Remarks by
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Gentlemen:

Welcome to the 45th Annual Meeting of the American Zinc Institute. We are in joint session with the Lead Industries Association this morning. With the help of our distinguished speakers, we shall address ourselves to issues of more general concern.

We shall hear of problems, and of things that wait to be done; we face them with confidence. Business is better, and perhaps business for the raw materials industries, to which we belong, looks better. Basic materials have been the stepchild of the business cycle for some time -- perhaps we come to an evening-up of the averages.

But, chiefly, I think, there is confidence in our industry because the assurance is gaining ground that we are learning to master our own fate and future. And if we are learning that, then largely due to the work for which we here have met; our common undertaking to increase our usefulness, to develop our markets, and to reassert, in so doing, our purpose and our responsibility as an industry.

Those who have watched our industries at work in our Associations and Research Program, must have taken new assurance that we are on the right way. We have caught sight of new fields and markets, we know much better now what tools we need and how to use them, we can improve the tools we have; we all know that we are going to go ahead.

Success in our market work as an industry in our country, as an industry with our neighbors to the north and south, as an industry with many Free World countries, cannot fail but shed some light on other industry problems.

A year ago Mr. Vuillequez, then President of the Lead Industries Association, told us that our industries in the Free World had done poorly in the balancing of production to consumption, and that the remedy in his opinion was quick disposal of the excess stocks and, thereafter, production in line with demand. The soundness of the prescription is clear again today: even with good consumption, we gain little when the balance stays overloaded on the production side.

The year past saw the entry of a new factor on the scene: agencies of the U.S. government made public a designation of very large tonnages of lead and zinc in the U.S. Strategic Stockpile as "surplus" and announced an intention of asking Congress for legislation to dispose of them. U. S. industry is taking their stand in this matter through the American Mining Congress; therefore, I shall limit myself to saying that the original announcements from Washington were profoundly disturbing to industry in many countries and that subsequent releases have fallen short of being reassuring.

Otherwise the year brought some improvements in the statistical position, perhaps largely of a circumstantial nature. We may not yet be able to point to a

(Presented at the Joint Session of the American Zinc Institute and Lead Industries Association, Chicago, Illinois, April 30, 1963) lasting accomplishment, but one can hope we are beginning to learn the steps that will take us along the right way.

Statistically, the mark of the year was the large world-wide reduction in lead stocks.

In zinc, Free World producer stocks of refined metal (which do not include stocks held by producers in the U.S., and possibly other countries, outside of their own plants) rose by 50,000 short tons. This is not a serious increase, especially since stocks in the hands of consumers in important countries fell during the year, but statistically at least, there was no progress.

We must admit to other signs of imbalance. It does appear abnormal, when zinc ore supply is drawn down till it hurts while at the same time stocks of unsold metal are building up. The effect is that the price remains under pressure even when business improves; and the mines, the source of all our activity, do not obtain that return which is necessary to replenish ore reserves -- or, the return to the mines has to be furnished in a way which disrupts the terms of trade, and the economics of the industry. Building of new smelting capacity, many of us think, has contributed to such imbalances.

Nevertheless, even with the large number of producers which we now have in zinc, one can perhaps feel the spread of a conviction that production in line with demand is the best way, and that it is in fact, a feasible way for industry to take.

The idea of pushing production irrespective of surrounding circumstances may have run its course. Such thinking, and the theory of the mechanism of free trade, might fit a world in which producers and consumers were free agents, dependent on nobody but themselves, and responsible only to their pocketbooks. Of course, there is no such world. We are, each of us, functioning as members of political bodies which pursue their social aims and responsibilities with all the resources of their society. In less developed countries, mines will be kept from shutting down, and new industries will be attracted and sheltered. In other places, communities that have grown up in the atmosphere of a mining or smelting economy will not be turned back to the prairie. They will, at the least, be given protection to allow a phase-out over a period of time that is socially and politically bearable.

These matters to my mind have nothing to do with government interference in industry or markets. They are inescapable facts of social and industrial organization which one ignores only to ones own, and to the industry's detriment.

Also, we have grasped, I think, that in our time the fate of an industry is ruled by its competitive usefulness in the market place. How we treat and win markets, how useful we make ourselves to the advanced and well supplied economies of our day, that will determine our future more than anything else we do. The time is past when our responsibility ended with what we do on the production end. It is in our markets that we shall ultimately be judged, and it seems that our national and regional markets are on the way to becoming one market. The ever multiplying pressure of competitive materials and techniques is seeing to that, in one country after another. The force of that competition in shaping our markets is more significant, I submit, than our differences in price level of which so much is made. Thus, as our market is becoming one, our responsibility as producers is becoming a joint one also.

I think we are recognizing these facts and trends, and are learning to make our decisions in their light.

In learning each others facts of life, the International Study Group has been a useful meeting place. But when one considers the proceedings of the Group, and the statements of theory and high principle with which governments are trying to defend what they conceive to be the needs of their industries, I am forced to the conclusion that for some time to come there is not going to be a useful understanding between governments -- not for our industries that are so widely distributed in their sources and in their markets and that are so intimately woven into the economic life of so many different countries.

To those here or abroad who look for government decisions, one other reminder may be permitted. Obviously, the U.S. government would have to be a major partner in any international treaty on lead and zinc. One wonders how it would be arrived at. We are experiencing in this country a shift of activity and power to the Presidential office. Matters that once might have been considered and developed in the careful and deliberate Committees of Congress or in the specialized departments of the government which have a long familiarity with administrative and economic problems, are being drawn into the overworked hands of a chief executive and his immediate surroundings, where they become pawns in the awful game of ultimate responsibility, rather than being decided for their intrinsic meaning to the affected citizens. Under such conditions the outcome of government intervention in the basic structure of an industry turns into a gamble that, I believe, few of us would willingly promote.

What would be helpful to us in the U.S. if we are to play our part in a self-disciplined and responsible international industry, would be to have some way of approaching the problems of balanced production in concert within the industry. If that remains forbidden, we may just possibly wake up one morning and find the smaller enterprises in the industry gone down the drain and only those who control a large network of resources surviving. That would be a high price to pay for the satisfaction of having enforced the anti-trust idea to the last.

After these remarks on our responsibilities as producers, I would say a word of the special role which our Trade Associations, particularly our American Associations, and the International Research Program, have to play. The American Zinc Institute has evolved from an association of old time producers into an organization specifically dedicated to the development of the American market for zinc. We gave formal expression to that last year by opening active membership to those engaged in production of zinc outside of the U.S. who maintain a regular market here and contribute on an equal basis to the support of the Institute.

You, the membership, will have the opportunity this afternoon to sanction these changes: we have already elected one foreign member to our Board of Directors. Concurrently, we have provided for our Board to include two representatives of non-U.S. supporters of the International Lead, Zinc Research Program.

Ours is, of course, not the only important market for non-ferrous metals, and significant new developments do by no means always originate here, but the American market is the world's largest for industrial materials. It is a market of tremendous vitality and versatility where the battle between materials and applications, as well as between producers, always seems to be at its hottest, never ceasing to break out in new spots. And thus the future of a metal, or material -- the kind of acceptance it is going to have in world technology -- may well be decided by its performance in the American market.

It is thus appropriate that foreign producers of lead and zinc participate with us in the development of this market and we welcome them in that work. To develop the full potential of our market we need, and want, some of their supplies of ore and metal, their ideas, their know-how and resourcefulness. In getting to know the American market, we think other producers will come to better understand our particular problems, the problems of the U.S. producers. They may come to see to what extent their interest in the American market is tied up with our success in maintaining a sound domestic base of production, without which, we firmly believe, the full development of the American market would be in jeopardy.

In that connection, we are conscious of the trust which producers in other countries have bestowed upon us by keeping the administration of the International Lead Zinc Research Program associated with our industries. That arrangement was a natural departure, since the Program took shape in North America, but I think it has turned out quite an ingenious arrangement in its own right, at least for the time being.

By having to live close with the realities of the American market, the Research Program is gaining maturity and perspective. The representatives from other countries who convene to run the Program at the seat of our Trade Institutes, learn about our whole range of activities, where they may find many interests in common. But the most immediate benefit of the intimate association, I am sure, has been to our own work here. We shall from time to time alter the administration of industry research or redefine assignments between trade association and research work, as circumstances or experience may recommend. Whatever such organizational changes, they will leave with us the impact that was created by the establishment in our midst of research activity and research thinking, that spoke with the authority of an industry wide undertaking, research that was not primarily beholden to the producer's point of view but that set out to orient these time-honored metals to the needs of today's and tomorrow's market.

As you look through the working papers of our organization and attend their Committees, you find evidence of a new relationship with the consuming industries, a relationship where the endeavor of the fabricating industries towards better and more competitive products meets with our efforts to develop the full potential of our metals through their products.

To bring this about, and we are only at a beginning, required a new orientation, and "outside" point of view, notwithstanding the experience accumulated in the companies who have been leaders in the marketing and product field.

The Research Program is our newest tool. As we renew or reform our institutions, we shall strive for greater efficiency and economy of means, as a matter of course, but when we examine our purpose and policy, I think we shall conclude that what we need is not to draw back any part of our market development work under the closer influence of the production process but rather that we need to give more influence to the independent, the scientific, market-oriented point of view, if we are to keep pace with our markets and our competitors and if we are to get the best return for our money. How much money we want to spend at a given time and how we organise ourselves for the purpose, is another question -- but not one that I would put ahead of our objectives.

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Finally, I believe we must continue to do a major part of our market development, including research, as an industry, through industry wide organization. There remains ample room for the individual producers; the companies have an important field in taking on new ideas that come out of research, and giving them the industrial and product development they require to become practical sales items. But in the whole field of promotion, market service, sales engineering and research we must have a strong industry effort and industry organization -- more so than other raw material industries which are differently constituted.

I think we are all agreed that we want strong trade association activity; the vigor and success of the British Lead & Zinc Development Association, of the Lead Industries Association and the Zinc Institute, to name only those we are most familiar with, certainly speak for themselves. As to our work here in zinc, you will listen with particular interest, I am sure, to the reports on the Institute and Z.R.P. activities this afternoon and tomorrow morning, which will tell you how the Institute is making itself a market service center not only for industries that use zinc, but also more and more for those that use articles made of, or protected by, zinc. In this work, there will be new opportunities, new demands from our customers, for technical and scientific contributions from research. We already have on the record, of course, examples of that. The combination of trade association effort with industry research capability has broadened and hastened our being accepted by important consumer industries as partners in their own product development. Such approach holds great promise but it does call for an industry arsenal that includes research as well as our traditional weapons.

For that purpose the industry can call on the integrity, the resourcefulness and the enthusiasm of the staffs of the associations, and of the Research Organization. Your recognition is due them for the results achieved.

At the close of my term of office, I wish to especially thank the staff of the American Zinc Institute and of the Z.R.P. and their heads, Jack Kimberley and Schrade Radtke, for their cooperation during our two years of close association.

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