

industries were being seriously injured by increased imports. In the absence of alternative remedies, they unanimously recommended increases in duty, and divided on imposition of absolute quotas.³⁹

FEATURES OF A TRADE ADJUSTMENT PROGRAM

Despite a finding of serious injury by the Commission, it was pointed out that conditions in the industry were spotty. While cut-backs and reduced employment have been severe in the tristate area and Montana, for example, they were much less so in southeastern Missouri, in States east of the Mississippi, and in Arizona, Colorado, Idaho, and Washington. And employment at mines and mills in New York, New Jersey, Pennsylvania, Tennessee, and Virginia was generally higher in 1957 than in 1956.⁴⁰ In general, the overall decline in production and employment resemble that which prevailed on past occasions when these industries—subject to periodical fluctuations that reflect changes in world supply, demand, and prices—were in the trough of a cycle. The better situated and stronger companies also appear to be fully able to “ride out” the trough. This leaves high-cost domestic mines that operate at little or no profit even in good times to be taken care of. In helping them, care must be taken not to inflict losses, in terms of jobs and profits, on other segments of the industries.

One solution to the world problem of oversupply is increased consumption, with careful market research guiding any future production expansion programs. Since consumption is stimulated by low metal prices, efforts to improve extractive techniques and to lower costs per unit of output would help to overcome that difficulty.

But costs of some domestic mining enterprises are bound to be too high for profitable operations. The problem of providing relief without restricting trade thus becomes one of deciding at what point of the range high-cost producers would be cut off. Various considerations enter into such a decision. Humphrey has observed that—

the case for protection [of mining industries] derives its strength from the instability of prices.

But he also points out that—

once mines are abandoned, flooding and caving in * * * make the cost of re-opening shafts and tunnels prohibitive. If mines are not in continuous operation, * * * they will deteriorate so badly that they cannot be reopened. This leads to the paradoxical argument the production from low-grade reserves should be subsidized by tariff protection in the interest of conserving natural resources.⁴¹

Support of uneconomic but essential high-cost mines on a realistic basis could be provided by some form of payment. This method would very likely cost less than imposition of a higher tariff on the metals, for domestic mines output is a relatively small part of total supply, and an increase in the cost of imports would tend to raise overall costs to consumers of lead and zinc. But such an increase in tariffs would still not assure a market for domestic primary production since domestic production alone is basically inadequate for domestic re-

³⁹ Ibid., p. 73 and p. 85. For subsequent actions by the administration, see footnotes 1 and 2 to this chapter, above.

⁴⁰ U.S. Tariff Commission, “Lead and Zinc” (1958), pp. 106-107, and statistical appendix, table 37.

⁴¹ Humphrey, Don D., “American Imports” (New York, 1953), p. 178.