And the second limit is what would happen if we retain the present ratio between domestic production and imports, what would happen by the year 2000.

Senator GRUENING. Dr. Hibbard, you say "We have abundant resources which we should not permit to remain idle." Why do these resources remain idle?

Dr. HIBBARD. If we go to importing, then our own resources are going to sit there unused.

Senator GRUENING. If new and efficient methods of exploration and development are devised, wouldn't some of these domestic resources be developed?

Dr. HIBBARD. If we do exploration and uncover resources that are competitive costwise with the foreign resources, then we will revive our own industry. But if these aren't competitive, the industry is going to those locations where they can make the most money.

Again, if I may deviate, the potash situation in New Mexico is exactly this. The U.S. resources for potash are relatively low grade. They have been depleting. Suddenly there is a discovery of new potash deposits in Saskatchewan, Canada. The grade of ore is much better than the grade of ore in New Mexico. Canada has a 5-year tax forgiveness. So the same companies that were operating in Carlsbad have picked up their chips, and they are putting their new money into Canada. And this is a straight business decision. You look at the two investment possibilities, and you will find that the investment is more profitable up north.

U.S. Borax has closed all its Carlsbad operations. Certain of the other companies are maintaining both for the moment. But if they continue to maintain both there is going to be a real overproduction, and then there will be a buyer's market, and the price will drop.

But this is a good example of decisionmaking—choosing between these two resources. The thing which bothers me personally about Carlsbad is that, if we had anticipated this, I believe there is technology that we could have brought to bear upon the Carlsbad deposits which might have kept them competitive. But the thing developed suddenly without any anticipation on our part, and therefore we did not have time to develop the necessary technology and get it in place. I believe this again illustrates that if you can foresee these problems soon enough and make an appraisal in depth of the specifics of these cases, there is technology which you can develop and put onstream which can make the domestic resources competitive.

The best example there is the Duval operation at Carlsbad, which has moved from one kind of ore to another. Duval is shipping right out of production. The rest of the companies are building up their stocks.

Senator GRUENING. Isn't it also a fact, as we discovered when we went to White Horse last summer, that there are matters of Federal Canadian policy, and of Provincial policy, which are much more incentive-producing? For instance, the Canadian Government not only paid two-thirds of the cost of the infrastructure, including transportation to harbors or airports, but in addition to that, they relieve a beginning enterprise of all Federal taxes. They have all that in Canada, and if we had the wisdom to adopt those policies in the United States, wouldn't that change the picture somewhat?