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DISPOSAL OF ZINC, LEAD, AND COPPER FROM THE NATIONAL STOCKPILE

GOVERNMENT
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HEARING BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON ARMED SERVICES UNITED STATES SENATE EIGHTY-NINTH CONGRESS

FIRST SESSION

ON

H.R. 1496 (S. 437)

AUTHORIZING THE DISPOSAL, WITHOUT REGARD TO THE PRESCRIBED 6-MONTH WAITING PERIOD, OF ZINC FROM THE NATIONAL STOCKPILE AND SUPPLEMENTAL STOCKPILE

H.R. 1658 (S. 1041)

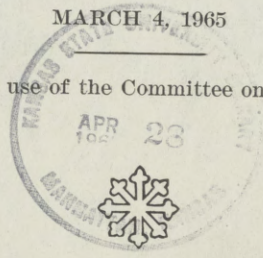
AUTHORIZING THE DISPOSAL, WITHOUT REGARD TO THE PRESCRIBED 6-MONTH WAITING PERIOD, OF LEAD FROM THE NATIONAL STOCKPILE AND SUPPLEMENTAL STOCKPILE

S. 296

AUTHORIZING THE TEMPORARY RELEASE OF 100,000 SHORT TONS OF COPPER FROM THE NATIONAL STOCKPILE

MARCH 4, 1965

Printed for the use of the Committee on Armed Services



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1965

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DISPOSAL OF ZINC LEAD AND COPPER FROM THE
NATIONAL STOCKPILE

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CONTENTS

Statements:

| | Page |
|--|--------|
| American antiknock fluid industries (representing E. I. du Pont de Nemours & Co., Ethyl Corp., and Houston Chemical Corp.)----- | 46 |
| American Mining Congress (J. Allen Overton, Jr., executive vice president)----- | 47 |
| Arizona Copper Tariff Board (at request of Senator Carl Hayden)--- | 48 |
| Belsley, G. Lyle, Director, Economic Affairs, Office of Emergency Planning----- | 8 |
| Byrd, Hon. Robert C., U.S. Senator from West Virginia----- | 27 |
| Connell, Maurice J., Commissioner of Defense Materials Service, General Services Administration----- | 11 |
| Copper & Brass Fabricators Emergency Committee (Theodore E. Veltfort, secretary)----- | 49 |
| E. I. du Pont de Nemours & Co.----- | 46 |
| Ellington, Buford, Director, Office of Emergency Planning----- | 4 |
| Ethyl Corp.----- | 46 |
| Evans Lead Corp. (Fred Leake, president)----- | 28, 33 |
| General Services Administration----- | 11 |
| Houston Chemical Corp.----- | 46 |
| International Union of Mine, Mill & Smelter Workers (Alfred J. Petit-Clair, executive board member)----- | 20 |
| Mansfield, Hon. Mike, U.S. Senator from Montana----- | 33 |
| Metcalf, Hon. Lee, U.S. Senator from Montana----- | 38 |
| Moss, Hon. Frank E., U.S. Senator from Utah----- | 45 |
| Office of Emergency Planning----- | 8 |
| Powhatan Brass & Iron Works----- | 32 |
| Ribicoff, Hon. Abraham, U.S. Senator from Connecticut----- | 45 |
| Rolled Zinc Manufacturers Association (James E. Mack, managing secretary and general counsel)----- | 50 |
| United Automobile Workers Copper & Brass Council (Charles H. Kerrigan, director)----- | 50 |
| Telegrams: | |
| Bridgeport Rolling Mills Co.----- | 52 |
| Brotherhood of Painters, Decorators & Paperhangers of America----- | 52 |
| Chase Brass & Copper Co.----- | 52 |
| Olin Mathieson Chemical Co.----- | 52 |
| Phelps Dodge Copper Products Corp. (received from Fort Wayne, Ind.; Yonkers N.Y.; Dayton, N.J.; Princeton, N.J., and Elizabeth, N.J.)----- | 53 |
| Scoville Manufacturing Co.----- | 54 |
| Wolverine Tube----- | 55 |

CONTENTS

Introduction 1

Chapter I 10

Chapter II 20

Chapter III 30

Chapter IV 40

Chapter V 50

Chapter VI 60

Chapter VII 70

Chapter VIII 80

Chapter IX 90

Chapter X 100

Chapter XI 110

Chapter XII 120

Chapter XIII 130

Chapter XIV 140

Chapter XV 150

Chapter XVI 160

Chapter XVII 170

Chapter XVIII 180

Chapter XIX 190

Chapter XX 200

Chapter XXI 210

Chapter XXII 220

Chapter XXIII 230

Chapter XXIV 240

Chapter XXV 250

Chapter XXVI 260

Chapter XXVII 270

Chapter XXVIII 280

Chapter XXIX 290

Chapter XXX 300

DISPOSAL OF LEAD, ZINC, AND COPPER FROM THE NATIONAL STOCKPILE

H.R. 1496 (S. 437)—To Authorize the Disposal, Without
Regard to the Prescribed 6-Month Waiting Period, of Zinc
From the National Stockpile and the Supplemental Stockpile

H.R. 1658 (S. 1041)—To Authorize the Disposal, Without
Regard to the Prescribed 6-Month Waiting Period, of Lead
From the National Stockpile and the Supplemental Stockpile

S. 296—To Authorize the Temporary Release of 100,000 Short
Tons of Copper From the National Stockpile

THURSDAY, MARCH 4, 1965

U.S. SENATE,
SUBCOMMITTEE ON THE NATIONAL STOCKPILE,
AND NAVAL PETROLEUM RESERVES OF THE
COMMITTEE ON ARMED SERVICES,
Washington, D.C.

Present: Senators Symington (chairman), Cannon, Young of Ohio,
Inouye, and Miller.

Also present: Senator Byrd of West Virginia; William H. Darden,
professional staff member of the Senate Armed Services Committee;
H. S. Atkinson, assistant chief clerk, Senate Armed Services Com-
mittee; James J. Gehrig, legislative assistant to Senator Syming-
ton; John Hayward, legislative assistant to Senator Cannon; Jerry
Friedheim, special assistant to Senator Tower.

The subcommittee (composed of Senators Symington, chairman;
Cannon, Young of Ohio, Inouye, Miller, and Tower) met, pursuant
to notice, in room 212, Old Senate Office Building, at 9:30 a.m.

Senator SYMINGTON. We will call to order this meeting of the
Subcommittee on National Stockpile and Naval Petroleum Reserves.

In compliance with many requests from Members of the Senate and
from the public, this meeting of the Subcommittee on the National
Stockpile has been scheduled to consider legislation authorizing the
disposal of lead, zinc, and copper from the national stockpile or the
supplemental stockpile, or from both.

Earlier this year the Senate approved S. 28, and if this bill becomes
law it will be unnecessary for the Congress to take affirmative action
before the disposal of surplus materials owned by the Government
can be accomplished. Apparently time is of the essence in connec-
tion with the release of lead, zinc, and copper, and the urgency of

the demand for these materials may justify specific action on authority for the release of surplus quantities of them before action on the general stockpiling legislation can be finished.

The bills before the subcommittee are:

(1) S. 437, which was introduced by Senator Dodd, would authorize the disposal of 150,000 tons of zinc, and is similar to—

(2) H.R. 1496, which would authorize the disposal of 150,000 tons of zinc, and the intragovernmental use of an additional 50,000 short tons of zinc.

(H.R. 1496 follows:)

[H.R. 1496, 89th Cong., 1st sess.]

AN ACT To authorize the disposal, without regard to the prescribed six-month waiting period, of zinc from the national stockpile and the supplemental stockpile

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of General Services is hereby authorized to dispose of, by negotiation or otherwise, approximately one hundred and fifty thousand short tons of zinc now held in the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h) and the supplemental stockpile established pursuant to section 104(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(b)). Such disposition may be made without regard to the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act: *Provided*, That the time and method of disposition shall be fixed with due regard to the protection of the United States against avoidable loss and the protection of producers, processors, and consumers against available disruption of their usual markets.

SEC. 2. The Administrator is also authorized, without regard to the provisions of the Strategic and Critical Materials Stock Piling Act, to make available an additional fifty thousand short tons of zinc now held in the national and supplemental stockpiles for direct use by agencies of the United States Government.

Passed the House of Representatives February 23, 1965.

Attest:

RALPH R. ROBERTS, *Clerk.*

(3) S. 1041, which was introduced by our committee colleague, Senator Byrd of West Virginia, who has been extremely anxious to have some lead and zinc obtained by industry, would authorize the disposal of 150,000 short tons of lead, and is similar to—

(4) H.R. 1658, which would authorize the disposal of 150,000 short tons of lead and the intragovernmental use of an additional 50,000 tons of lead.

(H.R. 1658 follows:)

[H.R. 1658, 89th Cong., 1st sess.]

AN ACT To authorize the disposal, without regard to the prescribed six-month waiting period, of lead from the national stockpile and the supplemental stockpile

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of General Services is hereby authorized to dispose of, by negotiation or otherwise, approximately one hundred and fifty thousand short tons of lead now held in the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h) and the supplemental stockpile established pursuant to section 104(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(b)). Such disposition may be made without regard to the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act: *Provided*, That the time and method of disposition shall be fixed with due regard to the protection of the United States against avoidable

loss and the protection of producers, processors, and consumers against avoidable disruption of their usual markets.

SEC. 2. The Administrator is also authorized, without regard to the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act, to make available an additional fifty thousand short tons of lead now held in the national and supplemental stockpiles for direct use by agencies of the United States Government.

Passed the House of Representatives February 23, 1965.

Attest:

RALPH R. ROBERTS, *Clerk.*

(5) S. 296, which was introduced by Senator Mansfield for himself and Senator Metcalf, Senator Bayh, Senator Bible, Senator Dodd, Senator Fannin, Senator Hartke, Senator Hayden, Senator Javits, Senator Lausche, Senator Montoya, Senator Morse, Senator Pell, Senator Ribicoff, and Senator Williams of New Jersey, would authorize the loan of 100,000 tons of copper, follows:

[S. 296, 89th Cong., 1st sess.]

A BILL To authorize the temporary release of one hundred thousand short tons of copper from the national stockpile

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in order to avoid serious economic dislocation and instability in the domestic market of copper, the Administrator of General Services is authorized, notwithstanding any limitation or requirement in the Strategic and Critical Materials Stock Piling Act with respect to the disposition of materials acquired thereunder, or in any other provision of law, to release not to exceed one hundred thousand short tons of copper now held in the national stockpile. The disposition herein authorized shall be made to domestic producers of copper under such rules and regulations as may be prescribed by the Director of the Office of Emergency Planning. One of the terms and conditions applicable to such disposition shall be that any producer receiving such copper shall agree to restore to the national stockpile an amount and grade of copper at least equivalent to that received (1) not later than one year after the receipt thereof, or (2), in the event of an emergency, as determined by the President, not later than sixty days after notice thereof.

The executive branch has reported favorably on the legislation authorizing the release of lead and zinc. The Chair understands that the views of the executive branch on the disposal of copper will be presented in the testimony today.

There appears to be a near unanimity of opinion concerning the release of lead, zinc, and copper. Many persons and organizations supporting these releases have indicated their willingness to testify in support of this legislation. The Chair hopes, however, that the persons and organizations favoring the disposal will be willing to insert their statements in the record. This arrangement will shorten our hearing and permit the subcommittee to act expeditiously.

The Director of the Office of Emergency Planning, the Hon. Buford Ellington, accompanied by Deputy Director Frank Dryden and Mr. Lyle Belsley and Mr. William N. Lawrence are present to give the views of OEP, and Mr. Maurice J. Connell, Commissioner of the Defense Materials Service of the General Services Administration, accompanied by Mr. John G. Harlan, Jr., Deputy Commissioner of the Defense Materials Service, are present to furnish the views of GSA.

Governor Ellington, we welcome you before the subcommittee. You may proceed with your statement.

STATEMENT OF HON. BUFORD ELLINGTON, DIRECTOR, OFFICE OF EMERGENCY PLANNING; ACCOMPANIED BY FRANKLIN B. DRYDEN, DEPUTY DIRECTOR; G. LYLE BELSLEY, DIRECTOR, ECONOMIC AFFAIRS OFFICE; AND WILLIAM N. LAWRENCE, CHIEF, STOCKPILE AND REQUIREMENTS DIVISION, OFFICE OF EMERGENCY PLANNING

Mr. ELLINGTON. Mr. Chairman and members of the committee, I am happy to appear on behalf of the Office of Emergency Planning this morning to testify on H.R. 1496 and H.R. 1658, as passed by the House of Representatives, and on S. 296.

The two House bills would respectively authorize the disposal by negotiation or otherwise of approximately 150,000 short tons of zinc and 150,000 short tons of lead now in the national and supplemental stockpiles. They would also authorize the making available of an additional 50,000 tons of zinc and 50,000 tons of lead, respectively, now held in those stockpiles for direct use of agencies of the U.S. Government. The Office of Emergency Planning favored these bills as passed by the House of Representatives, and we are in favor of their passage by the Senate.

The conventional war stockpile objectives for zinc and lead are zero. We now have about 1,505,234 short tons of zinc and about 1,338,130 short tons of lead in the national and supplemental stockpiles. At the present time, we have no information to indicate possible requirements for zinc and lead to meet the needs of nuclear war and reconstruction. We therefore have no information which would lead us to any conclusion other than to favor the enactment of these two bills.

With respect to the release of copper, the Office of Emergency Planning has kept close watch over recent developments in the nonferrous metals, particularly in copper, and has reviewed this situation with other Federal agencies and representatives of the copper producing and consuming industries. During recent months a number of suggestions have been made for disposing of copper from stockpile inventories to the private sector in order to meet the present situation in the copper market. There are a number of considerations regarding the proposed commercial release of copper to alleviate this situation.

While the outlook is for a continued general high level of economic activity throughout 1965, the copper supply situation is already being corrected in part by increased production. For example, the Business and Defense Services Administration of the Department of Commerce released a statement on December 3, 1964, indicating that the copper supply-demand situation in 1965 is expected to show a marked improvement over 1964 and should be in balance by midyear of 1965. We understand that one of the major producers whose normal domestic shipments had been reduced by 25 percent during the last quarter of 1964, resumed normal shipments to regular customers on January 1, 1965.

The Office of Emergency Planning has already taken special administrative steps to release copper from the Defense Production Act inventory for direct Government use, particularly to meet the needs of the U.S. mint. For example, in response to a request from the U.S. mint to meet its needs for coinage, we authorized, last October,

the release of 30,000 short tons of copper from the Defense Production Act inventory for intragovernmental sale to the mint. This brought to 50,000 tons the quantity of copper—which we believed we should not deny to the mint for coinage purposes—that was released from that inventory since May 1964. It also brought to 107,000 short tons the amount of copper authorized for release from that inventory for direct Government use since March 1960. Before this latter date, the Bureau of the Mint obtained most of its copper on the open market. It was believed that the recent release of copper for direct Government use would not only assist the mint but would also enable it to avoid acquisitions on the open market during this period.

In addition, the Office of Emergency Planning with the approval of the President, on December 16, 1964, authorized the commercial sale to copper consumers of 20,000 tons of copper from the Defense Production Act inventory on the basis of hardships or defense needs, certified by the Business and Defense Services Administration of the Department of Commerce. This action virtually depleted the copper in that inventory. With the exception of a little over 6,000 short tons remaining in the Defense Production Act inventory, any further releases must be from the national or supplemental stockpiles.

As of February 23, 1965, there were 1,027,027 short tons of copper in all Government inventories, exclusive of that portion of the Defense Production Act inventory that has already been authorized or committed for direct Government use or commercial sale. The present conventional war stockpile objective for copper is 775,000 short tons. Thus, there is an excess of approximately 250,000 short tons above the conventional war stockpile objective.

Because of the many complex and variable factors involved, studies on which an official and firm nuclear war stockpile objective for copper can be based may not be completed for some time. Preliminary estimates indicate that copper will be an extremely important material in the nuclear postattack period. This Office believes that the postattack demand for copper may be substantially larger than that required for conventional war, and that the nuclear war stockpile objective for this material may be higher than the total of present inventories. The general standards and criteria for developing nuclear war stockpile objectives are now under review and, as I have stated, we will have no firm or official figures for possibly 12 to 15 months.

Thus, the disposal of copper at this time could make it necessary to repurchase the equivalent of the released copper at some later time if the nuclear war stockpile objectives justify such action. S. 296 recognizes this problem, although in our opinion ineffectively, by providing for the loan of copper from the national stockpile, and its subsequent restoration after 1 year, and for the recall of the loaned copper within 60 days in the event of an emergency found to exist by the President.

The particular copper lending proposal contained in S. 296 would create a great number of administrative, equitable, and financial problems. I have already referred to some of these problems but there are others:

1. The copper which would be loaned is a substantial national asset. Its loan should provide interest income to the Government. To permit producers to sell the copper over the period of a year without such

interest payments could result in charges of windfall gains. Producers may protest paying interest and posting collateral if expected to distribute the copper to consumers at the producers' market price with no direct profit on the immediate transaction to cover these costs. The absence of such direct profits might be used to support such protest despite the facts that the later return of the copper would give the producers a normal profit on a sale at 34 cents a pound, and that the interest rate for the copper loan may be lower than that normally paid by industry for borrowed capital.

2. A large number of copper consumers in greatest need would not be helped by a loan distributed through producers unless the copper is released by producers to consumers under the allocation by the Business and Defense Services Administration—an extremely difficult and complicated administrative undertaking. Smaller fabricators (and some larger ones) do not have a satisfactory order position with major producers. They typically buy from dealers in small quantities and also "shop" for price advantage under normal market conditions. The problems involved in loaning stockpile copper to producers would be multiplied and magnified manyfold if such loans were made directly to the many copper consumers.

3. There are five major and several minor producers of refined copper in the United States, not including three secondary refineries. Equitable treatment for all of them would require that the copper be loaned in accordance with some formula—probably in proportion to their annual production.

4. If quoted prices (currently 34 cents per pound) for copper change downward during the term of the loan, the Government could be accused of providing the copper producers with a windfall.

5. The "callback" or restoration of the loan of copper within a 60-day period in the event of an emergency is not feasible. While this provision nods in recognition of the national security, it has no practical effect. The copper loaned to producers will soon be sold by them to consumers and will not be available for restoration to the stockpile. Other copper will have to be obtained, and it can be acquired in an emergency only under the most stringent conditions which would involve extreme control over producers and users of copper—controls that could have nothing but the most adverse effects upon both. The simple fact is that loaned copper could not be repaid at the time the materials would be most needed.

6. The proposed loan could create a precedent for lending other materials from the stockpile in any period of shortage. The national stockpile could then properly be considered, not just as a national security asset, but also as a threat hanging over the normal market operations, a danger long feared by the Congress. Such a threat could also weaken the reliance which has been placed on the stockpile for national defense purposes since provisions for restoration of the loaned material in the event of an emergency would have no practical effect.

If, therefore, a decision is reached by the Congress to authorize the disposal of up to 100,000 tons of copper from the national and supplemental stockpiles, we believe that S. 296 should be amended as follows: (1) Eliminate the words "not to exceed 100,000 short tons of copper now held in the national stockpile" in lines 9 and 10, on

page 1, and substitute the words "to dispose of, by negotiation or otherwise, from the national stockpile and supplemental stockpile, copper, brass, and bronze having a copper content not to exceed 100,000 short tons."; (2) beginning in line 11 of page 1 and continuing in line 1 on page 2, delete the words "to domestic producers of copper"; (3) on page 2 delete the period in line 3 and all of the material after the period in lines 3 through 9, and substitute the following: "and with due regard to the protection of producers, processors, and consumers against avoidable disruption of their usual markets."

These amendments would eliminate the undesirable loan provisions of S. 296 and the requirement that the disposal be made only "to domestic producers of copper." This would make it possible for sales to be made to consumers. As was done in the case of the 20,000 tons released from the Defense Production Act inventory by the Director of the Office of Emergency Planning on December 16, 1964, it is believed that the greatest good would be accomplished if the distribution could be made to meet certified hardship or defense needs. This certification would be made by the Business Defense Services Administration's Copper Division after a review of the applicant's inventory and order position. If any producer needed to improve its inventory position, it could be an applicant along with fabricating consumers.

The amendment regarding the copper contained in brass and bronze is essential. There are now (as of February 23, 1965) 1,027,027 short tons of copper of all types in all inventories, exclusive of the portion of the Defense Production Act inventory that has already been authorized or committed for direct Government use or commercial sale. The conventional war stockpile objective for copper is firmly established at 775,000 short tons. It is essential that the copper in inventories credited to that objective should be of appropriate type and quality, and available in forms required for the most immediate and flexible use in the event of an emergency. This means that all of the wire bars and all of the electrolytic cathodes (amounting to a total of 642,001 short tons), must be retained and that no copper of this type will be available for disposal. In addition, it will be necessary to keep 7,085 short tons of beryllium copper master alloy, 38,686 short tons of oxygen free high conductivity billets, cakes, slabs, and 1,166 short tons of electrolytic ingots now in inventory.

In the interest of national defense, therefore, the following should be considered initially for sale:

| | <i>Short tons</i> |
|--|-------------------|
| Copper in brass..... | 69, 386 |
| Copper in bronze..... | 894 |
| Copper in lumps or nodules or in other alloys..... | 496 |
| Fire refined ingots..... | 29, 224 |

This material would be usable by brass mills, foundries, and ingot makers. Other users, such as wire mills, which in 1962 and 1963 accounted for almost 60 percent of the total consumption of refined copper, would have to put such materials through a conversion process, or swap it for the materials they want.

Mr. Chairman, after careful consideration of the many matters involved in the proposed authorization, the administration believes that the release of up to 100,000 short tons of copper from the national and supplemental stockpiles should not be made as a loan but as a com-

merial sale, and has no objection to the enactment of S. 296 with the amendments I have suggested.

Mr. Chairman, I am sure that you gentlemen will understand that I have been in office for approximately a week, and I have relied on my staff, men whom I feel are good public servants and are familiar with the industry, to help me with this and to give advice on this statement.

Senator SYMINGTON. Thank you, Governor, for making that statement.

Senator Young, do you have any questions?

Senator YOUNG. No, I have not.

Senator SYMINGTON. Senator Miller?

Senator MILLER. I would like to clarify one thing here.

The conclusion is that OEP has no objectives. But in the light of the first part of your testimony indicating that it would be 12 to 15 months before you will have a firm estimate on the figures of post-nuclear warfare requirements, I detect that there will be no recommendations.

Mr. ELLINGTON. There is a possibility that after this study is complete, as I tried to set forth, we could possibly need this much and maybe more. We are just not sure. So, that is the reason we make the statement in that light.

Senator MILLER. I had made a note, Mr. Chairman, to ask the Governor, what his recommendation would be.

Now, there is a difference between saying we don't have any objective, and saying we recommend it. I don't know whether it would be helpful to the subcommittee to ascertain what the recommendations will be, as distinguished from a negative, no objective point of view. I believe it would be helpful.

Mr. ELLINGTON. May I say, Mr. Chairman, that under the present conditions, without any knowledge of what the future is going to hold, we have recommended this action.

Senator MILLER. Thank you. No further questions.

Senator SYMINGTON. Any other questions?

Senator Inouye?

Senator INOUE. Thank you, Mr. Chairman.

Governor, is it the firm view of your staff that the 60-day callback period, the restoration period, will be absolutely unfeasible and insufficient to bring back the loaned material during an emergency?

Mr. ELLINGTON. Senator, Mr. Chairman, if possible, I would like for Mr. Lyle Belsley of our office to speak on that.

Senator SYMINGTON. Mr. Belsley?

Mr. BELSLEY. Senator, the assumption, as the Governor stated, is that under the loan provisions of S. 296, the material which would be loaned to the producers would be immediately sold by them. It would be used, it would be fabricated by the fabricators. It would be consumed. If an emergency occurred, a callback of copper could not call back what had been loaned, because it would have been consumed, but it would call upon other copper that might be available. And the only way to get at that would be to exercise extreme controls, as the statement says, over the producers and over consumers, thus squeezing copper out of the system, out of a system which would need it. The

effect upon the industry of that immediate move would be very hurtful and adverse. And we might not be able to get the copper even so.

Senator INOUE. Now, you have maintained that your study will take anywhere from 12 to 15 months. At the present time you have 1,027,027 tons. What if the report shows that you will need much more than this under nuclear war conditions? How would you proceed?

Mr. BELSLEY. This point was anticipated in the statement made by the Governor, wherein he pointed out that if the nuclear war studies, when finally completed, did indicate that the stockpile objective for nuclear war and reconstruction would be higher than the present inventory, then it might be necessary at a later date to repurchase what was now sold.

Senator INOUE. Thank you very much.

Thank you, Governor.

That is all.

Senator SYMINGTON. Senator Cannon?

Senator CANNON. No questions.

Senator SYMINGTON. Senator Byrd, we welcome you as one of our colleagues on the full committee, to this hearing. One of the reasons we are moving as rapidly as we can is your great interest in the lead situation.

Have you any comments or questions you would like to ask?

Senator BYRD of West Virginia. Thank you, Mr. Chairman. I do not have any questions.

I want to compliment the Governor on a very fine statement.

Senator SYMINGTON. Governor, I notice in the copper you propose to release, you include tons of bronze and brass. This contains zinc, does it not?

Mr. ELLINGTON. That is correct, yes, sir.

Senator SYMINGTON. Has your staff figured out how much zinc would be released in addition to this amount?

Mr. BELSLEY. About 30,000 tons.

Senator SYMINGTON. So the way you decided to release the copper adds another 30,000 tons of zinc, is that correct?

Mr. BELSLEY. It could have that effect. If the bill is passed providing for the release of zinc and, if there is any strong objection to the added release of zinc, and we know of none, it could be charged against that as a last resort.

Senator SYMINGTON. That is a good answer.

Let me ask why you prefer to have the BDSA handle this instead of the producers?

Mr. BELSLEY. Senator, some copper consumers have good order positions with producers, and others do not have. This is quite important. The relationship to the producers varies. We feel that a much fairer distribution to consumers to meet both defense needs and hardship cases with which the consumers of copper are faced would be made if the sale were made directly to the consumers, rather than through the producers. If that were done, it could be done by the Business and Defense Services Administration in the same way that the 20,000 tons recently disposed from the Defense Production Act inventory were released.

This means that a knowledgeable division of the Government takes a look at the actual inventory position of the user and at his need for the copper, and on the basis of that review, certifies as to the consumer's need. And then the General Services Administration would release against that certification.

We feel that this is a more equitable way, that it is a better distribution to those who are in actual need, regardless of their position on the order boards of producers, or their relationship to a producer.

Senator SYMINGTON. The committee has great respect for the copper producers. Some of the fabricators in my State have paid 68 cents for copper. What worries me, after we sold some materials before, and they were distributed, something happened, because instead of prices going down, they went up. I don't know how it happened. This is exactly what we don't want to happen.

Would you comment?

Mr. BELSLEY. Yes. First, I don't want to yield to anybody in my respect for the producers, I have a similar high respect for them. Basically, I don't think this is the problem. I recognize also the pronounced need of the consumers who are the ones who are really hurting.

Senator SYMINGTON. When you say "consumer," you mean fabricators, do you not?

Mr. BELSLEY. The fabricators, that is right.

The situation to which you refer could not occur in this copper situation if the disposal were carried out as we propose.

Senator SYMINGTON. How did it occur the last time?

Mr. BELSLEY. The situation to which you referred involved a direct sale, it was open, and it was a bid sale. There was no control, there was no review of the need of any individual consumer or fabricator of the material. In this instance, the certification on which the disposing agency would act would be that the company needs the copper, based on an analysis of their needs.

Senator SYMINGTON. Would they be selling the copper to somebody who didn't need it?

Mr. BELSLEY. They may not be selling it on a reasonably distributed basis to all who need it.

Senator SYMINGTON. You mean they would express a preferential position?

Mr. BELSLEY. That is entirely possible. This has been charged to us by some of the consumers who, at the moment, very much object to the fact that they cannot make copper purchases from the producers, even though producers are satisfying some of their customers.

Senator SYMINGTON. One of the reasons for that is the producers haven't the copper. That is the purpose of the bill, isn't it? There are a lot protesting they can't get the copper, because as I understand it, the producers haven't any.

Mr. BELSLEY. This was true with respect to the 20,000 tons that were sold. As far as I am aware, there has been no objection to it. There has been no charge of any windfall profit that you were concerned about with respect to the other material, where there may have been, and where the price did go up. This would go directly to the people who demonstrate the need for it.

Senator SYMINGTON. Senator Miller, any questions?

Senator MILLER. Thank you, Mr. Chairman.

I am a little concerned about the recommended amendment, which reads as follows:

And with due regard to the protection of producers, processors, and consumers against avoidable disruptions of their usual markets.

Would you care to explain the proposed mechanics of implementing such a standard as that?

Mr. BELSLEY. I would rather have the General Services Administration meet and explain that, Senator.

But let me point out that this is language which is in the Strategic and Critical Materials Stock Piling Act. I don't think anybody would object if you deleted it, if you were concerned about it. It was proposed as an added precaution. But I would prefer that you pose that question to the people who will actually be administering the sale.

Senator MILLER. But your recommendation for inclusion of this language was based on using the same language that is contained in the act?

Mr. BELSLEY. In the act, yes.

Senator SYMINGTON. I would make one point. There is apparently a difference of opinion among the lawyers. My personal opinion is the present law does not allow you to stockpile materials for reconstruction after an attack. The law was written for military defense. Under the proposed bill, S. 28, you would have more of a chance.

One other point might be pertinent. If you have a nuclear attack, you are going to be able to mine a good deal of copper before you will be able to rebuild the lathes on which to work that copper, and the presses, and boring mills, and so forth.

Governor, we are very grateful to you for coming down. We hope this is the first of many pleasant relationships with you. Let me again congratulate you on being willing to take on this position.

Mr. ELLINGTON. Thank you very much, gentlemen.

Senator SYMINGTON. Mr. Connell, do you plan to have a presentation?

STATEMENT OF MAURICE J. CONNELL, COMMISSIONER OF DEFENSE MATERIALS SERVICE, GENERAL SERVICES ADMINISTRATION; ACCOMPANIED BY JOHN G. HARLAN, JR., DEPUTY COMMISSIONER

Mr. CONNELL. Yes, Senator.

Senator SYMINGTON. We welcome you.

Mr. CONNELL. Yes, sir, Mr. Chairman. I could supply these statements for the record or summarize each one of them quickly, if you would like me to.

Senator SYMINGTON. You are an old hand at this. Inasmuch as we have a meeting of the full committee later this morning, would you condense it to the extent you deem right?

Mr. CONNELL. Yes, sir.

Mr. Chairman, we favor the enactment of H.R. 1496, the disposal of zinc as authorized by the House. It is 150,000 tons of zinc for commercial sale and 50,000 tons for direct Government use.

The categories that we have put together for zinc, I could supply for the record, so that I don't have to take up the time of this committee.

(This information appears on p. 12.)

(The prepared statement of Mr. Connell on H.R. 1496 follows:)

Mr. Chairman and members of the subcommittee, I am Maurice J. Connell, Commissioner, Defense Materials Service of the General Services Administration. I have with me Mr. John G. Harlan, Jr., Deputy Commissioner, and other staff members of GSA who are knowledgeable regarding the Government's zinc program.

On behalf of the Acting Administrator, Mr. Lawson B. Knott, Jr., who asked me to represent him at the hearing this morning, I want to thank you for the privilege of appearing before your subcommittee for the purpose of expressing the views of the General Services Administration on H.R. 1496, an act to authorize the disposal, without regard to the prescribed 6-month waiting period, of zinc from the national stockpile and the supplemental stockpile.

There are presently 1.5 million short tons of zinc in the inventories of the strategic and critical materials maintained by GSA that are excess to stockpile requirements. Therefore, the zinc which would be disposed of under the proposed legislation is not presently needed for mobilization purposes.

U.S. consumption of zinc reached record proportions in 1964 when 1,170,000 short tons were consumed. One of the major consumers of zinc is the automotive industry which uses the material in die castings.

General Services Administration in recent weeks has received many letters from industry and other sources indicating that U.S. consumers are experiencing difficulties in securing needed supplies of zinc.

As you know, Mr. Chairman, H.R. 1496 as reported by the Committee on Armed Services of the House of Representatives, and as passed by the House on February 23, 1965, amended the original version of the proposed legislation in two respects:

First, the original bill was amended, as recommended by GSA, to provide that the zinc to be disposed of may come, in part, from the supplemental stockpile. H.R. 1496 as introduced applied only to zinc held in the national stockpile. About 320,000 short tons of the present zinc surpluses are in the supplemental stockpile. Authority, therefore, to dispose of zinc from the supplemental stockpile will make it possible to establish disposal procedures which will cover the best possible disposal pattern as to available grades and accessible locations of such material.

Second, the original bill was amended, also as recommended by GSA, so as to authorize the Administrator of General Services to make available an additional 50,000 short tons of zinc for the purpose of satisfying the direct needs of Federal agencies for this material. As you know, Government agencies have requirements for zinc from time to time, and this authority will make it possible to continue Government policy of satisfying agency requirements for materials of this type from the stockpiles whenever surpluses are available.

In view of the foregoing, the General Services Administration strongly favors the enactment of H.R. 1496 as amended.

This concludes my prepared statement, Mr. Chairman. However, if you or members of your subcommittee have any questions you may wish to ask, we shall be happy to answer them at this time or furnish the desired information for the record.

The proposed plan of disposal of zinc indicating the categories referred to by Mr. Connell on p. 11 follows:)

PROPOSED PLAN OF DISPOSAL

The proposed plan for disposal, which was developed by General Services Administration after consultation and conferences with other governmental agencies and industry, is sufficiently flexible to enable the General Services Administration to proceed with such disposals, if the initial offering is unsuccessful. The plan as presented to the Committee on Armed Services, is outlined below.

An initial offering of 75,000 short tons will be made. Upon completion of sale of the first 75,000 short tons of zinc under this program, General Services Administration will, in consultation with other affected Government agencies and appropriate industrial segments, examine into the question of disposal of the balance of the tonnage remaining for sale under the congressional authorization which may be received.

All of the material to be sold will be restricted to domestic consumption, except that all sales are made subject to the requirements of the defense materials priorities system, administered by the Department of Commerce, in the event any of the material is required to fill a rated order for foreign shipment.

The first 75,000 short tons will be offered for sale on the basis of the U.S. market price for zinc at prices to be determined by GSA. Offers to purchase will be received from the following types of purchasers and awards made in the quantities to be determined by the Government:

1. Recognized domestic producers of primary slab zinc.
2. Recognized domestic producers of secondary slab zinc.
3. Importers of record.
4. Independent alloyers.
5. All other purchasers for domestic consumption.

The zinc to be sold is in slab form and the grades are as follows:

- SH—Special high grade.
- H—High grade.
- I—Intermediate grade.
- BS—Brass special grade.
- S—Selected grade.
- PW—Prime western grade.

Zinc will be offered to (1) recognized domestic producers of primary slab zinc of the indicated grades, (2) recognized domestic secondary producers of slab zinc of the indicated grades, and (3) to importers of record of slab zinc of the indicated grades who import slab zinc into the U.S. market under quotas established in Presidential Proclamation No. 3257, dated September 22, 1958 (3 CFR, 165), who will agree to distribute the material at no profit for domestic consumption.

The quantities to be sold to each such domestic producer of slab zinc will be determined on the basis of an appropriate pro rata share of the producers' 1962-63 smelter production of such zinc, after appropriate adjustment for special circumstances.

The quantities to be sold to recognized secondary producers of slab zinc of the indicated grades will be determined on the basis of appropriate pro rata share of the producers' 1962-63 smelter production of secondary slab zinc after appropriate adjustment for special circumstances.

The quantities of zinc to be sold to importers of record of slab zinc will be determined on the basis of pro rata shares of slab zinc imports made in 1963 by such representatives pursuant to import quotas currently in effect. Such determination will be made by the Government after receipt of orders by GSA.

The zinc to be offered exclusively to independent alloyers of slab zinc must be consumed in facilities located in the United States within 3 months from date of purchase. The quantities to be sold to each such consumer will be determined by the Government on a pro rata basis related to his 1962-63 consumption of primary slab zinc after appropriate adjustment for special circumstances.

The zinc to be offered exclusively to all other purchasers must either (a) be consumed in facilities located in the United States within 3 months from date of purchase; or (b) be resold at no profit for domestic consumption within 90 days from date of purchase. The quantity to be sold to each purchaser under this category will be determined by the Government after receipt of orders by GSA and after appropriate adjustments for special circumstances.

It is anticipated that an equitable portion of zinc purchased from the Government by producers who smelt ores and concentrates on toll, will, by agreement between the producer and the toll contractor, be distributed to consumers by or through such contractor under the conditions certified to the General Services Administration by the producer.

All purchasers who purchase slab zinc from the Government for resale must submit within 90 days after date of shipment of zinc by the Government, a certified statement that the quantity of zinc purchased from the Government has been sold at no profit by the purchaser to domestic consumers for domestic consumption, or that the zinc obtained from the Government will be consumed in domestic facilities within 3 months from date of delivery.

In the event that unexpected market developments make it impossible for such purchasers to sell the material within the 90-day time limit, the fact and reasons therefor must be communicated to the Government and arrangements made with the Government for appropriate time extension.

Purchasers will be encouraged to place order for full quantities desired; however, quantities to be sold to each purchaser may be limited by the Government to appropriate pro-rata shares and purchaser must agree to accept quantities less than those ordered.

If any of the quantities set aside for each category of purchaser indicated earlier herein are undersubscribed in the initial offering, the quantity of such undersubscription may be reallocated on a basis to be determined by the Government to any category which may be oversubscribed, or may be reoffered for sale subsequently on a basis to be determined and within a period to be determined by the Government.

Minimum quantity which will be awarded to any one purchaser buying directly from the Government will be 20 short tons.

Any one buyer who qualifies and receives zinc under either or all of the first four categories of purchasers outlined earlier herein will not be eligible to purchase under the fifth category.

Domestic producers agree that during the period in which they hold zinc obtained from the Government their normal rate of export will not be increased.

Importers of record agree that during the period in which they hold zinc obtained from the Government their normal rate of import will not be decreased.

Mr. CONNELL. We are also in favor of the enactment of H.R. 1658 for the disposal of lead as passed by the House.

(The prepared statement of Mr. Connell on H.R. 1658 is as follows:)

Mr. Chairman and members of the subcommittee, I am Maurice J. Connell, Commissioner, Defense Materials Service of the General Services Administration, I have with me Mr. John G. Harlan, Jr., Deputy Commissioner, and other staff members of GSA who are knowledgeable regarding Government's lead program.

On behalf of the Acting Administrator, Mr. Lawson B. Knott, Jr., who asked me to represent him at the hearing this morning, I want to thank you for the privilege of appearing before your subcommittee for the purpose of expressing the views of the General Services Administration on H.R. 1658, an act "To authorize the disposal, without regard to the prescribed 6-month waiting period, of lead from the national stockpile and the supplemental stockpile."

There are presently 1.3 million short tons of lead in the inventories of the strategic and critical materials maintained by GSA that are excess to stockpile requirements. Therefore, the lead which would be disposed of under the proposed legislation is not presently needed for mobilization purposes.

Consumption of lead in the United States has been increasing in recent years. The total U.S. consumption of 1,195,000 short tons in 1964, is the highest since 1956, when usage was 1,210,000 short tons.

As you know, Mr. Chairman, H.R. 1658 as reported by the Committee on Armed Services of the House of Representatives, and as passed by the House on February 23, 1965, amended the original version of the proposed legislation in two respects.

First, the original bill was amended, as recommended by GSA, to provide that the lead to be disposed of may come, in part, from the supplemental stockpile. H.R. 1658 as introduced applied only to lead held in the national stockpile. About 328,000 short tons of the present lead surpluses are in the supplemental stockpile. Authority, therefore, to dispose of lead from the supplemental stockpile will make it possible to establish disposal procedures which will cover the best possible disposal pattern as to available grades and accessible locations of such material.

Second, the original bill was amended, also as recommended by GSA, so as to authorize the Administrator of General Services to make available an additional 50,000 short tons of lead for the purpose of satisfying the direct needs of Federal agencies for this material. As you know, Government agencies have requirements for lead from time to time, and this authority will make it possible to continue Government policy of satisfying agency requirements for materials of this type from the stockpiles whenever surpluses are available.

In view of the foregoing, the General Services Administration strongly favors the enactment of H.R. 1658 as amended.

This concludes my prepared statement, Mr. Chairman. However, if you or members of your subcommittee have any questions you may wish to ask, we shall be happy to answer them at this time or furnish the desired information for the record.

(The proposed plan of disposal of lead indicating categories and methods referred to by Mr. Connell on p. 16 follows:)

PROPOSED PLAN OF DISPOSAL

The proposed plan for disposal, which was developed by General Services Administration after consultation and conferences with other governmental agencies and industry, is sufficiently flexible to enable the General Services Administration to proceed with such disposals, if the initial offering is unsuccessful. The plan as presented to the Committee on Armed Services is outlined below.

An initial offering of 60,000 short tons of refined lead will be made. Upon completion of sale of the first 60,000 short tons of lead under this program, General Services Administration will, in consultation with other affected Government agencies and appropriate industrial segments, examine into the question of disposal of the balance of the tonnage remaining for sale under the congressional authorization which may be received.

All of the material to be sold will be restricted to domestic consumption, except that all sales are made subject to the requirements of the defense materials priorities system, administered by the Department of Commerce, in the event any of the material is required to fill a rated order for foreign shipment.

The first 60,000 short tons will be offered for sale on the basis of the U.S. market price for lead at prices to be determined by GSA. Offers to purchase will be received from the following types of purchasers and awards made in the quantities to be determined by the Government:

1. Recognized domestic producers of primary refined lead.
2. Importers of record of refined lead.
3. Domestic producers of secondary refined lead.
4. All other purchasers for domestic consumption.

The lead to be sold is in pig form of sizes and shapes usual with producers of primary lead and the grades are as follows:

- A—Corroding lead.
- B—Chemical lead.
- E or K—Common desilverized lead.

Lead will be offered to (1) recognized domestic producers of primary refined lead and (2) to importers of record who import lead into the U.S. market under quotas established in Presidential Proclamation No. 3257, dated September 22, 1958 (3 CFR 165), who will agree to distribute at no profit the material for domestic consumption.

The quantities to be sold to each such domestic producer of primary lead will be determined on the basis of an appropriate pro rata share of the producers' 1963 smelter production of primary refined lead, after appropriate adjustment for special circumstances.

The quantities to be sold to importers of record of primary refined lead will be determined on the basis of pro rata shares of imports made by such importers in 1963 pursuant to import quotas currently in effect. Such determination will be made by the Government after receipt of orders by GSA.

Lead will be offered to recognized producers of secondary refined lead who will agree to distribute the material at no profit for domestic consumption. The quantities to be sold to each such producer will be determined by the Government on the basis of an appropriate pro rata share of the secondary producers' 1963 smelter production of secondary refined lead after receipt of orders by GSA, and appropriate adjustment for special circumstances.

The lead to be offered exclusively to all other purchasers must either (a) be consumed in facilities located in the United States within 3 months from date of purchase or (b) resold at no profit for domestic consumption within 90 days from date of purchase. The quantity to be sold to each purchaser under this category will be determined by the Government after receipt of orders by GSA and after appropriate adjustments for special circumstances.

It is anticipated that an equitable portion of lead purchased from the Government by producers who smelt ores and concentrates on toll, will by agreement between the producer and the toll contractor be distributed to consumers by or through such contractor under the conditions certified by the General Services Administration by the producer.

All purchasers who purchase lead from the Government for resale must submit within 90 days after date of shipment of lead by the Government a certified

statement that the quantity of lead purchased from the Government has been sold at no profit by the purchaser to domestic consumers for domestic consumption, or that the lead obtained from the Government will be consumed in domestic facilities within 3 months from date of delivery.

In the event that unexpected market developments make it impossible for such purchasers to sell the material within the 90-day time limit, the fact and reasons therefor must be communicated to the Government and arrangements made with the Government for an appropriate time extension.

Purchasers will be encouraged to place orders for full quantities desired; however, quantities to be sold to each purchaser may be limited by the Government to appropriate pro rata shares and purchaser must agree to accept quantities less than those ordered.

If any of the quantities set aside for each category of purchaser indicated earlier herein are undersubscribed, the quantity of such undersubscription may either be reallocated on a basis to be determined by the Government to any category which may be oversubscribed, or may be reoffered for sale subsequently on a basis to be determined and within a period to be determined by the Government.

Minimum quantity which will be awarded to any one purchaser buying directly from the Government will be 20 short tons.

Any one purchaser who qualifies and receives lead under either or all of the first three categories of purchasers outlined earlier herein will not be eligible to purchase under the fourth category.

Domestic producers agree that during the period in which they hold lead obtained from the Government their normal rate of export will not be increased.

Importers of record agree that during the period in which they hold lead obtained from the Government their normal rate of import will not be decreased.

Mr. CONNELL. Also, in our consultation with industry on both bills, there was general agreement for the 150,000 tons.

We have also supplied for the record the categories and methods of disposal.

(This information appears on p. 15.)

Also, we favor the sale of 100,000 tons of copper, under S. 296, rather than a loan. Since the copper which would be temporarily released under S. 296 is not required for the satisfaction of present stockpile objectives for such material, there is no necessity for the restoration provisions embodied in the bill. In addition, the restoration requirements of the proposed legislation raise questions of practicality, in view of serious shortage of copper in the domestic market, which shortage S. 296 is intended to relieve, in part, and would result in unnecessary administrative burdens.

For these reasons, it is recommended that the bill be amended so as to authorize outright disposal of 100,000 short tons of copper. In this way, not only would the Government recover its investment in copper and reduce storage and other costs required for the maintenance of these excess stocks, but a threatened market disruption would be avoided.

That is my formal presentation, Mr. Chairman. And we would be glad to answer any questions you would like to ask.

(The prepared statement of Mr. Connell on S. 296 is as follows:)

Mr. Chairman and members of the subcommittee, I am Maurice J. Connell, Commissioner, Defense Materials Service of the General Services Administration. I have with me Mr. John G. Harlan, Jr., Deputy Commissioner, and other staff members of GSA who are knowledgeable regarding the Government's copper program.

On behalf of the Acting Administrator, Mr. Lawson B. Knott, Jr., who asked me to testify in his stead at the hearing this morning, I want to thank you for the privilege of appearing before your subcommittee for the purpose of expressing the views of the General Services Administration on S. 296, a bill to author-

ize the temporary release of 100,000 short tons of copper from the national stockpile.

As you know, Mr. Chairman, the proposed legislation would authorize the Administrator of General Services to release from the national stockpile copper not in excess of 100,000 short tons for disposition to domestic producers of copper, notwithstanding any limitation or requirement in the Strategic and Critical Materials Stockpiling Act, but under such rules and regulations as may be prescribed by the Director of the Office of Emergency Planning. Further, it would provide that one of the terms and conditions applicable to the disposition of the copper shall be that any producer receiving any amount thereof shall agree to restore to the national stockpile an amount and grade of copper at least equivalent to that received (1) not later than 1 year after receipt of such copper, or (2) in the event of an emergency, as determined by the President, not later than 60 days after notice thereof.

The current inventories of copper held by GSA stand at approximately 1,032,000 short tons. The present stockpile objective for copper, which was established by the Office of Emergency Planning on June 17, 1964, is 775,000 short tons. Thus, Government inventories of copper currently exceed stockpile requirements by approximately 257,000 short tons.

Since the copper which would be temporarily released under S. 296 is not required for the satisfaction of present stockpile objectives for such material, there is no necessity for the restoration provisions embodied in the bill. In addition, the restoration requirements of the proposed legislation raise questions of practicality in view of the serious shortage of copper in the domestic market, which shortage S. 296 apparently is intended to relieve in part, and would result in unnecessary administrative burdens.

For these reasons, it is recommended that the bill be amended so as to authorize outright disposal of the 100,000 short tons of copper. In this way not only would the Government recover its investment in the copper and reduce storage and other costs required for the maintenance of these excess stocks but a threatened market disruption would be avoided.

In view of the foregoing and subject to the recommended amendment, the General Services Administration favors the early enactment of S. 296. Further, Mr. Chairman, we have been advised by the Bureau of the Budget that the sale of 100,000 short tons of copper would be consistent with the administration's objectives.

This concludes my prepared statement. However, if you or members of your subcommittee have any questions you wish to ask, we shall be happy to answer them or furnish the desired information for the record.

Senator SYMINGTON. Thank you, Mr. Connell.

You are Commissioner of Defense Materials Service, General Services Administration?

Mr. CONNELL. That is right.

Senator SYMINGTON. And you have with you—

Mr. CONNELL. I have my Deputy Commissioner, John Harlan, Jr., with me.

Senator SYMINGTON. Senator Cannon, any questions?

Senator CANNON. You made the statement that the disruption of the market would be avoided. Why do you say that disruption would be avoided any more if you proceed in this manner than if you proceed on the loan basis?

Mr. CONNELL. First of all, I oppose the loan basis for the reason OEP gave to this committee. And secondly, I don't think that on a loan basis the Government would have any control on where the material might go. And I just think that it is better as a sale to have the regular sales methods of distribution.

Senator SYMINGTON. In other words, you are saying that the loan method might result in some users getting it and some not getting it, and, therefore, it could disrupt the market to that extent, is that the basis of it?

Mr. CONNELL. I think substantially, that is right, Senator, it would disrupt established trade channels.

Senator CANNON. Thank you, Mr. Chairman. That is all.

Senator SYMINGTON. Senator Miller?

Senator MILLER. I would like to follow on my question something I think you just heard, I would like to pass it on to you. If, as you say, on page 2 of your statement, that by changing this bill to provide for outright sale a threatened market disruption would be avoided, does that mean that you don't think that this recommended language that he referred to in his testimony on page 8—

and with due regard to the protection of producers, processors, and consumers against avoidable disruption of their usual markets.

does it mean that you do not believe that this amendment is necessary?

Mr. CONNELL. I think this amendment is necessary. And the answer to your question, as I understood it, to the OEP, gentlemen is, I think, that safeguards would be applied in our disposition. The language that is used there is taken out of the Strategic and Critical Materials Stock Piling Act passed in 1946. We do this in every commodity, we protect those categories that you have read.

But in the proposal that the OEP made of allocating through BDSA certainly safeguards can be written in that will accomplish the mission, and also accommodate the language that you have just read to me. We can do that without any problem. But not if the copper is loaned.

Senator SYMINGTON. I am glad to get that answer.

That clarifies the question Senator Cannon was asking.

What I am wondering is, do you have the standards spelled out already? What are the mechanics for implementing this very broad—and I may say rather vague—standard with due regard to the protection of producers, processors, and consumers against avoidable disruptions of their usual markets? You have been doing this, I understand.

Mr. CONNELL. I can address myself to lead and zinc as we already have that all carefully spelled out.

As you know, Senator, we are testifying on the copper bill under a proposal that was made not too long ago. But the BSDA, if they do it the way OEP has proposed in their statement, would impose safeguards on a consumption basis, and allocation would be made to any consumer on what his base might have been in 1962 and 1963. And also, it has to be for domestic consumption; and not for resale, and they just won't get any more than they are entitled to. It also must be distributed at no profit and it will be sold by the Government at the market price.

I want to add here that the price of brass and bronze is not 34 cents, it runs between 30 and 40 cents because of the form that it is in.

Senator SYMINGTON. To what extent do you consult with industry? Do you have an industry committee you consult with in applying this standard?

Mr. CONNELL. I would like to say here that in fiscal year 1965, at the present moment, we have \$260 million going in the Treasury from business we have done so far this year. And I would say that in all cases, we have a very close relationship with industry, through consultation. We sit down and have large meetings and iron out our problems before we testify before the Congress.

On the copper, we had no opportunity to consult with the industry, so I have no idea of what the feeling of the industry is.

Senator MILLER. But in implementing this, if this becomes the law, you would follow the pattern that you have followed with the other commodities?

Mr. CONNELL. If the OEP amendments and recommendations are adopted, there would not be any reason for consultation.

Senator MILLER. I am referring to the amendments that Governor Ellington has recommended that we adopt to this bill, S. 296, which puts in this standard, and with due regard to the protection to the producers, processors, and so on.

Mr. CONNELL. We will implement that, sir.

Senator MILLER. And that would be in following a similar pattern that has been established in the cases of these other commodities?

Mr. CONNELL. If you are talking about consultation, no, we would not have consultation, because if the suggestions of OEP were adopted, it would not be necessary. We will implement the language, because if it is allocated by BDSA on some period that they chose as the base period for consumption, they will just be entitled—the consumers will get what they are entitled to as long as this copper holds out.

Senator MILLER. Perhaps I didn't make myself clear. I am talking about consultations, informal though they may be, and nonbinding though they may be, with industry to determine whether or not this standard of usual markets and with due regard to the protection of producers, processors, and consumers will be followed.

Mr. CONNELL. Yes, sir.

Senator MILLER. Thank you very much.

Senator SYMINGTON. Senator Young?

Senator YOUNG. I liked your statements very much on these three bills.

And relating to copper, is it very definite that replacement of this copper is not required for stockpiling purposes? That is definite, isn't it?

Mr. CONNELL. As far as GSA is concerned, Senator, it is definite, because it is reported to us as excess at the present time.

Senator YOUNG. So, therefore, by outright sale, it would relieve you of some administrative burdens, you say?

Mr. CONNELL. Yes, sir.

Senator YOUNG. And save the Government money, would it not?

Mr. CONNELL. Save the Government some money. I think the Government would probably realize maybe a \$15 million profit or more on this, Senator.

Senator YOUNG. Thank you very much.

Senator SYMINGTON. Senator Inouye?

Senator INOUE. Thank you, Mr. Chairman.

I have just one question to clarify something.

Does the GSA agree with OEP that copper should be sold to the consumers through the BDSA instead of through producers?

Mr. CONNELL. As you know, OEP is the policy agency for GSA. They make the policy, and we follow the policy, and we get together. And I am so happy that Governor Ellington is here and that we will have a close working relationship. Through the BDSA is one way of doing it, and through the producers is another way of doing it.

I think I am inclined to support the amendments that OEP has given. I think the chairman of the committee asked that question. And Mr. Belsley's answer seemed to be rather logical to me.

Senator INOUE. Thank you very much.

Senator SYMINGTON. Senator Byrd, have you any questions?

Senator BYRD of West Virginia. No thank you, Mr. Chairman.

Senator SYMINGTON. Any further questions?

Thank you Mr. Connell, and thank you, Mr. Harlan.

Senator SYMINGTON. Is there anybody else who would like to testify before this committee this morning?

Would you come up and identify yourself. Would you give your name, sir?

STATEMENT OF ALFRED J. PETIT-CLAIR, EXECUTIVE BOARD MEMBER, INTERNATIONAL UNION OF MINE, MILL, & SMELTER WORKERS

Mr. PETIT-CLAIR. My name is Alfred J. Petit-Clair. I am an executive board member of the International Union of Mine, Mill, and Smelter workers.

I have a statement which I would like to read.

Senator SYMINGTON. Will you proceed, Mr. Petit-Clair?

Mr. PETIT-CLAIR. My union represents the great majority of more than 30 thousand copper miners, smeltermen, and refinery workers employed in the United States. We represent employees of the Anaconda Co., Kennecott Copper Corp., Phelps Dodge Corp., American Smelting & Refining Co., Magma Copper Corp., American Metal Climax, Inspiration Consolidated Copper Corp. and other copper producers. In my own district, district 5, embracing the Middle and North Atlantic States, my union represents employees of the American Smelting & Refining Co.'s copper refineries in Baltimore and Perth Amboy, N.J., and at the American Metal Climax copper refiners in Carteret, N.J.

I appear before you today to urge approval by this subcommittee of S. 296 to authorize the temporary release of 100,000 tons of copper from the national stockpile. At the time that the senior Senator from Montana, Senator Mansfield, first announced his intention to

introduce this legislation in the 89th Congress, the president of my union, A. C. Skinner, issued a statement endorsing the bill and referring to it as a statesmanlike proposal. I respectfully request that this statement be made a part of the record of this hearing.

Senator SYMINGTON. Without objection.
(The statement referred to follows:)

STATEMENT BY A. C. SKINNER, INTERNATIONAL PRESIDENT, INTERNATIONAL UNION OF MINE, MILL & SMELTER WORKERS

Senator Mansfield, of Montana, has made a statesmanlike proposal to President Johnson for easing the presently tight supply position in copper. His proposal calls for prompt congressional authorization to lend 100,000 tons of copper from governmental stockpiles for 1 year to producers, who would be required to pay interest on the value of the copper until it is returned.

In the current tight market for copper, about 15 percent of newly mined copper and much refined scrap copper is being sold in this country and abroad at prices ranging from 45 cents to 65 cents a pound. The balance of copper currently being sold is priced at the so-called producers' price of 34 cents per pound in the United States and at roughly equivalent prices in other countries. Not enough copper is available at the 34-cent price—hence the premium prices being charged.

Senator Mansfield's proposal, if implemented, would contribute to price stability in copper and lessen the threat of substitution of other materials. Hence, in the long run it would promote increased use of copper. His proposal would also contribute importantly to Government policies designed to discourage general price inflation. Most important for those whose livelihood depends on jobs in copper, the transaction would contribute to employment stability in an industry which is now operating at capacity. After the current shortage is eased, the industry would continue to operate at capacity levels to pay back the copper loaned by the Government.

This union has been assured that the loaning of 100,000 tons of copper would not result in any layoffs of men employed in the industry and, as a matter of fact, would assure continued employment in the future to put this copper back in the Government stockpile. Based on this union's own analysis of the current situation in copper, I fully agree in this assessment.

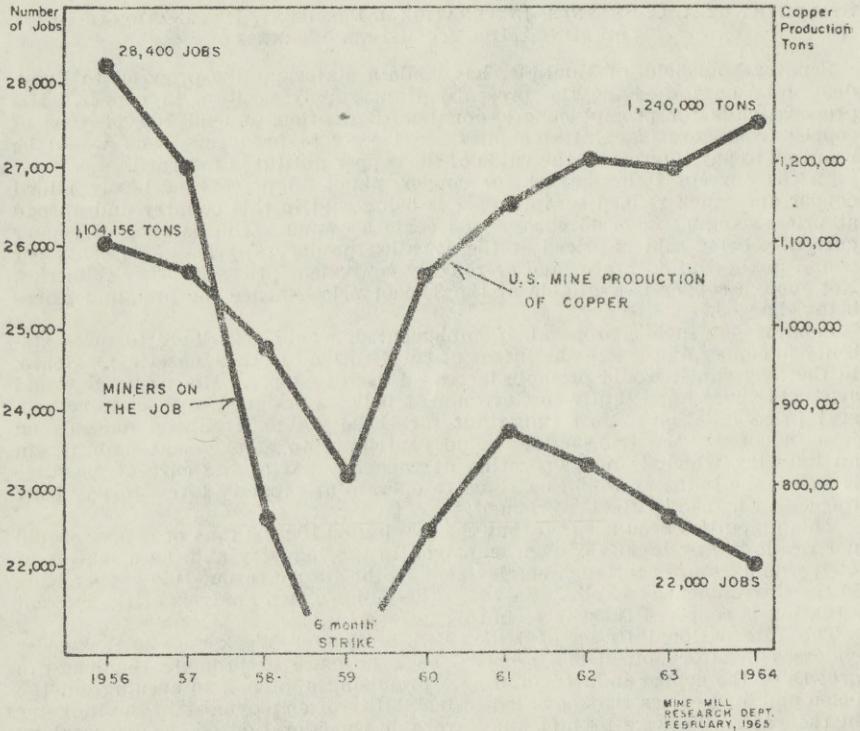
The International Union of Mine, Mill & Smelter Workers wholeheartedly endorses Senator Mansfield's proposal as a measure to promote the long-run growth of the copper industry and as a promising approach to evening out the boom and bust cycles that have led to instability of employment in the industry in the past. We urge prompt and favorable consideration of the proposal by the 89th Congress and by the Johnson administration.

Mr. PETIT-CLAIR. Our union favors S. 296 because we believe it would contribute to price stability in copper and lessen the threat of substitution of other materials. Hence, in the long run it would promote increased use of copper. Speaking for our members, those whose livelihood depends on jobs in the copper industry, we favor the lending of the copper rather than the sale of an equivalent amount from the national stockpile, because lending the copper would promote employment stability in copper mining, smelting, and refining. I would like to have inserted in the record also a chart prepared by our research department showing trends in copper mine production and employment since 1956.

(The chart referred to follows:)

PRODUCTION and EMPLOYMENT

U.S. Copper Mining, 1956-64



Mr. PETIT-CLAIR. The data are from the U.S. Bureau of Mines and the Bureau of Labor Statistics. You will note that the chart shows that U.S. mine production of copper in 1964; an all-time high, was some 12 percent greater than in 1956, but that the average number or men employed at U.S. copper mines and mills declined by some 6,400 over this period—a decline of 23 percent. This is the human toll of automation, of technological change in the shift to large mining equipment, larger haulage trucks, faster materials handling equipment, the installation of skip hoists in open pits, and innumerable other developments.

Employment in copper mining is unstable, not only because of the continuing forward march of technology, but also because of short-sighted production and inventory policies of the copper companies themselves.

I draw the attention of this subcommittee to a third exhibit—a reproduction of an editorial from the Mining Journal, published

in London, for November 27, 1964, entitled "What Went Wrong With Copper?"

(The exhibit referred to follows:)

[From the Mining Journal, London, Nov. 27, 1964]

WHAT WENT WRONG WITH COPPER?

In the past week both Mr. Harry Oppenheimer and Sir Ronald Prain have published their annual statements to shareholders of the copperbelt companies. As the Rhoanglo and R.S.T. groups between them have done more, or at least have been openly seen to be doing more, than most in recent years to maintain a stable copper price under conditions of quite rapid long-term growth, this is perhaps an appropriate moment to consider how far these efforts, and those of the other leading procedures, have been successful.

During 1962 and 1963 the producers' efforts were directed toward supporting the price of copper in a period of what then seemed to be excess production capacity. It is, however, debatable, in the light of subsequent experience, whether production cutbacks and/or stockpiling equivalent to from 10 to 20 percent of capacity over a 2-year period can be regarded as indicating a condition of excess capacity or merely of adequate room for maneuver.

During the period when producers were supporting the copper price, doubts were frequently expressed as to whether, under conditions of shortage, they would achieve equal success in holding the price down—a necessary precaution having regard to the narrow gap between the support price and the level at which further substantial substitution was expected to occur. In the event it can fairly be said that the producers have this year achieved a considerable measure of success but that the achievement has fallen far short of the standard they would have wished to maintain both in terms of stability and consumer confidence.

Sir Ronald Prain estimates that about 90 percent of free world primary production has been sold this year at producers' prices, which suggests that nearly 80 percent of all refined copper (including secondary) has been bought at these levels. On this basis it seems a safe assumption that the average price of all copper purchased has been appreciably under £300 per ton. This is of course a dangerously high average but it is nothing like the disastrous levels which would have been realised if producers had continued to price their deliveries on a terminal market basis.

However, if we accept that the producers were only partially successful, it is possible, with hindsight, to identify three main causes for what must by their own standards be judged a failure of consumer relations.

In the first instance consumer nervousness was triggered by fears of strikes over labor contract renewals due this year in the United States, in Chile and on the copperbelt. Later we had the political uncertainties regarding Chile and the post Federation situation in Zambia and Rhodesia. These anxieties in themselves would not have mattered had the industry had the flexibility and reserves to meet a situation which in the nature of things, is always apt to recur.

What, in fact, caused the situation to get out of hand was in the first place failure of stock availability (in respect of size and location of stocks), and secondly, lack of accurate and up-to-date statistics enabling both producer and consumer to see what was really happening. Had such a statistical picture been available, it would have been seen that the situation was less alarming than many supposed.

Apparent consumption certainly rose steeply, but it is difficult to reconcile this year's pattern of industrial growth with an increase in copper usage of 15 percent. It seems far more likely that a considerable part of this increase, maybe as much as a half, could be traced to larger stocks of semis and finished parts and, more recently, to increased stocks of metal at fabricators' works.

This rapid growth in apparent consumption suggests that the producers' difficulties this year have stemmed far more from lack of consumer confidence and from pricing difficulties than from any actual physical shortage of metal. There is indeed little or no evidence that the production of end-products has

suffered any dislocation due to nonavailability. On the other hand substitution losses generated this year either by higher prices or price unpredictability may prove to be considerable.

The process of price stabilization, whether under conditions of potential shortage or surplus, requires a sufficient reserve of acceleration and brake power for adjustments to be made quickly. Acceleration and braking is achieved in the short-term by variations in the level of stockholding and in the long-term by variations in the rate of mine output.

We have seen both these controls in operation during recent years but, in retrospect, it seems clear that during the early 1960's too great a reliance was placed on production cutbacks and too little on developing the financial machinery for greater flexibility in stockholding.

As we sought to demonstrate in this year's Mining Annual Review, if the copper mining industry as a whole were to raise its concept of "normal" stocks by the equivalent of 2 months' free world consumption, this would call for a permanent addition to stocks of about 650,000 long tons costing perhaps £10 to £12 million per annum in storage and interest charges. When spread over all production this would mean less than £3 per ton on the end-price of copper.

Admittedly this would represent a capital investment in stocks of perhaps £125 million with a realization value of some £165 million if eventually sold at £260. However, comments from producers to the effect that they cannot be expected to find this sort of money are, we believe, wide of the mark to the extent that it is not the role of a mining company to provide this kind of finance anyway.

The whole experience of stockpiling on the sort of scale which the situation requires—let alone on the scale which Washington understands the term to imply—calls for semipermanent bank or government loans at a very different rate of interest from that which mining capital is expected to earn.

A loan of £125 million against stocks with an eventual realization value of £165 million is not exactly a bad financial risk. Moreover, to the extent that the cost of possession is being transferred from the fabricator and end-user back to the producer, the overall increase in the capital tied up in copper stocks would be less than this amount, not only by the value of the stocks themselves but also by the extent of the added value of work-in-progress represented by the reduction of fabricators stocks of semis and users stocks of end-products.

This is not a problem which is peculiar to the copper industry. The whole question of commodity stabilization programs from the standpoint of the economies of underdeveloped countries quite as much as that of good producer-consumer relations turns in part upon the development of satisfactory stock financing techniques.

Apart from the question of stock levels, recent experience suggests that some rethinking will also be necessary regarding location of stocks. We have argued here before that, for producer stockholding to be effective, adequate stocks must be seen to be available to consumers near to centers of major industrial requirement. So far as the Zambian producers are concerned this points to the need for establishing stockpiles on the Continent and in Britain.

Until now the variation in shapes and qualities required by the market seems to have deterred producers from any policy of stock dispersal. Yet, in the early part of this year stocks of standard wire bars held in Britain and on the Continent, even at the expense of bigger stocks of special shapes on the copperbelt or at Beira, might well have averted some of the producers' worst difficulties, even if in the process they had had to bear the cost of reshaping to special requirements.

MUCH BETTER STATISTICS ARE ESSENTIAL

Be that as it may, stockpiling and variable production rates are only control mechanisms. They cannot be operated effectively without a reliable navigational aid in the form of a far more effective statistical service than the copper industry at present enjoys.

The principal statistical sources at present available are too incomplete and/or published too late to provide the degree of accuracy required for rapid tactical decisions regarding stock or output levels. Moreover, the available statistics do not go far enough down the line of process from the refined metal to the end product. It is only necessary to instance the almost total lack of precise knowledge as to the stock element in figures of apparent consumption

for this to be obvious. Nor is it only a question of better cooperation from fabricators and end-user. In the past, producers where they have stockpiled have been notably, and in our view mistakenly, secretive about their stockholdings.

Rightly or wrongly this secrecy has been interpreted during the price support period as a sign of weakness rather than as a guarantee to the consumer of stability in the future. We shall be surprised if in the next phase of excess production the producers repeat this mistake, and we can only hope that consumers for their part have, in recent months, come to see that a policy of secretiveness on their part leads only to panic buying with everyone paying more for their copper than would otherwise be necessary.

The whole problem of the refinement of world copper statistics is now in most urgent need of attention and, as with other world commodities, is a problem which can only be tackled internationally.

In conclusion it is perhaps unnecessary to observe that no stabilization scheme can ever be entirely free from uncertainty, or rather that the cost and inconvenience of 100 percent certainty will always be too high. Thus no combination of contingency allowances would be certain of coping for more than a few months with, say, an interruption of diplomatic relations between Zambia and Rhodesia, coupled with a major strike of miners in the States or in Chile. But if, at the outset of such an eventuality, producer stocks were standing at around 1 million tons rather than at around 300,000 to 400,000 tons and if the statistical machine were functioning reliably, there would still be quite a good chance of everybody emerging with a whole skin.

Mr. PETT-CLAIR. This penetrating discussion criticizes American and foreign copper companies for shortsighted policies of trimming production to current market demand, without attention to the need for an inventory buildup to meet unexpected surges in industrial consumption of copper. This shortsighted policy resulted in curtailments of production in 1962 and 1963 which caught the copper companies short to an extent that they were unable to meet current demand last year even after full-capacity production was resumed. This policy also resulted in the temporary layoff of thousands of copper miners who should have been kept on the job. Had they been kept on the job, the squeeze in the copper market that developed last year would not have taken place, because copper would have been available to meet all demands.

Perhaps the industry and the Government will take to heart the advice which the Mining Journal editorial offers to it. What the Mining Journal proposes—a semipermanent bank or Government loans to achieve the permanent addition to world copper stocks of some 650,000 long tons—would avoid the episodes of 1956 and 1964 and similar occurrences which we can anticipate in the future in the absence of such a program. S. 296 will serve this purpose on a temporary basis until consideration can be given to a permanent program. We feel that unnecessary temporary layoffs work an unjustified hardship upon our members. We favor the lending and ultimate return of 100,000 tons of copper to the national stockpile as an immediate measure pending the development of a commodity stabilization program for this industry. We have had enough of boom and bust in copper, with its impact falling mainly on the workers who look to this industry for their jobs.

The employment involved in the production of 100,000 tons of copper is substantial. According to our latest calculations, the average production per man-hour in copper mining is about 53 pounds of recoverable copper. Translated into jobs, it would take approximately 1,800 copper miners 1 year to dig 100,000 tons of copper out

of the ground and to prepare it for smelting. Hundreds of additional workers would be needed to smelt and refine this quantity of copper over a year's time. Thus, it can be seen that the question of whether the copper is to be lent and then returned, or alternatively to be sold, is a question of crucial importance to our membership in terms of jobs.

We feel that a loan of copper, rather than the sale of copper from the national stockpile, is consistent with national stockpile requirements and objectives, and that the Government would not stand to lose by a transaction of this sort. As to stockpile requirements we cannot lay claim to special knowledge such as is undoubtedly in the possession of this subcommittee, but I draw your attention to the following passages quoted from the industry press to indicate our understanding of the present inadequacy of the Government's copper holdings. The American Metal Market for December 11, 1964, said in part:

But copper is not only in short supply in commercial channels, it is also in short supply for the stockpile needs of American industry.

The Office of Emergency Planning has not approved any copper stockpile releases from the national stockpile, which contains about 1 million tons.

This amount is considered below stockpile needs in time of an emergency for conventional warfare and likely this objective for nuclear warfare would be raised rather than lowered.

In the same vein, the Wall Street Journal for December 17, 1964, said in part:

The Government currently owns over 1 million tons of copper, of which about 225,000 tons are considered surplus to defense needs for any nonnuclear war. The Office of Emergency Planning warned, however, that current studies of nuclear-war needs might show that the Government should keep nearly all the copper.

As to the Government's position in a transaction such as envisaged by S. 296, we can foresee no possibility of a decline in the producers price of copper over the next year or so; it is possible, rather, that another increase in the producers price of copper may occur before the copper would be due for return, and that the Government would thereby gain as compared with its having at some later date to purchase copper on the open market to bring its stockpile up to planned objective. It is our understanding that discussion are now going on between representatives of the Chilean and Zambian Governments regarding concerted action to force another increase in the price of copper. S. 296 would, of course, have a powerful deterring effect on such a move.

I wish, in conclusion, to thank this subcommittee for affording my union this opportunity to express its views, and I hope that after consideration of the interests of the workers in the copper industry, this subcommittee and the Senate Armed Services Committee will favorably report S. 296.

Senator SYMINGTON. Thank you.

Senator CANNON?

Senator CANNON. You heard the testimony given by the two Government agencies?

Mr. PETIT-CLAIR. Yes, sir.

Senator CANNON. Are your views still the same in the light of the testimony they have given here this morning as to the advantages of sale over the loan?

Mr. PETIT-CLAIR. Yes.

Senator CANNON. That is all I have.

Senator SYMINGTON. Senator Miller.

Senator MILLER. No questions, thank you.

Senator SYMINGTON. Senator Young?

Senator YOUNG. Thank you, Mr. Chairman, no questions.

Senator SYMINGTON. Senator Inouye?

Senator INOUE. No questions.

Senator SYMINGTON. Senator Byrd?

Senator BYRD of West Virginia. No questions.

Senator SYMINGTON. Thank you, Mr. Petit-Clair, for a constructive statement. We will make it a part of the record and study it further.

Mr. PETIT-CLAIR. Thank you, Senator.

Senator SYMINGTON. The amount of money involved here is important from the standpoint of the Treasury. With lead at 16 cents and zinc at 14½ cents, and copper at 34 cents, it comes to a total of around \$160 million.

Senator Byrd, would you like to make a statement on copper, lead, and zinc?

Senator BYRD of West Virginia. Mr. Chairman, I would like to make a brief statement, sir, on S. 1041, which would authorize the sale of lead from the national stockpile.

Senator SYMINGTON. Would you proceed, sir?

STATEMENT OF HON. ROBERT C. BYRD, U.S. SENATOR FROM THE STATE OF WEST VIRGINIA

Senator BYRD of West Virginia. Mr. Chairman, I appreciate this opportunity to discuss the compelling reasons which prompted me to introduce S. 1041, a bill to authorize the sale, without regard to the 6-month waiting period prescribed, of lead proposed to be disposed of pursuant to the Strategic and Critical Materials Stock Piling Act.

Studies undertaken under the auspices of the Department of State, with assistance and close cooperation of other concerned Federal agencies, such as the Department of the Interior, have resulted in a general finding of an anticipated shortage of 150,000 tons of lead in terms of world supply during the calendar year 1965, with the major short fall concentrated in the United States.

I do not wish to complicate the discussion of the need of this legislation by interjecting other issues. However, it is germane to the problem that the absolute ceiling on imports of lead during any one calendar year is a contributing factor in the U.S. shortage, in light of past insufficient domestic supplies. At present, domestic production is not considered adequate to meet nationwide requirements, although I am informed that the entire supply picture may be expected to change within, possibly 5 years. It is reported that the most significant find of lead during this century has been made in the United States, in southeast Missouri, and it is forecast that, by 1970, the anticipated U.S. market demand will be met from domestic supply.

It is, moreover, possible that within the foreseeable future the United States may become a lead exporter.

This encouraging view of future supply is not today helpful to domestic users presently unable to operate at normal capacity because of lack of availability of lead supplies. Nor is it helpful to those workers who are being laid off when plants are temporarily closed, or production sharply cut back due to lack of basic raw materials for manufacture. Nor is it helpful to the communities which now are suffering a lowering in economic level because of suspension of industrial operations, partial loss of revenue normally flowing through commercial channels, and the general retardation of municipal growth.

These adverse effects could be accepted more philosophically if there were an overriding national requirement for retaining or enlarging our national stockpiles of lead. I am assured by commenting Federal authorities that such requirement for defense purposes does not now exist. This same determination has been reached by the Senate Armed Services Committee based on comprehensive explorations made during the past inquiry into the strategic and critical materials stockpiles of the United States that was conducted by the Stockpile Subcommittee.

During the 88th Congress, I sponsored a bill similar in nature to S. 1041, which is the bill before us at this time. The Congress subsequently authorized the release of 50,000 tons of lead last year, but this release did not satisfy industry deficiencies. It merely offered a temporary measure of relief.

As a case in point, the Evans Lead Corp., of Charleston, W. Va., was shut down for 3 weeks beginning December 21, with resulting loss of manufacturing revenue and damaging unemployment.

At this point, I wish to read the February 8, 1965, letter which I received from Mr. Fred Leake, Jr., president, Evans Lead Corp., informing me of this cessation of manufacturing activity:

EVANS LEAD CORP.,
Charleston, W. Va., February 8, 1965.

HON. ROBERT C. BYRD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BYRD: At the outset, I should like to thank you for the understanding and sympathetic manner in which you handled our problem Friday.

Since April of last year, we have not been able to buy sufficient pig lead for continuous operation of our plant. Beginning December 21, we had a 3-week shutdown. At the time of that shutdown, we had 13 tons of lead in our plant—roughly 4 hours' supply. During the shutdown, we attempted unsuccessfully to build up stocks. We now have only enough lead to operate the balance of this week, when we will again be faced with a shutdown.

According to the American Bureau of Metal Statistics, refined pig lead stocks have steadily declined.

| | <i>Tons</i> |
|--------------------|-------------|
| Jan. 1, 1962 ----- | 198, 423 |
| Jan. 1, 1963 ----- | 139, 168 |
| Jan. 1, 1964 ----- | 50, 146 |
| Jan. 1, 1965 ----- | 35, 978 |

Your stockpile bill, S. 2933, was introduced on June 22, 1964. Subsequently, 50,000 tons of lead was released from stockpile. Only because of this release were there any refined pig lead stocks on hand January 1, 1965.

Domestic mines increased production during 1964 and will attempt further increases in 1965. There is no hope, however, of enough increase in production before 1966 to avoid a deficit between supply and requirements.

Imports cannot be stepped up because of the absolute quota limitations established by Presidential proclamation in 1958.

Secondary metal sources cannot make up this deficit, as raw material is limited to the amount of scrap generated. During the last quarter of 1964, because of the higher prevailing world price, scrap which ordinarily would flow into the domestic market was being exported. Even so, there are many applications for which secondary lead is not acceptable. Our use in Charleston is one of these.

It is obvious, we believe, from the foregoing that the only source of lead that can relieve the current pressing shortage is the stockpile. Your bill paves the way for immediate release from that stockpile.

Most sincerely,

FRED LEAKE, Jr., *President.*

Upon thus being advised by officers of that corporation, and upon being visited by labor representatives seeking means to resolve the unemployment situation attendant upon still another closure of Evans lead plant, I introduced S. 1041, to provide for immediate release of lead from stockpiles. However, I was informed that, in the interim, the lack of lead supplies would result in other work stoppages in the future.

I wish to read the message which I received from the Charleston, W. Va., Chamber of Commerce, pleading that all possible efforts be made for early action on this legislation because of the severe economic impact of the anticipated work stoppages upon the employees of Evans Lead Corp. and their families. This telegram, sent on February 10, was sent by Mr. William A. Rice, president, Charleston Area Chamber of Commerce:

Senator ROBERT C. BYRD,
U.S. Senate Office Building,
Washington, D.C.

MY DEAR SENATOR BYRD: Thank you for taking prompt action on the request for assistance made by the Evans Lead Division of the National Lead Co.

We hope the committees of the Congress can be made to realize the urgency of the situation facing the 60 employees of the firm just 48 hours from now.

In this day and age, when the action of Congress is geared to provide aid and new services for tens of thousands we hope our 60 Evans workers and the 200-plus members of their families will be accorded consideration.

Everyone will gain from affirmative action: the employees, their families, and the economy of the greater Charleston area.

Evans Lead has now resumed operations; however, on March 1, the president of that organization communicated with me once again, informing me that his plant would be forced to suspend operations, in all probability, during future months if emergency release of lead supplies could not be effected.

His sincere plea for assistance in securing lead supplies in order to avoid more crippling work stoppages is eloquent. I wish to read, for emphasis, some paragraphs of the statement, following which, Mr. Chairman, I request permission to have the entire declaration made a part of the record of these hearings.

Quoting from the memorandum supplied to me by Mr. Leake, I read as follows:

As we stated above, our plant has operated continuously in the same location in Charleston for more than 40 years. We currently employ 60 people. Our annual payroll is in excess of \$350,000. The average age of our hourly employees is 47½. These people would, generally speaking, be unemployable should our plant be closed.

Our annual gross sales range from \$5 million to more than \$7 million. In-bound freight on our single raw material—lead—amounts to more than \$1,500 a day. Freight on our finished goods amounts to more than \$1,000 per day. We

pay State and local taxes in excess of \$50,000 per year. Our Federal income tax ranges from \$250,000 to \$400,000 per year.

The above facts and figures should give some idea of the significance of our operation to the State and national economy. We feel that we are a valuable employer in a depressed area and a valuable economic asset not only to our State, but to the economy as a whole.

Because of the nature of our process, our plant cannot be operated at a reduced input rate. Since April of last year, we have not been able to buy sufficient lead for continuous operation. For example, beginning December 21, we had a 3-week shutdown. At the time of that shutdown, we had on hand 13 tons of lead—roughly 4 hours' supply. During the shutdown, we attempted unsuccessfully to build up our raw material stocks. We again ran out of lead on Friday, February 12, and were forced to close the plant until Monday, February 22. At the present time, we have only sufficient lead at our plant or in transit to our plant to last until March 16. The next shipments of lead we expect will not begin until March 4. Transit time on this lead ranges from 12 to 21 days. We may or may not be forced to close again before the end of March. Only time will tell.

(The complete memorandum referred to follows:)

MEMORANDUM

EVANS LEAD CORP.,

Charleston, W. Va., March 1, 1965.

We have been operating continuously in the same location in Charleston, W. Va., since the fall of 1922. We produce litharge and red lead, both of which are oxides of lead used extensively as raw materials in the manufacture of other products. Metallic lead is our sole raw material. Our products contain 90 percent or more of this metal.

Our plant is unique. There is no other plant in the free world capable of producing as pure a product as we produce. This product, fumed litharge, is a primary component in all lead-bearing lens and optical glass, and in all radiation-shielding glass produced in this country. For this latter purpose, we ship carloads as far as Seattle, Wash.

The more familiar items in which our products are essential ingredients range from Christmas tree lights to neon sign tubing, from the yellow traffic marking paints found on all our highways to the familiar orange paint (red lead) seen universally on bridges, buildings, and all new steel constructions, from the magnets used on can openers, latches, and pot holders in our kitchens to the sound "pickup" cartridges on our phonographs in our living rooms, from the glaze on the dinnerware from which we eat to the crystal glassware from which we drink.

In other words, the products we manufacture have a wide and varied use. In every instance, their use is essential to the manufacture of the end product. Without them, a vast array of familiar products would no longer be on the shelves of our stores.

As we stated above, our plant has operated continuously in the same location in Charleston for more than 40 years. We currently employ 60 people. Our annual payroll is in excess of \$350,000. The average age of our hourly employees is 47½. These people would, generally speaking, be unemployable should our plant be closed.

Our annual gross sales range from \$5 million to more than \$7 million. Inbound freight on our single raw material—lead—amounts to more than \$1,500 a day. Freight on our finished goods amounts to more than \$1,000 per day. We pay State and local taxes in excess of \$50,000 per year. Our federal income tax ranges from \$250,000 to \$400,000 per year.

The above facts and figures should give some idea of the significance of our operation to the State and national economy. We feel that we are a valuable employer in a depressed area and a valuable economic asset not only to our State but to the economy as a whole.

Because of the nature of our process, our plant cannot be operated at a reduced input rate. Since April of last year, we have not been able to buy sufficient lead for continuous operation. For example, beginning December 21 we had a 3-week shutdown. At the time of that shutdown, we had on hand 13 tons of lead—roughly 4 hours' supply. During the shutdown, we attempted unsuccessfully to build up our raw material stock. We again ran out of lead on Friday,

February 12, and were forced to close the plant until Monday, February 22. At the present time, we have only sufficient lead at our plant or in transit to our plant to last until March 16. The next shipments of lead we expect will not begin until March 4. Transit time on this lead ranges from 12 to 21 days. We may or may not be forced to close again before the end of March. Only time will tell.

Annual lead consumption in the United States is about 1,200,000 tons. There are three sources of lead. These sources are domestic mines production, imports of ore and refined lead, and secondary lead.

Domestic mines increased production during 1964 and will attempt further increases in 1965. There is no hope, however, of enough increase in mine production before 1966 to avoid a deficit between supply and requirements.

Imports cannot be stepped up because of the absolute quota limitations established by Presidential proclamation in 1958.

Secondary smelters cannot make up the deficit as their raw material is limited by the amount of scrap available. Even so, there are many applications for which secondary lead is not acceptable. Our use in Charleston is one of these.

Because of the higher prevailing world price for lead, exports increased during 1964 from 4,000 to 24,000 tons. At the same time and for the same reason, imports decreased by 44,000 tons. The significant point is the net loss of available supplies in this country—64,000 tons during 1964—when considered in relation to the other factors affecting the total supply.

According to the American Bureau of Metal Statistics, refined pig lead stocks have steadily declined—

| | <i>Tons</i> |
|-------------------|-------------|
| Jan. 1, 1962----- | 198, 423 |
| Jan. 1, 1963----- | 139, 168 |
| Jan. 1, 1964----- | 50, 146 |
| Jan. 1, 1965----- | 35, 978 |

The year 1964 was the third year in a row where shipments exceeded production. Primary smelters can no longer ship more than they can produce. Stocks have reached an irreducible minimum. Only because of last summer's release of 50,000 tons from stockpile were there any refined pig lead stocks on hand January 1, 1965.

From the foregoing, we feel the necessity of an immediate release from the surplus in stockpile is obvious. We urge passage of S. 1041 to assure the orderly and continued operation of our plant and employment of our people.

FRED LEAKE, JR.,
President, Evans Lead Corp.

In my position as a U.S. Senator representing the State of West Virginia, I cannot help but feel sharply the importance of coordination of Federal programs and actions to assure the achievement of stated governmental goals and the successful accomplishment of tasks undertaken. On the one hand, Federal funds and Federal energies are being expended to restore my State to reasonable economic levels, to increase employment, and to stimulate industrial growth. It would appear to be the course of wisdom and good economics to take immediate action to make available raw materials which would eliminate unemployment, economic loss, and industrial retardation in instances such as this.

I am not asking for preferential treatment for my State. I use the example of this firm in West Virginia because of my personal knowledge of the problem involved and my close personal concern to bring about the earliest possible solution. I am aware that similar circumstances obtain elsewhere in regard to the lead industry, and I am indeed hopeful that through your sympathetic efforts, early relief can be provided.

I am advised that appropriate Federal departmental officials, representing their viewpoint and that of the administration, are in favor of the action proposed.

I do not believe that the release of the proposed quantity of lead from stockpile could be considered as threatening disruption to producers, consumers, or allies of the United States insofar as orderly marketing is involved. A stipulation to afford suitable protection is included in the bill. I wish to present a general statement as to the anticipated manner in which responsible Federal authorities intend to proceed in carrying out the proposed release of the lead tonnage.

MARCH 3, 1965.

NOTES ON LEAD FOR SENATOR ROBERT C. BYRD

In 1963, in the United States new supplies of lead fell short of consumption by 65,000 tons. This deficit was made up by a drawdown of the very large stocks built up between 1957 and 1963.

In 1964, new supplies were again inadequate. Producers' stocks of metal were drawn down by 22,000 tons, and 50,000 tons were released from the U.S. stockpile. Thus a deficit in 1964 of 72,000 tons (despite an increase of mine production in the United States of 28,000 tons over 1963).

In 1965, mine output should rise another 15,000 to 20,000 tons. Consumption should gain at least this much. If imports equal 1963 level, the deficit in the United States should be about the same as 1964, namely 75,000 to 100,000 tons.

Producers' stocks are described as "dangerously low." Total stocks at primary and secondary smelters represent less than a month's supply. These stocks should be built up.

To meet the anticipated deficit in supplies and to provide some buildup of stocks, 125,000 to 150,000 tons of refined lead will be needed in 1965.

The proposal, approved by producers and consumers, is to release 60,000 tons immediately upon enactment of authorizing legislation, and then review the situation 90 days later.

JOSEPH C. McCASKILL,
Interior Department.

Mr. Chairman, I compliment you on your knowledge of the situation to which I have addressed my remarks, and I commend you on the work which you have done over a long period of time in dealing with these matters. I thank you for your kind consideration in permitting me to testify in support of my bill, and I want to express the hope that the subcommittee will act favorably on the proposed legislation so as to quickly provide needed relief to the affected industries and the people who work in those industries.

Senator SYMINGTON. Thank you, Senator. We appreciate your being with us. We also appreciate your statement, and will be glad to give it consideration as we discuss this bill.

Senator BYRD of West Virginia. Thank you, Mr. Chairman. May I request that a letter I have received from Mr. C. H. Reiningel, president and general manager of the Powhatan Brass & Iron Works, Ranson, W. Va., dealing with the shortage of copper be inserted in the record?

Senator SYMINGTON. Without objection the letter will be inserted at this point.

(The letter follows:)

POWHATAN BRASS & IRON WORKS,
Ranson, W. Va., March 1, 1965.

HON. ROBERT C. BYRD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BYRD: As you know, the raw material from which our products are made is brass ingot, which is made primarily from scrap. The copper market ordinarily doesn't influence the scrap market to a great degree, but in the past year a most unusual situation has been created by a variety of reasons, among

which are frequent strikes in the copper mines of Chile and Africa, large purchases of copper from these countries by Red China and Russia, and heavy exports of scrap to Japan from this country. This has created not only a serious copper shortage, but a serious scrap shortage, with the accompanying price problems. Prices of ingot, rod, and tubing, all of which we use in quantity, are unpredictable and completely unrealistic in relation to the selling prices we can obtain for our material. It is impossible to secure prompt shipment of orders for rod and tubing, and even after long delays partial shipments, never actually completed, are the order of the day.

To help alleviate this serious situation, I understand Senator Mansfield has proposed that 100,000 tons of copper be released from the strategic stockpile to industry. I also understand action on this proposal has been delayed. Relief on this matter is needed immediately, and I urge you to do all possible to see that favorable action is taken promptly. The authorization last year of distribution of zinc and lead from the stockpile was very helpful to the situation as it applied to those two markets, and similar action now is imperative to help the copper consumer.

Your full support of Senator Mansfield's proposal now is strongly urged and will be deeply appreciated.

With kindest personal regards.

Very truly yours,

C. H. REININGEL,
President and General Manager.

Senator BYRD of West Virginia. I would also like to introduce Mr. Fred Lake, president of the Evans Corp., who is here with me today, to answer the questions asked by Senator Cannon.

STATEMENT OF FRED LEAKE, PRESIDENT, EVANS LEAD CORP.

Mr. LEAKE. We get our lead from Kellogg, Idaho, from SAS, Omaha, and St. Joe, Omaha, and so forth.

Senator CANNON. Is it lead that is mined domestically here or does it primarily come from abroad?

Mr. LEAKE. Primarily it is domestic lead.

Senator CANNON. And have you made every effort that you could to get lead from other sources domestically?

Mr. LEAKE. And imported; yes.

Senator CANNON. Thank you.

Senator BYRD of West Virginia. Thank you.

Senator SYMINGTON. I have statements for the record from Senator Mansfield, Senator Metcalf, Senator Moss, Senator Ribicoff, the American Mining Congress, the American Copper Tariff Board, the American anti-knock fluid industry, the Copper and Brass Fabricators Emergency Committee and statements and telegrams from various other firms and individuals who have asked to be included in the record. Without objection, they will be included.

(The statements and telegrams follow:)

LETTER WITH ENCLOSURES FROM SENATOR MIKE MANSFIELD, OF MONTANA

U.S. SENATE,
OFFICE OF THE MAJORITY LEADER,
Washington, D.C., March 3, 1965.

HON. STUART SYMINGTON,
*Chairman, Subcommittee on National Stockpile and Naval Petroleum Reserves,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: In order to expedite the hearings which you have called on S. 296, on Tuesday, March 3, I am enclosing for your consideration various communications relative to the copper situation which you may find of interest and which, if you think it advisable, you may want to incorporate in the record.

The situation does remain precarious in the copper industry and there is a shortage of copper at the present time. The prospect at present does not seem too good for overcoming that shortage. As one who has some firsthand knowledge of the copper industry, my primary concern is to maintain stability in production, in price and in employment in the industry and, at the same time, to protect the Government's interest in any disposal which may be made from the stockpile in this commodity.

As you will remember, I have discussed this matter with you on several occasions and I deeply appreciate the courtesy and consideration which you have always given to me in relation to the problems of the copper industry. This is a matter of greatest importance because it means a great deal to the economy of my home State of Montana, as well as other copper-producing States in the West, and in addition, has a great impact on the fabricating plants in many other States of the Union.

There is a great discrepancy between the market price set by the domestic producers at 34 cents and the speculative price set in the London market which has gone as high as 65 cents a pound and is somewhere in the vicinity of 60 cents at this time. This is too great a fluctuation, too wide a spread, and it is because of this factor and others enumerated in this letter that I urge that your committee give every possible consideration to this situation at this time.

With best personal wishes, I am,

Sincerely yours,

MIKE MANSFIELD.

P.S.—In addition to my own letter, I am also sending you a telegram which has just been received from Mr. A. C. Skinner, president, International Union of Mine, Mill, and Smelter Workers.

STATEMENT OF SENATOR MIKE MANSFIELD, DEMOCRAT, OF MONTANA

RELEASE OF COPPER FROM NATIONAL STOCKPILE

Mr. President, in recent months there have been several very disturbing trends in the copper industry. There is now a short supply of copper and the reserve is dwindling. These trends have brought about manipulation in the international market, a situation which can contribute only instability of price, production, and employment. I am receiving more reports about the shortage of copper for the domestic market and the significant layoffs that are underway or contemplated.

The copper economy is very important in this country and the Federal Government has a responsibility to see that the situation is stabilized. As one who worked in the copper mines of Montana for nearly 10 years, I have firsthand knowledge of what occurs when there is instability of price, production, and employment. The copper producers of this country have held the line of the price structure extremely well. Copper has been selling between 30 and 34 cents over the past several years. On the other hand substantial quantities of refined scrap copper have been sold at premium prices as high as 65 cents per pound. In the London market, which incidentally plays a part out of all proportion to its real significance in the field, it has been selling at approximately the same price.

Today, on behalf of my colleague from Montana, Senator Lee Metcalf, Senator Abraham Ribicoff, and my self, I have sent to the desk a bill which we believe can be instrumental in providing some stability in the current situation. Simply, the problem is that we do not have an adequate supply of copper. We do have copper in the national stockpile which could be made available to the domestic users on a loan basis.

This will take congressional action. In brief, Senator Metcalf's and my bill proposes that the Office of Emergency Planning be given the authority to loan from the national stockpile 100,000 short tons of copper to the primary producers to cover a period no longer than 1 year. Also in the event of an emergency these loans could be recalled within a 30- to 60-day period. The Director of OEP would be given the responsibility for setting the necessary rules and regulations. Of prime concern to us is to see that when such loans are authorized that they are made on an equitable basis to all copper users.

The copper situation is quite serious. It appears that relief cannot be given administratively so it is my hope that the Congress will act expeditiously in

granting the necessary authority. If the price of copper gets out of hand, it can affect other segments of the economy, bring about the use of substitutes for copper and, in my opinion, badly damage the economy of the country.

I believe that in this instance the Federal Government has the responsibility to promote stability and assist both the producers and users of copper. Favorable action of this proposal would stabilize the economy and it would tide us over the period necessary to allow the industry to increase production of copper to make up the lag which now exists. This would also do away with the speculation and trading at exorbitant prices which has made the situation so difficult.

Senator Metcalf, Senator Ribicoff, and I are aware of the great interest in this matter and the desire of a number of our colleagues to cosponsor this legislation. We, therefore, ask unanimous consent to have this bill lay on the desk for additional sponsors for an additional 3 legislative days.

Mr. President, in conclusion, I ask unanimous consent to have the text of this legislation printed at the conclusion of my remarks.

Mr. Mansfield (for himself, Mr. Metcalf, and Mr. Ribicoff)

A BILL To authorize the temporary release of one hundred thousand short tons of copper from the national stockpile

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to avoid serious economic dislocation and instability in the domestic market for copper, the Administrator of General Services is authorized, notwithstanding any limitation or requirement in the Strategic and Critical Materials Stock Piling Act with respect to the disposition of materials acquired thereunder, or in any other provision of law, to release not to exceed one hundred thousand short tons of copper now held in the national stockpile. The disposition herein authorized shall be made to domestic producers of copper under such rules and regulations as may be prescribed by the Director of the Office of Emergency Planning. One of the terms and conditions applicable to such disposition shall be that any producer receiving such copper shall agree to restore to the national stockpile an amount and grade of copper at least equivalent to that received (1) not later than one year after the receipt thereof, or (2), in the event of an emergency, as determined by the President, not later than sixty days after notice thereof.

U.S. SENATE,
OFFICE OF THE MAJORITY LEADER,
Washington, D.C., October 7, 1964.

HON. EDWARD A. McDERMOTT,
*Director, Office of Emergency Planning,
Executive Office Building, Washington, D.C.*

DEAR ED: I have been thinking over the copper situation in view of the fact that prices are gradually creeping up, and the possible further price increase based on the recent election in Chile. I am also keeping in mind that there is a shortage of copper at the moment and the prospects for overcoming that shortage do not seem too good at present. It is my understanding that the price of copper in the London market as of today is 54 cents per pound, whereas in the United States the price is 34 cents per pound.

I am, therefore, suggesting that you consider the release of 50,000 tons of copper from the Government stockpile, through the regular producers, so that the price will not get out of hand and the stability of the copper economy is maintained. As you know, we have gone through the ups and downs of the copper market based on the price of copper for many years now and I believe the best way to handle the situation at this time is to keep this segment of economy stable, therefore assuring continued employment to those who are engaged in the copper industry.

Again may I say that this is a matter of utmost importance and it is my very strong belief that the Government should sell 50,000 tons of copper from its stockpile, which it purchased at 20 cents per pound, and which it could now sell for 34 cents per pound, thus realizing a favorable profit for the Government. I would emphasize, though, that any release of this kind should be done through the regular copper producing companies so that such a release, if granted, would not fall into the hands of speculators and thereby make the situation more unstable than it is at the present time.

Will you please give this matter your most serious and personal attention, and let me have your views on it?

With best personal wishes, I am

Sincerely yours,

MIKE MANSFIELD.

P.S.—I am sending a copy of this letter to Bernie Boutin, Administrator of General Services Administration which has control of the Government stockpile, but, I understand, has to receive approval from the Office of Emergency Planning before it is in a position to do anything.

M.M.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF EMERGENCY PLANNING,
Washington, D.C., October 22, 1964.

HON. MIKE MANSFIELD,
U.S. Senate, Washington, D.C.

DEAR SENATOR MANSFIELD: This is in further reply to your letter of October 7, 1964, in which you suggested the release, through the regular producers, of 50,000 short tons of copper from the Government stockpile in order to keep the price from getting out of hand and to maintain the stability of the copper economy.

We have kept close watch over recent developments in the copper market and have reviewed this situation with other Federal agencies and representatives of the copper producing and consuming industries.

As I indicated in my letter of October 13, we have given further serious and close attention to this matter. After reviewing all aspects of the situation, I feel, for the reasons indicated below, that we should not sell copper through commercial channels from the Government stockpile at this time.

As of June 30, 1964, the Government inventories of copper amounted to a little over 1,100,000 short tons, including about 96,000 short tons in the Defense Production Act inventory. The recently established conventional war stockpile objective for copper is 775,000 short tons. Thus, based solely on conventional war needs, there is an identified surplus in inventory.

The present identified surplus, however, does not take into account possible needs for nuclear war and postattack reconstruction. Studies to determine these needs are underway but will not be completed for some time. Preliminary estimates indicate that copper will be an extremely important material in the post-attack period, that the postattack demand for copper will be substantially larger than that required for conventional war, and that the nuclear war stockpile objective for this material may well be greater than the present total inventory.

I fully appreciate and share your concern about the price situation in copper, but I believe the commercial sale of copper from the Defense Production Act inventory to alleviate this situation would be a doubtful course to take.

In connection with the request made in your letter, I do however want to take this opportunity to apprise you of steps I have taken to assist the Bureau of the Mint. As you know, the Bureau of the Mint uses a substantial amount of copper which, in years past, it secured in the market under bid procedures. Since March 1960, we have authorized the release of a total of 77,000 short tons of copper from the Defense Production Act inventory for direct Government use. Almost all of this has been for the mint. Twenty thousand tons of this total have been authorized since May 1964 when the current copper situation was beginning to make itself felt.

The Director of the Mint has recently requested the release of an additional 30,000 tons of copper. We have carefully considered this request, and we feel that by this intragovernmental sale we are not only assisting the Bureau of the Mint in obtaining copper to fulfill its important Government program but we are incidentally relieving the Bureau of the necessity of using its only alternate source of supply—the open market—with consequent pressure on supply and price. This authorization, which I have made today (copy enclosed), will raise to 50,000 short tons the amount of copper which will have been released to the mint from the Defense Production Act inventory since May 1964.

If you have any further questions on this subject, I should be happy to discuss them with you.

Sincerely,

EDWARD A. McDERMOTT, *Director.*

U.S. SENATE,
OFFICE OF THE MAJORITY LEADER,
Washington, D.C., December 9, 1964.

THE PRESIDENT,
The White House.

DEAR MR. PRESIDENT: I am enclosing a letter which early this year I sent to Mr. Edward McDermott, Director of the Office of Emergency Planning, relative to the copper situation. I am also enclosing a reply received from Mr. McDermott in which he points out that he intends to release 30,000 additional short tons of copper to the mint for the minting of coins. This will make a total of 70,000 tons over the past year or so that the Office of Emergency Planning has released to the mint for this purpose. This is all to the good because otherwise the mint would have gone into the open market where the supply is short and it would have made an extremely difficult situation that much more dangerous.

This brings me to the point that I want to emphasize and that is that the market reserve of copper, which at the present time amounts to something on the order of 58,000 short tons (and I think is exaggerated), is declining. Unless this situation is attended to very shortly a situation could be created which could well disrupt the copper economy of the Nation. As one who worked in the copper mines of Montana for nearly 10 years, I have very firsthand knowledge of what occurs when there is instability of price, production, and employment. I want to say at this point that in my opinion the copper producers of this country have held the line of the price structure extremely well so that copper has been selling between 30 and 34 cents over the past several years, whereas, according to information which has come to me, sales in fairly substantial quantities considering the actual reserve in the factories have been made at between 63 and 65 cents in New York to the end users. In the London market, which incidentally plays a part out of all proportion to its real significance in the field, it has been selling at approximately the same price.

To maintain stability in the copper economy it would be my hope that the Government, through your office and the Office of Emergency Planning, which is directly under you, would be able to consider the possibility of a loan from the national stockpile of somewhere around 100,000 tons to the primary producers to cover a period no longer than 1 year and to make it imperative that should an emergency arise this loan could be recalled within a 30- to 60-day period. In that way, I am hopeful that consideration of my suggestion for the loan of copper to the Nation's primary copper producers can be developed consistent with the national security interests of the United States.

I do not know just exactly what the administration can do but I think it is only fair to state that in view of the situation that has developed and under the law as it now exists, it is my intention to introduce legislation at the beginning of the next Congress to bring about the release of the above specified amounts of copper on a loan basis to the industry to the end that stability in employment, production, and price can be maintained. This would be in accord with your announced economic objectives to hold the line because if something of this nature is not done the price of copper may well skyrocket. If the price of copper gets out of hand, it can affect other segments of the economy, bring about the use of substitutes for copper and, in my opinion, badly damage the economy of the country.

It appears to me that some of these end users of copper, especially in the communications field, who now are paying prices well above the market for some of their copper, are entitled to protection. Furthermore, some of the fabricating plants in the Nation are reducing their personnel because of the prices they must pay and the present shortages. The communications industry, as you well know, is vital to our national defense posture.

If the above suggestions could be given your most earnest and immediate consideration I believe the end result would be in accordance with your objectives, would stabilize the economy and would tide us over the period necessary to allow the industry to increase production of copper to make up the lag which now exists and which has been accentuated due to the speculation and trading at exorbitant prices.

Most respectfully,

MIKE MANSFIELD.

DENVER, COLO., *March 2, 1965.*

Hon. MIKE MANSFIELD,
Senate Office Building,
Washington, D.C.:

Greatly disturbed by recent reports in industry press that Senate Armed Services Subcommittee scheduled to consider your bill for lending 100,000 tons copper from national stockpile may report out a bill to sell this quantity to U.S. producers. Urge you press strongly for favorable subcommittee action on your bill calling for loan. As you know this union has strongly supported your proposal because it would promote stability of employment of copper miners, smelters, and refinery workers. Have requested Senator Symington to arrange for subcommittee to hear testimony of Alfred J. Petit-Clair, mine-mill executive board member, district 5, on March 4. Would appreciate your assistance in assuring his being allotted time to appear in event schedule of subcommittee is limited. Advance copy of his testimony will be mailed you today, setting forth in full the reasons for this union's support of S. 296.

INTERNATIONAL UNION OF MINES,
 MILL & SMELTER WORKERS,
 A. C. SKINNER, *President.*

LETTER WITH ENCLOSURES FROM SENATOR LEE METCALF,
 OF MONTANA

U.S. SENATE,
 COMMITTEE ON PUBLIC WORKS,
March 4, 1965.

Hon. STUART SYMINGTON,
Chairman, Subcommittee on National Stockpile and Naval Petroleum Reserves,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I wish to associate myself with the remarks of my distinguished colleague from Montana, Mr. Mansfield. As you know, I am in accord with the provisions of S. 296, which would allow the copper industry to borrow up to 100,000 tons of copper from the national stockpile during periods of short supply.

Senator Mansfield and I believe this plan would help to stabilize the fluctuations in the copper industry, and avert those periods of plant shutdowns and worker unemployment that have plagued domestic producers.

The legislation would stabilize the price of copper and would protect copper's place in our economy. It also would be in the interest of the consumer.

I am enclosing remarks of Senator Mansfield and myself from the Congressional Record of January 7, 1965, and February 11, 1965, relative to S. 296. You may wish to incorporate them in the hearing record.

Very truly yours,

LEE METCALF.

RELEASE OF COPPER FROM NATIONAL STOCKPILE

Mr. MANSFIELD. Mr. President, in recent months there have been several very disturbing trends in the copper industry. There is now a short supply of copper and the reserve is dwindling. These trends have brought about manipulation in the international market, a situation which can contribute only instability of price, production, and employment. I am receiving more reports about the shortage of copper for the domestic market and the significant layoffs that are underway or contemplated.

The copper economy is very important in this country and the Federal Government has a responsibility to see that the situation is stabilized. As one who worked in the copper mines of Montana for nearly 10 years, I have firsthand knowledge of what occurs when there is instability of price production and employment. The copper producers of this country have held the line of the price structure extremely well. Copper has been selling between 30 cents and 34 cents over the past several years. On the other hand substantial quantities of refined scrap copper have been sold at premium prices as high as 65 cents per pound. In the London market, which incidentally plays a part out of all proportion to its real significance in the field, it has been selling at approximately the same price.

Today, on behalf of my colleague from Montana, Senator Metcalf, Senator Hayden, Senator Ribicoff, and me, I have sent to the desk a bill which we believe can be instrumental in providing some stability in the current situation. Simply, the problem is that we do not have an adequate supply of copper. We do have copper in the national stockpile which could be made available to the domestic users on a loan basis. This will take congressional action. In brief, Senator Metcalf's and my bill proposes that the Office of Emergency Planning be given the authority to loan from the national stockpile 100,000 short tons of copper to the primary producers to cover a period no longer than 1 year. Also in the event of an emergency these loans could be recalled within a 30- to 60-day period. The Director of OEP would be given the responsibility for setting the necessary rules and regulations. Of prime concern to us is to see that when such loans are authorized that they are made on an equitable basis to all copper users.

The copper situation is quite serious. It appears that relief cannot be given administratively so it is my hope that the Congress will act expeditiously in granting the necessary authority. If the price of copper get out of hand, it can affect other segments of the economy, bring about the use of substitutes for copper and, in my opinion, badly damage the economy of the country.

I believe that in this instance the Federal Government has the responsibility to promote stability and assist both the producers and users of copper. Favorable action of this proposal would stabilize the economy and it would tide us over the period necessary to allow the industry to increase production of copper to make up the lag which now exists. This would also do away with the speculation and trading at exorbitant prices which has made the situation so difficult.

Senator Metcalf, Senator Hayden, Senator Ribicoff, and I are aware of the great interest in this matter and the desire of a number of our colleagues to co-sponsor this legislation. We, therefore, ask unanimous consent to have this bill lay on the desk for additional sponsors for an additional 3 legislative days.

Mr. President, in conclusion, I ask unanimous consent to have the text of this legislation printed at the conclusion of my remarks.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, will lie at the desk as requested by the Senator from Montana, and will be printed in the Record.

The bill (S. 296) to authorize the temporary release of 100,000 short tons of copper from the national stockpile, introduced by Mr. Mansfield (for himself and other Senators), was received, read twice by its title, referred to the Committee on Armed Services, and ordered to be printed on the Record, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in order to avoid serious economic dislocation and instability in the domestic market for copper, the Administrator of General Services is authorized, notwithstanding any limitation or requirement in the Strategic and Critical Materials Stock Piling Act with respect to the disposition of materials acquired thereunder, or in any other provision of law, to release not to exceed one hundred thousand short tons of copper now held in the national stockpile. The disposition herein authorized shall be made to domestic producers of copper under such rules and regulations as may be prescribed by the Director of the Office of Emergency Planning. One of the terms and conditions applicable to such disposition shall be that any producer receiving such copper shall agree to restore to the national stockpile an amount and grade of copper at least equivalent to that received (1) not later than one year after the receipt thereof, or (2), in the event of an emergency, as determined by the President, not later than sixty days after notice thereof.

Mr. MANSFIELD. Mr. President, I yield to my colleague from Montana.

Mr. METCALF. Mr. President, the proposal to loan 100,000 tons of copper to domestic producers will prevent repetition of the 1955-56 boom and bust cycle in our basic domestic mining industry.

Price stabilization, resulting from this legislation, will protect copper's place in our economy and also will be in the interest of the consumer. Without this legislation, the price of copper may be expected to continue to rise—to the point where competitive materials will move in and capture a part of the market which will never return to copper. This price increase also will be passed on to the consumer.

The copper, loaned under this legislation, will be returned to the stockpile by domestic producers as a result of a gradual increase in production, which will be maintained, to the benefit of producers, the union labor they employ, and the mining centers which serve them. In addition, it is our feeling that those who

borrow this copper should be charged a reasonable interest rate, which could, perhaps, take the form of the return of 2 or 3 percent more copper to the stockpile than they borrowed, or in the direction of Director of OEP, a dollar amount. But the actual copper returned to the stockpile must equal the amount borrowed.

Mr. President, this legislation is in the public interest.

Mr. MANSFIELD. Mr. President, I yield to the Senator from Connecticut.

Mr. RIBICOFF. Mr. President, the majority leader, Senator Mansfield, has acted decisively to achieve a solution to the serious copper supply problem facing our Nation.

I am proud to join the Senator from Montana in sponsoring a measure which, as he has put it, can be instrumental in providing some stability in the current situation. And I assure him that I will continue to work with him, as I have in the past, toward this end.

The current copper situation has resulted in serious consequences for Connecticut's copper and brass fabricating industry. Connecticut leads the Nation in the manufacture of such products. The Connecticut brass and copper industry strongly supports this bill.

The shortage threatens production cutbacks with attendant unemployment. I strongly support Senator Mansfield's copper loan proposal and am pleased to join him in its sponsorship. I assure him that I will do everything I can to help speed the enactment of this measure.

Mr. President, I ask unanimous consent to have printed at this point in the Record an article from the Waterbury American of December 15, 1964, and my letter of December 14, 1964, to the President of the United States on this subject.

There being no objection, the article and letter were ordered to be printed in the Record, as follows:

"CITY BRASS FIRMS BACK PROPOSED BILL

"Waterbury's 'big three' brass companies have endorsed plans of U.S. Senate leaders to seek legislation which would release 100,000 tons of copper from the national stockpile of strategic materials.

"U.S. Senator Abraham Ribicoff disclosed he and Senate Democratic Leader Mike Mansfield, of Montana, will introduce the legislation, which is sought by brass and copper companies as a means of stabilizing the price of copper and making more available for production.

"The United Press International reported Senator Ribicoff sent a letter today to President Johnson, informing him that the proposed bill would call for the loan of copper to producers for 1 year to prevent 'sharp production cutbacks resulting in defaults on industrial defense contracts and high unemployment.'

"Senator Ribicoff said the Government's loan of the copper would allow the industry to operate at greater volume, and thus would help manufacturers and employees and would protect the national interest in case of emergency.

"Spokesmen for Waterbury's major brass companies have joined those in other parts of the country in endorsing the plan.

"Glenn P. Bakken, president of Chase Brass & Copper Co., contacted at Chase headquarters in Cleveland said a release of national stockpile copper 'would end the speculation which has created abnormal stock market conditions and a situation in which you can't establish true demand.'

"The Associated Press said Sunday that news of Mansfield's proposal last week sent prices tumbling on the copper futures market in New York. The London Metal Exchange quotation was lower at opening Saturday, but held at 64½ cents through the session, the AP reported.

"Bakken said the extreme changeability and speculative nature of the situation makes it impossible to estimate the ultimate effect on Chase in Waterbury as to possible production cutbacks and possible resultant layoffs.

"He said current prices, if they were to prevail, speak for themselves with No. 1 copper scrap at 41 cents and more a pound and dealers' copper at more than 60 cents a pound.

"SUPPLIES RATIONED

"The U.S. producer price has continued to hold at a normal 34 cents with supplies being rationed to regular customers. The hope for 1965 is sufficiently increased production to make enough copper available at this price to meet the demand. The hope is also to bring this about soon enough to keep the producers' price variation within the 31 to 34 cent range which has been successfully maintained for the last 42 months.

"Bakken said that Chase in Waterbury is living on its inventories as are other users of the metal. These inventories have been sufficiently depleted at Chase to create a semicritical situation here, Bakken said.

Scovil spokesmen declined to discuss the matter in as much detail as the Chase president, but made no secret of the fact that they, too, are feeling effects of the situation in the copper market. They issued the following statement on the Mansfield-Ribicoff proposal:

"We support this proposal. Jobs and working schedules have been disrupted by copper shortages and profit margins have been reduced by higher copper prices. The proposal to lend stockpile copper to producers should help to improve this situation."

"Anaconda American Brass Co. officials also said increased availability of copper would do much to remedy abnormal copper market conditions, although they were less specific in endorsing the Mansfield-Ribicoff proposal for creating this increase.

"There is no question," said AABC spokesmen, "that if more copper were made available, wherever it might come from, we could bring supply more into balance with demand." AABC echoed Bakken's emphasis on reducing the high price of copper scrap on which fabricators depend for between 30 and 40 percent of their metal.

"The various company spokesmen indicated that as yet, no serious cutbacks in production have been caused here by the shortage."

DECEMBER 14, 1964.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: The current copper shortage is of grave concern to the State of Connecticut. Our copper and brass industry, which employs thousands of workers and is a vital cog in the economy of the State, is plagued by high copper prices resulting from the present shortage.

Representing the State that is the Nation's leading producer of brass mill products, I want to join with Senator Mansfield, whose State is a major copper producer, in urging you to give careful consideration to the proposal to lend copper producers up to 100,000 tons of copper from Federal stockpiles for 1 year. I will join Senator Mansfield in sponsoring the necessary legislation to ease the copper shortage.

Unless action is taken permitting the copper and brass industry to operate at greater volume, we will be faced with sharp production cutbacks resulting in defaults on industry defense contracts and high unemployment. It is imperative that this be avoided.

This proposal would relieve the situation and at the same time protect the national interest in case of emergency. I urge your favorable consideration of it.

My best wishes.

Sincerely,

ABRAHAM RIBICOFF.

Mr. MORSE. Mr. President, I ask unanimous consent that my name may be added as a cosponsor of the bill related to copper introduced by the Senators from Montana, Mr. Mansfield and Mr. Metcalf. The Senator from Missouri, Mr. Symington, the Senator from Connecticut, Mr. Ribicoff, and other Senators spoke in support of it, and I respectfully request that my name be placed on the bill as a cosponsor.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. SYMINGTON. Mr. President, recent months have seen the demand for copper rise beyond the available supply. This has had the usual results in the marketing place—the quoted price of electrolytic copper has increased from 31 to 34 cents per pound, and because there is not enough copper available at any price an "outside—gray" market has developed. This market has often been close to 70 cents a pound, double the ostensible market price.

Nevertheless, today the United States has more than 250,000 short tons of copper excess to stockpile objectives in its strategic and critical materials stockpiles. This is true even after the recent sale of 30,000 tons to the U.S. Mint and the imminent agreed upon sale of 20,000 tons to commercial users. That, of course, comes out of the Defense Production Act stockpile.

This 250,000 tons excess copper in the stockpile cost the American taxpayer some \$133 million.

Although our industry badly needs this excess copper, and the Government does not need it for defense, the Government cannot sell the copper without the express consent of the Congress. As a matter of fact, under the present setup, even with congressional consent to a request from the executive branch, the Government could not sell the copper for 6 months unless and until the Congress passes a special bill authorizing its sale at some earlier date. Then, of course, the President must take his time to sign it.

Because of this ludicrous situation, our majority leader, who comes from a great copper mining State, and is attuned to the needs of the copper industry, suggests the loan of 100,000 tons of copper from the Government to industry.

I agree with the majority leader that some of the Government's excess copper should be released to meet the demands of industry.

It makes no economic sense to retain excess copper in the stockpile, paid for by the taxpayer, when industry needs and wants 100,000 tons of copper that, because of current economic conditions, could be sold at substantial gain to the Government; and, of course, such a sale would return a great many million dollars to the Treasury.

This is not the first time copper has been in short supply in the United States. For example, as was referred to by the distinguished Senator from Montana, from 1954 to 1956 there was a shortage and private industry encountered difficulties in obtaining sufficient copper for its needs.

At that time the Government adopted a policy of permitting suppliers of copper to divert deliveries from the stockpile to private industry. These copper suppliers thereupon sold copper designated for delivery to the stockpile to industrial consumers at market prices much higher than the contract price to the Government, and obviously thereby made a great deal more profit on their sale of copper.

Since the delivery price of copper delivered to the stockpile was at times tied to production cost, or the price in the marketplace, the Government at times paid more for the copper delivered at a later date.

Under a law which would authorize copper loans from the stockpile we might again have such a situation develop against the best interest of the Government.

The PRESIDENT pro tempore. The time of the Senator from Missouri has expired.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senator may have 2 additional minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. SYMINGTON. A sale of any required stockpile copper, therefore, instead of a loan, would be much better for the Government. At the same time it would give industry the copper industry states is now needed.

Therefore, I would hope the able and distinguished majority leader would give consideration, if it meets with the approval of the Armed Services Committee, that we sell any copper, instead of going to a loan, which operated so drastically against the taxpayer in the 1950's.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. SYMINGTON. I yield.

Mr. MANSFIELD. I have listened with great interest to the speech which has just been made by the distinguished Senator from Missouri, who is chairman of the Strategic Stockpile Subcommittee of the Armed Services Committee. It is my belief that his proposed legislation will be referred to that committee and very likely hearings will be held under the chairmanship of the Senator from Missouri, who has just made the statement.

Frankly, I am encouraged by the tone of the Senator's remarks, not because he advocates the possibility of the sale of copper from the national stockpile, but because of the interest which he has shown in the fact that there is a shortage, but it is tied in with the possibility of unemployment, instability in production, and unsureness in price. On the basis of those remarks, I think the outlook is very encouraging in view of what has been done and what will be done in the next 2 or 3 months to bring about a meeting of supply and demand on a world-wide basis so far as copper production is concerned.

I am delighted that the Senator has made his suggestion, and I know that when this matter is referred to his committee, he will go into it in all its aspects and make absolutely certain that the Government is protected all the way through.

The PRESIDENT pro tempore. The time of the Senator has expired.

Mr. SYMINGTON. Mr. President, I ask unanimous consent to have 3 additional minutes.

The PRESIDENT pro tempore. Without objection it is so ordered.

Mr. SYMINGTON. I will read three paragraphs from a letter sent me by a constituent who is one of the leading copper fabricators in the United States. He wrote recently:

"Once in a while you must come upon something that really riles you. Well, I just have and it reeks of a very unbusinesslike handling of Government funds. I don't know how it got started, but something certainly should immediately be done to correct it. It has to do with the \$5 billion worth of metals the Government is holding in its stockpile over and above what is required for the strategic defense stockpile.

"The Whitaker Cable Corp. is concerned primarily with copper which has been in serious short supply. We naturally have tried to find out why there has been such a shortage and then, of course, how to get enough of the material to keep our doors open. We have paid as high as 6½ cents a pound for some of our copper during this period which is a 27½ cents per pound premium over the producer's price of 34 cents, but the producers haven't enough to go around. In making our search for copper we discovered the Government stockpile situation.

"An article regarding a proposal by Senator Mansfield appeared in the Wall Street Journal on December 12, 1964 (a copy is attached), which tells of the copper shortage, the premium prices being paid, the total amount of copper in the stockpile (1.1 million tons) and his proposal of loaning 100,000 tons to industry from the stockpile."

I thank the majority leader, and assure him the Stockpile Subcommittee of the Armed Services Committee will do its best to expedite legislation on the basis of a sale of copper, instead of a loan.

Let us at this time give consideration to the fact that we now again have a bill introduced, S. 28 which was approved unanimously by the subcommittee and the full Armed Services Committee last year but which could not, because of the pressure at the end of the last session, be taken up. It is a bill which would correct this situation because it would be possible to move this copper into industry without going through all this rigamarole, unless one of the two branches of Congress objected.

Mr. YOUNG of North Dakota. Mr. President, will the Senator yield?

Mr. SYMINGTON. I am delighted to yield to the Senator from North Dakota.

Mr. YOUNG of North Dakota. It seems to me that perhaps the proposed legislation has a great deal of merit. I heard with a great deal of interest what the Senator from Missouri has said. I am wondering at this time if the bill should not include some of the other commodities which are being held in the stockpile, and which, under certain conditions, could be released without further legislation.

I am thinking particularly of sisal. A year or two ago there was a real shortage of this commodity, but the stockpile continued to grow. It could not be sold without special legislation. It would have helped the country a great deal if the Government could have sold it. Of course, it could have been replaced later, if it were necessary to do so.

Mr. SYMINGTON. I thank the able and distinguished Senator from North Dakota, an authority on the agricultural products that are in the national stockpile today.

For his possible interest, the surpluses of minerals and metals today equal the total agricultural stockpile held by the U.S. Government.

The PRESIDENT pro tempore. The time of the Senator has expired.

Mr. SYMINGTON. I ask unanimous consent to proceed for 30 seconds.

The PRESIDENT pro tempore. Without objection, the Senator may proceed.

Mr. SYMINGTON. May I say to the Senator from North Dakota that S. 28 does exactly what he proposes; that is, it places the entire situation on what could be called a proper businesslike basis.

THE SHORTAGE OF COPPER

Mr. METCALF. Mr. President, the shortage of copper—a metal basic in peace and war—continues to pose a threat to our Nation.

It has become so acute that, according to quotations on the London market, the price jumped 6½ cents per pound today. This morning's price was 63.66 cents a pound.

The previous record high was 64.64 cents on December 11, 1964. That was prior to introduction by the senior Senator from Montana [Mr. Mansfield] and other Senators, including myself, of legislation to loan 100,000 tons of copper from the national stockpile to domestic producers.

After the introduction and subsequent discussion of that legislation, the price of copper broke, dropping to 40.9 cents on January 19. Since then, it has climbed to 63.66 cents, an increase of 22.8 cents a pound in the past 23 days.

This morning's edition of the Wall Street Journal gives the background for the increase in the following words:

"Demand for spot supplies of copper at London has been stimulated by failure of workers at the Mount Isa Mine in Australia to return to their jobs and by the cutting off of shipments from the United States by the dock strike. Dealers said spot supplies of copper in London and in Europe were 'very tight.'"

I have been advised that from 15,000 to 20,000 tons of blister copper from Chile are in Atlantic seaports waiting to be unloaded after the dock strike is settled. This blister copper is converted into electrolytic copper in Perth Amboy, N.J., and Baltimore, Md. Some of it is for domestic consumption, some for shipment abroad.

The situation is so acute that refineries in both these industries cities have practically exhausted their supplies and soon will be forced to shut down.

I have discussed our loan proposal with the senior Senator from Montana Mr. Mansfield and the senior Senator from Missouri Mr. Symington. Senator Mansfield and I have been advised that there will be early hearings on proposals to sell or loan copper to our mining industry.

An article in the American Metal Market of Wednesday, February 10, included the following paragraph:

"While he did not flatly say so, it was apparent that Senator Mansfield was withdrawing his proposal that the Government lend 100,000 tons of copper to industry to be repaid in metal within 1 year."

Mr. President, neither Senator Mansfield nor I propose to withdraw that proposal. "As far as I am concerned, my position has not changed one bit since the bill was introduced," the office of the senior Senator from Montana [Mr. Mansfield] told the Wall Street Journal yesterday.

He and I are firmly convinced of the importance of stability in this basic industry. Approval of our bill will prevent repetition of the 1955-56 boom and bust cycle.

Price stabilization, resulting from this legislation, will protect copper's place in our economy and also will be in the interest of the consumer. Without this legislation, the price of copper may be expected to continue to rise—to the point where competitive materials will move in and capture a part of the market which will never return to copper. This price increase also will be passed on to the consumer.

The copper, loaned under our legislation, will be returned to the stockpile by domestic producers as a result of a gradual increase in production, which will be maintained to the benefit of producers, the union labor they employ and the mining centers which serve them. In addition, it is our feeling that those who borrow this copper should be charged a reasonable interest rate, which could, perhaps, take the form of the return of 2 or 3 percent more copper to the stockpile than they borrowed.

Mr. President, when hearings have been held on these proposals, I am sure the loan program will be found to be in the public interest.

Mr. President, I ask unanimous consent that S. 296 be printed at this point in the Record together with the names of the cosponsors.

The PRESIDING OFFICER (Mr. Bayh in the chair). Without objection, it is so ordered.

The bill (S. 296), ordered to be printed in the Record, together with the names of the cosponsors, is as follows:

S. 296

In the Senate of the United States, January 7, 1965; Mr. Mansfield (for himself, Mr. Metcalf, Mr. Bayh, Mr. Bible, Mr. Dodd, Mr. Hartke, Mr. Hayden, Mr. Montoya, Mr. Morse, Mr. Ribicoff, and Mr. Williams of New Jersey) introduced the following bill; which was read twice and referred to the Committee on Armed Services:

A BILL To authorize the temporary release of one hundred thousand short tons of copper from the national stockpile

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in order to avoid serious economic dislocation and instability in the domestic market for copper, the Administrator of General Services is authorized, notwithstanding any limitation or requirement in the Strategic and Critical Materials Stock Piling Act with respect to the disposition of materials acquired thereunder, or in any other provision of law, to release not to exceed one hundred thousand short tons of copper now held in the national stockpile. The disposition herein authorized shall be made to domestic producers of copper under such rules and regulations as may be prescribed by the Director of the Office of Emergency Planning. One of the terms and conditions applicable to such disposition shall be that any producer receiving such copper shall agree to restore to the national stockpile an amount and grade of copper at least equivalent to that received (1) not later than one year after the receipt thereof, or (2), in the event of an emergency, as determined by the President, not later than sixty days after notice thereof.

STATEMENT OF SENATOR FRANK E. MOSS, OF UTAH

U.S. SENATE,
COMMITTEE ON INTERIOR AND INSULAR AFFAIRS,
March 4, 1965.

Hon. STUART SYMINGTON,
Chairman, Subcommittee on the National Stockpile and Naval Petroleum Reserves, Committee on Armed Services, Senate Office Building, Washington, D.C.

DEAR STU: I urge the subcommittee to act favorably on S. 296, Senator Mansfield's bill to lend to U.S. primary copper producers 100,000 short tons of copper for a period not to exceed 1 year.

There is currently a shortage of copper on the market which must be met.

Enactment of this legislation will stabilize stocks and eliminate further price increases and hoarding. A stabilized market will protect copper's position in our economy at the same time that it is meeting consumer needs.

Copper loaned under this bill can be expected to be repaid out of production expansion, which can be carried out in an orderly manner under stable market conditions.

It is most important that expanded copper production does not result in "boom and bust," but that utilization of improved facilities and increased manpower to meet current needs be sustained as long as possible.

In sum, I firmly believe that S. 296 is the best means of meeting the needs of copper producers, copper workers, copper consumers, and the Nation's economy.

Sincerely,

(S) FRANK E. MOSS,
U.S. Senator.

STATEMENT OF SENATOR ABRAHAM RIBICOFF, OF CONNECTICUT

Mr. Chairman, I appreciate this opportunity of submitting this statement to the subcommittee on behalf of legislation to relieve the current copper shortage.

During the past few months trends in the copper industry have been very disturbing. Representing a State whose industries are among the largest users of copper in the country, I have followed these trends with attention and care. Copper has been in short supply for some time and allocations by primary copper producers to the major copper users in this country have been inadequate to needs. The dwindling supply of copper available to domestic users has occurred at a time when the needs of these users has increased. If the shortage is not relieved, if action is not taken immediately, the production lines of our great industries will begin to slow down. The consequences could be damaging to employees and employers alike. That must not happen.

In addition, the short supplies of copper in this country have brought about some manipulation of the international market. Caused in part by increased demands for copper in Western Europe, aggravated by a series of strikes in Australian mines and by the American dock strike, speculators in the London market have been able to change their copper futures into gold.

What this has meant to our domestic users of copper, Mr. Chairman, is that they have been forced to pay dealers as much as 30 cents a pound above the price charged by producers. The domestic users no longer can continue to pay almost double the price of copper in order to maintain full scale operations and high levels of unemployment. Throughout Connecticut and especially in Bridgeport, Waterbury, Bristol, and the entire Naugatuck Valley, the effect of the shortage is reaching the danger point. A 4-day week has already been put into effect at one of the area's largest employers. The prospects of a 3-day week are threatening. Mr. Chairman, the possibilities of defaults on defense contracts because of these cutbacks are genuine ones. It is imperative that these consequences be avoided.

As I remarked earlier, the problem of a copper shortage is one that has been with us for some time. On several occasions during the past year the Federal Government initiated actions designed to resolve it. As of June 30, 1964, Federal stockpiles held about 1.1 million short tons of copper, of which nearly 100,000 tons could be sold or disposed of without congressional approval. To help ease the shortage, the administration committed to the mint during the course of the year 72,500 tons of this copper for the minting of coins. The object was to avoid Government purchases in the open market that might add to pressures on prices. Useful as this action was, it had no appreciable effect on the shortage. While needs increased, available supplies dwindled.

In December last, I joined with Senator Mansfield and others in urging the President to give serious consideration to the possibility of a loan from the national stockpile of 100,000 tons of copper to the primary producers. Shortly after our appeal to the President, the Office of Emergency Planning authorized the immediate sale of 20,000 tons of copper from the national stockpiles. The release of this tonnage effected some relief but only of a temporary nature. The same causes continued to operate, and before very long the industry was again in a state of crisis.

In early January, I joined with Senator Mansfield and several others in co-sponsoring a bill, S. 296, that embodied the loan principle which Senator Mansfield had proposed in December. As recently as last week I again wrote to the President urging that every possible consideration be given to further administrative relief of the shortage through release of additional tonnage through the Office of Emergency Planning.

Mr. Chairman, in all of this one fact seems very clear. The copper shortage has persisted, is persisting, and will continue to persist unless some decisive action is taken, and taken very soon. The optimism of some forecasters that the shortage would be over by April 1965 does not appear to be justified by the current state of supplies. As you pointed out a week ago, Mr. Chairman, current stocks in the hands of U.S. producers are slightly more than one third of what they were a year ago. As you said then, "current fabricator stocks are at rock bottom level. Many consumers are unable to obtain needed copper with resultant disruption in production schedules, layoffs, and limitation of industrial activity."

My principal concern is with quick action. I want to make certain that those hard-working people in Connecticut and elsewhere start drawing their full pay checks as soon as possible. I am confident that whatever proposals are reported out of this subcommittee will be just, expeditious, carefully related to our national interest, and skillfully designed to relieve the current copper shortage. I urge the earliest consideration of legislation that will authorize the sale of copper to users at reasonable prices. In this way, we will prevent speculators from driving prices up and bring an end to this shortage as quickly as possible.

Statement of American antiknock fluid industries

CLEARY, GOTTLEB, STEEN & HAMILTON,
Washington, D.C., March 3, 1965.

The CHAIRMAN,
Subcommittee on National Stockpile and Naval Petroleum Reserves, Committee
on Armed Services, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I am enclosing copies of a statement on behalf of the American antiknock producers in support of H.R. 1658 (S. 1041). I would appreciate it if this statement can be incorporated in the record.

We do not intend at the present time to make an oral statement but will be available should any member of the committee wish to ask questions regarding the statement.

Sincerely yours,

ROBERT C. BARNARD.

STATEMENT OF ROBERT C. BARNARD ON BEHALF OF E. I. DU PONT DE NEMOURS & CO., ETHYL CORP., HOUSTON CHEMICAL CORP., IN SUPPORT OF H.R. 1658 (S. 1041) MARCH 4, 1965

I am appearing today on behalf of the American antiknock fluid industry in support of H.R. 1658. The American antiknock fluid industry is one of the largest consumers of lead in the United States. Antiknock fluid, which is added to gasoline to increase the octane rating, consists of a minimum of 40 percent lead by weight.

In 1964 the U.S. producers of antiknock fluids used about 205,000 tons of lead metal. For 1965 the industry estimates that it will require between 215,000 and 220,000 tons.

All of the lead used in making antiknock fluids is consumed upon the firing of the gasoline in the engine and none is returned as scrap to the secondary market. Therefore, while the antiknock fluid industry is second to the battery industry in the annual volume of lead purchasers, it is the largest ultimate consumer of lead.

Because of its very large requirements for lead, the antiknock industry is particularly affected by shortages in lead supply. In 1963, when the first release of lead from the stockpile was completed, the antiknock industry predicted that there would be shortages of lead in 1965 and 1966. The industry's forecast of shortages has been borne out and lead at the moment is in critical short supply. The industry has experienced difficulty in locating lead for spot purchase and some regular suppliers have been rationing lead among their customers.

Based on our analysis of the lead supply situation, the status of imports into the United States under the quotas, and the rising exports of lead from the United States, the antiknock fluid industry is of the view that lead supplies in 1965 will fall short of demand by at least 150,000 tons and could fall short of an even greater amount. The only relief available to meet the current critical shortages lies in prompt release of lead from stockpiles.

The antiknock industry has participated in discussions with the General Services Administration with respect to a plan of disposition of the lead from the stockpile and has confidence that the General Services Administration will put into effect a plan of disposition which will achieve speedy and equitable distribution to consumers without undue disruption of the market.

We strongly urge, therefore, that the committee approve H.R. 1658 authorizing the release of 150,000 tons of lead from the stockpiles. In view of the critical nature of the shortage at the present time, we urge the committee to give prompt and favorable consideration to H.R. 1658.

Statement of J. Allen Overton, Jr., Executive Vice President, American Mining Congress, Washington, D.C.

Mr. Chairman and members of the committee, the American Mining Congress is deeply appreciative that you, Mr. Chairman, so promptly scheduled this hearing on bills designed to facilitate the release of lead, zinc, and copper from Government stockpiles in order to meet urgent domestic requirements resulting from temporary shortages of these vital metals. We also appreciate this opportunity to present our views with respect to these proposals.

Under current circumstances, when urgent consumer requirements are going unfilled, we support the release of 150,000 short tons each of lead and zinc from the national and supplemental stockpiles, these quantities having previously been determined to be surplus to national defense requirements.

We do so with the assurance that the lead and zinc will be released in such a manner as to prevent disruption of or adverse effect upon the domestic mining industry. This is in accord with our declaration of policy adopted at Portland, Oreg., last September, the pertinent portion of which is as follows:

"Should further disposals of surplus stockpile materials be deemed desirable by the Congress, it is essential that such disposals continue to be handled in a

manner which will not disrupt employment and activity in the raw material industries of this country or of our foreign suppliers. This objective can best be served by adhering to a pattern of making limited sales of surplus materials from time to time, after due consultation with industry in each such instance and specific approval by the Congress. We believe that such future disposals of stockpiles should be made through regular marketing channels at current domestic market prices.

"Any transfer of minerals or metals from the stockpiles for use by other Government departments or agencies should be subject to the same terms and conditions as Government sales to private industry."

As we testified on these measures before the House Armed Services Subcommittee No. 1, we believe that not more than 150,000 short tons each of lead and zinc are adequate to ease current shortages and urged approval of the release of these quantities. We wish to commend the officials of the General Services Administration for the care exercised by them in consultation with the industry in arriving at the executive branch recommendation with respect to this matter.

The measures before you also would release an additional 50,000 short tons each of these metals limited to direct Government use. The American Mining Congress has not been consulted as to the Government's direct-use needs and, therefore, does not have any position as to the release of these additional tonnages other than to call attention to the oft-repeated observation of the distinguished chairman of the House Committee on Interior and Insular Affairs, the Honorable Wayne N. Aspinall, that a release for Government use is just as much a displacement of normal market matters as a release for sale to private users.

With respect to the proposed release of 100,000 short tons of copper, the Government agencies concerned in determining national stockpile goals are in a position to know whether a release of this metal can be made at this time consistent with national security requirements; and we bow to the wisdom of these agencies and to that of this committee and of the Congress concerning this matter. We all are aware that there is a current shortage of copper in this country and that many copper fabricators and other consumers are in dire need of this metal in order to maintain their operation and employment of their personnel. In the event that the Government feels that this need can be met at this time by a release of stockpile copper of up to 100,000 short tons, we support such a release. We respectfully suggest that such a release should be made promptly and with appropriate types and grades of copper requiring a minimum of further conversion before use. Further, our support of such a release, as in the case of lead and zinc, is with the understanding that it will be executed in such manner as to avoid disruption of employment and activity in the mining industry.

Again, we wish to thank you, Mr. Chairman, for the opportunity afforded us to present our views for the consideration of your committee.

Statement of Arizona Copper Tariff Board

U. S. SENATE,
COMMITTEE ON APPROPRIATIONS,
January 25, 1965.

Hon. RICHARD B. RUSSELL,
Chairman, Armed Services Committee,
U.S. Senate, Washington, D.C.

DEAR DICK: I am enclosing a letter sent to me by Mr. Samuel H. Morris, chairman, Arizona Copper Tariff Board, expressing a need for prompt consideration of S. 296, the bill introduced by Senator Mansfield to provide for the temporary release of 100,000 tons of copper from the national stockpile.

Since Mr. Morris expresses the opinion of the Arizona Copper Tariff Board, as well as the producers in my State, I will appreciate your having his letter made a part of any hearing record on S. 296.

Yours very sincerely,

CARL HAYDEN, *U.S. Senator.*

ARIZONA COPPER TARIFF BOARD,
Globe, Ariz., January 8, 1965.

HON. CARL HAYDEN,
*U.S. Senator from Arizona,
 Senate Office Building, Washington, D.C.*

DEAR SENATOR: I was glad to note in the morning press that you had joined with Senator Mansfield and others in the bill to release for lending purposes 100,000 tons of copper from the national stockpile. You no doubt will recall we discussed this matter on several occasions early last fall and the proposed legislation is in keeping with the problem which has been brewing for some time.

At a meeting of the Arizona Copper Tariff Board on Tuesday, it was unanimously agreed that such legislation would be for the best interests of the copper industry, its employees, the consumers, and the State. Accordingly, I was asked to advise you of this decision and my letter is in accordance with that direction and confirmatory of the action that you have already taken according to the morning press.

There is at the present time an imbalance in the supply and demand copper picture and as a consequence speculators in copper have been getting unreasonable prices for metal and it has resulted in a very unstable price marketwise. It is felt that the present tight situation is only temporary and that the supply and demand picture should be pretty much in balance by spring and satisfactorily taken care of by early summer. The release of metal from the stockpile at this time would be most helpful, as it would make available copper for many small consumers who are at the moment having difficulty in getting their requirements except at astronomical prices.

I might say that the members of the tariff board have discussed this program with several of the large producers and they are in accord with the proposed legislation. The sooner, of course, it can be accomplished the more effective it will be to relieve the present stringency. On behalf of the Arizona Copper Tariff Board, I wish to thank you for your continued interest in the matter and for the loyal support you have given the tariff board in the past.

I trust that you are feeling the very best.

With best wishes for a new year full of good health and good fortune, and with kind regards, I am,

Sincerely yours,

SAMUEL H. MORRIS, *Chairman.*

Statement of Theodore E. Veltfort, Secretary, Copper & Brass Fabricators Emergency Committee

I am Theodore E. Veltfort, acting as secretary of the Copper & Brass Fabricators Emergency Committee which is located at 225 Park Avenue, New York. The committee was set up last fall by representatives of brass mills to help them obtain relief from the Government in the critical copper shortage which developed at that time and which unfortunately continues to plague the mills.

The brass mills utilize copper, zinc, copper, and copper alloy scrap and smaller quantities of other metals such as tin, lead, and nickel to fabricate the copper and copper alloy sheets, plates, rod, shapes, wire, and tube which are extensively used as raw material throughout the economy. The domestic mills in 1964 produced about 1,400,000 tons of mill products. About three-fourths of this output went into such active industries as building, construction, automotive, electrical, machinery and parts, and general industrial components. It is significant that this includes 230,000 tons of copper tube which went into the plumbing systems in housing and other buildings. Brass mill shipments in 1964 increased about 13 percent over 1963. But there is a definite indication, in view of the great activity in other industries using brass mill products, that this increase would have been greater had the copper been available.

To make its products in 1964, the industry used 711,000 tons of copper, 122,000 tons of zinc, and 504,000 tons of scrap. The metal intake, therefore, consisted of 53 percent copper, 9 percent zinc, and 38 percent scrap. The more normal intake would be 56 percent copper, 10 percent zinc, and only 34 percent

scrap. The large requirements of scrap in 1964 resulted from the shortage of copper and to a lesser degree, the shortage of zinc. Unfortunately, scrap, even if available, cannot substitute for copper in a large proportion of the industry's output, such as, for instance, copper plumbing tube and copper sheet for building use, which have to be made of pure copper.

The effect of the shortage of copper at a time when the mills were making every effort to meet the growing needs of their customers is indicated by what happened to their inventories during the year. Thus, whereas the mills in recent years have generally had a surplus of from 20,000 to 30,000 tons of copper over their working stocks and the copper required to meet unfilled orders, by the end of 1964 this had changed to a deficit of about 70,000 tons. During the year, also, the inventory of scrap dropped from 50,000 to 35,000 tons. The scrap shortage, moreover, was particularly aggravated by the increase in exports from 48,000 tons in 1963 to 112,000 tons in 1964, or more than double.

Under these circumstances it can readily be understood why the mills find it necessary to appeal for more copper from the Government stockpile. The 20,000 tons which were released from the DPA inventory late last year were of substantial help and the industry is grateful for this assistance. However, there has not been sufficient time for the shortage which developed last fall to be overcome by the increased copper production and there is still a critical need for more copper, so that the mills may at least maintain their present production and avoid any further unemployment, as well as to serve as adequately as possible the growing need for brass mill products in the important industries which require these to maintain their own high level of production and employment. This need is immediate, and it is for this reason that the industry urges the prompt enactment of legislation which will release to it at the earliest possible moment as large a quantity of copper as the Government may now be in a position to release from its stockpile.

Statement of Rolled Zinc Manufacturers Association

WASHINGTON, D.C., *March 1, 1965.*

HON. STUART SYMINGTON,
Chairman, Armed Services Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR SYMINGTON: Please accept this communication in lieu of a request to enter a personal appearance at the hearing scheduled to be held Thursday, March 4, on H.R. 1496 to authorize release of zinc from the Government-held stockpile.

The Rolled Zinc Manufacturers Association is very much in favor of this legislation. In view of the apparent unanimous departmental and industry support for this measure we are not requesting permission to make a verbal presentation.

There is a severe shortage of zinc, and additional supplies are urgently needed by rolled zinc manufacturers. We are hopeful that the Armed Services Committee without delay will report the measure to the Senate and obtain quick action by the Senate. Speedy action is the most important element in the enactment of this measure.

Respectfully submitted.

JAMES E. MACK.

Statement of Charles H. Kerrigan, Director, United Automobile Workers Copper & Brass Council

INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE &
AGRICULTURAL IMPLEMENT WORKERS OF AMERICA—UAW,
Washington, D.C., March 4, 1965.

HON. STUART SYMINGTON,
Chairman, Senate Armed Services Subcommittee on the National Stockpile,
Senate Office Building, Washington, D.C.

DEAR SENATOR SYMINGTON: This is the statement which was promised you during the course of the hearings on Thursday, March 4, 1965.

Sincerely yours,

DANIEL S. BEDELL,
Legislative Representative.

This statement is submitted on behalf of the United Automobile Workers Copper & Brass Council, representing more than 40,000 members in the copper and brass fabricating industry. This membership is located in many States.

We represent employees of Anaconda American Brass; Mueller Brass Co.; Chase Copper & Brass Co., a division of Kennecott; Scovill Manufacturing Co.; Revere Copper & Brass; Wolverine Tube Co.; H. K. Porter Co.; Seymour Manufacturing Co., a division of National Distillers; Bristol Brass Co.; Titan Metals, a division of Cerro De Pasco; and many other employees of independent consumers of copper in the fabricating of copper and brass.

The critical shortage of copper has caused a reduced workweek and extensive layoffs in many plants where we have bargaining rights.

The companies have, in almost every case, indicated to us that they have sufficient orders to operate at full capacity if they had the copper and copper scraps necessary.

The releasing of 100,000 tons of copper to the industry would allow these companies to fill their orders and thereby recall laid-off employees and make possible new employment opportunities for others.

Some examples of the needs of the companies are as follows: At Mueller Brass Co., in Port Huron, Mich., there are 272 employees who have been laid off as a direct result of the copper shortage. The company would need approximately 12,000 tons of additional copper per month for the next 3 months in order to operate and bring back employment to normal levels.

This 12,000 tons of copper represents about 50 percent of their monthly needs for copper to maintain normal production.

The Revere Copper & Brass plants have been on a 4-day week for about 10 weeks, where normally 6 days of production were in effect for a long period of time prior to the fall of 1964. The company indicates they would need an additional 10,000 tons of copper to go along with what is available to them through normal channels in order to maintain their employment at a 5-day-a-week level of production.

The Wolverine Tube Division in Detroit directly quotes:

"The current critical copper shortage and exorbitant prices on other than producer copper that is available makes it impossible to maintain production and employment. Being substantial suppliers of fabricated copper products to the construction, air conditioning, refrigeration, and power and process industries, Wolverine Tube will be forced to reduce operations in March, April, and May—thus requiring possible layoffs in its plants and plants of industries served. It has already been necessary to reduce production schedules in one of the refinery plants due to a lack of material. Action is immediately urged to distribute stockpile copper to avoid these reductions in production and employment."

The management of Anaconda American Brass in Detroit says: "The premium being asked for Nos. 1 and 2 scrap is higher than the differential we received for the finished product. Differential being the difference between the base cost of metal content and the price we can sell it for. Additional copper from the stockpile is urgently needed."

Many other companies have confidentially told us they must have additional copper by mid-March or they would be compelled to lay off employees for an indefinite period.

There are many other consumers of copper in every State that have similar need for additional copper to carry on their business and provide employment for our members.

We are informed that some 225,000 tons of copper in the national stockpile are considered to be surplus. We feel that the release of 100,000 tons of the consumer as an outright sale would be most helpful to the companies involved, as well as the members of our union.

The UAW Copper & Brass Council feels that emergency legislation is necessary to allow for the release of copper from the Government stockpiles, as extremely urgent to prevent further cutbacks in employment and to make possible some new employment in many fabricating plants.

Any delay by the Congress in this matter may have some drastic effects on the industry.

Therefore, we urge that the speediest possible action necessary be taken by the Congress to allow for the release of copper from the Government stockpiles, required to meet the needs of the industry until such time as the normal supply can meet the demand.

TELEGRAMS

BRIDGEPORT, CONN., March 3, 1965.

Senator STUART SYMINGTON,
*Chairman, Senate Armed Services Subcommittee, National Stockpile and Naval
 Petroleum Reserve, Old Senate Office Building, Washington, D.C.:*

Request that you include our telegram of February 24 urging immediate favorable action on Mansfield bill (S. 296) in the record of the hearing on legislation to authorize disposal of 100,000 tons of stockpile copper to be held Thursday, March 4.

BRIDGEPORT ROLLING MILLS Co.

BRIDGEPORT, CONN., February 24, 1965.

Hon. STUART SYMINGTON,
*Missouri Senator, Senate Armed Services Subcommittee on National Stockpile,
 Senate Office Building, Washington, D.C.:*

Very important that additional copper to maintain production and employment be released. We urge immediate favorable action on Mansfield bill S. 296. Quick action absolutely necessary.

W. K. PATJENS,
Bridgeport Rolling Mills.

WASHINGTON, D.C., March 2, 1965.

Hon. RICHARD B. RUSSELL,
*Chairman of Senate Armed Services Committee
 (Attention of Mr. Atkinson):*

With regard to pending bills which deal with the disposal of lead and zinc from the national stockpile, please be advised that I am out of the city and will be unable to return prior to March 10, 1965. Therefore, I shall be unable to attend the hearing to be held at 9:30 a.m., Thursday, March 4, at the Senate Office Building in room 212. I shall contact the committee upon my return to Washington. You may expect our brotherhood's full support of the legislation contained in the bills.

Respectfully yours,

BRYCE P. HOLCOMBE,
*Legislative Representative, Brotherhood of Painters, Decorators and Paper-
 hangers of America.*

CLEVELAND, OHIO, March 2, 1965.

Senator STUART SYMINGTON,
*Chairman, Senate Subcommittee on National Stockpile Reserves,
 Old Senate Office Building, Washington, D.C.:*

In regard to hearings before the Armed Services Committee on release of stockpile copper, we would like to place on the record that Chase Brass & Copper favors such release. Our own inventories at our major fabricating facilities in Ohio and in Connecticut are at an alltime low. Unless some help is quickly made available, our employment will be affected as well as that of our customers. The automobile industry is our No. 1 market for our products with construction and electrical next in importance.

G. P. BAKKEN,
President, Chase Brass & Copper Co.

NEW YORK, N.Y., March 2, 1965.

Hon. STUART SYMINGTON,
*Senate Armed Services Subcommittee,
 Senate Office Building, Washington, D.C.:*

Reference our telegram of February 25, we respectfully request that this communication be included in the record of the hearing scheduled for March 4 of the Senate Subcommittee on National Stockpile and Naval Petroleum Reserves concerning proposed legislation for disposal of stockpile copper, lead, and zinc.

JAMES F. TOWEX,
*Vice President, Brass Operations, Olin Mathieson Chemical Corp., East
 Alton, Ill.*

NEW YORK, N.Y., *February 25, 1965.*

Hon. STUART SYMINGTON,
*Senate Armed Services Subcommittee,
Senate Office Building, Washington, D.C.:*

Olin's extensive facilities for manufacture of brass products and small arms ammunition at East Alton, Ill., and New Haven, Conn., have been severely restricted by inadequate supply of copper, zinc, and lead raw materials during recent months. Current supply and price conditions seriously jeopardize long-term welfare and stability of these industries. Immediate situation is now extremely critical adversely affecting employment efficiency of operations and satisfaction of customer requirements. We face prospect of partial plant shutdown daily. We urgently and respectfully request your support of and the most rapid affirmative action on stockpile release legislation now pending for all three metals.

JAMES F. TOWEY,
*Vice President, Brass Operations, Olin Mathieson Chemical Corp., East
Alton, Ill.*

FORT WAYNE, IND., *March 3, 1965.*

Hon. STUART SYMINGTON,
*U.S. Senate,
Old Senate Office Building, Washington, D.C.:*

Please include in the record of the hearing to be held Thursday, March 4, before Senate Subcommittee on National Stockpile and Naval Petroleum Reserves the following wire sent you March 1:

"We respectfully urge favorable action on S. 296 authorizing temporary release of 100,000 tons of stockpile copper. Unless the shortage of copper is promptly relieved by such proposed release of stockpile copper the requirements of our customers cannot be met. We also urge that since such release of copper will be in the form of a loan of copper and not a sale of copper, and therefore the copper must be returned within the specified period of time, the stockpile will not actually be depleted and the release on a loan basis will alleviate the temporary situation.

JACK V. STROUTS,
Works Manager, Inca Manufacturing Division, Phelps-Dodge Copper.

YONKERS, N. Y., *March 3, 1965.*

Senator STUART SYMINGTON,
Old Senate Office Building, Washington, D.C.:

Reference my telegram February 25 on Mansfield bill S. 296 would appreciate having it incorporated in the record of the hearing on March 4 on disposal of 100,000 tons of stockpile copper.

ROBERT E. DEVLIN,
Works Manager, Phelps-Dodge Copper Products Corp.

YONKERS, N.Y., *February 25, 1965.*

U. S. Senator STUART SYMINGTON,
*Chairman, Senate Office Building,
Washington, D.C.*

Unless favorable action forthcoming on Mansfield bill, S. 296, we are faced with not only continuing curtailing of customers' requirement for copper products but also with layoff of personnel.

ROBERT DEVLIN,
Works Manager, Phelps-Dodge Copper Products Corp.

DAYTON, N.J., *March 3, 1965.*

Hon. STUART SYMINGTON,
*U. S. Senator, Chairman, Senate Subcommittee on National Stockpile and Naval
Petroleum Reserves, Old Senate Office Building, Washington, D.C.*

We request that our telegram of February 25th be included in the record of the hearing.

T. J. MUNLEY,
Phelps-Dodge Copper Products Corp.

PRINCETON, N.J., February 25, 1965.

HON. STUART SYMINGTON,
 Chairman, Senate Armed Services Committee, Senate Office Building,
 Washington, D.C.:

We respectfully urge favorable action on S. 296 authorizing temporary release of 100,000 tons of stockpiled copper. Unless the shortage of copper is promptly relieved by some such proposed release of stockpile, copper requirements of our customers cannot be met. We also urge that since such release of copper will be in the form of a loan of copper and not a sale of copper, and therefore, the copper must be returned within the specified period of time. The stockpile will not actually be depleted and the release on a loan basis will elevate the temporary situation.

T. J. MUNLEY,
 Works Manager, Phelps-Dodge Copper Products, Dayton, N.J.

ELIZABETH, N.J., March 3, 1965.

Senator STUART SYMINGTON,
 Old Senate Office Building,
 Washington, D.C.:

Referring to our telegram to you of February 26, in which we urged favorable action on S. 296, authorizing temporary release of 100,000 tons of stockpile copper, we further respectfully request that this be included in the record of hearing which we understand will be on Thursday, March 4.

L. F. BUCKMAN,
 Works Manager, Phelps-Dodge Copper Products Corp.

ELIZABETH, N.J., February 26, 1965.

Senator STUART SYMINGTON,
 Senate Office Building,
 Washington, D.C.:

We respectfully urge favorable action on S. 296 authorizing temporary release of 100,000 tons of stockpile copper. Unless the shortage of copper is promptly relieved by such proposed release of stockpile copper the requirements of our customers cannot be met. We also urge that since such release of copper will be in the form of a loan of copper and not a sale of copper, and therefore the copper must be returned within the specified period of time, the stockpile will not actually be depleted and the release on a loan basis will alleviate the temporary situation.

L. F. BUCKMAN,
 Works Manager, Phelps-Dodge Copper Products Corp.

WATERBURY, CONN., March 3, 1965.

STUART SYMINGTON,
 Senate Armed Services Subcommittee,
 National Stockpile, Senate Office Building,
 Washington, D.C.:

I had planned to appear personally to support the bill to release 100,000 tons of copper from the national stockpile for prompt use by the domestic industry. In lieu of appearing personally I am sending this telegram to urge your committee to report favorably on this bill to the Senate. The shortage of copper during the past year and more severely at the present has seriously interfered with our normal operation. As an independent brass company, we have been required to pay exorbitant prices for scrap copper and scrap brass to make up this difference, in fact in some of our operations we have been compelled to substantially reduce production. The entire copper and brass industry is in great distress and this relief measure is badly needed.

Please make this telegram a part of your hearing.

NORMAN SCHLINK,
 Vice President, Scoville Mfg. Co.

DETROIT, MICH., March 2, 1965.

Senator STUART SYMINGTON,
Old Senate Office Building, Washington, D.C.:

Re hearing Thursday on legislation to authorize disposal 100,000 tons stockpile copper, please include in record of hearing our telegram to you of February 24 requesting favorable action on Mansfield bill S. 296.

H. J. ROSS,
*President and General Manager,
 Wolverine Tube Division.*

DETROIT, MICH., February 24, 1965.

Senator STUART SYMINGTON,
Senate Office Building, Washington, D.C.:

Current critical copper shortage and exorbitant prices on other than producer copper that is available make it impossible to maintain production and employment in our fabricating plants. I urge you as chairman of Senate Armed Services Subcommittee on National Stockpile to give immediate favorable action on Mansfield bill S. 296.

P. W. ROBSON,
*President and General Manager,
 Wolverine Tube.*

Senator SYMINGTON. The subcommittee will now go into executive session.

(Whereupon, at 10:40 a.m., the subcommittee went into executive session.)

(Subsequently, in executive session, the subcommittee unanimously voted to approve, for full committee consideration, H.R. 1496, amended so as to include the disposal of zinc, lead, and copper.

H.R. 1496 was approved by the full committee and passed by the Senate on March 11, 1965, and agreed to by the House on March 23, 1965.)

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