7-29-1941

Defense Vol 2, No. 30

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Two OEM agencies moved promptly last week to meet a threatened shortage in silk, due to unsettled conditions in the Far East.

Acting after President Roosevelt had frozen all Japanese credits in the United States, OPM Priorities Director E. R. Stettinus, Jr., issued an order freezing all stocks of raw silk and OPACS Administrator Leon Henderson asked the Commodity Exchange to suspend trading in silk futures and announced OPACS will impose a price ceiling on raw silk.

Plan to speed deliveries
Stettinus disclosed a plan for expediting deliveries of defense materials to important projects, another for facilitating production of civil aircraft for Civilian Pilot Training Schools and Home Guard units, and took steps to encourage the building and repair of locomotives, now seriously short of defense needs.

OPACS revealed that fair rent committees had been organized in 21 municipalities as part of a campaign to stabilize rents in defense areas.

Farm machines get high rating
Manufacturers of farm machinery and equipment were given the "highest civilian preference rating" by OPACS to insure an adequate supply of materials during August, September, and October. Bakers were warned by Administrator Henderson against any price increases in excess of one cent a loaf.

Ceiling prices were imposed on brass mill scrap, and makers of scientific apparatus, such as optical, precision, testing, and control instruments, and devices to aid hearing were given civilian preference in allocation of supplies.

New high for expenditures
A new high for authorized national defense expenditures of $50,765,000,000 was tabulated by the OPM Bureau of Research and Statistics. U. S. appropriations, contract authorizations, and RFC defense loans totaled $47,116,000,000 and British orders added $3,669,000,000.

Cash disbursements from this fund reached $594,200,000 for June, an increase of 9.2 percent over May.

OPM power unit created
A special power unit, headed by J. A. Krug, on leave from TVA, was established by OPM to handle all defense power problems and assure power for projected aluminum plants. A program of expansion and "power pools" was worked out in conjunction with the Federal Power Commission and representatives of public and private power systems.

Director General William S. Knudsen at a press conference said that plans for a gradual reduction of automobile production, in lieu of an abrupt curtailment of 30 percent, were being discussed with the OPM industry advisory committee. The auto makers, he said, will be given increased defense orders where possible to utilize men and machines released by the reduction.

OPM recommended an increase of 6,598,950 tons in pig iron capacity as an essential step in increasing the output of steel for defense.

Raw silk stocks frozen to meet shortage threatened by Far Eastern conditions

Acting to meet a threatened shortage caused by unsettled conditions in the Far East, Priorities Director Stettinus July 26 issued an order freezing all stocks of raw silk and limiting the processing of thrown silk to levels set during the week ending July 26.

Issued after conferences between representatives of OPM and OPACS, the order forbids either the delivery or the acceptance of raw silk except by authorization of the Director of Priorities. It applies equally to warehouses and to mills; it does not, however, prevent deliveries from ship to importers.

Mills are forbidden to knit, weave or otherwise process thrown silk in excess of the totals they processed during the week just ended.

Notification of the action was sent to the principal silk handlers by wire. To prevent possible dislocations of labor, provision was made that any processor unduly handicapped by the order could file an immediate appeal for relief.

As of July 1, stocks of raw silk in public warehouses were estimated at 83,000 bales with another 35,000 bales in hands of mills. Mills have recently been using about 5,000 bales per week.

Silk supplies of this country come almost wholly from Japan and China. In addition to its principal use in the manufacture of hosiery, silk has many uses in industry, such as in the insulation of wire and cable.

In warfare it is used for parachutes and waste silk is used for powder bags of large caliber guns.

There is no domestic production of silk although efforts have been made to develop a domestic industry.

However, there are a number of satisfactory substitutes for military uses.

The Material Coordinating Committee of U. S. and Canada made arrangements for expansion of Canadian nickel by 20 percent. Nickel is used as an alloy in steel to give it toughness and strength.

OPM Associate Director General Sidney Hillman announced OPM approval of a new stabilization agreement affecting 800,000 AFL building trades workers on defense projects. It covers War, Navy, and FWA construction.

A conference was held in Chicago by Eli Olver, chief labor adviser of the OPM Labor Division, with railroad management and labor to consider how 400,000 maintenance workers might aid defense.

Official insignia for 15 types of volunteer workers were adopted at the first meeting of the Volunteer Participation Committee of the Office of Civilian Defense.

As reports were being tabulated on the Nation's collection of aluminum scrap, OCD estimated that more than 1,600,000 persons took part in the drive.

President Roosevelt approved 21 new localities in which building of defense homes for workers earning from $1,800 to $3,000 will be encouraged by 90 percent mortgage insurance.

Mills are forbidden to knit, weave or otherwise process thrown silk in excess of the totals they processed during the week just ended.
OPM unit to handle all defense power problems; creates three vast regional pools

Establishment of a special power unit in the Office of Production Management, to handle all defense power problems, was announced July 21 by Director General William S. Knudsen and Associate Director General Sidney Hillman.

The new unit is headed by J. A. Krug, acting as OPM coordinator for defense power. He will have full responsibility in this field. Mr. Krug, on leave as manager of power for the Tennessee Valley Authority, has already been actively at work in OPM on power problems for nearly a month.

Million kilowatt demand solved

Commenting on this new unit, Messrs. Knudsen and Hillman said: "With the establishment of the new set-up, OPM is now equipped to handle all defense power problems through a single clearing office. The program has been worked out in close collaboration with Chairman Leland Olds and the staff of the Federal Power Commission and with leading representatives of public power agencies and the private power systems.

"Through the new power unit solutions have already been found for the problems of power supply for many pressing defense needs including the 1,600,000 kilowatts required for the greatly enlarged programs for aluminum and magnesium, the most vital defense materials.

Plans for pooling regional resources

"Mr. Krug, in cooperation with the Federal Power Commission, has developed specific plans which are being carried into effect for pooling the power resources of three vast regions of the country. The Southern pool will include the 11 Southeastern States. The Northeastern pool embraces New York, Pennsylvania, New Jersey, and the New England States. In the Southwest a new network of transmission lines will permit a giant power pool in Arkansas, Oklahoma, Texas, Louisiana, Missouri, and Kansas. These arrangements make it possible to realize almost immediately the maximum utilization of the existing power installations of the country.

"In addition, an agreement has been worked out between the Aluminum Company of America and the Tennessee Valley Authority for the development by the TVA of the Pontana hydroelectric project in western North Carolina. The plans call for commencement of this project as soon as Congressional approval can be obtained. This project alone will generate sufficient power to produce 150,000,000 pounds of aluminum annually. Arrangements have also been made for the installation of large amounts of additional generating capacity in the other major existing hydroelectric projects of the country. The Department of Interior is installing additional units in Grand Coulee, Bonneville, and Boulder Dams. OPM will establish the necessary priorities to hasten all of these installations. Arrangements are also under way in various sections of the country for installations of additional steam electric generating facilities.

All pledge cooperation

"Without exception the great power suppliers, including the Department of Interior, the Tennessee Valley Authority, various State and local power authorities and the private power systems, have pledged and given their wholehearted cooperation in the emergency program. The excellent results so far achieved have been primarily due to this united effort and to the foresight of the Federal Power Commission in having assembled, prior to the emergency, comprehensive information on the power supply situation throughout the country.

"The Office of Production Management has made a working arrangement with the Power Commission which will permit full utilization of the expert staff and resources of that agency. The Commission is loaning several top-ranking members of its organization to work with Mr. Krug's office on a full-time basis thereby avoiding all possibility of duplication.

"In addition to representatives of the Department of Interior and the Tennessee Valley Authority, other leaders among operating power agencies who have been actively participating in the program include L. F. Scattergood, general manager of the Los Angeles Bureau of Power and Light, Harry Slattery of the Rural Electrification Administration, Philip Sporn of the American Gas and Electric System, J. Moore of the Electric Bond and Share System, E. W. Morehouse of the Associated Gas and Electric Trustees, K. M. Irwin and Constantine Barry of the Philadelphia Electric Company.

"With the new set-up, the expanding defense needs for power will be under constant scrutiny and prompt and specific recommendations will be made to insure additional adequate steam and hydro power installations in both the public and private systems throughout the country."

Mr. Knudsen and Mr. Hillman also announced that all priority questions relating to the power industry will be handled on the basis of recommendations by Mr. Krug to E. R. Stettinus, Jr., Director of Priorities.

HOW IT WORKS: Mr. Krug discusses questions of expansion, priorities, pools and rationing of power.—Page 10.

A-10 rating speeds civil planes for training and patrol

Priorities Director Stettinus announced July 22 a new priority plan designed to facilitate the production of civil aircraft for Civilian Pilot Training Schools, for Home Guard units, for pipeline patrol and for other specified purposes.

A preference rating of A-10 will be assigned to 27 producers of aircraft and aircraft items. The rating may be used to speed delivery of material going into repair parts and accessories of such planes as well as material going into new planes to be used for the purposes listed.

The A-10 preference rating is assigned to the producers under the terms of the Defense Supplies Rating Plan, and producers using the rating will cooperate in accordance with the provisions of that plan.
PRODUCTION...

Big bomber program behind, says Knudsen; places authority to reduce autos in OPM

After an extensive tour of airplane factories and other defense plants, Director General Knudsen, OPM, told the press July 23 that:

"I think our trainer planes are coming all right. Such pursuit planes as there are are coming all right. Flying boats are getting a fair schedule. We are still not up to snuff on the big bombers."

Mr. Knudsen also said at his press conference that the decision on a reduction in automobile output rests with the head of OPM's automobile section.

Q. Did you have a nice trip, sir?
A. A good one, yes.
Q. How do things look?

Feeling is building up

A. I saw some 58 plants. They were divided between a few ordnance plants, and all the airplane plants and shipyards. Here is what I find. The feeling toward the defense program is gradually building up. There is a sympathy and enthusiasm toward the program. You understand that it was slower building up from the Middle West than it was here in the East, but I find a general sympathetic interest in the defense program, and as far as the manufacturers themselves are concerned, they are all willing. On airplanes I think our trainer planes are coming all right. Such pursuit planes as there are are coming all right. Flying boats are getting a fair schedule. We are still not up to snuff on the big bombers. We have to do a lot of work to get the sub-assembly plants going around Detroit and get the assembly plants going. A lot of plant expansion has taken place out there on the coast, and with the exception of Douglas at Long Beach, and to some extent Consolidated, it is practically all finished. We have got plenty of men. Of course, a lot of them are students, you understand. Some plants are short of skilled mechanics. There was not, at the moment, any equipment shortage except for future production schedules. There was no plant shut-down on account of lack of material, and I felt quite hopeful except for some big jobs. We have to do a lot of work on that.

Q. You read while you were away about this suggestion of the OPACS administrator?
A. Yes.
Q. What do you think of it?
A. Well, I think we will have to go about it in a sort of cooperative way with the industry and find out how we can make this shift practical, you know; take off the automobiles and go forward on the defense job.
Q. After going forward on the defense job or making the cut in automobiles unless--
A. The funny part of it is the automobiles are not dependent on the—the automobiles are dependent on the amount of critical materials we can spare for them, such as alloyed steel and things like that. If we can't find any substitute for it, we are going to be out of luck.
Q. If you didn't put it in a blanket order, they might be able to find substitutes?
A. We are going to give them a free play for their ingenuity to see how much they can do without interfering with the defense program.
Q. But after having taken care of the defense program, you are giving them a free play for their ingenuity instead of putting a ceiling on it?
A. I don't think I can stop them. You have got to give them a chance to use their heads.
Q. Do you infer by that that they will not be asked to cut 50 percent?
A. I think the cut will be discussed and negotiated. You see, if you cut 50 percent off tomorrow, you are going to have a lot of people walking the streets.
Q. What does Mr. Henderson's order mean then?
A. I don't know what it means. I haven't seen Mr. Henderson since I came back, but I suppose he had some darn good reason for it. I don't know, but I am sure that when the industry comes down here, it will be talked over, and it will be planned in the best possible ways.
Q. When is that going to be done, Mr. Knudsen?
A. We understand they were having a meeting today, the passenger car subcommittee.

A. I think it is today or tomorrow.
Q. Aren't you going to meet with them?
A. Oh, yes, I will be there. I met with the parts fellows yesterday.

Why it is hard to use auto factories for defense

Q. What does it look like now that the automobile industry will be asked to do in the way of the defense load? How much defense work are they going to be asked to do?
A. Oh, anything we can get in there quick, you see, that they can get tools for. You understand, a defense job—it is very difficult to find a defense job that will fit the equipment they have got. You might use a portion of it, and, of course, the portion that we procure for them before they can start producing.
Q. Mr. Knudsen, the final decision then on the question of the automobile curtailment will be made at this meeting and not as a result of Mr. Henderson's order?

Where the decision rests

A. The automobile section is running like this; that the industry makes recommendations, but the head of the section representing the Government has to make the decision, the head of the section.

Q. He is the man that will make the decision, the head of the section. We will naturally consult with OPACS. There isn't any reason why we shouldn't because the quantity it will be allowed to make will have a great effect on the price. You know that as well as I. You know what the break-even point is in the factory and how quantity affects the selling price.
Q. In this case it would be Mr. Adams?
A. Mr. Adams is the head of the automobile section. We will consult with OPACS. There isn't any reason why we shouldn't.
Q. He is the man that will make the decision on how much the cut will be?
A. After consultation with the industry, and after careful analysis of the result.
Q. Is there any conflict between OPM and OPACS on various problems, such as whether or not OPACS in its civilian authority may step in, and although you only need 40 percent for defense—
A. There is a little dispute regarding the wording, but I think it will be thrashed out in a few days.
Q. Is their Executive order before the President now?
A. They have one and we have one.
Q. Have you got them together yet?
A. I think we will straighten it out in a few days.
Q. Mr. Knudsen, going back to your report on your trip, what was it you said about the big bombers, that you were disappointed in the showing that had been made?

Bomber assemblies behind schedule

A. No, I said we haven't gotten up speed on the big bombers yet because they were big planes, you know, and they were more or less in the experimental stage when we got them, and there is a good deal of lay-out work trying to get them cut in sections so as to get the minor assemblies out for them, and that is the job that is behind.

Q. It is behind schedule?  
A. Yes.
Q. How much effect is the bomber program having on the other ships which are already scheduled for production? That is, are they having to cut down in other places in order to accommodate the bomber program?
A. So far we haven't done it. The question that came up was the question of machine tools for regular planes, and I think we can work that out. I think we will have plane tools before we get the other bombers because they were ordered a good deal ahead of time.

Q. The over-all airplane picture, bombers, pursuit planes and so forth, how is it running with your schedule?
A. Fairly good.

Admiral Towers' worries

Q. Mr. Knudsen, yesterday Admiral Towers, speaking on that very point, said that as a result of the concentration on heavy bombers, the Navy deliveries on its own scheduled planes were falling 20 percent behind.
A. He was talking about machine tools. He was talking about tools.
Q. Well, he was talking chiefly about results, about the planes that had been scheduled for Navy delivery.
A. Well, I saw his testimony in the morning paper, and I haven't had a chance to talk with Towers, but when I talked with him before we went away we were over in the section office, and, of course, the bombers had a higher rating, and he thought that his planes were being interfered with, and I told him I didn't think so because he doesn't use the same kind of planes, you see. His planes are small planes, but on the tools, we will try to fix them up so they will be taken care of.

Q. He apparently didn't feel that way yesterday.
A. I saw it, and we might have to have another talk with him to see whether he is really upset about it, but I thought we could adjust it. I thought that his tools were so far ahead of the bombers, the bomber tools, that he wouldn't be interfered with a terrible lot except in a single instance where a tread mill or something like that would go haywire on him, but I think we can adjust it. Now, see, here is the schedule. You mustn't take any figures down. Here is the schedule here, and here is the trend. See, some months we have been up pretty well, and then we dropped down a little bit, and now we are a little bit below the trend in the last 2 months, that is on planes. Here is motors. It is a little better on motors, and here is guns. The guns, we have been pretty well on the line there, but this month we have got to have a hop-up, because we go up to this line.

OPM urges 6,508,950-ton increase in pig iron capacity

An increase in pig iron capacity of 6,508,950 tons was recommended by OPM July 23 as an essential step in maintaining and increasing the production capacity of the steel industry.

Government financing of this step will be required "and is so recommended by us for the best consideration of the Defense Plant Corporation," the OPM said in a letter transmitting the proposal to Jesse Jones, the Federal Loan Administrator.

William S. Knudsen, Director General of OPM, wrote Mr. Jones that an initial expansion of pig iron capacity was urgently required.

Weinberg names Bartlett and Watson to staff

Sidney J. Weinberg, chief of the bureau of defense of industry advisory committees, OPM, announced July 22, that he had appointed N. T. Bartlett as executive assistant and Kenneth M. Watson as administrative assistant consultant. The services of Mr. Bartlett have been loaned by the Department of Commerce, where he was secretary of the business advisory council, and the services of Mr. Watson have been loaned by the Federal Trade Commission, with which he was associated as an attorney.

Parts makers told of opportunity in 60-billion-dollar program

Manufacturers of automobile parts and components received assurance from the Office of Production Management July 23 that they would have an opportunity in the immediate future to obtain a greatly increased volume of defense work.

This assurance was given some 120 members of the industry who met to nominate eight members of the Automotive Defense Industry Advisory Committee. Approval of the nominees by the OPM and other interested Government agencies will complete this committee.

Eleven members nominated by passenger-car and truck manufacturers have already been appointed and announced.

OPM Director General Knudsen and Associate Director General Hillman addressed the parts and components manufacturers.

It was stated that the defense program has grown since last March from around $20,000,000,000 to nearly $60,000,000,000 now authorized or pending in Congress.

The statement that the defense program, authorized or pending, now approximates $60,000,000,000 was based upon these figures: On July 15 the authorized United States program, including lend-lease appropriations, amounted to $37,116,000,000, and British orders in this country to $3,669,000,000. Additional defense appropriations now pending amount to about $8,200,000,000.

Canadian nickel output to be expanded to aid U. S. imports

Arrangements have been completed to expand Canadian nickel production so that United States imports of this vital defense material from Canada can be increased 20 percent, it was announced July 25, following a meeting of the Material Coordinating Committee of the two countries.

It was reported at the meeting that 10 Canadian ships had been made available recently to transport iron ore on the Great Lakes and that additional Canadian ships would be put into this service.

The Committee was advised also that Canada would require an increased amount of steel from this country for shipbuilding.

Possibility of the United States obtaining increased amounts of zinc, lead, and chlorine from Canada was discussed.
LABOR . . .

Stabilization pact between building unions and U.S. agencies is approved by OPM

Sidney Hillman, Associate Director General, OPM, announced July 24 that the OPM had fully approved the new stabilization agreement between the AFL building and construction trades and the various Government agencies, including the Army, Navy, and Federal Works Administration, which are concerned with defense construction projects of various kinds.

The terms of the memorandum of agreement which will directly affect more than 800,000 building trades workers follow:

Uniform overtime rates

Where a single shift is worked, 8 hours of continuous employment, except for lunch periods, shall constitute a day's work beginning on Monday and through Friday of each week. Where work is required in excess of 8 hours on any one day or during the interval from 5 p.m. Friday to 7 a.m. Monday, or on holidays, such work shall be paid for at 1½ times the basic rate of wages.

Uniform shifts

Where two or more shifts are worked, 5 days of 7½-hour shifts from Sunday midnight to Friday midnight, shall constitute a regular week's work. The pay for a full shift period shall be a sum equivalent to eight times the basic hourly rate and for a period less than the full shift shall be the corresponding proportional amount which the time worked bears to the time allocated to the full-shift period. Any time worked from Friday midnight to Sunday midnight or in excess of regular shift hours shall be paid for at 1½ times the basic rate of wages. Wherever found to be practicable, shifts should be rotated.

No stoppage of work

The Building and Construction Trades Department of the American Federation of Labor agrees that there shall be no stoppage of work on account of jurisdictional disputes, or for any other cause. All grievances and disputes shall be settled by conciliation and arbitration.

Subcontractors

It shall be the policy of all Federal contracting agencies to require the utilization of specialty subcontractors on those parts of the work which, under normal contracting practices, are performed by specialty subcontractors subject, however, to the following:

(a) When a general contractor can demonstrate that specialty work has been customarily performed by his own organization and that his existing organization is competent to perform the work, he may be permitted to do so.

(b) Where the performance of specialty work by specialty subcontractors will result in materially increased costs or inordinate delays, the requirement hereinbefore mentioned may be waived.

On negotiated contracts, the decision as to which parts of the work will be performed by subcontract will, insofar as may be practicable, be made at the time the contract is negotiated.

Predetermination of Wages

In predetermining the minimum wage which is to be paid to contractor's employees on the specific construction job, consideration shall be given to the rates prevailing in the area from which labor must be drawn to man the job and to new wage rates which have been negotiated and concluded through bona fide collective bargaining processes which will take effect at a future date.

Wage rates paid at the start of work on a project shall continue until the completion of the project, or not more than 1 year, and new agreements or new determinations of wages for work in the same area will become effective only on new jobs started or new contracts signed after the employer-employee agreement has been negotiated.

Application of Agreement

Any contract work done for or through any Federal agency for defense purposes within the continental limits of the United States and the Panama Canal Zone shall be governed by this labor policy.

It is understood that the provisions of this agreement shall apply only to national defense projects.

Apprentices

It is agreed that the number of apprentices used shall be limited to the number agreed upon between the respective unions and contractors and approved by the Department of Labor in the case of those unions and employers' associations that have established apprenticeship standards in conjunction with the Department of Labor and the number of apprentices in other cases shall conform to the usual practice prevailing between the unions and the employers' associations of the respective trades.

Board of Review

There shall be constituted a Board consisting of a representative of the Government agencies, a representative of the Building and Construction Trades Department of the A. F. of L. and a representative of the OPM. It shall be the function of this Board to interpret the provisions of this agreement, to adjust disputes arising hereunder, and the findings of the Board shall be binding on the parties to the agreement. In case of a dispute involving a specific Governmental agency, that agency may designate a representative as a temporary member of the Board for the mediation of that dispute. The Board shall have no authority to encourage or to relieve any Governmental agency of its legal authorities and/or responsibilities.

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Conferees discuss transfer of rail workers to defense

Eli L. Oliver, chief labor adviser on the staff of the Labor Division, met with a special committee of railroad presidents and railroad labor executives in Chicago on July 22 to consider the possible transfer, by voluntary methods, of a considerable number of railroad maintenance workers to defense industries.

★ ★ ★

Union leaders, OPM discuss effective use of labor supply

Effective utilization of America's labor supply was the subject of a conference held July 25 by the Labor Supply Branch of the OPM's Labor Division with 48 labor leaders from all over the country in attendance.
MEDIATION BOARD . . .

Issues settled in one dispute, recommendations made in five

The National Defense Mediation Board last week (July 21–27) obtained an agreement settling the issues in one case and made recommendations in five others. In a seventh case, it obtained an agreement on a formula for settling the issues in dispute.

The full Board at a regular meeting July 24, after five hours of discussion of the Federal Shipbuilding case, remanded the case to the panel originally assigned to hear it.

Western Cartridge Co.

The Board on July 24 made public its findings and recommendations in the dispute between the Western Cartridge Company and the East Alton Manufacturing Co. of East Alton, Ill. and the Chemical Workers Union.

In brief the recommendations were as follows:

1. Individual contracts.—Approximately 5,100 employees of Western Cartridge have executed individual contracts which provide in the main for a 6 percent bonus at the end of the year on condition that the employee does not go on strike during that time. In its recommendations the Board states:

"Regardless of whether the individual contracts are or are not valid under the National Labor Relations Act, the panel regards these contracts in their present form as being inconsistent with a sound collective bargaining relationship."

It therefore recommended their cancellation and repayment to each employee in the unit represented by this union the amount he had personally paid in under his contract.

2. Type of Shop.—The union requested a union shop in which every present employee must be and remain a member of the union in good standing as a condition of employment and every new employee after 30 days must become and remain a member of the union in good standing as a condition of employment.

The Board recommended the following:

"The company agrees that any present employee who on June 24, 1941 (the date this agreement was negotiated) was a member of the Union or who has become a member during the life of this agreement, shall as a condition of continued employment maintain membership in good standing; and any employee who thereafter, 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."

3. Wages.—On July 13, while hearings were in progress in Washington, the Western Cartridge Co. granted a wage increase averaging 5 percent to all its employees other than those represented by the Chemical Workers Union. The Board recommended that all the employees represented by this union be granted the same wage increase as of July 13. The Board felt that it had insufficient evidence for an intelligent judgment regarding further increases.

It therefore recommended that the matter be arbitrated, that it does not pick one arbitrator, the union a second and the third to be named by those if. The three arbitrators are not named by August 1 the Board will then name a single arbitrator. Any wage increases shall be retroactive to the date the hearings in this case opened (July 15, 1941).

4. Vacations.—The Board recommended that, since this question is so closely allied to the question of wages, it be arbitrated in the same manner.

5. Jobs in the Smokeless Powder Division not transferred to East Alton Manufacturing Co.—The Western Cartridge Co. has set up a wholly owned subsidiary, the East Alton Manufacturing Co., to which it plans to transfer the jobs performed by the hourly paid production employees of the Smokeless Powder Division, except magazine storekeepers and probably junior physicists and junior chemists. The Board recommended that if these employees were not transferred to the East Alton Manufacturing Co., the Western Cartridge Co. should bargain collectively respecting them with the Chemical Workers Union.

6. Seniority.—The Board recommended that both parties accept the seniority clause negotiated on July 15.

Both parties were given until July 28 to accept or reject these recommendations. Acceptance by the union was received by the Board July 27. Members of the panel, in addition to Mr. Lapham, were Charles E. Wyzanski, Jr., representing the public, and Edward J. Brown, representing labor.

Federal Shipbuilding and Drydock Co.

After 8 days of hearings on the dispute between the Federal Shipbuilding & Drydock Co., Kearny, N. J., and the Industrial Union of Marine and Shipbuilding Workers of America—CIO, agreement was reached July 14 on all issues except that of union security. The entire production of the company's 16,000 employees is devoted to the building of ships for the Navy and Maritime Commission.

At a full meeting attended by 22 members and alternates of the Board on July 24, the union security issue in this case was discussed for five hours. The question had been brought to the full Board by the panel. At the end of this discussion the case was remanded to the panel originally assigned to hear the case.

Upon further consideration, a majority of the panel on Saturday, July 26, made the following recommendation:

"In view of the joint responsibilities of the parties to the National Defense, of their mutual obligations to maintain production during the present emergency and of their reciprocal guarantees that there shall be no strikes or lockouts for a period of two years from June 23, 1941, as set out in the 'Atlantic Coast Zone Standards', incorporated herein and made a part hereof, the Company engages on its part that any employee who is now a member of the Union, or who hereafter voluntarily becomes a member during the life of this agreement, shall, as a condition of continued employment, maintain membership in the Union in good standing."

On July 24, the Board made recommendations in the dispute between the Marlin-Rockwell Corporation and the United Automobile Workers of America—CIO. In doing so it accepted as its own the findings and recommendations of Professor Harry C. Schulman of the Yale University Law School who had been appointed a special representative to investigate the matters in dispute.

These recommendations provided mainly for an additional increase of 5 cents an hour for female employees retroactive to June 9 and for a vacation bonus for all employees in the service of the company six months or more. It recommended that all matters in dispute between the parties not covered by the recommendations be the subject of direct negotiations. It gave the parties until July 31 to accept or reject these recommendations.
PRIORITIES...
Cutting tool order modified to assure defense deliveries

Priorities Director Stettinius July 25 announced several changes in the general preference order which directs the use and distribution of cutting tools. The original order was issued July 17th.

The major changes are:
(1) Cemented carbide tools are included within the definition of cutting tools and copies of the amended order have been addressed to cemented carbide tool manufacturers.
(2) A preference rating of A-3 will be given to manufacture or distributor of cutting tools unless this delivery bears a preference rating of A-10 or higher, except upon the specific direction of the Director of Priorities. The original order permitted deliveries of nondefense orders if defense orders on hand had been completed.
(3) The new order clarifies the special provisions which relate to manufacturing processes carried on during a 6 weeks' period dating from July 17, 1941. Section (b) of the new order says:

Any other provision of this order to the contrary notwithstanding, for a period of six weeks, commencing July 17, 1941, work on orders or contracts which are in actual production on July 17, 1941, may be continued by a manufacturer in accordance with existing production schedules, and deliveries of such cutting tools, as defined herein, as have been completed either prior to or during said six weeks period, may be made during said period by a manufacturer or distributor to fill orders or contracts on hand on, or prior to, July 17, 1941, without regard, in either event, to preference ratings assigned to, or delivery dates specified in, any orders or contracts during said period. Provided, however, that nothing in this paragraph shall apply to work on, or deliveries under, orders or contracts which, at any time, have been, or are, assigned an AA preference rating.

The cutting tools order was issued because of a shortage of these tools vital for defense work. It provided that, in general, defense orders are assigned a preference rating of A-10 unless higher preferences have been specifically awarded.

The general purpose of the order is to make sure that defense needs for cutting tools are filled ahead of nondefense needs.

Blanket preferences applied to locomotive building, repair

To alleviate problems caused by a serious shortage of locomotives, the Priorities Division issued July 21 two blanket preference rating orders which will facilitate both the construction of locomotives and their repair.

A preference rating of A-3 will be granted to an initial list of ten locomotive builders and also to about 60 repair plants.

The two orders are similar in form to the blanket preference rating already granted to freight-car builders. One of the new orders grants a rating for delivery of material entering into the repair and rebuilding of steam, electric or Diesel locomotives, whether for railroad, mining or industrial use. The other order grants a rating for delivery of materials entering into the construction of specified locomotives now scheduled by the builders.

Each producer or supplier granted the use of the new rating, may apply it to deliveries of material entering into construction or repairs by executing a copy of the appropriate order and serving it on his suppliers.

After the rating has been applied the first time, additional orders may be covered merely by citation of the rating granted originally.

Courses to be held for priorities specialists

Priorities Director Stettinius announced July 24 that the Priorities Division will hold a series of training courses during the next several months for business and industrial priorities specialists.

These meetings will be open to officials appointed by their companies or trade groups. A number of plants recently have appointed members of their staffs to specialize on priorities problems.

More than 150 priorities specialists from the steel industry attended the first training clinic on July 18, heard members of the Priorities Division staff explain procedure, and took part in round table discussions on problems which have arisen in their field.

Steel industry committee holds first meeting

Formation of an enlarged steel defense industry advisory committee of fifteen was announced July 22 by the Bureau of Clearance of Defense Industry Advisory Committees, OPM.

First meeting of the committee was held in the Board Room of OPM, July 23.

The steel industry defense advisory committee was established by OPM to advise and consult with A. D. Whiteside of the Division of Production, who has been designated Government presiding officer of the committee.

Copper regulations clarified

Priorities Director Stettinius announced July 21 that General Metals Order No. 1 has been amended to exempt from its provisions copper-base alloys in which the percentage of copper, by weight, equals or exceeds the percentage of all other metals.

The amendment was made necessary because inventory control of such copper-base alloys is already provided for in the order providing industry-wide control on copper, copper products, and copper-base alloys.
AGRICULTURE . . . (Information furnished through Office of Agricultural Defense Relations, U. S. Department of Agriculture)

Food a strong weapon, Townsend tells farmers; warns priorities will pinch

In two addresses, Director M. Clifford Townsend of the Office of Agricultural Defense Relations, last week outlined agriculture's place in the defense picture and warned the Nation's farmers that they face all of the disturbances to be expected in a "wartime" economy.

Before the Mid-West Training School, American Farm Bureau Federation, University of Illinois, on July 21, Director Townsend called for all-out production of the food products needed by Great Britain. Two days later, before the International Baby Chick Association, meeting in Kansas City, Mo., he urged cooperation against the pinch of priorities.

"Food is a defense weapon" Excerpts from the Training School talk: "The food-for-defense program is a part—one of the most important parts—of our all-out defense effort. Food is a defense weapon, one of the strongest we have. Without food Britain and the other nations resisting aggression cannot continue to stand between the United States and the Hitler menace. "This is not a stage where a continent can be isolated from war. War is not fought by guns alone but by political and economic infiltration, by sudden, lighting movements that strike without warning, by attacks upon the nerves of a nation. "You and I, as farmers, know what it means to be protected against sudden dangers. If a great grass fire is raging all around our farm, we don't sit back on our porch chairs and scoff at the danger. We dig ditches. We draw our water in buckets. We organize our folks to stand guard.

"The fire is raging around us today, and you and I here in the Middle West are just as deeply concerned in the outcome as the British farmer who is trying to till his soil between raids."

Before the International Baby Chick Association, Director Townsend declared that in order to produce the food needed for this country and Great Britain "agriculture must have the equipment, implements and services to carry out its work."

Receive cooperation on priorities

Other excerpts: "One of the most important jobs of the Office of Agricultural Defense Relations has been to present agriculture's case before the defense officials who are responsible for granting priorities for metals, chemicals, and other strategic materials. We soon discovered that this was largely a matter of understanding, and as soon as the priorities officials understood why agriculture needed certain things, we received the fullest sympathy and cooperation. "This sympathetic attitude does not mean that we can expect to get for agriculture everything we want or need.

Bigger output of soy protein sought to replace casein reduced by food demand

Because of defense needs for adhesives the Department of Agriculture is exploring the possibility of increasing commercial production of soybean protein by utilization of a process developed by Department chemists. The objective is to obtain sufficient supplies of soybean protein to make up for growing shortages of casein, an adhesive necessary to defense industries and housing.

Department chemists state that the adhesive qualities of the soybean protein are fully equivalent to casein. The chemists began working on the problem of extracting the protein from soybeans in a commercially practicable fashion more than 4 years ago in the Soybean Research Laboratory of the United States Department of Agriculture at Urbana, Ill.

Food demand reduces casein supply

Because casein is a milk derivative its production is limited and is becoming progressively more limited by the increased demand for milk in edible form under the food-for-defense program and the Lend-Lease Act. For this reason the Office of Agricultural Defense Relations has made arrangements for the Soybean Research Laboratory to study the possibilities of increased production of soybean protein.

It is estimated that 10,000 tons of soybean protein will be required annually on the basis of present needs to make up for casein shortages. This is three to four times the amount now being produced.

Soybean protein can be substituted for casein as an adhesive with only small differences in the final results. The paper-coating industry furnishes an outlet for about three-quarters of the casein consumed. Large quantities are also used in the manufacture of plywood, plastics, water paints, paper sizing, leather finishes, and insecticide sprays.

Soy protein superior in some respects

Soybean protein is considered an equivalent to casein in all of these uses. On the other hand, it has been discovered by the Department that soybean protein possesses some properties superior to those of casein.

Only one plant is now producing a refined soybean protein. This plant has made use of processes developed by the soybean laboratory. Two other companies have plans for building factories under serious consideration. One already has built a pilot plant.

In addition to its qualities as an equivalent for casein, new uses have been developed for soybean protein which are not in competition with casein. Furthermore, it is expected that other new uses will be developed for proteins like casein and soybean, thus increasing the total tonnage consumed by industry. In this way it is expected that when the present defense emergency is over there will be room for both casein and increased supplies of soybean protein.

Priorities and rationing, which may be expected to increase greatly as our defense program develops, are already affecting poultry equipment, milking equipment, fencing, steel grain bins, tractors and some farm machinery.

Must face shortages

"Nitrates, the basis for explosives as well as for fertilizers, may be affected soon. Other chemicals and drugs for insecticides, fungicides, and disinfectants are likely to be short. The shortage of farm labor, the increased cost of things farmers buy, and all of the other things that make up a wartime economy must be faced by farmers planning for the future."
Power coordinator discusses steps to meet defense need, and their effects on public

In his July 21 press conference, J. A. Krug, who heads the new power unit of OPM, outlined the methods by which enough electricity will be obtained for defense, and answered questions about the effects of the program on the public. He summarized the problems and measures to meet them in a statement, which follows in part:

The problem of providing an adequate power supply for defense has two principal aspects. First, we must, of course, make certain that generating capacity is installed and defense plants are completed. Aluminum and magnesium plants, so vital in the nation's defense effort, can be constructed in from 6 to 12 months. The installation of economic generating facilities, whether steam or hydro, requires a much longer period—18 to 30 months with the present schedule of deliveries. Interim requirements for defense power can be met only by power pooling and the maximum use of reserves, supplemented in some areas by curtailment of nonessential uses. The construction of interconnecting transmission lines must be accelerated to permit transfer and use of temporary local surpluses and to facilitate operation with the minimum of generating station reserves. The day of emergency is here.

More needed at once

More power is needed, and needed at once. It takes much longer to build an electric generating station than almost any of the industrial plants needed in the defense program. Power supply must be found for defense plants as soon as they are completed. Aluminum and magnesium plants, so vital in the nation's defense effort, can be constructed in from 6 to 12 months. The installation of economical generating facilities, whether steam or hydro, requires a much longer period—18 to 30 months with the present schedule of deliveries. Interim requirements for defense power can be met only by power pooling and the maximum use of reserves, supplemented in some areas by curtailment of nonessential uses. The construction of interconnecting transmission lines must be accelerated to permit transfer and use of temporary local surpluses and to facilitate operation with the minimum of generating station reserves. The day of emergency is here.

Under the new form of organization in the Office of Production Management, electric utilities, whether privately or publicly owned, will be able to obtain full consideration of their equipment priorities problems from a single division and obtain a decision which is final and comprehensive.

Everything will be done (a) to make available coordinated projections of defense loads by areas; (b) to develop specific plans for an adequate power supply to meet both defense and civilian power requirements; and (c) to develop a practical plan for power priorities, both as to equipment and as to available power supply, so that the demands of the emergency may be met without delays and without unreasonable dislocation of nondefense activities.

How a pool works

The power program was discussed further at the press conference. The opening remarks in the following excerpts refer to the operation of power pools:

Q. Who would administer a power pool?
A. Under the schemes we have in mind now, it is not necessary that anyone administer the entire pool. Utilities desiring power can effect the desired result by voluntary arrangements with the other systems in the pool, but if you get into a conflict where, let's assume that the Aluminum Co. needed more power at Alcoa than the systems that are interconnected would be willing to transfer to Alcoa, then somebody would have to order the systems to transfer into Alcoa the power that was needed, and the FPC has the authority to do it under its Act, and I think the OPM has the authority to do that under some of the general defense acts.

Power priorities depend on Nature

Q. Your statement says here, "The OPM hopes to develop a practical plan for power priorities." Do you think that power priorities will be needed in the next year or two?
A. Well, it is very difficult to give a point-blank answer to that because it depends in considerable part on how kind Mother Nature is. If we get sufficient rainfall throughout the country so that hydroelectric projects, instead of being limited to their primary power level, have surpluses, it probably will not be necessary. On the other hand, if we experience another period of drought such as the past 6 months, I think it is extremely probable that priorities on the use of power will be necessary.

Q. Mr. Krug, did I understand you to mean—coming back to power priorities—that we won't have them for a while? You don't intend to ration power any further than it has been done in order to create a reserve?
A. You are going to have rationing of power just as soon as you have a reduction of primary power levels on all of the hydro systems of the country, because right now those systems are carrying a lot of defense load that heretofore has been content with part-time hydro power. For example, aluminum production, just in the nature of things, has always used large amounts of secondary power. They build up a stock pile and they have power, and they draw on the stock pile, and they don't have the power, but now when the need is here for all of the aluminum production power capacity we have all the time, you must find continuous power, and that means that when the secondary power disappears it must take the primary power from some other use, and that was done
July 29, 1941

★ DEFENSE ★

recently in the southeast for several months, although now, very generous rains in July have temporarily relieved it.

A-1-b rating for materials
Q. Is there any problem in getting the necessary material? I am thinking of copper particularly.
A. Yes; copper is extremely short, and we have been trying to plan these lines, keeping in mind the necessity of using minimum quantities of copper, and for that reason some lines that probably would be desirable have been excluded, hoping that we can get by at least for the present with the minimum setup.

Q. Is it fair to assume that any interconnection line built in response to this pooling arrangement by FPC order will be given a priority there?
A. Yes, all of the interconnections that the FPC ordered in the southeast were given an "A-1-b" rating, which is an extremely high priority for a utility.

Q. New generating plants may come into that?
A. Yes.

Jurisdiction
Q. Mr. Krug, what jurisdiction, or relationship will this new power unit have over the FPC power expansion program, now, precisely? I am not quite sure as to the—
A. Well, the OPM has control of priorities and equipment.
Q. Yes.
A. And will have to make certain that defense needs are given foremost consideration. We expect no difficulty whatever in working with the Federal Power Commission on the best locations to put all of the new installations, because I find they are as anxious to take into account the needs of defense as we are.

Proposed new plants
Q. Now, they got out a long list of proposed new locations last week.
A. Yes; they did. You will recall they made clear in those statements that they were subject to change and tentative, and would clear with us to make certain that no units were located pursuant to that program that were conflicting.

Question of civilian curtailment
Q. Is there any immediate possibility that amusement centers, such as movie theatres, might have to curtail operations in the Southeast?
A. I don't think so.
Q. Is there any future possibility of that? Just what is the situation on that?
A. Well, in the Southeast, as to just what activities will be curtailed, considerable has been done, and they have worked out a rather elaborate system of conserving power which, so far, does not take into account any reduction in the operation of the motion picture theatres, except reducing the differential on air conditioning.
Q. And they have no immediate danger of power shortage?
A. No.

Operation in Southeast
Q. Mr. Krug, here you speak about plans to minimize nonessential uses, and for fair and intelligent rationing of power. Could you give any indication of how those plans conceivably might operate if you find it necessary to put them into effect?
A. I can give you an outline of how they have worked out in the Southeast, if that is what you have in mind. There they announced the program, first, for each class of customer, residential, commercial and industrial, and the first step was just cutting out nonessential uses. The second step was to ask for a specific quota from each class, and, to take commercial customers for example, that required that stores would turn off, or leave off rather, all window lighting and all display lighting, all signs, curtail elevator service and things of that kind. The industries were asked to scale down by a blank percentage over some preceding level.

How rationing would work
Q. What about rationing?
A. Well now, if you are rationing you just have to order that done; in other words, you would have to say, "All industries, except the following, shall cut as of this date, as to some percentage of their previous consumption."

FPC offers detailed plan for defense power to care for needs in years 1943-46

The Federal Power Commission's plan referred to in Mr. Krug's press conference was submitted to President Roosevelt July 16. Some 180 steam-electric and hydroelectric projects throughout the country, listed by location, capacity to be installed and year to be completed, were proposed to provide adequate power for defense in 1943, 1944, 1945, and 1946. The Commission summarized its plan as follows:

1. Orders should be prepared for steam and hydro turbine generators sufficient to assure for the next 5 years continuous capacity operation of the portion of the electrical equipment factories reserved for manufacture of commercial generator units. Financial commitment should be made immediately for units to be completed in 1943 or 1944.

2. The resulting annual production of approximately 2,500,000 kilowatts of new steam and 1,000,000 kilowatts of new hydro generating station units will make possible orderly priority arrangements. It will assure power supply for the maximum defense effort as presently conceived, assuming approximately 20 percent displacement of normal loads.

3. The orders should be based on the Commission's detailed program for the location of new capacity, subject to modifications dictated by the Office of Production Management's program of defense production.

Financial responsibility on RFC
4. Responsibility for the placing and financing of these orders should be assumed by the Government through a subsidiary financed by the Reconstruction Finance Corporation, acting upon recommendation of the Federal Power Commission. Utilities, whether publicly or privately owned, should be given an opportunity to undertake the commitment, either directly or on a lease purchase basis, for any unit or units which will be provided for their respective systems. The Commission should be authorized to supervise the plan and to make such arrangements for transfer of generating units to the systems as the situation may require.

5. The United States Corps of Engineers, the Bureau of Reclamation, the Tennessee Valley Authority and such other agencies as are concerned should construct a series of river basin projects, calling for installation of approximately 1,000,000 kilowatts a year, in accordance with the program and schedule prepared by the Federal Power Commission on the basis of the regional needs of the defense program.
Prices and Civilian Supplies

Fair rent committees formed in 21 cities; OPACS urges quick action to head off rise

Organization of fair rent committees in 21 municipalities in 10 States was announced July 23 by the rent section of the Office of Price Administration and Civilian Supply as part of a campaign to stabilize rents in defense areas throughout the country.

The committees, headed by outstanding citizens of the communities, give full representation to all sides of the rent question. Their formation in every defense area where exorbitant increases in rents have accompanied housing shortages is encouraged and guided by the OPACS rent section, both by printed instructions as to procedure and by field staff prepared to render first-hand assistance within the areas themselves.

Leadership in the campaign thus far has been taken by citizens in Wilmington, N. C.; South Bend, Ind.; San Diego, Calif.; Newport News, Norfolk, Portsmouth, Hampton, and Virginia Beach, Va.; Ravenna and Warren, Ohio; Pontiac, Mich.; Alexandria, La.; Columbus, Ga.; Mobile, Sylacauga, and Talladega, Ala.; and Hartford, New London, Groton, Waterbury, and Bristol, Conn. Additional fair rent committees are being organized in other defense areas.

Quick action urged to head off rise

Surveys now being conducted by Federal research agencies at request of the OPACS rent section and thousands of letters of complaint show that rapid rises in rents are under way in more than 100 defense areas. Quick action to head off this trend is urged by the OPACS rent section. Designation of fair rent committees, ably led, guided by OPACS and backed by the full force of public opinion and the local press is the method by which local authorities can curb rent profiteering.

OPACS recommends that fair rent committees be independent bodies, appointed by the mayor, some other responsible municipal authority or the chairman of a local defense council. Membership should be confined to citizens having the confidence of all groups in the community.

Consultants such as the local sanitary officer or building inspector, or both, the local welfare authorities, and a representative of the homes registration office of the Division of Defense Housing Coordination where such offices operate, should be available to the committees. Municipal authorities and local branches of Governmental agencies (National Youth Administration, Work Projects Administration, etc.) are providing clerical and technical assistance.

Should determine “fair rent date”

Upon its organization, a fair rent committee should determine a “fair rent date,” that is, a date on which local rents had not yet been affected seriously by defense activities. Tenants, roomers, and lodgers should be invited to file specific complaints against increases with the committee. Given evidence of profiteering, the committee should summon the landlord and complainant to appear for a hearing of the case. The committee’s decision should be communicated to the landlord and the latter asked to state his position.

In event of compliance, no further action will be necessary, but if the landlord rejects the committee’s conclusions, full publicity may be given to all facts in the case.

By agreement with OPACS, the Division of Defense Housing Coordination will refrain from registering at its homes registration offices any dwelling unit or room the rent for which has been declared unfair by a fair rent committee.

Should keep press informed

Headquarters, accessible to tenants and landlords, are an important operating feature. The local press should be kept completely informed on complaints and actions.

Commenting on the fair rent program, OPACS Administrator Henderson stated:

“The importance of rent stabilization to the national defense program has been recognized by President Roosevelt in his Executive order establishing the Office of Price Administration and Civilian Supply. Pressure for effective action has been increasing as the defense program progresses.

Rent profiteering a serious offense

“Profiteering in rents in the present state of unlimited national emergency is a serious offense against the Nation’s welfare. By placing an unwarranted and distressing burden upon defense workers, families of enlisted men, civilian personnel of military establishments and civilian residents of defense areas, the profiteering landlord not only adds to family costs of living, but contributes to price inflation. This is a catastrophe that every thoughtful American agrees must be averted by whatever means may be required.”

Organizing bulletins offered

The OPACS rent section and its field staffs emphasize their readiness to give immediate attention and support to citizens in defense areas anxious to organize fair rent committees. Two bulletins outlining organization procedure and containing detailed operating outlines are available upon request at OPACS’ offices in Washington, D. C.

Materials allocated for bimetal temperature control devices

Adequate supplies of the variety of metals needed for the manufacture of thermostatic bimetal, used in temperature control devices, was assured July 22 through a limited allocation program announced by the Civilian Supply Allocation Division of OPACS.

Temperature control devices are essential to the manufacturing processes of many industries and have numerous civilian uses, such as for some types of thermostats in home-heating plants.

Ten metals affected

The program directs that the following metals in the quantities stated be allocated monthly to manufacturers of thermostatic bimetal and that, where necessary, the highest civilian preference rating be assigned to such orders:

- Nickel, 14.4 short tons; iron, 43.8 short tons; silicon bronze, 9.6 short tons; muntz metal, 2.7 short tons; chromium, 1,320 pounds; manganese, 600 pounds; aluminum, 75 pounds; cobalt, 75 pounds; copper, 300 pounds; and zinc, 210 pounds.

The program, unless sooner terminated, will expire October 19, 1941, and will be administered by the Office of Production Management.
Henderson urges bakers to reduce operating costs rather than raise prices

Recommendation that bakers offset higher ingredient costs by reducing operating expenses, rather than by raising the price of bread, was made in a letter sent July 21 to over 250 leading bakers by OPACS Administrator Henderson.

By reducing the percentage of stale returns, using less expensive wrappers and cutting selling expenses, the letter said, costs of operation can be lowered in many instances. In addition, expanding purchasing power of consumers should act to increase sales of bread and, hence, make for lower unit costs.

Ingredients up one-half cent a loaf

Ingredient costs to bakers have risen roughly about one-half cent per pound loaf, according to information gathered by OPACS. In large part, this reflects increased flour costs resulting from legislation recently enacted by Congress providing for mandatory price-supporting loans to cooperating farmers equal to an average of 98 cents per bushel on wheat, compared with last year's loan rate of 64 cents. Higher labor costs in some localities have added further to bakers' operating expenses.

Recognizes local difficulties

There are a few localities where higher costs cannot be absorbed by operating economies, the letter recognizes, and for that reason bakers who find themselves in such situations are no longer being requested to consult with OPACS before making price adjustments.

"However," Mr. Henderson said, "since average ingredient costs have risen only about half a cent a loaf, fractional increases in the selling price would be more in line with cost changes than would increases of a full cent. In no locality does it appear that an increase of more than one cent would be warranted."

OPACS will continue its efforts to prevent unnecessary increases in bread prices and believes these efforts will be successful with the continued cooperation of the baking industry.

Materials for scientific apparatus and hearing-aids allocated to manufacturers

Makers of scientific apparatus and devices to aid hearing were assured supplies of essential manufacturing materials in preference over other civilian requirements through allocation programs promulgated July 24 by the Civilian Supply Allocation Division, OPACS.

In addition to its importance to the defense effort, scientific apparatus, such as optical, precision, testing and control instruments, is necessary to the maintenance of efficiency in civilian industry, as well as to civilian morale.

Defense priorities have impeded flow

In many cases, it is impossible to differentiate between the application of such apparatus to the defense program and to civilian pursuits. Increasingly heavy demands from all sources and priorities granted to satisfy defense requirements have acted to hinder the flow of needed materials to plants making scientific apparatus. The allocation program is designed to correct this situation.

A similar difficulty in obtaining supplies is cited in the program to assist the manufacturers of devices to aid hearing. Without this program, which covers materials needed to make, maintain, and repair hearing-aid equipment, the continued functioning of an industry essential to industrial efficiency and civilian morale may become impossible.

Both programs will be administered by the Priorities Division, OPM.

Dr. Joel Dean added to Price staff

Dr. Joel Dean, assistant professor in the school of business at the University of Chicago, was appointed last week price executive in charge of industrial machinery, Price Division, OPACS.

Dr. Dean is an industrial engineer and was formerly connected with McKinsey-Wellington & Co., an industrial engineering concern.

Appointment of Albert A. Thornbrough was also announced.

Mr. Thornbrough will specialize in the field of agricultural machinery and equipment in the heavy machinery section under Dr. Dean.

Farm machinery given highest civilian preference

A civilian allocation program providing that manufacturers of farm machinery and equipment be given the "highest civilian preference rating" for materials to be delivered during August, September, and October, was issued July 23 by OPACS Administrator Henderson.

Material shortages, principally in steel farm machinery, already are threatening the current rate of production of certain types of farm equipment, according to information developed at a meeting July 24 between representatives of leading farm implement manufacturers and the OPACS Civilian Allocation Division.

Initial approach to solution of this problem has been made by OPACS thru the allocation program.

The program is designed to insure an adequate supply of raw materials for manufacture of farm machinery needed for maintenance of the Nation's food supply and to avoid working a hardship on the country's farmers.

The program, which is to be administered by the Priorities Division of OPM, provides that the quantity of materials to be delivered for the manufacture of farm machinery during the next 3 months shall not amount to more than 20 percent above the quantity used in corresponding 3 months of 1939 or 1940, whichever was higher. The program also provides that the preferences granted shall not be used to accumulate inventories.

Furthermore, manufacturers are required to conserve critical materials and to plan production schedules in accordance with the national need for different kinds of farm equipment. The program provides that manufacturers, in submitting requests for priority ratings, must attach statements of how they intend to comply with the conservation and production scheduling requirements.

Because the situation in raw materials is likely to deteriorate further, rather than improve over the next 3 months, farm implement makers were urged by OPACS to make every effort to stimulate the maintenance and repair of existing equipment and to employ substitutes in their manufacturing processes wherever possible.

During the 3 months covered by the allocation program, OPACS, with the assistance of the industry and the Department of Agriculture, will undertake a survey of the situation.
President tells volunteer committee to interpret defense policies to people

Members of the Volunteer Participation Committee of the Office of Civilian Defense, named last week by President Roosevelt, met Thursday, July 24, at the White House on the invitation of Mrs. Eleanor Roosevelt. Mayor F. H. LaGuardia, Director of the Office of Civilian Defense, presided at the day-long conference.

Members of the committee were addressed by President Roosevelt at a preliminary session. The President explained that he expected the committee members to interpret the Administration's defense policies to the people in their respective areas. Mr. Roosevelt said he was not concerned with the formalities of procedure but that he expected results from the members of the committee and that he would hold them accountable.

Committee functions

Mayor LaGuardia outlined the functions of the committee as follows:

To act in an advisory capacity to the Office of Civilian Defense in formulating policies affecting volunteer participation; to act, within their respective areas, in advising the regional directors of the Office of Civilian Defense in formulating policies governing civilian participation in their respective regions.

Members of the committee heard addresses by Mrs. Roosevelt; Dr. George Baehr, Chief Medical Officer of the Office of Civilian Defense; Mrs. Anna Rosenberg, of the committee; and Paul V. McNutt, Coordinator. Mayor LaGuardia outlined the functions of the committee members that the functions of the Office of Civilian Defense were divided as follows:

1. A Board for Civilian Protection representing Federal, State, and local governmental agencies, charged with the responsibility of planning measures designed to afford adequate protection of life and property in the event of emergency.

2. A Volunteer Participation Committee, composed of forty-five persons, five from each of the nine regional civilian defense areas which are coterminous with the War Department Corps Areas. This committee is to advise the U. S. Director of Civilian Defense in the development of plans and activities designed to sustain national morale and to provide opportunities for constructive civilian participation in the defense program.

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Have no administrative authority

While these advisory bodies are to assist in the development of plans and programs for the Office of Civilian Defense, they are not charged directly with administrative responsibility. The administrative authority in the development of the program resides—first, in the U. S. Director of Civilian Defense; secondly, in the regional directors of Civilian Defense, appointed by him, of whom there are nine, one assigned as director of each of the nine regional civilian defense areas. The regional civilian defense areas are the first contact of the national office in the field with the States and, normally, through the States, with localities.

The Volunteer Participation Committee will serve at the national level to advise the U. S. Director of Civilian Defense in the formulation of policies. Within their own regions they will function in a similar capacity with the regional directors. As specific programs which require use of volunteers are developed by the national office, they will be made available through the regional directors to the States and to the localities. These plans will include programs for the training and use of volunteers in connection with such civilian protection enterprises as police and fire auxiliaries, emergency medical services, training of air-raid wardens, and the like. They will also include programs having to do with giving to citizens generally an understanding of the entire defense effort, the creation of opportunities for every man and woman and child to participate constructively in the defense program, and the sustaining of national morale. The use of these programs in any given community will have to be determined by the civilian defense leaders of the community in the light of local conditions. In making the determination of emphasis on programs in any region, members of the Volunteer Participation Committee can be particularly helpful.

Much expected of committee members

Ordinarily the members of the Volunteer Participation Committee will act on the call of the regional director of the area to which they are assigned. However, each member also has a responsibility to the U. S. Director of Civilian Defense to keep in touch with the activities in his area; to assist in the coordination of regional effort; and to keep the regional and national office informed of plans developed and progress made.

Mayor LaGuardia said he expects from each member of the Volunteer Participation Committee reports on local conditions and suggestions.

OFFICE FOR EMERGENCY MANAGEMENT

Wayne Cot, Liaison Officer

Information Division: Robert W. Hinton, Director.

National Defense Mediation Board: Wm. H. Davis, Chairman.

Office of Scientific Research and Development: Dr. Vannevar Bush, Director.


Office of Price Administration and Civilian Supply: Louis Henderson, Administrator.

Consumer Division: In charge of Harriet Elliott, Associate OPAC's Administrator.

Transportation Division of the Advisory Commission: Ralph Budd, Commissioner.

OFFICE OF PRODUCTION MANAGEMENT:

William E. Knudsen, Director General.

Sidney Hillman, Associate Director General.

General Counsel, John O'Brien.

Production Division: John D. Bigger, Director.

Purchases Division: Donald M. Nelson, Director.

Research and Statistics Bureau: Stacy McN. Chief.

Labor Division: Sidney Hillman, Director.

Research and Statistics Bureau: Stacy McN. Chief.

W. A. Government Printing Office: 1941