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Farmers, who face a shortage of storage space for grain now being harvested, were given relief by the allocation of 15,000 tons of sheet steel for grain bins. Emergency allocations were made for construction and repair of machinery needed by the canning industry to conserve this year's crop of vegetables and fruits. Earlier an appeal was made jointly by three defense officials to save these crops from waste.

Mr. Henderson at a press conference stated that the cost of living is rising and will continue to rise. He indicated that price-fixing legislation is being prepared. OPACS postponed indefinitely the placing of a ceiling on the prices of auto tires and tubes.

Americans pledge allegiance

The entire Nation participated in a brief demonstration of American unity on July 4 under the sponsorship of the Office of Civilian Defense. Americans at home, in theaters, at ball games, in automobiles, pledged allegiance to the flag in unison after listening to a brief address by President Roosevelt. A plan for intensifying first-aid training for the general public was disclosed by OCD with the appointment of Dr. George Baehr, of New York, as chief medical officer of OCD. The U. S. Public Health Service will work with the OCD on the program.

Power saving in the South

The people of the South were asked in a statement by Mr. Knudsen and OPM Associate Director General Sidney Hillman to cooperate in curtailing civilian use of power so that more will be available for southeastern aluminum plants. "Here is an opportunity for service to the Nation," they said. "By saving electricity now you will be doing your part to make America safe."

OPM Priorities Director E. R. Stettinius, Jr., announced the creation of a compliance section. Voluntary cooperation will be sought in all cases, he said, but punitive action will be taken wherever necessary.

Six months in priorities

Summarizing a half year's activities, Stettinius said 14 materials are now under industry-wide control, 15 under inventory control, and others under minor restrictions.
Living cost bound to rise, says Henderson; discusses question of control law

The cost of living is bound to rise. Leon Henderson, Administrator, Office of Price Control and Civilian Supply, said at his press conference July 1. "I don't believe," he asserted, "that if we have this increasing pressure we can continue without some support, probably, in the way of legislation."

Excerpts follow:

Mr. Henderson. I want you to know that I am very seriously concerned about the strong trend in the price level. I indicated before the Budget committee that the informal and voluntary assurance method of keeping basic commodities in line had been adequate and satisfactory up until the end of February and it seemed that at that period the American producers were entitled to something of a more formal nature in the way of price schedules and definitive statements as to what we would like to have as their price policy.

The shift in speculation

In the period beginning about that time we were beginning to feel the impact of several cost-raising activities. A shortage of bottoms and the general skyward tendency of ocean shipping rates is being reflected in a number of the imported commodities—In fact, practically all of the imported commodities were influencing the sensitive indexes; and it was very apparent that when these commodities were traded on an exchange that there had been quite a transfer of the speculative fraternity usually found in the security markets over into the commodity markets.

Recently, the price index has been moving up, as you know. The wholesale price index of the Bureau of Labor Statistics has been moving up about a point a week; and if you consider that from the beginning of the defense program last June until about February, there was less than four points increase and that since that time there has been six points increase, you can get an idea of the strength of the trend. We are now above the level of prices that was reached in 1937. However, it would be certainly not correct to call this movement inflation in the classic terms; that is, inflation is usually considered to be an increase in the medium of purchasing power without a corresponding increase in production. We have had a most amazing increase in production all along the line, and that particularly is true of the semiluxurious consumers durable goods. I brought along the business index from last Sunday's Times that shows that we are in a new high level of production. In 1929 the Times index was around 114 at its peak and last week it was 131,4, and the tilt of it is still very definitely upward.

New production rise to be defense goods

Now, unless there are severe dislocations that take place by reason of the diversion of defense materials away from the consumers goods industry, I would expect that index to increase; but I think that the increase will be due to the greatly enlarged production of defense items and none of which are available to be purchased by the additional purchasing power that is being poured into the system by reason of the defense program.

Now, with the price level subjected to the severe pressure as it is, we are faced with this enormous increase in purchasing power and with the prospect that taken together the tax program and the savings program will still leave a large amount available which will press against the consumer goods, civilian goods, and the one tool ready and at hand for holding prices in balance and keeping them in line is, of course, the price ceiling method.

Cost of living bound to go up

I am clear that as far as the wholesale price index is concerned there will be a continuing increase and that as far as the cost of living is concerned there is bound to be an increase.

Q. Mr. Baruch has been recommending the setting of a price ceiling or rather freezing all prices generally by such action. Wouldn't it be possible for your office to avoid the repetition of anything like the cottonseed oil rise?
A. Absolutely. Speaking as a technical matter, absolutely.

Q. Now, are you opposed to this idea of Baruch's?
A. No; I am not opposed to Baruch's idea. I think it would be a very healthy thing for this economy if we could have had a holding of prices at the level that existed when this new amount of activity came in through the defense program. There are a lot of administrative difficulties, as I have explained, in maintaining the price. The Baruch plan, as you probably know, calls for the possibility of a request or an appeal to come up to a body as to a change in a price, and we haven't been on any kind of an administrative level where a complete ceiling on all prices could be administered. I want to be very clear with you that as far as the technical management of a price control is concerned, I recognize completely that would be a very very able method.

Question of authority

Q. Do you have the authority to do it today under the existing law or are you prevented from doing it?
A. We are not prevented from doing it; but for making it effective, I don't believe we have adequate authority.

Q. You are going to run into the same problem anyway. You are jumping from one problem to another as they get in your hand. In time you will have also every commodity on your hands. Why not apply a blanket ceiling now than try to struggle with the other?
A. I think I have indicated some of the difficulties that I see.

Q. Does it require the law to give you more authority?
A. I think so.

Q. Isn't it largely a question of wages and farm prices, too; that is, they would have to be controlled at the same time, and a general price ceiling would have to be applied?
A. I think they would have to be restrained, to use a phrase which the WALL STREET JOURNAL used this morning in an advertisement.

On legislation

Q. How soon, Mr. Henderson, are you going to ask for this new bill? What shape is it in, when will it be before Congress?
A. That is a matter for the President.

Q. Is it going to include wages?
A. That is a matter for the President.

Q. Do you want it to include wages?
A. No discussion.

Q. Before, as a matter of fact, wasn't that the biggest hole in the ceiling?
A. No, the biggest hole in the ceiling, if you mean the whole price level—

Q. No, I mean the unwillingness to put a top on wages.
A. No; categorically, no. I started out to tell you what I thought was the strongest factor influencing price rises, and that is the feeling which is not a new one and that everybody has, that they are absolutely against inflation and want to avoid it as a plague; but they see no relation to a little bit of price rise of their own inflation. I don't see any way in
which an inflation can happen unless prices are raised.

Q. Mr. Henderson, do you believe that your present method of keeping prices in line will sufficiently control the cost of living so that when the new wage contracts which now represent one boost in wages run out next September that there won’t be a basis for another wage boost in the new contract?

Absorbable wage boosts

A. I can’t guess as to what the cost of living is going to be next September or October. Let me put it this way, if I can: Most of the wage increases that have taken place can be paid out of savings of industry due to the lowered unit cost that comes when you have a sustained high level of use of capacity. Now, if you have a rise in the cost of living and that is used as a basis for negotiation of wage increases, there is no possibility, for example, of going back to the steel industry, which is operating at 100 percent capacity, and of asking that that come out of the additional earnings which the steel companies have enjoyed up to now. That would mean that if there is a wage increase that is a recognizable increase in cost, that is to be taken into account in allowing a price increase.

When you reach that period you are in your familiar ratchet process because when that price increase is added, then it gets transmitted all along the line, and we will be compelled under our policy of not asking industries to operate in the red, to allow that as a matter of price increase.

Will the present method work?

Q. As to the increasing pressure on production costs, do you still think that the present method is going to work?

A. I don’t believe that if we have any increasing pressure we can continue without some support, probably, in the way of legislation.

Q. Would enforcement be really the answer to that?

A. That is one of the chief reasons why you need legislation with sanctions that are directly and specifically applicable to the individual violator. As it is now, the sanctions that are available and they are perfectly legal ones—their status is perfectly legal—are very, very heavily penalizing. Not only that, but they would penalize a lot of people, innocent people, who have nothing to do with the price violation.

DEFENSE STATISTICAL PROGRESS REPORT, JUNE 30, 1941

UNITED STATES ARMED FORCES

Total active strength, officers and men...
Army, June 26...
Navy and Marine Corps, June 1...

PURCHASES AND PRODUCTION

In millions

Total authorized program...
Army...
Navy...
Lend-Lease...
Other defense agencies...

Total contract awards...
Army...
Navy...

Pay, subsistence, travel, Army and Navy, 6/11/40-6/15/41 (Program)...
Total cash disbursements, authorized program, 6/11/40-6/15/41...

Commitments for defense plant expansion, May 31, 1,847 projects...
Government commitments, 397 projects...
Private commitments, 1,450 projects...

Number prime contracts...
Deliveries by military aircraft manufacturers...

Number in May...

BRITISH PURCHASES IN THE UNITED STATES

Total contract awards, Sept. 1, 1940–June 15, 1941...
Payments on orders, June 1940–May 1941...
Commitments for plant expansion to May 31; 47 plants...

EMPLOYMENT

Year's increase

Total civil nonagricultural employment...
Private, 10 major defense industries...

LABOR DISPUTES

Number

Disputes involving stoppages in defense plants, June 1–21...
Work resumed in defense plants, June 1–21...
Cases certified to Labor Mediation Board, March 27–June 25...
Cases settled...
Cases rejected...
Cases pending...

LABOR TRAINING

Person's enrolled, special defense training, May daily average...
Persons who have completed special defense training as of May...
Preemployment vocational training...
Training supplementary to industrial employment...
General training for out-of-school youth...
Engineering training part-and-full time...
Companies participating, training within industry...
Employees participating training within industry...

CIVILIAN DEFENSE

Housing units allocated, June 14...
Housing units, construction contracts let, June 14...
Housing units, completed, June 14...
State defense councils established...

PRICES

Price schedules issued (second-hand machine tools, scrap and secondary aluminum, scrap and secondary slabs, zinc, bituminous coal (revoked May 1, following termination of coal strike), scrap iron and steel, iron and steel products, combed cotton yarn, scrap and secondary materials containing nickel, domestic hides, pig iron and cotton yarn)

PRIORITIES

Materials under broad priority control...
Items on Priorities Critical List for Army-Navy Purchasing...
Metals under inventory control...
Materials under industry-wide control...

July 9, 1941
PRODUCTION...

More and more luxuries and varieties to disappear from stores—McConnell

"Until this program is over the people of the United States are going to walk into stores more and more and find their merchants simply cannot supply them with the products they want." This description of the necessary civilian sacrifice for defense was made by Robert E. McConnell, chief of the Conservation and Substitution Section, OPM, in a statement distributed at his July 3 press conference. In his talk with reporters he said that "here are going to be, without any question, fewer automobiles—as we have more defense—fewer refrigerators, vacuum cleaners, radios, and the like."

The prepared statement follows, in part:

"For the past several months it has been clear that the size of the defense job this country has undertaken would involve considerable sacrifice on the part of the general public.

So far it has been difficult to see exactly how many would have to sacrifice and how much. It still is difficult to be very specific, but certain fundamental facts deserve consideration and from them we can draw certain fundamental deductions:

First, this is a war of metallurgy. Metals of all kinds are needed in quantities unheard of before.

Greatest producer and consumer

Second, this Nation, which is the world's greatest producer of metals, is also the world's largest consumer of metals even in normal times.

Third, while we are devoting about 17 percent of our national income to defense work, Germany at present is devoting over 50 percent of her national income to defense and Britain between 40 and 50 percent. The percentage of our national income going into defense will increase greatly within the next year or so—how much nobody knows at the present time except that the figure is constantly being revised upward.

From these facts we can make the general deduction that there are not going to be enough metals—and that includes practically all metals—to serve both the defense program and a vastly expanded output of consumer goods. In fact, there is not going to be enough of most metals to maintain both the defense program and our normal production of consumer goods.

Faced with this situation there are a number of solutions which will go part way to meet the deficiencies.

U.S. has been a wasteful nation

First, there is conservation. The United States has been for many years the most extravagant wasteful nation on earth because we are so rich in resources that we could afford to use things until they are partly worn out, throw them away, and replace them with new products. Vast quantities of the materials we normally toss on the dump heaps can be reclaimed and used over again. For the first time in our history conservation must and will become a byword.

Secondly, there is substitution. Right now we are at the beginning of an erasize program of our own. There is much that can be done in this field, but it must...

(Continued on page 19)

Auto committee formed; defense load on car makers may triple, says Knudsen

Establishment of an Automotive Defense Industry Advisory Committee was announced July 3, by OPM after a meeting of representatives of 34 manufacturers of passenger cars, trucks, buses, taxicabs, and fire-fighting equipment.

The meeting was called last week by OPM in a telegram which said in part: "It is now apparent that further curtailment will be necessary partly because of shortages of critical materials and partly because it is necessary to devote your resources, management, technicians, skilled workers and machine tools increasingly to the defense program."

19 members on committee

The Automotive Defense Industry Advisory Committee will be made up of 19 members, 11 representing the passenger car, truck, bus, taxi, and fire-equipment manufacturers, and 8 representing the makers of automotive parts and components. Of the 11 members representing the passenger car and truck companies, 1 member each will be chosen from the General Motors, Ford, and Chrysler organizations and 4 from the following 6 companies: Willys-Overland, Crosley, Hudson, Nash, Studebaker, and Packard. The remaining 4 will be chosen from among 26 companies exclusively engaged in the manufacture of trucks and buses.

Members of the committee will represent the industry as a whole, and in each case nominees must be cleared by the bureau of clearance of the Defense Industry Advisory Committee.

Associate Director General Hillman announced that a Labor Advisory Committee, members of which will be selected from labor organizations in the automotive field, is being planned to advise OPM on all problems in the automotive industry affecting labor.

Divisions of Production, Purchases, Priorities, and Labor of the Office of Production Management, the War Department, Navy Department, Defense Loan Administrator, Interstate Commerce Commission, Public Roads Administration, and other governmental departments and agencies also were represented at the meeting.

Load may be tripled

Governmental representatives explained that rapidly mounting national defense requirements and the necessity of accumulating Government stockpiles of strategic and critical raw materials, made it essential to establish an industry committee and various subcommittees to advise with the Government on industry problems, including a greater curtailment of automobile production than is involved in the 20-percent reduction announced April 17.

OPM Director General Knudsen and Associate Director General Hillman both addressed the meeting. Mr. Knudsen told those present at the meeting that the automotive industry would be called upon to carry an increasing burden of national defense work, possibly as much as three times the amount it has now undertaken. Defense contracts already placed with the industry total approximately 2 billion dollars.
President creates, within OEM, an Office of Scientific Research and Development

By Executive Order dated June 28, President Roosevelt created, within the Office for Emergency Management, the Office of Scientific Research and Development. Dr. Vannevar Bush was appointed as Director. The order creating the old National Defense Research Committee, of which Dr. Bush was chairman, was revoked. Text of the order creating the new office follows:

EXECUTIVE ORDER

ESTABLISHING THE OFFICE OF SCIENTIFIC RESEARCH AND DEVELOPMENT IN THE EXECUTIVE OFFICE OF THE PRESIDENT AND DEFINING ITS FUNCTIONS AND DUTIES

By virtue of the authority vested in me by the Constitution and the statutes of the United States, and in order to define further the functions and duties of the Office of Emergency Management with respect to the unlimited national emergency as declared by the President on March 27, 1941, for the purpose of assuring adequate provision for research and development of scientific and medical problems relating to the national defense, it is hereby ordered:

1. There shall be within the Office for Emergency Management of the Executive Office of the President the Office of Scientific Research and Development, at the head of which shall be a Director appointed by the President. The Director shall discharge and perform his responsibilities and duties under the direction and supervision of the President. The Director shall receive compensation at such rate as the President shall determine and shall be entitled to actual and necessary transportation, subsistence, and other expenses incident to the performance of his duties.

2. Subject to such policies, regulations, and directions as the President may from time to time assign or delegate to it, the Office of Scientific Research and Development shall:

a. With the approval of the President, exercise full control over contracts, grants, and facilities awarded to or transmitted to agencies of the Federal Government and certain other public authorities, including governmental research groups and shall facilitate the interchange of information and data between such groups and agencies.

b. Initiate and support scientific research on problems affecting the national defense.

c. Initiate and support such scientific and medical research as may be requested by the government of any country whose defense the President deems vital to the defense of the United States under the terms of the Act of March 11, 1941, entitled "An Act to Promote the Defense of the United States"; and serve as the central liaison office for the conduct of such scientific and medical research for such countries.

d. Perform such other duties relating to scientific and medical research and development as the President may from time to time assign or delegate to it.

To use available Government facilities

3. The Director may provide for the internal organization and management of the Office of Scientific Research and Development and may appoint such advisory committees as he may deem necessary to the performance of his duties and responsibilities. The Director shall obtain the President's approval for the establishment of principal subdivisions of the agency and the appointment of the heads thereof.

4. In carrying out its functions, the Office of Scientific Research and Development shall utilize the laboratories, equipment, and services of governmental agencies and institutions to the extent that such facilities are available for such purposes. Within the limits of funds appropriated or allocated for purposes contemplated by this Order, the Director may contract with and transfer funds to existing governmental agencies and institutions, and may enter into contracts and agreements with individuals, educational and scientific institutions (including the National Academy of Sciences and the National Research Council), industrial organizations, and other agencies and establish experimental investigations, and reports.

5. The Director is authorized to take over and carry out the provisions of any contracts which fall within the scope of this Order hereinafter described, (1) the National Defense Research Committee, established by order of the President of National Defense on June 27, 1940, (2) the Health and Medical Committee, established by order of the Council of National Defense on September 19, 1940, and (3) the Federal Security Administrator, Coordinator of Health, Medical, Welfare, Nutrition, Recreation, and other related activities as authorized by order of the Council of National Defense on November 28, 1940. The Director is further authorized to assume any obligations or responsibilities which have herefore been undertaken by the above agencies for and on behalf of the United States Government and which fall within the scope of this Order.

6. There is created within the Office of Scientific Research and Development an Aid to the Chairman of the National Advisory Committee for Aeronautics, the Chairman of the National Defense Research Committee (hereinafter described), the Chairman of the National Academy of Sciences, the Commissioner of Patents, one officer of the Army to be designated by the Secretary of War, one officer of the Navy to be designated by the Secretary of the Navy, the Surgeon General of the Public Health Service with particular reference to their qualifications in the field of medical research. The Committee on Medical Research shall advise and recommend the Director in the performance of his medical research duties with special reference to the mobilization of medical and scientific personnel of the nation. To this end it shall be the responsibility of the Committee to recommend to the President the need for and character of contracts to be entered into with universities, hospitals, and such other organizations conducting medical research activities for research and development in the field of medical research and submit recommendations with respect to the adequacy, progress, and results of research on medical problems related to national defense.

Committee on Medical Research

7. There shall be within the Office of Scientific Research and Development a Committee on Medical Research consisting of a Chairman and such other members as may be appointed by the President and three other members to be designated respectively by the Secretary of War, the Secretary of the Navy, and the Administrator of the Federal Security Agency, and the Federal Security Administrator shall be selected from the respective staffs of the Surgeon General and the Surgeon General of the Public Health Service with particular reference to their qualifications in the field of medical research. The Committee on Medical Research shall advise and recommend to the Director in the performance of his medical research duties with special reference to the mobilization of medical and scientific personnel of the nation. To this end it shall be the responsibility of the Committee to recommend to the President the need for and character of contracts to be entered into with universities, hospitals, and such other organizations conducting medical research activities for research and development in the field of medical research and submit recommendations with respect to the adequacy, progress, and results of research on medical problems related to national defense.

8. The members of the Advisory Council, the National Defense Research Committee, the Committee on Medical Research, and other committees and subcommittees as the Director may appoint with the approval of the President shall serve as such without compensation, but shall be entitled to necessary and actual transportation, subsistence, and other expenses incidental to the performance of their duties.

9. The members of the Advisory Council, the National Defense Research Committee, the Committee on Medical Research, and other committees and subcommittees as the Director may appoint with the approval of the President shall serve as such without compensation, but shall be entitled to necessary and actual transportation, subsistence, and other expenses incidental to the performance of their duties.

10. Within the limits of such funds as may be appropriated to the Office of Scientific Research and Development or as may be allocated to it by the President, the Director may employ necessary personnel and make provision for necessary supplies, facilities, and services. However, the Director may not deal with such statistical, informational, fiscal, personnel, and other general questions and facilities as may be made available to him through the Office for Emergency Management.
MEDIATION BOARD . . .

North American Aviation case closed; strikes postponed in two new disputes

The National Defense Mediation Board last week (June 30—July 6) closed the North American Aviation case after the company had accepted its recommendations; drew up recommendations in two other cases, and obtained postponement of threatened strikes in two new cases certified during the week.

To date the Board has received certification of 47 cases. In 45 of these, involving 700,343 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 two cases, one was returned to the Secretary of Labor as outside the Board's jurisdiction, and the second is pending.

North American Aviation Co.

On Tuesday, July 1, North American Aviation, Inc., accepted the Board's recommendation for settling the union security issue in its dispute with the UAW-CIO. All other issues had been settled by agreement between the parties, and on the one remaining point in dispute the Board had made the following recommendation: "The Company agrees that any present employee who on May 1, 1941, was a member of the union or who has become a member of the union since May 1, 1941, shall as a condition of continued employment maintain membership in good standing; and any employee who hereafter, during the life of this agreement, becomes a member or is reinstated as a member of the union shall as a condition of continued employment maintain membership in good standing."

The agreement between the parties called mainly for a 10 cents an hour wage increase and a graduated scale for trainees, starting at 60 cents and increasing 5 cents automatically every 4 weeks until 75 cents is reached. It also called for immediate classification of all jobs, reduced as a result. The company had accepted the Board's recommendation on union security, polling of the membership on the terms of the contract began and resulted in an overwhelming acceptance.

Western Cartridge Co.

In accordance with a request by the Board, the Western Cartridge Co. of Alton, Ill., informed the Board on Thursday, July 3, that it would accept the Board's recommendation in the company's dispute with the Chemical Workers Union, AFL. The recommendation called upon the company to "bargain in good faith with the chemical workers as the exclusive representative of the employees in the unit certified by the National Labor Relations Board as appropriate."

In his reply to the company's letter accepting the recommendation, William H. Davis, chairman of the Board, pointed out in part that "the Mediation Board expresses no opinion as to whether by such bargaining as the Board recommends your company waives or retains any supposed legal rights to a court review of the decision of the National Labor Relations Board."

In accordance with a request in this message, negotiations were opened July 5, and the union called off a strike which was set for the next night.

Sealed Power Corporation

After two days of negotiations before the Board, it became apparent that the dispute between the Sealed Power Corporation, Muskegon, Mich., and the UAW-AFL could not be settled by an agreement. The Board announced that it would make recommendations. The recommendations were drawn up late last week and were to be made public some time this week, after the union representatives have had an opportunity to discuss the terms with their membership.

Pittsburgh Teamsters

The International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers, AFL, was unable to reach an agreement with 189 trucking concerns in Pittsburgh after two days of hearings before the Board. The parties returned to Pittsburgh after agreeing to arbitrate wages, vacations, arbitration machinery in the contract, and several other minor points. They selected the panel of the Board as arbitrator and agreed to abide by whatever decision was reached. The Board's decision was to be made some time this week.

New cases

In the two new disputes certified last week, the Board succeeded in obtaining postponement of threatened strikes while the cases were before it. The first is a dispute between the Federal Shipbuilding Corporation of Kearny, N. J., and the Industrial Union of Marine and Shipyard Workers of America, CIO, over demands for union recognition for foremen and supervisors, union shop, vacations and improved grievance machinery. The dispute involves 16,000 men. A strike threatened for midnight July 1 was postponed at the request of the Board. Hearings were to open July 8.

The second case is a dispute between the Cheney Bros., of South Manchester, Conn., and the Textile Workers Union of America, CIO, over wages, vacations, and closed shop issues. The company manufactures parachute fabrics and machine parts for plane factories, and employs 2,300 men. Hearings were to begin in the case on July 8.

* * *

North American plane plant returned to private operation

By Executive order dated July 2, President Roosevelt directed the Secretary of War to return to Inglewood, Calif., plant of North American Aviation, Inc., to private operation. The Army took control of the plant by Presidential order on June 9, after other efforts to terminate a strike were unsuccessful.

* * *

GOVERNMENT SEEKS EXECUTIVES

The Civil Service Commission has announced examinations for filling five grades of administrative positions, mostly in national defense agencies, as follows: Executive Officer, $8,000; Chief Administrative Officer, $6,500; Principal Administrative Officer, $5,500; Senior Administrative Officer, $4,600; and Administrative Officer, $3,600 a year. Positions at these levels are the very highest ordinarily filled through civil service. The standard of requirements is correspondingly high.
PRIORITIES . . .

Compliance Section created to act on violations and educate industry

E. R. Stettinus, Jr., Director of Priorities, announced July 7 the creation of a Compliance Section within the Priorities Division. The section will investigate and take appropriate action in cases involving noncompliance or violation of priority orders.

Efforts will be made to obtain voluntary compliance in all cases, but punitive action can and will be taken if necessary, so that the great majority of producers, who cooperate freely and willingly, will not be overburdened by the unfair activities of a few who refuse to cooperate.

In the event that efforts to obtain voluntary cooperation fail, action which may be taken includes public statements as to violations or evasions which have been taken place; restriction of supplies of critical materials until compliance is assured; court action to require compliance.

Cooperation with the Army and Navy Munitions Board Priorities Committee, field inspectors of the Services, and other Government agencies in compliance matters is a function of the Compliance Section.

Six new field offices opened to advise businessmen on operation of priorities

Opening of six new field offices of the Priorities Division, OPM, was announced July 1 by Director Stettinus, E. O. Laird, Jr., and L. Edward Scriven, assistant deputy directors of the Division, will be in charge of these field offices, as well as activity in the other four field offices opened recently.

The following new offices opened July 1:

Si. Louis, Mo.—Louis E. Crandall, district manager, at one time was vice president of the Wickwire Spencer Steel Corporation in New York, and more recently was president of the Simmons Hardware Co., St. Louis, from which position he resigned early this year.

V. L. Board at Denver

Denver, Colo.—V. L. Board, district manager. Mr. Board, an electrical engineer, is a member of the Denver Planning Commission and chairman of the Industrial Development Committee of the Denver Chamber of Commerce.

Detroit, Mich.—Walter Hall, district manager, has served in engineering and sales departments of the General Electric Co., Timken Roller Bearing Co., Dodge Bros., and the Cadillac Motor Car Co. He served in France during the World War as a Coast Artillery captain, was commissioned in the Ordnance Department of the Army in 1940, and was stationed at the Ravenna Ordnance Plant, Ravenna, Ohio.

W. T. Walker at Cleveland

Cleveland, Ohio.—W. Thomas Walker, district manager, has had wide experience in the automotive field. Since 1931 he has been engaged in sales and production work, most of the time in aluminum foundries.

Dallas, Tex.—J. Burke Crockett, district manager, has been a civil engineer and a general contractor. From 1911 to 1914 he served as assistant professor of civil engineering in Texas A. & M. College. From 1914 to 1939 he operated his own contracting business and worked with other contractors in Tennessee, Oklahoma, and Texas, constructing roads, bridges, foundations, levees, and drainage systems.

C. F. Cruciger at Pittsburgh

Pittsburgh, Pa.—Charles F. Cruciger, district manager, and a native of Lynchburg, Va., for 25 years was associated with Spang, Chalfant & Co., Inc., of Pittsburgh, manufacturers of steel pipe. He lives in Pittsburgh and has been closely associated with civic activities in and around that city.

All the district offices may be reached through Federal Reserve Banks in the cities named.

The district managers will be available to aid businessmen and manufacturers who need information or advice in connection with the operations of the priorities system.

Walter S. Tower resigns

Walter S. Tower has resigned from the Office of Production Management in conformity with the policy recently adopted making employees of trade associations ineligible for employment as members of the OPM organization.

Mr. Tower is president of the American Iron and Steel Institute. He joined the staff of the National Defense Advisory Commission last summer, in the Industrial Materials Division, and early this year, after creation of OPM, was appointed producer's representative on the iron and steel priority committee of the Priorities Division.
Galvanizers redistilling zinc are classed as producers

Priorities Director Stettinius issued a statement July 2 pointing out that galvanizers who redistill zinc dross or skimnings are producers under the terms of the zinc priority order (M-11) and, as such, are subject to all the terms and requirements of that order, including the requirements for setting aside certain specified amounts of metal for emergency allocation by the Priorities Division.

Mr. Stettinius said that some galvanizers, who redistill their own dross and skimmings to recover the metal, have assumed that they are not producers under the terms of the order.

This assumption is incorrect, said Mr. Stettinius, pointing out that producers under the order are defined as: "Any person producing zinc as hereinbefore defined; and also, for the purposes of this Order, 'Producer' includes any person who produces such zinc for others under toll agreement."

Zinc is defined in the order as: "All grades of metallic zinc (spelter) produced directly from ores, concentrates, and other primary material or redistilled from scrap, including dross, skimmings, and ashes; all zinc oxide both lead-free and leaded; and zinc dust."

Zinc control order changed

Several changes in the order imposing mandatory industry-wide control on zinc were announced June 30 by Priorities Director Stettinius.

One of the changes provides that a producer, although he must set aside a specified amount for emergency allocation by the Director of Priorities, may make full deliveries of minimum quantities (minimum carload lots in the case of metallic zinc, and 2,000 pounds in the case of zinc oxide or zinc dust) so long as these deliveries do not interfere with the fulfillment of defense orders.

Must file affidavits

Other changes provide that customers for zinc must file affidavits with their suppliers, stating that customers are not increasing inventories to unnecessary levels; that producers must also file affidavits with the OPM stating their intention to report to the Priorities Division nonobservance of the order on the part of customers.

Limited blanket preference extended to 450 builders of machine tools

A new order designed to speed up production of vitally needed machine tools was announced July 2 by Priorities Director Stettinius.

The new order, which takes the place of the previous machine-tool order (P-2) issued on March 26, extends limited blanket preference ratings to approximately 450 builders of machine tools and similar metal-working equipment.

The machine-tool builders must agree in writing to the terms of the order before they can use the ratings to speed up deliveries of materials going into their manufactured equipment.

Subcontractors may extend rating

The new order provides a number of changes.

One change provides that subcontractors of machine-tool builders may also extend the rating to their own suppliers. The old order did not permit subcontractors to extend preference ratings automatically.

Another change in the order is the provision of various ratings—A-1-a, A-1-b, or A-1-c—to various companies. The old order provided only one rating, A-1-a, which was applicable to all the machine-tool builders covered. The new order varies ratings because of the necessity of giving each company a rating which is appropriate for the urgency of its work.

It is also provided in the new order that the machine-tool builder using a limited blanket rating can extend it only to obtain equipment going into certain specified machines which he is producing.

Equipment for ratings listed

Equipment to which the new ratings can be extended is specifically listed in the order as follows:

- Motors and other electrical equipment;
- Alloy steels in bars, forgings, castings and tubes; iron, steel, and aluminum castings, machine parts, and equipment; cutting tools, including cemented carbides; abrasives; measuring instruments and gages; brass, copper, and steel tubing and fittings; oil resisting hose; foundry supplies consisting of steel rail and other steel scrap, silvery pig iron, regular pig iron, coke, ferro-alloys, ferro-manganese, vanadium, nickel, molybdenum, chromium.

The explanatory letter which accompanied the order requested manufacturers to refer any questions about scope or interpretation to the tool and equipment group, Priorities Division, Social Security Building, Washington, D. C.

Steel forms changed

A revision of former forms PD-32 and PD-32a, used in connection with General Steel Preference Delivery Order No. 1, was announced June 4 by Director Stettinius.

The revised forms, especially PD-32, are more detailed than the previous ones.

Customers of producers of iron and steel products, if unable to place an order satisfactorily, or if their orders are unduly delayed, may bring the matter to the attention of the Priorities Division by filling out form PD-32.

If the Priorities Division feels that the case justifies such action, it will then send the producer involved form PD-32a, requiring the producer to fill out another form, explaining why the customer's order was delayed or rejected.

The General Steel Preference Delivery Order No. 1 is designed to facilitate the delivery of iron and steel products to defense and essential civilian customers.

Lewis heads rubber section

Appointment of Ben W. Lewis, professor of economics at Oberlin College, as price executive in charge of the rubber and rubber products section, Office of Price Administration and Civilian Supply, was announced July 2 by Dr. J. K. Galbraith, assistant administrator in charge of the Price Division.

Dr. Lewis, who is on leave from Oberlin, has specialized in the economics of prices. Until his latest appointment he was chief economist in the Consumer Division of OPACS and previously was chief economist of the Consumers' Counsel Division of the Department of the Interior. During the NRA, Dr. Lewis was code supervisor of the Consumers' Advisory Board.

In 1935 and 1936 he spent 12 months in England on a Social Science Research Council fellowship as a student of price and production control in British industry.
Priorities summary for first half of 1941

E. R. Stettinius, Jr., Director of Priorities, issued July 3 the following summary of priority action during the first half of 1941:

INDUSTRY-WIDE CONTROL

The Priorities Division is administering orders which impose industry-wide mandatory control on, and regulate the distribution of, 14 materials and classes of materials—aluminum, magnesium, nickel, nickel-steel, ferro-tungsten, tungsten high-speed steel, machine tools, synthetic rubber, copper, cork, borax, polyvinyl chloride, zinc, and rubber.

All the orders pertaining to these materials are in the "M" series, except for the special order (E-1), regulating the distribution of machine tools. They are designed primarily to regulate and allocate the distribution of raw materials. The orders vary in detail, but the fundamental purpose is always the same—to put defense requirements uncompro-misingly ahead of other needs.

INVENTORY CONTROL

In addition to the materials under industry-wide mandatory control, the Priorities Division exercises a mild form of inventory control over 15 metals and classes of metals—antimony, cadmium, chromium, cobalt, ferrous alloys, iridium; iron and steel products, including rolled, drawn, forgings, castings, and pig iron; lead, manganese, or Spiegeleisen; mercury; molybdenum; nonferrous alloys, all types; tin; vanadium, and secondary materials, or scrap, containing any of the metals listed herein or any metals already subject to an order of the Director of Priorities, prepared for sale in order to recover the metal content thereof.

This form of inventory control is provided in General Metals Order No. 1, which requires suppliers of these metals, in semiprocessed or premanufactured form, to file a statement of compliance once with the Priorities Division, and also requires customers for these metals in semiprocessed or premanufactured form to file monthly statements of compliance with their suppliers.

These monthly statements declare that the customer has received no deliveries of any of the materials specified, during the previous calendar month, which increase his inventories over the quantities necessary on the basis of his usual method and rate of operation, to meet his required deliveries efficiently.

These two forms of control, therefore—industry-wide mandatory control and inventory control—cover 29 materials and classes of materials.

STEEL

Steel is in a special class. Iron and steel products are on the Priorities Critical List, subject to inventory control and also subject to the General Steel Preference Delivery Order No. 1.

The General Steel Preference Delivery Order is designed to assure the fulfillment of defense orders ahead of nondefense orders. It provides that a customer for iron and steel products who is unable to place an order satisfactorily, or who has his order unduly delayed, may bring this to the attention of the Priorities Division on a special form. The Division will then require the supplier involved to explain the delay or the rejection.

Upon the basis of information thus obtained, the OFM will take whatever action is necessary to expedite the delivery of iron and steel products for defense or essential civilian purposes.

PRIORITIES CRITICAL LIST

In addition to the 29 items controlled directly by the Priorities Division, the Priorities Critical List contains approximately 300 items and classes of items (most of them military in character but some of them raw materials) on which Army and Navy orders can automatically be given priority. The Priorities Critical List is maintained by the Priorities Division so that an authorized Army or Navy contracting officer, in awarding a contract for any of the items listed, may assign a preference rating to that contract if this is necessary in order to obtain the desired material in the necessary quantities and on the required delivery date. Although some of these 300 items are not under industry-wide control, most of them are subject to control only in the sense that Army and Navy orders can automatically be granted priority.

BLANKET RATINGS

One of the instruments being used by the Priorities Division to speed defense work is the "limited blanket rating order." This order can be given to a company or companies engaged almost wholly in defense work. Such an order assigns a company one rating which applies to all its contracts or orders for specified scarce materials flowing into defense production.

So far, blanket ratings of this type have been given to (1) machine tool and gage builders, (2) crane builders, (3) certain producers of military airframes, engines and propellers, (4) producers of railroad freight cars, and (5) builders of merchant ships under the Maritime Commission program. Additional ratings of this type will be issued when necessary.

PROJECT RATINGS

The Priorities Division also issues project ratings or "project letters" from time to time. Project ratings are somewhat similar to limited blanket ratings except that they apply to a project—such as a munitions plant, a power plant, or a dam. So far the Priorities Division has issued over 65 project ratings.

INDIVIDUAL CERTIFICATES

In addition to the various instruments already named, the Priorities Division can and does issue individual preference rating certificates when necessary. These individual certificates can be issued to a manufacturer or businessman who has difficulty in obtaining supplies, whether or not his production is purely defense, if his work is important to defense.

Individual preference rating certificates, however, are in the majority of cases issued under the Priorities Critical List by Army and Navy contracting officers. Records of the Army and Navy Munitions Board indicate that about 266,000 certificates and extensions of certificates have been issued by the contracting officers of the armed services so far.

The Priorities Division itself has issued about 9,000 individual preference rating certificates.

DEFENSE SUPPLIES RATING PLAN

The Defense Supplies Rating Plan has been developed to meet the problem of some defense manufacturers who, because they must start production in advance of receiving defense orders, must have aid to secure a steady flow of materials into their plants.

This plan provides for the granting of a preference rating (A-10) to manufacturers who can clearly identify the proportion of their production which is defense work. The A-10 rating applies only to the defense work.

Thus a manufacturer who is engaged 75 percent in defense work can, if he meets all the requirements, get a preference rating which he may apply to deliveries of 75 percent of his required materials.
So far, nearly 100 concerns have been granted the use of this plan.

**TWO CLASSES OF INSTRUMENTS**

Mr. Stettinius pointed out that these various instruments fall naturally into two broad classes. In one class are "identification instruments," such as (1) individual preference rating certificates, (2) blanket ratings, (3) project ratings, and (4) the Defense Supplies Rating Plan, which basically are designed to identify orders for materials going into finished defense goods or to indicate the importance of finished goods in the defense program.

In the other sphere are "distribution instruments," such as (1) the raw-material priority orders, (2) the General Metals Order, and (3) the General Steel Preference Delivery Order, which are basically designed to allocate or regulate the distribution of raw materials.

If the production machine is regarded as having a "top" and a "bottom"—the top representing finished goods and the bottom representing raw materials—then it is apparent that the "identification instruments" exercise control from the top (finished goods) and the "distribution instruments" exercise control from the bottom (raw materials).

**DEFENSE HOUSING**

A plan has been worked out jointly with the Defense Housing Coordinator, Charles F. Palmer, to grant priority status to certain defense housing projects and programs. A new "Defense Housing Critical List" is being developed. The general purpose of this plan is to put specified defense housing activities in a preferential class and thus assure the prompt flow to these projects of critical building materials.

**POINTS OF EMPHASIS**

During the first half of 1941, the Priority Division has put increasing emphasis on four points:

*Education.* No amount of policing can take the place of understanding cooperation, freely and willingly given.

*Inventory control.* Excess inventory buying often makes full priority control necessary before it would otherwise be necessary.

*Scheduling.* Proper scheduling is the heart of any sound priority system, and materials should be ordered for delivery when they are required, not before.

*Substitution.* Critical materials are going to become even scarcer in the future and nondefense producers must switch over to less scarce materials as promptly as possible.

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**Priority granted for repair, maintenance in 26 civilian industries and services**

Priority status for repair and maintenance materials and equipment required for uninterrupted operation of a wide range of industrial processes and public services was assured when the Civilian Supply Allocation Division of the Office of Price Administration and Civilian Supply on July 1 promulgated an allocation program covering such items.

Action was necessitated by growing demands on raw materials as result of the defense program and the priorities granted in connection therewith which have made it difficult for manufacturers of repair and maintenance materials and equipment to fill their orders. Effect will be to assure continued operation of essential industries and services which otherwise might have to curtail because of inability to secure needed repair or maintenance parts.

**26 industries and services covered**

The program covers 26 industries and services whose continued operation is essential to the public welfare and maintenance of civilian supplies. Other industries will be added when their problems have been analyzed. The program provides that such materials and equipment shall be allocated prior to all other civilian requirements and prior to defense requirements to the extent consistent with the defense program as determined by the Office of Production Management. Administration and enforcement of the program will be carried out by the OPM.

**From rails to parks**

The program covers railroads; street railway, subway, elevated, and interurban; communications; railroads; commercial airlines maintaining regular scheduled service; commercial operation of motor buses—local, interurban and interstate; shipping—including ocean, lake, river and canal commerce; pipe lines—oil and gas; commercial operation of motor trucks; highway maintenance; telephone communication; telegraph communication; radio commercial communication—including commercial broadcasting; electrical energy production and distribution; gas production and distribution—manufactured and natural; water production and distribution; sewer service; petroleum production and refining; food processing and storing; farm equipment employed in farming operations; mining and quarrying; coke converting; metalurgical plants engaged in the production of raw materials; production of chemicals; protective services—fire and police; research—industrial; hospitals, clinics and sanatoria; public buildings, institutions, schools, and parks.

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**Civilian industries to confer with OPACS on allocation of scarce materials**

Conferences with representatives of leading consumers of durable goods industries now faced in many cases with severe curtailment of essential raw materials are to be started this week by the Civilian Supply Allocation Division of the OPACS, Administrator Henderson announced July 1.

Purpose of the meetings will be to secure information from the industries involved on their raw material needs, and to work out methods of making civilian allocations consonant with the defense program.

The first meeting was expected to be held with representatives of the refrigerator industry on July 8.

Other industries with which conferences will be held will include such large users of scarce industrial raw materials (mostly metals) as the makers of automobiles, washing machines, oil burners, steel furniture and similar goods.

It will be the policy of the Civilian Supply Allocation Division, once the amounts of scarce materials available for civilian use are ascertained, to allocate sufficient amounts if possible to take care of all essential public services such as transportation, power and health. These uses would include such industries as railroads, electric power, water supply, gas, oil pipe lines, and such other essential needs as food, clothing, and health and safety requirements generally. Action is now being taken for the allocation of materials so far as possible for manufacture of repair parts for public utilities, trucks, automobiles, agricultural machinery and other necessary equipment. Scarce materials will be allocated among other civilian industries in order of need after consideration of such matters as dislocation of labor and effects on manufacturing efficiency.
Prices and Civilian Supplies . . .

Furniture industry asked to cooperate with OPACS, discourage “fright” buying

Speaking at the press luncheon of the Chicago Furniture Market July 7, James F. Bogardus, associate price executive, OPACS, stated that “the furniture industry as a whole is going to face many new problems in the near future.”

“Economy will soon necessitate the reduction or elimination of new designs,” he said, and “the shortage of ocean transportation and the demands of the defense industries will necessitate the elimination of certain woods and metals which have been in common use until recently.”

Stronger measures?

Further remarks follow:

Most of you are doubtless familiar with a letter addressed to 47 leading furniture manufacturers which was sent out by the Administrator of the Office of Price Administration. This letter requested the manufacturers not to raise prices without consulting the Administrator and also asks them to quote firm prices. A similar letter is now being sent to all other manufacturers. If these requests are complied with a firm basis of cooperation with this office will have been established. If they are not complied with it will be necessary to turn to stronger measures to achieve these important goals.

Danger in building up inventories

The retailer also has problems which merit careful consideration. Some retailers are attempting to build up considerable inventories in anticipation of future price advances. Such advances are unlikely to occur. The history of the industry also shows clearly the danger of this policy. The amount and character of consumer purchasing is likely to change rapidly and if this happens the dealer with a large inventory will be in a most precarious position.

Frowns on “fright” tactics

I have also heard rumors of increased retail write-ups in areas where consumer demand is great. I trust that these rumors are unfounded. If they are true this situation should be corrected immediately. It will bring consumer reaction which will have a detrimental effect on the entire industry. Some retailers are also using fright tactics to encourage buying. They are telling the consumer to buy immediately as prices are likely to rise rapidly and certain commodities are likely to become scarce. Such selling methods are directly contrary to national policy and should be stopped immediately.

Face many new problems

The furniture industry as a whole is going to face many new problems in the near future.

Economy will soon necessitate the reduction or elimination of new designs. It may also be necessary to eliminate a certain proportion of old designs. I am sure that such a change would have the approval of the manufacturers. While it may appear to work a hardship on the retailer I believe that he can soon adjust himself to the new condition.

Certain woods to be scarce

The shortage of ocean transportation and the demands of the defense industries will necessitate the elimination of certain woods and metals which have been in common use until recently. Mahogany is getting increasingly scarce and it is probable that none will be available for the furniture industry in the near future. This will make it necessary to concentrate entirely on domestic hardwoods. There are plenty of these available and I believe that the consumer can easily be educated to their use.

Such metals as aluminum, chrome, copper, and others are badly needed by defense industries and it is doubtful whether any will be available for the use of the metal furniture industry. This will make necessary the use of substitute metals and probably a substantial reduction in the production of metal furniture.

As a representative of the Office of Price Administration and Civilian Supply, I am here not only to request that prices be stabilized but also to work with you in solving your problems. By our joint cooperation we can aid the furniture industry to play an important part in our national economy during the critical days which lie ahead.

Automobile maker decides not to raise 1941 model prices

Officials of General Motors Corporation have notified the Office of Price Administration and Civilian Supply that their company will not raise prices on current model automobiles and will meet with OPACS representatives in about 2 weeks to discuss prices on 1942 models, Administrator Henderson stated July 5.

“Setting an example”

“General Motors is setting an example which should be followed by other companies not only in that industry but all others where there is pressure for price increases,” Mr. Henderson said. “We can assure any company which evidences a willingness to cooperate with OPACS a fair hearing and an honest appraisal of the facts that they may present. We don’t want to put any concern into the red or out of business. We will insist, however, on an opportunity to scrutinize any proposed price increases in the light of actual cost changes and current earning levels.”

Borax allocation extended

Because the total defense and civilian demand continues temporarily to exceed the available supply, the Civilian Supply Allocation Division of the OPACS July 5 extended from July 5 to July 30, 1941, its civilian allocation program for borax and boric acid used in manufacture of borosilicate glass. The original program was issued on June 6, 1941.

Mobile sales commissary follows troops

Soldiers on maneuvers will now be able to take the comforts of their home posts into the field. The Quartermaster Corps has developed a modern mobile sales commissary that operates with troops on a battlefield, the War Department has announced.

The commissary dispenses cigarettes, toothpaste, razor blades, and 60 other articles approved by the Quartermaster Corps and Medical Corps.
News for Retailers

OPACS Conferences With Consumer Goods Industries

Future retail supplies of consumers’ durable goods made in whole or in part of scarce raw materials will be affected by a series of conferences beginning this week between the Civilian Supply Allocation Division of the Office of Price Administration and Civilian Supply and representatives of consumer goods industries which are important users of these materials.

Defense requirements involving industrial raw materials in which there is a shortage, such as certain metals, make it necessary to curtail production of some civilian goods. The OPACS conferences are intended to work out allocation methods for the supplies of such raw materials remaining after military requirements have been met, in order to make provision for goods and services which are essential to civilian health and well-being.

Industry representatives will be asked to make recommendations on the best ways of setting up the program in their particular industries. Where restrictions on raw material supply are necessary, manufacturers will be asked to indicate how they would prefer to see the restrictions applied—for example, in terms of volume of the finished product to be produced, or in terms of supplies of materials to be allocated. If the restriction is preferred in terms of materials, the industry will be asked to suggest procedures for cutting supplies which will be fair to all producers involved.

OPACS will also utilize the conferences to determine past and expected future raw material needs of the industries and to enlist voluntary industry cooperation in the program. On the basis of supplies available, essential civilian requirements and material needs of the different industries concerned, the allocations will subsequently be made. Effects on employment and production efficiency will also be weighed in the determinations.

Among the specific problems to be discussed at the conferences are: Suitable formulas for converting reductions of raw materials into reductions of products manufactured; the best distribution of the reduction in output among manufacturers of different capacities and different types of organization and operation; the time schedule of curtailment; the best geographical distribution of the items to be produced, considering health, climate, substitutes available and other factors; methods of administering the curtailment program; ways of economizing the use of scarce materials; the best distribution of the available products to distributors and consumers.

The information and recommendations made at the conferences will enable OPACS officials to establish machinery for the allocation program. On the basis of the procedures set up for the more important industries, it is expected that allocation machinery will also emerge for lesser commodities involved.

The first conference is being held with the refrigerator industry. This will be followed by meetings with the automobile, washing machine, oil burner and other industries.

Cotton Textiles

The importance of cotton textile products in the budget of the average household was a principal consideration in the establishment of ceiling prices for six kinds of cotton grey goods by the OPACS. The wide variety of cotton textile items stocked by the retail trade is a reflection of this important household demand.

The rapid advances of recent months in cotton textile products have not as yet been reflected in retail price levels to any marked extent. A major result hoped for from the price ceilings is that they will head off such advances and make them unnecessary.

OPACS textile price executives point out that it is of great importance for retailers, when buying, to make certain they are not charged with price increases which are not warranted by the schedule. In their own pricing policies, retailers are urged to take extra precautions to avoid increases based on general price advances but which are not matched by corresponding preretail increases in the particular commodity. Such general increases are in direct opposition to OPACS policy.

Price executives in OPACS are repeatedly having their attention called to the price bracket system which is causing much higher advances at the retail level than the cumulative total advance at earlier levels. They point out that if this result continues, it will bring criticism of retailers and possible Government action. For example, when an increase of 1 cent a yard in the price of print cloth results in an increase of 20 cents in the price of a dollar house dress, there is an inflationary effect out of all proportion to the cost increase.

While the present cotton textile price ceilings do not apply to finished goods, the entire process from mill to consumer is under study by OPACS. Excessive price increases either in fabrics or in finished goods may lead to further OPACS action in the cotton textile field.

Bread

OPACS Administrator Leon Henderson’s request of last month that baking companies refrain from advancing bread prices without prior consultation with him has, on the whole, met with an encouraging response from the industry. Most of the baking companies which have replied to the request have signified their willingness to cooperate with OPACS in the effort to prevent unjustified bread price increases. Some independent bakers, however, while indicating their desire to cooperate, point out that ingredient costs are rising and that they will be faced with a difficult situation if they do not introduce price increases commensurate with rising costs.

Other bread manufacturers have informed OPACS food price executives that they would be in a much better position to avoid price increases if the size of bread loaves were standardized, if stale return allowances were modified, if the practice of a single company’s selling at different prices to different dealers were discontinued, and if other reforms were introduced in the industry.

In meeting with manufacturers who consult with OPACS on contemplated bread price increases, OPACS food price executives will seek to maintain prices at the fairest possible level for consumers, while giving consideration to local market conditions, ingredient costs, labor, and freight costs. It is OPACS policy to determine the justification of price increases not alone on the basis of increased costs, but on the basis of a company’s earning position in relation to cost advances. It is pointed out that frequently a larger volume of sales resulting from increased consumer purchasing power should mean that a company will be in a position to absorb somewhat higher costs.

Ceiling prices on bread have not been set, as believed in some quarters. However, baking companies will be expected to confer with OPACS before instituting any price advance and to provide a full explanation of the factors behind such contemplated increases.
Community canning, storage, gardening program to increase food for defense

To prevent fruits and vegetables from going to waste this summer, a national effort to promote full use, canning, drying or storage of these foods was announced July 2 jointly by Harriet Elliott, Assistant Administrator of the Office of Price Administration and Civilian Supply; Paul V. McNutt, Coordinator of Health, Welfare and Related Defense Activities; and Claude R. Wickard, Secretary of Agriculture.

Call for community action

A detailed plan has been developed which provides for community action to save quantities of food for immediate or future use which would ordinarily go to waste. It is estimated that substantial addition to the Nation's vital food supply can be made through nationwide cooperation in this effort.

Leaders in each community are urged to put this plan into operation by doing these three things:

1. Taking stock of the local fruit and vegetable surpluses and the time they may become available.

2. Planning distribution of surpluses in fresh or preserved form through such methods as school lunches and playground lunch programs, community kitchens, etc.

3. Making arrangements for collecting, storing, drying, or otherwise preserving such of these products as are not used in fresh form.

Demand for canned goods greater

The demand for canned foods will be greater than last year because of increased consumer buying power, Army food purchases, and food shipments under the lend-lease program. Noncommercial food storage and preservation will help meet consumer needs by supplementing commercial supplies and contributing to price stability. Government agencies, including units of the United States Department of Agriculture, Federal Security Agency, and Work Projects Administration, are working together in developing and carrying out this program.

Noncommercial fruits and vegetables are available in many localities. In addition to farmers' small surpluses which do not enter the commercial market, there are commercially grown products which are not utilized for commercial marketing but which are excellent for home or community canning. WPA gardening and canning projects are already operating in many communities. In addition, the Extension Service, through its "live at home" program, encourages the raising and preserving of home food supplies. The Agricultural Adjustment Administration is continuing its home garden program under which farmers earn small payments, which assist them to grow more vegetables for home use. Last year 645,000 farm families took part in this phase of the Triple A program.

Canning projects, gardens encouraged

In a few States, noncommercial agencies are now operating canning plants utilizing fruit and vegetable shipments from the Surplus Marketing Administration. The food-preservation program intends to encourage both smaller and large canning projects, depending upon the food needs and canning facilities of the community. The planting of fall gardens in the southern parts of the country to increase vegetable supplies is also being encouraged.

Preserving equipment is available through school lunch kitchens, churches, community centers, school home economics departments and other local channels. The plan calls for acquisition of necessary supplies of jars and sugar through cooperative community effort. For locating, gathering, and transporting local supplies, the service of 4-H Clubs, "Future Farmers" organizations, Boy and Girl Scouts, home economics clubs and volunteers will be enlisted.

Trained supervisors needed

The importance of trained supervision to assure safe standards in canning and preserving and to avoid waste through spoilage is also stressed. WPA and NYA supervisors, State extension services of the land-grant colleges, and home economics and vocational agriculture departments of schools and colleges will be available for such supervision and assistance.

The following Federal agencies are cooperating in a community food program for the full use and preservation of food. Representatives of some of these agencies are located in most communities and local groups should call upon them for assistance.

U.S. Department of Agriculture: Bureau of Home Economics, Extension Service, Farm Security Administration, Surplus Marketing Administration, Rural Electrification Administration, and Consumers' Counsel; Work Projects Administration; National Youth Administration; Agriculture and Home Economics Education Services of the U.S. Office of Education; Consumer Division, Office of Price Administration and Civilian Supply; Nutrition Division, Office of the Coordinator of Health, Welfare and Related Defense Activities.

Coordinate local activities

Where an existing agency is now providing leadership in a vigorous food utilization program, any groups taking part in this expanded program should relate their activities, if possible, to the plans of that agency. Coordination of local activities may be brought about through State and local nutrition committees or, where no nutrition committee exists, by consumer committees of local defense councils or some other coordinating agency. Where no active program now exists, one of these coordinating agencies may assume responsibility for developing and carrying out a local plan.

Canning needs allocated to avert loss of foods

Emergency allocation of material and equipment necessary for construction and repair of machinery needed by the canning industry to handle this year's crop of perishable vegetables and fruits was ordered July 1 by the Civilian Supply Allocation Division of the OPACS, Leon Henderson, Administrator, announced.

Action was taken through issuance of a civilian allocation program to be administered, enforced, and limited as to time by the Office of Production Management. Effect will be to avoid loss of a part of the year's crop because of shortages of canning equipment, thus aiding in the maintenance of civilian supplies of needed foodstuffs.

The program provides that deliveries of equipment and material, now on the Priorities Critical List, necessary for construction and repair of machinery in various parts of the canning industry shall be given emergency preference ratings to the extent OPM finds consistent with the defense program. The program applies to orders manufacturers have on hand calling for delivery on or before August 1 and to be actually shipped not later than August 15.
TRANSPORTATION...
Meeting reveals storage harder to find, but further facilities available

On invitation of Transportation Commissioner Budd, OEM, a meeting was held on June 26 to discuss the storage situation and to try to find out if possible what the defense needs will be in the future for warehouse space. The storage section was represented by Harry D. Crooks, consultant, and Samuel G. Spear, assistant.

Present were representatives of the Office of Production Management, Treasury Department, Procurement Division, War Department, Navy Department, Federal Loan Agency, Maritime Commission, Department of Agriculture, Association of American Railroads, and American Warehousemen's Association.

Must avoid errors of last war
Mr. Budd said it is the firm resolve of the Transportation Division to prevent the loading of freight into cars unless there is assurance that it will be unloaded promptly at destination. Ships to take the goods overseas, private facilities to take it into factories or warehouses, or public warehouse space must be ready at the termination of the line haul. The mistake of allowing terminal yards to be choked with thousands of cars of freight which could not be moved, which caused the terrific transportation blockade of the last war, must not be repeated, he said.

It was reported that information on three surveys of warehouse space being undertaken by the Division—refrigerated warehouse space, public warehouse space, and vacant space suitable for warehouse purposes—will be available in a short time.

General tightening noted
The condition of warehouse space occupancy, as reported, showed a general tightening up, particularly east of the Mississippi, south of the Great Lakes, and north of the Mason and Dixon Line. However, the possibilities of expanding the public merchandise warehouse space by the use of empty buildings which can be adapted for storage purposes were said to be considerable. There is also the possibility of using facilities usually considered off the main shipping routes even at some inconvenience or added cost.

Mr. Crooks stated that he would recommend the building of storage space by the Government when there is indication of a real shortage. Other possibilities of use of present space should be exhausted first, however. So far as could be learned from those present, no one has yet had any real difficulty in finding storage except for grain.

How agencies get space
The Surplus Marketing Administration reported that it has a large excess of space under contract both refrigerated and dry. The Procurement Office, Treasury Department, and the Federal Loan Agencies have so far been able to develop more space than they have been able to use, but mainly because of inability to get ocean shipping to move strategic materials.

The Commodity Credit Corporation has a hard problem to take care of the current grain crop. With a record carry-over, every device is being used to find space for this commodity. The Navy Department and some of the War Department branches such as the Medical Corps and Signal Corps have provided their needs by purchase and lease of buildings as well as construction.

The Office of the Quartermaster General has a program for construction, lease and purchase, but in addition has also provided for expansion by use of public warehouses storing on a package basis per month.

***

REVISED TRUCK TONNAGE

The volume of revenue freight transported by motor truck in May jumped 3 percent over April to establish a new all-time record, according to revised statistics compiled by the American Trucking Associations and made available to Ralph Budd, Transportation Commissioner. The May volume was 36.9 percent over that transported in May 1940. An earlier report on the volume carried in May was revised to reflect the operations of 36 additional motor carriers.

The revised figures were based on comparable reports received from 230 motor carriers in 40 States. The reporting carriers transported an aggregate of 1,857,122 tons in May, as against 1,804,176 tons in April, and 1,355,016 tons in May 1940.

Carloadings reach 10-year peak, 908,664 for week ended June 28

Railroad carloadings attained a new peak for the past 10 years during the week ended June 28. Total loadings reported were 908,664 cars, an increase of 20.7 percent over the 752,647 cars loaded during the corresponding week in 1940.

In the period of more than 10 years since the first week in November 1930, when loadings totaled 934,715 cars, the 900,000 level has heretofore not been approached, the highest peak in the interim being in the fall of 1939, when 856,000 cars were loaded in one week.

The cumulative figures to and including the week ended June 28 of this year totaled 19,848,428, as compared to 16,914,533 during the corresponding period in 1940, or an increase of 17.3 percent.

All loadings rise except livestock
The detailed record by major commodities both for the current week and for the half year show all major commodities with the exception of livestock registering increases over corresponding reporting periods in 1940. For the current week heaviest increases were recorded in grain and grain products, 18.2 percent; coal, 38 percent; coke, 29.7 percent; forest products, 29.3 percent; and miscellaneous, 23.7 percent. The increase in grain is due to the beginning of harvesting the southwestern winter wheat crop plus substantial movements of old grain by the Commodity Credit Corporation to storage at interior points for the purpose of providing additional storage facilities at terminal elevators for the new crop. The heavy volume of coal traffic may be assumed to represent a building up of stocks which were depleted during April, when mining operations ceased, plus a heavier production for the purpose of building up necessary supplies to tide over during the miners' vacation period.

CARLOADINGS—WEEK ENDED JUNE 28

<table>
<thead>
<tr>
<th></th>
<th>1941</th>
<th>1940</th>
<th>Percent increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grain and grain products</td>
<td>52,591</td>
<td>44,779</td>
<td>17.2</td>
</tr>
<tr>
<td>Livestock</td>
<td>9,670</td>
<td>11,541</td>
<td>14.2</td>
</tr>
<tr>
<td>Coal</td>
<td>170,884</td>
<td>123,861</td>
<td>36.0</td>
</tr>
<tr>
<td>Coke</td>
<td>34,023</td>
<td>30,854</td>
<td>10.7</td>
</tr>
<tr>
<td>Forest products</td>
<td>46,404</td>
<td>50,884</td>
<td>8.8</td>
</tr>
<tr>
<td>Ore</td>
<td>73,023</td>
<td>87,506</td>
<td>-17.0</td>
</tr>
<tr>
<td>Merchandise I. e. I.</td>
<td>150,906</td>
<td>145,452</td>
<td>3.7</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>882,627</td>
<td>849,358</td>
<td>3.7</td>
</tr>
<tr>
<td>Total</td>
<td>908,664</td>
<td>752,647</td>
<td>20.7</td>
</tr>
</tbody>
</table>

† Decrease.
Defense contracts and letters of intent totaling $1,172,281,870 were awarded by the War Department and cleared by the Division of Purchases, OPM, during the period June 26 through July 2. Total contract awards were $906,608,645 which compares with $45,923,886 for the previous week. Letters of intent totaled $295,673,225.

Of the total, contracts and letters of intent for aircraft and aircraft parts amounted to $315,553,482; construction, $123,323,673; equipment and supplies, $209,673,225; and ordnance, $18,022,280. The Maritime Commission did not report any contracts awarded during the period.

Contracts awarded during the period were:

**ORDNANCE**
- United Shoe Machinery Corporation, Boston, Mass.; guns for manufacture at Beverly, Mass.; $1,902,974.65.
- General Motors Corporation, Detroit, Mich.; cartridge cases; $1,056,960.
- The Buda Co., Harvey, Ill., engines and spare parts for tanks; $564,922.62.
- Muncie Gear Works, Muncie, Ind.; gun carriages and spare parts; $207,209.
- The Buhl Co., Bridgeport, Conn.; vertical drive and high speed turret lathes; $4,391,440.
- Hamilton Manufacturing Corporation, Chicago, Ill.; recoil mechanism; $370,650.
- American Locomotive Co., Schenectady, N. Y.; tank spare parts; $1,582,955.

**AIRCRAFT**
- General Motors Corporation, Buick Motor Division, Detroit, Mich.; aircraft engines and spare parts; $483,000,000.
- General Motors Corporation, Chevrolet Motor Division, Detroit, Mich.; engines and spare parts; $397,675,600.
- Glenn L. Martin Co., Baltimore, Md., aircraft engines and spare parts; $60,618,170.
- Glenn L. Martin, Nebraska, Co., medium bombardment airplanes; $166,261,525.76. (To be assembled at Government-owned plant at Omaha. The Czaroid Corporation, Hawthorne, Calif., will sub-contract this work.)
- Douglas Aircraft Co., Santa Monica, Calif.; airplanes and spare parts; $10,587,162.
- Douglas Aircraft Co., Inc., Santa Monica, Calif.; airplanes and spare parts; $7,965,010.69.
- General Electric Co., Schenectady, N. Y.; turbine superchargers; $2,271,700.16.
- North American Aviation, Inc., Inglewood, Calif.; airplanes and spare parts; $6,582,659.
- North American Aviation, Inc.; medium bombardment airplanes; $127,440,000. (North American Aviation will operate Kansas City plant with General Motors Corporation. Fisher Body Division, as major subcontractor.)
- North American Aviation, Inc., Dallas, Tex.; airplanes and spare parts; $57,725,572.80.
- Link Aircraft Devices, Inc., Binghamton, N. Y.; construction of Link trainers; $125,930.90.
- Vultee Aircraft, Inc., Downey, Calif.; airplanes and spare parts; $31,619,280.
- Northrop Aircraft, Hawthorne, Calif.; airplanes and spare parts; $4,267,184.
- Bell Aircraft Corporation, Buffalo, N. Y.; airplanes and spare parts; $1,902,374.65.
- Republic Aviation Corporation, Farmingdale, Long Island, N. Y.; airplanes and space parts; $86,075,000.
- Curtis-Wright Corporation, Airplane Division, Buffalo, N. Y.; airplane maintenance parts; $7,609,367.
- Lockheed Aircraft Corporation, Burbank, Calif.; airplanes and spare parts; $3,797,947.

**CONSTRUCTION**
Kelsey-Hayes Wheel Co., Plymouth, Mich.; plant for production of machine guns; $8,600,300. (Defense Plant Corporation will take title of plant now under construction by Kelsey-Hayes and will lease to this firm.)
- U. S. Rubber Co., Bristol, R. I.; additional machinery and equipment in plant for manufacture of assault wire; $762,400. (Defense Plant Corporation lease agreement.)
- Anaconda Wire & Cable Co., Marlion, Ind.; plant at or near Marion for manufacture of ammunition; $353,783. (Defense Plant Corporation will establish plant and lease to Anaconda.)
- Okonite Co., Paterson, N. J.; additional machinery equipment and durable tools utilized in manufacture of assault wire; $290,878.64. (Defense Plant Corporation lease agreement.)
- Frayer-Drache Engineering Co., Inc., New York City; construction of facilities at Weldon Springs Ordnance Works, Weldon Springs, Mo., for manufacture of TNT and DNT; $14,151,060. (Total estimated cost of plant is now $25,455,780. It will be operated by Atlas Powder Co.)
- Two contractors: H. K. Ferguson Co., Cleveland, Ohio; additional facilities at Wolf Creek Ordnance Plant and Milan Storage Depot, Ohio; $282,940,911.
- Two contractors: E. B. Badger & Sons Co., Boston, Mass.; additional TNT and DNT capacity of Plum Island Plant, Ohio; $282,941,111.
- (Plant will be operated upon completion by the Atlas Powder Co.)
- Brown & Root, Inc., Houston, Tex.; ammunition storage depot at Texas ordnance depot, Texarkana, Tex.; $6,600,000.
- A. M. Robinson & Sons, Reno, Idaho; additional facilities atmaking plant, Ohio; $3,089,779.
- Two contractors: B. B. Haugh & Son, Co., Los Angeles; port facilities and QM Depot at Oak Knoll, Calif.; $282,940,911.
- Two contractors: John Gilla & Sons, Inc., and Associates of Cleveland, architectural and engineering services; $3,209,255.
- Two contractors: John Gilla & Sons, Inc., and Associates of Cleveland, architectural and engineering services; $7,056,933.
- Four contractors: John Gilla & Sons, Inc., and Associates of Cleveland, architectural and engineering services; $3,209,255.
- Two contractors: J. A. Teichert & Sons, Boise, Idaho; architectural engineering services; $3,209,255.
- John Gillis & Sons, Inc., and Associates of Cleveland, Ohio; construction of plant at Camp Perry, Ohio; $282,940,911.
- Two contractors: John Gilla & Sons, Inc., and Associates of Cleveland, architectural and engineering services; $7,056,933.
- Two contractors: John Gilla & Sons, Inc., and Associates of Cleveland, architectural and engineering services; $7,056,933.
- Two contractors: John Gilla & Sons, Inc., and Associates of Cleveland, architectural and engineering services; $2,287,103.
- Two contractors: John Gilla & Sons, Inc., and Associates of Cleveland, architectural and engineering services; $7,544,996.
- Two contractors: John Gilla & Sons, Inc., and Associates of Cleveland, architectural and engineering services; $3,209,255.
- Two contractors: John Gilla & Sons, Inc., and Associates of Cleveland, architectural and engineering services; $7,056,933.

AIRCRAFT
Studebaker Corporation, South Bend, Ind.; engines and spare parts; $60,000,000.

** McCarthy succeeds Smith as adviser on bread **

Appointment of John T. McCarthy, president of the Jersey Bread Co. of Toledo, as special adviser on bread procurement, Division of Purchases, OPM, was announced July 3 by the Division. Mr. McCarthy was to take over his new duties on July 7.

Replaces Tom Smith

Mr. McCarthy replaces Tom Smith, who has submitted his resignation after more than 3 months' service in the subsistence branch of the Division of Purchases. Mr. Smith, who is secretary of the American Bakers Association, resigned in conformity with the policy recently adopted by the OPM, making paid officers of trade associations ineligible for positions in the OPM organization.

Army aids aluminum drive

An Army-wide drive to collect and salvage scrap aluminum has been announced by the War Department.

A system of salvage has been established under which all scrap aluminum will be collected and sent through existing commercial channels to priority defense industries where it is needed most.

All branches will contribute

All branches of the Army will contribute in the salvage campaign. From the Medical Corps may come the aluminum legs from old operating tables that are no longer serviceable. The Army Air Corps will contribute bits of aluminum from its airplane salvage operations. And from the Quartermaster Corps will come old aluminum pots and pans, canteens, and serving trays.

More luxuries to disappear, says McConnel

(Continued from page 5)

be borne in mind in that the demand for raw materials, especially metals, is so great that there are very few metals that can be substituted for other metals.

Third, there is the possibility of simplification of design. Some materials can be saved this way and a considerable amount of manufacturing facilities and manpower freed for defense work.

Can have necessities

However, the people of the United States might just as well face the simple fact that this defense program is going to mean that they will have fewer of the luxuries, comforts, and conveniences to which they have become accustomed. No matter how hard we try to avoid it, production of consumer goods is bound to be curtailed to an increasing extent.

It is my conviction that there will be no want: We can have the necessities of life and all-out defense, too. But we cannot have the luxuries of life and all-out defense, too.

Until this program is over the people of the United States are going to walk into stores more and more and find their merchants simply cannot supply them with the products they want.

Defense needs will control habits

Our purchases, our habits, our daily lives, perhaps even our styles will be controlled and limited by the requirements of national defense.

Many examples could be cited of military requirements for raw materials that have grown beyond the wildest dreams of 12 months ago. There is no guarantee that they will not multiply again and there is good reason to believe that some of them will.

In other words, we must make what we have go as far as it will. Otherwise, there may be nothing to replace it. Here is a tremendous chance for the public to help out. Every individual can personally contribute to defense by thinking and acting in terms of conservation.

Every patriotic American should start right now to save our resources for the defense effort. From time to time there will be numerous campaigns in which the Government will call for specific savings and will instruct the public on how to accomplish them.
64 Certificates for plant expansion

A total of 64 Certificates of Necessity were issued to 58 corporations from June 16 to June 30, inclusive, the National Defense Advisory Commission announced this week. These certificates were issued in connection with the construction and acquisition of new plant and manufacturing facilities, the estimated cost of which was $24,523,000.

This brings the total issued through June 30 to 1,719 and the number of corporations to 1,510. The cost of facilities covered to date was estimated at $1,009,000,000.

A compilation of firms for the last half of June and estimated cost follows:

- Aircraft Tools, Inc., Los Angeles, Calif., aircraft tools, $46,000.
- Aluminum Co. of America, Pittsburgh, Pa., aluminum forgings, $1,950,000.
- American Car & Foundry Co., New York, N. Y., landing lights and armor plate, $110,000.
- American Leather Products Corporation, Indianapolis, Ind., field bags and dispatch cases, $4,000.
- Anaconda Wire & Cable Co., New York, N. Y., shipboard cable and target wire, $17,000.
- Atlantic Products Corporation, Trenton, N. J., canvas field bags, $36,000.
- Charles H. Bealy & Co., Chicago, Ill., taps, $17,000.
- Bethlehem Steel Co., Bethlehem, Pa., steel products, $1,297,000.
- Calvert Iron Works, Inc., Atlanta, Ga., erection of structural steel, $20,000.
- The Cleveland Automatic Machine Co., Cleveland, Ohio, machine tools, $68,000.
- The Euclid Road Machinery Co., Cleveland, Ohio, trac-trucks and Diesel trucks, $145,000.
- Fairbanks, Morse & Co., Chicago, Ill., Diesel-engine parts, $182,000.
- Federal Bearing Co., Inc., Poughkeepsie, N. Y., ball bearings, $70,000.
- Flour Mills of America, Inc., Kansas City, Mo., storage of grain, $45,000.
- General Electric Co., Schenectady, N. Y., ship propulsion gear and clutch units, $39,000.
- Nordberg Manufacturing Co., Milwaukee, Wis., tool forgings, $167,000.
- Packard Motor Car Co., Detroit, Mich., marine engines, parts, and accessories, $32,000.
- Pittsburgh Steel Co., Cleveland, Ohio, water transportation, $10,500,000.
- The Schatz Manufacturing Co., Poughkeepsie, N. Y., airplane engine bearings and parts, $39,000.
- Shell Oil Co., Inc., New York, N. Y., chemicals, $20,000.
- United States Rubber Co., New York, N. Y., searchlight reflectors, $1,000.
- V-O Milling Co., Los Angeles, Calif., storage of grain, $46,000.

Vermillion Mining Co., Cleveland, Ohio, iron ore, $482,000.
Volupte, Inc., Elizabeth, N. J., primer bodies, $32,000.

Watertown Cooperative Elevator Association, Watertown, S. Dak., storage of grain, $8,000.

Western Cartridge Co., New Haven, Conn., cartridge brass, $1,529,000.
Western Electric Co., New York, N. Y., radio equipment, $202,000.

Monthly increase in defense payments averages 19 percent

A new series of monthly defense disbursement figures was released last week by the Bureau of Research and Statistics, OPM. They show total disbursements of $6,677,000,000 for national defense for the 11 months ended May 30. This includes defense expenditures of the Maritime Commission and the Reconstruction Finance Corporation and its subsidiaries, items which have not been included in previous compilations.

An average month-to-month increase of 19 percent over funds paid out was established over the period. In April and May the rate of increase slowed due chiefly to a decline in payments for the construction of Army and Navy posts and depots.

**CASH DISBURSEMENTS FOR DEFENSE**

(On a Checks-Issued Basis)

<table>
<thead>
<tr>
<th>Month</th>
<th>In millions</th>
<th>Percent increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>June</td>
<td>175</td>
<td>22.8</td>
</tr>
<tr>
<td>July</td>
<td>207</td>
<td>18.9</td>
</tr>
<tr>
<td>August</td>
<td>207</td>
<td>11.4</td>
</tr>
<tr>
<td>September</td>
<td>201</td>
<td>22.8</td>
</tr>
<tr>
<td>October</td>
<td>205</td>
<td>22.9</td>
</tr>
<tr>
<td>November</td>
<td>205</td>
<td>22.9</td>
</tr>
<tr>
<td>December</td>
<td>207</td>
<td>22.9</td>
</tr>
<tr>
<td>Total, 11 months</td>
<td>2,087</td>
<td>13.0</td>
</tr>
</tbody>
</table>

*Preliminary.*

*Average.*
**HOUSING . . .**

President finds need of 10,070 more defense homes, in 34 localities

President Roosevelt on July 3 found a need for the immediate construction with public funds of an additional 10,070 homes for the families of industrial workers and enlisted personnel in 34 localities of the country, upon the recommendation of C. P. Palmer, Coordinator of Defense Housing.

**Localities for housing**

The localities and the number of homes in each for which public funds have been allocated are as follows:

- Childersburg, Ala., 400; Litchfield Park, Ariz., 100; Bakersfield, Calif., 85; Richmond, Calif., 450; Bristol, Conn., 200; Washington, D. C., 1,000; Banana River, Fla., 50; Jacksonville, Fla., 400; Pensacola, Fla., 200; Savannah, Ga., 150; Connersville, Ind., 300; Fort Wayne, Ind., 200; Wichita Falls, Tex., 100; Wichita Pk., Tex., 300; Fort Wayne, Ind., 325; Baltimore, Md., 1,000; Springfield, Mass., 200; Bakersfield, Calif., 300; Meridian, Miss., 175; Meridian, Wis., 100; Charlotte, N. C., 85; Jacksonville, N. C., 700; Cape May, N. J., 50; Northern New Jersey, 250; Canton, Ohio, 300; Cleveland, Ohio, 500; Port Clinton, Ohio, 100; Knoxville-Alcoa, Tenn., 250; Victoria, Tex., 100; Wichita Falls, Tex., 175; Dubuque, Va., 50; Seattle, Wash., 500; Charleston, W. Va., 400.

**Some reductions made**

At the same time Mr. Palmer requested that the President reduce previous findings of defense housing need for 22 localities due to the fact that it was found subsequent to original findings that such defense housing was not needed to the extent anticipated.

The localities and the number of homes originally found necessary, to which the number now programmed are as follows:

- Tucson, Ariz., originally 159, reduced to 135; Stockton, Calif., 150 to 100; Delaware City, Del., 40 to 20; West Palm Beach, Fla., 350 to 150; Augusta, Ga., 125 to 75; Savannah, Ga., 250 to 250; Corrydon, Iowa, 250 to 0; Leon, Iowa, 250 to 0; Baltimore, Md., 190 to 85; Long Branch, N. J., 525 to 265; Ft. Meade, S. Dak., 50 to 35; Lee Hall, Va., 25 to 0; South Tacoma, Wash., 150 to 100; Spokane, Wash., 200 to 160; Canal Zone, 2,200 to 200; Ft. Knox, Ky., 219 to 0; Yorktown, Va., 80 to 0; San Antonio, Tex., 17 to 0; Rolla, Mo., 600 to 500; Great Bend, Kans., 125 to 80; San Juan, P. R., 450 to 50; District of Columbia, 70 to 0.

1,400 homes completed in week

Approximately 1,400 defense homes were completed and 1,000 put under construction contract the week ended June 28, Housing Coordinator Palmer announced July 5.

These homes are located in widely diverse areas including Connecticut, North Carolina, Georgia, Illinois, California, Alabama, and Hawaii. Under the temporary shelter program, 300 trailers and 2,483 dormitory units were reported completed.

500 at Fort Bragg, Fort Story

Among the homes completed for the week were 250 for civilian and enlisted personnel at Fort Bragg, N. C., constructed by the Public Buildings Administration. This agency also reported 40 homes completed in Augusta, Ga., and 250 at Fort Story, Va., both for enlisted personnel.

The United States Housing Authority reported 350 homes placed under construction contract at Macon, Ga., 300 at Wilmington, N. C., and 250 at Midland, Pa. Most of the occupants will be civilian industrial workers.

400 under contract for Manitowoc

The Federal Works Agency reported, for the week, 400 homes placed under construction contract in Manitowoc, Wis., and the Tennessee Valley Authority, 34 homes completed at Muscle Shoals, Ala. All of these homes are for civilian workers.

San Diego, Calif., with its rapidly expanding aircraft industry, reported 340 family trailers and 2,432 single dormitory units completed the week ended June 28. Nashville, Tenn., received 20 additional trailers and Sidney, N. Y., received 51 single dormitory units. The Farm Security Administration will supervise the construction and management of these trailers and dormitories.

As of June 28, 97,313 homes had been allocated in 162 localities of 49 States and Territories. Of these, 79,133 have been placed under construction contract and 17,522 have been completed.

**STATUS OF PUBLIC DEFENSE HOUSING CONSTRUCTION, JUNE 28, 1941**

- **Funds allocated**
- **Contracts awarded**
- **Completed**

<table>
<thead>
<tr>
<th>Number of States and Territories</th>
<th>June 26</th>
<th>June 21</th>
<th>June 26</th>
<th>June 21</th>
<th>June 26</th>
<th>June 21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of localities</td>
<td>49</td>
<td>49</td>
<td>45</td>
<td>45</td>
<td>46</td>
<td>46</td>
</tr>
<tr>
<td>Number of localities</td>
<td>462</td>
<td>462</td>
<td>442</td>
<td>442</td>
<td>441</td>
<td>441</td>
</tr>
<tr>
<td>Number of projects</td>
<td>394</td>
<td>396</td>
<td>248</td>
<td>248</td>
<td>241</td>
<td>241</td>
</tr>
<tr>
<td>Number of family dwelling units (regular)</td>
<td>97,323</td>
<td>97,313</td>
<td>78,146</td>
<td>78,241</td>
<td>77,622</td>
<td>77,622</td>
</tr>
<tr>
<td>Number of family dwelling units (trailers)</td>
<td>41,850</td>
<td>41,830</td>
<td>24,440</td>
<td>24,400</td>
<td>22,240</td>
<td>22,240</td>
</tr>
<tr>
<td>Number of civilian industrial workers in private defense industry</td>
<td>17,261</td>
<td>17,201</td>
<td>12,629</td>
<td>12,629</td>
<td>12,577</td>
<td>12,577</td>
</tr>
<tr>
<td>Number of civilian industrial workers in government plants</td>
<td>10,627</td>
<td>10,607</td>
<td>8,609</td>
<td>8,609</td>
<td>8,684</td>
<td>8,684</td>
</tr>
<tr>
<td>Number of married civilians, employed by the Army and Navy</td>
<td>96,650</td>
<td>96,640</td>
<td>82,379</td>
<td>82,379</td>
<td>8,281</td>
<td>8,281</td>
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<tr>
<td>Number of married civilians, employed by the Army and Navy</td>
<td>87,604</td>
<td>87,600</td>
<td>71,199</td>
<td>71,199</td>
<td>8,449</td>
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</tr>
<tr>
<td>Number of married civilians, employed by the Army and Navy</td>
<td>3,894</td>
<td>3,894</td>
<td>3,159</td>
<td>3,159</td>
<td>1,190</td>
<td>1,190</td>
</tr>
<tr>
<td>Number of married civilians, employed by the Army and Navy</td>
<td>550</td>
<td>550</td>
<td>193</td>
<td>193</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>Number of married civilians, employed by the Army and Navy</td>
<td>8,691</td>
<td>8,691</td>
<td>6,325</td>
<td>6,325</td>
<td>2,076</td>
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</tr>
</tbody>
</table>

**PRIVATE CONSTRUCTION UNDER FHA MORTGAGE INSURANCE**

<table>
<thead>
<tr>
<th>Number of States and Territories</th>
<th>January 1 to June 28</th>
<th>June 26</th>
<th>June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of localities</td>
<td>96,220</td>
<td>96,220</td>
<td>96,220</td>
</tr>
<tr>
<td>Number of localities</td>
<td>5,637</td>
<td>5,637</td>
<td>5,637</td>
</tr>
<tr>
<td>Number of units for single person</td>
<td>5,637</td>
<td>5,637</td>
<td>5,637</td>
</tr>
</tbody>
</table>
AGRICULTURE...

Study of dried foods to be expanded with view to emergency defense use

Investigations of commercial dehydration of foods for emergency defense use are to be expanded in a new program being launched by the U. S. Department of Agriculture. These studies—to be carried on largely at the Department’s newly opened Western Regional Research Laboratory at San Francisco—are a continuation of similar investigations during and following the First World War.

Dried foods may be used for the armed forces, to meet food shortages among civilian populations both at home and abroad, and to improve the nutrition of undernourished civilians.

To study preservation of vitamins

Department officials point out that the studies will include not only methods and equipment for dehydration, factors affecting color and flavor, and storage problems but also two more recently recognized factors in dehydration: ways to preserve vitamins, and varieties of crops especially suitable for dehydration.

Dehydrated foods will be of value in satisfying military or naval stations which might be cut off from normal supply lines. Under certain other conditions, dried foods also might be more practical for our armed forces than foods canned or preserved in other ways. They also may be a factor in feeding British civilians and military forces because of short- age of shipping facilities.

Even at home, emergencies may arise where dried foods would be valuable. Agricultural defense officials point out that a large part of the foods consumed in the East originate in the Pacific Coast area. Ordinarily, coastwise vessels bring these foods through the Panama Canal. But with the reduction of shipping facilities, much of this food must move by rail. When shipped by rail, the higher rail rates increase the cost of canned food by about 2 cents a can.

With a shortage already of rail equipment—and a possible shortage that may develop in supplies of gasoline for trucking—difficulties might arise in an emergency in moving foods eastward from the Pacific Coast. When properly dried and packed, the dried products take up only one-fifth to one-half of the space required for canned or frozen foods; and they weigh only 10 to 25 percent as much as food in other forms.

The smaller bulk and lighter weight of the dried foods also facilitate storing over a period of years. With the newer forms of moisture-proof bags, storage problems should be reduced to a minimum.

Dehydrated foods also would provide foods to improve the diets of the thousands of undernourished people in this country at prices they can better afford.

Products to receive first attention—as requested by the Army and Navy—include tomatoes, onions, white potatoes, carrots, leafy vegetables, green peas, green and wax beans, lima beans, celery, squash, citrus juices, apricots, prunes, and apples.

During the First World War, about 80 million pounds of dehydrated foods were shipped abroad for the AEF. The shipments of dried vegetables amounted to only 8.6 million pounds; they included 6.5 million pounds of dried potatoes and 1.5 million pounds of dried onions.

During the First World War, investigations on commercial dehydration of foods were greatly expanded and continued at a high pitch until about 1924. Further extensive efforts were made to “sell” dried food products to the housewife, but readily available supplies of canned and fresh foods, and difficulties in handling dehydrated foods in the kitchen, prevented widespread use.

OADR welcomes priorities for agricultural needs

Establishment of priority status for repair and maintenance materials for 25 industries and services essential to the public welfare, including most of the requirements of agriculture, was described by the Department of Agriculture’s Office of Agricultural Defense Relations as the best possible assurance that the Nation’s farmers will be able to carry on their vital food-for-defense program.

Announcement of the priority status was made July 1 by the Civilian Supply Allocation Division of the OPACS.

Of particular interest to agriculture in the list of 25 essential industries and services are: Farm equipment employed in farming operations; food processing and storing; production of chemicals (for use in fertilizers, insecticides, fungicides, etc.); railroads; commercial operation of motor trucks; shipping, including ocean, lake, river, and canal commerce; petroleum production and refining; and electrical energy production and distribution—all essential to the handling and distribution of agricultural products.

“The action of the Office of Price Administration and Civilian Supply,” Director M. Clifford Townsend of the Office of Agricultural Defense Relations said, “in including agriculture’s needs in the list of essential industries and services gives full recognition to the indispensable but basic contributions farmers are making to the defense program. It is the best possible assurance that the Nation’s farmers will be able to carry on the vital food-for-defense program.”

Wood products available as substitutes for metal

The Department of Agriculture has called attention to the possible substitution of modern wood products for many of the defense materials in which critical shortages exist.

In describing recent discoveries that have led to new and wider uses of wood, Secretary of Agriculture Wickard said that plastic plywood offers the possibility of meeting the need of the aircraft industry for a material that will help alleviate the present aluminum shortage and the shortage of skilled metal workers.

Wood for training planes

Manufacturers of training planes have been advised to start adapting their designs to some material other than aluminum alloys, and wood and plywood are the materials to which they are turning. In manufacturing combat planes every effort is being made by the companies to make at least some parts of wood and plywood. Basic information about those materials enabling them to make the shifts is being provided as rapidly as possible by the forest products laboratory of the U. S. Forest Service.

A method of combining plasticizing and pressure has recently been devised whereby wood veneers can be converted into extremely dense, tough material, interchangeable with metal for propellers, radio masts, small fixed fittings, and beam reinforcements at fastening points.
CIVILIAN DEFENSE . . .

Dr. Baehr, defense medical director, to coordinate OCD, Health Service activities

The Office of Civilian Defense and the United States Public Health Service jointly announced July 4 the appointment of Dr. George Baehr of New York as Medical Director in the United States Public Health Service, in charge of the medical aspects of civilian defense. He will act as Chief Medical Officer in OCD, under Director F. H. LaGuardia, and will coordinate activities of these two agencies.

Aided by Advisory Board

Dr. Baehr is being assisted by an Advisory Medical Board recently appointed by Mayor LaGuardia which includes Dr. Elliott C. Cutler of Boston; Dr. Oliver Keil of Wichita Falls, Tex.; and Dr. Albert McCown of Washington, D.C. The work of OCD in medicine and public health will be concerned largely with the development of plans and facilities for disaster relief in the cities, beginning with those along both seaboards. Preparation of these plans is well advanced, and they will be announced shortly.

In order that the facilities for disaster relief and their administration throughout the country may fit into a common pattern, all States and local communities are advised to adopt the recommendations of OCD. Although the British experience will be utilized, plans for the United States will be adapted to the existing organizational pattern of the State and local governments of the country.

Equipment to be standardized

The medical equipment for disaster relief will be standardized in conformity with the experience of the Army and the American Red Cross so that an adequate supply may be provided to meet any future need. OCD will shortly announce the adoption of a standard stretcher, standard stretcher racks to permit the transportation of four patients in station wagons and small trucks, and standard first-aid kits.

A projected intensification of the first-aid training program will include instruction for the public. Training courses for volunteer nurses' aides will immediately be extended and placed on a practical basis.

During the last war Dr. Baehr was a member of the American Red Cross Sanitary Commission to the Balkans and Russia (1915-1916). He served with the American Expeditionary Force in France as lieutenant colonel in command of United States Base Hospital No. 3.

Dr. Baehr has served on the Public Health Council of the State of New York, and was designated by the Governor as a member of the legislative committee to form a long-range health program for the State. In the city of New York, he is chairman of the technical advisory board of the Board of Health, and administrative consultant to the department of hospitals.

Civil protection and economic problems stressed in Connecticut progress report

Measures for civil protection form a large part of the program of the Connecticut State Defense Council, according to a comprehensive report of the work of that council. Labor and economic problems related to defense are also receiving special emphasis, the report states. Governor Robert A. Hurley is chairman and Samuel H. Fisher is administrative officer of the council, which was established by law on April 25, 1941.

Activities of State Defense Council

A brief summary of major activities follows:

Preparations for an air raid protection program are under way in cooperation with an American Legion committee. A census of station wagons and light trucks that can be converted into ambulances is being taken in cooperation with the State Police and the Commissioner of Motor Vehicles. Medical, hospital, and nursing facilities are being organized, and a vigorous campaign is being inaugurated in local councils to encourage definite programs in case of evacuation or catastrophe. The Public Utilities Commission has made available to the council a survey of all fleets of 12 or more buses and 12 or more trucks in the State with detailed information on make, age, and seating capacity.

Preparations have been made for voluntary registration on any required scale or, if necessary, for complete registration of all persons in the State. Some preliminary enrollment of volunteers has already begun.

Activities of the Red Cross will be integrated with the general defense activities of the council. The council is also cooperating with various groups on interstate traffic problems.

A study is under way of the State's need for coal, oil, and other fuels. Cumulative data on all idle machines in the State are being secured and tabulated and are to be available to any manufacturer.

Inaugurate "in-plant" training program

In cooperation with the WPA and the Winchester Repeating Arms Co., an "in-plant" training program has been inaugurated, which, if successful, will be put into effect in other plants. Under the plan, 1,000 WPA employees will receive 4 weeks' training in factory protection. Workers who prove capable will be absorbed in regular industrial defense activities within the Winchester plant.

In cooperation with the State Employment Service, the labor committee of the State defense council is accumulating an agricultural file to include registrants from high schools, preparatory schools, colleges, NYA, CCC, and WPA. It is also arranging for clearance of surplus agricultural labor from Southern and other New England States.

The State's Electric Cooperative Act, which makes possible electrification of rural areas, will bring electric power to farms and isolated industries.

Several directors of home registration offices, appointed by and operating under the supervision of the council, cooperate with Federal and local units in registering available housing facilities in the industrial centers.

Eighty-five local defense committees, with a membership of approximately 1,500, have been established through a coordinating unit within the State council.
Drydock company to increase Negro workers by 100 percent

The Sun Shipbuilding & Dry Dock Co. at Chester, Pa., told the OPM July 1 that it was going to increase by 100 percent Negro employment in its yards, where 750 colored skilled and unskilled workers are already employed.

Other developments in this field, revealed by Dr. Robert C. Weaver, chief of the Negro Employment and Training Branch of OPM, in a report to Sidney Hillman, Associate Director General, included:

1. The admittance of Negro trainees in pipefitting, welding, sheet metal, and electrical defense courses at Philadelphia for anticipated employment at the Cramp Shipbuilding Co. yards.

2. The conclusion of an agreement with West Coast unions and shipbuilders for the transfer of Negro building trades workers to the shipbuilding yards for immediate construction employment.

Earlier, John G. Pew, president of the Sun Co., had informed OPM that Negroes already constituted 10 percent of Sun's employees, and that they were integrated into the forge and blacksmith shops, foundry, pipefitting department, bolting and reaming, riveting, storeroom, yard maintenance, bending shop, garage, and janitor service.

C. R. Burke, vice president, revealed that an additional 750 Negro workers would be hired in these departments when the employment peak is reached, and that many of the present workers would be promoted to foremen and supervisory positions.

At the Cramp Shipbuilding Co., Dr. C. R. Fendelton, director of training, accepted a suggestion of an OPM representative that 100 Negroes be referred immediately from the Pennsylvania State Employment Service for examination and defense training in shipbuilding operations at the Mastbaum Vocational School Annex.

OEM to present Paul Muni

The Office for Emergency Management, in cooperation with the Columbia Broadcasting System, will present Paul Muni in "Highway for Americans," a radio verse drama on the American spirit. This program will be broadcast coast-to-coast on July 13, at 1:35 to 2 p.m. eastern standard time.

Men 28 or over to be deferred

Deferment of all Selective Service registrants who were 28 years old on or after July 1, 1941, was directed July 2 by Brig.-Gen. Lewis B. Hazenby, deputy director of Selective Service, at the request of congressional leaders.

Knudsen asks every citizen to press defense faster

Director General Knudsen, OPM, in a Fourth of July statement called on every American citizen, whether engaged in the program or not, to get behind the defense effort and press it "ever faster." Excerpts from the statement follow:

"The dictator does not stop"

There is a peculiar intoxication which goes with military success. The dictator does not stop until military reverses or shortage of materials force his defeat. And he has but one goal—world domination.

"One cure—toil"

This war is like a disease that has spread over the larger part of the civilized earth, and there is only one cure for it—that is, toll and sweat, and the willingness to sacrifice our comfort and our leisure, so that our country may endure, our homes may be happier, and our children may be insured against despotism and slavery.
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OFFICE OF CIVILIAN DEFENSE: Fiorello H. LaGuardia, Director.

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