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GOVERNMENT CONTROLS ON LEAD AND ALLIED METALS*

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It was a pleasure to accept the invitation of your Secretary to talk informally to the members of the Lead Industries Association about the activities of the National Production Authority. I was primarily pleased because of the opportunity it affords me to be among old friends again. But being able to get away from Washington, if only for a day, was also an attractive aspect of the invitation. As a matter of fact, I think it might be a good idea if all NPA officials who are responsible for turning out orders and directives were required to spend a fairly substantial part of their time with the people whose business lives they are attempting to regulate.

When your Secretary invited me to speak to the Association on NPA controls, I suppose he was under the impression that for anyone with ten years experience in Washington this would be an easy topic to handle. It is true that my experience in Washington dates back to 1940 and the days of the Advisory Commission to the Council of National Defense. Not only did I survive the successive reorganizations of that organization (Office of Production Management, Supply Priorities and Allocations Board, War Production Board) but I lived through the throes of reconversion with the Civilian Production Administration. Moreover, I have been with the National Production Authority since its inception. With this background your Secretary had every right to believe that he had lined up someone with more than a bowing acquaintance with control orders and regulations. In organizing my thoughts for the talk, however, I find that the topic is not as easy to handle as one might imagine. At any rate, as a representative of the National Production Authority I am glad to have an opportunity to say a few words on the objectives and purposes of NPA as I am sure that many of you are bewildered by the flood of orders, directives and regulations that are currently flowing out of Washington.

Most of you, I am sure, are reasonably familiar with the duties delegated to the National Production Authority by the Defense Production Act of 1950, but it might be helpful to review those responsibilities briefly. The Administrator is required to take the necessary steps to (1) insure that government requirements for materials and facilities are met on schedule; (2) insure that, after defense needs are met, the remaining supply of critical materials and products is distributed equitably for non-defense uses; and (3) develop and promote measures for the expansion of productive capacity and of

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increasing production and supply of materials and facilities necessary to the national defense and for maintaining a strong economy.

In many respects the job that has been assigned to NPA is much more difficult than that which was undertaken by the Advisory Commission to the Council of National Defense in the summer of 1940. There is a decisive difference between the limited objectives of our present defense program and all-out war. With this distinction in mind I think it is fair to say that the primary concern of the top mobilization authorities over the past several months has been to meet the military requirements fully and on schedule without disturbing the civilian economy. It is only recently that it has been recognized that this was asking of our economy considerably more than it is capable of yielding. Consequently, I must reluctantly report to you that the controls so far placed on industry have been little more than curtain-raisers. In the months to come, material scarcities will become increasingly acute and, as a result, our responsibility for controlling the distribution and use of the scarce materials cannot be avoided.

In the Tin, Lead and Zinc Division our approach to controls has been guided by the over-all policy of NPA. We do not like controls any better than you do and restrictive orders have been issued only after the need has been demonstrated convincingly.

The action we have taken with respect to lead is fairly typical. With lead in good supply throughout 1950, the Division resisted the efforts that were made to place lead under control in the first flurry of the mobilization program. Indeed, it was not until after the beginning of the current year when it became apparent that the lead supply for 1951 would fall sharply below the level of the previous year because of decreased imports that action was taken. Against requirements of not less than 1,210,000 tons for 1951, there appeared to be a distinct possibility that the supply would not exceed 1,050,000 tons, approximately 23 percent less than in 1950.

Our original lead order (M-38) provided for the mildest form of controls; limiting consumers' and dealers' inventories to a 60-day supply. It also called for the submission of monthly reports of stocks and consumption which will enable the Division to keep in close touch with current developments in the industry. An amendment to the original lead order was issued on April 3rd which limited consumers of lead to 100 percent of their rate of use during the first six months of 1950, a period when consumption was considerably lower than the rate prevailing in the first quarter of 1951. This amendment was found necessary not only because imports of lead were reduced sharply after the first of the year due to the reimposition of the import duty and the consequent greater disparity between the domestic and foreign price of lead but also in order to curb the use of lead as a substitute for other materials in critically short supply. The amendment also provided that refiners and dealers were required to accept rated orders for up to 20 percent of their available supply and reduced the permitted inventories from 60 to 30 days supply. A further amendment to the lead order should be issued within the next few days which will provide for a contingency reserve of 5 percent of each refiners monthly production that will be available to the Tin, Lead and Zinc Division for meeting emergency demands.

Concurrent with the issuance of the lead order a companion order was issued on antimony (M-39). Like the lead order, the antimony order placed a 60-day limit on inventories and provided for the submission of monthly reports in order for the Division to keep abreast with current developments. Despite our rather precarious supply position, the supply of antimony currently appears to be reasonably well articulated with demand and no further action is contemplated at present. With a view to insuring a continuing larger supply of antimony, however, the Division is supporting a policy providing for long-term import contracts with our principal foreign suppliers.

To date the most drastic limitation order that has been issued by the Tin, Lead and Zinc Division is M-48 which controls bismuth. Largely as a result of the retooling of the aircraft industry, shipments against rated orders were accounting for approximately three-fourths of the available supply as early as November 1950. Consequently, consumers without rated orders were able to obtain only a small fraction of their requirements. Order M-48 provides that bismuth metal and alloys can be used only for specified purposes. The order also provides that bismuth producers are required to accept rated orders for up to 50 percent of their scheduled monthly production and establishes a contingency reserve of 20 percent of output of each producer that can be drawn upon only with the specific authority of NPA. The order appears to have corrected the situation that developed in the latter part of last year and, unless military requirements are revised upward, no further action is anticipated.

As a result of the defense effort, tin has again become one of the most critical of the strategic metals. In order to make tin available for defense needs, we issued our first tin-control order (M-8) on November 13, 1950. Under this order, inventories were limited to a 60-day supply and all important consumers of tin were required to report their stocks and consumption. A month later the order was amended which limited all consumers to 100 percent of their average monthly consumption in the first half of 1950 in January 1951 and to 80 percent in the two succeeding months. In addition, NPA orders have been issued that restrict the use of tin to essential purposes and prohibit its use in such items as jewelry, ornaments, advertising displays and other non-essential items. Effective May 1, moreover, all domestic users of pig tin were placed under allocation control and the Reconstruction Finance corporation was designated as the sole importers of tin.

I believe that sums up our activities as far as lead and allied metals are concerned. I shall be glad to answer any questions concerning the orders that we have issued if there are any. Of course, I cannot predict the future, but I can assure you that in any further controls that are imposed we shall closely adhere to the directive of the Defense Production Act by consulting with industry representatives whenever feasible. I also want to take this opportunity to thank you for the generous cooperation you have given the Tin, Lead and Zinc Division during the trying period the past several months.