SILVER

HEARINGS

BEFORE A

SPECIAL COMMITTEE ON THE INVESTIGATION OF SILVER UNITED STATES SENATE

SEVENTY-SIXTH CONGRESS

FIRST SESSION

PURSUANT TO

S. Res. 187

(74th Congress)

A RESOLUTION AUTHORIZING A SPECIAL COMMITTEE OF THE SENATE TO INVESTIGATE THE ADMINISTRATION, AND THE ECONOMIC AND COMMERCIAL EFFECT, OF THE SILVER PURCHASE ACT OF 1934

APRIL 8, 1939

PART 7

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SPECIAL COMMITTEE ON THE INVESTIGATION OF SILVER

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SILVER

SATURDAY, APRIL 8, 1939

UNITED STATES SENATE,
SENATE SPECIAL SILVER COMMITTEE,
Washington, D. C.

The committee met pursuant to adjournment at 10:30 o'clock in the room of the Committee on Foreign Relations in the Capitol, Senator Key Pittman (chairman) presiding.

Present: Senators Pittman (chairman) and Johnson of Colorado.

Present also, at the invitation of the chairman of the committee, the following Members of the House of Representatives, interested in the silver question: Hon. Harry L. Englebright, of California; Hon. Compton I. White, of Idaho; and Hon. John R. Murdock, of Arizona.

Present also, at the invitation of the chairman of the committee: Dr. John W. Finch, Director of the Bureau of Mines, E. W. Pehrson, Assistant Chief Engineer, Metal Economics Division, United States Bureau of Mines; Alfred Merritt Smith, State engineer of the State of Nevada, secretary of the Colorado River Commission of Nevada, and a member of the Public Service Commission of Nevada; and Jay Carpenter, professor of mining at Mackay School of Mines, University of Nevada, and Mining Engineer for the Nevada State Bureau of Mines.

Present also, at the invitation of the chairman of the committee: Walter E. Trent, Technical Director of the Rocky Mountain Metal Foundation.

The CHAIRMAN. The meeting will come to order.

The first witness is Dr. John W. Finch, Director of the Bureau of Mines of the United States.

Doctor, what is your profession?

Dr. FINCH. Geologist and mining engineer.

The CHAIRMAN. How long have you been engaged in that profession?

Dr. FINCH. Just 40 years now, but I have also been in charge of mining operations.

The CHAIRMAN. In what places have you been engaged in mining operations?

Dr. FINCH. In the actual conduct of mines in Nevada, particularly at Goldfield, Nev.; in Cripple Creek, Colo., and in Montana, and also in parts of the Orient, particularly in China, where I had charge of considerable mining development.

The CHAIRMAN. As an engineer and geologist, you have made examinations of mining properties in various places, have you not?

Dr. FINCH. Yes; a great many of them.

The CHAIRMAN. In what places have you made examinations?

Dr. FINCH. In the districts of every one of the Western States and in some of the Eastern States, and in Canada, Old Mexico, South Africa, Burma, China, Japan, Siberia, Turkey, and other places.

The CHAIRMAN. I suppose, having made so many examinations, it is hard to say just where. You have also, have you not, Doctor, appeared in trials over mining properties, where geology was involved, and questions of that kind?

Dr. FINCH. Yes; on quite a number of occasions, and particularly on behalf of the Department of Justice, in the prosecution of certain actions.

The CHAIRMAN. Well, in your services as geologist, mining engineer, and mine manager, you have had experience not only in the scientific end of it but in the economic phases of mining, have you not?

Dr. FINCH. Yes, sir.

The CHAIRMAN. When did you become Director of the Bureau of Mines?

Dr. FINCH. Five years ago.

The CHAIRMAN. What would you say, generally, are the functions of the Bureau of Mines?

Dr. FINCH. The functions of the Bureau of Mines are found in the organic act that created it. Section 2 of the amended organic act stipulates that the province and duty of the Bureau of Mines shall be—

> To conduct inquiries and scientific and technologic investigations concerning mining, and the preparation, treatment, and utilization of mineral substances with a view to improving health conditions, and increasing safety, efficiency, economic development, and conserving resources through the prevention of waste in the mining, quarrying, metallurgical, and other mineral industries; to inquire into the economic conditions affecting these industries; to investigate explosives and peat; and on behalf of the Government to investigate the mineral fuels and unfinished mineral products belonging to, or for the use of, the United States, with a view to their most efficient mining preparation, treatment, and use; and to disseminate information concerning these subjects in such manner as will best carry out the purposes of this act.

The CHAIRMAN. The Government is really interested, is it not, Doctor, in the development and production of minerals in the country?

Dr. FINCH. Yes.

The CHAIRMAN. And one of the functions of the Bureau of Mines is to engage and aid in such production, is it not?

Dr. FINCH. Yes, sir.

The CHAIRMAN. It also has the function, I believe, of developing and inaugurating safety devices and methods in mines, does it not?

Dr. FINCH. Yes; that is one of the very important activities of the Bureau. It was the main reason for its creation.

The CHAIRMAN. I am going into these matters particularly right now, Doctor, because, having been connected in various ways with mining all my life, since I was grown—I have been in the Senate for 26 years—I have tried to impress upon the Senate the importance of that Bureau and to obtain sufficient financial support from the Government to permit it to function to its fullest capacity. I realize, however, that I have not succceeded entirely because whenever a department is called upon to cut down on the budget, they say, "This is a theoretical department," and they cut your department. But I am putting this in the record and I wish to state right now that if the Bureau had done nothing but devise and install and place in use safety devices and methods it would have accomplished very much, because it has resulted in the saving of many thousands of the lives of the miners.

Doctor, you may now read your statement, which you state you have prepared.

STATEMENT OF DR. JOHN W. FINCH, DIRECTOR OF THE BUREAU OF MINES

Dr. FINCH. I might say, before reading, that I have brought with me Mr. Elmer W. Pehrson, of the Economics and Statistics Branch of the Bureau, who is largely responsible for the assembling of some of the statistics which I will quote, and who will be able to answer any questions pertaining to them.

(Dr. Finch then read the following prepared statement:)

EFFECT OF GOVERNMENT SILVER PRICES ON THE MINING INDUSTRY OF THE UNITED STATES

The Bureau of Mines is primarily concerned with the effects of silver prices on the domestic mining industry and in consequence is not in a position to comment on the monetary and international aspects of the silver problem. Authoritative information on these questions doubtless will be presented by representatives of the Treasury, State, and Commerce Departments.

Before presenting a detailed analysis of events that have taken place since the inauguration of the Government silver-buying program, it may be well to summarize briefly the incidents affecting the silver industry prior to 1933. Shortly after the World War debasing of silver coinage and abandonment of silver as a monetary metal took place on a world-wide scale. Exports of domestic silver, which always had accounted for a large part of the domestic output, declined sharply. Having lost this export market the silver miner was in a plight somewhat similar to that of domestic producers of cotton and wheat. Since the principal use of silver had always been as a medium of exchange, these events initiated severe repercussions in the silver market. New York prices declined sharply from 69.1 cents per ounce in 1925 to 53 cents in 1929. With the advent of the depression the downward trend was accelerated and in 1932 the price of silver averaged only 27.9 cents. Needless to say, silver mining became unprofitable at many mines and domestic production declined steadily from 66,700,000 ounces in 1925 to less than 61,000,000 ounces in 1929 and to less than 23,000,000 ounces in 1932.

The decline in prices and production continued into the early part of 1933; during the first 2 months prices averaged less than 26 cents an ounce. Following the inauguration of President Roosevelt on March 4, various laws pertaining to monetary metals were enacted as a result of which silver prices advanced rapidly. On December 21, 1933, the President, by proclamation, established the price of newly mined domestic silver at 64.64 cents an ounce. On April 10, 1935, the price was raised to 71.11 cents and on April 24 to 77.57 cents. This level was maintained until January 1, 1938, when the Government price was dropped again to 64.64 cents. This price will prevail until existing legislation expires on June 30 of this year.

EFFECTS ON PRODUCTION

The Government prices paid for silver since 1933 have had a decided effect in stimulating mining activity, particularly in our Western States and have thus contributed to the alleviation of unemployment which had become so serious in the early thirties. Domestic mine output of silver, exclusive of the Philippine Islands and Puerto Rico, increased steadily from slightly more than 23,000,000 ounces in 1923 to nearly 71,500,000 ounces in 1937. It will be noted that production in 1937 was over three times greater than in 1933 and was the largest annual output since 1916. Owing to the fact that two-thirds of the silver is obtained as a byproduct from ores mined principally for other metals, all of the above increase cannot be attributed solely to the increase in the price of silver. Increasing industrial activity during the intervening 5 years has called for larger tonnages of copper, lead, and zinc and the production of byproduct silver has increased accordingly. The recession of 1938 is reflected in the decrease in silver production to 60,500,000 ounces in that year caused by the decline in demand for copper, lead, and zinc.

Nevertheless, straight silver mining, that is, the mining of ores in which silver constitutes the chief product, has increased to a surprising extent and this advance may be attributed to higher silver prices. From 1933 to 1937 the quantity of silver obtained from ores mined chiefly for their silver content increased over 400 percent, from 4,400,000 to 23,400,000 ounces. Idaho has accounted for a substantial part of this increase but seven other Western States also have enjoyed substantial increases. Silver production in Texas, for example, rose from 160 ounces in 1933 to 1,445,000 ounces in 1938. Meanwhile the production of by-product silver increased from 18,706,757 ounces in 1933 to 48,005,734 ounces in 1937.

The Bureau of Mines frequently has emphasized the importance of silver and silver prices to our western mining industry. As early as the summer of 1933, when the price of silver was rising, this agency called attention to the idleness prevailing at silver mines in the following statement taken from Minerals Yearbook 1932–33, the official statistical publication of the Bureau:

"United States production in 1933 will be under 24,000,000 ounces, because, with the condition of mines known for the first 6 months of 1933 and with all possible factors taken into account, silver-bearing properties cannot be opened quickly enough during the last 6 months of 1933 to increase the yearly production over that of 1932."

In a discussion of the President's proclamation of December 21, 1933, wherein the price of silver was fixed at 64.64 cents, the following comment is made in the 1934 edition of the yearbook:

"The results of this proclamation were the reopening almost immediately of those mines which had known reserves but had closed in July 1930, when silver reached 30 cents an ounce, such as the Presidio mine at Shafter, Tex., and the mines at Creede, Colo., and an increase in production of those which had struggled to exist from 1930 to 1933, such as the silver-lead mines of Utah and Idaho."

Again the beneficial effects in Nevada and Colorado of higher prices for gold and silver are recorded as follows in the 1938 year book:

"The higher price of silver established by the United States Treasury in 1935 continued to stimulate mining in the State (Nevada). * * *

"Because of the widespread occurrence of gold and silver in Colorado ores, the maintenance by the Government of the price of gold at $35 per ounce and of silver at $0.7757 per ounce helped greatly to stabilize employment and encourage expansion in the metal-mining industry of the State in 1937; the combined gross value of the output of these two metals was $17,754,321."

Numerous other references could be quoted along the same line, but the foregoing will suffice to show that higher silver prices have been recognized officially as a real benefit to mining, particularly in our Western States.

Effects on employment.—Statistics are not available showing employment resulting directly from higher silver prices, but from the foregoing statements it is evident that substantial numbers of idle workers have been reemployed. Such employment as has resulted from the increase in straight silver mining previously mentioned may be credited largely to the increase in the price of silver. This gain cannot be stated in numbers, but it has contributed materially to the rise of employment in precious-metal mining. According to statistics of the Bureau of Mines the number of men employed in gold, silver, and miscellaneous metal mining (principally gold and silver) increased from 21,094 in 1932 to over 57,000 in 1937. This increase of 171 percent in employment resulting from higher prices of gold and silver has been accompanied by higher wages and other benefits to workers.

Higher prices for silver likewise have increased the money yield of ores mined principally for gold, copper, lead, and zinc, and have thus aided employment in these industries. Silver policies of the United States Government have been directly responsible for the increase in the selling price of this metal and had these policies not been adopted the price of silver undoubtedly would have remained at 30 cents or less. Domestic producers thus have obtained from 30 to 50 cents more per ounce of silver produced than they would have had the trend prior to 1933 been allowed to continue. On this assumption, domestic producers during the 5-year period, 1933–37, received over $95,000,000 more for the products of their mines as a result of the higher silver prices paid by this Government. Obviously this sum must have provided much in the way of employment, higher wages, improved dividends, and in general rehabilitation of the nonferrous metal-mining industry of this country, which was so badly hit by the depression. The record shows that this sum has been distributed to producers and workers in substantial amounts in virtually all of the Western States.

In conclusion, it should be emphasized that the Bureau of Mines is not in a position to express an opinion as to whether or not the present policy in regard to purchases of domestically mined silver should be continued in the best interests of the entire Nation. Such a decision obviously is for Congress to make and involves consideration of the monetary and international aspects as well as the interests of the domestic mining industry. In regard to the latter point, the Bureau of Mines does not hesitate to state that the silver-buying program has been decidedly helpful to the western mining industry during these past 6 years.

Senator JOHNSON of Colorado. You do not have that employment in actual numbers of men, do you?

Dr. FINCH. Yes—21,000 in 1932; 57,000 in 1937. That is, of course, principally in gold and silver mines.

I have with me some tables which I shall hand in with this prepared statement.

The first one shows mine production of silver in the United States, exclusive of the Philippines and Puerto Rico, from 1925 to 1938, in fine ounces. I will not read all the figures, but will point out that in 1932—22,700,000 ounces were produced. After the gold and silver legislation had gone into effect, it gradually rose to 71,400,000 in 1937, and there was a slight falling off in 1938.

The CHAIRMAN. How much?

Dr. FINCH. To 60,562,000. That was after the price dropped back to 64 cents.

Senator JOHNSON of Colorado. That does not also carry it with the employment that was lost?

Dr. FINCH. There undoubtedly was a proportionate reduction in employment.

Senator JOHNSON of Colorado. Does it show the amount of the employment lost?

Dr. FINCH. I will give you some figures on that in just a moment. The production is an index of employment.

Another table shows the silver produced in the Western States from silver ores, 1933 and 1937, in fine ounces. That is, not from operations on complex ores. Comparing the totals: In 1933 the total was 4,400,000 ounces; in 1937, 23,400,000 ounces; that is direct evidence of the effect of the legislation.

Now, the trend of employment, in response to your question, in the gold-, silver-, and miscellaneous metal-mining industries, of which silver is a byproduct: In 1932 the number of man-shifts was 5,000,000; in 1937 it was 13,000,000; and in 1938, so far as we can estimate, it was 12,500,000 man-shifts. The number of men employed jumped from 21,000 in 1932, to 57,000 in 1937, and was probably 56,000 in 1938.

Now, a comparison of silver revenue actually received by domestic producers in silver-producing States with that which would have been received had silver remained at 30 cents per ounce, for the 5-year period from 1933 to 1937, the tabulation shows—I will not read the whole tabulation—but in Idaho, for example, the increase was $23,000,000; in Arizona, $12,665,000; in Montana, $16,522,000; Utah, $17,400,000, in round numbers. In Nevada there was an increase of $7,664,000. The total at the bottom of the last column I have already given, but it may be mentioned again. The total of the increase over what it would have been at a price of 30 cents is $95,000,000. That is the increase that has been enjoyed over what would have been the monetary value of the silver at the old price.

I think that is all I have to say.

(The tables presented by Dr. Finch are as follows:)

Mine production of silver in the United States (exclusive of Philippine Islands and Puerto Rico), 1925–38, in fine ounces

1925	66, 710, 080
1926	62, 487, 219
1927	59, 625, 682
1928	57, 872, 443
1929	60, 860, 011
1930	47, 724, 903
1931	29, 856, 628
1932	22, 729, 669
1933	23, 130, 596
1934	32, 782, 304
1935	48, 518, 639
1936	61, 152, 534
1937	71, 408, 625
1938	60, 562, 636

Trend of employment in the gold-, silver-, and miscellaneous metal-mining industries of the United States, 1932–38

Year	Employment		Year	Employment	
	Men	Man-shifts		Men	Man-shifts
1932	21, 094	5, 000, 040	1936	51, 162	12, 316, 194
1933	23, 775	5, 538, 101	1937 [1]	57, 000	13, 000, 000
1934	29, 781	6, 936, 991	1938 [1]	56, 000	12, 500, 000
1935	53, 018	11, 209, 789			

[1] Estimated.

Comparison of silver revenue actually received by domestic producers in silver-producing States with that which would have been received had silver remained at 30 cents per ounce, for the 5-year period 1933–37

State	Revenue actually received	Revenue at 30 cents per ounce	Increment due to higher prices
Alaska	$1, 127, 809	$477, 454	$650, 355
Arizona	21, 913, 568	9, 247, 848	12, 665, 720
California	5, 406, 367	2, 229, 054	3, 177, 313
Colorado	15, 801, 683	6, 756, 400	9, 045, 283
Idaho	40, 996, 977	17, 624, 506	23, 372, 471
Montana	28, 343, 446	11, 820, 833	16, 522, 613
Nevada	13, 224, 767	5, 559, 809	7, 664, 958
New Mexico	3, 726, 189	1, 713, 683	2, 012, 506
Oregon	229, 430	96, 999	132, 431
South Dakota	436, 825	198, 087	238, 738
Texas	3, 351, 711	1, 362, 804	1, 988, 907
Utah	30, 895, 986	13, 456, 112	17, 439, 874
Washington	222, 132	92, 455	129, 677
Wyoming	2, 397	1, 031	1, 366
Others	752, 160	333, 969	418, 191
Total	166, 431, 447	70, 971, 044	95, 460, 403

Silver produced in the Western States from silver ores, 1933 and 1937, in fine ounces

State	1933	1937	State	1933	1937
Arizona	28, 914	1, 098, 141	Oregon	6, 929	134
California	1, 381	966, 874	Texas	160	1, 325, 660
Colorado	70, 803	698, 050	Utah	376, 858	1, 963, 887
Idaho	3, 415, 524	14, 119, 025	Washington	618	17, 866
Montana	52, 416	1, 978, 490			
Nevada	469, 249	1, 224, 909	Total	4, 423, 839	23, 402, 891
New Mexico	987	9, 855			

The CHAIRMAN. In your prepared statement you use the expression that there had been a reduction in the production of silver, caused by the decline in price of lead, copper, and zinc. I suppose that you mean by that that some of the mines depending upon lead, copper, and zinc production for their profits, carrying silver ores, either closed down or reduced their capacity?

Dr. FINCH. Yes, sir.

The CHAIRMAN. Now, haven't there been what we might term lead mines, or copper mines, and zinc mines—more often probably mines that carried lead and zinc and silver—that depended upon the price of silver, and there was a close margin on the price of the other metals?

Dr. FINCH. That is true, sir.

The CHAIRMAN. You take, for instance, the property down in Nevada. I forget the name of the company—Pioche.

Dr. FINCH. Have you the name, Mr. Pehrson?

The CHAIRMAN. It is called the Black Vein.

Mr. PEHRSON. Combined Metals Reduction Co.?

The CHAIRMAN. Yes, sir.

Mr. PEHRSON. I don't believe we have any statistics with us showing just what production is in that district.

The CHAIRMAN. Well, it is quite important to the facts in this matter.

I have in my possession here, which I am going to put in the record, a letter addressed by Mr. George W. Snyder to the President, in his effort to have the price of silver put back to 77.57 cents an ounce, in which he stated that one-third of the value of the ores is in silver. He stated to the President, in that letter, that the total volume of the lead, zinc, and silver at the then price of lead and silver was such that they could not operate profitably if the price of silver was reduced from 77.57 to 64.64 cents per ounce, and that if the price were not raised, they could not start up operations; and they have not started up operations.

(The letter referred to by the chairman is as follows:)

SALT LAKE CITY, UTAH, *December 13, 1937.*

HON. FRANKLIN DELANO ROOSEVELT,
Washington, D. C.

MY DEAR MR. PRESIDENT: Our late friend, George Dern, told me that if I ever had any matter which was of vital concern to our community to take it up with you personally, and I have refrained so far from bothering you with any local troubles, realizing that you had all that one man should be asked to carry without our adding to the burden.

This letter is to give you the small operator's viewpoint on what has been done for us as a result of the silver stabilization proclamation. My brother and I own and control properties producing lead, zinc, silver, copper, and gold. One-third of the values is in silver. We employ about 1,000 men, and sustain substantially the camps at Pioche, Nev.; Stockton and Tooele, Utah; and Hailey, Idaho, with these operations.

It is doubtful if we can continue on any basis if the price of silver is not maintained. We have no reserves to draw from and are dependent entirely upon what w are able to produce. While we are perhaps the largest independent operator in this community, there are hundreds of smaller ones who are in a worse position than we are.

We realize that the big interests in Wall Street have done everything they could to condemn, deride, and defeat the objectives of your gold and silver policies, but it is our opinion that through gold and silver alone can unlimited inflation be prevented. If any change is to be made in the price of silver, I believe it should be upward. I believe pegging the American price at 80 cents instead of 77 cents would have a tremendous effect on the entire western industrial activity and maintenance of prosperity, especially in the mining centers. It seems too bad that those financial interests who have opposed and criticized your monetary policies should be so selfish as to deny the great benefits accruing to the Nation and especially to 11 Western States.

It is costing the Government nothing to continue the silver-purchase program and it has given employment to 400,000 people who would otherwise, for the most part, be on relief. On the contrary, the United States has benefited to the extent of about $30,000,000 from seigniorage on domestic silver alone, saying nothing about the vast profit from foreign-bought silver. Any reduction in the price of silver must put a lot more men out of work. Of this I am very sure. In our own case, it will mean at least one-third of our employees will be laid off. We just simply haven't any money and can't borrow any money to carry on the operation.

I would like to present this picture to you personally, and would gladly come to Washington if you could find from 5 to 15 minutes for a discussion of this matter.

With kindest personal regards and a hope for the speedy recovery of this economic set-back, I am,

Respectfully yours,

George W. Snyder.

The Chairman. I suppose either you or one of the witnesses will know whether they have started up operations?

Dr. Finch. Do you know, Mr. Pehrson?

Mr. Pehrson. Mining has been continued there, but the large expansion program that the company has been contemplating for some time has been held up. We have a study in our yearbook which shows that the gold and silver yield per pound of lead produced increased from a little over 2 cents a pound, in 1933, to approximately 4 cents in 1934, and the production of lead in those 2 years quadrupled; so the silver prices are effective in increasing operations in lead mines.

The Chairman. Well, Mr. Pehrson, do you know what the program of that company was?

Mr. Pehrson. I am not familiar with the details; no. However, I know that yesterday Mr. Carpenter was here from Nevada, and no doubt he can give the committee full details on that.

The Chairman. Does your Bureau know that the P. W. A. granted a project for the building of power lines from the Boulder Dam powerhouse—the Government powerhouse at Boulder Dam—down to the mining district?

Mr. Pehrson. Yes, sir.

The Chairman. I don't know what the price of that line was, do you?

Mr. Pehrson. No; I don't.

The Chairman. Well, it was approximately $1,000,000, or pretty near—and the Government, through the P. W. A., made a grant of it—my recollection is that the grant was 45 percent—and that was based upon and justified entirely by two things: One of them was that these companies and those associated with them were putting up 55 percent of that, and also on their program to build mills at that place, the total development of which would cost approximately $6,000,000. That will have to be put into evidence here by those who have the exact figures. I have the reports and I will put them in at these hearings; but you have not any recent reports from that district, have you?

Mr. Pehrson. No, sir; we haven't. The Bureau of Mines' principal contacts with western operations are through its field offices, and we are somewhat isolated from them and only receive information periodically.

The CHAIRMAN. Well, you know that there has been no mill built out there? Would you know it if there had been a mill built out there?

Mr. PEHRSON. I think so. There has been no new construction of significance that has been started.

The CHAIRMAN. You have already stated, Doctor, that two-thirds of the production of silver is mined in connection with the production of other metals, such as lead, copper, and zinc; you have stated already that the price of silver was determinative in some mines that produced silver, lead, copper, and zinc, as to whether or not they could be mined at a profit?

Dr. FINCH. Yes, sir.

The CHAIRMAN. I am sorry that you have not late reports as to mining conditions, with respect to the West; but we will have to get those from other sources, which we will. I can say they are steadily getting worse, without going into the details of it, and unemployment has been increasing. That will be shown by the report of the convention of western governors, held in Nevada.

At this point I will insert a table prepared by the Bureau of Labor Statistics showing monthly percentages of change and indexes from January 1937 through February 1939, by months, for employment and pay rolls in metal mining in the following States: Arizona, Colorado, Idaho, Montana, New Mexico, Nevada, and Utah.

[January 1937=100]

Month and year	Percentages of change		Indexes	
	Employment	Pay roll	Employment	Pay roll
1937				
January-February	+3.6	+8.4	103.6	108.4
February-March	+6.0	+10.9	109.8	120.2
March-April	+3.4	+6.9	113.5	128.5
April-May	+1.8	+2.9	115.5	132.2
May-June	+1.2	−6.0	116.9	124.3
June-July	+4.0	+2.7	121.6	127.7
July-August	+1.7	+7.9	123.7	137.8
August-September	+1.8	−1.2	125.9	136.1
September-October	−2.8	−.6	122.4	135.3
October-November	−12.1	−13.1	107.6	117.6
November-December	−8.6	−9.5	98.3	106.4
1938				
December-January	−4.5	−9.3	93.9	96.5
January-February	−8.0	−8.9	86.4	87.9
February-March	−5.2	−2.7	81.9	85.5
March-April	−2.3	−3.3	80.0	82.7
April-May	−7.8	−4.5	73.8	79.0
May-June	−11.2	−15.2	65.5	67.0
June-July	−18.9	−27.8	53.1	48.4
July-August	+11.2	+26.8	59.0	61.4
August-September	+11.7	+7.3	65.9	65.9
September-October	+13.8	+14.2	75.0	75.3
October-November	+12.1	+6.7	84.1	80.3
November-December	+4.1	+6.6	87.5	85.6
1939				
December-January	+.6	+2.6	88.0	87.8
January-February	−5.6	−8.1	83.1	80.7

Now, you are familiar with towns like Goldfield, Nev.?

Dr. FINCH. Yes, sir.

The CHAIRMAN. In what year were you engaged in mining operations there?

Dr. Finch. I went there first as engineer in 1905, and took over the management of the Goldfield Consolidated properties in 1906 and 1907. I returned several times afterward on engineering work.

The Chairman. Approximately how many miners were engaged there, would you say?

Dr. Finch. I have forgotten that. I can supply it for the record.

The Chairman. You can supply it for the record?

Dr. Finch. Well, there were over 20,000 inhabitants in Goldfield, and all of those depended upon the mines. Official statistics are not available on employment in Goldfield during the boom period of 1907 and 1908. However, according to press reports, some 3,600 miners were employed in the spring of 1907. According to T. A. Rickard the total population of the camp in 1908 was 22,000.

The Chairman. Well, you didn't have 20,000 men working in the mines?

Dr. Finch. No; but we had several thousand.

The Chairman. I think you will find that, including all the population of Goldfield, there were five people to every one in the mines.

Dr. Finch. Yes; they had some large families.

The Chairman. Was there anything out there to support those 20,000 people there except mining?

Dr. Finch. No.

The Chairman. Then the shutting down of the mines in Goldfield would have resulted in placing 20,000 people out of employment, would it not?

Dr. Finch. Yes; they would have had to move.

The Chairman. And then, taking mining camps, as we call them, instead of towns—we always speak of Goldfield as a mining camp, although there were 20,000 people in it, and now there are about 200, since the mines closed—but take Tonopah. You were also familiar with that camp, were you not?

Dr. Finch. Yes; I was there quite often.

The Chairman. It is not far from Goldfield. Well, and there were probably 15,000 people in Tonopah, were there not?

Dr. Finch. I should say so; yes.

The Chairman. And probably about 3,000 miners?

Dr. Finch. Probably; yes, sir.

The Chairman. Was there anything else to support that town except the miners?

Dr. Finch. No, sir.

The Chairman. I agree with you that there is not a thing. Now, then, after the production of about $135,000,000, the commercial ore was exhausted, as it does happen in all mining camps at some time?

Dr. Finch. Yes.

The Chairman. The population of Tonopah today is probably 1,500 people, just living there like they live in camps after the companies stop work?

Dr. Finch. Yes, sir.

The Chairman. In 1935, 1936, and 1937 there was an increase of 100 percent in population?

Dr. Finch. So I understand.

The Chairman. Why? Because while the little pillars of ore and things that were left there did not justify big mining operations, the miners of the camp took what they call leases up there. You are familiar with that, are you?

Dr. Finch. Yes.

The Chairman. And it very frequently happens when ore decreases in value and the companies stop work, is that true?

Dr. Finch. Yes, sir.

The Chairman. When the price of silver was 77.57 cents an ounce there were 150 leases working in the old mines at Tonopah——

Mr. Trent. Three hundred.

The Chairman. Have you got the figures?

Mr. Trent. Yes.

The Chairman. Then the President cut the price of domestic silver from 77.57 to 64.64 an ounce, commencing with the beginning of 1938, and today there are not 60 leases operating in that mining camp. Now, Doctor, the general public does not understand that when the population of a community depends solely upon mining, when that mining ceases there, the whole population has to go somewhere else to look for jobs. That is not true of communities supported by various industries. Then these figures that you have here in your tabulation show, first, that the production of silver—the value of the silver produced in 1937—that is, when silver was 77.57 cents an ounce—was 71,408,625 ounces, and that when the price was reduced to 64.64 cents an ounce, in 1938, it dropped—that is, the silver production in the United States dropped—to 60,562,636 ounces.

Dr. Finch. 11,000,000-ounce drop.

The Chairman. 11,000,000-ounce drop. What percent is that, Dr. Finch? Let us just figure that for a minute.

Dr. Finch. Over 15 percent.

The Chairman. In other words——

Mr. Trent. In ounces. Then there is also a drop in the price.

The Chairman. I am not talking about the price. I am talking about the percentage of reduction now. Wouldn't you consider a drop of 15 percent in 1 year in the production of silver quite an extraordinary fall?

Dr. Finch. Yes, sir.

The Chairman. Now, that was caused, of course—and I know of no other cause except in the closing down of some properties that were designated as silver properties, which is about one-third of the total, isn't it?

Dr. Finch. Yes. There was, of course, one extraordinarily rich silver mine in Idaho that continued production.

Mr. Trent. Not so rich any more.

Dr. Finch. Not so rich as it was.

The Chairman. Now, the closing down of what we call straight silver mines, which were one-third of the producers of silver, and the closing down of lead and copper production—that depended upon the value of silver in the ore?

Dr. Finch. Yes, in the case of the straight silver mines. It was a contributing factor in lead and copper mines.

The Chairman. There was a great reduction in the production of those mines?

Dr. Finch. Yes.

The Chairman. As a matter of fact, Doctor, there are some mines that were not even making a profit that were compelled to operate?

Dr. Finch. In the hope that conditions might improve.

The CHAIRMAN. But there are, of course, very few miners employed in those operations?

Dr. FINCH. Yes.

The CHAIRMAN. Now, that gets back to employment. In 1937, when silver was 77.57 cents an ounce, there were 13,000,000 man-shifts per year?

Dr. FINCH. Yes.

The CHAIRMAN. And they dropped the price to 64.64 cents per ounce, in 1938, and there were 12,500,000 man-shifts—a fall-off of 500,000 man-shifts?

Dr. FINCH. Yes.

The CHAIRMAN. Now, that is a fall-off of about 4 percent, roughly speaking, I should say.

Dr. FINCH. Yes; I think that is right.

The CHAIRMAN. That is just approximate. It is 500,000 against 13,000,000?

Dr. FINCH. Yes.

The CHAIRMAN. Now then, if your labor, based on those man-shifts, falls off 4 percent, and they are out of employment, because they are miners and don't know anything else, then, in a camp like Tonopah, where everybody depended on the mine, at least five persons not miners would lose employment to every miner put out of employment?

Dr. FINCH. Yes.

The CHAIRMAN. Let us go further: We have reports here from the Mine Operators' Association and the western section of the Mining Congress, to the effect—and also by the University of Utah—to the effect that half—50 percent—of the people of the State of Utah depend upon mining operations.

Dr. FINCH. Yes; that is true.

Mr. TRENT. Senator Pittman, may I say at this time that the State of Utah has determined that the living of 17 persons is dependent upon each man on the pay roll of a mine.

The CHAIRMAN. Yes. Put that down: That the State of Utah has determined that 17 people in Utah are dependent upon each miner or each person employed in mining operations. Put it that way.

Mr. ENGLEBRIGHT. Doesn't that go further than that and extend to people out of employment in other lines, such as factories?

The CHAIRMAN. That is true—I will come to that—but, as a matter of fact, I am trying to let those in States where they have no mines understand what it means to close down a mine or mines, or reduce the capacity in mining communities. Now we have got down to the point where the State of Utah, through its various statistical bureaus, and the University of Utah, have found, as a matter of fact, that half of the people of that great State depend for their livelihood on mining operations, and that for every miner employed 17 persons are dependent upon him. I say that for this reason: That whenever any western Senator or Congressman attempts to estimate the total unemployment caused by this fall, as shown here, they think only in terms of the actual figures, as to the actual men working in the mine operations. They cannot get out of that.

Dr. FINCH. The men on the pay roll.

The CHAIRMAN. That is right. They can think of only the men on the pay roll. Now, I have asserted that there were 200,000 persons taken off of this legitimate high-class, profitable work since 1937, by reason of the reduction in the price of silver. Does that sound reasonable to you?

Dr. Finch. Closing mines affects everybody in every industry, including agriculture.

The Chairman. Of course, if affects agriculture, because many of the farmers in Utah depend on the mines for their market. When you close the mines, they lose their market. Now, as stated by Mr. Englebright, isn't it true that the unemployment in those mining camps affects employment in industry in every State in the Union, because the mines buy from nearly every State in the Union some of the things they use? I believe it was estimated that the mining operations in Utah resulted in the purchase of products from 46 States outside of Utah. Then the reduction in these mining operations in, we will say, 11 Western States, not only affects employment in the 11 Western States, but indirectly affects employment by reason of the cessation of purchasing by mines, mills, and smelters in every State where they manufacture materials and stuff that is used in those operations. Isn't that true?

Dr. Finch. Yes, sir.

The Chairman. I have heard it said somewhere, Doctor, that the Government should ascertain the cost of production of an ounce of silver. How would you go about finding the cost of the production of an ounce of silver?

Dr. Finch. Mr. Pehrson, you can say something on that.

Mr. Pehrson (reading):

STATEMENT BY THE BUREAU OF MINES REGARDING THE AVERAGE COST OF PRODUCING SILVER

The Bureau of Mines has not published any report on the average cost of producing silver nor is it aware of any study of this nature by other Government agencies.

Most of the silver produced in the United States is derived as a byproduct from operations where copper, lead, zinc, and gold are the principal sources of revenue. This being the case, it would be difficult to arrive at an equitable average cost of producing silver because the allocation of costs to the various constituents of a complex ore is largely a matter of accounting practices. These vary greatly among the many concerns engaged in the business. For the relatively few companies operating on straight silver ores, sufficient data are not available to permit an estimation of their average cost of production.

Some years ago I was employed in the income-tax unit as a valuation engineer, and this problem of trying to allocate the profit of mining operations to the various metals produced from complex ores was very carefully considered. I can assure you that there is no simple answer to that question.

The Chairman. And I say to you, Mr. Pehrson, that if you go back and look at the record of the hearings before the gold and silver committee of the United States Senate, in 1920, 1921, or 1922—I don't know the exact date of it—I was on the committee—you will find a similar report to the one you just made, by a very distinguished mining engineer, who spent 3 months in the field, going to every mine in the United States that produced silver, to try to answer that question, and you will find that he speaks very much like you do; but he said that if he struck an average that would keep all the mines operating on the value of the silver that was in the ore he would have to say it could not be done for less than 80 cents an ounce; but he said, of course, there were a number of mines that were closed down, carrying lead and zinc and copper sometimes, and silver sometimes that could not operate with silver at 80 cents an ounce, considering the value of other metals, but might operate with silver at $1 an ounce; that there were still other mines containing copper and zinc, or copper and silver and zinc and silver, that could not operate with silver at $1 an ounce, but could operate with silver at $1.29 an ounce; so he said, those being the facts, it was a question of policy for the Government to determine whether they were willing to pay the price for silver and have the mines operating in those various classifications. Does that seem to be a reasonable statement?

Mr. PEHRSON. I have no doubt that an extensive investigation would arrive at something similar; but I think Dr. Finch will agree that that is away beyond the possibilities of the Bureau with the present staff.

Dr. FINCH. I would be inclined to agree with that statement.

The CHAIRMAN. We know it is a fact and there is hardly any necessity for a report on it.

Dr. FINCH. Yes.

The CHAIRMAN. Do you wish to ask some questions, Senator Johnson?

Senator JOHNSON of Colorado. I was going to ask if he has any figures on the commercial use of imported silver outside of that purchased by the mint.

Mr. PEHRSON. Prior to the silver purchasing program, the United States was a net exporter of silver, and, in effect, virtually all of the silver used in the arts and industries was domestic in origin. In recent years, however, domestic producers have been able to sell their metal to the Government at prices considerably above world prices and consumers naturally have purchased the lower priced foreign silver. As a consequence, almost all of the silver consumed by industry in recent years has been foreign metal. In 1938 the price of foreign silver in New York averaged 43.22 cents per pound compared with the Treasury buying price of 64.64 cents for domestic silver.

Senator JOHNSON of Colorado. How much silver is used domestically for other purposes than for the purposes of the Treasury?

Mr. PEHRSON. The Bureau of the mint gets out an annual statement on silver used in the arts and industries. In 1929, with a production of 61,000,000 ounces, 31,000,000 ounces were used in the industries and arts, leaving an excess of 30,000,000 ounces; in 1937, domestic production was 71,400,000 ounces, and the use in arts and industries according to the Bureau of the Mint amounted to a total of 51,292,270 ounces. Does that answer your question?

Senator JOHNSON of Colorado. Yes. That is what I was trying to get at. I understand that the prospective consumers of silver for industrial purposes are the interests who desire cheap silver.

Mr. PEHRSON. In other words, new silver consumption in the arts and industries was equivalent to 27 percent of domestic production of silver in this country in 1937, as compared with 51 percent in 1929.

The CHAIRMAN. Mr. Walter E. Trent may wish to ask you a few questions.

QUESTIONS PROPOUNDED TO DR. FINCH, ON BEHALF OF THE COMMITTEE, BY WALTER E. TRENT, ITS TECHNICAL ADVISOR

Mr. TRENT. Dr. Finch, you know that when the production of copper started in Butte, that that was really the inauguration of the electrical age in the United States?

Dr. FINCH. Yes, it was at about that time.

Mr. TRENT. And during the period of production, to the present time the Butte mines have produced nearly $2,000,000,000 of copper, lead, zinc, gold, and silver?

Dr. FINCH. Yes.

Mr. TRENT. They are undoubtedly the greatest underground mines that the United States has had up to date?

Dr. FINCH. Yes.

Mr. TRENT. Now, some of those mines are very deep; some of the mines are on fire; they have a tremendous water problem; the water is acid water, and if the mines are completely shut down, as you know, they could not be reclaimed?

Dr. FINCH. That is true.

Mr. TRENT. There is a tremendous expense in keeping those mines open, so that they will not be irretrievably lost; but it is also a fact that there may be just as much value in the metals remaining in those deposits if a cost of mining could be achieved that would warrant its removal. With silver at $1.29 an ounce, it is known that Butte could produce another billion dollars worth of metal.

Dr. FINCH. That district formerly was the largest producer of silver in the United States.

Mr. TRENT. Yes. Now, all of the industrial metal mines of the United States should operate up to normal production if we are to have recovery, should they not?

Dr. FINCH. Yes.

Mr. TRENT. Now, in approaching recovery, in the United States, the administration has set a goal of from $90,000,000,000 to $100,000,000,000 a year national income. What would be the production of industrial metals when our national income has risen to $90,000,000,000?

Dr. FINCH. You mean by the industrial metals——

Mr. TRENT. I mean the principal industrial metals which are associated with silver in the deposits.

Dr. FINCH. Mr. Pehrson, can you answer that question?

Mr. PEHRSON. No; I don't believe I can. In the first place, you would have to determine the cost.

Mr. TRENT. Assuming the present price, respectively, of copper, lead, and zinc, at what price would silver have to be to warrant the production, and cause a production, of copper, lead, and zinc that would correspond to consumption and mining income with a national income of from $90,000,000,000 to $100,000,000,000?

Dr. FINCH. I don't believe I can answer that.

Mr. TRENT. Well, isn't that one of the most necessary things for an administration to know in formulating plans for a national income? The Government has the power and ability to fix the price of silver and utilize its monetary silver at $1.29 an ounce, and I think the difficulty you are encountering in determining what is the cost of mining an ounce of silver, broadly and economically, would be solved by determining what price the Government would have to pay for byproduct silver at different market prices of copper, lead, and zinc in order to achieve the new national income to which we must return. The Government is unable to fix the price of copper, lead, and zinc, but they are able to fix the price of silver. The average coining price in 10 countries today is $2.10 an ounce, and the Government would not have to exceed $1.29 an ounce to cause a production of industrial metal here that would be absolutely necessary to achieve the national income to which the administration aspires. I might also add that the only silver mine operated by a corporation in the State of Nevada today is Desert Silver Mines, Inc., which is operating at zero profit in order to keep its men at work.

The CHAIRMAN. Are there any other questions?

Mr. TRENT. I would just like to bring to the attention of Dr. Finch something he said in his opening statement about when the world started to debase coins. That was the general impression which prevailed, but the records of the Government show that the net increase in the use of monetary silver since 1920, when the Royal Mint Act, in London, was passed, there has been $1,300,000,000 net increase in monetary use over withdrawals, but that does not take into consideration $1,200,000,000 increase in silver-certificate circulation in the United States, nor does it include 1,100,000,000 ounces of silver now held in the general fund of the Treasury.

That statement was put in the record here by the Secretary of the Treasury when he was on the stand, considering also the increase in the monetary use of silver in every country. Silver can be used as a control metal in establishing the economic production of industrial metal, whereas no other industrial metal can be used as a control because silver is the only metal which the Government can control the price on, and, fortunately, silver is more important in this respect, in that it continues to circulate and act as money, with a turn-over of 25 to 50 times a year, whereas the industrial metals go into fixed use and are dormant after once in place, except for a small return as scrap.

The CHAIRMAN. Now, if we assume, Dr. Finch, that a reduction in the price of silver, as based on this data you have placed in the record, has resulted in the unemployment of 200,000 persons, taking those actually engaged in mining operations and those actually dependent upon them, and assuming that the average cost to take care of the unemployment is $900 per person per annum, then we find that those 200,000 unemployed did cost the Government $180,000,000. Let us call that the loss to the Government by reason of cutting down the price of silver from 77.57 cents an ounce to 65.64 cents an ounce. That is one loss. We have not the figures of the loss in taxation?

Dr. FINCH. No.

The CHAIRMAN. But if there were a 15-percent reduction in operation, and there was a reduction——

Mr. TRENT. Fifteen percent also in reduction in price, making a total of 30-percent reduction in return to the mines.

The CHAIRMAN. Yes; it would naturally follow that there would be a loss in receipts by the Government from taxation.

Dr. FINCH. Yes.

Mr. TRENT. In some cases, taxation is as high as 10 cents per ounce of silver, Senator.

The CHAIRMAN. Now then, there has been an actual loss in production of approximately 11,000,000 ounces?

Dr. FINCH. Yes.

The CHAIRMAN. If that 11,000,000 ounces had constituted production of the mines, then they would pay a corporation tax to the Federal Government, based on some value approximating that resulting income. In many States they would pay a bullion tax not only on that 11,000,000 ounces of silver, but on three times, in quantity, on lead, zinc, and copper. And I am going to try to get those figures to put in this record because the Treasury Department apparently has never taken into consideration the loss in taxes by reducing production and by eliminating profits. They are interested in the rate of taxation, but not in the assets that may be taxed. They don't seem to see that that is any factor at all; but undoubtedly these records, that you have put in, indicate, as you have said, the closing down of mines, the reduction of output of mines, because there is no other cause you can find for the reduction. Now, we already have $180,000,000 that the Government has lost when 200,000 people were put out of employment by the closing down or the reduction in the capacity of mines. We have the fact that there must have been a loss in returns with regard to taxation—a large amount. Some mines, as Mr. Trent says, pay taxes at 10 cents an ounce on the silver produced. Now, what did the Government gain by it? In 1937 they had 71,408,625 ounces and they obtained a seigniorage on that of 40 percent, wasn't it?

Mr. TRENT. Yes.

The CHAIRMAN. A seigniorage of 40 percent on that, because silver is 77.57, and that is 60 percent of $1.29. Instead of that, by cutting the price of silver to 64.64, the Government got a seigniorage of 50 percent on the 60,000,000 ounces?

Mr. TRENT. Yes.

The CHAIRMAN. They gained in seigniorage, by cutting the price of silver, $2,215,143.78; so we have this splendid economic transaction by the Treasury Department, of losing $180,000,000, plus loss in taxes, plus the loss in taxes to the counties and States through direct taxation, and they have made an additional profit in seigniorage for the year 1938 of $2,215,143.78 to offset the $180,000,000 paid for relief, by reason of the decrease in the price of domestic silver in 1938 from 77.57 to 64.64 cents an ounce.

Mr. TRENT. Do I understand that the Bureau of Mines has not made any estimates up to now of the average cost of producing an ounce of silver?

The CHAIRMAN. No; the statement has been read there that they had difficulty in doing it. That statement has been read, and it is in the record.

Now, I have asked all the questions I am going to ask, and I am going to put in the record at that place where I mentioned it, that letter of Mr. Snyder to the President. Of course, at the time that letter was written—December 13, 1937—he estimated that there would be 400,000 people put out of employment, directly and indirectly, by virtue of cutting the price of silver from 77.57 to 64.64 cents an ounce. In that letter he states that in that little mining operation in Pioche they employed 1,000 men; but he does not believe they can employ them if they cut the price of silver from 77.57 to 64.64, or below that price. He recommended 80 cents an ounce instead of 77.57 cents an ounce, at which he thought that mines like that at Pioche could operate. This letter is of considerable importance because the Government has an investment down there of $450,000,000 in that power line, and these mines are in the market for that power. The mining companies and others, of course, have $550,000,000 invested in that power.

I will put in the record also these letters and telegrams of the various Governors of the Western States, and large mining associations and operators, addressed to the President, along in December 1937, assuring him, and predicting, that if he cut the price from 77.57 to 64.64, that there would result exactly what has resulted in 1938, as proven by the tables placed in the record. You know, do you not, Dr. Finch, that that was the general prediction of western mining people?

Dr. FINCH. Yes.

The CHAIRMAN. Now, here is a question, Dr. Finch:

Did you or your Bureau have anything to do with the reduction in domestic silver from 77.57 cents an ounce, on January 1, 1938, to 64.64 cents an ounce?

Dr. FINCH. No, sir; the Bureau was not consulted in that matter at all and took no action.

The CHAIRMAN. Was the Bureau consulted as to fixing a price of 64.64 cents an ounce from January 1 to July 1, 1939?

Dr. FINCH. No, sir.

The CHAIRMAN. That is all.

Mr. TRENT. Dr. Finch, could I suggest that when you make up that estimate of what the price of silver should be to bring up the industrial metal production to the necessary volume to support the proposed national income, that you fix what is considered to be a fair minimum price for lead and zinc? They are abnormally low at this moment.

Dr. FINCH. Have you worked that out?

Mr. TRENT. Yes; I have worked it out with lead and zinc at 6 cents; but you understand that, with this kind of control, when prosperity resumes, the price of industrial metals should not rise, because they should be getting adequate prices to make operations profitable due to a fixed price of silver determined for that purpose. The principal difficulty in getting back to prosperity is that prices commence to rise and deter the continuing prosperity. By the method of determining the price of industrial metals at a reasonably fair rate, they would remain stationary under the fixed prices of silver, which you are going to determine are necessary. The tonnages of metals requisite to a new national income of $100,000,000,000 is of primary importance.

Dr. FINCH. I prefer to leave that determination to Mr. Trent, who is a well-known expert on this subject.

The CHAIRMAN. I stated that I would obtain certain information from Mr. Edward H. Snyder, one of the owners of the Combined Metals Reduction Co., operating mines at Pioche, Nev. At this place I insert in the record a telegram from Mr. Edward H. Snyder. This telegram shows the gross and net value of each of the minerals in this ore. It also shows that there would be a loss, in working this ore with silver, at less than 77.57 cents an ounce, and that by reason of the reduction in the price of silver from 77.57 cents an ounce to 64.64 cents an ounce, that the company has been compelled to reduce its production from 12,000 tons of ore per month to a minimum maintenance basis of 3,000 tons per month, and that this reduction of 9,000 tons per month has resulted in a reduction of the pay roll $27,000 per month.

(The telegram referred to by the Chairman is as follows:)

[Western Union telegram]

PIOCHE, NEV., *April 14, 1939.*

Hon. KEY PITTMAN,
Senate Office Building, Washington, D. C.:

Average analysis of our Pioche ore, 0.03 ounce gold, 6.6 ounces silver, 6.3 percent lead, 16.2 percent zinc. Gross value per ton with present markets, silver at 64 cents per ounce, lead at New York at 4.75 cents per pound, and zinc at St. Louis at 4.5 cents per pound, is $25.83. Over-all metallurgical losses from crude ore to finished metal are equivalent to $5.03 per ton. Total cost of freight on ore and products is $6.13 per ton crude ore. Total cost of milling, smelting, electrolytic refining, and other metallurgical treatments totals $9.74 per ton, leaving value f. o. b. Pioche $4.93 per ton of crude ore. The cost of mining under present conditions is $5.43 per ton, not including depletion interest and Federal taxes, making operating loss 50 cents per ton. The reduction in the price of silver from 77 cents per ounce to 64 cents per ounce reduced value to the mine by 65 cents per ton of crude ore. The reciprocal trade agreement with Canada amounting to a reduction of $7 per ton of zinc coupled with recent reduction of $3.66 per ton in ocean freight from Belgium to Atlantic seaboard reduced the mine value of our crude ore by 81 cents per ton.

Loss of value from reduction in price of silver and zinc tariff therefore changed our operating profit from 96 cents per ton to an operating loss of 50 cents per ton forcing us to reduce production from 12,000 tons of ore per month to minimum maintenance basis of 3,000 tons per month and made impractical for us to finance expansion programs. From figures given above you will note reduction of 9,000 tons per month in our production reduced our Nevada pay roll by $27,000 per month. Reduced payments to railroads by $55,000 and reduced expenditures at metallurgical plants in Utah, Montana, and eastern refineries by $87,600 per month. In other words a reduction of only $1.46 per ton in our crude ore value due to reduction in silver price and zinc tariff made it impractical for us to produce ore with an over-all gross recoverable value of $20.80 per ton and thereby destroyed production of approximately $2,246,000 of new basic wealth per annum and prevented expenditures of several million dollars for expansion.

Best wishes.

EDWARD H. SNYDER.

The CHAIRMAN. I see that Mr. Alfred Merritt Smith is in the room. Mr. Smith is the State engineer of the State of Nevada and secretary of the Colorado River Commission of Nevada, and a member of the Public Service Commission of Nevada.

STATEMENT OF ALFRED MERRITT SMITH

The CHAIRMAN. Mr. Smith, how long have you held those positions?

Mr. SMITH. Some 4 years now.

The CHAIRMAN. Were you in those positions at the time the arrangements were consummated to build a power line from Boulder Dam mining house out to the Pioche mining district?

Mr. SMITH. That was prior to the time I held my present position. At that time I was acting as engineer and examiner for the Nevada P. W. A., under whose direction and financing the power line was constructed; and in that capacity I became very familiar with the project.

The CHAIRMAN. Do you know the terms and conditions under which that power line was constructed?

Mr. SMITH. Yes.

The CHAIRMAN. What are they?

Mr. SMITH. The cost of the project was estimated to be $900,000, which was very nearly the actual cost of construction. The financing was through a loan of $564,000 from the Government.

The CHAIRMAN. Through the P. W. A.?

Mr. SMITH. Yes; through the P. W. A. and a grant of $336,000, the grant being 37.3 percent of the total estimated cost of the project. Of the bonds, in the amount of $564,000, that were issued on the loan, the Government purchased $264,000 of these bonds, and by arrangement, the machinery contractors and the mining interests took up the remaining bonds, in the sum of $300,000. The Government may, therefore, be said to have a participation in this project of 66.2 percent, or $600,000, out of the total of $900,000.

The CHAIRMAN. Do you know what the inducements were that were offered by the mining company for this investment?

Mr. SMITH. Yes. The district is known to be very rich in silver, lead, zinc, and ores of medium grade, and it was necessary, in order to develop the area, to have cheap power, and it was believed that if the price of silver could be maintained at a sufficiently fair level, together with other metal prices, the district would not only be reopened and rehabilitated to a large extent, but would be susceptible to very great expansion. The average value of the ore produced at the mines now operating has been estimated to be around $25.83 per ton. The average ore contains 0.03 ounce gold, 6.60 ounces silver, 6.3 percent lead, and 16.2 percent zinc.

Under past operations, partly due to high cost of power and imperfect metallurgical processes and high transportation costs, the profit on ore of this grade has been very small. Considering it from the standpoint of silver, with silver at a price of 64.64 cents per ounce, there is a loss of approximately 50 cents per ton. While this situation exists, the two companies now operating in the district, to wit, Combined Metals Reduction Co. and the Bristol Silver Mining Co., are merely marking time by continuing to operate, and will inevitably have to shut down and throw many hundreds of men out of employment unless there is an increase in the price of silver to a level which will admit of some profit.

In considering the installation of this project the engineers and others carefully considered all available data concerning the district, as well as its future possibilities. Plans have already been gone into by a group of companies there, looking toward future investments in Lincoln and Clark Counties, in the way of reduction plants and added milling facilities, as well as large extensions in mine development, which it was anticipated would amount to nearly $8,000,000, and would result in an employment of 2,000 additional men and a weekly pay roll of $61,000. Taxes on the above proposed development would be approximately as follows: County and State property and bullion tax, $143,000; capital-stock tax, $10,000; Federal income taxes, about $103,000; total, $256,000 per year.

In addition to this, such a development, which is entirely within the realm of probability providing average metal prices on lead, zinc, and silver can be maintained, would yield a freight revenue on overall tonnage, ore, and supplies of about $1,800,000 per year. These figures would not include taxes and revenue that would undoubtedly accrue as a result of the large new dependent population which would spring up as a result of the increased mining activity. Surveys made a few years ago in the State of Utah proved that in that State each new worker in a mining district gave support to 15 other persons, either directly or indirectly engaged in mining or dependent upon that work in some manner. It is apparent that the Government's stake in such an operation is very large. Even if we do not go beyond the present scale of operations, the reduced price of silver would inevitably throw a large population out of employment; and due to the specialization of their work, most of them would undoubtedly be forced to go on relief. The considerable investment that the Government has in the present Lincoln County power district bonds would be placed in jeopardy. I don't know whether I can say anything more.

The CHAIRMAN. Mr. Smith, is it a fact that another reason for the Government aiding in this project was to accomplish rural electrification?

Mr. SMITH. Yes; that is true.

The CHAIRMAN. The mining companies carried the chief burden of amortization?

Mr. SMITH. Yes.

The CHAIRMAN. And then it was anticipated that the power would be made sufficiently cheap to be used in rural electrification; is that true?

Mr. SMITH. That is actually resulting as contemplated in the original plan. The power line extending from Boulder Dam to the mines in Pioche, a distance of 140 miles, is now serving several additional communities with low-priced power. These include the old mining camp of Delamar, Nev., where new developments, new mining, and a general rehabilitation is in progress. It also serves the towns of Caliente and Panaca, located near the main transmission line. A branch line has been extended easterly to the Utah line for the purpose of aiding mine operations near the line. Agricultural interests and farming in the Panaca district and in the vicinity of Caliente are also substantially benefited through the availability and use of this low-priced power.

The CHAIRMAN. Mr. Smith, there are other mining properties in Nevada, are there not, that are in worse condition than Pioche, by virtue of the reduction in the price of silver?

Mr. SMITH. Yes; there are a number of formerly very active silver producing districts in the State that are merely marking time as a result of the low price of silver. A step up in the price of silver would result immediately in great activity in at least 20 or 30 mining camps throughout the State.

The CHAIRMAN. When you speak of silver mines you mean mines which depend upon the value of silver for operations, whether they be combinations of metals—of lead, silver, copper, and zinc or various other combinations?

Mr. SMITH. Yes; that is true. As you know, most of the mines throughout the West might be called multiple metal mines. Some of them produce copper as the major principal metal, with much lesser amounts of silver and gold; but the commercial value of the ore and the possibility of its being mined and beneficiated depends on the combination of the value of these various metal factors, and in nearly all of the mines in the State of Nevada silver may be said to be the principal factor; in other words, the silver content and its value is the factor which decides whether such mines may be operated at a profit or not.

The CHAIRMAN. In other words, the Government has no power, or no official power, to raise the price of lead, zinc, and copper, but has control over the price of silver?

Mr. SMITH. That is exactly true, Senator, and it is well known to all of the mining operators throughout the West. The price of the baser metals is, to a major extent, governed by the markets and economic conditions, but the price of silver is subject to, you might say, Federal fixation or pegging.

The CHAIRMAN. Now, is it not a fact that by reason of the cut in the price of domestic silver from 77.57 cents an ounce to the present price of 64.64 cents an ounce, there was created a great deal of uneasiness and uncertainty in the minds of the men who developed mining property?

Mr. SMITH. Yes; that is true; they are reluctant to invest money or proceed with operations in view of the uncertainty in the price of silver; and that is the deciding factor.

The CHAIRMAN. Then the mining companies realize, do they not, that it will probably be a year or two before they commence to obtain any receipts from the mines after the reduction work?

Mr. SMITH. Yes; it is often the case, particularly in the rehabilitation of mine workings which have been abandoned for some time, that a great deal of dead work has to be done at considerable expense, although the presence of large bodies of ore are definitely known to be present; but such work and the attendant expense will not be undertaken by any conservative mine operator under present conditions. He must know within reasonable limits at least what he can expect to get out of the silver content in his ore—what it will yield in dollars and cents of the silver content per ton.

The CHAIRMAN. And is it not also true that with the price being fixed for short periods of time that there is no way the investor can figure on the price of his silver for a sufficient length of time to justify him in undertaking any extensive development?

Mr. SMITH. That is perfectly true. Fixing the price for short periods of time or changing the price at short intervals of time tends to continue the present state of unrest and lack of confidence in mining development in the West.

The CHAIRMAN. That is particularly true, is it not, Mr. Smith, from what seems a lack of interest on the part of the Government and the desire, if not the intention, to continually reduce the price instead of increasing the price?

Mr. SMITH. I believe a canvass of western operators would lead to that conclusion.

The CHAIRMAN. What is your profession, Mr. Smith?

Mr. SMITH. I am a mining engineer, Mr. Senator.

The CHAIRMAN. You have done considerable geological work, have you not?

Mr. SMITH. Yes.

The CHAIRMAN. How long have you been engaged in your profession?

Mr. SMITH. For more than 40 years.

The CHAIRMAN. I think that is all. I thank you, sir, for your contribution.

Mr. SMITH. Thank you for the privilege of being able to come.

STATEMENT OF JAY CARPENTER, OF RENO, NEV.

The CHAIRMAN. What is your business, Mr. Carpenter?

Mr. CARPENTER. Professor of mining at the Mackay School of Mines, University of Nevada, and mining engineer for the Nevada State Bureau of Mines; and, in 1938, acting director of both.

The CHAIRMAN. Well, we have been discussing here, Mr. Carpenter, the effect of a reduction in the price of silver from 77.57 cents an ounce, on January 1, 1938, to 64.64 cents now. Will you just state, in your own way, what you have to say on that subject?

Mr. CARPENTER. In 1937, with silver at 77.57 cents an ounce, Nevada produced in the neighborhood of 5,000,000 ounces of silver; in 1938, with silver lowered to 64.64 cents an ounce, the production dropped to around 3,000,000 as I recall it—a 40 percent reduction, with a sharp drop in employment—and the present uncertainty concerning the price of silver after July 1 is reducing production so far in 1939 below the 1938 figures. A restoration of even the 77.57-cent price, or a 20-percent increase, would greatly stimulate mining in Nevada, especially if the price could be assured for even 3 or 4 years. A specific illustration of the effect of what promises to be one of the great silver-mine camps in the United States, at Pioche, Nev., has already been discussed before your committee in detail. The largest mine of the famous old camp of Virginia City produced nearly half a million ounces of silver in 1937, but with the drop to 64 cents, it closed down at a loss in 1938. Now capital has been interested and needs assurance of a stable price of silver at 77 cents to start operations again on the same, or a larger, tonnage basis.

The Crown Mine, south of Alconda, with over 40,000,000 tons of ore blocked out, of silver and gold ore, needs but some assurance of a sustained 77-cent figure to construct a 300-ton mill.

The Desert Silver Mine, at Silver Peak, that was financed by an R. F. C. loan, and produced over a quarter million ounces in 1937, is now in a very close and precarious margin with 64-cent silver. Likewise, the Dayton Douglas—a 100-ton tailing proposition, at Dayton, Nev.—has been reduced practically to an unprofitable basis on 64-cent silver.

The great silver camp of Tonopah, that has been in recent years on a leasing basis, produced about a million ounces in 1937, and is now sharply curtailed. The mines there, with ore to justify milling operations at Tonopah, are flooded and would need 77-cent silver, or a higher price, over a period of years, to justify opening.

Nevada produces the base metals—copper, lead, and zinc—the price of which depends on their industrial use; but the State has many small and large mines that are precious metals only. The price of their metals is set by the Government, and the prosperity of these mines depends entirely on Government action.

Since the price of gold has been definitely set at 70 percent above the pre-war price, there has been a remarkable resulting activity; for instance, resulting in the discovery of one outstanding mine—the Getchel mine—with an expenditure of over $1,000,000 in equipment and a production today of over 800 tons a day.

If silver had been similarly treated and had a similarly assured price, there would be much more activity and employment in mines of Nevada today, which is directly and promptly reflected in our state of general prosperity. That such will be done is our present hope.

It is strange to me that many financial men in the East look with favor on the purchase of gold at 70 percent above pre-war prices, but look askance at and object to the purchase of silver at the present price of only 30 percent above the pre-war price of silver. This strikes a westerner as an untenable position. A 70-percent increase in silver prices over the 50-cent pre-war price would give a price of 85 cents instead of 77.57, in 1937, which brought great prosperity to the old mining camps of the West during that year, before this price was, to my mind, foolishly reduced to 64.64.

The CHAIRMAN. Why are you in Washington at the present time, Mr. Carpenter?

Mr. CARPENTER. I am at present in Washington as an employee of the Colorado River Commission, in connection with possible Boulder Dam legislation.

The CHAIRMAN. All right.

I will ask that the following communication from Hon. Richard Kirman, Governor of Nevada, of November 30, 1937, addressed to the President, be placed in the record at this point:

STATE OF NEVADA,
EXECUTIVE CHAMBER,
Carson City, November 30, 1937.

The Honorable FRANKLIN D. ROOSEVELT,
President of the United States, Washington, D. C.

MY DEAR MR. PRESIDENT: For the reason that the Executive order through which the present Treasury purchase price of domestic silver is fixed at 77.57 cents per ounce will expire on December 31, I am prompted to address you on a matter of the gravest concern to the people of my State. As you may know, mining and livestock are the two principal industries of Nevada. Mining employs by far the larger number of men and is quite generally recognized, as the statutes of Nevada so define, the State's paramount industry. Silver mining is an important branch of that industry, the value of its product being third in the list of metals. For many years Nevada led the States in silver production. New discoveries elsewhere and decline in production here have now placed her fifth. Nevertheless, silver mining continues a most important part of industrial activity in Nevada.

The number of men employed in silver mining in Nevada at this time is approximately 5,300. Employing the family factor of 3.5, which was obtained from United States Census data, a total of 18,500 people are directly dependent on silver mining in this State. This represents about 20 percent of the total population of 91,058.

The Treasury price of 77.57 cents per ounce has greatly stimulated the industry in this State. According to the United States Bureau of Mines, 4,970,000 ounces of silver were produced in Nevada in 1936. Because of the Treasury price this was valued at $3,849,265. Had the average world price for the year 1936 of 45.087 cents prevailed, the gross revenue from such silver would have been only $2,236,500, or $1,602,750 less than was actually received. It is likewise interesting to note increase in silver production in Nevada in the last several years. In 1933, 1,148,621 ounces, valued at $402,017, were produced. 1936 production, therefore, is more than 3 times in quantity and nearly 10 times in value over 1933. Other metals with which silver is allied and of which it is a component part of the ores in which such metals occur show proportionate increases.

While silver is not the predominant metal produced in Nevada, both copper and gold exceeding it in value, silver nevertheless is a component part of all ores produced in this State containing gold, copper, lead, or zinc. If it were not for the silver content of practically all lead and zinc mines, most gold mines, and some copper mines, the productive capacity of such mines would be greatly lessened and in many instances entire suspension of operations would result if silver values declined since the silver content in such cases is sufficient to insure the margin of profit necessary for the operation.

Following the comparison on silver production, I might say that in the same period lead increased from 4,607,000 pounds valued at $170,000 to 24,600,000 pounds valued at $1,132,000. Zinc production in 1933 amounted to 12,775,000 pounds valued at $536,000, whereas 31,570,000 pounds valued at $1,578,000 were produced in 1936. Total value of copper production for the years indicated was $1,823,000 and $12,480,000, respectively. Gold increased from 98,000 ounces valued at $2,520,000 in 1933 to 285,000 ounces valued at $9,965,000 in 1936.

The present world market price for silver is around 45 cents per ounce. When the present Treasury price expires on December 31, the domestic price for silver will immediately drop to that level if not lower. Unquestionably the world price has been stimulated and influenced by the United States Treasury price. If the mint ceases purchase of silver under present laws and regulations, the product of this country which now goes to the mint must be absorbed through other channels which, of course, would naturally tend to depress the price. As a general proposition silver cannot be profitably mined in this State at 45 cents per ounce. Senator Pittman in a recent speech in the United States Senate stated that a Senate investigation had determined that the average cost of producing silver in the United States was 60 cents per ounce. While costs vary in different localities, depending upon the grade and complexity of the ores containing the metal, I believe that the present activity in silver mining in my State would immediately decline to the 1932 level, if not lower, since it is not conceivable that the present world price would offer sufficient inducement to continue present operations or engage in newer ones.

The effect on the mining industry itself is not my principal concern. While the industry now pays more than 10 percent of the tax revenues of the State as a whole, its effect in that respect in some of our political subdivisions is more marked. In White Pine County, for instance, the mining industry pays approximately 85 percent of all tax revenues collected. The pay roll in the principal mining district of that county amounts to more than $300,000 per month, and the number of men employed exceeds 2,000. Of the 5,300 miners now actually employed in the silver and allied mining industry of this State the larger proportion of that number would find themselves without employment in the event of suspension of such operations, as would inevitably result from a decline in the present Treasury price of silver to the world price. It would put the State back to the perilous days of 1932 and 1933 when mining was at its low ebb and when it became necessary to promote the relief measures which have recently been so satisfactorily adjusted through increased private employment.

Senator Pittman assures me, and he has so publicly stated, both in the Senate and elsewhere, that statutory authority now exists for continuation of the present mint price of silver through Executive order after the termination of the present order based on the London pact which expires at the end of the year. I sincerely hope that the representations herein set forth, together with those which you will undoubtedly receive from other silver-producing States, will prove of sufficient merit and conviction to warrant the promulgation of a new Presidential order continuing the present Treasury domestic silver price. The matter is of such great moment and concern to me and to my constituents that I feel I must submit it to you with all the sincerity at my command and with the earnest hope that it will warrant your favorably consideration.

With assurances of respect and esteem, I am

Yours very sincerely,

RICHARD KIRMAN, *Governor of Nevada.*

Similar letters and telegrams were sent to the President in November and December 1937 by nine other governors of silver-producing States in the West. Of course, these telegrams from various governors were based largely upon conditions in their own States, but they were all of the same purport and predicted that if the price of silver was reduced from 77.57 cents an ounce it would result in the closing down of some mines and the reduction in the capacity of many others with consequent unemployment and depreciation of property subject to taxation. These predictions have all proven true, as shown by the testimony of Dr. Finch, Director of the Bureau of Mines, hereinbefore set out.

Similar letters and telegrams were sent to the President or to the Secretary of the Treasury from mine operators' associations, labor associations, and farm organizations in the Western States. As a sample of such resolutions, I file in the record a resolution adopted by the American Farm Bureau Federation at its annual convention held at Chicago, Ill., December 15, 1937, which is as follows:

RESOLUTION NO. 11

[Adopted unanimously at Nineteenth Annual Convention of the American Farm Bureau Federation at Chicago, Ill., Wednesday, Dec. 15, 1937]

SILVER PURCHASE

We favor the purchase of newly mined silver of domestic origin by the Federal Government at not less than 77.57 cents per ounce.

As a sample of the character of the resolutions that were adopted and sent to the President or the Secretary of the Treasury by labor organizations in the West, I place in the record a resolution adopted by the International Union of Mine, Mill, and Smelter Workers of Utah, as follows:

DISTRICT UNION NO. 2—INTERNATIONAL UNION OF MINE, MILL, AND SMELTER WORKERS

SALT LAKE CITY, UTAH,
November 16, 1937.

President FRANKLIN D. ROOSEVELT.

DEAR MR. PRESIDENT: Whereas approximately 47 percent of the gainfully employed persons in the State of Utah are engaged in or directly dependent upon metal mining and processing; and

Whereas the prosperity of business and agriculture is dependent to a major degree upon the activity of the metal mining and processing industry in this State and entire western country; and

Whereas the loss or reduction in the present subsidy on domestically mined silver would be a severe handicap and burden to metal mining thereby causing curtailment of operations resulting in materially reducing the consumptive power of many thousands of persons, and creating unemployment: Therefore:

We request a continuation of the present administration program respecting silver and metals generally. We hope it meets your good pleasure to respect these factors and the welfare of the many persons dependent upon the prosperity of this industry in the economy of the Nation.

This resolution was passed unanimously by the Committee on Industrial Organization, State convention, Salt Lake City, Utah, November 16, 1937, and copies ordered sent to the congressional delegation at Washington, D. C.

Very respectfully yours,

C. I. O. INDUSTRIAL COUNCIL OF STATE OF UTAH,
E. M. ROYLE, *Secretary.*

The President and the Secretary of the Treasury were fully advised as to what might happen if the price of silver was reduced. The President evidently was misadvised by some of his departments, upon whom he relied, as to the facts and the probable results.

The situation in the metal-mining States is even worse today than it was in January 1938 when the price of silver was reduced from 77.57 cents an ounce to 64.64 cents an ounce, as is indicated by the statement adopted at the conference of the governors of the Western States held at Reno, Nev., on March 27–28, 1939. I here place this statement in the record:

We, the governors of the Western States, meeting in conference at Reno, Nev., on March 27 and 28, 1939, present the following statement to the President and the Congress of the United States:

The mining of silver is a most important industry in our States. It is important both because of the income from silver as a metal by itself and also as a source of income from the mining of base metals in which silver is contained. Base-metal mining is in a depressed condition because of the world prices now prevailing. In most mines where silver is a byproduct, income from this source represents the difference between a profitable and a losing venture. Consequently the price of silver is most important to the metal-mining industry as a whole.

We are faced with a serious problem of unemployment and relief. Our agricultural and mineral products are selling at prices far below normal and our resources for meeting conditions of unemployment and relief are fast being depleted. There is an actual urgent condition which prompted the calling of this conference and which prompts us now to appeal to the President and the Congress of the United States for action which will assist in meeting a grave situation.

The present situation with regard to silver is most unsatisfactory. Those who are engaged in the business of mining have no assurance of the continuation of the present price. They are harassed and beset with uncertainties and constantly are deterred from making commitments for continuing operation and development and in planning for future employment.

Accordingly, we urge upon the Congress and the President to take action immediately, fixing the price of silver for monetary purposes beyond June 30, 1939 and that this price be increased from the present basis of 64.64 cents per ounce for domestic silver. Such action upon the part of the Congress and President will insure an increase of employment, thereby taking thousands of men off our relief rolls and putting them back to work.

Further, we urge that the present uncertain condition be remedied by the enactment of laws which will definitely and permanently reestablish silver to its rightful place in our monetary system.

We favor a metallic base for United States currency, with the employment of both gold and silver in such base.

We favor continued acquisition by the United States Treasury of all newly mined domestic silver tendered to it.

We favor the purchase by the United States of foreign silver, provided the proceeds of such purchase shall be used to promote or increase the sale of agricultural and industrial products of the United States in foreign countries.

We urge that a silver policy be established which shall not be subject to sudden and frequent changes; that the price of silver shall be fixed at a point providing a reasonable return for the risk taken in mining operations and which shall act as an incentive to future development of our mineral resources. The prosperity of the mining industry of the West contributes in large measure to the prosperity of the entire Nation. We believe that there can be no established prosperity, furnishing employment to our thousands of people except through a firm and definite stabilization of the price of silver.

I also place in the record a list of the delegates attending such governors' conference at Reno, as follows:

Hon. E. P. Carville, Governor of Nevada.
Hon. Henry H. Blood, Governor of Utah.
Hon. R. T. Jones, Governor of Arizona.
F. D. Willoughby, president, Midnight Mining Co., Aspen, Colo.
C. T. Meador, Aspen, Colo.
Floyd M. Wiles, general manager, Park City Consolidated Mines Co., Park City, Utah.
Charles F. Willis, editor, The Mining Journal, Phoenix, Ariz.
Joseph W. Walton, vice president, Hillside Mines, Inc., Prescott, Ariz.
James Ivers, vice president, Silver King Coalition Mines Co., Salt Lake City, Utah.
Robert S. Palmer, secretary, Colorado Mining Association, Denver, Colo.
J. G. Clark, Boulder, Colo.
T. O. Beryovsky, Silver City, N. Mex.
Walter E. Trent, Washington, D. C.
J. H. Miller, Hawthorne, Nev.
Mark G. Bradshaw, Tonopah, Nev.
Frank Worden, Commissioner of Public Lands, Santa Fe, N. Mex., representing Governor of New Mexico).
William S. Hill, Denver, Colo. (representing Governor of Colorado).
Julian D. Conover, secretary, American Mining Congress, Washington, D. C.
W. J. Graham, president, Small Mine Operators' Association, Phoenix, Ariz.
R. D. Leisk, general manager, Sunshine Mining Co., Kellogg, Idaho (representing State of Idaho).

Donald A. Callahan, Wallace, Idaho (representing the Governor of Idaho).
Senator A. L. Pierovich, of California (representing Governor Olson).
William G. Allen, vice president, Excelsior Water & Power Co., Smartville, Calif.
A. G. Mackenzie, secretary, Utah Chapter, American Mining Congress, Salt Lake City, Utah.
Fred E. Gray, general manager, Desert Silver, Inc., Silver Peak, Nev.
Ott F. Heizer, general manager, Nevada Massachusetts Co., Inc., Mill City, Nev.
Alfred Merritt Smith, Nevada State Engineer, Carson City, Nev.
Ira L. Wright, Silver City, N. Mex. (delegate from New Mexico).
Grant H. Merrill, 1326 Polk Street, Phoenix, Ariz.
Henry M. Rives, secretary, Nevada Mine Operators' Association, Reno, Nev.
H. A. Johnson, superintendent, Tonopah Mining Co. of Nevada, Tonopah, Nev.
John A. Fulton, director, Mackay School of Mines, Reno, Nev.
John M. Rogers, Lodestar Mining Co., Mojave, Calif.
Ezra D. Dickerman, Leadville, Colo.
H. Phillips, 983 Mills Building, San Francisco, Calif.
Carl J. Trauerman, president, Mining Association of Montana, Butte, Mont.
E. H. Walker, Reno Chamber of Commerce, Reno, Nev.
J. A. Woolf, United States Bureau of Mines, Reno, Nev.
Paul K. Gardner, publisher, Review Miner, Lovelock, Nev.
F. C. Ninnis, West End Consolidated Mines, Co., Tonopah, Nev.
A. R. Nelson, agent, Argentum Mining Co., Candelaria, Nev.

The CHAIRMAN. I have here the resolutions adopted by the legislatures of five States setting forth the position of such States with regard to the silver problem and the character of legislation that they think should be enacted. I think the suggestions of these five States are worthy of very careful consideration by this committee and by the Congress. They come from the highest authority in any State. As the silver problem more directly affects these five States, this committee and Congress should give their suggestions full credence and confidence.

HOUSE JOINT RESOLUTION NUMBER 3

By Representatives Thomas, Smith, Parsons, Akin, Alden, Allen, Anderson, Bailey, Baker, Bartholomew, Bear, Blum, Boggs, Carlson, Cawlfield, Cheever, Chrysler, Coleman, Coloroso, Davis (El Paso), Davis (Denver), Douglas, Evans, Farr, Fordham, Gill, Griffith, Grimes, Gwillim, Hamil, Hanson, Harpel, Hart, Helm, Herring, Hornbaker, Gorsman, Kerr, King, Kline, La Crue, Lashbrook, Lovelace, Minshall, Norcross, Ogilbie, Owens, Pearson, Penny, Renkel, Sanburg, Strain, Strong, Tabor, Townsend, Watts, and Mr. Speaker; and Senators Aspinall, Bain, Bosworth, Briscoe, Constantine, Crowley, Cummings, Elliot, Gilliam, Glenn, Hunter, Johnson (25th), Johnson (5th), Johnston (9th), Johnston (8th), Keating, Lamont, Latimer, McDonald, McKinney, Murphy, Noriega, Preston, Ragan, Ritchie, Rockwell, Sanders, Shawcroft, Smith, Swisher, Taylor, Twining, Whitaker, and Williams

Whereas there is pending in the Congress of the United States Senate a certain act (S. 800) to amend the act entitled "An act to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes," approved June 19, 1934, 9 post meridian, known as the Silver Purchase Act of 1934, introduced by Senator Pittman, of Nevada, and is now pending before the Agricultural Committee, which directs permanent purchasing of United States produced silver at $1.29 an ounce and the purchase of foreign silver under the existing law; that is, until one-fourth of the gold and silver stocks is in silver, or until silver has reached $1.29 an ounce, which authorizes the purchase of agricultural exports solely from this country with the certificates issued in payment therefor; and

Whereas the mining and farming industries are the two basic industries of the State of Colorado and both will receive direct benefits from the enactment of such legislation, as well as the entire population of the State of Colorado; and

Whereas immediate action is necessary on the part of the Congress of the United States to provide a market for domestically produced silver and a foreign market for agricultural products: Now, therefore, be it

Resolved by the house of representatives of the thirty-second general assembly of the State of Colorado (the senate concurring therein), That it respectfully petitions and memorializes the Congress of the United States to pass the above referred to act to enable mining operations within the State of Colorado to go forward with renewed vigor and employ persons now listed on unemployment rolls and to enable the farmers of this section to export goods to foreign countries in competition with producers in foreign lands; be it further

Resolved, That a copy of this resolution and memorial be forwarded to each of the Senators and Representatives in Congress from the State of Colorado, and to the chairman of the Agricultural Committee, and to the Honorable Key Pittman, Senator from Nevada, the author of the bill.

William E. Higley,
Speaker of the House.
Jno. I. Vivian,
President of the Senate.
W. C. Blaine,
Chief Clerk.
M. J. Walsh,
Secretary of the Senate.

Senate Joint Resolution Introduced by Senator Horsey, February 20, 1939

Rules suspended, reading so far had considered first reading, rules further suspended, read second time by title, and referred to the committee on judiciary.

SENATE JOINT RESOLUTION Memorializing the Congress of the United States to pass a certain act (S. 800) to amend the act entitled "An act to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes," approved June 19, 1934, 9 post meridian, known as the Silver Purchase Act of 1934

Whereas there is pending in the Congress of the United States a certain act, introduced by Senator Key Pittman, of Nevada, which is now being considered by the committee on agriculture of the United States Senate, and which authorizes and directs the purchase at $1.29 per ounce of silver produced in the United States, and the purchase of foreign silver under the existing law until the stock of silver shall be equal to one-fourth of the combined stocks of gold and silver, or until the market price of silver has reached $1.29 per ounce, and which authorizes the purchase of foreign silver in payment only for exported goods produced in this country; and

Whereas the mining, livestock, and agricultural industries are the primary industries of the State of Nevada, and each of said industries, as well as the entire population of this State, will receive direct benefit from the enactment of said proposed act (S. 800); and

Whereas it is highly desirable that the Congress of the United States take such action as will provide and enhance the market for silver produced in the United States, and as will stimulate and extend the foreign market for the products of our farms and ranches, as well as for the manufactured products of other States, thereby increasing employment in those States and the ability of their inhabitants to purchase the products of our mines, farms, and ranches: Now, therefore, be it

Resolved by the senate and the assembly of the State of Nevada, That we respectfully petition and memorialize the Congress of the United States to pass the said act (S. 800), in order that mining operations in the State of Nevada may be increased and invigorated, to the end that many persons now unemployed may find employment, and to enable the farmers and livestock men of this and other States to export their products profitably to foreign countries, and to augment the demand and broaden the market in other countries for manufactured goods produced in the United States, thereby affording increased employment and purchasing power which will stimulate the domestic market for the products of our farms, mines, and ranches; and be it further

Resolved, That a copy hereof be forwarded to the Honorable Key Pittman, senior United States Senator from Nevada, the author of the bill (S. 800), a copy hereof to the Honorable Pat McCarran, junior United States Senator from this State, and a copy hereof to the Honorable James G. Scrugham, Representative from Nevada in the Congress of the United States.

Senate Joint Memorial No. 1

Introduced by Campbell (Missoula), Lott, and Martinson

A RESOLUTION Memorializing the Congress of the United States for the passage of legislation authorizing the continuance of the purchase of silver

To the Honorable Senate and House of Representatives of the United States of America in Congress assembled:

Whereas the Silver Purchase Act of 1934, and proclamations of the President and the Secretary of the Treasury, pursuant thereto, and the purchase of silver by the Secretary of the Treasury of the United States, have resulted in greatly increased activity in the mining business in the State of Montana; and

Whereas by reason of the renewed activity in the mining regions, many theretofore unemployed have been profitably employed, many new mining properties have been opened up, and operated to advantage; and

Whereas a discontinuance of the purchases of silver by the Government of the United States or the reduction in the price paid for domestic-mined silver would result in the closing of many mines now being operated to advantage with resultant unemployment; and

Whereas Senator Key Pittman, under date of January 19, 1939, introduced a bill to amend the Silver Purchase Act of 1934, and to extend the authority and power of the Secretary of the Treasury to purchase silver, mined from natural deposits in the continental United States subsequent to June 30, 1939, at the rate and price of $1.29 per fine ounce: Now, therefore, be it

Resolved by the senate (the house of representatives concurring), That the Congress of the United States of America be, and it is hereby, respectfully urged and petitioned to enact the said bill amending the Silver Purchase Act of 1934, which bill is known as S. 800, or similar legislation having the same general intent and purposes, to the end that the Secretary of the Treasury may be authorized to continue the purchase of silver mined from natural deposits in the continental United States subsequent to June 30, 1939; be it further

Resolved, That a copy of this joint memorial be submitted by the secretary of state of the State of Montana to both the Senate and House of Representatives of the United States of America, to the President of the United States, and to each of the Senators and Representatives of the State Montana in Congress.

Utah State Legislature, 1939

House Concurrent Resolution No. 6

By Messrs. Marthakis, Liston, Boyer, Clyde. Passed Unanimously by the House March 3; Passed Unanimously by the Senate March 3; Approved by the Governor March 4.

A CONCURRENT RESOLUTION Favoring stabilization of the price of silver and the employment of silver purchases to increase exports of United States products

Be it resolved by the legislature of the State of Utah:

Whereas the welfare of the State of Utah is concerned in the price of silver and also in the maintenance and expansion of foreign markets for United States products, especially agricultural products; and

Whereas this legislature has already adopted a resolution with reference to the price of domestically mined silver; and

Whereas it is the belief of this legislature that acquisitions of silver of foreign origin can be made to the benefit of the United States when the proceeds therefrom are employed to pay for exports from the United States: Now, therefore, be it

Resolved, That the legislature of the State of Utah approve and endorse a silver program for the United States of the nature set out in that certain bill known as S. 800 (76th Cong., 1st sess.), introduced by Senator Key Pittman of Nevada and referred to the Committee on Agriculture and Forestry of the United States Senate, which bill proposes to continue acquisition by the Government of domestically mined silver and also to accept silver from foreign countries when the proceeds therefrom shall be used and applied solely in the purchase and payment for exports of United States products; be it further

Resolved, That a copy of this resolution be forwarded by the Governor and Secretary of State to each of the Senators and Representatives in Congress from the State of Utah, to the chairman of the Agricultural Committee of the United

States Senate and to the Legislatures of Alaska, Arizona, California, Colorado, Idaho, Michigan, Missouri, Montana, Nevada, New Mexico, Oregon, South Dakota, Tennessee, and Texas.

State of Idaho

DEPARTMENT OF STATE

I, Geo. H. Curtis, secretary of state of the State of Idaho, do hereby certify that the annexed is a full, true, and complete transcript of Senate Joint Memorial No. 7, enacted by the twenty-fifth session of the Legislature of the State of Idaho and filed in this office on the 7th day of March 1939.

In testimony whereof, I have hereunto set my hand and affixed the great seal of the State. Done at Boise City, the capital of Idaho, this 8th day of March, in the year of our Lord one thousand nine hundred and thirty-nine, and of the independence of the United States of America the one hundred sixty-third.

[SEAL] Geo. H. Curtis, *Secretary of State.*

(In the senate, twenty-fifth session, legislature of the State of Idaho)

Senate Joint Memorial No. 7, By Mines and Mining Committee

A JOINT MEMORIAL Memorializing Congress and requesting the Senators and Representatives in Congress from the State of Idaho, and the Honorable Key Pittman, Senator from Nevada, to support an act to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes now pending in the Congress of the United States Senate and known as act S. 800

Whereas there is pending in the Congress of the United States Senate a certain act (S. 800) to amend the act entitled "An act to authorize the Secretary of the Treasury to purchase silver, issue silver certificates, and for other purposes," approved June 19, 1934, 9 post meridian, known as the Silver Purchase Act of 1934, introduced by Senator Pittman of Nevada and is now pending before the Agricultural Committee, which directs permanent purchasing of United States produced silver at $1.29 an ounce and the purchase of foreign silver under the existing law; that is, until one-fourth of the gold and silver stocks is in silver, or until silver has reached $1.29 an ounce, which authorizes the purchase of agricultural exports solely from this country with the certificates issued in payment therefor; and

Whereas the mining and farming industries are the two basic industries of the State of Idaho and both will receive direct benefits from the enactment of such legislation, as well as the entire population of the State of Idaho; and

Whereas immediate action is necessary on the part of the Congress of the United States to provide a market for domestically produced silver and a foreign market for agricultural products: Now, therefore, be it

Resolved by the senate of the twenty-fifth session of the legislature of the State of Idaho (the house of representatives concurring therein), That it respectfully petitions and memorializes the Congress of the United States to pass the above referred to act to enable mining operations within the State of Idaho to go forward with renewed vigor and employ persons now listed on unemployment rolls and to enable the farmers of this section to export goods to foreign countries in competition with producers in foreign lands: be it further

Resolved, That the secretary of state is hereby directed to forward a copy of this memorial to each of the Senators and Representatives in Congress from the State of Idaho, and to the Honorable Key Pittman, Senator from Nevada, the author of the bill.

This senate joint memorial passed the senate on the 24th day of February 1939.

Donald S. Whitehead,
President of the Senate.

This senate joint memorial passed the house of representatives on the 1st day of March 1939.

M. L. Horsley,
Speaker of the House of Representatives.

I hereby certify that the within Senate Joint Memorial No. 7 originated in the senate during the twenty-fifth session of the legislature of the State of Idaho.

Carl C. Kitchen,
Secretary of the Senate.

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