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April 21 The coal industry of the United States; by Frederick E Berquist, Mineral economist, Bureau of Mines

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DISCUSSION FOLLOWING LECTURE ON

"THE COAL INDUSTRY OF THE UNITED STATES"

by

Frederick E. Berquist

Mineral Economist, Bureau of Mines

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Q - You show full-time capacity running up there. (Chart) What causes that full-time capacity? Does it mean firms have gone into liquidation?

A - The number of mines went up to about 9,400 and then dropped back in 1932 or 1933 to about 5,500.

Q - But is not the capacity still there?

A - Some of them are being abandoned and a few new ones have been opened up. Usually mines have a life of 15, 20 or 25 years but a tremendous tonnage has gone out of existence. After mines have been closed for a long time conditions become such that they have to be abandoned and there has been a tremendous amount of capacity lost which could never be brought in again. In cases where mines are maintained in active conditions they could be opened again, that has happened since the code came in; that brought back mines that had been closed. The production in 1934 (a full year of the code) was 660,000,000 tons.

Q - What do you think of the practicability of controlling the prices of coal in a war emergency, and if you think it practicable, what method should be used?

A - At the time we got into the war we did not know anything about costs, we did not know anything about current production, nor a great deal about where the coal went; those measures were not established. During the war they all collected figures and got costs, they started

a weekly coal report and now they have weekly stocks. We have information into areas, etc. From a factual or statistical basis, there are a lot of things we could do with considerable assurance now that we could not do then. You ask about fixing prices, I think costs in the coal industry are better than in any other industry outside of railroads. We did that under the NRA. We can give you that information by geographical areas and working days, etc , we have very important information at our finger tips for doing what you indicate.

Shall we fix prices? Where would we peg them. We have figures here to indicate cost so much, labor, etc and you could calculate very closely what the price should be.

Q - You feel we should establish a price that is fairly reliable and stick to it?

A - You certainly could put in a series of prices. In war they put in a blanket price which was too high for some and too low for others. Our experience under the code and the Guffey Act was all in that direction Everyone knows what the other fellows costs are and they know where the coal is going. In terms of figuring out requirements of railroad cars, capacity, etc. all that they can give you.

Q - In connection with what you said about the doctrine of laissez-faire not working If the people of West Virginia had let that go on, they would have been all right. The quality of the coal was there. The question of the validity of interfering with the law of laissez-faire is open to question so far as West Virginia is concerned

A - It was a starvation process and not worth the price. When

you get to controls you do keep in existence a lot of unecoromic operations

Q - The thing I have wondered about is whether or not, due to the inherent conditions in the quality of the coal, the thing won't finally work out into some reasonable basis; if, in ten or fifteen years we won't finally come to the closing out of these high cost operations.

A - You refer to your high grade West Virginia coal but remember that most of the West Virginia coal has to move out of West Virginia; it costs something to haul coal.

Q - We were able to compete until the 35 cent differential came along.

A - I might say that the problem we had in bituminous coal when the code came along was not only an economical problem but a social one of keeping commodities alive. I think you can select out of six or seven thousand, 1200 mines to do the whole job and have efficiency, cars, and good quality of coal. That is a cross between laissez-faire and private initiative with control

Q - In order to reduce the load on transportation systems during an emergency would it be feasible from an industrial standpoint to limit sales of coal to the shortest haul?

A - That was done during the war, there were zones established under the fuel administration. The whole distribution of coal was warped to eastward. During the war 70% around Ohio and east and north of the Potomac River there was considerable warping of the coal in that territory

by zoning and location of mines. Coal from that area also was kept out of western markets. A great deal was affected in that way. It is not only availability of cars but rapidity of turn-around. That could be done more effectively now because we have that experience in back of us and a much more elaborate detailed fund of information which could be turned to and worked out quickly.

Q - Could you give us an estimate of the percentage of reduction of the car requirements if the zoning were resorted to today?

A - An answer could be given to that question if the data were brought together; you could determine how many cars you needed for these mines for any day. We have all of that information available.

Q - They are able now to turn cars around in some eight or nine days as against 21 days a few years back.