

Nature's Law Versus Man's

By ISIDORE L. PULVER

UNBEKNOWN to the Congress of the United States, Mother Nature has placed a ceiling on the minimum wage. In Standard & Poor's Revised Descriptions Section of May 1965, we find that on January 1, 1962, the San Manuel Mine of the Magna Copper Company contains over 588,000,000 tons of ore reserves. These reserves have an average copper content of less than 8 per cent, or less than 16 pounds of copper per ton.

Each ton of ore reserves also contains some grains of gold, silver and molybdenum. Mind you, the content of these three metals is so small that it is difficult to express it in lay terms. For instance, out of 12,380,191 tons of ore sent to the mill in 1964, only 20,746 ounces of gold were recovered — that means less than 7 cents of gold from each ton of ore handled at the mill.

Let us assume that the value of all metals in the aforementioned reserves is equal to 1 per cent of copper. This would mean that in each ton of ore there is the equivalent of 20 pounds of copper.

Now compare the foregoing output with the average metal content of a ton of ore mined by Tsumeb Corporation Limited, in Southwest Africa: 4.02 per cent copper, plus 12.66 per cent of lead, plus 3.75 per cent of zinc. This means that each ton of ore reserves contains more than 80 pounds of copper, 250 of lead, and 75 of zinc, as contrasted with 20 pounds of copper from the Arizona mine.

It would be fair to note that the

current prices of these metals are 50 cents a pound for copper, and 15 cents each for a pound of lead and zinc. Roughly speaking, we are comparing the \$10 a ton recovered from the American mine with \$88.75 from the Southwest African mine.

From these figures must be deducted the cost of mining, smelting, refining, depreciation depletion, administrative and selling costs. Labor costs of course are not as high in Southwest Africa as in Arizona — and it is reasonable to assume that the engineers and geologists at the Tsumeb mine are as efficient as those operating the San Manuel mine.

President Roosevelt signed the 40 cents an hour minimum wage law, President Truman raised to 75 cents an hour, President Eisenhower upped it to \$1, and President Kennedy signed the \$1.25 an hour law.

Accountants recognize two types of labor — direct and indirect. The direct labor actually makes the product. Indirect labor is done by the office workers, shipping clerks, elevator operators, warehousemen, etc.

Let us assume that a given product is made by five workers. The table shows what will happen when the \$1.25 minimum wage gives way to the \$1.75 minimum wage.

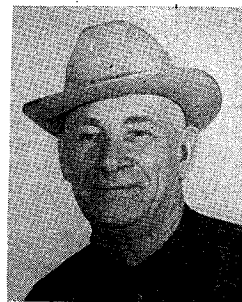
Because unions record the ability and training of members, demands for wage increases take place as soon as new minimum wage law is enacted. In the illustration worker B will refuse to work for \$1.75 an hour when worker

	A earns	B earns	C earns	D earns	E earns	Direct labor Cost of product
Under \$1.25 hourly MWL	\$1.25	\$1.75	\$2.25	\$2.75	\$3.25	\$11.25
Under \$1.75 hourly MWL	\$1.75	\$2.25	\$2.75	\$3.25	\$3.75	\$13.75

YEAR-END ADVANCEMENT REPORT

Robert Clancy received among his Christmas greetings this photograph and message from Archibald McColl, the engineer on the big bridge in New Brunswick.

"With pardonable pride," states this greeting, "we beg to report that we have done some good. The Premier of New Brunswick has abolished (1) the poll tax, (2) the personal property tax, (3) the municipal tax on automobiles and vehicles, (4) the non-resident employee tax, (5) the occupancy tax (on tenants), (6) initiated a Province-wide equal education system Provincially maintained and (7) has 'ditched' the taxes proposed by Byrne Report — *Thanks for the help of the H. G. News.*"



Readers may recall Archie McColl's rueful "Canada Has the Most," and "There'll Always Be a Canada" (July and November 1964, respectively). These articles, in which he pointed out the need for the above reforms, found their way to the local newspaper editor and were reprinted in full in Canadian papers. Maybe Henry George was right when he said no one is without some influence!

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A's wages have been increased to \$1.75 an hour. Worker B's talent, knowledge, training and know-how will compel him to demand \$2.25 an hour. Similar adjustments will take place in the wages of C, D and E, for the same reasons given by worker B. Thus we see the direct labor cost of a product rise from \$11.25 to \$13.75.

There is no doubt that the intention of Congress is good when it sends an increased minimum wage law to the President for his signature. The immediate result is a temporary improvement in the standard of living of the lowest paid worker. Within a short time those not on the old minimum wage demand and get increases. These latter increases cancel out the benefits received by those on the lowest rung of the economic ladder.

In our country today there are many billions of tons of ore which will never be mined because the cost of labor has been driven too high to permit profitable recovery of metal from this ore.

Most of our rich ore has been depleted and our reserves are now in competition with the ore reserves else-

where in the world. As long as the price of metal remains high, many of our mines can produce at a profit, but as soon as the price falls, most of our high-cost mines close down. Any mine that cannot best the break-even point does not remain in business long.

The higher the minimum wage, the higher the cost of producing metal from our not-too-rich reserves, and an increase in the minimum wage will sound the death knell for billions of additional tons of ore. The same applies to coal mines, oil and gas fields, stone quarries, sand and gravel pits, commercial fishing, lumbering and many types of farm lands.

Mother Nature has truly placed a ceiling on the minimum wage. To increase this is to reduce the possibility and opportunity of earning a living by going to nature. A man cannot employ himself or others if his labor and other costs are greater than his income. The talent, knowledge and know-how of many thousands become worthless as the minimum wage drives the cost of production upward, increasing the ranks of the unemployed.