copper and brass pipe are used by plumbers in the same type of buildings.

To at this time add to the cost of these houses seems to us improper. Their cost now is so high as to make them out of the reach of many thousands of people and is delaying the relief of the housing shortage throughout the country.

The prosperity of our people is affected greatly by conditions in the building business as you know from the mines producing the raw material to the railroads delivering them and the mechanic finally installing them. Please don't curtail it now when it is just recovering from the paralysis it suffered for years during and following the war.

Very truly yours,

W. E. WARDEN, *President.*

WEST HOBOKEN PLUMBING SUPPLY CO.,
Union City, N. J., August 3, 1949.

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SIR: We are opposed to Senate bill No. 2022 which proposes to repeal suspension of the copper tariff.

Yours very truly,

SONIA HOFFER.

WESTINGHOUSE ELECTRIC CORP.,
Pittsburgh, Pa., August 9, 1949.

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR GEORGE: The Senate Finance Committee will soon have up for consideration the question of imposing upon copper imports, a duty.

I write to express the hope that decision on this matter at least might be deferred until the buying of copper comes back into the market this coming winter.

Westinghouse which uses no inconsiderate amount of copper - several percent of that used in the United States - has not been in the copper market, nor has it purchased any copper for about 4 months. We have been living on inventory in our various plants, and on copper purchased during the last year or two. Our inventory is running low and by the fall we will be back in the market buying from 2,000 to 4,000 tons per month.

From my acquaintance with several large users of copper, I am quite sure that our position is also the position of many others.

This would indicate that when all these buyers come back into the market, there will be a shortage of copper and we will need every pound of imported copper we can get to meet the demand when business becomes a little better. In view of the up and down of the copper market, we are very reluctant to see a duty again imposed on a product that this company should import because of our short supply measured in the number of years. We also would like to have copper sell at a reasonable price in relation to what it costs to produce it, and we know that any lack of supply of copper will only mean an increase in price so that we will be paying more for this necessary raw material in electrical products than it should cost. I hope it will be possible for you to lay this bill over until economies which, if given a chance, I believe, will prove to you that no duty should go back on imported copper from Mexico, South America, or any other country.

Thank you for your considerations.

Sincerely yours,

ANDREW H. PHELPS, *Vice President*

WHITEHEAD METAL PRODUCTS CO., INC.,
New York, N. Y., August 10, 1949.

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: I feel that the reimposition of the 2 cent copper import tax would be a poor move and one that would increase the price of copper to the ultimate consumer.

Very truly yours,

T. M. BOHEN, *President.*

WHITNEY BLAKE CO.,
New Haven 14, Conn., August 11, 1949.

Senator WALTER F. GEORGE,
Chairman of the Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR GEORGE: It has come to my attention that there is renewed agitation, particularly by interests in our Western States, for a reimposition of the import duty on copper which has not been in effect in recent years. I understand that the argument for this duty reimposition is that domestic sources can supply our present copper requirements.

Those who are at all familiar with the history of copper consumption, its present use and potential use in the near future, are fully aware of the fact that we must import considerable quantities of copper beyond that available from our domestic production to meet our needs adequately. Furthermore, many of us, who take what might be considered a statesman's viewpoint, appreciate the value of conserving our own resources for future emergencies when it is practical and even advantageous to do so. Accordingly, I would urge that your committee consider most carefully before sanctioning and approving a reimposition of the duty on copper. We are faced today with the need for reducing the cost of manufactured articles and a duty on copper would be a serious step in the wire and cable industry, contributing to increased cost rather than the reduced costs for which we are all striving.

Very sincerely yours,

J. H. INGMANSSON, *Vice President.*

WILLIAMS & CO., INC.,
Cincinnati, Ohio, August 8, 1949.

Hon. WALTER F. GEORGE,
United States Senate, Washington, D. C.

DEAR SENATOR: I understand that the House of Representatives recently passed H. R. 5327 bill to suspend the import tax on metal scrap and that Senator McCarran has sponsored Senate bill 2022 repealing the present suspension of the import duty on copper, and are endeavoring to add this as an amendment to the copper tariff bill H. R. 5327 which has been passed by the House and now is pending before your committee.

I further understand that Sam. H. Morris, chairman of the Arizona Copper Tariff Board has claimed that our domestic demand to date is running at about 62,000 tons per month. This is an unfair figure, as he has included a period when the copper business was at an abnormally low ebb. From data that I consider reliable it would appear as though the average should be about 110,000 tons beginning this fall.

I am positive that the repeal of the tariff on copper will not put any more miners to work and hope that you will vote against repealing the present suspension of the import duty on copper.

Cordially yours,

W. P. DETTWILER,
District Manager.

G. R. WOOD & CO.,
Mobile, Ala., August 9, 1949.

Senator WALTER F. GEORGE,
United States Senate, Washington, D. C.

DEAR SIR: We urgently request that you as a member of the Senate Finance Committee cast your vote against reimposing the 2 cents per pound import tax on copper.

As long as this tax was in force, we were unable to adequately perform our electrical construction, and we feel sure that if this tax is reimposed we again will face a tight copper market.

We will face rising copper prices and long time delivery, and the public will be the eventual loser.

Respectfully yours,

WM. M. CAGLE, Jr.

YOUNG RADIATOR CO.,
Racine, Wis., August 9, 1949.

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.

DEAR SENATOR GEORGE: Being large users of copper, nonferrous material, we have naturally watched very closely the matter of copper costs, availability, matter of import duties and taxes on copper into the United States.

I strongly recommend that no import tax be made. Additional copper is necessary and must be made available for the requirements of the fabricating industries of our country. Nevertheless to retain a competitive situation we believe no import tax should be made. We hope that we may be advised by your offices that you will vote against the reimposition tax. If this were as has been discussed approximately 2 cents per pound, this would make an equivalent of $40 per ton, which is a sizable amount.

We respectfully suggest that you vote in favor of no tax on import copper.

Sincerely yours,

F. M. YOUNG, *President.*

ZAREMBA CO., INC.,
Buffalo 2, N. Y., August 2, 1949.

Re Senate bill No. 2022.

Senator WALTER GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.

DEAR SIR: As manufacturers of equipment for the chemical and process industries, we use considerable quantities of copper and we are taking the liberty of expressing our opinion that the duty on copper should not be reimposed as provided in the bill referred to.

Substantial quantities of copper are used in chemical and process equipment and a high price deters purchasers from installing equipment with the consequent loss of orders and a reduction in employment.

We venture to express the opinion that economic conditions demand a reduction and not an increase in prices. Copper producers whose conditions are such that they cannot meet the present price of 17⅝ cents per pound for the metal should improve their methods. They certainly should not ask for a subsidy to support high cost of production.

Yours very truly,

B. S. HUGHES, *General Manager.*

ZIMMERMAN PLUMBING SUPPLY CO., INC.,
Staten Island, 4, N. Y., August 3, 1949.

SENATOR WALTER F. GEORGE,
Chairman of Senate Finance Committee,
Washington, D. C.

DEAR SENATOR: We would like to express our opposition to Senate bill No. 2022.

We believe that the passage of this bill would cause a hardship on the building industry.

Copper products advanced in price from 50 to 100 percent since the repeal of the OPA.

Very truly yours,

MAX MENDEL, *President.*

LONG ISLAND CITY, N. Y., *August 2, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.:

We believe you should strongly oppose amendment Senate bill 2022 on copper tariff, H. R. 5327.

EDWARD N. ROBERTS,
Allied Bronze Co.

MILLTOWN, N. J., *August 3, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee, United States Senate.:

Favor suspension of 2-cent copper import tax until June 1950.

HAROLD F. NELSON,
Alphaduct Wire & Cable Co.

CINCINNATI, OHIO, *August 3, 1949.*

WALTER F. GEORGE,
Chairman, Senate Finance Committee, Senate Office Building.:

Consumer of copper we vigorously object to provision of Senate bill 2022 repealing present suspension copper excise tax. Hope You will support our position.

AMERICAN COPPER & BRASS WORKS, INC.

ALBANY, N. Y., *August 8, 1949.*

WALTER F. GEORGE,
Chairman, Senate Finance Committee:

We are opposed to Senate bill 2022, bill H. R. 5327, independently or in combination and urge your support in this direction.

K. B. GORDINIER, *American Meter Co., Inc.*

BATTLE CREEK, MICH., *August 10, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.:

Already suffering from high copper costs. Pending bill to reinstate 2 cent import tax will further depress industry. Urge your best efforts to kill copper import duty bill.

AMERICAN STAMPING CO.,
D. P. ORDWAY, *President.*

SEATTLE, WASH., *August 8, 1949.*

SENATE FINANCE COMMITTEE,
Senate Office Building, Washington, D. C.:

Re Senate bill 2022 respectfully request continued suspension copper import duty. Believe domestic mines production inadequate to meet normal average per capita fabrication requirements.

AMICK SHEET METAL WORKS.

MARION, IND., *August 10, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senage Finance Committee,
Senate Office Building, Washington, D. C.:

The employment and welfare of approximately 750 employees at our mill depends directly upon the availability of copper for fabrication. We, therefore, urge you to reject the proposal now before the Senate Finance Committee which would reimpose an import tax of 2 cents per pound on copper and thus restrict the importation of foreign copper which is necessary to supply this country's normal requirements. Increased demand for our product recently has allowed us to resume normal operations and call back to work over 100 employees who have been laid off since last spring. The imposition of an import tax on copper and resultant curtailment of supply would most certainly force us to reduce our operating schedules and return these employees to their homes. Your cooperation in opposing an import tax on copper with its resultant hardship on labor in our community would be very much appreciated.

ANACONDA WIRE & CABLE CO.,
R. B. STEINMETZ, *Manager, Marion Mill.*

MUSKEGON, MICH., *August 9, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.:

In view of the short supply of available domestic copper and the need for conserving same I feel that your committee should reject any proposal to reimpose import tax on copper.

ANACONDA WIRE & CABLE CO.,
W. C. KRATZ.

INDIANAPOLIS, IND., *August 2, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.:

Passage of Senate bill 2022 which proposes repeal of present suspension of import duty on copper would undoubtedly result in an increase in the price. The best objective now is an economy of lower and less inflated prices. New uses for copper as well as old established markets require competitive copper prices with other materials. As in the past, American users and national defense needs will require foreign copper in the future. Please oppose any measures that may result in higher prices.

P. H. ANDERSON.

FRAMINGHAM, MASS., *August 9, 1949.*

WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.:

Strongly opposed to reimposition of 2 cents per pound income tax on copper under bill S. 2022. Believe this definitely not justified at this time.

ANGIER CORP.,
JOHN M. ANGIER, *President.*

DUNELLEN, N. J., *August 2, 1949.*

Senator WALTER F. GEORGE,
Senate Finance Committee:

Kindly be advised that we oppose Senate bill 2022. Continued suspension of copper import duty vital to our business.

ART COLOR PRINTING CO.,
A. L. BATSHAW, *Purchasing agent.*

ATLANTA, GA., *August 8, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.:

Please use your influence to avoid reimposition of import tax on copper for time being.

ATLANTIC SHEET METAL CORP.,
BROOKS LOVELACE, Sr., *Vice President.*

AUBURN, N. Y., *August 1, 1949.*

Senator W. F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.:

Senate bill 2022 calls for repeal of present suspension of import duty on copper. Being a large consumer of copper and copper products and feeling that our domestic production in the future will not suffice request you vote against this amendment.

AUBURN SPARK PLUG CO., INC.,
C. J. NOLAN, *President.*

NASHVILLE, TENN., *August 2, 1949.*

Senator WALTER GEORGE,
United States Senate:

Reference Senate bill 2022 repealing present suspension import duty on copper we respectfully request that no action be taken that would reinstate 4 cents per pound tariff. We believe our best interests will be served by having an open free market in copper insuring adequate supply and better stability of price essential to all users of copper.

NASHVILLE DIVISION, AVCO MANUFACTURING CORP.,
A. A. PRICE, *Director of Purchases.*

CAMBRIDGE, MASS., *August 8, 1949.*

Hon. WALTER F. GEORGE,
Senate Finance Committee,
United States Senate, Washington, D. C.:

As fabricators of copper products for many of the heavy industries we are opposed to the reimposition of taxes on copper.

BADGER MANUFACTURING CO.,
HAROLD W. COOMBS, *President.*

HOUSTON, TEX., *August 10, 1949.*

Hon. WALTER F. GEORGE,
United States Senate Office Building, Washington, D. C.:

Senate bill 2022 proposing repeal of present suspension of import duty on copper would cause higher price and greatly reduce diminishing domestic supply. Foreign copper is needed and I am opposed to above bill affecting our national economy.

P. E. BASSETT.

CHICAGO, ILL., *August 9, 1949.*

WALTER F. GEORGE,
Chairman, Senate Office Building, Washington, D. C.:

Re Senate bill 2022: as a large user and fabricator of copper and brass products we believe repeal of suspension of copper import duty would be a mistake at present time. A continued healthy economy requires lower, not higher prices for basic commodities.

BASTIAN BLESSING CO.,
A. L. AUGUR, *Vice President.*

NEWARK, N. J., *August 8, 1949.*

Senator WALTER F. GEORGE,
Senate Finance Committee, Senate Office Building:

We oppose Senate bill No. 2022 to remove suspension of copper import duty.

BAYONNE STEEL PRODUCTS CO.

TETERBORO, N. J., *August 5, 1949.*

SENATE FINANCE COMMITTEE:

(Attention Senator Walter F. George, Chairman.)

In 1947 Congress properly suspended the 4 cents per pound levy in imported copper for 2 years. Early this year Congress again suspended the levy for a further period ending June 30, 1950. The pressure being brought on your committee by the western copper-producing States to annul the existing situation and reimpose a tax on imported copper of from 4 to 6 cents per pound is unwarranted under existing conditions and in our opinion should be disregarded by the Senate Finance Committee.

BENDIX AVIA CORP.,
R. P. LANSING, *President.*

SYRACUSE, N. Y., *August 2, 1949.*

Hon. WALTER GEORGE (personal delivery only),
United States Senate.

MY DEAR SENATOR GEORGE: Respectfully call attention to pending law S. 2022 regarding suspension of import duty on copper. Having knowledge of present domestic production figures on copper and being a large consumer of this metal, we wish to go on record against having the import duty reimposed.

With kind personal regards.

BENEDICT MANUFACTURING CO., INC.,
J. D. HARVEY, *General Purchasing Agent.*

BOSTON, MASS., *August 8, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.:

We respectfully call your attention to pending bill 2022 regarding suspension of import duty on copper. Being substantially large users of this metal we are most definitely opposed to having this import duty reimposed.

ROOFING AND SHEET METAL EMPLOYERS BUILDING TRADES
EMPLOYERS ASSOCIATION OF THE CITY OF BOSTON, MASS,
JOHN F. WALSH, *Secretary.*

ATLANTA, GA., *August 8, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.:

We respectfully urge you to vote against any reimposition of import tax on copper at this time.

BOWERS SHEET METAL WORKS,
C. L. BOWERS.

ST. LOUIS, MO., *August 2, 1949.*

Mr. WALTER F. GEORGE,
Senate Finance Committee,
Senate Office Building, Washington, D. C.:

Senate bill 2022 proposes repeal of present suspension of import duty of copper. This would undoubtedly result in an increase in price. New uses for copper as well as the established markets require the maintenance of a price competitive with other materials. The American economy and the national defense have required foreign copper in the past and will require it in the future. At a time when the objective is to reestablish the economy on the basis of lower and less inflated prices. We are opposed to any measures that may result in higher prices for basic commodities.

BRASS & COPPER SALES CO.,
HOWARD H. HUBBELL, *President.*

NEWARK, N. J., *August 2, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee:

We advocate continuation of the suspension of tariff on copper imported into this country. Nullification might seriously impair our ability to secure sufficient metal for domestic consumption.

BREEZE CORP., INC.

BRIDGEPORT, CONN., *August 4, 1949.*

The Honorable WALTER F. GEORGE,
Senate Office Building, Washington, D. C.:

Understand Senate Finance Committee considering reinstatement of tariff on copper. As largest independent brass mill and important users of copper we hope you will not do so. Current copper consumption greater than figures show because of reduction of inventory all along the line; example, less than half of our customers bought a pound of metal from us during first 4 months of this year; living off of inventory. Now buying is picking up again reinstatement of tariff will not help because situation is rapidly correcting itself. Suggest postponing action at least until large users of copper like ourselves have opportunity for being heard; precipitate action now might further upset situation which is healing itself but which was extremely severe on all independent companies during first 6 months.

BRIDGEPORT BRASS CO.,
HERMAN W. STEINKRAUS,
President.

BIRMINGHAM, ALA., *August 8, 1949.*

Senator WALTER GEORGE,
Chairman, Senate Finance Committee:

Senate bill 2022. We are against any action that would reinstate 4 cents per pound tariff. Believe we need free market in copper to insure supply and price stability.

ARNOLD BROWN METALS & SUPPLY CO.,
BARTO BROWN.

EVANSTON, ILL., *August 9, 1949.*

HON. WALTER F. GEORGE,
Senate Office Building, Washington, D. C.:

Senate bill 2022 proposes repeal of present suspension of import duty on copper. This bill is sponsored by Arizona Copper Tariff Board and three largest copper producers in the United States who produce 85 percent of our domestic copper. If bill 2022 is passed these three large producers will undoubtedly increase their price 2 cents per pound thus unjustifiably increasing their profits which are already ample. It will also mean proportionately higher prices to all consumers of copper and copper-alloy products and the public purchasing appliances and equipment in which they are used. Furthermore, our country has had to import substantial quantities of foreign copper in the past and will need to in the future for our domestic use and stock piling. I believe the best interests of your constituents will be served by continuing present suspension import duty thus leaving the door open to foreign copper.

RALPH H. BUCK.

DALLAS, TEX., *August 10, 1949.*

WALTER F. GEORGE,
Chairman, Senate Office Building, Washington, D. C.:

Senate bill 2022 proposes repeal of present suspension of import duty of copper. This would undoubtedly result in an increase in the price. New uses for copper as well as the established markets require the maintenance of a price competitive with other materials. The American economy and the national defense have required foreign copper in the past and will require it in the future. At a time when the objective is to reestablish the economy on the basis of lower and less inflated prices. We are opposed to any measures that may result in higher prices for basic commodities.

C. & S. MANUFACTURING & SUPPLY CO.,
J. V. CAMPBELL.

NEW YORK, N. Y., *August 10, 1949.*

Senator WALTER F. GEORGE,
Senate Finance Committee, Senate Office Building,
Washington, D. C.:

Re tel under our present wage scale a price for copper not less than 21.5 cents per pound would be necessary for us to operate without loss. However we are negotiating for a lowering of wages and hope to reach accord for a 20-cents-per-hour reduction in which case we probably could operate without loss if 19-cent copper with reimposition of 2-cent import tax we would probably reopen on trial basis of at least 6 months.

The above figures are on basis of continuing normal development and operations. We are presently holding our organization on a stand-by basis but cannot afford to stand this expense much longer therefore may be forced to resume operations on a liquidating basis unless some relief offered in very near future. This would, of course, mean the ruination of our reserves.

We call your attention to fact Magna Copper Co. reported a cost per pound of 18.11 cents per year 1948. Magna is one of the country's best underground copper mines. Regardless of what happens to us we believe country's best interest will be served by reimposition of import tax. Otherwise all underground copper mines in country are in danger.

New York Times today carries article showing results Government study of unemployment. Bridgeport and Waterbury, Conn.; New Bedford, Mass.; and Rome, N Y.; are cited as among places hardest hit. Drop in consumption electrical equipment cited as one cause. Believe this refutes claims by Revere and others of continuing high copper demand.

CALUMET & HECLA CONSOLIDATED COPPER CO.,
W. W LYNCH.

ROME, N. Y., *August 3, 1949.*

WALTER F. GEORGE,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.:

Favor suspension of 2-cent copper import tax until June 1950.

CAMDEN WIRE CO., INC.,
CHARLES H. HARDEN, *President*

SYRACUSE, N. Y., *August 2, 1949*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.:

We are opposed to the passage of Senate bill 2022 either as an amendment or a separate bill.

CENTRAL SERVICE SUPPLY,
THEODORE I. GLOV, *President*

ST. LOUIS, MO., *August 4, 1949*

Senator WALTER F. GEORGE,
Care Senate Office Building, Washington, D. C.:

Regarding Senate bill 2022 proposing repeal of present suspension of import duty on copper believe this action would result in an increase in the price of copper. On the average in recent years we have required more copper in this country than we produce to maintain a competitive price on this metal versus other metals. We are opposed to any measure that may result in higher prices

R. B. CHAPMAN

WASHINGTON, D. C., *August 4, 1949*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.:

Entire Chilean economy threatened by proposed legislation for higher tariff on copper. Workers deeply disturbed over prospects being cut off their sole source of revenue. Enemies of democratic processes already beginning to gloat over friction developing between Chile and United States. Strongly urge you use your influence to the end that no tariff legislation be enacted that will jeopardize amicable relations between Chile and the United States.

JACOB POTOFSKY,
Chairman, CIO Committee on Latin-American Affairs

ATLANTA, GA., *August 2, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.:

Reference Senate bill 2022 we strongly advise against action that would reinstate 4 cents pound tariff on copper. Believing best interest of all will be served by having open free market.

H. B. THOMPSON,
President, Conklin Tin Plate & Metal Co.

YORK, PA., *August 3, 1949.*

Hon. WALTER F. GEORGE,
Senate Office Building, Washington, D. C.:

The time must come when we will be forced to open domestic markets to products of other nations in order to continue our high level of production. The removal of import duty on copper was a step in the right direction and I urge you to oppose S. 2022 which would repeal present suspension of import duty on copper.

H. L. CONSLEY.

GLASSPORT, PA., *August 11, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.:

As one of the country's larger producers of high-strength copper type conductors for overhead power and communication systems we urge that the reestablishment of any import duty on copper be avoided for at least another year. Domestic copper producers are not able to supply the annual domestic demand for copper and any interference with the free importing of this material would create a serious scarcity, would tend to increase the price for copper, and would increase the cost of both public and private power lines built of copper. Undoubtedly the copper shortage which would result from the reestablishment of copper import duties would have an adverse effect upon the employment security of the people working for our company.

WILLIAM J. MCILVANE,
Executive Vice President, Copperweld Steel Co.

NEW YORK, N. Y., *August 11, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building., Washington, D. C.:

Hereby enter objection contemplated legislation reimposing copper tariffs. Domestic production too low to take care of any considerable increase in demand.

CORNISH WIRE CO.,
W. F. OSLER, Jr., *Vice President.*

JERSEY CITY, N. J., *August 2, 1949.*

Senator WALTER F. GEORGE,
Chairman of Senate Finance Committee:

We advocate continuation of copper tariff suspension. Repeal may cause shortage and seriously affect our production.

CORONA CORP.,
S. FISHER.

SYRACUSE, N. Y., *August 2, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.:

May we express our desire that the price of copper be maintained within reasonable limits and our opposition to Senate bill 2022 as presently drawn or as an amendment to H. R. 5327. We ask your cooperation in this matter as well as that of your committee.

CROUSE HINDS CO.,
W. L. HINDS, *Chairman of the Board.*

NEW YORK, N. Y., *August 2, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.:

We are opposed to the imposition of a tariff on copper as proposed in Senate bill 2022.

CUTLER HAMMER, INC.

NEW YORK, N. Y., *August 8, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.:

It is urgent that Senate bill No. 2022 be defeated. We feel it would be detrimental to the plumbling and heating industry.

DAVIS & WARSHOW, INC.

YORK, PA., *August 8, 1949.*

Hon. WALTER F. GEORGE,
Senate Office Building:

On March 25, after full consideration of both Houses, the Congress suspended import taxes on copper. It seems to me that there has been no development which would justify Congress spending more time on this question. Urge your opposition to further legislation on this subject at present session of Congress. Please use your influence with committee members in opposition to S. 2022.

MARIN F. DICK.

BROOKLYN, N. Y., *August 9, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.:

We are against any tax on the import of copper. The recent scarcity of this metal brought high prices, and may be repeated if imports are discouraged.

EASTERN TUBE & TOOL CO., INC.

NEW HAVEN, CONN., *August 9, 1949.*

Senator WALTER F. GEORGE,
Senate Office Building, Washington, D. C.:

Proposal for 2-cent import tax on copper seems completely out of line today, for two reasons: First, because of the shortage of copper in this country and need for stock piling; and, second, because South America and other countries producing copper are in dire need of United States currency. If we deprive those countries of our currencies, we deprive ourselves of the market for American products. Let's not create another condition in copper-producing countries similar to Europe, where we have virtually no market for private enterprise today and have to support them by Marshall plan. Also let's not raise the price of copper and consumer goods containing copper by artificially making it cost more through import tax.

J. E. ECHLIN,
President, Echlin Manufacturing Co.

BAYONNE, N. J., *August 2, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.:

We strongly advocate continuation of the copper tariff.

A. F. PLIMPTON,
Purchasing Agent, Electro Dynamic Works, Division of the Electric Boat Co.

STAMFORD, CONN., *August 9, 1949.*

Hon. WALTER F. GEORGE,
Chairman of Senate Finance Committee,
Washington, D. C.:

An import tariff of 2 cents per pound on copper would seriously affect our business. Domestic production is insufficient to supply country's normal requirements.

D. G. SHEPHERD,
President, Electric Specialty Co.

ATLANTA, GA., *August 10, 1949.*

Hon. WALTER F. GEORGE,
United States Senate, Washington, D. C.:

To prevent future shortages and higher prices, I respectfully urge that you use your influence to defeat the proposed import tax on copper of 2 cents per pound.

W. A. EMERSON.

NEW ROCHELLE, N. Y., *August 9, 1949.*

Hon. WALTER S. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.:

We consider proposal to reimpose an import tax of 2 cents per pound on copper as detremental to the users of copper in this country. Without imported copper domestic production does not take care of normal requirements of manufacturers. The best interests of businessmen in this country depend upon defeating that proposal.

HERBERT MAYER, EMPIRE COIL CO., INC.

LONG ISLAND CITY, N. Y., *August 2, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee:

We are opposed to Senate bill No. 2022 introduced as amendment to Copper Tariff Bill, H. R. 5327, which would cause a copper shortage in this country.

ETCHED PRODUCTS CORP.,
ALBERT NIERENBERG, *President.*

JAMAICA PLAIN, MASS., *August 8, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.

MY DEAR SENATOR GEORGE: We are apposed to bill No. 2022 which seeks to reimpose the import duty on copper. We believe domestic production of copper is inadequate and as large users of brass we feel that a free copper market will help us to sell our finished goods.

FARRINGTON MANUFACTURING CO.

MASPETH, N. Y., *August 8, 1949.*

Senator W. F. GEORGE,
Chairman of Senate Finance Committee,
Washington, D. C.:

Please kill Senate bill No. 2022 which understand repeals suspension of 4 cents copper tariff.

SALVATORE GIORDANO,
President, Fedders Quigan Corp.

BUFFALO, N. Y., *August 2, 1949.*

Hon. WALTER GEORGE,
Senate Office Building, Washington, D. C.:

Re Senate bill No. 2022 pertaining to repeal of present suspension of import duty on copper. As major suppliers in automotive, heating, and refrigeration industries and large consumers of copper, we are vitally interested in seeing that copper tariff is not reinstated inasmuch as we believe the tariff will lead to higher domestic prices and possibly have a detrimental effect on the national business economy. Your consideration of our position in this matter will be appreciated.

FEDDERS QUIGAN CORP.,
EDMUND R. WALKER, *Vice President.*

TAMPA, FLA., *August 2, 1949.*

Senator WALTER GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building:

Re Senate bill 2022. I am in the business of distributing copper in the State of Florida, and I urge you not to reinstate the tariff on copper imports. I feel sure best interests of the country will be served by having free market in copper at this time.

FLORIDA METALS INC.,
SUMTER L. LOWRY, *Chairman.*

DEARBORN, MICH., *August 11, 1949.*

Honorable Senator GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.:

We continue to urge suspension of copper excise tax, as written in my letter of January 10, 1949, to the Honorable Robert L. Doughton. Probable long-term domestic demand for copper is expected to exceed production in this country. A 4-cent excise tax added to the domestic price is unnecessarily inflationary. Domestic production of copper during 1949 through June has been 386,000 tons, whereas domestic consumption has been 490,000 tons, leaving a deficit of 104,000 tons. This has been a period of unusually low demand for copper due to relatively high inventories, but current situation has changed and we expect that United States requirements from abroad will again increase. This is particularly important with respect to maintenance of and additions to Government stock piles.

E. R. BREECH,
FORD MOTOR CO.,
Executive Vice President.

CINCINNATI, OHIO, *August 11, 1949.*

Senator WALTER F. GEORGE,
Chairman of Senate Finance Committee:

We respectfully request you vote against reimposition of 2 cents per pound copper tariff.

FOSTER TRANSFORMER CO.
A. P. FOSTER.

CLEVELAND, OHIO, *August 11, 1949.*

WALTER F. GEORGE,
Chairman, Senate Finance Committee:

Please vote against reimposition 2 cents per pound copper tariff.

FRANCE MANUFACTURING CO.
P. K. RANNEY.

NEWARK, N. J., *August 2, 1949.*

Senator WALTER F. GEORGE,
Chairman of Senate Finance Committee:

We would like to voice our opposition to Senate bill 2022 to amend the Copper Tariff Bill, H. R. 5327.

S. FRANKLIN & SONS, INC.

CHICAGO, ILL., *August 11, 1949.*

SENATOR WALTER F. GEORGE,
United States Senate, Washington, D. C.:

I urge that you vote against reimposition of 2 cents per pound copper tariff.

NATHAN GOLDMAN,
President, General Transformer Corp.

BOSTON, MASS., *August 8, 1949.*

Senator WALTER F. GEORGE,
Chairman of Senate Finance Committee,
Washington, D. C.:

We respectfully call to your attention pending law 2022 regarding suspension of import on copper. Our company is a large user of copper for safety razors, the largest manufacturer of this article in the world. We want to go on record as being against having this import duty reimposed.

WILLIAM A. BARRON, Jr.,
Chairman of the Board, Gillette Safety Razor Co.

BROOKLYN, N. Y., *August 2, 1949.*

Senator WALTER F. GEORGE,
Senate Building, Washington, D. C.:

We wish to record our objections to Senate bill 2022 re copper tariff. It is our belief tariff should not be imposed at this time.

BRYANT F. GILMOUR.

ALLENTOWN, PA., *August 2, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.:

As a large user of brass we sincerely believe you should oppose Senate bill 2022 which was introduced as an amendment to copper tariff bill H. R. 5327 because this is no time to take any action of which costs of any kind are increased. Our economy must be adjusted to a lower cost basis and quickly stabilized for you must know business is slipping downward throughout all industry.

L. F. GRAMMES, INC.,
FRED WEINDEL, Jr., *President.*

CHICAGO, ILL., *August 12, 1949.*

Hon. WALTER GEORGE,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.:

Believe best interests of industry and the public will be served by not reimposing tariff on foreign copper.

GUARDIAN ELECTRIC MFG. CO.,
FRANK F. ROWELL, Jr., *Vice President.*

NEW YORK, N. Y., *August 3, 1949.*

Senator WALTER F. GEORGE,
Chairman of Senate Finance Committee,
Washington, D. C.:

Express opposition to Senate bill 2022. Detriment to best of business.

GUIDERA SUPPLY CORP.

WAUWATOSA, WIS., *August 2, 1949.*

Senator WALTER F. GEORGE,
Senate Finance Committee,
Senate Office Bldg., Washington, D. C.:

Re Senate bill 2022. As an individual deriving a living from the brass and copper industry am very much opposed to reinstating copper import duty which will raise price of copper and make it less competitive. If domestic producers need relief suggest Government purchase United States copper for stock pile instead of paying premium to foreign source.

FRED L. HALL.

ELMWOOD, CONN., *August 8, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.:

Senate bill 2022 proposes repeal of present suspension of import duty of copper. This would undoubtedly result in an increase in the price. New uses for copper as well as the established market require the maintenance of the price competitive with other materials. The American economy and the national defense have required foreign copper in the past and will require it in the future. At a time when the objective is to reestablish the economy on the basis of lower and less inflated prices we are opposed to any measures that may result in higher prices for basic commodities.

J. W. HATCH,
President, Bush Manufacturing Co.

MILWAUKEE, WIS., *August 2, 1949.*

SENATOR WALTER F. GEORGE,
Senate Finance Committee,
Senate Office Building, Washington, D. C.:

Re bill 2022. Reinstatement of copper tariff detrimental to our economy. Higher copper prices will result and increase cost of living. Taxpayers need relief too.

L. M. HERTEL.

HOLYOKE, MASS., *August 4, 1949.*

WALTER F. GEORGE,
Chairman, Senate Finance Committee,
United States Senate:

We are very much in favor of suspension of the 2 cent copper import tax until June 1950. Would appreciate very much your support.

HOLYOKE WIRE AND CABLE CORP.
M. ANDREWS, *President.*

CHICAGO, ILL., *August 9, 1949.*

SENATOR W. F. GEORGE,
Senate Office Building, Washington, D. C.:

Senate bill No. 2022. Proposed repeal of present suspension of import duty on copper, will result in price increase. American economy now needs foreign copper and will need in the future. Writer strongly opposed to subject measure that may result in higher prices for basic commodities.

H. A. HOWELL.

MARION, IND., *August 10, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.:

The membership of local 1000, IBEW of Marion, Ind., is engaged in the fabrication of copper wire and cable and we are therefore dependent upon an ample supply of copper in maintaining full employment. We understand that the available domestic copper production is insufficient to supply the country's normal requirements and that substantial tonnage of foreign copper is necessary to supply the deficiency. We urge you, therefore, to reject the proposal now before the Senate Finance Committee which would reimpose an import tax of 2 cents per pound on foreign copper. You can appreciate that this would result in curtailment of production in our plant and would create a very serious hardship upon our membership. Many of our members have recently been called back to work and, naturally, we are anxious to do all we can to keep them on a full-employment basis.

IBEW LOCAL 1000,
KENNETH CARL,
Chairman of Executive Board.
BLAKE THOMPSON,
President.

CINCINNATI, OHIO, *August 4, 1949.*

Senator WALTER F. GEORGE,
United States Senate:

Respectfully urge you to consider serious effect on copper price if passage of Senate bill 2022 repealing present suspension of import duty on copper were passed. Since passage of Senate bill 2022 might increase cost of copper as much as 4 cents per pound and since copper price has apparently reached a level in which sellers and consumers have confidence, please do not permit an unnecessary duty to create an artificial copper price.

ILSCO COPPER TUBE & PRODUCTS, INC.,
A. H. STUBBERS, *President.*

CEDAR RAPIDS, IOWA, *August 10, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.:

It is our understanding Senate Finance Committee considering proposal to reimpose an import tax of 2 cents per pound on copper. Information reaching us is to effect that domestic copper production is insufficient to supply domestic requirements. We respectfully request your opposition to this proposal which would create a shortage of copper and a needlessly higher price. Electric utilities in expanding their facilities to meet power requirements will require large purchases of copper wire and products.

IOWA ELECTRIC LIGHT & POWER CO.
MARVIN WRIGHT, *Purchasing Agent.*

JORDAN, N. Y., *August 10, 1949.*

Hon. WALTER F. GEORGE,
United States Senate:

Jordan Metal Products, Inc., and its employees seriously object to reimposing tax on imports of copper. Less than 6 months ago we were working short time due to lack of copper. Today we are enjoying full employment, including overtime, anything which you can do for us would be greatly appreciated.

JORDAN METAL PRODUCTS,
C. F. O'ROURKE, *President.*

PHILADELPHIA, PA., *August 2, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.:

Re Senate bill 2022, restoration of copper duty will mean a price rise. Copper too high now. Thirty percent of estimated needs for this year may have to be imported. More copper above ground now than for long time yet prices advanced from 16 cents to 17½. Producers and smelters should pull prices back to not more than 16 cents. Too much price manipulation. No copper duty for at least 2 years will help a free and open market.

E. L. KEENAN.

JEFFERSON, GA., *August 11, 1949.*

WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.:

Please oppose import tax of 2 cents per pound on copper. Would hamper, delay, and increase cost of proposed rural electrification on thin border-line feasibility

F. J. KELLY.

NEW YORK, N. Y., *August 9, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.:

Consider reimposition copper import tax most harmful to our industry. Please vote against this.

KNICKERBOCKER ANNUNCIATOR CO.

LAKELAND, FLA., *August 10, 1949.*

Hon. WALTER F. GEORGE,
Senate Finance Committee, United States Senate:

The light and water department, city of Lakeland, Fla., is very much opposed to reimposition of an import tax of 2 cents per pound on copper.

CHARLES LARSEN.

ATLANTA, GA., *August 2, 1949.*

SENATOR WALTER F. GEORGE:

Please vote against restoring 4-cent tariff copper, bill 2022.

O. M. SIMS,
Care of Larkin Coils.

NEWARK, N. J., *August 2, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee:

We favor continuation of tariff suspension act believing domestic resources should be conserved and copper prices will remain at a level to permit profitable business operation.

LEXINGTON ELECTRIC PRODUCTS CO., INC.

YORK, PA., *August 3, 1949.*

Hon. WALTER F. GEORGE,
Senate Office Building:

Present suspension of import duty on copper expires next June 30. Urge your opposition to attempts reimpose tax this session of Congress as do not believe reduced domestic demand to date justifies congressional action at this time.

J. K. LOUDEN, *Lancaster, Pa.*

CHICAGO, ILL., *August 19, 1949.*

Senator W. F. GEORGE,
Senate Office Building,
Washington, D. C.:

Urge you to oppose repeal of now existing suspension of duty on imported copper since repeal would result in higher prices which are not desirable at this time.

D. H. MEAD, *Oak Park, Ill.*

RIDGEFIELD, N. J., *August 2, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee:

In the belief that export trade is essential for continuance of American prosperity, we urge that you oppose adoption of bill 2022.

MELCHIOR ARMSTRONG DESSA CO. OF DELAWARE, INC.,
A. DESSAU, *President.*

PHILADELPHIA, PA., *August 4, 1949.*

Senator WALTER F. GEORGE,
United States Senate Office Building:

As distributors of glass and copper products for more than 65 years we strongly advise against action that would reinstate the 4 cents per pound tariff on Senate bill 2022, firmly believing that all users of copper will be better served by having an open free market in copper, insuring adequate supply and better stability of price.

MERCHANTS AND EVANS CO.

ROME, N. Y., *August 10, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.:

Two thousand and two hundred union members employed in copper industry at Rome, N. Y., request your committee to reject the replacement of import tax on copper.

RALPH FRANKO,
Chairman, shop committee, Local 56 MESA.

ROME, N. Y., *August 10, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.:

Fifteen hundred members of our union who are employed in the copper industry Rome, N. Y., urge you and your committee to reject the reimposition of the copper import tax.

GABRIEL P. GAROFALO,
President, Local 2, Interstate MESA.

MINNEAPOLIS, MINN., *August 11, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Finance Committee, United States Senate, Washington, D. C.:

Reimposition of 2 cents per pound copper tariff would adversely affect business with probable repercussions on prices and employment. Urgently solicit your support in opposition to reimposing any such tariff.

MINNEAPOLIS HONEYWELL REGULATOR CO.
GEO. A. DUTOIT, Jr., *Vice president.*

RACINE, WIS., *August 9, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.:

As fabricators of substantial quantities of copper we are gravely concerned regarding effect of threatened repeal of presently suspended import duty on copper. Commercial and military demand still requires foreign copper and we believe a tariff barrier can only result in tightening of supply with resultant restriction of production and further inflation of prices accordingly we sincerely urge that you exert your influence to the defeat of Senate bill 2022.

MODINE MANUFACTURING CO.,
G. H. JACKSON.

ST. LOUIS, MO., *August 9, 1949.*

Hon. WALTER F. GEORGE,
Senate Office Building, Washington, D. C.:

Senate bill 2022 proposes repeal of present suspension of import duty of copper. This would undoubtedly result in an increase in the price. New uses for copper as well as the established markets require the maintenance of a price competitive with other materials the American economy and the national defense have required foreign coppe· in the past and will require it in the future. At a time when the objective is to reestablish the economy on the basis of lower and less inflated prices we are opposed to any measures that may result in higher prices for basic commodities.

MONARCH METAL WEATHERSTRIP CORP.

ST. LOUIS, MO., *August 2, 1949.*

Senator WALTER GEORGE,
Senate Office Building, Washington, D. C.:

Senate bill 2022 concerning repeal of present suspension of import duty on copper, such action will undoubtedly result in an increase in price. New uses for metal, as well as established markets, require maintenance of a price competitive with other materials. Am opposed to any measures that may result in higher prices for basic commodities. May we have your action to defeat bill. Thank you.

LESTER W. MORRELL.

COVINGTON, KY., *August 8, 1949.*

Hon. WALTER P. GEORGE,
Senate Office Building, Washington, D. C.:

We object strenuously to Senate bill 2022, repealing present suspension of import duty on copper. Understand hearing will beheld tomorrow by Senate Finance Committee. As substantial copper consumers, we hope you can support our position.

T. A. ROBERTSON,
Secretary, The Mosler Lock Co.

CHARLESTOWN, MASS., *August 10, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.:

Referring to pending law 2022, our members, large consumers of copper, respectfully urge that no import duty be reimposed on copper.

NEW ENGLAND APPROVED ROOFERS ASSOCIATION,
WILLIAM B. ALEXANDER, *Secretary.*

BOSTON, MASS., *August 8, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.:

Respectfully call your attention to pending law 2022, regarding suspension of import duty on copper. Our company is a large user in the printing industry, and go on record against having this import duty reimposed.

NEW ENGLAND ELECTROTYPE CO.

ELKHART, IND., *August 9, 1949.*

Senator GEORGE of Georgia,
Chairman, Senate Finance Committee, Washington, D. C.:

Reference tariff on copper, my request it be removed and not reinstated. Use of copper tubes for low-cost homes has expanded 300 percent past 10 years. Low-cost copper helps make further use possible. Keep the tariff off of copper importations.

ROSS MARTIN,
President, Northern Indiana Brass Co.

OAKLAND, CALIF., *August 12, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.:

Please continue the suspension of import duty on copper. Oppose McCarran's bill 2022. Four-cent additional on copper price inflationary, adds to our cost of manufacture, hinders competition in world markets. Currently being forced to reduce number of employed men due to competition and failure to import materials to provide dollar exchange.

OLIVER UNITED FILTERS, INC.
P. A. HOYT, *Executive Vice President.*

ONEIDA, N. Y., *August 5, 1949.*

Senator WALTER F. GEORGE,
United States Senate:

As users of several million pounds of copper per year we strongly urge that you oppose Senate bill 2022 which would restore an unnecessary import duty on copper.

L. WAYLAND SMITH, *Chairman, Oneida, Ltd.*

MEMPHIS, TENN., *August 2, 1949.*

Senator WALTER GEORGE,
Washington, D. C.:

Understand that Finance Committee will hold hearings this Thursday on Senate bill 2022 repealing present suspension import duty on copper that would reinstate 4 cents per pound tariff. As distributors of copper products and hardware we believe country's best interest will be served by having an open free market in copper insuring adequate supply and better stability of price. In fact I believe most economic ills would be relieved if practically all tariffs were eliminated and a common currency worked out at least for the Atlantic democracies. Understand this problem would be studied by the Federal convention proposed in your Atlantic Union resolution. Congratulations on this.

EDMUND ORGILL.

FORT WAYNE, IND., *August 3, 1949.*

WALTER F. GEORGE,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.:

As a substantial consumer of copper we urge action in favor of suspension of 2-cent copper import tax until June 1950.

REA MAGNET WIRE CO., INC.,
VICTOR F. REA.

CHICAGO, ILL., *August 2, 1949.*

Hon. WALTER F. GEORGE,
Senate Office Building:

Senate bill 2022 proposes repeal of present suspension of import duty of copper. This would undoubtedly result in an increase in the price. New uses for copper as well as the established markets require the maintenance of a price competitive with other materials. The American economy and the national defense have required foreign copper in the past and will require it in the future. At a time when the objective is to reestablish the economy on the basis of lower and less inflated prices, we are opposed to any measures that may result in higher prices for basic commodities.

W. G. SEIDLITZ,
Vice President, Revere Copper & Brass, Inc.

CARROLLTON, GA., *August 9, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.:

Adequate supply of cheap copper necessary for continued building of REA lines on economical basis. Domestic supply insufficient to maintain this balance. Necessary we have imports on tax rebasis.

ROY RICHARDS CONSTRUCTION CO.

NEW HAVEN, CONN., *August 3, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
United States Senate:

As manufacturers of electrical wire and cable we strongly favor the suspension of the 2-cent copper-import tax until June 1950.

ROCKBESTOS PRODUCTS CORP.,
A. G. NEWTON, *President.*

CLEVELAND, OHIO, *August 11, 1949.*

Hon. WALTER F. GEORGE,
Chairman of Senate Finance Committee,
Senate Office Building, Washington, D. C.:

As a large user of copper I believe it is for the best interest of all copper users that you vote against the reimposition of 2 cents per pound copper tariff.

LAURENCE A. KING,
President and general manager, the Rola Co., Inc.

ROME, N. Y., *August 10, 1949.*

Hon. WALTER F. GEORGE,
Senate Finance Committee,
Senate Office Building, Washington, D. C.:

I have been in the copper-wire business for 50 years and am now chairman of the board of Rome Cable Corp., a comparatively small independent company.

I believe very strongly that the imposition of a 2-cent tariff on copper would work a dangerous injustice to many small independent copper and brass manufacturers. Three large copper producers represent over three-quarters of the United States copper produced. Each of these companies own or control copper-wire and brass mills.

I estimate domestic production of copper will fall far short of the domestic consumption which I think will reach 100,000 tons a month this fall. I would also point out that even at today's copper price of 17⅝ cents, the comparatively low price of aluminum and other material is cutting into the use of copper for many purposes.

I would also point out that even high price for copper would be prejudicial to the best long-term interests of both copper mines and copper manufacturers and the consuming public.

ROME CABLE CORP.,
H. T. DYETT.

WEST PALM BEACH, FLA., *August 2, 1949.*

Hon. WALTER GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.:

We believe the best interest of all users of copper will be best served by retaining the present suspension import duty on copper; therefore we urge that you use your influence and vote against Senate bill 2022.

THE ROOFING & SHEET METAL SUPPLY CO.,
F. S. AHRENS, SR.

BROOKLYN, N. Y., *August 3, 1949.*

Hon. WALTER F. GEORGE,
United States Senate,
Chairman, Senate Finance Committee, Washington, D. C.:

We strongly oppose passage of Senate bill 2022, calling for reimposition of copper tariff.

SALTSER & WEINSIER, INC.

MILWAUKEE, WIS., *August 2, 1949.*

SENATE FINANCE COMMITTEE,
Senate Office Building:

(Attention, Senator Walter F. George.)

As an employee of the brass and copper industry I am very much opposed to the reinstatement of the copper import tax. Urge drop bill No. 2022.

A. E. SCHMITT.

KNOXVILLE, TENN., *August 2, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
United States Senate:

As direct consumers of some 2,000 tons of copper annually we believe our best interest will be served by having an open free market in copper insuring adequate supply and better stability of price and accordingly urgently advise against any action that would reinstate 4 cents per pound tariff.

FULTON SYLPHON DIVISION,
RAPHAEL SEMMES.

BATTLE CREEK, MICH., *August 10, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
United States Senate:

Resumption import duty on copper would increase prices and destroy impetus already gained from removal of duty.

H. B. SHERMAN MANUFACTURING CO.,
D. P. ORDWAY, *President.*

BIRMINGHAM, ALA., *August 10, 1949.*

Hon. WALTER F. GEORGE,
Chairman Finance Committee,
Senate Office Building, Washington, D. C.:

We urge that you oppose restoring import duty of 2 cents per pound on copper. Studies indicate available domestic copper production insufficient to supply the country's normal requirements. Reimposing the tax would effectively stop all imports and another shortage would result.

SHOOK & FLETCHER SUPPLY CO.

PATERSON, N. J., *August 2, 1949.*

Senator WALTER F. GEORGE,
Senate Building.

HONORABLE SIR: We are opposed to Senate bill 2022, introduced as an amendment to copper bill H. R. 5327.

SILK CITY PLUMBING SUPPLY.

CAMBRIDGE, MASS., *August 3, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.:

We strongly favor suspension of 2-cent copper import tax until June 1950.

SIMPLEX WIRE & CABLE CO.,
HENRY A. MORSS, Jr.,
Vice President.

MINNEAPOLIS, MINN., *August 8, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.:

Strongly urge you to not reimprose 2-cent import tax on copper. Since our production of copper is less than consumption, we must continue to import and if tax is reimposed it will mean an increased cost to user on all copper and copper-base alloys which we feel would be detrimental to business.

SMITH WELDING EQUIPMENT CORP.,
E. B. JOHNSON, *Purchasing Agent.*

TAYLORS, S. C., *August 2, 1949.*

Senator WALTER GEORGE,
Chairman, Senate Finance Committee:

Reference Senate Bill 2022. Our opinion repealing present suspension import duty would result higher prices and material shortage. We hope no action will be taken to reinstate tariff.

SOUTHERN BLEACHERY & PRINT WORKS.

ROME, N. Y., *August 8, 1949.*

WALTER F. GEORGE,
Senate Finance Committee,
United States Senate, Washington, D. C.:

We favor suspension 2-cent-copper-import tax until June 1950.

SPARGO WIRE CO.,
WILLIAM B. EAMES, *Secretary.*

WILMINGTON, DEL., *August 8, 1949.*

Senator WALTER GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.:

Current business uncertainty makes it desirable in our opinion to oppose at this time Senate bill 2022, calling for repeal of present suspension of 4-cents-per-pound import duty on copper until such a time as general business conditions take a more definite turn one way or the other and United States copper production exceeds consumption for a substantial period of time. Current estimates of business indicate requirements over 100,000 tons per month before end of year, which is considerably beyond United States production.

W. A. SPEAKMAN, JR.,
President, Speakman Co., Manufacturers of Brass Plumbing Fixtures.

MILWAUKEE, WIS., *August 9, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.:

Senate bill 2022 proposes repeal of suspension of import duty on copper because of depletion of our known reserves to a point approaching exhaustion in next 10 years and possible raise in price if repealed. I respectfully request your consideration to withhold any repeal.

RALPH C. SPOONER.

HOUSTON, TEX., *August 4, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.:

Understand Senate bill 2022 proposes repeal of suspension of import duty on copper. Such action would undoubtedly result in an increase in price of copper, which would be detrimental to the reestablishment of our economy on the basis of lower and less inflated prices. Respectfully urge you to oppose this bill.

HARRY B. STEPHENSON.

COLLEGE POINT, N. Y., *August 8, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.:

Please kill Senate bill 2022, which entertains repeal suspension of 4-cent copper tariff.

SUBURBAN BRONZE WORKS,
M. C. ALEXANDER, *President.*

WOLLASTON, MASS., *August 11, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee:

As the Tubular Rivet & Stud Co. is the largest manufacturer of rivets made from nonferrous materials we are vitally interested in having Senate bill 2202 defeated. Anything you can do to prevent another shortage of copper will be appreciated on our part.

TUBULAR RIVET & STUD CO.,
EVERETT N. BRAY, *President.*

ATLANTA, GA., *August 2, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.:

As distributor of copper and brass products we oppose repeal of suspension of import duty on copper. Production capacity of United States incapable of reaching estimated domestic demand. Continuance of open free market will insure adequate supply and more stable price.

J. M. TULL METAL & SUPPLY CO.,
R. W. MCGARITY,
Manager, Brass and Copper Department.

NEW BEDFORD, MASS., *August 12, 1949.*

Senator WALTER GEORGE,
United States Senate, Washington, D. C.:

Membership of Local 168, UAW-CIO, employed by Revere Copper & Brass, Inc., wish to inform you of their opposition to Senate bill 2022. Affirmative action will undoubtedly force price of domestic copper to higher levels. Virtually freeze price, and eliminate incentive of genuine competition. Only big copper producers stand to benefit by the passage of bill. The workers will eventually feel the burden brought about by higher and frozen prices.

In behalf of membership am respectfully urging you to vote against bill or similar legislative acts which tend to create undue hardship to small producers and workers of nonferrous industry.

EMIL BELLOTTI,
President, Local 168, UAW-CIO.

CHICAGO, ILL., *August 11, 1949.*

Senator W. F. GEORGE,
Senate Office Building, Washington, D. C.:

Hope you will oppose repeal of present suspension of duty on foreign copper.

R. W. ULLMAN.

CHICAGO, ILL., *August 9, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.:

Senate bill 2022 proposes repeal of present suspension of import duty of copper. This would undoubtedly result in an increase in the price. New uses for copper as well as the established markets require the maintenance of a price competitive with other materials. The American economy and the national defense have required foreign copper in the past and will require it in the future. At a time when the objective is to reestablish the economy on the basis of lower and less inflated prices, we are opposed to any measures that may result in higher prices for basic commodities.

VICTOR MANUFACTURING & GASKET CO.,
G. E. VICTOR, *President.*

ST. LOUIS, MO., *August 8, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.:

As a manufacturer consuming more than 9,000,000 pounds of copper annually, we are opposed to Senate bill No. 2022 proposing the repeal of the present suspension of import duty of red metal. We believe the suspended tax on copper contributes to a healthier and freer market, conserves American resources, and is most vital to the military program if Congress elects to arm the world. It will be remembered that during World War II copper was a most critical material and large sums were expended to permit the operation of high-cost domestic marginal mines.

WAGNER ELECTRIC CORP.,
J. D. EBY, *Secretary-Treasurer.*

ATLANTA, GA., *August 8, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.:

Sincerely hope you will vote against reimposition of tax on imported copper at this time.

WALKER ELECTRICAL CO.
A. POSENECKER.

CAMBRIDGE, MASS., *August 9, 1949.*

Hon. WALTER F. GEORGE.
Chairman, Senate Finance Committee,
United States Senate:

As fabricators of copper we are opposed to the reimposition of import tax on copper imported into this country. Your aid in defeating this issue will benefit all copper-product manufacturers to keep prices down to a competitive level with other metal-product manufacturers using materials other than copper.

WASCO FLASHING CO.

NEW YORK, N. Y., *August 8, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.:

Copper market is becoming normal in the building industry. Prices are now reaching a point where demand is increasing. Normal consumption should exceed domestic production. To hold prices in line it will be necessary to stabilize domestic production with foreign copper. Senate bill 2022 should be defeated.

WESTCHESTER SQUARE PLUMBING SUPPLY CO., INC.,
THOMAS W. BIEDER.

PHILADELPHIA, PA., *August 8, 1949.*

WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.:

We favor suspension of 2-cent copper import tax until June 1950.

J. M. WHITE, INC.

CINCINNATI, OHIO, *August 8, 1949.*

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee, Washington, D. C.:

Reference Senate bill 2022 please vote for defeating this bill. Copper price should not be increased at this time.

G. E. WEITKAMP,
Vice president, William Powell Co.

PHILADELPHIA, PA., *August 8, 1949.*

Senator WALTER F. GEORGE,
United States Senate:

We favor suspension of 2 cents copper-import tax until June 1950.

B. WILMSEN, INC.,
JOSEPH L. WILMSEN.

GRAND RAPIDS, MICH., *August 10, 1949.*

WALTER F. GEORGE,
Chairman, Senate Finance Committee,
United States Senate.:

We are opposed to reimposing the tax on foreign copper.

WOLVERINE BRASS WORKS,
MARCELLUS, *Purchasing Agent.*

STAMFORD, CONN., *August 3, 1949.*

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee:

As a substantial user of copper we respectfully oppose reinstatement of the tariff on copper as proposed in Senate Bill 2022 amending H. R. 5327. We feel that the proposed reinstatement of this tariff will further contribute to the copper shortage.

THE YALE & TOWNE MFG. CO.,
O. G. SCHWENK,
Vice President in Charge of Production.

BELOIT, WIS., *August 2, 1949.*

WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.:

Senate bill 2022 proposes repeal of present suspension of import duty of copper. This would undoubtedly result in an increase in the price. New uses for copper as well as the established markets require the maintenance of a price competitive with other materials. The American economy and the national defense have required foreign copper in the past and will require it in the future. At a time when the objective is to reestablish the economy on the basis of lower and less inflated prices we are opposed to any measures that may result in higher prices for basic commodities.

YATES AMERICAN MACHINE CO.,
W. D. JOHNSON, *Vice President.*

YORK, PA., *August 2, 1949.*

Hon. WALTER GEORGE,
Chairman, Senate Finance Committee, Senate Office Building:

As a large distributor and user of copper materials we would appreciate your cooperation in taking the action necessary against reinstatement of the 4 cent per pound tariff referred in Senate bill No. 2022.

YORK CORRUGATING CO.,
W. K. YOUNG, *General Purchasing Agent.*

(The following letters and telegrams in regard to H. R. 5327 and S. 1358 were received for insertion in the record:)

AMERICAN ZINC INSTITUTE, INC.,
New York 17, N. Y., August 8, 1949.

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR GEORGE: The price of zinc is now below the average cost of production of the domestic industry, and a large number of mines have been forced to close during the past 60 days. Far too many of our workers are unemployed. Large costs for unemployment insurance have been substituted for tax revenue to the Government.

The drastic reductions in the prices of lead, zinc, and copper during the second quarter of 1949 were primarily due to heavy imports of these metals. In the case of zinc, imports are now being made at a rate in excess of 60 percent of domestic production.

Lack of proper tariff protection, the destruction of risk capital by high surtaxes on individuals, and the various laws that have greatly increased the cost of labor without benefiting labor have had a severe impact on our domestic nonferrous mining industry. Under these handicaps there are grave doubts in the minds of many of us as to the ability of the industry to perpetuate itself to the extent necessary for national security and to avoid a dangerous dependence on foreign sources for the nonferrous metals so important to our national economy.

We respectfully request that our problems be not farther aggravated by suspension of the duties on nonferrous metal scrap as contemplated by H. R. 5327 in its present form.

As much of this scrap has probably been given to the foreigners by our Government or sold to them at a price representing a small part of its value, the present low duties will probably not stop its importation. However, they tend to improve price and at the same time make the importer contribute some of his long "margin" to the Treasury.

I am acquainted to some extent with the serious overload Members of Congress are now carrying due to the many world problems thrust upon them. The men in our industry are grateful for the valiant battle you have waged and are waging to preserve sound government and to protect the welfare of our Nation.

This letter requires no answer.

Yours sincerely,

E. H. SNYDER, *President.*

AMERICAN MINING CONGRESS,
Washington 6, D. C., August 4, 1949.

Hon. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR GEORGE: The American Mining Congress wishes to express its strong opposition to the provisions of H. R. 5327, now before your committee, under which nonferrous metal scrap would be accorded entry into the United States free of duty or import tax.

The original suspension of duties upon nonferrous metal scrap, under the act of March 13, 1942 (ch. 180, 56 Stat. 171), was a wartime measure intended to stimulate imports of metallic materials then urgently needed for prosecution of the war. The need for such action today has passed. Critical shortages of nonferrous metals no longer exist and the present supply-demand situation is one which is causing serious concern to our domestic producers.

Prices of major nonferrous metals have declined heavily in recent months, forcing curtailment of operations and the shutting down of many mines, with consequent unemployment and distress throughout the mining areas. The areas affected lie in many States—notably Tennessee, North Carolina, Virginia, New Jersey, New York, Kentucky, Illinois, Wisconsin, Michigan, Missouri, Kansas, Oklahoma, Colorado, New Mexico, Arizona, Utah, Nevada, Montana, Idaho, Washington, and California. Even with the slight improvement which has taken place in the last few weeks, prices are below the present-day costs of production of many mines which normally employ large numbers of men and support substantial communities.

Under these conditions domestic producers urgently need at least the small measure of tariff protection afforded them under existing duties—which under the Trade Agreements Act have already been reduced by a full 50 percent from the modest rates established by Congress. Obviously this protection is needed against imports of nonferrous metal scrap in exactly the same manner as it is needed against cheaply produced foreign ores or virgin metals.

Recognizing the importance to national defense of maintaining an active, vigorous metal mining industry, many members of the Senate are giving serious thought to proposals for Government assistance to the nonferrous mines. H. R. 5327 in its present form would have exactly the opposite effect—it would weaken, not strengthen, an industry of the highest strategic importance to our future security.

The wartime suspension of duties on nonferrous metal scrap expired on June 30 of this year. It should not be reenacted. Now is no time to add to the distress of this vitally important segment of the mining industry by exspoing it to the competition of duty-free imports.

We respectfully urge that nonferrous metal scrap be specifically excluded from the pending bill.

Very sincerely yours,

THE AMERICAN MINING CONGRESS,
JULIAN D. CONOVER, *Secretary.*

ATLANTA, GA., *August 3, 1949.*

Senator WALTER F. GEORGE,
Senate Finance Committee, United States Senate:

We respectively urge that you use your influence to endeavor nonpassage of the House bill suspending import tax on metal scrap.

BECK & GREGG HARDWARE CO.,
JAMES J. AUTREY.

INSTITUTE OF SCRAP IRON & STEEL, INC.,
Washington, D. C., June 21, 1949.

Miss ELIZABETH SPRINGER,
Clerk, Finance Committee, the United States Senate,
Senate Office Building, Washington, D. C.:

DEAR MISS SPRINGER: The export-import committee of the Institute of Scrap Iron & Steel, Inc., at a meeting in New York on June 17, adopted a resolution favoring S. 1358 which would extend for 1 year from June 30 the exemption of imports of iron and steel scrap from the payment of duty, and has requested me to forward this action to you.

Very truly yours,

EDWIN C. BARRINGER,
Executive Vice President.

AURORA, ILL., *August 5, 1949.*

Hon. WALTER F. GEORGE,
Senate Office Building, Washington, D. C.:

Prompt enactment of H. R. 5327 continuing suspension of import duties on scarce scrap metals urgent. Bill now pending Senate Finance Committee. Urge you support bill and oppose all controversial amendments thereto which would jeopardize or hinder its prompt passage. Refer to statement of Carl H. Burton before Finance Committee August 5.

WM. A. MCKNIGHT, *General Manager.*
WM. F. JOBBINS.

SHIPS & POWER EQUIPMENT CORP.,
Elizabeth, N. J., August 3, 1949.

Hon. WALTER F. GEORGE,
Chairman, Senate Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR GEORGE: In the matter of H. R. 5327 now in the Senate of the United States, having been read twice on July 20, 1949, to the Committee on on Finance, this bill which has been passed by the House and sent to the Senate is, in the writer's opinion and in the opinion of many people with whom I was spoken, detrimental to the best interests of the small business of the United States.

It hurts employment and if enacted, it will cause hardship on many of the businesses involved.

Presently, the scrap metals market in the United States is so overflooded with material that the mills have refused to purchase in many instances. If you will refer to the Wall Street Journal's recent issue, you will find that scrap has been buried by New England producers, instead of it paying for the handling, grading, sorting, and shipping to the mills.

This is a shameful condition which has been caused by Big Steel forcing the price of scrap down and damaging the business through their foreign purchases which were permitted to come in from Europe and the Near East. When these shipments were received, Big Steel companies, sending their representatives over, paid $30 to $33 per ton and more for scrap.

What they did was, collected a backlog of some million tons and then depreciated our market and made home industry suffer by reducing the price of scrap during the past year to where it is now only 38 percent of what it was a year ago.

In the meantime, the big mills have not reduced their prices at all in line with this type of a reduction. In fact, if the steel mills drop their prices $1 or $2 per ton, they believe that they have done something for the recovery of industry in the United States. However, without hoodwinking the people, one must realize that scrap, which is a large component part of the cost of new steel, has been reduced from $45 per ton down to $17.50 per ton, using the Philadelphia figures.

Many scrap producers, in bidding for materials to be rendered to scrap, paid the Government high prices for vessels and war materials. With the market being forced to the low levels of where it has gone, these producers have had to suffer tremendous losses. They have had to curtail business, lay off many of their employees, and in many instances close their yards.

You may recall the newspaper advertisments in Chicago, where the mills refused to pay the published Iron Age prices, claiming that they are so glutted with scrap material that they could not accept further shipments. This being the case, there surely is no need for continuing the flow of foreign scrap into our market, duty free at the expense of home industry.

We trust that your committee will carefully weigh the matter and that the bill will be defeated in the Senate.

We hereby protest against the enactment of the bill known as H. R. 5327 and wish that this communication be made part of the record, establishing said protest.

Yours very truly,

Ships & Power Equipment Corp.
Thomas Harris, *President.*

Salt Lake City, Utah, *August 8, 1949.*

Hon. Walter George,
Chairman, Senate Finance Committee,
United States Senate, Washington, D. C.:

Situation of nonferrous metals producers in Utah is critical. Many are already closed down and more closures are threatening as a result of wide disparity between metal prices and production costs. Producers are opposed to any measure which would abolish price protection afforded nonferrous industry by import duties and taxes. The Utah Mining Association strongly recommends that nonferrous scrap be stricken from H. R. 5329 on which hearings will be held tomorrow.

Utah Mining Association.
W. H. H. Cranmer, *President.*