In this issue

Review of the week in defense .................. 2

PRIORITIES
First punishment for violation ................. 3

CIVILIAN SUPPLY
January passenger car production cut 51 percent . 8

ALLOCATIONS BOARD
“Small Business” must await over-all plan .... 10

CONTRACT DISTRIBUTION
Succor for two distressed communities ....... 11

CONSERVATION
Bureau created to save vital materials ......... 12

PRICE ADMINISTRATION
Aluminum scrap ceilings reduced ............... 13

AGRICULTURE
Chemicals controlled to assure food supply .... 16

TRANSPORTATION
Car ownership 24,370 short of program ....... 17

MEDIATION BOARD
16,180 return to work in record week .......... 18

PURCHASES
Week’s contracts: $184,999,981 ............... 20
Review of the Week in Defense

Efforts to save, produce and acquire more of the scarce and vital raw materials occupied the defense agencies last week.

In its first direct punitive action, the Priorities Division suspended aluminum operations of a company found to be a violator of priority orders. Officials announced that 1,800 aluminum foundries are being checked; that other industries will be surveyed as soon as investigators are available; and that all the resources of the law will be used to bring transgressors into line.

The Office of Production Management gave to a new Bureau of Industrial Conservation all the formerly scattered duties connected with preventing waste or unnecessary expenditure of raw-material supplies throughout the Nation.

January auto production cut

To conserve steel and other scarce materials for defense, OPM decided that at least 51 percent fewer passenger automobiles shall be made in January 1942 than in the same month of 1941.

Director General Knudsen recommended an increase of 318,000 tons in the annual capacity of one plant for electric alloy and stainless steel ingot. The Priorities Division granted aid to copper mines in South America, to boost their production for shipment to the United States, and gave 150 defense companies the assistance of an A-10 rating to obtain copper scrap.

Scrap import encouraged

The Office of Price Administration, seeking to tap supplies of iron and steel scrap outside the United States, offered to grant authority for import at above-ceiling prices; Attorney General Biddle approved in principle the simplification and standards program of the Consumer Division, OPA; and the Division of Civilian Supply prepared a questionnaire for the commercial refrigeration and air conditioning industries to find where they can save materials.

The Priorities Division extended the existing program for heavy motortrucks, medium trucks, and truck trailers so manufacturers could go ahead and order steel for December. Sperm oil, a defense production essential for which the demand has doubled, was placed under full priority control; and extension of priority ratings granted to vital roads was placed in the hands of public officials.

Preserving essentials

Hand in hand with the work to speed materials to defense went an effort to lighten resultant damage to civilian economy. The Priorities Division produced a new plan under which hundreds of thousands of plants may get defense ratings for maintenance, repair or operating supplies necessary to keep them going, and put chlorinated solvents under control to see that supplies are available for food fumigation.

OPM certified to the War Department that Meadville, Pa., where hundreds have lost their jobs because there is no copper for the slide fasteners manufactured there, should have special consideration in awarding defense contracts. A similar recommendation bore fruit in a defense contract for the Kenosha, Wis., area. The Attorney General ruled that, under certain conditions, preliminary conversations by companies wishing to combine their efforts in getting a defense order would not make them liable to prosecution.

Secondary aluminum prices

The Office of Price Administration announced reductions ranging from 1 to 3 cents a pound in ceiling prices for aluminum scrap and secondary ingot; adjusted upward the maximum prices of zinc scrap and secondary slab zinc; placed under ceilings virtually all types of cotton goods made of carded yarn; notified tire manufacturers that no objection would be raised to a 9-percent advance in consumer list prices over June 16, 1941, levels; and announced that maximum prices would be established for all forms of rayon yarn.

The National Defense Mediation Board set a new weekly record in returning 18,180 men to work.

Only 7 strikes have significant effect on defense,
Labor Division asserts

The Labor Division of OPM reports that there were 29 strikes as of October 18 in plants with any known defense contracts. Of these, however, only 7 cases had any significant effect on the defense effort, the Labor Division asserted last week. These cases were:

Lakeside Steel Improvement Co., Cleveland, Ohio (manufacturing heat treating equipment)—The strike of 110 UAW-CIO began on October 16. Both wage adjustments and union security involved. A conciliator working on the case.

National Steel Corporation, Ecorse, Mich.—The strike of approximately 8,000 SWOC-CIO began on October 15 over wages and reclassifications. The union officials and a Federal conciliator made a radio appeal to the men to return to work October 18.

Shenango Penn Molding Co., Sharpsville, Pa., and Neville Island, Pa. (making equipment for open hearth furnaces)—The Neville Island plant (175 SWOC-CIO) struck on October 14 and the Sharpsville plant (1,100 SWOC-CIO) stopped work on October 16 over wages and union status. OPM Labor and Industry Consultants joined the Federal Conciliator October 18.

Tube Reducing Corporation, Walling- ton, N. J.—The strike of 180 SWOC-CIO began on October 18 after negotiations for a first contract became deadlocked. Wages were at issue.

Anacostia Wire & Cable Co., Muskegon, Mich.—The stoppage since September 19 of 700 UAW-AFL and IBEW-AFL is the result of a contest for union representation. OPM making efforts for a settlement.

American Engineering Co., Philadelphia, Pa. (making steering gears and other battleship equipment)—This case was certified to the National Defense Mediation Board October 18. The issue was wages, and 350 IUMSWA-CIO were involved.

Air Associates, Bendix, N. J. (making airplane parts)—The refusal of the management to accept the recommendations of the National Defense Mediation Board resulted in a stoppage of 500 workers at this plant since September 30.

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Priorities Division suspends aluminum operations of firm held to be violator

Dramatic and sweeping punitive action against a violator of priority orders was taken October 16 by the Division of Priorities.

Priorities Director Donald M. Nelson signed a Suspension Order which shuts off all aluminum operations of the Central Pattern & Foundry Co. of Chicago until March 31, 1942, except that the company may use aluminum in inventory to complete defense orders on its books as of October 1.

The order—marking the first direct punitive action against a violator—states that the Chicago company's violations diverted much-needed aluminum from vital defense production and thereby delayed the defense program of the United States.

The Chicago company employs approximately 250 men. However, in addition to its operations with aluminum, the company also fabricates brass and zinc products; these operations are not affected by the Suspension Order.

Other suspensions may follow

Mr. Nelson, who signed the order after exhaustive investigation by the compliance and field section, during which officials of the Chicago company were given an opportunity to tell their side of the story, said that additional suspension orders may be issued against other firms found to be in violation of priority regulations.

Chief charge against the company was that, in July, it shipped 41,449 pounds of aluminum products for nonessential use in violation of directions by the Director of Priorities. These shipments were made as follows:

<table>
<thead>
<tr>
<th>Name of company</th>
<th>Pounds</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farnsworth Telephone</td>
<td>2,799</td>
<td>Juke box castings</td>
</tr>
<tr>
<td>&amp; Radio Co.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>O. D. Jennings Co.</td>
<td>8,476</td>
<td>Coin operated machines</td>
</tr>
<tr>
<td>Milt Novelty Co.</td>
<td>17,199</td>
<td>Coin machines</td>
</tr>
<tr>
<td>Heywood Wakefield Co.</td>
<td>5,013</td>
<td>Railroad coach seat parts</td>
</tr>
<tr>
<td>Bestman Kodak Co.</td>
<td>3,952</td>
<td>Kodak parts</td>
</tr>
<tr>
<td>The Prices Corporation</td>
<td>3,149</td>
<td>Vacuum cleaner castings</td>
</tr>
<tr>
<td>Total</td>
<td>41,449</td>
<td></td>
</tr>
</tbody>
</table>

The order declares that the company had misrepresented its scheduled shipments of aluminum for July, had failed to obtain required statements as to inventories and orders from its customers, and had without authorization accepted deliveries of aluminum scrap. The company, the order says, "committed these violations despite full knowledge of its part of the requirements of these orders."

During the time the order is in effect, the company may not (a) accept any deliveries of aluminum from any source; (b) may not accept any purchase orders for delivery of aluminum.

It is provided, however, that the company may make delivery of aluminum and aluminum products for the fulfillment of the defense orders on its books as of October 1.

It is also provided that no person may deliver any aluminum to the Chicago company or accept delivery of any aluminum from the company under circumstances which would constitute a violation by the Chicago company of the terms of the Suspension Order.

The Chicago company employs approximately 250 men. However, in addition to its operations with aluminum, the company also fabricates brass and zinc products; these operations are not affected by the Suspension Order.

Order No. M-1-a establishes a general schedule of preference ratings for shipments of aluminum, listing the ratings which are generally applicable for certain kinds of uses.

Order No. M-1-c states that deliveries of aluminum scrap may not be made except under preference ratings.

Background

The Central Pattern & Foundry Co. is at 3727 South Sacramento Avenue, Chicago.

On August 25, 1941, C. H. Burton, field examiner for the Aluminum and Magnesium Branch of OPM, inspected the books and records of the company.

On September 11, 1941, the case was submitted to the compliance section of the Priorities Division.

On the basis of the facts disclosed by the inspection, and upon the basis of reports filed by the company with the division, a letter was sent to the company on October 1, 1941, setting forth specific violations of the aluminum orders.

Representatives of the company were granted an opportunity to tell their side of the story at a meeting on October 9, 1941, at the offices of L. J. Martin, head of the compliance and field section.

Frank P. Battle, president of the Chicago company, and N. D. Burrows, an industrial engineer associated with the company, attended the meeting.

Following this meeting, the compliance section recommended that punitive action be taken.

Shipments were in lowest civilian class

In recommending this action, the compliance section stated that:

1. The aluminum shipments made for nonessential purposes, as previously mentioned, fell within the preference rating class B-8, the lowest civilian rating. These shipments constituted a violation since the Director of Priorities on or about July 1, 1941, had directly prohibited shipments of aluminum by this company falling within the B-8 category.

2. Some of the defense orders on the company's books have been produced; the remaining defense orders should require about a month to complete.

3. During July, the company accepted deliveries of aluminum under full priority control.
and other processing by it from the following companies in the amounts set forth below:

Name of company: 

Milwaukee Scrap Metal 6,787
Brodey Brothers 19,530

No preference rating had been assigned to these deliveries, and they were received in violation of the terms of Supplementary Order M-1-c.

(4) During July 1941, the company made deliveries of aluminum to a number of customers who had not furnished the company with sworn statements as to inventories and orders, as required by General Preference Order M-1-a.

As of October 1, the company had a number of legitimate defense orders on its books. At this time, however, it also had in its possession enough aluminum to complete these orders. The order permits this aluminum to be used for the specific defense contracts.

In addition to the investigation of the Chicago company, which started on August 25, a Nation-wide survey has also been started of other aluminum foundries under the direction of the compliance section. It is expected that in the near future investigations will also be started in other metal fields.

Seventy two new priorities

field offices open

Seven new field offices of the Priorities Division of the Office of Production Management were open for business October 13, it was announced by Priorities Director Nelson.

The addresses of the new offices, and the names of the district managers in charge, follow:

Memphis, Tenn.—Sterrick Building, J. S. Bronson, district manager; Louisville, Ky.—Todd Building, 4th and Market Streets, James T. Howington, district manager; Nashville, Tenn.—1015 Stohlket Streets, James T. Howington, district manager; Helena, Mont.—Federal Reserve Bank Building, George S. Gillen, district manager; Knoxville, Tenn.—Todd Building, 4th and Marion Avenue, Oscar A. Baarson, district manager; Oklahoma City, Okla.—Federal Reserve Bank Building, C. P. Aurand, district manager.

Ignorance of priority rules may lead to violations, punishment, attorney warns

Ignorance of basic priority rules may lead to violations, and violations may lead to punitive action, Manly Fleischmann, chief attorney, Priorities Division, warned on October 15. He urged that every businessman and every attorney become completely familiar with Priorities Regulation No. 1.

Excerpts from Mr. Fleischmann's speech before the Practising Law Institute in New York City:

One of the most sweeping and important orders ever issued by the Director of Priorities—and also one of the most widely misunderstood orders—is Priorities Regulation No. 1.

Regulation No. 1 is a basic document. Among other things it requires manufacturers to accept defense orders. Therefore every businessman in the Nation should become familiar with all the terms of Regulation No. 1 so that he may be sure that he is operating in accordance with correct procedure.

Ignorance of basic priority rules and regulations may lead to violations, and violations may lead to punitive action against the violators.

Not free to accept or reject

American industry is no longer free to accept or to reject any order offered.

Any defense order (defense orders are defined in Regulation No. 1) must be accepted, whether it bears a preference rating or not, if the established price and terms of sale are met.

Orders placed by the Army or the Navy, or subcontracts going into such orders or into other defense orders, are among those which must be accepted, even if this means deferment, curtailment, or complete elimination of less essential orders.

It should be understood that this requirement for the acceptance of defense orders cuts across and affects the entire American economy. It applies to manufacturers, processors, producers, wholesalers, and retailers, and covers every type of material, commodity, and product, whether or not there is a shortage in this product and whether or not the product is under any form of control.

Severe penalties possible

The fact that a plant or mill has a full schedule of civilian or lower rated orders does not authorize rejection of defense orders. Refusal to accept a defense order under such circumstances may result in severe penalties in the way of suspension of deliveries of scarce materials, withdrawal of priority assistance, and injunction proceedings. Similar penalties may attach to a failure to accord preferential treatment in the processing and delivery of defense orders after acceptance.

In view of this required change in ordinary business methods, every American businessman and every attorney should become completely familiar with the provisions of Regulation No. 1.

Under authority of an act of Congress, no damages may be recovered for a default or failure to deliver which occurs as the result of the supplier's compliance with the foregoing rules and regulations.

Order limits deliveries of insulation board containing cork

Because of continuing shortages of cork, limitations were placed around deliveries of insulation board containing cork, in a recent order issued by Priorities Director Nelson. Only defense orders, and orders for food preservation purposes, may be filled with such board.

An interpretation of this order, M-8-a, was issued October 16 defining "insulation board to be used for the preservation of food" as that to be used in cabinets and other small cold storage boxes in which the temperature is to be maintained below 20° F., and cold storage rooms and "walk-in" boxes, in which the temperatures are to be kept below 40° F.

150 firms get A-10 rating on copper scrap for defense

Approximately 150 refiners, ingot makers, and other remelters of copper scrap and copper-base alloy scrap, who are producing efficiently, and who have a substantial volume of defense orders, are given the assistance of an A-10 rating in securing such scrap's compliance with the foregoing rules and regulations.

In a change in ordinary business methods, every American businessman and every attorney should become completely familiar with the provisions of Regulation No. 1.
PRIORITIES...

Public officials to administer extension of ratings granted for highways

Following up the broad plan of assistance to highway construction outlined in a letter of intent addressed on August 30 by the Priorities Division to Thomas H. MacDonald, Commissioner of Public Roads Administration, Priorities Director Nelson made available October 18 Preference Rating Order P-19-c, which establishes control procedures for the assignment of priority assistance to approved road-building projects.

Since the issuance of the letter of intent, a number of orders granting preference ratings to individual projects have been issued under Preference Rating Order P-19-a, which is the device used for extending priority assistance to approved defense projects.

Responsible control provided

The new order sets up a somewhat different approach, whereby the preference rating is extensible in the first instance only by the Public Roads Administration or a State Highway Department. This is designed to provide control by a responsible public body, and to prevent unwise or unnecessary extensions of the rating.

The Priorities Division will issue to the Public Roads Administration, or to a State Highway Department, the original order extending preference ratings to a road-building project, which the Administration or Department has approved. The preference rating so assigned may be applied to deliveries to a contractor only by action of the Department or Administration, which will furnish one copy of the order to each of the suppliers with whom the contractor has placed a purchase order for material to the delivery of which the Department elects to assign the rating.

A supplier, in order to apply the preference rating to deliveries to him, must execute an acceptance of the order and file it with the Priorities Division, and furnish one additional copy of the order, signed in the same manner, to each of his sub-suppliers. The rating will be assigned deliveries, from the first supplier to a contractor, of all material and equipment necessary to a highway construction job, but in the case of orders placed by a supplier with a sub-supplier, the rating may be assigned only to materials which will be physically incorporated in the project.

Six classes of favored roads to the construction of which preference ratings may be granted were listed in the letter addressed to Mr. MacDonald by the Priorities Division. They were: Access roads to military and naval establishments, and to defense manufacturing plants; strategic highways; Federal-aid roads, and Federal-aid secondary, and National Park and Forest projects. In the last group were included projects for the construction and improvement of the Inter-American Highway, and for the construction of the Trans-Isthmian Highway and the Chorrera-Rio Hato Highway in Panama.

Steel warehouses given a grace period

An amendment to Preference Rating Order M-21-b, which covers steel warehouses, was announced October 14 by Priorities Director Nelson, to assist those warehouses which have so far been unable to make satisfactory reports.

The original order prohibited deliveries after October 5 to warehouses which had not been assigned quotas on the basis of their reports of deliveries during the first quarter of 1941. Because many of the reports received by the iron and steel branch, OPM, have had to be returned for correction, the warehouses which submitted them have not been assigned quotas.

The amendment extends the date after which such warehouses may not accept deliveries, from October 5 to October 31. The amendment, however, provides that no shipments are entitled to the A-9 preference rating established by Supplementary Order M-21-b, unless a quota and a rating certificate have actually been issued.

Priority aid granted makers of lift trucks for defense

Manufacturers of power-driven industrial lift trucks, widely used in lifting, hauling, and moving materials engaged in filling defense orders, are granted the assistance of an A-1-8 preference rating in securing certain essential supplies, in an order announced October 14 by Priorities Director Nelson.

The items to deliveries of which the rating may be applied are listed in Exhibit A to the order. They include:

1. Iron or steel castings, and steel forgings.
2. Motors and other electrical accessories, including batteries.
3. Bars, sheets, plates, shapes, and sections, ferrous and nonferrous and nonmetallic.
4. Finished or semi-finished parts and accessories, including wheels and tires.
5. Gasoline engines and accessories.

Lift truck manufacturers may apply the rating only to deliveries of materials to be used in filling defense orders. Commercial motor trucks are specifically excluded from the terms of the order.

The order further stipulates that the rating must not be applied to deliveries of any item in exhibit A for which a substitute of other more available material may be used.

Approval time lengthened for pig iron shipments

The 8 days provided for in Preference Rating Order M-17, between the filing by pig-iron producers of shipment schedules, and their approval or modification by the Iron and Steel Branch, OPM, has proved an insufficient period for proper handling, and an amendment to the order has been issued by Donald M. Nelson, Director of Priorities. The amendment calls for the filing of reports by producers on or before the 12th of the month, and provides that their return by the Iron and Steel Branch of OPM shall be made on or before the 25th of the same month.

The original order called for filing of reports on the 15th, and their return to the producer on the 23d.
Thousands of industries get defense rating for repair and operating supplies

Hundreds of thousands of the Nation's industrial plants, big and small, were granted the use of an A-10 priority rating to obtain maintenance and repair materials, in line with the recently expressed policy of the Supply Priorities and Allocations Board of keeping the economy in good running order.

The rating, granted by the Priorities Division of OPM, also can be used to obtain operating supplies (fuel, for example) which are used up in the manufacturing process.

Retail establishments are excluded, at least for the time being, because of administrative difficulties inherent in operating a maintenance and repair plan in the field. But, generally speaking, the sweeping order extends priority assistance to many others in all segments of the American economy.

The plan is set forth in an amendment to a previous order (P-22).

12 classes included

Those granted the use of the A-10 rating, which is a defense rating, include:

(i) any governmental unit;
(ii) any individual, partnership, association, corporation, or other form of enterprise engaged in one or more of the following activities or acting in one or more of the following capacities to the extent that it is so engaged or so acts:
   (a) manufacturing, processing or fabricating;
   (b) warehousing—maintaining warehouses for storage or distribution of any material;
   (c) wholesaling—acting as a distributor of products sold to manufacturers, wholesalers, retailers, or other persons not consumers.
   (d) charitable Institutions—any charitable or eleemosynary institution which is recognized as such for purposes of the Internal Revenue Laws of the United States;
   (e) carriers—urban, suburban and interurban common or contract carriers of passengers or freight by electric railway, electric coach, motor truck, or bus, including terminals; shipping—commercial carriers of freight and passengers by ocean, lake, river, or canal, including terminals;
   (f) educational institutions (including vocational training);
   (g) printers and publishers;
   (h) radio—commercial broadcasting and communications;
   (i) telephone and telegraph communication; telephone and telegraph communication;
   (j) hospitals, clinics and sanatoriums;
   (k) petroleum—discovery, development and depletion of petroleum pools.

Any plant or business qualified to use the rating can do so without making application for its use. If a manufacturer needs a repair part, for example, he simply places his repair order with a supplier and on the face of the order and all copies signs the following statement:

"Material for Maintenance, Repair, or Operating Supplies—Rating A-10 under Preference Rating Order P-22, as amended, with the terms of which I am familiar."

Orders must be accepted

This constitutes legal use of the rating. And, since the A-10 rating denotes a necessity of the defense, the order placed must be accepted by the supplier under the terms of Regulation No. 1. The supplier may extend the rating in the same manner if necessary to obtain materials going into the producer's order. Suppliers may use the rating for their own repair and maintenance needs, of course, if they are qualified to do so under the terms of the order.

The order emphasizes the fact that the rating granted cannot be used to obtain anything except maintenance, repair and operating supplies as these are defined in the order.

The phrasing of the certification to be used in the order must be familiar with all its terms before using it.

Safeguards against improper use

Certain stipulations are included in the order to prevent improper use:

1. Purchase orders for repair, maintenance and operating supplies must be made up separately from all other orders, if the rating is used.

2. The rating must not be used if the material can be obtained without a rating.

3. Producers using the rating may do so only to obtain materials in quantities which are not above certain 1940 levels as defined in the order; Provided, however, that the Director of Priorities may permit larger quantities of materials to be ordered and used in proportion to any increase in operations over last year's levels.

4. Misuse of the plan may result in direct punitive action.

5. Utilities and mines covered by separate repair orders are not covered by the present order. However, the plan does apply to all other establishments previously covered by Preference Order P-22, which is now revised by the new plan.

Since the above is only an informal summary of the order's provisions, the full text of the order must be read and studied by all those who expect to use it.

Order changed to make raw silk readily available for defense

With the twofold purpose of expediting the production of parachutes for Army and Navy and Weather Bureau use, and facilitating the resumption of certain essential operations in the silk industry, Priorities Director Nelson signed an amendment October 16 to General Preference Rating Order M-22, which on July 26, 1941, froze all supplies of raw silk.

Assigns A-10 rating

The amendment assigns an A-10 rating to contracts and orders placed by the Army and Navy and Weather Bureau for silk cloth, shroud lines, and thread; to orders for silk in any form required by a manufacturer to meet such orders, and to all orders for silk placed by the Defense Supplies Corporation.

To make certain that silk is readily available for defense needs, the amendment prohibits any further transfers of titles to stocks of raw silk, unless specifically authorized by the Director of Priorities.

Further prohibitions

Further prohibitions apply to processing of raw silk in any quantities, except as authorized by the Director of Priorities, and to the processing of thrown silk in excess of the amount processed by a manufacturer during the week ending July 26, 1941.

Except where inconsistent with the terms of the amendment, all the provisions of Priorities Regulation No. 1 apply to the new order.
Sperm oil, use doubled, is put under full control

All supplies of sperm oil, both crude and refined, were placed under full priority control October 16 by the Division of Priorities.

The control is provided in General Preference Order M-40. This order prevents deliveries of sperm oil except for defense purposes and also provides that any dealer holding in excess of 100,000 pounds of sperm oil on the effective date of the order shall set aside 30 percent of all stocks in a special pool out of which specific allocations can be made by the Director of Priorities. Such dealers are required to continue to set aside 30 percent of shipments received, for the same purpose.

Vital to defense production

Consumption of sperm oil during the first 6 months of 1941 was over 14,460,000 pounds, compared with consumption of only 13,500,000 pounds for the whole year of 1940.

Sperm oil is vital in defense production, its most important use being as a lubricant for breaking in motors. It also is used as a lubricant in making machine tools, in the rifling of guns, in tanning leather, and as a finishing agent in textiles.

Lighter, nondrying oils derived from petroleum can be substituted for sperm oil in a few of its uses, but in many of the important ones no satisfactory substitute has been found.

Affected by lack of shipping

While the rate of consumption for the first 6 months of this year is double that of 1940 lack of shipping has tended to restrict imports, the order states. While current market supplies do not constitute a sufficient reserve supply, users have considerable stocks on hand, which, under this order, will be the basis for a stockpile.

Main points of the order are:

1. Dealers holding more than 100,000 pounds shall set aside 30 percent of stocks on hand for allocation by the Director of Priorities and shall set aside a similar amount of each shipment received.

2. All defense orders for sperm oil not specifically assigned a higher rating are given a rating of A-10.

3. Dealers are required to deliver sperm oil only upon defense orders, subject to the provisions of Priority Regulation No. 1.

Extended program enables makers of heavy, medium trucks to order December steel now

A 1-month extension of the program to facilitate production of heavy motor trucks, medium trucks and truck trailers was announced October 12 by Donald M. Nelson, Priorities Director. The extension does not change the basic provisions of the program.

Although revisions of the program are under consideration, it is being extended to December 31 in its present form in order to permit manufacturers to place December orders for steel immediately. Manufacturers now are cut out of all December mill schedules.

The extension also applies to production of certain passenger carriers and necessary replacement parts. It means that during the period September 1 to December 31, producers may manufacture two-thirds 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 issued September 14, may be produced without limit.

No restrictions are placed on production of heavy motor trucks which are carrying most of the national defense truck transportation load.

The extension also means that manufacturers of replacement parts may produce during the September 1-December 31 period 60 percent of the number of parts sold for replacement purposes during the first half year.

A 1-month extension also is provided for Limited Preference Rating Order P-54, which assigns an A-3 rating to materials going into heavy motor trucks (3 tons or more), medium motor trucks (1 1/2 tons or more), truck trailers (3 tons or more), passenger carriers (motor or electric coaches with not less than 15 seats) and replacement parts as specifically listed in the September 14 order. The preference rating may be applied to purchase orders placed before December 1 and calling for deliveries prior to December 31.

The rating permits producers and their suppliers to obtain necessary materials and parts up to the maximum limitation as fixed in Limitation order L-1-a.

Latin-American copper mines get priority aid for supplies and materials

Faced with a crucial situation in copper, made worse by shipping difficulties between here and South America, the Priorities Division announced October 15 that priority assistance is being granted to Latin-American copper mines which are producing large quantities of the metal badly needed for defense purposes.

This assistance will enable the mines covered to obtain maintenance materials and operating supplies more rapidly.

Four companies operating mines in Chile and Peru are granted the priority aid in a new limited preference rating order, P-58. These companies now are producing copper at the rate of approximately 516,000 tons a year, almost all of which is under contract to the Metals Reserve Corporation for defense use in the United States.

In announcing the new move, Priorities Director Nelson pointed out that this form of assistance can be granted to other South-American copper mines if this is necessary to promote the defense of the Americas.

The new order has been granted to the Cerro de Pasco Copper Corporation, the Andes Copper Mining Co., the Chile Exploration Co., and the Braden Copper Co.

It permits these companies to assign a preference rating of A-3 to orders placed in the United States for supplies and materials which are to be delivered before October 1, 1942.

In addition, the order permits application of an A-1-d rating to orders placed by the mine operators before January 1, 1942, calling for deliveries before July 1, 1942, if material covered by these orders cannot be obtained with the lower A-3 rating.

The relatively high ratings are assigned not only because of the necessity of facilitating the flow of Latin-American copper to this country, but also because of the shipping difficulties and the necessity of synchronizing production schedules and delivery schedules with sailing dates.

An operator covered by the order may extend the ratings to his suppliers to speed up deliveries and the supplier, in turn, may extend the ratings to his own sources of supply if necessary to acquire material which will be physically incorporated in deliveries to the operator.
CIVILIAN SUPPLY . . .

Maximum passenger auto output for January cut 51 percent below same month of 1941

Passenger automobile production in January 1942 will be curtailed at least 51 percent below last January's output in a further effort to conserve steel and other scarce materials for national defense.

Announcement of the reduction was made after a meeting of the automotive defense industry advisory committee with Leon Henderson, Director of the Division of Civilian Supply of OPM, representatives of OPM's Labor and Contract Distri-

bution Divisions and officials of the other interested Government agencies.

Manufacturers will be limited to a maximum output of 204,848 passenger cars in January, compared with 418,350 in the same month a year ago. The reason warned, however, that there is no guarantee that sufficient materials will be available to fulfill this maximum.

Cut for 6 months is 36.3 percent

The January curtailment, taken together with the 26.5 percent cut ordered for August, September, October and November, and the 48.4 percent reduction required for December, will result in an over-all curtailment of at least 36.3 percent for the first 6 months of the model year that began August 1.

Production for the 6-month period can be 1,226,665 cars, depending upon availability of scarce materials, compared with 1,928,517 during the corresponding period last year.

Large companies cut 55.1 percent

Under the January program, the larger companies—General Motors, Chrysler, and Ford—will have their production cut an average of 55.1 percent below the level a year ago. The other companies—Studebaker, Hudson, Nash, Packard, Willys-Overland, and Crosley—will be permitted an over-all 8 percent increase above January 1941 output, provided sufficient materials are available. In the latter group, only Nash and Willys-Overland were ordered to curtail production below last January.

The over-all increases in permitted output by the smaller companies results largely from seasonal fluctuations. Studebaker and Packard, for example, produced approximately 3,000 fewer cars each in January 1941 than in December 1940. Crosley produced no cars in January 1941.

Conversion to defense

The Division of Civilian Supply has been advised of difficulties encountered by several manufacturers in obtaining scarce materials, compared with 1,928,517 during the corresponding period last year.

PASSENGER CAR ALLOTMENTS

(For Nonmilitary use)

<table>
<thead>
<tr>
<th>Company</th>
<th>Allotments January 1942</th>
<th>Production January 1941</th>
<th>Percentage decrease in Allotments</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Motors Co.:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chevrolet</td>
<td>40,180</td>
<td>104,579</td>
<td>60.6</td>
</tr>
<tr>
<td>Buick</td>
<td>10,482</td>
<td>36,613</td>
<td>70.2</td>
</tr>
<tr>
<td>Postac</td>
<td>14,336</td>
<td>32,578</td>
<td>57.1</td>
</tr>
<tr>
<td>Oldsmobile</td>
<td>12,733</td>
<td>25,977</td>
<td>54.8</td>
</tr>
<tr>
<td>Cadillac</td>
<td>2,874</td>
<td>6,074</td>
<td>54.9</td>
</tr>
<tr>
<td>Total</td>
<td>90,567</td>
<td>201,069</td>
<td>58.1</td>
</tr>
<tr>
<td>Chrysler Corporation:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plymouth</td>
<td>28,184</td>
<td>52,115</td>
<td>47.2</td>
</tr>
<tr>
<td>Dodge</td>
<td>11,801</td>
<td>27,596</td>
<td>57.1</td>
</tr>
<tr>
<td>Chrysler</td>
<td>6,028</td>
<td>18,187</td>
<td>66.9</td>
</tr>
<tr>
<td>DeSoto</td>
<td>4,186</td>
<td>5,280</td>
<td>25.4</td>
</tr>
<tr>
<td>Total</td>
<td>47,271</td>
<td>105,354</td>
<td>54.0</td>
</tr>
<tr>
<td>Ford Motor Co.:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ford</td>
<td>32,397</td>
<td>66,657</td>
<td>53.2</td>
</tr>
<tr>
<td>Mercury</td>
<td>4,426</td>
<td>11,129</td>
<td>60.2</td>
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<tr>
<td>Lincoln-Zephyr</td>
<td>1,276</td>
<td>2,420</td>
<td>49.8</td>
</tr>
<tr>
<td>Total</td>
<td>38,099</td>
<td>82,966</td>
<td>54.0</td>
</tr>
<tr>
<td>Other motor companies:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Studebaker</td>
<td>8,854</td>
<td>7,495</td>
<td>13.8</td>
</tr>
<tr>
<td>Hudson</td>
<td>6,478</td>
<td>5,814</td>
<td>11.4</td>
</tr>
<tr>
<td>Nash</td>
<td>5,500</td>
<td>6,248</td>
<td>13.4</td>
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<tr>
<td>Packard</td>
<td>5,771</td>
<td>4,379</td>
<td>22.8</td>
</tr>
<tr>
<td>Willys-Overland</td>
<td>1,944</td>
<td>2,218</td>
<td>13.8</td>
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<tr>
<td>Crosley</td>
<td>476</td>
<td>6,383</td>
<td>94.0</td>
</tr>
<tr>
<td>Grand total</td>
<td>204,848</td>
<td>418,310</td>
<td>51.0</td>
</tr>
</tbody>
</table>

*Increase.

Defence output. The manufacturers of passenger cars already are contributing, through the construction of tanks, heavy motor trucks, aircraft engines, and other weapons of war, to the protection of the United States. Further efforts will be required. I know that they will be forthcoming.

Aid for labor

OPM representatives, in cooperation with management and labor agencies and various Government agencies, are seeking to alleviate labor displacement resulting from the automotive industry curtailment program. Already, thou-

sands of automotive employees have turned from passenger car assembly lines to defense production within the same plants. The OPM's Labor and Contract Distribution divisions are coopera-
ting to expand the number as soon as possible.

Refrigeration industries questioned on saving materials

A questionnaire covering the commercial refrigeration and air-conditioning industries will be sent out shortly to as-
certain where vital defense materials may be saved in those industries.

The questionnaire is being prepared by the refrigeration unit of the Electrical Appliances and Consumers Durable Goods Branch of the Division of Civilian Supply, and is designed to cover all products of the industries.

Among the products to be surveyed are condensing units, compressors, display cases and coolers, water coolers, beverage coolers, ice-cream cabinets, reach-in refrigerators, beer-cooling equipment, cooling coils of all kinds, and unit air conditioners.

Information will be requested on inventory, production, and materials, as well as distribution channels.

Manufacturers of commercial refrigeration and air-conditioning equipment, particularly the smaller members of the industry, are urged to send requests for the questionnaire to the refrigeration unit, which is under the direction of Henry A. Dinegar.
Advance in list price of tires permitted because of costs

Tire manufacturers have been notified by the Office of Price Administration that no objection will be raised to advances in consumer list prices on tires and tubes of not more than 9 percent over June 16, 1941 levels, Administrator Henderson announced October 11.

However, manufacturers will be required to clear their new schedules of list prices with OPA before issuance so that the increase will not become effective until around October 20. Action was taken as a result of higher costs for rubber, cotton, other materials, and direct labor. Extent to which the increase will be reflected in prices paid by consumers is uncertain since ordinarily they purchase at varying discounts below list prices.

The advance in consumer list prices for tires will increase average wholesale prices received by manufacturers from 11 1/2 percent to 13 1/2 percent, depending upon the discount schedule of the manufacturer. These latter figures include advances of 5 percent in wholesale prices approved by OPA late in July.

Manufacturers will be required to maintain all discounts in effect June 16, unless changes are approved by OPA. Federal excise taxes will be shown as separate additions to list prices.

* * *

1,603 defense homes completed in week, Palmer announces

Charles F. Palmer, Coordinator of Defense Housing, announced October 15 that 1,603 new publicly financed homes for families of defense workers and enlisted personnel had been completed during the week ending October 11, making a total of 42,286 now ready for occupancy.

With 700 homes going into construction during the week, the total of publicly financed homes completed or now being built reached 43,409.

Federal funds have already been allotted for 121,685 defense homes.

FHA-inspected privately financed homes started during the week, totaled 4,182. Since January of this year, 176,480 such homes have gone into construction.

The total number of dormitory units for occupancy by single defense workers has reached 5,578.

Defense to take 30 percent of paper; McKenna outlines steps to produce, save

Government and industry must work together in the coming year to solve the problems resulting from consumption in defense activities of 30 percent of the Nation's available paper supply, Norbert A. McKenna, chief of the pulp and paper branch and acting chief of the printing and publishing branch of the Division of Civilian Supply, said in an address in Chicago October 11 before the Inland Daily Press Association.

Mr. McKenna said that with the national defense picture changing from month to month, he could not accurately forecast future defense requirements. He stated, however, that there seemed to be no imminent shortage of newsprint unless an unexpected demand from other types of paper and paperboard should absorb the excess capacity still existing in Canada.

Urges equitable distribution

Newspapers, magazines and other users of paper can help the Government in its efforts to conserve paper and make sure that available supplies are distributed on an equitable basis so that business enterprise and jobs are maintained, he said.

Mr. McKenna said in part:

"It is our problem and it is your problem next year to meet this shortage occasioned by the consumption of 30 percent of the available paper supply by defense. Perhaps we will be successful in so stepping up our defense efforts that more paper will be needed. If the war lasts, and well it may, we may have to give up a large number of our employees to direct defense industries and we may have to give up a considerable portion of railroad cars usually available to us to the transportation of defense products.

"We of the OPM challenge you to form a gigantic 'V' for victory in our battle on the home front. On one side of that 'V' we will mobilize your producing industries by forming hard-working industry advisory committees of the best men available from management and labor. On the other side of the 'V' we will organize consuming industries in the same way.

Greater production sought

"From the producing side we will derive recommendations as to how more reams of paper can be produced from the same ton of pulp. From the consuming side, we will obtain recommen-

Zinc pool changed

Producers of zinc, zinc oxide, and zinc dust from secondary materials, under toll agreements, are exempted from setting aside any of these materials for pool uses, in an amendment to General Preference Order M-11, announced October 16 by Priorities Director Nelson. Galvanizers who redistill zinc dross or skimmings for their own use are still subject to the pool requirements.

The amendment also shifts from the processor to the owner of the materials, the obligation of setting aside a portion of zinc produced from primary materials under toll agreements.
ALLOCATIONS BOARD . . .

Allocation to small industry as a class impossible pending over-all plan—Browning

Allocations of scarce materials to small industry as a class pending an over-all program has been found impossible, Albert J. Browning, special assistant to the executive director of the Supply Priorities and Allocations Board, said on October 15. He told a joint meeting of the National Hardware Manufacturers' Association and the National Hardware Jobbers' Association that the solution is to determine how much of a critical material will be set aside for civilian use, and then to divide the quantity among industries and individuals within the industries.

Excerpts follow:

Several weeks ago Mr. Nelson assigned me the job of trying to develop some plan that would screen out the small manufacturers in such a way that we could give them at least part of what they need, pending the completion of an over-all program. It soon became apparent that this was an impossible job.

Now it seems to me to be clear that if you are looking for a total solution you have got to come to an allocation program whereby some proportion of critical materials is set aside for general civilian use. That is a harsh method, but it is not new. It is the method which was finally arrived at—in Germany, in England, and in the United States—during the last war. Let me quote a few paragraphs from a statement issued by the Fuel Administrator during the severe shortage of coal which developed in this country in January 1918:

"Committees representing the large industries not engaged in war work—more than 100 in all—will be called into conference with officials of the Fuel Administration. They will be shown the amount of coal available for all purposes, the amount required for war purposes and domestic consumers, and the total curtailment of the use of coal which must be effected in order to satisfy these demands. They will be asked to volunteer in behalf of their industry a reduction of coal consumption for the year 1918. They will be asked to show the Fuel Administration the best method of accomplishing this curtailment. They will be asked to advise the Fuel Administration as to how to arrange these restrictions so as to prevent the less essential portions of their own business from goingidle."

I wish you would pay particular attention to the next couple of paragraphs from that 1918 statement; they are of direct interest and application today:

"It is believed that the operation of this plan of voluntary conservation on the part of non-war industries will forever lay the ghost of the 'cut off the non-essential industries' agitation which has been going on since the United States entered the war, and automatically will balance the relation between the production and consumption of coal and prevent any repetition of the present shortage.

"Indefinite threat of annihilation"

"These industries, sometimes miscalled 'nonessential industries,' is it pointed out, are the backbone of the country's economic system. They employ ten million workers and from them come the taxes and bonds which will pay for the war. These industries have never objected to any curtailment of coal or material of any kind which could be shown to be necessary to win the war. It was the indefinite threat of annihilation by restrictive orders which during the last two or three months has alarmed the leaders of business and finance."

How familiar that sounds today—that "indefinite threat of annihilation"! If you will bear with me, I would like to continue just a little farther with a reading from that 1918 report:

"The percentage of reduction asked of the different industries by the Fuel Administration will, of course, vary, partly upon advice of the leaders of the industry, as to what is practicable and safe shrinkage as compared with the great business activity of 1917; partly, also, it will vary with the character of the business. In proportion as an industry contributes less to the war of domestic necessities, it will naturally increase its contribution of self-limitation."

Applied to many industries in 1918

Later in 1918 that same principle was applied to many industries. For the last six months of that year passenger car production was limited to 25 percent of 1917 production. The manufacture of boilers and radiators was restricted, for the final quarter of 1918, to 40 percent of production in the final quarter of 1917.

"The path charted then, it seems to me, is the sort of path we must follow today. Although the details of such an over-all program have not yet been agreed upon, the general thinking in Washington now is that from careful studies of materials used by each industry, a total figure, for each scarce material, can be developed. When such a figure is settled upon, it will then remain to add to it the total military requirements for that particular material. When the sum thus reached—civilian demand plus military demand—is larger than the total available supply, as it will be in the case of all of these critical metals, the obvious next step will be to cut down the amount available for civilian industry.

I believe that it is clear, however, that if you are going to restrict the amounts of a raw material which the different industries may have, it is necessary to curtail operations at the finished goods end.

One more question remains: How long is all of this going to last? The length of this emergency depends on how fast we get the job done. We can put up with a lot of relatively mild shortages and restrictions for 5, 10, or 15 years, if we want to. Or we can take a big dose and get it over with quickly.
CONTRACT DISTRIBUTION . . .

Biddle approves preliminary talks for contract collaboration, when asked by OPM

Preliminary conferences by companies wishing to pool their resources for defense contracts will not be regarded, under certain conditions, as violations of the antitrust laws, Attorney General Biddle said on October 4. Text of his letter to OPM General Counsel John Lord O'Brien follows:

In a letter dated September 30, 1941, you have asked for an expression of my views relating to action, which it may be desirable or necessary, for certain manufacturing units to take for the purpose of securing contracts and keeping their plants in operation throughout the present emergency. You state that many manufacturing concerns, particularly those which are of "relatively small size," have been hampered in obtaining materials necessary to carry on their business and that "serious dislocations of both labor and production have resulted." You point out that many of these units, either because of their size or their inability to make changes in their productive equipment, are unable singly to bid for Government contracts or to obtain subcontracts with prime contractors. You also point out that in many cases these units can secure contracts only if they collaborate with each other and pool their facilities and experience, and that in connection with this effort it will probably be necessary for them to hold preliminary conferences for the purpose of discussing the details of this collaboration.

I understand that in some cases the dislocations which have resulted from the defense program involve larger units of industry, and that some units of this kind likewise may wish to hold preliminary conversations and conferences looking toward some plan of collaboration or cooperation. In all these cases, however, to which you refer in your letter, I assume that the collaboration or cooperation proposed is the kind of action contemplated by the Executive Order of the President, dated September 4, 1941. You raise the question whether preliminary conferences and discussions of the kind described in your letter will violate the antitrust laws.

I assume that these conferences will be carried on pursuant to the written request of the Office of Production Management. I make this assumption because of the statement in your letter that "conferences held pursuant to the written request of the Office of Production Management" would not appear to violate the antitrust laws. Preliminary discussions and conferences of the kind described in your letter of September 30, 1941, carried on in good faith in compliance with the following conditions will not be viewed by the Department of Justice as constituting a violation of the antitrust laws and no prosecutions will be instituted therefor: (1) The discussions will be carried on pursuant to the written request of the Office of Production Management; (2) when a particular plan for cooperation is formulated, the plan will be submitted to the Department of Justice in accordance with the procedure outlined in the letter of the Attorney General addressed to you and dated April 29, 1941; and (3) no action will be taken by those participating in the discussions unless the action is strictly within the limits of a plan which has been approved by the Office of Production Management and submitted to the Department of Justice. The legality of these preliminary conferences and discussions depends largely upon the nature of the action which follows. For this reason, the Department of Justice must necessarily reserve freedom of action, as it did in the letter of the Attorney General addressed to you and dated April 29, 1941, to institute civil actions to enjoin the continuing of discussions and practices which have been found not to be in the public interest and which have been persisted in after notice to desist.

Talon plant, short of copper, certified for defense work

The Office of Production Management has certified to the War Department that Meadville, Pa., faces severe unemployment because of shortage of copper alloy for slide fasteners and that defense work should be placed in the plant of Talon, Inc., manufacturer of such fasteners, to the fullest practicable extent.

The principal industry at Meadville is the plant of Talon, Inc. For a number of years this firm has provided approximately 55 percent of the total manufacturing employment in the community. In July 1941 salaries and wages paid to its 5,219 Meadville employees represented approximately 68 percent of all factory payroll there.

The company has already been forced to lay off 841 men in August and further curtailment of its employment will have a most serious effect in the community.

Noting that Talon's workers are of a high caliber and capable of being trained for other than their normal work, the OPM recommended a remedial program that includes the negotiation of contracts for gages, fixtures, jigs, and small parts of other articles needed for defense purposes.

Kenosha area gets contract to avert unemployment

The War Department placed an additional defense contract in the Kenosha-Racine area of Wisconsin October 15 after certification by OPM that the area is faced with severe unemployment due to shortages of material for nondefense production.

As a result of the certification, officials said, the Quartermaster Corps awarded the Nash-Kelvinator Co. a contract for 1,028 one-ton cargo trailers at a cost of approximately $225,000. Production is to begin immediately.

The award will provide partial relief from "priorities unemployment" in the Kenosha-Racine area.

The OPM certified the area for special consideration in the placing of defense work on the basis of an investigation by its Labor Division as to the employment situation there and a study by the Contract Distribution Division as to production possibilities.
CONSERVATION . . .

Conservation Bureau combines OEM efforts to avert waste of vital materials

Under the direction of Lessing J. Rosenwald, former chairman of the board of directors of Sears, Roebuck & Co., a newly organized Bureau of Industrial Conservation will inaugurate a concerted, carefully planned attack on all aspects of industrial, consumer, and governmental waste throughout the Nation, the Office of Production Management announced October 14.

The bureau is a part of OPM, and plans have already been mapped out for the fullest utilization of the facilities of existing Government agencies with experience in the general field of conservation.

To save every possible pound

The primary purpose of the new unit is to assure the saving and salvage of every possible pound of usable material which previously has been wasted and to direct such so-called waste materials into national defense channels. It is expected that the conservation program may well forestall or aid in preventing shortages of materials needed in essential aspects of the civilian economy.

Coordinated in the program of the bureau will be conservation efforts formerly sponsored by the Conservation Section of OPM, the Government Conservation Branch of the Division of Purchases of OPM, and certain units of the former Office of Price Administration and Civilian Supply. The widespread and varied field of conservation, specifications, salvage and simplification of design will thereby be centered in one unit.

Need for central organization

Although considerable progress toward this end already had been achieved by the several groups which are now merged, the importance the work has now assumed made it desirable that it be coordinated through one central organization.

Avoidance and elimination of waste and the unnecessary use of vital raw materials represents an important phase of the effort of SPAB to meet all legitimate military requirements first, while keeping essential civilian economy in such working order that emergency dislocations may be minimized and an ultimate return to normality may be made less difficult.

The Bureau of Industrial Conservation will operate along several broad lines, including revision of Government specifications; avoidance of waste in industrial practices; promotion of the use of substitute materials where they are available; stimulation of the collection of salvage; simplification of service and manufactured goods, and the general elimination of all nonessential uses of materials in which shortages exist or may be imminent. In undertaking its program, the Bureau is seeking the cooperation of State and municipal governments, representatives of affected industries, and the general public. It will also call upon the resources and personnel of several Government agencies such as the National Bureau of Standards, which has offered full support and cooperation. The Bureau will work as frequently as possible through the commodity branches of OPM and with the defense industry advisory committees.

McConnell heads engineering board

An important liaison with the engineering profession and with industry itself has been made possible by the formation of the Engineers' Defense Board. Robert E. McConnell, a mining and metallurgical engineer who served as chief of the former Conservation Section of OPM, will be chairman of the new board, which is to include ranking members of the six engineering societies—civil, mechanical, chemical, electrical, automotive, and mining and metallurgical. Mr. McConnell will also serve as engineering consultant to OPM.

The Bureau of Industrial Conservation also will work closely with the Consumer Division of the OPA, headed by Miss Harriet Elliott. Miss Elliott will continue her work with the American Standards Association, which is made up of technical experts capable of advising on the feasibility of proposed changes in consumer products.

Many savings already made

Savings already provided for through simplification, revision of specifications, salvage, and the avoidance of unnecessary uses of materials, include: Savings of between 8,000 and 9,000 tons of tin per year by reducing the thickness of tin plate on cans, eliminating tin coating on certain types of containers and cutting out certain nonessential uses of tin cans; savings of 225,000 tons of shipping space for the import of strategic materials from the Far East by reduction of imports of tapioca and lime for which substitutes have been found; institution of simplification programs for several industries such as those producing bicycles and refrigerators; cooperation given industries such as steel and automobiles to reduce the varieties of products offered and eliminate the use of materials for nonessential trim and decorative purposes; campaigns inaugurated for an increase in the wrecking of old automobiles, etc., etc.

Federal specifications revised

In addition, the Government Conservation Branch of the Division of Purchases, collaborating with the Federal Specifications Executive Committee, has revised nearly seventy Federal specifications, including those for flat tableware, laundry and refrigeration equipment, certain phases of cantonment and defense housing construction, fire-fighting equipment and many articles containing silk. This has resulted in far-reaching savings of such critical materials as aluminum, copper, zinc, brass, nickel, chromium, tin, and rubber.

Further savings of these and other important materials will be sought along the lines indicated by the Bureau of Industrial Conservation working through the cooperating agencies and the various commodity branches. The Bureau will depend upon the latter to carry the principal responsibility for determining the need for conservation and for advice as to the most practical methods of achieving it.

Oppenheim named executive assistant to Rosenwald

Appointment of Burton E. Oppenheim as executive assistant to Lessing J. Rosenwald, chief of the Bureau of Industrial Conservation, was announced October 16.

Mr. Oppenheim is on temporary loan to the Bureau from the Department of Labor, where he was director of the industry committee branch of the Wage and Hour Division.
Cuts in ceilings on aluminum scrap and secondary ingot to be 1 to 3 cents a pound

Reductions ranging from 1¢ to 3¢ a pound in ceiling prices for aluminum scrap and secondary ingot, and specific premiums for shipments of scrap in quantity, will be contained in the forthcoming amendment to Price Schedule No. 2. OPA Administrator Henderson announced October 15. The amendment will be issued within the next 2 weeks.

As previously announced, the revised prices will go into effect on November 1, one month after the reduction in the price of virgin aluminum from 15¢ to 15¢. This waiting period is designed to give the trade an opportunity to adjust inventories. It can be expected, the administrator said, that both dealers and smelters will offer somewhat less than the old ceiling prices for scrap even in advance of the new amendment’s effective date.

Quantity differentials

Introduction of quantity differentials on scrap eliminates the distinction between maximum “maker” and “dealer” selling prices in the present schedule. The amendment will provide a set of scrap prices applicable to sales by anyone, whether maker or dealer, in lots less than 1,000 pounds.

On deliveries of 1,000 to 20,000 pounds by truck, or on deliveries of amounts between 1,000 pounds and the minimum carload lot, if shipped by rail, a premium of 1¢ a pound is allowed on all grades except old pistons and cast and forged scrap. For these latter types a premium of only 1 1/2¢ a pound is provided.

For all types of scrap an additional 1 1/2¢ premium will be permitted on deliveries of over 20,000 pounds if shipped by truck within a 3-day period, or on deliveries in minimum carload lots if shipped by rail. These premiums may be applied to a total shipment made up of various grades of aluminum scrap. They are not applicable to shipments of aluminum mixed with other metals, except insofar as the segregated portion of the shipment qualifies by weight for the additional charge.

Reductions vary

Variations in the amount of the reductions in scrap and ingot prices reflect the experience accumulated by OPA during several months of the schedule’s operation as well as changes in market conditions since the schedule was originally announced on March 24, 1941. “Obsolescent” scrap is being reduced less than 2¢ a pound in order to encourage collection of the maximum amount of this material. For example, old sheet and utensils and pistons are being reduced by 1 1/2¢; and old cast and forged scrap by 1¢. On the other hand, the ceilings on certain types of “plant scrap,” notably turnings and borings and pure clips, are being lowered by 3¢ a pound to bring them into proper relationship with other scrap prices under current market conditions.

Three grades of secondary ingot will be lowered a flat 3¢, one will be cut 1 1/2¢, and the other will be lowered 3¢. Desegregating aluminum ingot is being reduced from 16 1/2¢ to 13 1/2¢ to allow for the fact that this material today has considerably lower aluminum content than when the original price was set last March. Number 1 type ingot, a secondary casing material, is reduced by 1 1/2¢ to permit smelters to absorb the new price on old casings and forged scrap, which will be cut by only 1¢.

The revised schedule will contain only one classification for turnings and borings, eliminating the former classification of “No. 12 type turnings and borings.” There will be only two classes of clips: namely, “pure clips” and “alloy clips, either mixed or segregated.”

** Duty on Canadian paperboard may be added to delivered price **

Import duty on paperboard brought in from Canada may be added to the delivered price by buyers in the United States, even though the results in a total cost which exceeds the maximums established in the paperboard price schedule, OPA Administrator Henderson ruled October 1.

In no event, however, the administrator added, shall the delivered price exceed the ceiling prices set in the schedule, plus the actual amount of the import duty. Importers of Canadian paperboard are required to show the import duty as a separate charge in their invoice records.

Scrap ceiling can be relaxed to tap supplies abroad

Authority to import iron and steel scrap from any foreign source at prices exceeding the established maximums will be granted to steel plants and foundries under certain conditions, OPA Administrator Henderson announced October 13.

At the same time, OPA issued an amendment to the scrap schedule setting up Cincinnati as a basing point for scrap of railroad origin.

In the case of higher-than-ceiling imports, Mr. Henderson stated, buyers first must apply to OPA for permission, furnishing complete details of the proposed transaction. If authority is given and the scrap brought in, the buyer then must supply OPA with certified copies of the bills of lading.

Inquiries from steel plants indicate that scattered supplies of scrap are available for purchase in Cuba, Mexico, and Central and South America.

** 318,000-ton boost recommended in Republic alloy steel capacity **

Increase of 318,000 tons annually in the electric alloy and stainless steel ingot capacity of the Republic Steel Co. plant at Canton, Ohio, for the manufacture of aircraft forgings and armor plate for tanks was recommended October 16 by the Office of Production Management. OPM Director General William S. Knudsen made the recommendation to the Defense Plant Corporation of the RFC, on the basis of a report by W. A. Hauck, steel consultant.

An increase of 1,000,000 tons in electric alloy ingot capacity is urgently needed, the report said, as well as finishing plants to manufacture hardened steels for aircraft, tank armor, shells and machine tools if the defense production program is to continue at high speed.

The proposal calls for five 50-ton electric furnaces and necessary supplementary equipment. It was estimated the plant can be in operation within 5 or 6 months, if the necessary priority ratings are granted.

★ ★ ★
Price Control Bill vital, other methods must keep pay in bounds, says Henderson

In a recent radio address on the Emergency Price Control Bill now before Congress, OPA Administrator Leon Henderson declared: "There is no question in my mind but that we are already in the early stages of inflation. Unless the present vigorous thrust of prices is checked this country will suffer bitterly."

He explained that though wages must be kept in bounds, he thought that the country would "shrink from" legislation to freeze pay, and that he believed "a national policy on wages during the emergency is gradually being formulated."

Other excerpts follow:

Even more frightening than the present level of price advances is the fact that these advances have been gathering momentum rapidly since the early months of this year. The sharpest increases are found, of course, in the basic raw materials, such as wheat, cotton, and lard. Since the middle of February alone, the Bureau of Labor Statistics' daily index of the spot prices of 28 basic commodities has gone up 30 percent and is now more than 55 percent higher than in August 1939. This advance would have been even sharper had we not succeeded in holding down prices of such basic products as steel scrap, lead, copper, zinc, and sugar by agreements with industry or by imposing price ceilings.

There have been sharp advances in retail prices. But the fact is that retail prices have lagged behind the procession. It always takes time for price increases to move from raw materials to finished goods and from wholesale to retail markets. Now retail prices are going up in earnest. The cost of living on August 15 last, was 7½ percent higher than it had been two years earlier. Retail food prices were more than 15 percent higher this August than in August 1939.

Beginning with the formation by the President of the Advisory Commission to the Council for National Defense in the summer of 1940, I have had the responsibility of watching the price level and doing what I could with whatever means I could find to restrain price advances.

Obviously, the first impact of a diversion from civilian to defense production is felt in the prices of raw materials. My staff therefore devoted its time to the supply and prices of basic raw materials—particularly minerals and metals. We were urging expansion of production wherever shortages threatened or might threaten sometime in the future. We sought the voluntary cooperation of business leaders in stabilizing prices. To the extent that we were successful we postponed the day when price regulation would be necessary.

As early as February of this year it was apparent that something more than informal understandings, stockpiles, or speeches was necessary.

On April 11, therefore, the President, by Executive order, created the Office of Price Administration and Civilian Supply. He authorized me as Administrator to issue formal price ceilings which would set forth reasonably maximum prices that should be charged. While only 34 of these ceilings have been issued, they cover approximately 30 percent of the principal raw materials and the primary manufacturing industries.

Many of these schedules have been extremely successful, but even last summer it was apparent that the enormous purchasing power being created by the defense effort was being spent for products whose supply could not be increased. Accordingly, I recommended to the President that the time had come for price legislation.

Not for any special class

The Price Bill is not intended to protect any special class or group in the community. It is addressed to all sellers and all buyers. It covers retailers and wholesalers, producers, manufacturers, and distributors. It includes all commodities, farm products and foods, as well as raw materials, and finished goods. In addition, it provides a mechanism whereby rents in defense areas may be held within reasonable bounds.

Next, remember that the bill is a temporary measure—the authority is granted only for the duration of the emergency.

The authority under the bill is granted to the President. He in turn may delegate his authority to one or more existing agencies of the Government. Or he may create a new board and delegate the power to it. Or he may appoint an administrator and put that administrator in charge. The approach is flexible.

The bill is broad, but is carefully surrounded with safeguards. Although the President may put a price-stop on all commodity prices, generally speaking it is contemplated that maximum prices will be established only for the more important prices which show a tendency to go out of line.

For agricultural commodities the bill as introduced provides a different set of standards. No price can be fixed on any farm product below 110 percent of parity, or the price on July 29, 1941, whichever is the higher.

In order to make sure that everyone knows just how a particular ceiling price is established, the bill expressly says that every price regulation must be accompanied by a statement of the considerations that were involved in the making of the price. Then if any one wishes to object, he may file a protest, explaining his objections and setting forth any supporting evidence he may have.

What the Bill does not do

This bill doesn't undertake to do anything about public utility rates—charges for transportation, whether by rail or water, electric lights, gas, telephone, or telegraph.

Secondly, it doesn't undertake to fix wages. As you know, we have a good deal of legislation on the books designed to bring about a system of fair wages.

I believe wages, like every other cost, must be kept in bounds. I believe that we cannot avoid an inflationary spiral if wages rise exorbitantly and require commodity price increases to take care of them.

I believe that a national policy on wages during the emergency is gradually being formulated, and I further believe that it may be necessary, just as it was under the pressure of war circumstances before, to have a national expression and acceptance of standards to be observed in wage negotiations.

I knew very clearly what Sidney Hillman does at the present time when confronted with an unwarranted wage demand which threatens the national interest. I know, too, that he is working and in some instances has been extremely successful in establishing area agreements for the stabilization of wages in selected industries. It is my feeling that the number of these stabilizing agreements should and will increase, but I am completely opposed to any policy which would attempt by legislation to freeze the wages and salaries of every single employee and employer in this country. I further believe that if a bill to freeze all wages and salaries were presented to Congress at this time the country would shrink from it once the full significance of wage and salary control was understood.
CIVILIAN DEFENSE

Field relations between OCD and Health and Welfare clarified by joint statement

Clarity of the field relationships between the Office of Defense Health and Welfare Services and the Office of Civilian Defense was embodied in the following joint statement issued by these agencies.

The statement is not intended as completely delimiting the functions of either office:

Office of Civilian Defense

1. The Office of Civilian Defense is concerned with:
   a. Assisting State and local governments in the organization and servicing of State and local Defense Councils for the coordination of defense activities.
   b. The development of plans and programs for the protection of the civilian population in the event of enemy action.
   c. The establishment and operation of Civilian Volunteer Service Offices for the recruiting and assigning of volunteers for training and work in civilian protection and community activities related to defense.
   d. Coordinate Federal civilian defense activities which involve relationships between the Federal Government and State and local governments, except in the fields covered by ODHWS as indicated below.

Defense Health and Welfare Services

2. The Office of Defense Health and Welfare Services is concerned with:
   a. The coordination of Federal, State, and local defense services in the fields of health, welfare, education, nutrition, recreation, and related activities.
   b. The development of plans and programs designed to assure the provision of adequate services and facilities in these fields.

Agree on basic principles

3. In order that the regional directors and other representatives of the two agencies may carry on their activities with the maximum possible coordination of effort, the OCD and the ODHWS have agreed on the following basic principles of field operations:
   a. The OCD, through its regional directors, maintains its relationship with State and local governments primarily through the State and local defense councils.
   b. The ODHWS, through its regional directors, maintains its relationship with State and local governments primarily through the State and local agencies in the various technical fields.
   c. The regional directors of the ODHWS will advise the regional directors of the OCD of new defense health and welfare programs, in which State and local defense councils are expected to participate, and, wherever feasible, arrange for joint presentation of such programs to defense councils. Wherever such programs have been established, the regional directors of ODHWS may call upon State and local defense councils for action or information without further clearance.

Cooperate in programs for volunteers

4. The ODHWS will make available to the OCD all possible technical assistance in connection with the utilization of the facilities of Federal health and welfare agencies in the planning of programs for the protection of civilans in the event of enemy action.

5. The ODHWS will cooperate in the development of the program for volunteers on the following basis:
   a. The OCD will be responsible for the establishment and operation of Civilian Volunteer Service Offices, under the auspices of State and local defense councils. These offices will be concerned with the recruiting of volunteers, the assignment of volunteers to agencies for training and work opportunities, and the stimulation of community interest in volunteer activities.
   b. The ODHWS will assist State and local agencies in the fields of health, welfare, education, recreation and nutrition in the training of volunteers and the utilization of volunteer services in such programs.

Exemption from amusement tax aids free tickets for soldiers

Recent legislation exempting members of the armed forces of the United States from paying Federal amusement taxes when in uniform will permit extension of the recreation facilities of the Office of Defense Health and Welfare Services. Local recreation committees, with the cooperation of commercial amusement houses, are increasing the distribution of free tickets.

This measure is of particular value in large centers where there is a considerable number of commercial amusements.

In New York City, the Defense Recreational Committee distributes about 60,000 tickets weekly to major amusement and sports events. Tickets are made available to the committee through the cooperation of theatrical producers, independent moving picture theater operators, broadcasting companies, and sport impresarios.

31,000 nurses needed

"The serious shortage of professional nurses is one of the critical problems facing this country today," Miss Mary Beard, chairman of the subcommittee on nursing of the Health and Medical Committee, Office of Defense Health and Welfare Services, declared October 16 in speaking before the American Public Health Association convention in Atlantic City.

"We face new decisions and fresh situations concerning the health of communities near Army camps and great industrial plants, to say nothing of the need for filling those places left vacant in civilian hospitals and homes when nurses are drawn away for activities connected with our armed forces," said Miss Beard.

More than 31,000 additional graduate registered nurses are needed this year by the Army, Navy, and other Government agencies as well as by civilian institutions, Miss Beard reports. To meet these new requirements, 90,000 new students must be enrolled in schools of nursing this year; thousands of retired professional nurses are being urged to return to active duty; 100,000 volunteer nurses' aides are to be trained by the Red Cross and the Office of Civilian Defense; and 500,000 more are receiving instruction in the Red Cross Home Nursing course.
Small plants hold "balance of power" in World conflict, Odum believes

Small plants, accounting for more than 60 percent of all our industrial workers, "represent the balance of power in the World conflict," Floyd B. Odum, Director of the OPM Contract Distribution Division, said recently.

"We will make a vigorous effort to see that no large order goes to any firm that does not agree to 'farm out' a reasonable part of the work," Mr. Odum promised in a speech broadcast from the convention of the Capital District, Kiwanis International.

Excerpts follow:

... The big mass production high-speed plants are fine. To play safe against long-range demands or for particular kinds of work we may have to build even more. But our machine-tool industry will work to capacity for another eighteen months to equip what we now have projected. We must not overlook what already exists. The nations whose defense is essential to our defense are fighting for their existence right now. They need greatly increased help immediately. That help must be in the form of manufactured materials. We can give it to them quicker by converting our existing factories, large and small, to defense production.

2,000,000 jobs may be at stake

We should and must do this for another reason too. Thousands of these plants face the prospect of curtailment or closing unless they can be converted quickly to defense production. Some authorities estimate that 2,000,000 jobs are at stake.

You are all probably familiar with the well publicized fact that 75 percent of the initial major defense contracts went to 56 big companies. That does not tell the whole story, of course, for many of these prime contractors worked with hundreds of subcontractors. But nevertheless it is true that most of the work is in a comparatively few companies.

But the picture has changed. The problem is different today. Price is not the main yardstick. Speed in deliveries is more important. We must spread the work and do it now—immediately.

It is my firm belief that our small plants of America represent the balance of power in the World conflict. Those with 500 or less employees account for more than 60 percent of all our industrial workers.

Our division does not make purchases or place orders. The success or failure of the effort depends largely on how the armed services and their personnel handling procurement carry out the policy in practice. We, therefore, first worked with the Army, Navy, and Maritime Commission. They have adopted the President's work spreading policy. During these past four weeks I have seen every evidence of cooperation. Each has set up a Contract Distribution Division to follow through in harmony with our own divisions. Large orders are already being broken into smaller ones when feasible. New plants will not be fostered when presently existing ones are known that can effectively do the same job in the same or shorter time. Competitive bidding is giving way where possible to a negotiated price in order to spread orders.

Push subcontracting

We also appeal to the 56 large companies to push subcontracting at once and vigorously as a national patriotic policy. Many have been doing a fine job, but agree they can do more.

The law is being prepared to eliminate all legal barriers to spreading the work. Zone bidding and experimental and educational orders will be fostered.

Clinics are being organized throughout the country. At a clinic recently thousands attended and many subcontractors were signed on the spot.

MATS OF CHARTS

Mats of the pictorial statistics appearing weekly on the cover of *Defense* are available in newspaper-column size, on request to Distribution Section, Division of Information, Office for Emergency Management, Washington, D.C.

TEXTS OF ORDERS

Texts of all official notices of OEM agencies, as printed in the *Federal Register*, are carried in the weekly *Supplement of Defense*, the Supplement will be mailed to any paid subscriber of *Defense* on request to the Distribution Section, Division of Information, OEM,