Senator FANNIN. Doctor, you say "if the prices go up," and you anticipate that they will. Is that based upon the standpoint of increased cost of production? Will not the competitive factor from the foreign sources affect that considerably?

Dr. HIBBARD. It will just be the normal economics of a seller's market, because copper is in short supply, and on a seller's market the price normally tends to rise.

Senator FANNIN. But how can you say that when we have a shutdown for 8 months? During that time 85 or 90 percent of the industry was not producing. Doesn't that point to the projection that in the future there will be an undersupply?

Dr. HIBBARD. At least in the beginning.

Senator FANNIN. And if we can project farther into the future, there will be an oversupply, will there not?

Dr. HIBBARD. It all depends on the supply and demand relationship, as you know. Prior to the strike on a worldwide basis there was a fairly good balance between supply and demand. And much of the copper that has come into this country during the strike has been drawn from the world supplies which would have gone otherwise to other countries. So I believe in the beginning there will be a shortage. But if the normal new starts which we foresee in the copper area take place, I think it will come into a balance sooner or later, and at some price level which I believe will be higher than the 38 cents which existed before the strike.

Senator FANNIN. Thank you.

Dr. HIBBARD. The other point, Mr. Zinner observes, is that the world requirements are going up faster than the U.S. requirements. And this is one of the complexities of the situation. They are not as large as the U.S. requirements, but they are accelerating faster.

Now, if I may go on, sir.

The reasons for this trend toward foreign investment are:

(1) Foreign ores and richer and new technology to mine and process them is not required.

(2) Foreign labor is cheaper.

(3) Many countries are making tax and other financial concessions.

(4) Foreign markets are growing faster than U.S. markets.

If these trends continue, our capability to produce minerals from domestic sources may not only remain static but in some cases disappear because they cannot be maintained in competition costwise with foreign production.

If these trends continue, we may be importing more and more of our requirements in many major tonnage items—for example, aluminum, copper, iron, and zinc, for which we have abundant resources which we should not permit to remain idle; as well as silver and gold where our resources are depleting; and chromium, tungsten, tin, mica, and asbestos where we have been traditionally deficient in economic ores.

If I may deviate a minute, our current studies are looking at this very question. We are looking at two extremes. One of them is, if we simply extrapolate the current trends or imports, what will our imports be by the year 2000?