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LEAD INDUSTRIES ASSOCIATION

420 LEXINGTON AVENUE

NEW YORK 17, N. Y.

October 27, 1947

To Mining Members of the Lead Industries Association:

SUBJECT: COMMUNICATION FROM SECRETARY OF THE INTERIOR

Enclosed please find copy of a letter received by the Association dated October 21, 1947, from the Hon. J. A. Krug, Secretary of the Interior, Washington 25, D. C., which is self-explanatory.

Very truly yours,

Robert L. Ziegfeld

Robert L. Ziegfeld
Acting Secretary

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COPY

THE SECRETARY OF THE INTERIOR
Washington
25, D. C.

October 21, 1947

My dear Mr. Ziegfeld:

For many months the serious shortage of iron and steel scrap has been a feature of the regular economic and statistical reports issued by the Bureau of Mines, Department of the Interior. The Department's special investigations now being made at the President's request to determine what may be safely and wisely applied to carry out the Marshall Plan, show the iron and steel scrap supply to be critical. All possible sources are being called upon to aid in supplying iron and steel furnaces with the present requirements of more than two million gross tons of purchased scrap per month -- the highest rate in history. The present supply, however, is insufficient to permit the steel industry to produce steel at the maximum rate. Consequently, I am calling on the various mining associations in the United States to use every means possible to impress upon the mining companies the importance of moving promptly any machinery or equipment that constitutes potential scrap into consuming channels. Companies shipping scrap at this time will enjoy the highest price in history.

This present scrap shortage is largely the outgrowth of four factors: (1) The tremendous quantity of steel which was sent out of the United States during the war in the form of military equipment with virtually no compensating return of scrap, (2) exports of scrap totaling 14.7 million tons during the immediate prewar years 1935-39, (3) a general delay in supplying consumer requirements for steel products which by forcing people to use products longer, has retarded the normal flow of scrap from consumers back to steel plants, and (4) the high rate of steel production since 1940. Some exported material exists in European countries in the form of obsolete military equipment and damaged industrial and civilian construction but this cannot be transported to the United States for several months because of an extreme shortage of transportation equipment in European countries, especially Germany. The return of scrap produced by manufacturing companies in the United States is approaching a maximum rate and only small increases from this source may be expected in the future. Surplus ships are being scrapped at a rate of about 50,000 gross tons per month which is believed to be a maximum. Dealers are making every effort to move scrap obtained from obsolete machinery, automobiles, buildings and other sources and railroads are returning scrap at a high rate. It is believed that scrap accumulations from farms and homes have been largely exhausted, although small quantities continue to be collected from these sources. The consuming industries face the most critical shortage in the ensuing fall and winter months.

Considerable tonnages of scrap are believed to exist in and around mines and quarries in the United States and I am appealing to the mining industry and its various associations to take every possible step to aid in maintaining steel production at or above the present near-capacity rate by sending all available scrap material to market promptly. In view of the impending shortage of ferrous scrap during the coming winter months, the Nation would be greatly aided by a successful scrap drive from this source. An unsuccessful program will result in less steel being available for domestic requirements and foreign shipments.

Sincerely yours,
/s/ J. A. Krug
Secretary of the Interior.

Mr. Robert Ziegfeld, Secretary,
Lead Industries Association,
420 Lexington Avenue,
New York, N. Y.