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SILICA PRODUCERS TALK SHOP

N.I.S.A. considers freight rates, percentage depletion, industrial health, and federal controls at fall meeting

MORE THAN ONE HUNDRED members and wives were present at the successful semi-annual meeting of the National Industrial Sand Association held October 17-19 at The Greenbrier, White Sulphur Springs, W. Va. Meetings were scheduled for the three mornings and the afternoons were left open for golf tournaments and other recreation.

According to custom, the discussions were informal and of a round-table nature and there were no prepared papers. Subjects included traffic matters, engineering problems, car supply, price and wage controls, priority and allocation controls and industrial health legislation.

President Sterling N. Farmer was presiding officer for the first session which began with presentation of the financial report and adoption of a budget for 1952.

Freight Rates

Emery M. Durstine, chairman of the traffic committee, followed with his report and then William W. Collin, Jr., association counsel, commented on current traffic matters. Mr. Collin spoke briefly on the bonded sand case, the box car case and the freight rate increase under Ex Parte 175. The bonded sand case resulted in a reduction of 50 cents per ton from the existing freight rate, and the freezing of the differential rate as it had existed between bonded sand and other sands.

The box car case has an important bearing on consumers, and manufacturers of flat glass and containers joined the producers of sand in presenting a case before the I.C.C. for adjustment. The case was tried in March, the brief was completed in July and the report of the examiner is due. Considerable confusion has existed as to rates that apply, and Mr. Collin cited cases where, because the tariff for sand as published was less than the carriers intended, the carriers had sued receivers for the difference and recovered. Shippers, on the other hand, have sued the carriers for refunds.

The Ex Parte 175 freight raise increase gives the carriers a 9 percent increase in the east and 6 percent for the rest of the nation and is the latest of a chain of increases in rates granted the railroads. This increase is of special interest, said Mr. Collin, because the I.C.C. members were in disagreement in the details of the increase and the increase was limited to 18 months. This would indicate that there is growing reluctance to grant increases and recognition that there is need for stability so as not to upset commerce by setting up differentials that seriously affect competition.

Displacement of competitive relationships was emphasized in the case before the I.C.C. opposing this new freight rate increase. Mr. Collin mentioned how freight rate increases and the abolition of the old differentials put Pittsburgh steel producers out of business in the East. In another instance cited, an individual started a prepared roofing material business in 1935 and built it into the largest in the United States by spotting plants in strategic locations to meet competition to best advantage. His plan includes truck delivery and delivered price quotations.

The accumulated effect of freight rate increases has amounted to a 67 percent revenue increase since 1946. In Mr. Collin's opinion, the only answer to stopping the piling on of rate increases is political, since people expect the trend to continue on and on as long as the present administration is in power. It is apparent that the railroads are losing traffic to trucks, which Mr. Ahearn substantiated by citing that 42 industrial sand producers moved approximately 277,000 tons of product by truck during the third quarter of 1951. A few years ago, truck shipments were negligible. Business once lost by the railroads to trucking is not recaptured.

Discussion brought out that members of the I.C.C. are not experts but men who feel a responsibility for the solvency of the railroads; and that the danger lies in the fact that increases in freight rates continue to be added in small increments that result in a considerable total. As a result, there is a tendency not to resist the increases whereas affected industries should go on record as to their attitude if for no other reason than an obligation to keep the I.C.C. informed.

A round-table discussion on engineering problems was led by Stanton

Left: John F. Putnam, The National Silica Co., Oregon, Ill., left, watches the golfers tee off with E. O. Schneider, Ottawa Silica Co., Ottawa, Ill. Center: John Reading, Construction Aggregates Corp., Chicago, Ill., left, was caught talking shop with P. W. Palmer, Browntown Silica Co., Browntown, Wis. Right: Arthur B Schlesinger, New Jersey Pulverizing Co New York City, left, [illegible]

Left: Past president George A. Thornton, left, poses with A. N. Farmer. Right: Two "old pros" ready for the tee off; E. M. Durstine is on the left, with Claude P. Helmick

Walker. Mr. Walker is active on special committees of the A.F.A., but reported that there had been little committee activity affecting the industry during the past several years. He commented that there is a tendency to increased use of plastic molds, competitive with sand, in some of the major industries with foundries which bear watching.

The industry continues its interest in improving the packing of silica flour, and the subject came up again for much discussion. Producers are seeking an improved packing machine or improvements to incorporate in existing machines that will prolong the life of wearing parts and eliminate much of the dust associated with packing silica flour. Several producers reported their experiences with various packing machines and with special parts supplied for the more conventional machines but experience has been limited and the problem demands further study.

P. W. Palmer of Browntown Silica Co. is perfecting a packing machine which he believes will solve the problem when an attachment is installed to overcome faulty feeding to the machine. This machine has four tubes and will fill a bag in six seconds, or a 50-ton car in 75-90 minutes.

Percentage Depletion

Emery M. Durstine presided over the second session substituting for vice-president C. M. Hardy. John T. Sapienza, counsel, discussed percentage depletion and other provisions of the Revenue Act of 1951.

Of the three kinds of depletion, cost, discovery and percentage, Mr. Sapienza said that percentage depletion which was granted the industry in the new tax law is preferable since it is related to gross income and not cost. The way the 5 percent allowance works, if a company receives a $1,000,000 gross income from mining, for example, a $50,000 deduction is permissible but the permissible deduction cannot exceed one-half the net income.

If a producer owns or leases a deposit he is entitled to percentage depletion but if he is a licensee he may or may not receive the benefit. An independent contractor for excavating is not eligible for percentage depletion.

In answer to a question as to the application of percentage depletion when property is leased on a royalty basis, it was brought out that both the lessor and lessee are entitled to percentage depletion. The lessor would compute the percentage on the basis of the rental royalty as gross income and the lessee on the value of the material less rentals or royalties paid.

There was considerable discussion as to the meaning of "gross income from mining" which is the figure stated on which the permissible percentage is taken. Questions were brought up as to whether the figure would be based on the first commercial stage of production or be applied to the dried product or ground product in computing the income from mining and, if the value of the end product be taken, what about transportation where the mill is distant from the deposit, etc. Also, the question came up as to whether the dollar sales volume would apply which would include the selling steps, and whether bagging steps might be included, etc.

Inasmuch as sintering operations, and other processing steps are permissible in the case of coal in determining a value figure, it was suggested that the industrial sand industry might deduct 5 percent from gross sales volume and then, if necessary, argue its case with the Internal Revenue department and thus arrive at clarification of this issue.

Mr. Sapienza then discussed the effects of the tax increases levied under the Revenue Act of 1951 which apply to companies from April 1, 1951, and have a termination date of March 31, 1954, and he also touched upon individual income tax increases, the provisions governing the sales of private homes which exclude a capital gains tax if a more expensive home be purchased and other provisions. By now, the industry no doubt is familiar with the scale of increased taxes. He concluded by saying that chances are good that there will be no changes to the Renegotiation Act as it affects the industrial sand industry.

Industrial Health

Theodore C. Waters, association counsel, presented his usual informative report on the trends in workmen's compensation and legislative developments affecting industrial health which are of current interest to the industry. His report covered (1) legislative developments in workmen's compensation during 1951; (2) exclusiveness of remedy of workmen's compensation statutes; (3) workmen's compensation insurance rates; and (4) potential products liability in the sale of material by producers.

The report on legislative developments brought up-to-date his earlier report at the May, 1951, meeting which was given at a time when many of the state legislatures were still in session. As of December 31, 1950, 41 states had enacted occupational disease compensation statutes. This year, the states of Alabama and Vermont have enacted such statutes.

The Alabama statute became effective June 29, 1951, and makes "occupational pneumoconiosis" compensable. It is elective as to both employer and employe and grants either party

Left: With the usual nickel-a-hole at stake, Stanton Walker, left, and Theodore Waters start their golf with an argument on the first tee. Right: A. N. Farmer, Sand Products Corp., Cleveland, Ohio, center, come to his first meeting in several years. On the left is President Sterling Farmer and, on the right, John G. Putnam of Oregon, Ill.

the right to terminate his acceptance or rejection upon 30 days' written notice to the other side. There is a limitation of monetary liability of $4750 for disability or death with monthly compensation at the rate of $200 until the full benefits of the law are attained.

An occupational disease law enacted by Vermont, effective July 9, 1951, contains a schedule of compensable diseases including silicosis and asbestosis and is considered an excellent statute by Mr. Waters. A unique feature is that compensation is denied for partial disability from any of the occupational diseases. Included is a definition of the term "disablement" meaning "that an employe is totally disabled to perform any further work in his then occupation or in any other trade, business or occupation." Monetary liability for disability or death from silicosis begins at $400 per month during the first month the act becomes effective and increases at the rate of $25 per month until a limit of $4000 has been reached.

Several bills for occupational disease legislation were introduced in Oklahoma but none were enacted, with the result that employers continue to be subject to the hazard of common law litigation for this type of injury. However, Oklahoma did enact a statute providing compensation in death cases in the amount of $13,500, which will relieve employers from the continuing hazard of excessive verdicts in death cases and also assure dependents of the compensation provided.

With respect to legislative changes in occupational disease compensation laws, Mr. Waters again discussed the action in New Jersey resulting in the repeal of this special statute making silicosis and asbestosis compensable. This amendment, which became effective July 1, 1951, means that there is no longer a distinction between benefits arising from disability or death in traumatic injuries from those of occupational diseases.

The state of Maryland amended its law, changing from the scheduled type to general coverage. A new and novel feature of the law is the treatment of compensation for demonstrable evidence of pulmonary dust disease where capacity for work is impaired short of total disability. Then the commission may grant an award of $1000 with the right to the claimant to reopen the case within five years if the disability has become permanent and total disability or death has ensued.

An amendment to the California compensation statute, which could be of serious concern to industry, provides that an injured employe may assert his claim for occupational disease compensation against any employer for whom he previously worked irrespective of the date of termination of employment. If trial be held against such an employer, other of the individual's former employers may be required to contribute. This amounts to complete abrogation of the statute of limitations.

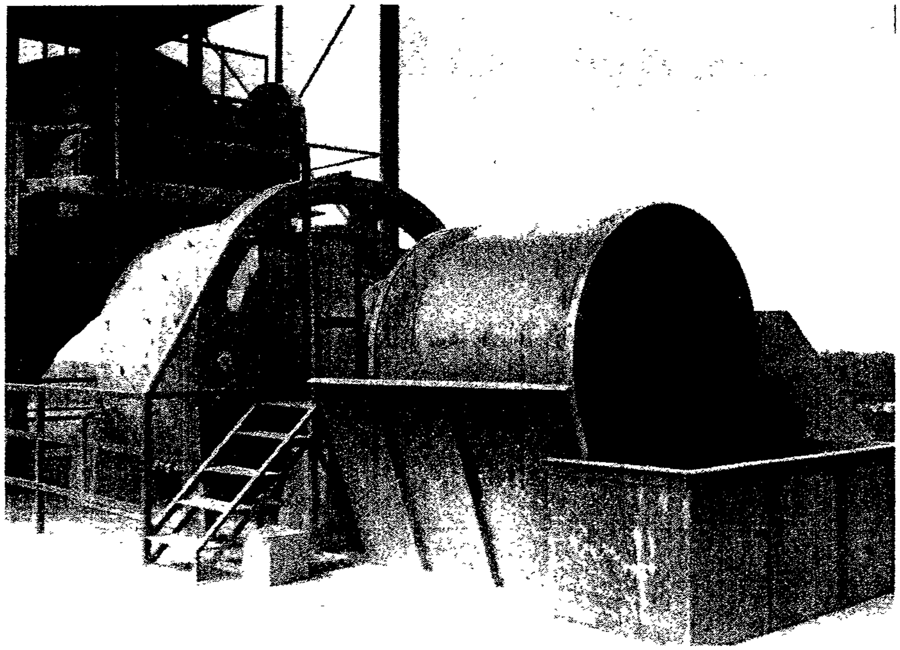
An amendment to the New York Workmen's Compensation Act dealing with permanent total disability or death from silicosis which might result in retroactive benefits for injuries was pointed to as one that bears watching. The statute had an escalator clause of monetary benefits for permanent total disability or death and now, through a 1951 amendment, permits the reopening of the original cases and increases the benefits payable to those comparable to the full benefits of the law for other occupational diseases and death. The employer is relieved of liability and the costs are chargeable to the special disability fund; the law is retroactive in its effect.

Mr. Waters' comments on "exclusiveness of remedy of workmen's compensation statutes" were built around a recent court decision which raised questions and problems as to the potential liability of employers to the spouse of an employe who has been injured and whose claim is compensable under the workmen's compensation statute. In the case in question, the wife of an injured employe brought common law suit against the employer for loss of consortium (defined as the sum of those expectations growing out of the marital relationship to which each spouse is entitled, such as companionship, society, assistance, comfort and affection) with her husband because of injuries for which he received full compensation.

The court sustained the right of the wife to maintain such action and the precedent of this case may possibly lead to similar decisions by other courts. This case was used by Mr. Waters to point out potential liability in a field where the employer may have felt secure. This liability may be protected against by workmen's compensation insurance and public liability insurance which protection was strongly advocated.

In his comments on trends in rates applicable to workmen's compensation, Mr. Waters said that whereas the general trend in insurance rates has been downward over a ten-year period the picture has changed because of increased benefits under the compensations laws and unfavorable experience in a number of heavy industries. Higher rates are anticipated for the coming year.

National experience as to occupational diseases has continued favorable, including silicosis, with the result that decreasing rates are expected



Hardinge 8' x 48" Scrubber with 6' x 6' screen, removing clay from 60 to 80 tons per hour of minus 1½" material.

HARDINGE SCRUBBER KEEPS QUARRY FROM BEING ABANDONED

A west coast sand and gravel firm was faced with a quarry shut-down due to exhaustion of their high-grade deposit. Below the 12' level, extensive deposits of the excellent sand and gravel were present, but unfortunately clay strata ran through this entire lower section.

The problem then, in order to continue operation, was to find a suitable washing device to eliminate the clay, which when wet is very sticky and difficult to wash and process.

The solution was found in a Hardinge Conical Scrubber. The scrubber consists of a conical shell like that of the well-known Hardinge Conical Mill, discharging into a cylindrical dewatering screen which is fastened to the discharge end of the scrubber and rotates with it. Internal liners and special lifting flights create a turbulent "mass action" which is similar to the effect obtained by rubbing a handful of pebbles together between the palms in a bucket of water. The Hardinge Scrubber installed was an 8' diameter x 48" cylinder unit with a 6' x 6' dewatering screen.

About 30% to 33% of the total raw material entering the entire plant passes through the Hardinge Scrubber. Usual water requirements for a scrubber of this type are 2.5 to 3.0 G.P.M. per ton per hour of feed. Now in full operation, the Hardinge unit has fulfilled expectations in regard to quality of output, simplicity of operation, tonnage handled, mechanical aspects and its overall economy of operation. The sand and gravel as now processed in the new washing plant is making an excellent product, one that meets every federal, state and local specification.

Industrial Sand Meeting

(Continued from page 115)

and that is not the total. Our policy is to be one of increasing boldness in international affairs even at the risk of all-out war.

A United States of Western Europe is badly needed, he said, to overcome an impossible situation as it now exists. The British Empire is nearing disintegration and there is nothing to stop it.

The future will be difficult, said Mr. Ahearn. We must have an army of at least 3,500,000 men and the outlook is for more taxes. A new tax bill for 1953 is expected. In 1945 during the peak of World War II we were spending $95 billion and had a national income of $50 billion. We will spend $88 billion for the fiscal year 1952 and have a national income of $81 billion.

Wage and price controls are expected to prevail for a long time and little change is expected and that hope rests only in Congress. Coal strikes are expected to add to the difficulties. The nation has no protection against major strikes and the force of public opinion is the only thing we have to settle strikes but John L. Lewis has already shown his indifference to that. It is expected that strikes in the steel industry may also cripple the nation.

The split between the C.I.O. and A.F.L. is considered a fortunate development because, when working together, they constitute a powerful political organization. This split is expected to benefit the Republican chances of election and, it is believed, probably was a factor in Senator Taft's re-election in Ohio. This is likely a worry to the Truman administration.

Mr. Ahearn cautiously predicted that President Truman will not run for re-election in spite of great pressure upon him as the most powerful Democratic candidate. People have short memories and soon forget mistakes, he said. Vice-President Barkley, Judge Vinson and defense secretary Lovett were mentioned, among others, as possible Democratic candidates.

Among the Republicans, Senator Taft is most likely to be nominated for the presidency. General Eisenhower is looked upon as an amateur politician and there seems little chance for either Stassen or Dewey. The prediction was that the election could well shape up as a contest between Judge Vinson and Senator Taft.

Communism, Acheson, spending and corruption will be the main Republican issues in the 1952 campaign. The budding Taft-Dewey "intramural" issue might menace chances for Republican success.

Mr. Ahearn does not believe a third world war will come in the immediate future, although there is always a possibility of being pitched headlong into war. The Russians believe it unnecessary, to destroy the United

States, to achieve their objectives. Excess population and dwindling resources throughout the world are considered a greater menace than Russia. In conclusion, Mr. Ahearn suggested that it would be the wise thing for people to keep their sense of humor.

N.P.A. Issues Amendment to Order M-78

N.P.A. ORDER M-78 which establishes procedures for the mining industry (replacing CMP-Reg. 5) in obtaining MRO items and minor capital additions and which also provides for the submission of applications to the Defense Minerals Administration for obtaining priority assistance for major capital additions, has now been amended. The order, as amended, includes the following provisions:

Section 1 refers to the allotment symbol (H-6) and the rating (DO-H-6) which may be used to obtain limited quantities of controlled materials and products and materials other than controlled materials for MRO and capital additions.

Section 2 deals with definitions of words and terms used throughout the order. It has been amended to read as follows: "Maintenance" means the minimum upkeep necessary to continue any plant, facility or equipment in sound working condition, and "repair" means the restoration of any plant, facility, or equipment to sound working condition when it has been rendered unsafe or unfit for service by wear and tear, damage, failure of parts, or the like. Neither "maintenance" nor "repair" includes the replacement or the improvement of any plant, facility or equipment by replacing material which is still in sound working condition with materials of a new or different kind, quality or design.

Section 3 explains the use of the new ratings. Subject to quota limitations and other restrictions of the order, every producer has the right to use the allotment symbol "H-6" on delivery orders for controlled materials for MRO and minor capital additions, but use of this symbol does not constitute the making of an allotment. Also, the allotment symbol may be used to acquire only that amount of controlled material actually needed in the company's operations.

Section 4 gives the right to use the rating "DO-H-6" to obtain MRO items and minor capital additions which do not require controlled materials. Again, this rating may be used only for materials needed in the company's operations.

Section 6 deals with materials for which the allotment symbol and DO rating may not be applied or extended. They may not be used to obtain any of the materials listed in Schedule I of CMP Reg. 5. There are no exceptions. The ratings may not be applied by a producer to obtain in any quarter (calendar or fiscal) materials for