Mining and Financial

THE LEAD QUESTION.

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In the readjustment of tariffs, now under consideration at Washington, the question as to how lead shall be treated is of vastly more import than the general public, and, I am sorry to say, some mine operators and most of the men who work in the mines, realize. A little careful study of the facts, conditions and problems connected with the subject should serve to open one's eyes, for it will be seen what has happened in the past, and what will be more than likely to happen in the future.

It is evident that the ways and means committee, which has this matter in hand and which seems committed to a policy of "tariff for revenue," the policy apparently being in accord with the views of the president, will reduce the tariff on lead, as well as on other commodities. The purpose seems to be to increase revenue by reducing tariffs, so that imports may be increased to such extent that this aim will be attained. By decreasing tariffs imports must increase to a point sufficient to counterbalance the revenues from tariffs as they now stand, in order to play even with the present receipts; imports increased beyond this point will then increase revenues. It is also held that by these reductions, open and free competition will be assured, costs of living reduced and everybody will be happy. In the main, the same effects that will be produced upon lead will be produced upon other commodities affected or protected by tariffs.

Will the consumer, because of sweeping reductions in tariffs, be able to buy at a figure low enough to justify the reduction, or if after buying at the "great" reductions expected, will he find a market able to consume the product?

Will the reductions bring the real increase in revenue desired and aimed at by the "powers that be?" Hardly, unless the consumption of foreign productions can be had, to the exclusion of home products. Should this ever occur, it will be a sorry day for us, and the pity of it all is that the brunt of the thing is and always has been borne by the wage earner.

Again: Will the producer, whether he be the farmer, the miner or the manufacturer, permit the home market to be taken from him? He will be compelled to meet this competition somehow. Production costs must be reduced. This can be done in one or all of three ways, and all of them are more than likely to be resorted to. First, increased efficiency in working forces; second, installation of new appliances or machinery to take the place of labor and lastly, when profits have diminished to the danger line, wage reduction. The latter is the hard method. First, because it is hard to convince labor that profits have vanished, and because of the sufferings and hardships resulting from the convincing. This is usually accomplished by the shutting down of mines and factories, thus protecting capital investment, until labor cries for employment at any old "bread and butter price." This has been the history of labor. Hence, the purchasing power of the great mass of our people is decreased and markets and business depressed by just so much as is the reduction of wage earnings. How will this state of affairs increase government revenues?

From the closing remarks, as indicated on page 958 of Hearings Before the Ways and Means Committee, (Schedule C, 1913) it is not so much of a question, as to whether business is fostered, prosperity assured or living costs reduced, as a question of revenue, for "from a revenue standpoint, if we have to choose whom we favor, we take the government's side."

Now it is claimed that in the past the metals have not been producing their share of revenue to the government, and that by reducing tariffs on metals they will be made to do so. On lead ores it is proposed that the tariff shall be one-half cent per pound, a reduction of 1 cent over the existing tariff. It is true that the tariff on lead in 1912 gave returns of only about $100,000 to the government. This is because the major portion of lead ores brought into the country was smelted "in transit" to foreign countries, from which no revenue is received, just as Canadian wheat, milled "in transit" is handled. How then can revenue be increased, under like conditions, unless the lead is held in our markets, thus competing with our product? To successfully compete, price reduction must occur. We readily can be made the "dumping grounds" for the foreign lead ores and lead products. Let's see what actually occurred under the operation of the Wilson bill, when lead tairffs were reduced three-fourths of a cent a pound. In 1895 the average price for the year (the Wilson act was passed August 27, 1894) for lead, was $3.23 per 100 pounds, and the total production was worth $1,180,374.89; in 1896 the average price, the lowest on record, was $2.98, and worth $988,427.10. By this time many of the mines of the west were compelled to cease operations; others running a very small force and several operating at a loss. Those of you who passed through this ordeal can well remember. Then in July of 1897 came the Dingley act, and matters gradually improved. In 1897 the total value of the product was $868,559.73, with an average price of $3.58. In 1906 high-water mark was reached, the metal averaging $5.66 per 100. Last year the average price was $4.47. Judging from these facts, the present proposed reduction cannot be anything but detrimental.

There are a few mitigating circumstances, from which the lead miner may derive some consolation. There are practically no new lead mines being discovered at present, so that from this source no increased production is to be looked for. Also the proposed tariff change is not likely to be felt so quickly, owing to the disturbed condition of Mexico, causing a severe cutting of production, and the floods in Spain, which have greatly interfered with mine operations there. It is from these two countries that Europe derives much of its supply.

There is still another phase to this question. It is generally claimed that the party in power is strong for what is termed "money of ultimate redemption" i. e., gold and silver. It is the opinion of the director of the mint that for some years to come no increase of gold production in this country may be looked for. Now there is a vast amount of ores mined carrying gold and silver that are of such a refractory nature that it is impossible to smelt them, and recover the silver-gold values, without leaving lead ores, which in the main are classed as low grade ores, to mix in the "beds" for the smelting furnace. If the mines of this nature cannot operate at a profit, and most of them cannot under the proposed tariff reduction, how are these refractory ores to be treated? Will not mines having these refractory ores suffer also? How can a normal production of gold and silver be kept up? A decrease in the moneys of ultimate redemption must necessarily follow. This is not the brightest situation to face.