quirements at a reasonable price. Any increase in the domestic metal price sufficient to keep a major portion of high-cost mines in operation would tend to call forth greater utilization of substitutes on the one hand, and greater production of metal from scrap and from tailings. The latter two moves would evidently have a depressing effect on primary metal prices.[42]

However, in order to administer "phasing-out" payments, an increase in bureaucratic controls would be necessary. Readjustment assistance must be limited: it must constitute only temporary support, offered with a view to achieving structural changes wherever possible. Once the desired structural change is achieved, the assistance must be terminated. In the case of lead and zinc mining, this would mean that high-cost operators would have to go and quit mining. These operators would be the ones required to make the adaptations necessary for the structural change in the industry.

The determination of the cutoff point for high-cost producers would raise considerable problems, however. The point would vary according to the prevailing metal prices, and would also be subject to engineering advice. In view of the fact that there are no security considerations present in the case of lead and zinc, with the U.S. mobilization base including Mexican as well as Canadian suppliers of the metal, no difficulty about easing marginal domestic producers out of the industry would arise on that score. Political obstacles are a horse of a different color, and ways would have to be found to cope with them.

Currently the problem of the lead and zinc mining industry is one of oversupply. Unless a readjustment assistance program is limited to helping domestic mines go out of production, the oversupply problem will not even come near to being solved. A scheme such as the "premium price plan" (see app. 1 of this chapter) would obviously not fill the bill since it would only bring new producers into the field—indeed a case of carrying quicksilver to Almaden.

Another difficulty such an assistance program would encounter would be foreign producers increasing their production even at existing low prices.[43] This last point, however, might be less troublesome if a trade adjustment program, such as the one outlined below, were adopted.

The trade adjustment program would be confiined to small independent mine operators. This limitation suggests itself on the theory that larger mining companies either are sufficiently integrated—owning smelting and refining facilities—so as to be able to rely on processing imported ores when operations of their domestic mining properties run into difficulties pricewise; or that these companies have at their disposal a large enough number of other mining properties allowing them to shift miners from high-cost to lower cost

[42] At the same time, producers in Canada and Mexico, part of this country's mobilization base, would be injured. Although this point is not often publicly mentioned, President Eisenhower in a letter to Representative Jere Cooper of the House Ways and Means Committee, of Aug. 23, 1957 (mimeographed White House release), declined to utilize the national security amendment of the Trade Agreements Extension Act to afford relief to the lead and zinc industries—an indirect public admission of this country's dependence on Canadian and Mexican lead and zinc in an emergency situation.

[43] Peru, for example, was reported to have suspeded its export tax on lead and zinc during 1957 in order to facilitate shipments to the United States at prevailing low prices.