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LEAD INDUSTRIES ASSOCIATION

420 LEXINGTON AVENUE

NEW YORK 17, N. Y.

May 28, 1948

To Members of the Lead Industries Association:

SUBJECT: ADDRESS BEFORE THE IDAHO MINING ASSOCIATION ON "LEAD"

Attached please find copy of an address to be delivered by your secretary at the Convention of the Idaho Mining Association in Sun Valley, Idaho, on May 31, 1948, on "Lead."

Very truly yours,

Robert L. Ziegfeld

Secretary

For release
June 1, 1948

Lead Industries Association
420 Lexington Avenue
New York 17, N. Y.

LEAD

By Robert Lindley Ziegfeld
Secretary, Lead Industries Association
New York City

Address before Idaho Mining Association
Sun Valley, Idaho, May 31, 1948

I was particularly gratified to receive an invitation from your good secretary, Hary Marsh, to talk with you for a few minutes about the lead situation. I say "particularly" not only because I enjoy being here and being with you, but because Idaho has been probably the brightest spot in the lead picture for many months.

As you all doubtless know, there is a decided shortage of lead both in this country and in the world. There appears little likelihood that this shortage will be completely relieved so long as the current business boom lasts.

True, there are some developments which may alleviate it to some extent. These include gradually increasing mine production in this country and abroad, improved labor supply, recent settlement of the strikes in Mexico, and lessened demand as pent-up requirements are filled. On the other hand, there are factors which may tend to operate in the opposite direction. Possible strikes, lower production from scrap, demands of the European recovery program and rearmament program might be listed among them.

Let's take a detailed look at the present situation. Consumption during the first quarter of the year averaged about 98,000 tons a month. This compares with last year's average of about 100,000 tons a month. In neither case was demand fully satisfied, probably less so this year than last.

Now what has been available to supply this lead? The mines of the United States have produced on the average about 34,000 tons a month since the first of the year. That is on the increase and I want to talk more about it later. No figures are available on production from scrap later than February of this year. About 40,000 tons a month was the figure for the first two months, and I think we can assume that that figure or close to it would be the average for the first quarter.

Imports in the same period averaged a little over 22,000 tons a month, somewhat better than last year's average. These three supply sources add up to between 96,000 and 97,000 tons of lead a month, the difference between that figure and the 98,000 ton consumption figure being accounted for largely by a small drop in refinery stocks of pig lead.

That, briefly, was the statistical picture as of April 1, 1948. Since then the American consumer has been hit by strikes in Mexico which accounted for the loss of many thousands of tons in April and May. Also hanging over his head is the Government desire to stockpile.

It is no wonder that so long as demands on lead manufacturers remain so heavy, he eyes every source of metal eagerly. He can hardly expect more from the secondary market because last year's high prices cleaned up stocks, and secondary dealers and smelters now have to depend largely on scrap that is currently generated. That probably would be between 35,000 and 40,000 tons a month. Refiners stocks are so low that little, if any, more can be drawn from them.

That leaves domestic mines and imports as the hope of your ultimate customers, the lead manufacturers. While domestic mine production does not equal the high of a few years ago, it has been constantly increasing since the 332,000 ton low of 1946. In 1947 it was 375,000 tons and this year is making a strong bid to hit 425,000 tons, barring unforeseen interruptions.

It is particularly encouraging that the lead mining industry has shown the strength and initiative to go forward under its own steam without dependence on Government assistance. Practically every section of the country produced lead at a higher rate in the first quarter of 1948 than it did in 1947 with the result that in March the daily rate of production was higher than for any month since August, 1944. The April rate was still higher. Even districts predominantly dependent upon other metals are continuing to produce lead at a rate at least equal to last year's.

As I said before, Idaho has been a bright spot in this picture. Idaho's daily rate for the first three months of this year exceeded last year by 22 per cent. This compares with an increase of 11 per cent for the country as a whole. It is a record to be proud of and one that indicates a bright future for the mining industry of Idaho.

Despite this fine record of United States lead mines there are still hampering influences. You are working under the handicap of a still short labor supply. Nearly 10 per cent more men could be used immediately in the lead mines of this country.

Then, too, certain taxes are an unfair burden on the mining industry. They retard the search for new mines or new orebodies and restrain the investment of risk capital in mining ventures. Canada's tax laws are much more conducive to exploration and development of new mines. Even some of our own laws are more favorable to other raw material producers than to metal mines.

Some steps have already been taken to alleviate this situation but there is much more than can and will be done. I hope that all metal and mining associations will work together toward a constructive program of mine taxation that will be fair to the miner and provide the country with the strongest and healthiest mining industry. I am sure that the Lead Industries Association will do more than merely lend its support to such a constructive effort and that, as a matter of fact, it already is.

Now the one other source of lead for American consumers is imported metal. There is a world shortage of lead so that we here must compete with other countries for the foreign supply. A Europe with more dollar exchange will be better able to compete in the world market.

As you all doubtless know, a bill has passed the House of Representatives and gone to the Senate which would temporarily suspend the import duty on lead ore and pig lead until June 30, 1949. Proponents of this legislation hope that it will result in some increase in imports to help meet the demand of American consumers. I don't believe that any of the proponents would favor such legislation when there is a more normal balance between supply and demand, as the first need of American consumers is a healthy domestic mining industry based on traditional protection. But regardless of the outcome of that legislation, now that the Mexican strikes have been settled, consumers can look forward to a better supply of imported lead in another month or so.

From the foregoing it is obvious that the lead mining industry of the United States has not let consumers down. It has increased production against heavy odds. But miners, too, must recognize the consumer's plight - a demand that they are unable to meet with the supplies at hand.

Some lines of consumption have already shown some slackening, but there are others that are hungry for whatever lead those lines don't need. Up to two months ago the storage battery industry had been consuming lead at an unheard of rate. Now that rate of consumption has fallen way off but the cable industry and others are stepping in to take more lead.

It has been feared that the high price of lead would cause a substantial amount of substitution of other materials and that your markets might thus be permanently endangered. That has not yet occurred to any great extent although there is considerable resistance in some lines. The reasons perhaps are that the substitute materials in many instances are also scarce and that other prices are also high. That possibility must always be kept in mind, however.

Briefly, the situation today is that the time of balanced lead production and consumption is not yet in sight. The mining industry must do and is doing its utmost to increase production to preserve its markets. And consumers, who at the moment are faced with difficult problems of satisfying their needs, should realize that that situation will not exist permanently and that the mining industry is successfully expanding its production and through its own efforts and with its own money is adding to its reserves, as Idaho so vividly illustrates.