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TREASURY DEPARTMENT

FOR RELEASE, MORNING NEWSPAPERS,  
Friday, August 1, 1941.

The Secretary of the Treasury, by this public notice, invites tenders for \$100,000,000, or thereabouts, of 91-day Treasury bills, to be issued on a discount basis under competitive bidding. The bills of this series will be dated August 6, 1941, and will mature November 5, 1941, when the face amount will be payable without interest. They will be issued in bearer form only, and in denominations of \$1,000, \$5,000, \$10,000, \$100,000, \$500,000 and \$1,000,000 (maturity value).

Tenders will be received at Federal Reserve Banks and Branches up to the closing hour, two o'clock p.m., Eastern Standard time, Monday, August 4, 1941. Tenders will not be received at the Treasury Department, Washington. Each tender must be for an even multiple of \$1,000, and the price offered must be expressed on the basis of 100, with not more than three decimals, e.g., 99.925. Fractions may not be used. It is urged that tenders be made on the printed forms and forwarded in the special envelopes which will be supplied by Federal Reserve Banks or Branches on application therefor.

Tenders will be received without deposit from incorporated banks and trust companies and from responsible and recognized dealers in investment securities. Tenders from others must be accompanied by payment of 10 percent of the face amount of Treasury bills applied for, unless the tenders are accompanied by an express guaranty of payment by an incorporated bank or trust company.



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Immediately after the closing hour, tenders will be opened at the Federal Reserve Banks and Branches, following which public announcement will be made by the Secretary of the Treasury of the amount and price range of accepted bids. Those submitting tenders will be advised of the acceptance or rejection thereof. The Secretary of the Treasury expressly reserves the right to accept or reject any or all tenders, in whole or in part, and his action in any such respect shall be final. Payment of accepted tenders at the prices offered must be made or completed at the Federal Reserve Bank in cash or other immediately available funds on August 6, 1941.

The income derived from Treasury bills, whether interest or gain from the sale or other disposition of the bills, shall not have any exemption, as such, and loss from the sale or other disposition of Treasury bills shall not have any special treatment, as such, under Federal tax Acts now or hereafter enacted. The bills shall be subject to estate, inheritance, gift, or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority. For purposes of taxation the amount of discount at which Treasury bills are originally sold by the United States shall be considered to be interest.

Treasury Department Circular No. 418, as amended, and this notice, prescribe the terms of the Treasury bills and govern the conditions of their issue. Copies of the circular may be obtained from any Federal Reserve Bank or Branch.

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TREASURY DEPARTMENT  
WashingtonFOR RELEASE, MORNING NEWSPAPERS,  
Friday, August 1, 1941.  
7/31/41.Press Service  
No. 26-84

Secretary Morgenthau today announced the final details with respect to the two tax series of Treasury notes which go on sale this morning at the Federal Reserve Banks. The Series A-1942 notes, in the denominations of \$25, \$50 and \$100, provide a return of about 1.92 percent a year, are designed to be attractive to the small taxpayer, and their presentation in payment of income taxes will be limited to \$1,200 from any taxpayer in any one tax year. The Series B-1942 notes will be issued in denominations of \$100, \$500, \$1,000, \$10,000 and \$100,000, will provide a return of about 0.48 percent a year, and the amount of these notes which may be presented in payment of taxes will be limited only by the amount of taxes due.

The owner's name and address, and the date of issue, will be entered on each note at the time of its issue by a Federal Reserve Bank. The month in which payment is received by a Federal Reserve Bank or Branch, or by the Treasurer of the United States, will determine the purchase price and issue date of each note. Particular attention is called to the fact that checks or other remittances not immediately available should be received by a Federal Reserve Bank or Branch, or by the Treasurer of the United States, in time to be cleared and the funds actually available to the Treasury before the end of a month in order to get that month's dating.

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These notes are being offered for sale to taxpayers for their convenience in setting aside regularly the funds which will be required to meet the unprecedented taxes they will pay next year on this year's income. The interest earned on these notes, which will be credited with the principal in payment of income tax liability, is expected to be attractive to taxpayers generally. For this reason many will doubtless purchase an amount of notes sufficient to meet the estimated tax liability for the next two years, or as much thereof as their means will permit, since the notes bear interest to August 1, 1943, unless sooner redeemed. The notes will be acceptable in payment of any Federal income taxes at any time commencing with the third month after the month of purchase, but not before January 1, 1942. If not presented in payment of income taxes, they can be redeemed at the Federal Reserve Bank of issue for cash, in the case of Series A-1943 notes without advance notice, and in the case of Series B-1943 notes after 30 days from the date of issue and on 30 days advance notice. Such redemption will be at the purchase price paid for the notes. In other words, the taxpayer, in this case, gets back just the amount he paid for the notes and no more.

The official circular is attached.

THE UNITED STATES OF AMERICA  
**TREASURY NOTES**

Tax Series A-1943

Tax Series B-1943

Dated August 1, 1941      Due August 1, 1943

Issued at Par and Accrued Interest

Acceptable at Par and Accrued Interest in Payment of Federal Income Taxes

1941  
 Department Circular No. 687  
 Fiscal Service  
 Bureau of the Public Debt

TREASURY DEPARTMENT,  
 OFFICE OF THE SECRETARY,  
 Washington, July 22, 1941.

**I. OFFERING OF NOTES**

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, offers for sale, to the people of the United States, through the Federal Reserve Banks, at par and accrued interest, two issues of nontransferable notes of the United States, designated Treasury Notes of Tax Series A-1943, and Treasury Notes of Tax Series B-1943. As hereinafter provided, the notes of both series will be acceptable at par and accrued interest in payment of Federal income taxes: *Provided, however*, that not exceeding \$1,200 principal amount of notes of Tax Series A-1943, and the accrued interest thereon, will be accepted from any one owner in any period of twelve consecutive months in payment of taxes due from such owner. If not presented in payment of taxes, the notes will be redeemable at the purchase price as hereinafter provided.

2. Descriptions of the notes of both series, and their terms are hereinafter fully set forth. The notes will be placed on sale beginning August 1, 1941, and the sale will continue until December 31, 1941, unless earlier terminated, as to either or both series, by the Secretary of the Treasury.

**II. DESCRIPTION OF NOTES**

1. *General.*—The notes of both series will be dated August 1, 1941, and will mature August 1, 1943. The owner's name and address, and the date of issue will be entered on each note at the time of its issue by a Federal Reserve Bank. The month in which payment is received by a Federal Reserve Bank or Branch, or by the Treasurer of the United States, will determine the purchase price and issue date of each note. The notes may not be transferred. No hypothecation of the notes on any account will be recognized by the Treasury Department, and they will not be accepted to secure deposits of public money. Except as herein provided, the notes will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing bonds and notes of the United States.

2. *Denominations and interest.*—The notes of Tax Series A-1943 will be issued in denominations of \$25, \$50, and \$100, and interest thereon will accrue during each month after August 1941, in the amount of 16 cents on each \$100 principal amount, that is, 4 cents on each \$25, 8 cents on each \$50, and 16 cents on each \$100 denomination of note. The notes of Tax Series B-1943 will be issued in denominations of \$100, \$500, \$1,000, \$10,000 and \$100,000, and interest thereon will accrue each month after August 1941, in the amount of 4 cents on each \$100 principal amount, that is 4 cents on each \$100, 20 cents on each \$500, 40 cents on each \$1,000, \$4 on each \$10,000, and \$40 on each \$100,000 denomination of note. In no case, however, shall interest accrue beyond the month in which the note is presented in payment of taxes, or beyond its maturity. Exchanges of authorized denominations of each series from higher to lower, but not from lower to higher, may be arranged at the Federal Reserve Bank of issue.

3. *Purchase price, and tax-payment value.*—The notes of both series will be sold at par during August 1941, and will be sold at par and accrued interest during each subsequent month while they remain on sale, the purchase price for a note of any denomination of either series advancing each month after August 1941, in the amount of one month's interest on that note. Tables, showing for

each month from August 1941, to August 1943, for each denomination of each series, the principal amount of the notes with accrued interest added, are appended to this circular. The total shown for any denomination for any month—August through December 1941—while the notes remain on sale, is the purchase price, or cost, of the note during that month. Also, the total shown for any denomination for any month thereafter is the tax-payment value, or the amount at which the note will be acceptable during that month in payment of Federal income taxes as herein provided.

4. *Acceptability in payment of taxes.*—The notes of both series (but not more than \$1,200 principal amount of notes of Tax Series A-1943 from any one owner in any period of twelve consecutive months) will be acceptable, at par and accrued interest, in payment of Federal income taxes (current and back personal and corporation taxes, and excess-profits taxes). The conditions of presentation, surrender and acceptance of the notes in payment of such taxes are set forth in Section IV of this circular.

5. *Payment or redemption for cash.*—The notes of either series may not be called by the Secretary of the Treasury for redemption prior to maturity. If such notes are not presented in payment of taxes: (1) they will be payable at maturity, or (2) they will be redeemable prior to maturity, at the owner's option and request, as hereinafter provided in Section V and in either case payment will be made only at the price paid for the notes.

6. *Taxation.*—Income derived from the notes shall be subject to all Federal taxes, now or hereafter imposed. The notes shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

### III. PURCHASE OF NOTES

1. *Applications and payment.*—Applications will be received by the Federal Reserve Banks and Branches, and by the Treasurer of the United States, Washington, D. C. Banking institutions generally may submit applications for account of customers, but only the Federal Reserve Banks and the Treasurer of the United States are authorized to act as official agencies. Every application must be accompanied by payment in full, at par and accrued interest to the month in which payment is received by a Federal Reserve Bank or Branch, or the Treasurer of the United States. Any form of exchange, including personal checks, will be accepted subject to collection, and should be drawn to the order of the Federal Reserve Bank or of the Treasurer of the United States, as the case may be. Any depository, qualified pursuant to the provisions of Treasury Department Circular No. 92 (revised February 23, 1932, as supplemented) will be permitted to make payment by credit for notes applied for on behalf of itself or its customers up to any amount for which it shall be qualified in excess of existing deposits.

2. *Reservations.*—The Secretary of the Treasury reserves the right to reject any application in whole or in part, and to refuse to issue or permit to be issued hereunder any notes in any case or in any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final. If an application is rejected, in whole or in part, any payment received therefor will be refunded. The Secretary of the Treasury, in his discretion, may designate agencies other than those herein provided for the sale of, or for the handling of applications for, Treasury notes to be issued hereunder.

3. *Delivery of notes.*—Upon acceptance of full-paid applications, notes will be duly issued and, unless delivered in person, will be delivered by registered mail within the Continental United States, the Territories and Insular Possessions of the United States, the Canal Zone and the Philippine Islands. No deliveries elsewhere will be made.

4. *Form of application.*—In applying for notes under this circular, care should be exercised to specify whether those of Tax Series A-1943, or Tax Series B-1943 are desired, and there must be furnished the name and address of the individual, corporation or other entity in which the notes are to be issued; and if address for the delivery of the notes is different, appropriate instructions should

be given. The name should be in the same form as that used in the Federal income tax return of the purchaser. The use of an official application form is desirable, but not necessary. Appropriate forms may be obtained on application to any Federal Reserve Bank or Branch, and banking institutions generally will supply such forms.

#### IV. PRESENTATION IN PAYMENT OF TAXES

1. After three months from month of purchase (as shown by the date of issue on each note), but not before January 1, 1942, during such time, and under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, notes issued hereunder in the name of a taxpayer (individual, corporation, or other entity) may be presented and surrendered by such taxpayer, his agent, or his estate, to the Collector of Internal Revenue, to whom the tax return is made, and will be receivable by the Collector at par and accrued interest from August 1941, to the month, inclusive (but no accrual beyond August 1943), in which presented in payment of any Federal income taxes (current and back personal and corporation taxes, and excess-profit taxes) assessed against the original purchaser or his estate, but not more than \$1,200 principal amount of notes of Tax Series A-1943, and the accrued interest thereon, may be accepted by the Collector in any period of twelve consecutive months in payment of Federal income taxes due from such owner. The notes must be forwarded to the Collector at the risk and expense of the owner, and, for his protection, should be forwarded by registered mail, if not presented in person.

#### V. CASH REDEMPTION AT OR PRIOR TO MATURITY

1. *General.*—Any Treasury note of Tax Series A-1943 or Tax Series B-1943 will be redeemed for cash at the purchase price at or before maturity. Notes of Tax Series A-1943 may be redeemed before maturity without advance notice, but notes of Tax Series B-1943 may be redeemed before maturity only after 60 days from date of issue and on 30 days' advance notice. The timely surrender of a note of Tax Series B-1943, bearing a properly executed request for payment, will be accepted as constituting the advance notice required hereunder.

2. *Execution of request for payment.*—The owner in whose name the note is inscribed must appear before one of the officers authorized by the Secretary of the Treasury to witness and certify requests for payment, establish his identity, and in the presence of such officer sign the request for payment appearing on the back of the note, adding the address to which check is to be mailed. After the request for payment has been so signed, the witnessing officer should complete and sign the certificate provided for his use.

3. *Officers authorized to witness and certify requests for payment.*—Any officers authorized to witness and certify requests for payment of United States Savings Bonds, as set forth in Treasury Department Circular No. 530, Fourth Revision, as amended, are hereby authorized to witness and certify requests for cash redemption of Treasury notes issued under this circular. Such officers include United States postmasters, certain other post office officials, and the executive officers of all banks and trust companies incorporated in the United States or its organized territories, including officers at branches thereof who are certified to the Treasury Department as executive officers.

4. *Presentation and surrender.*—Notes bearing properly executed requests for payment must be presented and surrendered to the Federal Reserve Bank of issue, at the expense and risk of the owner. For the owner's protection, notes should be forwarded by registered mail, if not presented in person.

5. *Disability or death.*—In case of the disability or death of the owner, and the notes are not to be presented in payment of Federal income taxes due from his estate, instructions should be obtained from the Federal Reserve Bank of issue before the request for payment is executed, or the notes presented.

6. *Partial redemption.*—Partial cash redemption of notes of either series, corresponding to an authorized denomination, may be made in the same manner, appropriate changes being made in the request for payment. In case of partial redemption of a note, the remainder will be reissued with the same date of issue as the note surrendered.

7. *Payment.*—Payment of any note, either at maturity or on redemption before maturity, will be made only by the Federal Reserve Bank that issued the note, and will be made by check drawn to the order of the owner, and mailed to the address given in his request for payment. In any case, payment will be made at the purchase price of the note, that is, at par and accrued interest (if any) paid at the time of purchase.

#### VI. GENERAL PROVISIONS

1. Federal Reserve Banks, as fiscal agents of the United States, are authorized to perform such services or acts as may be appropriate and necessary under the provisions of this circular, and under any instructions given by the Secretary of the Treasury.

2. The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this circular, or of any amendments or supplements thereto, and may at any time or from time to time prescribe amendatory rules and regulations governing the offering of the notes, information as to which will promptly be furnished to the Federal Reserve Banks.

**HENRY MORGENTHAU, Jr.,**  
*Secretary of the Treasury.*

(Filed with the Division of the Federal Register, July 31, 1941)

16-28497



## TREASURY NOTES—TAX SERIES A-1943

## Purchase Price and Tax-Payment Value During Successive Months

Table, showing for each month from August 1941, to August 1943, for notes of each denomination, the principal amount with accrued interest added. The total shown for any denomination, for any month—August through December 1941—while the notes remain on sale, is the Purchase Price, or Cost, of the note during that month. Also, the total shown for any denomination for any month thereafter is the Tax-Payment Value, or the amount at which the note will be acceptable during that month in payment of Federal income taxes.

	\$25	\$50	\$100
<b>PURCHASE PRICE</b>			
August, 1941.....	\$25.00	\$50.00	\$100.00
September, 1941.....	25.04	50.06	100.16
October, 1941.....	25.08	50.16	100.32
November, 1941.....	25.12	50.24	100.48
December, 1941.....	25.16	50.32	100.64
<b>TAX-PAYMENT VALUE</b>			
January, 1942.....	\$25.20	\$50.40	\$100.80
February, 1942.....	25.24	50.48	100.96
MARCH, 1942.....	25.28	50.56	101.12
April, 1942.....	25.32	50.64	101.28
May, 1942.....	25.36	50.72	101.44
JUNE, 1942.....	25.40	50.80	101.60
July, 1942.....	25.44	50.88	101.76
August, 1942.....	25.48	50.96	101.92
SEPTEMBER, 1942.....	25.52	51.04	102.08
October, 1942.....	25.56	51.12	102.24
November, 1942.....	25.60	51.20	102.40
DECEMBER, 1942.....	25.64	51.28	102.56
January, 1943.....	25.68	51.36	102.72
February, 1943.....	25.72	51.44	102.88
MARCH, 1943.....	25.76	51.52	103.04
April, 1943.....	25.80	51.60	103.20
May, 1943.....	25.84	51.68	103.36
JUNE, 1943.....	25.88	51.76	103.52
July, 1943.....	25.92	51.84	103.68
August, 1943.....	25.96	51.92	103.84

## TREASURY NOTES—TAX SERIES B-1943

## Purchase Price and Tax-Payment Value During Successive Months

Table, showing for each month from August 1941, to August 1943, for notes of each denomination, the principal amount with accrued interest added. The total shown for any denomination, for any month—August through December 1941—while the notes remain on sale, is the Purchase Price, or Cost, of the note during that month. Also, the total shown for any denomination for any month thereafter is the Tax-Payment Value, or the amount at which the note will be acceptable during that month in payment of Federal income taxes.

	\$100	\$500	\$1,000	\$10,000	\$100,000
<b>PURCHASE PRICE</b>					
August, 1941.....	\$100.00	\$500.00	\$1,000.00	\$10,000	\$100,000
September, 1941.....	100.04	500.20	1,000.40	10,004	100,040
October, 1941.....	100.08	500.40	1,000.80	10,008	100,080
November, 1941.....	100.12	500.60	1,001.20	10,012	100,120
December, 1941.....	100.16	500.80	1,001.60	10,016	100,160
<b>TAX-PAYMENT VALUE</b>					
January, 1942.....	\$100.20	\$501.00	\$1,002.00	\$10,020	\$100,200
February, 1942.....	100.24	501.20	1,002.40	10,024	100,240
MARCH, 1942.....	100.28	501.40	1,002.80	10,028	100,280
April, 1942.....	100.32	501.60	1,003.20	10,032	100,320
May, 1942.....	100.36	501.80	1,003.60	10,036	100,360
JUNE, 1942.....	100.40	502.00	1,004.00	10,040	100,400
July, 1942.....	100.44	502.20	1,004.40	10,044	100,440
August, 1942.....	100.48	502.40	1,004.80	10,048	100,480
SEPTEMBER, 1942.....	100.52	502.60	1,005.20	10,052	100,520
October, 1942.....	100.56	502.80	1,005.60	10,056	100,560
November, 1942.....	100.60	503.00	1,006.00	10,060	100,600
DECEMBER, 1942.....	100.64	503.20	1,006.40	10,064	100,640
January, 1943.....	100.68	503.40	1,006.80	10,068	100,680
February, 1943.....	100.72	503.60	1,007.20	10,072	100,720
MARCH, 1943.....	100.76	503.80	1,007.60	10,076	100,760
April, 1943.....	100.80	504.00	1,008.00	10,080	100,800
May, 1943.....	100.84	504.20	1,008.40	10,084	100,840
JUNE, 1943.....	100.88	504.40	1,008.80	10,088	100,880
July, 1943.....	100.92	504.60	1,009.20	10,092	100,920
August, 1943.....	100.96	504.80	1,009.60	10,096	100,960

August 1, 1941  
9:23 a.m.

HMJr: Hello.

Operator: Mr. Cox

HMJr: Hello.

Oscar  
Cox: Hello, Mr. Secretary.

HMJr: How are you feeling?

C: Pretty good.

HMJr: Good. Oscar, what's going on for my friend,  
Pleven?

C: We sent over one requisition to the President  
for his signature on stuff to equip boats for  
the use of the Free French.

HMJr: Yes.

C: And also, we're going to put through one  
for some trucks.

HMJr: One what?

C: One for some trucks.

HMJr: Yes.

C: Policy determined. And I'll let you know  
as soon as any development takes place on  
them. I think the one on the boats has  
probably been signed already.

HMJr: Oh, really? Well, just as soon as you find  
out, will you let me know?

C: I certainly will.

HMJr: That's number one; and number two, Kamarck's  
in contact with this Major.....

C: Famonville?

- 2 -

HMJr: Yeah. How'd you ever get hold of him?

C: Well, we suggested to the General that he ought to get somebody who knew something about Russia.

HMJr: Yeah.

C: And so he scouted out in the Army and found that this fellow who had been Attache over there not only knew Russian, but was good.

HMJr: General Burns did?

C: Yeah. He's a good fellow, Famonville is.

HMJr: Oh yes, you know that the - I understand that the State Department had him withdrawn from Russia.

C: Yeah. Yeah, he's very sympathetic and he's very smart.

HMJr: Yeah.

C: You probably will have to get into that thing at some later date.

HMJr: Well, Oumansky's bringing this Russian man that sounds like a - name like a mouth-wash - over here at eleven.

C: Yeah. Purvis says he's a very competent guy, this Russian.

HMJr: Yeah. Are you fellows going to do anything for them?

C: Well, we're trying, but the Army and the Navy don't want to give up anything.

HMJr: Oh, for God's sake!

C: The same old problem.

HMJr: Well, did they get any of those Curtiss P-40's that were in England?

- 3 -

C: The President has ordered them gotten, but they haven't gotten them yet, and also a squadron of aircraft out of the Army.

HMJr: You mean to say those boxed planes, supposedly boxed in England, that they haven't got those yet?

C: That's right. They're allocated, but they haven't gotten them.

HMJr: Well, what're they going to do? Wait until winter comes?

C: Gee, I hope not. But.....

HMJr: But that - the impression I got - ten days ago the President was under the impression that he got them.

C: Yeah, I know he was, but they still haven't gotten them yet.

HMJr: Have they got anything?

C: No.

HMJr: They haven't got anything?

C: No. They've got a lot of stuff promised, but they haven't gotten anything yet.

HMJr: Well, I'll be damned.

C: Look, can I send you a memorandum I got up for Wayne Coy?

HMJr: On what?

C: On suggesting some change in this defense setup so that you can get problems like that disposed of?

HMJr: Sure.

C: Because I think they run into them and it wastes

so much of the President's time.....

HMJr: Sure.

C: .....and it doesn't make any sense.

HMJr: Have you read July 28, "The Mirage of Production", by Michael Strait?

C: Yes, sir.

HMJr: You have?

C: Yeah.

HMJr: Okay.

C: Have you seen this issue of Fortune that's coming out?

HMJr: No.

C: Well, it's all on the defense program. A lot of it's on the same stuff.

HMJr: I see. Critical?

C: Critical, but favorable, generally, to the President. Critical of OPM and that kind of thing.

HMJr: Okay.

C: Right.

HMJr: Good-bye.

C: Good-bye.

August 1, 1941  
9:28 a.m.

HMJr: Hello. Hello.

Operator: I'll have her in just a minute.

Grace  
Tully: Mr. Secretary, I got through to the big  
man.

HMJr: Wonderful!

T: And the big man says he will call Sam  
right away.

HMJr: Wonderful.

T: So I think that's taken care of.

HMJr: What a girl!

T: (Laughs)

HMJr: All right.

T: All right, sir. I'll - when I see the  
President this morning, we'll see what  
happened on that.....

HMJr: Yeah.

T: .....and what they decided, and then I'll  
let you know.

HMJr: Right.

T: All right. Grand, sir.

HMJr: Thank you.

T: All right. Good-bye.

August 1, 1941  
9:30 a.m.

HMJr: Hello.

Operator: Here's Miss Tully again.

HMJr: Thanks.

Operator: Go ahead.

HMJr: Hello.

Grace  
Tully: Hello.

HMJr: Yes.

T: Mr. Secretary, our records show that he did not speak to the Speaker last night, so my agent must have forgotten to remind him.

HMJr: I see.

T: I tell you what I can do. I can see if I can get through to the boss this morning and ask him if he wants you to call the Speaker and explain.

HMJr: All right. Good.

T: Want me to call you back?

HMJr: Wonderful.

T: All right. I'll ask him if he'd like you to do that job. Maybe he doesn't have time this morning to speak to the Speaker, but if you'd do it, why that would be grand.

HMJr: Right. And may I say in all seriousness, I really tremendously appreciate the services that you're giving me.

T: Well, you're very welcome.

HMJr: No, I want to say this, that in the eight

- 2 -

years I've been here, nobody's taken as good care of me.

T: Well, thank you very much, Mr. Secretary.

HMJr: Thank you.

T: And I'll call you back just as soon as I get through to the boss.

HMJr: Thank you.

T: Look. Would you flash my operator again? I can't do it through my apartment house here.

HMJr: Just a minute.

T: Right.

HMJr: Just a minute.

Hello.

Operator: Yes, sir.

HMJr: Miss Tully wants the White House.

Operator: Yes, sir.

HMJr: Miss Tully wants the White House.



August 1, 1941  
9:45 a.m.

HMJr: Hello.

Secretary  
to Senator  
Walsh:

Yes, Mr. Morgenthau.

HMJr: Look. I got your message about Senator  
Walsh.

S: Yes, sir.

HMJr: Here's my trouble. I have Cabinet this  
afternoon at two.

S: Yes, sir.

HMJr: And I leave right after that to go home.

S: Yes, sir.

HMJr: But I'm free from now until twelve o'clock.

S: Until twelve o'clock.

HMJr: Is there any way of getting us together?

S: I think there is, sir. He - the Senator  
has gone to the Navy Department, and I can  
reach him there and he can probably see you  
immediately after he gets through at the  
Navy Department, which will probably be  
about half past ten or so.

HMJr: Well.....

S: I'll have him call you, sir, from the  
Navy Department.

HMJr: Would you do that, because I really would  
like to see him this morning.

S: Yes, sir.

HMJr: I'd be glad to come up on the Hill.

August 1, 1941  
9:45 a.m.

HMJr: Hello.

Secretary  
to Senator  
Walsh:

Yes, Mr. Morgenthau.

HMJr: Look. I got your message about Senator  
Walsh.

S: Yes, sir.

HMJr: Here's my trouble. I have Cabinet this  
afternoon at two.

S: Yes, sir.

HMJr: And I leave right after that to go home.

S: Yes, sir.

HMJr: But I'm free from now until twelve o'clock.

S: Until twelve o'clock.

HMJr: Is there any way of getting us together?

S: I think there is, sir. He - the Senator  
has gone to the Navy Department, and I can  
reach him there and he can probably see you  
immediately after he gets through at the  
Navy Department, which will probably be  
about half past ten or so.

HMJr: Well.....

S: I'll have him call you, sir, from the  
Navy Department.

HMJr: Would you do that, because I really would  
like to see him this morning.

S: Yes, sir.

HMJr: I'd be glad to come up on the Hill.

- 2 -

S: Oh no, because he'll be down there, sir. He can go right to your office.

HMJr: Could you reach him there, then?

S: Yes, sir.

HMJr: And then I'll wait until I hear from him.

S: All right, Mr. Morgenthau.

HMJr: Thank you.

S: Yes, sir.

August 1, 1941  
9:47 a.m.

Dean  
Acheson:

Hello.

HMJr:

I called and spoke to Sumner Welles yesterday to tell him how delighted I am how this committee of yourself and Foley and Shea has been operating.

A:

Well, you're very good. He - Sumner called me in last night.....

HMJr:

Yes.

A:

.....and said that you had spoken to him, and that he assumed that this had something remotely to do with my activities and that I was to be commended about it.

HMJr:

(Laughs) Well.....

A:

And I said, "Not at all. It was just everybody's work together on it."

HMJr:

Well, that was what I hoped he'd do, but I didn't know whether he would or not.

A:

Yeah, he did.

HMJr:

And.....

A:

That was very nice.

HMJr:

It's the best liaison we've ever had with the State Department.

A:

Well, fine, Henry. I'm going to try and keep it that way and improve it.

HMJr:

Well, it won't be difficult; and Welles seemed very much pleased, too, so.....

A:

Well, that's fine. I had a long talk with Frank Shea yesterday.

HMJr:

Yeah.

- 2 -

A: Apparently Biddle had spoken to him, and he came to me and asked me whether I would be very frank with him and tell him whether I thought that he had been difficult.

HMJr: Yeah.

A: And I said, well, if he wanted me to be very frank, the only thing that I could say was that I thought he had.

HMJr: Yeah.

A: And I didn't think it was necessary and I couldn't understand what the continual row that he was trying to bring up, was, what it amounted to. It just didn't seem to me to be anything.

HMJr: Yeah.

A: So we had sort of a heart-to-heart talk about this.....

HMJr: Uh huh.

A: .....and he said he didn't mean to be difficult.....

HMJr: Yeah.

A: .....and he was talking to reform. (Laughs)

HMJr: Splendid.

A: Then he said that some time ago he'd asked me to write a memorandum about my conversation with you when we started this thing, and he asked me if I had done it. And I said, "Well, I had started to do it, and then I began to think what in the world I was doing it for....."

HMJr: Yeah.

A: .....and the only thing I could think of was that this would be used for controversial

- 3 -

purposes, so I tore it up and I said, "I'm not writing any memoranda about my conversations with anybody."

HMJr: Oh.

A: So we've just got to all get along together. I think he'll be much better.

HMJr: Good. All right. Hope to see you soon.

A: Fine, Henry. Thank you very much.

August 1, 1941  
9:55 a.m.

GROUP MEETING

Present: Miss Chauncey  
Mr. Foley  
Mr. Viner  
Mr. Thompson  
Mr. Cochran  
Mr. White  
Mr. Gaston  
Mr. Sullivan  
Mr. Blough  
Mr. Schwarz  
Mr. Kuhn  
Mr. Graves  
Mr. Bell  
Mr. Odegard

H.M.Jr: Good morning, everybody. The only thing I have got, Harold, here, to follow up, is Gardner Jackson's call about the meat butchers' wanting to give us a million and a half.

Graves: I turned that over last night to Mr. Houghteling, who already knew all about it, and he is going to arrange for those people to come in and see you some day next week.

(Mr. Bell entered the conference.)

H.M.Jr: Mr. Gaston?

Gaston: Harold spoke to me about Jesse Jones' getting some space at Number Two Park Avenue.

H.M.Jr: At a dollar thirty, sixty day cancellation clause.

- 2 -

- Gaston: Well, our situation is that after I went up to New York last week we rejected all the bids we had because none of them were fully consistent with our proposal. They weren't contiguous space. If we were going to take non-contiguous space, there were some other buildings that should have had an opportunity to bid, but we are putting out new proposals and new bids have come in on the thing, and we haven't sized them up yet. The cheapest space was about that dollar thirty figure, on the offers we got, but it was pretty bad space.
- H.M.Jr: Well, you might take a look at Number Two Park Avenue, and the President doesn't want us to tie up for any length of time. Those are orders.
- Gaston: Would that mean --
- H.M.Jr: Sixty day cancellation clause.
- Gaston: Sixty day cancellation?
- H.M.Jr: Yes.
- (Mr. Odegard entered the conference.)
- Gaston: All right. We asked for space in buildings below Chambers Street, so we couldn't consider Number Two Park Avenue.
- H.M.Jr: How many thousand feet do you want?
- Gaston: About seventy thousand.
- H.M.Jr: I said sixty, that is pretty close.
- Gaston: Pretty close, yes.
- H.M.Jr: I was fifty per cent right, Ed. I wrote it out and forgot to tell you.



- 3 -

Foley: Oh.

Gaston: Well, I will take a look at that place. Whose building is that, do you know?

H.M.Jr: I don't know whose it is. It is Thirty-fourth Street. He doesn't say --

Gaston: No, no, not under the new numbering. They are way down at Twenty-third Street.

H.M.Jr: Want to make a bet?

Gaston: The old numbering was Number One Park Avenue at the corner of Thirty-fourth Street, but that was changed by city ordinance. They moved the lower numbers way down. This may be old Number Two, but it wouldn't be Number Two now.

H.M.Jr: I won't argue.

Foley: It used to be right across from the Vanderbilt Hotel. I made a good bet last night with Frank Knox. Ten dollars. He named the amount and the conditions. He said that before the first of September that Leningrad, Moscow, Smolensk and Odessa would fall.

White: I would like to take nine dollars of that.

Gaston: By when?

H.M.Jr: Before the first of September. Ten dollars. How much do you want?

White: Nine.

Gaston: Which way?

H.M.Jr: Why are you so conservative?

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White: I want to leave you a buck.

Sullivan: I would like to lose eight dollars. I will give you nine on that.

White: Make it ten.

Viner: All four will fall?

H.M.Jr: All four.

Viner: That is not a way to make a good bet. He ought to say three out of those four, because they may not want one of these. (Laughter)

H.M.Jr: I thought it was interesting. You (Sullivan) want to bet on Frank Knox's set-up?

Sullivan: I already have.

H.M.Jr: How much?

Sullivan: Ten with each of us.

H.M.Jr: Same bet?

White: No, an additional bet.

Sullivan: That is right.

White: Anybody else want to lose any money?

Sullivan: I want to lose that bet, I will tell you.

H.M.Jr: You don't want to bet with me?

Sullivan: Yes.

H.M.Jr: Crowding you a little bit?

Sullivan: Not crowding me. Nobody can crowd me. I stop when I have got enough. I will take another ten. Do you want another ten?

- 5 -

H.M.Jr: Yes.

Sullivan: All right, you have got it.

H.M.Jr: No, it isn't fair.

Sullivan: Why not?

H.M.Jr: It is too much. Twenty dollars is plenty. I will get a thousand dollars' worth of satisfaction out of winning it from Frank Knox.

White: You will get much more out of John. You will never let him forget it.

H.M.Jr: That is why I say it isn't fair. He is up against the two of you, and it is enough.

White: That is about right odds. (Laughter)

H.M.Jr: What were you saying?

Odegard: I just wanted to ask if these losses and gains were taxable on the one hand, and deductible on the other.

Bell: They are taxable, but they are not deductible.

Sullivan: The losses are deductible only up to the point of your gains, and you be sure you report your gains.

Odegard: I was worried about you, John.

H.M.Jr: Herbert?

Gaston: I was going to say, about this cancellation clause, we could put that in, but it costs just about as much for alterations in the space we take as a year's rent, just about, because our stuff is so badly cut up.

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H.M.Jr: Well, this is what he wants.

Gaston: Yes, right.

H.M.Jr: He has a reason.

Gaston: Yes.

H.M.Jr: All right?

Gaston: Yes, all right.

Foley: When I spoke to the Russian Ambassador, he wanted to know if we had drafts of those notes by eleven o'clock. I told him, "I don't know."

Gaston: To interrupt, the Russian Ambassador wants you to know that he has offered to lend us the icebreaker Krassin for eight months.

H.M.Jr: This isn't the one that is in the Baltic, is it?

Gaston: No, she is in the Bering. She is in the - around Bering Straits right now.

H.M.Jr: Going to lend it to us?

Gaston: For eight months. Of course, she badly needs dry docking, and they have got no place to dry dock it and they won't need it until the first of April.

H.M.Jr: Can we use it?

Gaston: I think there is a possibility if we can get it through in time it might be some use off the east coast of Greenland, but I am not sure. For any spring work on the west coast, of course, the first of April is just about the

- 7 -

time when this deal would expire, just about the time we need it, but there might be a chance to do some work with it in September, which is only - I am a little doubtful whether she could be gotten then.

H.M.Jr: Their crew or our crew?

Gaston: I assume our own crew. They said lend the boat. I don't think we want a Russian crew aboard. I don't think it is feasible, but he just wanted you to know that.

H.M.Jr: Thank you.

Foley: I told him that we would have --

H.M.Jr: No, no, it hurries me.

Foley: Yes.

H.M.Jr: And I want Welles to know about it.

Foley: Yes, I know.

H.M.Jr: Anything else?

Foley: This Tatuta Maru is in a first class mess out in San Francisco.

H.M.Jr: Anything more than what you --

Foley: Yes, there are seven or eight libels attached. The marshals are on board and she is still there. I was trying to get hold of Dean.

Gaston: They weren't planning to leave until noon.

H.M.Jr: Well, I am not - I mean, I am not interested in the last minute. I mean, if she goes, all right, and if she stays, let me know. You

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might let me know before five minutes of two where it stands.

Gaston: Yes.

H.M.Jr: When I go to Cabinet.

Gaston: Yes.

H.M.Jr: You might get me at five minutes of two.

Gaston: We washed our hands of it.

H.M.Jr: Where were you from around five to seven last night, John?

Sullivan: Well --

H.M.Jr: Because Mr. Doughton concentrated on me.

Sullivan: I was in the office until about --

H.M.Jr: About every five minutes he called me after he got the letter.

Sullivan: ....a quarter past six. I was home after that. Last night?

H.M.Jr: Oh, yes. I am supposed to go up there on the Hill but Senator Walsh was coming here at nine and I sat here all morning waiting and he went over to the Navy Department. He was supposed to come over. I haven't been able to get up on the Hill.

Sullivan: Well, he hasn't called me at all, sir.

H.M.Jr: Well, we will just sit. What should he do? He can't reach the President. He can't do this. What about publicity? It would be terrible if it got out. I talked to Grace Tully, and she talked to the President.

- 9 -

She called me. It was back and forth, back and forth. The President wants to get it in the papers and Doughton doesn't. My money is on the President.

Gaston: If Doughton can keep the news to himself alone --

H.M.Jr: I think you will see it will begin to leak shortly. That is the latest report. Not from Treasury though. I have got nothing to do with it. He talked very nice to me, still, very friendly like. He said that three times -- every time I would say, "Yes," he would say, "What is that you said?" I would say, "Yes". "Why don't you answer me?" "Yes." "I can't hear you." It was a wonderful conversation. (Laughter)

Sullivan: Yesterday afternoon up on the Hill of course they didn't know anything about this thing and they were all telling me if the Secretary doesn't get a strong statement in favor of this thing up here, this is going to be licked.

H.M.Jr: Well, Mr. Roosevelt is handling it personally, so we will see what happens.

Sullivan: We just have nothing to say about anything.

H.M.Jr: No, how can I tell Robert Doughton what he should do between himself and the President? The President won't talk to him. We will just sit.

Sullivan: If it is put up to us whether we inspired this or not, like the last time --

H.M.Jr: You were out on the golf links, just tell them that.

Sullivan: Well, they know that Dan and Ed and I were there Thursday afternoon.

- 10 -

H.M.Jr: Then say Dan inspired it.

Bell: O.K.

H.M.Jr: No, you don't know anything.

Cochran: That message we received last night at six thirty from London gave about the assurances I think you wanted on the distribution and so on of Lend-Lease goods.

H.M.Jr: Did you send it to me?

Cochran: Yes, sir.

H.M.Jr: I read everything you sent to me.

Cochran: This was the last one that came last night.

H.M.Jr: What was that? I read them all.

Cochran: That is this one.

H.M.Jr: Thank you. Do you circularize these?

Cochran: Oh, yes. That is being circularized this morning, copies of it.

H.M.Jr: It is all right, isn't it?

Cochran: I thought it was.

H.M.Jr: Well, circularize it and I will take it up to the country and read it. Where is Section One?

Cochran: That I gave you last night, too.

H.M.Jr: Well, get Section One and I will take the stuff with me to the country.

Cochran: Coyne sent me --



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H.M.Jr: What?

Cochran: Coyne sent me a complete series of the Canadian Victory Bond documents.

H.M.Jr: Oh, I would like that. Well, Bell gets copies and Foley and White.

Cochran: Of this too?

H.M.Jr: Sure.

Cochran: Oh, that is all right. And I sent copies to Phil Young also.

H.M.Jr: That is a good heading. Have you seen this? "Canada must borrow for victory." I will take this home and look at it. Anything else?

Cochran: No.

H.M.Jr: Professor Viner, we are all balled up this morning with troubles, so pending when I hear from Senator Walsh and the Russian Ambassador bringing in General Hair Tonic at eleven o'clock -- (Laughter). That is as near as I can come to pronouncing it. You pronounce it.

Foley: Goliakoff.

H.M.Jr: He is a first cousin of the economic adviser to Mr. Hull, Mr. Pasvolksy.

Foley: Same thing, a slippery name.

H.M.Jr: So we will see, Jake, how we get along. If you will stay behind pending when I hear from the great Senator Walsh. Roy?

Blough: Harry Hamann in Foreign Funds and the Secret Service wouldn't let him keep him because he had a mother in Hungary. Would you have any

- 12 -

objections to my taking him over?

White: He is an able man, and came very well recommended from the SEC, where he had been working for many years.

H.M.Jr: He has got a mother in Hungary?

White: Yes.

H.M.Jr: What the hell has that got to do with it?

White: Well, on the Foreign Funds the Secret Service pointed out the possibility that he may be subject to pressure and I think that in that area we want to be extremely careful.

H.M.Jr: Is he an American citizen?

White: Yes. He has been here, I should imagine, about fifteen years or something like that. Buckley recommended him first to me, Young's assistant, but in Taxes he wouldn't have access to any of that material. He is going to have him, I understand, on state taxes. I think that is what you mentioned to me, Roy.

Blough: Business and corporation taxes.

White: That is right.

Blough: We are a little bit on the spot on that, Mr. Secretary, because I took him away from SEC and we got their permission --

H.M.Jr: Who is arguing that he shouldn't go?

Blough: Just wanted to make sure that you had no objections.

H.M.Jr: Of course not. My God, it would be a pretty mess. Did you consult Jimmie Dunn on it?

- 13 -

White: Jimmie Dunn? No, I never thought of that. That would be one way of keeping him, I should think. (Laughter)

H.M.Jr: All right. What else?

Blough: For the members of the group, I have copies of the Ways and Means Committee Report on the tax bill, if they are sufficiently interested in it. I will be glad to hand them out after the meeting.

H.M.Jr: I would do that, after the meeting.

Blough: Would you care for one, Mr. Secretary?

H.M.Jr: I would love one. What else? Ferdie?

Kuhn: I have nothing.

H.M.Jr: I am going to call Ferdie "Maestro" from now on.

Kuhn: I have nothing.

H.M.Jr: Mr. Lorenz all right?

Odegard: So far as I know. He is still sober.

H.M.Jr: Still sober? (Laughter) Is that something?

Odegard: I think it would be impossible for him to be otherwise.

H.M.Jr: What else?

Odegard: That is all.

Schwarz: I picked these up off Fitzgerald's desk (handing clippings to Secretary).

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H.M.Jr: I don't think you have been quite the same since you had that all night session with him.

Odegard: I haven't.

H.M.Jr: What else?

Schwarz: That is all.

H.M.Jr: Harry?

White: I have nothing.

H.M.Jr: Harold?

Graves: I have nothing. I take it you don't want us at eleven.

H.M.Jr: No, I have got the Russians coming in. I think we will just have to let it go.

Graves: I have nothing.

H.M.Jr: Daniel?

Bell: I wanted to give you this letter that Henderson wrote on the Executive Order to control consumer credit (July 25, 1941). I merely acknowledged it and said I would bring it to your attention.

H.M.Jr: I will take it to the country.

White: Mr. Secretary, I don't know whether there would be any occasion in which you would want to say anything about cotton, but I think that that is an inexcusable step for them to hold on to that cotton.

H.M.Jr: I agree with you.

White: That they have, and I understand, reading the report and talking with MacDonald of the

- 15 -

Price Committee, Wickard took no action at all. He wouldn't even see the President about it and nobody else saw anybody --

H.M.Jr: Have you got the facts?

White: Well, that is what the - that fact, yes.

H.M.Jr: I mean for me to bring it up at Cabinet, I would have to be about a hundred and one per cent sure.

Bell: There is a bill introduced.

White: The facts are that they are not going to sell the cotton except at a higher price. They are holding it for a higher price.

H.M.Jr: Well, have you got any arguments for me?

White: Oh, yes, very definitely.

H.M.Jr: Can you give me a memo at five minutes of two?

White: Let me try and see if it is good enough.

H.M.Jr: All right.

Bell: There is a bill introduced in Congress to freeze the cotton and the wheat.

H.M.Jr: It is terrible. I think it is terrible. What else?

Bell: This price control bill of Henderson's, I understand, is going to be handled by the Banking and Currency Committee and that you will probably be called to testify. I have a suspicion, before the thing gets through, that it will go into the whole monetary field about like the Wagner resolution contemplated.

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H.M.Jr: I see.

Bell: That may be the reason why they haven't agreed upon it yet. I just have that suspicion, that they are going to get into the whole monetary field.

H.M.Jr: Good.

Bell: So that you may have to appear before those Committees before you go away.

H.M.Jr: Are we buying much silver?

Cochran: Not very much lately. Canada hasn't given her full quota for some months.

H.M.Jr: If a man is a manufacturer of silver in this country he has got to use foreign silver, hasn't he?

Cochran: Yes.

White: Well, he gets it for thirty-five cents an ounce less.

Bell: He has got to unless he wants to pay seventy-one cents.

White: No domestic manufacturer would sell it --

H.M.Jr: Unless he is crazy. What else?

Bell: That is all.

Thompson: The Executive Order establishing the Economic Defense Board provides that members may designate alternates.

H.M.Jr: Bring it up Monday, please.

Sullivan: Mr. Secretary, while we were discussing the

- 17 -

rubber taxes, it was brought to our attention that although local rubber stocks are subject to priorities and control, there is a British organization in New York that is writing to all these manufacturers telling them that they have plenty of rubber and if there is - if the manufacturer has any difficulty, to get in touch with them, and they will be glad to supply them. I think I ought to bring that to the attention of OPM. If there is such a shortage of rubber, I think they ought to have a bid on those foreign stocks. They are writing to all of the American manufacturers and I have one of those letters.

H.M.Jr: Do it.

Sullivan: McLean of New Jersey turned it over to me.

H.M.Jr: Dan, give me a thumbnail sketch of how the publicity and promotion stands on these taxpayers' notes of yours.

Bell: My! Well, the official circular was released this morning and it is contemplated that there would be a certain amount of radio publicity. I can't give you the details, but I have got a memorandum of it. It would go pretty well throughout the country in the next ten to twelve days and after that the publicity will stop.

H.M.Jr: Will stop?

Bell: Yes.

Now, maybe at the next month we ought to get out another little statement as to what has been done and that they will continue and the new price, but that is about all that is contemplated.

- 18 -

H.M.Jr: Well, let's see how they go and we can decide.

Schwarz: I heard a spot announcement last night on the radio. Not the regular news flash, but the spot announcement.

Bell: The radio is cooperating very well. There will be some questions which will fit into the Savings Bond question. You remember Callahan said he thought we were over-doing that a little and he wanted to reduce it to three days a week and that extra three days he would take up in tax note questions.

H.M.Jr: Yes. O.K.

Bell: Apparently there are a lot of inquiries and there is a good deal of interest. We are going to get a lot of money.

White: There was a news item about having three million dollars worth of gold, which is illegal. I don't know whether somebody is doing something about it. Did you notice?

Foley: Yes.

H.M.Jr: O.K.



August 1, 1941

Files

Mr. Cochran

At the 3:15 Staff Meeting held in the Secretary's office yesterday afternoon, the Secretary asked Mr. Graves to tell Mr. Mack that the Treasury Department was to clear the requisitions of the British which have been held up pending a decision on the subject of lend-lease goods to Great Britain which may be distributed through private channels in such a way as to permit "profiteering". In answer to the question which I raised at the meeting, the Secretary stated that we could "give the green light" not only for the requisitions now pending, but for such similar requisitions that may be received before the Secretary has had an opportunity to look into the question as it now stands, and take a definite decision in the premises.

After the Staff Meeting this morning, Mr. Viner and I were discussing this subject, and the question arose as to whether anyone had been instructed to let the Lend-Lease people know of the decision which was taken yesterday. With Mr. Viner present, I telephoned the Lend-Lease office, and spoke with Mr. Cox, in the absence of Mr. Young. Mr. Cox had received no word in regard to the Secretary's meeting of yesterday afternoon. I made it clear to Mr. Cox that the Secretary still reserved his position on the general question, but did not desire that any British requisitions be held up in the meantime, insofar as the Treasury is concerned. I explained to Mr. Cox that I had given the Secretary a full set of the cablegrams from London, including the one received late last night setting forth the text of a British statement. It was the Secretary's idea that he would study these documents over the weekend, and that we would have a meeting with the British on Tuesday of next week.

I also telephoned Mr. Graves and reported my conversation with Mr. Cox. It was agreed that Mr. Graves would ask Mr. Mack or his assistant to get in touch with Mr. Cox in order that there would be no possible delay insofar as the Treasury is concerned with the licenses under reference. I gave Mr. Graves some background information on the conversations which have taken place between the British, the Lend-Lease officials and the Treasury the past few days.

After this conversation, I telephoned Mr. Dewley, Financial Counselor of the British Embassy, and told him to get in touch with Mr. Cox since Secretary Morgenthau had now given a clearance, insofar as the Treasury is concerned, for taking care of the accumulation of requisitions which we have been discussing this week. I explained clearly that the Secretary is reserving his position on the general question, and is looking into it at once, with the idea of resolving it early next week, but that he did not want the Treasury to be in any way responsible for delaying any of the current British requisitions. Mr. Dewley was most appreciative of the Secretary's helpful consideration, and said that he would get Mr. Archer busy at once in contacting Mr. Cox. I asked Mr. Dewley to let me know personally if there might be any difficulty or delay. Furthermore, I let Mr. Dewley know that the Secretary hoped to have a meeting with the British at 3 o'clock on Tuesday next.

HMC:dm:8/1/41

EXECUTIVE OFFICE OF THE PRESIDENT  
**OFFICE FOR EMERGENCY MANAGEMENT**  
WASHINGTON, D. C.

August 1, 1941.

Dear Secretary Morgenthau:

1) On our telephone conversation of this morning about lend-lease aid to the Free French: The President signed the directive authorizing the United Kingdom to re-transfer aid to the Free French. For your information, I am enclosing a copy of the directive.

2) For your confidential information, I am enclosing a copy of a memorandum on setting up a Council for Defense Policy. As I mentioned, it could do better on the Russian situation than the present set-up.

Sincerely yours,

*Oscar Lof*

Hon. Henry Morgenthau, Jr.,  
Secretary of the Treasury,  
Treasury Department,  
Washington, D. C.

Enclosures

COPY

July 31, 1941.

My dear Mr. Purvis:

By my letter of June 13, 1941, I authorized the Secretary of the Navy to transfer certain defense articles to His Majesty's Government in the United Kingdom, among them the following:

<u>Requisition Number</u>	<u>Quantity</u>	<u>Articles - Description</u>
166	64,110,000 ft.	DeGaussing Cable

By my letters of May 16, May 22, May 31, June 9, and June 13, 1941, I authorized the Chairman of the Maritime Commission to transfer certain defense articles to His Majesty's Government in the United Kingdom, among them the following:

<u>Requisition Number</u>	<u>Quantity</u>	<u>Articles - Description</u>
382	435,000 yards	Lead Covered DeGaussing Cable for tankers - various patterns and sizes
382-A1		
382-A3	1500	Tanker Junction Boxes
	250	Manifolds
	50	Engine Room Switchboards
	1000	"COS 60" Ironclad Change-over Switches for Manifolds
	200	"COS 30" Ironclad Change-over Switches for F1 and Q1 Circuits.
	32450	Glands for Armour Clamp and Bulkhead
510	6,807,000 ft.	DeGaussing Cable - various sizes and patterns
510-A		

- 2 -

<u>Requisition Number</u>	<u>Quantity</u>	<u>Articles - Description</u>
602 602-A	2,500,000 ft.	DeGaussing Cable - various sizes and patterns
758	960	Switch panels. Type "M". including one 100 amp. ammeter
	864,000 ft.	Casings and Covers - 5" X 7"
786	Various	DeGaussing Instrument Parts (Fluxmeter)
1366	2,400,000 ft.	DeGaussing Cable - Various sizes and Patterns

Pursuant to Section 4 of the Act of March 11, 1941, entitled "An Act Further to Promote the Defense of the United States, and for other purposes", I hereby authorize His Majesty's Government in the United Kingdom to transfer such quantities of those articles as it may deem necessary to the French Volunteer Force (Free French).

Very sincerely yours,

FRANKLIN D. ROOSEVELT (Sgd.)

Hon. Arthur B. Purvis  
Chairman, British Supply Council  
in North America  
Willard Hotel  
Washington, D. C.

MEMORANDUM

July 31, 1941

TO: The President  
FROM: Wayne Coy  
SUBJECT: Council for Defense Policy.

1. In the light of the public talk about setting up one man to run the defense program, you may want to consider two alternatives which are likely to be more workable.

2. One alternative would be to expand the Office for Emergency Management by the addition of a very few top-notch staff people, without administrative or operating duties, who would act as catalytic agents in getting policy questions presented for decision to you directly, or through Mr. Hopkins, in the most time-saving manner.

3. The other alternative would be to appoint a Council for Defense Policy, consisting of the Secretaries of War, Navy, State and Treasury, the Vice President is suggested so that the Council for Defense Policy can deal with the problem of coordinating the interrelated problems of supply, economic defense and political and

- 2 -

military strategy. To conserve the time of the members of the Council who are members of the Economic Defense Board, they will doubtless, and should, designate alternates to sit on the subordinate Economic Defense Board.

4. To make it workable, the Council for Defense Policy should have its own small secretariat or executive staff, maintaining liaison with all governmental agencies concerned with national defense. The Office for Emergency Management, or a similar staff, could do this service job. The Secretariat at the direction of the Board, or on its own initiative, could strip the policy issues for decision, and buttress them with the facts necessary for decision and execution.

5. The Council for Defense Policy could determine or make recommendations to you on the following types of major policy questions:

a) Central Defense Requirements.

In developing a munitions power sufficient to achieve victory over the axis powers, should we, in conjunction with Britain and the others fighting the aggressors, plan to match or outstrip the axis powers on the available supply and productive capacity for guns, tanks and planes? The Council for Defense Policy, with the assistance of its own staff, could do all the groundwork on

this, and make concrete recommendations to you to meet the objective agreed upon.

b) Allocation between U.S., Britain, U.S.S.R. and China, etc.

Such allocation problems are recurrently presented. Your time could be conserved if all the relevant facts were gathered by the Council and its staff and definite recommendations were made to you. The present problem vis a vis Russia indicates how difficult it is to get the Army or the British to give up equipment on which they have a claim. Since there is not enough equipment presently available to supply all needs, a high policy question is involved in the distribution of it. It would be of material and time-saving assistance to have the facts and the issues clearly presented to you for decision.

c) Priorities.

Once the all-out objectives or requirements are articulated, major policy questions are still presented in the intermediate stages such as the

- 4 -

present. If we are to have a two-ocean navy, should all naval items receive first and highest priority, or, instead of having 15 cruisers, for example, would we intermediately rather have 7 cruisers and a thousand heavy four-engine bombers, consistent with the ultimate objective? Put another way: Should four-engine bombers come ahead of naval aircraft patrol ships?

d) Political, Economic, Military and Naval Strategy.

The situation in the Far East illustrates the close connection of all of these strategies. For example, if Japan wants to sell us silk, should we buy it? Have we presently enough silk for parachutes and other military needs? If we buy or don't buy silk from Japan, what effect will it have on the political and military policy of the Government?

e) Jurisdictional Questions.

To conserve your time the Council for Defense Policy could wither resolve such conflicts as



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those between OPM and OPACS or make concrete recommendations on a method or methods for avoiding such conflicts. In this connection, consideration should be given to the possibility of asking Congress for overall governmental reorganization powers for defense purposes, such as was granted in the last war by the Overman Act.

f) Other Major Defense Policy Questions.

There will doubtless be innumerable high policy questions relating to defense which the Council can decide or put up to you for decision.

6. Membership in the Council for Defense Policy could be made sufficiently flexible to permit adjustments for future developments. It might be desired to add to the Council members who would have no fixed administrative responsibilities or to have on it an individual having charge of most of the defense production.

OSC:djb  
7-31-41

Typed:mcb

43

Treasury Department  
Division of Monetary Research

Date.....19

To: Memorandum for the Files:

From:

On August 11, 1941, Secretary  
Morgenthau gave his approval of this  
letter.

H. D. White

OFFICE FOR EMERGENCY MANAGEMENT  
DIVISION OF DEFENSE AID REPORTS  
WASHINGTON, D. C.

August 1, 1941

Dear Mr. Purvis:

Section 4 of the Lend-Lease Act requires the consent of the President to any retransfers of lend-lease articles by His Majesty's Government. Distribution through commercial channels in the United Kingdom and in other parts of the Empire of necessity involves a retransfer and Presidential consent.

In the administration of the Lend-Lease Act the President will expect that, insofar as practicable, lend-lease articles will be distributed through Government agencies and, in the case of foods, on the free list. Where such distribution is not practicable, the President will, before granting his consent to commercial distribution, require assurances that:

- (a) The articles to be distributed commercially, and those into which they are incorporated, are essential to the British war effort.
- (b) The commercial channels of distribution to be used are the most effective and economical means of assuring the efficient use of the articles or their prompt delivery to the places where they are needed, and

- 2 -

- (c) No profiteering by commercial distributors of the articles will be permitted.

Since the nature of distribution and ultimate destination of the various articles to be commercially distributed either in their original or in an advanced form naturally varies widely with a particular article, it is impossible for any blanket consent to retransfer to be given and each case must be determined on its own facts. The following, however, are suggested as items of information which would assist the President in determining whether the basic criteria set forth above have been met.

- (1) Destination of articles - in original and advanced forms, e.g. United Kingdom, Dominions, colonies, etc.
- (2) Intended use of articles and those into which they are to be incorporated, e.g., military, civilian, etc.
- (3) Method of distribution to be adopted, showing the channels through which the materials pass to the user.
- (4) Availability of Government distribution agencies.
- (5) The status of the distributors, i.e., whether they are acting as agents of the distributing Government or as principals purchasing to re-sell to consumers.
- (6) The extent to which Government supervision is exercised over distributors to insure that the prices and fees charged by them will be limited to a minimum reasonable remuneration for services actually performed.

- 3 -

- (7) Details of distribution, e. g. , will the recipient Government sell the articles to a manufacturer, or will it deliver them to him gratis for incorporation in a completed article.

More detailed information will be expected in case of distributions in the Dominions and other parts of the Empire than in the United Kingdom in view of the strict controls known to be in force in the United Kingdom.

The foregoing are suggestions only and are not intended to be all-inclusive, as the necessity for further and different information will undoubtedly become apparent in particular cases. I am confident that most cases will fall into more or less standardized patterns, so that a method of presenting the necessary information can be worked out which will avoid useless repetition and complication of requisitions.

Very truly yours,

H. H. BURNS  
Major General, U. S. Army,  
Executive Officer

Hon. Arthur B. Purvis,  
Chairman, British Supply Council  
in North America,  
Willard Hotel,  
Washington, D. C.

dhm - Copy -Drl



OFFICE OF THE DIRECTOR

## TREASURY DEPARTMENT

PROCUREMENT DIVISION

WASHINGTON

August 1, 1941

MEMORANDUM TO THE SECRETARY:

Weekly Report - Lease-Lend Purchases  
(7/25/41 - 8/1/41)

<u>Requisitions</u>	<u>Estimated Cost</u>
Cleared by O.P.M.....\$	194,826,286.27
Awaiting clearance by O.P.M.....	20,993,665.00
<hr/>	
Total Pending Requisitions.....\$	215,819,951.27
Less Requisitions for metals, where contracts will be made for term periods and allocations required from O.P.M.....\$	
	98,930,860.72
<hr/>	
Total Pending Requisitions for Spot Purchases.....\$	116,889,090.55
Purchases to 7/25/41.....\$	74,290,927.20
Purchases 7/25 to 8/1/41.....	13,496,721.05
<hr/>	
Total to 8/1/41.....\$	87,787,648.25

Following inquiries concerning availability and method of purchasing we have issued tenders for quotation on 24,000,000 ft. B.M. of Spruce and 20,000,000 ft. B.M. of Fir, both Aero grade. We are now making a similar study of substantial Ball Bearing requirements approximating \$4,000,000 with a possible \$4,000,000 of additional purchases, and when sufficient information is obtained negotiations with the industry will then be effected.

Clinton E. Mack  
 Director of Procurement

Attachments-4

AUGUST 1, 1941

<u>CONTRACT NUMBER</u>	<u>CONTRACTOR'S NAME</u>	<u>REQUISITIONER</u>	<u>COMMODITY</u>	<u>QUANTITY</u>	<u>TOTAL VALUE</u>
DA-TPS-525	Willard Storage Battery Co.	U.K.	Batteries	360	\$ 1,908.00
DA-TPS-524	The Firestone Tire & Rubber Co.	"	Batteries	624	5,202.24
DA-TPS-526	Bowers Battery Mfg. Co. Inc.	"	Batteries	2,220	7,836.60
DA-TPS-692	Armstrong Cork Co.	"	Fiber Board	750,000 Sq.Ft.	22,275.00
DA-TPS-691	U. S. Gypsum Co.	"	Fiber Board		26,737.07
DA-TPS-475	Gane & Ingram	"	Hyoscine Hydrobromide	10 oz.	700.00
DA-TPS-374	Air Reduction Sales Co.	"	Oxygen	2,200 C cu.ft.	2,200.00
DA-TPS-371	Taylor-Wharton Iron & Steel Co.	"	Cylinders	2,000	26,900.00
DA-TPS-390	The Dow Chemical Co.	"	Parahydroxydiphenyl	60,000 lbs	13,200.00
DA-TPS-586	The Inland Alkaloid Co.	"	Hyoscine Hydrobromide	22 oz.	2,200.00
DA-TPS-444	Winthrop Chemical Co. Inc.	"	Plasmochin Tablets	6,000 M	
			Atabrine Tablets	14,000 M	
			Atabrine Ampules	24,000 bxs	426,400.00
DA-TPS-599	International Harvester Export Co.	"	Tractors and Winches		120,543.00
DA-TPS-635	Botwinik Bros. Inc.	"	Lathe, Turret		6,170.00
DA-TPS-669	Eastern Air Lines, Inc.	"	Spare Engines and parts for Douglas Airplanes		19,289.14
DA-TPS-660	Transcontinental & Western Air, Inc.	"	Radio Equipment & Spare Parts for Airplanes		29,326.17
DA-TPS-656	Louis E. Emerman & Co.	"	Machines, Hobbing	10	34,000.00

AUGUST 1, 1941

<u>CONTRACT NUMBER</u>	<u>CONTRACTOR'S NAME</u>	<u>REQUISITIONER</u>	<u>COMMODITY</u>	<u>QUANTITY</u>	<u>TOTAL VALUE</u>
DA-TPS-659	Louis E. Emerman & Co.	U. K.	Mills, Boring Vert.	2	\$ 31,850.00
DA-TPS-623	S. W. Card Mfg. Co.	"	Tap, Hand	360	541.44
DA-TPS-622	Greenfield Tap & Die Corp.	"	Taps, hand	1,008	1,748.16
DA-TPS-665	Nesbitt Machinery Co.	"	Mill Boring		26,500.00
DA-TPS-657	Mc Cabe & Sheeran Mch. Corp.	"	Planer, Niles		40,000.00
DA-TPS-620	The Armco International Corp.	"	Pipe, Culvert	2,100 ft.	3,360.00
DA-TPS-575	Ideal Commutator Dresser Co.	"	Etching Outfits	2	115.00
DA-TPS-651	Landers, Frary & Clark	"	Jugs and Vacuum Bottles		36,127.50
DA-TPS-600	General Cable Corp.	"	Cable	258.3 M. ft.	2,722.86
DA-TPS-617	Oliver Farm Equip. Co.	"	Potato Diggers	125	26,168.62
DA-TPS-388	Lancaster Iron Wks. Inc.	"	Bitumen Paddle Mixers	60	153,129.60
DA-TPS-637	Pioneer Engineering Works, Inc.	"	Crusher Rock		6,920.02
DA-TPS-639	Ingersoll-Rand Co.	"	Air Compressors	12	86,400.00
DA-TPS- 80 (Adj.Ded.)	Oliver Farm Equip. Co.	"			31.88
DA-TPS-498	Lever Brothers Co.	"	Glycerine 2,688,000 lbs.		376,320.00
DA-TPS-499	The Celine Stearic Acid Co.	"	Glycerine 156,800 lbs.		23,394.56
DA-TPS-594	American Cyanamid & Chemical Corp.	"	Trisodium Phosphate 672 cwt		1,780.80



<u>CONTRACT NUMBER</u>	<u>CONTRACTOR'S NAME</u>	<u>REQUISITIONER</u>	<u>COMMODITY</u>	<u>QUANTITY</u>	<u>TOTAL VALUE</u>
DA-TPS-690	Johns-Manville Sales Corp.	U.K.	Fibre Board	1,500,000 Sq.Ft.	\$ 44,550.00
DA-TPS-603	{ General Cable Corp.	"	Cable		16,054.20
DA-TPS-603		"	Cable		228.00
DA-TPS-633	Spencer Lens Co.	"	Microscopes, etc.	50	8,190.00
DA-TPS-634	Bausch & Lomb Optical Co.	"	Microscopes, etc.	50	8,190.00
DA-TPS-323	International Paper Co.	"	Board Kraft	8,000 S.T.	420,000.00
DA-TPS-668	Schoder & Lombard Stamp & Die Co.	"	Stamps, Inspection Steel	1091	1,320.89
DA-TPS-667	Millers Falls Co.	"	Drills and Vises		11,122.00
DA-TPS-697	Max Levy & Co.	"	Screens	6	1,770.00
DA-TPS-462	Ford Motor Co.	"	Tractors	900	648,573.42
DA-TPS-355	Simmons Machine Tool Corp.	"	Cessna Airplane	1	31,000.00
DA-TPS-589	Marshall Field & Co.	China	Blankets	525,000	597,500.00
DA-TPS-569 (Adj.Ded.)	Steel Improvement & Forge Co.	U.K.			- 40.00
DA-TPS-502	Steel Improvement & Forge Co.	"	Drop Forging	98 G.T.	139,345.00
DA-TPS-723	Laclede Steel Co.	"	Reinforcement Bars Pipe Metal	3,918 G.T. 80 mi.	340,724.42

AUGUST 1, 1941.

<u>CONTRACT NUMBER</u>	<u>CONTRACTOR'S NAME</u>	<u>REQUISITIONER</u>	<u>COMMODITY</u>	<u>QUANTITY</u>	<u>TOTAL VALUE</u>
DA-TPS-316-1	Wickwire Spencer Steel Co.	U.K.	Wire Rod	1,500 GT. \$	73,965.00
DA-TPS-273 (Adj.Add.)	Copperweld Steel Co.	China			40,159.90
DA-TPS-716	C. Tennant Sons & Co.	"	Lead	6,000 N.T.	519,000.00
DA-TPS-313-1 (Adj. Ded.)	Youngstown Sheet & Tube Co.	U.K.			- 36,000.00
DA-TPS-329-1 (Adj. Add.)	Armco International Corp.	"			531,216.00
DA-TPS-963	General Motors Corp.	"	Tools & Dies	12,500 D.Fgs.	4,230.00
DA-TPS-307-1	U. S. Steel Export Co.	"	Carbon Steel	214,040 G.T.	8,531,317.42
DA-TPS-328-1 (Adj. Add.)	Jones & Laughlin Steel Corp.	"			2,255.00
DA-TPS-587 (Adj.Add.)	Willys-Overland Motors, Inc.				115.90
Purchases 7/25 to 8/1/41.....\$					13,496,721.05

August 1, 1941  
10:27 a.m.

Edward  
Kelly: Hello, Mr. Morgenthau.

HMJr: Talking.

K: This is Congressman Kelly of Chicago.

HMJr: How do you do, Congressman.

K: Thank you, sir. I just want to give you a little information.

HMJr: Go ahead.

K: I presume you've received a letter from this fellow Frank C. Ratsche, President of the Chicago City Bank and Trust Company here a couple of weeks back.

HMJr: Well, I may have, but.....

K: Well, it's regarding the purposes that employers be urged to distribute bonus payments to employees in the form of defense bonds up to ten per cent of annual salaries.

HMJr: Yes.

K: Now, I don't know whether you know Ratsche or not.

HMJr: No, I don't.

K: Well, I know him personally.

HMJr: Yes.

K: And he's no good.

HMJr: Oh, really?

K: And I notice also in the issue of "Click" in the month of July where he has a statement there where he was interrogated by this fellow

- 2 -

Vanderbilt, the roving reporter.....

HMJr: Yeah.

K: .....where he states in there that he wants to see the Nazi government predominate over Europe.

HMJr: Oh, really?

K: Yeah. So I've got all that information.....

HMJr: Yeah.

K: .....with his picture and everything else.

HMJr: Yeah.

K: And I've known this fellow for thirty-five years.

HMJr: Yeah.

K: And he's absolutely a no-good scoundrel, and yesterday I answered the Secretary of the Bankers' Association for the State of Illinois with the same kind of a statement I'm giving to you now.

HMJr: I see. Well, I appreciate your giving me the information, and we'll look into it.

K: Yeah. Thank you so much, Mr. Morgenthau.

HMJr: Good-bye.

K: Good-bye, sir.

August 1, 1941  
10:30 a.m.

HMJr: Hello.

Operator: There you are.

HMJr: Hello.

Grace  
Tully: Mr. Secretary.

HMJr: Grace Efficient Tully!

T: Ahem! The President has spoken to Sam Rayburn, so I guess it's taken care of.

HMJr: So you think it'll begin to leak?

T: I imagine so.

HMJr: Huh?

T: I rather imagine that he will inadvertently speak to somebody about it. (Laughs)

HMJr: I didn't quite get - when you told Doughton that Rayburn and others had copies, was that correct or were you just kidding?

T: No, no. We sent the complete file. We sent a copy of the letter to Doughton and a copy of your letter.....

HMJr: Yeah.

T: .....and the enclosure, to Jere Cooper, to the Speaker, and to Senator George.

HMJr: I see.

T: All three. And then I said to him - as a little - "And I think several other people, but I don't remember."

HMJr: Yeah.

T: You see? So that he'd think it was outside there, you see?

- 2 -

HMJr: Yeah.

T: The whole point was to fool him a little. (Laughs)

HMJr: Well, then I - he hasn't called me and I'm very busy, so I think I'll just keep off this.

T: Yes. And I think Sam Rayburn will handle it with him in some way. I don't know how. But I imagine that he will, and - or in some way he'll get it out without Doughton because Doughton knows he has a copy.

HMJr: Right. Okay.

T: I suppose something will be done about it. I hope so, after all this.

HMJr: Thank you.

T: All right, sir.

HMJr: Good-bye.

T: Good-bye.

August 1, 1941  
10:37 a.m.

HMJr: Hello.

Operator: Mr. Walsh's secretary.

HMJr: Hello. Hello.

Senator  
Walsh's  
Secretary: Mr. Morgenthau, I just talked with the  
Senator. He'll be at your office at  
eleven-thirty, sir.

HMJr: About eleven-thirty.

S: Yes, sir. Is that all right?

HMJr: Yes. Can I count on that?

S: Yes, sir. Yes, sir.

HMJr: At eleven-thirty.

S: Yes, sir.

HMJr: Yes. I'll readjust my appointments. I'll  
make it all right.

S: All right, sir.

HMJr: Thank you.


S: Good.

August 1, 1941

Files

Mr. Cochran

Mr. Knake telephoned me from New York at 11 o'clock this morning. He told me that Mr. Williams, the General Manager of the National Bank of Haiti, was coming in to see him on Monday next at 10 o'clock. Mr. Knake asked whether the Treasury would approve the sale of gold to the Central Bank of Haiti if the request for such transaction should be made. I told him that the Treasury Department would approve such a sale. I added that I had had no word from the State Department in regard to the prospective purchase of gold by Haiti since the date on which I had given to that Department the substance of Mr. Knake's memorandum to me on this subject.



HMC:dm:8/1/41



August 1, 1942

Files

Mr. Cochran

At 11 o'clock this morning Mr. Jones telephoned me from the Far Eastern Division of the Department of State. He asked whether Mr. Fox had an extra copy of all of the documents involved in and pertinent to our Stabilization Agreement with China which could be made available to Ambassador Gause in Chungking. After checking with Mr. Bernstein it was arranged that his office should provide me with a complete set of such documents which I was to ask Mr. Jones to have transmitted through the State Department pouch to Ambassador Gause.



August 1, 1941

Under Secretary Bell

Mr. Cochran

Mr. Laccour-Saget, Acting Financial Counselor to the French Embassy, telephoned me from New York this morning. He asked me to solicit your personal opinion as to how the Treasury Department would feel toward the Bank of France investing in Treasury bills up to \$200,000,000 of dollar funds which the Bank of France now has on deposit with the Federal Reserve Bank. In answer to my question, Laccour-Saget said that no sale of gold to acquire dollars with which to purchase Treasury bills was contemplated.



HMC:dm: 8/1/41

## TREASURY DEPARTMENT

## INTER OFFICE COMMUNICATION

DATE August 1, 1941

TO: Secretary Morgenthau

FROM: Mr. Kamarok

Subject: Summary of Conference with the Russian Ambassador and Russian Military Mission, August 1, 1941

(Present: Secretary Morgenthau, Ambassador Oumansky, Lieutenant-General Golikoff, Deputy Chief of the Russian General Staff, Engineer-General Respin, A. M. Kamarok)

1. The Secretary accepted, with thanks, the offer of the Krassin from the Soviet Government. The 10,000 ton icebreaker, now in Bering Straits, is offered to the U. S. Government for eight months. She needs some repairs which may take as long as one to two months but she will proceed to the United States under her own steam. (Mr. Gaston has been informed of your acceptance, as you requested.)

2. The Russian Military Mission is dissatisfied with the reception it has received in Washington. The war is moving very quickly, while plans for concrete aid are moving very slowly. The President has been very cordial but elsewhere nothing gets done. For example, three days ago Welles was given an expanded list of Russian requirements and he said that the President would get it within an hour. The Mission saw the President yesterday and he had apparently never seen the list. The President gave a concrete promise for the delivery of a number of fighters to the Russians. But within an hour, doubts began to be created by the Army as to the availability of the planes. Similarly, in Moscow, Hopkins has been given a list of definite Russian needs but he is not giving any concrete answers.

The Russians want fighters and modern bombers, particularly B-24's and B-26's, but all modern bombers will help. They were told that no P-40's are available but the British have 150 P-40's in England, still in crates, and 50 P-40's here. If the Russians secured the P-40's which are in England, they would be able to get them to Russia without too great difficulty.

General Golikoff stated that while the situation at the front is very tense, the Russian Army is fighting very well and morale is high. Reserves of manpower are inexhaustible but the material now being expended must be replaced. For this purpose, all the assistance possible is necessary.

3. The Secretary stated that the Russian Mission has ample cause for dissatisfaction. He advised them to concentrate first on getting the P-40's from the British. One possible basis for such a transfer might be the replacement of these fighters for the British out of American production, on the lines of the transfer of 100 British-owned P-40's to the Chinese.

The Secretary explained that control over airplane deliveries is no longer in his jurisdiction, but the organization doing this work is the former Treasury unit. On learning that the Russians had not yet been put into contact with Oscar Cox, the Secretary immediately had Cox arrange to see the Mission, together with General Burns, Admiral Reeves and Colonel Farnoville, at 2:30 this afternoon. The Mission is to report the results of this interview to the Secretary on Monday.

The Secretary advised the Russians that Cox is very good and the dynamo of the organization. The others are good, too, particularly when a little pressure is applied. As one example of progress made, the Secretary said that he was just informed that the President had signed the order granting the first aid to the Free French.

4. The Secretary informed the Russians in strictest confidence that the main source of information on the war the Army had was the German Military Attache. As a result, the President receives a distorted picture giving only pessimistic details. The Germans have been doing a good job in presenting the German version of the news around Washington. One of the major tasks of General Golikoff, which the Secretary was sure he would fulfill very well, was to correct this situation. General Golikoff should keep the Army and Navy informed of developments at the front. In this way, the President will then receive a more balanced picture of the war. General Golikoff said that he will arrange to do so and will send the Secretary copies of all the information he gives the Army and Navy.

5. The Ambassador and the Generals thanked the Secretary for his assistance and stated that they would be most grateful if he would continue to give them help and advice.

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August 1, 1941  
11:27 a.m.

HMJr: Hello.

Operator: Oscar Cox.

HMJr: Oscar.....

Oscar Cox: Yes, Mr. Secretary.

HMJr: Oscar.....

C: Yes.

HMJr: The Russian Ambassador is here with these two gentlemen, and to my amazement they haven't seen you.

C: No, they haven't.

HMJr: Well, how can they get along in Washington without seeing you?

C: Well, I think they can get along.

HMJr: No they can't. They're absolutely - they're absolutely bogged down.

C: Yeah.

HMJr: Now, it's a damned shame.

C: Yeah.

HMJr: Now, Oscar, the Ambassador wants to bring these two gentlemen around this afternoon to see you. What's a good time?

C: Any time that suits them.

HMJr: Two-thirty?

C: Two-thirty will be fine.

HMJr: (Talks aside) Is that good?

- 2 -

What do you call that.....

C: Second floor of the Federal Reserve Building, the Richmond Room.

HMJr: The Richmond Room?

C: Yes.

HMJr: It always sounds to me like a place that's slightly disreputable.

C: Yes. A place of ill-fame.

HMJr: What?

C: It's a place of ill-fame.

HMJr: The place of ill-fame.

C: Yeah.

HMJr: All right.

C: I sent you the copy of the letter on the Free French. The President signed it.

HMJr: What's that?

C: The President signed the directive on the Free French.

HMJr: He did?

C: Yes.

HMJr: Oh, wonderful!

C: And I sent you a copy this morning. You ought to.....

HMJr: Does Plevin know that?

C: Yes. I think - well, I don't know that he knows it definitely. You ought to tell him, because you are largely responsible for it.

- 3 -

HMJr: Well, what does he get?

C: Well, he's starting off getting a lot of equipment - degaussing cables and what not for ships.

HMJr: Oh, grand!

C: And we got the trucks in the works now.

HMJr: Well now, see if we can't do as much for the Russians.

C: Well, we'll do our darndest.

HMJr: Well, that's wonderful.

C: Right.

HMJr: Grand. Now, we'll have to do as much for them.

C: That's another feather for you.

HMJr: What?

C: I say, that's another feather for you.

HMJr: Well now, in order to make life easy for them, have General Burns and Admiral What's-his-name.....

C: Reeves?

HMJr: .....Reeves there.....

C: Yes.

HMJr: .....and Major Thing-a-ma-bob.....

C: Yeah.

HMJr: .....have them all there so it'll make it easy for these people.

C: All right, I will.



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HMJr: Send for them all and have them all there.  
C: Fine.  
HMJr: See?  
C: Right.  
HMJr: Do that.  
C: I certainly will.  
HMJr: Thank you.

August 1, 1941  
11:40 a.m.

Operator: Go ahead.

HMJr: Hello.

Rene Plevin: Hello. My respects, Mr. Secretary.

HMJr: How are you?

P: Very well, thank you. Have you had a little vacation?

HMJr: Good. Yes. I had to come back a little early.

P: I see.

HMJr: Mr. Plevin, I have good news for you.

P: Oh-ho.

HMJr: The President signed that requisition for you.

P: Well, Mr. Secretary, I can see your hand in behind all this, you know. (Laughs)

HMJr: But I just heard it from Mr. Cox. He called me up so that I could let you know.

P: Yes. I thank you very much.

HMJr: The first request that you made has been signed.

P: Yes.

HMJr: And Mr. Cox was most helpful.

P: Oh yes. You see, he has been absolutely priceless to me.

HMJr: So.....

- 2 -

P: Has he told you that we were going to try to move still closer to the line?

HMJr: No.

P: You see, this first requisition is one which involves a re-transfer, you see?

HMJr: A what?

P: A re-transfer.

HMJr: Yes.

P: From the British to us.

HMJr: Yes.

P: And I am, on the advice of Mr. Cox, you see, we are considering the advisability of putting now another requisition, which this time could be directly to us, without any re-transfer.

HMJr: Good.

P: And we are just measuring carefully our steps, you see, to be sure not to go too far.

HMJr: Yes.

P: But I have found him and his assistants, you see, exceedingly helpful.

HMJr: Yes.

P: And I really want to tell you how grateful I am.

HMJr: Well, let me know when I can be of more help.

P: Thank you very much, Mr. Secretary.

HMJr: Good.

P: And I hope you can still take a little rest.

- 3 -

HMAJr: Well, I hope about the fifteenth of August;  
but I'll be here for two weeks.

P: You are here for two weeks?

HMAJr: Yes.

P: Oh, I see.

HMAJr: Yes.

P: Thank you - thank you very much.

HMAJr: Good-bye.

P: Good-bye, Mr. Secretary.

August 1, 1941  
12:02 a.m.

HMJr: Hello.

Operator: Go ahead.

HMJr: Hello.

Lord  
Halifax: Hello.

HMJr: Hello, Mr. Ambassador.

H: Oh, good morning, Mr. Secretary. How are you?

HMJr: Fine.

H: Mr. Secretary, I rang you up to know whether there is any chance of getting you to come and dine quietly tomorrow night.

HMJr: Well, I'm - that's Saturday.

H: Saturday.

HMJr: I'm sorry, I'm going home this evening.

H: Oh, I thought you perhaps might be.

HMJr: No, I'll be back Monday.

H: I see. Well, then I must try and catch you next week.

HMJr: I'd love it.

H: May I call you again?

HMJr: Please do.

H: Righto, I will. How - you'll be back on Monday?

HMJr: I'll be back Monday.

H: Right. Right. Good-bye, and I'll call you again.

- 2 -

HMJr: Thank you.

H: Good-bye.

August 1, 1941  
12:15 a.m.

HMJr: Hello.

Operator: Congressman Doughton.

HMJr: Hello.

Operator: Go ahead.

HMJr: Hello, Bob?

Robert  
Doughton: All right, Henry.

HMJr: My apologies to you.

D: Well, that's all right.

HMJr: But.....

D: I know how those things sometimes occur.

HMJr: Well, if I could have been of any damn bit of use to you, I'd have been on your doorstep at seven this morning; but not being able to be of any constructive help, I took care of a couple of minor emergencies around here.

D: I understand that. That's all right.

HMJr: But I just want to explain to you - if I could have walked up and said, "Well, now, Bob, I think I could be helpful," I'd have been there at seven o'clock. But I'm just stalled, and I don't know what to say.

D: Well, what I wanted - you know you suggested you'd come down - I - that suited me exactly - I thought that I'd like to get a little clarification if I could about several matters in connection.....

HMJr: Well.....

- 2 -

D: .....and I'm at a loss to know what I'd do.....

HMJr: Well.....

D: .....because you see we've got this bill in under a special closed rule, we've closed debate today, we expect to vote Monday, and there's a lot of things in here that looks like that you want us to take up and reconsider by our committee - I'm just flabbergasted.

HMJr: Well now, Bob, I've always tried to be honest with you.

D: What?

HMJr: I say I've always tried to be honest.

D: You always have been, as far as I know.

HMJr: Now, my hands are tied. I can't give you any advice that would be of any help to you. And as I said the other day, I'm just a hired man. I'm not elected by the people; and if I could be of the slightest bit of help to you, I'd have been up there at.....

D: Well, what I was - thought that it might be helpful - there's nothing in the world that's as great a cross to me as far as public life's concerned, as to be in a position where I'm not in accord with the Administration.....

HMJr: Yeah.

D: .....and the leaders of my party.....

HMJr: Yeah.

D: .....and the President, and the Secretary of the Treasury and many people that I have to work with and all that kind of thing.

HMJr: Yeah.

D: And I try my best, without turning over my conscience and judgment to somebody else,



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to do that, and I want to do that and I will do that; and I'll make as great a surrender of anything that's not a matter of conviction and principles that any man can.

HMJr: Yeah.

D: But now then I don't know if the Treasury - if it's going to go out here now at all - that the Treasury's going to be quoted as being against this provision and this bill requiring mandatory tax returns - joint returns.....

HMJr: Yeah.

D: .....why we want to know that if we're going to have to fight them - whether or not they take up a neutral position now, they say they don't favor it - well, Sullivan just never would take a position until the last hours, then he took a conditional position.....

RMJr: Yeah.

D: .....and when we didn't adopt that he didn't say then whether he was for it or against it. If he's going to be against it, if we didn't adopt that, he should have told us - not wait until this last minute.

HMJr: Yeah. Well, don't blame Sullivan.

D: Well.....

HMJr: We.....

D: What I want - do you know now? I understand that copies of the letter were sent to the Speaker and to Jere Cooper.....

RMJr: Yeah.

D: .....end to Senator George.

HMJr: Yeah.

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D: Now, do you know whether it's intended for the influence and weight of the Administration to be thrown in the balances against that section of the bill, or is it going to be left like it was first, neutral, to let us fight it out - we got no position at all. He wouldn't take a position - he wouldn't take any position at all until finally in the last hour he did take a conditional position.

HMJr: Yeah. That's - well, he was doing what I asked him to do.

D: Well.....

HMJr: So I mean he only did what I asked him to do. Now.....

D: Now if it's going to be understood at this last minute that the weight of the Administration at Treasury is going to be thrown in the balance side against us, why I want to know it. If it's going to keep hands off and be neutral, well, I want to know that.

HMJr: Well, Bob, I can't - as Secretary of the Treasury sitting at the other end of the avenue, I never - I'm not doing anything publicly except what I do before your committee.

D: Well, of course, now, the Speaker's got that letter.

HMJr: Yeah. Well, he didn't get it from me.

D: I see he didn't. But it was sent down there to him, the letter to me, you know.

HMJr: I see. Well, he didn't get it from me.

D: Evidently intended to - you see, he's opposed to that provision in the bill.

HMJr: But you see, what I'm trying to say is that I wish you wouldn't push me too hard, because

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my hands are tied and so are my lips.

D: Well, I'm not going to push at all. I'm just putting our situation before.....

HMJr: Well.....

D: What I'm at now - I don't know what - it looks like, it must be, that all I can do is to call my committee together in the morning - I can't do it now today.....

HMJr: Yeah.

D: .....and lay that letter before them.

HMJr: Well, I don't see what else you can do.

D: I don't see anything else I can do.

HMJr: No.

D: And that just draws the line, right now.

HMJr: Yeah.

D: In my opinion, confidentially - saying this to you confidentially.....

HMJr: Yeah.

D: .....that it raised the issue, and several of my members - I've shown it to several of my colleagues this morning.....

HMJr: Yeah.

D: It raised it direct.....

HMJr: Yeah.

D: .....a candid issue whether or not the Congress could legislate or whether it's been a fizzle at legislating.

HMJr: Yeah. Well, I can see that.

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- D: You can see that, and I think it's the most unfortunate issue.....
- HMJr: Yeah.
- D: .....that ever could have been raised, because there's no use of us, not a bit of use of us on Ways and Means Committee.
- HMJr: Well, I didn't.....
- D: We've been here for three months, hard work - night and day, when other people can take vacations and rest, and I've no objection - glad they can - laboring and trying to raise revenues of a department which is our constitutional and sworn duty, and then if it's to be taken out of our hands, we want to know it and we will know it.....
- HMJr: Yeah.
- D: .....must know it.
- HMJr: Yeah.
- D: Would you blame us?
- HMJr: No. No.
- D: It's the blamest situation that I have ever experienced, and I'm not responsible for it.
- HMJr: Well, I'm not either. So - any time I've had anything to say to any member of the Congress, I've always said it in committee, before the committee. I've never - I've always addressed my remarks to the Chairman publicly.
- D: Do you know whether the Speaker had anything to do with that letter or not? Have it written?
- HMJr: Bob, I've been out of town.

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D: (Laughs) That's not lying, but that's not answering my question. You needn't answer it unless you want to.

HMJr: Well, I've been out of town.

D: Why, of course. But that don't mean that you don't know of anything that happened in town, but that's your business. I don't criticize.....

HMJr: Well.....

D: Yeah. Yeah.

HMJr: Yeah.

D: All right, Henry. I'm sorry you won't come down to study it, but that's all right.

HMJr: Now, wait a minute. Wait a minute. If you don't get the idea I don't want to come up, but I - if you want to see me. Here's my schedule. At quarter of one I go over to sell the President the first bond, you see?

D: Yeah.

HMJr: Then we've got Cabinet at two.

D: Well.....

HMJr: Now, I don't want you to feel I don't want to come up.

D: Well, that's a matter at entirely your discretion.

HMJr: But, if it'd make you any.....

D: I thought it would help if we'd talk over this letter, but.....

HMJr: Well, now, if it would help you any in your.....

D: I'm sitting here so busy now with the bill, that I.....

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HMJr: If you want me up there around three-thirty or four, I'll come up there.

D: Well, if I do, I'll call back; but I don't, unless you were willing to come or think that I've got to put it all on me. You suggested yesterday that you would come, but it's all right if you.....

HMJr: Oh no. If it would be at all helpful, I'll be up there around three-thirty or four. Where will you be?

D: Well, I'll be on the Floor; but I don't know, with the view you take about it that it would be - I'm not calling for help, I'm calling more for an understanding than I am for help.

HMJr: Well, now, how can I get hold of you around three-thirty or four?

D: Call me at the Democratic cloak room. I'll be right here.

HMJr: The Democratic cloak room.

D: Yeah. Confidentially, Henry, I hate to say this.

HMJr: Yeah.

D: I hate to think it.

HMJr: Yeah.

D: I'm frankest to my friends than I am to anybody.

HMJr: Yeah.

D: I feel like that under all the circumstances, we've been hit a terrible blow below the belt.

HMJr: Yeah. Well, I'm sorry.

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D: And I don't believe if you were in my place, you'd think otherwise.

HMJr: Yeah. Well.....

D: That's a confidential statement.

HMJr: I know. Well, just as soon as I come out of Cabinet, I'll give you a ring.

D: All right, thank you.

HMJr: All right.

August 1, 1941  
12:35 a.m.

HMJr: Hello.

Rex  
Tugwell: Hello.

HMJr: Hello. Rex?

T: Hello, Henry.

HMJr: How are you?

T: Pretty good. How are you?

HMJr: What are you by this - you Mr. Chancellor?

T: Right now, I believe that's correct.

HMJr: Wonderful.

T: (Laughs) How are you?

HMJr: I'm alive.

T: Well, that's about all I can say, too.

HMJr: I had a message you called me.

T: Well, yes. Didn't Herb Gaston - I explained it to him.

HMJr: No, he didn't tell me, but he's sitting here now. You can ask him.

T: Uh huh.

HMJr: Did you fix it up with Herbert?

T: Well, I rather think so. I was asking him for somebody to make a study of Puerto Rico's finances, more or less.....

HMJr: Oh.

T: .....in relation to Federal finances. I know that you've always been interested the same



- 2 -

as I am in the generalization of this benefit payment.

HMJr: Oh, very much. The five hundred acre thing.

T: And I have an idea that they don't do very well with their tax collections and I have an idea that we ought to do something in the way of finding out what the balance of payments back and forth is.....

HMJr: Yes.

T: .....and what it needs to be.

HMJr: Yeah.

T: And I thought the Treasury might be interested in that.

HMJr: Yeah, we are. We'd be glad to help.

T: Uh huh. All right, Henry, fine. That's what I had in mind.

HMJr: All right, Rex.

T: And if it's proper.....

HMJr: Yeah.

T: .....and if Herbert says so, I'll write you about it.

HMJr: Good.

T: Through channels.

HMJr: Wonderful.

T: All right.

HMJr: We've always got to have our red tape.

T: Yeah.

- 3 -

HMJr: All right.

T: All right, Henry.

August 1, 1941  
3:43 p.m.

HMJr: Hello.

Operator: Congressman Doughton on the line.

HMJr: Who?

Operator: There you are.

HMJr: Hello.

Robert  
Doughton: All right.

HMJr: Now, Bob, I'm just out of Cabinet and I'd like to come up and see you.

D: I'd be delighted.

HMJr: Where can I come?

D: I think you'd better come to the Committee Room in the Capitol, Henry.

HMJr: The Committee Room in the Capitol?

D: Yes. I'll leave here in about ten - twenty minutes.

HMJr: Well, I can get up there in ten minutes.

D: Well, I'll be right in there.

HMJr: Well, how do I find that?

D: Well, you just go up to the second story.

HMJr: Second story.

D: Take the elevator and come to the second story, and I'll be standing there where you get off.

HMJr: Second story.

D: Ten minutes. Yes.

- 2 -

HMJr: Well.....

D: Anybody can point out the committee - the Ways and Means Committee Room there in the Capitol. The boys there at the door can, where they go into the House.

HMJr: What's that?

D: I say the boys there at the door where they.....

HMJr: Well, I'll find it.

D: Yeah. Be no trouble to find me. I'll be looking out for you.

HMJr: It's the Ways and Means Committee Room on the second floor.

D: The Capitol on the second floor. You take the elevator and go up to the second floor.

HMJr: I'll be there.

D: All right.

85

Read to Secretary when he telephoned  
at 11:15 a.m. 8/2/41.

*SwB noted 8/4/41*

THE WHITE HOUSE

WASHINGTON  
August 1, 1941

Dear Harriners:

I have signed the Executive Order for the regulation of consumer credit in accordance with yesterday's discussion with you and Leon. This is done with the understanding we reached in our conversation that you would consult with Henry before taking any action under the Order which might affect the fiscal activities of the Treasury.

Very sincerely yours,

(Signed) FRANKLIN D. ROOSEVELT

Honorable Harriner S. Scoles,  
Chairman, Board of Governors of the  
Federal Reserve System,  
Washington, D. C.

Copy for the Secretary of the Treasury

Sent to President 87  
at Cabinet

8/1/41.

## MEMORANDUM FOR THE PRESIDENT

1. Last Tuesday the Senate passed a bill prohibiting all sales of Government-held stocks of cotton (amounting to 7 million bales), the prohibition to continue until Congress should otherwise provide. The bill is now in conference. The Conference have not met as yet and probably won't until the middle of next week.
2. Cotton prices have risen in the spot market from 9 1/2 cents per pound on August 1, 1939 to 15.79 cents per pound last night. (The parity price of cotton on the farm is 16.49 cents per pound.) Had it not been for the President's statement this week with respect to price control, the price of cotton would probably now be above parity.
3. If legislation is enacted freezing the Government supplies of cotton from the market, and if no price ceiling on cotton is set, we have the basis for spectacular speculative price boom in cotton. The unfavorable crop situation and the possibility of restriction on silk imports favor such a boom. (We have the smallest acreage since 1895, and possibility of unusually heavy boll weevil damage threatens a smaller yield per acreage than was formerly anticipated.)
4. In view of the danger of price inflation and in view of the importance which cotton plays in the price structure, it would seem that the time is inappropriate to enact legislation of the character passed by the Senate.

I understand the Secretary of Agriculture has indicated his informal opposition to the bill to Senator Barkley. I am wondering whether the time is not opportune for a more vigorous presentation to Congress of the danger to the price structure involved in the passage of the bill.

Even if Government cotton is not placed on the market the mere defeat of the bill freezing the cotton will of itself constitute a desirable force tending to restrain speculative rises in the price of cotton.

HDW:KMB/jm  
8/1/41



FOR THE PRESS

IMMEDIATE RELEASE

AUGUST 1, 1941

1892

It was announced today that the President has directed the Administrator of Export Control to initiate further regulation in respect to the export of petroleum products in the interest of the national defense.

The action will have two immediate effects. It will prohibit the exportation of motor fuels and oils suitable for use in aircraft and of certain raw stocks from which such products are derived to destinations other than the Western Hemisphere, the British Empire and the unoccupied territories of other countries engaged in resisting aggression. It will also limit the exportation of other petroleum products, except to the destinations referred to above, to usual or pre-war quantities and provide for the pro rata issuance of licenses on that basis.

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THE NATIONAL ARCHIVES  
LETTERS  
SCRIPTS  
MARKS

# FEDERAL REGISTER

OF THE UNITED STATES  
1934

VOLUME 4 NUMBER 148

Washington, Friday, August 1, 1941

**The President**

**EXECUTIVE ORDER**

**ESTABLISHING THE ECONOMIC DEFENSE BOARD**

By virtue of the authority vested in me by the Constitution and statutes of the United States, by virtue of the existence of an unlimited national emergency, and for the purpose of developing and coordinating policies, plans, and programs designed to protect and strengthen the international economic relations of the United States in the interest of national defense, it is hereby ordered as follows:

1. The term "economic defense," whenever used in this Order, means the conduct, in the interest of national defense, of international economic activities including those relating to exports, imports, the acquisition and disposition of materials and commodities from foreign countries including preclusive buying, transactions in foreign exchange and foreign-owned or foreign-controlled property, international investments and extensions of credit, shipping and transportation of goods among countries, the international aspects of patents, international communications pertaining to commerce, and other foreign economic matters.

2. There is hereby established an Economic Defense Board (hereinafter referred to as the "Board"). The Board shall consist of the Vice President of the United States, who shall serve as Chairman; the Secretary of State, the Secretary of the Treasury, the Secretary of War, the Attorney General, the Secretary of the Navy, the Secretary of Agriculture, and the Secretary of Commerce. The Chairman may, with the approval of the President, appoint additional members to the Board. Each member of the Board, other than the Chairman, may designate an alternate from among the officials of his Department, subject to the continuing approval of the Chairman, and such alternate may act for such member in all matters relating to the Board.

3. In furtherance of such policies and objectives as the President may from

time to time determine, the Board shall perform the following functions and duties:

a. Advise the President as to economic defense measures to be taken or functions to be performed which are essential to the effective defense of the Nation.

b. Coordinate the policies and actions of the several departments and agencies carrying on activities relating to economic defense in order to assure unity and balance in the application of such measures.

c. Develop integrated economic defense plans and programs for coordinated action by the departments and agencies concerned and use all appropriate means to assure that such plans and programs are carried into effect by such departments and agencies.

d. Make investigations and advise the President on the relationship of economic defense (as defined in paragraph 1) measures to post-war economic reconstruction and on the steps to be taken to protect the trade position of the United States and to expedite the establishment of sound, peacetime international economic relationships.

e. Review proposed or existing legislation relating to or affecting economic defense and, with the approval of the President, recommend such additional legislation as may be necessary or desirable.

4. The administration of the various activities relating to economic defense shall remain with the several departments and agencies now charged with such duties but such administration shall conform to the policies formulated or approved by the Board.

5. In the study of problems and in the formulation of programs, it shall be the policy of the Board to collaborate with existing departments and agencies which perform functions and activities pertaining to economic defense and to utilize their services and facilities to the maximum. Such departments and agencies shall cooperate with the Board in clearing proposed policies and measures involving economic defense considerations and shall supply such information and data as the Board may

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**THE PRESIDENT**

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# FEDERAL REGISTER

Published daily, except Sundays, Mondays, and days following legal holidays by the Division of the Federal Register, The National Archives, pursuant to the authority contained in the Federal Register Act, approved July 26, 1935 (49 Stat. 500), under regulations prescribed by the Administrative Committee, approved by the President.

The Administrative Committee consists of the Archivist or Acting Archivist, an officer of the Department of Justice designated by the Attorney General, and the Public Printer or Acting Public Printer.

The daily issue of the Federal Register will be furnished by mail to subscribers, free of postage, for \$1.25 per month or \$13.00 per year; single copies 10 cents each; payable in advance. Remit money order payable to the Superintendent of Documents directly to the Government Printing Office, Washington, D. C.

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require in performing its functions. The Board may arrange for the establishment of committees or groups of advisers, representing two or more departments and agencies as the case may require, to study and develop economic defense plans and programs in respect to particular commodities or services, geographical areas, types of measures that might be exercised, and other related matters.

6. To facilitate unity of action and the maximum use of existing services and facilities, each of the following departments and agencies, in addition to the departments and agencies represented on the Board, shall designate a responsible officer or officers, subject to the approval of the Chairman, to represent the department or agency in its consulting relationships with the Board: The Departments of the Post Office, the Interior, and Labor, the Federal Loan Agency, the United States Maritime Commission, the United States Tariff Commission, the Federal Trade Commission, the Board of Governors of the Federal Reserve System, the Securities and Exchange Commission, the National Resources Planning Board, the Defense Communications Board, the Office of Production Management, the Office of Price Administration and Civilian Supply, the Office for Coordination of Commercial and Cultural Relations Between the American Republics, the Permanent Joint Board on Defense,

the Administrator of Export Control, the Division of Defense Aid Reports, the Coordinator of Information, and such additional departments and agencies as the Chairman may from time to time determine. The Chairman shall provide for the systematic conduct of business with the foregoing departments and agencies.

7. The Chairman is authorized to make all necessary arrangements, with the advice and assistance of the Board, for discharging and performing the responsibilities and duties required to carry out the functions and authorities set forth in this Order, and to make final decisions when necessary to expedite the work of the Board. He is further authorized, within the limits of such funds as may be allocated to the Board by the President, to employ necessary personnel and make provision for the necessary supplies, facilities, and services. The Chairman may, with the approval of the President, appoint an executive officer.

FRANKLIN D. ROOSEVELT

THE WHITE HOUSE,

July 30, 1941.

[No. 8899]

[P. W. Doc. 41-5597; Filed, July 31, 1941; 11:20 a. m.]

## EXECUTIVE ORDER

PREScribing REGULATIONS GOVERNING OVERTIME COMPENSATION OF CERTAIN CIVILIAN EMPLOYEES OF THE WAR DEPARTMENT, THE NAVY DEPARTMENT, THE COAST GUARD, AND THE PANAMA CANAL

By virtue of the authority vested in me by section 1 of the act of June 2, 1941, Public Law 100, 77th Congress, I hereby prescribe the following regulations governing the payment of compensation for employment in excess of forty hours in any administrative workweek in pay-annum field service employees whose overtime services are essential to and directly connected with the expeditious prosecution of the overtime work upon which employees enumerated in section 5 (a) of the act of June 26, 1940, 54 Stat. 676, 678, and section 1 of the act of October 21, 1940, 54 Stat. 1205, are engaged:

SECTION 1. Whenever the Secretary of War, the Secretary of the Navy, the Secretary of the Treasury, or the Governor of the Panama Canal, as the case may be, shall determine that employment in excess of forty hours a week of any pay-annum employee in the field services of the War Department, the Navy Department, the Coast Guard, or the Panama Canal is essential to and directly connected with the expeditious prosecution of overtime work which is being required of employees enumerated in section 5 (a) of the said act of June 26, 1940, and section 1 of the said act of October 21, 1940, and for which overtime compensation is being paid, he is authorized to provide compensation for such employment in excess of forty hours in any administrative

## EXECUTIVE ORDER

## AMENDMENT OF EXECUTIVE ORDER NO. 8798 OF JUNE 19, 1941, TRANSFERRING CERTAIN VESSELS BETWEEN THE NAVY DEPARTMENT AND THE DEPARTMENT OF COMMERCE

By virtue of the authority vested in me by the Constitution and the statutes of the United States, Executive Order No. 8798 of June 19, 1941, transferring certain vessels between the Navy Department and the Department of Commerce, is hereby amended, effective as of June 19, 1941, by substituting the United States Navy Vessel ARGUS for the United States Navy Vessel JAMESTOWN transferred by the said Executive order to the Department of Commerce.

FRANKLIN D. ROOSEVELT  
THE WHITE HOUSE,  
July 30, 1941.

[No. 8838]

[F. R. Doc. 41-5551; Filed, July 31, 1941; 9:59 a. m.]

## MILITARY ORDER

## ORGANIZED MILITARY FORCES OF THE GOVERNMENT OF THE COMMONWEALTH OF THE PHILIPPINES CALLED INTO SERVICE OF THE ARMED FORCES OF THE UNITED STATES

Under and by virtue of the authority vested in me by the Constitution of the United States, by section 2 (a) (12) of the Philippine Independence Act of March 24, 1934 (48 Stat. 457), and by the corresponding provision of the Ordinance appended to the Constitution of the Commonwealth of the Philippines, and as Commander-in-Chief of the Army and Navy of the United States, I hereby call and order into the service of the armed forces of the United States for the period of the existing emergency, and place under the command of a General Officer, United States Army, to be designated by the Secretary of War from time to time, all of the organized military forces of the Government of the Commonwealth of the Philippines. *Provided*, that all naval components thereof shall be placed under the command of the Commandant of the Sixteenth Naval District, United States Navy.

This order shall take effect with relation to all units and personnel of the organized military forces of the Government of the Commonwealth of the Philippines, from and after the dates and hours, respectively, indicated in orders to be issued from time to time by the General Officer, United States Army, designated by the Secretary of War.

FRANKLIN D. ROOSEVELT  
THE WHITE HOUSE,  
July 26, 1941

[F. R. Doc. 41-5646; Filed, July 31, 1941; 8:37 a. m.]

16 P.S. 8646

## Rules, Regulations, Orders

TITLE 8—ALIENS AND NATIONALITY  
CHAPTER I—IMMIGRATION AND NATURALIZATION SERVICE

[Fourth Supplement to General Order No. C-21]

## PART 170—REGISTRATION AND FINGER-PRINTING OF ALIENS IN ACCORDANCE WITH THE ALIEN REGISTRATION ACT, 1940

## REGULATIONS GOVERNING REPLACEMENT OF LOST, MUTILATED OR DESTROYED ALIEN REGISTRATION RECEIPT CARDS

JULY 30, 1941.

Pursuant to the authority contained in sections 22 (c), 34 (a), and 37 (a) of Title III of the Act of June 28, 1940 (54 Stat. 674, 674, 675; 5 U.S.C. 453 (c), 455 (a), 458 (a)), and to the powers conferred by § 90.1, Title 8, Chapter I, Code of Federal Regulations (5 F. R. 3593), the following regulations are hereby promulgated and published as portions of Part 170 of said Title 8, Chapter I, Code of Federal Regulations (5 F. R. 2836, 3173, 3589, 4560, 4813; 6 F. R. 229, 2560):

Section 170.4 (g) is amended to read as follows:

## § 170.4 Method of registration.

(g) A receipt shall not be issued to any person who has already obtained one unless he surrenders his former receipt, except in case of loss, mutilation, or destruction of the original receipt in which event it may be replaced in accordance with § 170.9 of this part. No person shall use a receipt relating to any other person (except in behalf of his minor child or ward). If the alien dies, permanently departs, or is deported from the United States, his receipt shall be returned to the Immigration and Naturalization Service. If any person finds a lost receipt of registration, he shall return it to the Alien Registration Division, Immigration and Naturalization Service, Washington, D. C.

The following new section is added to Part 170:

## § 170.9 Replacement of lost, mutilated, or destroyed receipt of registration.

(a) Except as hereinafter provided, any alien whose registration receipt card has been lost, mutilated, or destroyed may apply for a new receipt card in lieu thereof. Such application shall be made under oath or affirmation, upon a form prescribed for that purpose, and shall be filed with the district director of the Immigration and Naturalization Service having jurisdiction over the place of the applicant's residence.

(b) When the application for a new receipt card is received by the district director, he shall assign the investigation of the application to any officer of the Service within his jurisdiction. The investigating officer shall conduct such in-

five workweek at one and one-half times such employee's regular rate of day.

SECTION 2. In determining the overtime compensation which may be paid to any per-annum employee under section 1 hereof, the pay for one hour shall be computed as one-eighth of such employee's pay for one day. The pay for one day shall be considered to be one three-hundred-and-sixtieth of the employee's per-annum salary.

SECTION 3. The Secretary of War, the Secretary of the Navy, the Secretary of the Treasury, and the Governor of The Panama Canal may designate such subordinate officers as they may deem necessary to determine the per-annum employees in their respective field services whose overtime services are essential to and directly connected with the expeditious prosecution of the overtime work upon which the employees enumerated in section 5 (a) of the said act of June 28, 1940, and section 1 of the said act of October 21, 1940, are engaged.

SECTION 4. No overtime compensation may be paid under section 1 hereof to any per-annum employee who during his regular hours of employment is not normally engaged on work essential to and directly connected with the expeditious prosecution of the work upon which employees enumerated in section 5 (a) of the said act of June 28, 1940, and section 1 of the said act of October 21, 1940, are engaged.

SECTION 5. No employee covered by the provisions of section 1 hereof shall be regularly required or allowed to work in excess of forty-eight hours in any administrative workweek: *Provided*, That such limit may be exceeded when it is considered by the Secretary of War, the Secretary of the Navy, the Secretary of the Treasury, or the Governor of The Panama Canal, or such subordinate officers as they may designate, to be necessary for the maintenance of the production schedule for an arsenal, shipyard, shop, or other establishment of a similar nature, or to meet other specific emergency situations.

SECTION 6. When in the judgment of the head of the department concerned, the Governor of The Panama Canal, or the subordinate officers mentioned in section 3 of these regulations, the health or efficiency of any employee will be impaired by employment for more than eight hours a day or forty hours a week, such employee shall not be required or permitted to work overtime.

SECTION 7. It shall be the policy of the agencies affected by this order to hold overtime work to the absolute minimum consistent with the requirements of the national-defense program.

SECTION 8. This order shall take effect as of June 1, 1941, and shall be published in the FEDERAL REGISTER.

FRANKLIN D. ROOSEVELT  
THE WHITE HOUSE,  
July 30, 1941.

[No. 8837]

[F. R. Doc. 41-5550; Filed, July 31, 1941; 9:09 a. m.]

quiry into the circumstances surrounding the alleged loss, mutilation, or destruction of the original receipt card as to satisfy himself that such loss, mutilation, or destruction has occurred. If a receipt card has been mutilated, it must be surrendered to the investigating officer before a new card will be issued. The investigating officer shall also satisfy himself that the applicant is the individual to whom the registration record relates, and shall make any further inquiry justified by the facts in a particular case. If deemed advisable, written sworn statements concerning any pertinent facts may be obtained from the applicant and any other persons whose testimony should be secured. Upon completion of the investigation, the investigating officer shall recommend the granting or denial of the application for a new receipt card, and if his recommendation is adverse, he shall state the reasons therefor in writing. The investigating officer shall obtain the applicant's signature and a print of his right index finger upon Form AR-3a and shall type on the face of that form the name and present address of the applicant. If for any reason the impression of the right index finger cannot be taken, the impression of another finger should be obtained and the form suitably endorsed to show which finger and hand.

(c) The investigating officer shall then forward the application and any testimony taken from the applicant and other persons, together with Form AR-3a, to the district director having jurisdiction. The district director or an officer designated by him shall review the record and may, if he deems it advisable, refer the case to the same or any other officer of the Service for further investigation. If no further investigation is considered necessary, the entire record shall be forwarded to the Alien Registration Division. The reviewing officer shall indicate whether he concurs with the recommendation of the investigating officer, and if not, he shall state the reasons for his non-concurrence.

(d) Upon consideration of the application and record in the Central Office, the Chief of the Alien Registration Division may, if he is satisfied that the original receipt has been lost, mutilated, or destroyed, sign the Form AR-3a, place thereon the proper registration number, and mark the form to show that it is a duplicate issued in lieu of an original receipt which has been lost, mutilated, or destroyed. Both the original date of registration and the date of issuance of the duplicate shall be shown on the new card. If the said officer is not satisfied that a duplicate should be issued, he shall deny the application. If the record indicates that any further action is desirable or necessary in connection with the case of the alien, it should be referred to the

appropriate division of the Central Office for consideration of such further action.

(e) If a duplicate receipt card on Form AR-3a is issued, it shall be sent direct to the applicant by the Alien Registration Division, and the office where the application was filed shall be advised of the final disposition of the case.

(f) Any alien child who was less than fourteen years of age at the time of his registration upon the basis of an application made by his parent or legal guardian under § 170.1 (c) or 170.1 (d) and who desires to obtain a new registration receipt card in lieu of a lost, mutilated, or destroyed original may, if the alien is less than fourteen years of age at the time application is made, obtain a new card through the procedure specified in paragraphs (a) to (e) of this section. In such cases, however, the application for a new card shall be executed by the child's parent or guardian, preferably the same person who made application for the original registration; the testimony of the parent or guardian instead of that of the child shall be obtained and the new Form AR-3a, if issued, shall be delivered to the parent or guardian. No fingerprint of the alien child need be obtained on Form AR-3a, which shall be signed by the parent or guardian. In any such case in which no parent or guardian is available, the matter shall be reported to the Alien Registration Division for special instructions concerning the procedure to be followed in replacing the original receipt card.

(g) Replacements of lost, mutilated, or destroyed receipt cards in the cases of alien seamen shall be governed by the following:

(1) An alien who has been lawfully admitted to the United States for permanent residence and who is by occupation a seaman may replace a lost, mutilated, or destroyed Form AR-3 in the manner specified in paragraphs (a) to (e) of this section.

(2) An alien seaman who was registered under § 170.5 (d) may, if less than one year has elapsed since the date of his registration and he is in the United States at the time of filing his application, replace a lost, mutilated, or destroyed Form AR-103 in the manner specified in paragraphs (a) to (e) of this section. In such cases Form AR-3a will, if issued, be plainly marked to show both the date of original registration of the seaman and the date on which the new receipt card was issued. In accordance with § 170.5 (a), an alien seaman seeking admission to the United States who does not present a receipt (or duplicate thereof) showing registration within one year of the date of his application for admission, shall not be admitted until he has again been registered and fingerprinted. This one-year period shall extend from the date of original registra-

tion, and in no case from the date on which a new receipt in lieu of one lost, mutilated, or destroyed was issued.

(3) An alien seaman who was fingerprinted only, under the provisions of § 170.5 (e), shall not be entitled to obtain a replacement of the Form AR-103 which was issued to him at the time of such fingerprinting. In such cases, the procedure prescribed by § 170.5 (e) shall again be followed if the alien's receipt card has been lost, mutilated, or destroyed.

(SEAL) LEMUEL B. SCHOFIELD,  
Special Assistant to the Attorney  
General in Charge Immigration and Naturalization Service.

Approved:

FRANCIS BIDDLE,  
Acting Attorney General.

[P. R. Doc. 41-5549; Filed, July 31, 1941;  
9:36 a. m.]

#### TITLE 14—CIVIL AVIATION CHAPTER I—CIVIL AERONAUTICS AUTHORITY

[Amendment No. 127 of the Civil Air  
Regulations]

#### PART 61—SCHEDULED AIR CARRIER RULES (INTERSTATE)

##### FIRST AID EQUIPMENT FOR AIR CARRIER AIRCRAFT

At a session of the Civil Aeronautics Board held at its office in Washington, D. C., on the 29th day of July, 1941.

Acting pursuant to the authority vested in it by the Civil Aeronautics Act of 1938, as amended, particularly sections 205 (a), 601 and 604 of said Act, and finding that its action is desirable in the public interest and is necessary to carry out the provisions of, and to exercise and perform its powers and duties under, said Act, the Civil Aeronautics Board amends the Civil Air Regulations as follows:

Effective October 1, 1941, Part 61 of the Civil Air Regulations is amended by the addition of a new § 61.340 to read as follows:

§ 61.340 *First aid equipment.* No aircraft shall be operated in scheduled air transportation unless equipped with a conveniently accessible first aid kit adequate for proper first aid treatment of passengers and crew which shall contain medical equipment and supplies approved by the Administrator as suitable and sufficient for the type of operation involved.

By the Civil Aeronautics Board,  
(SEAL) THOMAS G. EARLY,  
Secretary.

[P. R. Doc. 41-5547; Filed, July 30, 1941;  
4:08 p. m.]

## TITLE 17—COMMODITY AND SECURITIES EXCHANGES

## CHAPTER II—SECURITIES AND EXCHANGE COMMISSION

## PART 240—RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

## AMENDMENT TO RULE X-12F-5

The Securities and Exchange Commission, acting pursuant to authority conferred upon it by the Securities Exchange Act of 1934, particularly sections 12 (f) and 23 (a) thereof, and deeming such action necessary and appropriate in the public interest and for the protection of investors and necessary for the execution of the functions vested in it by said Act, hereby amends § 240.12F-5 (Rule X-12F-5) of the General Rules and Regulations under the Act to read as hereinafter set forth:

§ 240.12F-5 *Differentiation on ticker between transactions in listed and unlisted securities.* Every national securities exchange and every person directly or indirectly controlled by such exchange, in the publication or making available for publication by ticker of quotations or transactions in securities made or effected upon such exchange, shall differentiate between quotations or transactions in listed securities and quotations or transactions in securities for which unlisted trading privileges on such exchange have been continued or extended, by either adding the letter "L" to the report of each quotation or transaction in such listed securities, or by adding the letter "U" to the report of each quotation or transaction in such securities for which unlisted trading privileges have been continued or extended on such exchange. (Rule X-12F-5)

Effective July 31, 1941.

By the Commission.

(SEAL) FRANCIS P. BRASSOR,  
Secretary.

(P. R. Doc. 41-5800; Filed, July 31, 1941;  
11:46 a. m.)

## PART 270—INVESTMENT COMPANY ACT OF 1940

## ADOPTION OF RULE N-17F-3

Acting pursuant to the Investment Company Act of 1940, particularly sections 38 (a) and 17 (f) thereof, and deeming such action appropriate to the exercise of the powers conferred and the duties imposed upon it in that Act, the

Securities and Exchange Commission hereby adopts § 270.17F-3 (Rule N-17F-3) to read as follows:

§ 270.17F-3 *Custody of securities maintained by management company.* The securities and similar investments of a registered management company may be maintained in the custody of such company upon the following conditions:

(a) Except as provided in paragraph (b), all such securities and similar investments shall be deposited in a vault or other depository maintained by a bank or other company whose functions and physical facilities are supervised by Federal or State authority.

(b) The provisions of paragraph (a) shall not apply to securities on loan which are collateralized to the extent of their full market value, or to securities hypothecated, pledged, or placed in escrow for the account of such registered company in connection with a loan or other transaction authorized by specific resolution of its board of directors, or to securities in transit in connection with a sale, an exchange pursuant to a plan of reorganization, recapitalization or otherwise, redemption, maturity or conversion, the exercise of warrants or rights, assents to changes in terms of the securities, or other transactions necessary in the ordinary routine relating to the management of securities.

(c) The securities and investments deposited pursuant to paragraph (1) shall be physically segregated at all times from those of any other person.

(d) The securities and investments deposited pursuant to paragraph (a) shall be withdrawn only in connection with transactions of the character described in paragraph (b).

(e) No person shall be authorized or permitted to have access to the securities and investments deposited pursuant to paragraph (a) except pursuant to resolution of the board of directors of such registered company. Each such resolution shall designate not more than five persons who shall be either officers or responsible employees of such company, and shall provide that access to such securities and investments shall be had only by two or more such persons jointly, at least one of whom shall be an officer; except that for the purpose of paragraph (g) the independent public accountant shall be permitted access to such securities and investments jointly with any two persons so designated.

(f) Each person designated pursuant to paragraph (e), when depositing in or

withdrawing from the depository securities and investments, shall sign a notation in respect of such deposit or withdrawal, which shall show (1) the date and time of the deposit or withdrawal, (2) the name and amount of the securities and other investments deposited and withdrawn, and an identification thereof by certificate numbers or otherwise, and (3) the manner of acquisition of securities and investments deposited or the purpose for which securities and investments have been withdrawn. Such notation shall be transmitted promptly to an officer or director of the registered company designated by its board of directors who shall not be a person designated for the purpose of paragraph (e). Such notations shall be on forms serially numbered, and shall be preserved for at least one year.

(g) Such securities and investments shall be verified by complete examination by an independent public accountant retained by such registered company at least three times during the fiscal year, at least two of which shall be chosen by such accountant without prior notice to such company. A certificate of such accountant, stating that he has made an examination of such securities and investments and describing the nature and extent of the examination, shall be transmitted to the Commission promptly after each such examination.

(h) Such securities and investments shall at all times be subject to inspection by the Commission through its authorized employees or agents accompanied, unless otherwise directed by order of the Commission, by one or more of the persons designated pursuant to paragraph (e).

(i) All such securities and investments which are stocks and other equity securities acquired by such registered management company after August 14, 1941, for which the issuer or its agent maintains a record or registry of ownership, shall be registered or recorded in the name of such company within 30 days after any such acquisition: *Provided, however,* That this paragraph shall not apply to securities on loan or securities pledged in connection with a loan or other transaction authorized by a specific resolution of its board of directors.

Effective August 15, 1941.

By the Commission.

(SEAL) FRANCIS P. BRASSOR,  
Secretary.

(P. R. Doc. 41-5801; Filed, July 31, 1941;  
11:46 a. m.)

TITLE 30—MINERAL RESOURCES  
CHAPTER III—BITUMINOUS COAL  
DIVISION

[Dockets Nos. A-888, A-904, A-908]

PART 323—MINIMUM PRICE SCHEDULE,  
DISTRICT NO. 3

ORDER OF CONSOLIDATION AND ORDER GRANTING TEMPORARY RELIEF AND CONDITIONALLY PROVIDING FOR FINAL RELIEF IN THE MATTER OF THE PETITION OF HENRY TAYLOR, A CODE MEMBER IN DISTRICT NO. 3, FOR THE ESTABLISHMENT OF PRICE CLASSIFICATIONS AND MINIMUM PRICES FOR THE COALS OF HIS POST MINE (MINE INDEX NO. 848) FOR TRUCK SHIPMENT; AND IN THE MATTER OF THE PETITION OF A. A. PROVINS, A CODE MEMBER IN DISTRICT NO. 3, FOR THE ESTABLISHMENT OF PRICE CLASSIFICATIONS AND MINIMUM PRICES FOR THE COALS OF HIS PROVINS MINE (MINE INDEX NO. 710) FOR ALL SHIPMENTS EXCEPT TRUCK; AND IN THE MATTER OF THE PETITION OF DISTRICT BOARD NO. 3 FOR THE ESTABLISHMENT OF PRICE CLASSIFICATIONS AND MINIMUM PRICES FOR THE COALS OF CERTAIN MINES IN DISTRICT NO. 3

Original petitions, pursuant to section 4 II (d) of the Bituminous Coal Act of 1937, having been duly filed with this Division by the above-named parties, requesting the establishment, both temporary and permanent, of price classifications and minimum prices for the coals of certain mines in District No. 3; and

It appearing that the above-entitled matters raise analogous issues; and

It appearing that a reasonable showing of necessity has been made for the granting of temporary relief in the manner hereinafter set forth; and

No petitions of intervention having been filed with the Division in the above-entitled matters; and

It appearing that this action is necessary in order to effectuate the purposes of the Act;

It is ordered, That the above-entitled matters be, and they hereby are, consolidated.

It is further ordered, That, pending final disposition of the above-entitled matters, temporary relief be, and the same hereby is, granted as follows: Commencing forthwith, § 323.6 (Alphabetical list of code members) is amended by adding thereto Supplement R-1, § 323.8 (Special prices)—(b) Railroad fuel prices for all movements except via lakes) is amended by adding thereto Supplement R-II, § 323.8 (Special prices)—(c) Railroad fuel prices for movement via all lakes—all ports) is amended by adding thereto Supplement R-III, and § 323.23 (General prices) is amended by adding thereto Supplement T, which supplements are hereinafter set forth and hereby made a part hereof.

It is further ordered, That pleadings in opposition to the original petitions in the above-entitled matters and applica-

tions to stay, terminate, or modify the temporary relief herein granted may be filed with the Division within forty-five (45) days from the date of this Order, pursuant to Rules and Regulations Governing Practice and Procedure before the Bituminous Coal Division in Proceedings Instituted Pursuant to section 4 II (d) of the Bituminous Coal Act of 1937.

It is further ordered, That the relief herein granted shall become final sixty (60) days from the date of this Order, unless the Director shall otherwise order.

In Docket No. A-888, instead of proposing the establishment of price classifications for his coals, for all shipments except truck, the petitioner therein requested the establishment of certain minimum prices which are set forth in cents per ton. The minimum prices thus proposed are not those applicable to rail shipments, to any market area, of coals which the petition alleges are analogous to those produced at the Post Mine, nor are they the minimum prices that would be applicable if the proposals of the District Board in Docket No. A-908 were adopted. The petition states that the coals produced at the Post Mine are similar to those produced at the Kano Mine (Mine Index No. 83) of the Peeks Run Coal Co.

It appears that the price classifications and minimum prices, for all shipments except truck, applicable matters and applications to stay, terminate, or modify the temporary relief herein granted may be filed with the Division within forty-five (45) days from the date of this Order, pursuant to Rules and Regulations Governing Practice and Procedure

before the Bituminous Coal Division in Proceedings Instituted Pursuant to section 4 II (d) of the Bituminous Coal Act of 1937.

It is further ordered, That the relief herein granted shall become final sixty (60) days from the date of this Order, unless the Director shall otherwise order.

In Docket No. A-888, instead of proposing the establishment of price classifications for his coals, for all shipments except truck, the petitioner therein requested the establishment of certain minimum prices which are set forth in cents per ton. The minimum prices thus proposed are not those applicable to rail shipments, to any market area, of coals which the petition alleges are analogous to those produced at the Post Mine, nor are they the minimum prices that would be applicable if the proposals of the District Board in Docket No. A-908 were adopted. The petition states that the coals produced at the Post Mine are similar to those produced at the Kano Mine (Mine Index No. 83) of the Peeks Run Coal Co.

It appears that the price classifications and minimum prices, for all shipments except truck, applicable to coals produced at the Kano Mine should be established for the coals of the Post Mine. These price classifications and minimum prices are the same as were proposed by the District Board in Docket No. A-908 for the coals produced at the Post Mine, and they have accordingly been established herein.

Dated: July 11, 1941.

(SIGNED)

DAN H. WHEELER,  
Acting Director.

TEMPORARY AND CONDITIONALLY FINAL EFFECTIVE MINIMUM PRICES FOR DISTRICT NO. 3

NOTE: The material contained in these supplements is to be read in the light of the classifications, prices, instructions, exceptions and other provisions contained in Part 323, Minimum Price Schedule for District No. 3 and Supplements thereto.

FOR ALL SHIPMENTS EXCEPT TRUCK

§ 323.6 Alphabetical list of code members—Supplement R-1

(Alphabetical listing of code members having railway loading facilities, showing price classification by size group (No.))

Mine index No.	Code member	Mine name	Room	Freight wagon group No.	Size group Nos.													
					1	2	3	4	5	6	7	8	9	10	11	12	13	14
213	Arnold & Martin (E. O. Arnold)	Hunt Bros.	M. V. Freeport.	70	J	J	J	J	J	J	J	J	J	J	J	J	J	J
1173	Barnett, Herbert	Dickson's	Pittsburgh	81	F	F	F	F	F	F	F	F	F	F	F	F	F	F
286	Burnside, J. A.	Burnside #2	Pittsburgh	81	F	F	F	F	F	F	F	F	F	F	F	F	F	F
486	Fincham & Collins Brothers (Ray Fincham)	Fishback	Pittsburgh	75	F	F	F	F	F	F	F	F	F	F	F	F	F	F
901	Harvey, J. Roy	Cuyler	Redstone	21	F	F	F	F	F	F	F	F	F	F	F	F	F	F
603	Hoyman Coal Company (Joseph & Carl E. Hoyman)	Hoyman	Redstone	21	F	F	F	F	F	F	F	F	F	F	F	F	F	F
860	Martin, A. D.	Turkey Run	Redstone	21	F	F	F	F	F	F	F	F	F	F	F	F	F	F
710	Provins, A. A.	Provins	Pittsburgh	82	F	F	F	F	F	F	F	F	F	F	F	F	F	F
1042	Rieder, L. B.	Rieder	Redstone	21	F	F	F	F	F	F	F	F	F	F	F	F	F	F
2882	Riddle, George W.	Riddle	Pittsburgh	69	F	F	F	F	F	F	F	F	F	F	F	F	F	F
727	Shaban Brothers Coal Company	Shaban	M. V. Freeport.	70	J	J	J	J	J	J	J	J	J	J	J	J	J	J
214	Stanley Coal Company	Stanley	M. V. Freeport.	71	J	J	J	J	J	J	J	J	J	J	J	J	J	J
846	Taylor, Henry	Post	Redstone	21	F	F	F	F	F	F	F	F	F	F	F	F	F	F
232	Victor Mining Company (W. E. Kuskey)	Victory	M. V. Freeport.	71	J	J	J	J	J	J	J	J	J	J	J	J	J	J
3094	W. & M. Coal Company	McKinley	M. V. Freeport.	71	J	J	J	J	J	J	J	J	J	J	J	J	J	J

§ 323.8 Special prices.—(b) Railroad fuel prices for all movements except via all ports—Supplement R-II.

For railroad fuel prices, add these mine index numbers to the respective groups set forth in § 323.8 (b) in Price Schedule No. 1. Group No. 1: 868, 896, 710 (a), 1083, 1178; Group No. 2: 633, 869, 848, 961, 1043; Group No. 3: 312, 313, 314, 327, 1064.

TRUCK SUPPLEMENTS

§ 323.23 General prices—Supplement T

(Prices in cents per bush for shipment into all market areas)

Code number index	Mine index No.	Mine	State	County	Size groups	1 1/2" and 2" over	2" and 3" over	3" and 4" over	4" and 5" over	5" and 6" over	6" and 7" over	7" and 8" over
Arnold & Martin (E. C.)	210	East Brn...	M. V. Freeport	Frederic	1	225	225	225	225	225	225	225
Arnold	210	Harl...	M. V. Freeport	Monroe	2	225	225	225	225	225	225	225
Bart Oliver	210	Harl...	M. V. Freeport	Monroe	3	225	225	225	225	225	225	225
Kennedy, Isaac	214	Brown #	M. V. Freeport	Frederic	4	225	225	225	225	225	225	225
Neasey Coal Company	214	Thyler	Madison	Lewis	5	225	225	225	225	225	225	225
Perkins, William	214	Victory	M. V. Freeport	Frederic	6	225	225	225	225	225	225	225
Victory Mining Company (W. S. Kooker)	214	Victory	M. V. Freeport	Frederic	7	225	225	225	225	225	225	225

[F. B. Doc. 44-5514; Filed, July 30, 1941; 10:00 a. m.]

TEMPORARY AND CONDITIONALLY FINAL EFFECTIVE MINIMUM PRICES FOR DISTRICT NO. 3

NOTE: The material contained in these supplements is to be read in the light of the classifications, prices, instructions, exceptions and other provisions contained in Part 298, Minimum Price Schedule for District No. 3 and Supplements thereto.

FOR ALL SHIPMENTS EXCEPT TRUCK

§ 323.8 Alphabetical list of code members—Supplement R-1

(Alphabetical listing of code members having railway loading facilities, showing price classification by size group No.)

Mine index No.	Code number	Mine name	State	Size group No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
523	For Margaret Lillian (Fox Coal Co.)	Frederic	Pittsburgh	1	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F
523	Kanawha Valley Coal Co.	Barry No. 6	Pittsburgh	2	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F
523	Lewis Company, The	Louis No. 2	Pittsburgh	3	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F
523	Brown & Son, B. F.	Brown No. 2	Pittsburgh	4	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F
523	Shaban Brothers Coal Company (J. B. Shaban)	Shaban No. 1	Pittsburgh	5	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F
523	Shaban Brothers Coal Company (J. B. Shaban)	Shaban No. 1	Pittsburgh	6	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F
523	W. D. Coal Co., The (Martin J. Newbrough)	W. D. No. 1	Pittsburgh	7	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F
523	Wason & Goble (Charles E. Goble)	Wason No. 1	Pittsburgh	8	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F
523	West Park Coal & Coke Company (L. D. Perry)	Vincent No. 2	Pittsburgh	9	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F	F

(Docket Nos. A-931 and A-932)

PART 323—MINIMUM PRICE SCHEDULE

District No. 3

ORDER OF CONSOLIDATION AND ORDER GRANTING TEMPORARY RELIEF AND CONDITIONALLY FINAL PRICES FOR FINAL RELIEF IN THE MATTER OF THE PETITION OF THE VI-DOT COAL COMPANY, A CODE MEMBER IN DISTRICT NO. 3, FOR THE ESTABLISHMENT OF PRICE CLASSIFICATIONS AND MINIMUM PRICES FOR ALL SHIPMENTS, FOR THE COALS OF ITS VI-DOT MINE (MINE INDEX NO. 218) AND IN THE MATTER OF THE PETITION OF DISTRICT BOARD 3 FOR THE ESTABLISHMENT OF PRICE CLASSIFICATIONS AND MINIMUM PRICES FOR THE COALS OF CERTAIN MINES IN DISTRICT NO. 3

Original petitions, pursuant to section 4 II (d) of the Bituminous Coal Act of 1937, having been duly filed with this Division by the above-named party, requesting the establishment, both temporary and permanent, of price classifications and minimum prices for the coals of certain mines in District No. 3; and it appearing that the above-entitled matters raise analogous issues; and

It appearing that a reasonable showing of necessity has been made for the granting of temporary relief in the manner hereinafter set forth; and

No petitions of intervention having been filed with the Division in the above-entitled matters; and

It appearing that this action is necessary in order to effectuate the purposes of the Act;

It is ordered, That the above-entitled matters be, and they hereby are, consolidated.

It is further ordered, That, pending final disposition of the above-entitled matters, temporary relief is granted as follows: Commencing forthwith, § 323.8 (Alphabetical list of code members) is amended by adding thereto Supplement R-I, § 323.8 (Special prices)—(b) Railroad fuel prices for all movements except via all ports is amended by adding thereto Supplement R-II, § 323.8 (Special prices)—(c) Railroad fuel prices for movement via all lakes—all ports is amended by adding thereto Supplement T, which supplements are hereinafter set forth and hereby made a part hereof.

It is further ordered, That pleadings in opposition to the original petitions in the above-entitled matters and applications to stay, terminate or modify the temporary relief herein granted may be filed with the Division within forty-five (45) days from the date of this Order, pursuant to the Rules and Regulations Governing Practice and Procedure Before the Bituminous Coal Division in Proceedings Instituted Pursuant to section 4 II (d) of the Bituminous Coal Act of 1937.

It is further ordered, That the relief herein granted shall become final sixty (60) days from the date of this Order, unless the Director shall otherwise order.

Dated: July 10, 1941.

(Seal.)

DAVID H. WASSON,  
Acting Director.



§ 323.8 Special prices—(b) Railroad fuel prices for all movements except via lakes—Supplement R-II.

For railroad fuel prices, add these mine index numbers to be respective groups set forth in § 323.8 (b) in Price Schedule No. 1. Group No. 1: 218, 221, 222, 233, 593, 698, 1015; Group No. 2: 933; Group No. 3: 220; Group No. 5: 219.

§ 323.8 Special prices—(c) Railroad fuel prices for movement via all lakes—all ports—Supplement R-III.

For railroad fuel prices, add these mine index numbers to be respective groups set forth in § 323.8 (c) in Price Schedule No. 1. Group No. 1: 218, 221, 222, 233, 593, 698, 1015; Group No. 2: 933; Group No. 3: 220; Group No. 4: 219.

TRUCK SHIPMENTS

§ 323.23 General prices—Supplement T

(Prices in cents per net ton for shipment into all market areas)

Code member index	Mine index No.	Mine	Seam	County	Size groups						
					Jump over 2" and over 3" bottom size	Jump 2" and over 2" bottom size over 1 1/2"	Jump 1 1/2" and under, bottom size	All out and 2 1/2" and under	Run of mine, freight over 2"	1 1/2" and 2" size	3/4" size
					1	2	3	4	5	6	7
James, Wm. W.	217	James	Pittsburgh	Gilmer	225	225	225	230	193	178	185
Leola Company, The	219	Leola No. 3	Rockertown	Preston	225	225	225	216	210	200	190
Shanno Brothers Coal Company, (J. G. Shanno)	220	Shanno No. 1	St. V. Freeport	Preston	225	225	225	230	200	190	180
Vi-Del Coal Co., The (Martin J. Newbrough)	218	Vi-Del	Pittsburgh	Harrison	225	218	218	160	160	178	168
Watson & Gooker (Charles E. Gooker)	221	No. 1	Pittsburgh	Marion	225	218	218	160	160	178	168
West Fork Coal & Coke Company, (L. D. Berry)	221	Vibost No. 2	Pittsburgh	Harrison	225	218	218	160	160	178	168

[F. R. Doc. 41-5515; Filed, July 30, 1941; 10:00 a. m.]

[Docket No. A-800]

PART 331—MINIMUM PRICE SCHEDULE, DISTRICT NO. 11

ORDER GRANTING TEMPORARY RELIEF AND CONDITIONALLY PROVIDING FOR FINAL RELIEF IN THE MATTER OF THE PETITION OF DISTRICT BOARD 11 FOR THE ESTABLISHMENT OF PRICE CLASSIFICATIONS AND MINIMUM PRICES FOR THE COALS OF CERTAIN MINES IN DISTRICT NO. 11

An original petition, pursuant to section 4 II (d) of the Bituminous Coal Act

of 1937, having been duly filed with this Division by the above-named party, requesting the establishment of price classifications and minimum prices for the coals of certain mines in District No. 11; and

It appearing that a reasonable showing of necessity has been made for the granting of temporary relief in the manner hereinafter set forth; and

No petitions of intervention having been filed with this Division in the above-entitled matter; and

The following action being deemed necessary in order to effectuate the purposes of the Act;

It is ordered, That, pending final disposition of the above-entitled matter, temporary relief be, and the same hereby is, granted as follows: Commencing forthwith § 331.5 (Alphabetical list of code members) is amended by adding thereto Supplement R-I, and § 331.10 (Special prices: Railroad locomotive fuel) is amended by adding thereto Supplement R-II, which supplements are hereinafter set forth and hereby made a part hereof.

It is further ordered, That pleadings in opposition to the original petition in the above-entitled matter, and applica-

tions to stay, terminate, or modify the temporary relief herein granted may be filed with the Division within forty-five (45) days from the date of this Order, pursuant to Rules and Regulations Governing Practice and Procedure Before the Bituminous Coal Division in Proceedings Instituted Pursuant to section 4 II (d) of the Bituminous Coal Act of 1937.

It is further ordered, That the relief herein granted shall become final sixty (60) days from the date of this Order, unless it shall otherwise be ordered.

Dated: July 16, 1941.

(SEAL) DAN H. WHEELER, Acting Director.

TEMPORARY AND CONDITIONALLY FINAL EFFECTIVE MINIMUM PRICES FOR DISTRICT NO. 11

NOTE: The material contained in these supplements is to be read in the light of the classifications, prices, instructions, exceptions and other provisions contained in Part 331, Minimum Price Schedule for District No. 11 and Supplements thereto.

FOR ALL SHIPMENTS EXCEPT TRUCK

§ 331.5 Alphabetical list of code members—Supplement R-I

Mine index No.	Code member	Mine	Seam	Sub-dist.	Freight origin group No.	Price group
110	Beech Coal Company (Jiles Dunson)	Beech III Vein	III	L8	60	2

Mine Index No. 110 shall be included in Price Group 2 and shall be accorded the prices shown for other mines in Price Group 2 listed in Part 331 in Minimum Price Schedule for District No. 11 for shipment into various market areas. It shall also be accorded adjustments in f. o. b. mine prices on account of differences in freight rates as those applicable to other mines in Freight Origin Group 60 having the same freight rates.

§ 331.10 Special prices: Railroad locomotive fuel—Supplement R-II

Mine index No.	Code member	Mine	Seam	Sub-dist.	Freight origin group No.	Price group
110	Beech Coal Company (Jiles Dunson)	Beech III Vein	III	L8	60	2

Mine Index No. 110 shall be accorded the same prices for railroad locomotive fuel as shown in § 331.10 in Minimum Price Schedule for District No. 11 as those shown for Mine Index Nos. 1, 2, 3, 22, 30, 56, 68, 70, 73.

[F. R. Doc. 41-5510; Filed, July 30, 1941; 10:01 a. m.]

## TITLE 32—NATIONAL DEFENSE

## CHAPTER XI—OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

## PART 1335—CHEMICALS

## CIVILIAN ALLOCATION PROGRAM FOR COTTON LINTERS

It is essential that there be provided an increasing supply of chemical grade cotton linters, used both in chemical manufacture and in the making of smokeless powder. Cotton linters are cut from cottonseed in such a manner that first cut or mattress linters are not available for chemical processing. It is therefore necessary to require that only a limited amount of the total cut be removed in the first cut process.

Accordingly, pursuant to the powers vested in me by Executive Order No. 8734, particularly section 2(a) thereof, the following program is announced:

§ 1335.11 *Cutting of linters.* No cottonseed oil crushing mill engaged in the production of cotton linters and using more than one cut in the process shall cut first cut linters to a higher proportion than 20% of its total cut.\*

\*§§ 1335.11 to 1335.15, inclusive, issued pursuant to Executive Order No. 8794.

§ 1335.12 *Sale of linters.* No cottonseed oil crushing mill making more than one cut shall sell any of its second cut chemical grade linters, nor shall any mill making but one cut sell more than 20% of its mill run linters, other than for ultimate use in the chemical industry; nor, on and after July 31, 1941, regardless of the terms of any contract of sale or purchase, or other commitment, entered into prior to such date, shall any person in possession of mill run or second cut chemical grade linters make any deliveries thereof other than in accordance with the foregoing, except that any person seeking to deliver linters in accordance with such a contract of sale entered into prior to July 31, 1941 may apply for permission to make such delivery. Permission to make delivery may be granted by the Director of Priorities of the Office of Production Management, with the concurrence of the Director of Civilian Allocation of the Office of Price Administration and Civilian Supply. *Provided, however,* That nothing in this program shall be construed to apply to sales or deliveries to the United States, or to the Government of any country whose defense the President deems vital to the defense of the United States.\*

§ 1335.13 *Definitions.* As used in this order, "first cut cotton linters" means those linters resulting from the first cutting of cottonseed by a crushing mill that makes more than one cut. "Second cut chemical grade linters" means all those linters resulting from all cuts subsequent to the first. "Mill run linters" means all those linters resulting from the cutting of

cottonseed by a crushing mill that makes only one cut.\*

§ 1335.14 *Reports.* Each cottonseed oil crushing mill engaged in the production of cotton linters shall each month report to the Office of Production Management the manner of its compliance with this program, and such report shall include a certified statement of the intake of cottonseed by such mill and its production of lint, by grades. And every person purchasing second cut chemical grade and mill run linters shall each month report to the Office of Production Management his purchases and dispositions of such linters.\*

§ 1335.15 *Enforcement.* This program shall be administered and enforced by the Office of Production Management.\*

Issued this 31st day of July, 1941.

LEON HEDGECOCK,  
Administrator.

[F. R. Doc. 41-5502; Filed, July 21, 1941;  
11:51 a. m.]

## Notices

## TREASURY DEPARTMENT.

Bureau of the Public Debt.

[1941 Department Circular No. 667]

THE UNITED STATES OF AMERICA TREASURY NOTES, DATED AUGUST 1, 1941, DUE AUGUST 1, 1943, ISSUED AT PAR AND ACCRUED INTEREST, ACCEPTABLE AT PAR AND ACCRUED INTEREST IN PAYMENT OF FEDERAL INCOME TAXES

JULY 22, 1941.

## 1. OFFERING OF NOTES

1. The Secretary of the Treasury, pursuant to the authority of the Second Liberty Bond Act, as amended, offers for sale, to the people of the United States, through the Federal Reserve Banks, at par and accrued interest, two issues of nontransferable notes of the United States, designated Treasury Notes of Tax Series A-1943, and Treasury Notes of Tax Series B-1943. As hereinafter provided, the notes of both series will be acceptable at par and accrued interest in payment of Federal income taxes: *Provided, however,* That not exceeding \$1,300 principal amount of notes of Tax Series A-1943, and the accrued interest thereon, will be accepted from any one owner in any period of twelve consecutive months in payment of taxes due from such owner. If not presented in payment of taxes, the notes will be redeemable at the purchase price as hereinafter provided.

2. Descriptions of the notes of both series, and their terms are hereinafter fully set forth. The notes will be placed on sale beginning August 1, 1941, and the sale will continue until December 31, 1941, unless earlier terminated, as to either or both series, by the Secretary of the Treasury.

## II. DESCRIPTION OF NOTES

1. *General.* The notes of both series will be dated August 1, 1941, and will mature August 1, 1943. The Owner's name and address, and the date of issue will be entered on each note at the time of its issue by a Federal Reserve Bank. The month in which payment is received by a Federal Reserve Bank or Branch, or by the Treasurer of the United States, will determine the purchase price and issue date of each note. The notes may not be transferred. No hypothecation of the notes on any account will be recognized by the Treasury Department, and they will not be accepted to secure deposits of public money. Except as herein provided, the notes will be subject to the general regulations of the Treasury Department, now or hereafter prescribed, governing bonds and notes of the United States.

2. *Denominations and interest.* The notes of Tax Series A-1943 will be issued in denominations of \$25, \$50, and \$100, and interest thereon will accrue during each month after August 1941, in the amount of 16 cents on each \$100 principal amount, that is, 4 cents on each \$25, 8 cents on each \$50, and 16 cents on each \$100 denomination of note. The notes of Tax Series B-1943 will be issued in denominations of \$100, \$500, \$1,000, \$10,000 and \$100,000, and interest thereon will accrue each month after August 1941, in the amount of 4 cents on each \$100 principal amount, that is, 4 cents on each \$100, 20 cents on each \$500, 40 cents on each \$1,000, \$4.00 on each \$10,000, and \$40.00 on each \$100,000 denomination of note. In no case, however, shall interest accrue beyond the month in which the note is presented in payment of taxes, or beyond its maturity. Exchanges of authorized denominations of each series from higher to lower, but not from lower to higher, may be arranged at the Federal Reserve Bank of issue.

3. *Purchase price, and tax-payment value.* The notes of both series will be sold at par during August 1941, and will be sold at par and accrued interest during each subsequent month while they remain on sale, the purchase price for a note of any denomination of either series advancing each month after August 1941, in the amount of one month's interest on that note. Tables, showing for each month from August 1941, to August 1943, for each denomination of each series, the principal amount of the notes with accrued interest added, are appended to this circular. The total shown for any denomination for any month—August through December 1941—while the notes remain on sale, is the purchase price, or cost, of the note during that month. Also, the total shown for any denomination for any month thereafter is the tax-payment value, or the amount at which the note will be acceptable during that month in payment of Federal income taxes as herein provided.

4. *Acceptability in payment of taxes.* The notes of both series (but not mix

than \$1,200 principal amount of notes of Tax Series A-1943 from any one owner in any period of twelve consecutive months) will be acceptable, at par and accrued interest, in payment of Federal income taxes (current and back personal and corporation taxes, and excess-profits taxes). The conditions of presentation, surrender and acceptance of the notes in payment of such taxes are set forth in Section IV of this circular.

5. *Payment or redemption for cash.* The notes of either series may not be called by the Secretary of the Treasury for redemption prior to maturity. If such notes are not presented in payment of taxes: (1) they will be payable at maturity, or (2) they will be redeemable prior to maturity, at the owner's option and request, as hereinafter provided in Section V, and in either case payment will be made only at the price paid for the notes.

6. *Taxation.* Income derived from the notes shall be subject to all Federal taxes, now or hereafter imposed. The notes shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal or interest thereof by any State, or any of the possessions of the United States, or by any local taxing authority.

#### III. PURCHASE OF NOTES

1. *Applications and payment.* Applications will be received by the Federal Reserve Banks and Branches, and by the Treasurer of the United States, Washington, D. C. Banking institutions generally may submit applications for account of customers, but only the Federal Reserve Banks and the Treasurer of the United States are authorized to act as official agencies. Every application must be accompanied by payment in full, at par and accrued interest to the month in which payment is received by a Federal Reserve Bank or Branch, or the Treasurer of the United States. Any form of exchange, including personal checks, will be accepted subject to collection, and should be drawn to the order of the Federal Reserve Bank or of the Treasurer of the United States, as the case may be. Any depository, qualified pursuant to the provisions of Treasury Department Circular No. 93 (revised February 23, 1932, as supplemented) will be permitted to make payment by credit for notes applied for on behalf of itself or its customers up to any amount for which it shall be qualified in excess of existing deposits.

2. *Reservations.* The Secretary of the Treasury reserves the right to reject any application in whole or in part, and to refuse to issue or permit to be issued hereunder any notes in any case or in any class or classes of cases if he deems such action to be in the public interest, and his action in any such respect shall be final. If an application is rejected, in whole or in part, any payment received therefor will be refunded. The Secretary of the Treasury, in his discretion, may

designate agencies other than those herein provided for the sale of, or for the handling of applications for Treasury notes to be issued hereunder.

3. *Delivery of notes.* Upon acceptance of full-paid applications, notes will be duly issued and, unless delivered in person, will be delivered by registered mail within the Continental United States, the Territories and Insular Possessions of the United States, the Canal Zone and the Philippine Islands. No deliveries elsewhere will be made.

4. *Form of application.* In applying for notes under this circular, care should be exercised to specify whether those of Tax Series A-1943, or Tax Series B-1943 are desired, and there must be furnished the name and address of the individual, corporation or other entity in which the notes are to be issued; and if address for the delivery of the notes is different, appropriate instructions should be given. The name should be in the same form as that used in the Federal income tax return of the purchaser. The use of an official application form is desirable, but not necessary. Appropriate forms may be obtained on application to any Federal Reserve Bank or Branch, and banking institutions generally will supply such forms.

#### IV. PRESENTATION IN PAYMENT OF TAXES

1. After three months from month of purchase (as shown by the date of issue on each note), but not before January 1, 1942, during such time, and under such rules and regulations as the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, shall prescribe, notes issued hereunder in the name of a taxpayer (individual, corporation, or other entity) may be presented and surrendered by such taxpayer, his agent, or his estate, to the Collector of Internal Revenue, to whom the tax return is made, and will be receivable by the Collector at par and accrued interest from August 1941, to the month, inclusive (but no accrual beyond August 1943), in which presented in payment of any Federal income taxes (current and back personal and corporation taxes, and excess-profits taxes) assessed against the original purchaser or his estate, but not more than \$1,200 principal amount of notes of Tax Series A-1943, and the accrued interest thereon, may be accepted by the Collector in any period of twelve consecutive months in payment of Federal income taxes due from such owner. The notes must be forwarded to the Collector at the risk and expense of the owner, and, for his protection, should be forwarded by registered mail, if not presented in person.

#### V. CASH REDEMPTION AT OR PRIOR TO MATURITY

1. *General.* Any Treasury note of Tax Series A-1943 or Tax Series B-1943 will be redeemed for cash at the purchase price at or before maturity. Notes of

Tax Series A-1943 may be redeemed before maturity without advance notice, but notes of Tax Series B-1943 may be redeemed before maturity only after 30 days from date of issue and on 30 days advance notice. The timely surrender of a note of Tax Series B-1943, bearing a properly executed request for payment, will be accepted as constituting the advance notice required hereunder.

2. *Execution of request for payment.* The owner in whose name the note is inscribed must appear before one of the officers authorized by the Secretary of the Treasury to witness and certify requests for payment, establish his identity, and in the presence of such officer sign the request for payment appearing on the back of the note, adding the address to which check is to be mailed. After the request for payment has been so signed, the witnessing officer should complete and sign the certificate provided for his use.

3. *Officers authorized to witness and certify requests for payment.* Any officers authorized to witness and certify requests for payment of United States Savings Bonds, as set forth in Treasury Department Circular No. 530, Fourth Revision, as amended are hereby authorized to witness and certify requests for cash redemption of Treasury notes issued under this circular. Such officers include United States postmasters, certain other post office officials, and the executive officers of all banks and trust companies incorporated in the United States or its organized territories, including officers at branches thereof who are certified to the Treasury Department as executive officers.

4. *Presentation and surrender.* Notes bearing properly executed requests for payment must be presented and surrendered to the Federal Reserve Bank of issue at the expense and risk of the owner. For the owner's protection, notes should be forwarded by registered mail, if not presented in person.

5. *Disability or death.* In case of the disability or death of the owner, and the notes are not to be presented in payment of Federal income taxes due from his estate, instructions should be obtained from the Federal Reserve Bank of issue before the request for payment is executed, or the notes presented.

6. *Partial redemption.* Partial cash redemption of notes of either series, corresponding to an authorized denomination, may be made in the same manner, appropriate changes being made in the request for payment. In case of partial redemption of a note, the remainder will be released with the same date of issue as the note surrendered.

7. *Payment.* Payment of any note, either at maturity or on redemption before maturity, will be made only by the Federal Reserve Bank that issued the note, and will be made by check drawn to the order of the owner, and mailed to the address given in his request for payment. In any case, payment will be

made at the purchase price of the note, that is, at par and accrued interest (if any) paid at the time of purchase.

VI. GENERAL PROVISIONS

1. Federal Reserve Banks, as fiscal agents of the United States, are authorized to perform such services or acts as may be appropriate and necessary under the provisions of this circular, and under any instructions given by the Secretary of the Treasury.

2. The Secretary of the Treasury may at any time or from time to time supplement or amend the terms of this circular, or of any amendments or supplements thereto, and may at any time or from time to time prescribe amendatory rules and regulations governing the offering of the notes, information as to which will promptly be furnished to the Federal Reserve Banks.

(SEAL) HENRY MORGENTHAU, Jr.,  
Secretary of the Treasury.

TREASURY NOTES—TAX SERIES A—1943

PURCHASE PRICE AND TAX-PAYMENT VALUE DURING SUCCESSIVE MONTHS

Table, showing for each month from August 1941, to August 1943, for notes of each denomination, the principal amount with accrued interest added. The total shown for any denomination, for any month—August through December 1941—while the notes remain on sale, is the Purchase Price, or Cost, of the note during that month. Also, the total shown for any denomination for any month thereafter is the Tax-Payment Value, or the amount at which the note will be acceptable during that month in payment of Federal income taxes.

	Denomination		
	\$25	\$50	\$100
Purchase Price			
August 1941.....	\$95.00	\$95.00	\$100.00
September 1941.....	95.04	95.07	100.15
October 1941.....	95.08	95.10	100.22
November 1941.....	95.12	95.26	100.48
December 1941.....	95.16	95.32	100.56
Tax-payment value			
January 1942.....	\$95.30	\$95.40	\$100.80
February 1942.....	95.34	95.45	100.95
March 1942.....	95.38	95.55	101.15
April 1942.....	95.42	95.64	101.35
May 1942.....	95.46	95.72	101.54
June 1942.....	95.50	95.80	101.70
July 1942.....	95.54	95.88	101.85
August 1942.....	95.58	95.96	102.00
September 1942.....	95.62	96.04	102.15
October 1942.....	95.66	96.12	102.29
November 1942.....	95.70	96.20	102.42
December 1942.....	95.74	96.28	102.55
January 1943.....	95.78	96.36	102.68
February 1943.....	95.82	96.44	102.80
March 1943.....	95.86	96.52	102.92
April 1943.....	95.90	96.60	103.04
May 1943.....	95.94	96.68	103.16
June 1943.....	95.98	96.76	103.28
July 1943.....	96.02	96.84	103.40
August 1943.....	96.06	96.92	103.52

TREASURY NOTES—TAX SERIES B—1943

PURCHASE PRICE AND TAX-PAYMENT VALUE DURING SUCCESSIVE MONTHS

Table, showing for each month from August 1941, to August 1943, for notes of each denomination, the principal amount with accrued interest added. The total shown for any denomination, for any

	Denomination				
	\$100	\$500	\$1,000	\$5,000	\$10,000
Purchase Price					
August 1941.....	\$100.00	\$500.00	\$1,000.00	\$5,000.00	\$10,000.00
September 1941.....	100.04	500.30	1,000.40	5,004.00	10,004.00
October 1941.....	100.08	500.40	1,000.80	5,008.00	10,008.00
November 1941.....	100.12	500.80	1,001.20	5,012.00	10,012.00
December 1941.....	100.16	500.80	1,001.80	5,016.00	10,016.00
Tax-payment value					
January 1942.....	\$100.20	\$501.00	\$1,002.00	\$5,020.00	\$10,020.00
February 1942.....	100.24	501.20	1,002.40	5,024.00	10,024.00
March 1942.....	100.28	501.40	1,002.80	5,028.00	10,028.00
April 1942.....	100.32	501.60	1,003.20	5,032.00	10,032.00
May 1942.....	100.36	501.80	1,003.60	5,036.00	10,036.00
June 1942.....	100.40	502.00	1,004.00	5,040.00	10,040.00
July 1942.....	100.44	502.20	1,004.40	5,044.00	10,044.00
August 1942.....	100.48	502.40	1,004.80	5,048.00	10,048.00
September 1942.....	100.52	502.60	1,005.20	5,052.00	10,052.00
October 1942.....	100.56	502.80	1,005.60	5,056.00	10,056.00
November 1942.....	100.60	503.00	1,006.00	5,060.00	10,060.00
December 1942.....	100.64	503.20	1,006.40	5,064.00	10,064.00
January 1943.....	100.68	503.40	1,006.80	5,068.00	10,068.00
February 1943.....	100.72	503.60	1,007.20	5,072.00	10,072.00
March 1943.....	100.76	503.80	1,007.60	5,076.00	10,076.00
April 1943.....	100.80	504.00	1,008.00	5,080.00	10,080.00
May 1943.....	100.84	504.20	1,008.40	5,084.00	10,084.00
June 1943.....	100.88	504.40	1,008.80	5,088.00	10,088.00
July 1943.....	100.92	504.60	1,009.20	5,092.00	10,092.00
August 1943.....	100.96	504.80	1,009.60	5,096.00	10,096.00

[F. R. Doc. 41-5229; Filed, July 31, 1941; 10:15 a. m.]

WAR DEPARTMENT.

(Contract No. W 585 ac-45)

SUMMARY OF CONTRACT FOR SUPPLIES  
CONTRACTOR: UNILCO ACCESSORIES CORPORATION

Contract for: Oxygen Regulators

Amount: \$1,010,278.14.  
Place: Materiel Division, Air Corps, U. S. Army, Wright Field, Dayton, Ohio.

The supplies and services to be obtained by this instrument are authorized by, are for the purpose set forth in, and are chargeable to Procurement Authority AC 299 P 123-30 A 6021-13, the available balance of which is sufficient to cover cost of same.

This contract, entered into this 16th day of June 1941.

Scope of this contract. The contractor shall furnish and deliver \* \* \* Oxygen Regulators \* \* \* for the consideration stated one million, ten thousand two hundred seventy eight dollars and fourteen cents (\$1,010,278.14) in strict accordance with the specifications, schedules and drawings, all of which are made a part hereof.

Approved by the Under Secretary of War June 21, 1941.

month—August through December 1941—while the notes remain on sale, is the Purchase Price, or Cost, of the note during that month. Also, the total shown for any denomination for any month thereafter is the Tax-Payment Value, or the amount at which the note will be acceptable during that month in payment of Federal income taxes.

Changes. Where the supplies to be furnished are to be specially manufactured in accordance with drawings and specifications, the contracting officer may at any time, by a written order, and without notice to the sureties, make changes in the drawings or specifications, except Federal Specifications. Changes as to shipment and packing of all supplies may also be made as above provided.

Delays-Damages. If the contractor refuses or fails to make deliveries of the materials or supplies within the time specified in Article 1, or any extension thereof, the Government may by written notice terminate the right of the contractor to proceed with deliveries or such part or parts thereof as to which there has been delay.

Payments. The contractor shall be paid, upon the submission of properly certified invoices or vouchers, the prices stipulated herein for articles delivered and accepted or services rendered, less deductions, if any, as herein provided. Unless otherwise specified, payments will be made on partial deliveries accepted by the Government when the amount due on such deliveries so warrants; or, when requested by the contractor, payments for accepted partial deliveries shall be made whenever such payments

would equal or exceed either \$1,000 or 50 percent of the total amount of the contract.

**Option.** The Government is granted the right and option at any time during the life of this contract to increase the quantity of Regulators called for under Item 1 by any amount not exceeding \* \* \* at not more than the unit price stipulated in Article 1 for said Regulators. The Government is granted the further right and option at any time during the life of this contract to increase the quantity of Regulators called for under Item 2 by any amount not exceeding \* \* \* at not more than the unit price stipulated in Article 1 for said Regulators.

**Advance payments.** At any time and from time to time, after the approval of this contract, at the request of the Contractor and subject to the approval of the Chief of the Air Corps as to the necessity therefor, the Government shall advance to the Contractor, without payment of interest therefor by the Contractor, sums not to exceed three hundred three thousand eighty three dollars and forty-four cents (\$303,083.44) or thirty percentum (30%) of the contract price.

**Termination when contractor not in default.** If, in the opinion of the contracting officer upon the approval of the Secretary of War, the best interests of the Government so require, this contract may be terminated by the Government, even though the contractor be not in default, by a notice in writing relative thereto from the contracting officer to the contractor.

This contract authorized under the provisions of section 1 (a), Act of July 2, 1940.

FRANK W. BULLOCK,  
Major, Signal Corps,  
Assistant to the Director of  
Purchases and Contracts.

[P. R. Doc. 41-5592; Filed, July 31, 1941;  
10:35 a. m.]

[Contract No. W 535 ac-30003; 3215]

**SUMMARY OF CONTRACT FOR SUPPLIES**  
CONTRACTOR: CURTISS-WRIGHT CORPORATION, AIRPLANE DIVISION—BUFFALO PLANTS

Contract for: Maintenance Parts for \* \* \* Airplanes.  
Amount: \$7,809,597.00.

Place: Materiel Division, Air Corps, U. S. Army, Wright Field, Dayton, Ohio.  
The supplies and services to be obtained by this instrument are authorized by, are for the purpose set forth in, and are chargeable to Procurement Authority AC 28 P 82-3027 A 0705-01, the available balance of which is sufficient to cover cost of same.

This contract, entered into this 27th day of June 1941.

\* Approved by the Under Secretary of War June 30, 1941.

**Scope of this contract.** The contractor shall furnish and deliver maintenance parts for \* \* \* airplanes for the consideration stated seven million eight hundred nine thousand five hundred ninety seven dollars (\$7,809,597.00) in strict accordance with the specifications, schedules and drawings, all of which are made a part hereof.

**Changes.** Where the supplies to be furnished are to be specially manufactured in accordance with drawings and specifications, the contracting officer may at any time, by a written order, and without notice to the sureties, make changes in the drawings or specifications, except Federal Specifications. Changes as to shipment and packing of all supplies may also be made as above provided.

**Delays—Damages.** If the contractor refuses or fails to make deliveries of the materials or supplies within the time specified in Article 1, or any extension thereof, the Government may by written notice terminate the right of the contractor to proceed with deliveries or such part or parts thereof as to which there has been delay.

**Payments.** The contractor shall be paid, upon the submission of properly certified invoices or vouchers, the prices stipulated herein for articles delivered and accepted or services rendered, less deductions, if any, as herein provided. Unless otherwise specified, payments will be made on partial deliveries accepted by the Government when the amount due on such deliveries so warrants; or, when requested by the contractor, payments for accepted partial deliveries shall be made whenever such payments would equal or exceed either \$1,000 or 50 percent of the total amount of the contract.

**Advance payments.** Advance payments may be made from time to time for the supplies called for when the Secretary of War deems such action necessary in the interest of the National Defense.

**Price adjustment.** The contract prices stated in this contract for Parts are subject to adjustments for changes in labor and material costs.

**General.** It is expressly agreed that quotas for labor will not be altered on account of delays in the completion of the Parts.

**Termination when contractor not in default.** If, in the opinion of the contracting officer upon the approval of the Secretary of War, the best interests of the Government so require, this contract may be terminated by the Government, even though the contractor be not in default, by a notice in writing relative thereto from the contracting officer to the contractor.

**Partial payments.** The contracting officer may, from time to time, authorize partial payments to the contractor upon property acquired and/or produced by it for the performance of this contract.

**Title to property where partial payments are made.** The title to all property upon which any partial payment is

made prior to the completion of this contract, shall vest in the Government.

**Fire insurance.** The contractor agrees to insure against fire all property in its possession upon which a partial payment is about to be made, such insurance to be in a sum at least equal to the amount of such payment plus all other partial payments, if any, theretofore made thereon, and further agrees to keep such property so insured, free of cost to the Government, until the same is delivered to the Government. Such property is to be considered as delivered to the Government upon its final acceptance.

This contract authorized under the provisions of section 1 (a), Act of July 2, 1940.

FRANK W. BULLOCK,  
Major, Signal Corps,  
Assistant to the Director of  
Purchases and Contracts.

[P. R. Doc. 41-5593; Filed, July 31, 1941;  
10:35 a. m.]

[Contract No. W 535 ac-12654; 4762]

**SUMMARY OF CONTRACT FOR SUPPLIES**  
CONTRACTOR: GENERAL MOTORS CORPORATION, AEROPRODUCTS DIVISION

Contract for: \* \* \* Propeller Assemblies and Data.

Amount: \$1,481,088.50.  
Place: Materiel Division, Air Corps, U. S. Army, Wright Field, Dayton, Ohio.

The supplies and services to be obtained by this instrument are authorized by, are for the purpose set forth in, and are chargeable to Procurement Authorities listed below, the available balances of which are sufficient to cover cost of same.

AC 34 P 12-3037 A 0705-01  
AC 28 P 81-3037 A 0705-01  
AC 28 P 82-3037 A 0705-01

This contract, entered into this 31st day of May 1941.

**Scope of this contract.** The contractor shall furnish and deliver \* \* \* propeller assemblies and data for the consideration stated One Million Four Hundred Eighty One Thousand Eighty Eight Dollars and Fifty Cents (\$1,481,088.50) in strict accordance with the specifications, schedules and drawings, all of which are made a part hereof.

**Changes.** Where the supplies to be furnished are to be specially manufactured in accordance with drawings and specifications, the contracting officer may at any time, by a written order, and without notice to the sureties, make changes in the drawings or specifications, except Federal Specifications. Changes as to shipment and packing of all supplies may also be made as above provided.

**Delays—Damages.** If the contractor refuses or fails to make deliveries of the materials or supplies within the time

\* Approved by the Under Secretary of War June 17, 1941.

specified in Article 1, or any extension thereof, the Government may by written notice terminate the right of the contractor to proceed with deliveries of such part or parts thereof as to which there has been delay.

**Payments.** The contractor shall be paid, upon the submission of properly certified invoices or vouchers, the prices stipulated herein for articles delivered and accepted or services rendered, less deductions, if any, as herein provided. Unless otherwise specified, payments will be made on partial deliveries accepted by the Government when the amount due on such deliveries so warrants; or when requested by the contractor, payments for accepted partial deliveries shall be made whenever such payments would equal or exceed either \$1,000 or 50 percent of the total amount of the contract.

**Option.** The Government is granted the right and option at any time prior to \* \* \* to increase the quantity of propeller assemblies called for under paragraph (1) of Article 16 hereof to any quantity not exceeding \* \* \*

**Termination when contractor not in default.** If, in the opinion of the contracting officer upon the approval of the Secretary of War, the best interests of the Government so require, this contract may be terminated by the Government, even though the contractor be not in default, by a notice in writing relative thereto from the contracting officer to the contractor.

This contract authorized under the provisions of Section 1 (a), Act of July 2, 1940.

FRANK W. BULLOCK,  
Major, Signal Corps,  
Assistant to the Director of  
Purchases and Contracts.

[F. R. Doc. 41-5684, Filed, July 31, 1941;  
10:35 a. m.]

**Scope of this contract.** The contractor shall furnish and deliver \* \* \* airplanes, spare parts therefor and data for the consideration stated not to exceed Ten Million Five Hundred Eighty-seven Thousand One Hundred Ninety-two Dollars (\$10,587,192.00) in strict accordance with the specifications, schedules, and drawings, all of which are made a part hereof.

**Changes.** Where the supplies to be furnished are to be specially manufactured in accordance with drawings and specifications, the contracting officer may at any time, by a written order, and without notice to the sureties, make changes in the drawings or specifications, except Federal Specifications. Changes as to shipment and packing of all supplies may also be made as above provided.

**Delays—Damages.** If the contractor refuses or fails to make deliveries of the materials or supplies within the time specified in Article 1, or any extension thereof, the Government may by written notice terminate the right of the contractor to proceed with deliveries of such part or parts thereof as to which there has been delay.

**Payments.** The contractor shall be paid, upon the submission of properly certified invoices or vouchers, the prices stipulated herein for articles delivered and accepted or services rendered, less deductions, if any, as herein provided. Unless otherwise specified, payments will be made on partial deliveries accepted by the Government when the amount due on such deliveries so warrants; or, when requested by the contractor, payments for accepted partial deliveries shall be made whenever such payments would equal or exceed either \$1,000 or 50 percent of the total amount of the contract.

Partial payments will be made as the work progresses at the end of each calendar month or as soon thereafter as practicable on authenticated statements of expenditures of the Contractor approved by the Contracting Officer.

**Advance payments.** Advance payments may be made from time to time for the supplies called for, when the Secretary of War deems such action necessary in the interest of the National Defense.

**Price adjustment.** The contract prices stated in this contract for airplanes and spare parts are subject to adjustments for changes in labor and material costs.

It is expressly agreed that quotes for labor will not be altered on account of delays in the completion of the airplanes and spare parts.

**Termination when contractor not in default.** If, in the opinion of the contracting officer upon the approval of the Secretary of War, the best interests of the Government so require, this contract may be terminated by the Government, even though the contractor be not in default, by a notice in writing relative thereto from the contracting officer to the contractor.

Title to property where partial payments are made. The title to all prop-

erty upon which any partial payment is made prior to the completion of this contract, shall vest in the Government.

**Fire insurance.** The contractor agrees to insure against fire all property in its possession upon which a partial payment is about to be made, such insurance to be in a sum at least equal to the amount of such payment plus all other partial payments, if any, theretofore made thereon, and further agrees to keep such property so insured, free of cost to the Government, until the same is delivered to the Government.

This contract is authorized under the provisions of Section 1 (a) Act of July 2, 1940.

FRANK W. BULLOCK,  
Major, Signal Corps,  
Assistant to the Director of  
Purchases and Contracts.

[F. R. Doc. 41-5685, Filed, July 31, 1941;  
10:35 a. m.]

[Contract No. W 535 ac-130]

SUMMARY OF CONTRACT FOR SUPPLIES

CONTRACTOR: NORTHERN AIRCRAFT, INC

Contract for \* \* \* Airplanes,  
Spare Parts Therefor, and Data.  
Amount, \$10,287,134.00.

Place, Matériel Division, Air Corps,  
U. S. Army, Wright Field, Dayton, Ohio.

The supplies and services to be obtained by this instrument are authorized by, are for the purpose set forth in, and are chargeable to Procurement Authority AC 299 P 111-36 A 0021-13, the available balance of which is sufficient to cover cost of same.

This contract, entered into this June 26th, 1941.

**Scope of this contract.** The contractor shall furnish and deliver \* \* \* airplanes, spare parts and data for the consideration stated sixteen million two hundred eighty seven thousand one hundred thirty four dollars (\$16,287,134.00) in strict accordance with the specifications, schedules and drawings, all of which are made a part hereof.

**Changes.** Where the supplies to be furnished are to be specially manufactured in accordance with drawings and specifications, the contracting officer may at any time, by a written order, and without notice to the sureties, make changes in the drawings or specifications, except Federal Specifications. Changes as to shipment and packing of all supplies may also be made as above provided.

**Delays—Damages.** If the contractor refuses or fails to make deliveries of the materials or supplies within the time specified in Article 1, or any extension thereof, the Government may by written notice terminate the right of the contractor to proceed with deliveries of such part or parts thereof as to which there has been delay.

\* Approved by the Under Secretary of War  
June 25, 1941.

[Contract No. W 535 ac-13099 (4617)]

SUMMARY OF CONTRACT FOR SUPPLIES

CONTRACTOR: DOUGLAS AIRCRAFT COMPANY,  
INC.

Contract for: \* \* \* Airplanes,  
Spare Parts Therefor and Data.  
Amount \$10,587,192.00

Place: Matériel Division, Air Corps,  
U. S. Army, Wright Field, Dayton, Ohio.

The supplies and services to be obtained by this instrument are authorized by, are for the purpose set forth in, and are chargeable to the following Procurement Authorities, the available balances of which are sufficient to cover costs of same:

AC 24 P 12-30 A 0705-12  
AC 28 P 62-39 A 0705-12

This contract, entered into this 18th day of June 1941.

\* Approved by the Under Secretary of War  
June 24, 1941.

**Payments.** The contractor shall be paid, upon the submission of properly certified invoices or vouchers, the prices stipulated herein for articles delivered and accepted or services rendered, less deductions, if any, as herein provided. Unless otherwise specified, payments will be made on partial deliveries accepted by the Government when the amount due on such deliveries so warrants; or, when requested by the contractor, payments for accepted partial deliveries shall be made whenever such payments would equal or exceed either \$1,000 or 50 percent of the total amount of the contract.

Partial payments will be made as the work progresses at the end of each calendar month or as soon thereafter as practicable on authenticated statements of expenditures of the Contractor approved by the Contracting Officer.

**Advance payments.** Advance payments may be made from time to time for the supplies called for, when the Secretary of War deems such action necessary in the interest of the National Defense.

**Price adjustment.** The contract prices stated in this contract for airplanes and spare parts are subject to adjustments for changes in labor and material costs.

**General.** It is expressly agreed that quotes for labor will not be altered on account of delays in the completion of the airplanes and spare parts.

**Title to property where partial payments are made.** The title to all property upon which any partial payment is made prior to the completion of this contract, shall vest in the Government.

**Fire insurance.** The Contractor agrees to insure against fire all property in its possession upon which a partial payment is about to be made, such insurance to be in a sum at least equal to the amount of such payment plus all other partial payments, if any, theretofore made thereon, and further agrees to keep such property so insured, free of cost to the Government, until the same is delivered to the Government. Such property is to be considered as delivered to the Government upon its final acceptance.

**Termination when contractor not in default.** If, in the opinion of the contracting officer upon the approval of the Secretary of War, the best interests of the Government so require, this contract may be terminated by the Government, even though the contractor be not in default by a notice in writing relative thereto from the contracting officer to the contractor.

This contract is authorized under the provisions of section 1 (a), Act of July 2, 1940.

FRANK W. BULLOCK,  
Major, Signal Corps,  
Assistant to the Director of  
Purchases and Contracts.

IF. B. Doc. 41-5506; Filed, July 31, 1941  
10:04 a. m.]

## DEPARTMENT OF THE INTERIOR,

Bituminous Coal Division.

(Docket No. 1723-JD)

IN THE MATTER OF OWL COAL COMPANY,  
A PARTNERSHIP. COOK MEMBER. DE-  
FENDANT

### NOTICE OF AND ORDER FOR HEARING

A complaint dated May 6, 1941, pursuant to the provisions of sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, having been duly filed on May 15, 1941, by Bituminous Coal Producers Board for District No. 11, a District Board, complainant, with the Bituminous Coal Division alleging willful violation by the defendant of the Bituminous Coal Code or rules and regulations thereunder:

It is ordered, That a hearing in respect to the subject matter of such complaint be held on September 24, 1941, at 10 a. m., at a hearing room of the Bituminous Coal Division the Post Office Building, Terre Haute, Indiana.

It is further ordered, That W. A. Shipman or any other officer or officers of the Bituminous Coal Division designated by the Director thereof for that purpose shall preside at the hearing in such matter. The officer so designated to preside at such hearing is hereby authorized to conduct said hearing, to administer oaths and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, to continue said hearing from time to time, and to such places as he may direct by announcement at said hearing or any adjourned hearing or by subsequent notice, and to prepare and submit to the Director proposed findings of fact and conclusions and the recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to said defendant and to all other parties herein and to all persons and entities having an interest in such proceeding. Any person or entity eligible under 1301.123 of the Rules and Regulations Governing Practice and Procedure Before the Bituminous Coal Division in Proceedings Instituted Pursuant to sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, may file a petition for intervention not later than five (5) days before the date herein set for hearing on the complaint.

Notice is hereby given, that answer to the complaint must be filed with the Bituminous Coal Division at its Washington office or with any one of the statistical bureaus of the Division, within twenty (20) days after date of service thereof on the defendant; and that any defendant failing to file an answer within such period, unless the Director or the presiding officer shall otherwise order,

shall be deemed to have admitted the allegations of the complaint herein and to have consented to the entry of an appropriate order on the basis of the facts alleged.

All persons are hereby notified that the hearing in the above-entitled matter and orders entered therein may concern, in addition to the matters specifically alleged in the complaint herein, other matters incidental and related thereto, whether raised by amendment of the complaint, petition for intervention, or otherwise, and all persons are cautioned to be guided accordingly.

The matter concerned herewith is in regard to the complaint filed by said complainant, alleging willful violation by the above-named defendant of the Bituminous Coal Code or rules and regulations thereunder as follows: That during the period March 1, 1941, to March 4, 1941, inclusive, the defendant violated the effective minimum prices by selling to various purchasers including Walter Scott, Jessie Mason, Teal Whisker, Harold Walter, Levi Gambill, and Chester Bodwers, approximately 21,200 pounds of coal prepared over a one-inch bar screen, produced at the defendant's McCammon Mine, Mine Index No. 1133 located in Sullivan County, Indiana, at the price of \$1.80 per ton f. o. b. the mine whereas the effective minimum price for such coal, Size Group No. 8, was and is \$2.20 per ton.

Dated: July 28, 1941.

(SEAL) DAN H. WHEELER,  
Acting Director.

[F. B. Doc. 41-5552; Filed, July 31, 1941  
10:04 a. m.]

(Docket No. 1681-FD)

IN THE MATTER OF A. E. BONDS,  
DEFENDANT

### NOTICE OF AND ORDER FOR HEARING

A complaint dated April 29, 1941, pursuant to the provisions of sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, having been duly filed on May 1, 1941, by Bituminous Coal Producers Board for District No. 13, a District Board, complainant, with the Bituminous Coal Division alleging willful violation by the defendant of the Bituminous Coal Code or rules and regulations thereunder:

It is ordered, That a hearing in respect to the subject matter of such complaint be held on October 16, 1941, at 10 a. m., at a hearing room of the Bituminous Coal Division at Room 303, Jefferson County Courthouse, Birmingham, Alabama.

It is further ordered, That Travis Williams or any other officer or officers of the Bituminous Coal Division designated by the Director thereof for that purpose shall preside at the hearing in such matter. The officer so designated to preside at such hearing is hereby authorized to

conduct said hearing, to administer oaths and affirmations, examine witnesses and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, to continue said hearing from time to time, and to such places as he may direct by announcement at said hearing or any adjourned hearing or by subsequent notice, and to prepare and submit to the Director proposed findings of fact and conclusions and the recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to said defendant and to all other parties herein and to all persons and entities having an interest in such proceeding. Any person or entity eligible under § 301.123 of the Rules and Regulations Governing Practice and Procedure Before the Bituminous Coal Division in Proceedings Instituted Pursuant to sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, may file a petition for intervention not later than five (5) days before the date herein set for hearing on the complaint.

Notice is hereby given that answer to the complaint must be filed with the Bituminous Coal Division at its Washington office or with any one of the statistical bureaus of the Division, within twenty (20) days after date of service thereof on the defendant; and that any defendant failing to file an answer within such period unless the Director or the presiding officer shall otherwise order, shall be deemed to have admitted the allegations of the complaint herein and to have consented to the entry of an appropriate order on the basis of the facts alleged.

All persons are hereby notified that the hearing in the above-entitled matter and orders entered therein may concern, in addition to the matters specifically alleged in the complaint herein, other matters incidental and related thereto, whether raised by amendment of the complaint, petition for intervention, or otherwise, and all persons are cautioned to be guided accordingly.

The matter concerned herewith is in regard to the complaint filed by said complainant, alleging willful violation by the above-named defendant of the Bituminous Coal Code or rules and regulations thereunder as follows: By selling during February 1941, to Republic-Pratt Coal Company, Birmingham, Alabama, approximately 22½ tons of 1½" x 0 coal, Size Group No. 23, produced at defendant's Blue Diamond Mine, Mine Index No. 287, located in Jefferson County, Alabama, in District No. 12, at prices of \$1.59 per ton and \$1.83 per ton delivered to Republic, Alabama, whereas the applicable minimum price I. o. b. the mine established for such coal is \$2.40 per net

ton, as contained in the Schedule of Effective Minimum Prices for District No. 12 for Truck Shipments, plus an amount at least equal, as nearly as practicable, to the actual transportation, handling or incidental charges of whatsoever kind or character (exclusive of customary costs of mine operations) from the transportation facilities at said mine to the point from which all such charges were assumed and directly paid by the purchaser.

Dated: July 28, 1941

[SEAL]

DAW H. WHEELER,  
Acting Director.

[P. R. Doc. 41-5554; Filed, July 31, 1941;  
10:04 a. m.]

[Docket No. 1941-PD]

IN THE MATTER OF C. T. NORMAN,  
DEFENDANT

NOTICE OF AND ORDER FOR HEARING

A complaint dated April 29, 1941, pursuant to the provisions of sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, having been duly filed on May 1, 1941, by Bituminous Coal Producers Board for District No. 12, a District Board, complainant, with the Bituminous Coal Division alleging willful violation by the defendant of the Bituminous Coal Code or rules and regulations thereunder:

It is ordered, That a hearing in respect to the subject matter of such complaint be held on October 16, 1941, at 10 a. m., at a hearing room of the Bituminous Coal Division at Room 303, Jefferson County Court House, Birmingham, Alabama.

It is further ordered, That Travis Williams or any other officer or officers of the Bituminous Coal Division designated by the Director thereof for that purpose shall preside at the hearing in such matter. The officer so designated to preside at such hearing is hereby authorized to conduct said hearing, to administer oaths and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, to continue said hearing from time to time, and to such places as he may direct by announcement at said hearing or any adjourned hearing or by subsequent notice, and to prepare and submit to the Director proposed findings of fact and conclusions and the recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to said defendant and to all other parties herein and to all persons and entities having an interest in such proceeding. Any person or entity eligible under § 301.123 of the Rules and Regulations Governing Practice and Procedure Be-

fore the Bituminous Coal Division in Proceedings Instituted Pursuant to sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, may file a petition for intervention not later than five (5) days before the date herein set for hearing on the complaint.

Notice is hereby given that answer to the complaint must be filed with the Bituminous Coal Division at its Washington office or with any one of the statistical bureaus of the Division, within twenty (20) days after date of service thereof on the defendant; and that any defendant failing to file an answer within such period, unless the Director or the presiding officer shall otherwise order, shall be deemed to have admitted the allegations of the complaint herein and to have consented to the entry of an appropriate order on the basis of the facts alleged.

All persons are hereby notified that the hearing in the above-entitled matter and orders entered therein may concern, in addition to the matters specifically alleged in the complaint herein, other matters incidental and related thereto, whether raised by amendment of the complaint, petition for intervention, or otherwise, and all persons are cautioned to be guided accordingly.

The matter concerned herewith is in regard to the complaint filed by said complainant, alleging willful violation by the above-named defendant of the Bituminous Coal Code or rules and regulations thereunder as follows: By selling during the period October 1, 1940, through February 1941, to Tombrello Coal Company, Cardiff, Alabama, approximately 949 tons of 1½" x 0 coal, Size Group No. 23, produced at defendant's Norman Coal Co. Mine, Mine Index No. 852, located in Jefferson County, Alabama, in District No. 13, at a price of \$2.05 per ton delivered to Cardiff, Alabama, whereas the applicable minimum price I. o. b. the mine established for such coal is \$2.40 per net ton, as contained in the Schedule of Effective Minimum Prices for District No. 13 for Truck Shipments, plus an amount at least equal, as nearly as practicable, to the actual transportation, handling or incidental charges of whatsoever kind or character (exclusive of customary costs of mine operations) from the transportation facilities at said mine to the point from which all such charges were assumed and directly paid by the purchaser.

Dated: July 28, 1941.

[SEAL]

DAW H. WHEELER,  
Acting Director.

[P. R. Doc. 41-5554; Filed, July 31, 1941;  
10:04 a. m.]

[Docket No. 1941-PD]

IN THE MATTER OF ED SHELTON,  
DEFENDANT

NOTICE OF AND ORDER FOR HEARING

A complaint dated April 28, 1941, pursuant to the provisions of sections



a II (j) and 5 (b) of the Bituminous Coal Act of 1937, having been duly filed on May 1, 1941, by Bituminous Coal Producers Board for District No. 13, a District Board, complainant, with the Bituminous Coal Division alleging willful violation by the defendant of the Bituminous Coal Code or rules and regulations thereunder:

*It is ordered*, That a hearing in respect to the subject matter of such complaint be held on October 16, 1941, at 10 a. m., at a hearing room of the Bituminous Coal Division, Room 303, Jefferson County Court House, Birmingham, Alabama.

*It is further ordered*, That Travis Williams or any other officer or officers of the Bituminous Coal Division designated by the Director thereof for that purpose shall preside at the hearing in such matter. The officer so designated to preside at such hearing is hereby authorized to conduct said hearing, to administer oaths and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, to continue said hearing from time to time, and to such places as he may direct by announcement at said hearing or any adjourned hearing or by subsequent notice, and to prepare and submit to the Director proposed findings of fact and conclusions and the recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to said defendant and to all other parties herein and to all persons and entities having an interest in such proceeding. Any person or entity eligible under § 301.123 of the Rules and Regulations Governing Practice and Procedure Before the Bituminous Coal Division in Proceedings Instituted Pursuant to sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, may file a petition for intervention not later than five (5) days before the date herein set for hearing on the complaint.

Notice is hereby given that answer to the complaint must be filed with the Bituminous Coal Division at its Washington office or with any one of the statistical bureaus of the Division, within twenty (20) days after date of service thereof on the defendant; and that any defendant failing to file an answer within such period, unless the Director or the presiding officer shall otherwise order, shall be deemed to have admitted the allegations of the complaint herein and to have consented to the entry of an appropriate order on the basis of the facts alleged.

All persons are hereby notified that the hearing in the above-entitled matter and orders entered therein may concern, in addition to the matters specifically alleged in the complaint herein, other

matters incidental and related thereto, whether raised by amendment of the complaint, petition for intervention, or otherwise, and all persons are cautioned to be guided accordingly.

The matter concerned herewith is in regard to the complaint filed by said complainant, alleging willful violation by the above-named defendant of the Bituminous Coal Code or rules and regulations thereunder as follows: By selling subsequent to September 30, 1940, to Tombrello Coal Company, Cardiff, Alabama, approximately 90 tons of 1½" x 0 coal, Size Group No. 23, produced at defendant's Sheeler Mine, Mine Index No. 371, located in Jefferson County, Alabama, in District No. 13, at a price of \$2.05 per ton delivered to Cardiff, Alabama, whereas the applicable minimum price f. o. b. the mine established for such coal is \$2.30 per net ton, as contained in the Schedule of Effective Minimum Prices for District No. 13 for Truck Shipments, plus an amount at least equal, as nearly as practicable, to the actual transportation, handling or incidental charges of whatsoever kind or character (exclusive of customary costs of mine operations) from the transportation facilities at said mine to the point from which all such charges were assumed and directly paid by the purchaser.

Dated: July 28, 1941.

[SEAL] DAN H. WHEELER,  
Acting Director.

[F. R. Doc. 41-5653; Filed, July 31, 1941;  
10:04 a. m.]

[Docket No. 1886-PD]

**IN THE MATTER OF DAISY CITY COAL COMPANY, DEFENDANT**

**NOTICE OF AND ORDER FOR HEARING**

A complaint dated April 29, 1941, pursuant to the provisions of sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, having been duly filed on May 1, 1941, by Bituminous Coal Producers Board for District No. 13, a District Board, complainant, with the Bituminous Coal Division alleging willful violation by the defendant of the Bituminous Coal Code or rules and regulations thereunder:

*It is ordered*, That a hearing in respect to the subject matter of such complaint be held on October 16, 1941, at 10 a. m., at a hearing room of the Bituminous Coal Division, Room 303, Jefferson County Court House, Birmingham, Alabama.

*It is further ordered*, That Travis Williams or any other officer or officers of the Bituminous Coal Division designated by the Director thereof for that purpose shall preside at the hearing in such matter. The officer so designated to preside at such hearing is hereby authorized to conduct said hearing, to administer oaths and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda or other records

deemed relevant or material to the inquiry, to continue said hearing from time to time, and to such places as he may direct by announcement at said hearing or any adjourned hearing or by subsequent notice, and to prepare and submit to the Director proposed findings of fact and conclusions and the recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to said defendant and to all other parties herein and to all persons and entities having an interest in such proceeding. Any person or entity eligible under § 301.123 of the Rules and Regulations Governing Practice and Procedure Before the Bituminous Coal Division in Proceedings Instituted Pursuant to sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, may file a petition for intervention not later than five (5) days before the date herein set for hearing on the complaint.

Notice is hereby given that answer to the complaint must be filed with the Bituminous Coal Division at its Washington office or with any one of the statistical bureaus of the Division, within twenty (20) days after date of service thereof on the defendant; and that any defendant failing to file an answer within such period, unless the Director or the presiding officer shall otherwise order, shall be deemed to have admitted the allegations of the complaint herein and to have consented to the entry of an appropriate order on the basis of the facts alleged.

All persons are hereby notified that the hearing in the above-entitled matter and orders entered therein may concern, in addition to the matters specifically alleged in the complaint herein, other matters incidental and related thereto, whether raised by amendment of the complaint, petition for intervention, or otherwise, and all persons are cautioned to be guided accordingly.

The matter concerned herewith is in regard to the complaint filed by said complainant, alleging willful violation by the above-named defendant of the Bituminous Coal Code or rules and regulations thereunder as follows: By selling during the period October 1, 1940, through February 1941, to Tombrello Coal Company, Cardiff, Alabama, approximately 1262 tons of 1½" x 0 coal, Size Group No. 23, produced at defendant's Daisy City #1 & #2 Mine, Mine Index No. 316, located in Jefferson County, Alabama, in District No. 13, at a price of \$2.05 per ton delivered to Cardiff, Alabama, whereas the applicable minimum price f. o. b. the mine established for such coal is \$2.40 per net ton, as contained in the Schedule of Effective Minimum Prices for District No. 13 for Truck Shipments, plus an amount at least equal, as nearly as practicable, to the actual transportation, handling or incidental charges of whatsoever kind or character (exclusive of customary

costs of mine operations) from the transportation facilities at said mine to the point from which all such charges were assumed and directly paid by the purchaser.

Dated: July 28, 1941.

(SEAL) DAN H. WHEELER,  
Acting Director.

[F. R. Doc. 41-3887; Filed, July 31, 1941;  
10:08 a. m.]

[Docket No. 1686-PD]

IN THE MATTER OF E. D. ABNEY,  
DEFENDANT

NOTICE OF AND ORDER FOR HEARING

A complaint dated April 29, 1941, pursuant to the provisions of sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, having been duly filed on May 1, 1941, by Bituminous Coal Producers Board for District No. 13, a District Board, complainant, with the Bituminous Coal Division alleging willful violation by the defendant of the Bituminous Coal Code or rules and regulations thereunder;

It is ordered, That a hearing in respect to the subject matter of such complaint be held on October 16, 1941, at 10 a. m., at a hearing room of the Bituminous Coal Division, Room 303, Jefferson County Court House, Birmingham, Alabama.

It is further ordered, That Travis Williams or any other officer or officers of the Bituminous Coal Division designated by the Director thereof for that purpose shall preside at the hearing in such matter. The officer so designated to preside at such hearing is hereby authorized to conduct said hearing, to administer oaths and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, to continue said hearing from time to time, and to such places as he may direct by announcement at said hearing or any adjourned hearing or by subsequent notice, and to prepare and submit to the Director proposed findings of fact and conclusions and the recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to said defendant and to all other parties herein and to all persons and entities having an interest in such proceeding. Any person or entity eligible under § 301.123 of the Rules and Regulations Governing Practice and Procedure Before the Bituminous Coal Division in Proceedings Instituted Pursuant to sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, may file a petition for intervention not later than five (5) days before the date herein set for hearing on the complaint.

No. 1686—3

Notice is hereby given, that answer to the complaint must be filed with the Bituminous Coal Division at its Washington office or with any one of the statistical bureaus of the Division, within twenty (20) days after date of service thereof on the defendant; and that any defendant failing to file an answer within such period, unless the Director or the presiding officer shall otherwise order, shall be deemed to have admitted the allegations of the complaint herein and to have consented to the entry of an appropriate order on the basis of the facts alleged.

All persons are hereby notified, that the hearing in the above-entitled matter and orders entered therein may concern, in addition to the matters specifically alleged in the complaint herein, other matters incidental and related thereto, whether raised by amendment of the complaint, petition for intervention, or otherwise, and all persons are cautioned to be guided accordingly.

The matter concerned herewith is in regard to the complaint filed by said complainant, alleging willful violation by the above-named defendant of the Bituminous Coal Code or rules and regulations thereunder as follows: By selling during the period October 1, 1940, through February 1941, to Tombrello Coal Company, Cardiff, Alabama, approximately 729 tons of 1½" x 0 coal, Siss Group No. 23, produced at defendant's Abney Mine, Mine Index No. 278, located in Jefferson County, Alabama, in District No. 13, at a price of \$2.05 per ton delivered to Cardiff, Alabama, whereas the applicable minimum price f. o. b. the mine established for such coal is \$2.40 per net ton, as contained in the Schedule of Effective Minimum Prices for District No. 13 for Truck Shipments, plus an amount at least equal, as nearly as practicable, to the actual transportation, handling or incidental charges of whatsoever kind or character (exclusive of customary costs of mine operations) from the transportation facilities at said mine to the point from which all such charges were assumed and directly paid by the purchaser.

Dated: July 28, 1941.

(SEAL) DAN H. WHEELER,  
Acting Director.

[F. R. Doc. 41-3887; Filed, July 31, 1941;  
10:08 a. m.]

[Docket No. 1687-PD]

IN THE MATTER OF LONG & EARLY,  
DEFENDANTS

NOTICE OF AND ORDER FOR HEARING

A complaint dated April 29, 1941, pursuant to the provisions of sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, having been duly filed on May 1, 1941, by Bituminous Coal Producers Board for District No. 13, a District Board, complainant, with the Bituminous Coal Division alleging willful

violation by the defendants of the Bituminous Coal Code or rules and regulations thereunder;

It is ordered, That a hearing in respect to the subject matter of such complaint be held on October 16, 1941, at 10 a. m., at a hearing room of the Bituminous Coal Division, Room 303, Jefferson County Court House, Birmingham, Alabama.

It is further ordered, That Travis Williams or any other officer or officers of the Bituminous Coal Division designated by the Director thereof for that purpose shall preside at the hearing in such matter. The officer so designated to preside at such hearing is hereby authorized to conduct said hearing to administer oaths and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, to continue said hearing from time to time, and to such places as he may direct by announcement at said hearing or any adjourned hearing or by subsequent notice, and to prepare and submit to the Director proposed findings of fact and conclusions and the recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to said defendants and to all other parties herein and to all persons and entities having an interest in such proceeding. Any person or entity eligible under § 301.123 of the Rules and Regulations Governing Practice and Procedure Before the Bituminous Coal Division in Proceedings Instituted Pursuant to sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, may file a petition for intervention not later than five (5) days before the date herein set for hearing on the complaint.

Notice is hereby given, that answer to the complaint must be filed with the Bituminous Coal Division at its Washington office or with any one of the statistical bureaus of the Division, within twenty (20) days after date of service thereof on the defendants; and that any defendant failing to file an answer within such period, unless the Director or the presiding officer shall otherwise order, shall be deemed to have admitted the allegations of the complaint herein and to have consented to the entry of an appropriate order on the basis of the facts alleged.

All persons are hereby notified, that the hearing in the above-entitled matter and orders entered therein may concern, in addition to the matters specifically alleged in the complaint herein, other matters incidental and related thereto, whether raised by amendment of the complaint, petition for intervention, or otherwise, and all persons are cautioned to be guided accordingly.

The matter concerned herewith is in regard to the complaint filed by said complainant, alleging willful violation by the above-named defendants of the Bituminous Coal Code or rules and regulations thereunder as follows: By selling during the period October 1, 1940, through February 1941, to Tombrello Coal Company, Cardiff, Alabama, approximately 48 tons of 1½" x 0 coal, Size Group No. 33, produced at defendants' Long & Early Mine, Mine Index No. 346, located in Jefferson County, Alabama, in District No. 13, at a price of \$2.05 per ton delivered to Cardiff, Alabama, whereas the applicable minimum price *f. o. b.* the mine established for such coal is \$2.40 per net ton, as contained in the Schedule of Effective Minimum Prices for District No. 13 for Truck Shipments, plus an amount at least equal, as nearly as practicable, to the actual transportation, handling or incidental charges of whatsoever kind or character (exclusive of customary costs of mine operations) from the transportation facilities at said mine to the point from which all such charges were assumed and directly paid by the purchaser.

Dated: July 28, 1941.

(SEAL) DAN H. WHEELER,  
Acting Director.

[F. R. Doc. 41-5688; Filed, July 31, 1941;  
10:08 a. m.]

[Docket No. 1698-FD]

IN THE MATTER OF W. H. WARNER & COMPANY, INC., REGISTERED DISTRIBUTOR,  
REGISTRATION NO. 9432, RESPONDENT

NOTICE OF AND ORDER FOR HEARING

1. The Bituminous Coal Division finds it necessary, in the proper administration of the Bituminous Coal Act of 1937 (the "Act"), to determine

(a) whether or not W. H. Warner & Company, Inc., Registered Distributor, whose address is 570 Union Commerce Building, Cleveland, Ohio, located in District No. 4, has violated any provisions of the Act, the Marketing Rules and Regulations, the Rules and Regulations for Registration of Distributors, and the Distributor's Agreement (the "Agreement"), executed July 20, 1939, by respondent, pursuant to Order of the National Bituminous Coal Commission dated March 24, 1939, in General Docket No. 12, which was adopted as an Order of the Bituminous Coal Division, July 1, 1939.

(b) whether or not the registration of said distributor should be revoked or suspended or other appropriate penalties should be imposed;

and for said purposes gives notice that information in the possession of the Division is to the effect that:

2. During the months of October, November and December, 1940, the respondent purchased large quantities of ¾" slack coal from Costanzo Coal Mining Company, Registered Distributor, at prices below the effective minimum prices

thereof, and resold and delivered the same to the Ohio Edison Company at Toronto, Ohio, at less than the effective minimum prices therefor, and in addition thereto failed to add at least the actual transportation charges from the respective mines at which the coal was produced to the point from which all such charges were assumed and directly paid by the Ohio Edison Company at Toronto, Ohio, as follows:

Product	Total tons	Minimum price <i>f. o. b.</i> mine, truck shipments	Price at which delivered to Ohio Edison Co. at Toronto, Ohio
Hitchman Coal & Coke Co.	5,966.85	\$1.90	\$1.45
Clean Coal Company	597.55	1.90	1.45
Boggs Run Mining Co.	391.06	1.90	1.45
City Coal Co.	822.49	1.90	1.45
Keyman Coal Co.	321.40	1.90	1.45
Woodlake Fuel Co.	255.70	1.90	1.45
Shore Creek Coal Co.	367.10	1.90	1.45
Liberty Coal Co.	63.95	1.90	1.45
Reliable Coal Co.	294.20	1.90	1.45
Ferry Coal Co.	19.40	1.90	1.45
Total	10,891.40		

The respondent, in making the sales hereinabove described, violated section 4 II (c) of the Act, the Schedule of Effective Minimum Prices, for District No. 6, for Truck Shipment, paragraph (6) of the Price Instructions of said Schedule, and paragraphs (b), (c) and (e) of the Agreement.

It is therefore ordered, That a hearing pursuant to §304.14 of the Rules and Regulations for the Registration of Distributors, to determine whether the registration of said distributor should be revoked or suspended, or other appropriate penalties be imposed, be held on September 11, 1941, at 10 a. m. at a hearing room of the Bituminous Coal Division at the New Post Office Building, Room 4033, Cleveland, Ohio.

It is further ordered, That W. A. Cuff or any other officer or officers of the Bituminous Coal Division designated by the Director thereof for that purpose shall preside at the hearing in such matter. The officer so designated to preside at such hearing is hereby authorized to conduct said hearing, to administer oaths and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, to continue said hearing from time to time and to such places as he may direct by announcement at said hearing or by subsequent notice, and to prepare and submit to the Director proposed Findings of Fact and Conclusions and the recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to said respondent, and to all other par-

ties herein and to all persons and entities having an interest in such proceeding.

Notice is hereby given that answers to the charges alleged herein must be filed with the Bituminous Coal Division at the Washington Office or with any one of the statistical bureaus of the Division, within twenty (20) days after date of service thereof on the respondent; and that any respondent failing to file an answer within such period, unless the Director or the presiding officer shall otherwise order, shall be deemed to have admitted the alleged charges and to have consented to the entry of an appropriate order on the basis of the facts alleged.

All persons are hereby notified that the hearing in the above-entitled matter and orders entered therein may concern, in addition to the matters specifically alleged herein, other matters incidental and related thereto, whether raised by amendment, petition for intervention, or otherwise, and all persons are cautioned to be guided accordingly.

Dated: July 26, 1941.

(SEAL) DAN H. WHEELER,  
Acting Director.

[F. R. Doc. 41-5688; Filed, July 31, 1941;  
10:08 a. m.]

[Docket No. 1795-FD]

IN THE MATTER OF NORRIS COAL COMPANY,  
A PARTNERSHIP, DEFENDANT

NOTICE OF AND ORDER FOR HEARING

A complaint dated May 1, 1941, pursuant to the provisions of sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, having been duly filed on May 7, 1941, by Bituminous Coal Producers Board for District 10, a District Board, complainant, with the Bituminous Coal Division alleging willful violation by the defendant of the Bituminous Coal Code or rules and regulations thereunder:

It is ordered, That a hearing in respect to the subject matter of such complaint be held on September 5, 1941, at 10 a. m., at a hearing room of the Bituminous Coal Division Circuit Court Room, County Court House, Marion, Illinois.

It is further ordered, That Charles B. Mitchell or any other officer or officers of the Bituminous Coal Division designated by the Director thereof for that purpose shall preside at the hearing in such matter. The officer so designated to preside at such hearing is hereby authorized to conduct said hearing, to administer oaths and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, to continue said hearing from time to time, and to such places as he may direct by announcement at said hearing or by subsequent notice, and to prepare and submit to the Director proposed findings

[Docket No. 1938-PD]

## IN THE MATTER OF CARTERSVILLE COAL COMPANY, PARTISANSHIP, DEFENDANT

## NOTICE OF AND ORDER FOR HEARING

of fact and conclusions and the recommendation of an appropriate order by the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to said defendant and to all other parties herein and to all persons and entities having an interest in such proceeding. Any person or entity eligible under §301.123 of the Rules and Regulations Governing Practice and Procedure Before the Bituminous Coal Division in Proceedings Instituted Pursuant to sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, may file a petition for intervention not later than five (5) days before the date herein set for hearing on the complaint.

Notice is hereby given that answer to the complaint must be filed with the Bituminous Coal Division at its Washington office or with any one of the statistical bureaus of the Division, within twenty (20) days after date of service thereof on the defendant; and that any defendant failing to file an answer within such period, unless the Director or the presiding officer shall otherwise order, shall be deemed to have admitted the allegations of the complaint herein and to have consented to the entry of an appropriate order on the basis of the facts alleged.

All persons are hereby notified that the hearing in the above-entitled matter and orders entered therein may concern, in addition to the matters specifically alleged in the complaint herein, other matters incidental and related thereto, whether raised by amendment of the complaint, petition for intervention, or otherwise, and all persons are cautioned to be guided accordingly.

The matter concerned herewith is in regard to the complaint filed by said complainant, alleging willful violation by the above-named defendant of the Bituminous Coal Code or rules and regulations thereunder as follows:

That defendant violated the Effective Minimum Prices by selling and delivering to Ray Minter, on or about February 18, 1941, approximately 6 tons of mine run coal produced at defendant's mine at the price of \$1.50 per ton f. o. b. the mine, and by selling and delivering approximately 1.2 tons of such coal on or about February 20, 1941, at the price of \$1.53 per ton f. o. b. the mine, whereas the effective minimum price for such coal was and is \$1.80 per ton f. o. b. the mine.

Dated: July 22, 1941.

[SEAL] DAN H. WHEELER,  
Acting Director.

[P. R. Doc. 41-8669; Filed, July 21, 1941; 10:08 a. m.]

A complaint dated April 24, 1941, pursuant to the provisions of sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, having been duly filed on April 26, 1941, by Bituminous Coal Producers Board for District 10, a District Board, complainant, with the Bituminous Coal Division alleging willful violation by the defendant of the Bituminous Coal Code or rules and regulations thereunder;

It is ordered, That a hearing in respect to the subject matter of such complaint be held on September 5, 1941, at 10 a. m., at a hearing room of the Bituminous Coal Division at the Circuit Court Room, County Court House, Marion, Illinois.

It is further ordered, That Charles E. Mitchell or any other officer or officers of the Bituminous Coal Division designated by the Director thereof for that purpose shall preside at the hearing in such matter. The officer so designated to preside at such hearing is hereby authorized to conduct said hearing, to administer oaths and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, to continue said hearing from time to time, and to such places as he may direct by announcement at said hearing or by adjourned hearing or by subsequent notice, and to prepare and submit to the Director proposed findings of fact and conclusions and the recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to said defendant and to all other parties herein and to all persons and entities having an interest in such proceeding. Any person or entity eligible under §301.123 of the Rules and Regulations Governing Practice and Procedure Before the Bituminous Coal Division in Proceed-

ings Instituted Pursuant to sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, may file a petition for intervention not later than five (5) days before the date herein set for hearing on the complaint.

Notice is hereby given that answer to the complaint must be filed with the Bituminous Coal Division at its Washington office or with any one of the statistical bureaus of the Division, within twenty (20) days after date of service thereof on the defendant; and that any defendant failing to file an answer within such period, unless the Director or the presiding officer shall otherwise order, shall be deemed to have admitted the allegations of the complaint herein and to have consented to the entry of an appropriate order on the basis of the facts alleged.

All persons are hereby notified that the hearing in the above-entitled matter and orders entered therein may concern, in addition to the matters specifically alleged in the complaint herein, other matters incidental and related thereto, whether raised by amendment of the complaint, petition for intervention, or otherwise, and all persons are cautioned to be guided accordingly.

The matter concerned herewith is in regard to the complaint filed by said complainant, alleging willful violation by the above-named defendant of the Bituminous Coal Code or rules and regulations thereunder as follows:

The defendant violated the effective minimum prices during the period subsequent to September 30, 1940, by selling to various purchasers in Cartersville, Illinois, 3" Lump coal produced at the mine of the defendant at the price of \$2.00 per ton f. o. b. the mine, and by selling 2" x 7/8" coal produced at said mine at the price of \$1.85 per ton f. o. b. the mine, whereas the effective minimum prices for such coal were and are \$2.15 per ton f. o. b. the mine for 3" Lump coal and \$1.80 per ton f. o. b. the mine for 2" x 7/8" coal. The sales so made in violation of the effective minimum prices are as follows:

Date	Purchaser	Amount	Size	Price
Oct. 4 1940	Hopper	12,735	3" Lump	\$1.72
Nov. 1 1940	C. McVey	2,000	2" x 7/8"	1.85
Nov. 1 1940	L. Russell	3,000	2" x 7/8"	1.85
Jan. 2 1941	W. E. Groves	4,000	3" Lump	4.00
Jan. 20 1941	L. O. Yarn	4,000	3" Lump	4.00
Jan. 21 1941	Cartersville Feed and Milling Co.	2,000	2" x 7/8"	1.85

Dated: July 26, 1941.

[SEAL]

DAN H. WHEELER,  
Acting Director.

[P. R. Doc. 41-8661; Filed, July 31, 1941; 10:06 a. m.]

(Docket No. 1871-FD)

**IN THE MATTER OF FOREST CITY COAL COMPANY, REGISTERED DISTRIBUTOR, REGISTRANT NO. 3092, RESPONDENT**

**NOTICE OF AND ORDER FOR HEARING**

1. The Bituminous Coal Division finds it necessary, in the proper administration of the Bituminous Coal Act of 1937 (the "Act"), to determine

(a) whether or not the Forest City Coal Company, Registered Distributor, Registration No. 3092, whose address is Rockefeller Building, Cleveland, Ohio, the respondent in the above-entitled matter, has violated any provisions of the Act, Marketing Rules and Regulations, the Rules and Regulations for Registration of Distributors and the Distributor's Agreement (the "Agreement") executed April 29, 1939, by respondent, pursuant to Order of the National Bituminous Coal Commission, dated March 24, 1939, in General Docket No. 12, which was adopted as an Order of the Division July 1, 1939; and

(b) whether or not the registration of said distributor should be revoked or suspended or other appropriate penalties should be imposed;

and for said purposes gives notice that information in the possession of the Division is to the effect that:

2. On or about February 11, 1941, respondent purchased 54.20 tons of 14" x 5" egg industrial coal from Industrial Coal & Iron Company, Pittsburgh, Pennsylvania, Mine No. 7-Apex, Code member, District No. 4, and resold and delivered said coal to United Milk Products Company of Cleveland, Ohio, at its Kent, Ohio, plant. The respondent prepaid transportation charges on said coal to said point of delivery, of \$73.71, and accepted discounts from the effective minimum prices for such coal, in violation of section 4 II (h) and subsections 3 and 8 of section 4 II (i) of the Act, Rule 1 (J) of section VII of the Marketing Rules and Regulations and paragraphs (c) and (e) of the Agreement.

3. Between March 4 and March 20, 1941, both dates inclusive, respondent purchased 8 carloads of coal from Industrial Coal & Iron Company, Pittsburgh, Pennsylvania, and other Code members in District No. 4, and resold and delivered said coal to United Milk Products Company of Cleveland, Ohio, at its Kent, Ohio, plant. The respondent prepaid transportation charges on such coal to said point of delivery, and accepted discounts from the effective minimum prices for such coal in violation of section 4 II (h) and subsections 3 and 8 of section 4 II (i) of the Act, Rule 1 (J) of section VII of the Marketing Rules and Regulations of paragraphs (c) and (e) of the Agreement.

It is therefore ordered, That a hearing pursuant to § 204.14 of the Rules and Regulations for the Registration of Distributors, to determine whether the

registration of said distributor should be revoked or suspended, or other appropriate penalties be imposed, be held on September 12, 1941 at 10 a. m. at a hearing room of the Bituminous Coal Division at the New Post Office Building, Room 4083, Cleveland, Ohio.

It is further ordered, That W. A. Cuff or any other officer or officers of the Bituminous Coal Division designated by the Director thereof for that purpose shall preside at the hearing in such matter. The officer so designated to preside at such hearing is hereby authorized to conduct said hearings, to administer oaths and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, to continue said hearing from time to time, and to such places as he may direct by announcement at said hearing or any adjourned hearing or by subsequent notice, and to prepare and submit to the Director proposed findings of fact and conclusions and the recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to said respondent, and to all other parties herein and to all persons and entities having an interest in such proceeding.

Notice is hereby given that answer to the charges alleged herein must be filed with the Bituminous Coal Division at its Washington Office or with any one of the statistical bureaus of the Division, within twenty (20) days after date of service thereof on the respondent; and that any respondent failing to file an answer within such period, unless the Director or the presiding officer shall otherwise order, shall be deemed to have admitted the alleged charges and to have consented to the entry of an appropriate order on the basis of the facts alleged.

All persons are hereby notified that the hearing in the above-entitled matter and orders entered therein may concern, in addition to the matters specifically alleged herein, other matters incidental and related thereto, whether raised by amendment, petition for intervention, or otherwise, and all persons are cautioned to be guided accordingly.

Dated: July 28, 1941.

(SEAL) DAN E. WHEELER,  
Acting Director.

[F. R. Doc. 41-5527; Filed, July 31, 1941;  
10:06 a. m.]

[Docket No. 1789-FD]

**IN THE MATTER OF MORRIS & CAMPBELL, A PARTNERSHIP, COOK MINE, DEFENDANT**

**NOTICE OF AND ORDER FOR HEARING**

A complaint dated May 8, 1941, pursuant to the provisions of sections 4 II (j) and 5 (b) of the Bituminous Coal Act of

1937, having been duly filed on May 16, 1941, by Bituminous Coal Producers Board for District No. 11, a District Board, complainant, with the Bituminous Coal Division alleging willful violation by the defendant of the Bituminous Coal Code or rules and regulations thereunder.

It is ordered, That a hearing in respect to the subject matter of such complaint be held on September 24, 1941, at 10 a. m. at a hearing room of the Bituminous Coal Division, the Post Office Building, Terre Haute, Indiana.

It is further ordered, That W. A. Shipman or any other officer or officers of the Bituminous Coal Division designated by the Director thereof for that purpose shall preside at the hearing in such matter. The officer so designated to preside at such hearing is hereby authorized to conduct said hearing, to administer oaths and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, to continue said hearing from time to time, and to such places as he may direct by announcement at said hearing or any adjourned hearing or by subsequent notice, and to prepare and submit to the Director proposed findings of fact and conclusions and the recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to said defendant and to all other parties herein and to all persons and entities having an interest in such proceeding. Any person or entity eligible under § 201.123 of the Rules and Regulations Governing Practice and Procedure Before the Bituminous Coal Division in Proceedings Instituted Pursuant to sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, may file a petition for intervention not later than five (5) days before the date herein set for hearing on the complaint.

Notice is hereby given that answer to the complaint must be filed with the Bituminous Coal Division at its Washington office or with any one of the statistical bureaus of the Division, within twenty (20) days after date of service thereof on the defendant; and that any defendant failing to file an answer within such period, unless the Director or the presiding officer shall otherwise order, shall be deemed to have admitted the allegations of the complaint herein and to have consented to the entry of an appropriate order on the basis of the facts alleged.

All persons are hereby notified that the hearing in the above-entitled matter and orders entered therein may concern, in addition to the matters specifically alleged in the complaint herein, other matters incidental and related thereto, whether raised by amendment of the complaint, petition for intervention, or otherwise, and all persons are cautioned to be guided accordingly.

The matter concerned herewith is in regard to the complaint filed by said complainant, alleging willful violation by the above-named defendant of the Bituminous Coal Code or rules and regulations thereunder as follows: That subsequent to October 1, 1940, the defendant violated the effective minimum prices by selling to various purchasers including W. H. Dean, Sullivan Cheese Factory, Jesse Clark, and G. Weaver, unknown quantities of lump coal produced at the defendants' Rock Hollow Mine, Mine Index No. 641, located in Sullivan County, Indiana, at the price of \$1.80 per ton; and by selling on January 30, 1941, to Jim Unstead, Hymers, Indiana, at the price of \$1.80 per ton f. o. b. the mine, 2,100 pounds of lump coal produced at defendants' said mine and hauled to the place of delivery by one James Smallwood, whereas the effective minimum prices for all sizes of lump coal produced at the defendants' said mine are in excess of \$1.80 per ton.

Dated July 28, 1941.

(SEAL) DAN H. WHEELER,  
Acting Director.

(F. R. Doc. 41-5663; Filed, July 31, 1941;  
10:06 a. m.)

[Docket No. 1768-FD]

IN THE MATTER OF McCANNON BROS. COAL COMPANY, A PARTNERSHIP, DEFENDANT

NOTICE OF AND ORDER FOR HEARING

A complaint dated May 8, 1941, pursuant to the provisions of sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, having been duly filed on May 15, 1941, by Bituminous Coal Producers Board for District No. 11, a District Board, complainant, with the Bituminous Coal Division alleging willful violation by the defendant of the Bituminous Coal Code or rules and regulations thereunder;

It is ordered, That a hearing in respect to the subject matter of such complaint be held on September 24, 1941, at 10 a. m., at a hearing room of the Bituminous Coal Division at the Post Office Building, Terre Haute, Indiana.

It is further ordered, That W. A. Shipman or any other officer or officers of the Bituminous Coal Division designated by the Director thereof for that purpose shall preside at the hearing in such matter. The officer so designated to preside at such hearing is hereby authorized to conduct said hearing, to administer oaths and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, to continue said hearing from time to time, and to such places as he may direct by announcement at said hearing or any adjourned hearing or by subsequent notice, and to prepare and submit to the Director proposed findings of fact and conclusions and the

recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to said defendant and to all other parties herein and to all persons and entities having an interest in such proceeding. Any person or entity eligible under § 301.123 of the Rules and Regulations Governing Practice and Procedure Before the Bituminous Coal Division in Proceedings Instituted Pursuant to sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, may file a petition for intervention not later than five (5) days before the date herein set for hearing on the complaint.

Notice is hereby given that answer to the complaint must be filed with the Bituminous Coal Division at its Washington office or with any one of the statistical bureaus of the Division, within twenty (20) days after date of service thereof on the defendant; and that any defendant failing to file an answer within such period, unless the Director or the presiding officer shall otherwise order, shall be deemed to have admitted the allegations of the complaint herein and to have consented to the entry of an appropriate order on the basis of the facts alleged.

All persons are hereby notified that the hearing in the above-entitled matter and orders entered therein may concern, in addition to the matters specifically alleged in the complaint herein, other matters incidental and related thereto, whether raised by amendment of the complaint, petition for intervention, or otherwise, and all persons are cautioned to be guided accordingly.

The matter concerned herewith is in regard to the complaint filed by said complainant, alleging willful violation by the above-named defendant of the Bituminous Coal Code or rules and regulations thereunder as follows: That the defendant during the period from March 1, 1941 to March 28, 1941, violated the effective minimum prices by selling an unknown quantity of mine run coal and 1¼" lump coal produced at the defendant's McCannon Mine, Mine Index No. 1165, located in Sullivan County, Indiana, at the price of \$1.50 per ton, f. o. b. the mine, whereas the effective minimum prices for such coal were and are \$1.80 per ton, f. o. b. the mine for mine run, and \$2.20 per ton, f. o. b. the mine for 1¼" lump.

Dated July 28, 1941.

(SEAL) DAN H. WHEELER,  
Acting Director.

(F. R. Doc. 41-5664; Filed, July 31, 1941;  
10:06 a. m.)

[Docket No. 1763-FD]

IN THE MATTER OF ALLEN PATTON,  
DEFENDANT

NOTICE OF AND ORDER FOR HEARING

A complaint dated May 6, 1941, pursuant to the provisions of sections 4 II

(j) and 5 (b) of the Bituminous Coal Act of 1937, having been duly filed on May 15, 1941, by Bituminous Coal Producers Board for District No. 11, a District Board, complainant, with the Bituminous Coal Division alleging willful violation by the defendant of the Bituminous Coal Code or rules and regulations thereunder;

It is ordered, That a hearing in respect to the subject matter of such complaint be held on September 3, 1941, at 10 a. m., at a hearing room of the Bituminous Coal Division at the Commissioners' Court Room, County Court House, Evansville, Indiana.

It is further ordered, That Charles S. Mitchell or any other officer or officers of the Bituminous Coal Division designated by the Director thereof for that purpose shall preside at the hearing in such matter. The officer so designated to preside at such hearing is hereby authorized to conduct said hearing, to administer oaths and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, to continue said hearing from time to time, and to such places as he may direct by announcement at said hearing or any adjourned hearing or by subsequent notice, and to prepare and submit to the Director proposed findings of fact and conclusions and the recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to said defendant and to all other parties herein and to all persons and entities having an interest in such proceeding. Any person or entity eligible under § 301.123 of the Rules and Regulations Governing Practice and Procedure Before the Bituminous Coal Division in Proceedings Instituted Pursuant to sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, may file a petition for intervention not later than five (5) days before the date herein set for hearing on the complaint.

Notice is hereby given that answer to the complaint must be filed with the Bituminous Coal Division at its Washington office or with any one of the statistical bureaus of the Division, within twenty (20) days after date of service thereof on the defendant; and that any defendant failing to file an answer within such period, unless the Director or the presiding officer shall otherwise order, shall be deemed to have admitted the allegations of the complaint herein and to have consented to the entry of an appropriate order on the basis of the facts alleged.

All persons are hereby notified that the hearing in the above-entitled matter and orders entered therein may concern, in addition to the matters specifically alleged in the complaint herein, other

matters incidental and related thereto, whether raised by amendment of the complaint, petition for intervention, or otherwise, and all persons are cautioned to be guided accordingly.

The matter concerned herewith is in regard to the complaint filed by said complainant, alleging willful violation by the above-named defendant of the Bituminous Coal Code or rules and regulations thereunder as follows: That during the period, January 29, 1941, to February 17, 1941, defendant sold and delivered to various purchasers, coal produced by him at his Payton Mine, Mine Index No. 921, located in Warrick County, Indiana, in District No. 11, at prices below the effective minimum prices established for such coal, as contained in the Schedule of Effective Minimum Prices for District No. 11 for Truck Shipments, as follows:

Amount in tons	Size	Size group	Selling price	Effective Minimum price
206.07	2' lump	4	\$2.20	\$2.30
102.16	2' & 1' sub	8	1.70	1.85
36.62	1' & 0' screenings	14	1.875	1.90
24.70	Mine run	7	2.75	1.90
2.	Mine run	7	1.625	1.80

Dated July 20, 1941.

(REAL) DAN H. WHEELER,  
Acting Director.

[P. H. Doc. 41-5566; Filed, July 31, 1941;  
10:07 a. m.]

[Docket No. 1750-FD]

IN THE MATTER OF HARVEY W. WHALEY,  
DEFENDANT

NOTICE OF AND ORDER FOR HEARING

A complaint dated May 13, 1941, pursuant to the provisions of sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, having been duly filed on May 20, 1941, by Bituminous Coal Producers Board for District No. 11, a District Board, complainant, with the Bituminous Coal Division alleging willful violation by the defendant of the Bituminous Coal Code or rules and regulations thereunder;

It is ordered, That a hearing in respect to the subject matter of such complaint be held on September 29, 1941, at 10 a. m., at a hearing room of the Bituminous Coal Division at the County Court House, Shoals, Indiana.

It is further ordered, That W. A. Shipman or any other officer or officers of the Bituminous Coal Division designated by the Director thereof for that purpose shall preside at the hearing in such matter. The officer so designated to preside at such hearing is hereby authorized to conduct said hearing, to administer oaths and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the

production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, to continue said hearing from time to time, and to such places as he may direct by announcement at said hearing or any adjourned hearing or by subsequent notice, and to prepare and submit to the Director proposed findings of fact and conclusions and the recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to said defendant and to all other parties herein and to all persons and entities having an interest in such proceeding. Any person or entity eligible under § 301.123 of the Rules and Regulations Governing Practice and Procedure Before the Bituminous Coal Division in Proceedings Instituted Pursuant to sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, may file a petition for intervention not later than five (5) days before the date herein set for hearing on the complaint.

Notice is hereby given that answer to the complaint must be filed with the Bituminous Coal Division at its Washington office or with any one of the statistical bureaus of the Division, within twenty (20) days after date of service thereof on the defendant; and that any defendant failing to file an answer within such period, unless the Director or the presiding officer shall otherwise order, shall be deemed to have admitted the allegations of the complaint herein and to have consented to the entry of an appropriate order on the basis of the facts alleged.

All persons are hereby notified that the hearing in the above-entitled matter and orders entered therein may concern, in addition to the matters specifically alleged in the complaint herein, other matters incidental and related thereto, whether raised by amendment of the complaint, petition for intervention, or otherwise, and all persons are cautioned to be guided accordingly.

The matter concerned herewith is in regard to the complaint filed by said complainant, alleging willful violation by the above-named defendant of the Bituminous Coal Code or rules and regulations thereunder as follows: That since October 1, 1940, defendant sold to various purchasers, including Roy Purkiser, an undetermined amount of 1½" x 0 and 1¼" x 0 screenings coal, Size Group No. 14, produced at his Wraley Mine, Mine Index No. 435, located in Martin County, Indiana, in District No. 11, at a price of 60¢ per ton, f. o. b. the mine, whereas the effective minimum price established for such 1½" x 0 and 1¼" x 0 screenings coal, Size Group No. 14, was and is \$1.55 per net ton, f. o. b. the mine, as contained in the Schedule of Effective Minimum

Prices for District No. 11 for Truck Shipments; and

That defendant violated the Order of the Acting Director, No. 296, dated September 23, 1940 and the Orders of the Director, No. 297, dated October 23, 1940 and No. 307 dated December 11, 1940, by failing to maintain and file such records as were and are required thereby. Dated July 20, 1941.

(REAL)

DAN H. WHEELER,  
Acting Director.

[P. H. Doc. 41-5566; Filed, July 31, 1941;  
10:07 a. m.]

[Docket No. 1751-FD]

IN THE MATTER OF MELVIN FOSTER,  
DEFENDANT

NOTICE OF AND ORDER FOR HEARING

A complaint dated May 13, 1941, pursuant to the provisions of sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, having been duly filed on May 28, 1941, by Bituminous Coal Producers Board for District No. 11, a District Board, complainant, with the Bituminous Coal Division alleging willful violation by the defendant of the Bituminous Coal Code or rules and regulations thereunder;

It is ordered, That a hearing in respect to the subject matter of such complaint be held on September 29, 1941, at 10 a. m., at a hearing room of the Bituminous Coal Division at the County Court House, Shoals, Indiana.

It is further ordered, That W. A. Shipman or any other officer or officers of the Bituminous Coal Division designated by the Director thereof for that purpose shall preside at the hearing in such matter. The officer so designated to preside at such hearing is hereby authorized to conduct said hearing, to administer oaths and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, to continue said hearing from time to time, and to such places as he may direct by announcement at said hearing or any adjourned hearing or by subsequent notice, and to prepare and submit to the Director proposed findings of fact and conclusions and the recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to said defendant and to all other parties herein and to all persons and entities having an interest in such proceeding. Any person or entity eligible under § 301.123 of the Rules and Regulations Governing Practice and Procedure Before the Bituminous Coal Division in Proceedings Instituted Pursuant to sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, may file a petition for intervention not later than five (5) days

fore the date herein set for hearing on the complaint.

Notice is hereby given, that answer to the complaint must be filed with the Bituminous Coal Division at its Washington office or with any one of the statistical bureaus of the Division, within twenty (20) days after date of service thereof on the defendant; and that any defendant failing to file an answer within such period, unless the Director or the presiding officer shall otherwise order, shall be deemed to have admitted the allegations of the complaint herein and to have consented to the entry of an appropriate order on the basis of the facts alleged.

All persons are hereby notified that the hearing in the above-entitled matter and orders entered therein may concern, in addition to the matters specifically alleged in the complaint herein, other matters incidental and related thereto, whether raised by amendment of the complaint, petition for intervention, or otherwise, and all persons are cautioned to be guided accordingly.

The matter concerned herewith is in regard to the complaint filed by said complainant, alleging willful violation by the above-named defendant of the Bituminous Coal Code or rules and regulations thereunder as follows:

That since October 1, 1940, defendant has sold to various purchasers, including Cecil Elliot and Alva Curtis, an undetermined amount of coal of unknown size, produced at his Foster Mine, Mine Index No. 509, located in Perry County, Indiana, in District No. 11, at a price of 40¢ per ton, f. o. b. the mine, whereas the effective minimum price established for the coal produced by the Foster Mine range from \$2.50 per net ton, f. o. b. the mine for Size Group No. 1, to 55¢ per net ton, f. o. b. the mine, for Size Group No. 18, as contained in the Schedule of Effective Minimum Prices for District No. 11 for Truck Shipments; and

That defendant violated the Order of the Acting Director, No. 296, dated September 23, 1940, and the Orders of the Director, No. 297, dated October 22, 1940, and No. 307, dated December 11, 1940, by failing to maintain and file such records as were and are required thereby.

Dated July 28, 1941.

(SEAL) DAN H. WHEELER,  
Acting Director.

[P. R. Doc. 41-5667; Filed, July 31, 1941;  
10:07 a. m.]

[Docket No. 1757-FU]

IN THE MATTER OF KIEFFER COAL COMPANY, A PARTNERSHIP, DEFENDANT

NOTICE OF AND ORDER FOR HEARING

A complaint dated May 13, 1941, pursuant to the provisions of sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, having been duly filed on May 28, 1941, by Bituminous Coal Producers Board for District No. 11, a District Board, complainant, with the Bitu-

minous Coal Division alleging willful violation by the defendant of the Bituminous Coal Code or rules and regulations thereunder:

It is ordered, That a hearing in respect to the subject matter of such complaint be held on September 20, 1941, at 10 a. m., at a hearing room of the Bituminous Coal Division at the County Court House, Shoals, Indiana.

It is further ordered, That W. A. Shipman or any other officer or officers of the Bituminous Coal Division designated by the Director thereof for that purpose shall preside at the hearing in such matter. The officer so designated to preside at such hearing is hereby authorized to conduct said hearing, to administer oaths and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, to continue said hearing from time to time, and to such places as he may direct by announcement at said hearing or any adjourned hearing or by subsequent notice, and to prepare and submit to the Director proposed findings of fact and conclusions and the recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to said defendant and to all other parties herein and to all persons and entities having an interest in such proceeding. Any person or entity eligible under § 301.123 of the Rules and Regulations Governing Practice and Procedure Before the Bituminous Coal Division in Proceedings Instituted Pursuant to sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, may file a petition for intervention not later than five (5) days before the date herein set for hearing on the complaint.

Notice is hereby given that answer to the complaint must be filed with the Bituminous Coal Division at its Washington office or with any one of the statistical bureaus of the Division, within twenty (20) days after date of service thereof on the defendant; and that any defendant failing to file an answer within such period, unless the Director or the presiding officer shall otherwise order, shall be deemed to have admitted the allegations of the complaint herein and to have consented to the entry of an appropriate order on the basis of the facts alleged.

All persons are hereby notified that the hearing in the above-entitled matter and orders entered therein may concern, in addition to the matters specifically alleged in the complaint herein, other matters incidental and related thereto, whether raised by amendment of the complaint, petition for intervention, or otherwise, and all persons are cautioned to be guided accordingly.

The matter concerned herewith is in regard to the complaint filed by said com-

plainant, alleging willful violation by the above-named defendant of the Bituminous Coal Code or rules and regulations thereunder as follows:

That since October 1, 1940, defendant sold to various purchasers, including Alva Curtis, an undetermined amount of ¾" x 0 screenings coal, Size Group No. 18, produced at its Kieffer Mine, Mine Index No. 312, located in Dubois County, Indiana, in District No. 11, which actually contained 1¼" x ¾" over-size coal, Size Group No. 10, at a price of 85¢ per ton, f. o. b. the mine, whereas the effective minimum price established for such coal was and is \$1.70 per net ton, f. o. b. the mine, as contained in the Schedule of Effective Minimum Prices for District No. 11 for Truck Shipments; and

That subsequent to September 30, 1940, defendant violated paragraph 8 of section 4 II (i) of the Act, and Rule 8 of section XIII of the Marketing Rules and Regulations by invoicing and selling the aforesaid coal as ¾" x 0 screenings coal.

Dated: July 28, 1941.

(SEAL) DAN H. WHEELER,  
Acting Director.

[P. R. Doc. 41-5666; Filed, July 31, 1941;  
10:07 a. m.]

[Docket No. 1754-FD]

IN THE MATTER OF CHESTER TROW, DEFENDANT

NOTICE OF AND ORDER FOR HEARING

A complaint dated May 13, 1941, pursuant to the provisions of sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, having been duly filed on May 28, 1941, by Bituminous Coal Producers Board for District No. 11, a District Board, complainant, with the Bituminous Coal Division alleging willful violation by the defendant of the Bituminous Coal Code or rules and regulations thereunder:

It is ordered, That a hearing in respect to the subject matter of such complaint be held on September 20, 1941, at 10 a. m., at a hearing room of the Bituminous Coal Division, the County Court House, Shoals, Indiana.

It is further ordered, That W. A. Shipman or any other officer or officers of the Bituminous Coal Division designated by the Director thereof for that purpose shall preside at the hearing in such matter. The officer so designated to preside at such hearing is hereby authorized to conduct said hearing, to administer oaths and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda or other records deemed relevant or material to the inquiry, to continue said hearing from time to time, and to such places as he may direct by announcement at said hearing or any adjourned hearing or by subsequent notice, and to prepare and submit to the Director proposed findings of fact



and conclusions and the recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to said defendant and to all other parties herein and to all persons and entities having an interest in such proceeding. Any person or entity eligible under § 301.123 of the Rules and Regulations Governing Practice and Procedure Before the Bituminous Coal Division in Proceedings Instituted Pursuant to sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937, may file a petition for intervention not later than five (5) days before the date herein set for hearing on the complaint.

Notice is hereby given that answer to the complaint must be filed with the Bituminous Coal Division at its Washington office or with any one of the statistical bureaus of the Division, within twenty (20) days after date of service thereof on the defendant; and that any defendant failing to file an answer within such period, unless the Director or the presiding officer shall otherwise order, shall be deemed to have admitted the allegations of the complaint herein and to have consented to the entry of an appropriate order on the basis of the facts alleged.

All persons are hereby notified that the hearing in the above-entitled matter and orders entered therein may concern, in addition to the matters specifically alleged in the complaint herein, other matters incidental and related thereto, whether raised by amendment of the complaint, petition for intervention, or otherwise, and all persons are cautioned to be guided accordingly.

The matter concerned herewith is in regard to the complaint filed by said complainant, alleging willful violation by the above-named defendant of the Bituminous Coal Code or rules and regulations thereunder as follows: That during the months of January, 1941 and February, 1941, defendant sold and delivered to various purchasers, including W. H. Purkiser, approximately 36 tons of 1½" x 1" nut coal at a price of \$1.65 per ton f. o. b. the mine, and approximately 50 tons of 1" x 0 screenings coal, at a price of 60¢ per ton f. o. b. the mine, produced at his Chester Tedrow Mine, Mine Index No. 433, located in Martin County, Indiana, in District No. 11, whereas the effective minimum prices established for such coal were and are \$1.85 per net ton f. o. b. the mine, for the 1½" x 1" nut coal and \$1.55 per net ton f. o. b. the mine for the 1" x 0 screenings coal, as contained in the Schedule of Effective Minimum Prices for District No. 11 for truck shipments.

Dated July 26, 1941.

(SEAL) DAN H. WHEELER,  
Acting Director.

[P. R. Doc. 41-5659; Filed, July 31, 1941;  
10:07 a. m.]

[Docket No. A-899]

PETITION OF THE BITUMINOUS COAL CONSUMERS' COUNSEL FOR A CHANGE IN THE BOUNDARY LINES OF MARKET AREAS 26 AND 30, AND AMENDMENT OF PRICE EXCEPTION 4 ON PAGE 40 OF THE SCHEDULE OF EFFECTIVE MINIMUM PRICES FOR DISTRICT NO. 8 FOR ALL SHIPMENTS EXCEPT TRUCK, OR, IN THE ALTERNATIVE FOR P. A. S. PRICES FROM DISTRICT NO. 8 FOR THE KIEFFER PAPER MILLS, BROWNSTOWN, INDIANA, IN MARKET AREA 30

NOTICE OF AND ORDER FOR HEARING

A petition, pursuant to the Bituminous Coal Act of 1937, having been duly filed with this Division by the above-named party:

It is ordered, That a hearing in the above-entitled matter under the applicable provisions of said Act and the rules of the Division be held on August 25, 1941, at 10 o'clock in the forenoon of that day, at a hearing room of the Bituminous Coal Division, 734 Fifteenth Street N.W., Washington, D. C. On such day the Chief of the Records Section in room 502 will advise as to the room where such hearing will be held.

It is further ordered, That Charles O. Fowler or any other officer or officers of the Division duly designated for that purpose shall preside at the hearing in such matter. The officers so designated to preside at such hearing are hereby authorized to conduct said hearing, to administer oaths and affirmations, examine witnesses, subpoena witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda, or other records deemed relevant or material to the inquiry, to continue said hearing from time to time, and to prepare and submit to the Director proposed findings of fact and conclusions and the recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to all parties herein and to persons or entities having an interest in these proceedings and eligible to become a party herein. Any person desiring to be admitted as a party to this proceeding may file a petition of intervention in accordance with the rules and regulations of the Bituminous Coal Division for proceedings instituted pursuant to section 4 II (d) of the Act, setting forth the facts on the basis of which the relief in the original petition is supported or opposed or on the basis of which other relief is sought. Such petitions of intervention shall be filed with the Bituminous Coal Division on or before August 19, 1941.

All persons are hereby notified that the hearing in the above-entitled matter and any orders entered therein, may concern, in addition to the matters specifically alleged in the petition, other mat-

ters necessarily incidental and related thereto, which may be raised by amendment to the petition, petitions of intervenors or otherwise, or which may be necessary corollaries to the relief, if any, granted on the basis of this petition.

The matter concerned herewith is in regard to the petition of the Bituminous Coal Consumers' Counsel for an order extending the boundary of Market Area No. 26 westward along the B & O Railway to include Brownstown and Valonia, Indiana, or, in the alternative, extending said boundary to include Brownstown, Indiana; and that Price Exception 4 on page 40 of the Schedule of Effective Minimum Prices for District No. 8 for All Shipments Except Truck be amended to apply to shipments to Brownstown, Indiana. In the alternative, the petition prays that the present Schedule of Effective Minimum Prices for District No. 8 for All Shipments Except Truck be modified to permit code members in District No. 8 to sell to the Kieffer Paper Mills, Brownstown, Indiana, in Market Area 30, at the minimum prices established for f. o. b. delivery.

Dated July 28, 1941.

(SEAL) DAN H. WHEELER,  
Acting Director.

[P. R. Doc. 41-5670; Filed, July 31, 1941;  
10:08 a. m.]

[General Docket No. 12]

IN THE MATTER OF PRESCRIBING DUE AND REASONABLE MAXIMUM DISCOUNTS OR PRICE ALLOWANCES BY CODE MEMBERS TO "DISTRIBUTORS" UNDER SECTION 4 PART II (h) OF THE BITUMINOUS COAL ACT OF 1937, AND ESTABLISHING RULES AND REGULATIONS FOR THE MAINTENANCE AND OBSERVANCE BY DISTRIBUTORS IN THE RESALE OF COAL, OF THE PRICES AND MARKETING RULES AND REGULATIONS PROVIDED BY SECTION 4 OF THE ACT; AND IN RE PETITION OF BITUMINOUS COAL PRODUCERS BOARD FOR DISTRICT NO. 10, FOR ORDER MODIFYING SCHEDULE OF MAXIMUM DISCOUNTS THAT MAY BE ALLOWED TO REGISTERED DISTRIBUTORS OF COAL OF DISTRICT NO. 10 MINUS RESOLD TO THE WABASH RAILWAY COMPANY

ORDER OF POSTPONEMENT OF HEARING

The American Coal Distributors Association, on July 26, 1941, having moved that the hearing in the above-entitled matter, set for August 4, 1941, be postponed to a date not earlier than August 26, 1941, representing that its participation in the proceedings in General Docket No. 21 precludes it "from fairly and properly devoting adequate time now in the preparation of its case in the above-entitled matter," and that the Petitioner herein, District Board No. 10, concurs in the said Motion for a postponement, and

It appearing that the Movant, as well as other parties having an interest in

the subject matter of this hearing, are entered in the proceedings in General Docket No. 21, and good cause having been shown.

It is ordered, That the hearing in the above-entitled matter, originally set for August 4, 1941, at 10:00 a. m. in a hearing room of the Division in Washington, D. C., be and the same is hereby postponed to August 28, 1941, at the same place and hour.

Dated July 30, 1941.

(SEAL)

H. A. GRAY,  
Director.

[P. B. Doc. 41-5571; Filed, July 31, 1941;  
10:00 a. m.]

[Docket No. A-954]

PETITION OF SWANTON BIG VEIN COAL COMPANY, A CODE MEMBER IN DISTRICT NO. 1 FOR THE ESTABLISHMENT OF PRICE CLASSIFICATIONS AND MINIMUM PRICES FOR COALS OF THE SWANTON NO. 1 MINE (MINE INDEX NO. 837) OF THE SWANTON BIG VEIN COAL COMPANY

NOTICE OF AND ORDER FOR HEARING AND ORDER GRANTING TEMPORARY RELIEF

AD original petition and amendment thereto, pursuant to section 4 II (d) of the Bituminous Coal Act of 1937, having been duly filed with this Division by the above-named party requesting the establishment of both temporary and permanent price classifications and minimum prices for coals to be produced at the Swanton No. 1 mine (Mine Index No. 837) of the petitioner; and

District Board No. 1 having filed a petition for leave to intervene in the above-entitled proceeding and an answer to the aforesaid petition;

Now, therefore, it is ordered, That a hearing in the above-entitled matter be held, under the applicable provisions of said Act and the rules and regulations of the Division, on August 29, 1941, at 10 o'clock a. m. (eastern standard time) in a hearing room of the Bituminous Coal Division, 734 15th Street NW., Washington, D. C. On such day the Chief of the Records Section in Room 502 will advise as to the room in which such hearing will be held.

It is further ordered, That Joseph A. Huston or any other officer or officers of the Division duly designated for that purpose shall preside at the hearing in such matter. The officers so designated to preside at such hearing are hereby authorized to conduct said hearing, to administer oaths and affirmations, examine witnesses, compel their attendance, take evidence, require the production of any books, papers, correspondence, memoranda, or other records deemed relevant or material to the inquiry, to continue said hearing from time to time, and to prepare and submit to the Director proposed findings

of fact and conclusions and the recommendation of an appropriate order in the premises, and to perform all other duties in connection therewith authorized by law.

Notice of such hearing is hereby given to all parties herein and to persons or entities having an interest in this proceeding and eligible to become parties herein. Any person desiring to be admitted as a party to this proceeding may file a petition of intervention in accordance with the rules and regulations of the Bituminous Coal Division for proceedings instituted pursuant to section 4 II (d) of the Act, setting forth the facts on the basis of which the relief in the original petition is supported or opposed or on the basis of which other relief is sought. Such petitions of intervention shall be filed with the Bituminous Coal Division on or before August 25, 1941.

The matter concerned herewith is in regard to the petition of the Swanton Big Vein Coal Company, a code member in District No. 1, for the establishment

of price classifications and minimum prices for all shipments except truck and for truck shipments of coals to be produced at the Swanton No. 1 mine (Mine Index No. 837) of the Swanton Big Vein Coal Company.

All persons are hereby notified that the hearing in the above-entitled matter and any orders therein may concern, in addition to the matters specifically alleged in the petition, other matters necessarily incidental and related thereto, which may be raised by amendment of the original petition, petitions of intervenors, or otherwise, or which may be necessary corollaries to the relief, if any, granted on the basis of said original petition.

It is further ordered, That a reasonable showing of the necessity thereof having been made, pending final disposition of the petition in the above-entitled matter, temporary relief is granted as follows: Commencing forthwith, the Schedule of Effective Minimum Prices for District No. 1 for All Shipments Except Truck, is temporarily amended by adding thereto the following:

Mine Index No.	Code member	Mine name	Sub-dist. No.	Seam	Freight origin group No.	1	2	3	4	5
837	Swanton Big Vein Coal Company, c/o R. C. Clark.	Swanton #1.....	44	Big Vein..	104	0	0	0	0	0

Commencing forthwith, the Schedule of Effective Minimum Prices for District No. 1 for Truck Shipments is temporarily amended by adding thereto the following:

Code member	Mine Index No.	Mine name	Sub-dist. No.	County	Seam	1	2	3	4	5
Swanton Big Vein Coal Company, c/o R. C. Clark.	837	Swanton #1....	44	Garrett.....	Big Vein....	204	205	206	207	208

Notice is hereby given that applications to stay, terminate or modify the temporary relief herein granted may be filed pursuant to the rules and regulations governing practice and procedure before the Bituminous Coal Division in proceedings instituted pursuant to Section 4 II (d) of the Bituminous Coal Act of 1937.

Dated July 30, 1941.

(SEAL)

H. A. GRAY,  
Director.

[P. B. Doc. 41-5572; Filed, July 31, 1941;  
10:00 a. m.]

[Docket No. 1689-PD]

IN THE MATTER OF P. B. FRY, CODE MEMBER, DEFENDANT

CEASE AND DESIST ORDER

A complaint, dated March 28, 1941, in the above-entitled matter, having been filed with the Bituminous Coal Division (the "Division") pursuant to the pro-

visions of sections 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937 (the "Act") by the Bituminous Coal Producers Board for District No. 8, complainant, alleging that P. B. Fry, the defendant herein, willfully violated the provisions of the Bituminous Coal Code (the "Code") and the effective minimum prices, by selling, delivering and offering to sell four (4) tons or more of 2' x 3/4" stoker (Size Group 5) coal on February 12, 1941, produced by the defendant at its Fry Mine, Mine Index No. 2921, located at or near Wayne County, West Virginia, in District No. 8, to Charley Short and Ceel Brown, truckers of coal, at a price of \$1.00 per net ton f. o. b. truck transportation facilities at said mine, whereas the effective minimum price for such coal was \$1.85 per net ton f. o. b. transportation facilities at said mine; and the complaint herein and notice of and order for hearing thereon having been duly served on the defendant on April 21, 1941; and

The defendant, by stipulation made July 2, 1941, a true copy of which is on file herein, having admitted the truth of the allegations contained in the complaint herein and the facts set out in said stipulation and having consented to the making and entry of this order:

It is hereby found That:

1. On June 13, 1940, the defendant filed with the Division his acceptance dated June 12, 1940, of the Code. Said acceptance was approved by the Division to take effect as of June 13, 1940. The defendant has been since June 13, 1940, and is now a code member in District No. 8.

2. The defendant wilfully violated the provisions of the Code and the effective minimum prices established by the Division by offering to sell, selling and delivering four (4) tons or more of 2' x 3/4" stoker (Size Group 5) coal on February 12, 1941, produced by the defendant at his Fry Mine, Mine Index No. 2921, located at or near Wayne County, West Virginia, to Charley Short and Cecil Brown, truckers of coal, at a price of \$1.00 per net ton f. o. b. truck transportation facilities at said mine. The effective minimum price established for such coal was \$1.65 per net ton f. o. b. said transportation facilities at said mine.

Now, therefore, based upon the above findings and the defendant's above stipulation:

It is ordered, That the defendant, his representatives, agents, servants, employees and attorneys and all persons acting or claiming to act in his behalf or interest, cease and desist and they hereby are permanently enjoined and restrained from violating the Code and the effective minimum prices established by the Division:

It is further ordered, That the Division, in its discretion, may apply to the Circuit Court of Appeals of the United States within any circuit where such defendant resides and carries on business for the enforcement hereof; and

It is further ordered, That this order shall not constitute a waiver by or on behalf of any person entitled to file a complaint under sections 4 II (j) and 8 (b) of the Act, or either of them, or of any right which they or any of them or which the Division may have against the defendant or of any penalty or forfeiture to which the defendant may be subject by reason of any violation other than those referred to in paragraph 2 of the findings herein, or a waiver by or on behalf of any code member of any right which he may have against the defendant under section 5 (d) of the Act in respect to said violations.

Dated: July 28, 1941.

[REAL] DAN H. WHEELER,  
Acting Director.

[P. R. Doc. 41-8573; Filed, July 31, 1941; 10:00 a. m.]

[Docket No. A-533]

PETITION OF DISTRICT BOARD NO. 7 FOR  
REDUCTION OF THE MINIMUM PRICES FOR  
LOW VOLATILE RUN OF MINE COAL PRODUCED IN DISTRICTS NOS. 7 AND 8, WHEN  
SHIPPED FOR OFF-LINE RAILWAY LOCOMOTIVE FUEL, EXCEPT VIA TIDEWATER

ORDER OF THE ACTING DIRECTOR DENYING  
RELIEF

Petition having been filed with the Bituminous Coal Division pursuant to section 4 II (d) of the Bituminous Coal Act of 1937 seeking a reduction in the off-line railway locomotive fuel price of District 7 and 8 low volatile run of mine coals, except via tidewater;

Petitions of intervention having been filed by District Boards 1 and 2;

A hearing having been held in this matter on February 6, 1941, pursuant to an Order of the Director, before a duly designated examiner of the Division, at a hearing room of the Division in Washington, D. C., at which all interested persons were afforded an opportunity to be present, adduce evidence, and otherwise be heard;

The preparation and filing of a report by the Examiner having been waived and the record thereupon having been submitted to the Acting Director;

The Acting Director having made Findings of Fact and Conclusions of Law and having rendered an Opinion, which are filed herewith;

Now, therefore, it is ordered, That the prayers for relief contained in the petition herein be, and are hereby, denied.  
Dated July 28, 1941.

[REAL] DAN H. WHEELER,  
Acting Director.

[P. R. Doc. 41-8574; Filed, July 31, 1941; 10:00 a. m.]

[Docket No. A-780]

PETITION OF DELTA MINING COMPANY,  
SAHARA COAL COMPANY AND THE UNITED  
ELECTRIC COAL COMPANIES, CODE MEM-  
BER PRODUCERS IN DISTRICT NO. 10, FOR  
MINIMUM F. O. B. MINE PRICES FOR  
F. A. S. DELIVERY FROM DISTRICT NO.  
10 TO RETAIL DEALERS AT MINNEAPOLIS  
AND ST. PAUL, PURSUANT TO SECTION 3  
(A), SPECIAL RIVER PRICE INSTRUCTIONS  
AND EXCEPTIONS, SCHEDULE OF EFFECTIVE  
MINIMUM PRICES FOR DISTRICT NO.  
10, OR IN THE ALTERNATIVE FOR ESTAB-  
LISHMENT OF JUST AND EQUITABLE PRICES

MEMORANDUM OPINION AND ORDER GRANTING  
TEMPORARY RELIEF

This proceeding was instituted upon an original joint petition filed with the Bituminous Coal Division on March 31, 1941, by Delta Coal Mining Company ("Delta"), Sahara Coal Company ("Sahara"), and the United Electric Coal Companies ("United Electric"), code members in District No. 10, pursuant to the provisions of Section 3 (A), Special River Price Instructions and Exceptions

in the Schedule of Effective Minimum Prices for District 10 for All Bituminous Except Truck. Petitioners seek authority to sell coal produced at their mines in District No. 10 to retail dealers in the cities of Minneapolis and St. Paul, Minnesota, for delivery to or over the municipal docks there, at minimum f. o. b. mine prices for f. a. s. delivery, and for general relief.

Franklin County Coal Corporation, C&B Coal Corporation, Bell & Zoller Coal and Mining Company, Chicago, Wilmington & Franklin Coal Company, Freebody Coal Company and Wason Coal Company ("Franklin County Coal Corporation et al."), code members in District No. 10, intervened in support of the petition and ask the same measure of relief as may be granted to original petitioners. The City of Minneapolis, a political subdivision of the State of Minnesota, intervened in support of the original petition.

District Boards 7 and 11 intervened in opposition to the requested relief and District Board 11 moved to dismiss the original petition, which motion was denied by the Director. District Boards 1, 5, and 10 and Carter Coal Company, a code member in District 7, intervened generally, and Consumers' Council Division (now Office of the Bituminous Coal Consumers' Counsel) filed a notice of appearance.

A hearing was held on May 27, 28 and 29, 1941, and on May 29 was continued until July 18, 1941. The hearing resumed on that date and was concluded on July 22, 1941. Appearances were noted for original petitioners, Consumers' Council and all interveners and Carter Coal Company. District Board 8 appeared and participated but did not intervene.

On May 29, 1941, during the course of the hearing, petitioners filed a motion for leave to amend their original petition, in order more clearly to define the issues involved, by requesting as alternative relief (if section 3 (A) of the Special River Price Instructions and Exceptions, Schedule of Effective Minimum Prices for District No. 10, should be construed as being inapplicable) the establishment of just and equitable prices under section 4 II (d) of the Bituminous Coal Act of 1937. District Board 7 filed a reply in opposition. On June 17, 1941, the Director granted leave so to amend, gave notice of the amendment and of the continuance of the hearing, and extended the period for intervention. No new petitions of intervention were filed.

On June 4, original petitioners, filed a motion supported by a brief, requesting temporary relief. District Board 7 filed a brief opposing the granting of temporary relief.

During the hearing, petitioners offered evidence that:

Illinois coals moved all-rail into the Twin Cities market in substantial quantities until about 1924, when rail rates were increased and Great Lakes Dock

rates decreased; as a result, the Twin Cities market was virtually lost to Illinois coals; during the last five years the upper part of the Mississippi River has been developed by the Federal Government; due to this development, and because of lower transportation charges for river as compared to all-rail shipments, Illinois coals began to move by barge to the Twin Cities, and beginning in 1939 moved in continually increasing quantities until the establishment of effective minimum prices on October 1, 1940.<sup>1</sup>

It was also testified that the cities of Minneapolis and St. Paul, in order that their inhabitants might enjoy the lower river transportation rates, constructed coal docks on the Mississippi River; that these docks are operated as a municipal function at moderate cost with allocation of storage space to retail coal dealers on a yearly basis; and that although actual storage space on the dock is limited, there is ample capacity for movement of coal across the dock for storage at inland retail coal yards.<sup>2</sup>

It was further testified that: In 1939 and 1940 petitioners shipped a substantial percentage of the Illinois coal moving by river to the Twin Cities; in 1939 Sahara shipped via the Minneapolis dock to about six purchasers, including retail coal dealers, and to its own retail coal yard on the Minneapolis dock where it sold to retail coal dealers and in 1940 to the dockyard of its own subsidiary, Salline Coal and Dock Co., and to others including retail coal dealers with inland retail coal yards; United Electric shipped to retail coal dealers over the St. Paul dock; Delta's coals moved via the Minneapolis dock to Republic Coal & Coke Company, its exclusive sales agent, acting as retail coal dealer on the dock, to retail coal dealers and to certain consumers taking coal over the dock direct from barge to railroad car; interveners, Franklin County Coal Corporation et als., also shipped by river to the Twin Cities, Franklin County Coal Corporation and Peabody Coal Company, at least, shipping on a regular basis and in substantial tonnages; since October 1, 1940, neither original petitioners nor any of the interveners have shipped coal via river to retail coal dealers in the Twin Cities; in fact, very little Illinois coal has since been delivered to such retail coal dealers either by river or all-rail.

It appears that under the established minimum prices, water-borne Illinois coals have been unable to compete with water-borne eastern coals from Minimum Price Area 1, having the advantage of the Great Lakes dock rates. Since it is es-

timated that 85-95% of the coal delivered in the Twin Cities is water-borne, these eastern coals present the real competition to the coal from District No. 10.

Petitioners contended that either free alongside prices should be granted or, if the relationship with all-rail coals must be maintained, that the prescribed differentials should be revised properly to take into account, not only the lower cost of river over all-rail transportation, but also certain cost factors involved in the handling of river coals, and that relief should be extended to inland retail coal dealers as well as those having dock-yards, because storage space on the municipal docks is limited and occupied only by a few persons and because much of the coal has customarily moved across the docks to inland retail coal dealers' yards for storage. There appear to be no private coal docks and no possible locations for them within the Twin Cities area.

Certain interveners, particularly District Board 7, opposed the granting of any relief, temporary or permanent, urging that it would upset coordination with eastern Lake dock coals by depriving them of their existing competitive opportunities in the Twin Cities market by failing properly to reflect relative market values.

District Board 7 produced two witnesses who testified concerning the propriety of f. a. s. prices. One of these witnesses stated that he was opposed to such relief whereas another witness, representing lake dock interests regularly shipping the preponderant tonnages consumed in the Twin Cities, stated that f. a. s. prices should be established for sales to retail coal dealers with dock facilities at the Twin Cities. The witnesses for District Board 7 also testified, concerning the effect of the establishment of f. a. s. prices upon coordination at the Twin Cities.

Entirely apart from, and without considering, the issue of re-coordination, it is appropriate, on the basis of the above-mentioned evidence, to grant temporary relief under section 3 (A) of the Special River Price Instructions and Exceptions in the Minimum Price Schedule for District No. 10. Unless petitioners are granted temporary relief they will suffer irreparable injury, due to the shortness of the river navigation season. And unless such relief is granted immediately, petitioners will be deprived of any opportunity to negotiate for the sale and shipment of river coals during the current season. Half of the season already having passed, substantially less Illinois coal can be shipped during the remainder of the season than was shipped during 1940; certainly no more. There can not be possible prejudice, therefore, to the eastern producers if temporary relief, as hereinafter provided, is granted.

Whether temporary relief should be made permanent and whether permanent relief should be granted under the "Special Cases" provision, by a re-coor-

dination of established minimum prices, or by any other means is a matter which can only be determined after more studied consideration of the record in this proceeding. And in that connection, pending final disposition of the petition, the Division will also study carefully the results which follow from the granting of temporary relief.

Now, therefore, it is ordered, That temporary relief pending final disposition of this proceeding is granted forthwith by temporarily amending the schedule of Effective Minimum Prices for District No. 10 for All Shipments Except Truck, as follows:

Under the Section "Prices for River (free alongside deliveries) and Ex-River Shipments, Special River Price Instructions and Exceptions," "Special Cases C," page 53, add the following provision:

Any code member producer, sales agent or registered distributor may sell coal for barge delivery to and over the municipal docks at Minneapolis and St. Paul at the minimum f. o. b. mine prices for free alongside delivery when shipped from the mines by rail and re-loaded into barges on the Mississippi River for transshipment on the Mississippi River to retail coal dealers for resale at retail by such dealers located within the switching limits of these cities, whether such coal is for storage on the municipal docks or at inland retail coal yards.

Provided, however, That the relief herein granted shall apply only to coal shipped from the mine subsequent to the date hereof, and

Provided further, That any code member, sales agent or registered distributor offering for sale, selling or reselling any coal pursuant to this Order shall submit to the Bituminous Coal Division at 734 Fifteenth Street NW., Washington, D. C. within five (5) days after such offer, sale or resale, a complete description of such offer, sale or resale as is required by the Marketing Rules and Regulations of the Division, Order 313, and any other orders of the Division. The filing of this data at the offices of the Bituminous Coal Division in Washington, D. C. shall be in addition to that required for filing with the field office.

Each report or description required herein shall be duly verified and marked for incorporation in this docket as part of the record in these proceedings.

It may be required from time to time that there shall be made available for inspection for representatives of the Bituminous Coal Division at all reasonable times and places, all books, records, correspondence or other documents pertaining to the offer for sale, sale, delivery or other transactions of and involving such coals.

Notice is hereby given that applications to stay, terminate, or modify the temporary relief herein granted may be filed pursuant to the Rules and Regu-

<sup>1</sup>The evidence offered was that in 1931 the movement totaled 7,800 tons. There were no shipments in 1932 and 1933. In 1940 a total of 204,572 tons was shipped by Federal Barge Line alone.

<sup>2</sup>The testimony is that in 1940 about 200,000 tons of Illinois coal moved to and over the municipal dock at Minneapolis.

lations Governing Practices and Procedure for the Bituminous Coal Division in Proceedings Instituted Pursuant to section 4 II (d) of the Bituminous Coal Act of 1937.

Nothing contained herein shall be deemed to constitute a ruling or expression of the Director's views concerning the final disposition of these proceedings or the nature of the relief which may hereafter be granted.

Dated July 29, 1941.

(SEAL) H. A. GRAY,  
Director.

[F. R. Doc. 41-5875; Filed, July 31, 1941;  
10:09 a. m.]

[Docket No. 1567-FD]

**IN THE MATTER OF BECKLEY FIRE CREEK COAL COMPANY, DEFENDANT**

**ORDER GRANTING APPLICATION FOR REINSTATEMENT OF CODE MEMBERSHIP**

A written complaint, dated February 5, 1941, having been filed herein by the Bituminous Coal Producers Board for District No. 7, pursuant to section 4 II (j) and 5 (b) of the Bituminous Coal Act of 1937 (the "Act"), alleging willful violation by the Beckley Fire Creek Coal Company ("Beckley"), of the Bituminous Coal Code (the "Code"), and rules and regulations thereunder; and

An Order having been made herein on July 18, 1941, by the Acting Director, pursuant to stipulation of Beckley and said District Board, dated July 16, 1941, cancelling and revoking the code membership of Beckley and providing that such cancellation and revocation shall become effective six (6) days after service thereof on Beckley; and

Said Order having been duly served on Beckley on July 28, 1941; and

Beckley having filed with the Division its application, dated July 28, 1941, for reinstatement of code membership to become effective simultaneously with the effective date of such cancellation and revocation of its code membership; and

It appearing from said application that Beckley has paid to the Collector of Internal Revenue at Parkersburg, West Virginia, the sum of One Thousand Nine Hundred Seven Dollars and Thirty-seven Cents (\$1,907.37), pursuant to said Order made July 18, 1941, as a condition precedent to reinstatement of its code membership.

It is ordered, That said application of Beckley, dated July 28, 1941, for reinstatement of its code membership be and it hereby is granted.

It is further ordered, That the code membership of Beckley be and it hereby is restored as of the effective date of said cancellation and revocation of code membership.

Dated July 29, 1941.

(SEAL) H. A. GRAY,  
Director.

[F. R. Doc. 41-5876; Filed, July 31, 1941;  
10:08 a. m.]

[Docket No. 221-FD]

**IN THE MATTER OF THE APPLICATION OF BELLEVILLE FUELS, INCORPORATED, FOR PROVISIONAL APPROVAL AS A MARKETING AGENCY; IN RE: APPLICATION OF THE APPLICANT FOR RENEWAL OF THE ORDER GRANTING IT PROVISIONAL APPROVAL AS A MARKETING AGENCY**

**ORDER GRANTING INTERIM RENEWAL OF ORDER GRANTING APPLICANT PROVISIONAL APPROVAL AS A MARKETING AGENCY**

Applicant, Belleville Fuels, Incorporated, having filed an application with the National Bituminous Coal Commission (predecessor of the Bituminous Coal Division) requesting provisional approval as a marketing agency pursuant to Order No. 6 issued by said National Bituminous Coal Commission on June 21, 1937; and

The Bituminous Coal Division by Order of the Director dated January 9, 1940, as modified by Order of the Director dated January 15, 1941, having granted the application of the Belleville Fuels, Incorporated, for provisional approval as a marketing agency for one year from the date of said Order of January 9, 1940, subject to renewal upon application therefor; and

Applicant having on June 27, 1941, filed an application for renewal of said Order granting it provisional approval as a marketing agency, requesting that said Order be renewed retroactively to January 9, 1941; and

By an Order dated July 15, 1941, a hearing having been scheduled on said application for renewal of the Order granting Applicant provisional approval as a marketing agency, at 10 o'clock in the forenoon of August 4, 1941, at a hearing room of the Bituminous Coal Division, 734 15th Street NW., Washington, D. C.; and Applicant having been required at the same time to show cause why its provisional approval, if renewed, should not be modified and amended in certain specified respects;

Now, therefore, it is ordered, That, pending the determination of the aforementioned proceeding, an interim renewal of the Order granting the Applicant provisional approval as a marketing agency is hereby granted as of January 9, 1941;

It is further ordered, That the renewal of the provisional approval hereby granted is specifically subject to such further orders as may be entered in this docket.

Dated July 28, 1941.

(SEAL) DAN H. WHEELER,  
Acting Director.

[F. R. Doc. 41-5877; Filed, July 31, 1941;  
10:09 a. m.]

**APPLICATIONS FOR REGISTRATION AS DISTRIBUTORS**

An application for registration as a distributor has been filed by each of the following and is under consideration by the Director:

Name, address, and date application filed:

Monteville Coal Mining Co., Aldrich, Ala., 8/2/41.  
Clarence Payne, Barbourville, Ky., 7/31/41.

Any district board, code member, distributor, the Consumers' Council, or any other interested person, who has pertinent information concerning the eligibility of any of the above-named applicants for registration as distributors under the provisions of the Bituminous Coal Act and the Rules and Regulations for the Registration of Distributors, is invited to furnish such information to the Division on or before August 15, 1941. This information should be mailed or presented to the Bituminous Coal Division, 734 15th Street NW., Washington, D. C. D. C.

Dated July 29, 1941.

(SEAL) H. A. GRAY,  
Director.

[F. R. Doc. 41-5878; Filed, July 31, 1941;  
10:10 a. m.]

[Docket No. 1541-FD]

**IN THE MATTER OF THE WYATT COAL SALES COMPANY, REGISTERED DISTRIBUTOR, REGISTRATION NO. 9906, DEFENDANT**

**ORDER OF SUSPENSION OF REGISTRATION**

The Notice of and Order for Hearing in the above entitled matter dated February 17, 1941, having been duly made by the Director pursuant to the provisions of Section 304.14 of the Rules and Regulations for the Registration of Distributors, promulgated by the Bituminous Coal Division (the "Division"), pursuant to section 4 II (h) of the Bituminous Coal Act of 1937 (the "Act"), to determine whether the Wyatt Coal Sales Company ("Wyatt"), registered distributor, Registration No. 9906, defendant in the above entitled matter has violated the provisions of section 4 II (e) and (h) of the Act, § 304.12 (b) of the Rules and Regulations for the Registration of Distributors, and Sections (b) and (c) of the agreement executed by said defendant pursuant to said § 304.12 (b), and said Notice of and Order for Hearing having been duly served upon the defendant on February 19, 1941; and

The defendant having filed its answer herein with the Division on March 2, 1941, and an order having been made and entered herein, dated July 23, 1941, permitting the withdrawal thereof; and

The defendant having by stipulation made July 19, 1941, a true copy of which is annexed hereto and made a part hereof, admitted the truth of the allegations contained in said Notice of and Order for Hearing, and the facts set out in said stipulation and having consented to the making and entry of this order of suspension; and

The defendant having by said stipulation waived (a) hearing on the Notice of and Order for Hearing herein; (b) oral argument on the filing of briefs be-

fore the Director or other presiding officer; (c) the preparation and submission of any report, findings of fact or recommendations by the Director or other presiding officer; (d) the presentation of oral argument before the Director or other presiding officer and (e) the preparation and submission of tentative findings of fact or proposed order by the Director; and

The defendant by said stipulation (a) having admitted improperly substituting, during the months of October and November, 1940, as agent for the Beckley Fire Creek Coal Company ("Beckley"), 2,717.05 tons of  $\frac{3}{4}$ " x 0 slack coal produced at the Penman Mine, Mine Index No. 140, located in District No. 7, on an order of Bethlehem Steel Company, dated October 30, 1940, for 2,400 tons of  $\frac{3}{4}$ " x 0 slack coal at \$1.75 per net ton f. o. b. said mine, whereas the effective minimum price for said substituted  $\frac{3}{4}$ " x 0 slack was \$1.80 per net ton f. o. b. said mine; (b) having further admitted the statements of fact and conclusions of law contained in the order made by the Director dated July 18, 1941, in Docket No. 1557-FD, cancelling and revoking the code membership of Beckley and assessing the tax payable by Beckley at Nineteen Hundred and Seven Dollars and Thirty-seven Cents (\$1907.37), as a condition to its reinstatement to membership in the Bituminous Coal Code ("Code"); and (c) having further admitted that the transactions set forth in (a) and (b) hereof violated the applicable minimum prices set out in the Schedule of Effective Minimum Prices for District No. 7, for All Shipments Except Truck, § 304.12 (b), 2, 3, and 5 of the Rules and Regulations for the Registration of Distributors, paragraphs (b), (c), and (e) of the Agreement made April 25, 1939 (the "Distributor's Agreement"), pursuant to the order of the National Bituminous Coal Commission ("Commission") dated March 24, 1939, entered in General Docket No. 12 and adopted as an order of the Division on July 1, 1939, the execution of said agreement by the defendant having been a condition precedent to the granting of the defendant's application for registration as a distributor, Rules 1 (a), (b), (c) and (e) and 2 of Section XI, Rule 3 of Section XII and Rule 6 of Section XIII of the Marketing Rules and Regulations and Section 4 II (e) and (h) and paragraph 6 of Section 4 II (d) of the Act.

It is hereby found that:

(1) The defendant is a corporation organized and existing under and by virtue of the laws of the State of West Virginia, with its principal office located at Charleston, West Virginia, and is engaged under the powers granted to it by its corporate charter in the business of selling and distributing coal.

(2) On April 25, 1939, pursuant to the Order of the Commission dated March 24, 1939, entered in General Docket No. 12 and adopted as an order of the Division on July 1, 1939, the defendant filed

with the Commission its application dated April 25, 1939, for registration as a distributor which was accompanied by its Agreement exempted April 25, 1939, (the "Distributor's Agreement"), said application was approved by the Division on November 15, 1939, and Certificate No. 8906 was issued to the defendant authorizing it to act as a registered distributor and the defendant has been ever since the last-mentioned date and is now acting as a registered distributor.

(3) Beckley is a corporation duly organized and existing under and by virtue of the laws of the State of West Virginia, whose principal office is located at Charleston, West Virginia, and is engaged under the powers granted to it by its corporate charter, in the business of mining and producing bituminous coal.

(4) On June 19, 1937, Beckley filed with the Commission its acceptance of the Code dated June 17, 1937; said acceptance was approved by the Commission on June 28, 1937, to take effect as of June 19, 1937, and was adopted as of July 1, 1939, by the Division, and Beckley since said last-mentioned date, has been a code member operating the Penman Mine, Mine Index No. 140, located in District No. 7 in Raleigh County, West Virginia.

(5) The defendant owns all the outstanding corporate shares of stock of Beckley and controls its corporate acts and doings. The defendant acted as the duly authorized agent of Beckley in the transaction referred to in (6) hereof.

(6) The defendant sold and substituted during the months of October and November, 1940, as agent for Beckley 2,717.05 tons of  $\frac{3}{4}$ " x 0 slack coal produced at the Penman Mine, Mine Index No. 140 located in District No. 7, on the order of Bethlehem Steel Company dated October 30, 1940, for 2,400 tons of  $\frac{3}{4}$ " x 0 slack coal at \$1.75 per net ton f. o. b. said mine, whereas the effective minimum price for said substituted  $\frac{3}{4}$ " x 0 slack coal was \$1.80 per net ton f. o. b. said mine.

(7) That  $\frac{3}{4}$ " x 0 slack coal shipped to Bethlehem Steel Company on the order for  $\frac{3}{4}$ " x 0 slack referred to in (6) hereof aggregating 2,717.05 tons were sold and shipped in violation of the applicable minimum prices as set forth in the Schedule of Effective Minimum Prices for District No. 7 For All Shipments Except Truck, § 304.12 (b), (2), (3) and (5) of the Rules and Regulations for the Registration of Distributors, paragraphs (b), (c) and (e) of the Distributor's Agreement, Rules 1 (a), (b), (c) and (e) and 2 of Section XI, Rule 3 of Section XII and Rule 6 of Section XIII of the Marketing Rules and Regulations and section 4 II (e) and (h) and paragraph 6 of section 4 II (d) of the Act.

(8) The defendant in shipping the  $\frac{3}{4}$ " x 0 slack coal to the Bethlehem Steel Company referred to in (6) hereof, violated the Commission's Order No. 158 dated December 18, 1937, and adopted as an order of the Division on July 1, 1939,

by failing to file currently as rendered, invoices to cover shipments of 447.75 tons (6 cars), 448.59 tons (6 cars) and 454.9 tons (6 cars), respectively made on November 8, 11, and 14, 1940, respectively, of said substituted  $\frac{3}{4}$ " x 0 slack coal at \$1.75 per net ton f. o. b. said mine, such invoices not having been filed until December 29, 1940.

Now, therefore, based upon the above findings; upon the defendant's agreement that during said periods of suspension it will not act as registered distributor and that it will not accept or receive as registered distributor, either directly or indirectly, any discounts on coal purchased by it from code members during the period of suspension herein which would reduce the price thereof below the effective minimum price therefor and that during said period it will observe and faithfully abide by all the provisions of the Act, the Marketing Rules and Regulations, the Rules and Regulations for the Registration of Distributors, the Distributor's Agreement, and all applicable orders of the Division, and Beckley having paid said tax of Nineteen Hundred and Seven Dollars and Thirty-seven Cents (\$1907.37) to the Bureau of Internal Revenue pursuant to an order of the Director dated July 18, 1941 in Docket No. 1557-FD and applied to the Division for reinstatement of membership in the Code.

It is ordered, That the registration of the defendant in the above entitled matter, Wyatt Coal Sales Company, as a distributor is hereby suspended for a period of thirty (30) days from the date of service hereof upon the defendant herein and that the defendant, its officers, representatives, agents, servants, employees and attorneys and all affiliates and subsidiaries of the defendant shall be and are hereby prohibited from receiving or accepting any discounts from the effective minimum prices, either directly or indirectly, on coal purchased by them or any of them from code members during said thirty (30) day period of suspension: *Provided, however*, That the making and entry of this order of suspension will not prevent the defendant, its officers, representatives, agents, servants, employees and attorneys and all affiliates and subsidiaries of defendant from accepting sales commissions on coal sold by them or any of them as sales agent under bona fide sales contracts filed with the Division on or before January 1, 1941: *And Provided further*, That if the defendant shall not have complied with the provisions of Section 304.15 of the Rules and Regulations for the Registration of Distributors within the said thirty (30) day period, said suspension shall continue in full force and effect until five (5) days after the affidavit requested by said Section 304.15 shall have been filed with the Division; and

It is further ordered, That the defendant, during such said period of suspension shall continue fully to observe, abide by and remain in all respects subject to

all pertinent and applicable provisions of the Act, Marketing Rules and Regulations, Rules and Regulations for the Registration of Distributors, the Distributor's Agreement and all applicable orders of the Division; and

It is further ordered, That in the event the defendant shall hereafter violate any of its agreements set forth in said stipulation dated July 10, 1941, a true copy of which is annexed hereto and made a part hereof, this matter may be reopened and such action taken and orders entered herein as to the Director may seem just and proper under the circumstances, and jurisdiction of this matter is hereby expressly reserved for such purposes.

Dated July 30, 1941

[REAL]

H. A. GRAY,  
Director.

[P. S. Doc. 41-5979; Filed, July 31, 1941;  
10:10 a. m.]

#### General Land Office.

#### AIR NAVIGATION SITE WITHDRAWAL No. 185, ALASKA

It is ordered, under and pursuant to the provisions of section 4 of the act of May 24, 1926, 45 Stat. 729; 49 U.S.C. 214, that the public lands lying within the following described boundaries in the vicinity of McGrath, Alaska, be, and they are hereby, withdrawn from all forms of appropriation under the public-land laws, subject to valid existing rights, for the use of the Department of Commerce in the maintenance of air navigation facilities:

##### TRACT No. 1

Beginning at a point on the south boundary of U. S. Survey No. 1962, from which corner No. 3 of such survey bears west 176.8 feet in approximate latitude 62°57'50" N., longitude 145°37' W. Thence by metes and bounds, East 1920.0 feet;  
South 2950.4 feet to a stake on the left bank of Kuskokwim River;  
Thence with meanders of the left bank, N. 73°40' W., 623.7 feet;  
N. 76°00' W., 800.0 feet;  
S. 72°00' W., 261.7 feet to a stake, thence  
North 9000.1 feet to the place of beginning containing 94.8 acres.

##### TRACT No. 2

Beginning at a point on the west boundary of U. S. Survey No. 1962, from which corner No. 3 of such survey bears south 2253.6 feet. Thence by metes and bounds,  
S. 81°14' W., 1872.2 feet to a stake on the left bank of Kuskokwim River;  
Thence with meanders of left bank, N. 20°14' E., 171.5 feet;  
N. 42°14' E., 300.0 feet;  
N. 47°14' E., 295.6 feet to a stake; thence  
N. 81°14' E., 1386.2 feet to a stake on the west boundary of U. S. Survey No. 1962, thence  
South, 805.9 feet along the west boundary of such survey to the place of beginning, containing 10.4 acres.

##### TRACT No. 3

A 100-foot right-of-way, the center line as follows:  
Beginning at a point on the west boundary of the tract withdrawn October 1, 1940, under Air Navigation Site Withdrawal No. 142, from which U. S. L. M. 1961, located on

the northwest bank of the Kuskokwim River and in the south edge of the town of Old McGrath, bears

N. 44°50' W., 325 feet;  
S. 47°08' E., 304 feet;  
N. 48°50' W., 555.0 feet, by approximate latitude 62°57'50" N., longitude 145°37' W.  
Thence by metes and bounds,  
S. 87°04' W., 1080.0 feet;  
S. 70°00' W., 1900.0 feet;  
N. 76°24' W., 1100.0 feet;  
N. 47°22' W., 1300.0 feet;  
N. 32°37' W., 2185.5 feet;  
N. 46°56' W., 400.0 feet more or less, to a point on the west boundary line of U. S. Survey No. 1962.

HAROLD L. LOMES,  
Secretary of the Interior.

July 16, 1941.

[P. R. Doc. 41-5991; Filed, July 31, 1941;  
10:34 a. m.]

#### FEDERAL COMMUNICATIONS COMMISSION.

[Docket No. 5189]

#### ORDER IN THE MATTER OF WITHDRAWAL OF FREQUENCIES FROM AMATEUR SERVICE

At a meeting of the Federal Communications Commission held in its offices in Washington, D. C., on the 29th day of July, 1941:

The Commission having under consideration its Rules Governing Amateur Radio Stations and Operators with particular reference to the provisions governing the use of frequencies; and

It appearing that the needs of National Defense require the temporary re-assignment, on September 1, 1941, of one hundred and at later dates of an additional two hundred kilocycles presently allocated to amateur stations under §§ 12.111, 12.115 and 12.116, to the conduct of communications necessary for the training of military airplane pilots exclusively;

It is ordered, That on August 18, 1941, a public hearing be held at the offices of the Commission in Washington, D. C., to determine whether the adoption of the following order will promote public convenience or interest or will serve public necessity or enable a fuller compliance with the provisions of the Communications Act of 1934, as amended;

It is ordered, That §§ 12.111, 12.115 and 12.116 of Part 12 of the Rules and Regulations of the Commission, insofar as they pertain to the continental limits of the United States, be, and they are hereby, suspended until further order of the Commission;

It is further ordered, That the following Temporary Rules Governing Amateur Radio Stations be effective during the period of the suspension of the foregoing sections:

Temporary Rule 12.111 Frequencies for exclusive use of amateur stations. The following bands of frequencies are allocated exclusively for use by amateur stations subject to change with respect to 100 frequencies in the 3600-3800 kilo-

cycle band and 50 frequencies in the 3900-4000 kilocycle band upon further order of the Commission:

1,750 to 2,050 kilocycles
3,800 to 3,900 kilocycles
3,900 to 4,000 kilocycles
7,000 to 7,300 kilocycles
14,000 to 14,400 kilocycles
28,000 to 30,000 kilocycles
56,000 to 60,000 kilocycles
112,000 to 118,000 kilocycles
224,000 to 290,000 kilocycles
400,000 to 401,000 kilocycles

Provided, however, That amateur licenses located in the states of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, District of Columbia, Ohio, Michigan, Indiana, Illinois, Wisconsin, Minnesota, Iowa, North Dakota, South Dakota, Wyoming, Montana, Idaho, Oregon, and Washington, may use the frequencies in the band 3800-3900 kilocycles for Type A-1 emission during the period between two hours after local sunrise and two hours before local sunset subject to the condition that no interference is caused to government operation on these frequencies. The privilege conferred by this proviso with respect to any amateur or to the amateurs within any area may be terminated at any time without advance notice or hearing should interference develop.

Temporary Rule 12.115 Additional bands for types of emission using amplitude modulation. The following bands of frequencies are allocated for use by amateur stations using additional types of emission as shown:

1,750 to 1,900 kilocycles	A-4
1,900 to 2,050 kilocycles	A-3
3,800 to 4,000 kilocycles	A-3
7,250 to 7,500 kilocycles	A-3
14,150 to 14,350 kilocycles	A-3
28,100 to 30,000 kilocycles	A-3
56,000 to 60,000 kilocycles	A-2 A-3 A-4
112,000 to 118,000 kilocycles	A-2 A-3 A-4 A-5
224,000 to 290,000 kilocycles	A-2 A-3 A-4 A-5
400,000 to 401,000 kilocycles	A-2 A-3 A-4 A-5

This order shall take effect September 1, 1941.

It is further ordered, That any existing holder of an amateur radio station license desiring to object to the foregoing proposed order shall, not later than August 14, 1941, file an appearance with the Commission setting forth in detail the grounds of such objection.

By the Commission.

[REAL]

T. J. SLOWIE,  
Secretary.

[P. R. Doc. 41-5989; Filed, July 31, 1941;  
10:11 a. m.]

[Docket No. 5149]

#### NOTICE RELATIVE TO AMERICAN REPUBLICAN, INC. (WBRV)

Application dated February 20, 1941, for modification of C. P.; class of service; broadcast; class of station, broadcast; location, Waterbury, Connecticut; operating assignment specified; Frequency, 660 kc.; power, 1 kw. (DA night and day); hours of operation, unlimited.

You are hereby notified that the Commission has examined the above described application and has designated the matter for hearing for the following reasons:

1. To determine whether completion of construction heretofore authorized (B1-P-2756) was prevented by causes not under control of the applicant-permittee.

2. To determine whether the granting of the instant application would tend toward a fair, efficient and equitable distribution of radio service as contemplated by section 307 (b) of the Communications Act of 1934, as amended.

3. To determine whether the granting of this application would be consistent with the standards of good engineering practice, particularly in view of the expected nighttime interference limitation to the service of Station WBRV as proposed.

4. To determine whether the proposed directional antenna array would afford adequate protection to the services of Stations WFIL and WGAN, particularly in view of the distances between said stations and Station WBRV.

5. To determine the extent of any interference which would result from simultaneous operation of Station WBRV as proposed, and Stations WMCA, WFIL and WGAN.

6. To determine the areas and populations which may be expected to lose interference-free primary service, particularly from Stations WMCA, WGAN and WFIL, should Station WBRV operate as proposed, and what other broadcast service is available to these areas and populations.

7. To determine the areas and populations now receiving interference-free primary service from Station WBRV which may be expected to lose such service should this application be granted, and what other broadcast service is available to these areas and populations.

8. To determine areas and populations which may be expected to gain interference-free primary service from the operation of Station WBRV, as proposed, and what other broadcast service is available to these areas and populations.

9. To determine the extent of any interference which would result from simultaneous operation of Station WBRV, as proposed, and WFIL as proposed in application No. B2-P-2894, as well as the areas and populations affected thereby and what other broadcast service is available to these areas and populations.

10. To determine whether in view of the facts adduced under the foregoing issues that public interest, convenience and necessity will be served by the granting of this application.

The application involved herein will not be granted by the Commission unless the issues listed above are determined in favor of the applicant on the basis of a record duly and properly made by means of a formal hearing.

The applicant is hereby given the opportunity to obtain a hearing on such issues by filing a written appearance in accordance with the provisions of § 1.392(b) of the Commission's Rules of Practice and Procedure. Persons other than the applicant who desire to be heard must file a petition to intervene in accordance with the provisions of § 1.102 of the Commission's Rules of Practice and Procedure.

The applicant's address is as follows:

American Republican, Inc., Radio Station WBRV, 136 Grand St., Waterbury, Connecticut.

Dated at Washington, D. C., July 29, 1941.

By the Commission.

(SEAL) T. J. SLOWIE,  
Secretary.

[F. R. Doc. 41-5583; Filed, July 31, 1941; 10:11 a. m.]

(Docket No. 6084)

**NOTICE RELATIVE TO BOONE BIBLICAL COLLEGE (KFGQ)**

Application dated May 21, 1941, for renewal of license; class of service, broadcast; class of station, broadcast; location, Boone, Iowa; operating assignment; frequency, 1,400 kc.; power, 100 w. day; hours of operation, specified hours.

You are hereby notified that the Commission has examined the above described application and has designated the matter for hearing for the following reason:

1. To determine whether public interest, convenience or necessity would be better served through the unlimited time operation of Station KFGQ on the frequency 1,400 kc. than through the continued operation of Station KFGQ.

The application involved herein will not be granted by the Commission unless the issue listed above is determined in favor of the applicant on the basis of a record duly and properly made by means of a formal hearing.

The applicant is hereby given the opportunity to obtain a hearing on such issue by filing a written appearance in accordance with the provisions of § 1.392 (b) of the Commission's Rules of Practice and Procedure. Persons other than the applicant who desire to be heard must file a petition to intervene in accordance with the provisions of § 1.102 of the Commission's Rules of Practice and Procedure.

The applicant's address is as follows:

Boone Biblical College, Radio Station KFGQ, 924 West Second St., Boone, Iowa.

Dated at Washington, D. C., July 29, 1941.

By the Commission.

(SEAL) T. J. SLOWIE,  
Secretary.

[F. R. Doc. 41-5584; Filed, July 31, 1941; 10:11 a. m.]

(Docket No. 5122)

**NOTICE RELATIVE TO SEABOARD RADIO BROADCASTING CORPORATION (WIBG)**

Application dated March 18, 1941, for modification of license; class of service, broadcast; class of station, broadcast; location, Glenside, Pennsylvania; operating assignment specified: Frequency, 990 kc.; power, 1 kw. day; hours of operation, limited to Knoxville, Tenn.

You are hereby notified that the Commission has examined the above described application and has designated the matter for hearing for the following reasons:

1. To determine whether the granting of this application would be consistent with the provisions of the North American Regional Broadcasting Agreement.

2. To determine whether, in view of the facts adduced under the foregoing issue and the issues relating to the application for renewal of license of Station WIBG, Docket No. 6062, public interest, convenience and necessity will be served by the granting of the instant application.

The application involved herein will not be granted by the Commission unless the issues listed above are determined in favor of the applicant on the basis of a record duly and properly made by means of a formal hearing.

The applicant is hereby given the opportunity to obtain a hearing on such issues by filing a written appearance in accordance with the provisions of § 1.392 (b) of the Commission's Rules of Practice and Procedure. Persons other than the applicant who desire to be heard must file a petition to intervene in accordance with the provisions of § 1.102 of the Commission's Rules of Practice and Procedure.

The applicant's address is as follows:

Seaboard Radio Broadcasting Corp., Radio Station WIBG, Easton Road and Mt. Carmel Avenue, Glenside, Pennsylvania.

Dated at Washington, D. C., July 29, 1941.

By the Commission.

(SEAL) T. J. SLOWIE,  
Secretary.

[F. R. Doc. 41-5585; Filed, July 31, 1941; 10:11 a. m.]

(Docket No. 5181)

**NOTICE RELATIVE TO HENNEBRY BROADCASTING CO. (NRW)**

Application dated April 2, 1941, for construction permit; class of service, broadcast; class of station, broadcast; location, Butte, Montana; operating assignment specified: Frequency, 1,490 kc.; power, 250 w.; hours of operation, unlimited.

You are hereby notified that the Commission has examined the above described application and has designated the matter for hearing for the following reasons:

1. To determine applicant's legal, technical, and other qualifications to



construct and operate the proposed station.

2. To determine the type and character of the service, both program and technical, which applicant may be expected to render if granted a permit to construct the proposed station.

3. To determine the identity, residence, experience and familiarity with the needs of the population to which it is proposed to render a local broadcast service, of the persons having ultimate control of the applicant.

4. To determine the practices and policies which the applicant may be expected to follow in the operation of the proposed station, particularly in view of its connections with the Hennessey Company, owner of a retail department store in Butte, Montana, and the Mercantile Stores Company, Inc., engaged in the business of operating department stores and owning real estate.

5. To determine whether public interest, convenience or necessity would be served by a grant of this application and the application of Barclay Craighead (File No. B5-P-3103, Docket No. 8132), or either of them.

The application involved herein will not be granted by the Commission unless the issues listed above are determined in favor of the applicant on the basis of a record duly and properly made by means of a formal hearing.

The applicant is hereby given the opportunity to obtain a hearing on such issues by filing a written appearance in accordance with the provisions of § 1.382 (b) of the Commission's Rules of Practice and Procedure. Persons other than the applicant who desire to be heard must file a petition to intervene in accordance with the provisions of § 1.102 of the Commission's Rules of Practice and Procedure.

The applicant's address is as follows:

Hennessey Broadcasting Company, c/o Hennessey Company, Hennessey Building, Butte, Montana.

Dated at Washington, D. C., July 28, 1941.

By the Commission.

(SEAL) T. J. SLOWIK  
Secretary.

(F. R. Doc. 41-5586; Filed, July 31, 1941; 10:12 a. m.)

[Docket No. 8132]

**NOTICE RELATIVE TO BARCLAY CRAIGHEAD (New)**

Application dated February 4, 1941, for construction permit; class of service, broadcast; class of station, broadcast; location, Butte, Montana; operating assignment specified: Frequency, 1,500, (1,490 kc. NARBA); power, 250 w.; hours of operation, unlimited.

You are hereby notified that the Commission has examined the above described application and has designated

the matter for hearing for the following reasons:

1. To determine applicant's legal, technical, and other qualifications to construct and operate the proposed station.

2. To determine the type and character of the service, both program and technical, which applicant may be expected to render if granted a permit to construct the proposed station.

3. To determine whether public interest, convenience and necessity would be served by a grant of this application and the application of the Hennessey Broadcasting Company (File No. B5-P-3158, Docket No. 8131), or either of them.

The application involved herein will not be granted by the Commission unless the issues listed above are determined in favor of the applicant on the basis of a record duly and properly made by means of a formal hearing.

The applicant is hereby given the opportunity to obtain a hearing on such issues by filing a written appearance in accordance with the provisions of § 1.382 (b) of the Commission's Rules of Practice and Procedure. Persons other than the applicant who desire to be heard must file a petition to intervene in accordance with the provisions of § 1.102 of the Commission's Rules of Practice and Procedure.

The applicant's address is as follows:

Barclay Craighead, Wheeler Block, 122 W. Broadway, Butte, Montana.

Dated at Washington, D. C., July 28, 1941.

By the Commission.

(SEAL) T. J. SLOWIK  
Secretary.

(F. R. Doc. 41-5587; Filed, July 31, 1941; 10:12 a. m.)

[Docket Nos. 8151, 8159]

**NOTICE RELATIVE TO GEORGE W. McCAULEY, d/b as AERONAUTICAL RADIO COMPANY (WQEB)**

Application dated March 28, 1941, for renewal of license; class of service, aviation; class of station, airport; location, Roosevelt Field, Mineola, New York; operating assignment: Frequency, 278 kc.; power, 15 watts; emission, A-3; Pta. of Comm., ground to aircraft stations.

Application dated April 9, 1941, for construction permit; class of service, aviation; class of station, airport; location, Roosevelt Field, Mineola, New York; operating assignment specified: Frequency, add: 130,400 kc.; (Alternates 129,200 and 129,800 kc.); power, 100 watts; emission, A-3; Pta. of Comm., ground to aircraft stations.

You are hereby notified that the Commission has examined the above described applications and has designated

the matter for hearing for the following reasons:

1. To determine whether or not airport control radio station WQEB has in the past operated in accordance with the Commission's Rules and Regulations Governing Aviation Service, particularly §§ 9.9, 9.62 and 9.113.

2. To determine the ultra high frequency assignment most suitable for this station.

3. To determine whether the continued operation of this station would serve public interest, convenience or necessity.

The applications involved herein will not be granted by the Commission unless the issues listed above are determined in favor of the applicant on the basis of a record duly and properly made by means of a formal hearing.

The applicant is hereby given the opportunity to obtain a hearing on such issues by filing a written appearance in accordance with the provisions of § 1.382 (b) of the Commission's Rules of Practice and Procedure. Persons other than the applicant who desire to be heard must file a petition to intervene in accordance with the provisions of § 1.102 of the Commission's Rules of Practice and Procedure.

The applicant's address is as follows:

George W. McCauley, d/b as Aeronautical Radio Company, Roosevelt Field, Mineola, New York.

Dated at Washington, D. C., July 28, 1941.

By the Commission.

(SEAL) T. J. SLOWIK  
Secretary.

(F. R. Doc. 41-5586; Filed, July 31, 1941; 10:12 a. m.)

**FEDERAL POWER COMMISSION.**

[Docket No. IT-5721]

**IN THE MATTER OF MONTANA-DAKOTA UTILITIES CO.**

**NOTICE OF APPLICATION**

July 29, 1941.

Notice is hereby given that on July 29, 1941, an application was filed with the Federal Power Commission, pursuant to Section 204 of the Federal Power Act, by Montana-Dakota Utilities Co., a corporation organized under the laws of the State of Delaware and carrying on electric and gas utilities business in the States of Montana, North Dakota, South Dakota and Wyoming, with its principal business office at Minneapolis, Minnesota, seeking an order authorizing the issuance of \$350,000.00 of unsecured Purchase Money Notes in three equal installments on or before April 1, 1942, January 1, 1944, and October 1, 1944, respectively, and bearing interest at the rate of 3½ per cent per annum; all as more fully appears in the application on file with the Commission.

Any person desiring to be heard or to make any protest in reference to said application should, on or before the 15th day of August, 1941, file with the Federal Power Commission a petition or protest in accordance with the Commission's Rules of Practice and Regulations.

(SEAL) LEON M. FOUQUAY,  
Secretary.

[P. R. Doc. 41-5590; Filed, July 31, 1941;  
10:34 a. m.]

## SECURITIES AND EXCHANGE COMMISSION.

[File Nos. 7-492 to 7-511, inclusive]

IN THE MATTER OF APPLICATIONS BY THE CHICAGO STOCK EXCHANGE TO EXTEND UNLISTED TRADING PRIVILEGES TO TWENTY (20) STOCKS

ORDER DISPOSING OF APPLICATIONS FOR PERMISSION TO EXTEND UNLISTED TRADING PRIVILEGES

At a regular session of the Securities and Exchange Commission, held at its office in the City of Washington, D. C., on the 30th day of July, A. D. 1941.

The Chicago Stock Exchange having made application to the Commission, pursuant to section 12 (f) of the Securities Exchange Act of 1934 and Rule X-12F-1, for permission to extend unlisted trading privileges to twenty securities; and

After appropriate notice a hearing having been held in this matter in Chicago, Illinois; and

The Commission having this day made and filed its findings and opinion herein;

It is ordered, Pursuant to section 12 (f) of the Securities Exchange Act of 1934, that the instant applications of such exchange be and the same are hereby granted by the Commission permitting the applicant exchange to extend unlisted trading privileges to the American Radiator & Standard Sanitary Corporation Common Stock, No Par Value; Anisconda Copper Mining Company \$50 Par Value Common Stock; Atchison, Topeka & Santa Fe Railway Company \$100 Par Value Common Stock; Bethlehem Steel Corporation Common Stock, No Par Value; Curtiss-Wright Corporation \$1 Par Value Common Stock; General Electric Company Common Stock, No Par Value; Interlake Iron Corporation Common Stock, No Par Value; Glenn L.

Re 149—5

Martin Company \$1 Par Value Common Stock; Nash-Kelvinator Corporation \$5 Par Value Capital Stock; New York Central Railroad Company Capital Stock, No Par Value; Paramount Pictures, Inc. \$1 Par Value Common Stock; Pullman, Inc. Capital Stock, No Par Value; Pure Oil Company Common Stock, No Par Value; Radio Corporation of America Common Stock, No Par Value; Republic Steel Corporation Common Stock, No Par Value; Standard Brands, Inc. Common Stock, No Par Value; Standard Oil Company (New Jersey) \$25 Par Value Capital Stock; Studebaker Corporation \$1 Par Value Common Stock; United States Rubber Company \$10 Par Value Common Stock; and Yellow Truck & Coach Manufacturing Company \$1 Par Value Class B Stock.

By the Commission,

(SEAL) FRANCIS P. BRASSON,  
Secretary.

[P. R. Doc. 41-5598; Filed, July 31, 1941;  
11:45 a. m.]

[File No. 70-363]

## IN THE MATTER OF CONSOLIDATED ELECTRIC AND GAS COMPANY

### NOTICE REGARDING FILING

At a regular session of the Securities and Exchange Commission, held at its office in the City of Washington, D. C., on the 31st day of July, A. D. 1941.

Notice is hereby given that a declaration or application (or both), has been filed with this Commission pursuant to the Public Utility Holding Company Act of 1935 by the above-named party or parties; and

Notice is further given that any interested person may, not later than August 15, 1941, at 4:45 p. m., E. S. T., request the Commission in writing that a hearing be held on such matter, stating the reasons for such request and the nature of his interest, or may request that he be notified if the Commission should order a hearing thereon. At any time thereafter such declaration or application, as filed or as amended, may become effective or may be granted, as provided in Rule U-23 of the Rules and Regulations promulgated pursuant to said Act or the Commission may exempt such transaction as provided in Rules U-20 (a) and U-100 thereof. Any such request should be addressed: Secretary, Securities and Exchange Commission, Washington, D. C.

All interested persons are referred to said declaration or application, which is on file in the office of said Commission, for a statement of the transactions therein proposed, which are summarized below:

Consolidated Electric and Gas Company, a registered holding company, proposes to sell to Southeastern Indiana Power Co., an Indiana corporation, the following described securities of its subsidiary, Hoosier Public Utility Company:

(a) 17,270 shares of the Common Capital Stock of no par value;

(b) \$318,750 principal amount of 6% 10-Year Note, dated July 1, 1935 and due July 1, 1945; and

(c) \$150,000 principal amount of the First Mortgage 5% Sinking Fund Bonds, due December 1, 1954, with all unmatured coupons appertaining thereto attached.

The purchase price to be paid for the foregoing securities is the sum of the following:

(a) One Million One Hundred Thousand Dollars (\$1,100,000);

(b) Interest on the Note and Bonds described above, accrued to date of closing and unpaid; and

(c) An amount equal to the net earnings of Hoosier Public Utility Company applicable to the Common Stock of Hoosier Public Utility Company described above, from January 1, 1941 to the date of closing, less an amount equal to the total amount of all payments made by Hoosier Public Utility Company to Consolidated Electric and Gas Company during the period from January 1, 1941 to the date of closing, representing dividends paid on the Common Stock of Hoosier Public Utility Company described above.

The foregoing securities are now pledged with the City National Bank and Trust Company of Chicago, Successor Trustee under the Collateral Trust Indenture of Central Gas and Electric Company securing its Collateral Trust Bonds, due 1946, (assumed by Consolidated Electric and Gas Company), and the proceeds representing said purchase price will be applied to acquire and retire such Collateral Trust Bonds.

By the Commission.

(SEAL) FRANCIS P. BRASSON,  
Secretary.

[P. R. Doc. 41-5599; Filed July 31, 1941;  
11:45 a. m.]

Honorable Charles B. Henderson,  
Chairman of the Board,  
Reconstruction Finance Corporation,  
Washington, D. C.

Dear Mr. Henderson:

This will acknowledge the receipt of your letter of July 28, 1941, requesting that the sum of \$12,000,000, referred to in the President's Allocation No. 31, be made available to the Reconstruction Finance Corporation.

Since Allocation No. 31 was made against a contract authorization rather than cash, it was necessary to request the Bureau of the Budget to make arrangements for an allocation of cash to carry out the agreement referred to in your letter. A copy of the Treasury's letter to the Bureau of the Budget is enclosed for your information and files.

Very sincerely yours,

(Signed) D. W. BELL

Under Secretary of the Treasury.

Enclosure

EFB:ala 8/1/41

*W. C. G. G. G.*  
*has been completed*  
*File -*

My dear Mr. Smith:

Under date of October 4, 1940, the President issued allocation No. 31 in the amount of \$12,000,000 to the Reconstruction Finance Corporation from his contract authorization contained in the Military Appropriation Act of 1941, approved June 13, 1940, to cover transportation and storage expenses in connection with the establishment of a reserve supply of wool.

There is enclosed herewith a letter from the Chairman of the Reconstruction Finance Corporation, dated July 28, 1941, requesting that arrangements be made for making the funds available.

In a telephone conversation today, the Reconstruction Finance Corporation has indicated that approximately \$4,000,000 has already been disbursed by the Defense Supplies Corporation and that the balance will be disbursed between this date and December 31, 1941, or thereabouts.

It would be appreciated, therefore, if arrangements should be made to have a cash allocation of \$12,000,000 made to the Reconstruction Finance Corporation for the purpose indicated.

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In view of the fact that the funds of the Reconstruction Finance Corporation are not carried in the appropriation accounts upon the books of the Treasury, it is suggested that the letter of allocation carry a provision reading substantially as follows:

"The allocation contained herein shall be made available to the Reconstruction Finance Corporation through a check to be drawn on the Treasurer of the United States by the Chief Disbursing Officer, Division of Disbursement, upon requisition of the Chairman."

Very truly yours,

(Signed) W. BELL

Under Secretary of the Treasury

Honorable Harold D. Smith,  
Director of the Bureau of the Budget,  
Washington, D. C.

Enclosure

KFB:HBW  
7/30/41

**RECONSTRUCTION FINANCE CORPORATION**  
**WASHINGTON**

CHARLES B HENDERSON  
CHAIRMAN OF THE BOARD

July 28, 1941

My dear Mr. Secretary:

Under date of October 4, 1940, the President issued Allocation No. 31 in the amount of \$12,000,000 to the Reconstruction Finance Corporation from his Contract Authorization contained in the Military Appropriation Act of 1941, approved June 13, 1940. The purpose of this Allocation, as stated therein, is to provide for the establishment of adequate reserve supplies of materials determined by the President to be essential to the national defense.

Under date of October 4, 1940, the President by letter to the Federal Loan Administrator, copy of which is enclosed for your information, declared wool to be essential to the national defense and authorized the Administrator to provide for the establishment of an adequate reserve of this material.

Under date of December 9, 1940, letters were exchanged between the American Charge d'Affaires ad interim at London and British Secretary of State for Foreign Affairs, which letters constitute an agreement between the Government of the United States and the Government of the United Kingdom for the transportation and storage in the United States of 250,000,000 pounds of British-owned Australian wool as a strategic reserve for the United States Government against a possible emergency shortage of wool supplies in this country. The agreement, a copy of which is enclosed for your information, provides that the Government of the United States, or an Agency acting in its behalf, shall be responsible for the transportation and storage of the wool in this country and shall have an option to purchase such wool.

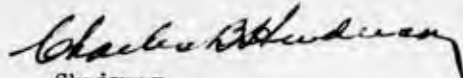
Defense Supplies Corporation, which is a subsidiary of the Reconstruction Finance Corporation created pursuant to Section 5d of the Reconstruction Finance Corporation Act, as amended, has been designated as the Agency to act on behalf of the United States Government in transporting and storing the wool as provided in the agreement. Defense Supplies Corporation

- 2 -

has made agreements with various steamship lines for the transportation of this material from Australia and has obtained warehousing facilities in this country for its storage. Up to the present time all expenses incident to this transaction have been paid by Defense Supplies Corporation from its own funds, and it is essential that such Corporation be reimbursed immediately for its expenditures in order that it may have funds available for carrying on its other activities. Likewise, additional funds must be made available so that future expenses arising in connection with the transportation and storage of such wool may be paid when and as they become due.

In view of the above facts, you are hereby requested to take such action as may be necessary to make the funds provided for in the President's Allocation No. 31 available to Reconstruction Finance Corporation as soon as possible.

Sincerely yours,

  
Chairman

The Honorable  
The Secretary of the Treasury  
Washington, D. C.

(6)

THE WHITE HOUSE  
WASHINGTON

OCT 4 1940

My dear Mr. Administrator:

Reference is made to the allocation of \$12,000,000 from my Emergency Fund which I have today approved to the Reconstruction Finance Corporation.

*(Contract Authorization)*

This is to advise you that I have determined wool to be essential to the national defense, and you are, therefore, authorized to provide for the establishment of an adequate reserve of this material.

Sincerely yours,



Honorable Jesse Jones,  
Administrator,  
Federal Loan Agency,  
Washington, D. C.



## DEPARTMENT OF STATE

For the Press

December 10, 1940  
No. 522

The following notes were exchanged between the American Charge d'Affaires ad interim at London and the British Secretary of State for Foreign Affairs on December 9, 1940, under which a strategic reserve of Australian wool is to be established in the United States.

From the British Secretary of State for Foreign Affairs to the American Charge d'Affaires ad interim at London

Foreign Office,  
S. W. one,  
9th December, 1940

No. W11985/79/49

Sir:

I have the honour to inform you that in order to enable the Government of the United States of America to establish in the United States a reserve of Australian wool against a possible emergency shortage of wool supplies in the United States, the Government of the United Kingdom of Great Britain and Northern Ireland are prepared to enter into an agreement with the Government of the United States in the following terms:

(1) The Government of the United Kingdom shall make available to the United States Government (or an agency acting on its behalf) two hundred and fifty million pounds of Australian wool as a strategic reserve for the United States Government against a possible emergency shortage of wool supplies in the United States. The wool shall be transported to the United States where it shall be stored in bonded warehouses. The Government of the United Kingdom shall retain title to the wool, but all or any part of the wool may be purchased by the United States Government (or an agency acting on its behalf) for use in the United States or may be sold to the United States domestic trade, if and when it has been determined by the United States Government that an emergency shortage of wool exists in the United States.

(2) The

OWNERSHIP

(2) The Government of the United Kingdom may withdraw wool from the reserve for shipment to the United Kingdom or other British territory in the case of emergency shortage of supplies in such territory, or in the contingency of an interruption of wool textile production in the United Kingdom for the manufacture of textiles in the United States to meet United Kingdom emergency textile requirements, provided that (a) replacements for wool so withdrawn are on the way to the United States and (b) at no time the total of the reserve in the United States is temporarily depleted by more than twenty per cent by such withdrawals.

(3) At any time after the signing of a general armistice between the United Kingdom and Germany, the Government of the United Kingdom shall be at liberty to dispose of the wool remaining in the reserve, but the United States Government and the Government of the United Kingdom shall consult together with a view to ensuring that the disposal of any such wool in the United States shall be effected under conditions which will avoid a dislocation of normal wool marketing there.

(4) The wool for the reserve shall be made available by the Government of the United Kingdom f.o.b. at Australian ports, and the United States Government (directly or through an agency acting on its behalf) shall thereafter accept responsibility for the safe custody of the wool and shall pay transport, handling, storage, insurance including war risk, and other charges in connexion with the establishment and maintenance of the wool reserve. Payments shall be made between the United States Government and the Government of the United Kingdom on sale of wool from the reserve to offset any savings secured by the Government of the United Kingdom owing to the wool having been transported to and stored in the United States by the United States Government and any loss incurred by the Government of the United Kingdom by reason of depreciation in the value of the wool stored in the United States as a result of deterioration of the wool or by reason of the position in which the wool is stored in the United States, provided that (a) in the case of sales in the United States no payment shall

EXPENSES

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be made which would reduce the receipts by the Government of the United Kingdom for the wool in question below the amount which would have been received on sale f.o.b. Australia at the same date, and (b) in the case of sales outside the United States any payments as between the two Governments shall not involve the Government of the United Kingdom in any net expenditure of United States dollars in respect thereof.

(5) It is tentatively agreed that the 250,000,000 pounds of Australian wool which will be made available by the Government of the United Kingdom for the reserve shall be composed of the following: 270,000 bales of 58/60s of types normally imported into the United States and of good topmaking Bradford styles; 290,000 bales of 60s and finer of types normally imported into the United States and of good topmaking Bradford styles; 190,000 bales of 60s and finer of good to average Bradford styles; balance (to make up 250,000,000 pounds) of 60s and finer of average Bradford styles; two thirds of all the 60s and finer wools to consist of 64/60s. The counts are as normally understood in the United States. Although this tentative agreement on grades and types is subject to modification following consultation between the two Governments after examination of samples of the wool by the United States authorities, it shall become definitive if the examination of samples indicates that the grades and types of wool included in the above mentioned general categories are such that they could be readily used in American mills without interruption of or delays in the production of the mills. It is understood that the Government of the United Kingdom in estimating the quantities available for the reserve have provided for the retention of sufficient supplies in Australia to ensure that the commercial demand can be met. It is also understood that both the total quantity estimated to be available for the reserve after providing for sales abroad and shipments to the United Kingdom, and the distribution by types and descriptions, have been based upon the results of the 1939-40 clip, and that should the results of the 1940-41 clip differ it may be necessary to vary the supply for the reserve.

(6) Space on established British shipping lines running between Australia and the United States shall be used for the transport of the wool so far as available. The wool will be sold available in Australia as rapidly as possible, provided that the sale of wool from Australia on commercial account or its shipment to the Wool Control in the United Kingdom or Canada shall

not be prejudiced, and every endeavour shall be made to complete the allocations in Australia by the end of March 1941.

2. If the Government of the United States are prepared to accept the foregoing provisions, I have the honour to propose that the present note and your reply to that effect be regarded as constituting an agreement between the two Governments which shall come into force immediately.

I have the honour to be, with high consideration,  
Sir, your obedient servant,

HALIFAX

From the American Chargé d'Affaires ad interim at London  
to the British Secretary of State for Foreign Affairs

London,  
December 9, 1940

No: 2662

My Lord:

I have the honor to acknowledge the receipt of your note no. W11985/79/49 of December 9, 1940, in which Your Lordship is good enough to inform me that in order to enable the Government of the United States of America to establish in the United States a reserve of Australian wool against a possible emergency shortage of wool supplies in the United States the Government of the United Kingdom of Great Britain and Northern Ireland is prepared to enter into an agreement with the Government of the United States in the following terms:

[(1) to (6) are identical with those under the same numbers in the British note.]

In reply to numbered paragraph two of Your Lordship's note, I have the honor to confirm under instructions of my Government that Your Lordship's statement of our understanding as set forth above is agreed to by my Government and that the present exchange of notes is to be regarded as constituting an agreement between the two Governments which shall come into force immediately.

I have the honor to be, with the highest consideration,  
My Lord, your most obedient, humble servant,

HERSCHEL V. JOHNSON  
Chargé d'Affaires ad interim

TREASURY DEPARTMENT

INTER OFFICE COMMUNICATION

DATE August 1, 1941

TO Mr. White

FROM G. A. Eddy

*E.A.B.*  
*GAE*

Subject: Summary and analysis of "A Deferred Income Plan."

A proposal to help prevent inflation by increasing purchases of Government bonds out of individual and corporation incomes is being advocated by a long list of representative economists, including many who have been sympathetic to this administration.

Essence is to neutralize some income till after emergency

The gist of the plan is simply to divert more of the public's receipts of cash income into Government bonds, before the funds can compete for the limited supply of consumers' goods. The money will be returned for the public to spend after the defense period is ended.

The statement advocates increased taxation in addition to these bond purchases. It says, however, that taxation alone will not suffice, since there must be incentives for business and workers to put forth the extra effort needed for defense, since the low-paid should be allowed to benefit from their enlarged earnings, and since the whole burden cannot be borne by taxation on middle and upper incomes.

Details left vague but need for compulsion is indicated

The statement, which is only two pages long, offers the alternative of making the bond buying compulsory, or of leaving it voluntary. The former would be legislation requiring purchases in relation to individual incomes, on a progressive scale. This form of the proposal is fundamentally the same as Mr. Keynes' Compulsory Savings Plan. It is perhaps hoped that it will be more acceptable under the name of "Deferred Income," with no mention of Mr. Keynes. The voluntary arrangement, it is suggested, could be a master pact between employers and employees, supplemented by cooperation from independent business men and farmers.

The statement expresses doubt that voluntary participation will be adequate. It believes that compulsion will be necessary.

The statement contradicts itself concerning what income is intended to be neutralized in buying bonds. At some points it speaks of segregating in the

form of bonds the increases in incomes due to armament expenditures. At others it speaks of making the bond purchases like a tax, affecting incomes much lower than the present personal income tax exemptions, and affecting larger incomes progressively. This would neutralize parts of all existing incomes, whether or not they were increased from their pre-war level.

In at least three respects the proposed bonds differ from the present Savings Bonds: (1) It is apparently intended that they should not be redeemable by the owners except in case of emergency. (2) They are to mature after the emergency rather than after 10 years. (3) No limit is mentioned on the amount which can be bought each year by individuals or companies.

Nothing is said concerning the rate of interest.

No details are given concerning the amounts which might be required to be purchased by persons in the different income brackets or concerning several other important points in any compulsory plan.

Comments:

1. If the voluntary form of the proposal is chosen, it would differ only in detail from an intensification of the present Savings Bonds campaign. The bonds would differ in the three respects mentioned two paragraphs above. There might be more formal arrangements and more pressure for buying bonds.
2. The economists' statement does not contribute much to the critical question which the Treasury has been facing for a number of months, i.e., the degree of pressure which ought to be put behind the Savings Bond campaign. The proposal does not discuss or even mention the factors which have so far caused the adoption of a voluntary basis, such as: (a) the hardship of compulsion on some individuals who require all their income to cover their obligations; (b) the desirability of having persons emerging from the lowest income groups spend more money on food, housing, clothing, medical care, education, etc.; (c) the legal difficulties of compulsion, including the relation of income invested in Savings Bonds to the income tax; (d) the general desirability of voluntary cooperation over governmental coercion. Compulsion must be considered at much greater length than in this statement before it is adopted, rejected, or modified.
3. Although desirable above certain limits, it seems undesirable to urge all increases in income to be neutralized. The distribution of income is probably more socially equitable now than it was in 1939 or 1940. The recommendation to neutralize all increases of incomes above the pre-defense-period level would prolong the advantageous relative position of those who were very well paid then and the disadvantageous position of those who were very poorly paid or unemployed then. Increases in current consumption should be allowed for those who have increased their income but are still in the very low income groups.

UNIVERSITY OF PENNSYLVANIA



PHILADELPHIA

WHARTON SCHOOL OF  
FINANCE AND COMMERCE*Treasury  
Dept*

July 22, 1941

The Honorable Franklin D. Roosevelt  
Executive Offices  
Washington, D. C.

Sir:

I have the honor to submit herewith a memorandum on a proposed Deferred Income Plan for financing armament expenditures by means of compulsory savings. This document has been circulated among a select group of American economists and has received enthusiastic endorsement. Among the signers are five former presidents of the American Economic Association: F. A. Fetter, Irving Fisher, F. A. Mills, Wesley C. Mitchell, O.M.W. Sprague, and the current President of the American Statistical Association, Winfield W. Riefler.

Attached is a complete list of signers of this memorandum.

Respectfully yours,

*Hans P. Neisser*

A DEFERRED INCOME PLAN

If serious inflationary disturbances are to be avoided in this country, prompt and decisive action is urgently called for. The bases of the present critical situation are as follows. The expansion of armament production results in a considerable increase in money incomes of large classes of the population, primarily of workers and business men who directly or indirectly benefit from armament orders. Desirable as it would be, the necessities of armament render it impossible to raise the average standard of living in proportion to the rise in money income. Indeed, we shall be fortunate if average real income is not actually reduced as idle resources, human and material, are more and more absorbed into the defense effort, and as some of the resources now devoted to civilian consumption are diverted to armament purposes.

Unless the proper steps are taken to prevent it, the impact of a sharply rising money income on a limited or possibly declining volume of goods and services available for civilian consumption must inevitably bring about an inflationary rise in prices, which would deprive business men and workers of a very large part of the benefits from a rising money income, and would lay a heavy burden upon those groups which are not able to increase their money income. Moreover, such an inflationary rise in prices would be likely to accentuate the danger of a severe post-armament depression, creating widespread misery among classes now benefited by the defense program.

The logical solution for this situation would appear to be the introduction of a Deferred Income Plan. The purpose of such a plan would be to neutralize, for the time being, the additional private purchasing power created by armament expenditure, and to make the purchasing power available to the present owners in a later period when it might reasonably be expected to result in additional consumption.

The essential features of such a plan would be:

- (a) The withdrawal of most of the current increase in incomes from the receivers of the income.
- (b) The transfer of the funds so withdrawn to the government, presumably by their conversion into government bonds.
- (c) Prohibition of the use of these bonds as collateral for bank loans except in case of personal emergency.
- (d) The transfer of the funds back to private hands and their release as purchasing power after the present armament boom.

Two methods for putting the plan into effect might be used; it could be done either by legislation alone or by a voluntary agreement between workers and business men, supplemented by legislative measures. In the first case, the plan would require loans from all recipients of net income above a minimum that should be set at a much lower level than is provided in the present Federal income tax; this loan would be graduated according to net income, and would be additional to taxes now or hereafter imposed.



- 2 -

As an alternative to this compulsory method, a voluntary plan, embodying the same essential features, might be employed. Under the voluntary arrangement, a master agreement between workers and business men is suggested, which would pertain only to the current increase in purchasing power, and thus would not encroach upon the standard of living of those not benefiting from armament expenditures. The workers would contribute to the success of the plan by accepting payment in government bonds for a large part of their additional income from longer working hours, overtime pay, and rises in the basic wage schedule. Business men would make their contribution by investing their increased profits in government bonds. Likewise, farmers and other income receivers might be induced, perhaps by supplementary legislation, to buy government bonds out of any increase in net income accruing to them.

While a voluntary plan such as this would be preferable if it could be made effective, the difficulty of securing adequate participation would be very great, and would probably make it necessary to rely on the compulsory solution.

A deferred income plan such as is proposed here is the most satisfactory method of averting the danger of inflation. It does not imply that additional taxation can be avoided. But it is certain that taxation alone could not be relied upon to prevent inflation.

To impose a 100% tax on additional profits would weaken the business man's incentive to effect economies in armament production.

To tax away completely the increment in money incomes of the lower income classes without reimbursing them in the future would be a grave injustice to a class which, as a whole, has not yet attained an adequate standard of living, and might also undermine incentives to effective work on the defense program.

To leave the lower income classes free from any new levy while attempting to escape inflation would impose an unreasonable tax burden on the middle income classes, since it would be necessary to offset the increase in incomes in the lower brackets by a nearly equivalent reduction of incomes in the middle brackets. Such a reduction of the standard of living of the middle income classes is both impracticable and politically dangerous. It would be impracticable because of the difficulty of effecting so sudden and so substantial a reduction in the standard of living of the bulk of middle income receivers. Consequently, they would be likely to draw on reserves to maintain their standard of living, thus defeating for the time being the aim of limiting consumer purchasing power. It would be politically dangerous because an attempt to lower drastically the standard of living of one class, at a time when the standard of certain other classes is rising sharply, could not fail to foster class antagonism and disrupt national unity.

Without in any way prejudicing the case for additional taxation in other forms, the undersigned economists recommend that the Congress give immediate consideration to a plan of deferred income along lines indicated above, with a view to its early adoption.

- 3 -

E. E. Agger	Rutgers University
Eugen Altschul	University of Minnesota
James Washington Bell	Northwestern University
Richard M. Bissell, Jr.	Yale University
Raymond T. Bowman	University of Pennsylvania
Elmer C. Bratt	Lehigh University
Wm. Adams Brown, Jr.	Brown University
Alfred G. Bushler	University of Pennsylvania
Arthur F. Burns	Rutgers University
Raymond T. Bye	University of Pennsylvania
William J. Carson	University of Pennsylvania
Lester V. Chandler	Amherst College
Denzel C. Cline	Michigan State College
Arthur G. Coons	Claremont College
M. M. Daugherty	University of Delaware
Joel Dean	University of Chicago
J. Frederic Dewhurst	Twentieth Century Fund
Walter Egle	Ohio State University
Howard S. Ellis	University of California
R. T. Ellsworth	University of Cincinnati
Solomon Fabricant	National Bureau of Economic Research
Elmer D. Fagan	Stanford University
Arthur Feiler	New School of Social Research
Frank A. Fetter	Princeton University
Clyde Olin Fisher	Wesleyan University
Irving Fisher	Yale University
H. LaRue Frain	University of Pennsylvania
Herbert F. Fraser	Swarthmore College
Paul F. Gemmill	University of Pennsylvania
Frank D. Graham	Princeton University
Gottfried Heberler	Harvard University
Ernest H. Hahne	Northwestern University
C. O. Hardy	Brookings Institution
S. E. Harris	Harvard University
Edward Heimann	New School for Social Research
William W. Hewett	University of Cincinnati
Calvin B. Hoover	Duke University
M. H. Hunter	University of Illinois
Neil H. Jacoby	University of Chicago
Frank H. Knight	University of Chicago
Simon S. Kuznets	University of Pennsylvania
W. W. Leontief	Harvard University
Richard A. Lester	Duke University
Harry J. Loman	University of Pennsylvania
William N. Loucks	University of Pennsylvania
Frits Machlup	University of Buffalo
F. K. Mann	Washington, D. C.
James W. Martin	University of Kentucky
Edward S. Mason	Harvard University
Max Millikan	Yale University
Frederick C. Mills	Columbia University

- 4 -

Wesley C. Mitchell	Columbia University
A. E. Monroe	Harvard University
Walter A. Morton	University of Wisconsin
Hans P. Neisser	University of Pennsylvania
Mabel Newcomer	Vassar College
E. G. Nourse	Brookings Institution
Eugene Oakes	Yale University
Ernest M. Patterson	University of Pennsylvania
S. Howard Patterson	University of Pennsylvania
W. C. Plummer	University of Pennsylvania
B. U. Ratchford	Duke University
Lloyd P. Rice	Dartmouth College
Winfield W. Riefler	Institute for Advanced Studies
R. G. Rodkey	University of Michigan
Karl Scholz	University of Pennsylvania
Elizabeth B. Schumpeter	Cambridge, Mass.
William J. Shultz	College of City of New York
Edward C. Simmons	University of Michigan
O.M.W. Sprague	Harvard University
J. Wilner Sundelson	Rutgers University
Paul Studenski	New York University
Willard L. Thorp	Dun & Bradstreet
Rufus S. Tucker	General Motors Corporation
Leonard L. Watkins	University of Michigan
J. Philip Wernette	Harvard University
Ray B. Westerfield	Yale University
K. M. Williamson	Wesleyan University
Charles R. Whittlesey	University of Pennsylvania
William Withers	Queens College
Ralph A. Young	University of Pennsylvania

1941 JUL 25 10 15 AM '41

RECEIVED JULY 25 1941

August 1, 1941

Herbert Gaston

Secretary Morgenthau

Please give me a report Monday on what has been done in regard to the President's request that we investigate various members of the OPM. Do we simply investigate people that they take on or do we investigate everybody as to their income taxes? Please let me have a short report on just what we have been doing, how many men are working on it, how many reports they file with us, how many have been completed, and how many uncompleted reports we have on hand; also how many reports are turned out each week. You might make this up to the first of August, and from now on let me have a report on this once a month.

ADDRESS THE COMMANDANT, U. S. COAST GUARD  
AND REFER TO NO.

**TREASURY DEPARTMENT**

UNITED STATES COAST GUARD

WASHINGTON

1 August, 1941.

MEMORANDUM FOR: Secretary Morgenthau.

1. In accordance with your request there is appended hereto an analysis of Coast Guard Reservists in regard to number, ages, employment and experience.

A handwritten signature in cursive script, appearing to read "R. R. Waesche".

R. R. WAESCHE.

ANALYSIS OF COAST GUARD RESERVISTS

Rank or Grade	Number in Service as of 31 July, 1941	Number of draft age	Nautical Experience		
			Seagoing	Small Craft	None
Commissioned officers - Reg.	77	64	16	61	0
Commissioned officers - Temp.	26	6	5	21	0
Chief Warrant - Regular	0	0	0	0	0
Chief Warrant - Temporary	3	0	1	2	0
Warrant - Regular	1	1	0	1	0
Warrant - Temporary	15	6	4	10	1
Listed - Regular	162	152	5	47	110
Listed - Temporary	48	25	4	44	0
<b>Total</b>	<b>332</b>	<b>254</b>	<b>35</b>	<b>186</b>	<b>111</b>

FORMER EMPLOYMENT

	Comm. Officers Regular	Comm. Officers Temp.	Chief Warrant Temp.	Warrant Regular	Warrant Temp.	Enlisted Regular	Enlisted Temp.	Total
Man	30	11			3	41	10	95
Mechanical	17	6			1	55	11	90
Painter	4	3				1	2	10
Printer	7	1	2		7	17	6	40
Welder	2					4	1	7
Electrician	2							2
Boiler						11	4	15
Consultant	1							1
Electrician	1					2	2	5
Teacher	3							3
Surveyor	3	1						4
Auto Driver						2	1	3
Mech. Engineer	2		1		3	8	2	16
Interpreter	1							1
Veterinarian						2		2
Turner	1	1				2		4
Logger	1			1				2
Number						1		1
Not Employed	2	3			1	16	9	31
<b>Total</b>	<b>77</b>	<b>26</b>	<b>3</b>	<b>1</b>	<b>15</b>	<b>162</b>	<b>48</b>	<b>332</b>

A candidate for appointment as a commissioned officer - regular Reserve - must pass a written examination in Navigation, Seamanship, and English Composition, must have sufficient practical experience in the operation of motorboats or yachts or on seagoing vessels to justify the appointment, and in addition must be physically qualified. Examinations for chief warrant and warrant officers are comparable to the scopes for similar ranks in the regular Coast Guard, except that they do not include subjects peculiar to the Coast Guard.

Temporary commissioned and warrant officers are appointed on the recommendation of District Commanders from members of the Auxiliary whose boats are offered and accepted by the Coast Guard.

Enlistments, regular and temporary, are made by District Commanders in ratings dependent on experience and ability of the applicant.

Regular members of the Reserve are exempt by law from training and service under the Selective Service and Training Act. Temporary members are not exempt from such training.

## UNITED STATES SAVINGS BONDS

Sales since May 1, 1941, by Months  
On Basis of Issue Price

(In thousands of dollars)

Item	Total	May	June	July
Series E - Post Offices	\$ 134,183	\$ 42,836	\$ 40,788	\$ 50,558
Series E - Banks	<u>214,190</u>	<u>57,745</u>	<u>61,729</u>	<u>94,717</u>
Series E - Total	348,373	100,581	102,517	145,274 ←
Series F - Banks	94,052	37,817	28,876	27,359
Series G - Banks	<u>564,053</u>	<u>211,420</u>	<u>183,134</u>	<u>169,498</u>
Total	<u>\$1,006,477</u>	<u>\$349,818</u>	<u>\$314,527</u>	<u>\$342,132</u>

Office of the Secretary of the Treasury,  
Division of Research and Statistics.

August 1, 1941.

Source: All figures are deposits with the Treasurer of the United States on account of proceeds of sales of United States Savings Bonds.

Note: Figures have been rounded to nearest thousand and will not necessarily add to totals.



CS CHAUNCEY:

In accordance with your instructions of yesterday, I have asked the Defense Savings people to discontinue the daily reports on the post card requests for copies of "Any Bonds To-Day?"

Do you want the reports on the daily stamp sales at "Treasury House" to continue?


MPF

8/2

8/4/41

I asked Mr. Morgenthau today whether he wanted the daily stamp sales at "Treasury House" to continue, and he said that he did for a while. I so informed Miss Finucane.

Mrs. McHugh



TREASURY DEPARTMENT  
WASHINGTON

August 1, 1941

Memorandum for THE SECRETARY:

The following report is made of Stamp sales  
at "Treasury House":

July 1-30	\$22,494.75
July 31	<u>1,190.15</u>
Total	\$23,684.90

GRAVES

DEPARTMENT OF STATE  
WASHINGTONIn reply refer to  
EA

August 1, 1941.

My dear Mr. Secretary:

I enclose two copies of telegram No. 3319, dated July 31, 1941, from the American Embassy at London, containing a personal and strictly confidential message for you from Ambassador Winant.

Sincerely yours,

(Signed) Herbert Feis

Herbert Feis  
Adviser on International  
Economic Affairs

Enclosure:

From Embassy, London,  
No. 3319, July 31, 1941.

The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury,

Washington, D. C.

COPY - dm - 8/1/41

C  
O  
P  
Y

GRAY

London

Dated July 31, 1941

Rec'd. 12:35 p.m.

Secretary of State,

Washington.

3319, July 31, 6 p.m.

PERSONAL AND CONFIDENTIAL TO ACTING SECRETARY  
FOR SECRETARY MORGENTHAU.

In reference to my telegram 3310, July 31 I think you should know that accompanying the official copy of the statement from the Chancellor I have received the enclosed letter.

"I enclose copies of the statement which we discussed this morning. I assume that unless you have any further suggestions to make you will telegraph the text to Washington and will ascertain if it is satisfactory to the President.

The change in our export policy will require the issue and publication of orders by the Board of Trade and they naturally would like to know as quickly as possible if they are to go ahead on the basis of the statement. They would like if possible to make the necessary orders at the beginning of next week.

- 2 -

Should therefore be grateful if you would let me know as soon as you can the result of any communication that you send to Washington.

In connection with the Board of Trade orders it will be necessary for them to publish an explanation of the new arrangements. They suggest that if you see no objection they should use for this purpose the text of the paragraphs in the enclosed memorandum which deal with export policy. You will no doubt let me know how it is proposed to use the memorandum. Signed Kingsley Wood."

WINANT.

RR

Copy:alm 8-1-41  
new

*acknowledged  
by Secy. 8/15/41 -*

*07*  
London, August 1, 1941.

Dear Mr. Secretary,

I am sending you herewith a copy of "Hansard" for July-29th containing the Prime Minister's speech in the debate in the House of Commons on production. I thought you would like to have a copy sent to you direct.

Sincerely yours,

*John G. Winant*

The Honorable

Henry Morgenthau, Jr.,

Secretary of the Treasury,

Washington, D. C.

*Noted by [unclear]  
and ret'd 11/4/41*

Volume 373  
No. 91



COL. 1275 119

Tuesday  
29th July, 1941

# PARLIAMENTARY DEBATES

## HOUSE OF COMMONS OFFICIAL REPORT

### Contents

**QUESTIONS TO MINISTERS.**

**SUPPLY (17th ALLOTTED DAY):**

Considered in Committee:  
Ministry of Supply: Production.

**ROYAL ASSENT TO BILLS PASSED.**

LONDON:

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Price Sixpence net

## HOUSE OF COMMONS.

Tuesday, 29th July, 1941.

## OFFICIAL REPORT.

[Mr. SPEAKER in the Chair.]

## PRIVATE BUSINESS.

## CARDIFF CORPORATION BILL [Lords].

Read the Third time, and passed, without Amendment.

## EAST WORCESTERSHIRE WATER BILL [Lords].

As amended, considered.

Ordered.

That Standing Orders 240 and 262 be suspended, and that the Bill be now read the Third time.—[The Chairman of Ways and Means.]

Bill accordingly read the Third time, and passed, with Amendments.

## ORAL ANSWERS TO QUESTIONS.

## COAL INDUSTRY.

## SUPPLIES.

1. Mr. Levy asked the Secretary for Mines whether he is aware that a notification has been sent to the Elland Dyeing Company, Limited, stating that they will not receive any further supply of coal for the next eight weeks, and as they have not sufficient stocks to last for that period, they will have to close their works, although engaged on Government work and a protected firm; and what action he proposes to take to prevent this situation occurring?

The Secretary for Mines (Mr. David Grenfell): In order to provide coal urgently needed for public utility undertakings certain collieries were instructed to reduce for a time deliveries to consumers of lower priority. In the particular case in question these instructions were wrongly interpreted to mean complete suspension but the mistake has already been corrected.

No. 91

Mr. Levy: Does the Minister realise the seriousness of this situation? No information has been received by this company that the notification was wrongly interpreted. Does the Minister realise that the chaotic situation is casting a very grave reflection upon the Government as a whole, apart from that which is cast upon his Department, which is utterly incompetent?

Mr. Grenfell: I do not know that I am inclined to argue the latter part of the hon. Gentleman's supplementary question. No doubt the company have had a substantial quantity of coal in stock, and now they will receive coal according to the full measure of their requirements.

Mr. Levy: Have the company been informed that the notification was wrongly interpreted and that they will receive coal, in order to prevent anxiety among their men? Otherwise, the company may have to close down.

Mr. Grenfell: Full supplies are going forward.

8. Mr. Culverwell asked the Secretary for Mines whether he is satisfied that all public utility undertakings will have enough coal with which to carry on during the next six weeks?

Mr. Grenfell: I cannot give an absolute guarantee that all public utility undertakings can be supplied with coal enough for the next six weeks. The average amount of coal in stock by public utility undertakings, gas, electricity and water, runs to about six weeks' supply at the summer rate of consumption, but these stocks are not evenly distributed and there are a number of them which do not hold a fortnight's stock at the present time. There has been a marked increase in the rate of stocking by public utilities—notably gas works—in the past few weeks.

Mr. Culverwell: Is not the Minister aware that some of these public utilities have only a few days' supply, and will he not take drastic action to save them from having to close down?

Mr. Grenfell: This situation has, unfortunately, been in existence for many months throughout last winter, but no undertaking of any kind has stopped for want of coal since the beginning of the war.

A



**Mr. Skinnell:** If the supply of coal is not evenly distributed as my hon. Friend has said, who is responsible for the present situation?

**Mr. Grenfell:** It is impossible to convey coal in the desired quantities to the various parts of the country. We are now trying to make good in those places where the stocks are lowest, and I hope to be able to report very shortly that places with only a few weeks' stocks have been raised to a level commensurate with other parts of the country.

10. **Sir William Davison** asked the Secretary for Mines whether he has considered a communication from the town clerk of Chelsea pointing out the likelihood of a serious shortage of coal in Chelsea during the coming winter months by reason of the failure of his Department to supply any coal during recent months, notwithstanding the fact that, at the request of the Ministry, ample storage accommodation approved by them was provided so that coal might be available during the coming winter for persons who had no facilities for storing it themselves; and whether immediate steps will be taken to supply the coal reserve promised to Chelsea over five months ago?

**Mr. Grenfell:** I am sending the hon. Member a copy of the reply to the letter from the town clerk of Chelsea. The delay in increasing stocks in this and other localities is of course due to the general shortage of supplies. A site has been acquired at St. Mark's College, Chelsea, and I hope it will be possible before long to provide coal for it.

**Sir W. Davison:** Is my hon. Friend aware that the facts as stated in the Question are vouched for by the town clerk in a recent report, and is he aware that the persons for whom the coal is required are persons who have no storage accommodation in their homes?

**Mr. Grenfell:** It is because I am so anxious about the people who have no storage accommodation in their homes that I have made provision for the stocking of 3,000,000 tons on Government account. There are now about one and one-third million tons on Government account, particularly for the people who have no stocking accommodation of their own.

**Sir W. Davison:** Will some of this come to Chelsea?

**Mr. Grenfell:** I hope so.

11. **Major-General Sir Alfred Knox** asked the Secretary for Mines when a sufficient supply of house coal will be made available in the Easthampstead and Wokingham rural districts of the county of Berkshire?

**Mr. Grenfell:** From the information in my possession, I can assure the hon. and gallant Member that during recent months Berkshire has not suffered unduly as a result of the reduction in available supplies of house coal. The tonnage held in stock by the merchants in May compares favourably with the corresponding figures for previous months this year, and disposals during the past three months have exceeded the figures for the corresponding period of last year. So far as I am aware, sufficient coal has been available in the Easthampstead and Wokingham districts to meet current requirements. The future position will naturally depend on the results of our continuing efforts to increase production.

**Sir A. Knox:** Does the hon. Gentleman agree that while the coal now being supplied is sufficient for current requirements in the summer months, no reserve is being built up for the winter, which will be infinitely more difficult than last winter, because people who want a lot of coal and have not been able to acquire stocks will then come into the market?

**Mr. Grenfell:** There are stocks, equal to—and in some cases better than—those of a year ago. We are not, however, satisfied; we want more coal in stock, and if we can get more production, stocks will be correspondingly raised.

**Sir John Mellor:** Were not these districts formerly supplied by the Tamworth Colliery, and should not my hon. Friend be now considering the reopening of that colliery?

**Mr. Speaker:** That does not arise on this Question.

#### PIT-HEAD CANTEENS.

2. **Mr. T. Smith** asked the Secretary for Mines whether any additional money is to be made available for the provision of canteens at the various collieries?

**Mr. Grenfell:** I would refer my hon. Friend to the statement I made on this subject in the House last Thursday. The matter is being pressed, and the necessary legal amendments are being undertaken as soon as possible.

**Mr. Smith:** Is it intended to get this money? Will my hon. Friend see to this matter and do his best to get the money as quickly as possible?

**Mr. Grenfell:** I rely very largely upon the committee, the chairman of which is a Member of this House. I am sure the committee is keen to do what it can, and it has the full confidence of my Department.

**Mr. Smith:** Will the money have to be found by this House?

**Mr. Grenfell:** It will not.

#### OUTPUT.

3. **Mr. T. Smith** asked the Secretary for Mines what co-operation exists between the Coal Production Council and the area committees of the Ministry of Information with regard to the appeals made to mine-workers for a maximum coal output?

**Mr. Grenfell:** In order to further the appeals for maximum output, every effort is made to maintain close co-operation between the Coal Production Council and its district production committees on the one hand and the Ministry of Information organisation throughout the country on the other, both through the Ministry's headquarters in London and its regional information officers.

**Mr. Smith:** Is my hon. Friend aware that there is no co-operation? Is he aware that in Yorkshire the Coal Production Council has been fixing a meeting and that the Minister of Information did the same in the same place and within days of each other, without any consultation? Is that not a waste of organisation power, and ought there not to be the closest co-operation?

#### POLQUHAIRN COLLIERY, DRONGAN.

5. **Mr. Sloan** asked the Secretary for Mines whether he is aware that, on 25th June, 1941, the manager of Polquhairn Colliery, Drongan, contrary to the Essential Work Order, prevented two workmen named Logan and Dungavel from proceeding to their work, thereby causing

them to lose two shifts, because he alleged they were 20 seconds too late; that this allegation is denied; and what action he intends to take against the coal company?

**Mr. Grenfell:** I have made inquiries and am informed that the circumstances have been considered by the pit production committee, which has endorsed the action of the manager. If my hon. Friend has any further information on the matter, I shall be glad to discuss the question with him.

**Mr. Sloan:** Will the Minister please answer the Question whether he is aware that a violation has taken place of the Essential Work Order, which gives employers no power whatever to suspend or dismiss men for absenteeism?

**Mr. Grenfell:** The answer I gave was that I made inquiries of the pit production committee because the committee is responsible for the decision taken.

**Mr. Sloan:** Is the Minister aware that the only person who has power to deal with the matter is the district officer, who has never been called into question; and is he further aware that the pit production committee was not appointed by the men at that colliery?

**Mr. Grenfell:** I hope my hon. Friend will give me the facts privately, and I will see what I can do. I did not know those things at all.

**Mr. Sloan:** Very good, I will do so.

#### BONUS ATTENDANCE PAYMENT.

6. **Mr. Tinker** asked the Secretary for Mines whether he is aware of the resolution carried at the Miners' Conference last week protesting at the conditions applying to the bonus attendance payment; and what steps his Department are taking on this question so as to bring about a more satisfactory settlement?

**Mr. Grenfell:** I am aware of the resolution calling upon the Executive Committee of the Mineworkers' Federation of Great Britain to take this question up with representatives of the colliery owners; I understand that a meeting between the parties for this purpose has been arranged.

**Mr. Tinker:** Will the Minister not use his good influence to impress upon coal-owners that they should not be too hard? Is he aware there is some feeling among

[Mr. Tjoker.]  
the miners at what is happening and that if it could be removed, a better spirit would prevail?

**Mr. Grenfell:** I would like to see conciliation adopted by both sides in order that a better spirit should prevail and improved production result.

**Mr. James Griffiths:** Will the Minister make new efforts in this matter?

**Mr. Grenfell:** I hope it will be discussed at the next meeting.

**Mr. McGovern:** Has not the Mine-workers' Federation agreed about this matter?

#### MINE ACCIDENTS.

7. **Mr. Tinker** asked the Secretary for Mines whether his attention has been drawn to the number of accidents at the coal face being on the increase in proportion to the number of men employed there; and whether he will cause a special investigation to be made to find out whether it is due to the excessive noise caused through machinery which prevents the miner from sensing the danger which he would otherwise do?

**Mr. Grenfell:** I have to state with regret that the rate of fatal accidents at the coal face had gone up since the war. I have been in consultation with the inspectors on a number of occasions and am unable to satisfy myself that we have found an explanation of the cause of increase. There are a number of factors operating with greater effect in war time which contribute to the higher number of deaths. A similar result was observed in 1914-1918. I am proceeding with close investigations and will give the House fuller information when we return after the Recess.

#### UNWORKED PROFITABLE SEAMS.

9. **Mr. Oliver** asked the Secretary for Mines whether his attention has been drawn to the fact that in some mines the more profitable seams are not now being worked in favour of the less profitable seams not normally in production, resulting in a loss of output; and whether he can make any statement on the matter?

**Mr. Grenfell:** I am not aware of the practice referred to by the hon. Member. If he has actual cases in mind, I shall be glad to have particulars, in order that inquiries may be made.

**Mr. Oliver:** What power exists to deal with cases of this kind?

**Mr. Grenfell:** There are very extensive powers. If my hon. Friend can prove that an attempt was made to limit the production of coal in war-time, I have power enough to deal with the matter.

**Mr. Oliver:** I will see that the Minister has the information.

#### PETROL RATIONING.

12. **Sir Waldron Smithers** asked the Secretary for Petroleum whether he will give the reasons why it is necessary to run motor boats and motor cars in order that they shall be ready for use if and when required for work of national importance?

**The Secretary for Petroleum (Mr. Geoffrey Lloyd):** As I informed the hon. Member on 22nd June, there are a number of considerations of which the point he refers to is one. Unless boats and cars are maintained in service, it cannot be expected that they should be in readiness for immediate use should they be needed for work of national importance.

**Sir W. Smithers:** While appreciating to the full the wonderful service given at Dunkirk and elsewhere by these boats, would it not be quite sufficient if motor cars and motor boats which are not absolutely necessary were turned over for 10 or 15 minutes a week and thus kept in good running order?

**Commander Sir Archibald Southby:** Is my hon. Friend aware that many of the people who use these motor cars and motor boats are officers and men from the Forces, home on leave and getting a little very much needed relaxation?

#### TRADE AND COMMERCE.

##### COTTON TEXTILE EXPORTS TO UNITED STATES.

13. **Mr. Stokes** asked the President of the Board of Trade, on what grounds it has been decided to be necessary to continue the export of cotton goods and textiles to the United States of America where there is already a sufficiency of clothing?

**Mr. Harcourt Johnstone (Secretary Department of Overseas Trade):** Our need for dollars is very great, and it is essential

that we should make the fullest use we can of the export capacity which we still possess, without interfering with essential home requirements.

**Mr. Stokes:** Will the hon. Gentleman say how he reconciles this statement with President Roosevelt's advice to his countrymen to "cut out the dollar sign and forget the financial nonsense," and will he also say why he has considered it advisable to export clothing from this country, where we have too little, to America, where they have too much?

**Mr. Johnstone:** I do not think those points call for a reply. Whatever my hon. Friend may say, the Treasury's need for dollars is still very great, and if the United States wish to buy clothes which we can manufacture and which are superfluous to our bare requirements, there is no reason why they should not be exported.

**Mr. Shinwell:** Is it not the case that we are producing manufactured goods out of raw materials supplied by the United States of America? Is that why?

**Mr. Johnstone:** No, Sir.

**Mr. Shinwell:** Are we not producing cotton goods from American cotton?

**Mr. Johnstone:** No, Sir.

#### CLOTHES RATIONING.

14. **Mr. A. Edwards** asked the President of the Board of Trade whether he is aware that a boy's school outfit requires 200 coupons which, in most cases, it is quite impossible to provide; and what steps he proposes to take to remedy this anomaly?

The Parliamentary Secretary to the Board of Trade (**Captain Waterhouse**): I would refer the hon. Member to the Reply which I gave to the hon. Member for Pontypridd (Mr. Pearson) on 18th June.

**Mr. Edwards:** Will the hon. and gallant Gentleman not say what steps he will take to deal with this? The Answer referred to does not state what steps are being taken.

**Captain Waterhouse:** It is hoped that schools will modify their, in many cases, unreasonable requirements to bring them into line with present possibilities.

**Mr. Edwards:** Does the hon. and gallant Gentleman not realise that whatever modifications are made, there will still be a shortage of coupons for children going to school?

**Captain Waterhouse:** Already small children get an advantage in the list which has been issued, and there will be special provision made for growing children, but we do not contemplate provision for large school outfits.

**Sir Joseph Lamb:** Can the hon. and gallant Gentleman say what children are not growing?

23. **Mr. Henry Strauss** asked the President of the Board of Trade whether any decision has yet been arrived at with regard to an extra issue of clothing coupons to expectant mothers to meet their special needs for knitting wool and other materials?

**Captain Waterhouse:** Yes, Sir. The Board of Trade, in consultation with the Ministry of Health, the Scottish Department of Health and the Northern Ireland Ministry of Home Affairs have secured the co-operation of the local authorities for maternity and child welfare in issuing a special allowance of 50 coupons to expectant mothers. The scheme will come into force on 5th August, and full details will be published in the Press to-morrow.

#### EXPORT TRADE.

15. **Mr. Hannah** asked the President of the Board of Trade whether he is satisfied with the state of our export trade, especially in view of markets after the war?

**Mr. Johnstone:** My right hon. Friend is never satisfied with the state of our export trade, and he is very conscious that war conditions make it impossible to cultivate our overseas markets as much as we should wish. But my hon. Friend can be assured that the considerations he mentions are being kept in mind.

**Mr. Hannah:** Does the Government realise the supreme, enormous, colossal and overwhelming need of looking after our export trade, especially when peace is restored?

#### WINDOW AND PLATE GLASS INDUSTRY.

18. **Mr. Marcus Samuel** asked the President of the Board of Trade, whether he

[Mr. Samuel:] is planning for the establishment of the window and plate glass industry on a large scale so that this country may not be dependent on foreign imports to repair damage after the war, and to supply our own needs and give employment?

**Captain Waterhouse:** I can assure my hon. Friend that the importance of this industry is not being overlooked.

**Mr. Samuel:** Is the hon. and gallant Gentleman aware that there might be a certain amount of broken glass in Germany?

#### SMALL TRADERS.

19 and 20. **Mr. Doland** asked the President of the Board of Trade (1) whether, in view of the questionnaire issued by the committee set up by the Board of Trade, particularly in view of one of the 24 questions which asks trade associations if they consider that steps should be taken to reduce the number of shops, it is the policy of the Government to endeavour to eliminate a large number of small shops in London and the country either by voluntary or compulsory means;

(2) whether he is aware that owing primarily to the incidence of war 941 shops are empty in the borough of Wandsworth, compared with 308 as at March, 1939; and will he bear in mind this wholesale closing of small businesses all over the country causing great hardship to thousands of persons, when considering legislation regarding the retail trading community?

**Captain Waterhouse:** The Board of Trade are aware that largely owing to war circumstances a number of shops have had to close, and that hardship has in some cases inevitably resulted. The Retail Trade Committee, who drew up the questionnaire to which my hon. Friend refers, was set up to examine the numerous and complex problems confronting retail traders, and I cannot anticipate their findings. I can, however, assure my hon. Friend that the interests of the small shopkeeper have not been, and will not be, overlooked, and I would refer him to the statement made on 13th May when the appointment of this Committee was announced.

#### TOBACCO IMPORTS.

21. **Miss Eleanor Rathbone** asked the President of the Board of Trade whether

he will furnish figures, comparable to those given to illustrate the saving in shipping space achievable by eating less of different kinds of bread, showing how much shipping space could be saved for every 10 per cent. reduction in the imports of tobacco generally and of American tobacco in particular?

**Captain Waterhouse:** Publication of details relating to trade statistics has been suspended since the outbreak of hostilities. I cannot therefore give a figure which would indicate the rate of import of any commodity.

**Miss Rathbone:** Is my hon. and gallant Friend aware that present propaganda about tobacco is most unsatisfactory, that the appeal to the tobacco consumers to reduce their consumption for a few weeks only, by one-fifth only, is unsatisfactory, first, because patriotic smokers have already reduced their consumption by far more than one-fifth and, secondly, that they would be ready to reduce it far more than that if they had reason to suppose it to be necessary.—[Interruption.]—May I not ask for a reply?

**Mr. Speaker:** The hon. Lady is giving the answer to her own Question.

**Miss Rathbone:** In view of the unsatisfactory nature of the Reply, I beg to give notice that I intend to raise the matter on the Adjournment.

#### GOVERNMENT DEPARTMENTS.

##### BOARD OF TRADE (STAFF).

17. **Sir Percy Hurd** asked the President of the Board of Trade whether, in view of the urgent call of the Secretary of State for War and other Ministers for recruits for war services, he will issue an instruction to his Department that eligible men and women whose age groups have been or are being called up shall not be taken into or kept in employment in rationing or other departmental activities unless they are especially certified by him to be irreplaceable?

**Captain Waterhouse:** The retention of permanent staff and the recruitment and retention of the temporary staff of the Board of Trade are in compliance with the conditions prescribed in the Schedule of Reserved Occupations and Protected

Work. Requests for deferment of calling-up have only been made for certain temporary officers with professional or other specialist qualifications essential for their work who cannot be replaced. This condition will continue to be strictly observed.

**Sir P. Hurd:** Is the hon. and gallant Gentleman aware that there is considerable resentment among those who have been called up, often at great personal loss, that there should be retained in Departments like his men and women who could easily be replaced if the effort were made?

**Captain Waterhouse:** I can assure the hon. Member that we do not retain people who could easily be replaced—ever.

**An Hon. Member:** What about the President of the Board?

27. **Mr. Glenvil Hall** asked the President of the Board of Trade the number of the staffs engaged on work in Bournemouth connected with the clothes rationing, woven textiles, miscellaneous trades orders, and concentration of production; what proportion is composed of permanent civil servants; and whether he is satisfied that the Department there is working smoothly and with efficiency?

**Captain Waterhouse:** The total number of staff of all grades, including minor common services staff, employed in the Board of Trade offices at Bournemouth on these duties is 943 of whom 208 or 22 per cent. are permanent civil servants. There are many problems inherent in these new duties, and I am satisfied that the Department is doing its utmost to overcome the initial difficulties.

**Mr. Hall:** Is the hon. and gallant Gentleman aware that the public, at any rate, are not satisfied that these four hotels are being properly run and that a very large number of complaints are made that the whole thing appears to be in a most chaotic condition? Would the President of the Board of Trade have inquiry made?

**Captain Waterhouse:** I do not think there is a case for inquiry at all. We are well aware of the difficulties which are inherent in the position. I did not say I thought the position was perfectly satis-

factory; I did say I thought that an improvement was taking place and that, given a chance, this matter would be got right.

#### KENNET COMMITTEE.

62. **Sir P. Hurd** asked the Financial Secretary to the Treasury whether, seeing the large number of eligible men and women whose age groups have been called up who are being retained in the various Departments of the Government, he will request the Kennet Committee to consider the feasibility of calling up all these men and women unless they are certified by the Minister concerned to be irreplaceable in the Department?

**The Financial Secretary to the Treasury (Captain Crookshank):** I will, with my hon. Friend's permission, answer this Question and No. 59 together.

**Sir P. Hurd:** Question No. 59 has been deferred.

**Captain Crookshank:** The answer is the same, anyhow. The Kennet Committee yesterday submitted an interim report to my right hon. Friends the Chancellor of the Exchequer and the Minister of Labour. Perhaps my hon. Friend would wait until my right hon. Friends have had an opportunity of considering it.

**Sir P. Hurd:** How long does my right hon. and gallant Friend think it will be before we see this interim report?

**Captain Crookshank:** If my hon. Friend wants to know whether it will be published, I should like to have notice of that Question. I should not think it would.

#### NATIONAL FINANCE.

##### PURCHASE TAX (MINERS' LAMPS).

22. **Mr. Gordon Macdonald** asked the President of the Board of Trade whether he will consider, at an early date, removal or the reduction of the Purchase Tax on acetylene lamps used in coalmining?

**The Chancellor of the Exchequer (Sir Kingsley Wood):** I have been asked to reply. I would refer my hon. Friend to the answer which I gave to a similar question by my hon. Friend the Member for West Fife (Mr. Gallacher) on 3rd December last.

**Mr. Macdonald:** Does the Chancellor realise that the present position is, that lamps provided by a colliery company are free of tax, whereas lamps acquired by the men themselves are subject to tax, and will he take steps to remove that anomaly and see that such lamps are free of tax?

**Sir K. Wood:** I would like to discuss that with the hon. Member. I dare say he knows the difficulty there is in restricting the concession to the types used in the industry.

**Sir Herbert Williams:** Does not my right hon. Friend realise that the Purchase Tax is the main element in the spiral?

#### ELECTRICITY CHARGES.

54. **Mr. A. Edwards** asked the Chancellor of the Exchequer whether he is aware that the cost of electric power has been increased by 40 per cent. due to increases in cost of coal; that the effect of this is to inflate the cost of nearly every commodity purchased by the Government; and at what date he proposes to carry out his undertaking to subsidise rising costs of coal-power, &c., in order to stabilise prices and wages?

**Sir K. Wood:** My noble Friend the Minister of War Transport is not aware of any general increase to the extent indicated, but he will ask the Electricity Commissioners to look into any particular cases which my hon. Friend has in mind. Among the measures taken in relation to the charges of public utility undertakings, the Commissioners have informed all electricity undertakers that no further increases in electricity charges, other than increases already announced, should be made without the undertakers first submitting their proposals to the Commissioners with necessary supporting data so that the Minister may have an opportunity of considering the position.

#### MERSEY DOCKS AND HARBOUR BOARD (CHARGES).

55. **Mr. A. Edwards** asked the Chancellor of the Exchequer whether he is aware that the Ministry of War Transport has sanctioned an increase of 60 per cent. in the Mersey Docks and Harbour Board's town dues and dock rates as from 2nd July; and, as this is in conflict with the policy of the Government, what steps he is taking to prevent a consequent increase in the cost of many Government purchases?

**Sir K. Wood:** Yes, Sir. My noble Friend consulted me before agreeing to the increased charges referred to. The matter was fully examined in relation to the policy which I announced in my Budget speech, and in view of the extent to which essential goods are now imported on Government account, I am satisfied that the increased charges will not be reflected in the prices of such goods to the consumer. There is, therefore, no conflict with the policy of the Government.

**Mr. Edwards:** Is the Chancellor not aware that when he puts up the prices of these goods he must put up the cost of goods to the Government? Is it not impossible to stabilise prices if this method of increasing prices of all these commodities is continued?

**Sir K. Wood:** That is a general matter, I have confined myself to the Reply I have given, which deals with a specific case.

#### ADVERTISEMENT POSTERS.

57. **Captain John Dugdale** asked the Chancellor of the Exchequer whether, in view of the adverse effect that they have upon the National Savings Campaign, he will take steps to prohibit, for the duration of the war, the display of advertisements upon hoardings throughout the country calling upon people to spend money upon the purchase of proprietary articles?

**Sir K. Wood:** No, Sir. Private advertising upon hoardings is already subject to very severe and increasing restrictions by the Paper Controller and in other ways, and I am satisfied that the National Savings Campaign will not be adversely affected by leaving the position as it is.

**Captain Dugdale:** Does not the right hon. Gentleman consider it unfortunate that posters encouraging people to spend should be placed side by side with the posters of his Department which encourage people to save?

#### ECONOMIC WARFARE.

##### SPAIN (SUPPLY SHIPS).

25. **Mr. Mander** asked the Minister of Economic Warfare whether, in view of the recent attack on the democracies made by General Franco, it is proposed

to continue to permit the passage of supply ships through the British blockade to Spain?

**The Minister of Economic Warfare (Mr. Dalton):** I would remind my hon. Friend of the Reply which he received on Thursday last from my right hon. Friend the Secretary of State for Foreign Affairs. My right hon. Friend referred to my statement of 30th July, 1940, when I laid it down that it was not the policy of His Majesty's Government to extend the blockade to neutral countries so long as supplies could reach these countries without the risk of falling into the hands of the enemy, that we were prepared to grant navicerts on such a scale as to allow imports adequate for domestic consumption, and, further, that it was the policy of His Majesty's Government not merely to allow such supplies to pass through our controls, but also to assist neutral countries to obtain them. As regards General Franco's speech on 17th July, my right hon. Friend pointed out that this speech displayed complete misunderstanding of the general war situation, and also of British economic policy towards Spain. He added that this speech made it appear that General Franco did not desire further economic assistance for his country and that, if this were so, His Majesty's Government would be unable to proceed with their plans, and that their future policy would depend on the actions and attitude of the Spanish Government.

**Mr. Mander:** Does that mean that, in the meantime, shipments are held up, that nothing further will be allowed to go through until we are satisfied that General Franco does not mean what he says?

**Mr. Dalton:** No, Sir. No further decision has been taken in that sense. We are waiting for elucidation of the intentions of the Spanish Government.

**Mr. Shinwell:** Is my right hon. Friend aware that one of the ships despatched by the U.S.A., the "Scheherezade," actually discharged a cargo at Dakar, which is under German control?

**Mr. Dalton:** Yes, Sir, but Dakar is not in Spain.

**Mr. Shinwell:** That is worse.

**Mr. Noel-Baker:** Will my right hon. Friend continue to exercise the utmost

vigilance in order that nothing will reach Spain which would increase General Franco's power to go to war against us?

**Mr. Dalton:** Yes, Sir.

**Mr. Garro Jones:** As General Franco does not appear to understand the position and intentions of the British Government, and the British Government do not appear to understand the intentions of General Franco—

**Mr. Speaker rose—**

CONTROL OF EXPORTS (GREAT BRITAIN AND UNITED STATES).

26. **Mr. Mander** asked the Minister of Economic Warfare to what extent progress has been made as between Great Britain and the United States of America in producing an agreed black list of traders?

**Mr. Dalton:** By a proclamation dated 17th July, President Roosevelt has authorised the preparation of a Proclaimed List similar to our own Statutory List. This Proclaimed List is to include persons who are believed to be engaged in activities helpful to Germany or Italy, and persons to whom the exportation of any article or material exported from the United States is deemed to be detrimental to the interests of national defence. Any person whose name appears on the list is to be treated as though he were a national of Germany or Italy, and is to be debarred from obtaining, except under special licence, United States products which are subject to export control. In pursuance of this proclamation the United States Government has now issued a list of 1,834 persons in Latin America. The majority of these also appear on our own Statutory List. I am consulting the United States Government on the co-ordination of the two lists. This new departure will be of the greatest value to us in waging economic warfare, and I am sure the House would wish to join with me in welcoming this striking act of American co-operation.

**Mr. Mander:** Could the right hon. Gentleman say whether joint consideration is now being given to the question of Japanese enemy trade?

**Mr. Dalton:** Yes, Sir.



**ITALIAN PRISONERS OF WAR.**

27. **Mr. Mander** asked the Secretary of State for War whether he will give an assurance that Italian prisoners of war, including the Duke of Aosta and other generals, are being treated strictly in accordance with international regulations and that no special facilities are being provided other than those available for German prisoners?

**The Financial Secretary to the War Office (Mr. Sandys):** Yes, Sir. There are of course, minor differences of treatment between German and Italian prisoners. But these depend on the privileges allowed to our prisoners in Germany and Italy.

**Mr. Mander:** Can the hon. Gentleman say why it is that Italian officers are being released for the purpose of attending social functions in Cairo, and will he make arrangements that these shall cease forthwith?

**Mr. Sandys:** If the hon. Gentleman will give me particulars of these festivities, I will look into the matter.

**Captain McEwen:** Is my hon. Friend not aware that there is a great deal of difference in the treatment of our prisoners of war by Germany and Italy?

**BRITISH ARMY.****LEAVE.**

28. **Mr. Hannah** asked the Secretary of State for War whether his attention has been called to dissatisfaction among soldiers on home service that their seven days' leave every three months, if exigencies permit, is so often found to be impracticable; and will he look into the whole matter to be sure that leave is never withheld where it can possibly be granted?

**Mr. Sandys:** I would refer my hon. Friend to the Answer given to my hon. Friend the Member for Normanton (Mr. T. Smith) on 3rd July, of which I am sending him a copy. Leave allotments are based on the operational requirement that the strength of units should not normally be allowed to fall below establishment by more than ten per cent. at any time. While I am aware that courses, special duties and training requirements may sometimes lead to the postponement of leave, I am satisfied

that cases in which soldiers at home are unable to obtain four periods of seven days' leave in the year are exceptional.

**Mr. Bellenger:** Would the hon. Gentleman look more closely into that, as I can assure him that there is a considerable discrepancy between different units in the granting of these leaves? It is not by any means universal for four leaves within any year to be given.

**Mr. Sandys:** If the hon. Gentleman will let me have particulars of any hardship cases, I will look into them.

**GERMAN PRISONER'S PUBLICATION.**

29. **Mr. G. Strauss** asked the Secretary of State for War whether he is aware that a book is being published in America entitled, "I was a Nazi Flyer," written by a German prisoner of war who baled out in this country and was sent to Canada; that this book sets out the faith of the Nazi soldier whether permission was given for this book to be published; and whether prisoners of war, under any circumstances, are entitled to have their writings published?

**Mr. Sandys:** The release for publication of a book written by a prisoner of war is a matter for decision by the military authorities under whose care he is detained. I have no information regarding the particular case to which my hon. Friend refers, but I am having inquiries made from the Canadian authorities.

**Mr. Strauss:** Does that mean that when a British prisoner of war is sent to Canada, a book can be published without the permission of the British authorities, dealing with something which he has written?

**Mr. Sandys:** I have replied that I do not know anything about this particular case and that I am looking into it.

**TOBACCO ISSUE, MALAYA.**

31. **Sir A. Southby** asked the Secretary of State for War, whether the Imperial troops stationed in Malaya are now being issued with tobacco and matches on the field service scale; and on what date was such issue approved, observing, that for some time issues of tobacco at the field service rate have been made to men serving in Iceland and the Orkney and Shetland Islands but not to men in Malaya?

**Mr. Sandys:** The free issue of tobacco and matches is normally limited to troops engaged in active operations, but it has also been extended to certain areas where troops are far removed from the normal sources of supply. The General Officer Commanding, Malaya, recently drew attention to the difficulties experienced in this respect by units on the Malayan mainland. Approval was accordingly given on 5th July last for the free issue of tobacco and matches to these troops.

**Sir A. Southby:** Can my hon. Friend say whether the delay in giving this free issue to the men in Malaya was due to the War Office or to the parsimonious action of the Treasury?

**Mr. Sandys:** Cases are dealt with as they arise.

**Sir A. Southby:** Was that application made for this issue some time ago, and was there any delay in giving it?

**Mr. Sandys:** I understand the request was made by the General Officer Commanding, Malaya, quite recently.

#### AEROPLANES UNDER ARMY CONTROL.

**32. Mr. David Adams** asked the Secretary of State for War, whether the Army is now furnished with sufficient appropriate aeroplanes to make it independent of the Royal Air Force in effecting reconnaissance and similar work?

**Mr. Sandys:** My hon. Friend appears to be under a misapprehension. It is not proposed to set up a separate air force for the Army. All squadrons engaged on reconnaissance and similar work for the Army continue to belong to the Royal Air Force. Certain of these squadrons, however, which are specially equipped and trained for Army needs, are under the operational control of the Army; and, as my right hon. Friend the Prime Minister stated on 10th June, it is the intention to increase considerably the number of aeroplanes under Army control.

**Mr. Adams:** When is it anticipated that this last-mentioned desire will be fulfilled?

**Mr. Sandys:** It is going on all the time.

**Mr. Garro Jones:** Is it still the case that no Army unit lower than a division can make a direct request to the Air Force for

co-operative support, as opposed to the German Army system, under which platoons may make direct requests for aircraft?

**Mr. Sandys:** Perhaps the hon. Member will put that question on the Paper.

#### DEPENDANTS' ALLOWANCES.

**33. Sir William Wayland** asked the Secretary of State for War why, when a soldier's wife enters a rate-aided institution, the dependants' allowance is immediately stopped, although the soldier continues to receive the pay of a married man; and why the allowance is not paid to the local authority towards the maintenance costs?

**Mr. Sandys:** Family allowance is issued in order to assist a soldier in meeting the expense of maintaining and accommodating his family. If a soldier's wife without children enters a rate-aided institution, her allowance is withheld. At the same time, the regimental paymaster authorizes the issue of full pay to the soldier, unless he wishes a voluntary allotment to be paid to his wife. As regards the second part of the Question, it would be contrary to present policy for any payment to be made from Army funds to the local authority in such cases.

**Mr. Neil Maclean:** Is it not the case that all these rate-aided institutions make a charge to the inmates where they believe that the charge can be met? Is that too deep for the Minister to answer?

#### ROAD ACCIDENTS (EMERGENCY TREATMENT).

**34. Sir W. Wayland** asked the Secretary of State for War what responsibility does the War Office accept for reimbursing a hospital for the cost of a patient injured by an Army vehicle, even though the cause of the accident may have been purely accidental or due to contributory negligence on the part of the injured person, or when the cause of the accident is in dispute?

**Mr. Sandys:** When a person is afforded emergency treatment as the result of an accident arising out of the use of a War Department vehicle on duty on a road, claims are accepted against Army funds for the cost of such treatment at the rates and in the circumstances specified in Section 16 of the Road Traffic Act, 1934, notwithstanding that that part of the

[Mr. Sandys.]

Act does not apply to the Crown. Refund of other hospital expenses is considered in connection with any claim to compensation arising out of the accident. In general, the War Office accepts liability in respect of such expenses to the extent to which a private employer would be liable in similar circumstances.

**Sir W. Wayland:** Is the hon. Member aware that in many cases the district paymaster has refused to recognise claims made by hospitals when an accident was not absolutely due to the Army driver, or where it could not be attributed either to one side or the other, and that in such cases compensation has often been refused?

**Mr. Sandys:** The payments to be made are laid down quite clearly in Section 16 of the Road Traffic Act. Those payments are made.

#### CAMOUFLAGE.

35. **Sir John Graham Kerr** asked the Secretary of State for War, whether he is aware that one of the few recognised authorities in the science of camouflage is now in His Majesty's service; whether he is satisfied that he has been given an official position commensurate with his position in this highly-specialised branch of science; and what is his official designation and where are his headquarters?

**Mr. Sandys:** I assume that my hon. Friend is referring to an authority on the biological aspect of camouflage about whom he has written to my right hon. and gallant Friend. This gentleman holds a commission in the Royal Engineers. He is now serving as a camouflage officer, and holds a staff appointment in that capacity at General Headquarters, Middle East. I am satisfied that his present position is such as to provide full scope for the exercise of his abilities and experience.

37. **Sir J. Graham Kerr** asked the Secretary of State for War whether he is aware that valuable knowledge was accumulated during the last war in relation to the Kensington Gardens scheme of camouflage; that material on which it was founded was placed in store at a place of which he has been informed; whether such material is still to the fore; and whether care has been taken to make it freely accessible to camouflage officers during the present war.

**Mr. Sandys:** Yes, Sir. All data, records and materials of the Kensington Gardens Camouflage School of the last war have been carefully examined, and are at the disposal of present-day camouflage officers through the medium of the Army Camouflage Training and Development Centre.

**Mr. Hannah:** Are the Government fully convinced that our camouflage cannot be improved?

**Mr. Sandys:** It is being improved all the time.

#### MILITIA CAMPS (COST).

36. **Mr. Stokes** asked the Secretary of State for War how many Militia camps were included in the actual expenditure of £22,750,000; and how many were allowed for in the original estimate of £20,000,000?

**Mr. Sandys:** I would refer my hon. Friend to the answer given to him on 28th May.

**Mr. Stokes:** That answer gave no information at all. Will the hon. Member state what percentage of the camps it was intended to construct were constructed? Unless this is stated, the answer makes no sense at all.

**Mr. Sandys:** The answer to which I referred the hon. Member was given to a Question of his which was almost identical with the one that he asked to-day. He had a very full reply, to which I have nothing to add.

#### COURTS-MARTIAL.

38. **Mr. Cecil Wilson** asked the Secretary of State for War, seeing that it is laid down for courts-martial, in Rules of Procedure 87 (D), that the friend of the accused may advise the accused on all points and suggest the questions to be put to the witnesses, but cannot examine or cross-examine the witnesses or address the court, under what circumstances the friend may not be present in court throughout the proceedings?

**Mr. Sandys:** The friend of an accused is entitled to be present in court at all times during which the accused himself is before the court and desires his friend to be present.

**Mr. Wilson:** If I send the hon. Member cases where this right has been refused, will he look into them?

**Mr. Sandys:** Certainly, Sir.

## SCOTLAND.

### HILL SHEEP FARMING.

39, 40 and 41. **Mr. Robertson** asked the Secretary of State for Scotland, (1) whether he is satisfied that the hill sheep industry is receiving fair prices for its wool and mutton compulsorily sold to the Government; and whether the prices are the subject of negotiation with the industry or are they arbitrarily fixed by the Government;

(2) the average results of his inspection of current trading and profit and loss accounts and balance sheets of typical hill farms in the various districts, after allowing the working farmer the wage of the lowest-paid agricultural labourer;

(3) whether he is aware that, as a result of the severe winter and spring, mortality among ewes and lambs was high; and what steps he is taking to meet the situation, which will become worse within the next few weeks, when many hill farmers will be compelled to sell breeding stock to meet current expenditure?

**The Secretary of State for Scotland (Mr. T. Johnston):** Wool prices have already been increased by 15 per cent, over last year's figures, and it is hoped that a statement will be made shortly on mutton prices. While the latest available hill farmers' accounts show an improvement for the 1940 season as against the previous season, I am aware that additional difficulties and financial hardships have resulted from the prolonged winter of 1940-41 and the resulting loss of lambs. The Government are fully alive to the position and have already given an undertaking to provide, if necessary, special assistance.

**Mr. Robertson:** Is it not quite wrong that this great industry should be singled out in this way? Is it not a fact that the figures for the two years of Government purchase show a net loss on all the farms taken out by the Department of Agriculture for Scotland?

**Mr. Johnston:** As the hon. Member knows, it is exceedingly difficult to discuss

this complicated matter by way of question and answer. There will be an opportunity on the Scottish Estimates at the next Sitting, when I hope to make a fuller statement.

### SCHOOL CHILDREN (MEALS).

42. **Mrs. Hardie** asked the Secretary of State for Scotland whether he is aware of the conclusions arrived at by the Ministry of Food as to the necessary ingredients of a balanced meal; and whether he will confer with that Ministry with a view to providing such a meal to every child at school from September throughout the winter?

**Mr. Johnston:** The answer to the first part of the Question is in the affirmative. With regard to the second part of the Question, it is the duty of education authorities to provide meals for all necessitous-school children, and I have encouraged authorities to extend this service to all other school children on payment of the bare cost of the food. At present, some 50,000 school children in Scotland are obtaining a well balanced meal daily; and this number, I hope, will be steadily increased.

**Mrs. Hardie:** While I thank my right hon. Friend for his reply, will he put more pressure on local authorities to provide these meals for necessitous children, in view of the fact that it is practically impossible for the mothers to get the food in the shops, even if they have the money?

**Mr. Johnston:** I quite agree. We are taking every step we can to encourage the local authorities. There are difficulties about cooking equipment and so on, but we hope that these are being rapidly overcome.

### NUTRITION (WORKERS).

43. **Mr. Sloan** asked the Secretary of State for Scotland whether he is aware that the nutrition of certain classes of workers in Scotland is inadequate, and compares unfavourably with the nutrition standards provided for other classes of workers; and whether he will take steps to provide adequate and equal nutrition for all workers?

**Mr. Johnston:** The policy of the Government has been, and is, to provide adequate nutrition for all classes of workers. If, as I assume, my hon. Friend has in mind any disparity in the provision of food canteens, and especially at the coal pits, in Scotland, I can assure him that the matter is receiving urgent attention.

[Mr. Sandys.]

Act does not apply to the Crown. Refund of other hospital expenses is considered in connection with any claim to compensation arising out of the accident. In general, the War Office accepts liability in respect of such expenses to the extent to which a private employer would be liable in similar circumstances.

**Sir W. Wayland:** Is the hon. Member aware that in many cases the district paymaster has refused to recognise claims made by hospitals when an accident was not absolutely due to the Army driver, or where it could not be attributed either to one side or the other, and that in such cases compensation has often been refused?

**Mr. Sandys:** The payments to be made are laid down quite clearly in Section 16 of the Road Traffic Act. Those payments are made.

#### CAMOUFLAGE.

35. **Sir John Graham Kerr** asked the Secretary of State for War, whether he is aware that one of the few recognised authorities in the science of camouflage is now in His Majesty's service; whether he is satisfied that he has been given an official position commensurate with his position in this highly-specialised branch of science; and what is his official designation and where are his headquarters?

**Mr. Sandys:** I assume that my hon. Friend is referring to an authority on the biological aspect of camouflage about whom he has written to my right hon. and gallant Friend. This gentleman holds a commission in the Royal Engineers. He is now serving as a camouflage officer, and holds a staff appointment in that capacity at General Headquarters, Middle East. I am satisfied that his present position is such as to provide full scope for the exercise of his abilities and experience.

37. **Sir J. Graham Kerr** asked the Secretary of State for War whether he is aware that valuable knowledge was accumulated during the last war in relation to the Kensington Gardens scheme of camouflage; that material on which it was founded was placed in store at a place of which he has been informed; whether such material is still to the fore; and whether care has been taken to make it freely accessible to camouflage officers during the present war.

**Mr. Sandys:** Yes, Sir. All data, records and materials of the Kensington Gardens Camouflage School of the last war have been carefully examined, and are at the disposal of present-day camouflage officers through the medium of the Army Camouflage Training and Development Centre.

**Mr. Hannah:** Are the Government fully convinced that our camouflage cannot be improved?

**Mr. Sandys:** It is being improved all the time.

#### MILITIA CAMPS (Cost).

36. **Mr. Stokes** asked the Secretary of State for War how many Militia camps were included in the actual expenditure of £22,750,000; and how many were allowed for in the original estimate of £20,000,000?

**Mr. Sandys:** I would refer my hon. Friend to the answer given to him on 28th May.

**Mr. Stokes:** That answer gave no information at all. Will the hon. Member state what percentage of the camps it was intended to construct were constructed? Unless this is stated, the answer makes no sense at all.

**Mr. Sandys:** The answer to which I referred the hon. Member was given to a Question of his which was almost identical with the one that he asked to-day. He had a very full reply, to which I have nothing to add.

#### COURTS-MARTIAL.

38. **Mr. Cecil Wilson** asked the Secretary of State for War, seeing that it is laid down for courts-martial, in Rules of Procedure 87 (D), that the friend of the accused may advise the accused on all points and suggest the questions to be put to the witnesses, but cannot examine or cross-examine the witnesses or address the court, under what circumstances the friend may not be present in court throughout the proceedings?

**Mr. Sandys:** The friend of an accused is entitled to be present in court at all times during which the accused himself is before the court and desires his friend to be present.

**Mr. Wilson:** If I send the hon. Member cases where this right has been refused, will he look into them?

**Mr. Sandys:** Certainly, Sir.

## SCOTLAND.

### HILL SHEEP FARMING.

39, 40 and 41. **Mr. Robertson** asked the Secretary of State for Scotland, (1) whether he is satisfied that the hill sheep industry is receiving fair prices for its wool and mutton compulsorily sold to the Government; and whether the prices are the subject of negotiation with the industry or are they arbitrarily fixed by the Government;

(2) the average results of his inspection of current trading and profit and loss accounts and balance sheets of typical hill farms in the various districts, after allowing the working farmer the wage of the lowest-paid agricultural labourer;

(3) whether he is aware that, as a result of the severe winter and spring, mortality among ewes and lambs was high; and what steps he is taking to meet the situation, which will become worse within the next few weeks, when many hill farmers will be compelled to sell breeding stock to meet current expenditure?

**The Secretary of State for Scotland (Mr. T. Johnston):** Wool prices have already been increased by 15 per cent. over last year's figures, and it is hoped that a statement will be made shortly on mutton prices. While the latest available hill farmers' accounts show an improvement for the 1940 season as against the previous season, I am aware that additional difficulties and financial hardships have resulted from the prolonged winter of 1940-41 and the resulting loss of lambs. The Government are fully alive to the position and have already given an undertaking to provide, if necessary, special assistance.

**Mr. Robertson:** Is it not quite wrong that this great industry should be singled out in this way? Is it not a fact that the figures for the two years of Government purchase show a net loss on all the farms taken out by the Department of Agriculture for Scotland?

**Mr. Johnston:** As the hon. Member knows, it is exceedingly difficult to discuss

this complicated matter by way of question and answer. There will be an opportunity on the Scottish Estimates at the next Sitting, when I hope to make a fuller statement.

### SCHOOL CHILDREN (MEALS).

42. **Mrs. Hardie** asked the Secretary of State for Scotland whether he is aware of the conclusions arrived at by the Ministry of Food as to the necessary ingredients of a balanced meal; and whether he will confer with that Ministry with a view to providing such a meal to every child at school from September throughout the winter?

**Mr. Johnston:** The answer to the first part of the Question is in the affirmative. With regard to the second part of the Question, it is the duty of education authorities to provide meals for all necessitous school children, and I have encouraged authorities to extend this service to all other school children on payment of the bare cost of the food. At present, some 50,000 school children in Scotland are obtaining a well balanced meal daily; and this number, I hope, will be steadily increased.

**Mrs. Hardie:** While I thank my right hon. Friend for his reply, will he put more pressure on local authorities to provide these meals for necessitous children, in view of the fact that it is practically impossible for the mothers to get the food in the shops, even if they have the money?

**Mr. Johnston:** I quite agree. We are taking every step we can to encourage the local authorities. There are difficulties about cooking equipment and so on, but we hope that these are being rapidly overcome.

### NUTRITION (WORKERS).

43. **Mr. Sloan** asked the Secretary of State for Scotland whether he is aware that the nutrition of certain classes of workers in Scotland is inadequate, and compares unfavourably with the nutrition standards provided for other classes of workers; and whether he will take steps to provide adequate and equal nutrition for all workers?

**Mr. Johnston:** The policy of the Government has been, and is, to provide adequate nutrition for all classes of workers. If, as I assume, my hon. Friend has in mind any disparity in the provision of food canteens, and especially at the coal pits, in Scotland, I can assure him that the matter is receiving urgent attention.

**Mr. Sloan:** Is my right hon. Friend aware that the possibility of procuring nutritious food for miners in Scotland is almost nil; that miners' wives are completely at their wits' end, and that they are taking long journeys to the towns only to find short rations there? Will he see that the canteen system is spread as far as possible in Scotland?

**Mr. Johnston:** Yes, Sir. My hon. Friend the Minister of Mines has the subject very urgently under review. In Scotland we are exceptionally badly off. At present, we have only two canteens in active operation.

#### HIGHLAND FOLK MUSEUM.

44. **Mr. Hannah** asked the Secretary of State for Scotland, whether he has now taken the promised steps to prevent the dispersal of the Highland Folk Museum?

**Mr. Johnston:** The possible alternative accommodation to which I referred in my Answer of 15th July is being examined by the Inverness County Council. Meanwhile, I have asked them not to enter upon the museum premises.

**Mr. Hannah:** Is not that a most unsatisfactory answer?

#### GOVERNMENT CONTRACTS.

63. **Major Lloyd** asked the Secretary of State for Scotland whether he is aware of the increasing resentment which is felt among Scottish public works contractors at the growing tendency of English firms to obtain contracts for work in Scotland; whether he is further aware that resident engineers of English main contractors are enabled to appoint direct sub-contractors from England for work which can be more readily carried out by Scottish contractors in Scotland; and whether he will consult with the Government Departments concerned with a view to safeguarding the interests of Scottish contractors in future?

**Mr. Johnston:** While I have received some general representations in the sense of the hon. Member's Question, I have no specific evidence of any case in which the public interest has been prejudiced, or contracts given out in any manner disadvantageous to Scottish contractors or workmen. If any evidence of that nature is available, I shall be glad to consider it with a view to drawing the attention of the appropriate authority to the matter.

**Mr. McKinlay:** Is my right hon. Friend aware that plants belonging to Scottish contractors have been requisitioned and handed over to English contractors, who have no plant of their own?

**Mr. Johnston:** That is another question. If hon. Members had any evidence of that kind of thing, I should be glad to have it.

**Mr. Neil Maclean:** Will my right hon. Friend get into touch with the Ministry of Supply and the Board of Trade and see the particulars of these contracts?

**Mr. Johnston:** I would prefer that a specific case should be given me.

**Mr. Sloan:** Is my right hon. Friend aware that English contractors do not come up to standard and that local contractors have to carry out the work?

#### HIGH COMMISSIONER, AUSTRALIA (STATEMENT).

45. **Mr. David Adams** asked the Prime Minister whether his attention has been called to a recent speech made by the British High Commissioner in Australia derogatory to the political system of our Russian Ally; and whether, as such statements by persons in authority may injure our joint war effort, he has taken steps to ensure that no further speeches of this kind are made?

**The Lord Privy Seal (Mr. Attlee):** My right hon. Friend the Prime Minister has seen Press reports of a statement alleged to have been made by the United Kingdom High Commissioner in Australia. He has ascertained from him that the facts of the case are as follows. In reply to questions about Communism put to the High Commissioner at a Press conference, he denied the prevalence of Communism in this country and stated that Communism was generally unpopular here. He did not, in his reply, use the expression "the Russian system," as has been wrongly reported. Subsequently, in reply to further Press inquiries, he stated that his attitude towards Russia was identical with that recently expressed by my right hon. Friend the Prime Minister, who is sure that this is the fact. It is obvious from the above that the High Commissioner has been completely misrepresented or misrepresented, and he has the full confidence and approval of the Government.

1253 **Mr. Adams:** Is not my right hon. Friend aware that Mr. Hughes, the Australian Naval Minister, condemned his speech and that several thousand trade unionists in Australia demanded the recall of our High Commissioner?

**Mr. Attlee:** I have given my hon. Friend the facts.

**Mr. Maxton:** Is my right hon. Friend aware that this is not the only Member of this House in foreign parts who has made objectionable statements? There ought to be some method of controlling our representatives abroad.

#### CHANCELLOR OF THE DUCHY OF LANCASTER.

47. **Sir H. Williams** asked the Prime Minister what Minister in this House will answer Questions addressed to the Chancellor of the Duchy of Lancaster when he is abroad?

**Mr. Attlee:** In the absence of the Chancellor of the Duchy of Lancaster, such Questions will be answered in the future, as they have been in the past, by the Attorney-General.

**Sir H. Williams:** Will the Attorney-General answer Questions in respect of duties performed overseas by the Chancellor of the Duchy of Lancaster?

**Mr. Attlee:** It depends upon the nature of the Question. If it was one relating to the general high policy of the Government, it would have to be put to my right hon. Friend the Prime Minister.

**Sir H. Williams:** Supposing it is a Question to be put down with reference to something that the Chancellor of the Duchy is doing overseas, to whom must it be addressed?

**Mr. Attlee:** I have already replied to the hon. Member on that point. If the hon. Member is ingenious enough to put a Question with reference to the business of the Chancellor, it will be answered by the Attorney-General, but any question of general policy will have to be put down to the Prime Minister.

**Sir Irving Albery:** Is it not perfectly obvious that at the present time the right hon. Gentleman cannot perform the duties of Chancellor of the Duchy?

**Mr. Attlee:** With regard to the performance of the functions of the Chancellor of the Duchy abroad, that has already been answered.

**Mr. Maxton:** Does my right hon. Friend think there will be any harm in the affairs of the Chancellor of the Duchy being managed by somebody other than himself?

#### MINISTERIAL DUTIES.

48. **Mr. Shinwell** asked the Prime Minister whether the duties undertaken by Lord Beaverbrook as Minister of State have been transferred to another Member of the War Cabinet?

**Mr. Attlee:** As stated in the public announcement issued on 29th June, the appointment of my Noble Friend Lord Beaverbrook as Minister of Supply brought to an end the special arrangements whereby the Minister of State acted as Deputy Chairman of the Defence Committee (Supply) and as Referee on priority questions. The announcement also stated that these questions would in future be handled within the organisation of the Office of the Minister of Defence or of the Production Executive, of which latter my right hon. Friend the Minister of Labour would continue as Chairman.

#### SOCIAL SURVEY (BLIND PERSONS).

52. **Mr. J. Griffiths** asked the Minister without Portfolio whether consideration will be given to the position of blind persons by the committee engaged upon a survey of social services?

**The Minister without Portfolio (Mr. Arthur Greenwood):** Yes, Sir. The blind are specifically covered in the Committee's preliminary plan of work.

#### TOWN AND COUNTRY PLANNING.

53. **Mr. Henry Strauss** asked the Minister without Portfolio what steps the Government have taken to ensure that the administration of the Restriction of Ribbon Development Act, 1935, shall proceed in conformity with long-term planning policy; and whether it was of set purpose or inadvertently that the Government omitted this statute from their statement of 17th July, 1941, setting out the



[Mr. Strauss.]

purpose and terms of reference of the Council of Ministers under the chairmanship of the Right Honourable Lord Reith?

**Mr. Greenwood:** In settling the composition and terms of reference of the Council of Ministers under the chairmanship of my noble Friend, the Government have, of course, taken into account the fact that the Town and Country Planning Act is not the only statute which relates to planning. It is, however, by far the most comprehensive Statute in this field, and its administration is already closely co-ordinated with the administration of other Acts relating to planning. The function of the Council of Ministers is to bring my noble Friend into closer association with the current administration of the main body of the planning law, and this function is accurately reflected in the Council's composition and terms of reference. My noble Friend will, however, remain in close touch with the administration of all other relevant enactments.

**Mr. Strauss:** Is the right hon. Gentleman of the opinion that the administration of the Restriction of Ribbon Development Act, 1935, in the past has been consistent with good planning? Is that same system to be allowed to continue?

**Mr. Greenwood:** I would like the hon. Gentleman to await, if he would, the new legislation on this matter, which will shortly be before the House.

#### BRITISH MUSEUM READING ROOM (RE-OPENING).

61. **Miss Eleanor Rathbone** asked the Financial Secretary to the Treasury when the re-opening of the reading room of the British Museum may be expected?

**Captain Crookshank:** It is hoped to resume the public service of the reading room about the end of October.

#### PROPAGANDA BROADCASTS TO CONTINENT.

64. **Mr. Lambert** asked the Minister of Information whether he will request the British Broadcasting Corporation to accentuate in broadcasts to Germany and the Continent the efforts, in 1938 and 1939, of the late Mr. Neville Chamberlain

for peace and his striving to secure the settlement of international differences by conciliation rather than by force?

**The Parliamentary Secretary to the Ministry of Information (Mr. Thurtle):** When dealing with the question of responsibility for the war, it is clearly desirable to draw attention to the efforts of His Majesty's Government to preserve peace in Europe. But as the hon. Member will realise it is equally important to lay emphasis on the faithless and aggressive character of German policy during the pre-war years.

**Sir W. Davison:** Does not the hon. Gentleman think it would be very undesirable at the present time to put forward the suggestion contained in the Question, which might cause it to be generally considered that we were longing for peace on Hitler's terms?

**Mr. Thurtle:** I am not in a position to add to my Answer, except to say that it is the view of the Government that His Majesty's Government's efforts to preserve peace are best shown against the background of Hitler's perfidy and perjury.

**Mr. Lambert:** Is the hon. Gentleman aware that the object of my Question is to show that the entire responsibility for the horrors now existing in Europe rests on Hitler and his associates?

**Mr. Thurtle:** The Government are fully aware of that fact, and are anxious to see that it is brought out in all propaganda.

#### AIR TRANSPORT AUXILIARY.

65. **Mr. Garro Jones** asked the Minister of Aircraft Production on what exact basis or calculation the Air Transport Auxiliary Service is paid for each aircraft delivered to the Royal Air Force?

**The Parliamentary Secretary to the Ministry of Aircraft Production (Mr. Montague):** The Air Transport Auxiliary has no revenue. The cost of the organisation falls on the Vote of the Ministry of Aircraft Production. Payment is not made on the basis of aircraft delivered.

**Mr. Garro Jones:** Does the cost of that organisation include any interest paid for the shares of British Airways on their fixed interest-bearing securities?

**Mr. Montague:** The cost of the Air Transport Auxillary is borne on the Vote, and if my hon. Friend has any questions to put concerning higher policy, perhaps he will be good enough to raise them on the appropriate Vote.

### PERSONAL INJURIES (CIVILIANS' SCHEME).

**66. Mr. Ellis Smith** asked the Minister of Pensions whether he is aware that Mr. H. Morrey, of 33, Penkville Street, Stoke-on-Trent, received injuries of a permanent character in an air-raid on 19th November, 1940; that his income is 11s. National Health Insurance and 6s. from the Amalgamated Society of Woodworkers; why has the man not received compensation; why the delay; and will this be paid at once with retrospective pay?

**The Minister of Pensions (Sir Walter Womersley):** Mr. Morrey did receive compensation in the form of injury allowances under the Civilians Scheme from the date of his injury in November, 1940, up to 27th May, 1941, that is, for the period of 26 weeks after which an award of pension is normally considered. I regret that instructions were not given for the continuance of injury allowances until the question of pension was settled, but they have now been reinstated with retrospective effect from 28th May, 1941, and will remain in payment until pension can be awarded.

### NATIONAL WAR EFFORT.

#### SCHEDULE OF RESERVED OCCUPATIONS.

**68. Mr. Nunn** asked the Minister of Labour whether he will establish tribunals to decide definitely what men shall be reserved as a minimum staff for business and industrial concerns so that arrangements can be made to continue output, bearing in mind that it is difficult for firms to continue their work with any confidence on the basis of temporary exemptions?

**The Joint Parliamentary Secretary to the Ministry of Labour (Mr. Tomlinson):** As at present advised, my right hon. Friend does not think that tribunals are required to deal with this matter. The existing arrangements for the deferment of the calling-up of a limited number of men of military age, who are not reserved

under the Schedule of Reserved Occupations and Protected Work, admit of the grant of deferment which may in suitable cases be tantamount to individual reservation. No permanent reservation or deferment of calling-up can, of course, be guaranteed to any man of military age.

#### TRAINEES (TRAVELLING EXPENSES).

**69. Mr. Tinker** asked the Minister of Labour whether he is aware that persons who go as trainees to Government training centres are called upon to pay their own fares, and, in many instances, this amount exceeds 10s. a week; and will he consider making some allowances to them to meet this expense?

**Mr. Tomlinson:** I have already written to my hon. Friend on this subject. Arrangements have now been made for daily travelling expenses in excess of 5s. per week to be paid in the case of all boarder trainees over 21 years of age and all trainees living at home over 19 years of age in Government Training Centres. The assistance given in the case of all other trainees is already greater than this.

**Mr. R. J. Taylor:** Will that payment be retrospective where applications have been made?

**Mr. Tomlinson:** Where applications are made for retrospective payments, they will have to be considered on their merits.

#### EVACUEES (EMPLOYMENT).

**70. Major Sir Edward Cadogan** asked the Minister of Labour whether he can give any information as to what proportion of evacuees, who have reached the school-leaving age, have obtained employment in the reception areas?

**Mr. Tomlinson:** I am having inquiries made and will communicate with my hon. and gallant Friend.

#### INDUSTRIAL DISPUTES.

**71. Mr. G. Macdonald** asked the Minister of Labour how any working days have been lost due to industrial disputes during the 12 months ended 30th June, 1941; and what is the comparative figure for any similar period during the Great War and also for the 12 months immediately preceding the outbreak of the present war?

**Mr. Tomlinson:** The total number of working days lost in industrial disputes causing stoppages of work, so far as reported to my Department, was approximately 990,000 in the twelve months ended 30th June, 1941, and 1,300,000 in the twelve months ended 31st August, 1939. In the years 1915-18 the corresponding totals were approximately, 2,950,000 in 1915; 2,450,000 in 1916; 5,650,000 in 1917; and 5,880,000 in 1918.

#### WOMEN.

72. **Sir Leonard Lyle** asked the Minister of Labour whether, to avoid prejudicial effect on home life, and especially in view of the increased responsibilities thrown on mothers, he will apply the conscription of women in the first place to young single women?

**Mr. Tomlinson:** It is not at present the intention to apply conscription to women. As regards women registered under the Registration for Employment Order, it has been arranged with the advice of the Women's Consultative Committee that women with no occupation are called for interview before women in employment. Within each group, single women are interviewed before married women. Women who have children under 14 years of age living with them are not called for interview.

#### NEW MEMBER SWORN.

Percy Gott Barstow, Esquire, for the County of York, West Riding (Pontefract Division).

#### BUSINESS OF THE HOUSE.

Ordered,

"That this day, notwithstanding anything in Standing Order No. 14, Business in Committee of Supply may be taken after the hour appointed for the interruption of Business and that the Proceedings of the Committee of Supply be exempted, at this day's Sitting, from the provisions of the Standing Order (Sittings of the House)."—[*The Prime Minister.*]

#### MESSAGE FROM THE LORDS.

That they have agreed to—

Financial Powers (U.S.A. Securities) Bill and War Damage (Extension of Risk Period) Bill, without Amendment.

## WRITTEN ANSWERS.

### CLOTHES RATIONING.

**Mr. Lipson** asked the President of the Board of Trade whether he is aware that insistence on the surrender of coupons for clothing and footwear sold at church bazaars and sales of work, will have a serious effect on social and religious work out of all proportion to the advantage gained thereby for the rationing scheme; and will he consider exempting such purchases from rationing under safeguards which should prevent abuse?

**Captain Waterhouse:** My right hon. Friend could not justify an arrangement which would permit a limited section of the public to obtain more than their fair share of rationed goods at the expense of the rest of the community and of the normal channels of retail trade.

### COAL DISTRIBUTION.

**Mr. Denville** asked the Secretary for Mines how he proposes to deal with the distribution of the necessary coal for all household purposes when enough coal is being produced for those purposes?

**Mr. Grenfell:** Special attention is being given to the need for the most equitable distribution of coal for all household purposes, and I have no doubt that opportunities for stocking will be afforded to all consumers when adequate supplies become available.

### WAGES AND PRICES (WHITE PAPER).

**Major Adams** asked the Prime Minister whether he will allow a day for a Debate on Command Paper 6294 on the subject of inflation?

**Mr. Attlee:** I would refer my hon. and gallant Friend to the statement which I made during the course of the Business statement on Thursday last.

### NATIONAL FINANCE.

#### PURCHASE TAX.

**Mr. Thorne** asked the Chancellor of the Exchequer whether he can give any

information in connection with the charges made against the Beaucraft Furniture Company, Bethnal Green, for a Purchase Tax evasion; and what was the value of the goods on which the tax had been evaded and the total loss to the revenue?

**Sir K. Wood:** This firm was charged with furnishing false tax returns, producing and using false documents and making false statements in connection with the tax. The value of the goods involved was not less than £4,200, on which the tax evaded was about £1,400.

#### INCOME TAX (WIDOWERS).

**Mr. Hannah** asked the Chancellor of the Exchequer whether he realises the hardship to widowers still having to keep up their houses being taxed as single men; and will he consider some relief?

**Sir K. Wood:** As my hon. Friend is no doubt aware a deduction of tax on £50 can be claimed by a widower in respect of a resident housekeeper. I cannot see my way to propose any further special relief to widowers.

#### GOVERNMENT DEPARTMENTS.

##### CIVIL SERVANTS (BILLETING).

**Mr. Roland Robinson** asked the Secretary to the Treasury, to what extent the compulsory billeting of Civil Servants has been adopted in the country; and whether he will state the general policy and the chief areas affected?

**Sir K. Wood:** I regret that I have no statistics to show the precise extent to which it has been necessary to have recourse to compulsory powers in billeting civil servants. I understand, however, that only in a very few cases has this expedient been adopted. The general policy has been to enlist the goodwill of the householders concerned and I am glad to say that it has been generally successful. It is hoped that householders and proprietors of boarding houses will continue to render such assistance as they are able to give in this very difficult matter, but I must point out that accommodation for people transferred to carry out essential work must be secured, and only in the last resort is recourse had to compulsory powers. With regard to the last part of the question, it would not be in the public interest to publish a list of

the places to which civil servants and their offices have been evacuated.

##### MINISTRY OF FOOD (TRADING ACTIVITIES).

**Mr. Rostron Duckworth** asked the Parliamentary Secretary to the Ministry of Food what profit has accrued to the Government in respect of the trading activities of his Department in commodities in short supply?

**Major Lloyd George:** The Ministry of Food's trading activities must be regarded as a whole and in the aggregate a very substantial loss has been incurred in carrying out the Government's policy of subsidising certain essential foodstuffs. Profits have, however, arisen on certain commodities mainly owing to the necessity of fixing retail selling prices at the nearest penny per lb., and in the early days of the war to requisitioning of stocks. Such profits are not substantial in amount in relation to the Ministry's activities, and are offset against the heavy losses incurred in subsidising other foodstuffs.

##### FOOD SUPPLIES (SMALL TRADERS).

**Sir L. Lyle** asked the Parliamentary Secretary to the Ministry of Food whether, before deciding to eliminate as purveyors of rationed food, traders with fewer than 25 registered customers, he formed any estimate of the number of such traders; and, if so, whether he will state what it was?

**Major Lloyd George:** The answer to the first part of my hon. Friend's Question is in the negative. It was impossible to form any such estimate until the new registrations were completed.

**Sir L. Lyle** asked the Parliamentary Secretary to the Ministry of Food the number of small shopkeepers in Bournemouth who are likely to be affected by the regulation withdrawing food rations from shopkeepers who have fewer than 25 registered customers; whether he will lay upon the Table of the House copies of the instructions designed to bring to the notice of the Food Committee his promise of considerate treatment; and whether, in the case of any adverse decision, these traders will have any right of appeal?

**Major Lloyd George:** The answer to the first part of my hon. Friend's Question is that the number of small shopkeepers in Bournemouth who are likely to be affected by the arrangement to which he refers will not be known until the recent re-registration of customers with individual shopkeepers has been examined. In reply to the second part of the Question the instruction to which reference is made is confidential. In the case of an adverse decision the trader concerned may appeal to the divisional food officer.

### BRITISH ARMY.

#### LOST EQUIPMENT (DEBITING).

**Mr. Ness Edwards** asked the Secretary of State for War whether he is aware that the Paymaster of the Royal Engineers has debited the accounts of certain members of that unit with sums up to £11 for equipment lost whilst these men were swimming for their lives from ships that were sunk in the Dunkirk evacuation; and whether he will take the necessary steps to cause these sums to be refunded to the soldiers concerned?

**Mr. Sandys:** I have made thorough inquiries but am unable to trace any case in which a soldier's account has been debited in respect of equipment lost, in the circumstances to which my hon. Friend refers. I shall be glad therefore if my hon. Friend will supply me with the particulars of the cases upon which the allegation contained in his Question is based.

#### AUXILIARY TERRITORIAL SERVICE (UNIFORM).

**Mr. Quibell** asked the Secretary of State for War, whether, in adopting the new Auxiliary Territorial Service uniform, arrangements will be made to ensure that there is no waste of any of the old type uniforms now in stock?

**Captain Margesson:** Yes, Sir.

### HOME GUARD.

**Mr. Isaacs** asked the Secretary of State for War whether he has considered, or will consider, the advisability or practicability of making it a condition of membership of the Home Guard that members must accept an obligation to attend a fixed minimum number of attendances at parades each week or month, in view of

the fact that membership of the Home Guard relieves a member of the obligation of attending a fixed number of hours on fire-watching?

**Captain Margesson:** This proposal has been considered, but it was decided that it would not be practicable to enforce such a condition universally, as members of the Home Guard engaged in essential occupations may on occasion be prevented from attending parades for reasons beyond their control. I would, however, remind my hon. Friend that a battalion commander in the Home Guard has the power to discharge members of his battalion who wilfully disregard their obligations, and I think that in matters of this kind we must rely upon his judgment.

### POST-WAR RECONSTRUCTION.

**Mr. Daggar** asked the Minister without Portfolio, whether he will give particulars and personnel of the various bodies undertaking surveys in connection with post-war problems; and the degree to which his Department is financing them?

**Mr. Greenwood:** It would be impossible for me to provide my hon. Friend with a list of all the surveys which are being undertaken by independent agencies in connection with post-war problems. The only survey which is receiving financial support from the Government is the Social Reconstruction Survey instituted under the auspices of the Nuffield College authorities. Full particulars of the personnel employed by the Survey and of the financial support which the Government is providing towards the expenses of the Survey were given in my answer to the hon. Member for Cambridge University (Mr. Pickthorn) on 2nd July.

**Mr. Daggar** asked the Minister without Portfolio whether, in a consideration of plans to deal with the post-war situation, it is intended to have regard to the recommendations of the Royal Commission on the Distribution of the Industrial Population; and whether he will consider such plans to be of immediate importance and urgency?

**Mr. Greenwood:** The Government have already had under consideration the Report of the Royal Commission on the Distribution of the Industrial Population.

in the light of the changes in the industrial situation since the report was prepared. Plans for dealing with the post-war situation in this and other fields are being examined with full regard to the importance of the issues involved.

**Mr. Daggar** asked the Minister without Portfolio whether it is proposed to await the result of any post-war reconstruction surveys before laying before Parliament any plan for dealing with the problems that will arise after the war, such as unemployment due to the existence of special areas; and, if not, when it is proposed to produce such plans for discussion in the House?

**Mr. Greenwood:** The Government will complete all the preliminary investigations which are necessary before any plans for dealing with post-war problems are produced to the House, and in particular they are making a full study of all the complex issues involved before producing plans for dealing with unemployment.

#### MEDICAL SUPPLIES, HANKOW.

**Mr. Nunn** asked the Secretary of State for Foreign Affairs whether he is aware that the British dispensary at Hankow has been obliged to close down its business owing to the refusal of the Japanese authorities to permit the shipment of essential supplies; and whether he will take up the matter with the Japanese Government and also with the International Red Cross Society?

**Mr. Law:** The Hankow dispensary ceased business last April owing to difficulties arising out of the closure of the Yangtze. Special efforts to help this British firm were made by His Majesty's Consuls-General at Hankow and Shanghai, and some shipments of medical supplies were permitted to Hankow for the dispensary. Owing, however, to great delays, and to the fact that no miscellaneous goods were allowed to be shipped, the turnover became insufficient to keep the firm in business.

#### PRISONERS OF WAR (REPATRIATION).

**Sir A. Knox** asked the Secretary of State for Foreign Affairs whether, pending an agreement for the repatriation of badly-wounded prisoners of war, he will

explore the possibility of arranging for the transfer of these men from enemy countries to Switzerland?

**Mr. Law:** If my hon. and gallant Friend means a one-sided arrangement under which, while the British party are transferred to Switzerland, the German party are to remain in British hands, there is no ground for supposing that the German Government would accept it. His Majesty's Government are, however, examining every possibility of overcoming the transport difficulty which is the main obstacle to any arrangement on a reciprocal basis.

#### GREAT BRITAIN AND SPAIN.

**Mr. Shinwell** asked the Secretary of State for Foreign Affairs whether the recent speech by General Franco has been the subject of communication between His Majesty's Government and the Government of the United States of America; and whether it is proposed to take any action.

**Mr. Law:** The answer to the first part of the Question is in the affirmative. Hon. Members will be aware that General Franco's speech has already been the subject of a statement by the United States Acting Secretary of State at his Press conference on 23rd July. I have at present nothing to add to the statement which my right hon. Friend made on 24th July.

**Mr. Shinwell** asked the Secretary of State for Foreign Affairs whether he has made any representations to the Spanish Government on the recent speech by General Franco; and whether any reply has been received?

**Mr. Law:** No, Sir. The attitude of His Majesty's Government should, however, be clear to the Spanish Government from my right hon. Friend's statement in reply to the hon. Member for East Wolverhampton (Mr. Mander) on 24th July.

#### CIVIL DEFENCE.

##### EMERGENCY MEDICAL SERVICES.

**Sir H. Morris-Jones** asked the Minister of Health what progress has been made with the proposal, recently announced by him, for securing the services of 1,000 doctors from the United States of America to help in the medical services of this country?

**Miss Horsbrugh:** The scheme to which my hon. Friend refers has not yet become fully operative. According to information recently received from the American Red Cross some 80 United States doctors who have applied under the scheme are at present being considered for acceptance, in addition to one who has already arrived and is at work in a civil hospital and four who are on their way to this country.

#### CAMOUFLAGE.

**Sir J. Graham Kerr** asked the Home Secretary what steps are taken to ensure that experimental results obtained by Service Departments in relation to camouflage are made known to other Departments interested so that the country may obtain full value from such results?

**Mr. Mabane:** All results obtained by the Services from experimental work in camouflage are discussed by the technical sub-committee of the camouflage committee which has met regularly at frequent intervals since its formation and on which the Services Departments are represented.

#### NATIONAL HEALTH INSURANCE.

**Mr. Thorne** asked the Minister of Health how many people came under the health insurance system in Great Britain and Northern Ireland for the year ending 1940, giving separate figures for men and women; how many rank as deposit contributors; the total income paid out in benefits; the accumulated funds; the amount invested by or on behalf of the approved societies; the expenditure on sickness and disablement benefit, giving separate figures in weeks and separate figures for men and women; expenditure on additional benefits in cash and other benefits; the amount standing to the credit of societies at the last valuation; the total number of societies or branches; how many societies had deficiencies, and their membership; and how the deficiencies were made good?

**Miss Horsbrugh:** The figures given below are in respect of Great Britain as it is not possible in the time available to include those for Northern Ireland. At 31st December, 1939 (the latest date for which such information can be given), the number of insured persons was as follows:—

Men and boys—14,204,000, including 141,000 deposit contributors.  
Women and girls—7,243,000, including 155,000 deposit contributors.

The total sum paid out in benefits in the year ended 31st December, 1940, was £34,197,000, the accumulated funds at the 31st December, 1940, amounted to £146,799,000, and the amount invested by or on behalf of Approved Societies to £61,224,000. The expenditure in the year ended 31st December, 1940, on sickness, disablement and additional benefits was:—

	Men	Women	Total
Sickness benefit	£ 8,114,000	£ 4,624,000	£ 12,738,000
Disablement benefit	3,781,000	2,029,000	5,810,000
Additional benefits			
Cash ... ..	1,479,000	304,000	1,783,000
Non-cash ... ..	—	—	3,416,000

(Separate figures in weeks are not available).

As regards the remaining parts of the Question, the fifth valuations of the approved societies will be completed during the coming autumn, and it is expected that a short report by the Government Actuary, incorporating some statistics of the results, will be available early next year.

#### INDIA (AEROPLANE ENGINES).

**Sir W. Smiles** asked the Secretary of State for India whether any aeroplane engines are now manufactured in India?

**Mr. Amery:** No, Sir.

#### HOUSEHOLD WASTE (COLLECTION).

**Mr. Evelyn Walkden** asked the Parliamentary Secretary to the Ministry of Supply what were the amounts of kitchen waste collected by each local authority in the months of January and June, 1941, in the counties of Lancashire, Surrey and Yorkshire?

**Mr. Harold Macmillan:** The following list gives the tonnages of kitchen waste food sold during the months of January and June, 1941, by those local authorities in the Counties of Lancashire, Surrey and Yorkshire who are making collections:—

## LANCASHIRE.

## County Boroughs

	Tons sold.	
	January.	June.
Blackburn	—	31
Blackpool	5	32
Bolton	26	58
Bootle	2½	4
Bury	—	19
Burnley	13	38
Bury	182½	224½
Liverpool	92	170
Manchester	7½	29½
Oldham	21	85
Preston	9	7
Rochdale	—	10½
Salford	1	25
Southport	9½	15½
Warrington	82	60
Wigan	—	—

## Boroughs

Accrington	44½	51
Colne	18	12
Crosby	12	12
Darwen	5	15½
Farnworth	—	16
Fleetwood	11	10½
Nelson	—	33
Radcliffe	—	7
Stretford	1	24½

## Urban Districts

Abram	—	2½
Addington	—	—
Brierfield	—	2½
Denton	4½	5½
Droylsden	6	8
Fulwood	—	1½
Horwich	½	1
Hoyton with Roby	—	2½
Kearsley	3	3½
Oswaldtwistle	6½	6½
Ramsbottom	3	4
Thornton Cleveleys	1	1½
Tydesley	—	10½
Urmston	17½	20½
West Houghton	4	9
Whitefield	1½	4

## Rural Districts

Blackburn	—	½
<b>Total</b>	<b>590½</b>	<b>1,074½</b>

## SURREY.

Tons sold.  
January. June.

## County Borough

Croydon	5	57½
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## Boroughs

Barnes and Richmond	15	28
Beddington and Wallington	—	9
Epsom and Ewell	19	15½
Godalming	—	4½
Guildford	22	31½
Kingston-on-Thames	—	37½
Malden and Coombe	26	25
Mitcham	20	18
Reigate	153	61
Surbiton	—	6
Sutton and Cheam	10	44½

## Urban Districts

Carshalton	50	43
Coulsdon and Purley	9	18
Esher	21	9½
Farnham	—	6
Frimley and Camberley	—	5
Haslemere	8	5
Merton and Morden	28	58
Woking	2	11½

## Rural Districts

Godstone	—	½
Guildford	—	14
Hambledon	—	9

**Total** 388 517½

## YORKSHIRE.

Tons sold.  
January. June.

## County Boroughs

Barnsley	—	8½
Bradford	150	133½
Dewsbury	27	32
Doncaster	7	7
Halifax	10	8
Huddersfield	8	55½
Hull	255	190
Leeds	297	338
Middlesbrough	38	46
Rotherham	13	31
Sheffield	41	130½
York	164	105½

## Boroughs

Batley	—	10½
Beverley	—	½
Bridlington	5	14
Brighouse	10	9
Harrrogate	17	19
Keighley	3	2½
Morley	—	½
Ossett	10	6
Pudsey	1	1
Redcar	—	12½
Ripon	—	1
Scarborough	—	17½
Todmorden	2	1½

## Urban Districts

Baildon	5	6
Bingley	5	4½
Castleford	4	—
Denholme	—	1
Featherstone	1	—
Guisborough	1	1½
Hoyland Nether	—	1½
Ilkley	—	1½
Mexborough	1	4½
Mirfield	1	2½
Rawmarsh	3	6½
Rothwell	1	1
Shipley	16	15½
Silsden	1	1
Stanley	26½	2
Sowerby Bridge	2	1
Wombwell	1	2
Warsborough	—	10
Wath-upon-Dearne	2	3½

## Rural Districts

Flaxton	—	1
<b>Total</b>	<b>1,103</b>	<b>1,240½</b>



### PETROL COUPONS (THEFT, MORDEN).

**Mr. Thorne** asked the Parliamentary Secretary to the Ministry of War Transport whether he can give any information in connection with the 300,000 petrol coupons that were stolen from the Department's office at Morden, Surrey, on Thursday last?

**Colonel Llewellyn:** Some 43,500 coupons to the value of about 250,000 units of motor fuel were stolen. I am pleased to inform the House that practically the whole of the coupons have been recovered and that an arrest has been made.

### AGRICULTURE.

#### WOMEN'S LAND ARMY.

**Major Leighton** asked the Minister of Agriculture what number of members of the Women's Land Army have been placed in employment during recent weeks; and whether that employment is temporary or permanent in character?

**Mr. Hudson:** During the month of May, 1,678 members of the Women's Land Army were placed in employment in England and Wales and, during June, a further 1,801 members. No member of the regular force of the Women's Land Army is placed in employment except on the understanding that the work will be regular throughout the year.

#### MILKING INSTRUCTION.

**Sir G. Jeffreys** asked the Minister of Agriculture the number of members of the Women's Land Army or women unattached thereto who have since the start of the war, learned or been taught how to milk cows; and whether he is satisfied with the measures of extension of this knowledge?

**Mr. Hudson:** No exact analysis of Women's Land Army trainees is available, but it may be taken that of the 15,000 members of the Land Army now at work, approximately one-half are in employment which includes milking. I am not in a position to give information about women outside the Women's Land Army who may have gained experience in milking since the outbreak of war. If farmers able to provide milking instruction will apply for Women's Land Army

volunteers for training sufficiently in advance of their needs, I am satisfied that it should be possible to meet the demand for milkers in full.

### GERMAN SCHOOL-BOOK.

**Mr. Boyce** asked the President of the Board of Education whether he is now in a position to make a statement regarding the removal of the pro-Nazi book, "Das Neue Deutschland," from the list of those prescribed for the Oxford and Cambridge Higher Certificate for 1942?

**Mr. Butler:** Yes, Sir. I am informed that, in deference to the views of the Board of Education, the Oxford and Cambridge Joint Board have decided to withdraw the book in question.

### DOCKYARD APPRENTICES (PASS LIST).

**Sir A. Maitland** asked the Financial Secretary to the Treasury on what grounds the editor of the "Sheerness Times and Guardian" was refused a list of the successful candidates at the recent open competitive examination for the entry of apprentices for His Majesty's dockyard?

**Captain Crookshank:** In view of the paramount necessity for paper economy, it was decided to reduce to a minimum the number of copies of this list to be printed, as it is a document of 70-80 pages. Candidates themselves do not receive a copy of it, but only an extract giving details of their own performance. No copies were furnished to any newspapers.

### HEYSHAM-BELFAST STEAMER (SAILING TIMES).

**Dr. Little** asked the Parliamentary Secretary to the Ministry of War Transport whether, in order to lessen the time required for the journey from London to Belfast, via Heysham, which is causing much discontent, he will arrange for the train from Leeds to arrive at Heysham shortly after the train from London, thus obviating a considerable wait there?

**Colonel Llewellyn:** I am informed that the intervals between the arrival of the three trains connecting with the boat

from Heysham are arranged so as to ensure sufficient time for the completion of the formalities necessary before embarkation, and that it is impracticable to reduce the interval between the arrival of the first train and the sailing of the boat. I am ready to discuss the matter with my hon. Friend, as it is, of course, not in the general public interest or in the particular interest of passengers on these boats to discuss in public the times of sailing.

#### ROYAL NAVY (CONVOY SIGNALMEN).

**Lieut.-Commander Gurney Braithwaite** asked the First Lord of the Admiralty whether he is now in a position to make a statement regarding facilities for convoy leading signalmen to pass for the rating of convoy yeoman of signals after a suitable period of sea service?

**Mr. Alexander:** Yes, Sir. It has been decided to provide these facilities as soon as practicable. It is hoped to promulgate details shortly.

#### AIR TRANSPORT AUXILIARY.

**Mr. Garro Jones** asked the Minister of Aircraft Production the total revenue of the Air Transport Auxiliary Service in each quarterly or other convenient period for which records are available and the source of that revenue?

**Mr. Montague:** I would refer my hon. Friend to the answer which I gave to-day in reply to a similar Question on this matter.

**Mr. Garro Jones** asked the Minister of Aircraft Production what total number of each rank of Air Transport Auxiliary Service employees, as classified on 2nd

July, 1941, was on the roll of employees available as pilots, or, if the total number cannot be given, what percentage of the above-mentioned roll was represented by the total of each rank as classified?

**Mr. Montague:** It would not be in the public interest to disclose the number of pilots employed by the Air Transport Auxiliary. Percentages of the total number of employees holding the ranks classified on the 2nd July, 1941, represented by the total of each rank and the percentages available as pilots are as follows:—

Captain, 1.8 per cent., of which 52.5 per cent. are available as pilots.

Junior Captain 3.2 per cent., of which 100.0 per cent. are available as pilots.

First Officer, 42.5 per cent., of which 90.9 per cent. are available as pilots.

Second Officer, 20.6 per cent., of which 73.0 per cent. are available as pilots.

Probationary Cadets, 31.9 per cent., of which 100.0 per cent. are available as pilots.

#### CEYLON (IMMIGRATION).

**Mr. David Adams** asked the Under-Secretary of State for the Colonies whether he can make a statement on the position of immigration into Ceylon of non-Ceylonese labour?

**Mr. George Hall:** Discussions have been proceeding for some time past between the Governments of India and Ceylon regarding the immigration of Indian labourers into the island. A conference was held at Delhi last November, in which representatives of both Governments took part, but no settlement was reached. There is reason to hope that negotiations may be re-opened in the near future.

## ORDERS OF THE DAY.

### SUPPLY.

[17TH ALLOTTED DAY.]

Considered in Committee.

[SIR DENNIS HERBERT in the Chair.]

### CIVIL ESTIMATES, 1941.

#### UNCLASSIFIED SERVICES.

#### MINISTRY OF SUPPLY.

#### PRODUCTION.

Motion made, and Question proposed,

"That a sum, not exceeding £90, be granted to His Majesty, to complete the sum necessary to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1942, for the salaries and expenses of the Ministry of Supply, including expenses of the Royal Ordnance Factories."

**The Chairman:** There are on the Order Paper to-day four Votes for four major Ministries—the Ministry of Supply, the Ministry of Aircraft Production, the Ministry of Labour and National Service, and the Admiralty. I understand these Votes have been put down in the belief, no doubt a correct belief, that the Committee desire to have a general and wide discussion in Committee of Supply on the subject of Production. The Rules of Debate in Committee of Supply would normally make this quite impossible, but, under the circumstances and in view of the emergency period, if it be the general wish of the Committee, the Chair will raise no objection. But I feel bound to add that the very rapid, I might call it exotic, growth of these departures from the Rules of Debate in Supply may cause hon. Members, as well as the Chair, very great trouble in future, when it becomes necessary again to enforce some of these Rules. I trust that the Committee, therefore, will bear in mind that this is not merely an ordinary departure, but is an extraordinary departure from our Rules for the purposes of an emergency period. In view of the rapid growth which has taken place in these departures, I think the time has come—and I should like hon. Members to bear this in mind—when some consideration will probably have to be given to making some alterations in the Rules of Debate in Committee of Supply.

**The Prime Minister (Mr. Churchill):** On 22nd January of this year I explained to the House the system of administration and production which it was proposed to adopt. I have stated these in detail and at length, and I hope my statement may be studied again by those who have forgotten it, because it is the system we have followed since, and it is the system to which, in general and in principle, I propose to adhere. Changes in personnel are caused from time to time by the march of events and by the duty of continual improvement. Changes in machinery are enjoined by experience, and, naturally, while we live we ought to learn. Change is agreeable to the human mind and gives satisfaction, sometimes short-lived, to ardent and anxious public opinion. But, if Parliament is convinced, and those to whom it has given its confidence are convinced, that the system is working well and smoothly, then I say change for the sake of change is to be deprecated. In war-time, especially in vast, nation-wide, and in some respects world-wide organisation, continuity and stability must not be underrated. If we were perpetually to be altering our system or lending ourselves too lightly to that process, we might achieve the appearance of energy and reform only at the expense of the authority of individuals and only to the detriment of the smooth working of the machinery, and at a heavy cost in output, which is the sole objective. Therefore, it is at the point where I left off this subject when I discussed it with the House in January that I take up my theme to-day.

There are two main aspects in which production must be considered. First, the organisation of planning and control, and, secondly, the actual conditions present in the factories. Let us see first of all what was, and what is, the system upon which the high administrative control of our war effort proceeds. The foundation must, of course, be a single, co-ordinated plan for the programmes of the three Services based upon our strategic needs. In my capacity as Minister of Defence, without which I could not bear the responsibilities entrusted to me for bringing about a successful outcome of the war, in that capacity, I prepared for the War Cabinet during the first three months of this year a revised general scheme, bringing together the whole of our munition pro-

duction and import programme, and prescribing the highest reasonable target at which we ought to aim. For this purpose I was furnished with the forward programmes of the various fighting Departments, very much in the same way as the Service Estimates are brought before the Cabinet and the Treasury in the autumn in time of peace. I discussed these programmes orally and in writing with the Ministers and Service Chiefs of those Departments. The programmes were also examined by my own statistical Department under Professor Lindemann, now Lord Cherwell, and through the machinery of the Office of the Minister of Defence, which, as the House knows, embodies the peace time Committee of Imperial Defence organisation. The work of these organisations proceeds ceaselessly. The strategic aspect of production is also continually considered by the Chiefs of Staff Committee, which meets every day, to advise upon or direct the conduct of the war. The general scheme, or War Supply Budget for the year 1941, a series of printed documents agreed with the Service Ministers and comprising a perfectly clear apportionment of resources and tasks, received the final approval of the War Cabinet on 31st March, and thereafter became mandatory on all Departments. There is, of course, no absolute finality in this scheme. Within its general framework revision and adjustment under the pressure of events are continuous.

So much for the framework of the general layout. The execution of this scheme on the military side is confined to the three great Supply Departments, namely, the Controller's Department of the Admiralty, the Ministry of Supply and the Ministry of Aircraft Production. The work has been parcelled out, and it remains for them to do it. The picture so loudly drawn of the chaotic and convulsive struggles of the three Supply Departments, without guidance or design, is one which will no doubt be pleasing to our enemies, but happily has no relation to the facts. The question however arises whether in their execution of the approved scheme the three Supply Departments have either been wanting in energy, or, on the contrary, through excess of zeal have quarrelled with each other or have trespass upon each other's domain. There are no doubt instances of friction at the fringe of these powerful organisations, but

I do not believe they bear any proportion worth mentioning to their individual and concerted efforts. It must be remembered that a very high proportion of our war production is carried out in factories working solely for one Department. That is true of aircraft factories, naval shipbuilding firms, ordnance factories, automobile factories and many others.

A system has also been worked out for the allocation of the capacity of private engineering firms, either to single departments, or, in other cases, to two or more Departments in stated proportions. Probably half the factories concerned and certainly more than three-quarters of the men employed are working now, at this time, for one single Department. The Admiralty has its many firms, with their factories dating from long ago and kept alive during our rotten periods by Admiralty orders. The Air Ministry has been striving for a great many years to build up an aircraft industry in this island pending the day when Parliament should decide to have an Air Force equal to any within striking distance of these shores. The War Office, always in time of peace the drudge and starveling of British defence, had its own ordnance factories and was at last on the eve of the war accorded a Ministry of Supply and this Ministry of Supply has of course extended over a very large part of the remaining British industry.

At the point which we have now reached in our munitions development almost all firms and factories are working under the complete control of the Government at the fulfilment of the approved and concerted programmes. They are either working directly or indirectly in the sphere of war production, or they are ministering to our domestic and other needs. In this domestic field also, however, a very complete and searching organisation under Government control has been instituted. At the present moment, the whole industry of the country with inconsiderable exceptions, which may soon be linked up and absorbed, is assigned its function under Government authority. There are no doubt a number of minor aspects of our national life which have not yet been effectively regimented. When and as they are wanted, their turn will come. We are not a totalitarian State but we are steadily, and I believe as fast as possible, working ourselves into total war organisation. When we are given vivid in-

[The Prime Minister.]  
stances of lack of organisation or of inter-departmental rivalry in some of the shops and factories, and when these are all bunched together to make an ill-smelling posy, it is just as well to remember that the area of dispute is limited, circumscribed and constantly narrowing.

In order to regulate the imports of commodities from abroad in accordance with the policy prescribed by the War Cabinet, we have, as I explained six months ago, the Import Executive comprising the heads of the Importing Departments, and presided over by my right hon. Friend the President of the Board of Trade, and formerly by him when he was Minister of Supply. This is working very smoothly and I am not aware of any troubles or disputes which have arisen. I should certainly hear of these soon enough if there were any. By the side of this Import Executive we have the North American Supply Committee with its elaborate corresponding organisation in the United States. We are always trying to tighten up and make more precise and definite the work of our Purchasing Commissions in the United States. I should certainly not pretend that there is not a great deal of room for improvement and refinement, but it would be a mistake to suppose that the efficiency of our Purchasing Commissions under the supreme control of Mr. Purvis has not reached a very high level or that it is not constantly being shaped and sharpened. A year ago, six months ago, there were a lot of troubles and discordances but latterly, although again I should be the first to hear of them, my information is that they have very largely died away.

We have of course to come to very clear-cut agreements with our American friends and helpers. They are making an immense effort for the common cause and they naturally ask for the fullest and clearest information about what is happening to their goods and whether there is waste or misdirection. It is our duty to satisfy them that there is no muddle, or that muddle is reduced to a minimum and that they are getting value for their money. We welcome their criticism because it is at once searching, friendly and well informed. The improvement in the ordering of imports and of the British purchases in the United States, and in the relations of the very large number of

competent persons who work night and day on both sides of the ocean, in this sphere is, I am glad to say, steady and progressive.

Now I come to the home scene. What are the relations of the three Supply Departments in the vast fertile production field of this busy island? I have already said that for their chief production each of the Fighting Services through its Supply Department or Ministry to an overwhelming extent commands its own factories and labour. Nevertheless, there is an inevitable region of debatable ground of firms which serve several Departments at once. Many of them are small sub-contracting firms or firms which make components. Besides this, a process of change is continually going forward to meet the rapidly varying demands of the war. A firm is resigned by the Admiralty and can be transferred either to the Ministry of Aircraft Production or to the Ministry of Supply. Particular lines of production acquire special urgency or importance as we gain experience from the fighting or as new ideas come along. One line of production dries up because it is no longer needed; another opens or grows in scale. Obviously there is rivalry in this part of the field between the Supply Departments. There ought to be rivalry and there ought to be zealous competition within the limits of the programme prescribed. It is this zealous competition, limited though it be to a fraction of our industry, which presents the hard cases and sometimes the bad instances of which so much is made.

It is among other things for the purpose of resolving the disputes and rivalries of the Departments in this limited field that the Production Executive was called into being in January. The Minister of Labour, himself a contributory factor as Minister of Labour to the work of the rest of the Executive and himself a Member of the War Cabinet, presides over a committee of six, three of whom are the heads of the Supply Departments, and the other two are the President of the Board of Trade and the Minister of Works and Buildings. As I explained to the House six months ago, all the members of this body have every interest to agree. They may have different interests to advocate because they have different duties to discharge, but it is a delusion to suppose that they do not feel a corporate responsibility and try to work together for

the common purpose and for the execution of the approved programmes entrusted to them. If they agree they have the power to act. Each can make his contribution to the common action immediately and the movement of labour and materials can be ordered there and then. If there is a difference which cannot be settled by agreement or compromise, any Minister of Cabinet rank, and they are all such, has the right of appeal to the War Cabinet, or, as between the Service Supply Departments, in the first instance to me as Minister of Defence. During my tenure I have seen some very sharp differences but those differences have never been so sharp as they were, as I well remember having lived through it, in the days of the last war. All I can say now is that for the last four months no question of departmental rivalry or dispute has been brought to me or the War Cabinet from the Production Executive. I give the assurance to the House to-day that in the high controlling organisation there is now no dispute in progress about priorities of labour, raw materials, factory space or machine tools. Do not suppose however that this remarkable fact is the result of inertia or decay. On the contrary, as I shall show before I sit down—I am afraid I shall have to make a somewhat prolonged demand on the patience of the Committee, the subject is of great importance and must be dealt with comprehensively—production in all its forms is gaining steadily and swiftly, not only in volume, but, even at its present high altitude, in momentum.

I may say, while I am on the point, that much of this talk about the difficulties of settling priorities is a back number. The whole business of priorities has undergone a complete transformation. We have no more of these arrogant, absolute priorities in virtue of which one Department claimed all that there was of a particular commodity and left nothing for the lesser but indispensable needs of others. Although the 1A priority is still maintained largely for psychological reasons, for certain particular spheres of production such as aircraft, and tanks now, it is no longer exercised in the crude manner of the last war or in the early months of this. The method of allocation of labour, materials, and facilities has modified and to a large extent replaced the scale of priorities. Allocation is the governing

principle, and priorities are becoming little more than a stimulus upon its detailed assignments.

It is at this point and in this setting that I will deal with the suggestion that a Ministry of Production should be formed. Several speakers referred to this in the recent Debate, and apparently it is regarded by some of our most important newspapers as an easy and speedy solution of our difficulties. There is however a difference among the advocates of a Ministry of Production. Some ask that there should be a complete merging of the Supply Departments of the Admiralty, the Air Ministry and the War Office, and that there should be one great common shop, or vast Department or emporium serving all fighting needs. That would be very pretty if we were not at war. Others, recoiling from the frightful disturbance and confusion which would accompany the transition and the danger of upsetting so much in the midst of war, are content to ask for one Minister, presumably assisted by a secretarial staff, who should be interposed between the Prime Minister and Minister of Defence and the three Supply Departments. Nothing would be easier than for me to gratify this request by asking one of my colleagues in the War Cabinet to call himself Minister of Production and to duplicate the work of general apportionment which I already do. But, so far from helping me in my task, or helping the Departments in theirs, this would be an additional complication, burden and cause of delay.

Moreover, the relations of this Minister of Production with the three Supply Departments would be most unsatisfactory. He would either have to trust them and use them, as I do, for the purpose of executing the prescribed programmes, or he would be left to break into these Departments, interfere with their work and try to get things done by his personal exertions. The Ministers at the head of these Departments are men of energy, experience and knowledge. They work night and day, and they have powerful, far-reaching, swift-running machinery at their disposal. If, in the sphere assigned to them, they cannot execute the programme with which they are charged, I do not myself see how a super Minister from outside, with his skeleton staff, could do it for them. If

[The Prime Minister.]  
 the new Minister's control were nominal, and did not affect the Ministerial responsibility of the heads of the Supply Departments, it would be a farce and a fraud upon the public to which I will not stoop. If, on the other hand, the Minister of Production attempted to lay strong hands on the internal administration and day-to-day work of these Departments, they would confront him with a knowledge superior to his own and far more intimate, and all the resulting differences would have to come to me, with very great friction to the administrative machine and additional burdens upon the head of the Government.

Furthermore, these matters cannot be considered without reference to the personalities involved. I have not been told who is to be this superman who, without holding the office of Prime Minister, is to exercise an overriding control and initiative over the three Departments of Supply and the three Ministers of Supply. Where is the super-personality who, as one of the members of the War Cabinet, will dominate the vast, entrenched, established, embattled organisation of the Admiralty to whose successful exertions we owe our lives? Where is the War Cabinet Minister who is going to teach the present Minister of Aircraft Production how to make aircraft quicker and better than they are being made now? Who is the War Cabinet Minister who is going to interfere with Lord Beaverbrook's control and discharge of the functions of Minister of Supply duly and constitutionally conferred upon him? When you have decided on the man, let me know his name, because I should be very glad to serve under him, provided that I was satisfied that he possessed all the Napoleonic and Christian qualities attributed to him. In the conduct of vast, nation-wide administration there must be division of functions, and there must be proper responsibility assigned to the departmental chiefs. They must have the power and authority to do their work, and be able to take a proper pride in it when it is done, and be held accountable for it if it is not done.

Moreover, as I have tried to show, such difficulties as exist are not found at the summit but out in the country in a minority of smaller firms and factories. I do not for a moment deny that there

are many things that go wrong and ought to be put right, but does anyone in his senses suggest that this should be the task of the super Minister, that he should take up the hard cases and breakdowns by direct intervention from above? All he could do would be to refer complaints or scandals that came to his notice to the heads of the three Supply Departments, and, if he did not get satisfaction, he, having no power to remove or change the Ministers involved, would have to come to me, on whom rests the responsibility of advising His Majesty in such matters.

For good or ill, in any sensible organisation you must leave the execution of policies already prescribed to the responsible Ministers and Departments. If they cannot do it, no one can. It is to them that complaints should be addressed. It is to them that Members should write. Any case of which full particulars are provided—I must add that proviso—will be searchingly examined. We do not stand here to defend the slightest failure of duty or organisation. But let us have the facts. A kind of whispering campaign has been set on foot; there is a flood of anonymous letters. Vague and general charges are made. And all this fills our shop window, greatly to our detriment. It is impossible for me, within the limits of this Debate, to deal with various specific allegations which were made by Members in different parts of the House in the two preceding days of this Debate. Such a treatment of the matter would be entirely out of proportion, and I should have to trespass upon the Committee altogether unduly.

I turn aside, however, for a moment to deal with one particular aspect of the problem of production, namely machine tools. The "Times," in its leading article this morning, makes the valuable suggestion that a census of machine tools throughout the country should be held. There have already been three—in June, 1940, in November, 1940, and a partial census of the principal firms in June, 1941. The Supply Ministers are responsible for the use of machine tools to the best advantage. There is, however, a controller of machine tools, Mr. Mills, a business man of the highest repute, whose sole duty is to supervise their employment by all Departments. By the joint agreement and good will of the three Supply

Departments, this gentleman has independent powers. He has his own representatives throughout the country. Although he is actually under the Ministry of Supply, he can remove any machine tool that is idle from any Department or factory and transfer it to another, and he is continually exercising these powers. He exercised them on several occasions against the late Minister of Aircraft Production before the recent changes in the Government took place. This functionary is given these powers with good will by people who wish to submit their Departments to his use of them.

There are, however, three limiting factors in the use of machine tools. The first is any shortage that may exist of skilled labour, which we are striving by every method to overcome. The second is the undoubted difficulty we have found in working to the full extent night shifts under conditions of air attack. It is the third limiting factor which gives rise to the complaints which are made. I am not an expert in these matters, but I am told that there are between 200 and 300 kinds of machine tools in our census. Their effective use is governed by certain precision machine tools of which there is a shortage. I need not say how intense are the efforts to break down these vexatious bottle-necks. Moreover, the precision tools of which there is a shortage vary sometimes with the varying demands of war production, and sometimes the block is found here and sometimes there. Thus, when people go about the country and see at some garage or factory or in some small firm a number of machine tools of the lower grades, or of peace-time specialised types, lying idle and write to their Member about it, the explanation is not that the supply of machine tools is not organised to the highest degree, not that the Government do not know about these machine tools, where they are and what they are, not that they do not in general know about them and have them on their census list, it is because, owing to the shortage at key points of special precision types, many of these tools cannot be brought into action, and there would be no sense in crowding out the factories with redundant machinery.

That is a digression which I have made because I have read with some interest the thoughtful article which appears in the "Times" this morning. Hardly any

part of our common organisation for war production has been more thoroughly and precisely examined than the question of machine tools. No one can be engaged, as my right hon. Friend the Member for Carnarvon Boroughs (Mr. Lloyd George) knows, in munition production for one day without feeling that this is, as it were, the ganglion nerve, the centre of the whole of supply. I said just now that I cannot go into details of many of the cases which hon. Members brought up in the Debate. If they will write about them, they will be gone into in detail.

There was, however, one charge made by my hon. Friend the Member for North Aberdeen (Mr. Garró Jones) which, as it has had wide publicity and as it affects the United States supplies, requires to be answered. My hon. Friend said:

"The sad feature of the United States supply of aircraft is that whereas orders were energetically placed in the last two years or more for airframes and engines, those who placed them forgot at the same time to ensure that supplies of maintenance equipment and ancillary equipment were provided. What is the result? Of one type of aircraft imported from the United States, complete and operationally ready, there are several hundreds—or were a few weeks ago—lying unpacked in inland warehouses, in their crates, for the sole reason that those who placed the orders on behalf of the Ministry of Aircraft Production did not order the necessary ancillary equipment."—[OFFICIAL REPORT, 9th July, 1941: col. 204, Vol. 373.]

So far as aircraft on British orders are concerned, this statement is quite untrue. All British orders for American aircraft have always been placed with spare engines and spares for airframes. There has been no failure or oversight of this kind in ordering British aircraft.

The mistake into which my hon. Friend has fallen arose from an exceptional event. When the French collapsed, all their contracts for aircraft in the United States were taken over immediately, for what they were worth, by the Minister of Aircraft Production. There was not an hour's delay. These aircraft had to be accepted in the condition in which they were prepared for the French, under French orders. This is the case to which I am sure reference was made in this passage of my hon. Friend's speech. They had to be accepted in the condition in which the French had specified them and in which they were delivered by the American manufacturers. This was a windfall, but it had its drawbacks. For



[The Prime Minister.]  
 instance, the French Tomahawks arrived without spare engines or spares for their airframes, exactly as my hon. Friend pointed out. They were built to take French guns. Their wireless sets did not tune with ours. Their instruments were on the metric system. They were not armoured according to our conditions. They differed in many ways from our methods of control and manoeuvre. Instead of pushing some lever forwards, you had to pull it backwards, which our pilots found most inconvenient.

As swiftly as possible these aircraft have been modified and brought into use. The "cannibal" system was frequently resorted to of necessity, leaving lots of them partly gutted, but practically all of these French American aeroplanes are in use and have been most satisfactory in operation. Now there is the whole of that story that has been paraded as a typical scandal and example of how we do our business.

**Mr. Garro Jones (Aberdeen, North):**  
 No one would be more delighted than I to feel that British aeroplane orders were complete with operational equipment. My right hon. Friend has told the Committee that the types ordered for the French were not complete with operational equipment. Did I understand him correctly to say that the types ordered for British use were complete with their operational equipment?

**The Prime Minister:** Yes, I said that as plainly as I could. I said that the suggestion that they had not been ordered with their operational equipment was untrue, and I adhere to it. Everything that has been ordered on British account has been ordered complete. The aeroplanes ordered on French account were lacking in this equipment. An inquiry addressed to the Minister concerned would have elicited an immediate explanation, but when allegations of this sort are given the utmost publicity in Parliament by a Member speaking from the front Bench opposite, uninformed American readers—here is where the serious part comes—must come to the conclusion that there is disorganisation and incapacity in the conduct of our munitions business, and this opinion, so damaging to us, would be based entirely on misconception and misunderstanding. It is not, I am glad to

say, shared by the American authorities. I presided at a recent meeting attended by Mr. Harry Hopkins, the Lease-Lend authority, to whose words we listened with so much comfort the other night. He, with his full knowledge and attended by expert American officers, dwelt upon the trials and difficulties attending the modification of aircraft from the United States on French account and expressed satisfaction with the arrangements we had made to overcome them. But outside this circle, who know all the facts, inside the United States, where there is a vigorous campaign against the policy pursued by the President and the majority, I fear that harm has been done, and it cannot be easily overtaken or healed.

What are the other elements which produce oscillations or discordances in the process of production? They arise, of course, out of the changing conditions of the war. As new needs arise, new directions have to be given, which undoubtedly cause disturbances in the flow of production, but I must say I have the feeling that the British machinery of production, vast and intricate though it be, is capable not only of flexible adaptation but of sustaining successfully a number of inevitable jerks. These take place, for instance, largely in the sphere of aircraft production. The Minister of Aircraft Production explained to the House on the second day of this Debate the constant changes in the design of aircraft which arose from the progress of our aeronautics and our experience of manufacture and war. He showed how it was sometimes inevitable that there should be a break in the continuity of production because one type had failed and another had proved itself, because one type was being faded out and another being worked in, and how this must happen when you run the risk of ordering off the drawing board and carrying out large orders on the basis of the pilot model without having the time to go through all the processes which in peace-time make the completion of the aeroplane from the moment of its conception a matter of five or six years.

It is a difficult question to decide when the mass production of a particular type should be discarded in favour of a new and better type, and to what intensity such a process of transformation should be carried. I think on the whole, at this

moment, we have carried it a bit far. Aircraft of a particular type which slowly work up to the peak of production may be discarded after too short a run at the peak level—no doubt for very good reasons, very fine reasons, greater bomb capacity, greater speed and so forth. Simplification and continuity of serial production are, of course the basic factors necessary in securing flow of output, and it is a question of balancing between the two sides. All the same, believe me, mastery of the air, leadership and command in design cannot possibly be achieved except by a process of interminable trial and error and the scrapping of old types. Something better comes along. You cannot afford to miss it, even if you have to pay, and pay heavily, in numbers of output or dislocation in a section of the workshops. The struggle for air mastery requires vast numbers, but those vast numbers could not succeed alone unless the forward leading types constantly achieve the highest level of enterprise and perfection. Combat in the air is the quintessence of all physical struggle. To lose primacy in the quality of the latest machines would be incompatible with the attainment of that command of the air in quality and in quantity upon which a large part of our confidence is founded.

I am glad to tell the Committee that our spring and summer fashions in aircraft are this year farther ahead of contemporary German production than they were last year. The enemy borrowed many ideas from our fighter aeroplanes when he felt their mettle a year ago, and we borrowed from him too, but in the upshot we have confronted him in 1941 with fighter aircraft which in performance, speed, ceiling and, above all, gun armaments have left our pilots with the old, and even an added, sense of technical superiority. It would take too long to describe, as I easily could do, some of the smaller causes of oscillation which affect the execution of the Navy and Army supply programmes. I could show in a way which I think would satisfy the Committee that a certain measure of change, with resulting dislocation, is inevitable under the strenuous conditions of war, but I do not propose to enter upon either of those fields to-day.

Let me come, on the other hand, to an example of criticism which is helpful

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and constructive. I have read the Seventeenth Report of the Select Committee on National Expenditure. It deals with the conditions in the filling factories. These are admittedly far from satisfactory. Since the war began great factories have been built in out-of-the-way districts, without time to meet the needs and amenities of the working population. They have not by any means yet reached their full capacity and proper standards. Although we have been making many millions of shells there are still several millions of shells and their components, including fuses, which are not yet filled. But there is no need for alarm, but rather for greater exertion, because in this war we are firing shells at men and not, as in the last war, so largely at ground. Nor have we a great battlefield continuously engaged. We are making on an enormous scale, but we are not firing on any scale. It is important to remember in the battles in the desert the difficulties of getting ammunition to the places where the guns are, and since the front in France broke down there is no field of fire for our artillery. Therefore, what we have witnessed is not, as in the last war, as I know so well and as did my right hon. Friend before me, the feeling of intense effort to feed the guns from day to day, but we are piling up large and satisfactory reserves with no corresponding outflow to drain them off at the present time. Let me say nothing which would in any way remove from the minds of those engaged in the filling factories the view that catching up with the filling of the already large stores of components, fuses and shell-cases is not a work of prime and high order and of national importance.

Representatives of the Select Committee visited the filling factories in June and they produced a number of extremely shrewd and valuable suggestions dealing with transport, hostels, canteens, Sunday work and piece-work. We agree with nearly all of them. We will adopt almost all of them. We agree with them the more readily and we can adopt them the more speedily because, as I see from the records, on 7th January and on 5th February, in my capacity as Minister of Defence, I presided over two successive meetings of the Supply Committee on this very subject. Almost every one of these proposals had already been ordered to be put into operation months before, and has been or is being carried into effect with

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[The Prime Minister.] very great improvement, in spite of the many difficulties attendant upon the bringing into action of these great new plants in out-of-the-way districts under the conditions which prevailed last winter.

I have here a detailed account of all that had been set on foot or that had been done before the Select Committee visited the factories. I will send it to the chairman of the Committee for their further observations. It is too long for me to read to the Committee in detail, but it shows that great minds sometimes think alike, and that the Government great minds had a good long start of the great minds of the Select Committee. The report of the Select Committee is the kind of criticism that one wants—not mere vague abuse and prejudice, in which only bad citizens and bad people indulge in times like these, but helpful and constructive suggestions, many of which were contained in the speeches made from the Front Bench opposite.

I leave the first part of this subject, dealing with discordances and shortcomings alleged to be attributable to faults or weaknesses in the high control, and I come to the more general charges of slackness and inefficiency in the factories themselves, whether due to local lack of management or to lack of zeal in the workpeople. There is a certain class of member of all parties—you can count them on your fingers and toes—who feel, no doubt quite sincerely, that their war work should be to belabour the Government and portray everything at its worst, in order to produce a higher efficiency. I see that a Motion has been put on the Paper calling specifically for the appointment of a Minister of Production. I consider that to be a perfectly proper step for the Members concerned to take. I regret only that the Motion cannot be moved in this form to-day. If the Members who have fathered it do not feel satisfied with the reasons I have given against creating a Minister or a Ministry of Production, I hope that they will not hesitate to go to a Division by moving a nominal reduction of one of the Votes we are discussing. That is the straightforward and manly course. No-one should be deterred in war-time from doing his duty merely by the fact that he will

be voting against the Government or still less because the party Whips are acting as tellers.

We are often told that "the House of Commons thinks this" or "feels that." Newspapers write: "The general feeling was of grave uneasiness," "There was much disquiet in the Lobby," etc. All this is telegraphed all over the world and produces evil effects. No-one has a right to say what is the opinion of the House of Commons. We suffer now from not having divisions. We have Debates, to which a very small minority of Members are able to contribute, because of the time. They express their anxiety and grievances and make our affairs out as bad as they possibly can, and these bulk unduly in the reports which reach the public or are heard abroad. These Members do not represent the opinion of the House of Commons or of the nation, nor do their statements give a true picture of the prodigious war effort of the British people. Parliament should be an arena in which grievances and complaints become vocal. The Press also should be a prompt and vigilant alarm bell, ringing when things are not going right. But it is a very heavy burden added to the others we have to bear if, without a vote being cast, the idea should be spread at home and abroad that it is the opinion of the House of Commons that our affairs are being conducted in an incompetent and futile manner and that the whole gigantic drive of British industry is just one great muddle and flop.

People speak of workmen getting £6, £7 or £8 a week and not giving a fair return to the State. It is also asserted, on the other hand, that the workmen are eager to work, but that the mismanagement from the summit is such that they are left for weeks or even months without the raw material, or the particular component or the special direction which they require for their task. We may be quite sure that in an organisation which deals with so many millions of people under all the stresses of the present time and in view of the present conditions, as well as the inevitable oscillations of war-time which I have mentioned, there are a great many faults, but we must try sedulously to eradicate those faults and to raise the harmony and cohesion of our whole productive effort. Here again, it is important to preserve a sense of proportion

and not to be led away by thinking that hard cases, wrong deeds and minor or local discordances represent more than a very small fraction of our war performance. It is no less important—indeed, in a way it is even more important—not to sum up and condemn the whole effort of the nation as if it were expressed in these discordances and failures. That is my complaint about the recent Debate and the use made of it by certain sections of the Press and the results upon our own self-confidence and still more upon opinion friendly, hostile or balancing in foreign countries?

**Mr. A. Bevan (Ebbw Vale):** Who said that?

**The Prime Minister:** I am quoting no particular person. I am saying that the effect of the Debate was to give that hostile impression. When I read the Debate, that was the effect it had upon me, and I set myself to present a complete picture to the Committee. I was distressed at this aspect of the matter. I therefore ventured to ask the House to resume the Debate, and I should be glad to have the matter brought to a plain issue. It is on this footing and with these preliminaries in dealing with the second sphere of my subject, namely, what is going on in the factories, that I come to the remark of my hon. Friend the Member for Kidderminster (Sir J. Wardlaw-Milne), who said that "our people are only working" up to 75 per cent. of their possible efficiency." I am well aware that, in making that statement, my hon. Friend did not wish to attack the Government or in any way to embarrass the national defence; in fact, he has been ill-used. This particular sentence has been wrested from its context and from the whole character of his speech. Nevertheless, as Chairman of the Select Committee on National Expenditure, he holds a very responsible position and is credited with exceptional knowledge. A statement like this, coming from him, although uttered with the best of motives, is serious, when it is broadcast apart from its context. I have to think of its effect in Australia, for instance, where party politics are pursued with the same robust detachment as was exhibited by our forerunners in this House in the seventeenth and eighteenth centuries. A statement like this, taken out of its context, or in a very summarised version of what

was said, becomes the subject of lively discussion out there.

Australian troops are bearing with great distinction much of the brunt of the fighting in the Middle East, and it must be very painful to Australians to be told that we are only making a three-quarter effort here at home to put proper weapons in their hands. In America, such a statement is meat and drink to the Isolationist forces. Americans are being asked to pay much heavier taxes, to give up their food, to alter their daily lives, and to reduce their motor cars, indulgencies and pleasures of all kinds, in order to help Britain, and I cannot help being deeply disturbed when they are told on what seems to be high British authority that we are making only a three-quarter hearted effort to help ourselves. My hon. Friend's allegation has been wrested from its context. I have no quarrel with him, but it has gone to all parts of the country and to all quarters of the world; but nothing can be done about that.

What is important is whether it is true; but how difficult to decide because, after all, this is a double expression of opinion—first, as to whether it is 75 per cent. or not, and, secondly, 75 per cent. of what? I have tried to find a datum line, and I take as the datum line the three months after Dunkirk. Then, it will be admitted, our people worked to the utmost limit of their moral, mental and physical strength. Men fell exhausted at their lathes, and workmen and working women did not take their clothes off for a week at a time. Meals, rest, and relaxation all faded from their minds, and they just carried on to the utmost limit of their strength. Thus there was a great spurt in June, July and August of last year. Immense efforts were made, and every semi-finished weapon was forced through to completion, very often at the expense of immediate future production, producing an altogether abnormal inflation of production. So let us take those three months as the datum line; you could not have a harder test.

Now is it true that we are only working 75 per cent. of that? There are certainly one or two reasons why we cannot wholly recapture and maintain indefinitely the intense personal efforts of a year ago. First of all, if we are to win this war—and I feel solidly convinced

[The Prime Minister.] that we shall—it will be largely by staying power. For that purpose you must have reasonable minimum holidays for the masses of the workers, there must, as my hon. Friend himself urged in his speech, be one day in seven of rest as a general rule, and there must be, subject to coping with bottle-necks and with emergencies which know no law, a few breaks and where possible one week's holiday in the year. Since what I will call the Dunkirk three months datum period, we have undoubtedly relaxed to that extent. Sunday work is practically eliminated, and brief periods of leisure have been allowed to break the terrible routine strain of continuous employment. I am quite sure that if we had not done so, we should have had a serious crack which would have cost far more in production than these brief periods of rest from labour.

Next, allowances must be made for the very severe change in the diet of the heavy manual worker. It is quite true that no one has gone short of food; there has been no hunger, there has not been the confusion of the last war at some periods, but no one can pretend that the diet of the British people and especially of their heavy workers has not become far less stimulating and interesting than it was a year ago. Except for our Fighting Services, we have been driven back to a large extent from the carnivore to the herbivore. That may be quite satisfactory to the dietetic scientists who would like to make us all live on nuts, but undoubtedly it has produced, and is producing a very definite effect upon the energetic output of the heavy worker. [Interruption.] The Noble Lord knows I could discuss a great many matters in Secret Session, but he is one of the first to get up and say he would like to have these discussions in public, under conditions where nothing can be said by the Government in answer to the kind of criticism with which he associated himself. We want more meat in the mines and the foundries, and we want more cheese. Why should that gratify Lord Haw-Haw? Lord Haw-Haw should also bear in mind the statement of Mr. Harry Hopkins the other day, on the intention of the United States to see that we get our food, and of their intention to keep clear the sea-lanes by which our food

will be brought. I know of the great arrangements which have been made to send us food in nourishing, varied and more interesting quantities. Therefore there is no need to tell me I am helping Lord Haw-Haw. If he never gets any more consolation than he gets from me, his lot will be as hard as his deserts. Every effort will be made, and is being made, to supplement this deficiency, and I share the hope of the Minister of Food and the Minister of Agriculture that our rations in 1942 will be more stimulating and more tensely nourishing than in 1941.

That is the second reason. The first is the need for some relaxation; then there is this question of food, which has come upon us gradually and which is serious. I wish it to be known all over the United States that it is serious, because it encourages them in their actions. The third reason is this: Look at all the dilution we have had. It is estimated that one-third more people are working in the war industries than there were a year ago. A great many of these are trainees and newcomers. It would not be wonderful if they failed to preserve the same level of output per pair of human hands as was achieved by the skilled craftsmen of a year or 18 months ago. Naturally they will improve. They are improving, but dilution means a reduction in efficiency per pair of human hands in the earlier stages.

Then, fourthly, there has been a great dislocation by reason of the air raids, by which the Germans hoped to smash up our industries and break down our power of resistance last autumn and winter. Air-raid destruction, extraordinary blitzes on our ports and manufacturing centres, the restrictions of the black-out, the interruption and delays of transportation, all played their delaying and dislocating parts. The remedy and counter-measure which was proposed and carried through when possible with such extreme vigour by the Supply Departments, with Lord Beaverbrook and the Ministry of Aircraft Production in the van as the inspiring force, took the form of dispersion. This was a matter of life and death, in the aircraft industry as well as in other key war industries. The great Bristol firm, for instance, was dispersed into nearly 45 such centres. I could give you—and the enemy too—a score of instances of the dispersion of firms to 20, 30 or 40

such centres. All this has been an obstacle to the smooth running of production. It has placed us, however, in a position in which we are immune from mortal damage from enemy air raids in our aircraft production and other branches of munitions. We may suffer, we may be retarded, we can no longer be destroyed. When a great firm like the Bristol firm is divided and dispersed, consider the trials of the workpeople and the problems of the management. Workpeople by the thousand have to be moved from their homes, plant has to be shifted, ruined factories have to be reconditioned, domestic affairs have somehow or other to be adjusted, often with great sacrifice and hardship, and it is a marvel what has been done to overcome these grievous and novel difficulties. That they hamper the pace and intensity of production was inevitable.

I have now described to the Committee a number of solid factors which have fallen upon us since the Dunkirk period, all of which have tended to obstruct and reduce output. I should like to give the Committee some facts and figures to show how far we have succeeded, by improved organisation and by the smoother running of our expanding machinery, in overcoming these adverse currents which I have set out at length. But here I encounter a new difficulty. I am told we cannot have these Debates in Secret Session; they must be in public. The Germans must read in two or three days every word we say, and therefore I can give actual figures. In addition, I am told by my hon. Friends to "Let us have none of those comparative percentages; let us not be told that we are producing half as much again or double what we produced this time last year, because we were producing nothing last year or something like it." As my hon. Friend said, it is a Lancashire saying that "Twice nowt is nowt." So, according to these critics, I am inhibited from all vindictory comparisons. I must not say how much better we are than at this time last year when, after all, we had been at war for 10 or 12 months, and so were presumably making something. I must not say how much better we are than at the twenty-third month of the last war, nor how our output compares with the peak of the last war, because it is contended conditions have changed. Well, Sir, this is rather easy

money for the critics. A handful of Members can fill a couple of days' Debate with disparaging charges against our war effort, and every ardent or disaffected section of the Press can take it up, and the whole can cry a dismal cacophonous chorus of stinking fish all round the world. But no answer must be made, nothing must be said to show the giant war effort, the prodigy of national zeal, which excites the astonishment of friend and foe, which will command the admiration of history, and which has kept us alive.

I defy these tyrannical prohibitions. I intend to make comparisons, both with the Dunkirk datum period and with the similar and peak periods of the last war. Despite all the troubles I have enumerated, the Ministry of Supply output in the last three months has been one-third greater than in the three months of the Dunkirk period. Though our Navy, Army and Air Force are larger, the Ministry has one-third more people working in its factories. Thus, despite dilution, dispersion, reduced food, the blackout, and all the troubles I have described, each man is turning out, on the whole, each day, as much as he did in that time of almost superhuman effort. Let me present the balance-sheet. One-third more workers and one-third more output is quits. But all the adverse factors I have described have somehow or other been cancelled out by superior development of our machinery and organisation. We have made, in the last three months, more than twice the field guns we made in the Dunkirk period. The ammunition we are turning out is half as much again. The combined merchant and naval shipbuilding now in active progress is bigger, not only in scale but in current daily volume of execution, than it was at any period in the last war, and, of course, the work now is immeasurably more complex than it was then.

In aircraft production it is foolish to calculate only by the number of machines, though these have largely increased, because one machine takes 5,000 man-hours, and another, 75,000 man-hours. Judged, however, either by the test of numbers or man-hours eventuating in aircraft production, the increase even above the spurt period of a year ago is substantial. The increase since this Government took office is enormous, and I should be proud to tell the Committee what it is. I am not

[The Prime Minister.]  
going to do so, because the enemy do not tell us their figures, much as we should like to have them. The Committee must, therefore, be content with my assurance that progress and expansion on a great scale are continuous, and are remorselessly spurred on. This progress has been accomplished under the fire of the enemy, under air assault, which Hitler was led to believe would shatter our industries and reduce us to impotence and subjection. It has been done in spite of the difficulties of dispersion, and has been done not only with no sacrifice in quality but with a gain in quality, both actual and relative. Now that the air battles are developing again in scale and intensity we can claim that our fighters are at least as much ahead of the enemy as when we defeated him a year ago.

As for the bombers, in the year that has passed, in British production alone, taking no account of the now rapidly expanding United States imports, we have doubled our power of bomb discharge on Germany at 1,500 miles range, and in the next three months, though this time taking account of the American reinforcements, we shall double it again. In the six months after that we shall redouble it. Besides all this we have ploughed the land, and, by the grace of God, have been granted the greatest harvest in living memory, perhaps the greatest we have ever known in these Islands. So much for comparison with the high level of the Dunkirk period.

Now I turn to some comparisons with the last war. That was a terrible war. It lasted 52 months; there was frightful slaughter; there was an immense British effort; there was a complete final victory. We are now in the twenty-third month. We have lost large stocks of equipment on the beaches of Dunkirk, our food has been rationed, our meat reduced, we have been bombed and blacked out, and yet, even in this seventh quarter of the war, our total output of war-like stores has been nearly twice as great as our total output of production in the corresponding seventh quarter of the last war, and has equalled our production in the fourteenth and culminating quarter of the last war. We have rather more workers in the metal industry than we had then. When all those now working to complete and equip our new factories become available, and the Ministry of Labour has completed its task

of collecting workers from unessential industries, we shall produce even more. But to reach, in two years the level only achieved in the fourth year of the last war is, I venture to submit, an achievement which deserves something better than flouts and jeers.

We are told how badly labour is behaving, and then a lot of people who never did a day's hard work in their lives are out after them. Again I claim to look back to the last war. In that war we had many bitter and devastating strikes, and in the final two years nearly 12,000,000 working days were lost through labour disputes. So far, in the whole 23 months of this war, we have lost less than 2,000,000 days. I was anxious to have the latest information about trade disputes in the country. I received, a few minutes before I rose to speak, a report that at 11 o'clock to-day there was no stoppage of work of any kind arising from a trade dispute in any part of Great Britain. It is the fashion nowadays to abuse the Minister of Labour. He is a workman, a trade union leader. He is taunted with being an unskilled labourer representing an unskilled union. I daresay he gives offence in some quarters; he has his own methods of speech and action. He has a frightful load to carry; he has a job to do which none would envy. He makes mistakes, like I do, though not so many or so serious—he has not got the same opportunities. At any rate he is producing, at this moment, though perhaps on rather expensive terms, a vast and steady volume of faithful effort, the like of which has not been seen before. And if you tell me that the results he produces do not compare with those of totalitarian systems of government and society, I reply by saying, "We shall know more about that when we get to the end of the story."

I daresay that some of our critics will not like this kind of talk. They call it complacency. Living in comparative idleness, they wish to lash the toilers of body and mind to further exertions. To state facts which are true and encouraging is to be accused of a cheap and facile optimism. Our critics do not like it; neither do the Germans, but for different reasons. But I consider that if, for days on end, the whole national effort is disparaged and insulted, and if, all over the world, we are depicted by our friends and countrymen

as slack, rotten and incompetent, we are entitled, nay, it becomes a pressing duty, to restore the balance by presenting the truth.

A number of Votes have been put down as a basis of this Debate. I do not think I shall be out of Order if I place our discussion in its relation to the general aspects of the war before we separate for a short Recess, during which Members will be able to regain contact with their constituents and Ministers to give undivided attention to their work. When I look out upon the whole tumultuous scene of this ever-widening war, I feel it my duty to conclude by giving a very serious warning to the House and to the country. We must be on our guard equally against pessimism and against optimism. There are, no doubt, temptations to optimism. It is the fact that the mighty Russian State, so foully and treacherously assaulted, has struck back with magnificent strength and courage, and is inflicting prodigious and well-deserved slaughter for the first time upon the Nazi armies. It is the fact that the United States, the greatest single Power in the world, is giving us aid on a gigantic scale and advancing in rising wrath and conviction to the very verge of the war. It is the fact that the German air superiority has been broken, and that the air attacks on this country have for the time being almost ceased. It is the fact that the Battle of the Atlantic, although far from won, has, partly through American intervention, moved impressively in our favour. It is the fact that the Nile Valley is now far safer than it was 12 months ago or three months ago. It is the fact that the enemy has lost all pretence of theme or doctrine, and is sunk ever deeper in moral and intellectual degradation and bankruptcy, and that almost all his conquests have proved burdens and sources of weakness.

But all these massive towering facts, which we are entitled to dwell on, must not lead us for a moment to suppose that the worst is over. The formidable power of Nazi Germany, the vast mass of destructive munitions that they have made or captured, the courage, skill and audacity of their striking forces, the ruthlessness of their centralised war-direction, the prostrate condition of so many great peoples under their yoke, the resources of so many lands which may to

some extent become available to them—all these restrain rejoicing and forbid the slightest relaxation. It would be madness for us to suppose that Russia or the United States is going to win this war for us. The invasion season is at hand. All the Armed Forces have been warned to be at concert pitch by 1st September and to retain the utmost vigilance meanwhile. We have to reckon with a gambler's desperation. We have to reckon with a criminal who by a mere gesture has decreed the death of 3,000,000 or 4,000,000 of Russian and German soldiers. We stand here still the champions. If we fail, all fails and if we fall, all will fall together. It is only by a superb, intense and prolonged effort of the whole British Empire that the great combination of about three-quarters of the human race against Nazidom will come into vehement and dynamic life. For more than a year we have been all alone: all alone, we have had to guard the treasure of mankind. Although there have been profound and encouraging changes in the situation, our own vital and commanding responsibilities remain undiminished; and we shall discharge them only by continuing to pour out in the common cause the utmost endeavours of our strength and virtue and, if need be, to proffer the last drop of our heart's blood.

**Mr. Erskine Hill** (Edinburgh, North): We have just heard a speech which I think will long remain with all of us. It is not easy to follow a speech of that sort by making new suggestions even though meant constructively. The Prime Minister told us that he welcomed constructive criticism, and I assure him that any criticism that I make will be along those lines. I am not one of those who think that our war effort should be despised or that all workers, employers, and indeed all the citizens of this country, have not played a great part. But it is important that we should consider not only what has been done, but how we can bring about improvements. It may be that the percentage of efficiency is not so high as my hon. Friend who was referred to in the Debate suggested, or that production has descended so low. It may be that the work we are doing is more satisfactory. But I am sure that it would be the wish of the Prime Minister that we should all get together and consider whether we can make a greater effort and whether we can



[Mr. Hill.]

improve our system. One must look not only to the aspect which was closely dealt with by the Prime Minister, but to the actual machinery in the Ministry itself, to see whether that can be improved.

It seems to me a mistake, which we cannot rectify at this stage altogether, that the system has been built up upon a Civil Service which was good in peacetime, which was the best that could be got together, and which had traditions of the highest possible order. I cannot feel that we ought not to consider why we may not be reaching that 100 per cent. which we would desire to attain. Is the machine at fault or is it the staffing of that machine? I would say that it is obviously both. Our Civil Service was conceived and evolved for small-scale peacetime operations when the production of the nation was the work of private effort. You have to build up on that to a much higher stage, it seems to me. For those purposes, while the Civil Service was admirable, I venture to think that there is in war-time something to be desired. You cannot, I admit, alter that in war-time. The change is too great, but there is something you can do. When you come to the other side of the case, the personnel, it seems to me that the standards of the Civil Service should be put on the basis of efficiency. You cannot do that unless you insist that for the time being, as the workers have been willing to concede their trade union regulations, as the employers have been willing to make every concession they can, as the middle-class shopkeepers have been called upon to make concessions greater probably than those made in any other sphere, the civil servant should play his part. I suggest that the civil servant would be only too anxious to do so, and would be willing to depart from some of those rules which seem to me to make for inefficiency. It is essential, and this country will insist upon it, that there should be no favoured circles, where if a man fails he can be kicked upstairs, or at any rate kicked only along the passage.

The country demands that for the time being promotion should be by merit and not by seniority. It is difficult to say these things, knowing the high traditions of the Civil Service, and the important part they have played, but I think something might be done in that direction

which would actually strengthen the working of the Ministry of Production and other Departments. These defects could be cured if promotion was altered and the question of dismissal for inefficiency during the war was taken into account. What is the fault? There are many excellent Civil servants, but there are a number who do not think for themselves. There are the "Yes-men" and the "No-men," who are only too willing to obstruct, and there are the officials who cannot make up their own minds. The national effort will be impeded unless the ordinary rules are altered for the period of the war.

I should like to say a word about the most vital question facing a Ministry of Production. The thing this country wants at the moment, bearing in mind the great dangers we have to face, are more tanks and guns. You cannot have a better policy than the Government's short-dated policy of getting as many tanks and guns as we can produce during the next few months. I think we are in grave danger. The Russian situation may be better than many of us feared, but it stands out as a menace to us. If anything happens there suddenly, and the tiger springs back, we shall be in mortal danger again. For that reason I agree with the policy of the Government in putting in a peculiarly active Minister to look after this Ministry. I agree with the policy of three members on the Tank Board. This number will be better than 13 for getting things done quickly. I do not know anything about them personally, except that everything I have heard leads me to think they will be active. But there have been delays. I know of many instances where tank production has been held up. A suggestion has been made by one works that there should be some simplification, and the Tank Board has been asked to consider it. The answer comes back, "Do nothing to these tanks for four or five weeks. Do not proceed with the work until we have made up our minds." I could give the Minister instances of this if they were required. The result is that until you get decision, work is held up. There must be quick decision when decision is wanted.

There is another thing I would like to say on this question of production. What

worries a great many people in industry is the inordinate number of forms which have to be filled up. I know the Ministry are trying to do their best, but I would ask them to think again and see whether they cannot have simplified forms and reduce their numbers. With short staffs and other difficulties, the responsibility of filling up forms, however necessary, is one which ought to be dispensed with wherever possible. In the memorandum issued in response to a letter by Sir Ronald Matthews, President of the British Chambers of Commerce, that point was raised, and a promise was given that the Ministry would look into it. I hope they will, because this seems to be one of the ways by which you can give less work to the staff. This war can only be won by 100 per cent. effort on the part of everybody, and I hope the Government will be content with nothing less, whether it be from heads of Departments or the workers in the Departments themselves. We can only get that when there is complete discontent with anything but a high standard of efficiency and by rising above questions of class distinction. We have put away 90 per cent. of this question; let us put it away altogether. We must lay down a standard applied to everyone that there must be no inefficiency anywhere and that any inefficiency will be dealt with ruthlessly and effectively. The Prime Minister is a great leader, and he deserves the weapons with which he can lead us to victory.

The test which ought always to be applied is one of results. I think the appointment of a man of extreme energy to this Ministry is excellent. My right hon. Friend the present President of the Board of Trade was excellent too when he was at the Ministry of Supply. Let us not be afraid to judge by results. Let us not be afraid to see there is no more toleration because a man is a nice fellow. The national interest is the only test which must be allowed to obtain. Only in that way shall we allow our Prime Minister to lead us to the victory we all so much desire.

**Colonel Colville** (Midlothian and Peebles): We have listened to a stimulating and reassuring statement from the Prime Minister. If I may say so, had a speech of that calibre been made at the conclusion of the Debate three weeks ago, the cry of stinking fish to which the

right hon. Gentleman referred would not have gone round the world. The Prime Minister concluded his speech to-day by a timely warning to the House against complacency on this important matter. I feel that the fact that this important matter has been raised is of value, and I agree with him that it is proper that our great effort should be known and focussed as it has been focussed to-day. The subject of production is absolutely vital. It is Germany's start in war production which gave her successes rather than any individual merits on the part of her fighting men. I disagree with the proposal made by some hon. Members that there should be a Minister of Production. My right hon. Friend the Prime Minister dealt with that proposal, and he gave as one of his principal reasons—I thought he put it very high—for rejecting the proposal the question of personality I do not think that should be the principal reason. If, in fact, the proposal itself were desirable and if it were impossible to find a master Minister to control Lord Beaverbrook, the Prime Minister would have two courses open to him, one to remove Lord Beaverbrook from the Ministry, and the other to make him the master Minister. But the Prime Minister does not agree that it is a desirable proposal, and I am in agreement with him.

My reasons for opposing the proposal for a separate Minister of Production are these. In the first place, let us be clear that it would not be a Minister for long; there would be a Ministry. No Minister ever works alone for more than 10 minutes; he soon gathers round him an advisory staff, and then follows the great paraphernalia which is necessary to uphold a Ministry of rank and importance, and, shortly, there is another Department in being. I speak with knowledge and confidence when I say that the industries of this country do not want another Ministry at the present time. If production were regarded as an expert science outside the responsibility of the Ministries which have to secure supplies for their services, the Army, the Navy and the Air Force, I believe that the responsibility of those Departments would be lessened, and that the new Ministry would tend to become a check or a filter rather than a spur to their activities. That system would not work in an industrial concern. To make one

[Colonel Colville.]

director alone the expert on production, having no responsibility for the other phases of activity—for design, for labour, for supply—would not make for smooth running. No, Sir, the Departments must have that responsibility in full and must exercise it. Therefore, the super imposition of a new Department—for that is, in fact, what I believe it would become—would not help us at this stage. There must, of course, be the machinery for giving final decisions as to priorities which the Prime Minister has outlined to the Committee.

I want now to make one or two criticisms on the way in which certain Departments at present discharge their functions. The supply side of the War Office, that is, the Ministry which supplies the Army with its main requirements, has in my view not developed such satisfactory arrangements with industry as have the Admiralty or the Ministry of Aircraft Production. As the Prime Minister said, that is to some extent due to the fact that the Army's growth has been more rapid and recent through a period of rapid change and quick expansion. The Admiralty have had long and tried connections with industry which are now working as satisfactorily as they did in the last war. But the Ministry of Aircraft Production have had to deal with the problem of rapid and changing production, and to my mind they have been more successful than the Ministry of Supply in adapting themselves to the problem. I do not want to make sweeping statements, because I know that the Ministry of Supply have had an immense measure of success in their difficult task, but I maintain that there are points on which they could learn and take an example from what is done by other Ministries.

For instance, to give some illustrations, the difficulties experienced by manufacturers in the aircraft industry owing to changes of design have been considerable, but they have not been so great, I believe, as those of the manufacturers working on tanks for the War Office. The changes in design, both in defensive armaments and in weapons, have caused considerable, and I believe, preventible, delays in the output of tanks. Obviously, I cannot go into details in this Debate, but I hope that with the machinery which has been set up, an improvement is already taking place. Another direction in which

the manufacturers are having some difficulty with the Ministry is in the matter of testing. I am referring to the testing of metals, such as special steels. The Admiralty have their own staff of inspectors, and as I have said, their long contact with industry has led to smooth running. The Ministry of Aircraft Production generally work on the principle that, having decided on the firm which is to carry out the work for them, they select and approve of someone in the firm to be their representative and carry out the tests to their specifications, and this system works satisfactorily. On the other hand, the Ministry of Supply for the War Department almost always insist on the tests being carried out by their own staff, and from time to time there are considerable delays in having the materials tested. This is a point of detail rather than of general principle, but it is a most important point, which I hope will be looked into. The Prime Minister referred to many firms which work only for one Ministry or Service, but equally there are great firms and combines which work for all Services and have experience of all methods, and it is on the basis of that experience that my suggestions are offered.

With regard to priorities, I agree that the present machinery ought to be effective, and I was interested to hear the Prime Minister say that no major question of priority is in dispute at the moment. I will offer this observation, however; no doubt it is essential that the highest priority should go to the Ministry of Aircraft Production, as control of the air has proved the key to success not only in land, but in sea operations, but I am bound to say that I am disturbed at the low degree of priority which appears almost invariably to be given to Army supplies as compared with those for the other Services. Obviously, in a public Debate I cannot give specific instances, but I would like to discuss the matter with the Minister concerned. From my experience during the last 12 months in connection with the building up and training of the Home Guard, I can say that the degree to which that force has been equipped through the Ministry of Supply is no small achievement; it is, indeed, a very great achievement. The Home Guard is now a force to be reckoned with in the matter of armament.

Nevertheless, there have been points of priority both in relation to imports and home production in which it has been found impossible to get any further, and it would appear that the degree of priority accorded to a wide range of Army requirements comes fairly well behind that of the other two Services.

If the Committee accept the view, as I have not the slightest doubt they will, that a new Ministry of Production would not, in fact, accelerate production, I hope that the Government will not go away with the idea that everybody is fully content with the present state of affairs. We have been stimulated and reassured by the Prime Minister's statement, but the Prime Minister is the last person to wish us to fall into a state of complacency. I believe that with the existing machinery an early improvement can be looked for, and I believe that a greater national effort from all is still possible. The Prime Minister referred to the immense spurt that followed Dunkirk, a spurt which he wisely said one could not expect to be maintained indefinitely, though we have now reached a higher rate of production through expansion; but when one looks back to the time following Dunkirk, everybody—and I refer to all sides of industry and not to one side only—was making an immense personal effort. I wonder whether that degree of effort is still with us. Evidence that perhaps it is not comes to us in curious ways. Recently, I had experience of an exercise one part of which was to test security, and it was found that a very large number of people had not their identity cards with them, not for any sinister reason, but from pure carelessness. It may be asked what that has to do with production. The point is that one would not have found such a thing in the months following Dunkirk, and I do not think the same state of alertness and effort exists to-day as was the case at that time. I would point out, in passing, that no-one got through without a card, and that all those without had to report to police stations to prove their identity, so that should give little confidence to a fifth columnist who might think he could easily slip through. I mention this, however, as an indication that the whole country does not realise the degree of alertness and of effort still required. The picture painted by the Prime Minister is one which, I know, will have

the widest publicity. It shows the great magnitude of our production effort and should spur us on. Just over a year ago the present Government was formed to give representation, on an adequate scale, to all parties in the State. There joined that Government Ministers with very great experience of industry, from both the managerial and labour sides, who gave hope to the people of this country that they would be able to secure the maximum effort in its broadest sense from industry. There is still much scope for their capacity in the months to come.

**Mr. John Wilmot (Kennington):** I would not have ventured to take part in this Debate but for the fact that the small experience I have had in production during the war has led me to believe there are certain disharmonies in harnessing to the work of national war production the diverse elements of a system of private industry. The Prime Minister said that almost all firms to-day were under Government control—all those, at any rate, which were engaged on any kind of major war work. He stated that the field of this control was continually widening and that as need arose more and more were regimented. It seems to me that in carrying out this colossal operation disharmony must inevitably arise, and it is to that point that I wish to direct the attention of the Committee. The board of directors of a limited company engaged wholly upon war-time production find themselves in many instances in a curiously dual position. No doubt after victory has been won there will be differing opinions on various sides of the House as to what is the best or the most ideal form of industrial management and control, and we shall continue as we always do to debate, modify and compromise in our search for the best. This is not the time to debate these academic questions, because we have now to attain in the shortest possible time the maximum production from the present machine.

It seems to me that the position of the management of a limited company is extremely difficult. They have the overwhelming loyalty to the State to produce from their machinery, plant and the workmen under their management the maximum output regardless of all other circumstances. But side by side with that they have not been relieved of their legal and moral obligations to the owners of

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their capital. Anyone engaged in day-to-day industrial management will realise how often and in how many diverse aspects this duality is a hampering circumstance, and various devices have been invented in an attempt to circumvent it. In some instances Government controllers, with limited and partial authority have been placed inside the works. The contract system by which firms compete by tender for contracts is still in operation, and there is the Excess Profits Tax to put a limit on excessive war profits. Necessary and desirable as it is to limit the profits arising from war conditions, I think the operation of the contract system and the absence of direct profit motive is very often inequitable and hampering. Over and over again one must come across instances where managements find themselves caught between these dual loyalties. The loyalty to their shareholders requires them to look beyond the war to the conditions in which they will find themselves in competitive industry after the war. The Committee will see at once that there is a much more urgent and compelling loyalty, but at the same time the legal obligation of the directors remains. It seems to me that it would be advisable to consider when a firm is engaged wholly upon war production whether those in charge should not be relieved from the embarrassment of that dual position, and for the duration of the war, at any rate, be placed in a position where they have one loyalty and one loyalty only, and that is loyalty to the State.

Circumstances are arising every day which compel attention to this aspect. A manufacturer was telling me the other day that for certain reasons he has recently moved his factory into an area where there is a plentiful supply of female labour. He tells me he could quite conveniently employ large numbers of women and save wear and tear upon his valuable and irreplaceable automatic machinery. That would certainly be to his advantage if he looks forward to industrial competition after the war, when he would have his machinery unimpaired, but to-day it would exhaust the supply of available labour in a way which would be directly contrary to the interests of war production as a whole. That seems to me to be one instance of the effect of this duality. Its effect is also to be seen on the workers

in the factories. They have been urged, and they have agreed, to give up and to waive for the duration of the war their old-established and hardly-won trade union conditions and practices. They have done this in order the more adequately and speedily to achieve victory, but in the smaller and more out of the way parts of our industrial machine there is always the lingering feeling that they are, in part, making this sacrifice for the old management, which they remember as being the persons in pursuit of private profit. It may be that the operations of the taxation system have taken away that objection, but undoubtedly that feeling remains in the minds of the workers, and it is certainly a hampering consideration in securing maximum output.

I have seen in recent months a considerable wastage of time and machinery as the result of an intermittent flow of orders coming into various industrial establishments. A contract is proceeded with at full blast, and an effective and efficient team of machines and workers is assembled and got in production. The contract is completed, and nothing takes its place. The men are discharged and drafted off on other work and into other localities, and in a week or a fortnight a fresh contract is placed. The utmost urgency is attached to it, but the firm finds itself now denuded of workers, its plant standing idle, and no one can be obtained to operate it. The invaluable team which has been built up for that particular job in that particular way has been dissipated and lost, and very valuable time is spent building it all up again, in order to do a precisely similar job on a new contract. It would be an immense economy if some system could be devised whereby there was not this gap when the whole mechanism was broken up and dispersed. It seems to me that it is at this stage in the detailed application of the broad principles which the Prime Minister has shown have been so successful—it is in attention to those details that we can drive our production ahead to the maximum.

Mr. Marcus Samuel (Putney): I was very pleased indeed when the Prime Minister informed us of the Government's decision to have another day's Debate on production. If the two days' Debate had taken place last year, it would have resulted in a change of Government. The present Ministry, if not a Ministry of all

the talents, is certainly a Ministry of all the critics—or most of them. All the critics could not be absorbed immediately, when the change took place. Many of them were included to make the Government a Government of all parties, and there were many purely political appointments. Some of the appointees seem to have only been qualified successes, and I think I can say without fear of very much contradiction that some have not come up to their political reputations and have proved to be labourers not worthy of their hire. If that two days' Debate has proved one thing more than another, it has shown that, whilst it may possibly have done a minimum amount of good in this country, it certainly has done harm abroad. It has given the enemy every reason to rejoice. Outside this country people do not understand our methods of free speech—and I have always maintained that we should speak less freely in war-time than in peace-time—not only we in the House, but the newspapers and the general public. The enemy is listening all the time, and our friends, too. Our friends take us too literally, whilst the enemy notes and gloats and takes our troubles too optimistically.

I have always found Ministers as anxious as any of us to put things right. Although I do not believe in suppressing free speech and criticism, I think we can and do exaggerate and magnify our troubles and scarify ourselves. In peace-time we can truly say we have stocks of almost everything. We have only to ask for goods and pay for them to get them. In war-time we have stocks of nothing. We are always short, owing to increased demands for every single item, from a bolt or a screw or a nut to the heaviest piece of machinery, or even to a pint of beer. Some of the critics of the Government—the "left-overs"—cannot forget their peace-time political habits, and, of course, Ministers are where they are because we all belong to the Ancient Order of Stone-Throwers. Ministers welcome constructive criticism in these days, when our lives and the future of the State are in the balance. There is only one thing to be done, and that is for us all to work together, to stick together and to stick to work. In my view certain Members, with the best intentions, have joined forces and formed

themselves into a sort of unofficial "Ministry for the Co-ordination of Offence"—criers of stinking fish in the market place. This I believe is unnecessary and a wee bit wrongheaded. It does not produce more guns, ships or tanks. These efforts do not give anyone confidence.

I recently attended a meeting called by two Members of the House to meet representative shop stewards from a number of munitions factories engaged in war work, ostensibly to "give instances of delay and inefficiency in organisation leading to the impeding of production." I was surprised to see how very young many of these shop stewards are and how little experience they can possibly have had in this so-called skilled work which they are doing, and still less of the intricate working of a factory. But it was quite evident that they were all now, thank God, in dead earnest to put in their best efforts to win the war. I listened carefully and asked a number of questions, and I could see that many of these men before the war and since had been affected by outside influences. They have been misled and misinformed, and, as I thought, they had not yet quite got a fair and complete perspective of the scene. They seemed disposed to lay about them mercilessly, claiming the delinquencies and inefficiency of the managements in organising production, and unable quite to rid their minds of peace-time prejudices and predeflections. The same attitude applies in some cases to the managements as regards labour.

Letters to the Press and speakers in this House show the enormous and endless difficulties with which the managements have to contend. Every item they produce, besides being in short supply, is, so to speak, wrapped up in a whole series of papers. A study should be made of how to cut out some of the clogging, time-wasting demands of the octopus and hide-bound bureaucracy which is living on the fat of the land, or as much as they can get, and producing nothing. I pointed out to the shop stewards that we must not forget that there have been millions of tons of shipping lost; towns have been blitzed and factories damaged and destroyed, that railways have been damaged and transport delayed; and that, in spite of all the damage done, those without much experience and with a limited viewpoint, however anxious to help

[Mr. Samuel.]  
 their country, must clear their minds of peace-time vision and predilection and must not criticise unfairly. Many of these men must have been schooled into the idea that our economic and political system is wrong and that as a consequence all sorts of troubles and faults arise. During the speeches it became clear that many of the old-established businesses of which they spoke, with their practical knowledge and traditions, have an enormous advantage over the newer factories put up for war purposes. There is no doubt that this affects production and cannot be overcome at the start or acquired in a day.

I asked the shop stewards to remember that, even if everything had been perfectly planned, these war incidents must undoubtedly at times create difficulties, even bottle-necks, changes of direction, loss of materials, shortages here and sometimes over-supplies there; and on top of all this we have the ever-increasing demands on every industry in the country connected with war work. We are all the time working against time and destruction. The Germans had seven years' preparation and had accumulated reserves which they are now dissipating much faster than they can replace them, and the same troubles must be coming to them while we are now overcoming ours. We cannot expect too per cent. production at any time much less under war conditions. It seems to me that to make calculations of exact theoretical percentages under these conditions is to use false values, seeing that there is no such thing as 100 per cent. perfection and that a certain incalculable amount of shortage must be due to causes over which neither the workers nor the managements have any control.

I believe it would pay the Prime Minister, who is our plus V. broadcaster to speak to the shop stewards and workers over the air in order to encourage them and to say how much he appreciates what they are doing and are prepared to do; and at the same time to talk to the managements and ask them to cast aside all peace-time prejudices and to keep in close touch with their work people so that men and women could be encouraged to understand their position and to put in their best work. It is important that in every factory in the land not only the managements but the workers should know how much depends on every man

and woman working. If they were satisfied that difficulties and delays were sometimes inevitable and were not due to bad management, they would work together to minimise the troubles and to overcome them as far as possible. What is wanted, above all, is to nationalise mutual confidence between workers and management which is so obvious in some firms and wholly lacking in others. It is evident that the old-established firms with their traditions and experience have great advantage over the newer firms put up for war purposes, but I believe that confidence can be forthcoming throughout industry and that it can give us the increased production we want. The less recrimination and destructive criticism the better. There should be no victimisation of managements, shop stewards or other workers. The attention of the Ministers concerned should be called to specific cases. All parties concerned should be given the opportunity to know what the country expects of them, and they should be given the opportunity of putting into practice the only remedy for our troubles—to work together, to stick together and to stick to work. Lord Beaverbrook has been mentioned. For what I have heard and read of that gentleman he gets things done ruthlessly and regardless of consequences. The Prime Minister knows him and trusts him. No doubt he says to himself, "I want aeroplanes now. I want tanks now. I will get them by hook or by crook or by Beaverbrook, and Beaverbrook gets them." I have a feeling that we can thank Providence there are not Beaverbrook quads—or worse still, quintuplets—each ruthlessly getting on with his job at all costs. One Beaverbrook may be able to stand, but four or five of them would produce chaos. The Admiralty seems to get what it wants by less violent and disturbing methods.

I want to make what I believe is a practical suggestion. It is that when the House goes into Recess, Members should take a busmen's holiday and that each one of us who receives complaints should himself go and see the manufacturers and workers and talk to them, explain our position and try to straighten things out. See what might be accomplished if 400 or 500 of us lent a helping hand in this way instead of limiting ourselves merely to being letter boxes to receive complaints

or loud speakers to voice them. Nothing short of sticking together, working together and sticking to work will see us through. I see that the hon. Member for Seaham (Mr. Shinwell) is present. I have spoken of him as the unofficial Minister of Moans. To-day he seems to be a sort of Lord High Executioner. No doubt he acts with the best intention and as a strong supporter of the Government, but I hope that nothing I have said will help the enemy and that the hon. Member's expectations will be directed direct to Ministers in their capacity as Ministers because the enemy gloats when these sort of speeches and questions are delivered in the House. The last thing any of us would wish to do is to give information to the enemy.

**Sir Percy Harris** (Bethnal Green, South-West): I think anybody who heard the speech of the Prime Minister on our war production will agree that this extra day's Debate—an exceptional thing—has been well worth while. Criticism of our productive effort, from whatever side it comes, must not be interpreted as an attack upon either the Government in general or the Prime Minister in particular. I am convinced that the one man who is indispensable to victory is the Prime Minister, not only because of his immense influence in our own country and the confidence which the mass of the people have in his personality, but on account of his great influence in the United States of America and throughout our Dominions. There is no alternative Prime Minister. He has no rival. It was very different in the last war. I was a Member of Parliament for at least two years in the last war. Both our war-time Prime Ministers then had half-a-dozen rivals for the post. When Mr. Asquith was Prime Minister I remember the lobbying and the canvassing of names that went on, and even when the right hon. Member for Carnarvon Boroughs (Mr. Lloyd George) was Prime Minister there were always in the public mind the names of three or four men who could have filled his place if the need arose. There was, of course, Mr. Asquith himself, there was another ex-Prime Minister then sitting in the House, Mr. Balfour, there was Mr. Bonar Law and, of course, the present holder of the office.

The present Prime Minister reigns supreme, and no one who wants to win

the war wishes to disparage his efforts or to suggest that he is, in any way, lacking in those gifts so necessary to guide the country in these difficult times. But I think he would be the first to agree that no one has a monopoly of wisdom. Each of us in this Committee has a responsibility to make his contribution. Mere carping criticism, mere fault-finding, is easy when we see flaws here and there, but if we have criticism to make it should always be of a constructive character. I endorse what the right hon. Gentleman said about the great efforts made, particularly after Dunkirk, I should like next to pay a special tribute to the women. We hear a lot of what the women did in the last war. As far as I can see, it is nothing to what they are doing in many parts of the country in this war. I am not referring to their work as bus-conductors or porters but to their work in the munition factories. I have seen women doing foundry work of a heavy character—refined women who had never done rough work in their lives handling heavy materials and doing jobs of a most dangerous character.

Although I agree with the Prime Minister about the inadvisability of quoting percentages, I am convinced that we are still a long way below our peak in production. I think that is a good thing, and should be an encouragement, because we want our enemies to realise, and our friends to appreciate, that we can do still more if we strengthen our organisation, in the light of the great experience gained during the last two years. We started late in the race, and it is difficult to make up leeway except by a terrific spurt. There was a terrific spurt a year ago, as the Prime Minister has pointed out, but we want more of those spurts if we are to reach the peak of our production. After all, the Ministry of Supply was started only one month before the war—two years too late. I remember a speech by my right hon. Friend the Member for Carnarvon Boroughs, I think in 1937, pressing for the production of jigs and tools. If his advice had been followed, some of the difficulties and problems which Ministers of Supply have had to face would have been largely prevented.

There is another factor which we ought not to ignore. When war broke out we had hardly recovered from 10



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years of industrial depression. You cannot have the luxury of 2,000,000 idle men and expect to resume all at once efficient industrial production. The engineering and shipbuilding trades were special sufferers in that depression. Many of the more enterprising spirits in those trades left them for other occupations. My right hon. Friend the Minister of Labour has made gallant efforts to seduce them back. But it is one thing for a man to leave an industry and quite another thing to get him back into his old job; and we must also recollect that many of those who remained in the shipbuilding and engineering trades lost a lot of their mechanical and industrial skill owing to long periods of idleness. The same consideration applies to managers, foremen and charge-hands. Such workers cannot be made in a minute. Anyone who knows anything about industry knows that they have to be discovered, and trained. Even under the pressure of war you cannot always put your hands on the right men to fill gaps in the ranks of managers, foremen and charge-hands.

It is the same with contractors. During the slumps of 1928 and 1929 many big industrial undertakings changed hands, and in place of trained directors with an inner knowledge of the industry—often an hereditary knowledge—there came in as directors financiers whose concern primarily was to look after the financial interests of the shareholders. That is a factor which we cannot ignore, but what I have heard from men in some areas is rather sinister. The new directors that have been brought into industry for financial reasons, are rarely seen by the employees because their visits are few and far between. Generally, their visits are monthly and then only to look after the financial interests of the shareholders or the banks.

We have to realise all these things when we are talking about increasing our production, but in spite of them we still have some of the finest yards, factories, workshops and mechanics in the world. Of course, generalisation is dangerous, and conditions vary from factory to factory and from workshop to workshop. Where there is fault it is difficult to apportion blame between management and men. I am a member of a Select Committee to which the Prime Minister

referred, but perhaps my sub-committee is one of the more cautious ones. It is reluctant to rush into print and publish reports, but it has been about the country studying on the spot the work of the factories and shipyards. Perhaps even more important, it has been interviewing managers and men. Upon the Committee we have not confined our efforts to the orthodox channels. We have encouraged people from outside to come to us and give us information. On the one hand we have received serious evidence of lack of planning and bad progress, and, on the other, of bad time-keeping. Every sub-committee has had similar evidence and you cannot divorce the two problems. In failure to dovetail a job responsibility starts at the very top, and goes right down to the men.

We have had evidence of men hanging about because of bad organisation and because the planning of their industries had not been well thought out. This is brought about largely through weaknesses at the very top. It applies equally to men on piecework or the bonus system and to men on hourly jobs. The men are discontented and they find it difficult to understand why there should be slack time. I do not want the impression to get around that this is universal. It varies from place to place. One of the very serious causes is that there is an impression in factories, workshops and shipyards that the work is being done upon a cost-plus basis. Men are saying, "It does not make much difference to the boss or the company because the Government have to pay." That is a thoroughly wrong principle, but human nature being what it is, it is very natural. It does not apply to all shipyards and factories alike, but varies from area to area and from unit to unit. If management is bad in peacetime and a shipyard or factory is badly run, it is very soon brought to account by competition, as it does not get orders and therefore goes to the wall. The position is quite different in war-time, when not only is there no competition, but every factory is badly wanted and there is a shortage of plant and buildings.

The Government have a responsibility to level up the laggards and the lame ducks and to bring weak organisations up to the best standards. Managements should be pooled and weak ones weeded

all. Much can be done by the exploitation of local sentiment. Take shipyards, for instance. There are certain obvious areas such as Clydeside, Merseyside, Tyneside and the Bristol Channel. There seems no reason why the Government, using their vast powers, should not bring the most competent men together in those areas, as is done in the concentration of industry, for instance in the cotton trade, and put the whole production area under one control. This would present a great opportunity for the exploitation of local sentiment. There is very strong local feeling that the best ships are built on the Clyde. There is equally strong local feeling that the best ships are built on the Merseyside; and the same can be said about Tyneside and other places. The local sentiment could be exploited and the various yards and machine shops brought up to one standard by utilising and organising the ability which would be at the Government's disposal. I believe it would result in increased production and improved planning and progressing in industry and that it would improve the organisation of labour. It would be a mistake if the Committee got the idea that private companies only are at fault. There have been great complaints of Government factories and the Prime Minister admitted the reports of want of foresight in making the necessary provision for housing, transport and food. It might be well to bring the private and the Government factories into more intimate association by making use of the best available ability and capacity.

I was interested to hear the Prime Minister refer to that vexed word "priority," but he brushed aside, as a bit of a farce the suggestion that there was competition between the Departments. Nevertheless, we have heard some very strange stories about representatives of one Department going down to a dockyard and "pinching" the supplies, machine-tools or materials needed for another Department, through over-zeal, no doubt. I am glad to hear that those difficulties are being got over and that the Departments are a happy family working together without unhealthy competition. Still, rightly or wrongly, there is an absence of a long-term policy, and a feeling that we are thinking too much in terms of the needs and necessities of the moment. There was a great push for planes at the expense

of tanks, and now there is a great tank "stunt" with a suspicion that it may be at the expense of shipbuilding. I suppose it is inevitable, human nature being what it is, that forceful personalities at the head of Departments shall naturally wish to assert the rights of their particular section in order to produce the goods they have undertaken to find. The Prime Minister made a challenge, and a very proper challenge. He said to the Committee, "You talk a lot about a Minister of Production—produce your man." I agree that that is a very right and proper challenge, and if we had half a dozen men of the calibre of the Prime Minister I think we should be able to answer it easily. But, just as the Prime Minister, as Defence Minister, co-ordinates the strategy of the three Services, I think the Committee will agree that it would be a great thing to have someone in a similar position to co-ordinate production for the three Services. We need some guiding hand to co-ordinate our effort and eliminate the feeling that very often our production is lopsided and is not thought out in the interests of the war as a whole.

I am very glad to see the Minister of Labour here. He has a difficult, and I would like to add, a thankless task. No one envies him his job and no one accuses him of a lack of energy, enthusiasm or drive, but I do think there is a case for a properly thought-out wage policy. That interesting White Paper published only the other day shows that his purpose is good and his objects sound, but when it comes to translate them into practice I am afraid he cannot claim at any rate this time an equal success. Obviously, if there is not enough material to go round and if wages go up, and if one section of industry has a lot of money to spend, it must run up prices, and I realise it wants courage to grasp the nettle. During the last war great courage was shown. I do not want to under-estimate the difficulties. One of the greatest tributes that could be paid to the present Minister of Labour was a statement made to-day that there was no great industrial dispute at all. That is a great tribute to him, and if he has done nothing else he will have justified his occupation of his present position.

If we are to prevent inflation, if we are to keep prices at a steady level, the Minister will have to take a more active part and not leave it to sectional bargaining.

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He will have to recognise that a common standard is required in war-time if the burden of war is to be evenly spread. If one section, owing to special conditions and a special demand for their skill or owing to a shortage in their particular trade, gets a high standard of wages, it reacts right through the industry and causes discontent, and we well know that in certain sections very high wages are being paid, due maybe to the demands on those sections of employment. All I am pleading is that the great power and influence which the Minister has has an intimate relation to the problem of inflation and the need to prevent the setting in motion of that spiral which we saw in the last war. In spite of the efforts of the Chancellor of the Exchequer to keep down prices we still see an inevitable upward tendency. I believe the Minister would have the approval of labour and of trade unions, as well as of the whole House, if in the discharge of his duties he gave a real lead and put forward a clearer and more incisive labour and wages policy.

**Dr. Edith Summerskill** (Fulham, West): Would not the hon. Gentleman agree that workers are being paid at a standard rate, and that they only get what he calls large wages because some of them work twelve hours a day for seven days a week? Does he therefore suggest cutting down the wage rates or the hours of labour?

**Sir P. Harris**: I certainly do not suggest cutting down the rates of wages. I wish labour and the whole nation to have good real wages which depend on inflation being prevented. That is the fundamental thing. In the interests of labour, of women and of the whole community. It means that we should prevent the tendency of prices to move upwards, which, in spite of all our efforts in the way of subsidies and rationing, they are doing. I therefore say that I believe it to be in the best interests of labour that a clearer and more incisive wage policy should be laid down by the Minister to protect the interests of the mass of the people, to prevent sectional increases, and to see that if there are increases they are general throughout the country. At a time like this it is vital to keep prices steady and stop inflation if we are to keep up the morale of

the people and, above all, maintain the health and physical condition of the women and children.

**Mr. Silkin** (Peckham): I am sure that the Committee must have listened to the Prime Minister's speech with very considerable satisfaction. It was indeed very gratifying to hear of the tremendous and successful efforts that we are making in the direction of the production of munitions. But I felt, right through the Prime Minister's speech, that he was not entirely directing himself to the criticisms which had been levelled—and, I think, quite properly, because it is a function of Parliament to make such criticisms. I think he did not direct himself to the criticism that, although great efforts had been made and increasing efforts were being made, the maximum effort was not yet being put forward, and that in fact it was possible for this country to make even greater efforts than it was making at the present time. The speeches of hon. Members in the Debate three weeks ago were, in the main, directed to that point, and when my hon. Friend the Member for Kidderminster (Sir J. Wardlaw-Milne) stated that the country was making not more than 75 per cent. of the efforts which it was possible to make, he was not in any way belittling the great efforts which were being made and will continue to be made.

I want to point to specific cases in which, I think, improvement could be made, and which are having the effect of reducing our effort below the maximum of which we are capable. The Prime Minister said that there was now no conflict between Departments, and that they were working smoothly and in the closest co-operation. He referred to the fact that there was complete agreement about their programmes. I do not think it has ever been suggested that there was any great dispute between Departments about their programmes. I do suggest that there is considerable difference of opinion, or competition, in the carrying out of these programmes, and particularly in connection with dealing with labour.

I want to suggest something which is perfectly well known to every Member of the Committee. That is, that the Ministry of Aircraft Production has been, and still is, holding on unnecessarily to skilled labour which is necessary for other Departments. My right hon. Friend the Minister of Labour knows that there has

been a survey of labour in the Ministry of Aircraft Production factories, and that hundreds, indeed thousands, of skilled workers have been found who are superfluous to the requirements of those factories. It may be that there have been reasons for holding on to these skilled workers. Perhaps they were being retained because it was thought that they might be needed, if orders and work came along, but I do suggest that the Ministry of Labour has ample machinery and labour for making use of these skilled workers during the time they are not being fully used in their own factories. He has power to transfer those workers to other factories where they are more needed. It can be done temporarily, until such time as the aircraft factories are ready to use these skilled men again. If that sort of thing goes on, if thousands of skilled workers are not being used to the fullest extent in the factories in which they are employed, it cannot be said that we are putting forward our maximum effort, and to the extent that that is true, our effort is being weakened.

Another direction in which labour is being misused is by the Ministry of Supply. The hon. Gentleman who spoke for the Ministry of Supply in the last Debate referred to the fact that there had been an agreement by which workers had been given priority, for certain, Royal Ordnance factories, for a period of some months, and that that period was extended. Owing to the fact that this period was limited, the Ministry of Supply made requirements for labour far in excess of what they really needed. In a number of factories there were far more workers than could be used, with the result that, in some cases, women were found to be knitting and men playing cards day after day. It is no use my right hon. Friend the Minister of Labour shaking his head.

**The Minister of Labour (Mr. Ernest Bevin):** There have been so many of these statements made. I would appeal to my hon. Friend to send me the names and addresses of these places in fairness to the management and the men. If hon. Members send them to me as Chairman of the Production Executive, I will have every case investigated.

**Mr. Ness Edwards (Caerphilly):** That will be something new.

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**Mr. Silkin:** I will let my right hon. Friend know. I can assure him that these statements are absolutely true, and have been verified. It is no use him shaking his head. They have been admitted by representatives of his own Department.

**Mr. Bevin:** If an hon. Member has found that in a factory, why has he not done his public duty, and sent particulars to the Minister in order that the Minister may investigate?

**Mr. Silkin:** I consider that I am doing my public duty in stating these facts here, to-day, and I shall do my public duty in making the proper use of the facts in the national interest. The right hon. Gentleman is perfectly aware that I am not able to state in public where the factories are. It is perfectly true, and there is no dispute about it, that there are factories where more labour has been asked for than the factories could absorb, week after week, until the Minister of Labour ascertained the facts and reduced the supply of labour by half. In the meantime, there were hundreds of workers in a number of factories for whom no work was available. They could not be absorbed, partly because the equipment was not available, and secondly, because the Ministry of Supply had forgotten the fact that, when large numbers of workers are employed, supervisory staffs are needed, and they had not applied for the supervisory staffs. I hope that is not going to be denied, because it is a fact.

**The Joint Parliamentary Secretary to the Ministry of Supply (Mr. Harold Macmillan):** Is the hon. Member speaking of Royal Ordnance factories or of contracting factories?

**Mr. Silkin:** I am speaking of Royal Ordnance factories. Those are facts which, incidentally, I have ascertained from representatives of the hon. Member's own Department.

**Mr. Logan (Liverpool, Scotland Division):** Has the hon. Member made any complaint to the Department?

**Mr. Silkin:** I am making my own speech.

**Mr. Logan:** I know the hon. Member is making his own speech, but I have a right to intervene and to ask what speech he is making. What does he mean by it?

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**Mr. Silkin:** I have ascertained the facts only in the last few days.

**Mr. Harold Macmillan:** Has the hon. Member communicated this information about staffing to my right hon. Friend or to me?

**Mr. Silkin:** The hon. Gentleman knows I have not communicated with him.

**Hon. Members:** Why not?

**Mr. Ness Edwards:** Is it any use?

**Mr. Silkin:** I have ascertained the facts by evidence from the hon. Gentleman's own Department. These facts are known to his own Department.

**Mr. Bevin:** May I ask whether this investigation was made by the hon. Member as a member of the Select Committee. If so, is not evidence given by our officials confidential until revealed to the Ministry and to the House of Commons?

**Mr. Silkin:** I am not disclosing details of the evidence. I am disclosing facts which are known. I consider that I am perfectly entitled to state the facts on this occasion.

**Mr. Bevin:** The hon. Member is in a privileged position.

**Mr. Silkin:** I turn from that point but I do submit that, if these facts are true, as I say, it does disclose a very unsatisfactory state of affairs, and shows that we are not putting forward our maximum effort.

**The Deputy-Chairman (Colonel Clifton Brown):** Is the hon. Member talking about evidence given before the Select Committee on National Expenditure?

**Mr. Silkin:** It has been given.

**The Deputy-Chairman:** That is quite out of order. The report has not been published, and the evidence may not be discussed until that report is laid before the House.

**Mr. Silkin:** I am very sorry, Sir. The report is in draft. The next fact with which I wish to deal is the statement of the Prime Minister that the Priority Executive is now dissolved. There is no question that when a priority is given for a commodity, anything else is frozen out. I suggest that when a priority is given for a commodity and a factory say that they

require, perhaps, 2,000 workers, no other factory making things in a lower priority can get any labour at all until those 2,000 workers have been provided. It may be—I quote this as an example—that there are half a dozen factories whose production is very greatly impeded because they need two or three men. If they could get those two or three men they could greatly increase their output, but, under instructions given to divisional controllers, or, at any rate, because of the way in which those instructions are interpreted by divisional controllers, any priority that is given must be fully satisfied before factories of lower priority are provided with labour. That may not be the desire of the right hon. Gentleman, but I suggest that he should investigate the position to satisfy himself that the priorities are being operated in the way he desires. I think a little inquiry will satisfy him that they are not.

It has been suggested that idle time in factories is a relatively small matter, but I am informed—and this is not based on evidence which has been given to the Select Committee—that in some of the Royal Ordnance factories men are idle for two or three weeks at a time, waiting for material, or for some other cause. I recognise that the difficulty over material is a serious one, but we are to-day acclimatised to the difficulty. I suggest it is time that we prepared for those difficulties which we know are likely to arise. One cannot help the non-arrival of material which has to come from America, but it is a factor that ought to be taken into consideration. I suggest also that there is considerable delay in transporting material from one place to another, and that some of the delay is avoidable. Cases have been brought to my notice in which it has been necessary to transport materials very quickly, and it has been decided to use road instead of rail transport, for the sake of speed; but, having come to that decision, the Departments concerned have decided to invite tenders for transporting the material, which has caused some delay. Delay also arises in transport because of contradictory instructions given by different officials. The contractor may be ordered to send material by road and also to send it by rail. He is put in a difficulty, and does not send the material at all until he has ascertained which way he is to send it. I ask the right hon. Gentleman to look

into this question of transport. It would be very valuable if his transport organisation could be informed as long in advance as possible when it is necessary to transport goods.

I think production could be speeded up and increased, if considerably more attention were paid to the placing of contracts. I am informed that in certain areas far more contracts have been placed than the contractors are able to carry out in a reasonable time. I understand that these contracts are placed by the headquarters of the Ministry of Supply sometimes without consultation with the regional representatives, and that if there had been such consultation, the Ministry would have been informed that it was very difficult for the firms concerned to carry out the contracts. There is an area organisation which, I understand, was set up for the express purpose of advising the Ministry of Supply on the capacity of an area, but this organisation is not being used to the extent it could be. I have referred to the placing of contracts with firms which are quite incapable of carrying out the work because they have already too much in hand; there are also cases of contracts having been placed with firms which, by reason of their lack of organisation, their lack of machinery and their lack of experience, are unable to carry out the contracts.

I know of a firm which has a very small workshop, housing a few machine tools, run by a semi-skilled mechanic and a boy. This firm was given a contract of £100,000 to manufacture gun mountings, work which they had never done before, which they are quite incapable of carrying out with their machinery or with the labour they have available. I suggest that if there had been consultation with the regional representatives the contract would not have been placed with that firm. I have mentioned some of the methods which I think would make for increased production. I suggest that what I have said justifies the work that the Select Committee is doing. I would like to assure my right hon. Friend that these criticisms are made in good faith, in the honest belief that they are true, with the sole desire to improve production, and in the hope that they will be taken in the spirit in which they are offered, and not in any carping spirit. I hope that this general Debate will have the same effect,

because I am sure that there is no Member of the House who has any other desire than to help in this vitally important question of production.

**Sir John Wardlaw-Milne** (Kidderminster): We have heard to-day from the Prime Minister a most interesting and comprehensive speech dealing with the whole of our scheme of production of the munitions of war as the Government see it and from the point of view of what the Prime Minister considers is the extent of the effort of the country harnessed to win the war. I have no quarrel at all with that speech. I have no doubt it will be of great benefit if, indeed, any false impression has gone about in other countries as to the determination of everyone in this country to secure the defeat of Hitler. But my right hon. Friend will, I am sure, forgive me if I say that to some of us it seemed that he did not deal with the questions raised in the Debate some three weeks ago. In one of his sentences indeed he said that the criticisms made then were matters of detail. Well, they may be matters of detail, but they are very essential matters, attention to which make for total production, and while I do not in the least quarrel with the Prime Minister's statement regarding the tremendous effort which is now being made, I am bound to say that some of us feel that the criticisms made have not yet received an answer.

The Prime Minister also stated in one of the early passages of his speech that almost all factories were under the direct or indirect control of the Government. I do not quarrel with that, but do not let that be put forward as something by which we are asked to believe that all these factories are working to perfection. I may be wrong, but it seemed to me that the Prime Minister almost suggested that as these factories were working under direct or indirect Government control, everything was perfectly all right and that no criticism could possibly arise.

**Mr. Harold Macmillan:** I think what the Prime Minister was arguing was that as these factories are under the control of the Government, the question of inter-Departmental rivalry does not arise.

**Sir J. Wardlaw-Milne:** My hon. Friend is, I believe, mistaken. I think he is dealing with another point, to which I will refer later. I do not want to labour the matter unduly, however, but my right

[Sir J. Wardlaw-Milne.]

hon. Friend said that a great many factories were under the direct or indirect control of the Government, and the impression he gave me was that everything therefore must be right in these factories. The hon. Gentleman the Member for Peckham (Mr. Silkin), who does excellent work as chairman of the Select Committee's Sub-committee on Home Affairs, has special opportunities of knowing that all is not perfect in Government factories any more than in other factories. There is no reason to suppose that it would be so. In a later part of his speech the Prime Minister said that in many cases Government Departments work through their own contractors. There is no doubt that that is largely true, especially in connection with the Admiralty, for whom certain contractors have worked for many years. In those cases there is closer liaison between the Department and the factory than would otherwise be the case. But a remark of the Prime Minister's with which I especially want to deal was his reference to an estimate I made in this House that the country as a whole was not working at more than 75 per cent. of our total possibilities of production. That statement was not made three weeks ago for the first time. I made it in this House on 22nd May, and again on 10th June of this year, and at that time it was not challenged at all. With the permission of the Committee I would like to repeat the words I used on 10th June. I said:

"... if I had to guess what was the figure of efficiency of our effort to-day, I would not put it higher than 75 per cent. of the full possibilities of the nation."—[OFFICIAL REPORTS, 10th June, 1941; col. 132, Vol. 37x.]

I never for a moment suggested that any one branch of engineering or one particular factory was not working to full capacity. Of course there are cases of that kind. I know some factories which could not produce another 5 per cent. or even 2 per cent. output, but I would not like the Committee to think for one moment that I vary in the least from the conviction I held and expressed on 10th June. Taking our total effort, we are still short of what we can do, and the great advantage of these Debates will be if, as a result of them, the nation is brought to realise that we must get that extra production. Since I made that speech I have had many hundreds of contacts, both personally and by corre-

spondence with people of all kinds and also with many Members of this House, and at any rate I am entitled to say this, that among all those with whom I have had contact about this matter there was only one case—and that very guardedly—in which I was not confirmed in my estimate. Many have suggested that I was over-optimistic.

*Whereupon, the YEOMAN USHER of the BLACK ROD being come with a Message, the CHAIRMAN left the Chair.*

Mr. SPEAKER resumed the Chair.

#### ROYAL ASSENT.

*Message to attend the Lords Commissioners.*

*The House went; and, having returned—*

Mr. SPEAKER reported the Royal Assent to:

1. Colonial War Risks Insurance (Guarantees) Act, 1941.
2. Financial Powers (U.S.A. Securities) Act, 1941.
3. War Damage (Extension of Risk Period) Act, 1941.

#### MEASURE TO RECEIVE THE ROYAL ASSENT.

Diocesan Reorganisation Committee Measure, 1941.

#### SUPPLY.

Again considered in Committee.

(Sir DENNIS HERBERT in the Chair.)

Question again proposed,

"That a sum, not exceeding £50, be granted to His Majesty, to complete the sum necessary to defray the charge which will come in course of payment during the year ending on the 31st day of March, 1942 for the salaries and expenses of the Ministry of Supply, including expenses of the Royal Ordnance Factories."

Sir J. Wardlaw-Milne: I was explaining that the estimate which I made in the House on two occasions previous to the recent Debate, and which was referred to by the Prime Minister to-day, was an estimate of what I considered to be the total possibilities of the nation harnessed to the production of munitions of war. I do not suggest, and I have never suggested, that it was anything more than an estimate. I

could not be. It would be quite impossible to give figures on a basis that would satisfy an actuary or an accountant, and I gather that was one of the difficulties—I quite understand it—which my right hon. Friend the Prime Minister had this morning in dealing with my statement. My right hon. Friend gave some very interesting figures of the increase in the number of people working for victory in the country now as against a year ago. He said that there was one-third more people working in factories and that our production was one-third more, and considering that there had been difficulties of the black-out, air attacks, and so on, the situation was not at all unsatisfactory. To me a comparison of that sort, if I may say so with the very greatest respect to my right hon. Friend, is quite meaningless. This is not a question of comparing one time period with another. There is nothing with which one can compare. It can only be a question of one's own idea based on the evidence one can secure as to what the country could do.

One of the objects I had in view in the speech which I made—and I can assure hon. Members that I gave that estimate only after very careful consideration—has been achieved, because it has brought to the notice of the Government that a very large number of people are not satisfied that we are pulling at the full 100 per cent. rate, which ought to be the case in our war effort. I also stated before business was interrupted that I had had many contacts and that no one has suggested I was pessimistic in making that statement—if anything it was said that I was over-optimistic. An immense number of new factories which did not previously exist have come into operation during the last year. I do not want to quarrel with the Prime Minister's figures—I am very glad he is so satisfied—but, personally, I do not think the fact that our output is one-third more than a year ago is entirely satisfactory. I think we could do better than that.

The Prime Minister also spoke of the effect which these remarks of mine and the remarks of other speakers had had, particularly in the United States and in Australia. I very much regret, I deeply regret, that any remarks of mine should have had an adverse effect in Australia or America. The Committee will not think it strange, perhaps, if I say I am

surprised that that has been the case; but I really cannot believe that in Australia or in America our cause can be permanently harmed by earnest criticism in this House, and by our showing our determination to apply every remedy and every means in our power and to make every sacrifice necessary to secure the greatest possible effort of which this country is capable. I cannot believe that in the end we suffer by having made our object plain, especially among our brethren in Australia, and I should have thought it could only be harmful, if at all, to a limited extent in the United States. I appreciate that my right hon. Friend was kind enough to say it was not the speech I made but words taken from it and divorced from their context. One appreciates that there are great difficulties for newspapers in these days, and one appreciates that every Member of Parliament has to be particularly careful in what he says in time of war. At the same time I do not think anyone who does me the honour of reading my speech on the last occasion could possibly say I failed to appreciate the difficulties facing the Government or that I attributed blame recklessly either to the Government, to employers, or to employed.

In that speech I referred to three points particularly which show that I was not putting forward merely carping criticism. Firstly, I referred to our unpreparedness when the war started and that our difficulties to-day are proof of the earnestness of our efforts to avoid war in 1939. Secondly, I dwelt on the time required for the change-over from peace to war conditions. It is surely quite clear also—and here I am referring to an earlier remark made in the House by the Prime Minister—that my remarks could not be taken as being criticism of the present Minister of Supply or the present President of the Board of Trade. I believe that both these gentlemen have done excellent work, but that does not in the least detract from the point I am making, namely, the necessity to drive home to the people of this country that there is still more that we can do, and that we are not doing all we can and putting in that little extra which is necessary if we are to win in reasonable time. To me, reasonable and careful criticism of that kind is the duty of the House of Commons. If we are not fighting for free discussion



[Sir J. Wardlaw-Milne.]  
 in the House of Commons, for free speech and for a free Press, indeed, I do not know what we are fighting for, and, of all people, I believe my right hon. Friend the Prime Minister would be the first to support me in that view. Clearly it must be our object to be careful in what we say, but equally it is our duty to try, not to find fault with the Government, but to spur them on to obtain that extra production which is so necessary and to point out where changes are required. I have not always seen eye to eye with my right hon. Friend in political matters. I differed entirely from his view in one particular question some years ago, but he has had no better friend or stronger supporter in the last months since he took up his present heavy responsibilities. The country owes him a great debt for his determination, drive and initiative which are of inestimable value, but at the same time, however gifted one man may be, one cannot help feeling that the country might benefit if that task could be a little more spread over others and his heavy burden correspondingly reduced.

I do not wish to draw attention to-day to matters to which I referred on the last occasion. It is noticeable, however, in connection with the references I made then that there has been a change, a minor change perhaps, in the working of the Essential Works Order. I am not suggesting it is as a result of the remarks made during that Debate, but at any rate it has been a change which I hope will lead to a more satisfactory working of that legislation. I am very tempted to deal with some of the difficulties of the Minister of Labour and his Ministry, such as the inadequate training facilities in factories, vacancies in the training centres, and the further measures required to successfully harness the willing labour of hundreds of thousands who for the first time in their lives are devoting themselves to very arduous work under disagreeable and often repugnant conditions. The Prime Minister seemed to me to want to shield the Minister of Labour. The Minister of Labour is of a very stalwart structure, and he seems to me to be well able to stand on his own. I do not know of anyone attacking him although I do not think he can possibly expect to be free of criticism in a time like this when all of us are so deeply interested in obtaining the maximum results in the

important work he is doing. I am sure the Minister of Labour will not desire the Committee to believe he is entirely satisfied with the present position of affairs. We all know there is a great deal more still to be done in training labour and in placing it.

There is one point, however, upon which I must dwell for a moment. The Prime Minister referred to it again—in fact, it was one of the main points of his speech. It relates to the desire in some parts of the House and among a great number of people outside to see the appointment of a Ministry of Munitions. When I spoke here a few weeks ago I dealt with that point rather guardedly. I referred to the necessity for co-ordination to avoid the difficulties which exist—and everyone knows they exist—between Government Departments and between the Departments and various factories, and I came to the conclusion that there seemed then no other way out of the difficulty except by the appointment of a Ministry of Munitions. I was well aware of the fact that a complete change-over of this kind at this stage of the war was a matter which would have to be very carefully considered. There is no doubt that it would be apt to hold up the machine, perhaps only for a few days but even possibly for weeks. I have therefore been considering since then whether there is not another measure which could be put forward as a constructive proposal to enable the Government to deal with the various difficulties which I and other Members have enumerated to-day and on the previous occasion.

It seems to me that there is an alternative which might be tried. The Minister of Labour has made certain alterations in the Area Boards. I agree with the last speaker that these changes have not gone far enough to make any radical alteration in the present procedure. These Area Boards, or Regional Boards, as they are now called, are still mainly advisory. In that capacity I do not think we will get very much further help from them. I suggest that the Government might consider giving real power to these Regional Boards to act in their areas under one Minister in Whitehall—I do not care what you call him—a Minister of Munitions or a present member of the War Cabinet free from Departmental work and in control of the Production Executive. What we

want is not advice but action in the regions. They have the knowledge there of production capabilities in their areas, and, if we could get a Board consisting of representatives of the different Ministries, presided over by a leading local industrialist as chairman and a leading trade unionist as deputy-chairman, or vice versa, with power to act in their area, I believe we might make a very great advance in securing all the district was capable of producing; in the removal of bottle-necks and in the transfer of capacity from one part or unit in the area to another. It would be essential that the chairman, acting for the Board, should have power to refer directly to one Minister in Whitehall. What we want to stop is the present system by which problems are referred back from the area to each Department of the Government independently, from the Ministry of Supply representative to the Ministry of Supply, from the Admiralty representative to the Admiralty, and thus delay decisions and hold up output. If the Government feel that a Ministry of Munitions means too complete an upset at the present stage of the war, I suggest that they should make these Area Boards very much stronger than they are at present and give them power to control production within their areas and to refer directly to one Minister where there is a necessity to settle some question of policy. I am deeply concerned at the inadequacy of the present area organisations and I think a policy of decentralisation on some such lines is the only possible alternative to a Ministry of Munitions.

I have said that the first object of my former speech had been achieved, and that was to bring to the notice of the Government the fact that many people in the country are not satisfied with what we are at present doing. I think I might almost claim that my second object in these Debates has also been achieved, and that is to make the people of the country also realise the position. If we can make people appreciate the importance of their own individual effort, the damage done by delays or stoppages, whether the fault of managements or slackness on the part of workmen, if we can make every man and woman realise that it is individual effort that counts, we shall have gone far to achieve what we want.

Time is passing. It is a little sad that, after twenty-three months of war and three years or more since we started to rearm, we are still only directly fighting Hitler, though very effectively, in the air. Let us face the facts. I do not think for a moment that we lose caste anywhere in the world by facing them. It has taken us a long time, although the task was tremendous and the change-over no mean one, to get into our stride, and it is a little sad, I say, that we are not any further on than we are to-day, great as our achievements are. I do not want ever again to have the Prime Minister say, in a similar kind of case, as he had to say in the case of Crete, that we could not hold it because we had not got the guns. Why have we not got the guns? Some of the reasons why we have not got them yet to the extent necessary are the very matters which the Prime Minister dismissed to-day as details. It is these details that count. I want a determined effort by every executive and every workman to get the largest output possible and to avoid waste of time, labour or material. It must be unpatriotic to waste one's efforts and to allow others to waste valuable days and months. If we have brought that home to the people, as well as bringing the difficulties and problems actively before the attention of the Government, we have done some good.

**Mr. Shinwell (Seaham):** The Prime Minister, in opening the Debate, made a characteristic speech. I am bound to say that it was a remarkable dialectical effort, and with much of what was said about the immensity of our task, the final outcome of the war, the background of our production effort and the response of labour, I am in complete accord. Indeed, so are we all. But if the speech was intended as a considered reply to the recent Debate on production and the many criticisms made on that occasion, it was singularly unsuccessful. We expected a considered reply to the allegations made in the last Debate. Apart from one or two allegations to which the right hon. Gentleman replied, no more was said, and the only response that we received was that our criticism, which emerged from all quarters of the House, would be duly considered. The Prime Minister has again failed to appreciate the fundamental nature of the complaint which has emerged in almost

[Mr. Shinwell.]

every one of the production and manpower Debates. May I, therefore, direct attention to what I regard as the real and fundamental issue? It can best be appreciated if it is put in a series of questions. Do the facts—I emphasise the facts—of our actual production justify the acceptance of the view that the position is satisfactory, having regard to the gigantic task confronting the nation? Have we organised the whole of our potential industrial capacity in the war effort? Is there any substance in the complaint made about idle and under-employed labour in factories and about inefficiency of managements? If the munitions position was showing a steady improvement under the control of the late Minister of Supply, why was he supplanted by Lord Beaverbrook? To these questions we have received no adequate replies.

Before I deal with the questions I must make reference, following what was said by my hon. Friend opposite, to another issue that emerged from the Prime Minister's speech. If I may say so, my right hon. Friend is very prolific in his challenges to the Committee. He invites us to Divide and again Divide, and presumably to Divide as often as we please; he is ready to meet the challenge. There has, however, never been any specific challenge to the Government. Surely it cannot be supposed that when questions are asked or criticisms emerge in this free and democratic Assembly, the only response vouchsafed by the Prime Minister is to be the acceptance of a challenge. As far as I am personally concerned, I am willing to Divide the House at least twice a week on a fundamental issue if it does emerge, but not on the terms stated by the Prime Minister. With Whips of all parties fettering private Members, it is easy enough to challenge hon. Members. The challenge is easy when all the cards and, indeed, all the trumps are stacked on your side. I resent these challenges that emerge from my right hon. Friend. There is no occasion for them. Whether he challenges us or not, however, criticism will be continued if there is just occasion for it, but not with any desire to impair the war fabric or embarrass the Government.

In spite of what the Prime Minister said, and, indeed, in spite of this Debate, it is still not clear whether the Government regard the munitions position as satis-

factory. We have had percentages and statistics which are meaningless and convey nothing. In the nature of the case nothing can be conveyed by these statistics. Occasionally we have heard statements by Government spokesmen in reply to criticisms which express complete satisfaction with the state of our munitions progress. Frequently we have read speeches by Ministers which were supremely optimistic. The speech of the Minister for Aircraft Production in the last production Debate was a truly remarkable effort in optimism. It was an easy-going, so complacent and so self-assured, probably because, as the Prime Minister remarked when announcing today's Debate, it was not a considered statement. Ministers are expected to make considered statements. If they are unable to do so, it seems likely that they have much to learn about their jobs. On the other hand, we frequently hear accounts of our munitions position which show that the Government are fully alive to the inadequacy of our production effort. Statements do not lose their force because they are made behind closed doors, and in public Ministers manage to let the cat out of the bag.

A superabundance of evidence goes to prove that we could make a fuller use of our productive effort. Speeches and articles by responsible trade union leaders, many of which I have collected and could quote, statements by workers and by production experts and documents issued by the Select Committee provide a powerful case for criticism which, even allowing for the many difficulties which the Government have encountered, is impressive and cannot be easily dismissed. I propose to take my stand on the ground provided by the Government themselves. Take, for example, the admissions—for they were admissions, vital admissions—made by the Prime Minister during the Debate on the Cretan episode. Was it not conclusive that the primary difficulty was to provide a sufficiency of arms in all theatres of our Near Eastern operations? This is what the Prime Minister said among other things:

"A man must be a perfect fool who thinks that we have large quantities of anti-aircraft guns and aircraft lying about unused at the present time. I will speak about aircraft in a moment, but, so far as anti-aircraft guns are concerned, large and expanding as is our present production, every single gun is in

action at some necessary point or other, and all future production for many months ahead is eagerly competed for by rival claimants with very often, massive cases behind each one of them."—(OFFICIAL REPORT, 10th June, 1941, col. 142, Vol. 372.)

That was a quite recent announcement, a vital and damaging announcement. It should be noted that the statement was made, not in secret but in public, so that when the Prime Minister criticises the critics for making known to the country and the world our deficiencies, he must himself take a share and a large share of the responsibility when he is guilty of making pronouncements of this character. It may be urged that the first consideration in relation to the Cretan episode was strategy. But it is surely clearly established that our strategy is largely, if not wholly, determined by our capacity to produce and deliver munitions.

There is a stronger and more recent criticism. The Prime Minister, in a courageous broadcast six weeks ago, made an immediate response to the wanton act of aggression committed by Hitler on Soviet Russia. Since then we have proceeded further. We have declared Soviet Russia is our Ally. That was a wise decision. Furthermore, we promised to render all possible aid to our new Ally in her struggle against the enemy. Why have we so far failed to render assistance of a substantial kind? The air attacks on the Western Front have been magnificent, but they would presumably have occurred in any event. If the Government maintained that these attacks would not have taken place, that would itself be a ground for serious criticism. We know the Prime Minister well enough to say that he would wish to create a substantial diversion on the Western Front, to throw our strength into the attack and help to relieve our Russian Allies. Why has he failed? My right hon. Friend the Prime Minister has the courage, he has the ambition, and the firm conviction of the urgent need for such an onslaught. He would be the first man to join issue with the enemy on this front. Why is he so reluctant? Surely the answer is that he has everything but the means.

It may be urged that we have to conserve our resources because of the possibility of invasion, but the Prime Minister does not rely for final victory on defence

alone. He more than any other man is conscious of the need for attack if the enemy is to be brought to book. We did not enter the war simply for the purpose of defending this island. On the other hand, if we expect invasion, as the Prime Minister indicated in his speech to-day, and are conserving our resources for that event, why are we so prolific in our pledges of active support and so ready in promising assistance? If all we have in munitions barely suffices for the defence of these shores, with some provision for our Forces in the Near East which itself is known to be inadequate in the event of large-scale operations, why pretend that the production position is satisfactory and show resentment in the teeth of criticism? Facts are facts, whatever the Government may say, and the suppression of criticism will not enable the Government to take the initiative. That can only be achieved when we have an efficient scheme of production and a flow of munitions on a colossal scale has emerged.

It occurs to me, and I recall what the Prime Minister said during his speech, that the Government are relying too much on the flow of munitions from the United States. If so, it is a grave blunder. I listened with great interest to the statements of our American friends on this side. Their optimism does credit to their intentions and sincerity, but we cannot expect the industries of the United States to repair the deficiencies of our own factories. That is asking from them more than they are capable of giving. Moreover, should America be embroiled in war with Japan, it is doubtful whether we can expect to receive a flow of munitions on the present scale. Therefore, to say that there is a vast improvement on the position a year ago, and that we are gradually bringing the nation to full production, is not enough.

It may be that the Government have a target figure in guns and tanks and in all forms of munitions, and that the target figure is being reached every month. That may be so, although it may sometimes happen that the target in a particular category appears to have been reached when, in fact, for want of spare parts or for some other cause, they cannot be put into commission. A tank is not really a tank until it is fully equipped with guns.

[Mr. Shinwell.]  
 electrical equipment and all other accessories, any more than a ship becomes a ship when it is launched but has not the engines installed. In any event, it is always possible to reach a target figure without difficulty if the figure is comparatively low. Everything depends on the target set by the Government. If the Government believe that 1,000 guns a month—that is merely an illustration—are sufficient, and that figure is reached, they may feel satisfied, but the number may be far short of what is actually required. It may be necessary that the target figure should be revised and increased.

I should like to refer to a Debate in this House on 7th August last year. On that occasion I, with other hon. Members, made a demand for the complete mobilisation of all our resources for the war effort. That demand received support in many quarters and elicited the reply—in August last, let it be noted—that the Government had a plan and that it was working to their complete satisfaction. Subsequent events seem to indicate that whatever the plan was it proved inadequate for our purposes, or perhaps the Ministers responsible for operating the plan never had a real chance of bringing it to fruition. At any rate, after all the talk of planning and the promise of full mobilisation, at the end of nearly two years of war and fifteen months of the life of the present Government, we have failed to achieve anything like the full use of our resources.

Who is to blame for this state of affairs? In the opening speech of the Debate my right hon. Friend paid a well-deserved tribute to the Minister of Aircraft Production. May I remind the Committee that barely twelve months ago the Minister of Labour received the unstinted and unanimous applause of hon. Members opposite? Now many of the same people who applauded him seek to condemn him, but he is not to blame for the present position. He has never had the authority which would have enabled him to deal with the situation. His task has been to provide the labour, not to organise the supply of munitions. Indeed, it is doubtful whether my right hon. Friend was ever consulted about the location of the new ordnance factories. They were placed in remote areas. Housing was apparently never considered; transport certainly never

received any consideration. Moreover, the basic wage paid to female workers in those factories was far too low and failed to attract labour from other industries. That is why registration became essential. I hear that the basic wage for female workers in our new factories is only 38s. a week, and while they may earn more it has led to stress and strain which has caused new difficulties. That, I believe, is not the fault of my right hon. Friend, but the fault of the Treasury, who know nothing about such matters, and apparently never realised that girls earning £3 and sometimes £4 a week in non-essential trades were not disposed to enter munition factories and, when they were compelled to do so, became unwilling workers.

Moreover, when the managements in private concerns proved difficult the Minister of Labour had no power to intervene. There was no authority to displace them or to take over the factories—apart from the famous declaration by the Lord Privy Seal, which is now a standing joke all over the country. On the other hand, my right hon. Friend the Minister of Labour was step by step compelled to use compulsion on the workers without exercising any compulsion on the employers. That is not only an anomaly but is an impediment to production. No, Sir, the blame does not reside in the Minister of Labour or, for that matter, in any other Departmental Minister. It is elsewhere that we must search for it.

Let me give another example. The late Minister of Supply, now the President of the Board of Trade, is a man with a remarkable business record and, as everyone will agree, a man of the highest integrity. In a statement issued by his Department following upon a Debate in Secret Session he gave a fair exposition of the work of the Ministry of Supply. He showed how it was gradually to be built up by an ordered production plan. After nine months, what has he actually produced? He has not produced a scheme which commends itself to the War Cabinet or to the Prime Minister, and certainly not that vast range of munitions which everybody had been entitled to expect. All that he has succeeded in producing is Lord Beaverbrook. That is all that has emerged. Why has Lord Beaverbrook emerged? Is it because the position is satisfactory? Is it because the

plan has succeeded, that smooth-working plan of which we heard so much in the Prime Minister's speech to-day? Is it because the plan has succeeded and we are now able to build up the tanks and guns which we require for a great effort? Or is it because the plan has failed, and something must be done rapidly to make up the leeway? It was suggested somewhere that the late Minister of Supply had to return to the Board of Trade because there was nobody else to go there. Surely the Prime Minister could have selected somebody from his entourage to fill that post without arousing additional comment.

What is Lord Beaverbrook expected to do at the Ministry of Supply? Apparently he has reconstructed his Tank Board. Presumably he has done so because there was something wrong with the old lot, and if there was something wrong with the old lot, there was something wrong somewhere. Immediately Lord Beaverbrook emerges he removes the old gang and introduces a new lot. Is Lord Beaverbrook expected to act as a bull in a china shop and to barge around the place? We have heard stories of his barging. Is he expected to remain for the purpose of boosting-up production. When the booster is finished, is he to retire on his laurels, or is he to be sent to another Department to boost things up there, as the universal booster for the Government? He still remains a member of the Production Executive. Who is to co-ordinate the activities of the Production Executive? Will Lord Beaverbrook allow himself to be co-ordinated? I wonder whether my right hon. Friend the Minister of Labour would care, in a confidential comment across the Floor of the Committee but so that everybody can hear, to give the Committee an utterly frank idea of what he expects Lord Beaverbrook to do on the Council over which he presides with so much distinction.

**Mr. Bevin:** I can tell you what he will have to do.

**Mr. Shinwell:** Already? Such language to my Lord Beaverbrook? I do not ask for a Minister to run a grandiose munitions department. In that respect I differ from some of my hon. Friends. I ask for a Minister in the War Cabinet untrammelled by departmental considerations, to preside over the Production Executive and co-ordinate their activities. I agree with the

hon. Member for Kidderminster (Sir J. Wardlaw-Milne) that it may not be right to introduce a proposal of this kind now, but some modified proposal might be acceptable. I have no desire to abolish the Ministries of Supply, Aircraft Production or Labour, but I want these Departments to work to a common pattern, to eliminate all competition and to abolish all overlapping in production. The Ministry of Supply will never be a successful organisation until there has been a substantial transfer of the functions of other Departments to that Ministry. There is undoubtedly too much overlapping; and I will provide an example. The Ministry of Supply and the Ministry of Aircraft Production both manufacture machines, although of different types. The Ministry of Supply and the Admiralty both manufacture explosives and shells, as well as ammunition for certain guns, while the Ministry of Supply manufactures some shells for ex-naval guns now in the coastal defences. The Ministry of Aircraft Production manufactures bomb cases, although the Ministry of Supply does the filling and supplies the fuses. The Ministry of Supply manufactures all small arms and ammunition. Surely this constitutes a *prima facie* case for more unified organisation?

In the last Debate on production, a demand was made for the pooling of factories. I believe it was a very practical proposal. This served to elicit a superficial response from the Minister of Aircraft Production, who regarded it as an effort to purchase outright the whole of the engineering industry. It is nothing of the sort. There are several impediments to increased production, but one of them is the fact that several of the managements—I do not put it higher than that—are reluctant to release labour and other resources for the use of their competitors; sometimes they conceal their reserves for fear of losing them to other firms. The plain fact is that they are afraid of diminishing their earning capacity. The remedy is to pool the firms engaged in certain fields of productive activity, thus providing compensation to shareholders and giving each firm an assurance that none will gain at the expense of another. That would remove much of the present difficulty, but that is not nationalisation, although I am bound to say that if the Government find that production is being

[Mr. Shinwell.] retarded by private firms, the obvious course is to take them over, at least for the duration of the war.

A few words now on the question of labour supply. I have no doubt that the Minister of Labour has done all in his power to increase training, but I doubt whether the position is yet satisfactory. Perhaps he will tell us what numbers are at his disposal. Several weeks ago we accepted proposals for the concentration of industry. The main purpose was to release labour from non-essential industries for work on munitions. What is the result? It is reported that we have secured, or are about to secure, the services of about 115,000 persons. That is a ridiculously small number. The estimated labour force in non-essential industries that could be made available is from 700,000 to 750,000 persons, so that all we have been able to secure is about 15 per cent. Again, we run up against the difficulty that obstacles are placed in the way by firms who see their livelihood disappearing and by workers who prefer to remain in their old trades earning reasonable wages instead of going on munitions, where the basic wage for a man is 63s. and for a woman 38s. weekly. Not until the principle of compensation is accepted shall we overcome this difficulty, and when it is considered that workers who must leave their homes are compelled to pay high prices for billets, and have sometimes heavy transport costs, it will be seen that some of the troubles are of the making of the Treasury and not of the Ministry of Labour.

This is not in reality a production Debate. We are not called upon to offer constructive proposals, and I shall tell the Committee why. Because, as the Prime Minister observed in the course of his speech, every proposal that has emerged in the course of the past year or 18 months was already well known to the Government and had been considered. I do not want to advance constructive proposals, only to be told six months hence that the Government knew all about them before I had thought of them. If the Government know everything, there is not much room for the critics in this House. Indeed, I wonder if there is much room for Parliament itself. I affirm that the case for the critics has been made out. They are

completely vindicated by events and need offer no apologies for the strictures in the recent Debate.

It is the function of this House to offer criticism, and I hope they will never abandon it. I maintain that since last August we have consistently offered suggestions to the Government in a helpful and constructive spirit. If, on occasion, there is some acid about, let it not be forgotten that Ministers, not excluding the Prime Minister, have indulged in it—use themselves. The faults are not always on one side. But whether in the Government, or on the other benches in this House, our objective is the same. It is to construct out of our vast resources the arms required to give the death blow to the menace of Hitlerism. On that issue there is common agreement, whatever else may divide us. We have the skill of our craftsmen, the willingness of millions of our workers of less skill but none the less useful, our technical ability and capacity of organisation and, by no means least, the support of powerful Allies. That, properly used, is a powerful and formidable combination. Let us make certain it is effectively organised and harnessed to the national effort.

**Mr. Leslie Boyce** (Gloucester): I do not propose to intervene for more than a few minutes, as I know that a number of Members who wish to speak may not be given an opportunity to do so. My intervention is for two reasons, first, because I happen to be intimately associated with a number of industrial concerns throughout the country which are engaged in Government work, and, secondly, because, no less than the Prime Minister himself, I felt that the recent Debate on supply was calculated to give a wholly false impression of the magnitude of our national effort.

In the present Debate, in summing up his condemnation of the results which have been achieved by our production Departments, the hon. Member for Kidderminster (Sir J. Wardlaw-Milne) said, in effect, "Here we are at the end of 23 months, and we are only hitting Hitler in the air." Has he never heard of the work of the Royal Navy? Does he blame the Ministry of Supply or the industries of this country for the immense amount of equipment left behind at Dunkirk, or in Norway, Greece, or Crete? When

have regard to the fact that this country started its war production effort some five or six years after Germany, when we have regard to the enormous change-over that has had to take place in our factories and workshops from a peace-time to a war production, apart altogether from the hundreds of new plants that have had to be laid down, I submit to the Committee the result which has been achieved up to date, when taken as a whole, has been truly remarkable.

But nobody in his senses, least of all the Prime Minister, pretends that we have yet had time to reach the maximum effort of which this nation is capable. There is ample evidence that most of the shortcomings mentioned in this or the previous Debate are known to the Government, and are receiving attention. They are being brought to the notice of the Government by trade associations and industrialists all the time whenever they arise. I believe the gap between the percentage of output which the hon. Member for Kidderminster mentioned and the maximum output of which we are capable, is closing more quickly than the hon. Member would lead us to believe.

In the recent Debate on production the hon. Member for North Aberdeen (Mr. Garro Jones), like other hon. Members, made considerable play with the fact that industry was being held up owing to numerous alterations in designs. I know from bitter experience what it is to have a pile of blue-prints arriving morning after morning containing such alterations just when you are hoping to receive instructions to go ahead with production. There have been times when some of us have been extremely irritated by that; times when, if I had not been a Member of Parliament, I should perhaps have been sorely tempted to seek out a Member of Parliament and elicit his assistance. But we learned our lesson and modified our views at the time of the Battle of Britain. We then realised—some, perhaps for the first time—that if it had not been for the alterations which had been made in the designs of the Spitfire and of the Hurricane which gave them superiority in performance, no amount of skill on the part of the industrialists and workers and of the pilots could possibly have saved this country.

Whether we are producing aeroplanes, tanks, guns or any other form of munitions, we should adopt as a winning motto: "Get your prototype right before you go into production." This involves, among other things, having actual machines built and undergoing a whole series of trials, the manufacturer receiving, day after day, modifications in design as the result of those trials, before he can start production. But production need not necessarily be held up seriously on that account, provided that the moment the machine has reached a certain standard of performance, the manufacturer is allowed to go ahead and produce, say, 50 or 100 of that type. Later modifications may be conveniently incorporated in the next series. In that way the country will get the best of both worlds. The R.A.F. and the Army will get the machines on which to start their training, and, in due course, when the real fighting units come off the production line, they will incorporate all the latest improvements. Fortunately, at least so far as my experience goes, the Supply Departments are acting more and more on this principle, which I am certain is the right one.

There are many such practical points on which I would wish to touch if there were time, but I have reason to believe that in most cases the Government are well aware of them and are giving them their attention. I would, however, like to emphasise one very important point, and that is that if we are to maintain an even and uninterrupted flow of aeroplanes, tanks, guns and munitions, there must be continuity of orders so that factories should have sufficient time to retain or engage the necessary labour, to plan and programme the production through their shops, to order and obtain the materials required so that they can be put through their machine shops and got ready as component parts for assembly, and to enable them to obtain the necessary jigs, tools, templates, etc., so that the time taken in changing from one production job to another is reduced to the absolute minimum. In years gone by we have suffered through orders being held back and only brought to us at a time when we had no alternative but to stand men off. I am glad to say, however, that in recent times, and particularly during the tenure of the present Government,



[Mr. Boyce.] things have greatly improved in that respect. I have mentioned the matter again to-day in order to bring it further to the attention of the various Departments concerned, so that any delay of this kind which may still operate to prevent the even flow of production may be eliminated altogether in the future.

I am very glad indeed that the Government, and Parliament, as has been shown by the various speeches made to-day, realise that whereas overtime is necessary in the present national emergency, it has been proved to be a physical impossibility to work men for seven days a week and to maintain increased output. I know of a number of cases where the seven-day week has been attempted, and the output, with the best will in the world, has actually fallen below that of the normal week's output.

It has been repeatedly said that more than 90 per cent. of the managements and men who are engaged in industry at this moment are putting their backs into their jobs in the great drive for victory on the workshop front. To that view I heartily subscribe. But I would like also to pay a very well-deserved tribute to the immensely valuable contribution being made to industry by women. It is within my knowledge that many hundreds of women, who are temporarily engaged in industry to-day, and who do not expect to be continued in industry after the war, are proving themselves punctual, methodical, industrious and efficient. In a matter of days, or at most weeks, they have mastered the most complicated machines and are working accurately to the finest limits. In acknowledging, as we gladly do, the work which our fellow men are doing at this time, I hope we shall not be slow to acknowledge our increasing indebtedness to the women for the part they are playing in the national effort.

**Commander Bower (Cleveland):** I think the resumption of this Debate to-day will be proved to be extremely valuable because I cannot help feeling that my right hon. Friend the Prime Minister had a wrong impression of the amount of interest which was being taken in the question of production, not only in this House but throughout the country. Parliament, Press and people have been taking a very lively interest in the matter,

and I feel that during the last Debate the Committee was not altogether treated with that regard and courtesy which it deserves. After all, at the present time, when so many of our liberties have been surrendered, it is all the more important that the Executive should value the critical and informative function which Parliament is expected to exercise. I cannot help feeling that my right hon. Friend, had he consulted his Sancho Panza, his Parliamentary Private Secretary, might have had a conversation something like this:

"'How sayest thou so?' quoth Don Quixote: 'Dost thou not hear the *luzas* neigh, the trumpets sound, and the beat of drum?' 'I hear nothing else' said Sancho, 'than a great bleating of many sheep.'"

When my right hon. Friend said it would be open to us to take up the quarrel, I think he was making a great mistake. As the hon. Member for Seaham (Mr. Shinwell) said, there is no quarrel here; we are all on the same line; we want to get our production up to its very maximum. Again to-day, my hon. Friend the Member for Kidderminster (Sir J. Wardlaw-Milne) said that he considered that our production was below what it might be. I think every hon. Member who represents an industrial constituency must come to that conclusion. Without going into figures or percentages, there is no doubt that we could do more, and I cannot see that it can do us any harm to let that fact be known in Australia, the United States, or anywhere else. It must be admitted that in the United States there are doubtless certain people and newspapers who are always prepared to take any damaging statements out of their context and use them against us. No Member of Parliament is unfamiliar with that type of procedure, but I do not think much harm is done by it, and I think that any harm that is done will be much more than counterbalanced by the guidance and instruction which the Government will receive from hon. Members when such criticisms are made.

I do not want to refer at any length to deficiencies in our production, but there is one point I would like to bring to the attention of my right hon. Friend the Minister of Labour. Owing to the Essential Work and other Orders, it is true to say that, broadly speaking, no employer is master in his own business to-day. That

may or may not be a good thing, and I do not propose to argue it now; what I say is that somebody must be master and there must be some form of discipline and control. After studying matters in my own constituency, my view is that the control of the management has been in a large measure vitiated, and nothing has been put in its place. That is unhealthy, and I am quite convinced that in many instances that in itself causes a loss of production.

There is another small point to which I want to refer. My attention has been drawn to one or two instances where civil servants performing extremely useful jobs, in which they have got to know all the details very thoroughly, and in which those working with them have got to know and like them, have suddenly been promoted and removed to another sphere of action for which they have been much less suited. I suggest that in such cases, without depriving the civil servants of the extra emoluments which arise from their promotion, they might easily be retained in the same jobs where they would probably be much more useful in the war effort than they would be in new and unaccustomed jobs.

Lastly, I wish to refer to the question of anti-aircraft guns, which the hon. Member for Seaham touched upon a few moments ago. I had personal experience of this. There is no secret in the matter. Last autumn the Navy were extremely short of anti-aircraft guns and I understood that was because they were wanted for the Army. But a few months later the Prime Minister stated openly in this House that the Army were short of anti-aircraft guns, and this was after nearly two years of war. I think that state of affairs was very regrettable indeed. I only mention it because Crete was a very great shock to us, particularly when some of the facts became known and we found out how very acute the shortage was in spite of all the time for preparation. I cannot believe the Government are satisfied with a state of affairs like that. I believe that if they are criticised for such deficiencies and resent this criticism, it is the duty of Parliament to say they resent such resentments. There is no hostility to this Government at all. All Parliament wants to do is to exercise its proper functions of guidance. I wish to associate myself with all those hon. Members, and

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there are many of them, who have said they intend to go on criticising in a friendly way, so long as they find something which should be criticised.

**Mr. Lawson (Chester-le-Street):** The Committee may remember that when the Prime Minister made his statement to the effect that the last Debate had caused some disturbance abroad, I interjected that it had caused some disturbance in this country. That was so, not because of the criticism—one expects criticism in this House, and I have not been, as the Committee knows, inactive myself on the question of production—but because it was thought in the country that no really adequate answer had been given to the points raised. I thought that some of the points would not have been very difficult to answer. The feeling in the country—and I had seen something of it in the Press as well—was illustrated by a conversation which I accidentally overheard and which indicated the reaction among the people following what was said during the previous Debate. Part of the conversation, which I heard in a bus, was on these lines: "Well, we have pulled our guts out for the last year; we have done all we can, and if this is the way they are going to talk about us, then to Halifax with the lot of them"—I am sorry to say the word used was not "Halifax." That was the attitude of the workers.

The hon. Member for Kidderminster (Sir J. Wardlaw-Milne) drew attention to the fact that he had been balanced in his criticism. He was. He stated, for instance, that the Government had worked wonders in the last year, and I am going to show that they have done so, in spite of some criticisms I have heard. That fact did not emerge, however. What did emerge in the Press, and it was not only hinted at, was the question of absenteeism, and questions affecting the workers generally. I am not going to excuse any worker who does not do his duty. I am not such a fool as to say there are not workers who do not do their duty. I have not been in industry for the better part of my life without knowing that. But I say, that the critics of the workers seldom pay any attention to a considerable section of society which never does any work at all, which has sufficient wealth to get as much food as it likes, which can roll in its motor cars to certain places and pay for what it

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gets, and very often get what is denied to other people. We do not hear much about that class. Neither do we hear that in the past year the mass of the workers have, in the main, almost exhausted themselves in order to contribute towards the nation's need. They have done more. Night after night, week-end after week-end, they go out on night duty, helping in civil defence, taking part in route marches, practices and manoeuvres with the Home Guard. I think we might sometimes spend a little time in telling the world what our workers have done in the last year, instead of limiting ourselves to criticism of their activities. One would have thought from some of the speeches to-day that the Government had been in office for the last four or five years, or at least since the war had broken out. It looks to me as though some critics are trying to cover the defects of previous Governments by casting the sins of those Governments upon the present Government.

What was the position twelve months ago? We had lost the bulk of our equipment in France and the Low Countries. We had a call for old shot guns for the Home Guard—and were we not pleased when we got a varied assortment of arms from America? We welcomed that gift as though it was a veritable factory armaments works in itself. We were grateful for what we got. We are very grateful to America for all she has done and for all that is coming. We appreciate the magnificent fight that Russia is putting up now and the benefit that it is giving us. But we still realise that we have to depend upon ourselves. If we have improved our position—and we have, as the Prime Minister said—we have to remember, too, that the enemy has improved his position. He has the whole of Europe at his disposal, and we have not learned much if we do not know that the enemy is just as ruthlessly efficient in things economic as he is in the military and air spheres? Speed is the keynote of things as far as we are concerned, and the Government, and particularly the Prime Minister, cannot sufficiently emphasise to the people of this country that one day that enemy will turn upon us. He will come back in desperation, and we shall need to be armed much better than we are at the present time if that does take place.

I have said previously in the House that I do not think there is sufficient authority in those who represent the Government in matters of production. I do not think the Government have been given sufficient credit for the setting-up of the Production Executive, the Advisory Committee and the Regional Committees. That was a wise move. There was more wisdom behind it than the Committee generally appreciate. The Advisory Committee has the effect of harnessing the experience of industry generally on the part of employers and workers to the Production Executive. That was badly needed. The Regional Committee does the same thing. I want the Minister of Labour to realise that there is something like unanimity in all parts of the House on the fact that whoever acts as chairman of the Production Executive must have time to do the work and authority to act. Both here at the centre and in the regions I have a sense of a lack of authority. Statements and complaints were made in the last two days' Debate, but, as the Prime Minister allowed to-day, some of them were a little out of date. The right hon. Gentleman has only begun to operate as chairman of the Production Executive. Some of the troubles and scandals that were related in the Committee happened some time ago. When complaints can be put to the Advisory Committee by the employers' side of industry, the committee get to know what is wrong, and they get plenty of quick information. They come up, too, from the workers' side. It is expected that these meetings, representative of the workers and the employers, will keep the Production Executive informed of what is happening in the country. The right hon. Gentleman the Minister of Labour has not the time to deal with these things. It is no good saying there is a staff to deal with them, because they are matters which need the personal attention of the Minister.

Then take the regional position; the same thing applies there. It was in the regions that I saw the scheme at work. I have proposed that there should be somebody in a region directly responsible and free to act with authority in place of relying upon a committee. What happens in the region is that an employer sits in the chair and the difficulties are talked over. That employer is usually a man who is the executive of a company

is not the manager. When he leaves that meeting he goes back to his own work and the whole organisation is left in the hands of civil servants. They may be good or they may be bad, but the fact remains there is nobody with authority in charge in the region. They get plenty of circulars. That is the trouble. Instead of someone with authority being appointed to act, so many circulars are sent from Department after Department that if all are to be read there will be no work done. I do not mind saying that if I read all the circulars I get on Civil Defence matters, I should get no work done, and I may tell those who write them that I do not read half of them. We shall only cut down the issue of circulars by putting in charge someone who is really responsible.

I do not think the Prime Minister has heard the last of this question of a Ministry of Production, in spite of the explanation he has given to-day. It is the old question of the Ministry of Munitions over again, and I think he will have to answer the case in a much more effective fashion than he has done to-day, and also meet the point that we are now in a situation where we have not the incentive of private profit-making on the one hand, or the wholesale nationalisation of factories on the other. I think that is a point which will call for an effective answer before very long.

I am glad that the right hon. Gentleman the Member for Devonport (Mr. Hore-Belisha) has come back to the Committee, because I want to speak frankly upon another side of the matter which has not been raised at all to-day. It is not without significance that for the first day of the formation of this Government the storm of criticism broke upon the Minister of Labour. My right hon. Friend the Minister of Labour can answer for himself in any rough-and-tumble, but the matter has gone further than that since that day. I understand that something like a shadow Cabinet is in being and, from what I can see, particularly in the Press, it is not without meaning that the Ministers who have been ousted are practically all Labour Ministers. There has been a kind of straw ballot taken, which often coincides with what are called the rumours in the Lobby. Sometimes we have heard the statement that Ministers ought to be chosen irrespective of party.

That statement made in this House has usually been cheered, but I notice that there is very great caution this afternoon. I always ask myself the question: Irrespective of which party? I notice, for instance, that the last Ministers were chosen in certain parts of this House, and all of us had our opinions about them, but when it came to the meagre—

**The Deputy-Chairman:** I am not quite sure under which Vote the present comments of the hon. Gentleman come.

**Mr. Lawson:** I was speaking about criticism which had been levelled at the Government and was pointing out that it had generally been side-tracked on to labour. As a matter of fact, there is a definite attempt on the part of certain hon. Members to try, by much pushing-off of criticism, to lay the whole of the blame upon Labour for the position in steel production. It is an old party game. All I can say is that the Prime Minister showed an understanding 12 months ago of the stage of development at which this country had arrived when he asked Labour, both political and industrial, to join the Government. It appears to me that it is not yet quite understood that Labour is not now in mean street, either politically or industrially. Something like a miracle has happened in this country. In this industrial age there is more combustible material lying about than ever before in our history, explosive material, which has destroyed many nations. The miracle is that this country is more united now than ever before in its history. If there is anywhere an impression abroad that labour can be kicked out and yet kept in, all I can say is that that is heading for disaster. I do not want to pursue that, except to say that I have watched with very great pleasure the united endeavour of the people of this country to increase output and to strengthen our defensive organisation. That unity and that temper represent the people of the country. I do not believe that any section of society will for a moment tolerate anyone who tries to separate the various elements of this Government.

In conclusion, as some of the older Members here know, there was a time not very long ago, before artillery was mechanised, when each gun was drawn by six horses. The Committee will perhaps excuse me for saying that I was one of

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the unfortunate people who had to ride the horses. I never made much of a soldier, but I had much tribulation in learning to ride my horses, and I think I was about as brave about that as were some of the gentlemen who wore red tabs. One thing I learnt was that one had to forget oneself and think of the team; if not, one was soon in a tangle, there was soon trouble and maybe disaster. The horses had to move together. It was a great art to get everything working together. I thought that was a lesson which we had learnt effectively for the period of the war, but I am beginning to have my doubts. At any rate, we did learn then, for our own sakes, to forget ourselves and remember the team. The moral of that is obvious, and if nothing else I have said is remembered, I recommend that to this House both in this and in future Debates.

**The Minister of Labour (Mr. Ernest Bevin):** I do not think there are many points in to-day's Debate which I am called upon to answer in detail. There are, however, one or two points from previous Debates which I should like to deal with, as the Vote of the Ministry of Labour was not down on those occasions and I think it is better that I should clear them up now. There was a statement made by the hon. Member for East Fife (Mr. Henderson Stewart) regarding piece-work earnings which, if allowed to go unanswered, may cause some uneasiness among the vast number of people in the country who are on payments by results. Payments by results, if they are to be successful in their application, must rest on absolute confidence. There is no other way in which they can operate. It was said on that occasion that I had caused some uneasiness by the statement which I had made publicly that I did not mind what was earned on payment by results so long as it was represented by production. We were asked whether or not that represented Government policy. My answer to the hon. Member is "Yes, emphatically." When a rate is fixed through the procedure existing in industry, and the people increase their output, it is not our concern, from that point, what they earn. We assume that the industry will fix the rate justly if the proper machinery is used. But the more the people increase their earnings, the lower they make the costs of

production. The greatest antidote to inflation takes place, and there is a gross production for the war effort. Therefore, it is Government policy.

**Mr. Henderson Stewart (Fife, East):** I cannot recollect that I mentioned anything about piece rates. I did not mean to refer to piece rates at all. I was talking about total wages earned, and the point I was trying to make was whether there was to be any limit to the total wages earned in a diminishing consumption market.

**Mr. Bevin:** The hon. Member was referring to the speech I made which dealt with piece work in the building industry. I made a speech in Manchester, and the hon. Member quoted from it. I dealt in it with the transference of a body of men, after 100 years, to payment by results. In the interests of the war effort I have persuaded them to go over to the system of payment by result—no mean task, even for an unskilled labourer. Therefore, I have said to the men that when the piece-rate is fixed in the building trade, I do not mind how many bricks they lay, or what they earn; what I want is production. That is Government policy, and to that the whole Cabinet adheres.

**Mr. Stewart:** That was not the report printed in the "Times."

**Mr. Austin Hopkinson (Mossley):** Is there a guaranteed minimum?

**Sir Joseph Nall (Manchester, Hulme):** I was present at the meeting to which the Minister has referred, and I think I am entitled to say that no one at that meeting could possibly have misconstrued what he said. It was perfectly clear to everyone who listened that he wished that those who did put their backs into the job should get the proceeds to which they were entitled.

**Mr. Bevin:** There is another point which was made in the last Debate by my hon. Friend the Member for Kidderminster (Sir J. Wardlaw-Milne) with regard to the difficulty of fixing rates. This is a vexed problem. Anyone who has had any experience of rate-fixing knows how difficult it is to forecast exactly what production will be, but I think that if the procedure laid down by the Employers' Federations and the trade unions of the country is followed, and people do

not go in madcap fashion fixing rates, and then complaining of other people afterwards, it will be kept on a fairly good level. It may be that, as a result of the expedition of workers, the outcome is greater production and, again, what looks like abnormal earnings. But I am always a little puzzled about these abnormal earnings. I really think it is time that this class distinction came to an end. If somebody gets £1,000, £2,000 or £3,000, it is purely a conception, it is purely a tradition, but if a workman gets over £5, somebody thinks the world is coming to an end. For Heaven's sake, let us get into our minds that the thing that matters is cost.

May I refer, while on this wages problem, to the White Paper, and deal with the point put by the right hon. Baronet the Member for South-West Bethnal Green (Sir P. Harris). He asked, could not a stop be put on wages, because of the danger of inflation? That was what was tried in the last war, and it caused inflation. In 1917 the then Government decided that they would get the chairman of the arbitration tribunal to announce that it was Government policy that further increases should not be granted. What happened? My right hon. Friend the Prime Minister will well remember, because it nearly ended his political career. The moment the safety valve of unfettered arbitration was taken away, disastrous disputes followed throughout the country. I beg hon. Members not to single out one class in the community and say that for them arbitration should be fettered.

It has been assumed always that wages increase prices. Actually, wages always follow prices up and follow prices down. I make a present of that fact both ways. When prices go up, wages go up; and when prices come down and wages have to follow them down, great difficulty in adjustment may result. We discovered that at the end of the last war. That is the difficulty. Therefore, on this occasion we have made stabilisation the fundamental policy. The White Paper says that if prices remain as they are now, so-and-so should be taken into account, but that if prices jump right up, you cannot close the door to adjustment of wages. We hope, by the methods we have adopted and by the policy which the Chancellor of the Exchequer

announced in the Budget, to create a situation in which adjustments will not be necessary. I think that is the best policy to follow.

May I say on behalf of—perhaps I should not say on behalf of anybody, but I cannot yet remember that I am here, after so many years in another place. [Interruption.] I think Transport House is another place. I would like to say this, however, on behalf of industry. Before I came here there were many discussions on this problem. I believe that both sides in industry are seized of the importance of trying to avoid such difficult times as they experienced from 1918 to 1926. Adjustments upward may be popular—I speak from sorry experience. Adjustments downward are not an easy matter. We do not want to create a situation at the end of this war in which wage policy will throw out of gear internal production, the quick revival of our export trades, coal and everything else. In that sense we are trying with the help of employers, of the trades unions, of the Treasury and everybody else to keep the balance. That you will avoid inflation altogether is very doubtful and you must have a strong machine at the end of this war to control speculation and every factor which could disturb the quick return to stability and trade. I think, therefore, that the right hon. Gentleman the Member for South-West Bethnal Green will agree that this matter has been carefully studied in all its aspects in order that we may be able to grapple with this problem.

During the last Debate it was said that I, as Minister of Labour, was unskilled. I would like to take the opportunity now of saying that I do not think any greater honour has ever been done to me than the making of that remark by the hon. Member for Mossley (Mr. Hopkinson). I am the proudest man in the country to think that for nearly 40 years my life has been spent with unskilled labourers. After all, the old navy is not unskilled. He has done much for civilisation by the roads he has cut, by the railways he has laid and by the great works he has constructed throughout the British Empire. It has been a pleasure to serve him and to be one of his kind, and I do not want to be anything else. It was a great honour the hon. Member did me, and one which I appreciate, more especially when I think

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of the dockers of to-day. A few decades ago they were among the outcasts and the rejected, but to-day they are in the forefront of the organised artisans of the world. Therefore, I want to thank the hon. Member for Mossley most sincerely for calling public attention to the fact that I am an unskilled labourer. But it is a little hard when a man tries to be a cynic and only reveals that he is a cad.

I would like to deal now with the question of the Ministry of Production. I cannot, of course, add anything to the statement of policy outlined by my right hon. Friend the Prime Minister to-day, but I should like to make a few observations from my own personal experiences. I doubt very much—and I will place it no higher than that—whether there is any half-way house between the present form of organisation and a complete Ministry of Munitions. It is no use constantly trying to find a compromise. The task always is—and I say it as coming new to Government, although, I hope, unbiased—to keep responsibility down. I have done a little organisation in my time, and I would utter this word of warning. It is so easy to pass the responsibility up. If you create organism upon organism, there is a tendency for the responsibility to be passed upwards into a bottleneck instead of being held down to the circumference. We have been working with the Regional Boards, and we have been trying to carry out principles of devolution, I admit not with complete success. There are many industrialists in the Committee who have carried through great mergers, and I suggest that there is not one of them who, in his experience of mergers, has been able to level out everything in less than four or five years. Whenever I took a society into my large union, I always allowed three or four years before I could get the whole thing smoothed out and working properly. When you get to government, and it is a question of creating a complete organism, merging and reshaping so many things, it is not easy to keep the sense of responsibility down to the circumference. I urge that the matter be considered in that light.

As I have said, we have been carrying out devolution, which is bound up with three things. The first is the right distribution of materials, the second is the full use of industrial capacity, and the

third is to bring within the orbit of the main manufacturer every possible manufacturing unit in the vicinity. That is the guiding line. When contracts are running and things are proceeding in the way in which they have to do, it is not easy to make a break. You cannot afford to make a break, and you have to change as the changing orders go on. One of the fundamental things that we did in relation to production was this. After Dunkirk, we found ourselves in a very grave position of short supplies of certain vital and essential materials. I do not think it is any good crying about the past or blaming anybody. For instance, if anybody asks me who was responsible for the British policy leading up to the war, I will, as a Labour man myself, make a confession and say, "All of us." We refused absolutely to face the facts. When the issue came of arming or rearming millions of people in this country, people who have an inherent love for peace, we refused to face the real issue at a critical moment. But what is the good of blaming anybody? We cannot make our action retrospective whatever we do. We have to start from now and try to do the best we can. We found ourselves, then, in the terrible position of being short of supplies of alloy steel—the key, the linchpin. We found ourselves in a position in which priorities were not working back to the other side, to the point of shipment. Orders and priorities abroad were not quite working together.

Why was that? I do not blame anybody. There were so many fields of supply open to us until Norway went and, suddenly, France went. When the Continent and the near points of supply were closed to us, we found ourselves suddenly up against a position which nobody had anticipated or even provided for in the strategy of war. I am putting the thing quite frankly. That was the problem. We had before us the whole list of supplies. We curbed in one direction where we could manage for so many weeks, we built up in another direction. I cannot give figures to the Committee, but there is not a manufacturer or a member of a Regional Board who will deny that the problem of raw materials, and the free flow of materials, even with the Battle of the Atlantic going on, has been largely solved. I do not believe that a single works in this country is held up, unless

there is a hitch in transport. I think that is a great accomplishment, with the Battle of the Atlantic and everything else we have had to contend with over the last few months.

There was then the question of balancing materials and food, a very critical thing to do. It was not an easy decision to balance raw materials in the country, and build up supplies in the Middle East, and choose between 1s. 4d. or 1s. worth of meat for the people of this country. I have been frank with the workers in the country, and I have told them why their ration has gone down. When they find the Cabinet took the decision to supply the troops in the Middle East with equipment at the expense of their rations, they cheer and say we have done the right thing. There is no reason why they should not be told. This balancing was going on every day and every week, first on the labour side and then on the production side—could we run this, or could we run that, and so on. The Prime Minister said dark as the cloud has been, difficult as is the issue we have yet to face, yet with these resources, with the resourcefulness of our Forces and the contributions made to us in many ways we can see a little of the silver lining. At any rate our people will be better off this winter than they were last winter. I have had very great difficulty in handling the mines problem for this very reason. There is no use in disguising the fact. As was so well put this morning at another meeting, it would probably be better if the men could have 2s. 6d. worth of meat to conserve their energy than take another 10,000 men back into the mines. We were conscious of what had to be faced in dealing with the problem.

It has been asked, why are we not helping Russia more? I would say to my hon. Friend the Member for Seaham (Mr. Shinwell) that it is very clever to say that my right hon. Friend's speech was dialectical, but I doubt the wisdom of such a statement as he made. Surely it is known what problems are facing the Army in regard to the question of taking the initiative? To imply that it is because we have failed in production that we are not taking the initiative on the Continent of Europe at this moment—and that is the inference—is a little unfair to the productive side. It is also unwise, when Russia is fighting for her very life, to let her think for a moment that the British Cabinet is hold-

ing back in any effort it could make. I think that that is a mistake. It does not matter what you say to us here, because we know each other. If I may say so, with all kindness, we know what value to place upon what is said. My hon. Friend will agree that I am not taking a different line to that which I took in Labour conferences for years. I used to say, "Do not carry silly resolutions, because either other people will bank their policy upon them, or they may result in unnecessarily destroying confidence." Remember a person in another country never places the same interpretation upon what you say, and that what you say may convey an entirely wrong impression. After long experience of international work—and I have tried to do my best in the international sphere—I say that there is one language of consumption abroad and another for consumption at home, and we should use language sparingly, when it is to be consumed abroad, because of the difficulties which may arise.

I should like to take this opportunity to review briefly the kind of steps one has had to take in dealing with the problems of my Department. First, I was given the task by the Prime Minister of mobilising the labour of this country. That task divided itself into three parts. First there were the Services. The Cabinet and the Defence Committee laid down in their wisdom how many men and women had to be found for the three Services. We have a population of 44,000,000. You have to delete your working population out of that, strained to its utmost limit, of about 17,000,000, and out of your 17,000,000 you must allow, over a certain period, for a certain number of people of certain ages, and they must be of a certain physical standard. So you have to estimate health standards, the rejects and the rest of it, before you can get down at all to your working population.

But there is another difficulty to overcome in connection with the Services. The number of Service tradesmen who have to be provided is about 10 times as great as in any previous war. There has been a good deal of criticism about the number of skilled men who have gone into the Services. I invite any industrialist to go through the servicing depots of the Air Force establishments and tell me whether they have ever found it possible to run



[Mr. Bevin.] industry on as low a percentage of journeymen as that with which the Air Force has managed to build up that great organisation since the war broke out. It is an amazing achievement. The overwhelming proportion of the people repairing our aircraft are semi-skilled and trained since the war broke out in terms of months, and, not only that, but they are being continuously transferred to the seats of war, with new men coming along for training. I take my hat off to the Air Force. They have done an amazing work. I have no doubt that, as the mechanical expansion of the Army takes place, we shall find, when the Committee has inquired into it, a very similar result. When I am asked, "Why are you letting these people in?" two things have to be done with this labour force. You not only have to have the men to fight, but you have to have the men to keep them on the road and keep them intact, which means so much when the fighting takes place. Then there are the women on these vital Services. I cannot give the figures, but it runs into thousands. They also have to come out of the reserves of women-power for industry.

If there is one thing that this nation has had a tremendous dividend upon, which has revealed itself in the training for industry and the training that has taken place in the Services, it is the great educational system of the country for the last 30 or 40 years. Although far too many of these people, far more than ever ought to be allowed again, passed into non-productive occupation, and have had to be taken back out of non-productive occupation into this productive effort, the ability, the agility and the marvellous way in which they have adapted themselves in learning their work is a tribute to the basic educational value of the teaching that they have received in our elementary and secondary schools. Without it, this great labour force could never have been built up. The second thing one had to do was to look at the immediate short-term policy, which was to transfer people from place to place as speedily as one could. That led to a great deal of improvisation, and I have no doubt it was the basis of a good deal of the criticism. We could not stop to put a long-term policy into operation while we had the Dunkirk position and the Battle of Britain facing us. Therefore, there was a good deal of

irritation and difficulty that had to be overcome in the short-term policy. During the time that that was proceeding we were working out a long-term policy.

One of the tremendous difficulties that was facing us was the labour turnover. From all parts of the House in the earlier Debates there was criticism that I was not stopping men from moving from one place to another. To meet that there had to be some sort of Order, and I produced for the Cabinet the Essential Work Order. I think I can claim that no one has found an alternative to it, although I have tried in discussions with industry to see whether anything else could be devised. Its main purpose was to tie people to their jobs and put transfer on an orderly basis. Another object of it was to say to the citizen, "You are not tied, as it were, to another citizen; you are tied to a responsibility to the State." The Committee must make up its mind on it. The criticism of this Order has largely been on the ground that I have not restored the system of the old leaving certificate in the hands of the employer. I have had to have regard to the last war. After all, I went through all the disputes at that time. The right hon. Member for Carnarvon Boroughs (Mr. Lloyd George) and the hon. Member for Dumbarton Burghs (Mr. Kirkwood) will remember that the leaving certificate produced the most bitter trouble on the Clyde and the right hon. Gentleman had to go down and address the men and virtually make it inoperative. It is no good making orders we cannot enforce.

With that experience, I tried, in the good old British way, to ride a middle course, and to say, "If I tie the man to the job, I give him security, but, on the other hand, I expect him to observe certain obligations." I do not think that that is an unreasonable position. I want to assure the Committee that the Order is working extremely well. Applications are coming forward from industry after industry to be brought under the Order so that they can get stability. It has not merely secured the retention of people in industries but it has given the Ministry of Labour and the Production Executive a chance to know how many people are retained, and it makes the discovery of superfluity of labour much easier. It is said that the Order takes away discipline. The best industries in this country do not rely upon sacking to impose discipline.

We do not often sack politicians to get discipline. Possibly I shall in time discover the reason, but I do not know it at the moment. Highly developed industries in this country have introduced appeal boards and the like. I introduced the system into London transport before the last war, in the days when the passenger was always right—although it was discovered he was often wrong—and it has worked admirably. We reduced dismissals in the transport industry to below 2 per cent.

All that is needed is that industry shall work the system. Trade unionists should not confine themselves to making critical speeches at their conferences, many of which I have tested and found not to be well founded. For years they have cried, "Give us more power of control, give us more power and responsibility." I would reply, "Do not shy at it now that it is in your hands." But the exercise of power and responsibility means taking unpleasant decisions as well as pleasant ones. If you are going to share power and responsibility for discipline in industry, it means not only telling a fellow that he is a good chap; sometimes it means sacking him. That both sides should shy-off working this Order shows a little touch of the inferiority complex, and I would beg both the unions and the employers to face up to the position. Here is a foundation on which to work, even though it has been introduced as an Order in war-time. I wish I had had the advantage of it at the end of the last war to assist in securing stability instead of the chaos which existed when peace came about. I seriously urge that this Order should not be treated as though it were something of no value. I believe that it is of great industrial value and can be a complement to the new developments in industrial relationships which have come into being in the last few years.

May I now say a word at the risk of being told that sometimes I lecture employers? They lectured me for years, lectured me so often that I knew what they were going to say before I asked for the increase. But, joking apart, I want more attention paid to management up to works management level, or we shall fall behind. We have had criticism about handling this sudden development of Governmental activity—the hon. Member for Kidderminster was quite right—there

is a great difficulty in building up supervision, getting managers, foremen, costings clerks and so on. In that respect the handicap has been terrific. Such people cannot be created in a moment. Opportunities have been provided at the technical schools, and I ask employers to release their men to take advantage of these new opportunities. To do so will pay them a thousandfold. I should like to see management become a profession. I would like to see the old barriers broken down, so that when a good trade unionist who has the confidence of his fellows in industry is to be promoted, he will not be told that he has to leave his society. That places men in a terrible difficulty.

I would make a suggestion which would help us for the rest of the war. I would ask employers not to raise a barrier. Tell such a man, if you like, that he must not take part in his trade union activities, but do not place him in the position of choosing whether he will be disloyal to his pals or render service to you. Remember that the man who has come upwards from being a shop steward to taking responsibility has an urge within him for a place in the sun and for taking responsibility in industry. If industry is wise, it will exploit that urge and develop it, and so break down the barriers between the management and the operative side in this country. Indeed, if that is done, a victory will have been won not only for the war period, but for the rehabilitation of industry after the war and for avoiding many of the troubles that we might otherwise have to face. I urge that there should be a new and enlightened approach to these problems of management in order to make an effective contribution to our effort at this moment.

I have been asked about the concentration of industry. I will send my hon. Friend figures which will correct the impression which he has obtained, but it is too late to-night to quote any of them. I will try to show what has been done in that respect. There again, a new spirit is coming. I will cite an example of one great firm from which about 2,000 young women can be released. Discussion took place between the firm and my divisional controller, and the firm is going to carry on until I am ready to take those young women one by one, two by two or by dozens, and transfer them in an orderly way. That is a great, patriotic and wise

[Mr. Bevin.] thing to do. The employer in that great establishment says, "For the rest of the war I will retain every woman who is not of the correct physical standard for your factories, and I will take everyone who falls ill and finds that she cannot carry through. I will carry on the best I can, and I will give you the best of my staff for your great factories." Let that spirit and example imbue others throughout the country. In another case, a firm saw the men, who were needed to return to the mines, gave them a gratuity and wished them well. It told them that if they were not wanted, they could come back again. It is not only the Ministry of Labour that can do this transferring. I want to get a co-operative will between employers and everybody in the country, to facilitate the work of the officials of my Ministry, of whom the State has a right to be proud. The officials of the Ministry of Labour have made no mean contribution to the war effort and to the handling of the tremendous task which the Government impose upon us.

If I might summarise, I would put the matter in a few simple words. I conceived it my duty to keep the following objectives in mind: the complete organisation of labour for the service of the State; transference of labour on a short-term policy to meet immediate needs; building-up of reserves by registration and otherwise for a long-term policy. I would say to the hon. Member for Kidderminster that I want to have more than a 25 per cent. capacity in the kitty all the time, so that when the last emergencies have to be met, there is a last reserve of production to carry them through. Therefore, I want to keep that registration in reserve, in advance of the defence and productive plans, so as to avoid waiting for supplies. I want to establish such conditions of employment as will give a sense of justice, remove grievances and prevent disputes, I want to prevent labour turnover, and to provide the most effective methods of transfer, to establish arbitration for the settlement of differences, and to devise such conditions as will preserve the morale of our people and see this conflict through.

All that is based on the conception that this war is a people's war. I believe, and I know from the information that comes

to me, that the policy that has been applied to labour in this country during this war, with great care and design, has produced general satisfaction among the people of Britain. It has brought an amazing response in feeling and confidence from the working masses of the United States, and has represented no mean contribution to shaping public opinion there, which is reflected in their attitude towards this country. It has meant a great deal to the Russian masses, and has countered the belief in their minds that this was an Imperialist war. It has brought hope to millions in Europe, who, seeing the approach we have made to industrial problems during this last year, see that we are not merely fighting to overthrow Hitler, but that Britain is going to take her place again in the vanguard of social and economic progress; that we are striving not merely to preserve liberty, but to utilise all that it means to lay the foundation of a more just age in the upward progress of civilisation. That is the great thing which has emerged from this struggle and which has inspired our inner workings. We declare that we will carry on to the bitter end to remove the Nazi regime and its spirit of aggression and domination; we will weave into the fabric of society the spirit of freedom and equality for all. Where we have to give, we will give generously; where we have to win, we will win and make our victory secure for future generations to enjoy.

Mr. Austin Hopkinson (Mossley): I think it is rather unfortunate that when this Debate was originated a fortnight ago, it was held to be out of order to discuss any questions of labour in connection with production. However, that embargo has now been removed, and I should like the Committee to bear in mind that we in Parliament are not concerned with the faults or follies of individual firms or of individual workmen. I think, if I may say so, that far too much attention has been paid during this Debate to that side of the question, which does not really concern Parliament. What concerns Parliament are Ministers' faults, and those troubles in industry and failures of production which have been due in any way to mistakes on the part of the Ministers concerned. In the previous Debate I endeavoured to point out that the last Minister of Aircraft Production had made certain very grave

mistakes, mistakes in many cases inherited from his predecessors, and by giving an example of one omission on their part, I was able to get a promise from the new Minister that it should be made good. I refer to the setting-up of a technical corps in order to control the design of aircraft.

When we came to the question of labour, which, admittedly—because it is no use shutting our eyes to the fact—is in a most unsatisfactory state in this country at the present time, it was ruled out of order. I began to put forward a view which it was impossible to enlarge upon owing to that Ruling of the Chair. What upset the Minister of Labour was my quoting something which had been said to me by an official of the A.E.U., who remarked that there was a certain feeling against unskilled labourers. That I described as snobbery, for snobbery it is, although I justified it to some extent as being based on pride in craftsmanship. There was a great cry from above the Gangway—

**Mr. A. Bevan (Ebbw Vale):** The hon. Member did not call it snobbishness then.

**Mr. Hopkinson:** I did, and if the Committee insist upon it, I will quote my actual words. I said:

"It was unwise to put in charge of the whole labour force of this country a man who, the craftsmen say, is only an unskilled labourer after all. Members may think that the craftsman is a snob. So he is, but there is something more than snobbery in his resentment at being dominated by the unskilled labourer. Pride in craftsmanship may be allied to snobbery, but it is one of the most valuable things we have got in this country."  
—GENERAL REPORT, 9th July, 1942; col. 241, Vol. 373.]

**Mr. Bevan:** You did not yourself describe it as snobbishness.

**Mr. Hopkinson:** I said that the man was a snob. What more the hon. Member wants than that, I do not know.

**Mr. Bevan:** You did not say that.

**Mr. Hopkinson:** When hon. Members state what is not quite correct, and will not be convinced when they get the actual quotation, I cannot do more. I said—

"Members may think that the craftsman is a snob."

I added—"So he is."

**Mr. Bevan:** You did not say that before

**Mr. Hopkinson:** I have no wish to continue this topic. There were various other points of the labour situation which I wish to bring to the notice of the Committee with a view to getting them put right. From the very start the A.E.U. has been mishandled by successive Governments. To go right back to the summer of 1938, when times were becoming critical, it will be remembered that the then Prime Minister sent for the heads of the T.U.C., and told them candidly the state of affairs and asked for their assistance. But the heads of the A.E.U. were told to see the Minister for the Co-ordination of Defence. Everyone who understands the A.E.U. knows that the A.E.U. and the T.U.C. have been at loggerheads from time immemorial. Taking the T.U.C. to the Prime Minister and the A.E.U. to the Minister for the Co-ordination of Defence, started the whole thing wrong. That is the sort of thing we are entitled to criticise the Government for doing. In the case of the Minister of Labour himself—and I am sorry to see he is not here—members of the A.E.U. criticise him personally and his actions in the past, particularly his actions in respect of the A.E.U. The A.E.U. know that the right hon. Gentleman has been a notorious poacher, and, therefore, he is not *persona grata* with the A.E.U. The opinion of the A.E.U. ought to be regarded in these days, for they are the key to the whole situation. I hope I have made it clear that what I wanted to put forward to the Committee, and what I now put forward, is simply what a certain number of perfectly faithful and experienced trade unionists are saying. I do not presume to say whether they are right or not; but, as a matter of practical politics, it is desirable that the views of a very important class in the country should be put before the Committee and before the Government.

To refer to the speech of the right hon. Gentleman, there was one passage on which I think I can correct him from experience. That was where he said that the discipline of "sacking" was unnecessary in industry. There, of course, he was just talking nonsense. The Committee knows that for the last 15 years the whole of the profits of my firm have gone to the men I employ. But if the discipline that can be imposed by sacking could not

[Mr. Hopkinson.] have been used in normal circumstances, there would never have been any profits for the men to take. That sort of talk does immense harm. The Essential Work Order, as other Members have said, is wrecking the discipline of industry. Everyone knows that, in the engineering trade particularly, the majority of the men are trustworthy. But, of course, as in every other section, not even excepting the War Cabinet itself, there are people whom you cannot trust, and without discipline you get nothing out of them. What is so futile in these Debates is for hon. Members above the gangway to get up and talk as if there were nobody on an income of less than £10,000 a year who was deficient in industry or in patriotism. There are just as many loafers in the lower ranks of industry as at the very top—and I cannot say worse than that. I shall go on as I am doing if, after mature consideration, I come to the conclusion that there are Ministers of the Crown who are really a danger to the country in its present position. In that case, I shall never scruple to get up here, no matter what sort of row is kicked up above the Gangway, and endeavour to get those Ministers replaced by people who will not wreck industry, as the Minister of Labour is doing to-day.

**Sir Waldron Smithers** (Chislehurst): I know it is unpopular to speak at this late hour, but I have been here all day, and there is one point I wish to make. It is a point which has hardly been mentioned all through the Debate, but I was delighted to hear the Minister, in that fine peroration, talking about assisting the morale of the people. The hon. Member for Chester-le-Street (Mr. Lawson) gave a remarkable example of team spirit when he described how he once rode in a gun team. Unless we mobilise and unite spiritual and moral forces with the same faith and vision as we are mobilising the Navy, the Air Force, the Army and industry, we shall be fighting with one hand tied behind our back. Did hon. Members hear Mr. Harry Hopkins in his brilliant broadcast on Sunday night? After describing all the material articles sent to this country, he added a remarkable sentence. He said:

"The biggest job the President has done has been to alter the industrial state of mind. It is the mind we have that makes the people we are."

Hitler uses propaganda as a very powerful weapon, and we must forge a stronger weapon than his if we are to overcome his propaganda. Our propaganda lacks vision and imagination. This is no ordinary war; it is a war between good and evil, between the Cross and the Swastika. The occupied countries of Europe were not beaten so much on the field of battle or in the field of production; they were defeated morally, and the reason why the Russians are doing so valiantly now is because Hitler has not been able to break their morale.

**The Chairman:** That does not arise out of the Vote before the Committee to-day.

**Sir W. Smithers:** We must do all we can to maintain the morale of our people and so get maximum production. To put it at the lowest, do the people of this country realise that if we lose this war there will be no wages and no trade unions and that we shall all be slaves?

**Mr. Maxton** (Glasgow, Bridgeton): And no Stock Exchange.

**Sir W. Smithers:** Think of the effect on morale of the "V" campaign, which has been electrical in its—

**The Chairman:** I am sorry, but I must remind the hon. Member that that is outside to-day's Vote.

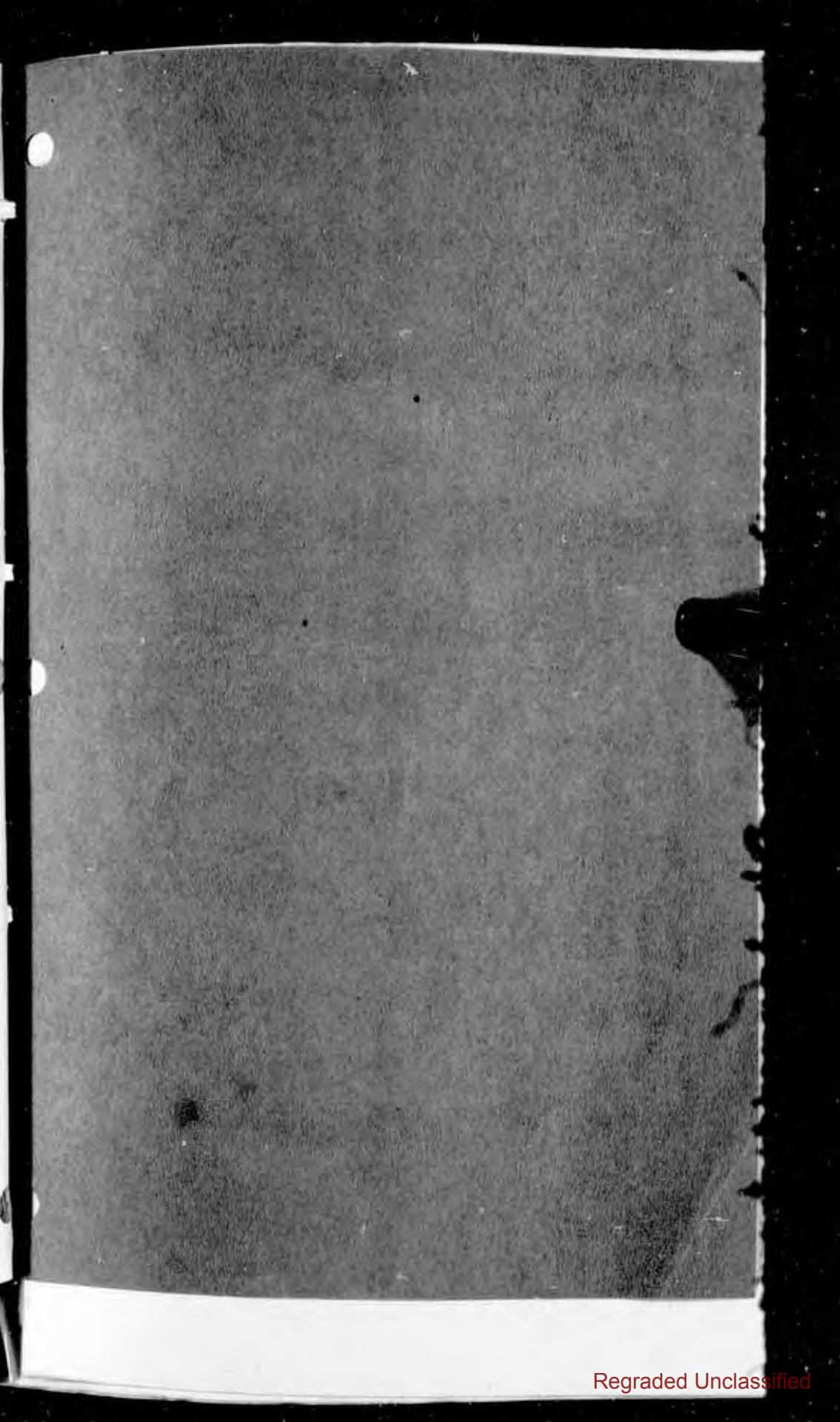
**Sir W. Smithers:** Then I will say no more, except that I am sorry it is not recognised that the maintenance of the morale of our people has the biggest effect on the production of armaments.

Motion made, and Question, "That the Chairman do report Progress, and ask leave to sit again," put, and agreed to.—  
[Mr. Grimston.]

Committee report Progress; to sit again upon the next Sitting Day.

*The remaining Orders were read, and postponed.*

*It being after the hour appointed for the Adjournment of the House, Mr. DEPUTY-SPEAKER adjourned the House, without Question put, pursuant to the Standing Order.*



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