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DEEP SEA MINING INCENTIVES

The high standard of living that Americans enjoy is due not to superior intelligence, natural resources, or quantity of work, but to our unique system of political and economic freedom that encourages individuals to make use of their initiative, talents and energies, secure in the knowledge that they can keep the fruits of their own labor.

If individuals believe that the profits of their labor or capital investment will be expropriated by thieves or by government, they will produce only the minimum. One famous example of this axiom is the disparity of production between the Soviet collective farms and the tiny private plots of land which the USSR permits to be farmed by individuals.

The highly sophisticated U.S. economy depends on the availability of many essential materials, which in turn depends on the encouragement of capital investment.

Among the vital minerals we need are manganese, copper, nickel, and cobalt. Manganese is essential to the steel industry.; Copper is widely used in the construction, transportation and electrical industries. Nickel is vital to the iron, steel, and aerospace industries, and in many alloys such as stainless steel. Cobalt is essential to many alloys, especially in the electrical and aerospace industries.

Our supplies of most of these minerals today come largely from unstable Third World sources. Zaire, which was recently invaded by Communists from Angola, is the source of 65 percent of our cobalt and some copper.

As a result of price manipulation, manganese prices have risen about 170 percent since 1970. In 1976, U.S. imports of these four metals contributed $1.5 billion to our deficit.

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It is economically unsound to allow the delicate balance of our economy to be subject to the uncertainties of Communist invasion, a tribal dictator such as Idi Amin, or our State Department's boycott of Rhodesia and South Africa. American technology and capital .are eager to develop a richer and more stable source, namely, the mines of the ocean bed.

The ocean floor between Mexico and Hawaii is heavily littered with billions of mineral-rich "nodules,'' about the size and shape of a coconut, which contain great amounts of manganese, copper, nickel, and cobalt. Current estimates tell us that there are at least 1.5 trillion tons of ocean nodules, mostly in depths greater than 2,000 meters and in waters beyond the national jurisdiction of any state.

U.S. and other free-nation private developers have the technology and capital ready and available to mine the ocean nodules. The Third World and the Soviet bloc have neither. {Some of them have a hard time even running a fishing industry.) So they have devised a plan to steal the fruits of our investment.

Under the Third World-Soviet plan, ocean-bed mining would be done by a [11]partnership[11] in which the United States would supply all the capital and technology that go down to the bottom of the ocean, and the Third World-Soviet nations would control the minerals that come back up. The United Nations and the UN Conference of the Sea are the vehicles to achieve this organized theft.

Mining is a high-risk business. Before companies commit a large amount of capital to a new undertaking, they add up all the economic and political risks and weigh them against the probability and scale of potential return. If you tell them that their return from ocean-bed mining will be only that which the United Nations or a consortium of Third World-Soviet bloc nations chooses to give them, most potential developers will say, thanks but no thanks.

Pro-development Congressmen such as Rep. John Murphy (D., N.Y.), Chairman of the House Merchant Marine and Fisheries Committee, are trying to draft legislation that would allow private companies to start operations with some kind of assurance from our government that the fruits of their investment will not be stolen from them.