Senator GRUENING. Dr. Hibbard, do these minerals that are developed through foreign investment by American firms compete with our own production? Do they tend to limit our own production?

Dr. HIBBARD. I think they supplement it.

Senator GRUENING. They supplement it?

Dr. HIBBARD. Yes.

Senator GRUENING. They are excess, in other words?

Dr. HIBBARD. But let me see if I can explain what I think the problem is.

If I were the chief executive of a company producing a mineral, and I have so much capital to invest—because there is a limit to available capital—and I say, where shall I put my plant? And I look at the properties in the United States, and I find that the ore is low grade, and that the labor costs are high, and there is a severance tax, and so forth. Then I look in Canada, or Australia, or Peru, or some place, and I see the ores are twice as high in grade, and there is a 3-year forgiveness for income tax, and the labor costs are lower. And I just make a straight business analysis of the relative return of the two possible investments, and if I am a good chief executive officer I will choose the investment which gives me the greatest profit.

And that is what happened. I am not blaming the mining companies for doing this, this is what I would do if I were the president of the company and had a limited amount of capital to invest. I would look at these two ventures and choose the one that is the most profitable.

Senator FANNIN. From the standpoint of what happened in this last strike in the copper industry, isn't it a good example of what may be forced upon—I wouldn't say forced upon the companies, but don't they have a greater advantage now for their foreign production? Will they not be prone to concentrate more on foreign investments, which will mean that that will take care of what has been formerly exported, and that we will have greater imports from other countries? Foreign country supplies may then displace what would normally be produced in Montana and Arizona and some of the other States?

Dr. HIBBARD. I think there is only a limited amount of capital to invest, and if they are going to invest it overseas they are not going to invest it in the United States.

Senator FANNIN. We have heard some copper officials say that they will not be in a position to reopen some of the mines here, because it would not be financially feasible. Consequently they will import. And that will, of course, affect the price of copper. They can produce it must less expensively in the foreign country and market it at prices based on what happened during the copper strike. And we did have copper, perhaps not in the quantity we needed or at the points we needed it, but still there was a considerable supply of copper in inventory. So if we look to the future, our price could be vitally affected because of what is happening; is that not correct?

Dr. HIBBARD. Certainly if the world price goes up—and I believe it will—this would make our existing mines here attractive profitwise.

But again I go back to the other point. If I am a chief executive officer and I look at the two ventures, it isn't whether this one is profitable or not, it is where I make the most profit that I go. And this is the problem. And my job as a chief executive officer would be to maximize the profits for the investment which I can make.