

Dr. HIBBARD. If you compare the two policies, our tax structure is favorable toward mature operations. The Canadian policy is favorable toward new starts.

Senator GRUENING. In other words, they encourage exploration and development more than we do?

Dr. HIBBARD. Yes; our policy encourages the continuation of existing operations.

Senator FANNIN. Dr. Hibbard, at one of the previous hearings did you not give us information regarding the research that is being done in the search for gold ore? Weren't we talking about subsidies, and you explained the research and development program of the Geological Survey?

Dr. HIBBARD. Yes.

Senator FANNIN. What has resulted from that program today? Have we had any real success?

Dr. HIBBARD. I think that I can report great progress. Our search for new gold and new technology to support additional gold production is right on schedule. In my opinion we are going to achieve the goals of this program, I think by the year we suggested—it was 5 years from 1966—1971, that we will in fact have possibly increased the production fourfold.

Incidentally, I brought along a sample from one of the projects. This is a circuit board for a computer. This is now an out-of-date computer. And the circuit board has been thrown away. Most people don't realize it, but that circuitry is all gold. If you can see it from there, there is a lot of gold in it. We are finding, as I mentioned, that in recent years the electronic uses of gold have increased from something around 12 percent of our consumption to 27 percent. There are large amounts of gold going into electronics. We believe that we can recycle all this gold—we can recover it. But up until now people thought it was copper, and they haven't been collecting it.

Secondly, there are a number of new gold ores which have been developed and brought onstream. One of the most interesting ones is the "invisible" oxide ore in the Nevada district. Another interesting one is the carbon-bearing gold ore in the Idaho-Nevada-California belt. Both of these show great promise of substantial increases in production. The new production at Cortez has just been announced. And we have great prospects, I think, of bringing the domestic gold production from something like 1.8 million ounces, as it was in 1966, up to something like 5.5 million ounces or so by 1971 to 1973.

But that is not going to solve your problem, I am afraid.

Senator ALLOTT. I think you said before that our gold production is just one-fourth of our arts and industrial use now. So if we increase our gold or gold production fourfold between now and 1971, we will just have caught up with the present demand for the arts and industries use.

Dr. HIBBARD. The problem is not only that, but the growth in demand. We will have caught up with our arts uses today, but meanwhile our demands will be going up and will be much larger in 5 years than they are today.

Senator ALLOTT. That is the point I was making: the industrial and arts uses are increasing very rapidly. But the fourfold increase that you anticipate by 1971 will only catch up with present-day demand.