

\$50 Million Gold Research, Development Study Proposed

A \$50 million research and development program to aid the nation's gold mining industry was proposed recently by Under Secretary of the Treasury Joseph W. Barr.

At a meeting of western Senators and their aides, called by Senator Ernest Gruening a delegation of top level Treasury officials, including Barr, Frederick L. Deming, Under Secretary for Monetary Affairs, and Stanley S. Surrey, Assistant Secretary of the Treasury, discussed possible methods for stimulating domestic production of gold.

Every possible subsidy approach was analyzed. All were rejected by Treasury officials. To pay gold miners any sort of a subsidy, they argued, would be an acknowledgement that the United States regarded gold as worth more than \$35 an ounce.

Deming, who accompanied Treasury Secretary Fowler on a recent trip to discuss the free world's monetary system with European central bankers said:

"The one thing that we were told over and over and over was that the United States must continue to support gold at its present price and must in no way create panic by any action that suggests we may devalue the dollar."

He said any form of subsidy would be interpreted as a step in that direction.

The Treasury officials were receptive to three other ideas for improving the gold mining industry. They proposed that thought could be given to taking more advantage of the liberalized depreciation schedules announced by the Internal Revenue Service in 1962.

They also suggested that some increase in the amount of the percentage depletion allowance available to gold producers might be considered.

However, their most promising suggestion, one that Senator Bartlett had proposed this year when he introduced Senate Resolution 83 to create a special committee to

(Continued on Page 8)

Gold Research Study Proposed . . .

(Continued from Page 5)

study the gold mining industry, was creation of a massive research and development program for the gold mining industry.

Deputy Secretary Barr said that he would enthusiastically support a \$40 million program and would encourage acceptance of the proposal by the Bureau of the Budget.

Rather than being administered by "the bureaucrats," it was agreed that such a program could be implemented in the form of grants to universities, to schools of mining and to individual members of the industry.

"Such a program, I am convinced," said Secretary Barr, "would produce exciting new ways for profitably locating ore, getting it out of the ground and purifying it, all within the official price of \$35 an ounce."

It is expected that Senator Gruening's Mining and Minerals Subcommittee of the Senate Interior and

Insular Affairs Committee will prepare appropriate legislation for introduction during the present session of Congress.