BRIEF

Against Renewing Tax of 4¢ a Pound on

COPPER

Submitted by
GENERAL CABLE CORPORATION
420 Lexington Avenue
New York City

(*For description of Company, see last page*)

February 18, 1937

To the Chairman of the Finance Committee of the United States Senate and the Chairman of the Ways and Means Committee of the United States House of Representatives:

REASONS FOR NOT RENEWING THE TAX OF 4¢ A POUND ON COPPER IMPORTS IN THE EXCISE TAX BILL WHICH EXPIRES JUNE 30, 1937

Very briefly, this tax should be terminated, because—

(1) It was assessed purely as an emergency measure when, during the depression, there was vast overproduction and accumulation of stocks and it seemed wise to shut out any possibility of imports in order to sustain the then low level of American employment in American copper mines. A precisely reverse condition now exists. A shortage actually occurred at the end of 1936. Present indications are that in 1937 United States production will not supply United States consumption and this threatens the probable increase of employment in American fabricating plants.

(2) Since the tax was imposed, the foreign price of copper has not been substantially lower than the United States price and frequently has been above the United States price. Whenever the price of copper is as high or higher abroad, exports of both virgin and secondary* copper still further accent any shortage in the United States.

(3) The tax produces no revenue—not enough to pay administrative charges.

(4) There is no need of a protective tax on copper.

(5) Foreign trade would be stimulated.

(6) The tax promotes waste of an irreplaceable natural resource.

(7) The tax promotes a copper fabricating monopoly.

*NOTE—The term "secondary copper" is used to describe copper that has been in use, but scrapped and retreated to the purity of "primary" or "virgin" copper, which is that newly produced from the mines.

I.

The Tax Was For An Emergency Now Passed, And The Reverse—A Copper Shortage—Now Threatens.

The duty on copper was imposed in 1932 at a time of great panic in the copper industry. When the crash of 1929 happened, copper was 18¢ a pound and the mines were operating at peak. Production remained high, owing (1) to a hope that demand might soon increase, and (2) to the fact that mines hesitate to reduce production, because of (a) obligations towards labor; (b) scattering of labor, mines being situate in sparsely inhabited localities; (c) the very high cost of upkeep of a shut-down mine. By the time the mine owners finally were convinced that buying of copper was not coming back, they found themselves with an unprecedented amount of excess stock on hand.

Consumption in the United States fell from a maximum of 1,119,386* tons in 1929 to 335,981* tons in 1932. The figures of stock in 1932 were not assembled, but they were assembled for 1933 and show that total United States duty-free stock at the end of 1933 was slightly over 523,000† tons, while United States consumption in 1933 was slightly under 388,000‡ tons. At the rate of consumption for 1933, the total stock would suffice for over sixteen months without any new production.

The price fell from 18¢ in 1929 to a low of 5¢ in 1932.

Hysteria, or something very like it, possessed the copper industry. It felt something must be done, but no one knew what. Finally, a tariff was suggested. Copper, since 1894—thirty-eight years—had been on the free list and always had held its own against foreign copper. But it was argued a tariff would not harm, even if it did not help, the situation. A plausible argument was made by comparing the labor costs of African and South American mines with those of United States mines. The

**American Bureau of Metal Statistics (1935, p. 11)*
†Copper Institute Report No. 242
‡Copper Institute Report No. 218

hope of revenue even was held forth. *But the "emergency" was the main and most potent argument.*

And Congress evidently acted on the "emergency" theory, for on three occasions it has distinctly limited the life of the tax. (1) The tax was imposed first by the Revenue Act of 1932, Section 629 of which provided that no importation after June 30, 1934, should be taxable. (2) By the Act of June 16, 1933, Chapter 90, Section 212 (48 Stat. 206), "1935" was substituted for "1934." (3) By resolution of June 28, 1935, Chapter 333 (49 Stat. 431), "1937" was substituted for "1935."

We contend that statistics of stocks, sales, consumption as distinguished from sales, prices, exports, actual experience of shortage of copper in late 1936, and production, all indicate that the "emergency" is now passed, and that a probable shortage of copper for 1937 if the tax is continued, is now threatened. Let us discuss each of these factors:

STOCKS: United States duty-free refined stocks at end of each of the last four years were as follows (in tons of 2,000 pounds):

At end of year	*Stocks in hands of Producers*	*Stocks Other than Producers*				*Grand Total*
		a/c Consumers	*a/c Non-Consumers*	*N. Y. Commodity Exchange*	*Total*	
1933.....	376,259	99,654	33,164	14,358	147,176	523,435
1934.....	225,581	78,040	23,155	27,660	128,855	354,436
1935.....	130,614	70,340	11,587	18,874	100,801	231,415
1936.....	83,493	51,229	9,733	16,589	77,551	161,044

(Copper Institute Report No. 242 for Dec. 1936)

Producers' (mines') stock of 83,493 tons was not really available stock, but had been sold and not yet delivered. This is shown by the fact that "Forward Sales" (i.e., sales not yet delivered) at the end of 1936 were 377,704 tons, or 294,211 tons in excess of refined stock in the hands of producers (mines) at the end of the year.

Moreover, it takes about ninety days between the time copper comes out of the mine and the time it can be metallurgically transformed into the form of commercial copper available for delivery in the market. It follows that the producers (mines), in order to take up any slack in production that may occur for various causes (such as strikes, car shortage, weather conditions, etc.), should carry an available stock of refined copper of at least two months, and preferably three months, unsold and available to take care of such emergencies. If production is, therefore, at the level of 50,000 tons per month, this would mean at least 100,000 tons; if at 75,000 tons per month, at least 150,000 tons.

Nor is this situation affected by the fact that total stocks, as above shown, are 161,044 tons. For the stocks held by other than mines (77,551 tons) are not available for purchase by the fabricating industry. They are held by the financially strongest fabricators, who purchased in anticipation of a rise in price as well as for actual requirements. Except for a negligible tonnage held by outsiders, these stocks will ultimately be consumed by the owners. The average sales and production of fabricators as a body indicate a shortage of copper notwithstanding these fabricator stocks, and some individual fabricators have little or no available stock.

The shortage of stocks, therefore, quite strongly supports the argument of a probable shortage of copper.

SALES: The figures of sales prior to 1934 were not collected, but from that date they are as follows:

	Tons
1934	284,159
1935	602,044
1936	967,598

We hereafter (page 12) show that mine production of the United States in 1936 was 613,000 tons of copper. So that sales

in 1936 were more than one and one-half times current mine production.

The deficit between production and sales must be sales of future production; i.e., production yet to come out in 1937. We later show (pages 12 and 13) that mine production in 1937 probably can not reach 800,000 tons and that total mine capacity is approximately 1,000,000 tons. As pointed out on page 3, approximately 294,211 tons have already been sold from the anticipated production of 1937. If that production is 800,000 tons, there remain only about 500,000 tons plus custom and secondary production available for 1937, since there are no mine stocks now left. Sales in 1936, as above shown, were 967,598 tons, and secondary production cannot possibly make up the deficit. In 1936, secondary production was about 101,000 tons, an unknown amount of which was exported.

If 1937 requirements only equal those of 1936, a shortage seems indicated.

CONSUMPTION: Sales are usually considered the best evidence of demand in the long run, but it may be argued that sales in 1936 are an exception and may have exceeded actual or probable consumption owing to the rapid rise in price during 1936 (See prices, page 14). Hence, for 1936 estimates of consumption may be more reliable in determining future demand than are sales.

There is, of course, no way of determining actual consumption, but two estimates are made in the trade: One, by the American Bureau of Metal Statistics, which is based on shipments by refineries to fabricating plants as the ultimate consumer. The other estimate of consumption is made by Copper Institute, a trade association, which is based on shipments of duty-free copper to fabricators. These two estimates of consumption are as follows (in tons of 2,000 pounds):

	1933	1934	1935	1936
American Bureau of Metal Statistics (Year Book 1935, page 11)	381,726	417,110	579,741	(not yet available)
Copper Institute Report No. 242, December 1936	(not collected)	379,843	528,194	764,560

It is very significant that the Copper Institute shows a rapid increase in consumption in the last six months of 1936 (same report):

1936	Tons
July	59,807
August	64,140
September	75,892
October	75,919
November	67,379
December	82,409

These figures of consumption, which include both primary and secondary copper, for the last four months of 1936 average over 75,000 tons a month, or 900,000 tons per annum.

From the figures given above, it is apparent that consumption in 1935 was roughly 40% more than in 1934, and in 1936 was a little more than 40% in excess of that in 1935. If consumption in 1937 is 40% more than in 1936, it would still be slightly below the peak consumption of 1929, which was over 1,100,000 tons. If there should be any such increase in 1937 over 1936, a shortage of copper would be certain.

We have seen above that in the last four months of 1936, consumption very materially increased and was at the rate of an average of 75,000 tons a month, or 900,000 tons a year. If we assume that in 1937 there is only a 10% increase over this rate of consumption in the latter part of 1936, we would have a consumptive demand for the balance of 1937 of very close to 1,000,000 tons, and this again would indicate a highly probable shortage for 1937, for the reason stated at top of page 5.

United States copper consumption for the last fourteen years was:

	Tons	
1923	730,728	From Year Book of American Bureau of Metal Statistics (1934, page 11)
1924	756,579	
1925	813,497	
1926	904,217	
1927	825,182	
1928	983,472	
1929	1,119,386	
1930	808,758	
1931	600,753	
1932	335,981	
1933	381,726	
1934	417,110	
1935	579,741	(Year Book of 1935, page 11)
1936	764,560	(Copper Institute Report No. 242)

From this table, we see that consumption in 1936 was about that of 1924, and that for six years following 1924, including 1930, consumption was greater than in 1936.

Peak consumption of 1929—1,119,000 tons—was reached after four years of consumption greater than in 1936 and after an addition of two years (1923 and 1924) of consumption fairly comparable to that in 1936.

Five years have now passed with consumption much less than in 1936, three of them markedly so.

Meanwhile, population has continued to increase. More houses must be built. Plants and machinery of all kinds using copper need renovation and enlargement. New electric installations are required, since 1936 recorded an electric consumption exceeding even that of 1929. There must be a very large pent-up demand for copper in all forms.

A continuation of the rapidly increasing demand of the last half of 1936 seems certain, unless we are to have some unforeseen cessation in, even a recession from, the present level of business activity.

PRICES: Prices of copper since the tax was imposed (1932) are hereafter set forth (page 14), but the changes in price and the sales made at each time deserve to be shown for each month of the year 1936.

DOMESTIC COPPER SALES FOR 1936 (excluding sales for export)

Month		*Price (per lb.)*	*Tons*
January		9¼¢	33,898
February		9¼¢	80,984
March		9¼¢	34,985
April	Raised ¼¢, from 9¼¢ to	9½¢	155,911
May		9½¢	11,035
June		9½¢	15,547
July	Raised ¼¢, from 9½¢ to	9¾¢	180,374
August		9¾¢	23,847
September		9¾¢	41,924
October	Raised ¼¢, from 9¾¢ to	10¢	184,424
November	Raised ½¢, from 10¢ to	10½¢	93,636
December	Raised ½¢, from 10½¢ to	11¢	111,033
	Raised 5/8¢, from 11¢ to	11 5/8¢	
	Raised 3/8¢, from 11 5/8¢ to	12¢	
	TOTAL		967,598

On January 11, 1937, the domestic price of copper was raised from 12¢ to 12½¢, and on January 14, 1937, it was again raised from 12½¢ to 13¢ per pound, at which price it remained to February 16, 1937, when it rose to 14¢ per pound.

Comparison of prices here and abroad, printed on page 14, indicates that the price in the United States has substantially followed along with the price realized for United States copper for sale abroad, c.i.f., exchange being taken into consideration, and that for over a quarter of the time the price has been actually higher abroad.

The rapid change of both world price and United States price since January 1, 1936—the latter rising from 9¼¢ to 14¢, or 4¾¢ per pound ($95 per ton) indicates more conclusively than words the rapid increase in demand.

EXPORTS: Since the tax was enacted, no year has passed without heavy exports of United States duty-free copper. This is so for two reasons:

(1) As shown by the table on page 14, for twenty-six per cent. of the time the foreign price of copper has exceeded the United States price. Naturally, whenever this happens, United States production seeks the foreign market because of the higher price.

(2) Even when the price is slightly lower (say, 50¢ or $1 a ton, c.i.f. abroad), there are often exports, since there is a natural tendency to dump copper at a slight loss abroad, thus relieving pressing necessities for money without lowering the price in the United States and thus diminishing the realization on a much larger tonnage sold at home.

The Copper Institute estimates (Report No. 242-A, December, 1936) virgin duty-free copper (exclusive of secondary) exported from the United States as follows:

	Tons
1933 6 months	28,031
1934 Year	125,866
1935 Year	91,485
1936 Year	54,447

The Copper Institute makes no estimate of exportation of secondary copper.

A slightly different result is reached by a comparison of United States imports and United States exports as shown in the following table, taken from the Year Book of the American Bureau of Metal Statistics (1935, p. 35). These figures include secondary pure copper, but not copper in brass.

	U. S. Imports	*U. S. Exports*	*Excess of Exports*
1933	143,715	185,159	41,444
1934	213,330	331,219	117,889
1935	257,699	323,890	66,191
1936	190,342*	286,200†	95,858†

**American Bureau, Release C-1049, Jan. 29, 1937.*

†*American Bureau, preliminary estimate, believed correct within 1,000 tons.*

The excess of exports over imports necessarily must be duty-free copper, which is really United States production. Imports are almost exclusively copper coming in under bond for treatment (smelting or refining) in the United States, and on exportation the bonds are cancelled, or if sold with benefit of drawback, for fabrication in the United States, are cancelled on exportation of the fabricated copper. This is more fully described on page 15.

ACTUAL EXPERIENCE WITH SHORTAGE: In December, 1936, the forces at work—increase in consumption, rapid increase in price, reduction in stock and insufficiency of production—culminated in an acute shortage of copper in the United States. Fabricators were unable to buy the amount of copper required to cover orders placed for fabricated material, and in many cases considerable tonnages of such orders had to be refused as a consequence. As the building season opens, around March or April, demand should normally rise, since orders are then largely placed for open season construction, and a large pent-up demand, caused by five years' subnormal buying, may greatly increase the usual seasonal activity.

Nothing will be more effective to bring in the use of substitutes for copper (e.g., aluminum, stainless steel, etc.) than the necessity of telling customers that copper cannot be bought except at the foreign price plus 4¢ and transportation cost. The danger of a change to substitutes is that it is likely to become permanent, as customers will not in every case come back to the use of copper. Thus, the entire copper industry—both producers and fabricators—will suffer, and when the rate of consumption decreases, it will be found that a shortage, which could have been avoided by the discontinuance of the 4¢ tax, has resulted in a large use of substitutes for copper.

SECONDARY COPPER: Perhaps a word should here be said about the supply of secondary copper as affecting the foregoing conclusions. Secondary copper has once been in use, been scrapped

and reclaimed for further use. It is gathered from and through various sources largely from secondary plants and dealers. By far the larger part is always reworked in the secondary plants by relatively simple metallurgical processes into form that will fit it for use in practically the state of its former use. For example, junked brasses are melted together and formed into brass ingots which can be used for making that particular type of brass. Also, grades of copper are cast into copper ingots, which are used by small foundries and manufacturers. As such treatment is much less expensive, it follows that only that portion of secondary copper which cannot be used in this way, must bear the additional cost of electrolytic refining to the status of virgin copper.

The secondary dealers react quickly to a higher price abroad and promptly export whenever that condition arises.

Another reason indicating a lesser supply of electrolytically refined secondary copper is the fact that both Germany and Japan are manifesting a preference for purchase of their copper requirements in the form of secondary copper to be electrolytically refined in their own countries. They do this because the refining of secondary copper can be done more cheaply in Germany and Japan with lower labor and fuel costs and at the same time relieves unemployment. Whenever the foreign price of copper is only slightly lower than the United States price, secondary copper tends to flow to Germany and Japan, both because of their lower refining costs and also because of this preference.

While secondary sources may supply some copper additional to that of mine production, it cannot be in an amount which will sufficiently overcome the disparity between production and consumption heretofore pointed out.

PRODUCTION: We should now examine the possibilities for production of copper in 1937 and the mine capacity in the United States when running full.

Careful questioning was made by N. R. A. in the formation of the Copper Code, which resulted in its estimating the annual capacity of production of United States mines at 1,001,000 tons (Copper Code, p. 381). Adding the production of Matahambre from Cuba, of 18,000 tons, which comes in free under the Cuban Convention, we have an annual capacity of 1,019,000 tons. This compares with the 1929 peak year of United States production, as given by the Year Book of American Bureau of Metal Statistics (1935, p. 10), viz., 1,026,348 tons.

Since 1934, some of the copper mines of the United States have become exhausted in whole or in part. No new mines have been brought in whose production makes up for that lost by exhaustion of mines.

Capacity can rarely be attained. Weather and labor conditions, car shortage and breakdowns or other abnormal happenings all detract from theoretical capacity.

We may, therefore, take, in round figures, the copper capacity of United States mines plus Cuba as less, rather than more, than 1,000,000 tons per annum. But taking 1,000,000 tons per annum as capacity, the following table shows the actual production and per cent. thereof for the years indicated:

	Tons	%	
1931.....	524,631	52	*American Bureau of Metal Statistics, Year Book (1935) p. 10.
1932.....	255,509	25	
1933.....	233,649	23	
1934.....	240,099	24	
1935.....	380,100	38	
†1936.....	613,000	61	†Bureau of Mines, Mineral Market Report No. M. M. S. 520

It may be said that United States mines have now started to operate at full capacity, and if so, will produce at the rate of 1,000,000 tons per year, instead of 613,000 tons as in 1936, or an increase of approximately 400,000 tons, which should be able to supply an indicated demand.

In the first place, this cannot possibly be realized in 1937. The mines are not yet in operation. They have been closed, in whole or in part, for six years. Plants must be reconditioned, general equipment overhauled and renewed, and, most important of all, an adequate supply of labor obtained and trained. Mines are situated mostly in mountain districts with few other resources or attractions. Consequently, labor, when unemployed, drifts away to more promising fields. Old age and deaths for six years have reduced the ranks of skilled miners required for the capacity production of 1929. New men were substituted only to the extent necessary to enable running at the low levels above set forth.

Before capacity production is possible, it is necessary to get and train 40% of the labor from outside sources. It is very doubtful if, trying the best they can, the mines can increase their production from 613,000 tons in 1936 to a total of 800,000 tons in 1937.

II.

Since the Enactment of the Tax on Copper Imports, the Foreign Price of Copper Has Not Been Substantially Below the United States Price and at Times Has Been Above the United States Price.

Little needs to be added to this statement other than comparison of the foreign price of copper and the domestic price of copper on a comparable basis, current exchange being included.

The following table is compiled from "Metal and Mineral Markets," being the weekly market service of "Engineering and Mining Journal." These quotations are used generally in the trade as the prices for copper, lead and zinc, in settlements between mines and smelters. It is the most reliable and generally used of all trade statistics of this type.

This Table Shows that out of the Thirty-nine Months—Excluding the Code Period—that the Tariff has been in Effect, the Foreign Price Actually has been Higher in Ten Months, or 26% of the time.

E. & M. J. Monthly Average Copper Prices (in cents per lb.)

	Export C.I.F. European Ports	*Domestic F.O.B. Connecticut Valley*	*Difference*	
			Export Price Higher	*Export Price Lower*
July 1932	4.803	5.278		.475
Aug. 1932	5.419	5.444		.025
Sept. 1932	6.057	6.203		.146
Oct. 1932	5.574	5.958		.384
Nov. 1932	5.414	5.356	.058	
Dec. 1932	5.059	5.038	.021	
Jan. 1933	5.016	5.000	.016	
Feb. 1933	4.985	5.000		.015
Mar. 1933	5.054	5.236		.182
Apr. 1933	5.460	5.620		.160
May 1933	6.844	6.923		.079
June 1933	7.759	7.998		.239
July 1933	8.721	8.860		.139
Aug. 1933	8.212	8.993		.781
Sept. 1933	8.063	8.978		.915
Oct. 1933	7.832	8.175		.343
Nov. 1933	7.922	8.106		.184
Dec. 1933	7.985	8.110		.125
Jan. 1934	8.131	8.115	.016	
Feb. 1934	8.144	8.002	.142	
Mar. 1934	8.137	8.000	.137	

Period of Copper Code from April, 1934, to June 15, 1935, eliminated because price was fixed in United States.

July 1935	7.650	8.000		.350
Aug. 1935	8.038	8.204		.166
Sept. 1935	8.446	8.729		.283
Oct. 1935	8.814	9.192		.378
Nov. 1935	8.714	9.250		.536
Dec. 1935	8.714	9.250		.536
Jan. 1936	8.658	9.250		.592
Feb. 1936	8.866	9.250		.384
Mar. 1936	9.008	9.250		.242
Apr. 1936	9.149	9.394		.245
May 1936	9.119	9.500		.381
June 1936	9.090	9.500		.410
July 1936	9.293	9.577		.284
Aug. 1936	9.597	9.750		.153
Sept. 1936	9.823	9.750	.073	
Oct. 1936	9.969	9.788	.181	
Nov. 1936	10.649	10.386	.263	
Dec. 1936	11.135	10.988	.147	
Average 1936	9.530	9.699		

III.

The Tax Produces No Revenue

This, of course, can be proved only by figures of the Treasury Department, which are not available. But the trade knows of few, if any, instances in which copper intentionally has been imported into the United States and the duty paid. While large importations of copper have been made, they have been reexported, as shown in the table on page 9. Importations are in foreign ore, concentrates or blister coming for smelting and refining into the United States from mines in Chile, Peru, Mexico and Canada, which are really owned in the United States by American companies. These imports are treated in bond and after treatment, on exportation of the resultant copper, the customs bonds for payment of the tax are cancelled.

There may be a few possible inadvertent importations (for example, where the resultant copper could not be treated and reshipped within the time limit), but we think it safe to say that the revenue from this tax does not pay expenses of administration.

IV.

There Is No Need of A Protective Tax On Copper

Copper had no protective tax for thirty-eight years prior to the present tax in 1932. It needs none now. The "money cost" of producing United States copper is not greatly, if any, in excess of the "money cost" of foreign copper. This is because United States copper mines have a greater content of gold, silver, platinum and other by-products. The South African and Chilean copper mines have very little. Their lower labor schedule is offset by lack of by-products in the ore. On a "money cost" basis, the 1,000,000 tons, theoretical capacity of United States copper mines, divides about as follows:

At a cost of 4½¢ to 5¢ per pound.....	500,000	tons
Between 5¢ and 7¢, averaging 6¢ per pound...	400,000	"
Between 7¢ and 9¢ per pound.....	100,000	"
Average cost below 6¢ per pound of total.....	1,000,000	"

With a copper price of 14¢ per pound, what justifies an excise tax which yields no revenue?

On the other hand, such a tax, in case of shortage of United States supply, means either that (1) substitutes (e.g., aluminum, stainless steel, and cheaper alloys) will be used in place of copper, to the possible permanent injury of the copper industry, or (2) the shortage must be filled by paying the 4¢ tax and importing foreign copper. This at present would mean 18¢ instead of 14¢ per pound. The entire United States production would also advance correspondingly.

Who would benefit thereby? — only mines now working at capacity and selling their product at more than twice its "money cost."

Removal of the excise tax would undoubtedly permit the fabricators in this country to avail themselves of a sufficient supply of copper to fill the requirements of the United States Government and also the commercial demands made upon these fabricators for finished goods, and further insure increased employment in the fabricating industry, which would be denied in the event of a copper shortage.

No tariff (i.e., dropping the present excise tax) means a much larger reservoir from which to draw a supply. The price would be the same inside and outside the United States. Less wide fluctuations of price would be the result. World trade would be helped without damage to American mines, and copper fabricators would be able to get the copper necessary to fill orders, without jumping the price 4¢ per pound.

V.

Foreign Trade Would Be Stimulated

Copper ores and bullion from the smaller mines of Mexico, Chile, Peru and other Latin American countries, and also from Canada, formerly came to United States smelting and refining plants for treatment. The tax tends to drive such tonnages to Europe, because freight direct to Europe is much less than freight to the United States plus the cost of re-shipping the resultant copper to Europe. If the tax is removed, this tonnage will again come to United States plants and employ American labor. Such sales of copper in the United States would enable goods to be shipped to those countries in equivalent dollar amount. Thus, foreign trade would be stimulated without damage to any real interest of the United States.

The result of the tax to date has been to reduce foreign trade with Canada, Chile, Peru and Mexico, with no corresponding benefit to the copper industry of the United States.

VI.

The Tax Promotes Waste of An Irreplaceable Natural Resource

In considering the advisability of the tax, Congress should consider the effect upon the future of the copper supply in this country. Present known mines of the United States probably can not produce more than a total of 25-30 million tons of refined copper. If a prohibitive tax is maintained, and if, as now seems indicated, United States consumption will be practically the annual capacity of these mines, in from twenty-five to forty years (allowing for some years of relative depression) the present operating mines of the United States will be exhausted. That other copper deposits will be found is quite possible, even probable. But within the last twenty years, no new mine of major importance has been discovered. The country has been

prospected very thoroughly and the probabilities of discovery of new properties equalling the production of present mines are small. Copper is a very important and necessary asset in industry and in time of war. The tax fosters exhausting the known copper resources of the United States within a generation.

And it exhausts prematurely, for immediate gain, the major resource of some of our Western states.

VII.

The Tax Promotes a Copper Fabricating Monopoly

Three large companies control 80% of the copper producing capacity of the mines of the United States. These same companies control approximately 50% of copper fabricating capacity. Naturally they supply the necessities of their own fabricating plants first. Whenever the foreign price is higher than the United States price and as a consequence United States duty-free copper flows abroad, the independent 50% of fabricating capacity must alone suffer any shortage of copper. It cannot compete with the producer fabricators because it cannot obtain the necessary copper, and the 4¢ tax makes recourse to foreign copper impossible. Therefore, business flows to the producer fabricators and it becomes within their power to absorb 80% of the copper fabricating of the United States.

It is lawful for these three large companies to own the copper mines which they own; it is lawful for them to own the copper fabricating capacity which they own; and it is lawful for them to supply their own fabricating capacity first. *It is the tax, and the tax alone, which gives them the power of a monopoly, and for that reason, if for no other reason, the tax should now be abolished.*

Conclusion

We submit that the foregoing discussion discloses a complete reversal of the situation existing at the time the emergency tax was imposed, and shows—

(1) No surplus stock, instead of an unprecedented amount of stock as in 1932;

(2) United States production in 1936 not equal to United States consumption;

(3) An actual shortage of copper in late 1936 and a rapid rise in price from 9¼¢ to 14¢ between April, 1936, and February 16, 1937;

(4) The shortage of copper accented by exports of United States duty-free copper when the foreign price is higher than the United States price;

(5) The highly improbable ability of United States mines to increase their production in 1937 above 800,000 tons;

(6) An indicated consumption for 1937 in excess of production capacity, with no stocks to draw on;

(7) No need for a protective tax on copper;

(8) The tax lessens foreign trade;

(9) The tax tends to waste an irreplaceable natural resource;

(10) The tax promotes a copper fabricating monopoly.

We Respectfully Pray that the present excise tax of 4¢ a pound on copper be allowed to expire with the present law, and be not renewed.

GENERAL CABLE CORPORATION,

By Dwight R. G. Palmer,
President

In 1936, Company shipped product containing 162,000,000 pounds (81,000 tons) of copper.

Plants at:

Pawtucket, R. I.	Baltimore, Md.
Rome, N. Y.	St. Louis, Mo.
Buffalo, N. Y.	Fort Wayne, Ind.
Bayonne, N. J.	Los Angeles, Cal.
Perth Amboy, N. J.	Emeryville, Cal.

Company supplies its products to:

Department of the Navy	Post Office Department
Department of War	Department of the Treasury
Department of the Interior	Works Progress Administration
Department of Agriculture	Rural Electrification Administration
Department of Commerce	

and

Airplane Industry	Railroads
Automotive Industry	Shipbuilding Companies
Building Industry	Telephone and Telegraph Companies
Industrials	
Mining Industry	Utilities