

Mr. HOFMOKEL. Yes; and the cost of which is prohibitive.

Mr. PITTINGER. Would the intracoastal canal furnish cheaper transportation facilities? Let us get that in the record. Can you haul that ore that you are talking about now by the intracoastal canal?

Mr. HOFMOKEL. Definitely not; that is the point I am trying to make.

The CHAIRMAN. Rail haul brings it in there from Mexico?

Mr. PITTINGER. Yes.

Mr. HOFMOKEL. Mr. Chairman, we used to have a \$19.60 (Mexican) rate from the point of origin in Mexico to Brownsville, and then later Mexico was willing to cut this rate to \$6 (Mexican).

The CHAIRMAN. That is Mexican dollars.

Mr. HOFMOKEL. Six pesos; yes. In other words, that means a saving of \$13.60 (Mexican) from the point of origin in Mexico to Brownsville. Now, we need a \$3 rate to deliver that from Brownsville to Houston.

In this connection, there is another big outfit, which is the second biggest concern in its line. It has options in the Brownsville ship channel area for location of a plant which, in addition to raw material out of Mexico, must have 70,000 tons of anthracite coal and 18,000 tons of coke.

Mr. PITTINGER. Yes; I understand that; I burn it once in a while.

Mr. HOFMOKEL. That coal has to come from Arkansas. The mineral originates in Mexico. The plant needs cheap power, and this particular type of process needs coal and coke.

Mr. PITTINGER. So, if you get the intracoastal canal you will have cheap transportation to get the coal in there?

Mr. HOFMOKEL. That is right, and to develop industries down there.

Mr. SMITH. Are those industries in Mexico controlled by Mexican or American capital?

Mr. HOFMOKEL. It is mostly American capital.

Mr. SMITH. Mostly American capital?

Mr. HOFMOKEL. Yes; mostly American capital. American capital has had trouble in Mexico in the past, which condition is now better, and it looks like it is going to get perfect. One idea, however, is to keep American capital on American soil, have that factory located in America, get your supply of raw material and bring it over here and process it as close as possible to the border, and then distribute it as cheaply as possible to the markets of consumption.

Mr. SMITH. We are making progress in that direction now?

Mr. HOFMOKEL. Yes, sir; we are making wonderful progress.

Mr. PITTINGER. Everything you say about this cheap transportation being built up in Brownsville will apply to every part of the country where you can develop your waterway.

The CHAIRMAN. We are with you on that.

Mr. HOFMOKEL. But let us not overlook the fact that the industries in our Middle West and up the Mississippi, and up the Atlantic seaboard are the ones that benefit by getting these raw materials there cheap, and in the end the United States Government gets it, because they are all strategic materials, iron ore, copper, manganese, and zinc; and after all, the United States Government is the people of the United States and they save these millions of dollars on this transportation. I have figured that we definitely can show a net