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Review of the Week in Defense

Manufacturing and consumption of rubber were brought under strict Government control last week to assure an adequate supply for the ever growing production of war matériel. Several U. S. agencies moved simultaneously to reduce civilian purchases of rubber and to prevent price advances while reserves are accumulated for defense needs.

Immediately after Jesse Jones, Federal Loan Administrator, announced that the Rubber Reserve Co., a government corporation, would be the sole importer of crude rubber from the Far East, the Office of Production Management ordered consumption cut 20 percent in gradual steps by December. A general preference order was issued to reduce consumption from a rate of 817,000 to 600,000 tons a year with a provision that defense needs are to be met first.

Don't hoard, Henderson asks

Price Administrator Leon Henderson asked the public not to hoard auto tires, tubes, and other rubber products as he announced that price ceilings will be imposed on all rubber sales.

The OPM pointed out that there is no shortage of rubber at present and that imports are at a peak. Control is necessary, however, because of shipping uncertainties and the necessity for building up stock piles.

Aluminum campaign announced

Meanwhile, American citizens were asked to cooperate in the collection of used aluminum pots, pans, refrigerator trays, and the like in a Nation-wide campaign to be directed by Mayor F. H. LaGuardia, Director of the Office of Civilian Defense. The aluminum will be used to reduce the shortage of scrap aluminum required for defense production. It will be turned over to the OPM for distribution.

Another appeal, directed at both large industrial users and small home owners, was made by OPM for the summer purchase of winter coal. Buying now, it was said, will relieve the burden on transportation facilities in the late summer and fall when defense production will put a strain on them.

Three strikes averted

Maintenance of defense production was aided as the Defense Mediation Board averted three strikes by obtaining employer-employee agreements and recommended that the Bethlehem Steel Company sign a master agreement, already accepted by other Pacific coast shipbuilders, covering its San Francisco yard.

As the chairmanship of the Board shifted from Dr. C. A. Dykstra to William H. Davis, the Board concluded one of its busiest weeks with as many as four hearings going concurrently.

The Shipbuilding Stabilization Conference for the Atlantic Coast zone met to endorse the report of its subcommittee proposing uniform wages and hours, and no-strike, no-lockout provisions covering 50,000 workers.

Steel expansion plans offered

As the OPM disclosed that steel companies had submitted plans for expanding their facilities in the Far West at a cost of $100,000,000, the Priorities Division extended its priority control over ferro-tungsten, used in the manufacture of high-speed tools, ordered a reduction in the amount of primary nickel used in stainless steel, and extended a limited blanket rating to assist 60 freight car builders in obtaining scarce metals.

To better acquaint the country at large with the objectives of the control of vital defense materials, the Priorities Division established the first four offices in a regional set-up.

Auto materials to be short

OPM Director General William S. Knudsen, at a press conference, said that auto manufacturers may not produce the

4,200,000 cars allowed them under the voluntary 20 percent reduction agreement because of a shortage of materials.

He stated that the 20 percent cut was "an initial reduction" but added that it would be wise to curtail auto production sharply at this time as it would throw out of work men who could not be absorbed immediately by defense industries.

The price of bread

OPACS asked bakers not to raise the price of bread without prior consultation with the price control agency. A similar request was addressed to refiners and marketers of petroleum products.

Mayor LaGuardia named three regional defense directors to coordinate civilian defense activities and endorsed the recruiting in the United States of a civilian technical corps for service in England.

Nation-wide aluminum collection announced

A Nation-wide campaign to collect used aluminum was announced June 22 by the Office of Production Management. The aluminum will be collected under the direction of the Office of Civilian Defense, Mayor F. H. LaGuardia, Director. Every citizen in the United States will be asked to participate in the campaign.

Mayor LaGuardia was to announce full details of the plan in a radio address on all major radio networks Tuesday night, June 24.

Housewives asked to help

Every housewife in the country will be asked by the Government to contribute all used aluminumware she can spare for national defense. Aluminum so collected will help remedy the existing temporary shortage of scrap aluminum, needed in vast amounts for the rapidly growing defense program.

The aluminum collected will be turned over to the OPM.
Dykstra resigns as Mediation Board chief; President appoints Davis in his place

The President last week accepted the resignation of Clarence A. Dykstra as chairman of the National Defense Mediation Board, as of July 1, and appointed Vice Chairman William H. Davis to succeed him.

In accepting Mr. Dykstra's resignation the President wrote him as follows:

My Dear Mr. Dykstra: Since our conversation in which you asked to be relieved of your duties in Washington, Secretary Perkins has told me that you feel very strongly that the pressure of business in the University of Wisconsin is so great that it is important that you return to your post there as soon as possible.

While I am very sorry in view of the fine accomplishments of the National Defense Mediation Board to see you leave, I do recall that when I persuaded you to take over the administration of the Selective Service Act that I said I would not insist on your remaining in Washington throughout all the emergency period.

I am also grateful to you for the great contribution you have made in undertaking the organization of the Selective Service System and the Mediation Board, and I wish to feel that the Federal Government may again avail itself of your splendid administrative ability when future problems of this character arise.

Use of rubber to be cut by stages to 80 percent of March '40-'41 average

A general preference order requiring a cut in the consumption of crude rubber from the current rate of about 817,000 tons a year to a rate of about 600,000 tons a year during the last half of 1941 was announced June 21 by E. R. Stettinius, Jr., Director of Priorities.

The cuts will be made gradually, beginning in July and increasing each month thereafter until December.

Reduced to 80 percent by end of year

In the first month, July, each processor must cut his crude rubber consumption to 69 percent of his monthly average during the 12 months ending March 31, 1941. Using the same 12 months as a base, the processors will have to cut in subsequent months to 94 percent in August, 89 percent in September, 84 percent in October, 62 percent in November, and 89 percent in December.

The remaining rubber—there is no shortage at present—will be used to accumulate stockpiles.

Since the order will cause cuts in the amount of fabricated rubber products flowing out to competing demands, the order provides that defense orders must be filled first. Defense orders are Army, Navy, British, or Lend-Lease orders; orders going to the Maritime Commission, the Panama Canal, the Coast and Geodetic Survey, the Coast Guard, the Civil Aeronautics Authority; or the National Advisory Commission for Aeronautics; or any other order which bears a preference rating of A-10 or higher.

In order to have over-all supervision over the distribution of rubber for defense, the Director of Priorities will hereafter allocate all rubber released by the Rubber Reserve Company (RPC), and in allocating among competing civilian demands he will be governed by the Civilian Allocation Program of the OPACS.

Ceiling to be placed on rubber and products

A schedule establishing price ceilings on tires, tubes, and crude, reclaimed and scrap rubber will be issued within a few days, Leon Henderson, Administrator, Office of Price Administration and Civilian Supply, announced June 22.

The day before, Mr. Henderson had asked public cooperation in the interest of national defense in a program to avoid overstocking of tires, tubes, and other rubber products.

The plea was incorporated in a civilian allocation program covering rubber and rubber products issued by the Civilian Supply Allocation Division of OPACS. The OPACS statement said that "it is hereby declared to be the policy of this Office that no buyer shall buy and no seller shall sell, new or used rubber tubes, new, used or retreaded rubber tires, or other rubber articles or articles containing rubber, which are not at the time of purchase needed for the buyer's immediate consumption."

Would you be good enough to let me know definitely the date on which you wish to be relieved of your duties as Chairman of the Mediation Board so that arrangements may be made for carrying on the work of that agency without interruption.

With all good wishes,
Sincerely yours,

FRANKLIN D. ROOSEVELT.

DYKSTRA'S REPLY

The text of Mr. Dykstra's reply to the President reads as follows:

Dear Mr. President: I thank you for your recollection of our understanding last October that I was to be relieved of Federal responsibility by June of 1941 in order to take care of my regular assignment at the University of Wisconsin more constantly. My experience of the last 3 months persuades me that the chairmanship of the Mediation Board is more than a half-time responsibility. You will recall also that I am still serving on the Joint Army and Navy Advisory Board. Will you therefore allow me to retire as chairman as of July 1 and appoint someone to that place who can give it full attention. I shall be willing to remain on call for panel service from time to time if you care to have me and, of course, continue with the Army and Navy Committee.

It has been a privilege to serve as director of Selective Service and as chairman of the National Defense Mediation Board and I am grateful for the confidence our Government has placed in me.

Yours very sincerely,

C. A. DYKSTRA.

APPOINTMENT OF DAVIS

Following is the letter the President wrote to Mr. Davis:

Dear Mr. Davis: The present chairman of the National Defense Mediation Board, Mr. Clarence A. Dykstra, has asked to be relieved of his duties as chairman on July 1, 1941, and I have accepted his resignation. I should like, therefore, to designate you as chairman of the Board and for you to enter upon your new responsibilities on July 2, 1941. I know that the duties of this office are heavy, but I am confident in the light of your record that you can make a great contribution to the further success of the work of the Board.

Sincerely yours,

FRANKLIN D. ROOSEVELT.
MEDIATION BOARD . . .

Board settles three disputes in day, obtains postponement of two strikes

The National Defense Mediation Board last week (June 15-22) obtained agreements settling the issues in three disputes, all in one record-breaking day, made public recommendations in two others, and obtained postponement of two strikes.

During the week, C. A. Dykstra, chairman of the Board, resigned in order to give full time to his responsibilities as president of the University of Wisconsin, and President Roosevelt asked William H. Davis to be chairman of the Board as of July 2, when Mr. Dykstra's resignation becomes effective.

Mr. Davis, who has been vice chairman of the Board since its inception, has served as acting chairman a great deal of the time. He was chairman of the panels which obtained settlements in the Allis-Chalmers, General Motors, and bituminous coal cases. He is currently sitting on the North American Aviation case, hearings on which reopened before the Board on Tuesday, June 17.

To date the Board has received certification of 43 cases. In 39 of these cases, involving 674,743 workers, the men have either returned to work as a result of agreements or postponed threatened strikes at the request of the Board. Of the remaining 4 cases, one was returned to the Secretary of Labor as outside the Board's jurisdiction; public recommendations have been made in a second; a third is pending; and the fourth is the North American Aviation case in which the men have returned to work and hearings are in progress.

Bethlehem Steel Co.

On Wednesday, June 18, the Board recommended that in view of the fact that 38 shipbuilding plants and 20 unions had, by collective bargaining, worked out and signed a master agreement for stabilizing the shipbuilding industry on the Pacific coast, the one remaining shipbuilding company, the Bethlehem Steel Co., subscribe to the provisions of this master contract.

As of the week of June 15, all shipbuilding employers on the Pacific coast, with the exception of Bethlehem, accepted the master agreement. As a result, 24,000 out of a total of 30,000 shipbuilding employees, and 38 out of 39 shipyards in that region are working under its terms. The failure of the Bethlehem Steel Co. to accept the master agreement is the basis of the dispute before the Board.

"The master agreement," the recommendations state, "is the product of collective bargaining on a regional basis. It has been approved by all shipbuilding employers on the Pacific coast except Bethlehem, and by representatives of all the craft unions involved, as an instrument for stabilizing working conditions and contributing to the uninterrupted production of ships.

"Under these special circumstances, the Board recommends that the master agreement be accepted and signed by the Bethlehem Steel Co."

The master agreement included, in addition to the wage and hour provisions of the Pacific coast zone standards—which had already been accepted by Bethlehem—provisions covering a closed shop, vacations with pay, the details of machinery for the arbitration of disputes growing out of the agreement, and other matters which had not been negotiated in the Stabilization Conference. The zone standards were set at the Shipbuilding Stabilization Conference held in San Francisco in February and March of this year under the auspices of the Office of Production Management, the Navy Department, and the Maritime Commission. At this conference, in addition to the Government agencies, were representatives of the shipbuilding employers and the shipbuilding employees on the Pacific coast. The Bethlehem Steel Co. was invited to participate but did not choose to do so.

Members of the panel were Dr. George Stocking, Gerard Swope, and George Meany.

Bohn Aluminum & Brass Corporation

After 5 days of hearings, an agreement was reached on June 20 between representatives of the Bohn Aluminum & Brass Corporation of Detroit and the United Automobile Workers, CIO, calling for the introduction of an incentive system, looking toward both a further increase in the workers' weekly pay and greater output for national defense and a wage increase of 8 cents an hour for each hourly worker, retroactive to June 9. The agreement is subject to ratification by the union, which the union's representatives agreed to recommend.

The parties had executed, on December 11, 1940, a collective bargaining contract which does not expire until April 1, 1942. The union, however, asked that the company should, as of June 9, 1941, raise wages 10 cents an hour for each hourly worker covered by the contract. This request was based principally on the grounds of an alleged increase in the cost of living in Detroit since December and on substantial wage increases granted by other companies in allied industries.

The case was certified to the Board at 7 p.m., June 9, and it immediately dispatched telegrams to both parties requesting that no stoppage of work occur while the case was before the Board. Because of a delay in delivery of these telegrams, they were not received until after the union had gone on strike at midnight that night. As a result of a second telegram sent by the Board requesting a return to work and suggesting that any wage increases later agreed upon be retroactive to June 9, production was resumed in the company's plants, which manufacture aluminum castings and aircraft bearings for bombers.

When hearings opened before a panel of the Board, consisting of Charles E. Wysanski, Jr., Rolland E. Felt and John Brophy, the Board made it plain to both parties that it could not condone the violation of a collective bargaining agreement and therefore would not and could not without the consent of both parties recommend any change in the terms of this agreement. The Board also pointed out that it would not stand in the way if the parties could reach a settlement of their dispute by mutual agreement.

The company informed the panel that it was not asking a purely legalistic vindication of its position. It stated that it was concerned with the best possible methods of production and, with that end in view, was prepared to grant a wage increase on condition that the union would not oppose the introduction of an incentive system.

"At this point," the Board's findings stated, "the panel strongly recommended in view of the defense
emergency the incentive system should be tried out provided that there were fair guarantees against abuses. The reason the panel took this view was that the plants of this company are engaged in defense work of the greatest importance. In this work there is a shortage of plants and a shortage of manpower. These plants must not be allowed to become a critical bottleneck. The management and each worker owe it to the country to put forth their best effort. In return for this best effort the worker ought to be fairly paid. The company ought not to derive any undue advantage from this program. To make sure of these principles, each worker's participation in the incentive system should be voluntary, and each worker should receive at least the present rate of pay for the present standards of work (unless these standards are modified by the union and the company in accordance with their contract)."

After several days' discussion, the parties finally agreed upon the introduction of an incentive system until April 1, 1942, with an eight-point safeguard. The chief points are a guarantee of at least the present pay, subject to the wage increase negotiated in Washington; consultation with the union before the introduction of the system; a trial period of 60 working days, followed by secret ballot on its continuance, supervised by a national or State agency agreed upon by the parties, and the right of each individual employee to work under the incentive system or not as he chooses.

Curtiss Wright Co.

A contract was signed on Friday, June 20, by representatives of the Curtiss Wright Co., Neville Island, Pa., and the Steel Workers Organizing Committee, Local 2170, CIO, thereby averting a strike which had been threatened for midnight June 12 but had been postponed at the request of the Board.

The new contract provides for a wage increase of 10 cents an hour for all employees except learners, retroactive to May 22, and for certain basic wage adjustments consistent with the prevailing rates in the Pittsburgh area. The contract carries a union recognition clause which gives the Steel Workers Organizing Committee sole bargaining rights. The open shop is maintained.

The Curtiss Wright Co. has defense contracts for the manufacture of propeller blades for airplanes. It employs 960 workers. Members of the Board panel were Judge Walter P. Stacy, Eugene Meyer, and Thomas Kennedy. Hearings started on June 18.

Marin-Rockwell Corporation

The Board, after 2 days of hearings in connection with the dispute between the Marin-Rockwell Corporation, Plainville, Conn., and the United Automobile Workers of America, CIO, on June 18 made the following recommendations:

"1. That all matters in dispute involving money contained in the union's proposal, as submitted to the Board, be referred to a board of arbitration, the findings of such board to be binding on both parties. The parties to this dispute are to have 5 days to select the arbitrators or arbitrator. If they are unable to agree, the National Defense Mediation Board will select the arbitrators or arbitrators.

"2. That the other matters in dispute are to be negotiated as promptly as possible between the parties. In the event of disagreement, a report is to be made to the National Defense Mediation Board."

The union accepted the recommendations and the corporation was given until Monday, June 23, to make its decision. Issues in the dispute were wages, seniority rights, grievance procedure, and union shop. Employees involved number 1,225.

E. W. Bliss Co.

Voluntary arbitration was accepted by both parties to the dispute between the E. W. Bliss Co., Brooklyn, New York, and the United Electrical, Radio & Machine Workers of America, CIO, over the establishment of rates of pay for skilled and semiskilled workers. This agreement was reached June 20 after 2 days of hearings before a Board panel composed of Dr. Frank Graham, Eugene Meyer, and John Brophy. The hearings had been called to hear a report by George Trundle, president of the Trundle Engineering Co. of Cleveland. Mr. Trundle had been appointed as special representative of the Board under a temporary settlement reached May 29 and which had averted a strike of 1,500 workers. The company has 30 million dollars' worth of contracts for torpedoes, power presses, and heavy machinery. Mr. Trundle's report will be made part of the material to be examined by the arbitrator who will be chosen by the Board.

New cases

Two new cases were certified to the Board last week, and at its request, threatened strikes, involving a total of 4,775 workers, were postponed. The first, a dispute between the Utility Workers Organizing Committee, CIO, and the Duquesne Light Co. of Pittsburgh, involves union recognition. The case was certified June 18 and at the request of the Board, the strike set for that midnight, which would have involved 312 men, was postponed. A hearing was set for June 25. The company supplies electric power for the Pittsburgh area.

The second case involved a dispute between the Sealed Power Corporation of Muskegon, Mich., and the United Auto Workers of America, AFL, over the questions of wages and union shop. The case was certified to the Board on June 21 and the Board that day dispatched telegrams requesting that there be no stoppage of work while the Board attempted to adjust the dispute. Pursuant to this request, a strike scheduled for June 23, which would have involved 1,163 men, was postponed.

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Ship stabilization conference endorses East Coast standards

The Shipbuilding Stabilization Conference for the Atlantic Coast zone endorsed June 20 the report of its sub-committee on uniform zone standards for the shipbuilding and ship-repairing yards of the Atlantic coast. The conference recommended to the U. S. Navy, U. S. Maritime Commission, and Office of Production Management that the standards be ratified by them immediately.

The standards were recommended for immediate adoption through collective bargaining agreements between the unions and management. The conference urged that wage provisions be made effective as of June 23, regardless of the date of adoption.

Gerard Swope, chairman of the Atlantic coast conference, presided. Representatives of shipyard management and shipyard labor participated. Present as representatives of the Government were Joseph Powell, special assistant to the Secretary of the Navy; Capt. C. W. Fisher, U. S. N.; Rear Admiral Emory S. Land, chairman of the U. S. Maritime Commission; D. S. Ring from the Maritime Commission; Morris L. Cooke, chairman, and Thomas L. Norton, secretary, of the Shipbuilding Stabilization Committee of the Labor Division, OPM.
PRIORITIES . . .

60 freight car builders given blanket preference for materials and equipment

E. R. Stettinius, Jr., Director of Priorities, announced June 19 that, because of a growing tightness in the supply of freight cars, a limited blanket rating is being extended to 60 car builders which will aid them in obtaining scarce materials and thereby speed up their production schedules.

A-3 Rating is provided

The rating provided in the order is A-3. This puts the requirements for freight-car construction and repairs behind the top needs in the A-1 classes, but puts them ahead of the less essential needs with lower ratings. In the order it is provided that the rating can be used to facilitate the obtaining of material and equipment entering into freight car construction, including railroad, industrial, and mine freight cars.

Extends to subcontractors

The order is similar to the limited blanket rating already extended to airframe makers and builders of ships for the Maritime Commission merchant vessel program.

Car builders who use the rating, including railroads which build their own cars, can extend it to their suppliers by executing copies of the order and serving it on their subcontractors, who, in turn, can extend the rating to their own suppliers by going through the same procedure.

Substitutes, standard sizes urged

In a letter accompanying the order, car builders are urged to substitute non-scarse materials for critical items wherever possible. It is suggested that wood be substituted for critical metals wherever possible and that, in addition, the car builders specify standard sizes and thicknesses of steel sheets and plates so as to minimize production difficulties.

The rating extended to the car builders applies not only to orders for critical materials but also to orders for cutting and other perishable tools and equipment. The rating does not cover machine tools, however, and the rating for machine tools and similar production machinery must be obtained in the usual manner by application for preference rating certificates.

Defense imposes heavy demands

The new action on behalf of freight-car builders follows a study in which it is shown that the national defense program has placed heavy demands upon the country’s rail transportation system. This, in turn, has placed a corresponding burden upon producers of freight cars.

Production of materials necessary for defense has also greatly increased the demand for cars used in mines and industrial plants.

Because of these facts, the minerals and metals group of the Priorities Division recommended that a general priorities system be established to assure freight-car producers of adequate deliveries of materials and equipment.

The general preference order is applicable to material and equipment entering directly or indirectly, at any stage of construction, into the construction of freight cars by the producers who are granted the use of the A-3 rating.

Regional offices being set up to help businessmen with all priorities problems

Director Stettinius announced June 17 the setting up of a Priorities Division field organization. Regional offices were to be opened last week in Boston, New York, Philadelphia, and Chicago. Others will be opened soon.

The field offices will be staffed by representatives of the Priorities Division who, following a training period in Washington, will be able to help and advise businessmen and manufacturers who have difficulty with priorities questions.

Two members of the Priorities Division’s executive staff, L. Edward Scriven and E. C. Laird, Jr., both assistant deputy directors, will be in charge of the regional field offices.

Homans to head Boston office

William P. Homans will be district manager for the Priorities Division in Boston. He has long been connected with Atkinson, Haserick & Co., of Boston, agents for textile machinery manufacturers. Mr. Homans’ office will be at 39 Pearl Street, Boston.

Phillip M. McCullough is district manager for the Priorities office in New York. He is a consulting engineer who has been engaged in management, financial, and industrial analysis for various plants. He has served as managing director for the General Motors Co. in Spain and as vice president of the Brown Rubber Co. of LaFayette, Ind. His office will be at 33 Liberty Street, New York City.

F. W. Slack in Philadelphia

Frederick W. Slack will be district manager for the Philadelphia office. Mr. Slack has been associated with the Cunningham Piano Manufacturing Co., with the W. A. Marshall & Co., coal firm, in Johnstown, Pa., and with the sales department of the Sitnek Fuel Co., Philadelphia. His office will be at 925 Chestnut Street.

Warren G. Bailey will head the district office in Chicago. Mr. Bailey has been a management engineer for many years and more recently has been president and general manager of the C-Cedar Corporation, Chicago. He is a member of the Society for Advancement of Management and the National Association of Cost Accountants. His office will be at 230 South LaSalle Street.

To work with Contract Service

The Priorities Division district managers will work in close cooperation with regional Defense Contract Service coordinators in their areas. They will be equipped to advise businessmen on procedure to be followed in making application for preference ratings, the proper method of filling out forms and questionnaires, methods to be used in adapting their business practices to new conditions, and any other questions in connection with priorities.
PRODUCTION...

Steel companies submit expansion plans to produce 1,556,000 tons more a year

The Office of Production Management announced June 20 that established steel-making and steel-finishing companies had submitted proposals for an expansion of their facilities in the Far West at a total cost approximating $100,000,000.

These proposals would provide 1,556,000 tons of additional ingot capacity and additional finishing facilities.

Columbia would use $33,200,000

The Columbia Steel Company, a subsidiary of the United States Steel Corporation, proposed an expansion of its steel capacity and finishing facilities at an estimated cost of $36,200,000, of which the company proposed to finance approximately 10 percent, asking Government financing of the remainder. This estimate of cost does not include outlays for additional housing, or investment by railroads and power companies in additional facilities and equipment. The proposed expansion would provide an increase in steel-making and steel-finishing facilities at a total cost of approximately $90,000,000.

Bethlehem suggests $12,000,000 expansion

The Bethlehem Steel Company proposed a $12,000,000 expansion of its steel plants on the West Coast, which it said would provide additional ingot capacity of 276,000 tons. Government financing was requested for the entire cost. Details of Bethlehem proposal:

Los Angeles: Additional open-hearth furnaces, electric furnace soaking pits, blooming mill, billet mill, combination bar and structural mill and billet preparation and alloy finishing facilities. Estimated cost, $10,000,000.

South San Francisco, Calif.: Additional open-hearth furnace, reheating furnace at structural mill and extension to structural storage and shipping building and facilities. Estimated cost, $900,000.

Seattle: Additional open-hearth furnace, reheating furnace at structural mill and extension to structural storage and shipping building and facilities. Estimated cost, $1,100,000.

Negotiations for forging facilities

Negotiations involving emergency plant facility contracts with the Navy Department are also now under way to expand heavy forging facilities on the West Coast at the plants of the Isaacson Iron Works, Seattle; American Forge Co., Oakland; Moore Dry Dock Co., Oakland; and the National Supply Co., Los Angeles.

The total cost of these projects has not yet been determined but will probably run into the millions.

The Pacific Steel Steel Co. at Niles, Calif., is expanding its facilities and will increase its capacity for alloy ingots for heavy forgings and other defense uses by 100,000 tons, for which financing is provided through an emergency plant facility contract with the Navy Department. The estimated cost is $700,000.

Foundry company has program

The Pacific Car and Foundry Co. at Seattle has also submitted a proposed program to build a new steel foundry to meet defense requirements of the Navy and Maritime Commission and other essential projects in that area. It has submitted alternate proposals, the cost estimates of which range up to $650,000.

The Colorado Fuel and Iron Corporation at Pueblo, Colo., has also submitted a proposal for a 250,000-ton increase in its ingot capacity. This program includes additional coke ovens, blast furnace, open-hearth furnaces and increases in finishing facilities. Its estimated cost is $15,000,000.

All of the proposals contemplate expanding facilities at established coal and iron ore mines and steel plants. They are generally in line with recommendations made recently by W. A. Hauck, steel consultant for OPM, in a report on the West Coast steel supply. In that report he advocated expansion of steel capacity on the coast for strategic reasons and to meet increasing western needs, recommending expansion of existing facilities as the way to increase production most rapidly and with the least installation cost.

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J. A. Krug, of TVA, to advise OPM on power for aluminum

J. A. Krug, manager of power for the Tennessee Valley Authority, is being loaned temporarily to the Office of Production Management to be adviser to the Materials Branch, Production Division, on power problems in connection with the expansion of aluminum and magnesium production.
Action necessary to save small business for the future, Nehemkis says

The impact of the defense program may well obliterate small business unless something is done to keep it alive or to underwrite its revival after the emergency, Peter R. Nehemkis, Jr., special assistant to Robert L. Mehornay, chief of the Defense Contract Service, said June 17. Partial text of his speech at the "clinic" for field men of the Service follows:

Priority orders have had drastic effect not upon a few concerns but upon entire industries. Already not less than 10 entire industries whose supplies have been either drastically curtailed or completely shut off must either close down or enter a new line of production.

Indeed, before the end of this summer, we may expect to find one-third of American industry faced with the grim reality of "guns versus butter."

As the tempo of the wartime economy gains increased momentum, you may expect to find for a time not less but more unemployment; not less but more idle machines.

The plight of small business

Among those apt to be hardest hit by priority orders are the smaller business enterprises. The smaller units, moreover, lacking capital resources are least able to withstand any prolonged shrinkage in business.

It is one of the profound ironies of our defense effort that its total effect may well be to obliterate the smaller enterprises from the American business scene.

To try voluntary approach

Under the announced plan, the Government will encourage firms to initiate the desired changes in the structure of their industry. Final plans, however, must be approved by the official Board of Trade, and if an industry is unwilling or lacks the necessary initiative the Government will use every means to enforce a concentration-of-production plan.

Problems arising from Britain's recently announced plans to concentrate production of consumer goods in a restricted number of factories, and proposed methods of solving these problems are outlined in an article in the Department of Commerce Foreign Commerce Weekly.

Thus far, the article points out, the principal Government regulation affecting output of the British consumer goods industries has been the establishment of quotas for the sale by manufacturers and wholesalers of specified commodities. The progressively reduced quotas have caused curtailment of production at most factories but the closing of only a few, with the result that a considerable amount of British labor has been working only part-time. It is estimated that when the proposed Government program is put into operation between 500,000 and 750,000 additional men will be released for war purposes.

To try voluntary approach

Under the announced plan, the Government will encourage firms to initiate the desired changes in the structure of their industry. Final plans, however, must be approved by the official Board of Trade, and if an industry is unwilling or lacks the necessary initiative the Government will use every means to enforce a concentration-of-production plan.

An individual firm that desires to become a so-called "nucleus" firm must make arrangements with others in the industry to permit it to operate at or nearly at full time. Among other things, it must provide for the complete closing down of the factory whose production is to be transferred, make its own arrangements as far as possible, and granting for compensating such firm, and arrange for dealing with workers affected by the scheme. The British Government will extend certain advantages to "nucleus" firms, including safeguarding its labor and raw material requirements as far as possible, and granting them preference in Government business.

Discussions of consumer goods industries have indicated that one method whereby concentration may be accomplished is to have the "nucleus" firms act as the agents of the closed firms in the actual production of goods, the latter selling them through the usual channels. Another proposed method is to have the "nucleus" firms take over the whole available trade and from the profits pay a predetermined compensation to the closed firms.

How British approach problem of small factory closed by concentration of work
June 24, 1941

DEFENSE

No end in sight to growth of defense program, Mehornay tells field staff

Robert L. Mehornay, chief of OFM's Defense Contract Service, told field officers of the Service June 18 that "you can find plenty of people in Washington who will tell you that the defense program is going to $100,000,000,000."

Concluding a 3-day conference of the field officers who are striving to spread defense work more extensively into suitable plants, Mr. Mehornay said: "If you hear statements that the ordnance program for this year and next will require only 20 percent of the manufacturing facilities qualified to produce ordnance items, you should remember that no single statement determines the ultimate size of that program."

Effort mounting steadily

Declaring there was no end in sight to the growth of the defense program, he continued: "I think we should carry with us the thought that every plant suitable for defense production should be cataloged and that we should continue to make every effort to get these suitable facilities into action."

As evidence of the fact that the defense effort is mounting steadily and that additional manufacturing facilities must be enlisted, he mentioned that it was only 3 or 4 months ago that some officials thought there was plenty of aluminum-making capacity in the country, and that still more recently steel capacity has been found to be inadequate.

"My point is," Mr. Mehornay said, "don't take any single statement and believe that is the end of the program. You can find plenty of people in Washington who will tell you that the program may go to $100,000,000,000."

He added, however, that the country's production capacity could never be devoted 100 percent to armament production.

"There has to be a certain amount of butter or we would starve," he explained.

Mr. Mehornay strongly advocated educational orders for manufacturers not previously engaged in defense production.

Prepare to "go alone if necessary"

Joseph L. Trecker, co-chief of the subcontracting department of the Contract Service, presiding at a financial session of the conference, said the United States must be prepared "to go the route alone if necessary" and that this may well require a defense program in excess of $100,000,000,000 instead of the $44,000,000,000 expenditure now contemplated.

Mr. Trecker said there is no way of knowing what Germany has seized from occupied countries since the war started but "it is estimated that the war machine now at her command cost in excess of $100,000,000,000."

"We are now on the dotted line for about $19,000,000,000. No matter how good Americans are, they are not five times as good as anyone else."

Requests for help will increase

J. G. McCoy, of the financial section of the Defense Contract Service, told the conference that they would receive many more requests for assistance in obtaining working capital for defense contractors and subcontractors in the future than they had in the past. This would be true, he explained, because many of the contracts had gone in the past to firms able to finance the work themselves, whereas, now it was imperative to get additional plants into defense production.

Peter R. Nehemkis, Jr., special assistant to Mr. Mehornay, told the field men on the same day that he believed the country needed a new banking system especially designed to handle the problems of small businesses.

"Present commercial banks are not geared to handle the problems of small businesses," he said.

Declaring 90 percent of the country's business was composed of small enterprise, Nehemkis said:

"If you don't look after them, you're going to lose them and something serious is going to happen in this country. If you lose them you will plant the seeds of fascism in the United States."

Bankers' aid sought

Mr. McCoy told the conference that available figures showed that banks were willing to loan money to defense contractors "if they have any assurance that contractors are able to do the work." He added that bankers must do everything in their power to assist small businessmen handling defense work if the country is to be armed adequately.

(Information on page 8.)
PURCHASES . . .

Nelson urges bigger defense program to force work into every possible plant

We must make the backlog of defense orders so big that there will be an "irresistible pressure" to put every plant to work on them as soon as the plant is available, Donald M. Nelson, Director of Purchases, OPM, asserted on June 19. He also said that he believes our productive capacity can be increased a fourth or more by reducing the variety of goods offered for commercial trade. Excerpts from his address to the National Manufacturers' Association, at Pittsburgh, follow:

I must say that we have on our hands now certain unsolved problems which have got to be solved quickly if we are to avoid serious trouble.

Since this program began, more than 41 billion dollars have been made available for defense. Contracts actually let under this program now total 16 billion, 996 million. Money paid out, to date, comes to 6½ billions. The rate of payments is rising rapidly; disbursements now are being made at a rate of a billion dollars every month, the figure will be a billion and a half by the end of the summer, and by the first of next year the best estimate is that we shall be paying out close to 2½ billions a month.

Those figures imply a perfectly immense program. My one criticism of them is that they are all too small. I do not think we shall be able to feel that we are doing all that we ought to be doing until we are spending at a rate of at least 35 billions a year.

Now if it is true that we have got to have a truly all-out defense effort, it is equally true that we do not in fact have such an effort today. Because some parts of the program have moved faster than other parts, we are getting into an extremely difficult position. Our biggest immediate task, as I see it, is to bring those lagging sectors up to the same level as the more advanced sectors.

How may we sacrifice?

We have said many times that this country cannot have business as usual until the crisis is over. That is so because many of the things which have to be done to make the effort succeed make normal business operations impossible. I am sure that no patriotic American objects to that if it has to be done. It does have to be done, and the Nation generally has accepted the fact and prepared to make sacrifices. Yet while this inevitable interference with business as usual is now making itself felt in many fields of activity, we have lagged very seriously in showing people how they are to behave in an era of business not as usual.

What we have to do now, therefore—and we have got to do it quickly—is find a comprehensive answer to the question, "Where do we go from here?" We have got to show civilian America precisely how it fits into this defense program.

A few examples will show what I mean. We are beginning to feel acute shortages of many essential materials, particularly in the field of metals—aluminum, zinc, steel, and so on. As these shortages become acute the manufacturer who uses those materials to produce non-essential goods feels the pinch immediately. I am concerned right now with the situation of the manufacturer who can no longer get the materials he needs and who for one reason or another is not able to operate with substitutes. What happens to him?

Plants standing idle

The regrettable answer, as of today, is that in all too many cases, he simply has to shut up shop, pay off his labor force, and let his equipment stand idle. I know of a great number of cases where precisely that has happened; you gentlemen undoubtedly know of more. Such suspensions represent a waste which simply cannot be tolerated in an emergency as urgent as the one in which we live today.

Now of course it is pretty obvious that sooner or later the very size of this defense program will take up that kind of slack. But it has got to be sooner rather than later. As a matter of fact, it is a standing reproach to us that there is any question of "sooner" involved. We ought to be moving so fast that no such plant would stand idle for one day. The mere fact that these cases of idleness do occur is conclusive proof that our program is not yet big enough.

Remember—we have got to produce something like 36 billion dollars of defense goods every year. We cannot possibly do that without cutting down on production of civilian goods in every case where that production can be spared.

Many must shift from civilian goods

There are many plants in America producing what we call nonessential goods—things which our civilian economy uses in large quantities, but which we do not absolutely have to have. Many of those plants have up-to-date equipment, easily adaptable to the production of defense goods, plus skilled labor forces, plus alert and energetic managerial staffs. Sooner or later those plants are going to have to stop making what they are making now and come over into defense production. Yet here again we meet this crippling, dangerous time lag. Defense production just isn’t ready for them yet.

What can be done about it? How can we translate an all-out defense program into a full-scale war production in actual fact?

We have got to do several things at once.

Size must provide pressure

First we must increase the all-over size of this program. We must make the backlog of unplaced orders so big that there will be an irresistible pressure to put every plant to work on defense orders the moment that plant is known to be available.

Next we must increase the tempo of the program. I am very glad indeed to be able to tell you that the Army and Navy right now are renegotiating contracts so as to advance delivery dates. As delivery dates are advanced, more and more prime contractors will be compelled by force of circumstances to subcontract their work. A manufacturer who can produce his requirement comfortably on a one-shift operation is under no pressure to do any subcontracting or to hire an additional shift; but move his delivery date ahead a couple of months and you will see an entirely different picture.

Next, we must do everything we can to increase our national capacity to produce the essential metals and other materials of which we are short. We need more steel capacity, more aluminum capacity, we need more pipe lines to transport oil, we need more freight cars, we need more of a great number of things if this program is to move forward properly. We can no longer afford the luxury of seeing unemployment and idle factories appear
in the midst of an all-out effort simply because we have not been able to agree whether, how, or by whom this or that productive capacity shall be expanded.

**Pool of resources cited**

We must also find some better way through which plants affected by shortages can swing over into some other sort of production, whether it be production for defense or production for the civilian trade. In part that is a responsibility of the Government; in part, too, I think it is a responsibility of industry.

Businessmen have not yet fully explored the possibilities of cooperating to meet this problem. I have in mind a very fine example of the sort of thing than can be done: I refer to what has been accomplished in your own Pennsylvania city of York, where in effect the resources of the entire city have been unified through a process of pooling.

Beyond that, it is also true that it is up to each individual manufacturer to be alert and aggressive in regard to defense contracts—and by defense contracts I mean both prime contracts with the Government and subcontractors with other firms which are doing Government work. No manufacturer is likely to get many defense contracts unless he is willing to display the same ingenuity, persistence and energy in going after them that he would display in seeking any normal kind of commercial business.

What are some of the other ways in which this program is going to affect us?

**Cutting down on varieties**

I believe that one of the principal changes you are going to see is a very broad modification of the production of goods for the civilian trade. I am not now referring to shifts made necessary by shortages in metals or other materials. I mean a general, widespread, voluntary simplification of lines, styles, and models undertaken in order that we may make full use of our national industrial capacity.

We cannot afford to use up time, material, and labor making two dozen varieties of one article if we can get along with three or four varieties. If the workers and machine and managerial skill not used to make those extra, unneeded varieties are set free for other employment, we can increase both our production of defense goods and our production of goods for consumers. I believe that it is possible to increase our present productive capacity by a fourth or perhaps even by a third by reducing the variety of goods offered to the commercial trade. We shall be sacrificing nothing of real importance; all we need do is put a little restraint on our economic self-indulgence.

**Simplification plans under way**

There has been a good deal of study of the possibilities inherent in this sort of action recently, both in Government and among various business groups. Plans for launching such a program are being perfected, and within a very short time it will get under way. It will be done in a truly democratic way. Committees of manufacturers, distributors, and consumers will meet together to plan the ways in which simplification can be used to best advantage. I do not believe that coercion or pressure will be necessary. I do believe that the program has immense possibilities.

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**$126,146,474 War Department contracts cleared June 12 through June 18**

Defense contracts totaling $126,146,474 were awarded by the War Department and cleared by the Division of Purchases, OPM, during the period June 12 through June 18.

The Navy ceased to report individual defense contracts on June 8. The Maritime Commission had no contract awards to report during the past week.

A compilation of War Department contracts follows:

**CONSTRUCTION**

Two contractors: Walters and Prater, Morristown, Tenn., and Mark K. Wilson Co., Chattanooga, Tenn.; construction of a quartermaster depot at Memphis, Tenn.; architects and engineers, Schulz and Norton, Memphis; $2,970,140.


Two contractors: Doyle & Russell and Wise Contracting Co., Inc., both of Richmond, Va.; construction of quartermaster depot at Richmond, Va.; architects and engineers, Cornwell, Johnston & Wright of Richmond; $2,781,292.

Sanderson & Porter, New York City; expansion of loading plant now under construction at Joliet, Illinois; $5,774,075.

**AIRCRAFT**

Douglas Aircraft Co., Inc., Santa Monica, Calif.; airplanes and spare parts; $3,119,435.95.

Bell Aircraft Corporation, Buffalo, N. Y.; airplanes and spare parts; $7,467,540.

Glenn H. Martin Co., Baltimore, Md.; airplanes and spare parts; $73,764,450.

Wright Aeronautical Corporation, Paterson, N. J.; engines and spare parts; $7,577,503.98.

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**EQUIPMENT AND SUPPLIES**

Cambridge Shipbuilders, Inc., Cambridge, Md.; boats; $530,640.

The Cleveland Pneumatic Tool Co., Cleveland, Ohio; strut assemblies; $2,-621,018.

The Aro Equipment Corporation, Bryan, Ohio; pump assemblies; $1,-135,700.

Curtiss-Wright Corporation, Airplane Division, Buffalo, N. Y.; maintenance parts for airplanes; $443,694.26.

Boeing Aircraft Co., Seattle, Wash.; maintenance parts for airplanes; $1,-628,999.05.

EQUITABLE EQUIPMENT Co., Inc., New Orleans, La.; steel cargo vessels; $75,000.

Reeves Brothers, Inc., New York, N. Y.; 1,629,000 yards cotton cloth, herringbone twill; $915,125.

J. L. Stiefel & Sons, Inc., Wheeling, W. Va.; 4,000,000 yards cotton cloth, herringbone twill; $1,198,000.

U. S. Rubber Co., Mishawaka, Ind.; 218,000 rubberized raincoats; $882,900.

Cable Raincoat Co., South Boston, Mass.; 150,000 rubberized raincoats; $533,423.12.

**ORDNANCE**

Mack Mfg. Corporation, New Brunswick, N. J.; parts for transmissions and final drive units; $708,677.25.

Firestone Steel Products Co., Akron, Ohio; metallic links; $10,283.675.

In addition to contract awards, the following letter of intent was cleared by the Office of Production Management and announced by the War Department during the week ended June 15:

Emerson Electric Manufacturing Co., St. Louis, Mo.; procurement of standardized aircraft machine-gun turrets. This letter guarantees reimbursement to the extent of $1,000,000 pending negotiation of formal contract.
PRICES AND CIVILIAN SUPPLIES . . .

Changes in iron and steel scrap schedule made to facilitate flow to mills

Further amendments to Price Schedule No. 4 establishing maximum prices for scrap iron and steel were issued June 18 by Leon Henderson, administrator, Office of Price Administration and Civilian Supply.

The changes, to become effective June 18, make minor adjustments designed to facilitate the flow of scrap to consuming mills. The principal changes include:

1. Provision has been made for bringing in so-called semi-remote scrap by allowing consumers to pay up to $1 more per ton for such scrap to cover additional transportation costs.

2. Maximum shipping-point prices, as contrasted to basing point prices, are defined and the method of computing them is explained.

3. Provision is made for bringing in of remote scrap located beyond zones where the railroad freight rate to Pittsburgh is $11.20 per ton. In such cases consumers must apply to OPACS for permission to absorb the additional freight charges and must meet other requirements set forth in the schedule.

4. A different method of determining prices of scrap for export is set forth in the schedule. Separate methods are provided for railroad scrap and other scrap.

5. Other changes include definitions of No. 1 and No. 2 bundles, several changes in the cities established as basing points, a new formula for establishing maximum prices for scrap originating on railroads not operating through any basing point, a new form to be used by consumers in making monthly reports of transactions, a revision of switching-charge provisions relating to railroad scrap, and a prohibition against dealers who have never acted as brokers prior to June 18, make minor adjustments designed to facilitate the flow of scrap to consuming mills.

Shipping point prices explained

1. Provision has been made for bringing in so-called semi-remote scrap by allowing consumers to pay up to $1 more per ton for such scrap to cover additional transportation costs.

2. Maximum shipping-point prices, as contrasted to basing point prices, are defined and the method of computing them is explained.

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4. A different method of determining prices of scrap for export is set forth in the schedule. Separate methods are provided for railroad scrap and other scrap.

Some changes in basing points

5. Other changes include definitions of No. 1 and No. 2 bundles, several changes in the cities established as basing points, a new formula for establishing maximum prices for scrap originating on railroads not operating through any basing point, a new form to be used by consumers in making monthly reports of transactions, a revision of switching-charge provisions relating to railroad scrap, and a prohibition against dealers who have never acted as brokers prior to June 18 being allowed brokerage commissions.

In announcing the revisions in the schedule Administrator Henderson stated that the existing ceiling prices are well above the levels prevailing for all but a few months of the past 20 years.

"These ceiling prices," he stated, "are high enough to fully compensate all individuals in the scrap collection trade and, in the absence of speculative hoarding, to insure a supply of iron and steel scrap adequate to support the current high level of steel production.

"Unfortunately, circulation of rumors to the effect that ceiling prices were to be raised by substantial amounts has caused some hoarding by both dealers and original suppliers of scrap. This office is engaged in securing names of such individuals and the tonnages which they are holding. OPACS is prepared, if necessary, to take vigorous action to get this scrap to moving into consumption. Individuals cannot profit by violating the schedule in this respect since they cannot expect to secure any higher prices than those now prevailing."

Bakeries asked to refrain from raising bread price without consulting OPACS first

Leading bakeries have been asked to refrain from advancing bread prices without prior consultation with the Office of Price Administration and Civilian Supply, in a letter sent June 17 by Administrator Henderson.

"In our policy of stabilizing prices, we consider bread of special importance owing to its prominence in the diet of all members of the community and the significance of bread prices as a symbol of the cost of living," the letter states.

The request is also made that there be no change in "volume discounts, cash discounts, credit practices, stale bread return allowances, or other trade or price practices or alteration of bread formulas that would have the effect of increasing net manufacturers' prices." The letter was sent first to 12 leading bakeries and was to go to several hundred others later in the week.

The letter states prompt consideration will be given to specific instances of hardship arising out of compliance with the OPACS request. It will be the policy of OPACS, however, to hold price increases to the absolute minimum reflecting cost advances, Mr. Henderson stated. He also pointed out that the high level of business activity is currently a favorable factor from the bakers' standpoint.

Four section heads named for Allocation Division

Appointments of four section heads for the Civilian Supply Allocation Division of OPACS were announced June 17 by Joseph L. Weiner, chief of the division.

Melvin G. de Chazeau was named head of the iron and steel section. Mr. de Chazeau is on leave from the University of Virginia, where he is a professor of economics. He has been a consultant on iron and steel in the Materials Branch of the OPM Production Division. In 1940 he made a study of TVA for the Twentieth Century Fund. Prior to that he was with the Department of Justice and a witness before the Temporary National Economic Committee. In 1934 and 1935 he made a special study of the iron and steel industry at the Bureau of Business Administration, University of Pittsburgh. The study was embodied in "Economics of the Iron and Steel Industry," of which he was co-author.

Bassie heads standards and research

V. Lewis Bassie, who has been chief of the Civilian Requirements section of the OPM Bureau of Research and Statistics, was named head of the Division of Standards and Research. He formerly was assistant chief of the Industrial Economics Division of the Department of Commerce. At one time he was senior economist with the Federal Reserve Board.

Edward T. McCormick, who has been adviser on priorities to OPACS Assistant Administrator Harriet Elliott, was named head of the Fuels Division. He was for 6 years financial analyst for the Securities and Exchange Commission.

Jesse L. Maury was appointed head of the nonferrous metals section. Mr. Maury is a mining engineer and for the past 4 years has been serving in that capacity with the Lehman Corporation. He was with the Securities and Exchange Commission in 1935 and 1936 as a valuation engineer. For 10 years prior to that he was engaged in mining activities in the West, where he managed lead, zinc, and silver mining operations. He holds a Master of Science degree from the Massachusetts Institute of Technology.
Exports exempted from yarn price schedule

Price Schedule No. 7 establishing ceiling prices for combed cotton yarn has been amended by exempting yarn to be exported outside the United States and by making minor adjustments in the ceiling schedule for coarser counts of yarn, Administrator Henderson, OPACS, announced June 20.

Both amendments are retroactive to May 23, the date on which the original schedule was issued. The amendments were made at suggestion of trade representatives in order to facilitate operation of the schedule and eliminate hardships.

Applies to direct or jobber sales

Lifting of the ceiling on exported yarn applies to sales made either directly or through a jobber. Such yarn cannot subsequently be sold or delivered for use within the United States at a price above the maximums established in the schedule for domestic sales. This amendment is not expected to result in sales of yarn at prices much higher than necessary to cover higher costs of selling for export.

Buyers and sellers by mutual agreement may make adjustments in contracts entered into after May 23 not inconsistent with the amended schedule.

"Normal" differential adopted

The combed cotton yarn schedule was based on a price of 42 cents a pound for 30s single, and prices for other counts carried differentials based on trade paper quotations above or below that price. The differentials on coarser counts below 24s amounted to ¼ cent per count.

Trade representatives report that the normal differential for these counts is ¼ cent and that the recent reported expansion in differentials to ½ cent was in part a reflection of rapidly increasing prices before the schedule went into effect. The differentials on the coarser counts have therefore been changed to ¼ cent so as to eliminate any hardship on spinners of the coarser yarn.

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**ARMY NURSES**

**PASS 5,000 MARK**

The number of Army nurses has increased from 942 a year ago to more than 5,000, and it is expected to exceed 8,000 by the end of the year, the War Department announced June 12.

Shortage of materials may cut automobile production further, Knudsen says

In a press conference June 18, Director General Knudsen, OPM, discussed the possibility that shortages of materials may cut the production of automobiles below the number permitted by the 20-percent reduction agreed upon earlier. Excerpts follow:

Q. Mr. Knudsen, what does the OPM propose to do about Mr. Patterson's request for a further reduction in automobile production?

A. Of course, everybody is talking about automobiles. Somebody said Mr. Patterson wrote me a letter and said he wanted to cut 50 percent. It is a lot of nonsense, nobody said anything of the sort. I don't know whether you want to put this in the papers or not, but I will explain it to you, my reason for doing what I did. In other words, we knew in the automobile industry how many cars we were scheduled to make this year. Now, the model year in the automobile industry winds up August 1—August 1 to July 31—and at that time we figured 5,385,000 cars. So we agreed on an initial 20-percent cut, you see, and you remember it was initial. That brought it down to 4,200,000. That doesn't mean we are going to make 4,200,000. I don't know how many we are going to make because it depends entirely on the critical materials.

Trying to prevent unemployment

Now, when you reduce the production of automobiles, say, 20 percent, you liberate X percent of the labor; if you reduce 40 percent, you liberate twice as much labor. All I do here is to let the defense program build up so as to absorb these people as fast as we can and not cut 50 percent and have them out in the street, idle on account of national defense. That would be a very nasty thing to happen because the defense people wouldn't get any good out of it and a whole lot of people would suffer.

Q. Just what was Mr. Patterson's letter?

A. Mr. Patterson's letter recommended further reductions in domestic consumption or domestic production.

Q. In announcing the 20-percent cut in automobile production, you don't expect to make 4,200,000 cars next year?

A. I said an initial cut at the time, you remember.

Q. As of now you don't expect to make 4,000,000?

A. I don't think we can, but I don't know.

(Mr. Patterson's letter handed to Mr. Knudsen.)

Other cuts suggested

A. Mr. Patterson dealt entirely with the automobiles and with wide strip and sheet mills and with heat-treating and cold-drawn steel, and with alloy steel. Now, Mr. Forrestal mentioned mechanical ice boxes, washing machines, air-conditioning machines. They are all suggestions, of course, no demand on us, just asking that we look into it and see how much material we can save.

Plane plant change-over

Q. How about this question of aircraft production having fallen off last month?

A. Well, we lost a day's work. I guess we lost about a day's work and we will probably pick that up this month, somewhere.

Q. Changing over models in any of the plants, did that account for it?

A. Boeing was. He went from D to E in 17 and he will be back in again next month.

Q. Do you think it will show a substantial increase this month?

A. I don't know as I'd say substantial.

Q. Will it make up for the last month?

A. I hope to do that; yes.

Q. Do you think they will get about 1,500?

A. That is a little high, I think.

Waste-paper men agree to hold prices down for the present

Leading representatives of the waste-paper industry agree individually at a meeting with OPACS officials to maintain the present price structure for the time being, pending determination of whether enough such paper will come on the market at present prices, Administrator Henderson announced June 19.

Another meeting will be held with industry representatives late in July to canvass the situation again.

Waste paper is an important raw material in the manufacture of paper and paper board and full production is needed to meet demands of the defense program plus civilian needs. Industry representatives have agreed to do their best to increase the supply.
Stacy May forecasts shifts in demand, to compensate defense sacrifice of durables

Increased demand for services, perishables, semidurables, and goods of higher quality, to compensate for necessary sacrifices in civilian consumption of durable goods, was forecast recently by Stacy May, chief, Bureau of Research and Statistics, OPM. He spoke to the National Retail Dry Goods Association in Chicago.

Excerpts follow:

The nation whose economy is heavily weighted with durable goods facilities, is fortunately situated for war production only if steps are taken to convert these facilities to the production of war materials. Otherwise, the facilities are merely a competitor for the raw materials and labor that war procurement needs.

In spite of the fact that we have, to date, made definite plans for at least 5 billion dollars' worth of new facilities, it is clear that the great demand for heavy goods production in the military field can be achieved only by diverting to armament production some of the tools, manpower, and managerial skill now being used for producing consumers' durables. The operation of priorities control over metals similarly will curtail consumers' durables, even allowing for all of the substitutions which American ingenuity can devise. For our situation in a considerable list of the strategic materials is that while we have plenty for all of the military production in sight, there is not enough for both the military production and the increased civilian demand that will be generated by defense expenditures.

These curtailments will take sharp effect in 1942 and to the extent that you are engaged in selling consumers' durables, you will be affected.

Compensating forces

However, there will be compensating forces at work of tremendous magnitude. By the end of May almost 3 million more workers will have been drawn into nonagricultural employment than there were a year ago. Over the coming year nonagricultural employment may well increase another 3 million if we can manage our program in such a way as to avoid unnecessary dislocations. The rise in pay rolls should be even faster than the rise in employment through the increase in weekly working hours and the operation of overtime even if actual wage rates are not greatly increased.

When people have money to spend, they spend it and retail trade resists an advantage.

I wish that I could translate for you the prospective increase in consumer purchasing power into bills of particulars of what will be purchased. We know, of course, that purchases tend to move upward more slowly than the rise in pay rolls should be even faster to avoid unnecessary dislocations. The sharply increased tax schedule for next year will constitute an obvious drain upon purchasing power. The men who are inducted into the Army have everything supplied to them that they need and very little money with which to purchase anything that they do not. But the net effect of all of these factors will be to retard and not to prevent a substantial increase in consumer expenditures.

Demand for services, perishables

I believe that the very curtailments that will be forced in the consumption of consumers' durable goods will operate to increase their demands for services, for perishables, and for semidurables.

In 1939 consumers spent 6.9 billion dollars upon clothing. If their consumption habits should conform to the general pattern that was determined by a study of the National Resources Committee in 1935-36, clothing expenditures, measured in 1939 dollars, would represent 7.6 billions in 1941 and from 8 to 8.5 billions in 1942. It is true that not all clothing items would share in the advance equally. According to the patterns established, the greatest rise may be expected in the demand for cleaning and pressing, next in women's dresses and suits, third in men's and boys' suits, with a less substantial rise in footwear, men's shirts, hosiery and underwear.

Shift to higher qualities

It is inevitable, I think, that there will be a shift in demand toward goods of higher qualities as the general trend of family income rises. In 1939 almost 40 percent of all family units were in the income group having less than $1,000 a year. It is likely that in 1941 a little over a third of American families will remain in this less-than-$1,000 income category, and in 1942 it may be reduced to less than 30 percent. On the other hand, the proportion of family units with incomes greater than $2,000 may be expected to rise from the 25 percent of 1939 to over 30 percent in 1941, and to over 35 percent in 1942. Inevitably this will mean an increase in the relative demands for goods of higher qualities and prices.

Defense plans should be stepped up

I have been speaking to you in terms of a defense program of something over 40 billion dollars for the years 1941 and 1942. I believe that this program will be and should be stepped up. I think that the United States has the management skill, the manpower, and the economic resources to double the rate of armament production that now is contemplated. In meeting our presently planned schedules, and certainly if they are to be increased, certain alternatives must be faced and decisions clearly reached. How much of our wartime production may be achieved on top of our present production for civilian use, and for what proportion of it must we cut in to our civilian standards?

I believe that the issue we are facing is sufficiently grave to make any needed sacrifice inconsequential. I think that we should be completely ruthless in cutting into civilian production at any point where men, materials, or facilities are needed for our present defense program or for the much larger one I believe we should have.

But surely sacrifices are to be justified only when they are necessary. If by planning for expansion sufficiently far ahead we can increase our over-all production, both the military and the civilian cause is served.

**SEC to inform OPACS of market activities**

Scrutiny of unregulated commodity markets is to be undertaken on a voluntary basis by the Securities and Exchange Commission for OPACS, Administrator Henderson announced June 23.

The SEC will send OPACS daily and if necessary hourly reports on activity in the commodity markets involved. Attention will be called to unusual developments which appear to have a bearing upon problems under jurisdiction of OPACS.

In a letter to Mr. Henderson the SEC points out that it does "not have statutory power to proceed against persons who manipulate the prices of these commodities, or who speculate excessively to the detriment of the public."
News for Retailers

Curtilment of Civilian Goods

Civilian goods made in whole or in part of metals affected by priorities may be curtailed to a rapidly increasing degree as a result of the diversion of these essential materials to rearmament needs. It was estimated last week by Peter R. Nehemkis, Jr., special assistant to Robert L. Mehornay, Chief of OPM's Defense Contract Service, that not fewer than 10 entire industries whose supplies have been either drastically curtailed or completely shut off must find substitute materials or enter a new line of production. The metals so far put under full priorities control are: Aluminum, magnesium, zinc, stainless steel, tungsten, nickel-bearing steel, copper, steel, and nickel.

An example of the effect of priorities is, of course, to be found in the industry making aluminum kitchen utensils. Following the first priorities order on this metal, it was believed that a considerable amount of scrap aluminum might continue to be available. About the middle of this month, however, an order bringing aluminum scrap under full priority control was announced. Virtually all scrap will now go to defense channels except when specific directions are issued by the director of priorities. For a period, steam pressure cookers were placed on a preferred list because it was believed that these were essential to home canning of fruits and vegetables. But the pressure for aluminum has become so great that no provision is now being made for the further manufacture of these utensils.

Just what further consumer industries will be affected by priorities on aluminum and other metals cannot at this time be specifically indicated. There will obviously be included, however, those lines of business which use considerable amounts of these metals and for which no substitute is readily available.

Mr. Nehemkis has indicated that every effort will be made to make the transition from production of consumer goods to production of defense materials as efficient and as rapid as possible. Plans now being made include the converting of industries to defense production by industry-wide rather than piecemeal processes. "It would appear," Mr. Nehemkis said, "that the conversion pattern will in general involve the organization of an industry group into prime contractor-subcontractor groups."

Donald M. Nelson, Director of Purchases, OPM, also recently discussed the same subject but he held out no encouragement for the producer of consumer goods where the question was one of the essential metals. The answer of today, Mr. Nelson said, is that in some cases he simply has to shut up shop, pay off his labor force, and let his equipment stand idle. Sooner or later the very size of this defense program will take up such kind of slack. The effort now is toward getting this manpower and machinery into operation again on defense materials, sooner rather than later.

Domestic wool and defense purchases

Last fall, to meet the rapidly expanding defense needs, the requirements of the Domestic Purchase Act were relaxed and foreign as well as domestic wool was used in cloth and equipment purchased by the Army. Last week a conference was held in Washington which was attended by representatives of the wool-growing industry and officials of the Quartermaster Corps, the Office of Production Management, and other officials, at which the use of domestic wool in further defense purchasing was fully discussed.

While no declaration of policy resulted from the meeting, the wool growers made their case for the increased purchasing of domestic wool. They indicated that the cost of production was up and that they were justified in asking for Army awards at reasonable prices. The Quartermaster officials indicated a sympathetic attention to the needs of the wool producers. The domestic product will receive full consideration, it is understood, as long as the differential between the foreign and domestic wools remains small.

As far as the immediate future is concerned, bids will continue to be asked on the same basis as before, that is, using both foreign and domestic wool. Invitations are now being sent out for from 20,000,000 to 25,000,000 yards of suiting, overcoating, and lining. Bids will be opened on June 26. The prices at which these bids will be entered will be an indication of the feeling of the wool trade and the dealers as to the prices for the coming season. Some indications from trade sources now are that wool piece goods prices for fall will be from 40 to 50 cents a yard higher than a year ago.

It has previously been estimated that the total amount of wool which will be required to meet the requirements of all Government agencies during the 1942 fiscal year will be 259,000,000 pounds, grease basis. After allowing for normal civilian uses of wool, it appears that a total of approximately 349,500,000 pounds will have to be imported.

Commercial Truck Crops

Indicated production of some of the most important commercial truck crops for shipment as of June 9, as developed by the Agricultural Marketing Service of the United States Department of Agriculture, is as follows:

<table>
<thead>
<tr>
<th>Crop</th>
<th>Production for this year</th>
<th>Production for last year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peas</td>
<td>2,605,000 sacks</td>
<td>7,113,000 sacks</td>
</tr>
<tr>
<td>Beans</td>
<td>2,605,000 sacks</td>
<td>7,113,000 sacks</td>
</tr>
<tr>
<td>Textiles</td>
<td>11,052,000 bushels</td>
<td>7,113,000 bushels</td>
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</tbody>
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"Lend-Lease" Textile Purchases Begun

Although no quantities have been announced, the purchasing of textiles under the provisions of the Lend Lease Act has been begun by the Procurement Division, Treasury Department. The invitations covered sheetings, drills, and print cloths. Since no quantities were mentioned, it is impossible to estimate the effect of this on the market. It was suggested that manufacturers shall offer to ship such quantities as they may be able to supply during the next 4 months.

Bids have also been opened by the Procurement Division of the Treasury for furnishing 2,197,000 yards of cotton textiles to the Work Projects Administration for distribution to designated emergency work relief rooms. This included both muslin and broadcloth.
No gasoline should be shipped from East to anybody for present, says Ickes

Excerpts from the June 19 press conference of Harold L. Ickes, Petroleum Coordinator for National Defense:

Q. Mr. Secretary, you announced that you will establish five regions in this oil set-up as shown on the map downstairs. Does that map show the five regions?
A. I did not say it referred to that. I imagine so. Mike, does it refer to that?
Mr. Stettinius. It does.
Q. Are these regional offices going to be set up on a temporary or permanent basis, Mr. Secretary?
A. Well, it will be just as the oil coordinatorship—it is set up for the emergency. They will go along as long as we do and that no one can predict.

Pipeline legislation

Speaking of bills in Congress, Mr. Secretary, what is holding up the pipeline legislation?
A. It is held up over in the Senate. It passed the House very promptly. I think it is still pending before a committee up there.

Q. Mr. Secretary, have you received a report from the Maritime Commission on the availability of foreign flag tankers?
A. Yes; I think I have that. I have had several reports from the Maritime Commission. I think that is among them.

Q. The Maritime Commission put out a press release stating that there were no American flag tankers which had been transferred to foreign ownership which could be reemployed for use in hauling oil from the West to the East. Is that the substance of your report?
A. I do not know. I did not analyze it. I sent it down to Mr. Davies right away.

Shipping from East Coast

Q. Mr. Secretary, have you had any other situations that parallel the Japanese tanker situation out of Philadelphia?
A. I think I would rather not answer that.

Q. I understand that as a result of that you attempted to get some voluntary cooperation in not shipping oil or gasoline off the east coast?
A. I cannot answer that question yet. I do not know. Of course, some oil can be shipped from this coast, and some undoubtedly ought to be.

Q. What was the basis of your action in asking . . .
A. The basis for the action was that in the then state of uncertainty as to what the situation precisely was on the Atlantic coast, that nothing ought to be shipped from the Atlantic coast to any country. The action was not taken because the ship was about to be loaded with oil for any particular destination, and of course it related only to the Atlantic coast and not to the Gulf coast or to the Pacific coast. There is plenty of oil for anyone that wants to go and get it.

Q. Well, wasn't your action inimical to the State Department's policy in regard to Japanese, in any way?
A. No. I cannot answer that question yet. I do not believe one drop of gasoline should be shipped from the Atlantic seaboard to any country, does that include Great Britain?
A. That includes every country, as of the present. After all, the release of these 50 tankers is for the benefit of England.

Q. The British have not asked for oil off the East Coast, have they?
A. Not that I know.

Q. Mr. Davies says more efficient use of our existing transportation facilities should increase the movement of oil and gasoline by about 10 percent.
A. Yes.

Q. Would that 10 percent solve the Eastern seaboard problem?
A. I do not think so. Does he say so?
A. He does not say either way.

Q. Is the prospective shortage of oil and gasoline on the Eastern seaboard more than 10 percent of our available transportation facilities?
A. My guess would be no, but it is only a guess.

Rationing “under consideration”

Q. Has your staff worked out tentative plans restricting the use of gasoline and oil?
A. They are working on it.

Q. Would you give us any idea what the plans encompass?
A. I think it would be too disturbing at the present time. I think until we are ready to do it the subject should not be talked about. Otherwise profiteers would take advantage of the people's fears, and they may be unjustified.

Q. Can you say, sir, it looks as though there might be a ration-card system?
A. It is one of the things under consideration.

HOUSE APPROVES BILL TO RELAX LOADING LIMITS

A bill to permit relaxing the load limits on coastwise nonpassenger ships (H. R. 4888) was approved by the House of Representatives last week and sent to the Senate. The measure, effective for the duration of the national emergency or until June 30, 1943, stipulates that the load line shall not be higher than that considered safe by the Secretary of Commerce.
Oil under export control; shipment from East confined to Britain, Egypt, Hemisphere

The White House on June 20, by direction of the President, made public the following statement:

"The President announced today that to meet a threatened shortage of petroleum products in the Eastern United States, he had directed the Administrator of Export Control to place all petroleum products under control and to permit exports from the Eastern Seaboard only to the British Empire, Egypt, and the Western Hemisphere, since supplies to these destinations are dependent in part on shipment from Eastern ports.

"Meanwhile, a plan will be prepared for the most effective use of tanker facilities available to supply petroleum to the Eastern Seaboard and the other American Republics. Further restriction of shipments of petroleum from the Gulf or Pacific ports of the United States is not contemplated."

★ ★ ★

Oil interests on Gulf get chance at Lend-Lease sales

Petroleum Coordinator Ickes announced last week that he has effectuated an arrangement with the Lease-Lend Administration and the Navy Department by which American refineries will be given an opportunity to supply petroleum to the Eastern Seaboard and the other American Republics. Further restriction of shipments of petroleum from the Gulf or Pacific ports of the United States is not contemplated.

★ ★ ★

Switch in tanker routes expected to raise East's oil supply 5,000,000 barrels a year

Action was taken June 18 by Petroleum Coordinator Ickes to increase the prospective supply of petroleum products for the East Coast 5,000,000 barrels annually by a switch in tanker routes.

Conferences between the Coordinator and officials of the Sun Oil Co. and the Standard Oil Co. of California resulted in a recommendation by the Coordinator whereby tankers now plying between California and east coast ports will be transferred to runs between Gulf ports and the east coast.

On the intercoastal route, the tankers involved carried approximately 4,000,000 barrels of gasoline a year. In the Gulf to east coast trade, their annual carrying capacity will be raised, because of the shorter haul, to approximately 9,000,000 barrels annually. (A barrel of gasoline is computed at 42 gallons.)

★ ★ ★

OPM resolution urges coal purchase now

The OPM on June 23 made public a resolution urging that all coal consumers from large industrial users to small home owners buy their necessary stock of coal at the present time.

The resolution points out that by buying coal now users will help national defense. Moving coal during the summer months will relieve the peak of coal shipments in the late summer and early fall when transportation will be strained by the tremendously increased load of defense production that must be moved along the Nation's railways, waterways and highways.

Other agencies cooperating in this appeal to the public to accumulate stocks of coal now are the Office of Price Administration and Civilian Supply, the Bituminous Coal Commission, and the U. S. Bituminous Coal Consumers Council.

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Open more Federal jobs to women, Civil Service urges

The United States Civil Service Commission on June 17 urged appointing officers in all Federal agencies to employ women in a greater variety of positions.

Don't raise prices any more without OPACS conference, refiners, marketers asked

Leading refiners and marketers of petroleum products throughout the country were asked in a letter sent them June 19 by Administrator Henderson not to make any further advances in prices except after consultation with OPACS.

Announcement of the letter was made by Mr. Henderson June 19 in an address before a group of oil industry representatives at a meeting called by Petroleum Coordinator Ickes.

The letter also points out that at a recent meeting between OPACS and representatives from northeastern and mid-Atlantic States, it was generally agreed that no further substantial increases in gasoline prices in the East are called for unless basic conditions change.

★ ★ ★

PERMANENT PARACHUTE SCHOOL ESTABLISHED

To assure continuity of training and to provide replacements for the Army's growing parachute force, a Parachute section of the Infantry School at Fort Benning, Ga., has been established as a permanent institution.
HOUSING...

1,133 defense homes completed in week bring total to 15,426 in 55 localities

The 1,133 homes for defense workers and families of enlisted personnel completed the week ended June 14 bring the total number of completions under the Defense Housing Program to 15,426 homes, located in 55 localities of 26 States and Territories, C. F. Palmer, Defense Housing Coordinator, announced June 20.

Among the areas reporting completions are Newport News, Va., with 300 homes completed by the Navy, and Camden, N. J., with 236 completed by the Federal Works Agency, all for defense workers and their families. The United States Housing Authority reports completions for 124 houses at Bremerton, Wash., for civilian and enlisted personnel, and 104 at Charleston, S. C., for civilian defense workers.

Contracts awarded for 1,176

Construction contracts were awarded for 1,176 homes the week ended June 14. The largest of these projects, most of which are for civilian workers, is located at Middletown, Pa. The United States Housing Authority has assigned construction contracts here for 450 homes, located in 55 localities of 26 States and Territories, C. P. Palmer, Defense Housing Coordinator, announced June 20.

The United States Housing Authority reports contracts awarded for 1,176 homes the week ended June 14. Contracts awarded for 1,176 homes the week ended June 14. The Housing Authority has assigned contracts for 15,426 homes, located in 55 localities of 26 States and Territories. 68,016 of these dwellings have been placed under construction contract at Portsmouth, Va. The Defense Housing Program brings the total number of completions under the $100,000,000 now authorized by the Congress fits it.

President Roosevelt last week approved 30 new localities in which moderately priced homes may be financed under the liberalized FHA insurance provision, known as Title VI of the National Housing Act, upon the recommendation of Coordinator Palmer.

The Act permits 90 percent mortgage insurance to operative builders on multi-unit developments in localities "in which the President shall find that an acute shortage of housing exists or impends which would impede national defense activities." The housing which is expected to be provided through this legislation is intended for workers whose earnings amount to $1,800 to $3,000 annually. Homes built under the title may be sold or rented.

Needs exceed authorization

In his letter to the President, Mr. Palmer recommended that, pending further determination, this financing medium should not be utilized in excess of the defense housing needs as determined by the Division of Defense Housing Coordination. The total of these needs is already greatly in excess of the number of homes which can be insured under the $100,000,000 now authorized by the title, he said.

"Unfilled needs," said Mr. Palmer, "may be provided for through expansion of this authorization if the Congress sees fit."

The newly approved areas

The following are the newly approved areas:

Alabama, Anniston; Georgia, Albany; Indiana, Connersville; Louisiana, Alexandria; Maine, Bangor; Mississippi, Biloxi; Nevada, Las Vegas; New Hampshire, Manchester; New Jersey, Phillipsburg; New York, Albany-Troy, Rome, Ilion, Sidney, and Watertown; North Carolina, New Bern and Morehead City; Ohio, Mansfield; Pennsylvania, Johnstown and Ellwood City; South Carolina, Spartanburg; Texas, Goose Creek-Baytown-Pelly, Mineral Wells, Wichita Falls, Brady, and Harlingen; Washington, Longview-Kelso and Spokane; Wisconsin, Madison and Green Bay; Alaska, Ketchikan.
Drastic shortages predicted unless some U. S. activities are moved from Capital

Drastic shortages in housing were predicted for the District of Columbia June 14 by Housing Coordinator Palmer, unless Government activities are decentralized as soon as possible.

The coordinator pointed out that despite the large defense housing program, comprising 2,650 homes to be built with public funds, as well as an additional 1,000 dormitory accommodations for girls, already programmed for Washington, it would not be feasible to house public funds all of the additional people who will come into Washington to take jobs with the Government. Additional units are now being planned, but other ways of alleviating the situation should not be overlooked.

Investigations under way

Mr. Palmer said that while the shortage of housing is not as acute as many reports would indicate, it could be relieved considerably by transferring to existing field offices additional work and personnel from Washington in accordance with investigations now under way.

"We have a limited amount of money to take care of housing requirements in hundreds of localities throughout the country. In the case of some of these localities, the nature of the defense activity is such that it is impossible to have any recourse other than the provision of homes with public funds for the workers who migrate to the community.

Might move peacetime workers

"Although Government workers are also vital to the defense program," he said, "it may be much more practical to move the activities of purely peacetime agencies to a locality where there is not only more housing, but also more available office space and other facilities. In fact, the lower cost of living in some communities should be an advantage to the Government workers.

"Estimates, which come from several sources, indicate a minimum of 12,000 new employees in Government activities during the fiscal year 1941-42."

"This minimum increase of 12,000 employees comes on top of a gain of approximately 14,000 during the period from February 1 to June 30, 1941. In addition to this, of course, Government rolls have increased from around 100,000 in 1934 to more than 170,000 at the end of last year.

"It is estimated that three or four people are brought in for every new defense worker in the Government. Multiplying the 12,000 employees who will be hired during the coming fiscal year by this figure gives a total increase of population of between 40,000 and 50,000. On this basis, the potential demand for housing and other facilities reaches alarming proportions."

2,683 homes for Negro defense workers provided in $12,000,000 allocations

Indications that Negro workers are becoming an increasing factor in defense production were seen in a recent announcement by Robert R. Taylor, consultant to the Division of Defense Housing Coordination, that allocations exceeding $12,000,000 have been approved, under the Lanham Act, to shelter families of Negro defense workers and enlisted personnel.

The allocations, recommended by Defense Housing Coordinator Palmer, and approved by President Roosevelt, will provide homes for 2,683 Negro families in 11 urban centers, and similar housing for 435 families of Negro enlisted personnel at 8 army camps.

22 more areas being surveyed

At the same time, Mr. Taylor revealed that the Division of Defense Housing Coordination is now studying 22 additional defense areas with a view to providing shelter for the families of Negro workers who may be brought in.

"Many of these defense housing projects for Negroes are already under construction," Mr. Taylor said. "The 350-unit project in Cincinnati, Ohio, for instance, is now more than 25 percent complete. The 100-unit project at Pascagoula, Miss., is ready for occupancy. Sites have been approved and property is being purchased for others so that construction may be started at the earliest possible moment."

County in Pennsylvania leads

Allegheny County in Pennsylvania leads the list of approved projects made public by Mr. Taylor. Five hundred units are scheduled to be erected for the families of Negro defense workers there.

Other communities include Baltimore, Md., 250; Lackawanna, N. Y., 200; Detroit, Mich., 200; Cincinnati, Ohio, 350; Philadelphia, Pa., 250; Pittsburgh, Pa., 250 (estimated); Wilmington, N. C., 150; Norfolk, Va., 300; Newport News, Va., 158; and Pascagoula, Miss., 100.

Units approved for the families of Negro personnel at Army camps include Portsmouth, Va., 30; Camp Livingston, La., 80; Camp Claiborne, La., 50; Camp Jackson, S. C., 25; Holly Ridge, N. C., 50; Fort Sill, Okla., 30; Port Riley, Kansas, 40; and Fort Bragg, N. C., 100.

In addition to the 22 other cities now being studied, Mr. Taylor revealed that the defense housing facilities for Negroes at the present sites may be increased as more Negro workers are introduced into defense industries in these communities.

President approves temporary shelter in nine communities

A temporary shelter program which will affect nine defense communities was approved by President Roosevelt last week, upon the recommendation of Coordinator Palmer.

In every case, the temporary shelter, which consists of demountable dormitory accommodations for single workers and trailers or portable houses for families, is planned to be used only until conventional homes can be provided. In most of the areas, permanent homes have been programmed and are building.

The areas concerned in the new program are: Benefia and Vallejo, Calif.; Bridgeport, Conn.; Kingsbury-LaPorte, Ind.; Burlington, Iowa; Jacksonville, N. C.; Port Clinton, Ohio; Portsmouth, Va.; Honolulu, T. H.

It was recommended that the Farm Security Administration provide and manage the homes.

The number approved for each area follows: Benefia, 50 trailers; Vallejo, 360 dormitory units, 200 portable family homes; Bridgeport, 250 dormitory units, 200 portable family homes; Kingsbury-LaPorte, 500 dormitory units, 400 trailers; Burlington, 275 trailers; Jacksonville, 200 trailers; Port Clinton, 60 trailers; Portsmouth, 252 dormitory units; Hawaii, 600 dormitory units.
TRANSPORTATION...

Budd asks tank car owners and lessees to arrange for speedier routing

Transportation Commissioner Ralph Budd, OEM, said June 19 that he had asked owners and lessees of tank cars to arrange supervision for speedier routing, to help relieve the problem in petroleum transport. He spoke to the National Association of Shippers’ Advisory Boards in Chicago. Excerpts follow:

The Regional Advisory Boards, made up as they are of representatives of the shippers and the railways, exemplify teamwork at its best, for they are the means of translating into reality the idea of cooperation between the carriers and their patrons.

It is a safe assertion that helping to make the best use of the existing transportation facilities will continue to be the chief goal of the Shippers’ Regional Advisory Boards for the duration of the preparation for defense, and I am sure that every one of the thirteen Regional Boards will constitute itself a committee of the whole for that purpose. My suggestion for a slogan of the campaign would be to paraphrase “A penny saved is a penny earned” into “A car day saved is a car a day created.”

The average movement of active freight cars is a mile a day, and the average time of movement is about 2½ hours in each 24 hours. Accordingly, a percent decrease in the hours during which the car is not in transit would permit 40 percent more time in movement. Of course, not all the dead time is chargeable to shippers; there are switching, terminal, road, and other delays with the carriers.

Another cooperative function of the Regional Boards has been the quarterly forecasting of requirements for different kinds of railway traffic. In the past these forecasts have been uncannily accurate; they will continue to be of great value as guides to the carrier organizations in making their plans and shifting the different types of cars from one part of the country to another when necessary. Forecasting the transportation needs is much more difficult now than it ever has been before because of the rapidly increasing tempo of defense production, and because of the uncertainty which exists as to what the effect of the defense program may be on nondefense activity and traffic.

The petroleum industry has grown very rapidly during the last 20 years and it has set some precedents; among which is the providing of practically all of the means for transporting its products, in the way of tankers, both coastwise and on the Great Lakes; barges, especially on the Ohio and Mississippi rivers; pipe lines, of which there exists more than 100,000 miles; tank cars which operate on railroad tracks, and motor trucks on the highways. Some of the movement, especially that by tanker, has been at almost unbelievably low cost per ton-mile compared with rail or highway transportation, and according to competent testimony, tanker costs have been only a fraction of pipe line costs.

Tank cars put back to work

It therefore is a matter of great importance that a number of tankers have been withdrawn from Gulf-Atlantic coastwise service. The readjustments which are necessary and are being made, consist largely of reverting to the less economical means of transportation, some of which, like tank cars on railroad tracks, had been forced out of service by the cheaper water routes. The course which is being followed in solving the problem is the rather obvious one of finding ways and means of increasing the amounts of oil carried in pipe lines, and putting back into service the idle tank cars.

Even though pipe lines and tank cars are not as economical as tankers, clearly the thing to do is to utilize them to the fullest extent possible. When that has been done, and when some new pipe lines and some new tankers which are now under construction go into service, the stress should be relieved. Of the 150,000 tank cars in the United States, only 9,000 are owned by the railroads, and these are used for company supplies. About 130,000 are owned by oil companies, or private car companies and leased to oil companies. I have asked the owners and lessees of all such tank cars to arrange for a cooperative agency to supervise the movements of those cars for the purpose of securing quicker routing, and the railways will provide expedited schedules for handling loads and prompt return of empties.

65,047 freight cars on order, largest number since 1924

Class I railroads on June 1, 1941, had 65,047 freight cars on order, the largest number on order at any one time since 1924, Commissioner Budd reports on the basis of information furnished by individual railroads to the Association of American Railroads.

On the same day last year there were 15,039 new freight cars on order. New freight cars for which orders had been placed on June 1 this year included 59,738 box, 22,264 coal, 1,349 flat, 1,220 refrigerator, and 476 miscellaneous cars.

Class I railroads on June 1, 1941, had 517 new locomotives on order, of which 221 were steam and 286 electric and Diesel. New locomotives on order on June 1 last year totaled 129, of which 88 were steam and 41 were electric and Diesel.

CARLOADINGS 10,035 ABOVE PREVIOUS WEEK

Freight carloadings during the week ended June 14 totaled 562,275 cars, an increase of 21 percent over the 712,521 cars loaded during the corresponding week in 1940. This also represented an increase of 10,035 cars over the previous week of 1941 when loadings totaled 552,940.

Increases were recorded in all major commodity items with coal showing an increase of 30 percent over the corresponding period in 1940; grain and grain products, 21.5 percent; ore, 14.5 percent; and miscellaneous, 25.6 percent. The details follow:

<table>
<thead>
<tr>
<th>CARLOADINGS—WEEK ENDED JUNE 14</th>
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<tbody>
<tr>
<td><strong>1941</strong></td>
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<tr>
<td>Grain and grain products</td>
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<tr>
<td>Livestock</td>
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<tr>
<td>Coal</td>
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<tr>
<td>Coke</td>
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<td>Forest products</td>
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<td>Ore</td>
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<tr>
<td>Miscellaneous</td>
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<tr>
<td><strong>Total</strong></td>
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Cumulative le date (8 weeks), **16,062,601**, 15,433,360, **17.0**
AGRICULTURE...  

Cheese buying program, vital to British, is only half fulfilled, says Wickard

An all-out effort to convert enough of America's milk production into cheese and evaporated milk to meet the needs of the British under the Lease-Lend Act has been launched by the Department of Agriculture.

Secretary of Agriculture Wickard, in reemphasizing the British need for dairy products, declared that "to date we have been able to buy only about half the amount of cheese we wanted to obtain by the end of June and less than two-thirds of the amount of evaporated milk."

Milk production is adequate

"Sending enough of needed dairy products is a vital part of our aid-to-Britain policy," the Secretary declared. "Our total milk production is adequate for meeting this need, in addition to meeting needs in this country, but the milk has not been going into cheese and evaporated milk at rates fast enough to supply the British with minimum requirements.

"The immediate problem is to convert a larger amount of our dairy production into cheese and evaporated milk. I am confident that American farmers and the dairy industry can produce the necessary volume of these supplies which the British need as much as they need guns and planes. In the interests of all American citizens, we intend to meet those needs."

Prices favorable to conversion

In order to encourage the conversion of milk into cheese and evaporated milk, the Department is purchasing these two products at prices which should yield farmers a higher return for milk going into them than into other dairy products, such as butter.

"Besides establishing a differential favorable to producers of milk that goes into cheese and evaporated milk," the Secretary said, "we are taking other measures to assist farmers, their cooperative associations, and the trade in handling the expansion of products on an orderly and profitable basis. We are releasing CCC corn at 69 to 75 cents a bushel, Chicago basis. We have made revisions in the AAA conservation program to increase planting of emergency forage crops, and provision has been made whereby farmers may increase corn acreages under certain conditions without reductions in AAA payments other than corn payments. The Farm Credit Administration and the Farm Security Administration are making credit available.

Ready to help install vats

"We are ready to assist in the installation of additional cheese vats if that becomes necessary. However, we are asking the industry to expand production by operating on a 24-hour-a-day basis with existing vats. To avoid disruption of the business of small creamery cooperatives, we are assisting with arrangements whereby the patrons of these cooperatives will continue to deliver their milk to the creamery co-ops but the milk will then be diverted to the cheese plants."

"American consumers can help in the effort to give needed aid to Britain by holding down on their use of cheese. I hope, however, that we will soon reach a production of these commodities which will enable American consumers to use the normal amounts while at the same time we supply the British requirements for these highly nutritious dairy products."

New plants must be placed outside defense farm areas, says Townsend

Director M. Clifford Townsend of the Office of Agricultural Defense Relations told the Research Directors of Trade Unions meeting in Washington June 19, that the OPM Plant Site Committee, of which he is a member, is attempting to locate defense industries so as to "balance our national economy and avoid the problems of mass migration of workers and the social impact of industrial concentration."

Director Townsend pointed out that in the early stages of the defense program many new defense plants were "concentrated into congested areas with seeming disregard for social impacts." He said this was done because industry pleaded it "had no ready-trained staffs" and asked that "the plants be located in manufacturing areas where there was a large supply of trained management and skilled labor."

Further excerpts follow:

During the second period of plant locations, the Plant Site Committee was established for the express purpose of scattering war industries.

Through the very fine research and liaison work of the OPM Labor Division, the Plant Site Committee has been very successful in pushing out the new allotment of defense plants southward and westward into those areas with surplus population.

In considering the location of a defense project, the first consideration must be the technical requirements. The second consideration is that the area for a proposed plant must have a large supply of idle labor. Of equal importance is that the proposed site be within the so-called "safe" zone in regard to distance from the coast, and that it not be located in an area where agricultural commodities essential to defense are being produced.

Agriculture's basic part in our national defense effort is becoming more vital every day. Food from American farms is fast becoming as essential as our munitions to the British. For example, our dairy production is being stepped up to meet British needs, and therefore we cannot afford to take good dairy land out of production, or rob dairy farms of their labor.

SERVICEABLE FREIGHT CARS INCREASED

On June 1 the railroads possessed 1,656,726 freight cars, of which 94,415, or 5.8 percent were in bad order awaiting repairs. Serviceable freight-car ownership totaled 1,561,311, an increase of 135,491 since September 1, 1939, the last reporting period prior to the start of war in Europe and the resultant upswing in railroad traffic.

For the weekly period ending June 1, railroads reported an average daily freight car surplus of 71,819 cars, of which 33,705 were box and automobile cars and 16,724 were open top cars. No car shortages were reported.
CIVILIAN DEFENSE

Director names three regional leaders, outlines purposes of his organization

Three of the nine regional directors of the Office of Civilian Defense have been named by Mayor F. H. LaGuardia, Director. They are:

Dean James M. Landis of Harvard University Law School for the First Corps Area; Franklin D'Olier, president of the Prudential Life Insurance Co., Second Corps Area; Raymond J. Kelley, Past Commander, American Legion, Sixth Corps Area.

Within the near future, Mayor LaGuardia anticipates visiting personally the headquarters of the remaining six Corps Areas after which directors of those areas will be announced.

The mayor also named Governor Arthur B. Langlie of the State of Washington and Governor Charles A. Sprague of Oregon as Federal Directors of Civilian Defense for their States. The defense plans projected for the Pacific Northwest States include emphasis upon the protection of their forest areas against sabotage as well as against air raids.

Outlines purposes

On Monday evening, June 16, over the Red Network of the National Broadcasting Company, Mayor LaGuardia outlined the purposes and functions of the Office of Civilian Defense. He explained that experience in the invaded countries of Europe during the present war had demonstrated the necessity for a disciplined populace in this country in such an emergency.

The mayor pointed out that the whole technique of warfare has changed: that there no longer exists a front line trench, and that the civilian population is as much subject to bombardment as the military.

Mayor LaGuardia explained that the organization of the Office of Civilian Defense will be based on the geographical outlines established by the Army Corps Areas. There will be nine such regions and the headquarters of each will be located in the same city as the Army Area headquarters.

State Governments form link

Mayor LaGuardia explained further that State Governments will constitute the final link in the civilian defense organization. He said that in the States in which State Defense Councils have been established under the direction of the Governor, the national and regional organizations will function through the State groups. Finally, he said the municipalities working under the State Defense Councils will establish, where they do not already exist, local Defense Councils.

Functioning through these agencies, the mayor said there will be established means of instruction of volunteers for all the services required in the event of an emergency. These include air raid warnings, collecting, recording, and distributing information of air raid casualties and damage; air raid warden services; care of casualties and first-aid posts, casualty clearing stations and ambulance service; clearance of debris in highways, etc.; repair of utilities; demolition of unsafe buildings; rescue of persons trapped in buildings; detection of poisoned gas and decontamination of gas areas; enrollment and training of the necessary volunteer personnel, and other duties.

Portland, Oreg., outlines measures for defense

Prevention of civilian casualties and property damage, instruction of civilians in proper methods of protection, and organization of service groups for active defense are major aspects of the work of the local defense council in Portland, Oreg., according to a report on the organization of the council sent to the Office of Civilian Defense.

The report emphasizes that the local council does not aim to replace existing organizations engaged in defense work, but rather to "augment the capacity of each group to perform its increased tasks through more effective cooperation."

A comprehensive discussion of attack from the air includes services by wardens, police, firefighters, and personnel concerned with medical aid, public utilities, air raid warning, lighting, protection, maintenance of vital services, evacuation, treatment of casualties, repair of damage, maintenance of law and order, and anti-gas measures.

LaGuardia endorses plan for technicians to go to England

Civillian Defense Director LaGuardia commented June 22 on newspaper reports of the recruiting in the United States of a civilian technical corps for service in England.

"The plan of sending young mechanics to England to work on servicing and repairing radio detectors and other precision instruments will be most helpful to us," he said.

"In the first place it affords an opportunity of giving some direct help to England at this time, and what is so important to us is the fact that the war has created many new instruments—some of them of very high degree of precision—which require a great deal of experience to service and repair. Needless to say, that experience does not exist in this country at this time.

"The fact that arrangements are being made so that these mechanics will be returned to the United States at any time we may need them, indicates a willingness on the part of Great Britain to return as much, if not more, than we are giving at this time.

"The Office of Civilian Defense gives its hearty endorsement here to this plan."

Florida urges Negro committees

Comprehensive plans for Negro committees to carry on defense activities have recently been suggested to county and local defense councils in Florida by George L. Burr, Jr., executive director of the State Defense Council. Mr. Burr stated that "the Negro, in Florida, comprises nearly 27 percent of the entire population" and that no program of civilian defense can be complete unless all citizens participate.

A proposed outline for organization suggests that committees composed of Negroes be established in medicine, emergency relief, labor and personnel, bond and saving stamp sales, food distribution; agriculture, information, education, and morale.
11 more States enact laws relating to defense

Laws relating to five aspects of the defense program have been enacted by the legislatures of 11 States in addition to those reported in the May 20 issue of Defense, according to further reports received by the Office of Civilian Defense. A summary of this recent legislative action follows.

State Defense Councils

Establishment of State and local defense councils has been authorized by the enactment of legislation in four States, Utah (H. 11), on June 13; California (S. 227), on June 3; Ohio (S. 178), on May 19; and Michigan (S. 46), on May 14. The last three States were listed in the report of May 20 as having legislation which awaited the approval of the Governor. The action of Utah in passing the Defense Council Act, which is patterned closely on the model law, brings the total number of States that have passed such legislation to 26. In addition, a similar measure was awaiting signature of the Governor of Missouri on June 19.

Sabotage prevention

Three States—Wisconsin on May 16, Maryland on May 29, and Oklahoma on May 31—enacted sabotage prevention laws, bringing the total number of States that have passed such legislation to 14.

Explosives

Legislation to regulate the manufacture, sale, possession, and disposition of explosives was enacted in Oklahoma on May 14 and in Utah on June 12, making a total of 13 States to have passed such legislation.

Explosives

Oklahoma, on June 4, enacted a law providing for the establishment of a State guard. Twenty-five States have passed such legislation in 1941.

Defense housing

Four more States have enacted legislation authorizing housing authorities to assure safe and sanitary dwellings for persons engaged in national defense activities—Nebraska, May 9; Massachusetts, May 26; New Jersey, June 16; and Texas, June 14. Sixteen States now have such legislation.

On May 19, New Jersey enacted a measure providing for fresh pursuit by military forces. Rhode Island is the only other State to have enacted such a measure.

Regular State agencies report defense activities to Missouri council

A comprehensive report of defense activities of regular State administrative departments in Missouri, prepared at the request of Gov. P. C. Darnell, has been made available to the Missouri State Defense Council. Purpose of the report is to furnish data essential to the council in its advisory and coordinating functions.

Eleven State administrative departments are actively engaged in defense work. Following are some of the major defense activities reported:


- Plant capacity surveyed

State Planning Board: Surveys of industrial plants and idle-plant capacity; information made available to governmental officials on such matters as land ownership, assessed valuation, and physical development of areas in which military camps have been established.

State Board of Health: Extensive measures taken to cope with health problems resulting from influx of population into cantonment and industrial areas.

Public Service Commission: Work on transportation problems, investigation of facilities to meet increased demands for power, and study of utility rates.

Highway Department: Data prepared on improvements needed in strategic and military roads.

Amateur radio network

State Highway Patrol: Plans and maps made for emergency mobilization, amateur radio network covering the State organized, training program conducted for peace officers, subversive activities investigated, census taken of firearms.

Adjutant General’s Office: Organization of a reserve military force to replace National Guard units.

State Department of Education: Special emphasis on vocational education for defense work, with a cumulative enrollment of 22,533 since July 1, 1940.

Program for food production

Agricultural Extension Service: Program under way for production of increased food for defense and home needs, citizenship training programs held for adults and for 4-H Club members, State land-use planning committee developing a unified State agricultural program to meet defense needs.

Social Security Commission: Assistance in the relocation of families from defense areas, work on problems caused by housing shortages and rise in rents, and assistance in connection with the Selective Service program.

Unemployment Compensation Commission: Cooperation in activities to facilitate employment of workers in defense industries.

Grazing Service moved west to make room in Capital

Voluntary removal of the entire Grazing Service of the Department of the Interior from Washington to the West as a defense measure to make available in the crowded National Capital space vital to emergency activities, was announced June 19 by Secretary of the Interior Ickes. The Grazing Service move was made in response to the Administration’s request to find Government space in the Capital for defense activities, the Department reported. It has been arranged that the space vacated be occupied immediately by the newly organized office of the Petroleum Coordinator for National Defense.

Field houses to be built at 25 Army posts

Construction of field houses at 25 Army posts to provide facilities for such indoor sports as basketball, boxing, and wrestling, was authorized June 18 by the War Department.

When the Army expansion program began last fall there were only a few posts in the country that were equipped with permanent gymnasiums. The plan to build field houses was formulated by the Morale Branch to provide every large Army station with facilities for sports during inclement weather.

Each of the field houses will provide approximately 2,750 seats for basketball and approximately 3,750 seats for boxing and wrestling.
DEFENSE

June 24, 1941

$54,139,000 Defense Bonds sold week ending June 14

Sales of Defense Savings Bonds during the week ended June 14 totaled $54,139,000, Secretary Morgenthau reported June 21. In addition, $663,000 worth of Defense Savings Stamps was sold.

The report is made up of the following items, with figures rounded to even thousands: Series E, $22,704,000; Series F, $4,355,000; Series G, $27,040,000.

The week's bond sales brought the grand total since the opening of the National Defense Savings program May 1 to $567,378,000.

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Ferro-tungsten control extended to August 31

Director Stettinius announced June 20 that priority control over ferro-tungsten, tungsten metal powder and tungsten compounds, originally imposed on March 26, is being extended to August 31.

Under the original order, the control over tungsten is scheduled to expire on June 30.

One of the principal uses of tungsten is in the manufacture of high-speed cutting tool steels. Because large quantities of the metal are imported from the Far East, and because of the shipping uncertainties involved, efforts are being made to conserve tungsten and to encourage the use of substitutes in the production of tool steels.

OEM OFFERS PLANTS "TIME IS SHORT" POSTER

The Office for Emergency Management released on June 23 the first of a series of posters to be used in defense plants throughout the Nation.

The new two-by-twelve-foot poster bears the legend "TIME IS SHORT," stressing the need for increased production of arms for America.

It will be followed next week by an illustrated poster showing a powerful gloved hand bearing the legend "AMERICA'S ANSWER—PRODUCTION." This poster was drawn by a noted poster artist, Joan Carlu.

Charles Coiner of Philadelphia, consultant on design to the Division of Information, OEM, has secured the cooperation of a group of prominent designers who are at work on succeeding posters. They include:

Lester Beall, Joseph Binder, Jean Carlu, Gienn Grohe, and Herbert Matter, all of New York City, and Leonard Lioni, of Philadelphia.

Also included in the group of artists assisting in the defense program is Milton Caniff, creator of "Terry and the Pirates," who has been appointed a consultant and who is working on a series of illustrated pamphlets for Mayor F. H. LaGuardia's Office of Civilian Defense.

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Aeronautical exports

Exports of aeronautical products from the United States during April were valued at $66,282,840, the highest monthly total ever reached, the Department of Commerce reported June 18.

Unlimited licenses issued to British purchases

The Department of Commerce has announced that unlimited licenses have been issued by the Secretary of State to the British Purchasing Commission and the British Iron and Steel Corporation authorizing the exportation of aircraft parts (other than those enumerated in the President's proclamation of May 1, 1937) to the following British Colonies: Bahamas, Bermuda, British East Africa, British Malaya, British West Africa, Cyprus, Falkland Islands, Gibraltar, Mauritius Islands, Seychelles Islands, and St. Helena Island.

The Department also announced that unlimited licenses have been issued to the Netherlands Purchasing Commission for the exportation of iron and steel drums and containers to Curacao and Surinam.

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Order limits primary nickel ratio in stainless steel

An order designed to conserve nickel by reducing the amount of primary metal used in production of nickel-bearing stainless steel was issued June 19 by Priorities Director Stettinius.

The order says that in the production of nickel-bearing stainless steel products, the amount of primary nickel to be used may not exceed 40 percent of the total nickel content in such steel.

The rest of the nickel content must be made up of nickel-bearing scrap.

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NATIONAL DEFENSE MEDICATION BOARD: Clarence Dykstra, Chairman.

NATIONAL DEFENSE RESEARCH COMMITTEE: Dr. Vannevar Bush, Chairman.

OFFICE OF CIVILIAN DEFENSE: Fiorello H. LaGuardia, Director.

OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY: Leon Henderson, Administrator.

CONSUMER DIVISION: Harriet Elliott, Assistant Administrator.

TRANSPORTATION DIVISION OF THE ADVISORY COMMISSION: Ralph Budd, Commissioner.

OFFICE OF PRODUCTION MANAGEMENT:

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SIEGEL HILLMAN, Associate Director General.

SECRETARY OF WAR: Henry L. Stimson

SECRETARY OF THE NAVY: Frank Knox

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W. R. STETTINIUS, Jr., Director General.

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