mining

WITHOUT GOLD WE FOLD

AMERICAN GOLD NEWS

Published Monthly Except January and July by the American Gold Association

Combining Western Mining and Industrial News and Prospectors' Digest

Dedicated to the Advancement of the Gold Mining Industry in the United States

Volume 34, No. 3 | San Andreas, California, April, 1966 | COPY 35 cents

SINGLE-JACK MINERS — These two miners, Hugh Grant and Charles McCormick, were snapped while at work on the second level of the Golden King Mine, near Alleghany, Sierra County, California, in May, 1894. "Single-jacking" is largely a forgotten art, as machine drills have replaced this method of making blast holes in rock. Although such drills were introduced in the 70's they were not widely used in the smaller mines until after the turn of the century. A few months after this picture was taken, Grant was fatally injured in a mine blast.

HAS THE MOTHER LODE SEEN ITS FINISH?

By D. C. DEMAREST

Written in 1950 by the late well known mining engineer and mine owner, who for many years operated a foundry located in the Mother Lode town of Altaville, California that specialized in mining equipment.

(Continued From Last Month)

GOLD WHERE YOU FIND IT

Two mines on the Lode, the Kennedy and the Argonaut, were operated profitably to the 6000 foot levels. There are no indications at the bottom of these mines that the ore will quit with increased depth—and some day, if economic conditions are right, these properties may be worked to the 10,000 or 12,000 foot levels. In the whole length of the Mother Lode, not more than four other mines were opened below the 2500 foot level. Even in these, judging from the history of the Kennedy and the Argonaut, there is a lot of unprospected ground yet to be penetrated. Considering the Mother Lode occurrence as an ore channel, 6000 or more feet deep and 120 miles long, then the explorations of the past have probed into a mere fraction of the total ground in the channel. In view of the great amount of exploration that is yet possible, and the truth of two old sayings—"No man can look into the ground any farther than the next man" and "Gold is where you find it" —it doesn't seem reasonable to me to entertain the idea that the best and the biggest prizes of the Mother Lode are gone.

Just before World War one, Doctor Malcolm McClaren, a most noted British mine geologist, now deceased, came to California at the instance of W. J. Loring, who then was operating important Mother Lode properties. Dr. McClaren spent some months in making an exhaustive examination of Mother Lode mines and formations. I his report that followed, he pronounced the Mother Lode to be "one of the great ore-carrying fissures of this earth," and expressed his belief that there were great possibilities in its future explorations. Eminent American geologists have voiced the same opinions.

Men who will mine on the main ore channel of this Lode need have no fear that the ore shoots will not "go down." But they must be prepared with proper finances, to go through the lean zones when they are encountered, and otherwise to explore for continuation of payable ore that has been lost temporarily. I recall a remark that was made to me a number of times by Captain Nevills—"If I ever open another mine that has the 'ear marks,' I will cut no stations above the 500 level" —meaning of course that he would sink down 500 feet before trying to mine the ore—as he told me, his experience in the Stickle and in the Rawhide had taught him to have "more than one string to his bow."

The old-time miners learned a lot about ore behavior that was not recorded and that could otherwise have served as a guide for future mine operators —this was so far the reason that most of the mines along the Lode were owned by individuals or close-corporations who kept their business to themselves, and gave out few statements for publication. On this account, too, the gold production records (published) of Mother Lode mines are incomplete.

FOLLOW THE ORE

The ability, experience and good judgment needed in most cases to make a success of these mines, is very much under-estimated by non-mining people. I have seen uncalled-for failures made by men who had accumulated millions in conducting their own business successfully, and who had the idea that they could master the "mining game" without having its special knowledge and training. In the first place, the ore deposits often are tricky, so that early in the business the old-timers learned to "follow the ore" rather than to take short cuts to its supposed position at deeper levels. For instance, in the 1890's the Dutch mine in Tuolumne County was making quite a record for gold production under its mine manager, A. Trittenbach, a close friend of mine. Trittenbach told me repeatedly at the time, that he couldn't trust his ore "to keep its place," so he had adopted a practice of following the ore down with a winze to the next level, in order to be sure of its exact location there, before the shaft was deepened for the lower workings.

In one of the most noted mines on the Lode, the vein, a large one, had been followed down at a regular pitch to about 1500 feet below the cropping, where it "bottomed," seemingly. An exploration below the 1500 "picked up" its continuation 180 feet away to the east, going down at its regular pitch.

In another prominent mine, I saw faces in drifts and stopes where the ore had been "pinched" completely out of the vein, bringing the walls together except for a gouge between, "the thickness of a knife blade" the the miner's expression goes. This mine had previously been closed down, because the man in charge believed he had reached the end of the ore body. some places had to go less than A new management drove ahead on the "pinches," and in 20 feet when the vein "opened out" to a 12 or 15 foot width of good ore.

Our Angels Iron Works installed several stamp mills for mine operators, who planned ahead for ore that they were sure of tapping with a low-level tunnel, which they had chosen to drive rather than sink and "follow the ore" down from the croppings. In each case, when the ore was not encountered where it should have been, explorations to find it were made "in the dark," as it were, until available funds for further search were exhausted, and then another name was added to the list of abandoned mines.

FUTURE EXPLORATION

Almost without exception, the important Mother Lode gold producers were discovered in the period between 1849 and 1870—and by the old-time prospectors, who came upon payable ore in the surface croppings. These finds were made at comparatively small expense, because the ground level of their ore shoots was a zone that carried good values. In view of the fact that the ore deposits in this great channel occur in zones of varying values, as I have pointed out, it is reasonable to believe that discoveries of hitherto unknown ore shoots, less accessible, will be made in

(Continued on Page 7)

GOLD COMMITTEE POINTS TO NEW USES FOR GOLD

Gold-plated sunglasses, skylights, windows, and other specialty items where the harmful effects of the ultraviolet part of the sun's radiation must be avoided may one day be realized according to a spokesman for the Committee for Research on the Properties and Uses of Gold, Inc.

Gold films on glass can reduce harmful ultraviolet radiation, yet by proper processing can retain almost full visible transmission properties. So say the researchers at the University of California in the fourth quarterly report issued by the Gold Committee, prepared by Clyde Williams and Company, the Committee's business, research monitoring, and technical public relations agent.

Under the auspices and funding of the Gold Committee, three research groups are studying gold and are searching out new industrial uses for some of its unique properties. The group at the Institute of Engineering at the University of California, Berkeley, has spent this past three months investigating the optical properties of gold films on such varied items as glass, potassium bromide, silica, and alumina. The researchers concluded that, "By controlling film thickness and heat-treatment procedures, the transmission in the visible region can be maintained at high and almost constant valves, whereas transmission in the infrared and ultraviolet regions can be decreased substantially."

Studies at Fulmer Research Institute, Stoke Poges, England, are continuing on the use of gold as high-temperature, inert containers for highly corrosive materials such as molten salts. Although the past experiences of other researchers indicate that gold has many of the characteristics needed to make it useful in this area, researchers at Fulmer have not as yet developed any quantitative conclusions.

The research group at the University of Florida indicates that gold may be a very effective barrier to the penetration of hydrogen into steels and may thus alleviate a serious industrial materials problem.

Mr. E. M. Wise, the Gold Committee's application expert, reports this quarter on two important innovations for gold. The first is Philco's building of a 16-foot ultraprecise microwave antenna surfaced with gold. A partial quote from the paper reporting this work states, "Gold is one of the few metals which when plated provides a long-term environmental protection for the base material. In this case, it was assured that no corrosive moisture could reach the critical plastic Invar surface. In addition, gold is the best microwave refletive material available, and its high reflectivity protects the reflector from much of the thermal distortion caused by solar radiation."

Mr. Wise also comments on the equally important industrial application of gold in its role as a protection for printed circuit boards used in critical applications. A major drawback has been the high reactiveness of ordinary solders with gold. Now a solder has been developed by the Monsanto Research Labratory at Miamisburg, Ohio, which has slowed down the reactions. A gold-solder combination has been produced which may well lead to increased use of gold in this application.

The gold reasearch and applications studies are sponsored by The Committee for Research on the Properties and Uses of Gold, Inc. Members of the Gold Committee are the Transvaal and Orange Free State Chamber of Mines, Republic of South Africa; Gold Fields American Corporation, New York, New York; the Chamber of Mines of Western Australia; the Homestake Mining Company of San Francisco, California; and Sel-Rex Corporation of Nutley, New Jersey. Dr. Donald H. McLaughlin, Chairman of the board of Homestake, is the chairman of the Gold Committee.

Information concerning the activities of the Committee for Research on the Properties and Uses of Gold, Inc., may be obtained by writing to the Committee's business, research monitoring and technical public relations agent, Clyde Williams and Company, 50 West Gay Street, Colombus, Ohio, 43215.

Cartwheel Shortage Turned to Profit

RENO — George Washington would have a tough time finding a silver dollar these days to pitch across a river, even in Nevada where cartwheels used to flow freely across the gambling tables.

It was two years ago that mint director Eva Adams, a native of Wonder, Nev., told a Reno audience she doubted if more silver dollars would be made and predicted those in circulation in the west would not last long.

She was right.

The disappearance of the remaining silver dollars into collections and speculation caches was mourned in Nevada, where the silver dollar was the common medium of exchange.

The casinos came up with an answer, however, that has paid off:

Their own $1 metal tokens for use in slot machines. Customers are taking them home as souvenirs just as they did silver dollars.

Better yet, the casinos get the tokens made for 15 to 30 cents each and they sell them for $1.

Tourist View for Ft. Knox Planned

FRANKFORT Ky. — The state plans, with Army permission, to build and operate a museum at Fort Knox military reservation.

The museum would cost $250,000 and provide a viewing platform for tourists to see the gold depository.—The Stockton (Calif.) Record.

Silver Coins - - Here Today, Gone Tomorrow

By Fayette I Bristol

One of the last acts in office by Secretary of the Treasury, Douglas Dillon, on March 15, 1965, was to testify before the U. S. Senate Banking and Currency Committee, that, because of the depleted stocks of silver the United States cannot continue the minting of silver coins, as they are now constitued.

Further testimony revealed that studies were being made . . . whether to make a silver coin with a copper inside, or to drop the silver completely and go to some other metal alloy.

Why has this come to pass?

In 1933 we went off the "Domestic Gold Standard," but remained on the "International Gold Standard." Our Domestic Standard became a Silver Standard, under which we have operated for 30 years. On June 4, 1963, Congress gave the Treasury Department permission to go off the Silver Standard.

We hear about Gold and Silver shortage. This is caused, you are told, by action of De-Gaulle, hoarding, coin collectors, and other bad people.

Where has the silver been coming from the last forty years? Why is the mining of Silver and Gold so far below needs?

Starting in the early 1920's various countries went off the Gold or Silver Standards. Germany was one of the first. They went all the way with paper money, and out of the resulting chaos they got Hitler. They (Germany) were followed by almost all South and Central America, India, China and Italy . . just to name a few.

Almost all of them went to price controls . . . then dictatorships . . . then took bankruptcy, and started back uphill. All insurance, public debts (E Bonds) were wiped out. This is not a pretty picture. Brazil is the last South American country to try this easy way to spend itself into riches. Maybe they are rich now, as they made their minimum wage $60,000 per month, effective March 1, 1965.

During this period, 1914-1958 the Silver Coins and Bullion of these countries were melted down and used by industry. Since 1958, the U. S. Treasury has, through sales from the last remaining stockpiles, kept the price down, first at 91c, and now at $1.293 per ounce.

Now we are down to the last remaining substantial stockpile of Silver in the world . . . the U.S. Treasury, and our coins.

In 1964 the demand on the U.S. Treasury for Silver to be used in the minting of coins and industrial use was 365 million ounces; U. S. production was 33 million ounces; world production, 214 million ounces. World consumption was 550 million ounces.

Today, hundreds of Silver mines in Nevada would reopen if the price of Silver was $2.50 per ounce. The same is true world wide. At $3.00 per ounce there would be no shortage.

France and Italy are now minting Silver coins on a Silver price of $3.78 and $4.04 per ounce, respectively.

We do have price control on Gold . . . a 1933 price ceiling. Inflation and price control of gold have put, for practical purposes, all Gold mines in the USA out of business . . . DESTROYED THEM . . .Hard, rough price control. In fact, Gold is so unimportant, that we will put anyone in jail that has any, sells any, or buys any.

Last year we took 5 billion dollars of Gold out of our dwindling reserves to use in paying foreign commitments. So, now most of your money is backed by U. S. Bonds that are selling as low as 86c on the dollar (face value). This money costs the USA 4% interest per year . . . where Gold cost no interest.

The Treasury Department is now telling you, that we must have complete price ceiling on Silver, laws against hoarding, complete control of sales and consumtion, big taxes on silver transactions. It is unimportant that we will make our coins out of something else, and you will just have to get used to it.

What should be done? Let us first define a few terms. . .

1. DEFICIT FINANCING . . .

Your best illustration would be to have an income of $600 per month, after all deductions. Put the check in the bank, then write $800 in checks each month, making up the difference by borrowing $200 each month. This makes things seem real good, as long as the lender goes along with you, but in the end you take bankruptcy, and lose all you have.

2. INTRINSIC VALUE OF MONEY OR COINS . . .

Our money is very much like a check on a bank. A check with intrinsic value is one where money has been deposited in the bank. A check of no intrinsic value is a check when no money has been deposited in the bank.

Paper money is just the same. If a government has Gold or Silver on deposit and available to the holder (of the paper money) it has intrinsic value. If not . . . it is no damn good. Why? Because no country has ever trusted another country's money unless it was backed by Gold or Silver. This fact has been with mankind since the dawn of civilization.

We have the same kind of shortage of Gold and Silver as you would have if bread had a price ceiling of 8c a loaf. You would have NO production.

We can continue with our present deficit financing both at home and abroad. Apply price controls and taxes on Silver, as suggested in Congress. Later, apply price controls on all things, and end up bankrupt. This is not new. All history tells this was the cause of the fall of the Roman Empire. Today Brazil is trying it.

The other road is simple . . . in fact it is so simple, the thought of it hurts our money managers.

First, we must admit our money management has failed; Stop deficit financing at home and abroad; Admit we can not get something for nothing. Have honesty on money matters; Revalue Gold at $105 per ounce; Produce our Silver coins on the basis of $4 per ounce; Remove price control on Gold. This would stop inflation and reduce our unemployment by reopening our many Gold and Silver mines.

We are the last remaining country that can pull the "Free World" out of this mess. Let us decide to put our house in order, so as not to go down the road of price controls and bankruptcy.

Old Mining Dumps To Be Reclaimed In Colorado

Among the more interesting recent Colorado mining news was an announcement from the McCulloch Oil Corporation of California that it intends to bring life back into currently silent mining circles at Aspen. M. M. Witte, executive vice president of the Los Angeles-based oil corporation, said McCulloch has acquired the old Smuggler Mountain silver mines at Aspen, and will begin operations there by milling 600,000 tons of dump material left over from old mining days.

This announcement was of particular interest for two reasons. First, because it indicates new procedures are still being sought to revitalize the once booming mining industry, and secondly, because it shows evidence such research is being carried out by non-mining interests.

Processing rate of the new Aspen mill is expected to be 360,000 tons per year.

"Tests indicate the dumps contain low-grade silver and lead that may be reclaimable in commercial quantities with present-day milling techniques," Witte explains.

As is common in all former mining camps, the giant dumps were created years ago from waste rock hauled out of the mines because the mineral content in those days of less efficient extraction techniques was considered too low.

A wide variety of individuals and firms have in recent years attempted to perfect methods of extracting the low-grade ores, although most of the experimenters have found their practices much too costly.

If milling of the dump material proves successful at the Aspen location, McCulloch officials say the next stop will be exploration inside the mine tunnels above underground water tables. Lower levels of mines in the Aspen area, same as those in the Cripple Creek-Victor District, were flooded after the mines were closed. And since Aspen area mines ceased operation in 1918, many tunnels are expected to be in heavy need of repair.

McCulloch's bold new adventure will not be the first attempt at reclaiming ore from the Smuggler Mountain dump material. A substantial exploratory effort in the 1940's failed to result in the discovery of any profitable mineable ore bodies.

Assigned with the task of supervising the new mining operation will be The Aspen Consolidated Mining Co., a new McCulloch Oil subsidiary. The oil corporation recently acquired 65 per cent interest in Aspen Consolidated, with rights to purchase an additional 29 per cent.

McCulloch is making a commitment of approximately $1 million to finance its new subsidiary, including operating capital, property acquisitions and constructing of the new processing mill. —Wallace (Idaho) Miner.

"Except for bills and taxes, tomorrow could be forgotten." Duane C. Griggs, The New London (Iowa) Journal.

THE GOLD SHARES

Gold poses a problem for the government in 1966. During 1965, the stock of gold (our government nationalized it in 1933) decreased by $1,579,000,000 and early in 1966, the supplies were worth $13,809,000,000.

Foreign demand was large—about $1.5 billion. Whenever any foreign country with credit balances here decides to take dollars out of America, it can demand and receive gold.

In the United States, gold as money, is forbidden. People requiring the precious metal—for watches and jewelry—can command gold. So can dentists who fill teeth. The electronics industry uses gold, and there are many other demands for it as well.

In 1966, there are far more reasons for increasing the price of gold than there was in 1933, when the United States government, through action by Congress and with the approval of the President, took possession of the gold and, by a plain inflationary move, marked its price up from $20.67 an ounce to its present $35 an ounce.

FRANCE BUYING GOLD

France is buying a pile of America's gold. The billion-and-a-half taken out of America last year for foreign accounts is today being hoarded in significant amounts by individuals abroad.

It is ironical that here it is illegal for people to hold gold as money while people in France can.

Russia, whose rubles have little value outside the Soviet state, is buying great quantities of needed foodstuffs, and she must pay for them in gold. Naturally, Russia wants a higher price for gold.

An international banker friend of mine alarmed by our loss of gold, can see the price of gold greatly increased by foreign action in the future when America's gold supplies have dwindled through foreign capture.

The dollar faces an uncertain future. Unbalanced budgets in Washington are being financed by paper money. Living costs are rising. The other day, I took a distinguished retired president of one of America's leading corporations (a former student of mine at Columbia University) to luncheon at a leading New York restaurant.

SNEERS AT $2 TIP

The luncheon cost $18 plus. And the waiter sneered when I give him a $2 tip.

When our country went off the gold standard in 1933, vast forces producing inflation were cut loose. And the way things are going now, more strikes like Mike Quill's in New York can be expected.

Investors who believe as I do in the integrity of gold might well buy some of the sound gold shares that pay dividends.

Or, if they can buy risk-laden shares of corporations owning potential gold properties, they might buy such speculative shares. I have held 10,000 shares costing about 40 cents each for five years. If the price of gold is increased, mining operations will be started shortly afterward. — Harry C. France in the Tacoma (Wash.) News-Tribune.

AMERICAN GOLD NEWS

INCLUDING

WESTERN MINING AND INDUSTRIAL NEWS and PROSPECTOR'S DIGEST

PUBLICATION OFFICE
P. O. BOX 427, SAN ANDREAS, CALIFORNIA 95249
Telephone 754-3613

OFFICIAL PUBLICATION
American Gold Association, Inc.
Minerals Association of Northern California

American Gold News, established April 1, 1933, as the Mining and Industrial News; Published monthly at San Andreas, California; Mail Address: P. O. Box 427, San Andreas, California 95249; Telephone 209-754-3613. Published on the tenth of each month except January and July by John R. Ross. Entered as Second Class matter at the post-office at Sonora, California, on May 10, 1957, under the Act of Congress of March 3, 1879. Re-entered at Sonora, California, as the American Gold News on November 10, 1960. Second Class postage paid at San Andreas, California 95249.

JOHN R. ROSS, Editor-Publisher
DONALD I. SEGERSTROM, Editorial Consultant

Volume 34 April, 1966 Number 3

PUBLISHED MONTHLY EXCEPT JANUARY AND JULY
35 Cents per Copy -:- Back Copies 40 Cents
Sub.: 1 Yr. $3.00 - 2 Yrs. $5.00 -:- Foreign $4.00 per Yr.
Membership in American Gold Association $1.00 Per Year
Printed by Calaveras Press, Angels Camp, California

Editorial

MULTI-NATIONAL REVALUATION OF GOLD DEEMED DESIRABLE

A week-end meeting of the I. M. F. would provide the most effective way to increase the world gold price by changing the par values of all currencies, as presently fixed by the I.M.F. in terms of gold, by a large but uniform percentage. However this change must be a planned and orderly operation carried out simultaneously so that the disorder which accompanied the revaluation of gold in the early 1930's would not be repeated. The revaluation of gold in terms of all currencies is adminstratively feasible and clear-cut. It avoids the suspicions, confusion and arguments associated with a system based on paper reserves.

If the world price of gold was increased, this would not necessarily mean that the U.S. dollar has bee devalued. The U.S. dollar has already been automatically devalued as it has lost more than 60 percent of its pre-war purchasing power and it is constantly losing more and more of its value. Hence, an increase in the price of gold would merely adjust the price of gold to a dollar that has already been automatically devalued.

Incidentally, a new price for gold should take into consideration the fact that a further decline in the value of paper currencies is imminent. In may parts of the world political changes have continued apace and generally for the worse. The growing world-wide illiquidity coupled with diminishing confidence in the reserve currencies today constitutes a critical problem for all countries and portends a decline in living standards. A drastic increase in the world gold price would again improve world liquidity and trade and set the foundation for a long period of prosperity.

CURRENT GOLD PRICE RESULTS IN A FREE GIFT TO RUSSIA

One of the reasons advanced for not raising the price of gold is that it would constitute an outright gift to the U. S. S. R. which is believed to be a major gold producer. In 1964 the U.S. Central Intelligence Agency estimated U.S.S.R. annual production at the equivalent of $150 to $170 million. If we accept the higher figure an increase in the gold price from $35 to $70 would mean an increase in purchasing power of $170 million to the Soviet Union.

Let us investigate the other side of the coin. U.S.S.R. oil exports are estimated in excess of 800,000 barrels daily or 300,000,000 barrels annually. Thirty years ago the world oil price was less than $1.00 per barrel. Now it is in excess of $2.00 a barrel. Formerly the U.S.S.R. received less than 1 ounce of gold for every 35 barrels of oil exported. Now it receives 2 ounces. Stated in another way, the U.S.S.R. formerly received for its 300 million barrels of oil 8,571,000 ounces of gold worth $300 million whereas now she receives 17,142 ounces worth $600 million. If the price of gold were increased from $35 to $70 an ounce the U.S.S.R. would again only receive 8,571,000 ounces of gold for its oil. Therefore it is obvious that the U.S.S.R. is receiving a free gift of $300 million annually from the Free Nations through the export of one commodity alone. If the price of gold were doubled, U.S.S.R. purchasing power from oil exports would decline $300 million while its purchasing power from gold sales would increase by $175 million, resulting in a net loss of $125 million. This free gift is the result of the U.S. stubborn policy to preserve the present gold value of its dollar. Indeed, by keeping the gold price at its current low level, the U.S.S.R. is able to exchange surplus oil for scarce gold which is selling at basement bargain prices.

WILFRID C. KRUG
Canada Building, Windsor, Ontario

THE PROBLEMS IN WORLD MONEY

When the pound and the dollar strengthened last year press dispatches about discussions on a new international monetary arrangement became less frequent. But the threat of weak currencies' creating an international crisis has not gone away. Now it is brought to the fore by a statement in President Johnson's economic report to Congress. He outlined a plan for creating a new kind of world money. Unfortunately, the U. S. solution does not take into account a fundamental difficulty.

The basic problem is that under and arrangement key nations must observe the unwritten "rules of the game." They cannot continually try to undercut each other by engaging in the sharp practice of currency depreciation.

The simple, incontrovertible fact is that no international system or agreement can work for long if major nations undercut their agreement and violate the unwritten "rules of the game" whenever it suits them.

If key nations such as the United States and Great Britain engage in deficit-spending, easy-credit, low-interest-rate policy in order to meet internal political pressures for a "stimulated" economy, the currencies of these countries will become suspect. Weakness of major currencies causes international crises. The international monetary order is then endangered. Any monetary system will collapse under these conditions. This is the hard issue underlying all finespun theories about establishing a new monetary agreement.

Today—and for the past 40-odd years—nations have been guided by a gold-dollar-pound system. That is, United States dollars and British pounds can be used interchangeably with gold as international money. But, say the European experts, the United States has abused the privilege by piling up approximately $29 billion in deficits.

These deficit dollars have become the basis of credit expansion in European countries, thus fueling their inflation. They want to put a halt to this process. They want the U. S. to curb its dollar deficits.

Broadly speaking, three basic plans have been proposed:

Plan 1. Back to the gold standard. Gold exclusively would be acceptable to all nations in payment of deficits.

To get on the basis confortably, Jacques Rueff of France proposes that the U. S. Treasury double the present price for gold to $70 an ounce. Then the U. S. could pay off in gold its accumulated dollar claims held by foreign governments. Such a plan raises some grave questions even among those who favor re-establishing the gold standard. Might this sharp increase set off a new round of international inflation? This question is especially pertinent because the increased price of gold would bring out of private hoards everywhere in the world perhaps $15 billion of gold. This great increase in the available gold supply, plus the higher dollar price for all gold now in foreign central banks, could set off a vicious round of new inflation, unless the new purchasing power were quarantined by all governments. A restriction of this kind is not even being discussed. The Rueff Plan carries some great risks.

Plan 2. Cut loose from gold completely. Let currencies, like commodities, find their true market value in international exchange.

Professor Milton Friedman is the foremost advocate of this plan. International bankers as well as gold-standard advocates are against it. They fear chaotic conditions would occur in day-to-day money markets which might bring on a great international crisis. With no fixed price for currencies, wouldn't international trade become difficult and therefore retarded? Furthermore, with paper currencies tied to nothing at all, currency depreciation might become a way of life in some countries. They might find it to their advantage.

Plan 3. Create a "reserve" unit. This would be a new kind of money, composed of a package of 10 leading currencies.

This would simply be adding more paper money to an already colossal pile of paper currencies. Who should have the say over this new money—the International Monetary Fund, the leading nations, or who? How shall it be distributed and under what conditions? Such a plan has the seeds of political dynamite since it involves the creation of billions of international credit.

Plainly any new move would incur great risks and create grave problems. Since any well-functioning system requires key nations such as the U. S. and Britain to curb their tendency to create printing-press money and to observe the rules of the game,

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GOLD GULCH GUS SAYS:

I see where the Government is going to build a museum at Fort Knox. It is only going to cost $250,000.00. And they are going to provide a platform for tourists to see the gold depository.

My advice to you is to go and take a good long look as this may be your last chance to see that stuff that is spelled with a four letter word (GOLD).

I know that I am just a dumb old jackass prospector and follow my good old burrow Daisey over the hills looking for the metal that we used for money in the good old days. Do you remember when President Lincoln wrote his famous letter to the miners on the Comstock Lode? Thanking them for the gold and silver they produced that financed the nation in the crisis of war and turned the course of American Histroy? The more I think about the way things are going, the more I talk to Daisey. She does not say a word but she sure can say a lot with her looks.

It is a damn good thing the Indians did not know the value of gold because if they had and had gathered up the gold that caused the greatest migration the world has ever known, California would still be the Wild and Wooly West.

There is a very good article in one of the trade papers telling the new uses of gold, where they are making all electrical connections with gold to stop corrosion on the space shots, as well as that the medical profession can roll gold so thin that they are making blood vessels out of it to replace the real ones.

Maybe that is what the doctors should do to a lot of our officials in Washington. Perhaps if the doctors would transplant gold stomachs, they might have the intestinal fortitude to do something to help the GOLD MINER.

See you next month.

GUS.

Silver Recovered

WASHINGTON—The Veterans Administration reports that about $225,000 worth of silver a year is being recovered from X-ray films and solutions used for developing pictures. The silver used to be washed away.

Dry Diggins

by

Hal Edwards

The spinster social worker was calling on a very poor family where the wife had a new baby every year. She was quite cross with the mother and acidly observed: "Anyone in your circumstances should use one of the recognized forms of birth control!"

"That's all right for you," retorted the wife, but I'm married and I don't need to."

* * *

"One nice thing about putting words on paper, you don't have to remember what you said . . . they stare at you when you goof." Bob Pearcy, The Danville (Ind.) Gazette.

* * *

A married man is one who cleans the windshield before going to a drive-in movie. — American Weekly.

* * *

Bob: "My, but your wife is certainly magnetic!"

Joe: "She should be. Everything she has on is charged."

"You used to hold my hand years ago when we were courting," she said as they were side by side in bed. He reached over, took her hand, and held it.

"Then you used o kiss me," she purred. He turned over, gave her a slight kiss, and then rolled over again to try to sleep.

"After this, you used to bite my neck."

With this, the husband got up.

"Where are you going?" she asked.

"To get my teeth," he grumbled.

* * *

Teacher: "What two documents contributed greatly to the government of the United States?"

Pupil: "Forms 1040 and 1040A." — The Driller.

* * *

"We are 100% in favor of progress; it's just all this change that we are against."— Air Conditioning News.

$200,000 in Gold Bullion Stolen

WINNIPEG, Man. — Two men driving a stolen Air Canada service truck escaped with 12 cases of gold bullion from Winnipeg International Airport recently.

An unofficial estimate valued the bullion at about $200,000.

The gold was destined for the mint in Ottawa. It arrived at the airport aboard a regular Trans-Air flight from northwestern Onterio about 10 p.m.

As the plane was being unloaded, two men drove out on the runway in the service truck. Both were wearing Air Canada overalls. They presented a document to aircraft personnel, the gold was placed in the truck, and the men drove away.

A short time later the theft was discovered.—The Stockton, (Calif.) Record.

"Just because you have been kept waiting," said the nurse to the expectant father, "doesn't necessarily mean the baby will be a girl."

Raps French Gold Drain in Vietnam

WASHINGTON, — Sen. Paul H. Douglas (D-Ill.) believes that American banks should be set up in South Vietnam to prevent France from draining off more U.S. gold through the French-owned Bank d'Indochine.

"We should not allow our defense of the free world to be further used by Gen. De Gaulle to undermine us financially," said Douglas in a radio report to Illinois.

He said the United States is preparing to spend at least 10 billion dollars more in South Vietnam, part of which will go into the Bank d'Indochine. If American banks are set up in South Vietnam, dollar claims would be routed through U. S. sources, thus reducing France's gold claims.

B.C. Mining Firm Reports Activities

Bralorne Pioneer Mines, Ltd., has reported fourth quarter production of 13,767 ounces of gold from 34,031 tons of ore milled at Bralorne, B. C.

A letter to stockholders disclosed an agreement to purchase, in conjunction with a Vancouver, B. C. Brokerage firm, 150,000 shares from the treasury of Chataway Exploration Co. for $168,000. The agreement includes options to purchase 1,950,000 additional shares.

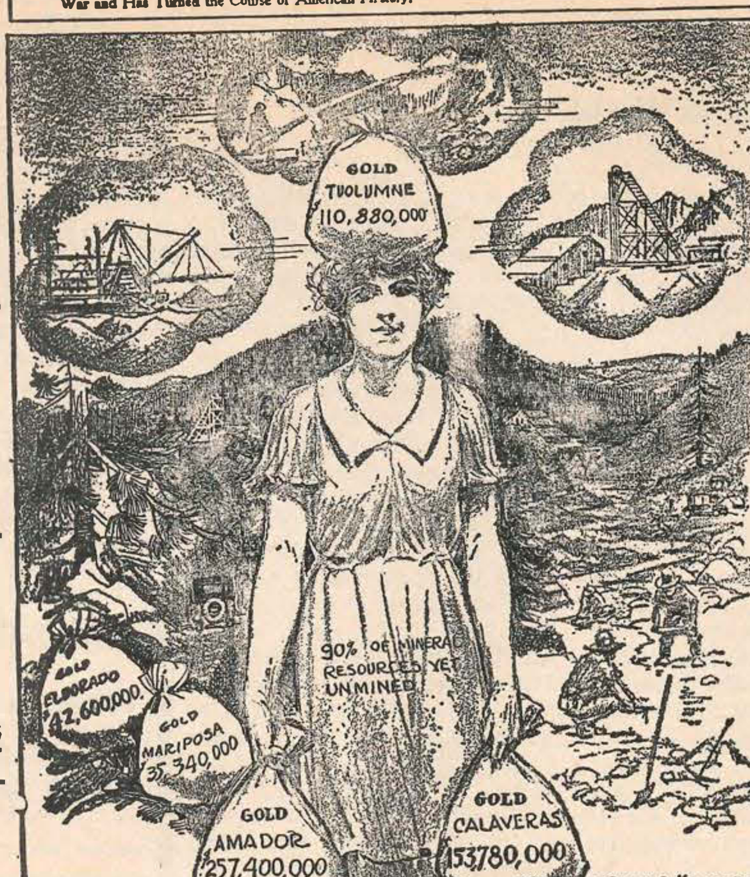
Chataway holds two properties in Canada's active Pine Point lead-zinc area and also has holdings in the Highland-Valley-Merritt and Pinchi-Fault-takla areas of British Columbia. — Spokane (Wash.) Weekly Chronicle.

Important NOTICE To Subscribers--

Be sure to notify the American Gold News BEFORE you move. New postal regulations make this necessary to avoid extra expense on the part of your publishers.

The Mother Lode - - - - - *By Yardley*

Although She Has Given Up but Ten Per Cent of Available Gold, She Has Financed the Nation in the Crisis of War and Has Turned the Course of American History.



Stockton, California

From the Stockton Record of September 30, 1924

Classified Advertising

Analyzer Controls Free Cyanide

An accurate and automatic free-cyanide control in gold processing circuits is being developed. The instrument which is expected to join the pH conductivity probe and the oxygen meter as aids in gold processing, measures free-cyanide concentration, the constituent of interest in the process, not total cyanide. When fully developed, the instrument is expected to operate with only routine maintenance and replacement of the single consumed reagent. The instrument can be built from commercially available components.

Lubrication in Space

Recent research has shown that electron bombardment and thermal etching prior to gold plating can markedly improve the bearing life of gold film under ultra-high vacuum. The experimental program included the vapor deposition of the gold onto substrates of nickel, Ni-10 per cent Cr, and Ni-5 per cent Rh.

Central Nevada Mining Reported On Upgrade

Central Nevada is playing an important part in the mineral industry in Nevada, the U. S. Bureau of Mines has reported as a preliminary annual report revealed an estimated 18 per cent gain in the value of Nevada production to more than $100 million for the first time since 1956.

Preliminary estimates of producers reveal a 32.5 per cent rise in the value of metal production to exceed the nearly 27 per cent decline in petroleum yield and a slump of about seven per cent in output of nonmetallic minerals.

Several significant developments highlighted Nevada's mineral industry picture in 1965, the report released by the Nevada Mining Association showed.

In May, the Eureka County mine of Carlin Gold Mining Co. began production. Deep Sand Petro - Energy Developments, Inc., acquired the Atlanta mine, Lincoln County. The company has started open pit operations at the gold-silver property, built a mine to mill site road, and have a 16 mile power line virtually completed. The recovery process will be cyanide leaching with initial production scheduled for the first 500 ton unit in 1966.

The Pan American mine, Lincoln County, was activated by the Grand Deposit Mining Company and the ore treated in the Caselton mill of Combined Metals Reduction Co. near Pioche. The East Ely mill of Silver King Mines, Inc., White Pine County, which was placed on stream late in 1964, completed its first full year of operation.

Duval Corporation has completed preparatory work at its Battle Mountain copper-gold-silver property, Lander County. The project will consist of open-pit operations, copper leach-precipitation facilities, and a 3000 ton a day concentrator. A mine fire at the Cordero mine, Humboldt County, somewhat curtailed operations for the state's principal mercury producer.

Four new wells were completed to production in Nevada's only oil field, two by Texota Oil company and two by Western Oil Lands, Inc. At year end, the Eagle Springs field, Nye County, had eight producing wells although 1965 petroleum yield was appreciably lower. The Refinery Sales company completed construction of its topping plant unit but will forego crude oil purchases until a thermal cracking unit has been installed at its Railroad Valley facility. The latter unit will permit two of the new wells to produce at near capacity.

Trial runs were made in the chemical plant of Foote Mineral Co., Esmeralda County, on the lithium brines from its 650-acre solar evaporation pond in Clayton Valley near Silver Peak. Actual production is expected this year.

Sunshine Mining company and Mid - Continent Uranium Corporation are operating the 16-to-One mine in Silver Peak, producing silver from an underground operation, the mining association News Letter also reported. — Eureka (Nev.) Sentinel.

"Gossips and blotters absorb a lot of dirt, but they usually get it backwards."

You're only young once, but if you work it right, once is enough.

Mother Lode

(Continued From Page 2)

the future, when increased demand and price for gold will warrant proper exploration—to be carried on with ample capital and good mine management. After the early-day prospectors had passed on, the Mother Lode surface was subjected to very little careful search. The only later-day attempt that I know of, made seriously to locate new ore shoots along the Lode, was one conducted by W. J. Loring about 1915. Loring then made a systematic trenching and sampling of the surface of the Calaveras Consolidated vein for a distance of close to a half-mile, that "showed up" two shoots of ore in that distance. His disclosures had the effect of enlisting the financial support of Boston capitalists in his Carson Hill Mine project, which yielded a gross of close to $8,000,000 in gold (at the old price) during the period of Loring's management.

SUCCESS OR FAILURE?

There has been a mistaken belief that great amounts of money were expended and lost on the Mother Lode in attempts to find and make profitable mines there. It is true that a great many mining companies were promoted, that lost, in the aggregate, a lot of money for the stockholders. Our iron works came in contact with dozens of such cases and so I had opportunity to watch them. Almost without exception, these promoted companies were under-financed to begin with. Invariably, surface plants beyond their needs were constructed to impress old and prospective stockholders, using up so much of their available funds in so doing, that there was insufficient money left to make necessary explorations for ore. The Angels Iron Works furnished quite a number of stamp mills for such companies, that were installed before ore to supply them was developed, and that were practically unused when the company failed.

I cannot recall a single instance of a well-financed company being formed for the purpose of prosecuting systematic and substantial explorations on the Mother Lode. In the middle 1890's, W. C. Ralston, now deceased, then manager of the Melones Mining Co. at Carson Hill, discussed with me the need for just such undertakings, and later on, he had plans for raising in New York, a million dollars (a large sum in those days), with which he proposed "to d oextensive prospecting in likely spots along the Mother Lode." Before he could take up this plan, however, a turn of Fate ended his Mother Lode career.

Ralston's operation on Carson Hill, of which I had a close-up view, is worthy of special mention in any review of the Mother Lode past. It happened that Ralston and I were fellow students at the University of California and were members of the same college fraternity. When he came to the Mother Lode, I was in business at Angels Camp, about six miles from Carson Hill. Because of our previous close relationship, Ralston entrusted us (the Angels Iron Works) with supply of the iron work for his stamp mill (then the largest in California), along with other machinery and equipment.

(Watch for a continuation of this interesting article in the April American Gold News.)

Silver's Industrial Use Outranks U.S. Coinage

It is difficult to belive that Congress would consider candlestick holders, silverware and jewelry more important than sound money, but this was the deciding factor in the removal of silver from silver coins last year. The industrial users demanded the silver for their own use and the politicians promptly obliged, thereby permitting the Treasury Dept. to dispose of monetary silver.

The industrial users in a recent report consider the removal of silver from the coinage a big achievement and predict a continued supply of silver from the U.S. Treasury at a low price. The silver will come from the older silver coins which will be made available as the new "junk" coins come into circulation. Thus the government will continue to subsidize the silver users instead of requiring them to purchase silver in the free market.

The price of silver in 1966 will remain stable at 129.3c an ounce, it is forecast in the fiftieth annual silver review of Handy & Harman, leading refiners and fabricators. The opinion is based on a belief that the U.S. Treasury stocks will continue to be available during the year, while at the same time, industrial demand is expected to remain bouyant.

The report also states "The trend toward non-silver coins will have a double effect on the market. It will reduce the total demand because less silver will be bought for coinage, and it will increase potential supplies as the silver in the old coins becomes available. The most significant of these potential sources of silver exists in the present 90% silver half-dollars, quarters and dimes in circulation in the U. S. which represent a theoretical total of more than 1,800,000,000 oz. of silver. Altogether there are substantial amounts of silver throughout the world in the form of coins, and this silver at least in part will exert a restraining influence on prices over the long range future."

Highlight of 1965 was the U. S. Coinage Act, which radically changed the content of the country's coins. Handy and Harman view the Act as a compromise necessitated by the urgent need for a solution of the silver crisis but nevertheless as an event that made the year very important for silver.

Its momentousness lies in the fact that it represents official confirmation that silver is a commodity and not a monetary metal, a recognition that the industrial uses of the metal are more important to the economy than its monetary uses. "This recognition will undoubtedly exert a dominating influence on the future price trend for silver," it is stated.—From California Mining Journal.

Effect of Gold On Soldered Joints

A recent investigation showed that heavily plated components soldered with 60:40 lead-tin solder need not form inferior joints. Flat springs were plated with a minimum of 0.2 mil of gold and soldered to pretinned soft copper wire. Pull tests resulted in shear separation of the springs rather than of the joints. Field reliability tests confirm the laboratory results. Similar results were obtained when solder tags were heavily plated and gum wrapped.

The Editor's Mail:-

Fairfax, Calif.
Editor, American Gold News:

Today I was reading a recent copy of my "Gold News." I really appreciate the article concerning our gold backing. I feel the same way as the people who write these articles, so I'm sending my little poem for them to read. I hope this helps repay them for the articles they have written and the ones I enjoyed. Both the articles and the poem unfortunately aren't to be taken lightly.

"IT WAS OUR GOLD"

"In days of old,
When dollars meant gold,
And Uncle Sam was thrifty;
You could work all day
And earn your pay,
And everything was quite nifty.

But with no gold
For us to hold,
Spending it has craving
To play all day,
And give away,
Instead, he should be saving."

This is the way I feel and I hope that something is done about this terrible situation soon.

Sincerely,
George J. Miller.

Reno Firm Gets OME Gold, Silver Exploration Contract

The Geological Survey's Office of Mineral Exploration has contracted to assist the Great Basin Exploration Company of Reno, Nevada, to explore for silver and gold at the Silver Hill Property in the Aurora Mining District, Mineral County, Nevada, the Department of the Interior announced today.

The total cost of the work is estimated at $33,000, of which the Government's participation is 62½ percent, or $20,625.

Mines in the immediate area, including the Silver Hill property, are reported to have produced approximately $5,000,000 in silver and gold from veins in volcanic rocks. Similar types of ore deposits are to be sought by underground exploration of a geochemical anomaly indicated on the property by soil sampling.

To encourage domestic minerals exploration, the Federal Government participates with private industry in the cost of exploration for 35 mineral commodities. Funds provided by the Government are repaid by a royalty on production.

Mama Bear to Papa Bear: This is positively my last year as den mother."

What really separates the men from the boys is the relative cost of their playthings. — The Spotlight.

Historic California Gold Mine for Sale

SHEEP RANCH, Calif. — The historic Old Sheep Ranch Mine which helped build the fortune upon which the William Randolph Hearst empire was based, has been put up for sale on the open market.

The mine, now owned by Garver Martin of San Francisco, was listed by Martin Miller, an Altaville, Calif., real estate agent.

The mine, that in its heyday produced more than $8,000,000 in raw gold, today has an asking price of $32,000.

The Sheep Ranch Mine originally was discovered and developed in 1868 by a Harvey Childers, who with two partners, William Bean and C. V. McNair, worked it with only marginal success for several years.

Water was one of the major problems facing the first mine owners, and the heavy flow which built up in the mine shaft forced them to abandon the rich ledge before they reached a depth of more than 100 feet.

In 1872 the original owners sold to C. P. Ferguson and W. A. Wallace who hit the rich Sheep Ranch vein at a deeper level by driving a tunnel into the hill.

George Hearst, father of William Randolph Hearst, entered the picture in 1875 when he and a group of associates purchased the mine for $108,000.

Hearst already had become a wealthy man from claims and mine holdings in Nevada's Comstock Lode at Virginia City.

The Hearst operation of the mine lasted until 1893, and then the mine was sold to the Sheep Ranch Mining Co.

The mine operated off and on until World War II closed it in 1942, and was one of the state's major gold producers.

At present the mine shaft extends into the earth to a depth of 1,850 feet.

The property now listed for sale includes the old mine dump, several old buildings, and 15 acres of land. — The Stockton, Calif., Record.

"Taxation is a lot like sheep shearing. As long as you shear a sheep it will continue to produce a new crop. But you can skin the animal only once." Clarin D. Ashby, Unitah Basin (Utah) Standard.

AMERICA'S GOLD CARTWHEELS

In these days of bank checks, credit cards, and paper money, many folks will find it hard to believe that our great grandfathers once carried one-dollar coins. Not just silver cartwheels, either, but gold!

The gold dollar was authorized by the Act of March 3, 1849.

If that date rings a bell, the sound isn't just a coincidence. The gold rush of '49 was on in California and our young nation was dazzled by the yellow treasure pouring out of the streams and hills of the Golden State.

Oddly, the March 3 Act also authorized the issuance of the $20 double eagle gold piece. Thus Congress gave the nation the largest and the smallest of our regular issue gold coins at the same time. The first double eagle was not issued until 1850, however.

The mints lost no time in getting the gold dollar into circulation, the first ones appearing in 1849. The gold dollar was necessarily small since gold was selling then for a little less than $26 an ounce. Its weight was 25.8 grains and almost all of it pure gold. Why such a small coin, you may wonder?

Federal paper money was nonexistant. Almost all transactions were in hard coin. Gold was preferred to silver. The nation already had gold coins in denominations of $2.50, $5, and $10. With the $1 gold coin, transactions could be completed in gold to within 50c of any given amount.

Objections to the size of the coin resulted in a redesigned piece in 1854. The diameter was enlarged and the coin made thinner to keep the weight the same. In 1856 the design was changed and remained constant until the coin was discontinued in 1889. So there are three types of gold dollars.

Gold dollars were turned out by five U.S. Mints. Philadelphia produced by far the largest quantity. Mint marks may confuse some people not thoroughly familiar with them. The "D" on gold dollars stands for Dahlonega, Ga., not Denver. The "O" is for New Orleans; the "C" for Charlotte, N.C.; "S" for San Francisco. Philadelphia-made coins carried no mint mark.

Millions of these coins were issued so that it is quite possible for thousands upon thousands of them to be in attics, old trunks and other hiding places. If you have one or more you will be very happy to know they are worth quite a bit. Gold dollars bring anywhere from $30 to $6,000 each, depending on the date, mint and condition. Better look around. — Robert Svenson in the Seattle (Wash.) Post-Intelligencer.

SAN FRANCISCO MINING EXCHANGE

MONTHLY SUMMARY
MARCH — 1966

Stock	Sales	High	Low	Close
Acme	10,000	.01½	.01	.01
American Copper	11,000	.05	.05	.05
Blue Crown Pete	160,441	7.00	3.62½	5.37½
Calif. Engels	392	.17	.17	.17
Comstock Keystone	1,000	.02½	.02½	.02½
Comstock Tunnel	5,280	.23	.18	.20
Double O	10,000	.10	.10	.10
Gold Canyon	77,700	.50	.20	.25
Golconda	50	7.00	7.00	7.00
Gold Metals	15,000	.03½	.03	.03
Hercules	57,500	.09½	.04	.09
Jack Waite	2,000	.12	.12	.12
Manhattan Con.	17,000	.03½	.02½	.02½
Manhattan Gold	1,000	.04	.04	.04
Mount Union	532,600	.05	.04	.04½
Pony Meadows	4,000	.03	.01½	.03
Rose Gold	960	.05	.05	.05
Round Mountain	107,750	.10	.08	.08½
76 Development Co.	73,000	.03½	.02	.03½
Silver Divide	1,000	.05	.05	.05
Siskon Corp.	3,850	.90	.85	.85
Tonopah Divide	9,400	.05	.04	.04½
Twentieth Century Eng.	410	.75	.75	.75
White Caps	67,800	.08½	.05	.08

Trading Volume 1,169,133
Market Value $936,044.80

Keep smiling. It makes everyone wonder what you've been up to.—The Record.