

BOARD OF DIRECTORS MEETING

New York, N.Y.

April 26, 1946

A meeting of the Board of Directors of the Lead Industries Association was held on Friday, April 26, 1946, at 1:45 P.M., at the Waldorf-Astoria Hotel, New York.

PRESENT

B. N. Zimmer
K. C. Brownell
A. E. Bendelari
J. H. Schaefer
E. L. Newhouse, Jr.

F. W. Rockwell
C. H. Crane
F. F. Colcord

REPRESENTING

American Metal Co. Ltd.
American Smelting & Refining Co.
Eagle-Picher Co.
Ethyl Corp.
Federated Metals Division
American Smelting & Refining Co.
National Lead Co.
St. Joseph Lead Co.
United States Smelting Refining & Mining Co. Inc.

OTHERS PRESENT

K. Nibecker	Imperial Type Metal Co.
H. Rowe	National Lead Co.
C. E. Dodge	Phelps Dodge Corp.
I. H. Cornell	St. Joseph Lead Co.
E. V. Peters	St. Joseph Lead Co.
W. H. Street	United American Metals Corp.
N. R. Taylor	United States Smelting Refining & Mining Co. Inc.
L. R. Peters	Western Electric Co.
T. G. Stover	Western Electric Co.

F. E. Wormser, Secretary-Treasurer
R. L. Ziegfeld, Assistant Secretary

The meeting was called to order with Mr. Crane in the chair.

The minutes of the previous meeting of February 18, 1946, were approved.

REAPPOINTMENT OF EXECUTIVE COMMITTEE

The Chairman stated that it was in order to appoint an Executive Committee.

WHEREUPON, with the consent of the Board, the Chairman appointed the following as members of the Executive Committee:

Clinton H. Crane, Chairman
F. H. Brownell

F. F. Colcord
L. E. Hanley

April 26, 1946

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ELECTION OF OFFICERS

The Chairman stated that it was in order to elect officers of the Lead Industries Association.

WHEREUPON, the following nominations were made, and there being no further nominations, the Secretary was instructed to cast one ballot for the election of these nominees and they were declared elected:

Clinton H. Crane,	President
F. H. Brownell,	Vice President
F. W. Pockwell,	Vice President
F. E. Wormser,	Secretary and Treasurer

STATEMENT BEFORE SENATE BANKING
AND CURRENCY COMMITTEE

The Secretary presented the statement which he had made on April 24, 1946, before the Senate Banking and Currency Committee on the Extension of the Stabilization Laws, and requested that it be made part of the record. He said that it had been sent to the entire membership.

He then pointed out that many manufacturing members of the Association were disturbed about the danger of being squeezed by the Government if the ceiling on pig lead were advanced.

It was decided that the Secretary should petition Congress, if necessary, for the inclusion of an amendment in the Stabilization Laws to require compensatory ceiling price increases for manufacturers of copper, lead and zinc products if the ceiling prices of copper, lead and zinc were increased.

It was also decided that Administrator Paul Porter of the Office of Price Administration should, likewise, be petitioned for ceiling price relief on manufactured products to compensate for possible ceiling price increases in copper, lead and zinc and that a committee of manufacturing members should be appointed to confer with the Administrator without delay.

The meeting adjourned at 2:00 P.M.

Secretary

LIA00323

3346

April 24, 1946.

STATEMENT OF LEAD INDUSTRIES ASSOCIATION

By FELIX EDGAR WORMSER, Secretary

Before the Senate Banking & Currency Committee
on the Extension of the Stabilization Laws

1. FREE MARKET FOR LEAD

The Lead Industries Association, representing both producers and consumers of lead, favors at the earliest possible moment as a step toward a sound economy for the country (1) the return to a free market for lead, (2) the elimination of subsidies (or premiums) to both foreign and domestic lead producers and (3) the removal of Government as the sole buyer of lead imports and the removal of Government limitations on imports.

As a result of the failure of the Administration to prepare adequately for the modification of wartime price control and subsidies, the date when these desirable objectives can be attained has been delayed. We believe that the past unwillingness of the Administration to move more actively toward a free economy makes it essential that the Congress provide a specific program of decontrol as part of any bill extending the price control and subsidy programs. The failure to make such a provision inevitably will mean that next year we will once more be faced with new demands for an extension of controls.

The only way to assure the return to a free economy is to make that return mandatory. We believe that the McFarland Amendment to S. 2028 is a firm step in the right direction and that its enactment will help to remedy the lead emergency and effect a return to normal conditions for the reasons following.

2. HIGHER LEAD PRICES WILL MEAN INCREASED SUPPLIES

There is every reason to believe that a higher ceiling price would bring about the increased lead production now needed acutely. The basic answer to the current lead problem is greater output. The history of the nonferrous metal markets during the preworld war period prior to the adoption of the premium price plan shows conclusively that the level of lead prices influences the volume of production. The attached chart and following table illustrate the close "Relation of Lead Prices to Domestic Lead Production" over a period of 27 years.

RELATION OF LEAD PRICE TO DOMESTIC LEAD PRODUCTION

	Lead New York Price Cents per Lb.	Lead Production from Domestic Ores and Base Bullion** Short Tons
1919	5.76	424,433
1920	7.96	476,849
1921	4.55	398,222
1922	5.73	468,746
1923	7.27	543,841
1924	8.10	566,407
1925	9.02	654,921
1926	8.42	680,685
1927	6.76	668,320
1928	6.31	626,202
1929	6.83	672,498
1930	5.52	573,740
1931	4.24	390,260
1932	3.18	255,337
1933	3.87	259,616
1934	3.86	299,841
1935	4.07	310,505
1936	4.71	387,698
1937	6.01	443,142
1938	4.74	331,964
1939	5.05	420,967
1940	5.18	433,065
1941	5.79	470,517

WORLD WAR II

The shortage of manpower and the adverse effect of the premium price plan is indicated by the following comparative figures for World War II:

	OPA Ceiling Lead New York Price Cents per Lb.	Average Price Under Premium Price Plan* Cents per Lb.	Lead Production from Domestic Ores and Base Bullion** Short Tons
1942	6.48	6.892	467,367
1943	6.50	7.490	406,544
1944	6.50	8.073	394,443
1945	6.50	8.750 (Est.)	382,000 (Est.)

* Exclusive of Tri-State area, average price paid to lead miners.

** U. S. Bureau of Mines.

It is interesting to note that despite the payment of these subsidies, lead production has failed to hold up to the 1941 volume which was used as the basis for quotas when the subsidy plan was adopted early in 1942.

It can therefore be assumed that in the postwar period a higher price of lead will tend to increase production. The sole question is whether an increased lead supply can be obtained better by continuing the premium price plan, or by taking the first step towards a free market through increasing the ceiling price from 6.50c to 8.15c as provided by the McFarland Amendment.

A further advantage of using the alternative of a higher ceiling price is that it would induce an increase in the volume of scrap lead recovery thus augmenting current supplies. Scrap supplies are not eligible for subsidy payments and hence will not be expanded by any increase in subsidies. The main inducement to such output in the past has been higher prices. We have no reason to feel there has been any change in this situation. Moreover, despite all the efforts of the Government, it is believed that some hoarding of scrap lead is taking place in anticipation of a higher price. The continued evasion of inventory restrictions is encouraged by the present low lead price for scrap. Higher prices will make this urgently required inventory available for current consumption.

The volume of scrap lead reclaimed each year is important to the lead economy. Last year it was only slightly less in quantity than the production of American lead mines. Lead produced from scrap was 328,000 tons and from the lead mines 382,000 tons in 1945.

3. PREMIUM PRICE OR SUBSIDY PLAN FOR LEAD

American lead mines operated during the war and operate today under a complicated subsidy plan which acts as a deterrent to lead production for several reasons of which the uncertainty of the subsidy is an important one. The mechanics of the subsidy system have only recently been disclosed to the mining companies and the public, thanks to the work of the Senate Subcommittee on Mining and Minerals Industry which has been studying and surveying the problems of American small business. The production quotas of the miners above which they may receive subsidies are subject to change at thirty days notice if costs decrease or the grade of ore increases, and are established on a formula that is unsound by the standard of good engineering and accounting practice.

Briefly, the subsidy plan results in allowances for depletion and depreciation on a basis of cost of mining, rather than on the correct basis of the machinery and equipment cost and the life of the depreciable items or their rate of use. Depletion should be based upon the depletion sustained. Operating margins are determined by a Quota Committee without regard to the total value of the ore. Under these unsound methods, results are obtained that discourage or penalize efficient mining operations. If the premium price plan is to be continued, it must be revised to encourage good mining practice and efficiency.

Under the present operation of the subsidy plan, precious metal values in the ore are used to reduce the cost of production of lead and zinc ores and the presence of precious metal contents in the ore is not considered as increasing the value of the ore for depletion or in determining its relative value for calculating allowable margins. The continuation of this subsidy principle will further restrict the production of lead or zinc in the Rocky Mountain area as it allows no incentive to mine these ore with precious metal content. This completely destroys the incentive of the producer to lay out plans far enough ahead for the efficient and most profitable operations of his properties.

We have made a survey among our mining members, both large and small, as to their attitude towards continuing this subsidy scheme. We find that, without exception, they are all desirous of returning to a free market dependent upon and simultaneously with a removal of ceiling prices on all metals.

The present subsidy plan for nonferrous metals is a clear case of profit control. This is in

sharp contrast with the situation in connection with subsidies which are being paid in agricultural and other fields. Why should the nonferrous metals have a unique subsidy system, based upon the individual profit position of each producer when the subsidies accorded agricultural products are based upon the number of units produced irrespective of the profit? We feel the efficient miner, as well as the farmer and rancher, should be encouraged to produce more, especially in view of the present lead emergency. This encouragement is not found under the present subsidy plan where the profit margin of each producer is "hand tailored."

4. REDUCTION IN SUBSIDY COST TO GOVERNMENT

Raising the ceiling price to take the place of the subsidy would save the taxpayers millions of dollars. Exactly the contrary policy is apparently being pursued. Instead of cutting down expenditures so that we can stop the creation of more inflationary money, all the evidence points to an intention to increase subsidies. For example, on March 28, 1946, an announcement was made by Office of Economic Stabilization that subsidies paid to lead miners would be adjusted upward to meet recent wage increases. In other words, the taxpayer will foot the bill and the fiction that prices need not be increased when large wage increases take place will be maintained. This is no way to get out from under the subsidy system.

5. PURCHASES OF LEAD FROM FOREIGN PRODUCERS ABOVE CEILING PRICES

Because the ceiling price of lead is now completely out of line with the world market, the Government has had indirectly to subsidize importations of lead during the first and second quarter of 1946. We have been informed that the Office of Metals Reserve has bought lead at 7.75c per lb. New York from other countries for the second quarter and has absorbed the difference between 7.75c and the domestic ceiling price of 6.50c and has paid no duty on the import. In other words, taxpayers have footed the bill of \$25.00 per ton of lead imported and have lost the benefit of any duty payment.

At the same time, some large and small mining companies in the United States are still receiving not more than 6.50c per lb. for their lead production. They are not receiving any lead premiums. It does seem unfair for the Government to go out of its way indirectly to subsidize foreign producers, or subsidize consumption in the United States, when it is denying some mining companies the opportunity to sell their product at a price at least equal to that received by Mexican, Canadian and other foreign operators from the U.S. Government. The McFarland Amendment would diminish the need of indirect subsidies to foreign lead producers, or eliminate them altogether.

Although a subsidy of \$25.00 per ton of lead to foreign miners seems most unfair to domestic producers, we understand that consideration is being given to paying \$30.00 per ton premium over the ceiling price to foreign producers or purchasing the metal at 8.00c per lb.

6. INDIRECT SUBSIDIES TO CONSUMERS

Present premium payments are a subsidy, in reality, to consumers and under present conditions there is no need to subsidize the use of a scarce commodity. There is a temptation to overbuy at low prices. A higher price for lead would screen consumption. The available lead supply would go only to those who need it most. This would help to restore a balance between supply and demand.

Moreover, if consumers can not afford or are not permitted to pay the full cost of a product under today's conditions of record incomes, under what conditions will they finally pay in full and make possible the elimination of subsidies? Because the subsidy lowers the price far

below the level warranted by current supply and demand, it accentuates the present unbalanced situation. Higher prices by stimulating supply and cutting off the less essential demands will make possible a new and realistic balance between supply and demand.

7. GOVERNMENT CREATED DEFICIT IN LEAD

The current lead shortage is created by three primary factors (1) the lower domestic mine production caused by uncertainties of the premium price plan, (2) Governmental curtailment of the importation of pig lead from foreign countries, and (3) labor shortages. If a free market prevailed, American consumers could purchase lead in the world market whenever domestic lead was not available.

Why are imports currently restricted by informal agreement of officials in Washington and representatives of other Governments? The method and manner of establishing and administering this control has never been revealed to the American public, or to our industry. Although it was reported in the press early this year that foreign lead imported into the United States would be limited to 10,000 tons per month, or a total of 120,000 tons per year, we now discover the permitted imports for the second quarter are not to exceed 7,500 tons per month which compares with 226,068 tons for 1944 and about 256,000 tons for 1945, roughly 20,000 tons per month. These statistics leave out of consideration imports of lead ores and concentrates which ranged from 62,000 to 94,000 tons per year. We believe that there are sellers in foreign countries willing to sell lead to this country above and beyond a limit of even 10,000 tons at the world market. Why shouldn't we be permitted to acquire these supplies to meet our domestic shortages in time of emergency?

At the present world price of 7.75c-8.50c per lb. of lead and a U. S. ceiling price of 6.50c, it is obvious that the United States smelters can not successfully compete with foreign smelters for concentrates unless the United States Government purchases in foreign markets the lead concentrates for resale to domestic smelters at a price which will allow them a profit. They can not operate on foreign lead ores so long as there is a ceiling price which is lower than the world price plus duty.

The 70,000 tons of lead received in 1945 from foreign concentrates will not be available to domestic users in 1946.

One method of price decontrol advanced occasionally in Washington is that when production reaches say 75% or 100% of demand, or of some pre-war level of output, price control shall be removed entirely. We submit that with the Government's apparent present deliberate policy of throttling lead imports into the United States, lead can never come out of price control under these decontrol standards since the imports required to meet deficits in supply will not be available for an indefinite period into the future.

8. NO RESTRICTIONS ON THE USE OF LEAD IN CANADA

The lead consumer in the United States is penalized because his own Government is limiting imports and limiting the number and quantity of articles that may be made from lead, while our neighbor, Canada, has released all controls on the consumption of lead within the Dominion, and is licensing producers to sell lead in markets outside of Canada at greater prices than the United States Government offers to some miners here.

9. WORLD MARKET HIGHER THAN DOMESTIC — McFARLAND AMENDMENT WOULD HELP RESTORE CORRECT RELATIONSHIP

The complete destruction, here and abroad, by Government action, of a free market for

lead, has made it difficult to ascertain the true world level of lead prices. Reliable information we have received indicates that the price of lead is approximately 8.50c per lb. delivered in Europe. This is normally equivalent to 10.20c per lb. in New York, allowing for the duty. In contrast, however, the ceiling price of 6.50c per lb. for lead is a full two cents below the world market, a completely abnormal relationship. Normally the New York price of lead is well over the London or world market, generally by a fraction of the tariff on lead. Only once in history, in 1937, was the London price higher than that in New York and that was only for a brief period. It is a thoroughly unsound and artificial situation that the Government has now created in lead by preserving the ceiling at 6.50c, far below market reality in an attempt ostensibly "to hold the line."

Even the McFarland Amendment does not go all the way to restore the normal relationships of the two markets. The 8.15c ceiling price for lead provided by the McFarland Amendment might have been representative a few months ago of the world market, but it is low today. However, no legislation fixing the price of any world commodity can be expected to be correct in its market appraisal at all times.

It is quite possible that the ceiling price should be raised even higher under future conditions — possibly to the full limit of the "A" premium of 2.75c, so that when the subsidy is lifted the then ceiling price would more closely approximate the market. This would ease us into the period of transition from Government price control to a free market with the least disturbance to our national economy.

10. LEAD SMELTING AND REFINING ADVERSELY AFFECTED BY LOW CEILING PRICE

Lead smelters buy concentrates from the miners on contracts based upon a treatment charge of so many dollars per ton of concentrates. They pay for, or return, a percentage of the lead content, usually 90 per cent. and retain the metal recovered above the agreed percentage as partial compensation for beneficiation of the material. The value of this "smelter gain" goes up in dollars as the value of lead advances, thus partially compensating the smelter for increases in labor and material costs which almost invariably agree simultaneously with an advance in price.

For the last five years labor and material costs have been rising, but the price of lead has been held stationary. Although some smelter contracts contain clauses providing for adjusting the treatment charge in the event of an increase in wage rates, these clauses do not cover the entire amount of such increased costs.

11. RELIEF NEEDED FOR MANUFACTURED LEAD PRODUCTS

Should there be an increase in the ceiling price of lead brought about by the McFarland Amendment, we believe additional price control legislation should be adopted which will permit a compensatory advance in the price of finished lead manufactures. Currently interest in the continued manufacture of some lead products is adversely affected by the regulations of the OPA which permit no relief to a manufacturer of lead products now being sold at a serious loss if he is engaged in other entirely unrelated operations which are sufficiently profitable to make a favorable overall comparison with the 1936-39 base period. We think this is a thoroughly unsound principle to follow and we suggest that it be corrected by legislation so that each commodity stands on its own feet with reference to its costs and proper ceiling pricing and without relation to any other commodity.

From the miners' standpoint this is also an unsatisfactory situation for it discourages the continued use of lead in numerous products.

12. LEAD PRICE OUT OF LINE

The current lead price is out of line with the general commodity index, with the peacetime relationship to zinc, and far out of line with agricultural products as the attached table indicates. Whereas the ceiling price on lead is only 33% above the average for the year 1939, farm products have advanced 100% in the same period.

What is there so sacred about the price of lead at 6.50c? There are examples of the price of lead ruling well above this level year after year in peacetime when wages were much lower and the grade of ore richer. For example, note the average price of lead for the peacetime years 1923-1927 inclusive, as follows:

AVERAGE PRICE OF LEAD Cents Per Pound

1923	7.27c
1924	8.09c
1925	9.02c
1926	8.41c
1927	6.76c

Ceiling price today
6.50c per lb.

All of these prices for a peacetime active business period of five years were over the present ceiling of 6.50c. The McFarland Amendment would help to bring about a necessary correction and would still leave the price below the average for the years 1923 to 1926 although higher than the average for 1929. However, the national income today is about double that in 1929.

INDEX OF COMPARATIVE PRICES OF LEAD AND OTHER COMMODITIES (1926 = 100)

Year	Lead a	Zinc a	All Commodi- ties b	Farm Products b	Cotton Middling c	Corn #2 Yellow c	Wheat #2 Hard Kansas City c
1919	68.4	95.2	138.6	157.6	189.8	210.4	161.6
1920	94.5	104.5	154.4	150.7	196.4	186.3	164.1
1921	54.0	63.5	97.6	88.4	83.9	76.4	88.6
1922	68.1	77.9	96.7	93.8	121.4	82.1	81.1
1923	86.3	90.1	100.6	98.6	170.8	108.2	74.3
1924	96.2	86.4	98.1	100.0	166.1	128.1	86.4
1925	107.2	103.8	103.5	109.8	136.9	136.8	111.6
1926	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1927	80.3	85.0	95.4	99.4	102.4	116.2	91.7
1928	74.9	82.2	96.7	105.9	115.5	128.7	88.6
1929	81.2	88.7	95.3	104.9	110.7	125.4	78.9
1930	65.5	62.1	86.4	88.3	78.0	109.0	60.2
1931	50.4	49.6	73.0	64.8	49.4	70.0	40.5
1932	37.8	39.2	64.8	48.2	37.5	41.6	33.0
1933	46.0	54.9	65.9	51.4	50.6	55.2	48.4
1934	45.9	56.7	74.9	65.3	73.2	86.6	62.3
1935	48.3	59.0	80.0	78.8	70.8	109.6	69.5
1936	56.0	66.8	80.8	80.9	71.4	113.2	75.1
1937	71.4	88.8	86.3	86.4	67.3	137.5	80.3

(Continued)

INDEX OF COMPARATIVE PRICES OF LEAD AND OTHER COMMODITIES — Continued
(1926 = 100)

<u>Year</u>	<u>Lead a</u>	<u>Zinc a</u>	<u>All Commodi- ties b</u>	<u>Farm Products b</u>	<u>Cotton Middling c</u>	<u>Corn #2 Yellow c</u>	<u>Wheat #2 Hard Kansas City c</u>
1938	56.3	62.8	78.6	68.5	51.8	73.0	51.9
1939	60.0	69.6	77.1	65.3	54.2	66.8	50.5
1940	61.5	86.4	78.6	67.7	60.1	84.3	58.2
1941	68.8	101.8	87.3	82.4	82.1	94.7	66.4
1942	77.0	112.4	98.8	105.9	110.1	110.7	79.2
1943	77.2	112.4	103.1	122.6	114.3	141.0	98.3
1944	77.2	112.4	104.0	123.3	119.0	152.2	105.6
1945	77.2	112.4	105.8	128.2	126.2	155.2	111.2
Apr. 15, 1946	77.2	112.4	107.7d	130.8d	162.8e	159.6f	115.3f

a — Calculated from Engineering & Mining Journal data

b — Bureau of Labor Statistics Indices

c — Calculated from Bureau of Labor Statistics data

d — February, 1946

e — Calculated from New York Cotton Exchange data

f — Calculated from Chase National Bank data

13. METAL SUBSIDY PLAN SHARPLY AT VARIANCE WITH POLICY OF CONGRESS

Congress, in the recently adopted Employment Act of 1946 stated, in Section 2 of the Act:

"The Congress hereby declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means . . . to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing and seeking to work, and to promote maximum employment, production and purchasing."

We submit that continuing the subsidy plan for the nonferrous metals unchanged, limiting imports and maintaining an artificially low price for lead for an indefinite period at increasing expense to the taxpayers is, to say the least, inconsistent with the purpose of Congress as declared above.

Furthermore, the Employment Act provides that the Council of Economic Advisors is authorized to recommend appropriate policies "to foster and promote free competitive enterprise, to avoid economic fluctuations or to diminish the effects thereof, and to maintain employment, production and purchasing power."

We can not imagine anything more completely removed from the principles here outlined by Congress than the complicated, discriminatory and unrealistic price control of the lead market already described.

14. CONCLUSION

We believe an early return to a free market for lead is to the best interest of the American public, and that the McFarland Amendment is an admirable legislative vehicle for the necessary transition stage. The methods of Government control of prices developed during the war

have grown increasingly artificial and complex. Consequently, basically important business relationships have been disrupted and the achievement of production, especially needed in lead, has been delayed.

In their anxiety to control profits the OPA has created well nigh intolerable situations in the lead mining industry. It has resulted in the adoption of such absurd standards of price control that a piece of lead from one part of an ore deposit will be worth more than an identical piece of lead from another part of the same ore deposit, only because of a difference in ownership.

Or, to phrase the question more broadly —

We ask you, Gentlemen of the Committee, is it fair to place a greater value on the lead from Idaho than upon the lead from Missouri? Or a greater value on the lead from part of Utah than that from Idaho? And so on? To ask these questions is to show the absurdity of the complicated wartime measure of control of lead when applied in peacetime.

It is time to discard the unAmerican subsidy system and to restore a free market for lead if that important natural resource in the United States is to continue to maintain a premier position in the world lead economy, a position which was won under the free competitive enterprise system.

APPENDIX

ESTIMATED MINOR EFFECT OF LEAD PRICE INCREASE ON MANUFACTURES

Increase in the selling price of lead products would have a small or negligible effect upon the costs of the principal consumers as indicated by the following analyses, and so far as the increase in the cost of living is concerned, it would be unnoticeable.

(a) Storage Batteries — The average weight of the lead in a storage battery is 22 lb. An increase of 1.65c per lb. brought about by the passage of the McFarland Amendment might involve an increased cost to the consumer of 35c to 50c per battery. However, the trade-in allowance for an old battery would be increased and practically offset the increased cost of a new battery.

(b) Cable Coverings — Electric cables are expensive and the sheathing weighs about 5 lb. per ft. for an average size power cable. An increase of 1.65c per lb. would cause a rise of say 8c a ft. in the cost of a cable, which has overall cost of several dollars per ft. Therefore, the increase would be about 2 to 4%.

(c) Paint Industry — The average exterior prepared paint contains about 1.5 lb. of lead per gallon of paint. The average cost of a gallon of exterior paint is \$3.50. If the price of lead were to increase 1.65c per lb. the increase in cost of the paint would amount to only a few cents at best or less than 1%. For pure white lead paint the cost increase would be greater as this contains about 15 lb. of lead per gallon. However, labor represents about 80% of the total cost of a paint job and thus it can readily be seen that recent increases in wage rates will affect the total cost of the job much more than a few percent increase in the cost of materials.

(d) Ethyl Gasoline — So small an amount of tetraethyl lead is used in each gallon of gasoline (about 2 c.c.) that even doubling the price of lead would have a negligible, if any, effect on the retail selling price of a gallon of gasoline.

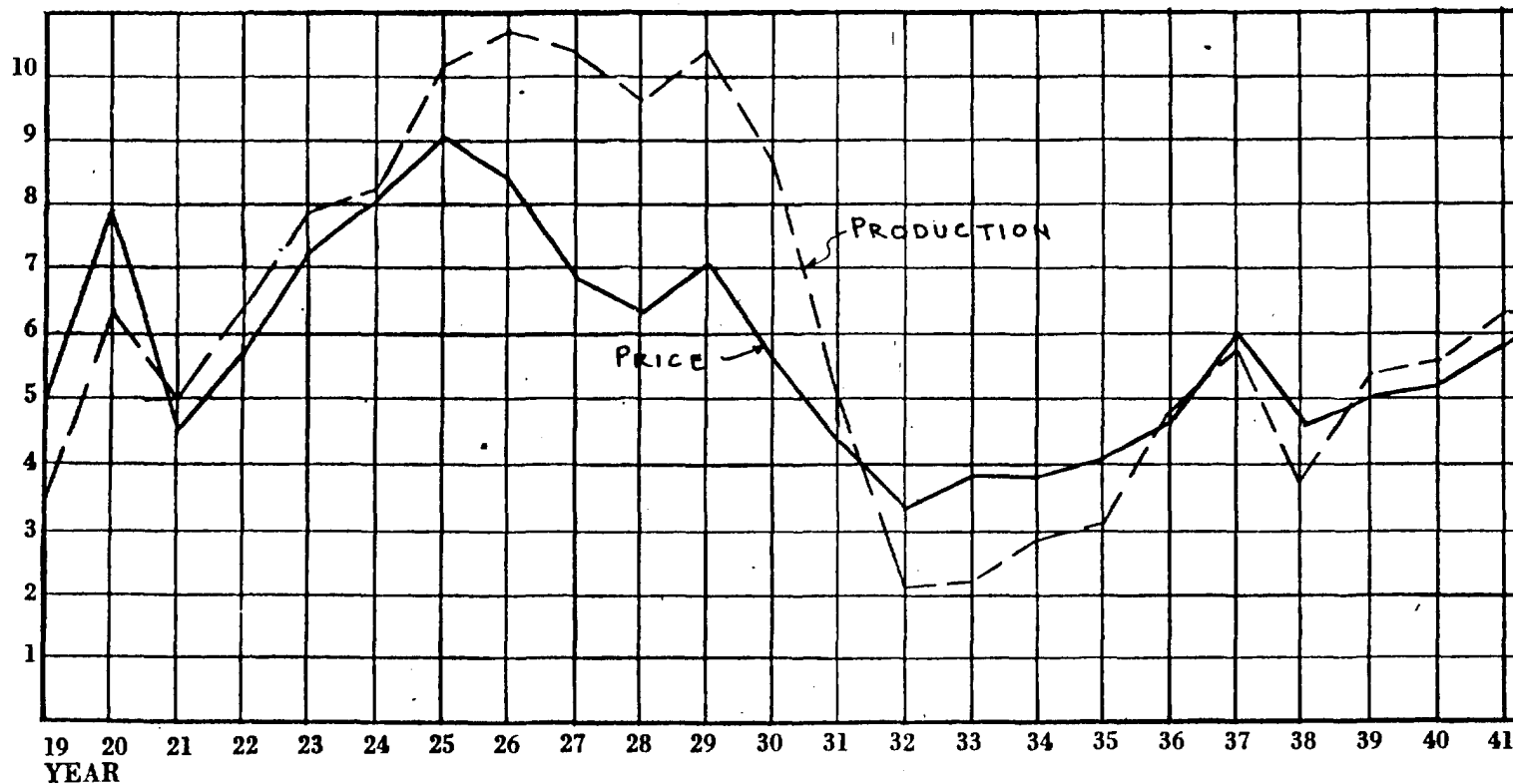
(e) Ammunition — Similarly, an increased cost of lead would mean a minor increase in the cost of cartridges and shot gun shells.

(f) Solder, Bearing Metals, Type Metals and Other Lead Alloys — These lead products are generally found as component parts of other articles and used in comparatively small amounts. For example, about 15 lb. of lead is used in the form of solder and bearing metals in the average automobile. An increased cost of even a few cents per lb. on lead would hardly be felt in the overall cost of the finished product.

(g) Miscellaneous — There are some important uses of lead such as collapsible tubes and foil, where lead is doing part of the job formerly done by tin. Even here an increased price of lead would be unimportant compared with the much higher price of tin.

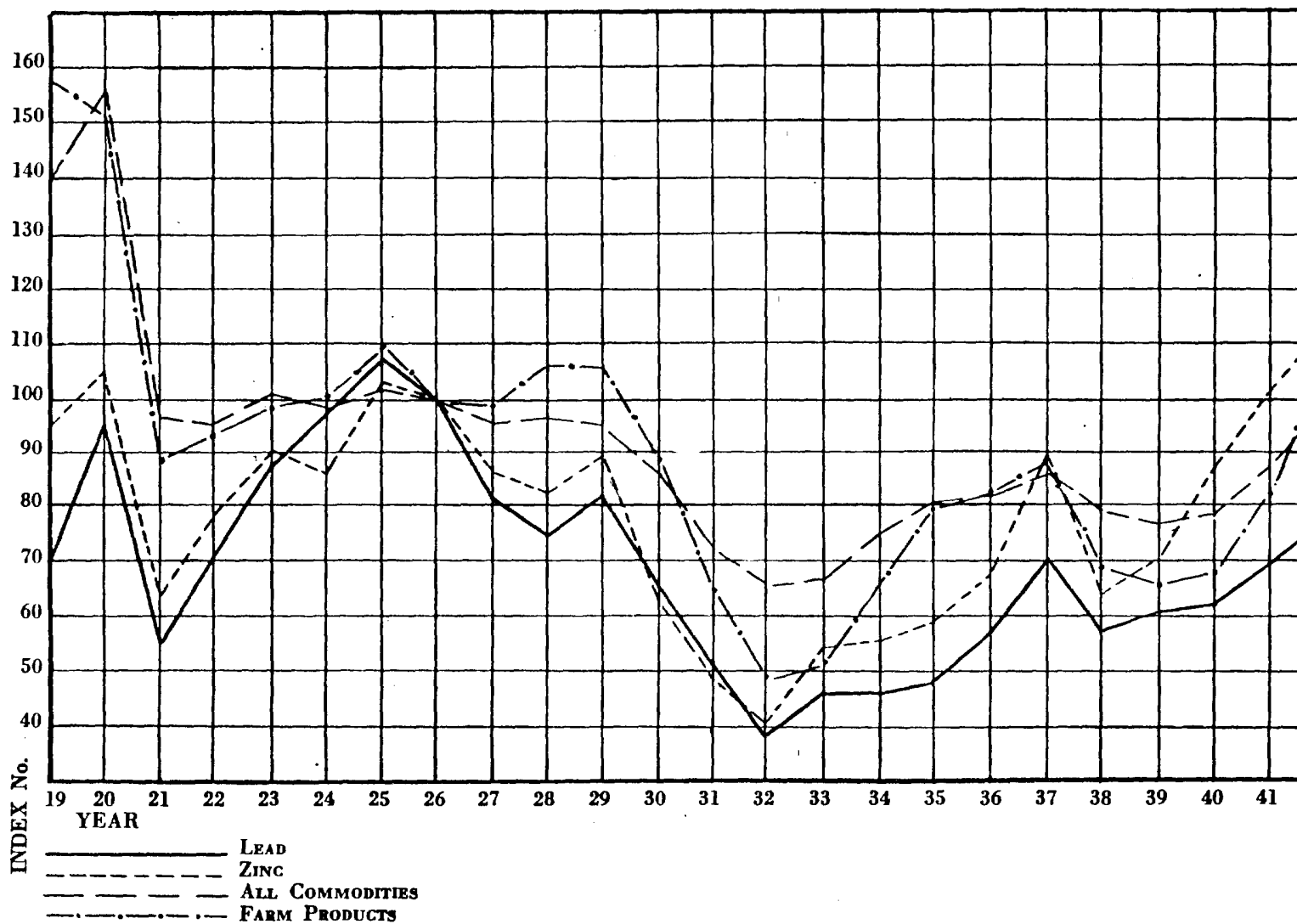
Our conclusion, therefore, is that an increase of 1.65c per lb. or even 2c, 3c or 4c more in the price of lead would not be burdensome on consumers. The McFarland Amendment therefore would have no adverse effect on the user of lead in manufactures. In fact, a large number of manufacturers in the Lead Industries Association and many nonmember users are strongly of that opinion.

PRICE
CENTS PER POUND



RELATION OF PRICE OF LEAD
TO DOMESTIC LEAD PRODUCTION

11A00334



INDEX OF COMPARATIVE PRICES
OF LEAD AND OTHER COMMODITIES
1926 = 100