STATE DEPARTMENT OF GEOLOGY AND MINERAL INDUSTRIES
Head Office: 1069 State Office Building, Portland 1, Oregon
Telephone: Columbia 2161, Ext. 488

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GOVERNMENT STRATEGIC MINERALS POLICY*

By
S. H. Williston
Chairman, Strategic Minerals Committee, American Mining Congress
Vice President, Cordero Mining Company, San Francisco

What is the Government policy regarding the production of strategic metals within the United States? We cannot believe in their entirety the flowery words which come out of Washington. The only way we can judge what that policy is is by examining what Washington does, not what Washington says.

A year ago we produced a quarter of our requirements in antimony. Now we import all.

In 1943 we were self-sufficient, both for ourselves and our allies, in quicksilver. Now we import 80 percent.

Two years ago we were importing 91 percent of our manganese. Mr. James Boyd, of the old DMA, stated that with a price corresponding to a 50-cent a ton increase in steel, we could be self-sufficient in manganese. We are now importing 92 percent of our requirements.

In 1943 we produced 12,000 (S.T. 60 percent WO_3) tons of tungsten concentrates. Now we produce 6,000.

Two years ago we imported 100 percent of our chrome. Now we are only importing 99 percent and possibly we may reduce that under the present program to 95 percent.

Two years ago secret Government instructions were given to make no increases in production unless there were world-wide shortages. No significant increases have been made except where there were world-wide shortages. We may presume, then, that our Washington Government does not expect a war and never has.

The experiences of the last year and a half have shown conclusively that when we want and urgently need metals from abroad we do not get them and when we do not need them they come into the American market to depress price and close down domestic plants.

There is absolutely no reason why we should be surprised!!

In 1935 the Government declared its policy of increasing the raw material supply from abroad and consequently decreasing the need for minerals from domestic sources. Metal tariffs have directly, or indirectly by depreciation of the dollar, been decreased by 80 percent or more.

Ceiling prices have been placed on domestic production; none on foreign production. Materials for the stockpile have been obtained abroad and domestic producers have been refused the opportunity to supply metal at the same price.

Domestic mines are taxed at least 10 percent of gross and 65 percent of net; foreign mines almost always less.

The navy builds its armor plants in Turkey; the air force builds its jet engine plants in Africa; the steel industry, half in Africa, half in India. Our Defense Department doesn't know this but actually those plants could just as well be physically in those locations as to be wholly reliant upon them for their raw materials.

The same non-mining pseudo economists who have developed this policy over the last 17 years reissued that policy under the guise of the Paley Report. I am very sorry that

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*Presented at the 1952 Metal and Nonmetallic Mineral Mining Convention and Exposition, The American Mining Congress, Denver, Colorado, September 22-25.

Mr. Paley, Mr. Brown, and Mr. Bunker permitted themselves to be hoodwinked by this same group of "Washington miners."

The domestic mining industry, strategic or critical, cannot compete in a free world market when their labor and operating costs are controlled by protective tariffs and politics, and their product has no price protection. So long as those Government policies continue, underground metal mining within the United States, with few exceptions, is faced with an unhappy and unhealthy future, if it has any future at all.

Lead prices, or possibly even zinc prices, might be supported artificially by stockpile buying in an election year to save votes but there is not enough political importance in the whole strategic mining industry for the Government to keep it alive even though it means the safety of the country.

I would suggest, then, that those of you who were interested in mining because, unfortunately, you like mining, permit yourselves to be exported to Canada, to Mexico, to South America, or wherever else there is some possibility of success, continued or otherwise as the Government wishes, but I warn you that the State Department has made most of these places too "hot" to operate in.

EDITOR'S NOTE

The following extract from Carl Trauerman's News Letter of the Montana Mining Association, September-October, under the heading of "Copper Prices and Costs" appears to be quite pertinent to the foregoing statements:

> At a testimonial dinner given to Robert E. Dwyer, New York City, the new president of the Anaconda Copper Mining Company, at Anaconda, Montana, on September 3, C. F. Kelley, chairman of the board of the company, who was the principal speaker, pointed out in fighting words the disparity between the domestic and world copper prices, which, he said, pose a serious threat to the American copper mining industry. After several times quoting and praising parts of an editorial entitled: "Copper Needs Your Help," in the July 1952 number of the Engineering and Mining Journal, Mr. Kelley stated: "It is to be hoped that a time will come when the bureaucratic and unfair controls that now exist over the industry will cease and the manifest injustice under which the American copper industry is laboring today will be but an unhappy memory." He strongly emphasized that, while costs have gone steadily upward, the domestic price of copper is frozen at $24\frac{1}{2}$ cents a pound and the world price in the latter part of August was $35\frac{1}{2}$ cents. "Yet," he said, "the Government through the ECA is pouring millions of dollars into foreign countries to buy copper at $35\frac{1}{2}$ cents a pound, while the domestic price is restricted to its present level. You men, both on the staff and hourly-paid employees, are vitally interested in the situation, because it is economically impossible to continue with advancing wages and the cost of practically every other item in the budget of production without obtaining some relief on price."

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PORTLAND GLASS PLANT SITE

According to the Grants Pass Courier of October 10, the Owens-Illinois Glass Company has purchased about 70 acres of land in the Parkrose district of Portland, Oregon, for a possible new site for a glass-container plant. The glass company has been investigating plant sites and raw material sources in Oregon and southern Washington since early in the 1940's. The company has plants in several cities in California as well as many other places in the United States.

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NEWS FROM THE CHROME MINES

G.M.C. Mill

The concentrating plant of the G.M.C. Mining and Milling Company located about 1½ miles west of Eagle Point, Jackson County, Oregon, has been purchased by the Laughlin Engineering Company of Los Angeles, California, and is now a part of the G.M.C. Division of this company. J. N. Laughlin is President and Dave E. Brundage, Vice-President of the Laughlin Engineering Company. Lester L. Sibley is the mill manager. Production is scheduled to begin about October 15. About 600 tons of chromite from the Sordy mine in the Briggs Creek area near Galice, Josephine County, has been stockpiled and chromite is being shipped to the G.M.C. mill from a mine located about 12 miles west of Mount Shasta. The Tyrrell manganese mine in the Lake Creek district east of Eagle Point has been leased. Although both chromite and manganese ore will be milled, the initial production will be chromite concentrates.

Bristol-Baker Mill

Production of chromite concentrates has begun at the concentrating mill installed at the Sourdough mine on Baldface Creek in southern Curry County earlier this summer by Ben Baker. F. I. Bristol, Ben Baker, and T. T. Leonard are owners of the mine and mill. The equipment includes an 8 x 16 jaw crusher, a ball mill and screen, and 2 concentrating tables. The capacity of the mill is about 1½ tons an hour.

Douglas County chromite occurrences

An occurrence of chromite in the farthest northeasterly extension of serpentine in southwestern Oregon is of considerable geological interest and possibly is of economic importance. Nearly 5 miles up Little River from Glide in sec. 27, T. 26 S., R. 3 W., Douglas County, chromite occurs as float on the steep hillside and in place near the ridge top about 700 feet above the road. Mr. O. W. Stuempges of Myrtle Creek has exposed small stringers of chromite in three shallow prospect pits on the "B-Mine" claim. Both disseminated chrome ore and high-grade are present in the area. A fairly uncommon occurrence of chromite in saxonite has been reported.

Freeman and Twombly Mill

Walt Freeman and LaVern Twombly of Cave Junction are setting up a small chrome concentrating mill in sec. 11, T. 38 S., R. 10 W., below Sourdough Flat. The mill will consist of a hammermill, a Gibson rodmill, and one table. They plan to concentrate ore from the Wonder group located partly in sec. 11 and sec. 14. Shallow workings show considerable chromite, some of which is high-grade shipping quality. Sourdough Flat is located about 1½ miles south of Pearsoll Peak which is on the county line between Curry and Josephine counties.

New chromite discoveries near John Day

A new lens of what is believed to be shipping-grade chrome ore has been found on the Haggard-New property near John Day in Grant County. This property is owned by William Gardner and Ray Summers and leased to Bert Hayes.

Another large lens of chrome ore has been found at the Dry Camp mine which is owned by H. R. Elliott. The Dry Camp was formerly leased to Bert Hayes, who milled some of the ore but sold his lease recently as well as his small mill at the Standard mine on Dixie Creek to Art Newman and Paul Romale. The new lens at the Dry Camp was uncovered by bulldozing. It is expected that the ore will be milled at the Tri-State concentrator just east of the town of John Day.

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MINING CONGRESS COMMENTS ON PALEY REPORT

At the American Mining Congress convention in Denver September 22-25, a resolution was adopted commending and at the same time criticizing the President's Materials Policy Commission report according to American Mining Congress Bulletin of September 29, 1952.

Commendations were: (1) urging acceleration of topographic and geologic mapping of the United States and Alaska; (2) recognizing and approving the principle of percentage depletion for minerals and metals; (3) advocating removal of the present limitation on the expensing of exploration costs applicable to minerals; (4) appreciating the necessity of encouraging participation of American capital in the development of foreign mineral resources; and (5) advocating the encouragement of small mining enterprises.

The criticisms were of the report's proposals to establish international buffer stocks as impracticable and the convention disagreed with many of the Commission's recommendations, conclusions, and beliefs as follows:

(a) Direct exploration activities by government should not be undertaken on private lands.

(b) The mining laws should not be revised to introduce a leasing system for metal miners or abolish extralateral rights.

(c) American taxpayers' funds should not be used to explore private lands in foreign countries.

(d) A Defense Materials Procurement Agency should not be established as a permanent instrumentality of the government.

(e) Successor government agencies should not be established when the present emergency agencies are dissolved.

(f) Business risks which the Export-Import Bank is unwilling to assume should not be transferred to the American taxpayer.

(g) Legislation should not be enacted to furnish government loans for foreign mineral enterprises, coupled with authorization for government to enter into management contracts.

(h) Permanent legislation should not be enacted authorizing the unilateral elimination of import duties by the Executive Branch wherever the United States is substantially dependent on imports of metals or minerals.

(i) The "Buy-American Act of 1933" should not be repealed.

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NIEL R. ALLEN REAPPOINTED TO NATIONAL OFFICE

The Grants Pass Courier through the Associated Press, October 13, reported the reappointment of Niel R. Allen, Grants Pass, as Chairman of the Civil Defense Committee of the American Legion. The announcement was made in Indianapolis by Lewis K. Gough, National Commander. Mr. Allen has been a member of the Governing Board of the State Department of Geology and Mineral Industries for several years.

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OREGON MEN ON BOARD OF GOVERNORS, AMERICAN MINING CONGRESS

At the Denver meeting of the American Mining Congress, Western Division, Board of Governors on September 25, the Oregon members, F. I. Bristol, S. H. Williston, and F. W. Libbey, were reelected to serve in 1953.

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CHROMITE REPORT - JULY 1952

According to the U.S. Bureau of Mines, chromite consumption in July was at a low rate because of the continued work stoppage in the steel industry. Chrome ore used for refractory purposes dropped 16 percent below June and metallurgical grade ore increased 12 percent. Ore consumed in chrome chemicals decreased 41 percent. The overall consumption of ore totalled 72,938 tons which was about the same as for June. The domestic output of chromium ores and concentrates from January through May 1952 is estimated to have been 3,200 short tons. Imports during the first six months of 1952 totalled 762,836 short tons. Consumption of metallurgical grade chromite in the United States for the year 1951 was 573,075 tons, with a total chromite consumption of 1,212,480 tons. Consumption of metallurgical grade chromite for the first six months of 1952 was 339,601 short tons with a consumption of total chrome for the six months of 600,179 tons. Total stocks at the end of 1951 amounted to 637,453 tons, a little less than half of which was metallurgical grade. Total stocks at the end of July 1952 amounted to 735,611 tons, of which 336,908 tons was metallurgical grade. Imports of metallurgical grade were supplied principally by Turkey, Southern Rhodesia, and the Union of South Africa. India, Parkistan, and the Philippines shipped a minor amount. The Philippines supplied 70 percent of the total refractory ore, Cuba shipped 22 percent, and Southern Rhodesia 8 percent. All of the chemical grade ore came from the Union of South Africa.

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GOLD PRICE INCREASE

The Value Line Investment Survey under date of September 29, 1952, makes an interesting prediction concerning an increase in the price of gold. Most responsible financial investment services refuse to make a firm prediction that the official United States price will advance. However, the Value Line has set the probable time as late 1953 or early 1954. The reasons given are that United States industrial plant capacity has been expanded greatly in the postwar period. Deferred consumer demand has been satisfied and the stepped-up industrial expansion is potentially far in excess of domestic demand. In order to keep the industrial machine operating, American producers will endeavor to expand foreign markets. In these markets there will be sharp competition from Japan and countries of Western Europe where industry is expanding also and the need for foreign markets is equally or even more pressing than in the United States. The stage appears to be set for another round of currency devaluations in Western Europe and such a move would reduce prices on our imports to a very difficult competitive level even after payment of duties. The United States would then be forced to devalue the dollar by means of an increase in the price of gold to allow this country to sell goods abroad competitively as well as to maintain its domestic markets.

In the past currency devaluation has taken place in a country not because of a realistic comparison of the relationship between gold and commodity prices but rather because of the need of that country to improve its competitive foreign trade position. Examples are the United States in 1934 and Britain in 1949.

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DEPARTMENT NEWS

Len Ramp, who has been mapping some of the active chrome operations in southwestern Oregon, has returned to the Portland headquarters for the winter. During November he will visit active chrome properties near John Day in company with N. S. Wagner, field geologist of the Baker office.

Hollis Dole finished mapping the Dutchman Butte quadrangle of southwestern Oregon in September and resumed his graduate work at the University of Utah, Salt Lake City, for which he has been granted a leave of absence from the Department.

N. S. Wagner, field geologist stationed at Baker, has been doing reconnaissance geological mapping in southern Umatilla County in continuing the mapping project started in 195

"FREE" GOLD UNSETTLED ON REDUCED VOLUME OF SALES

Transactions in "free" gold markets during September declined in volume on general disappointment over the views of monetary experts expressed at the recent meeting of the International Monetary Fund, in Mexico City. It was admitted that the difficulties that stand in the way of a return to an international gold standard are as formidable as at any time since Bretton Woods. The U.S. delegation again objected to disturbing the official price of gold under prevailing conditions.

No major increase in the price of gold is expected in the near future. Prices realized during the last month in the "free" market were slightly lower.

Pick's World Currency Report quotes on "free" gold as follows, per fine oz., bars of 12.5 kg:

	Aug. 30	Sept. 30
New York (transit) . . .	$37.60	$37.30
Manila	36.75	36.85
Hong Kong	40.65	40.75
Bombay	46.00	46.00
Tangier	37.75	37.35
Beyrouth	37.80	37.40
Paris	39.35	38.75
Buenos Aires	41.25	40.75

Finance Minister Havenga of South Africa, one of the speakers at the Fund's meeting, said, in part:

> "We have now reached the end of the transition period envisaged by the Fund, and what do we find in practice? Instead of general convertibility of currencies and unimpeded international trade we find that the disequilibrium in the balance of payments of many countries is as serious as ever before. . . .In the modern state, economic factors have been subordinated to the overriding social objective of full employment, and the effective prosecution of this objective requires a flexible monetary standard. . . .
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> "Short of a substantial increase in the volume of gold production, which can be ruled out under present price relationships, reserves could only be built up to an adequate level either by raising the price of gold or by deflation.
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> "It would surely spell a major disaster if nations are to rely upon deflationary action to achieve an end which is so necessary to augment their international liquidity.
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> "It is rather unfortunate, however, that a higher purchasing power for gold could only be realized through sales in the free market which deprive the central reserves of many countries of much-needed additions."

(From E&MJ Metal and Mineral Markets, October 9, 1952.)

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GOVERNMENT CHROME DEPOT CHANGES HOURS FOR RECEIVING ORE

The Grants Pass Bulletin of October 16 states that the General Services Administration chrome ore depot will return to the regular hours of 8:00 a.m. to 4:30 p.m. Monday through Friday beginning October 20. Since September 2 the depot has been receiving ore shipments from 7:00 a.m. to 7:00 p.m. Monday through Saturday. The advent of the winter season will mean reduction in ore deliveries to the depot.

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