

THE CURRENT CONDITION OF THE ARIZONA LEAD AND ZINC MINING INDUSTRY

The picture of Arizona lead and zinc mining industry since the flood of foreign metals is indeed a drab one. In 1952 lead and zinc prices suffered a drop from 19 cents per pound to 14 cents for lead, and from 19.5 cents to 12.5 cents for zinc. In 1953, lead got as low as 12.5 cents and zinc 10.0 cents. The present prices of lead and zinc are 13.5 cents and 10.0 cents respectively. The result of this price collapse was the closing down of two large lead and zinc producers in the state (Eagle Picher and Mammoth St. Anthony), and practically all of the smaller properties. Only one large producer (the Iron King) is now operating, and though it is operating at a loss, it is trying to save the property from being lost - once shut down, caving and flooding might prevent it from ever being reopened. Another large zinc producer, Magma Copper Co., has quit its zinc operations, and converted its zinc section to copper.

The lead-zinc industry in Arizona was a relatively young, growing industry, and the present condition of the market threatens to stunt its growth, if not completely wipe it out.

The following table shows how lead-zinc production had been increasing steadily until 1952, when the blow fell. Also the annual production rate for the first six months in 1953 is shown. The figures were obtained from the U. S. Bureau of Mines.

TABLE I:	Tons Lead Produced			Tons Zinc Produced		
	ANNUAL RATE			ANNUAL RATE		
Period	Arizona	U.S.	% Arizona	Arizona	U.S.	% Arizona
1911-1935	6,376	491,100	1.3	2,678	510,400	0.5
1937-1941	12,520	433,483	2.9	9,900	628,213	1.6
1942-1946	18,400	418,584	4.4	30,233	684,011	4.4
1947-1951	27,162	400,719	6.8	57,252	631,138	9.1
1952	16,150	384,097	4.2	46,000	661,023	7.0
Jan. 1953	10,200	367,920	2.8	31,200	648,420	4.8
Feb. 1953	9,840	353,496	2.8	29,040	594,072	4.9
Mar. 1953	10,620	368,580	2.9	28,800	621,636	4.6
Apr. 1953	10,200	373,644	2.7	25,560	616,020	4.1
May 1953	9,780	348,612	2.8	27,360	575,280	4.8
June 1953	9,000	337,548	2.7	24,000	542,208	4.4

It will be noted that the maximum tonnage rate of production was attained in the five year period, 1947-1951. The rate has since dropped to one-third in lead and to 42% in zinc. In other words it is back to pre-War II days. Another item worthy of note shows that Arizona has been hit harder than the rest of the United States. During the period 1947-1951 Arizona had produced 6.8% of the total U. S. lead production and 9.1% of the total U. S. zinc production, whereas this year's production has dropped to 2.7% and 4.4% respectively.

The threat to the domestic mining industry is a matter of the most serious moment. Recalling the almost disastrous effect of submarine warfare on the importation of strategic metals in the last two world wars, it behooves this nation to go to any length to insure the continued domestic production of such metals. It is a costly and sometimes impossible task to reopen mines once they are allowed to shut down. The element of time lost in getting back into production could be fatal. The arguments pro and con as to low wage-scales in foreign countries, devaluated currencies, and richer ores, are all secondary to keeping our mines in operation.

House Report No. 688 (pursuant to H. Res. 22, 83d Congress, 1st Session) cites these arguments in a complete manner, and describes "Current Conditions of the Lead and Zinc Mining Industry of the United States." It states the major question very succinctly: "Does the United States want a domestic lead and zinc mining industry, or Does the United States want to place a dangerous and costly dependence upon foreign sources for its supplies of lead and zinc?" There is only one right answer.

Three other points have been well taken and expressed in the following quotes from the report:

1. "Devaluation demoralizes international trade for industries like lead and zinc."
2. "EFFECT OF HIGH-GRADE FOREIGN ORE AND LOW WAGES

With many foreign wage scales amounting to a daily rate of less than hourly wages for American employees, it requires no figuring to see that foreign metal can be produced much more cheaply than domestic metal. But, to this comparison must be added the fact that the metallic content of foreign ores are, in the main, greater than ours.

Estimates show that foreign lead-zinc can be produced at some 5 cents per pound less than domestic. A market of 11-cent zinc and 12 $\frac{1}{2}$ -cent lead is one in which some foreign producers can make a profit but major segments of the domestic industry cannot. Foreign producers will continue to sell at present, or even lower prices, and no increase can be expected until many in the domestic industry are forced out of business.

Judging from immediate past history, the American consumer can expect to pay exorbitant prices as his "dependency" on foreign metals increases."

3. "SMALL BUSINESS SEGMENT OF THE MINING INDUSTRY HARDEST HIT BY
LOW-COST IMPORTS OF METALS

Some spokesmen within and without government suggest that the present depressed price situation which prevails in the lead and zinc mining industry will be corrected when the so-called marginal or high cost producers are eliminated. These producers are being driven into bankruptcy because they cannot meet low-cost foreign competition and pay high wage scales for American labor and also meet increased transportation, milling, and smelting costs which prevail in the United States.

The Government records show that these "little-business men" are being "slaughtered" at an alarming rate. The reduction in the number of these small independent businesses in the mining districts of the Nation has reached as high as 90 percent in some areas and in others mines are being sold out to larger competitors because the small producer "cannot compete" with the larger integrated corporations. Losses to thousands of stockholders are heavy.

It is an undeniable truth that all "big mines were once small mines" and practically all the small mines in America were developed by small-business entrepreneurs and prospectors. To eliminate this segment of American business life is to "kill off all the children" of the mining industry simply because the cost of raising and bringing up the children of the industry is more costly dollarwise than supporting the "grown-ups" of the industry.

Such reasoning cannot be supported by the Select Committee on Small Business for it is the sound conviction of this Committee that not merely the present but the future welfare of our great Nation must be carefully considered and unless we are determined to become a "have-not nation" mineral wise, in fact as well as in theory, we must adopt policies both national and international in scope which will encourage the exploration, development, and production of minerals within our borders lest we become totally dependent in the future on foreign sources for our supplies of minerals. The Committee learned that we use 45 percent of the world's minerals and that when we depend on foreign sources entirely for our supplies, we pay more dearly for them than when we have available sources of supply within our country. This observation was true only a year ago and should be conclusive proof that we should not allow America to become dependent on foreign sources of supply. Such a policy would be contrary to the best interest of the people of the United States.

TRUE CONSERVATION INVOLVES ACTIVE MINING

The Committee discussed with competent witnesses the suggested idea of "keeping our resources for posterity" and importing our current needs of lead and zinc. Experts in the field of mining explained that such a program would involve a tremendous expense on the American taxpayers as well as consumers. Experience teaches that it is a costly process and involves an economic loss when a mine is closed down. Underground movement is common, especially in deep mines, where timbers must be replaced, shafts and tunnels must be kept in repair and water must not be allowed to enter and destroy machinery or the mines themselves. The Government has all too recently experienced the heavy costs involved in reopening old mines and has doled out millions of taxpayers' money in rehabilitating old mines, the production of which was needed to meet the national emergency. Ore bodies are sometimes lost with total closedown of mines. The Nation's self-interest prompts a rejection by this Committee of our "standby" or "inactive theory." Such theories are neither practical nor economical, and suggest a lack of understanding of the realities of mining by the proponents thereof. Mines require years to revive. Crews of personnel are lost in an industry which is vital to our defense. It appears to be a reasonable conclusion that an active, healthy mining industry is needed to maintain our strength in peace and our defense in war."

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