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UNMANUFACTURED MICA AND MICA FILMS AND SPLITTINGS

AUGUST 20, 1957.—Ordered to be printed

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

REPORT

together with

MINORITY VIEWS

[To accompany H. R. 6894]

The Committee on Finance, to whom was referred the bill (H. R. 6894) to amend the Tariff Act of 1930 as it relates to unmanufactured mica and mica films and splittings, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of H. R. 6894 is to amend paragraph 208 of the Tariff Act of 1930 to provide a rate of duty of 4 cents per pound on all unmanufactured mica and to transfer to the free list mica films and splittings not cut or stamped to dimensions.

PURPOSE OF AMENDMENTS

The committee amendments would (1) permit duty-free importation of certain dyed wool yarn cut in uniform lengths not to exceed 3 inches and wrapped in individual packages not to exceed 6 ounces in weight, and (2) establish a sliding scale import tax on lead and zinc in slabs, bars, and pigs in lieu of present tariffs.

GENERAL STATEMENT ON BILL

Mica is a strategic, nonmetallic mineral which comprises a group of aluminum silicate minerals similar in composition and characterized by a high degree of cleavage which permits ready separation into thin sheets. As a strategic mineral, mica is being stockpiled by the Federal Government. Mica is essential in component parts of practically all electronic devices and is the most important insulating median in the electrical industry.

The following table sets forth the tariff status of mica as it would be affected by H. R. 6894:

Import duties on mica which would be changed or abolished by H. R. 6894

Tariff Act paragraph	Description	Rate under—		
		Tariff Act of 1930	Trade agreement program	H. R. 6894
208 (a)	Unmanufactured block mica "valued not above 15 cents per pound."	4 cents a pound	4 cents a pound	4 cents a pound.
	Unmanufactured block mica "valued above 15 cents per pound."	4 cents a pound plus 25 percent.	2 cents a pound plus 12½ percent.	4 cents a pound.
208 (c)	Manufactured mica films and splittings: Not cut or stamped to dimension and not above 12/10,000 of an inch in thickness.	25 percent	12½ percent	Free.
	Manufactured mica films and splittings: not cut or stamped to dimension and above 12/10,000 of an inch in thickness.	40 percent	20 percent	Free.

Enactment of H. R. 6894 would leave unchanged the rate of duty on unmanufactured mica valued not above 15 cents per pound, would reduce the rate of duty on unmanufactured mica valued over 15 cents per pound, and would remove the duty on uncut mica films. These changes in tariff treatment might result in a slight increase in imports of these types of mica; however, there would be a corresponding reduction in the imports of cut mica films and fabricated mica parts entered under paragraphs 208 (d) and 208 (e). The change in composition of mica imports would take place because the domestic mica fabricators should be able to purchase unmanufactured mica at somewhat lower prices, inasmuch as most of the countries shipping fabricated mica to the United States must import unmanufactured mica from the same sources as the United States. Also, mica fabricators in the United Kingdom, Western Germany, and Japan, the leading United States suppliers of fabricated mica, have a competitive advantage over United States fabricators because these countries do not assess a duty on imports of unmanufactured mica.

The Department of Commerce in reporting on similar legislation in the 84th Congress stated as follows:

> * * * it would reduce or abolish the existing tariff rates on only those classes of mica, i. e., films, splittings, and high quality block, for which United States industry is very largely dependent on foreign sources. The reduction or abolition of these duties should result in lowering the cost of production to domestic industry, primarily the electrical industry. Since this industry is competitive, the lower production costs should result in lower prices to domestic consumers and should enable the domestic manufacturers to compete more effectively in world markets.

The Department of Commerce also expressed the view that the changes in the tariff treatment of imports of mica proposed by H. R. 6894 would not have adverse effects on the domestic mining industry;

GENERAL STATEMENT ON WOOL AMENDMENT

This amendment proposes the transfer from the dutiable to the free list of the Tariff Act of 1930 of yarns, wholly or in chief value of wool, dyed and cut into uniform lengths not exceeding 3 inches and wrapped in individual packages not to exceed 6 ounces in weight. Such yarns are specially designed for use in making hand-hooked rugs which are usually produced by individuals either for personal use or as gifts. It is understood that these yarns are often used by invalids and other shut-ins in the manufacture of such rugs.

The yarns described in the bills are presently classifiable under the "catchall" provision of the tariff act for "Manufactures, wholly or in chief value of wool, not specially provided for" (par. 1120). The duty established in the Tariff Act of 1930 for articles included in this "catchall" provision was 50 percent ad valorem. The rate on the entire "catchall" classification, except for certain cloth samples, was reduced to 40 percent ad valorem effective January 1, 1948, pursuant to the General Agreement on Tariffs and Trade (GATT).

In last year's trade-agreement negotiations the yarns described in the bills were carved out of the "basket" classification and the duty was reduced by the maximum extent permissible under the law: to 38-percent ad valorem effective June 30, 1956, to 36-percent ad valorem effective June 30, 1957, and to 34-percent ad valorem effective June 30, 1958. This concession was consistent with the Commission's "peril point" determination. It should be noted, however, that in fixing peril points the Commission does not indicate peril-point rates lower than those which can be effectuated by the President under the law. Thus, the reduced rates established in the 1956 trade-agreement negotiations do not necessarily reflect the Commission's view that those rates were the lowest rates which can be established for the product in question without causing or threatening serious injury to a domestic industry. The product is a minor article of commerce.

Statistical information on imports has been available only since July 1956, when the product was separately classified statistically for the first time. Total imports from July to December 1956 amounted to 16,133 pounds having a foreign value of $23,149, and preliminary data on imports during January and February 1957 show a total quantity of 4,577 pounds having a foreign value of $7,240. All the imports were from England.

The committee urges the adoption of this amendment because of its value to the handicapped and to veterans and others who not only find handweaving excellent therapy but might have provided for them some occupation and recreation which they might not otherwise enjoy.

No opposition from industry has been made known. Domestic woolgrowers and manufacturers of wool products agree that the purpose of the amendment is good and have no objection to its adoption.

The committee emphasizes that this amendment is in no way related to other proposals for the free importation of commercial carpet wools. It also emphasizes that, although it appears that there is no probability of abuses developing as a result of this legislation, should any develop, or if attempts are made to import this specialty for general machine use, the committee may take such action as is necessary to restore the import duties now in effect. It is anticipated that the Department of Agriculture and other interested agencies will inform the committee if abuses occur.

GENERAL STATEMENT ON LEAD AND ZINC AMENDMENT

The amendment adopted by the committee follows the exact proposals of S. 2376 which has the approval of the agencies of the Government as well as the administration. The rates of taxes imposed are shown in the following tables for lead and zinc, respectively:

Rates of taxes

LEAD

Article	If the determined average market price for lead is—		
	Less than 17 cents but not less than 16 cents per pound	Less than 16 cents but not less than 15 cents per pound	Less than 15 cents per pound
On the following articles provided for in paragraph 72 of the Tariff Act of 1930:			
Litharge	$1\frac{1}{8}$ cents per pound	$2\frac{1}{4}$ cents per pound	$3\frac{3}{8}$ cents per pound.
Red lead	$1\frac{1}{8}$ cents per pound	$2\frac{1}{4}$ cents per pound	$3\frac{3}{8}$ cents per pound.
Orange mineral	$1\frac{1}{4}$ cents per pound	$2\frac{1}{2}$ cents per pound	$3\frac{3}{4}$ cents per pound.
White lead	$1\frac{1}{20}$ cents per pound	$2\frac{1}{10}$ cents per pound	$3\frac{3}{20}$ cents per pound.
Pigments in chief value of suboxide of lead	$1\frac{1}{2}$ cents per pound	3 cents per pound	$4\frac{1}{2}$ cents per pound.
Other pigments containing lead	10 per centum ad valorem	20 per centum ad valorem	30 per centum ad valorem.
On lead-bearing ores, flue dust, and mattes of all kinds, provided for in paragraph 391 of the Tariff Act of 1930	$\frac{1}{2}$ cent per pound on the lead contained therein	$1\frac{1}{4}$ cents per pound on the lead contained therein	2 cents per pound on the lead contained therein
On lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, antimonial scrap lead, type metal, babbitt metal, solder, and alloys or combinations of lead, provided for in paragraph 392 of the Tariff Act of 1930	1 cent per pound on the lead contained therein	2 cents per pound on the lead contained therein	3 cents per pound on the lead contained therein
On lead in sheets, pipe, shot, glazier's lead, and lead wire, provided for in paragraph 392 of the Tariff Act 1930	$1\frac{3}{16}$ cents per pound	$2\frac{3}{8}$ cents per pound	$3\frac{9}{16}$ cents per pound.

Rates of taxes—Continued

ZINC

Article	If the determined average market price for zinc is—		
	Less than 14½ cents but not less than 13½ cents per pound	Less than 13½ cents but not less than 12½ cents per pound	Less than 12½ cents per pound
On the following articles provided for in paragraph 77 of the Tariff Act of 1930:			
Zinc oxide and leaded zinc oxide, containing not more than 25 per centum of lead:			
In any form of dry powder	⅜ cent per pound	1 1/10 cents per pound	1 13/20 cents per pound.
Ground in or mixed with oil or water	¾ cent per pound	1½ cents per pound	2¼ cents per pound.
Lithopone, and other combinations or mixtures of zinc sulfide and barium sulphate:			
Containing by weight less than 30 per centum of zinc sulfide	¾ cent per pound	1½ cents per pound	2¼ cents per pound.
Containing by weight 30 per centum or more of zinc sulfide	¾ cent per pound and 7½ per centum ad valorem.	1¾ cents per pound and 15 per centum ad valorem.	[illegible]⅝ cents per pound and 22½ per centum ad valorem.
On zinc-bearing ores of all kinds, except pyrites containing not more than 3 per centum zinc provided for in paragraph 393 of the Tariff Act of 1930.	⅜ cent per pound on the zinc contained therein.	1 1/10 cents per pound on the zinc contained therein.	1⅝ cents per pound on the zinc contained therein.
On the following articles provided for in paragraph 394 of the Tariff Act of 1930:			
Zinc in blocks, pigs, or slabs	½ cent per pound	1¼ cents per pound	2 cents per pound.
Zinc dust	7/10 cent per pound	1⅜ cents per pound	2 1/10 cents per pound.
Zinc in sheets:			
Coated or plated with nickel or other metal (except gold, silver, or platinum), or solutions.	1⅛ cents per pound	2¼ cents per pound	3⅜ cents per pound.
Other	1 cent per pound	2 cents per pound	3 cents per pound.
Old and worn-out zinc fit only to be remanufactured, zinc dross, and zinc skimmings	¾ cent per pound	1½ cents per pound	2¼ cents per pound.

The sliding scale of tax rates replaces existing tariffs and, in fact, removes all protection if prices should rise above 17 cents in the case of lead and 14½ cents in the case of zinc, as indicated in the above tables.

It is urgent that the domestic lead and zinc industry be given some form of relief at the earliest possible moment. Nevertheless, the amendment proposed takes cognizance of existing trade agreements affecting lead and zinc. When these agreements were entered into, it was recognized that vital industries might be seriously affected; and provision was made for negotiation and action to alleviate injury and distress in those industries. Other nations have taken advantage of this section of GATT; and now, if the United States finds it advisable to take steps to preserve an industry, the machinery is available. The amendment provides for the keeping of the strict letter of our international commitments.

It is assumed by the committee that the rules, regulations, and methods of administration which have characterized the importation of lead and zinc in the past, and which are not altered by this amendment, will not need to be revised.

United States and world prices of lead and zinc are seriously depressed. The proposed action would tend to stabilize mineral prices and still provide for substantial amounts of imports. Imports are supplying an increasingly large proportion of the consumption in the United States, and domestic production is supplying less and less of the American market, as indicated by the following tables:

United States lead mine production and imports

[Thousand short tons]

	Mine production	Imports	Ratio of imports to mine production
			Percent
1946-50 (average)	390.2	336.0	86.1
1951	388.2	257.9	66.4
1952	390.2	628.1	161.0
1953	341.9	552.3	161.5
1954	325.4	443.4	136.3
1955	338.0	462.2	136.7
1956	348.3	479.3	137.6
1957—January	30.2	34.3	113.6
February	29.1	54.4	186.9
March	30.9	39.3	127.2
April	31.5	42.3	134.2
Total (4 months)	[1] 121.8	170.3	139.8

[1] Total does not equal sum of individual months because of rounding.

Source: U. S. Bureau of Mines.

United States zinc mine production and imports

[Thousand short tons]

	Mine production	Imports (slab and ore)	Ratio of imports to mine production
			Percent
1946-50 (average)	611.8	381.4	62.3
1951	681.2	390.8	57.4
1952	666.0	565.3	84.9
1953	547.4	748.8	136.7
1954	473.5	612.3	129.3
1955	514.7	673.7	130.9
1956	537.6	770.8	143.4
1957—January	49.2	69.7	141.7
February	45.8	65.6	143.2
March	50.4	65.0	129.0
April	51.0	75.7	148.4
Total (1st 4 months)	[1] 195.5	276.0	141.2

[1] Total does not equal sum of individual months because of rounding.

Source: U. S. Bureau of Mines.

A large number of domestic mines have already closed and others are on the verge of abandonment. It is an expensive and complex job to keep lead and zinc mines in standby condition and only those with substantial financial reserves can afford to attempt it for more than short periods. Many mines are now being maintained by operations at substantially reduced capacity or are being kept in standby condition. If legislation is delayed, or if prices are not soon restored, these mines will also be abandoned. It is often that a mine cannot be reopened after it has been closed. Often it will fill with water, its timbers will rot, and the walls will cave in.

If the committee amendment is adopted it will help this vital American industry to be preserved, and many mines now in danger will not be lost to the security and economy of the United States.

Important mines have already shut down in practically every western mining State as well as in eastern producing areas. It is estimated that 3,500 to 4,000 workers in lead-zinc mining have already been laid off, with an approximate wage loss of $16 million to $18 million annually. The impact of these shutdowns which have seriously affected over 25 percent of the working force has spread to many thousands more who supply materials and services. Numerous communities depending almost entirely on mining, as is the usual case in mining areas, have been so seriously affected that business is at a standstill with the economic loss spreading throughout large districts which trade with those communities.

The loss of 25 percent of the skilled working force and the potential loss of considerably more unless Congress acts at this session could be serious in time of national emergency. On the same basis every mine shutdown means that some part of our limited and sometimes irreplaceable mineral resources are lost. Unlike factories, mines cannot be shut down and reopened when prices adjust themselves or when foreign suppliers find difficulty in reaching the American market.

The price of lead, after holding at 16 cents for more than 16 months suddenly slumped to 14 cents, a drop of 12½ percent and the price of zinc declined from 13½ cents to 10 cents, a drop of 35 percent in a short time. Although domestic producers had known that their much higher wage rates had placed them in a difficult competitive position with lead from low-wage-scale countries, they were able to maintain production and peril-point prices because of Government purchases not only for stockpiling but for Government contracts. Both of these outlets began to close and reduced sales contributed a major share to the sudden decline in domestic as well as world prices. These Government purchases had lifted and maintained world prices as well as those in the United States. Excess foreign production found its way into United States consumption markets while that which was domestically produced was largely taken off the market by the Government.

It was known and studied by producers as well as Government agencies that when Government purchasing tapered off some form of support for prices and production would have to be devised to replace those purchases above the normal consumption requirements. No longer can the Government absorb excess world output and this amendment would serve only to spread the reduction in output among the producing nations. Under present conditions the bulk of the decline in output must fall on United State procedures.

Other forms of equalizing the effect of reduced world output could be adopted, but regardless of the method or system, whether it be outright subsidy or the extreme of quotas on imports, the resulting decrease in the share of the domestic market supplied by imports would be the same. Unless the United States is to continue to absorb excess world production, regardless of how great that excess is, mines in the principal producing countries must reduce output or begin to stockpile as the United States has done in the past. The mines of the United States cannot continue to bear the brunt of the overproduction of the whole world. If the Federal Government paid domestic mines a subsidy of 3 cents per pound they could better compete with imported lead, and lead imports would be reduced. No matter what the form of inducement to domestic output resulting in the continued operation of vital mines, those mines will produce lead and zinc which will be sold in this market. If that market can absorb only so much, then imports will decline to the moderate point where domestic miners can contribute a reasonable share to the consumption in the United States.

When 3,000 to 4,000 miners are out of work they purchase less coffee, fewer automobiles which contain hundreds of items imported from foreign countries, and less of other products. Every country suffers when the purchasing power of American communities is removed or dangerously reduced. The Finance Committee recommends the adoption of this amendment aimed at the prevention of further loss in the mining industry and hopes that it will restore, at least to some extent, the jobs of many of the miners now without employment.

MINORITY VIEWS

The action of the Finance Committee in recommending a sliding scale increase in the tariff on lead and zinc is in our judgment a serious blow to our economy and an attempt to undermine our reciprocal-trade program which will worsen the trade relations of the United States and the free world.

I

In the first place, it will increase wholesale prices of important basic metals and indirectly but surely exert further inflationary pressures on the cost of living.

Under the sliding scale proposal, the tariff on lead bullion, pigs, bars, etc., which in 1956 made up over 50 percent of our lead imports, would be 1 cent per pound when the domestic price is between 16 and 17 cents, 2 cents per pound when the price is between 15 and 16 cents, and 3 cents per pound when the price is less than 15 cents.

The tariff on lead-bearing ores, flue dust, and mattes of all kinds, which in 1956 made up 44 percent of our remaining lead imports, would be one-half cent per pound when the domestic price is between 16 and 17 cents, 1¼ cents per pound when the price is between 15 and 16 cents, and 2 cents per pound when the price is less than 15 cents.

As the present price of lead is 14 cents (New York) this means an immediate increase to the full 3 cents for lead bullion, pigs, and bars, and to the full 2 cents for lead-bearing ores, flue dust, and mattes of all kinds.

Under the sliding scale proposal the tariff on zinc in blocks, pigs, or slabs (East St. Louis) would be one-half cent per pound when the price is between 14½ and 13½ cents, 1¼ cents per pound when the price is between 13½ and 12½ cents per pound, and 2 cents per pound when the price is less than 12½ cents. Zinc in blocks, pigs, or slabs made up 26 percent of our total zinc imports in 1956.

The tariff on zinc-bearing ores of all kinds, which in 1956 made up 74 percent of our zinc imports, would be two-fifths of a cent per pound when the price is between 13½ and 14½ cents, 1⅒ cents per pound when the price is between 12½ and 13½ cents per pound, and 1⅘ cents per pound when the price is less than 12½ cents.

As the present price of zinc (East St. Louis) is 10 cents, this also means an immediate increase to the full 2 cents tariff for zinc in blocks, pigs, or slabs, and to the full 1⅘ cents per pound for zinc-bearing ores.

All this compares with the present tariff of 1 1/16 cents per pound on lead bullion and three-fourths of a cent per pound on lead-bearing ores; and seven-tenths of a cent per pound on zinc blocks, pigs, or slabs, and six-tenths of a cent per pound on zinc in zinc-bearing ores. The increase is therefore very large and means that, if this is put into effect, we will have adopted the principles of the protective tariff.

This action will increase the price of such products as plumbing equipment, paint, car batteries, gasoline, zinc galvanizing in steel products, lead for printing, zinc die castings for automobiles, etc. It will therefore hurt both the producers and the consumers of these articles.

As the housing industry is now in difficulty, in part because of higher costs, the increased cost of paint and plumbing products can only increase its troubles. We can also expect a further rise in the cost of automobiles, newspapers and magazines, and steel products.

It is ironic that these increases will occur in the prices of those products which have already experienced such a serious price inflation from a variety of other causes.

The specific costs to the consumer are difficult to estimate but in 1956, alone, some $380 million of lead and $290 million of zinc were consumed in the United States in their refined forms.

II

Secondly, higher United States tariffs on lead and zinc will directly operate to decrease our exports to the four countries from which we import most of our lead and zinc, namely, Canada, Mexico, Peru, and Australia. Since the amount of goods which these four countries can sell to us will be appreciably reduced, this will automatically reduce the amounts which they can buy from us. International trade is ultimately a process of balance-in-barter in which the goods and services of a given country such as ours are exchanged for the goods and services of other countries. These countries cannot buy from us unless they can sell to us and when we cut our purchases from them, they will have to cut theirs from us.

In 1956 the major countries which sell lead and zinc to us purchased over $5 billion of manufactured and agricultural products from us. They sold only $192.2 million in lead and zinc to us. If their lead and zinc exports to us decline, as they will if this bill is enacted, we can be certain that our exports of machinery, farm implements, engines, automobiles, refrigerators, electrical goods and equipment, steel and steel products, and thousands of other commodities produced in America and exported abroad will be curtailed because of the decrease in purchasing power of these customers due to their diminished sales to us.

Thus our exports to Canada of around 3.8 billions of dollars annually will be curtailed. This will especially hurt the manufacturers of machinery and equipment, farm implements, engines, automobile parts, electrical goods, and thousands of other articles which we produce and export to Canada. A somewhat similar group of exports to Australia will also suffer, as will tobacco and cotton exports to them. In a similar fashion our exports to Peru of autos, trucks, tractors, drugs, cotton and textile products, gasoline, and other articles will decrease. The sale of most of these articles to Mexico will also be reduced. In addition food, farm, and chemical exports to Mexico will suffer as will all types of machinery and equipment.

III

Apart from the decrease in exports to Canada, Mexico, Australia, and Peru which this bill would bring about because of the decreased purchasing power of those countries, there are even more serious effects which this bill would almost inevitably set into motion.

First, this bill will invite and likely provoke economic reprisals of various kinds. We can expect these countries to retaliate and raise their tariffs on American products. We can expect quotas on imports of American farm products to be imposed. We can expect them to buy from other countries the products or alternative products which they now buy from us. Further, we can probably expect an increase in the trade of Mexico and Peru with Iron Curtain countries.

It is ironic, indeed, that some who vigorously oppose trade with Communist countries and who, from time to time, denounce our friends and allies for such trade now support a bill whose ultimate effect may well be to drive some of our friends and allies to trade in self-defense with Communist China or with the satellite states.

There are other important political factors which we should consider. For example, the key issue in the recent Canadian elections was that of the proper relationship between that Commonwealth and the United States. The victorious Progressive-Conservatives attacked the previous Liberal government as being too favorable to us. They promised greater independence, and since that election they have promised closer trade connections with Great Britain and a loosening of Canada's economic ties with the United States. Such action on our part will intensify the latent resentment which, rightly or wrongly, is cherished by many sections of Canadian public opinion. It will greatly increase the possibility that Canada will practice direct or indirect economic reprisals against us.

We should never forget that the last increase in the protective tariff, namely, the Smoot-Hawley Act of 1930, directly stimulated reprisals all over the world. This further shrank the volume of world trade and amongst other consequences stimulated the Empire Preference Agreements within the British Empire. It distinctly increased economic nationalism and intensified the world depression.

If the present proposal is enacted, it will invite and in all probability have similar bad effects.

IV

Our opposition to the proposed drastic increase in the tariff on lead and zinc does not mean that we are either unaware of or lack concern for the difficulties of our domestic lead and zinc industries. We respectfully suggest and insist, however, that to the extent that tariff adjustments can be justified in relationship to the national interest, authority to provide such relief is now clearly vested in the President of the United States under existing law. It was just for such purpose that the escape clause provisions were included in the Reciprocal Trade Agreements Act.

Indeed, application for the same kind of relief which is now sought by legislation and now recommended by the administration was denied by President Eisenhower in 1954.

Moreover, we do not believe that the country should be thrown into a panic by alleged developments in the lead and zinc mining industry. The preliminary figures of the Bureau of Labor Statistics for June show 17,900 workers employed in the lead and zinc mines. This is only 300 less than the number employed in April and it is actually 100 more than the average number employed in 1953 and 1,500 more than the number in 1954. (See table 5, appendix.)

V

Two arguments in support of the bill have, in our opinion, only dubious value.

First, there is a very real question that this bill would actually aid our domestic lead and zinc industries. As the State Department said in 1953 on a similar bill, "The foreign producers do not, in the main, have a competitive advantage because of low labor standards." Thus, the problems of these industries arise more from slowness in improving productivity, low-grade mines, and the mining of marginal deposits than from the foreign imports. A tariff which effectively hinders imports will more likely mean that domestic users of lead and zinc will shift to alternative products rather than pay higher prices. This is particularly true of zinc where a price rise makes aluminum competitive with it.

Second, the argument that imports of lead and zinc might imperil our national security cannot be supported. Canada and Mexico are contiguous to the United States, and their ores would be available in times of emergency just as would our domestic production. In fact, to the extent that this bill promotes sales to Iron Curtain countries or means the disestablishment of Canadian and Mexican mines, it imperils our own security, for the United States is by no means self-sufficient with respect to lead and zinc.

VI

This proposal is a major reversal from the reciprocal trade policy. It is well known that the tariff issue has in the past given rise to some of the worst abuses in our legislative history. The practice of "logrolling," where support for a tariff increase on one product was exchanged for support of a tariff increase on a product from another section of the country, reached its peak on tariff bills.

By the establishment of the Tariff Commission and the reciprocal trade program, Congress put our trade and tariff policy upon a sounder footing. Under the program of Cordell Hull we moved toward greater world trade, to the advantage of our own as well as of other countries. Then to protect American industry from temporary and localized losses, we set up the procedures of the so-called peril-point and escape clause. This transferred to the President and to the Tariff Commission the vexatious task of dealing with the claims to protection of a wide variety of industries. The Office of Defense Mobilization has been charged with the investigation of the essentiality of given products for defense.

We are properly proud of representative government. But one of its weakest features has been the great difficulty of protecting the broad general interest, which is diffused, from the powerful pressures of specific producing and local groups. We had seemed to have reached a fairly harmonious way of dealing with these problems. It appears easier for the President, representing all the people, all other things being equal, to take a more national view about the general welfare than the average of the individual Members of Congress, exposed, as they are, to the concentrated pressures of specific business, mining, and industrial groups localized in their individual constituencies. And yet by means of the general power of Congress, the executive agencies were not insulated from public opinion.

The present proposal scraps all this and returns to the legislative determination of tariff schedules. We predict that it will open up the floodgates and that a host of other increases will be proposed. For if the tariffs on lead and zinc are skyrocketed, then we can expect that the producers of textiles, copper, and a myriad of other products, metallic, manufactured and agricultural, will demand and quite possibly obtain similar favors. We will indeed have opened Pandora's box. Many such bills are already pending before congressional committees.

In the process, the reciprocal trade program will go down the drain. The painful efforts to bind the free world cl ser together economically will be defeated and the world will tend to relapse into economic nationalism.

This may be what some of the proponents of the tariff increase desire. But we do not believe that the people of this country want it. And we are convinced that it would be against the long-run best interests of the United States.

VII

One of the most disappointing features concerning this bill is the shift in the administration and State Department attitude toward it. This is not to say that the Congress, including too many members of both parties, is without blame for too often we have been content to allow specific pressures to override the national good, as there is a tendency to do in this instance.

In such circumstances, a strong stand by the President and his administrative agencies in support of the national and international interests involved is the most effective method by which the specific pressures of particular commodity groups, which operate so effectively on the Congress, may be offset.

Instead of engendering and promoting such broad national interests, this administration has time and again refused to act or has acted on behalf of the narrow interests.

We have heard fine phrases from the President in support of international trade, only to see him pack the Tariff Commission with protectionists.

We have watched while the State Department has shifted its position from one of opposition to the lead and zinc bill in 1953 to a position of support for a similar bill in 1957.

In such circumstances our national and international interests, which command the support of a majority of the American people, are imperiled, for the interests of the majority are diffused, while that of the minority is concentrated and effective. We strongly urge that this amendment and, if necessary, the whole bill be defeated.

PAUL H. DOUGLAS.
ALBERT GORE.

APPENDIX TO MINORITY REPORT

TABLE 1.—*United States imports of nonferrous metals from various countries, 1956*

[In millions of dollars]

	Mexico	Canada	Australia	Peru	Total
Lead	30.7	14.0	31.9	25.2	101.8
Zinc	19.7	50.3	4.1	16.3	90.4
Other nonferrous metals and alloys	49.7	35.9	14.1	31.8	446.5
Total	100.1	415.2	50.1	73.3	638.7
Total of all imports for consumption from these areas	394.5	2,869.1	137.3	132.3	3,533.2

Source: Bureau of the Census Report FT 120.

TABLE 2.—*United States exports to various countries in 1956*

[In millions of dollars

	Mexico	Canada [1]	Australia	Peru	Total
Food and agriculture	64.4	311.8	26.6	14.1	416.9
Chemical products	123.9	376.0	18.4	18.5	536.8
Fuel	69.0	338.0	8.7	1.2	416.9
Nonferrous metal and nonmetallic minerals and products	33.6	172.0	7.2	3.2	216.4
Construction equipment	42.2	245.4	12.7	18.7	319.0
Electrical equipment	64.6	331.9	12.4	15.4	424.3
Other machinery	102.9	456.0	27.0	15.8	601.7
Iron and steel	74.6	560.2	11.1	19.4	665.3
Vehicles and parts	170.0	597.1	37.5	32.5	837.1
Miscellaneous	91.1	510.7	17.0	20.0	638.8
Total	836.4	3,899.6	178.6	158.7	5,073.3

[1] Canada includes Newfoundland and Labrador.

Source: U. S. Department of Commerce, Bureau of the Census, Report FT 420.

TABLE 3.—*United States balance of trade with principal lead and zinc producing countries*

[Thousands of dollars]

	1952	1953	1954	1955	1956	Total
United States exports to—						
Canada	2,795.0	2,994.9	2,767.2	3,210.2	3,972.2	15,739.5
Mexico	666.2	645.5	634.0	705.0	840.5	3,491.2
Peru	127.0	119.1	97.9	120.4	159.0	623.4
Bolivia	29.7	18.8	30.7	39.0	47.0	165.2
Australia	176.6	134.8	189.9	201.6	178.6	881.5
Total exports	3,794.5	3,913.1	3,719.7	4,276.2	5,197.3	20,900.8
United States imports from—						
Canada	2,386.5	2,461.6	2,376.7	2,653.4	2,892.6	12,770.8
Mexico	410.0	354.5	328.2	396.8	400.5	1,890.0
Peru	61.8	86.9	96.5	110.5	134.3	490.0
Bolivia	55.8	62.1	46.9	40.5	41.8	247.1
Australia	154.0	137.0	117.8	126.4	136.5	671.7
Total imports	3,068.1	3,102.1	2,966.1	3,327.6	3,605.7	16,069.6
Balance of trade favorable to United States	726.4	811.0	753.6	948.6	1,591.6	4,831.2

Source: U. S. Department of Commerce, World Trade Information Service, pt. 3, No. 57-8.

TABLE 4.—*Uses of lead and zinc in the United States in 1956*

USES OF LEAD IN UNITED STATES, NOT INCLUDING LEAD TO UNITED STATES STOCKPILE; INDUSTRIAL USE ONLY

	Short tons	Percent
White lead	17,400	1.47
Red lead and litharge, exclusive of oxide for storage batteries	78,000	6.60
Storage batteries	355,000	30.03
Table covering	133,900	11.33
Building: Pipe, sheet, extrusions	60,100	5.08
Tetra ethyl	193,300	16.35
Ammunition	44,200	3.74
Foil	4,600	.39
Bearing metal	27,800	2.35
Solder	72,000	6.09
Pipe metal	25,000	2.12
Colking	58,000	4.91
Other uses: lead, brassmaking; collapsible tubes; tern metal; plating; powder; containers; lead-headed nails; lead for galvinizing and heat treating; seals; washes; weights; ballast; castings; leaded zinc oxide and much of lead used in pigments	112,700	9.54
Total	1,182,000	

Source: Bureau of Mines.

LEAD INDUSTRIES ASSOCIATION, CONSUMPTION BY INDUSTRIES

	Short tons		Short tons
Storage batteries	303,890	Steel and wires	6,780
Cable	130,200	Collapsible tubes	1,685
Paint and varnish	37,475	Rubber and hose	3,245
Ammunition	28,455	Coating	2,240
Oil refinery and gasoline	197,405	Brass manufacturing	2,125
Construction	107,440	Lead head nails	745
Insecticide	4,250	Seals	540
Printing	24,985	Braces	360
Ceramics	22,740	Unclassified	153,220
Colors	18,615	Estimated understatement of consumption	95,000
Railroads	13,340		
Automobiles	12,800		
Cans	14,020	Total	1,181,555

ESTIMATED CONSUMPTION OF SLAB ZINC IN UNITED STATES

	Short tons
Galvanizing	421,218
Brass and bromes	122,395
Rolled zinc	45,382
Zinc-based alloys including diecastings and stamping dies, alloy rod	362,451
Other purposes: Slab zinc used for manufacturing of French-oxide zinc for wet batteries, slush casting, desilverizing lead, light metal alloys	36,251
Total	977,697

TABLE 5.—*Employment in the domestic lead and zinc mining industry*

Year	Total employment
1947	22,900
1948	21,600
1949	20,200
1950	19,200
1951	20,500
1952	21,200
1953	17,800
1954	16,400
1955	16,600
1956	17,400
1957:	
January, February, March	18,300
April	18,200
May (preliminary)	17,400
June (preliminary)	17,900

Source: Bureau of Labor Statistics.

TABLE 6.—*Lead production and imports*

[Short tons]

Year	Recoverable domestic mine production	Recoverable secondary production	Total	Imports for consumption
1946	335, 000	393, 000	728, 000	136, 833
1947	384, 000	512, 000	896, 000	225, 805
1948	390, 000	500, 000	890, 000	331, 794
1949	410, 000	412, 000	822, 000	415, 081
1950	431, 000	482, 000	913, 000	565, 286
1951	388, 000	518, 000	906, 000	228, 293
1952	390, 000	471, 000	861, 000	644, 217
1953	343, 000	487, 000	830, 000	457, 057
1954	325, 000	481, 000	806, 000	482, 723
1955	338, 000	502, 000	840, 000	453, 974
1956	348, 000	500, 000	848, 000	487, 725
1957 (1st quarter)	90, 000	....	....	142, 686

Zinc production and imports

[Short tons]

Year	Recoverable domestic mine production	Recoverable secondary production	Total	Imports for consumption
1946	575, 000	301, 000	876, 000	321, 576
1947	638, 000	311, 000	949, 000	389, 540
1948	630, 000	325, 000	955, 000	289, 616
1949	593, 000	238, 000	831, 000	296, 003
1950	623, 000	326, 000	949, 000	407, 295
1951	681, 000	314, 000	995, 000	334, 049
1952	666, 000	310, 000	976, 000	698, 509
1953	547, 000	295, 000	842, 000	697, 896
1954	473, 000	272, 000	745, 000	666, 985
1955	515, 000	305, 000	820, 000	603, 082
1956	538, 000	306, 000	844, 000	731, 117
1957 (1st quarter)	145, 000	....	....	211, 376

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