

Mr. HOFMOKEL. It is all for war purposes; yes, sir.

Six or eight months ago we got telegrams from some of our customers warning us that if we could not ship 20 cars a day to certain industries and 14 cars a day to others they threatened to close their plants and blame us for it.

Mr. CULKIN. And your argument is that there is a lack of transportation for prompt delivery?

Mr. HOFMOKEL. I would say the performance of our railroads in supplying the rail equipment is as good as circumstances permit. We get, say, for the sake of argument, as many as 40 cars a day to ship to certain points. Those cars have to be ordered and brought from outside points and service is not always certain. We have no empty equipment lying idle around there in Brownsville, and so we have to order these cars to meet our needs. They might come from Kingsville or as far as San Antonio, but they cannot always get cars in sufficient quantity to meet our demands.

Mr. SMITH. It is becoming increasingly difficult, is it, for you to get those cars, Mr. Hofmokol?

Mr. HOFMOKEL. We have to wait for them.

Mr. SMITH. Can you get them as easily now as you could get them 2 or 3 months ago?

Mr. HOFMOKEL. At this particular moment we have no trouble on this particular commodity, except in the meantime we have developed a number of other commodities, like manganese ore, iron ore, and zinc concentrates, and the day will come when we cannot accommodate this traffic.

Mr. PITTENGER. As a matter of fact, the freight rates on iron ore are almost prohibitive, are they not?

Mr. HOFMOKEL. We ship manganese ore to Houston.

Mr. PITTENGER. How far is that?

Mr. HOFMOKEL. That is a distance of 406 miles on the intracoastal canal. That manganese in years gone by came from Russia and the East Indies, and I would say considerable has moved the past few years to the States from South America. We attempted for a year and a half to sell the Metals Reserve the idea of getting manganese out of Mexico, and it took about a year and a half to get them to do that. Finally, the Metals Reserve is now buying manganese in Mexico. The rail rate is \$8.53 per ton, Brownsville to Houston, which is a distance of 406 miles, and only \$7.40 a ton to Kansas City. Can you explain that?

Mr. PITTENGER. I am not going to try it, but what I want you to show us is how this deepening of the canal across Florida and the improvement of the intracoastal canal will help.

Mr. HOFMOKEL. When we have the smelter in Houston, instead of paying \$8.53 a ton to get the manganese 406 miles, and instead of paying \$7.40 for moving it 1,100 miles, with the proper facilities available we would move it for \$3.50 a ton to Houston, and for \$5 to \$6 a ton to Kansas City, which would cut the cost down and would mean that the smelter company in Houston would save \$5 in freight on each ton they receive. This will be a \$40,000,000 plant at Houston.

Mr. PITTENGER. Do you have manganese ore near Houston that justifies having a \$40,000,000 smelter there?

Mr. HOFMOKEL. No. Manganese comes out of Mexico.

Mr. PITTENGER. From how far away does it come?