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DEFENSE
OFFICIAL WEEKLY BULLETIN OF DEFENSE AGENCIES IN THE OFFICE FOR EMERGENCY MANAGEMENT
WASHINGTON, D. C. SEPTEMBER 16, 1941 VOLUME 2, NUMBER 37

DEFENSE PROGRESS

MANPOWER
United States Army, Sept. 11...... 1,587,190
Navy and Marine Corps, Sept. 1...... 362,678
Nonagricultural workers, July...... 30,241,000
Percent increase since June 1940...... 10.8
Sixteen defense industries, July...... 2,344,000
Percent increase since June 1940...... 63.8

FINANCIAL PROGRAM
June 1940-September 12, 1941 (Preliminary)
Authorized program $66,536,000,000
Army $24,697,000,000
Navy $16,978,000,000
Lend-Lease $7,000,000,000
Maritime Commission $2,494,000,000
R. F. C. and subsidiaries $3,240,000,000
Other agencies $2,217,000,000
Foreign orders in U. S. $3,674,000,000

DISBURSEMENTS
Total, April 1940 to August 1941...... 9,282,000,000
August 1941...... 1,172,000,000
July 1941...... 1,070,000,000
July 1940...... 170,000,000

PRODUCTION
July 1940-August 31, 1941 (Estimated)
Paid on contracts only $67,272,000,000
Military aircraft in August...... 1,894
Combat vessels in August...... 7
Merchant ships in August...... 2

LABOR DISPUTES
Week ended September 6
Significant defense strikes in progress during week...... 6
Number settled...... 2
March 27, 1941-September 12, 1941
Cases certified to Mediation Board...... 77
Agreements reached...... 70
Cases not in jurisdiction...... 1
Cases pending Sept. 12...... 6
Strikes postponed...... 3
On strike...... 3

DEFENSE HOUSING
As of September 6, 1941
Housing units allocated...... 126,390
Units...... 66,826
Completed for use...... 40,436

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DOLLARS FOR DEFENSE
JUNE 1940 THROUGH AUG. 1941

Each disc = 2 billion dollars of Appropriations, Contract
and R. F. C. Commitments.
Review of the Week in Defense

Less than 2 weeks old, the Supply Priorities and Allocations Board on September 10 ordered the long-range planning, under its unified authority, of all military, civilian, and lend-lease needs. To Donald Nelson, executive director of the Board, was delegated the task of organizing the detailed lists of requirements, to be broken down into schedules of men, machines and materials necessary to produce the lot.

On the same day, SPAB laid down a line between civilian and vital defense manufacture. In temporarily derving steel-consuming expansion for a plant to make plastics, the Board indicated that more productive capacity for purely civilian demand cannot be undertaken now at the expense of materials critically needed in the armament effort.

Priorities jam broken

Over his second week-end as Director of Priorities (September 6 and 7) Mr. Nelson moved in with a corps of correspondence experts and broke a long-standing log jam. After his staff had answered thousands of letters, and cleared thousands of pending applications by stamping them with preference ratings, he announced that all ordinary pleas and inquiries in the future would be handled within 48 hours.

In subsequent action, the Priorities Director established the stamp method of rating as valid for future use, and took advantage of authority granted by Congress to make all preferences mandatory.

Help for industrial repairs

The Priorities Division also announced a streamlined plan to grant priority assistance for repairs in 20 classes of essential industries; took action to keep airlines operating efficiently; simplified the administration of the motortruck order of August 30; gave aid to makers of welding equipment; extended the regulation of cotton linters until July 31, 1942; and released, under certain conditions, raw silk unbaled by August 2.

Field offices get shopping list

Continuing the effort to spread defense work to all possible factories, OPM gave field offices in 39 cities a “shopping list” to inform prospective contractors and subcontractors of items wanted by the Army Ordnance Department.

The search for materials was broadened when OPM asked major users of alloy steels to report their methods of segregating scrap to avoid loss of vital alloying elements. OPM also extended the campaign for immediate junking of derelict automobiles into six more States, and, in conjunction with the Office of Price Administration, opened in five additional cities, the drive to conserve waste paper needed to make containers for defense products.

Top price on hard coal

OPA set a top price on hard coal at the mine, announced a ceiling reducing prices on upper grades of Douglas fir lumber, revised and clarified its price schedule for nickel-bearing scrap, and issued a new schedule for hides to prevent the selling of low grades at the top figure.

The Division of Civilian Supply obtained the cooperation of the distillers’ advisory committee to conserve materials, and arranged with the wood case lead pencil industry a voluntary program to save 350,000 pounds of brass in tips and clips.

In view of charges that lend-lease steel was being exported in competition with American products, the iron and steel defense industry advisory committee examined a confidential memorandum of the British purchasing commission and announced satisfaction that the steel is being used in a fair, effective, and proper manner.

Combating labor dislocations

Associate Director General Hillman informed Great Lakes shipbuilding companies and unions that the basic pay rate for that zone, completing shipyard labor stabilization for the Nation, is now in effect. The Labor Division held labor-management conferences in Kenosha, Wis., and Paterson, N. J., for the relief of “priority” employment. Governor Edison of New Jersey issued a proclamation calling on all State, company, and union officials to cooperate with OPM in the effort.

The National Defense Mediation Board, in the week ended September 13, obtained agreements in two labor disputes, received certification of one new case, and opened hearings on the issues between the Alabama coal operators and the United Mine Workers.

“Extra 15 minutes a day”

In a radio address scheduled for Monday night, Director General Knudsen urged that every American give at least an extra 15 minutes a day to his job.

Transportation Commissioner Ralph Budd notified the Nation’s shippers and receivers that the railroads apparently will be 200,000 cars short of their goal for the approaching peak season, and asked heavier loading and quicker unloading to compensate.

Defense Housing Coordinator Charles F. Palmer announced that 1,378 defense homes were completed in the week ended September 6.

Meanwhile, the stars locked down on darkened mountains and mesa as the New Mexico Council of Defense conducted the Nation’s first State-wide test blackout.

Automotive Meeting

Members of the automotive defense industry advisory committee were scheduled to meet with representatives of the Office of Production Management and other interested Government agencies, September 15, to discuss passenger-car production quotas for December.

At a similar meeting August 21, the industry was advised that passenger-car production would be curtailed 26 ½ percent during August, September, October, and November, and progressively more in subsequent months. It was announced at that time that the quota for an additional month would be announced on the fifteenth of each month thereafter.
SPAB orders detailed advance compilation of all U. S. military and civilian needs to schedule men, machines, and material

Detailed planning of America's defense program on a basis of accurate, coordinated knowledge of all of the Nation's requirements, both military and civilian, was launched September 10 by the Supply Priorities and Allocations Board.

In a move which struck directly at the allied problems of shortages of essential materials and expansion of productive facilities, SPAB ordered compilation of full schedules of both military and civilian requirements as far in advance as possible.

Nelson to have charge

It instructed Donald M. Nelson, executive director, to compile and organize those schedules.

The compiling of the Nation's requirement schedules will call for action on two levels:

1. A detailed outlining of both civilian and military needs, including procurement schedules for Army, Navy, and Air Forces items, and including also such goods as are to go abroad under the Lend-Lease and Defense Aid programs.

2. Both the military production schedules and the statements of civilian requirements are to be broken down into schedules of the raw materials, labor and machinery needed for their production.

Single authority to avert confusion

In calling for this long-range, all-inclusive survey of the Nation's total needs under the defense program, SPAB followed the view that there must be one authority to develop the official requirement figures on both levels, holding that there would be confusion otherwise, because the several parts of the requirement picture must be developed by separate agencies.

Plastics plant's expansion is refused temporarily to save materials for defense

The Supply Priorities and Allocations Board indicated September 10 that expansion of productive capacity to meet purely civilian demand cannot be undertaken at this time if the expansion would require the use of large quantities of material critically needed for defense.

This policy was established by SPAB in the temporary denial of proposal to expand the plant of the Tennessee Eastman Corporation at Kingsport, Tenn., manufacturer of plastics.

Although construction of this plant would have provided plastics said to be capable of replacing 8,000,000 pounds of aluminum, 18,000,000 pounds of chrome nickel-plated steel, 6,000,000 pounds of stainless steel, and 34,000,000 pounds of zinc, the Board held that its immediate construction was not advisable for these reasons—

1. Building of the plant would have required the use of large amounts of various critical materials, including stainless steel, which is inadvisable in view of "an expected early winter increase in the demand for nickel for armor plate and ordnance items."

2. Hundreds of similar applications are on hand, and no single one can properly be granted until it is known how much of a drain on scarce materials would be involved in granting all of them.

Program to save brass initiated at pencil meeting

A simplification and conservation program designed to bring about an initial saving of approximately 350,000 pounds of brass a year was initiated on a voluntary basis September 10 at a meeting of the advisory committee of the wood case lead pencil industry with representatives of the Division of Civilian Supply.

Brass, one of the metals most vitally needed in the national defense program, is used in the manufacture of tips and clips for lead pencils.

The advisory committee set up tentative subcommittees on simplification and conservation, manufacturing and public relations.

Lake shipbuilding standards in effect, Hillman announces

Associate Director General Hillman, OPM, in a letter September 11 notified Great Lakes shipbuilding companies and shipbuilding unions that the zone labor standards, including a basic pay rate of $1.12 an hour for standard skilled mechanics, is effective, retroactive to June 2, 1941.

Hillman's letter said that OPM has been notified of the approval of the standards by both employers and the labor organizations concerned. The Great Lakes Metal Trades Council, AFL, formally ratified the standards and the Industrial Union of Marine and Shipbuilding Workers, CIO, approved the formal announcement of the standards' effectiveness.

The Navy and the Maritime Commission also have approved the Great Lakes standards. Similar standards are effective already in the other three shipbuilding regions of the country.

At least nine sizable private shipyards in the Great Lake area will be affected, according to Government figures which show Navy and commercial shipbuilding under way in yards at Cleveland, (2); Manitowoc, Wis. (2); Superior, Wis.; Bay City, Mich., Chicago, South Chicago, Ill.; and Sturgeon Bay, Wis.

Steel preference for containers applies to all industries

The Office of Production Management announced September 11 that the priority rating recently granted to manufacturers of steel shipping containers for the months of September and October makes steel available for the manufacture of containers for all industries which normally buy their containers from the steel shipping container industry.

It has been reported in the trade that the steel could be used only for making containers for the petroleum and chemical industries. OPM officials emphasize, however, that it may also be used to make containers for other industries, such as food processors, paint and varnish manufacturers, etc.

The priority rating granted covers two-thirds of the container industry's normal requirements of sheet steel, based on the average monthly usage during the first half of 1941. While this priority covers only September and October, OPM is completing studies from which a continuing program will be developed.
PRIORITIES ...

New methods break priorities bottleneck; applications to be handled in 48 hours

Thousands of pieces of mail and thousands of applications for preference ratings which had become bottlenecked during the last several weeks were cleaned up over the week end, completely processed, and were on their way back to industry, it was announced September 8 by Priorities Director Nelson.

New techniques were used to cut through normal procedure, and top members of the Priorities Division’s staff worked until the early morning hours several nights to clean up the accumulated paper work.

As a result of this clean-up, Mr. Nelson said, the Division of Priorities is back on nearly normal schedule.

Hereafter it is expected that all ordinary applications or mail inquiries will be handled within 48 hours. This will make it possible for businessmen to get prompt answers to questions without coming to Washington.

“When a businessman files an application or sends us an inquiry,” said Mr. Nelson, “he deserves a prompt answer. Even if we cannot give him what he wants, he has a right to know where he stands without undue delay. We think we have broken the bottleneck and that from here on we can handle all routine expeditiously.”

Steps to solve the problem

Steps taken to solve the problem included:

1. Thousands of pending applications for preference ratings were processed by means of a special stamp which turned each approved application into a legal preference rating. Instead of having the usual priority certificate made out, which takes considerable time, the application blanks themselves have been officially stamped with preference ratings on their face, carrying the signature of the Director of Priorities, and are being returned to the applicants, who can use them just as they would an ordinary certificate.

2. A crew of experts at handling mail and paper work was borrowed from private industry for special duty. Working with top officials of the Priorities Division, these experts cleaned up thousands of pending letters. The emergency work was carried on in the board room of the Social Security Building and also in the old police station at 462 Indiana Avenue, where some of the operating sections of the Priorities Division have recently been relocated.

3. A new routing system has been set up so that applications coming into the Social Security Building can be sent without delay to the proper commodity section. Routing slips will be colored—a different color for each day—so that applications close to the 48-hour deadline can be expedited.

Factors contributing to backlog

During the past several weeks a number of factors combined to build up a large backlog of applications for preference ratings which it was impossible to process promptly. Lack of space, lack of sufficient personnel, and a marked rise in the number of applications received were all responsible.

In May preference rating applications were being received at the rate of 600 a week. Recently this rate has risen to between 4,000 and 5,000 a week. As a result the number of applications in process has increased.

With insufficient personnel and lack of space, the backlog was growing more rapidly every day.

However, this special plan for granting preference ratings and the new handling system for mail will bring all operations up to date and operations hereafter, said Mr. Nelson, can be kept on schedule. Applications will be handled in the usual way in most cases.

All preference ratings made mandatory; simple method of approval established

A new regulation which makes all preference ratings mandatory was issued September 10 by Priorities Director Nelson.

The new provision is incorporated in Priorities Regulation No. 2, which also—

1. Declares valid all preference rating certificates being issued during the period of transition over the signature of E. R. Stettinius, Jr., former Director of Priorities, and

2. Provides specifically for stamping preference rating on application blanks if this is necessary to avoid delays involved in making out complete preference rating certificates.

Mr. Nelson said that the new legal power to make all ratings mandatory will be of great assistance in effecting strict enforcement of all priority rules and regulations. Increased emphasis is to be put on enforcement of orders and compliance by all those affected.

Reasons for the three moves are as follows:

Mandatory ratings

Under the original legislation for priorities, incorporated in section 2 (a), Public 671 (76th Cong., 3d sess.) mandatory preference ratings were assigned only for Army and Navy contracts.

Preference ratings issued for civilian contracts, for foreign government contracts, and for other United States governmental contracts were based upon the voluntary cooperation of the persons concerned.

Because of increasing shortages, additional powers were required to deal with the problem. These powers were granted in the Vinson bill (Public, 89, 77th Cong., 1st sess.) and have now been vested in the Priorities Division.

Under the new powers, all priority actions for defense will be mandatory in nature. This will be of assistance to many producers who, in the past, were sometimes confronted with serious scheduling difficulties as a result of having both mandatory and voluntary ratings on their order books.

Ratings signed by former director

Although Mr. Nelson has succeeded Mr. Stettinius as Director of Priorities, a number of preference rating certificates issued by Mr. Stettinius are still in operation. Also, a large number of certificates signed in blank by Mr. Stettinius, for the use of Army and Navy field officers, are still available and are to be used in the field for the time being.

Because of this, it was necessary to declare specifically that, during the period of transition, the certificates issued over the facsimile signature of Mr. Stettinius are valid and continue to be valid.

The new method of handling applications is described elsewhere on this page.
New motor truck orders simplify administration of August 30 plan

A new program designed to facilitate production of heavy motor trucks, medium trucks, and truck trailers vitally needed for the transportation of heavy industrial and armament materials was issued September 14 by the Priorities Division. The plan also facilitates production of certain passenger carriers and necessary replacement parts.

The new program amends and simplifies administration of the motor truck order originally announced August 30. The new order does not make any major changes in the plan as originally announced but does change the methods set up to enforce and administer the order.

Number and kind specified

Two separate orders are involved in the new program. One of these is Limitation Order L-1-a. This order includes specific instructions as to the number and kind of trucks and allied products which can be made during the period September 1-November 30. The other order is Limited Preference Rating Order P-54. This order extends a rating of A-3 which can be used to get the material going into the truck production to the extent provided.

The assistance being extended to truck manufacturers is based on indications that 1,189,000 trucks, approximately 200,000 more than the output of the model year ending July 31, will be required during the new model year that began August 1.

Major provisions of the two orders, which now comprise a coordinated program for motor trucks, are as follows:

LIMITATION ORDER L-1-a

1. This order does not restrict in any way production of heavy motor trucks which are carrying most of the defense truck transportation load.

LIMITED PREFERENCE RATING ORDER P-54

2. During the period September 1-November 30, a producer may not manufacture more than one-half the number of medium motor trucks, truck trailers and passenger carriers produced during the first half of the year, except that all trucks ordered for specific defense purposes, as defined in the order, may be produced without limit. This means, in effect, that the producers of these trucks and carriers may produce all trucks needed for defense during the 3-month period and may continue producing civilian trucks at the going rate during the first half year.

Replacement parts

3. Replacement parts for trucks and carriers are limited as follows: A producer shall not manufacture for replacement purposes more than 60 percent of the number of parts sold for replacement purposes during the first half year. This, in effect, permits increased production of replacement parts during the 3-month period.

Air lines given A-3 rating for upkeep of planes and ground equipment

With commercial air transportation zooming to new high levels, Priorities Director Nelson issued September 12 a limited blanket rating order assuring the continuous operation at a high degree of efficiency of air lines in the United States.

During the first 7 months of 1940, air lines carried 1,427,356 paying passengers. For the same period of this year, the number of such passengers was 1,942,728. This is an increase of more than 36 percent.

Airmail carried during these periods jumped from 8,261,209 pounds in 1940 to 9,665,064 pounds in 1941, an increase of nearly 54 percent.

On June 30, 1940, there were 322 airline planes on regular flights within the continental boundaries of the United States. On June 30 of this year, there were 363 planes engaged in these operations.

Amounts to be defined strictly

The order assigns the high defense rating of A-3 to deliveries of all materials of any nature which enter into the upkeep of planes and ground equipment. An air carrier or a supplier of maintenance equipment and repair parts wishing to secure the assistance of the plan should apply to the Priorities Division on Form PD-96. Each assignment of the rating will cover a 3 months' period, and the amounts and kinds of material so covered will be based on information furnished in the application.

Provision is made in the order for the immediate termination of the assignment of the rating if it is applied by an air carrier to deliveries in excess of the amounts specifically prescribed by the Priorities Division.

Rating applies only if necessary

A supplier may apply the rating only if the materials to be delivered cannot be secured without it. He is prohibited from using the rating to secure deliveries in greater quantities or on earlier dates than are required for delivery on schedule of the rated material, or to obtain material which will not be used by his customer for the maintenance and repair of its aircraft and equipment.

The order may be extended by an air carrier by executing a copy and furnishing it to his supplier. A supplier may follow the same procedure where necessary to secure deliveries from a subcontractor.

This is a typical blanket rating order. It extends a rating which can be used to obtain material going into heavy motor trucks (3 tons or more), medium motor trucks (1 1/2 tons or more), truck trailers (5 tons or more), passenger carriers (motor or electric coaches with not less than 15 seats) and replacement parts as specifically listed in the order.

The rating extended—A-3—permits producers and their suppliers to obtain necessary materials and parts up to the maximum limitation as set in the limitation order. The rating, of course, cannot be used to obtain materials greater than required for the stipulated production, taking into consideration the producers' inventories of such materials.

Extension of rating

Producers and suppliers will not have to make application for the use of the rating. The order provides that producers and suppliers can extend the rating by signing a special certification on the original and all copies of the purchase orders they place for the materials involved. Reports will be required on the use of the order, however.
20 essential classes of industry to get repair aid by new simple plan

A new and streamlined plan to grant priority assistance for repair work in certain essential industries was announced September 9 by Priorities Director Nelson. It represents an effort to keep American defense industries running at full speed, and to prevent any break in the increasing tempo of defense production.

The new plan takes the place of the Maintenance and Repair Order which was announced August 8, but which was never actually issued because of administrative difficulties in handling the paper work it would have involved.

The new plan, which becomes available immediately, is set up along simple lines. It provides machinery under which priority status for repair work in twenty industrial classifications can be obtained, so that firms and agencies in these classifications may obtain repair parts promptly.

For repairs and “emergency inventory”

The revised scheme permits qualified producers or suppliers to apply a preference rating of A-10 to deliveries of required repair parts by endorsing a special statement on purchase orders, certifying that the material being ordered is for repair work under the terms of the order, P-22.

The order can be used also to get deliveries for “emergency inventory.” Repairs are defined in the order as repairs needed because of an actual or imminent break-down. Emergency inventory is defined in the order as the minimum inventory of material required to provide for repairs to meet an actual or imminent break-down.

The present order is designed primarily to protect industry against sudden break-downs and is regarded as an interim measure. The entire inventory problem is to be studied further with a view to providing broader priority assistance. It is felt, however, that the present plan will keep the essential industries covered running on their normal basis and will prevent serious interruption to defense production by giving producers a simple method for obtaining vital repair parts promptly.

More may be added

Other classifications may be added from time to time, and special orders may be worked out to meet problems in certain industries. The classes in the present order are as follows:

1. The following Federal, State, county, and municipal services: Fire and police services; Highway maintenance.
2. Carriers:
   (a) Urban, suburban, interurban, and intercity common, contract, and private carriers of passengers or freight by electric railway, electric coach, motor truck, or bus, including terminals.
   (b) Railroads, including terminals.
   (c) Shipping—commercial carriers of freight and passengers by ocean, lake, river, or canal, including terminals.
3. Chemicals—plants engaged in producing chemicals by chemical processing of raw materials.
5. Educational institutions (including vocational training).
7. Farm machinery and equipment—plants engaged in manufacturing farm machinery and equipment.
8. Food processing or storing—plants engaged in any of the following: milling, refining, preserving, refrigerating, wholesaling, or storing of food for human consumption or livestock feed.
9. Highway maintenance and equipment—Plants engaged in the production of equipment used in highway maintenance.
10. Hospitals, clinics, and sanatoriums.
11. Lumber—plants engaged in the production of lumber (including planing, dressing or processing plants and smelting facilities).
13. Mines and quarries (including ore dressing or processing and smelting facilities).
14. Newspapers—Plants engaged in the publication of newspapers.
15. Petroleum production, refining, and transportation—Plants and equipment used in petroleum production, refining, and transportation.
16. Radio—Commercial broadcasting and communication (not including home receiving sets).
17. Research laboratories—Industrial and academic.
18. Rubber and rubber products—Plants engaged in the production of rubber and rubber products including reclaimed and synthetic rubber.
19. Shipyards and Ship Repair Yards engaged in building and repairing ships (excluding yards devoted principally to pleasure craft).
20. Telephone and telegraph communication.

Amendment will classify “Grade B” pig tin

An amendment classifying as “grade B,” pig tin which assays 99.80 percent pure, but contains impurities exceeding the tolerances permitted for grade A tin, will be made to Price Schedule No. 17, the Office of Price Administration announced September 13.

Until this amendment is issued, members of the trade are requested by OPA not to exceed the grade B price for the type in question. The ceiling price for grade A tin is 52 cents a pound, while grade B sells at a discount of three-eighths of a cent.

The definition of grade A tin in the price schedule is "99.80 percent or higher percentage of purity, meeting the specifications set forth in 'Specifications and Proposals for Supplies, No. S-14,' issued December 15, 1939, by the U. S. Treasury Department, Procurement Division . . .”

The Procurement Division specifications set forth the percentages of lead, arsenic and other impurities allowed in grade A tin.

Members of hosiery defense industry committee announced

Formation of a Defense Industry Advisory Committee for the Hosiery Industry was announced September 15 by the OPM Bureau of Clearance of Defense Industry Advisory Committees.

Members of the committee are:
Welding equipment makers given priority aid

Manufacturers of arc welding and resistance welding equipment are given the assistance, in securing certain listed materials, of an A-1-c preference rating, in an order signed September 13 by Priorities Director Nelson.

The high defense rating assigned is applicable only to materials entering into the production of equipment to fill a defense order.

May be extended

The preference rating may be used by the manufacturer, and if necessary, by his supplier, by execution of additional copies of the order. The supplier, however, may only obtain materials on the list which are to be physically incorporated in the arc welding or resistance welding equipment.

The materials to the acquisition of which the A-1-c rating may be applied are:
1. Forgings and castings, ferrous and nonferrous.
2. Sheets, bars, rods, plates, and wire, ferrous and nonferrous.
3. Insulation materials.
4. Motors and other electrical accessories.
5. Gasoline and diesel engines and accessories.
7. Brass, copper, and steel tubing and fittings.
8. Maintenance and shop supplies—this item applies to a producer’s requirements only and is restricted to materials necessary for proper operation and maintenance of a producer’s manufacturing equipment and facilities.

** **

Cotton linters order extended to July 31, 1942

Priorities Director Nelson announced September 11 an amendment to General Preference Order, M-12, regulating the processing and distribution of cotton linters.

The amendment extends the order until July 31, 1942. The original expiration date had been set as December 31, 1941.

The purpose of the extension is to have the expiration date coincide with the end of the cotton linter seasonal year.

Silk bales broken by August 2 released, under certain conditions, for processing

The Office of Production Management announced September 8 that raw silk held under the silk-freezing order, which was opened and taken out of the original bales prior to midnight of August 2, 1941, will be released under certain conditions for immediate processing by the owner.

Conditions laid down

Donald M. Nelson, Director of Priorities, said that he had agreed to release this silk held in open stock, provided the following plan is adhered to:
1. The owner of the silk must file a request for a release with Frank Walton, chief of the textile branch, OPM, Social Security Building, Fourth and C Streets NW., Washington.

2. This request in effect must read as follows:

"We hereby request the release from Priority Order M-22 of ______ pounds of raw silk which we own and which is held in our plant opened and awaiting shipment. We certify that this raw silk was taken out of the original bales prior to August 2, 1941, and has already been reported to OPM on Form PD No. 73 under the heading 'Broken bales' as being held subject to its order. Further we certify this quantity is not in excess of our average normal quantity which we open and get ready for processing at one time."

3. After such application is checked and approved by the textile branch, the Director of Priorities will issue release.

Repacking for defense difficult

Mr. Walton said that this step is being taken at this time for these reasons: (a) Some additional silk which was en route has arrived, to offset the opened silk which is to be released; (b) it is desirable to release this silk to help employment in those plants holding the opened silk; (c) it is difficult to repack the silk into bales and be certain of its desirability for defense uses.

Mr. Walton added that no release is to be made of raw silk held in the original bales except for sale to the Defense Supplies Corporation, or on defense orders. However, some raw silk in low grades or special grades is under consideration as to its suitability for defense requirements, and the owners will be advised shortly. A committee of experts will be called in to decide on the desirability of some small special lots, and unless the silk can be used for defense it will be released.

Weekly short-wave schedules mailed to American republics

The Office of the Coordinator of Inter-American Affairs has begun weekly mailings of United States short-wave radio program schedules to the other American republics. It was announced September 13 by the Coordinator’s Office.

Forty thousand programs for the week of October 12 were distributed in the first mailing which went out last week. The programs are printed in three languages, Spanish, Portuguese, and English.

Detailed information on programs

Distribution of these schedules is designed to supply detailed information on all short-wave programs broadcast from this country which can be heard in the other American republics. Each program on the schedules is listed by title, the hour at which it may be heard, and the wave length of the broadcasting station.

Only programs broadcast in Spanish are listed in the Spanish language schedules, and similarly, Portuguese programs are listed in the Portuguese schedules, and English in the English schedules. Further to facilitate the location of programs, the Spanish schedules are published in four separate issues, each showing the time in effect in the area in which it is distributed.

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PRIORITIES CONFERENCE TRANSCRIPTS AVAILABLE

In response to requests of those present at the conference of the Priorities Division and representatives of trade magazines and newspapers, a transcript of the talks and question-and-answer sessions has been prepared.

The Priorities Division will be glad to furnish copies of this transcript to anyone wishing them.
PRODUCTION...

Industrial branches divided among four OPM divisions

Director General Knudsen, OPM, announced September 10 the assignment of 28 Industrial Branches among the Divisions of Production, Purchases, Civilian Supply, and Materials.

These branches correspond to the old commodity sections as the operating units under which the various industry committees function.

On August 23 President Roosevelt issued an Executive order placing the Civilian Supply Division in OPM. Following that, OPM has rearranged its industrial branches to handle the various problems of industry in accordance with that change.

The new line-up of branches under the four Divisions follows:

Division of Production.—W. H. Harris, director. (These branches will assume primary responsibility for dealing with problems in connection with the manufacture of implements of war and defense construction projects.)

Division of Purchases.—Douglas C. MacKeachie, director. (These branches will assume primary responsibility for dealing with industries in which defense procurement of finished products is a major problem.)

Food Supply Branch; Textiles, Clothing and Equipage Branch; Health Supplies and Civilian Defense Equipment Branch; Containers Branch.

Division of Civilian Supply.—Leon Henderson, director. (These branches will assume primary responsibility for dealing with those industries serving predominantly civilian needs.)

Pulp and Paper Branch; Printing and Publishing Branch; Lumber and Building Materials Branch; Plumbing and Heating Branch; Automotive and Transportation Equipment Branch; Electrical Products and Consumers Durable Goods Branch; Industrial Machinery Branch; Rubber and Rubber Products Branch.

Division of Materials.—W. L. Batt, director. (These branches will assume primary responsibility for dealing with the manufacture and importation of industrial and raw materials and industrial services essential to defense.)

Aluminum and Magnesium Branch; Chemical Branch; Iron and Steel Branch; Power Branch; Nickel Branch; Tungsten Branch; Copper and Zinc Branch; manganese and Chromium Branch; Tin and Lead Branch; Mica and Graphite Branch; Miscellaneous Minerals Branch.

No industrial branches are contemplated for the Division of Priorities, the Division of Labor, or the newly created Division of Contract Distribution.

Auto junking drive to reach six more States, D. C. this week

A campaign to increase the junking of worn-out automobiles and thus provide additional scrap iron and steel needed urgently for defense production will be extended this week to Pennsylvania, New York, Maryland, Delaware, New Jersey, and the District of Columbia, the Office of Production Management announced September 11.

At meetings in Harrisburg, Pa.; Albany, and Baltimore, Government officials will appeal to automobile wreckers and scrap dealers to strip derelict cars now in their yards of saleable parts and scrap the bodies and engine blocks immediately.

Government officials attending the forthcoming meetings will include R. H. Ridgway, assistant to R. C. Allen, deputy chief of the Iron and Steel Branch of OPM in charge of raw materials; Maj. E. T. Butler of the Army and Navy Munitions board, and Alex Miller, Scrap Consultant of the Iron and Steel Branch of OPM.

The schedule of meetings follows:

Harrisburg—Hotel Penn, 1:30 p. m., September 17, with automobile wreckers and scrap dealers from Pennsylvania.

Albany—Hotel Dewitt Clinton, 1:30 p. m., September 18, with automobile wreckers and scrap dealers from New York State.

Baltimore—Hotel Lord Baltimore, 1:30 p. m., September 19, with automobile wreckers and scrap dealers from Maryland, Delaware, New Jersey, and the District of Columbia.
Waste paper collection offices opened in five more cities

Local offices for direction of the national waste-paper conservation campaign were opened last week in five more cities other than New York, Chicago, and Milwaukee where it already is under way.


In each city an organization has been set up to take calls and arrange for collection of waste paper in lots of 100 pounds or more. Other waste material, such as scrap metals, rubber, and rags, also will be collected by scrap dealers if available in households and business establishments.

Waste paper is needed for national defense because it is the chief raw material used in a fair, effective and proper manner.

Committee satisfied with use of Lend-Lease steel by British

In view of charges made from time to time that steel sent to Great Britain under the Lend-Lease Program had been reexported in competition with American products, the Iron and Steel Defense Industry Advisory Committee on September 11 issued the following statement:

This committee has examined with great interest a confidential memorandum supplied by the British Purchasing Commission regarding the use being made in the British Empire of steel obtained from the United States under the Lend-Lease Program.

The committee is satisfied from this report that the Lend-Lease steel is being used in a fair, effective and proper manner.

Total steel requirements of the British under the Lend-Lease Program appear to the committee to be entirely reasonable.

The committee was gratified to learn that original British requisitions for iron and steel scrap have been reduced, in view of the shortage of scrap for the operation of American steel plants, and that negotiations are now in progress to increase the proportion of finished products in the steel shipments to Britain.

Manufacturers queried on sorting of scrap to avoid loss of vital alloying elements

R. C. Allen, deputy chief, Iron and Steel Branch, in charge of raw materials, sent out questionnaires September 11 to fabricators and manufacturers estimated to be using approximately 96 percent of the current production of alloy steels, including the stainless steels.

Information is requested on the extent to which alloy steel scrap, including stainless steel scrap, is segregated, by types and grades, from simple carbon steel scrap; the tonnage of each type of scrap produced during August 1941; the facilities available for shearing, crushing, baling, washing, briquetting or otherwise preparing the scrap; and the names of the steel producers or scrap dealers to whom the scrap is disposed.

The questionnaires have been addressed to purchasing agents, with the request that they, in turn, bring them to the attention of the proper plant officials. In cases of companies operating more than one plant, separate returns are requested for each plant and, in these cases, questionnaires have been sent to each such plant known to be a substantial user of alloy steels.

Indicated demand exceeds supply

In a letter accompanying the questionnaire, Mr. Allen points out that the indicated demand for such alloying elements as nickel, chromium, molybdenum, etc., exceeds the current supply and that, while facilities for the production of these alloying elements are being expanded, all possible sources of supply must be explored and developed.

In many manufacturing plants from 20 percent to 40 percent of the alloy steel or alloy iron delivered by the producer or vendor is lost as scraping during conversion, and in the production of some products the amount of scrap may run 70 percent to 80 percent.

Much is permanently lost

The alloy content of such scrap is to a large extent reclaimable, but at the present time a large part of this alloy content is being permanently lost because it is mixed with other steel or metal scrap. This is particularly true in the case of machine turnings or chips, flashings or chips, flashing from forgings, etc. Alloy losses in the case of bar ends, punchings, rejects and similar heavy melting scrap, while smaller, are still relatively high.

The vast amount of alloy scrap produced daily by the industrial plants of this country should, if properly segregated and identified, and returned in usable form, free from contamination, to the alloy steel producers, yield a large tonnage of these vital alloying elements.

Segregation may mean profit

In addition to making a valuable contribution to the defense program, it is felt most plants will find that the premium price obtainable for alloy content, will result in definite operating economies.

Many large manufacturers who, because of the nature and volume of materials handled have for some time been operating highly organized salvage departments, have found these methods definitely profitable. Small manufacturers should experience little difficulty segregating and identifying heavy grades of alloy scrap such as rejects, punchings, and bar ends. Some problems may arise, however, in working out economical ways of segregating and storing light scrap such as boring and turning bars.

However, even small plants usually keep nonferrous metals such as brass and aluminum separate from iron and steel and it should be possible to educate the machine tool operators to carry this a step further and segregate alloy steel scrap from that of simple carbon steels, and knowing the composition of the parts they are working on, segregate the alloy steel scrap by types and grades.

Knudsen speaks on first of 13-week OEM radio series

The Office for Emergency Management announced September 14 that the Firestone Rubber Co. has donated 7 minutes of its half-hour "Voice of Firestone" radio program for 13 weeks for presentation of an OEM "Defense Report."

The "Voice of Firestone" is a regular Monday feature of the Red Network of the National Broadcasting System, and is heard from 7:30 to 8 P. M., E. S. T.

First OEM program, September 15, was to be an interview with Director General Knudsen, OPM. Other prominent defense officials will be interviewed from week to week, and some original dramatizations are scheduled. (Excerpts from Mr. Knudsen's address appear on page 24.)
MEDIATION BOARD . . .

Hearings opened in Alabama coal operators’ dispute with United Mine Workers

The National Defense Mediation Board last week (September 8-14) announced agreements in two cases; received certification of one new case, and opened hearings in the dispute between the Alabama coal operators and the United Mine Workers of America.

Alabama coal operators

Hearings opened Wednesday, September 10, on the dispute between the Operators Negotiating Committee representing bituminous coal operators in Alabama and the United Mine Workers of America, CIO. Main issues in the dispute are: elimination of the washer loss clause, under which deductions are made (averaging 12 percent throughout the State) from the miners’ pay for all coal lost through washing; a wage increase of 40 cents per hour in day rates and corresponding increases in other rates to bring increases in Alabama up to the level of those granted in the Southern Appalachian field; vacations with pay—a vacation payment of $20 a man this year, as was granted in the Appalachian field.

The following minor issues were under discussion: safety practice, seniority, “pay day” provision, medical and hospital care, physical examination, house rent, tonnage and conveyor rate adjustments, 50 percent increase in permissible checkoff, payment to loaders of rock at the same rate as conveyor loaders; provisions in respect to check weighmen, holiday for funerals, improvement of provisions for fines, and a provision prohibiting supervisory employees from working. In addition, the union is asking for a union shop from the three captive mine operators in Alabama who have not yet granted it: Tennessee Coal, Iron & Railroad Co., a subsidiary of United States Steel; Republic Steel Corporation, and the Woodward Iron Co. A union shop is in effect in all the commercial mines in Alabama.

The Board took jurisdiction over the case under the soft coal certification of last April and the same panel is sitting on the dispute—William H. Davis, representing the public, Walter Teagle, representing employers, and Clinton Golden, representing employees. After the second day, Hugh Lyons replaced Mr. Golden. A strike that began on September 3 was called off at the request of the Board and the men returned to work pending the Board’s consideration of the matter.

A delegation of 31 men appeared for the initial hearing on September 10 and meetings have been held every day since then. They adjourned Saturday until Wednesday, with the understanding that the parties would be able to resolve many of the issues by direct negotiation Monday and Tuesday.

Pacific States Cast Iron Pipe Co.

The dispute between the Pacific States Cast Iron Pipe Co., Provo, Utah, and the Steel Workers Organizing Committee, Local 1654, CIO, came before the Board on Monday, September 8. The panel hearing the case, Walter T. Fisher for the public, George Mead for employers, and Hugh Lyons for labor, announced after 3 days of hearings that an agreement had been reached and signed by both company and union. The agreement covered all points except wages and the Board will appoint a special representative to investigate this question. A strike of 438 men since July 15 was called off at the request of the Board and production was resumed on August 19, the day after the case had been certified. The company makes cast iron pipe being used on defense projects.

Pullman Standard Car Manufacturing Co.

On September 10, after 3 days of hearings, an agreement was announced in the dispute involving the Pullman Standard Car Manufacturing Co. of Michigan City, Ind., and the Brotherhood of Railway Carmen, AFL. The company, which employs 1,800 men at this plant, makes railroad cars. The men went out on strike August 17 over demands for seniority rights, an arbitration clause in the contract, and the union shop. With the help of the panel, composed of Charles Wyzanski for the public, Walter Teagle for employers, and Edward Brown for employees, complete agreement was reached subject to union ratification. The terms of the agreement were not revealed but unanimous ratification by the local membership came on Friday, September 12, and the next day the men returned to work.

New case certified

The new case, certified on September 10 by the Secretary of Labor, involves the American Brake Shoe & Foundry Co. of Mahwah, N.J., and the International Molders and Foundry Workers Union, AFL. A date for the hearing on this case has not yet been set.

Keenan sent to help solve building dispute at shipyard

OPM Associate Director General Hillman on September 10 took an active hand in settlement of a month-old labor dispute in a large Houston, Tex., shipbuilding yard by sending Joseph D. Keenan, AFL labor relations counselor in the OPM Labor Division, to Houston to initiate mediation hearings between AFL construction unions and the Houston Shipbuilding Corporation.

Keenan, former secretary of the Chicago Federation of Labor, joined with John W. Slacks, assistant to Rear Admiral Emory S. Land, chairman of the Maritime Commission, in hearings designed to resolve the labor-management disagreement.

Certain phases of working conditions, including cost of transportation to the shipyards, form the sole basis of the dispute, Mr. Hillman announced. No issue of wages or hours is involved. Only AFL construction workers are concerned in the mediation and they are blanketed under the recent stabilization agreement between the OPM Labor Division and the AFL Building and Construction Trades Department. It was emphasized that the dispute did not affect shipbuilding but the construction of ways and other yard structures.

Hillman designated Keenan on the recommendation of the newly formed Building Trades Stabilization Board of Review which was set up to adjust disputes arising under the stabilization agreement. At the same time the Board of Review asked that Rear Admiral Land appoint a member of his staff to serve with Keenan.

Keenan left for Houston September 11.
LABOR . . .
New Jersey's Governor calls on all officials to help battle unemployment

Associate Director General Sidney Hillman announced September 13 a new and broad program of State and local cooperation with OPM to alleviate the serious unemployment situation in the silk, automobile, rubber, and other industries in New Jersey.

Gov. Charles Edison by formal proclamation September 13 called on all State officials to collaborate actively with the OPM Labor Division, defense contractors, and other employers, labor leaders, and defense training institutions, in a statement of policy which Mr. Hillman said should prove a national model in the efforts to provide jobs in defense and other plants for displaced workers.

Paterson conference called

Simultaneously, Mr. Hillman called a conference for September 15, in Paterson, N. J., of AFL, CIO, management and Labor Division officials to work out specific details of the retraining, reemployment program for the displaced silk workers.

Ten union leaders representing various affected unions, 17 representatives of management from defense and other plants, as well as the textile industry, and 5 Labor Division officials will attend the meeting.

OPM officials believe that the procedure devised in the recent Buffalo plant shut-downs can be followed and expanded in the northern New Jersey situation. This Buffalo plan involves close cooperation of unions with the State employment service to register all workers who are displaced, or about to be displaced, special arrangements for retraining of displaced workers for defense jobs, and a canvass of all nearby defense labor needs, to determine the possibilities of absorbing such displaced workers in their own communities.

Highest possible production

The proclamation by Governor Edison declared the purpose of his State "to promote and maintain the highest possible level of production and service for the national defense." The proclamation said further:

"To this end I direct all State officials to collaborate with the Regional Labor Supply Committees of the Office of Production Management, with defense employers and contractors, with labor leaders, with employers generally, with officials of defense training institutes, and with any and all others who may be helpful in carrying out the policies of the Office of Production Management, in securing the prompt and useful reemployment of all displaced workers according to their scale or, if necessary, retraining, and in speeding up defense production through maximum use of existing plants and equipment adapted or adaptable to such use. This job can and will be done."

In the proclamation Governor Edison also said:

"As Governor, I call upon industry, labor, and appropriate State and governmental agencies to cooperate actively in securing the most expeditious and efficient handling of all actual or threatened interruption of employment due to the shift to defense economy. Only in this way can we conserve and fully utilize our human and material resources in the great cause to which we have dedicated ourselves."

James Rossell, assistant chief, Labor Relations Branch, OPM's Labor Division, will preside over the Paterson conference. Other officials include William W. Bardsley, acting chairman of the Regional Supply Committee of OPM; E. L. Olver, chief of the Labor Relations Branch of OPM's Labor Division; James F. Casey, Philadelphia Regional representative of the Labor Relations Branch; Thelma McKelvey, assistant chief, Labor Relations Branch; and Russell Eldridge, director of the New Jersey State Employment Service.

Conference called in Kenosha, Wis., to combat auto and silk unemployment

A conference of labor and management with OPM officials was called September 10 by Associate Director General Sidney Hillman to meet in Kenosha, Wis., September 15, to discuss the priority unemployment situation resulting from shut-down of a large silk mill and the impending reduction of employment at the Nash-Kelvinator factory there. Two holders of defense contracts in the Kenosha area were also invited to attend.

Plans to provide defense work for displaced Kenosha workers, and to apply the "Buffal Plan" for registration, retraining and reemployment of the workers in defense jobs, were to be worked out, Mr. Hillman said.

Large mill shut-down

A large silk mill in Kenosha has been shut down as a result of the blocking of all Japanese imports of raw silk, and extensive lay-offs were reported imminent at the Nash-Kelvinator plants. Mr. Hillman designated Emery Olson, assistant chief of the Labor Supply Branch of OPM's Labor Division, to preside over the conference. Mr. Hillman also announced he was sending R. R. Brooks and Frederick Harbison of the Labor Division Priorities Branch, Eugene Brock, chairman of OPM's regional labor supply committee in Chicago, and Paul Porter, special labor adviser. A representative of the new OPM Division of Contract Distribution headed by Floyd Odum also was to attend.

"Serious problem" noted

Mr. Hillman's telegrams of invitation said "a serious problem of dislocations in the Kenosha area" was impending from curtailment of automobile and hosiery production.

Bransome resigns from Labor Division post

OPM Associate Director General Hillman announced September 13 that E. D. Bransome had resigned from the Office of Production Management staff to return to his post as head of the Industrial Advisers panel in the Labor Relations Branch of OPM's Labor Division, aiding in the prevention and settlement of labor disputes.
PRICE ADMINISTRATION . . .

Further anthracite price rise at mine blocked for present by emergency ceiling

Action essential to protect the interests of householders depending upon hard coal for heating was taken September 12 by OPA Administrator Henderson, through issuance of an emergency price schedule blocking the 15-cent per ton increase which producers of Pennsylvania anthracite had proposed to put into effect September 15.

Placing a ceiling on hard coal prices at the mine became necessary when leading producers of anthracite failed to furnish OPA with reports which would permit full analysis of the factors purporting to justify the proposed September 15 increase. Composite figures submitted by eight of the largest producers were neither satisfactory nor adequate. A belated offer of individual data still fell short of the information requested by OPA and necessary for a determination of fair prices.

Prices already have risen

"Rather than allow another 15 cents to be added to the price of the domestic sizes and passed on to householders while the necessity for it is yet to be established, the Office of Price Administration is freezing anthracite prices for the time being," Mr. Henderson stated. "The ceiling prices set forth in the schedule correspond to the levels that were established by the mine operators as of August 15, when a 15-cent increase became effective.

"Anthracite producers will be afforded an opportunity in the immediate future to provide the information OPA has requested and to offer any additional information they desire in support of higher prices. If it can be demonstrated satisfactorily that the current level of prices is inadequate, a revision of the present maximums will be worked out. In the absence of such a showing, however, the public cannot reasonably be called upon to pay still higher prices for this very essential commodity."

Retailers expected to stay in line

"It is to be expected that wholesalers and retailers of hard coal will maintain their present margins so that the ultimate cost of coal to the consuming public will not be changed while the ceiling prices are in force."

"I may add that the data so far submitted to this office does not indicate that the freezing of anthracite prices at prevailing levels will act to prevent the industry from carrying out existing wage agreements."

Maximum prices established in the schedule (f. o. b. mine per net ton of 2,000 pounds) are $6.60 for the principal domestic sizes—broken, egg, stove, and chestnut; $5.10 for pea coal, $3.75 for buckwheat No. 1, $2.90 for rice, and $2.15 for barley. The latter three sizes are used for commercial and industrial purposes.

Former OPA request unavailing

The text of the schedule outlines the anthracite price situation during the current year to date. The smaller sizes of coal were increased 25 cents a ton on buckwheat No. 1 and 15 cents a ton on rice and barley on May 20, while on June 16 and July 15 advances of 10 cents a ton were made in the prices of the domestic sizes—egg, stove, chestnut, and pea. Soon after, it was announced that domestic size prices were to be raised another 15 cents a ton each on August 15 and September 15. Meetings of the leading operators then were called by Mr. Henderson and, after a study of the data submitted, OPA requested informally that the two proposed increases be withheld temporarily pending receipt of further information. "The industry was unwilling to comply with this request," the schedule states, "and on August 15 the prices of all domestic sizes were raised 15 cents."

Information still invited

After summarizing the steps taken by OPA to obtain adequate information and noting the unwillingness of the largest producers to report along the lines requested, the schedule continues: "It is apparent that the Office of Price Administration must have further information to determine the necessity for the proposed September 15 increase . . . If an appropriate showing is made, this price schedule will be amended or revoked."

The domestic supply of anthracite is mined in Eastern Pennsylvania. Production for the current year is estimated in excess of 55,000,000 tons. Of this total about 65 percent is used by householders, much of it by low-income consumers. The remainder is consumed in the furnaces of apartment houses, office buildings, hotels and other commercial establishments and by industry at large.

Well over 90 percent of the production of anthracite is burned in the New England and Middle Atlantic States: Maine, New Hampshire, Vermont, Rhode Island, Connecticut, Massachusetts, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia; and in the District of Columbia. 65 large operators

There are about 65 operators who produce more than 100,000 tons a year each. All of these received OPA questionnaires in that agency's survey to attempt to collect the data required for analysis in connection with the proposed price increase.

Wholesale and retail prices for anthracite are always substantially above the mine prices, reflecting freight charges from mines to dealers' yards and the dealers' margin of mark-up to cover costs of distribution, etc. In general, freight charges and retailers' margins amount for 40 to 50 percent of the retail price, although this ratio changes in relation to the distance of the markets from the mines.

Maury Maverick to study insular problems for OPA

OPA Administrator Henderson announced September 12 appointment of Maury Maverick, of San Antonio, Tex., as a special assistant to study problems of OPA in connection with United States insular possessions.

Mr. Maverick, Mr. Henderson said, will review all phases of OPA's program as it relates to the Philippine Islands, Hawaii, Puerto Rico, and the Virgin Islands.

Mr. Maverick, who was educated at the Virginia Military Institute and the University of Texas, is a lawyer and a World War veteran. He served two terms, from 1935 to 1939, in the House of Representatives as a representative of the 20th Texas Congressional district, and was mayor of San Antonio from 1939 to 1941.
Top prices on all types of Douglas fir lumber to be effective October 1

Prices of the upper grades of Douglas fir lumber, one of the most important of all primary construction materials and the chief competitor of Southern pine in eastern and middle western markets, are reduced an average of $10 per 1,000 board feet in Price Schedule No. 26 announced September 11 by OPA Administrator Henderson.

The schedule, which will become effective on October 1, covers all types of Douglas fir. However, maximum prices set for the common grades—boards, "dimension," and timbers—do not differ greatly from quotations that have prevailed in lumber markets for some time past. Common grade prices, while above the levels of a year ago, have not risen unreasonably, although it is felt that they should not be allowed to go higher.

**Should save $5,000,000 in year**

On an over-all basis, Mr. Henderson estimated, the prices established in the Douglas fir lumber schedule should save the defense program and civilian users approximately $5,000,000 over the next 12 months.

In arriving at ceiling prices for Douglas fir, Mr. Henderson said, full consideration has been given to the importance of maintaining the relative competitive standing of Douglas fir and Southern pine lumber, the latter having been brought under a price ceiling as of September 5.

Announcement of maximum prices on Douglas fir comes exactly one year after Mr. Henderson, as head of the Price Stabilization Division of the National Defense Advisory Commission, issued his first warning that lumber prices were unreasonable. Other warnings followed. On August 1 of the current year, ceiling prices were established for Douglas fir plywood and peder logs and soon thereafter for Southern pine lumber.

**All phases of industry studied**

Preliminary to setting top prices for Douglas fir lumber, OPA undertook an exhaustive study of all phases of the industry. Over two-thirds of the productive capacity and members of all branches of the industry were represented at a meeting held August 20 in Portland, Ore. At this meeting a representative committee, including wholesalers, sat with OPA officials and worked out differentials. It was the consensus of the meeting that members of the industry would render full cooperation in maintaining ceiling prices.

**Demand exceeds production**

"As the defense effort has progressed, the demand for Douglas fir lumber has increased to a point where incoming orders are in excess of production," Mr. Henderson said. "Reflecting this pressure, prices of the upper grades and specialties, such as ship decking, flooring, and boxcar materials, have reached orbitant levels and in the absence of ceiling action would have risen still further. "This situation cannot fail to disturb the price structure of the common grades and, in turn, the general level of all lumber prices. Moreover, to impose maximum prices on Southern pine and leave Douglas fir prices unrestricted would disrupt the lumber markets very seriously."

**Comparison with market quotations**

Comparison of the top prices established in the schedule with recent market quotations on three of the more important grades of "uppers" follows (per 100 bd. ft., f. o. b. mill):

<table>
<thead>
<tr>
<th>Grade:</th>
<th>Ceiling Prices</th>
<th>Recent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade A and better flooring, vertical grain</td>
<td>$60 to $65 and up.</td>
<td></td>
</tr>
<tr>
<td>Grade B and better drop siding</td>
<td>$50 to $58 and up.</td>
<td></td>
</tr>
<tr>
<td>Grade B and better ceiling (1 x 4)</td>
<td>$45 to $52 and up.</td>
<td></td>
</tr>
</tbody>
</table>

As stated previously, the common grades—boards, "dimensions," and timbers—show little, if any, changes when the ceiling prices are compared with quotations prevailing in recent weeks.

**Numerous and varied uses**

Douglas fir, also called red fir, yellow fir, Douglas spruce, Oregon pine, and Puget Sound pine, grows in the vast forests of Oregon and Washington extending from the western side of the Cascade Mountains to the Pacific coast. Because of the great size of the trees, timbers can be cut in the larger dimensions required for ship building, bridge building, and heavy construction. In other forms the lumber is widely used in the manufacture of sash, doors, and various kinds of exterior and interior finish, as well as in crates, utility furniture, and household and farm appliances.

Timbers and "dimensions" (2 x 4's, 2 x 6's, etc.) together make up about 70 percent of all lumber produced from Douglas fir trees. Around 16 percent of the output is used in the form of "clears," or "uppers," for ceiling, flooring, drop-siding, railroad freight car siding, ship decking, crossarms on telephone and telegraph poles, and tight cooperage, etc. Shop and industrial uses absorb 10 percent and the remaining 4 percent is accounted for by boards.

**Competes with Southern pine**

Nearly half of the Douglas fir lumber produced in Oregon and Washington is used on the west coast. The remainder is shipped by rail and water throughout the country. It is this share of the output that competes directly with Southern pine lumber. In the east and middle west, where considerable lumber of the two species is used, Douglas fir timbers and dimensions command a premium over Southern pine, while Southern pine boards sell at a premium over Douglas fir boards.

**Schedule adheres to trade practices**

The price schedule adheres closely to long-standing trade practices as regards sizes, methods of quoting prices, shipping customs, etc. Attention is called to the fact that maximum prices will not apply prior to October 1 "where actual delivery has been made by the mill to the purchaser or to a 'carrier' for delivery to a purchaser." Under this provision, sales outside the ceiling prices will not be affected by the schedule if the lumber has been placed on shipboard or railroad car or truck prior to October 1 for delivery, even though the shipment has not actually been delivered by that date. This provision recognizes the long hauls involved in shipments of Douglas fir lumber to eastern and middle western markets.

**Wholesale and retail expected to fall in line**

As is the case with the southern pine schedule, the new maximum prices are f. o. b. mill or concentration yard. It is expected that wholesale and retail prices will fall into line as soon as the new maximums become effective. This will obviate extension of the ceiling to cover wholesale and retail sales of Douglas fir lumber, although Mr. Henderson said his office was prepared to do this should it become necessary.

Certain lumber mills operate retail yards as adjuncts of their mill business. There is nothing in the schedule that is designed to disturb this practice.
New hide schedule sets top of 15 1/2 cents, specifies differentials for inferior grades

Price differentials are established for all grades and classifications of domestic hides in an extensive amendment to Price Schedule No. 9, Hides, Kips, and Calfskins, announced September 13 by OPA Administrator Henderson. The differentials are abrogated by many sellers to a top price of 15 1/2 cents.

The present amendment continues the average level of prices which has ruled in recent months in the absence of differentials but establishes a spread above and below the former ceiling for different qualities of hides. The amendment does not justify any change in the price of leather or leather products.

Differentials did not develop

In the original schedule, effective June 16, 1941, a ceiling price of 15 cents a pound was fixed for domestic hides. It was hoped that normal differentials would develop for the various grades under market conditions. This did not take place. Recently branded hides, as well as natives, have been selling at the ceiling price and the customary trade practice of selecting and classifying hides and skins before sale has been abandoned by many sellers. Tanners, particularly specialty tanners making industrial leathers, thus have been forced to buy hides in combination lots in order to obtain the types needed for their operations and the distribution of hides has been seriously affected.

"Careful examination of evidence submitted by leather tanners has shown that their costs have been increased appreciably by combination lot buying," Mr. Henderson said. "Studies by my office of all of the factors involved make it plain that the establishment of a system of differentials will help to restore normal trade practices, benefit all users of hides, and relieve the pressure for an increase in leather prices."

Causes no over-all increase

Since the original schedule was issued, 10 of the 12 classifications of packer hides have been selling at the ceiling price of 15 cents a pound. The amendment, however, only applies the new 15 1/2-cent price to the four top grades and establishes differentials of from one-half to 4 1/2 cents a pound for the lower grades. Hence, the over-all effect of the new prices will not be to increase the cost of hides to the tanning industry.

The schedule, as amended, specifically applies the new 15 1/2-cent ceiling price to No. 1 native steers and cows of packer classifications. No. 2 native steer and cow hides have a top price of 14 1/2 cents. From these levels the maximum prices in the packer classification scale down, according to grade, to lows of 11 cents a pound and 10 cents a pound, respectively, for No. 1 and No. 2 branded bulls.

Packer classification hides which fail to meet present accepted standards of selection, trim, tare allowance or delivery, shall be sold at less than the applicable maximum prices, according to the schedule. Hides other than packer classifications sold on an unselected basis are priced somewhat under packer classification levels and a tare allowance of not less than 2 percent is stipulated.

The maximum prices for calf and kip skins are not changed by the amendment, although several additional types, weights and classifications are added, including skins originating in the Pacific Coast area and country skins.

Industry's classifications followed

The term "native" hide applies to one having no brand or markings, which render a considerable section of the hide unsuitable for quality use. Branded hides sell at a discount from natives and are largely used for sole leather. Bull hides are of inferior quality to either steer or cow hides and sell for considerably less.

The packer classifications listed in the schedule are those recognized by the industry.

Since packers originate about two-thirds of all hides and follow standard methods of skinning, trimming and selection, their hide output generally commands a better price. Abattoirs and butchers are the other principal sources of hides. Their output sells at a slight discount from packer classifications because of poor take-off and since it is largely marketed on an unsel ected basis.

Kips are skins weighing more than calf skins, but less than hides. Shanks are skins removed from unborn or newly born calves. The leather from shankkins is of extremely fine grain and is used in fancy leather goods.

"Tare" affects weight

Because hides of all classes are sold in bundles by weight, the schedule recognizes the trade practice of "tare" allowance, which means a small discount for manure, dirt and salt that cling to the hides.

The terms "Chicago City," "New York Collector" and "country" are grade terms and do not refer to the point of origin of calf skins or kips. "Country" skins, for example, mean to trade skins not removed skillfully or of irregular pattern and trim or showing other pronounced inferiorities.

A clause has been added to the schedule prohibiting both direct and indirect methods of evasion. This provision is directed at such practices as up-grading or the sale of inferior skins at the price of a better quality. According to reports received by OPA, this and other practices have been engaged in by certain members of the trade.

Firm commitments entered into prior to September 13, 1941, the effective date of the amendment, for sales of hides, kips or calf skins at prices not exceeding the old maximums, but higher than any new top price established by the amendment, may be carried out, provided that all deliveries thereunder are completed on or before November 15, 1941.

Exchange trading in fats, oils futures excepted from schedule

All trading in fats and oils futures on commodity exchanges was definitely excepted from the operation of schedule No. 25 in an amendment issued September 12 by OPA Administrator Henderson.

This action was taken to clear up confusion in the trade over the operation of the schedule. This schedule was designed to eliminate speculative practices involved in the purchase or sale of physical quantities of fats and oils. It was not designed to interfere in any way at the present time with the operation of the futures market. However, Mr. Henderson stated that if the activity in the futures market should reach a point where it creates an artificial influence on prices, action may then become necessary to limit such trading.

Mr. Henderson further stated that the Office of Price Administration and the Commodity Exchange Administration are working closely together in this matter. CEA is widening its scrutiny of market activity in this connection—the first step being to require reports covering smaller transactions than were previously included.

The amendment also excepts futures contracts and purchases or sales by Federal departments and agencies from operation of the 45-day limitation on deliveries under forward sales.
Buying Wave Slackens

The exceptional August increase in retail sales, widely assigned to a general wave touched off by news of the silk shortage and increase in the national income, slackened in September, though sales figures are still above levels for last year.

Federal Reserve Board figures for department store sales throughout the Nation released last week indicated a 12 percent increase over last year for the week ending September 6.

This represents a substantial decline from the sales figures for the previous week, ending August 30, which were 30 percent above the corresponding week a year ago.

Since sales increased during the last quarter of 1940, the comparison of the figures of 12 percent against 30 percent does not indicate an absolute drop of 18 percent for the week. The figures are comparable to last year, and sales last year began an increase in the final quarter.

However, it has been observed that much of the August buying was of a forward character and this, coupled with the new restrictions on installment credit, would tend to curtail future sales.

Cotton Clothing Prices

It is expected that price advances to retailers in the winter and spring lines of many cotton clothes will be minimized by yarn ceilings now being prepared by the Office of Price Administration.

Goods particularly affected will be such items as children's underwear, sleeping garments, knitted cotton goods, work hosiery, children's hosiery, sweaters, and other kinds of knitted cotton outerwear.

Carded cotton manufactures not directly affected by the ceilings are work shirts, print cloths, and cotton dresses, since most of these goods are made in integrated plants spinning their own yarns. The new ceilings will affect carded yarns spun for sale to the knitting trades and industrial users.

In recent months carded yarns have been commanding high prices, some of them on a par with combed yarn. A 3- to 5-cent differential usually prevails on these items in favor of combed yarn, a more durable product employed in fine cotton fabrics.

Since May 26, when ceilings on combed yarns went into effect, voluntary efforts by the carded yarn industry to maintain the customary differentials have broken down, and the cotton industry has been disturbed by the fact that different quality yarns were being sold at the same price.

Retail prices for the most part have not yet reflected this condition, and the new schedule will work to prevent a threatening upward price movement in products made from carded yarn.

Silk Release

OPM textile authorities do not contemplate a significant increase in silk stocking production as a result of their setting up conditions for release of raw silk bales, which had been opened prior to the freezing order of August 2.

The opened bales will be available for civilian production as soon as owners of the silk get clearance from the OPM textile branch.

The textile executives point out, however, that this silk is spread throughout the Industry and that opened bales are held by weaving mills as well as hosiery plants.

Efforts to spread the amount of civilian silk available through the use of rayon or lisle in the foot and welt of the stocking probably will be continued. Nylon hose similarly knitted has already begun to appear on the market.

Release of the silk is being made primarily to help employment in the mills holding the opened bales. Repacking of the silk might affect its desirability for defense uses.

Unopened bales of silk will continue to be held for sale to the Defense Supplies Corporation or on defense orders, although the OPM textile branch is considering the release of some low grades of silk, if it can be established that such silk is not suitable for defense purposes.

More Aid For Small Business

Added protection for small business in the national defense program is forecast as the result of the creation of a special Small Business Section in the Antitrust Division of the Department of Justice announced recently.

Appointed to head the section was Guy Holcomb, of Atlanta, Ga., organizer of a chain of small gasoline service stations in Atlanta and a vice president of the National Association of Petroleum Retailers. He was a representative of the retail gasoline industry on the National Defense Advisory Commission.

In explaining for retailers the role that the new section will play in national defense, Mr. Holcomb commended that the defense work of the retailer is indirect, but that upon freely competitive, unsubsidized, and uncontrolled business the working of a democratic economy depends.

The highest efficiency of the country's economic mechanism in this period of emergency won't be achieved if unfair practices are allowed to interfere with the free workings of the competitive system, according to the new section head.

Among the unfair practices the new section will investigate are: undercover discounts, secret rebates and subsidies given one type of retailer over another.

New Lumber Ceilings

At the same time that they scheduled ceilings on mill shipments of Douglas fir and Southern pine last week, OPA authorities served notice on lumber yard operators that they are watching closely the retail price of lumber to see that it doesn't "go out of line."

Retailers are expected to take into account the large turnover now current in fir and pine lumber due to defense building, and the consequent lowering of their per unit overhead costs, when setting retail prices.

Prices advances traceable to increases in demand but not to cost will be considered speculative, conducive to inflation, and harmful to defense, OPA price authorities state.

The new schedule represents a considerable cut below the market in the upper grades of lumber. They have been brought back into line, and prices established at a level considered reasonable by most millmen.

The recent chaotic conditions in the lumber market are now expected to be stabilized. Because of price uncertainties, many yard operators had been forced into a position of hand-to-mouth buying, and kept from establishing adequate inventories.
Nickel-bearing scrap schedule clarified and revised after dealer-consumer meeting

Amendments to the nickel-bearing scrap materials price schedule, growing out of recommendations made at a recent meeting of dealers and consumers, were announced September 9 by OPA Administrator Henderson.

The series of amendments were designed to clarify and revise certain aspects of Price Schedule No. 8, which became effective on June 2 and covered a wide variety of scrap and secondary materials containing nickel.

Principal changes

The principal changes and the reasons for their adoption follow:

1. **Maker not a converter.**
   A manufacturer or fabricator who produces nickel-bearing scrap is prohibited from qualifying as a converter and thus is not entitled to the converters' premium set forth in the schedule. The converters' premium is allowed to enable those dealers who perform the specialized functions of a converter to continue in the performance of their functions. Allowing the industrial maker of scrap to be a converter would tend to squeeze the converter out of business because it would give the maker an incentive to sell directly to the consumer and thus bypass the converter. Definitions of a converter and an industrial maker are set forth in the amendment.

2. **Revision of schedule on stainless steel scrap.**
   One price—$90 per gross ton—is fixed for the so-called 18-percent chrome, 8-percent nickel type of stainless steel scrap. Under the original schedule, the maximum price for 18-8 stainless steel scrap containing more than 0.08 percent carbon was $85 per gross ton. A maximum of $95 per gross ton was fixed for the same type containing 0.08 percent or less carbon. OPA's experience indicated that the differential served no useful function and in some instances merely afforded an opportunity for violation of the terms of the schedule.

Maximum price established

A specific maximum price is established for stainless steel turnings and borings. Turnings and borings have been selling at prices out of line in relation to existing schedule prices, which were intended to apply to sheets, clippings, and solids. A maximum price of $30 per gross ton less than the applicable maximum price for sheets, clippings, and solids is fixed for turnings and borings in the case of chrome-nickel type stainless steel scrap. In the case of the straight chrome type, the maximum price for turnings and borings is fixed at $5 per gross ton less than the applicable maximum price for sheets, clippings, and solids.

A maximum price of $10 per gross ton less than the applicable maximum price for carload lot shipments of chrome-nickel type stainless steel scrap is established for less than carload lot shipments. The amendment provides that a carload lot may be made up of any kind or grade of stainless steel scrap, including both the chrome-nickel and the straight chrome types. One maximum price still applies, however, on straight chrome stainless steel scrap, regardless of whether it is shipped in carload or less than carload lots.

Seek uniformity in classification

Responding to a request by the Office of Production Management for uniformity in the present classification of straight chrome type stainless steel scrap, OPA breaks down its classification into a class containing 12-14 percent chrome, one containing 14-18 percent, and another containing over 18 percent. The over 18 percent class is the only new one, and the maximum price for it is fixed at $40 per gross ton, plus 91¢ per pound for each pound of chrome in excess of 18 percent. The $10 briquetting premium set forth in the present schedule will be allowed under the revised schedule for sales of stainless steel scrap in the form of power pressed briquettes "which are suitable, without further preparation, for direct charging into an electric furnace." Under the old language, the premium applied only to "hydraulic press briquettes." OPA explained that some of the newer machinery for briquetting is electric rather than hydraulic, and no restrictions ought to be placed on the type of machinery used. The requirement that the briquette be suitable for direct charging into an electric furnace is necessary so that premiums cannot be claimed for sales of scrap in the form of bundles or bales. The premium is allowed only for briquetting—a function performed on behalf of the consumer—and not for mailing scrap, which must be done preparatory to shipping. There is no requirement, it was pointed out, that the briquette be charged into an electric furnace; it may be charged into an open-hearth furnace; but before the premium is allowed, the briquette must be suitable for charging into an electric furnace.

Businessmen appointed to Price Division's staff

Appointment of several well-known businessmen to the staff of the Price Division, OPA, was announced September 1 by J. K. Galbraith, assistant administrator.

These men are being assigned to various commodity sections in the Price Division where they will work with economists and other technical experts already in those sections. Among the new appointments are:

- **Food section.** — Thomas E. Milliman, president of subsidiaries of the Orange League Federation Exchange,脸颊, N. Y., producing and dealing in fertilizer, lime, and agricultural chemicals.
- **Iron and steel section.** — Herbert Ziegler, former district manager of the Reliance Steel Corporation and Frank Beane, partner in the brokerage firm of Fenner & Beane, New York.
- **Consumer durable goods section.** — Arthur Oppenheimer, Jr., buyer for the home furnishings department of Bloomingdale's department store in New York.
- **Chemical, drugs and paint section.** — Oregon B. Heitrich, formerly employed by the Resinous Products and Chemical Co.
- **Automobile and truck section.** — Erwin G. Silver, formerly a cost accountant at the Fort Wayne, Ind., plant of International Harvester Co.
- **Nonsurgical metals section.** — James Bruce, formerly manager of the Cyprus Mines Corporation, island of Cyprus, with offices in Los Angeles, Calif.
- **Textiles, leather and apparel section.** — Eugene Speese, formerly consultant and engineering economist for Lampert Co., New York.

**DEFENSE BONDS SOLD**

**TOTAL $1,272,083,000**

Sales of defense bonds for August were $265,006,000, bringing the total for the 4 months since the savings program was inaugurated on May 1 to $1,272,083,000, it was announced by the Treasury Department September 4.
Rayon producers advisory committee holds first meeting

The Bureau of Clearance of Defense Industry Advisory Committees announced September 12 the formation of a Rayon Producers Defense Industry Advisory Committee. Members of this committee held their first meeting September 11 with the Silk Substitution Section of OPM to discuss problems in the industry.

Membership of the committee follows:

$428,835,709 War Department contracts cleared September 4 through September 10

Defense contracts, including an informal letter contract, totaling $428,835,709 were awarded by the War Department and cleared by the Division of Purchases, Office of Production Management, during the period September 4 through September 10. This compares with a total of $292,691,020 for the previous week.

CONSTRUCTION

American Friedman Bitulithic Association, Houston, Tex.; additional construction at Advanced Pilot Training School, Victoria, Tex.; total estimated cost now $3,457,838.

Two contractors: H. E. Wolfe Construction Co., Inc., St. Augustine, Fla., and L. B. McLeod Construction Co., construction of structures and slopes, pipe culverts, etc., at Camp Blanding, Fla.; total estimated cost now $638,541.

Two contractors: McDonald & Kahn and J. P. Shae, San Francisco, Calif.; construction of Armorped Division Camp at Santa Maria, Los Angeles, Calif.; total estimated cost now $1,352,671.

A. Farnell Blair, Decatur, Ga.; construction of armored division camp at Fort Smith, Ark.; 610,512,786.

Pepitone Rock & Gravel Co., Los Angeles, Calif.; construction of landing strip, runways, taxiways, aprons, etc., at Air Corps Flying School, Leimore, Calif.; 969,844.

Thomas C. Buck, Stockton, Calif.; construction of temporary buildings, water, gas, sewer, storm drain and electrical systems, and streets and sidewalks at Stockton, Calif.; 608,926.

Skilten Brothers, Columbus, Ohio; construction of storage warehouse at Erie Proving Grounds, Ohio; 1,642,621.

Douglas Aircraft Co., Inc., Santa Monica, Calif.; acquisition and establishment of additional facilities at or near Santa Monica, Calif.; to be used in production of aircraft; total estimated cost now $2,522,570. (Defense Plant Corporation agreement of lease.)


Two contractors; John W. Cunningham & Associates and Lawrence & Allyn of Portland, Ore., and Remington R-9, Portland, Ore.; construction of miscellaneous buildings at Camp Blandung, Fla.; total estimated cost now $2,827,180.

American Bleached Goods Co., New York, N. Y.; 1,600,000 yds. cotton uniform cloth, twill khaki; $622,660.

Bauer Brothers Co., Springfield, Ohio; shells; 9,982,500.

Sheffield Steel Corporation, Kansas City, Mo.; forgings; $600,000.

EQUIPMENT AND SUPPLIES

Reeves Brothers, Inc., New York, N. Y.; 2,651,060 yds. cotton uniform cloth, twill khaki; $8,677,697.

National Weaving Co., Inc., Lowell, N. C.; 5,000,000 yds. cotton uniform cloth, twill khaki; $1,839,200.

Cramerton Mills, Inc., Cramerton, N. C.; 1,000,000 yds. cotton uniform cloth, twill khaki; $2,831,709.


Gossitt Mills, New York, N. Y.; 1,360,809 cotton uniforms, twill khaki; $756,550.

Henderson answers Dies' charges

The following statement was issued September 7 by OPA Administrator Henderson:

I am informed that Congressman Martin Dies is making public a letter to the President containing charges concerning myself and certain employees of the Office of Price Administration and the Office of Production Management. This letter it appears is issued by Dies alone, and not by his committee.

As for myself, I am not now and never have been a member of any Communist dominated or controlled organization. Recently Congressman Dies said that he would make public the names of four such groups of which I have been a member. He has not done so yet, and I challenge him again to do so.

Government investigates employees

As for the 900 employees of the Office of Price Administration, the record of each and every one must be fully investigated by the proper Government investigative agencies when they are employed. Those mentioned by Representative Dies are, of course, included in this procedure, which was established immediately after the National Defense Advisory Commission was set up by the President in May of 1940.

In the early weeks this was done by the FBI, then later it was transferred to the Treasury Intelligence. When any question is raised as to the fitness of an employee, these reports are then turned over by me to the Civil Service Commission for recommendations.

I have not received any recommendations from the Civil Service Commission regarding any of the employees mentioned in the Dies letter. Should I receive recommendations from the Civil Service Commission asking for the discharge of any employee of OPA, including the 50 anonymous employees mentioned in the Dies letter, I would fire the individual as soon as I could get him on the telephone. I would point out for Representative Dies' information, however, that summary punitive action on the basis of one man's opinion is as un-American a procedure as anything to which Mr. Dies has yet given his attention.

Civil Service classifies

I am also informed that the Dies letter describes Robert Brady, one of the employees named, as my "head consultant." That designation happens to be a classification assigned by the Civil Service Commission and does not indicate any relationship between myself and Mr. Brady. As a matter of fact I personally do not have direct contact with Mr. Brady. Nor have I direct contact with the other employees named in the Dies letter.

As for Mr. Dies' exhibits accompanying his letter to the President, they will be referred to the investigative agency which will pass upon the individuals' qualifications and loyalty and I, repeat, I will abide by the final recommendations of the Civil Service Commission.
HEALTH AND WELFARE . . .

McNutt endorses group hospitalization to put service into family budget

In order to protect the health and productive capacity of the Nation as well as to conserve American resources for defense activities, Federal Security Administrator Paul V. McNutt said September 14 that his Office of Defense Health and Welfare Services had endorsed and would encourage participation by employers and employees in group payment plans for hospital service.

The administrator's endorsement is in line with recommendations made by the Office of Defense Health and Welfare Services' Health and Medical Committee and its subcommittee on hospitals. The Health Committee is headed by Dr. Irvin Abell of Louisville, Ky., and includes the Surgeon General of Public Health, Surgeon General of the U. S. Army, and the Surgeon General of the U. S. Navy.

Provides for private initiative

Mr. McNutt said he would urge upon employers to assume the maximum of responsibility in making hospital service and other community facilities available, as these plans combine the principles of private initiative and hospital service.

In a letter to the American Hospital Association, Mr. McNutt said: "The American Hospital Association is to be congratulated on the development of Blue Cross plans, which enable 7,500,000 Americans to place hospital care in the family budget along with other necessities. Your association has not only encouraged professional and administrative standards of service which have made American hospitals the best in the world; it has also developed a method by which these services are made available to the American people."

Many now must forego service

"The uncertainty of continued good health, and the importance of hospital care in the treatment of illness make it desirable for employed workers and their dependents to place hospital care in the family budget along with other necessities. Without such planning, many employed persons are now compelled to forego necessary hospital care, or to obtain free service in tax-supported institutions.

"One special feature of these Blue Cross plans which makes them particularly desirable for workers moving from one 'defense community' to another is the arrangement for the transfer of paid-up subscribers from one area to another. All the flexibility possible should be encouraged so that the maximum protection to defense workers may be secured."

Ness appointed director of Social Protection Division

Federal Security Administrator Paul V. McNutt announced September 10 the appointment of Elliot Ness, director of public safety of Cleveland, Ohio, to be the director of the division of social protection in the Office of the Director of Defense Health and Welfare Services. This division works with defense communities to secure the repression of commercialized prostitution and forestall conditions leading to prostitution.

Before he became director of public safety at Cleveland 6 years ago, Mr. Ness attained national prominence by the part he took in divorcing Al Capone and his associates from their income from illegally operated breweries and other unlawful activities. Loaned by the Department of Justice to the United States District Attorney's Office, he organized and directed the "untouchables" whose activities played an important part in breaking up the gangster rule in Chicago.

Succeeds Bascom Johnson

Mr. Ness, who is on loan from the city of Cleveland, succeeds Bascom Johnson, who resigned in order to resume direction of the legal and protective work being done by the American Social Hygiene Association for the Division of Social Protection, the United States Public Health Service, the Army and Navy and State health and law enforcement officials.

Mr. McNutt stated that Mr. Johnson will continue to serve as a consultant of the social protection division and that the association will continue its active cooperation with the Division.

The administrator also announced the resignation of Roy Dickerson as assistant director of the Division of Social Protection to become the executive director of the Cincinnati Social Hygiene Society.
AGRICULTURE . . .

Forest Service undertakes trial planting of cork oak to meet defense shortage

The Department of Agriculture's Forest Service is planning to undertake a small experimental program during the coming year on the planting and cultivation of cork oak, if the necessary supply of acorns can be secured from the Mediterranean.

The growing shortage of cork to meet defense requirements has raised various questions about the possibility of growing a backlog of this material within our own borders.

The United States has been importing approximately $10,000,000 worth of cork annually from the Mediterranean area where corkbark oak, from which it is stripped, grows in open woodlands throughout mountainous portions of Spain, Portugal, and North Africa.

The climate of this area is very similar to that of parts of southern California, Arizona, New Mexico, and Texas, and there seems to be no reason biologically why cork could not be successfully grown in this section. It might also do well in parts of Mexico or other Central American countries.

Introduced in California

Cork oak was introduced in California on a small scale over 70 years ago through a shipment of acorns sent from Spain to San Francisco. In 1940, the Agricultural Extension Service of the University of California supervised the gathering of about 5 tons of cork from scattered plantations throughout the State. This cork was found equal in quality to that of first yield cork grown abroad. Taiwan, from which this cork was gathered ranged from 26 to 70 years of age and from 8 to 52 inches in diameter, averaging, however, about 13 inches diameter at breast height.

Cork woodlands in Spain and Portugal are said to yield on the average about 200 pounds of cork per acre annually. In the past, due to low production costs, including wages, cork produced abroad has cost about 4 cents per pound, a price which it would be impossible to match in the United States.

Site sought for Inter-American tropical agriculture institute

The wheels are beginning to turn on another important program to help the farmers of this country and the countries of Latin America to dovetail their farming to their mutual profit and, at the same time, to strengthen the long-time defense program of the Western Hemisphere.

Representatives of the U. S. Department of Agriculture are now in Latin America to help pick the location, and make plans for, the long-talked-about Inter-American Institute of Tropical Agriculture.

The group is inspecting proposed Institute sites which have been offered by the Governments of Venezuela, Brazil, Ecuador, Costa Rica, and El Salvador, and sites that may be offered by other American Republics before their scheduled return to the United States late in September. In each country they are being assisted by local agricultural technicians. Tracts are being inspected from the standpoint of suitability for tropical agricultural research and education. At this Institute, the scientists will study and develop better methods to grow all kinds of tropical crops from spices and oils to rubber.

The Institute will be a cooperative project of all American Republics that are concerned in the production or consumption of tropical agricultural products. It is planned as a combined school of agriculture and experiment station for students and technicians from all the American Republics.

With these tropical crops to grow, agricultural leaders expect that farmers in the warmer parts of the Americas will be less inclined to expand further with some of our surplus crops such as wheat, cotton, and corn.

In addition to relieving the surpluses, these tropical crops would give the United States a closer home, more dependable supply of important products, and also would provide trade to tie the Americas more closely together.

Civilian Supply releases gasoline to move crops

An interpretation of the civilian allotment program for motor fuel, designed to facilitate movement of the Southern tobacco crop and the Maine potato crop and to permit increased supplies in so-called defense areas along the Atlantic coast, was issued September 14 by the Division of Civilian Supply and the Office of Petroleum Coordinator for National Defense.

The interpretation specifically states, however, that any adjustments made under it must not disturb the over-all 10 percent reduction below July 1941 deliveries as required by the allocation program. Suppliers must make adjustments between companies and between areas so that the over-all cut will be maintained.

Under the interpretation, suppliers, resellers, and service stations in defined areas in Maine, North and South Carolina, Georgia, and Virginia may be supplied with gasoline for September 1941 on the basis of their individual September 1940 galloionage plus 10 percent.

The interpretation placed Army post exchanges and Navy supply stores in Atlantic coast defense areas in the class of governmental buyers.

To correct certain inequities, the interpretation also stated that resellers and service stations which received subnormal deliveries during July 1941 shall receive in September their appropriate percentage of their July deliveries adjusted to normal. It is provided that in the areas where September 1940 shall be taken as a base, subnormal deliveries in that month shall be adjusted to normal.

Farm areas where increased September consumption is permitted are:

The county of Aroostook, Maine, and those counties lying east of and including the following counties:

In North Carolina, Granville, Durham, Wake, Haywood, Lee, Moore, Montgomery, and Richmond; in South Carolina, Marlboro, Darlington, Lee, Sumter, Calhoun, Cravenburg, and Barnwell; in Georgia, Burke, Emanuel, Johnson, Laurens, Bleckley, Pulaski, Dooly, Sumter, Webster, Stewart, Quitman, Clay, Early, and Seminole; in Virginia, Dinwiddie, Brunswick, Patrick, Henry, Franklin, Campbell, Prince Edward, Nottoway, Halifax, Charlotte, Mecklenburg, Lunenburg, and Pittsylvania.
TRANSPORTATION...

Cars 20,000 short of goal for peak season, 
Budd asks heavier loads, quick unloading

Ralph Budd, Transportation Commissioner, OEM, disclosed September 11 that he had addressed a letter to all of the Nation's shippers and receivers calling attention to the lag in the car-building program.

Scarcity of material will result in the existence of 20,000 fewer new cars in service on October 1 than were anticipated by the railroads, Mr. Budd said. He called for full cooperation in efficient utilization of existing equipment to meet transportation demand during the coming peak period.

Text of the letter follows:

To the SHIPPING PUBLIC:

The season of the year is at hand when carloadings reach their peak. What the peak may be is a matter of conjecture. Carloadings during the last week in August totaled 912,720 cars, an increase of 18.7 percent over the corresponding week in 1940, and the cumulative carloadings for 35 weeks of 1941 are 18.2 percent above the corresponding period of 1940. If carloadings follow the usual pattern in rising to the fall peak, and especially in view of the diversion of freight from other carriers to the rails, then the highest weekly loading may be between 975,000 and 1,000,000 cars.

The railroads have cooperated with this office in making plans for acquisition of equipment and for repair of unserviceable equipment necessary to meet the increasing traffic demand incident to the defense program and civilian requirements. On August 15, 1941, there were 1,589,293 railroad-owned serviceable freight cars, an increase of 183,383 over the number available on September 1, 1939. Inability to obtain necessary material in recent months, however, has resulted in the car-building program lagging to the extent that by October 1, 1941, there will be 20,000 less new cars in service than were provided for by the railroads.

Since material has not been obtainable to build the new cars that were ordered we must make better use of the existing ones.

The important part which shippers and receivers play in efficient utilization of freight cars has long been recognized. Your cooperation has been sought to the end that cars may be loaded and unloaded with the utmost speed, that equipment may be loaded heavier and efficiency promoted by other means with which you are all familiar. The cooperation in this respect which has come to my attention not only has been appreciated but has enabled me to reject various proposals which have not been made and would change from the present regulations governing the shipper-carrier relationship.

During the next several weeks in order that everyone desiring transportation service may receive it currently without delay, new records in the volume of transportation rendered per unit of serviceable equipment must be made. This appeal to all users of transportation to renew during the coming weeks their previous efforts to eliminate all wasteful use of transportation, and particularly to urge all to do everything in their power to prevent delay to cars while awaiting loading or unloading is in the interest of the general welfare. A few hours and a few dollars spent in loading or unloading cars 7 days a week or after usual closing time may well pay large dividends to the shippers directly involved, and to the country as a whole.

★ ★ ★

East's oil shortage cut in half, says Davies

The original daily shortage of petroleum products moving to Atlantic Seaboard territory has been cut by more than half, Acting Petroleum Coordinator Ralph K. Davies reported September 11. He added, however, that "our appraisal of the present and future stock deficiency remains as previously reported, and the necessity for public cooperation continues."

Mr. Davies said that as a result of actions taken by the oil industry at the suggestion of the Coordinator's office, the daily shortage caused by diversion of tank ships to defense purposes had been reduced from 353,200 to 174,500 barrels.

Pilot plant for fuel from farm products nearly completed

A semicommercial plant for production of motor fuel from farm products has been practically completed at the Department of Agriculture's Northern Regional Research Laboratory at Peoria, Ill.

This pilot plant, into which the chemists and engineers have incorporated all the latest improvements in equipment and processes available, is to be used for rigorous, large-scale testing of promising developments from the regional laboratory and elsewhere. It is capable of producing 500 gallons of alcohol per day. The first pilot plant work will be on corn, followed by work on sweetpotatoes, white potatoes, wheat, and other carbohydrate crops.

"Because of the important role of motor fuel in industry and the daily lives of the people in this country," Dr. Henry G. Knight, chief of the Bureau of Agricultural Chemistry and Engineering, said, "we are making every effort to push this important research. The United States is particularly fortunate in its supplies of fuels for all purposes, but improvements and development of special fuels would be welcome, particularly these days when defense requirements call for the best we can do."

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CARLOADINGS DROP OVER HOLIDAY

Revenue freight carloadings during the week ended September 6, which included the Labor Day holiday, totaled 797,740 cars, an increase of 14.8 percent over the 695,094 cars loaded during the corresponding week in 1940, but a decrease of 114,980 cars from the preceding week in 1941 when loadings totaled 912,720.

CARLOADINGS WEEK ENDED SEPTEMBER 6

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* Decrease.
CIVILIAN DEFENSE . . .

How volunteers may enroll and take part in community defense told by manual

Detailed instructions on how volunteers may enroll for and participate in their own community defense program were announced September 14 by OCD Director LaGuardia.

The instructions are contained in a 36-page manual issued by the Office of Civilian Defense, entitled "A Civilian Defense Volunteer Office." The manual is the result of several months' study of the opportunities for civilian participation in the defense program, not alone in the various volunteer services but in conjunction with the various branches of the Federal Government engaged in social service.

"By means of this manual," Mayor LaGuardia said, "every community in the United States will have exact instructions by which its own citizens can establish a central place where those desirous of helping their country's defense program can go to volunteer for a specific job or to learn where to train for such a job."

Meets varying conditions

Mayor LaGuardia pointed out that conditions vary between communities and that the manual recognizes the differences between urban and rural sections.

"The Civilian Defense Volunteer Office," Mayor LaGuardia said, "will work with the local defense council to survey the community needs for volunteer personnel before it begins enrollment. After the community defense requirements have been ascertained, the manual outlines plans for listing opportunities for volunteer services and the training facilities.

Plans and specifications for volunteer participation in recreation, health, welfare, family security, nutrition, education, and other types of public and private community service are also described.

Registration for volunteers

Mayor LaGuardia said that where no local defense council exists in a community, organized groups should take the initiative and establish a Civilian Defense Volunteer Office.

"There is no time to be lost," the Mayor warned, "because there are many people who want to serve defense and a great many programs that need their services."

Commenting on registrations already held in numerous communities under auspices of local defense councils, Mayor LaGuardia said:

"The local volunteer office should make use of such registration cards after it has ascertained the opportunities for volunteers. It should get the persons registered to come into the office to be interviewed and into training for their jobs."

"Many organizations already have training courses for volunteers in the defense programs. It is not the purpose of the Office of Civilian Defense to interfere with them. We suggest that when volunteer service for the community is under consideration, such organizations assist the defense effort by asking their members to enroll at the volunteer office as individuals.

"No one can predict the scope of the emergency in every American community. If, through fraternal and other organizations, persons are carrying on worthwhile work at this time, the Office of Civilian Defense hopes they will continue. We would ask, however, that they register at the volunteer office so that it may become a clearing house for volunteer effort and have the information concerning the special skills of those citizens who are in a position to render community defense service."

Mayor LaGuardia announced the appointment of Miss Wilmer Shields of New Orleans, La., to head the newly created Division of Community Volunteer Service in the Office of Civilian Defense. Miss Shields will head a field staff.

Mayor LaGuardia also announced the appointment of Mrs. Katherine Rogers Van Slyck of Cedarhurst, N. Y., as consultant in the Office of Civilian Defense.

MRS. ROOSEVELT NAMED "NO. 1 VOLUNTEER"

Mrs. Franklin D. Roosevelt has been appointed an assistant director of the Office of Civilian Defense, Director LaGuardia announced September 13. Mayor LaGuardia, in revealing that the First Lady would report for duty September 29, described her as "America's No. 1 Volunteer."

Deputy director appointed to coordinate U. S. agencies' work, manage field staff

Mayor P. H. LaGuardia, director of the Office of Civilian Defense, announced September 15 appointment of Corrington Gill as deputy director in charge of operations of the OCD. Mr. Gill, prominent in the planning and administration of Federal public work programs for the last 10 years, will resign his position as assistant commissioner of the Work Projects Administration to accept the defense post.

In establishing this new function within the OCD, Director LaGuardia said he had requested Mr. Gill to coordinate the civilian defense activities of all Federal agencies and to take charge of the OCD field staff. Mr. Gill will maintain liaison between civilian defense organizations of the various states providing channels of information to and from the Governors, State Defense Councils, and local defense groups.

The new OCD official participated in the initiation of the Federal Emergency Relief Administration, the Civil Works Administration, and WPA, after having served for two years, 1931-33, with the Federal Employment Stabilization Board. With administrative management procedures that attracted the favorable attention of many business executives, Mr. Gill has handled more than 12 billion dollars of Government funds in what has been called "the greatest peacetime spending program in history" without a single charge involving irregularity by his Washington or State assistants.

As the Assistant Commissioner of WPA in charge of the Divisions of Finance, Research, and Statistics he has developed an organization producing the most detailed information ever available on social and economic conditions and recently initiated the first official monthly series of unemployment estimates. He has also been in charge of the office of the general counsel.

Mayor T. Semmes Walthal will continue as acting deputy director of the OCD.
Eight doctors from five American Republics awarded fellowships for study in U. S.

Eight physicians from five American Republics have been invited to the United States and awarded fellowships for special graduate study in this country, it was announced September 10 by the Office of the Coordinator of Inter-American Affairs.

The eight physicians—from Brazil, the Dominican Republic, Mexico, Paraguay, and Venezuela—will study at outstanding United States medical institutions. The project was made possible through the cooperation of the Pan American Sanitary Bureau, the Department of State, and the Coordinator's Office.

The physicians who will receive fellowships and the institutions to which they have been assigned are as follows:

**Brazil**

*Dr. Aurelio Monteiro,* who was graduated from the National School of Medicine of Rio de Janeiro, receiving honors in gynecology, is a member of the Society of Medicine and Surgery of Rio de Janeiro and of the Brazilian Society of Gynecology and the winner of the 1939 Gynecology Prize of the Society of Medicine and Surgery. To prepare himself for an assistantship in the Department of Surgery of the Rio Medical School, Dr. Monteiro will study at the Johns Hopkins Hospital in Baltimore.

**Dominican Republic**

*Dr. Rafael Arturo Batlle,* who was graduated from the Santo Domingo National University in 1938, will study under Dr. Hugh Young at the Brady Urological Institute of Johns Hopkins University in Baltimore. After completing his studies there, he will go to the Henry Phipps Institute in Philadelphia.

**Paraguay**

*Dr. Raul Peña,* Director of Health and chief of the National Health Laboratories of Paraguay, is studying and observing the activities of the District of Columbia Health Department and the health departments of the States of Virginia, Georgia, and New York. Later Dr. Peña will visit the venereal disease clinic of the United States Public Health Service at Hot Springs, Ark., and attend meetings of public health societies.

**Venezuela**

*Dr. R. A. Salas-Victoria,* of the Venezuelan Ministry of Health, will study public health subjects at the University of Michigan, including field work.

*Dr. Francisco Scannone,* graduate of the Central University of Venezuela, will study in the venereal disease clinic of the United States Public Health Service at Baltimore, and later probably will go to the Public Health Service venereal disease clinic at Hot Springs. On his return to Venezuela, Dr. Scannone will be connected with the division of venereal disease control of his country.

1,398 publicly built homes completed in week; 4,112 started under FHA plan

Approximately 2,000 homes for defense workers and enlisted personnel were placed under construction contract, and 1,398 completed the week ending September 6, Defense Housing Coordinator Palmer has announced.

The United States Housing Authority awarded construction contracts for 150 homes in Savannah, Ga.; 300 in Chicopee, Mass.; 250 in Washington, D.C.; and 400 in Charleston, W. Va. All of these homes will be for the families of civilian defense workers.

Among the completions reported for the week were 491 homes in San Diego, constructed by the Public Buildings Administration for civilian defense workers. This agency also reported the completion of 65 homes in Vallejo, Calif.; 150 in Bangor, Maine, and 201 in Muskegon, Wis. These dwellings will house the families of civilian and enlisted personnel. The United States Housing Authority also reported the completion of 200 homes in Miami, Fla., for enlisted personnel, and 60 homes in Erie, Pa., for civilian workers.

As of September 6, family dwelling units totalling 

85,000 have been placed under construction contract and 23,830 completed.

**STATUS OF PUBLIC DEFENSE HOUSING CONSTRUCTION, SEPT. 6, 1941**

<table>
<thead>
<tr>
<th>Number of States and Territories</th>
<th>Funds allowed</th>
<th>Contracts awarded</th>
<th>Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sox. 6</td>
<td>Aug. 30</td>
<td>Sox. 6</td>
<td>Aug. 30</td>
</tr>
<tr>
<td>Number of States and Territories</td>
<td>49</td>
<td>49</td>
<td>47</td>
</tr>
<tr>
<td>Number of localities</td>
<td>176</td>
<td>156</td>
<td>156</td>
</tr>
<tr>
<td>Number of projects</td>
<td>428</td>
<td>328</td>
<td>328</td>
</tr>
<tr>
<td>Number of family dwelling units (regular)</td>
<td>111,545</td>
<td>111,545</td>
<td>85,970</td>
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<tr>
<td>Civilian industrial workers in private defense industry</td>
<td>50,515</td>
<td>50,515</td>
<td>54,075</td>
</tr>
<tr>
<td>Civilian industrial workers in Government plants</td>
<td>16,201</td>
<td>16,201</td>
<td>16,940</td>
</tr>
<tr>
<td>Other civilians, employed by the Army and Navy</td>
<td>10,642</td>
<td>10,642</td>
<td>10,640</td>
</tr>
<tr>
<td>Married enlisted personnel</td>
<td>30,787</td>
<td>30,787</td>
<td>23,411</td>
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<tr>
<td>Number of family dwelling units (trailer)</td>
<td>4,394</td>
<td>4,394</td>
<td>3,304</td>
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<tr>
<td>Civilian industrial workers in private defense industry</td>
<td>3,634</td>
<td>3,634</td>
<td>3,434</td>
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<tr>
<td>Civilian industrial workers in Government plants</td>
<td>629</td>
<td>629</td>
<td>400</td>
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<tr>
<td>Number of units for single persons</td>
<td>9,391</td>
<td>9,391</td>
<td>7,024</td>
</tr>
</tbody>
</table>

**NEW HOMES STARTED UNDER FHA INSPECTION**

Jan. 1, 1941, through Sept. 8, 1941... 101,563
Week ended Sept. 6, 1941... 2,112
Knudsen urges every American to give “extra fifteen minutes a day” to job

We can produce more weapons than anyone else in the world, but it takes man-hours to do the job. OPM Director General Knudsen said in a speech scheduled for September 15. He urged that every American give at least an extra 15 minutes a day to his job.

Mr. Knudsen’s speech was the first of 13 weekly “Defense Reports” to be delivered on radio time donated by the Firestone Rubber Co.

Excerpts follow:

Courageous men have always gone out to fight when their homes were endangered, and they should. This war, though, is different and it’s worse than any other war before. While the men are out fighting for their homes, bombing planes sneak over in the dark of the night and drop high explosive bombs and fire bombs on the women and children behind the line. They call this total war. I call it total brutality. I call it totally criminal—a total violation of everything decent and civilized. And I think we owe it to ourselves and to the rest of the world to bring it to a stop and wipe it from the face of the earth for all time.

I don’t know how many of us have stepped to realize that we have the power to wipe it from the face of the earth for all time. The only way that job can be done is to produce more of these weapons of terror than Hitler can produce. That is exactly what we can do—better than anybody else in the world. How soon the war would end if we all worked an extra 15 minutes a day but I’m sure it would cut it short by a substantial margin and it would save lives and materials and money. Anybody who doesn’t think that is worth while just doesn’t approve of civilization.

All of us are working for defense

Of course we can’t all work in defense plants. But the job has got so big now, that all of us are working for defense one way or another or soon will be. The people who work in nondefense jobs will be doing so because we’ve got to keep the civilian economy running on a skeleton basis so the war effort can go forward. So we’re all working for the same thing. All I ask is that we work a little bit harder and a little bit longer for it.

We can outproduce Hitler if we want to, but it is going to take a lot of sweat because he got a head start on us. We have to work not only with our hands but with our hearts because under our system of freedom men have to believe in what they’re doing. We fought a civil war to get rid of slavery and we’ve found the free system works better than any other.

“Even an extra fifteen minutes”

I would like to see every American decide to give, in one form or another, an extra hour or an extra half hour or even an extra 15 minutes to his job from now on. That isn’t much to do for your country, and that’s the only way to get the man-hours we need. If we get the guns we’ll get the war. And if we get the guns we can end the threat of Nazism. As far as the concerned the quicker we do it the better.