

DEFENSE



OFFICIAL WEEKLY BULLETIN OF DEFENSE AGENCIES IN THE OFFICE FOR EMERGENCY MANAGEMENT

WASHINGTON, D. C.

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DEFENSE PROGRESS

MANPOWER

United States Army, Oct. 9-----	1,588,500
Navy and Marine Corps, Oct. 1----	366,629
Nonagricultural workers, Aug-----	*39,542,000
Percent increase since June 1940--	11.6
18 defense industries, Aug-----	2,589,200
Percent increase since June 1940--	60.3

FINANCE

June 1940-September 30, 1941

Authorized program-----	*\$56,792,000,000
Contract awards-----	*37,554,000,000
Total disbursements-----	*10,650,000,000

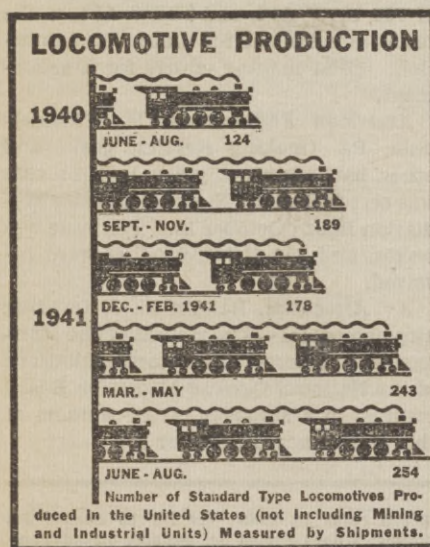
PRODUCTION

Paid on contracts, June 1940-	
September 30, 1941-----	*\$8,330,000,000
Military aircraft, September--	1,914
Combat vessels in September--	*6
Merchant ships, September--	*9

Week ended October 11

Significant defense strikes in	Strikes	Workers
progress during week-----	7	12,100
Number settled-----	2	6,000

*Preliminary.



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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 16,180 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., Sharpesville, Pa., and Neville Island, Pa. (making equipment for open hearth furnaces)—The Neville Island plant (175 SWOC-CIO) struck on October 14 and the Sharpesville 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, Wallington, N. J.—The strike of 180 SWOC-CIO began on October 18 after negotiations for a first contract became deadlocked. Wages were at issue.

Anaconda 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.

DEFENSE

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Priorities Division suspends aluminum operations of firm held to be violator

Drastic 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 held up and 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 uses in violation of directions by the Director of Priorities. These shipments were made as follows:

Name of company	Pounds	Use
Farnsworth Telephone & Radio Co.	2,739	Juke box castings.
O. D. Jennings Co.....	8,787	Coin operated machines.
Mills Novelty Co.....	17,199	Coin machines.
Haywood Wakefield Co.	5,613	Railroad coach seat parts.
Eastman Kodak Co.....	3,962	Kodak parts.
The Filtext Corporation	3,149	Vacuum cleaner castings.
Total.....	41,449	

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 on 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 fulfill-

1,800 ALUMINUM FOUNDRIES

are being checked for priorities compliance, with other industries to follow, it was revealed in Priorities Director Nelson's press conference October 16. Discussing the suspension order against Central Pattern and Foundry Company, he said: "Don't think for a moment that this is an isolated case. This is just the beginning, and the only reason we are attaching any importance to it is because it was the first."

(Further details on p. 21.)

ment 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.

It was explained that the company had defense orders underway on October 1 which will require approximately 288,000 pounds of aluminum for completion. The company will be permitted to finish these orders, under the supervision of the Priorities Division, so that the defense program will not be further impeded.

Other than this immediate defense business, however, the future operations of the company with aluminum are stopped by the order until March 31, 1942. Some of the defense orders on the company's books have been produced; the remaining defense orders should require about a month to complete.

The orders violated by the company are General Preference Orders M-1, M-1-a, and M-1-c.

Order No. M-1 was the original order putting aluminum under full priority control.

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 3737 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, fall 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) The Central Pattern & Foundry Co., in reports filed with the division, represented to the division that all deliveries of aluminum scheduled for July which fell within preference rating classes B-1 through B-8, were less than 1,000 pounds for each order. This was false and misleading, in that the company had scheduled the shipments previously set forth for July delivery.

(3) During July, the company accepted deliveries of aluminum scrap for melting

and other processing by it from the following companies in the amounts set forth below:

Name of company:	Pounds
Milwaukee Scrap Metal-----	6,075
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.

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Seven 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 Stohlgan Building, George S. Gillen, district manager; *Helena, Mont.*—Federal Reserve Bank Building, Oscar A. Baarson, district manager; *Knoxville, Tenn.*—Dyer Butterfield, district manager; *New Orleans, La.*—John A. Bechtold, district manager; *Oklahoma City, Okla.*—Federal Reserve Bank Building, C. F. 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 or-

ders 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.

Scrap acquired with the assistance of the A-10 rating may be used only to fill defense orders. The rating may not be used to secure deliveries of scrap in quantities greater than necessary for the effective operations of the producer's plant in the production of these orders, or to secure earlier delivery than is required.

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-e, 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 construc-

tion 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.

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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-g 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.

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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; including wire services;
- (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 defense need, 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 placed on all purchase orders for such materials make it mandatory for those using the order to 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.

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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 silks, 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 stock pile.

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 produc-

tion 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 80 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 (1½ 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 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 Ex-

ploration 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 Distribution divisions, and officials of 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. Mr. Henderson 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 1,228,065 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

PASSENGER CAR ALLOTMENTS

(For Nonmilitary use)

Company	Allotments January 1942	Production January 1941	Percent age de- crease in Allot- ments
General Motors Co.:			
Chevrolet.....	45,180	104,079	56.6
Buick.....	16,402	36,615	55.2
Pontiac.....	14,358	28,528	49.7
Oldsmobile.....	11,753	25,973	54.8
Cadillac.....	2,874	6,374	54.9
Total.....	90,567	201,569	55.1
Chrysler Corporation:			
Plymouth.....	25,184	52,118	51.7
Dodge.....	11,863	27,666	57.1
Chrysler.....	6,028	18,187	66.9
DeSoto.....	4,196	9,383	55.3
Total.....	47,271	107,354	56.0
Ford Motor Co.:			
Ford.....	32,307	69,057	53.2
Mercury.....	4,426	11,129	60.2
Lincoln-Zephyr.....	1,276	2,400	46.8
Total.....	38,009	82,586	54.0
Other motor companies:			
Studebaker.....	8,834	7,486	118.0
Hudson.....	6,476	5,814	111.4
Nash.....	5,500	6,946	20.8
Packard.....	5,771	4,479	128.8
Willys-Overland.....	1,944	2,116	8.1
Crosley.....	476	—	—
Grand total.....	204,848	418,350	51.0

¹ Increase.

certain types of steel to guarantee production up to current allotments. This situation, Mr. Henderson said, will be further complicated by rapidly increasing demands of vital defense industries for more steel and other scarce materials.

"I want to emphasize," Mr. Henderson said, "that we are not fixing production quotas for January. We are merely establishing a maximum limit to which the manufacturers can produce—if they are successful in obtaining sufficient materials.

"Every effort has been made, and will continue to be made, to divert automotive production activities to national

defense 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 interests and various Government agencies, are seeking to alleviate labor displacement resulting from the automotive industry curtailment program. Already, thousands 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 cooperating to expand the number as soon as possible.

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Refrigeration industries questioned on saving materials

A questionnaire covering the commercial refrigeration and air-conditioning industries will be sent out shortly to ascertain 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 11½ percent to 13½ 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.

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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 93,409.

Federal funds have already been allotted for 121,885 defense homes.

FHA-inspected privately financed homes started during the week, totaled 4,182. Since January of this year, 170,480 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 14 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-

dations as to how paper can be more conservatively used.

"For instance, we may give the newsprint industry advisory committee the problem of recommending to us the establishment of certain production practices and standards which shall produce the most reams from tonnages the volume of which have been diminished by labor and transportation shortages.

"We must provide the maximum number of printable units to your industry in order that the public be served and speech be free. We then give your industry advisory committee consisting of J. S. Gray of the Monroe Publishing Co., Monroe, Mich., Fleming Newbold, Evening Star Newspaper Co., Washington, D. C., Paul G. Strombert of the Ellicott City Times, Ellicott City, Md., and S. E. Thomason, The Chicago Times, Chicago, Ill., the problem of recommending to us how those reams can be distributed most equitably over publishing use.

"The solution may require the trimming of margins, reduction in number of pages, elimination of overdeliveries, elimination of nonessential uses of newsprint. Your industry and your committee can help solve the problem. We must be sure the solution is effective and equitable. Above all, the purpose must be to provide paper for every newspaper equitably so that proprietorships and jobs are maintained.

"We may issue orders from time to time establishing practices in the production and use of paper, but first we will seek your advice. These orders will fill defense needs first and at the same time so equitably distribute paper as to maintain the continuity of your businesses and your jobs."

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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. Some unified method of approach to the whole problem has got to be found.

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.

A double problem

That of course implies recognition of the fact that, regardless of defense needs, there are certain minimum quantities of these scarce materials which our civilian economy *must* have. And when we have recognized that fact, it becomes obvious that the place to start is at the bottom with the raw materials themselves.

The problem then becomes a double one: First, how much of any critical material are you going to set aside for civilian use, and, second, of the quantity that you have so set aside, which industry and which individuals within the industry get how much? In other words, there is first the problem of allocation and then the problem of distribution.

That means a specific restriction in the operations of each industry to a minimum economic level. It means the same thing *within* the industry: a specific restriction on the operations of each individual company.

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 to satisfy these demands. They will be asked, on patriotic grounds as well as for their own future interest, 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 also be asked to advise the Fuel Administration as to how to arrange these restrictions so as to affect only the less essential portions of their own business if possible."

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 mis-called 'nonessential industries,' it is pointed out, are the backbone of the country's economic system. They employ ten million workers and from them must come the taxes and bonds which will pay for the war. These industries have never objected to any curtailment of coal or material or men 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 the 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 collaboration or 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.

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"Dollars for Democracy" pamphlet released by OEM

"Dollars for Democracy," a pamphlet describing the growth of the Nation's defense appropriations, the effects of our expenditures for defense on the national economy, and the ways in which we will raise the money, was released October 20, by the Division of Information, Office for Emergency Management.

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 pay rolls 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.

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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 ulti-

mate 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 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 ilmenite 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.

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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.

PRICE ADMINISTRATION . . .

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 17¢ 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 ½¢ a pound is provided.

For all types of scrap an additional ½¢ 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 opera-

tion 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 1½¢, 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 2¢, one will be cut 1½¢, and the other will be lowered 3¢. Deoxidizing aluminum ingot is being reduced from 16½¢ to 13½¢ to allow for the fact that this material today has considerably lower aluminum content than when the original prices were issued last March. Number 12 ingot, a secondary casting material, is reduced by 1½¢ to permit smelters to absorb the new price on old castings 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 borings and turnings." There will be only two classes of clips: namely, "pure clips" and "alloy clips, either mixed or segregated."

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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 this 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.

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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.

Scrap and secondary slab zinc prices moved up, put on shipping point basis

Zinc scrap and secondary slab zinc prices are adjusted upward, all scrap prices are placed on a shipping point basis, and premiums are established for scrap shipments in quantity in an amendment to Price Schedule No. 3, announced October 18 by OPA Administrator Henderson.

Increases in the scrap and secondary metal ceilings reflect the advance from 7.25 cents to 8.25 cents a pound in the price of primary zinc allowed previously by OPA to maintain and stimulate production of this vital defense metal, Mr. Henderson explained.

The administrator pointed out that, with the current revision, all OPA price schedules for nonferrous scrap metals use the f. o. b. shipping point basis. All purchasers of scrap, wherever located, thus are afforded an equal opportunity to compete for supplies. This was not always possible when ceiling prices were on a "delivered" basis, because of the difference in transportation costs.

Maximum prices for various grades

As revised, the schedule sets up maximum prices for the various grades of scrap as follows:

(F. o. b. point
of shipment,
per pound)

New zinc clippings and trimmings.....	7.25¢
Engravers' and lithographers' plates.....	7.25¢
Old zinc scrap.....	5.75¢
Unswayed zinc dross.....	5.80¢
Die cast slab.....	5.80¢
New die cast scrap.....	4.95¢
Radiator grilles, old and new.....	4.95¢
Old die cast scrap.....	4.50¢

To these maximums, the schedule provides, may be added a premium of $\frac{1}{2}$ ¢ a pound on any shipment at one time of 10,000 pounds or more of new zinc clippings and trimmings, engravers' and lithographers' plates, and old zinc scrap, or any combination of the three. A similar $\frac{1}{2}$ ¢ premium is permitted for any shipment at one time of 20,000 pounds or more of new or old die-cast scrap and radiator grilles, in any combination thereof. No premiums for quantity shipments are provided for galvanizers' dross or die cast slab.

Advantage of large quantities

The new quantity premiums, Mr. Henderson stated, are designed to make it easier for large scrap dealers to handle zinc material and to perform the essential functions of sorting, cleaning, grading, and assembling in quantity lots.

Exact comparison of the old and new scrap prices is not feasible, the administrator said, because of the change-over to a shipping point basis in the case of three grades and because of the new quantity premiums. Mr. Henderson explained that the new schedule embodies some readjustments in the relationships between the prices of the various grades, which were arrived at after careful study by the OPA staff.

Maximum prices of the several grades of secondary slab zinc are advanced a flat 1¢ a pound by the amendment. The base delivered price is established at 8.25¢ a pound for Prime Western or poorer grade, plus carload freight from East St. Louis to the buyer's customary rail receiving point.

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Ceilings to be put on all forms of rayon yarn

Maximum prices will be established for all forms of rayon yarn as result of the action of a leading maker of acetate yarn in raising prices beyond levels which the Office of Price Administration had previously determined to be reasonable, OPA Administrator Henderson announced October 16.

The ceiling will be imposed at levels which reflect the moderate advances made in mid-September. These increases were made with the full knowledge of OPA, but Mr. Henderson warned at that time: "Should prices rise further we are prepared to take immediate action."

About 10 days ago, a large producer of acetate rayon yarn announced a new list of prices which went well above levels prevailing after the mid-September rise. Attempts by OPA to have the higher price list withdrawn have not been successful. It therefore has become necessary to issue a formal price schedule covering acetate, viscose and cuprammonium yarns, Mr. Henderson said.

"Rayon yarns are the raw material for all forms of rayon fabrics, both printed and knitted," the administrator added. "Rayon greige (grey) goods already are under a price ceiling. Obviously, this ceiling and the price structure for all rayon fabrics would be seriously disturbed by any further advances in the prices for rayon yarn."

Ceilings on pulp depend on results of further study

Further investigation of the factors behind the recent increases in contract pulp prices announced by three leading producers is being undertaken by the Office of Price Administration and the outcome of this investigation will determine whether or not a schedule of maximum prices should be imposed, OPA Administrator Henderson announced October 14.

At a meeting with pulp producers on October 10, agreements were obtained with all but three companies not to exceed over the remainder of 1941 the prices that generally prevailed during the third quarter. West Virginia Pulp & Paper Co., which previously had proposed to raise the price of soda pulp by \$4 a ton, withdrew the increase and joined with the other manufacturers in the voluntary stabilization plan.

Container Corporation of America, St. Regis Kraft Co., and Eastern Corporation, which also had announced higher prices, agreed to submit detailed data to justify their action at a series of individual conferences. Upon completion of these conferences and study of the data thus acquired, the Office of Price Administration will arrive at a decision as to whether a formal schedule of ceiling prices is necessary.

Prices on leading grades

The leading grades of pulp covered by the voluntary agreements and the maximum fourth quarter prices follow: Bleached sulphite, bond and book, \$72.50 a ton ex dock Atlantic seaboard; prime unbleached sulphite, \$63.50 a ton, ex dock Atlantic seaboard; soda pulp, \$66.00 a ton delivered; bleached Southern and bleached Northern kraft, \$82.50 a ton, ex dock Atlantic seaboard; and ground wood, \$40 a ton delivered. These are representative of contract prices charged during the third quarter.

In the case of unbleached Northern and Southern kraft, each producer agreed not to exceed contract prices for the September quarter. In respect to all other grades of pulp, the differentials that prevailed during the third quarter will be retained throughout the remainder of 1941. Export prices, according to the understandings, will not exceed those charged during the September period.

Unless it becomes necessary to issue a formal schedule of maximum prices beforehand, OPA plans to call a meeting of pulp producers in December to discuss the price situation.

News for Retailers

Attorney General Approves Program to Simplify Products

The simplification and standards program of the Consumer Division, OPA, designed to promote the conservation of scarce materials and consumer protection during the emergency has been approved by Attorney General Francis Biddle, OPA Associate Administrator Harriet Elliott announced October 13.

The Consumer Division standards program with respect to household appliances and other consumer goods is concerned with minimum standards of performance, safety standards, minimum specifications for materials and products, reduction in number of styles and models, uniform terminology, methods of testing effectiveness and methods of rating capacity or service of appliances.

In accordance with an agreement between the offices of the Attorney General and Price Administration last April, proposals for industry-wide action originating with OPA or OPM and in the interest of national defense are cleared with the Attorney General to see that they are not in conflict with the antitrust law enforcement policy of the Department of Justice.

Protection for Consumers

In requesting Department of Justice approval, OPA outlined the program as follows: "This Office, through its Consumer Division, is now prepared to assist manufacturers, distributors, consumers and others in adopting a program of simplification and standardization of various lines of products. This is desirable in view of the shortage, present or impending, of many important raw materials. It is important, particularly during a period of price rises and possible quality changes, as a means of protecting consumers who are generally unfamiliar with product differentiation and nomenclature. And it will be essential in view of the growing importance of price ceilings set by this office and of the difficulty of formulating and administering such ceilings when an industry turns out an unnecessarily large variety of sizes, styles, and qualities."

The standards section of the Consumer Division invites representatives of the standards formulating bodies, manufacturers, distributors, consumers, defense agencies, and other Government

departments to examine current practices and advise on recommended emergency standards for a commodity. Where found advisable, the Office of Price Administration will request the industry to put the recommendations into practice.

Exploratory Meetings Under Way

Exploratory meetings of this sort are already under way on domestic washing machines and ironers, refrigerators, furniture, electrical appliances, textiles, cooking stoves and ranges, and automobiles.

Text of Attorney General Biddle's letter to OPA follows:

"I have your letter of September 25, 1941, in which you request my approval of a course of action which the Office of Price Administration proposes to take in order to effect the simplification and standardization of various lines of products.

"I understand that in the opinion of the Office of Price Administration this program is a measure necessary for the national defense and that it will be carried out in the manner described in your letter and in compliance with the terms of the letter which Attorney General Jackson sent to Mr. Henderson on April 29, 1941. I approve the general character of this action and in my view it will be subject to the antitrust law enforcement policy of the Department of Justice which is described in Attorney General Jackson's letter to Mr. Henderson of April 29, 1941."

Cost of Bread Distribution Being Studied

A program for reducing unnecessary costs in the baking industry is under way, it was indicated last week by Harold B. Rowe, head of the Food Section, Office of Price Administration, in an address before the annual convention of the American Bakers' Association in Boston.

Pointing out that the baking industry had been among those in which good progress has already been made toward a better, yet cheaper product, Mr. Rowe commented that contacts of the Food Section with the baking industry indicated that the industry itself realizes that there are further possibilities along this line.

"Among the present practices in the bread industry, for example," he said, "is consignment selling, with stale bread re-

turned to the baker. This adds to your costs, and many of the bakers with whom we talked seemed to feel some modification of this practice would enable them to handle bread more cheaply. Yet the information which we have received is not sufficiently comprehensive to make possible a reliable appraisal of the effects of consignment selling, and competition in the industry is of such character that an individual operator can do little in the way of eliminating the practice. Hence we suggested that the Federal Trade Commission make an investigation of this and other practices of the industry, with a view toward helping you eliminate those methods and features of your business which are uneconomic. As the commission goes along with its study, I am sure it will welcome your opinions and suggestions."

In regard to the conservation of scarce materials, a matter closely related to the problem of effecting operating economies, the Food Section head pointed out that OPA was working closely with the Office of Production Management's Division of Purchases, directed by Douglas MacKeachie.

"In this connection," he said, "Mr. MacKeachie tells me that one of the first problems which his division will want to have brought before the baking industry committee, is that of securing the adoption of strict conservation and simplification methods in regard to the use of wrapping materials, particularly in the packaging field."

Mr. Rowe emphasized the importance of food as a major factor in the cost of living for the average family, stressing the increasing food prices as stimuli for wage increases.

The Food Section executive cited the action taken by the Office of Price Administration to keep ingredient costs down, mentioning the schedule which has been effective in checking an advance of sugar prices, and the fats and oils schedule designed to prevent speculative forward purchases with resulting price spirals.

In connection with the latter schedule, Mr. Rowe stated that OPA would shortly announce a modification of the part of the schedule prohibiting guarantees against price declines. The revised schedule will allow price guarantees on the unshipped balance of bookings to be extended 30 days from date of sale, will eliminate the cancellation of shortening bookings, and will provide that quantities booked be taken out within 30 days from date of order unless special application is made under the hardship clause.

AGRICULTURE . . .

(Information furnished through Office of Agricultural Defense Relations,
U. S. Department of Agriculture)

Individual farmers don't need ratings to buy their ordinary equipment

The Department of Agriculture has pointed out that individual farmers are not required to have priority ratings of any kind under the defense program in order to purchase ordinary farm machinery, equipment, repair parts, fertilizers, insecticides, nails, fencing, roofing, or similar items.

"Priority ratings on equipment and supplies such as these," M. Clifford Townsend, director, Office of Agricultural Defense Relations, explained, "are issued by the Office of Production Management to manufacturers, processors and warehousemen in order to avoid having individuals obtain ratings.

May not be able to get some things

"So far as the individual farmer is concerned, he does not have to have a priority rating of any kind to buy his ordinary requirements. There may be things he may not be able to get, such as aluminum pressure cookers, but in cases like this the manufacturer and not the individual farmer is the one affected by the priority rating. On special classes of machinery which are used for

purposes other than farming, such as heavy duty electric motors, a preference rating will be necessary. This can be applied for on what is known as a PD-1 form obtainable from the Office of Production Management."

Townsend said his office had received a number of letters from farmers saying their local retailers had advised them it was necessary to secure a "priority rating" before making certain purchases.

Seeking to educate retailers

"Individual farmers," Townsend said, "who are asked to secure 'priority ratings' before making purchases of ordinary equipment or supplies should advise the Department of Agriculture immediately of the name and address of the dealer and the product on which a priority rating was requested. There's no sense in putting farmers to any more trouble than necessary to get the things they need for food production and we want a chance to explain to the retailers that a 'priority rating' is not needed for purchase of products at retail by individuals for ordinary farm or household use."

Masters of food will determine future civilization, says Wilson

"Governments which will be masters of the food problem will determine what kind of a civilization is to survive," said M. L. Wilson, assistant director of Defense Health and Welfare Services in charge of nutrition, in a speech on the inauguration of the Food Stamp Plan in Cincinnati. He stated that:

"Knowledge of food and nutrition now has become an important means of defense. Army cook books have changed considerably since 1918. Military rations emphasize the protective qualities and vitamins. The food our soldiers get is the best balanced food of any army in the world.

"We are finding new ways to get the right food to every man, woman, and child. One of these means is the Food Stamp Plan.

"Our lower income families, those who simply do not have enough cash income to buy the food they need, are one of the biggest problems in the nutrition job. Public-aid families are obviously the most needy of this low-income group. Here is where the Stamp Plan helps.

"For a number of years the Government has been helping to meet the twin problems of farm over-production and consumer want. It did so by buying foods which are produced heavily and by getting them to needy families.

"The Food Stamp Plan grew out of the search for still more efficient ways of bridging the gap between farm surpluses and needy families."

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Silk Substitution Section transferred to textile branch

The Office of Production Management announced October 14 that the silk substitution section which has been under the supervision of Lessing Rosenwald would be taken over, as of October 13, by the textile, clothing and equipage branch, Division of Purchases, which is headed by Robert R. Guthrie. T. V. Barber, who is on leave as department manager for the R. H. Macy Co., New York, will be in charge of the silk substitution section.

Chlorinated solvents put under priorities to assure supplies for food fumigation

Acting upon advices from the Department of Agriculture to the effect that the Nation's food supply was facing a serious threat as a result of shortages of certain chemicals used by farmers and food warehouses for fumigation purposes, Priorities Director Nelson on October 15 placed under rigid control all stocks of chlorinated solvents. These are defined in the order as: carbon tetrachloride, trichlorethylene, perchlorethylene and ethylene dichloride.

Preference Rating Order M-41 assigns a priority rating of A-10 to all defense orders for these solvents if such orders have not been granted the assistance of a higher rating; and sets up a "ladder of uses" with respect to the supply of these chemicals after defense requirements have been met.

After making provision for deliveries to fill defense orders, a producer is re-

quired, by the terms of the order, to set aside for an emergency pool 5 percent of each chlorinated hydrocarbon solvent produced by him each month, or 20 percent of the quantities, in excess of requirements for defense orders, manufactured during the month (whichever amount is smaller).

Uses for which the rating of B-2 is assigned include charging of fire extinguishers; grain fumigation; the manufacture of refrigerants; the processing and manufacturing of food, chemicals, rubber and petroleum, where substitution of other materials is impractical, and for certain other listed uses.

The preference rating of B-8 is assigned to a group of other civilian uses, including dry-cleaning; and fumigation, other than grain fumigation. The provisions of Priorities Regulation No. 1, including inventory restrictions, are applicable to the order.

TRANSPORTATION . . .

Railroad car ownership program short 24,370 on October 1; lack of materials blamed

Solely because of lack of materials, principally steel, the railroad car ownership program on October 1 fell short by 24,370 cars, Ralph Budd, Transportation Commissioner, OEM, has announced. Under plans adopted in the middle of 1940 the railroad freight car ownership was to be built up to 1,700,000 cars by October 1, 1941, and the figure for that date, which has just become available, indicates the total ownership was 1,675,630 cars. Some of the deficit has been made up by increased repair of unserviceable cars which were reduced to 73,019 or 4.4 percent as against an original plan calling for reduction to 6 percent. Increased efficiency in the use of equipment has also helped and the peak period of carloadings is being handled with no serious transportation difficulties of any kind.

Class I railroads on October 1, 1941, had 88,819 new freight cars on order; on October 1 last year, there were 19,892. The new cars on order on October 1, this year, included 57,891 box, 25,437 coal, 358 stock, 2,076 flat, 2,076 refrigerator and 981 miscellaneous cars.

Class I railroads on October 1, this year also had 671 new locomotives on order, of which 309 were steam and 362 electric and Diesel. On September 1, 1941, there were 611 new locomotives on order, of which 317 were steam and 294 were electric and Diesel. New locomotives on order on October 1, last year, totaled 215 which included 130 steam and 85 electric and Diesel.

55,709 new freight cars

In the first 9 months of 1941, the railroads put in service 55,709 new freight cars compared with 49,685 in the same period last year. Of the total number of new freight cars placed in operation in the first 9 months this year, there were 29,048 box, 23,159 coal, 1,566 flat, 1,482 refrigerator, 91 stock, and 363 miscellaneous cars.

In the first 9 months this year, the railroads also put in service 425 locomotives, of which 97 were steam and 328 electric and Diesel. Installed in the first 9 months last year were 265 new locomotives, of which 73 were steam and 192 electric and Diesel.

Railroads move over 2 million of armed forces in 9 months

Railroads of the United States in the first 9 months this year moved 2,027,857 members of the armed forces of the Nation, according to a report made to Ralph Budd, Transportation Commissioner, by the military transportation section of the Association of American Railroads. Of this number, 1,235,265 were handled on 4,112 special trains. The remaining 792,592 were moved in groups on regular trains.

In September, 170,308 members of the military service were moved by railroads. Of that number, 109,475 were handled on special trains and 60,833 traveled on regular trains. Among those transported in September were 37,118 selectees. Preliminary reports indicate that the number of selectees to be transported in October will approximate 88,880.

These figures as to the number of members of the armed forces transported by the railroads both in the first 9 months

of this year and in the month of September do not include soldiers, sailors, marines, selectees, or members of the Civilian Conservation Corps who traveled while on furlough.

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ORE MOVEMENT RETARDED

Reports from the four principal ore-handling railroads for the week ended October 11 showed they loaded into boats at upper lake ports 1,857,404 tons of ore as compared to 2,238,776 tons loaded during the corresponding week in 1940. This decrease is due principally to the stoppage of ore boats through the Soo Canal caused by the bridge collapse on October 6.

For the 1941 season of navigation to date these same railroads have loaded into boats a total of 62,657,737 tons as compared to 49,686,791 during the corresponding period of 1940, an increase of 12,970,946.

Export freight carloadings reach new high in September

During September a total of 59,836 cars of export freight were unloaded at United States Atlantic, Gulf, and Pacific ports. This exceeds by 233 cars the record for August and is the largest number of export freight cars unloaded in any month since the inauguration of the statistics late in 1939, Ralph Budd, Transportation Commissioner, declared. In September 1940 a total of 50,839 carloads of export freight were unloaded. The September 1941 figure is an increase of 17.7 percent compared to the corresponding period of 1940. Included in the total for September were 3,587 carloads of grain as compared with 633 carloads of grain in September 1940. Carloads other than grain or coal totaled 56,249 cars as compared to 50,206 cars during September 1940.

Drop in coastwise freight

Total number of cars of coastwise freight unloaded in September was 14,285, a decrease of 4,880 or 25 percent under the corresponding month in 1940 due to diversion of coastwise vessels to other service.

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CARLOADINGS DROP

Revenue freight carloadings during the week ended October 11 totaled 903,877 cars, an increase of 11.3 percent over the 811,906 cars loaded during the corresponding week in 1940; but a decrease of 13,639 cars under the preceding week when loadings totaled 917,516 cars, due principally to the stoppage of ore movement caused by the bridge failure at the Soo Canal.

The details follow:

CARLOADINGS—WEEK ENDED OCTOBER 11

	1941	1940	Percent increase
Grain and grain products.....	36,553	37,274	1.9
Livestock.....	20,226	21,709	6.8
Coal.....	171,694	120,310	42.7
Coke.....	13,159	11,581	13.6
Forest products.....	44,832	41,097	9.1
Ore.....	64,096	70,362	8.9
Merchandise l. c. l.....	160,718	160,661	.03
Miscellaneous.....	392,599	348,912	12.5
Total.....	903,877	811,906	11.3
Cumulative—41 weeks.....	33,084,877	28,207,950	17.3

¹Decrease.

MEDIATION BOARD . . .

Air Associates rejects recommendations of Board; case referred to Executive branch

William H. Davis, chairman of the National Defense Mediation Board, announced last week (October 13-19) that the Board for the second time in its existence was forced, by a rejection of its recommendations, to turn over a case to the War Department and the Office of Production Management. During the week it also set a new record when it obtained a return to work of a total of 16,180 men in 6 cases. In 4 of these cases men called off strikes at the Board's request as soon as the cases were certified.

The Board also reached an agreement in one case, suspended hearings in two other cases for the purpose of obtaining more information before proceeding, sent the parties home to negotiate directly in a fourth case, and received certification of five new cases.

Air Associates, Inc.

The refusal by Air Associates, Inc., Bendix, N. J., to accept the Board's recommendations was made in the form of a telegram signed by Gilbert Colgate, chairman of the board of directors, and F. Leroy Hill, company president. William H. Davis, chairman of the NDMB, and Frank P. Graham, Cyrus Ching, and Hugh Lyons, members of the panel in this case, immediately wired the company as follows:

"We have received your telegram of October 19, 1941, in reply to the recommendations of the National Defense Mediation Board, dated October 9, 1941. You state that the company quote will immediately commence reinstatement of strikers still out and request period of 30 days within which to complete reinstatements so as not to interfere with national defense production unquote. The recommendations of the Board provided that the company should quote immediately return all the strikers, upon application, to their former jobs, without discrimination unquote. Reinstatement of the strikers to their former jobs upon application is an operation which plainly can be accomplished within a very few days at the most if the union and the company accept the recommendations of the Board in good faith and cooperate in an effort to carry them out promptly. It is our view that maximum defense production will best be protected by such an undertaking. The union has accepted the recommendations of the Board without reservation, agreeing to call off the strike immediately in the interests of national defense. The company not only requests the Board to countenance an unwarranted delay in reinstating the strikers, but also does not agree to restore the strikers to their former jobs, as provided in the recommendations. Because of the company's rejection of the recommendations, the Board is compelled to refer the case to the Executive branch of the Government, which it will proceed to do forthwith."

Earlier in the week, the Board had taken an unprecedented action by asking the members of the company's board of directors to attend a hearing in Washington on Wednesday,

October 15. This meeting was attended by members of the panel, by Gilbert Colgate and three members of his board of directors, by representatives from the War Department and the OPM, and three delegates from the State of New Jersey—William Nunn, chairman of the New Jersey State Board of Mediation, Charles Eaton, secretary of the New Jersey State Chamber of Commerce, and Irving Abramson, director of the New Jersey CIO. Since the majority of the company's board of directors was not able to be present, its decision was put off until a meeting in New York Saturday afternoon.

On October 16 the Board panel wired each member of the board of directors explaining that its recommendations for immediate return of all strikers to their former jobs was "in accordance with the unbroken policy of this Board" which, "in addition to being inherently just, has resulted in the past in saving millions of man-hours of work for national defense production, and can in the future save millions more man-hours for defense production. In view of the avowed desire of your company to cooperate to the fullest extent in the national defense program, we are certain that in the present crisis you will not wish to reject and undermine a policy essential to maximum defense production." A strike has been in effect at the plant since September 29. The company employs 600 workers making aircraft parts. The union involved is the United Automobile Workers, CIO.

Cleveland Graphite Bronze Co.

The Cleveland Graphite Bronze Co., of Cleveland, Ohio, and the Mechanics Educational Society of America, an independent union, came in for hearings before the Board on October 15. A dispute between the company and the union had arisen over a proposed change on the part of the company from piece to day rates which the union feared might lessen the earnings of some employees. The 2,500 employees who had been on strike since October 3 returned to work October 8 at the request of the Board. On the second day of hearings an agreement was reached subject to ratification by the union. The panel in the case was composed of Frank Graham, Rolland Hamilton, and George Gooze. The company makes bearings for plane engine concerns and for tank and tractor concerns.

Alabama Dry Docks & Shipbuilding Co.

A threatened strike over the issue of union security by the Industrial Union of Marine and Shipbuilding Workers, CIO, at the Alabama Dry Docks & Shipbuilding Co., Mobile, Ala., was postponed at the Board's request and both parties came in October 15 before a panel of Charles Wyzanski, Roger Lapham, and Hugh Lyons. After 3 days of hearings, both the company and the union went home and before October 27, they will submit additional data to the Board. The panel will then decide what further course to follow in the case. The company has a ship repair yard and holds contracts for such work from the Maritime Commission.

Fairmont Aluminum Co.

Hearings began October 16 before a panel of Walter T. Fisher, George Mead, and John Brophy in the controversy between the Fairmont Aluminum Co., Fairmont, W. Va., and the Aluminum Workers of America, CIO. At

the request of the Board a threatened strike of 300 men had been postponed at the company's plant, which makes sheet aluminum and half of whose production has an A-1-a or A-1-b priority rating. The issue was whether an 8 cents per hour increase proposed by the company should be made retroactive to May 1, when negotiations began on the question. After 2 days, hearings were recessed for 2 weeks for further investigation, at the end of which time the Board will make recommendations.

Breeze Corporations, Inc.

Two more days of hearings in the dispute over wages between the Breeze Corporations, Inc., of Newark, N. J., and the United Automobile Workers of America, CIO, ended in both parties agreeing to continue negotiations at home. If they cannot agree, they will notify the Board and recommendations will be made for the Waverly plant of the company. Two other plants that have contracts not expiring until the end of this year are not to be affected by such recommendations. A strike of 1,600 men on October 2 was called off the next day pending mediation efforts by the Board. The company has subcontracts for radio equipment for the Army Signal Corps.

New cases

The five new cases certified to the Board last week are as follows: International Harvester Co., Springfield, Ohio, and United Automobile Workers, CIO; Hillsdale Steel Products Division of the Spicer Manufacturing Co., Hillsdale, Mich., and Toledo, Ohio, and the United Automobile Workers, CIO, and the United Auto Workers, AFL; John A. Roebling Sons Co., Trenton, N. J.; and the Brotherhood of Railroad Trainmen, AFL; Ingalls Shipbuilding Corporation, Pascagoula, Miss.; and the Pascagoula Metal Trades Council, AFL; American Engineering Co., Philadelphia, Pa., and Industrial Union of Marine and Shipbuilding Workers, CIO.

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Costs of hauling and loading waste paper on freight cars added to ceilings

An amount not in excess of \$1 a ton may be charged above ceiling prices by waste-paper dealers to cover the cost of hauling and loading waste paper on freight cars for shipment to consumers, according to an amendment to Price Schedule No. 30 (Waste Paper Sold East of the Rocky Mountains) announced October 20 by the OPA.

Until now, the maximum prices had applied to waste paper loaded on freight cars, trucks, or other means of conveyance, for shipment to the consumer. Additional costs are involved in loading on freight cars. As a result, the shipment of waste paper by rail has been neglected in favor of shipments by truck. The new amendment will correct this maladjustment.

Major types of carded yarn goods put under ceilings adjustable to "spot" raw cotton

Virtually all major types of cotton goods made of carded yarn—from coarse bagging and tough work-clothing denims to the fine count broadcloths—are brought under ceiling prices automatically adjustable to the price of "spot" raw cotton in a new price schedule announced October 20 by OPA Administrator Henderson.

The schedule, titled "No. 35—Carded Grey and Colored-Yarn Cotton Goods," became effective October 21 and covers 13 leading types of cloth made of carded yarn. Five of these have been transferred from Price Schedule No. 11, the original grey goods schedule, while the other 8 are being brought under maximum prices for the first time. Ceilings established for these new additions bring them into proper price relationship with the carded yarn fabrics already covered and, almost without exception, represent reductions from recent levels.

Principal types of "fine goods" made of combed yarn, which are of higher quality than carded yarn goods, will continue to be covered by Price Schedule No. 11. This schedule, as well as Price Schedule No. 7—Combed Cotton Yarn—also will be revised to tie in the ceiling prices with cotton prices as soon as a current study of certain "fine goods" constructions is completed.

Textiles made of carded yarn have been separated from those made of combed yarn in the interests of simplification, Mr. Henderson said.

OPA price ceilings, it is estimated, now are spread over approximately two-thirds of all primary cotton textiles manufactured in the United States. Not yet included, but undergoing investigation currently, are wide sheetings, wide drills, wide print cloths, and tickings. Prices of the various grades of duck and tire fabrics are being watched closely. Future studies will take in napped fabrics and towelings.

Price Schedule No. 35 covers 11 printed pages and divides the carded yarn goods included into four main groups: Print cloth yarn, sheeting yarn, denims, and colored yarn cloths (excepting denims). Tables of ceiling prices are provided for each main group. A separate table lists premiums which may be charged above the maximums for several special manufacturing processes on certain types of goods.

Under the "Print Cloth Yarn Group" are listed print cloth, including (as sub-

classes) tobacco and bandage cloth; carded broadcloth, pajama checks, carded poplins, carded piques, and three-leaf twills. The "Sheeting Yarn Group" contains sheetings, drills, three-leaf jeans, four-leaf twills, and oenaburges.

All shades and colors of denims, both mill-finished and sanforized, are listed separately, while other colored-yarn goods, such as shirted chambrays, shirting coverts and pants coverts, are included in the "Colored Yarn Group."

As applied to the print cloth and sheeting yarn groups, the OPA formula provides for adjustment, downward or upward, of one-half cent a pound in the price of goods for every change of 43.7 points in the price of raw "spot" cotton. Since the cotton "yardstick" is based on the closing price on 10 "spot" markets, any revision in the grey goods ceiling prices will go into effect on the day following a 43.7-point change. The prices so established will continue in effect until the day after another 43.7-point fluctuation in cotton prices takes place.

Denims and other colored-yarn cloths are priced by the yard, instead of by the pound. In the case of denims, the maximum prices recognized the customary "card" differentials. Therefore, the schedule provides, the ceiling price for

the basic grade, 2.20 yards to the pound, will be adjusted up or down by 1/4-cent upon each fluctuation of 46 points in the price of cotton. Denims of other weights, solid color denims, and striped denims, are adjusted to this base price in line with the "denim card" now in use throughout the trade.

All other colored yarn cloths, excepting pants coverts, will undergo price adjustments of 1/8¢ a yard upon each change of 42 points in the price of cotton. The price of cotton pants coverts will be raised or lowered by 0.30¢ upon a 42-point move in the cotton price.

In all cases, the ceiling price applicable on the day any contract is made shall govern all subsequent deliveries under such contract.

Features of interest to the trade

Other features of the new schedule of particular interest to the trade follow:

(1) Stated premiums for herringbone weaves are allowed in the case of drills, jeans, four-leaf twills, and denims.

(2) Special price differentials are provided for print cloths 32 1/4-inch widths and less and for class C sheetings, all drills, and four-leaf twills according to thread count per square inch.

(3) Maximum prices for four-leaf twills and all colored goods are to be discounted in accordance with usual trade credit terms, which are given in detail in the schedule.

7 new aviation gas plants get priorities

The granting of high priority ratings on seven new plants for production either of 100 octane gasoline, or of the base stock and blending agents used in making that fuel, was announced October 16 by the Office of the Petroleum Coordinator for National Defense.

Issuance of the ratings by the Office of Production Management, on recommendation of the Coordinator's Office, brings to 15 the number of aviation gasoline plants which now are building or may be commenced.

According to Petroleum Coordinator Harold L. Ickes, the action cleared the decks for final, rapid consideration of plans to triple the Nation's 100 octane

refining capacity, which is now about 40,000 barrels daily.

Ways and means of achieving this objective, made necessary by the rising demand for aviation fuel for American and other flying forces, were to be discussed in Washington October 20 with chairmen of aviation gasoline subcommittees representing the refining branch of the oil industry. Meanwhile, conferences were continuing with the Reconstruction Finance Corporation on methods of financing additional new plants and methods of providing term contracts for output.

A list of the plants on which OPM has just granted priority ratings, and which will fit into the program for tripling capacity, follows:

Company	Plant location	Type of plant
Union Oil Co.	Wilmington, Calif.	Isopentane.
Shell Oil Co.	Wilmington, Calif.	Isopentane.
Shell Oil Co.	Houston, Tex.	Hydrocodimer.
LaGloria Corporation	Corpus Christi, Tex.	Isobutane.
Shell Oil Co.	Wood River, Ill.	Isopentane.
Phillips Petroleum	Borger, Tex.	100 Octane.
Gulf Refining Co.	Port Arthur, Tex.	Base Stock.

PURCHASES . . .

\$184,999,981 War Department contracts cleared October 9 through October 15

Defense contracts totaling \$184,999,981 were awarded by the War Department and cleared by the Division of Purchases, Office of Production Management, during the period October 9 through October 15. This compares with a total of \$590,753,445 for the previous week.

\$4,939,102 for construction

Contracts for construction amounted to \$4,939,102; contracts for equipment and supplies to \$6,781,611; contracts for ordnance to \$18,965,810 and contracts for aircraft to \$154,313,458.

A compilation of announcements for the week follows:

CONSTRUCTION

General Construction Co., Seattle, Wash.; construction of Pier "B," Seattle Port of Embarkation, Wash.; \$1,944,000.

H. E. Wolfe Construction Co., Inc., St. Augustine, Fla.; clearing, grubbing, and grading flying field and aprons, Sumter Field, S. C.; \$575,126.

J. B. Klein Iron & Foundry Co., Oklahoma City, Okla.; furnishing structural steel, Midwest Air Depot, Oklahoma City, Okla.; \$1,208,400.

Vickers, Inc., Detroit, Mich.; machinery and equipment for use in plant for production of hydraulic equipment; \$541,721.

Peter Kiewit Sons Co., Omaha, Nebr.; supplement to original contract covering construction of additional warehouses and facilities at Hill Field, Ogden, Utah; \$669,855. (Total contract now \$1,560,030.)

EQUIPMENT AND SUPPLIES

General Motors (Chevrolet Division), Flint, Mich.; 1½-ton cargo and dump trucks; \$4,570,501.

Wilton Woolen Co., Wilton, Maine; 500,000 yds. olive drab wool lining cloth; \$800,000.

Corbitt Co., Henderson, N. C.; 6-ton tank trucks; \$787,500.

United States Rubber Co., Naugatuck, Conn.; 266,500 prs. 4-buckle rubber overshoes; \$623,610.

ORDNANCE

High Standard Mfg. Co., New Haven, Conn.; guns; \$6,755,791.

Essex Specialty Co., Inc., Berkeley Heights, N. J.; parachute flares; \$575,400.

American Brass Co., Waterbury, Conn. (for manufacture at Torrington, Conn.); brass; \$1,044,000.

Willys-Overland Motors, Inc., Toledo, Ohio; shells; \$5,078,370.

W. F. and John Barnes Co., Rockford, Ill.; shot; \$4,000,000.

Electric Household Utilities Corporation, Hurley Machine Division, Cicero, Ill.; boosters; \$854,199.

National Cash Register Co., Dayton, Ohio; fuzes; \$658,050.

AIRCRAFT

Square D Co., Kollsman Instrument Division, Elmhurst, N. Y.; pilot tubes, etc.; \$4,689,233.

Walter Kidde & Co., Inc., New York, N. Y.; fire extinguishers; \$2,805,967.

Bendix Aviation Corporation, Pioneer Instrument Division, Bendix, N. J.; airspeed indicators; \$1,210,320.

Warner Industries, Inc., Cincinnati, Ohio; tower target assemblies; \$518,400.

The Yale & Towne Mfg. Co., Stamford, Conn.; pump assemblies; \$505,000.

Republic Aviation Corporation, Farmingdale, L. I.; maintenance parts; \$3,130,350.

The Sparks-Withington Co., Jackson, Mich.; bomb hoist assemblies; \$633,149.

Goodyear Tire & Rubber Co., Akron, Ohio; life rafts; \$1,491,840.

Republic Aviation Corporation, Farmingdale, L. I., New York; airplanes and spare parts; \$64,404,036.

Studebaker Corporation, South Bend, Ind.; Wright Aeronautical-type engines; \$74,338,783.

Standard Aircraft Products, Inc., Dayton, Ohio; thermostat assemblies; \$586,380.

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Defense construction program amounts to \$9,669,867,000

By September 1 the value of defense construction—completed, in progress and scheduled—amounted to \$9,669,867,000, the OPM Bureau of Research and Statistics reported last week.

Construction valued at \$3,444,713,000 was in place. This included completed and semicompleted projects, and represented 36 percent of the defense construction program to date, 64 percent of scheduled construction remaining to be completed or undertaken. Of the work in place on September 1, \$543,767,000 or 6 percent of the total program was erected in August.

\$4,315,169,000 is military

The military program involved construction valued at \$4,315,169,000, of which \$1,713,409,000, or 40 percent, was in place on September 1. During August \$225,570,000 of the work, or 5 percent, was put in place.

The nonmilitary defense construction program came to \$5,354,698,000 of which \$1,731,304,000 or 32 percent, was in place. August construction was valued at \$318,197,000.

7 named to Purchases staff

Douglas C. MacKeachie, Director of Purchases, Office of Production Management, announced October 18 seven additions to the Division of Purchases, as follows:

Paul J. Bruderer, consultant on laundry equipment in the equipment and supplies procurement advisory branch under James MacPherson. Mr. Bruderer came to OPM from New York City where he was supervisor of laundries for the City of New York. Last year he was awarded the Samuel H. Ordway Medal by Mayor LaGuardia for his accomplishments on modernizing laundry administration.

Albert W. Luhrs, consultant on paper and fiber containers in the containers branch under Walter Shorter. Mr. Luhrs was president of Containers Testing Laboratories at South Orange, N. J. Prior to that he acted as consultant in this country and Europe, and established testing laboratories in England, France, Germany, Italy, and other European countries.

Edwin R. Meyer, consultant on food in the food supply branch under Howard B. Cunningham. Mr. Meyer was president of Central Brokerage Co., St. Louis, Missouri.

Kenneth Mahrie, consultant on canned foods in the food supply branch under Mr. Cunningham. Mr. Mahrie was with the sales department of National Can Corporation, Milwaukee, contacting canners throughout the Middle West.

Randolph P. Butler, Philadelphia, commercial specialist on leather in the textile, clothing and equipage branch under R. R. Guthrie. Mr. Butler was vice president of William Amer Co., glazed kid tanning firm, in charge of the specialty department.

Louis J. Wilbur, Miami, commercial specialist on leather in the textile, clothing and equipage branch under Mr. Guthrie. For 40 years he was associated with Swift & Co., meat packers.

James Knox, New York, executive assistant to Mr. MacPherson. Mr. Knox was credit manager of H. W. Baker Linen Co., wholesale textile firm in New York, and prior to that with the Chase National Bank in New York as credit account man and railroad specialist.

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Certain producers exempted from zinc pool requirement

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.

Will take every action possible under law to enforce priorities, Nelson warns

Government agents are checking priorities compliance in 1,800 aluminum foundries, and other industries will be checked as soon as investigators can be trained for the job, Priorities Director Nelson said in a press conference October 16. The suspension of aluminum operations imposed on one company and announced that day is not to be regarded as an isolated case, he emphasized. Milton Katz, OPM assistant general counsel assigned to the Priorities Division, outlined further penalties which, under certain circumstances, might fall on violators of priorities regulations.

Excerpts from the conference follow:

Mr. NELSON. One of the things that we promised you was that we were going to see whether this thing could be enforced, and this company happened to be the first one that we struck that was violating a priority order and there seemed to be nothing to do but to go right through and bring about an enforcement, but don't think for a moment that this is an isolated case. This is not. This is just the beginning, and the only reason we are attaching any importance to it is because it was the first, and we knew that you would have some questions about it.

I want to assure you that we are starting in to go right through the whole thing as fast as we can. We have enlisted the aid of the Government agencies who have field forces who are accustomed to investigations and we are just going to proceed to go through the works.

The right to equality

I think that the businessman who is complying—and I feel pretty definitely that we will find that the great majority are complying—but I think the businessman that is complying has a right to ask of us that we do everything that we can legally to bring the fellow who is not complying into the same general condition as the man who is complying. Now, that is the fundamental principle that we are trying to observe in this.

This organization of the wage and hour division has been brought in. They have been trained and told what we wanted them to do, and they have gone out as our representatives and are now checking all of the aluminum foundries. The violations, if they are found, are going to be handled as promptly and as expeditiously as our legal talent advises that they can be, and we are going to

take every action that our legal counsel tells us that we can take to bring about enforcement, not because we have anything punitive in our minds at all. This is a defense program. We believe that a priorities system is essential in a defense program. We don't know any other way at the moment to direct materials into the places where they should be used. If that is to be done, then clearly it is up to us, we feel, to either enforce it or to acknowledge right off the bat that we cannot enforce it, and if we cannot and we are still serious about a defense program, to go to Congress and ask for legislation that will enable us to do it.

Checking 1,800 companies now

Mr. KATZ. We are checking over eight-hundred companies. The investigators are in the field now.

Q. How soon do you expect to move into other fields other than aluminum?

Mr. NELSON. Just as fast as we can get the organizations trained.

False reports can bring fine, prison term

Q. Can you give (violators) any further punishment than simply denying the materials?

Mr. NELSON. It depends on the records of the case.

Q. Is there any imprisonment sentence or fines?

Mr. NELSON. A company that has falsely stated anything to the Government, other action can be taken and in each case it is going to depend entirely on the character of the evidence. I mean, I can only judge by taking such action as our counsel says we can take. I am directing our counsel to take every bit of action we possibly can.

Q. May I ask counsel what the general statutory provisions are for false statements?

Mr. KATZ. There is an amendment to the Criminal Code in the year 1938 which says that any false reports made to any Government agency relating to a matter which is in the jurisdiction of that Government agency is made subject to the penalties of perjury.

Q. What are the penalties?

Mr. KATZ. Indictment, prosecution, fine, or imprisonment.

Q. What is the fine or imprisonment?

Mr. KATZ. Perjury is a felony subject to both fine and imprisonment or fine or imprisonment, in the discretion of the judge.

Q. How many cops are you hiring for your compliance and field section?

Mr. NELSON. Well, I'll tell you, we are trying to borrow all the cops in the Government.

Mr. KATZ. We have got the investigators of four Government agencies already available to us—the Wage-Hour, Federal Trade Commission, Bureau of the Census, and the Procurement Division of the Treasury. We intend to proceed with all of them as we have with the Wage-Hour in connection with aluminum. Agents from all of them are not yet in operation. What we are going to do is what we did with the Wage-Hour investigators. We run them over and get them through a school in the order which we want them to run an investigation, what the order meant, what it did, what to look for and what types of records to look for. Only after that training were they sent out into the field and they are now operating in the aluminum industry. We intend to operate industry by industry in the same way.

275 investigators now at work

Q. About how many men have you out investigating?

Mr. KATZ. About 275.

Mr. NELSON. Two hundred seventy-five at the moment.

Q. They are all from the Wage-Hour?

Mr. KATZ. Wage-Hour and all in one industry.

Q. Have you any estimate as to the number from the other three agencies?

Mr. KATZ. They have indicated they will give us full support.

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NEW FIELD OFFICES

Field offices of the Contract Distribution Division of OPM have been opened in 5 additional cities to help qualified manufacturers obtain defense work, Director Floyd B. Odum announced last week.

These offices and their addresses are as follows:

Wheeling, W. Va.—1025 Main Street, Hawley Building.

Worcester, Mass.—State Mutual Building, 340 Main Street.

Syracuse, N. Y.—Chamber of Commerce Building, 341 Warren Street.

Springfield, Ill.—307 First National Bank Building.

Dayton, Ohio.—1021 Third National Bank Building, 32 North Main Street.

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 get 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 know 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

Clarification 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 be responsible for keeping the regional directors of the OCD informed of their general relationships with State and local defense councils in connection with defense health, welfare, and related services. 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 civilians 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 in 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 50,000 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.

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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, 50,000 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, Odlum 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. Odlum, 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. Odlum 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 division. 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 had 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 subcontracts were signed on the spot.

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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.

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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.

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WAYNE COY, *Liaison Officer*

CENTRAL ADMINISTRATIVE SERVICES: Dallas Dort, *Director*.

DEFENSE AID REPORTS DIVISION: Maj. Gen. James H. Burns, *Executive Officer*.

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DEFENSE HOUSING DIVISION: C. F. Palmer, *Coordinator*.

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OFFICE OF DEFENSE HEALTH AND WELFARE SERVICES: Paul V. McNutt, *Director*.

OFFICE OF PRICE ADMINISTRATION: Leon Henderson, *Administrator*.

CONSUMER DIVISION: In charge of Harriet Elliott, *Associate OPA Administrator*.

SUPPLY PRIORITIES AND ALLOCATIONS BOARD: The Vice President of the United States, *Chairman*; Donald M. Nelson, *Executive Director*; The Secretary of War; The Secretary of the Navy; William S. Knudsen; Sidney Hillman; Harry Hopkins; Leon Henderson.

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

OFFICE OF PRODUCTION MANAGEMENT:

William S. Knudsen, *Director General*.
Sidney Hillman, *Associate Director General*.
Secretary, Herbert Emmerich.

General Counsel, John Lord O'Brien.

PRODUCTION DIVISION: W. H. Harrison, *Director*.

PURCHASES DIVISION: Douglas C. MacKeachie, *Director*.

PRIORITIES DIVISION: Donald M. Nelson, *Director*.

MATERIALS DIVISION: William L. Batt, *Director*.

CIVILIAN SUPPLY DIVISION: Leon Henderson, *Director*.

CONTRACT DISTRIBUTION DIVISION: Floyd B. Odlum, *Director*.

LABOR DIVISION: Sidney Hillman, *Director*.
RESEARCH AND STATISTICS BUREAU: Stacy May, *Chief*.

BUREAU OF CLEARANCE OF DEFENSE INDUSTRY ADVISORY COMMITTEES: Sidney J. Weinberg, *Chief*.

BUREAU OF INDUSTRIAL CONSERVATION: Lessing J. Rosenwald, *Chief*.