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STORAGE BATTERIES

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In presenting the position of the automotive battery industry, it is ~~necessary that we consider certain statistical facts that are ordinarily very~~ boring, but are necessary for a full understanding of our problem.

As a foundation, let us consider the following:

Registration of privately and publicly owned vehicles exclusive of military.

1944	30,479,306
1945	31,035,420
1946	34,373,002
1947	37,841,498
1948	41,137,018
1949	44,670,588
1950	45,500,000 Est.

Factory Sales Passenger cars, trucks and busses (includes Military)

1944	738,134
1945	725,215
1946	3,089,550
1947	4,797,922
1948	5,285,425
1949	6,253,602
1950	8,003,033

Replacement Battery Sales.

1944	19,115,000
1945	17,560,000
1946	17,522,000
1947	24,441,000
1948	23,725,000
1949	18,343,000
1950	23,128,000

Total Automotive Battery Sales Original Equipment and Replacement -

1944	19,853,134
1945	18,285,215
1946	20,611,550
1947	29,238,922
1948	29,010,425
1949	24,595,602
1950	31,131,033

The average rates of re-registered cars to replacement batteries during the period 1944 to 1950 inclusive was 1.64.

During the same period there was an average of 1,581,430 vehicles ~~scrapped annually~~.

On the basis of 1950 registrations (exclusive of military vehicles) there will be in 1951 a replacement battery requirement of (45,500,000-1,581,430) - 1.64 = 26,780,000.

Assuming a production of new vehicles at 70% of the 1950 rate there will be a requirement of 8,003,033 x .70 = 5,602,123.

There will then be required a total of 32,382,123 automotive batteries in 1951.

A ton of lead is sufficient on the average for 90 automotive batteries, so there will be required 359,800 tons of lead for automotive batteries only. This is exclusive of requirements for industrial and military batteries.

Of the total factory sales of vehicles in 1950 approximately 3,750,000 were sold in the first six months. Requiring an equal number of batteries.

Of the total replacement sales of batteries in 1950, 7,589,000 were in the first six months and 15,539,000 in the last six months.

There was therefore a total of 11,339,000 automotive batteries sold in the first six months of 1950 and 19,792,033 in the second half.

The present lead order permits the use of the average for the first six months of 1950 which is equivalent to 1,869,833 a month for replacement and original equipment batteries.

The total permissible production for replacement and original equipment will therefore be approximately 22,678,000 batteries during 1951. This is an indicated shortage of 9,704,000 batteries for the year.

When this situation is discussed with various Governmental agencies, and some suppliers, the stock answer seems to be "where are you going to get the lead?"

My considered answer to the Governmental agencies is - the only possible justification for Government controls over the distribution of materials is to see that essential activities are properly supplied.

My answer to the producers and suppliers is - the battery industry is your customer. Your largest customer. You are producers and suppliers, and if the Government determines that our operations are essential you should fight for removal of any restrictions that prevents the lead industry from fulfilling its obligation, even though this might temporarily mean subjugation of self interest to the requirements of the general economy.

It seems to me therefore that instead of asking "where are you going to get the lead?" These should be asked two very pertinent questions:

1. Is this particular requirement necessary?

2. If so, what can we do to supply that requirement?

In the limited time available we will attempt to answer these questions in part.

1. Is this particular requirement necessary?

In considering this question it should first be realized that the requirement for maintaining our transportation system is based upon statistical facts.

You might then well ask, is it necessary to maintain our transportation system at a high level?

There have been many surveys made to determine this question by the U. S. Bureau of Public Roads, various state highway departments, the Automobile Manufacturers Association and others. Their data have always proven that there would be a very serious dislocation in our economy if our transportation system was in any way curtailed.

In substantiation of these findings we might well quote the statements of two high ranking Government officials during World War II.

Mr. William F. Jeffers, U. S. Rubber Director, War Production Board said: "Perhaps the greatest lesson of this war is that which is being taught the average citizen; namely, that the domestic economy of this country depends upon transportation, not only the transportation that is afforded by the railroads, airplanes, busses and trucks, but also the individual transportation which each family has in its automobile."

"This country cannot be taken off rubber and avoid a domestic collapse."

"It cannot be denied that this country moves on rubber, and it is a military necessity to keep the country's transportation system alive."

In like manner Mr. Leon Henderson, in a statement before a Senate committee, January 5, 1943, had this to say: "The reliance on the automobiles or rubberborne transportation is considerably more than even the loftiest statements made by the industries connected with the making of automobiles and tires, and of the various associations like the great A. A. A. and their state organizations. In other words, what might seem to have been a matter of trade booming as to the importance of automobiles by interested trade associations or businesses was a considerable understatement, as we have come to know."

From the above statements it is evident that the Government recognized that question number one required a positive answer during World War II. It is no less necessary today. In fact it is more critical because of the movement of workers to suburbs and rural areas.

We then come to question number two. What can we do to supply that requirement?

I do not pretend to be a lead expert. Some of you in this room are supposed to be. Even though we cannot all be lead experts we are all business men and can express our opinions from that angle.

When we attempt to answer question number two we must consider what can be done by the Government and the producers.

Let us discuss first what we feel the Government can do.

1. They can quit playing house.

It has not been so long since World War II and we are all familiar with the long period of time it took to straighten out the early mistakes and eventually get workable orders.

It would seem that the Government agencies should have profited by the mistakes made previously. But it is apparent that they have not. Because the same ones are being made again.

Let us take lead order M-38 as an example. So far as it affects the storage battery industry there could have been no more discriminatory and unfair order issued if they had deliberately attempted to accomplish that result.

They completely ignored the fact that automotive batteries are a seasonal product and placed them under the same restrictions as other lead users who do not have a seasonal characteristic. Only one-third of replacement battery requirements are produced in the first six months. The base period.

This same mistake was made in the original order issued during World War II.

Section five of this order permits the average monthly use of lead during the first six months of 1950, regardless of whether that lead was used for the manufacture of batteries for civilian use, the Government or for any other category now covered by rated orders. Realizing that during the base period rated orders were not necessary it should be perfectly obvious that the lead used at that time for the production of products now requiring rated orders can be used for civilian use. The lead would still be used for the manufacture of storage batteries. It is difficult to see how an order of this nature can be equitable to all manufacturers.

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2. The Congress should immediately remove the import tax on lead for the emergency.

There is now before the Committee on Ways and Means a bill known as H.R. 3621 that would repeal such duty until March 31, 1953.

This bill should receive the active support of all Government agencies interested in the improvement of the domestic lead situation.

3. Because of the inflated world price of lead at the present time the Government should purchase foreign lead and resell it to producers at a fair domestic price.

What that price should be I am not prepared to say. It should be at a level which would permit local producers, processors and consumers to feel that they were being treated equitably; but the primary purpose should be to procure the necessary materials to prevent a breakdown in an essential industry.

We now come to the question of what the producers can do.

They can make more of an effort to cooperate with their customers in an attempt to solve the immediate problem; which is a serious shortage of lead which they are unable to supply.

In order to accomplish this they should discontinue their unrealistic opposition to the requirements of their customers. To us customers are important, and their interests cannot be divorced from ours.

As an example I should like to give concrete evidence of that opposition, but I should like to say at this point we do not expect all segments of the industry to agree with us, and we have no hope that we shall be in a position to agree with all others. There are however ways of resolving our differences and I am sure we can arrive at a common denominator in the fact that every one of us is interested in the continued success and importance of lead in our industrial economy.

The example referred to can be found in Vol. 97, No. 94 of The Congressional Record dated April 25, 1951, and covering legislative day of April 17, 1951.

In that record a congressman, who seems to throw a lot of snowballs, introduced a letter from an officer of one of the largest producers in the country. You can refer to the record for the complete letter, but excerpts are; "Many thanks for your kind letter of April 6th ———" our ——— ——— committee was shocked to discover that Congressman Mills of Arkansas had introduced a bill in The House of Representatives on April 10th for a complete suspension of the import duties on lead." Our ——— ——— committee has wired the Ways and Means Committee requesting a hearing, for we are going to oppose the bill with all the resources at our command."

"I believe the bill is being sponsored by some storage battery manufacturers, who are unwilling to pay the world market price for lead, which is now three cents above our own low ceilings, when they are unable to absorb the increase in the sales price of their own storage batteries."

"There is no reason why they should try to get out of their predicament by taking it out of the hide of the mining industry."

"In the event that we should be so unfortunate as to see the House ill-advisedly put lead on the free list, I do hope our friends in the Senate will leave no stone unturned to oppose the move."

It is unfortunate that we do not have time at this meeting to debate such statements as are contained in the above excerpts, but it does at least indicate the unnecessary cleavage in our industry. A committee cannot be representative unless they represent all segments of an industry. The battery manufacturers do not have that representation.

It is our belief that producers have lost sight of the fact that what is now called an import tax was originally referred to as a protective tariff, and the purpose of that tariff was to protect our labor and industry.

Since producers cannot hope to meet the domestic requirements for lead and the world price is at an all time high, I should like to ask two pertinent questions as to who needs that protection?

1. Labor in the mining of lead or in the production of lead products?

2. The mining industry because of foreign competition or the lead processing industry because of insufficient lead?

We in the battery industry are not greatly concerned about the price of lead, and in spite of the inference contained in the letter injected into the Congressional Record, we are not trying to get an advantage for our industry.

We are not greatly concerned whether lead sells for 12¢, 17¢ or 22¢. What we do want is sufficient lead.

There seem to be fundamental differences in our respective problems, but I believe they can all be resolved by thorough discussion. And a mutual realization that we should be working together for the accomplishment of what we all realize is so necessary at this time.

I recommend to this Association that their activities reflect what their name implies, and that all segments of the lead industry be considered when determining policy.

The purpose of this paper is not to criticise, but to offer what we hope to be some suggestions that will benefit all of those connected with the lead industry.