

PRESIDENT'S SECRETARY'S FILE
Subject File
War Production Board: "War
Progress": 4/17-6/5/42
Box 172

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sold by a farmer to a dealer or processor, although the farm prices of these commodities are indirectly affected by the ceilings on prices charged by processors or dealers. This provision permits some rise of farm prices at the expense of processors' or dealers' margins. In addition, a number of seasonal farm products such as fresh fruits and vegetables have been exempted. Many of the basic Canadian farm products secured effective exemption through the exemption of export prices. At the time the general policy was announced, Prime Minister King stated that it was the policy of the Government to support total agricultural income and this policy has been implemented by subsidies on dairy products and guarantees to farmers on a number of agricultural items.

It is to be expected that the imposition of a ceiling on retail prices will call for rationing of a great many commodities unless numerous upward price adjustments are made or increasingly restrictive fiscal measures are adopted. However, rationing has not so far been adopted on a large scale. Consumers' rationing schemes are now in effect for sugar, gasoline, automobiles, and tires. Neither has the number of upward adjustments made in the retail price ceiling been large. The chart shows Canadian wholesale price and cost-of-living indexes for

the war period and indicates the degree of stability of retail prices which has been achieved since December 1, 1941.

One of the basic factors permitting the ceiling to operate without widespread rationing or widespread adjustments is the damper placed on the rise in consumer income by the wage and salary stabilization orders of October 24 and November 28. The wage order stabilized basic wage rates at their November 15, 1941 level and provided for payment of bonuses based on changes in the cost-of-living index. The wage stabilization system is an outgrowth of a policy established on a voluntary basis in June 1940 and of the policy followed by conciliation boards in the adjustment of labor disputes in war industries.

The movement of weekly earnings in Canada is shown in the table below for the months for which such data are available.

As yet it is too early to tell whether the stability of the cost-of-living which has been achieved since December 1, 1941 rests on a solid basis. For some time after the ceiling was imposed it was possible for a high volume of consumers demand to be met through the reduction of inventories without requiring extensive rationing or major increases in prices. But sales from

AVERAGE WEEKLY EARNINGS ^a

	Manufacturing	Eight Leading Industries ^b
<u>1941</u>		
June	\$25.57	\$25.25
July	25.82	25.49
August	26.06	25.69
September	26.22	26.04
October	26.80	26.37
November	27.59	27.02
December	28.15	27.32
<u>1942</u>		
January	26.32	26.13
February	28.38	27.66

^a Manufacturing, logging, mining, communications, transportation, construction, and maintenance, services, and trade.

^b From "The Employment Situation", February 1942, Canadian Department of Trade and Commerce, p. 7.

stocks provide only a temporary respite, of course. For the longer run there are two important questions. First, will prices in the United States, upon which Canadian prices so largely depend, be effectively stabilized. Second, and thus relatively less important in Canada than in the United States, will the inflation of consumers' income which has been in progress in the past two and one-half years be checked. Some

answer to this latter question should be provided by the Canadian Budget for fiscal year 1942-1943 which will soon be announced.

^a A previous article in Defense Progress--Issue 61--discussed the nature of the ceiling and the conditions which led to its adoption in Canada.

WAR PROGRESS SERIES

TOTAL WAR PROGRAM

INDUSTRY

Pending Legislation.

Supplemental estimates of appropriations for war purposes amounting to \$280.6 million have been sent to Congress for the Civil Aeronautics Authority, National Youth Administration, Federal Works Agency (housing), the Office of Censorship, and the Department of the Interior. The major portion, \$202.6 million is for posts, depots, etc., \$58.5 million for miscellaneous nonmunitions, and \$19.5 million for housing.

Income Payments and Retail Sales, March 1942.

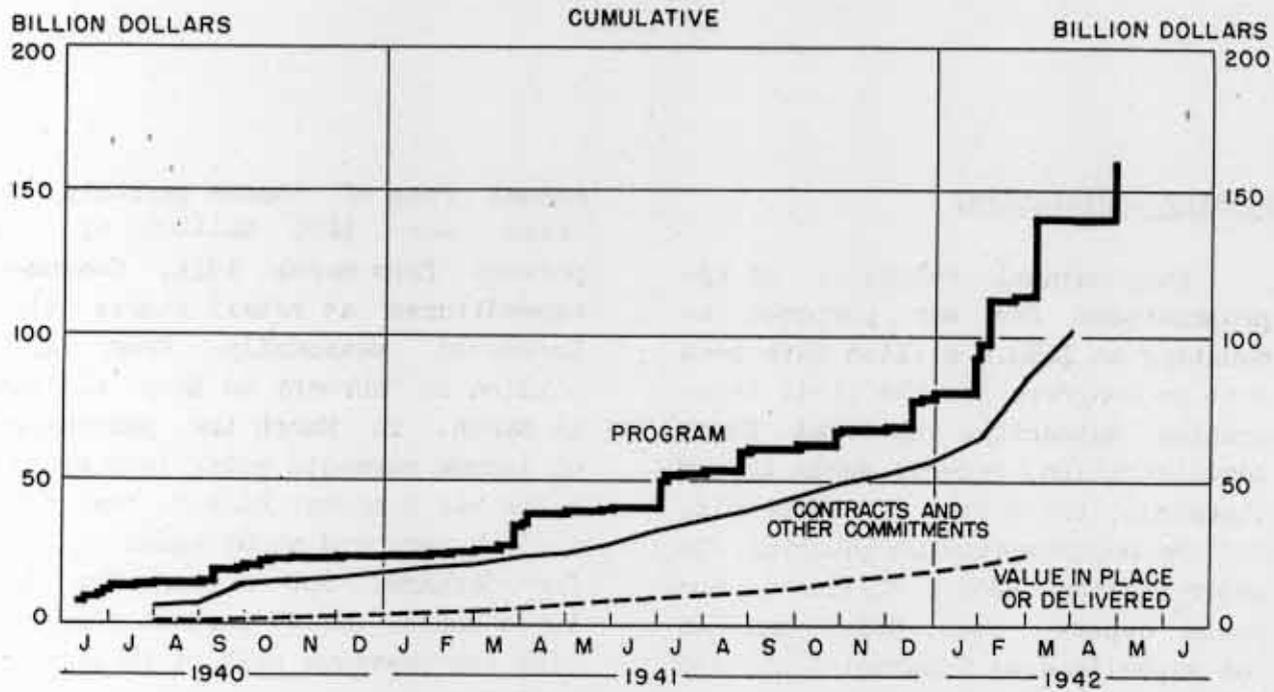
Income payments increased more than seasonally from \$8.0 billion in February to \$8.7 billion in March. With the exception of December 1941 this represents a new all time high for monthly income payments. The

annual rate of income payments in March was \$106 billion--up 24 percent from March 1941. Consumer expenditures at retail stores also increased seasonally from \$3.7 billion in February to \$4.3 billion in March. In March the percentage of income payments going into retail sales was somewhat higher than that for February and about equal to that for January. The average for the three months was 49 percent compared with the previous high of 69 percent last May.

Freight Carloadings, Surplus Cars, and Bad Order Cars.

Freight carloadings in April were 6 percent higher than in March and 20 percent higher than a year ago. In contrast, surplus cars declined by 2 percent compared with March.

WAR PROGRESS SERIES
TOTAL WAR PROGRAM



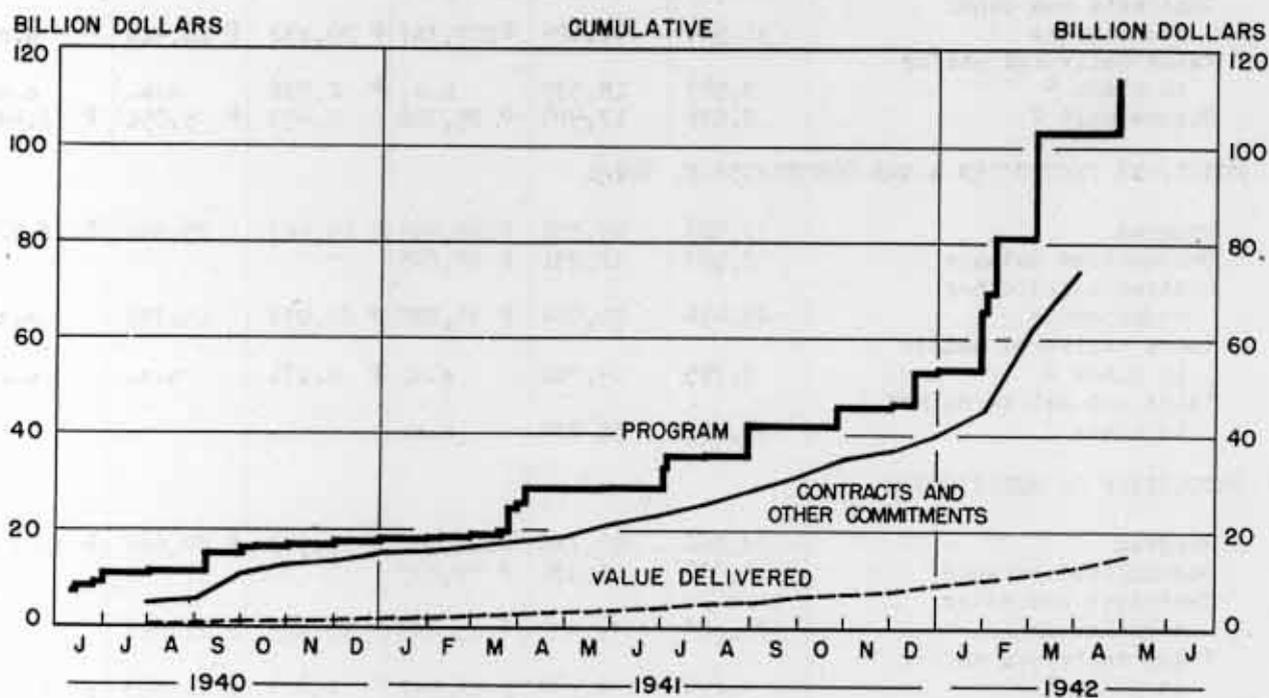
WAR PROGRESS SERIES
TOTAL WAR PROGRAM IN THE UNITED STATES

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	February 1942	March 1942	April 1942
● TOTAL WAR PROGRAM IN THE U.S. ^a (Million dollars)						
Program	40,861	80,604	P143,372	P 15,231	P 30,373	P 19,086
Uncommitted balance	9,274	23,979	P 40,985	-	-	-
Contracts and other commitments	31,587	56,625	P102,387	P 20,932	P 16,416	n.a.
Value delivered and/or in place ^b	8,547	18,573	n.a.	P 2,596	n.a.	n.a.
Checks paid ^c	8,536	17,965	P 25,766	2,453	P 3,051	P 3,485
MUNITIONS PRODUCTION & WAR CONSTRUCTION, TOTAL						
Program	37,027	69,305	P126,885	P 15,087	25,849	P 18,208
Uncommitted balance	7,597	18,281	P 32,605	-	-	-
Contracts and other commitments	29,430	51,024	P 94,280	P 20,098	15,720	n.a.
Value delivered and/or in place ^b	6,795	14,750	n.a.	P 2,171	n.a.	n.a.
Value not delivered nor in place	22,635	36,274	n.a.	-	-	-
PRODUCTION OF MUNITIONS						
Program	28,566	53,738	P102,308	P 12,577	P 20,665	P 11,748
Uncommitted balance	4,901	13,929	P 28,525	-	-	-
Contracts and other commitments	23,665	39,809	P 73,783	P 16,495	P 11,633	n.a.
Value delivered and/or in place ^b	4,290	8,940	p 13,547	P 1,471	p 1,803	p 1,955
Value not delivered nor in place	19,375	30,869	p 60,236	-	-	-
WAR CONSTRUCTION						
Program	8,461	15,567	P 24,577	P 2,510	P 5,184	P 6,460
Uncommitted balance	2,696	4,352	P 4,080	-	-	-
Contracts and other commitments	5,765	11,215	P 20,497	P 3,603	P 4,087	n.a.
Value delivered and/or in place ^b	2,505	5,810	n.a.	P 700	n.a.	n.a.
Value not delivered nor in place	3,260	5,405	n.a.	-	-	-
NON-MUNITIONS WAR ITEMS, TOTAL						
Program	3,834	11,299	P 16,487	P 144	P 4,524	P 878
Uncommitted balance	1,677	5,698	P 8,380	-	-	-
Contracts and other commitments	2,157	5,601	P 8,107	P 834	P 696	n.a.
Checks issued ^b	1,752	3,823	n.a.	P 425	n.a.	n.a.

● Graph appears on opposite page.
Table continued on Page V.

For footnotes see Page X.

MUNITIONS PRODUCTION



WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

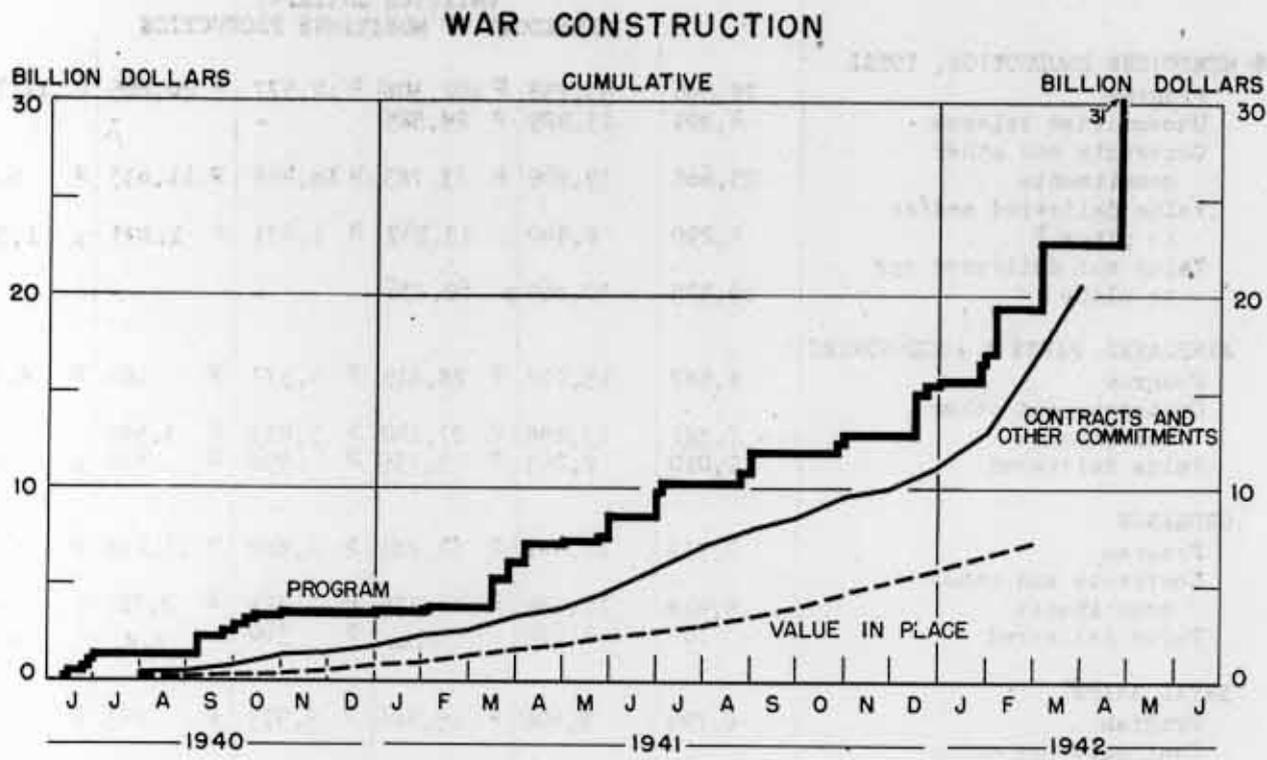
FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	February 1942	March 1942	April 1942
	(Million dollars)					
	BREAKDOWN OF MUNITIONS PRODUCTION					
● MUNITIONS PRODUCTION, TOTAL						
Program	28,566	53,738	P 102,308	P 12,577	P 20,665	P 11,748
Uncommitted balance	4,901	13,929	P 28,525	-	-	-
Contracts and other commitments	23,665	39,809	P 73,783	P 16,495	P 11,633	P n.a.
Value delivered and/or in place ^b	4,290	8,940	P 13,547	P 1,471	P 1,803	P 1,955
Value not delivered nor in place	19,375	30,869	P 60,236	-	-	-
AIRPLANES, PARTS & ACCESSORIES						
Program	8,582	15,072	P 28,619	P 4,377	P 161	P 8,761
Contracts and other commitments	7,381	13,298	P 27,142	P 9,833	P 3,582	n.a.
Value delivered	1,010	2,265	P 3,355	P 356	P 416	P 415
ORDNANCE						
Program	7,778	17,488	P 32,289	P 1,882	P 11,438	P 728
Contracts and other commitments	5,418	10,354	P 19,395	P 3,411	P 2,722	n.a.
Value delivered	700	1,685	n.a.	P 360	n.a.	n.a.
NAVAL SHIPS ^c						
Program	6,796	9,605	P 15,426	P 5,593	P 203	P 31
Contracts and other commitments	6,442	7,930	P 11,174	1,667	P 1,300	n.a.
Value delivered and/or in place	810	1,665	n.a.	P 270	n.a.	n.a.
MERCHANT SHIPS						
Program	1,442	3,288	P 7,643	P -63	P 668	P 0
Contracts and other commitments	1,484	2,381	P 5,421	265	P 1,169	n.a.
Value delivered and/or in place	240	510	n.a.	P 100	n.a.	n.a.
OTHER MUNITIONS AND SUPPLIES						
Program	3,968	8,285	P 18,331	P 788	P 8,195	P 2,228
Contracts and other commitments	2,940	5,846	P 10,651	P 1,319	P 2,860	n.a.
Value delivered	1,530	2,815	n.a.	P 385	n.a.	n.a.

● Graph appears on opposite page.
Table continued on Page VII.

For footnotes see Page X.

DEFENSE-RELATED WAR
CONSTRUCTION

Year	Month	Program	Value in Place	Contracts and Other Commitments
1940	J	0.1	0.0	0.0
1940	J	0.2	0.0	0.0
1940	A	0.5	0.0	0.0
1940	S	1.0	0.1	0.1
1940	O	2.0	0.2	0.2
1940	N	3.0	0.3	0.3
1940	D	3.5	0.4	0.4
1941	J	4.0	0.5	0.5
1941	F	5.0	0.6	0.6
1941	M	6.0	0.7	0.7
1941	A	7.0	0.8	0.8
1941	M	8.0	0.9	0.9
1941	J	9.0	1.0	1.0
1941	J	10.0	1.1	1.1
1941	A	11.0	1.2	1.2
1941	S	12.0	1.3	1.3
1941	O	13.0	1.4	1.4
1941	N	14.0	1.5	1.5
1941	D	15.0	1.6	1.6
1942	J	16.0	1.7	1.7
1942	F	17.0	1.8	1.8
1942	M	18.0	1.9	1.9
1942	A	19.0	2.0	2.0
1942	M	20.0	2.1	2.1
1942	J	21.0	2.2	2.2



WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	February 1942	March 1942	April 1942
(Million dollars)						
BREAKDOWN OF WAR CONSTRUCTION						
● WAR CONSTRUCTION, TOTAL (LAND, BLDGS., EQUIP.)						
Program	8,461	15,567	P 24,577	P 2,510	P 5,184	P 6,460
Uncommitted balance	2,696	4,352	P 4,080	-	-	-
Contracts and other commitments	5,765	11,215	P 20,497	P 3,603	P 4,087	n.a.
Value in place ^b	2,505	5,810	n.a.	P 700	n.a.	n.a.
Value not in place	3,260	5,405	n.a.	-	-	-
INDUSTRIAL FACILITIES (LAND, BLDGS., EQUIP.)						
Program	5,120	8,112	P 16,124	P 1,532	5,169	P 345
Contracts and other commitments	2,865	6,318	P 12,978	P 2,357	P 3,147	n.a.
Value in place	960	2,800	n.a.	P 425	n.a.	n.a.
INDUSTRIAL FACILITIES, BUILDINGS ONLY						
Program	1,607	3,137	n.a.	P 356	n.a.	n.a.
Value in place	575	1,753	n.a.	P 195	n.a.	n.a.
POSTS, DEPOTS, STATIONS						
Program	2,849	6,063	P 7,061	978	P 15	P 6,115
Contracts and other commitments	2,625	4,381	P 6,869	P 1,194	P 869	n.a.
Value in place	1,430	2,670	n.a.	P 240	n.a.	n.a.
DEFENSE HOUSING						
Program	492	1,392	P 1,392	0	0	0
Contracts and other commitments	275	516	P 650	52	P 71	n.a.
Value in place	115	340	n.a.	P 35	n.a.	n.a.
BREAKDOWN OF NON-MUNITIONS						
NON-MUNITIONS, TOTAL						
Program	3,834	11,299	P 16,487	P 144	P 4,524	P 878
Uncommitted balance	1,677	5,698	P 8,380	-	-	-
Commitments	2,157	5,601	P 8,107	P 834	P 696	n.a.
Checks issued by agencies ^b	1,752	3,823	n.a.	425	n.a.	n.a.
STOCKPILE						
Program	983	2,399	P 2,713	P 4	P 0	P 0
Commitments	470	1,050	P 1,080	0	P 30	n.a.
Checks issued by agencies	192	488	n.a.	P 85	n.a.	n.a.

● Graph appears on opposite page.
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For footnotes see Page X.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cum. 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	February 1942	March 1942	April 1942
(Million dollars)						
BREAKDOWN OF NON-MUNITIONS (Continued)						
AGRICULTURAL EXPORTS (LEND-LEASE)						
Program	625	1,522	3,078	-228	1,784	0
Commitments	66	561	847	133	54	n.a.
Checks issued by agencies	1	211	n.a.	50	n.a.	n.a.
PAY, SUBSISTENCE & TRAVEL f						
Army Military						
Program	944	3,013	3,159	0	146	745
Commitments	934	2,030	3,044	489	105	n.a.
Checks issued	696	1,510	n.a.	155	n.a.	n.a.
Navy Military						
Program	378	963	1,021	9	49	5
Commitments	334	610	843	68	103	n.a.
Checks issued	388	640	n.a.	45	n.a.	n.a.
Civilian Payroll						
Program	32	247	248	1	0	5
Commitments	32	140	200	20	20	n.a.
Checks issued	356	684	n.a.	60	n.a.	n.a.
MISCELLANEOUS NON-MUNITIONS						
Program	872	3,155	6,268	358	2,545	123
Commitments	321	1,210	2,093	124	384	n.a.
Checks issued by agencies	119	290	n.a.	30	n.a.	n.a.

Table continued on following page.

For footnotes see Page X.

THE PRICE SITUATION

RECENT PRICE RISES WILL CONTINUE AND WILL BE GREATLY ACCELERATED UNLESS DRASTIC CONTROL MEASURES ARE PROMPTLY ADOPTED. THE MEASURE MOST LIKELY TO BE EFFECTIVE IN THE IMMEDIATE FUTURE IS A GENERAL CEILING OVER ALL PRICES AS OF SOME RECENT DATE. IF SUCH A PROGRAM IS TO OPERATE SUCCESSFULLY IT MUST BE COMPLEMENTED BY A TAX PROGRAM ADEQUATE TO DRAW OFF PART OF THE INCOME NOW FLOWING INTO THE HANDS OF CONSUMERS.

The time has now been reached when re-examination of the price situation is urgently required. The index of wholesale prices has increased by 29.5 percent since September 1939. The increase over the past 19 months--25 percent--is greater than the increase which occurred during the 19 months of American participation in the World War. The record of price movements in the United States in this War and in the World War is shown in Chart 1. An important aspect of recent price movements is that the cost of living is now rising rapidly, which was not true in 1940 and early 1941. It was, of course, not to be expected that increases of the wholesale price level could long continue without spilling over into the cost of living.

But it is not so much the past course of prices which calls urgent attention at this time to the inflationary problem. It is rather the future prospects which presage greater increases in the level of prices unless additional and more effective control measures are adopted. The underlying factor in past price increases and the factor which makes the future prospects so explosive is, of course, rapidly mounting Federal war expenditures. Federal war expenditures in the month of March 1942 were \$3 billion; they were \$800 million in March 1941. Estimated total war expenditures in the fiscal year which will end on June 30, 1942 are \$25 billion. The President in his budget message called for expenditure of \$56 billion in the fiscal year 1942-43. These vast

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	February 1942	March 1942	April 1942
(Million dollars) BREAKDOWN BY AGENCIES						
UNITED STATES FINANCED WAR PROGRAM ^d						
Program	37,075	76,508	P 139,276	P 15,231	P 30,373	P 19,086
Uncommitted balance	9,274	23,979	P 40,985	-	-	-
Contracts and other commitments	27,801	52,529	P 98,291	P 20,932	P 16,416	n.a.
Checks paid	6,431	15,251	P 22,858	2,391	2,987	P 3,421
U. S. ARMY						
Program	13,134	31,981	P 67,073	0	22,566	P 17,395
Contracts and other commitments	11,104	23,334	P 49,864	P 12,479	P 10,036	n.a.
Checks paid	3,636	7,889	11,206	1,099	1,130	1,284
U. S. NAVY						
Program	12,308	20,024	P 35,599	15,135	P 384	P 1,635
Contracts and other commitments	11,182	16,327	P 26,000	5,566	P 3,152	n.a.
Checks paid	2,217	4,726	6,642	531	867	1,020
LEND-LEASE						
Program	7,000	12,985	18,410	0	5,425	0
Allocations	5,177	11,345	13,636	232	1,364	n.a.
Contracts and other commitments	2,458	6,282	P 9,203	1,109	P 744	n.a.
Checks paid	21	910	2,283	432	573	525
U. S. MARITIME COMMISSION						
Program	784	2,734	6,584	0	P 0	P 0
Contracts and other commitments	886	1,724	4,868	322	P 1,256	n.a.
Checks paid (net) ^e	44	156	348	62	81	87
RFC AND SUBSIDIARIES						
Program	2,623	5,130	P 7,794	P -34	P 1,998	P 0
Contracts and other commitments	1,151	3,569	P 6,609	P 1,300	P 1,036	n.a.
Checks issued by RFC	350	956	P 1,465	190	P 190	P 190
OTHER U. S. AGENCIES						
Program	1,226	3,654	P 3,816	132	P 0	P 56
Contracts and other commitments	720	1,293	P 1,747	156	P 192	n.a.
Checks paid	163	614	914	77	146	315
FOREIGN ORDERS						
Program (orders)	3,786	4,096	P 4,096	P 0	P 0	P 0
Commitments	3,786	4,096	P 4,096	P 0	P 0	P 0
Checks issued by Purchasing Missions	2,105	2,714	P 2,908	62	P 64	P 64

For footnotes see Page X.

FOOTNOTES

WAR PROGRESS SERIES

n.s. Not available
r Revised.

P Preliminary

- a Total war program includes all funds and authorizations made available for war purposes by the United States Government plus foreign orders placed in this country since November 1939. The major portion of the existing program has been approved since June 11, 1940, but some authorizations (particularly portions of the naval expansion program, the merchant shipbuilding program, and the stockpile program) were made available even earlier. All funds are shown during the fiscal year in which they are available for obligation.
- b Value delivered and/or in place includes (1) value delivered and/or in place for ships and value of production for other munitions, (2) value in place for war construction, and (3) checks issued by finance officers for non-munitions items.
- c Checks paid include (1) all checks paid out of the Treasury General Fund; (2) checks issued by the Reconstruction Finance Corporation and subsidiary Government corporations; (3) checks issued by foreign purchasing commissions.
- d United States financed program includes the war activities of all United States Government agencies (including Lend-Lease) plus the war activities of government owned corporations, but does not include foreign orders.
- e Report on checks paid by the Treasury for the account of the Maritime Commission makes allowance for receipts credited to the Construction Loan Fund.
- f Program and obligations for pay for civilians and for the Navy include only that specifically mentioned in appropriation bills, while the cash disbursement figures include, in addition, executive war pay which cannot be separately distinguished in the appropriation bills.
- g Does not include \$6.4 billion, Title I, FY 1943, approved February 7, 1942, but not available for obligation prior to July 1, 1942.

ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941		1942		
	July	January	December	January	February	March
EMPLOYMENT	(Thousand workers)					
War industries						
Private, 18 major industries	1,660	2,040	2,886	2,999	3,130	P 3,231
Private contractors, public construction	13	448	633	583	614	
Public	117	171	286	308	315	
Total	1,790	2,659	3,805	3,890	4,059	
Deep sea merchant vessels	51	49	49	47	49	48
	Cumulative 6/11/40 through			Monthly, 1942		
	End 1st full year 6/30/41	End of February 1942	End of March 1942	January	February	March
VALUE OF FACIL. ON APPLIC. FOR CERT. OF NECESSITY	(Million dollars)					
Total approved	1,030	2,315	2,701	295	442	386
Private funds	829	1,978	2,333	221	431	355
Public funds	201	337	368	74	11	31
Pending	387	785	624	-	-	-

^P Preliminary data.

ECONOMIC ACTIVITY RELATED TO THE WAR

The series on these pages are included for the convenience of readers of War Progress. The data are not confidential and there are no restrictions upon their use through their inclusion in this confidential report.

	1940	1941	1942			
	July	January	February	March	April	Weekending May 2
BLS PRICE INDEXES						
			(Indexes)			
Strategic materials (8/39=100)	123.6	126.1	143.8	144.4	p 145.1	145.2
Critical materials (8/39=100)	107.5	111.7	122.9	122.8	p 123.1	123.2
Basic commodities (8/39=100)	108.5	120.5	165.1	166.1	167.0	166.9
Machine tools (8/39=100)	108.7	114.6	118.1	118.1		
All commodities (1926=100)	77.7	80.8	96.7	97.6		98.7
BLS COST OF LIVING INDEX						
			(1935-39=100)			
All items	100.3	100.8	112.9	114.3		
Food	97.4	97.8	116.8	118.6		
Rent	104.6	105.0	108.6	108.9		
TRANSPORTATION & ELEC. POWER						
Freight Cars						
Loadings (thous. per week)	706	684	781	793	838	859
Unloads for export (dly. av.)						
Atlantic & Gulf ports (No.)	1,494	1,352	1,759	1,934	p 2,037	1,750
Pacific ports (No.)	112	130	308	305	p 412	437
Surplus, total, dly. av. (thous.)	133	110	59	58	52	
Box cars	57	43	22	23	26	
Coal cars	47	42	20	17	10	
Bad order cars, total						
1st of month (thous.)	153	109	61	61	60	
Power Prod. (Mil.-kwh.)	12,094	13,641	14,102	15,053	p 14,550	3,305
● NATIONAL INCOME						
			(Billion dollars, annual rate)			
Total income payments	75.8	82.8	105.4	p 105.9		
● RETAIL SALES						
			(Million dollars)			
Total, all retail stores	3,643	3,635	3,716	p 4,349		
Durable goods stores	1,044	969	670	p 778		
Nondurable goods stores	2,599	2,666	3,047	p 3,571		
FEDERAL DEBT						
			(Billion dollars)			
Net public debt	41.5	43.9	r 58.8	r 58.9	62.1	
DEFENSE BOND SALES						
			(Million dollars)			
	-	-	703	558	531	136
DEFENSE HOUSING						
			(Number of dwelling units, cumulative to end of period)			
Fund allocations	1,460	56,528	279,048	342,261	413,530	414,961
Constr. contracts awarded	624	36,191	169,586	185,350	193,438	210,144
Construction completed	0	1,314	92,670	97,681	104,318	107,179

● Graph appears on following page.

p Preliminary data. r Revised data.

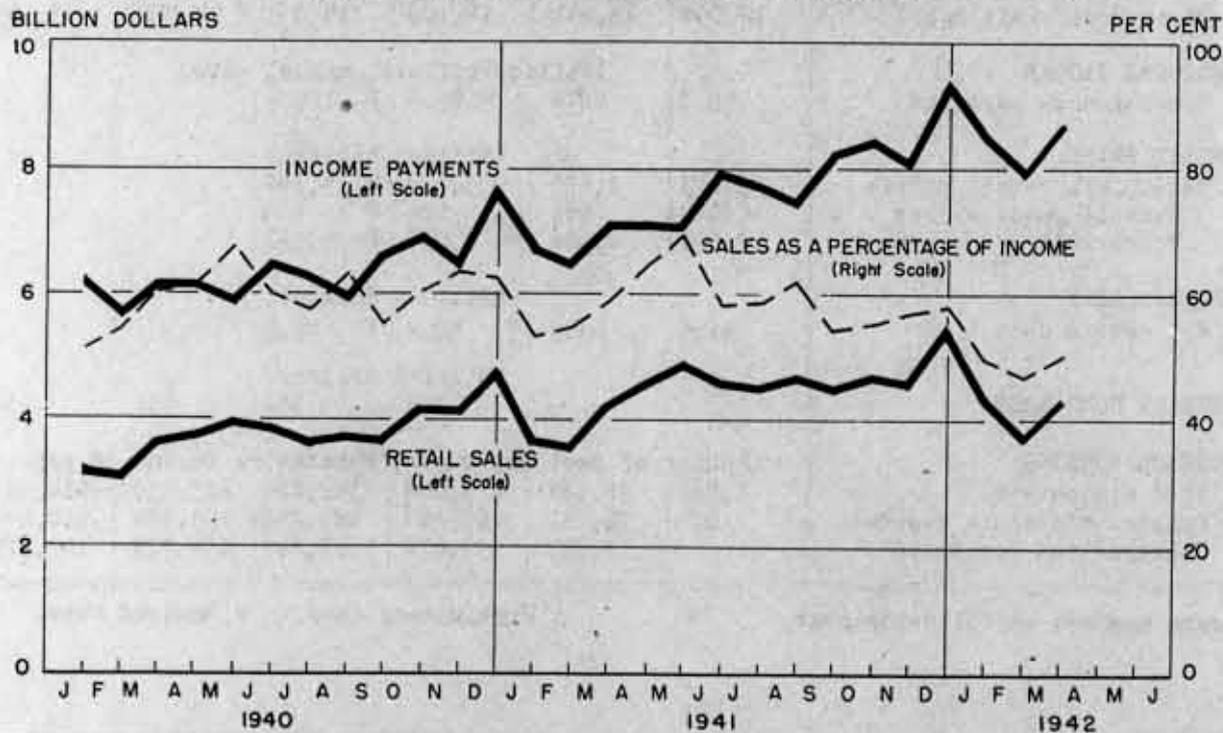
ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942				EST.
	July	January	January	February	March	April	
FED. RES. BD. PROD. INDEXES							
(Unadjusted indexes 1935-39=100)							
Total industrial production	120	135	165	166 P	168		173
Durable manufactures	131	166	215	219 P	227		235
Nondurable manufactures	111	118	137	138 P	137		137
Minerals	121	113	126	125 P	118		126
Selected industries	Confidential data. See page XI.						
BUR. FOR. & DOM. COM. MFRS. ORDERS, SHIPMENTS, INVENTORIES							
(Indexes)							
New orders, total (1/39=100)	127	176	268	292 P	256		
Shipments, total	103	131	184	199 P	198		
Inventories (1939 av.)	112.2	121.8	161.9	163.0 P	166.1		
Durable mo.=100)	113.9	132.5	179.2	180.8 P	183.5		
Nondurable	110.7	112.5	146.9	147.4 P	155.5		
EMPLOYMENT							
(Thousand workers)							
Total civil nonagricultural	35,904	37,142	39,871	39,995 P	40,298		
Total WPA employment	1,655	1,890	1,024	1,029	963		
War industries	Confidential data. See page XI.						
Deep sea merchant vessels	Confidential data. See page XI.						
UNEMPLOYMENT (WPA ESTIMATE)							
(Million workers)							
Number of unemployed	9.3	7.6	4.2	4.0	3.6		

P Preliminary data.

R Revised data.

MONTHLY INCOME PAYMENTS AND SALES OF RETAIL STORES



The President

I

WAR PROGRESS

DECLASSIFIED
E.O. 11652, Sec. 2(E) and 2(D) or (G)
Commacon Rept. Letter, 11-18-78
By RHP, Date MAR 29 1973

~~Confidential~~

May 15, 1942

Number 87

WAR PROGRESS



BRIEFS OF CONTENTS

Page

- PRICE CEILINGS may cut retailers' profits by as much as one-third. If "squeeze" hits particular retail groups too hard, Office of Price Administration may roll back manufacturers' and wholesalers' prices. However, Government may ease "squeeze" with subsidies. 1

- WAR PROGRESS SERIES. Supplemental estimates of war appropriations now before Congress totaled \$504 million. Defense Bond sales increased sharply in December and January. In the ensuing three months sales declined considerably, although in April they were still about twice those in November. Net additions to payrolls were larger in March than in February but somewhat less than the high levels attained in January. Quit rates have increased to the highest levels on record in many war industries. Exports and imports both increased in March. For the first three months of the year exports were 59 percent above the comparable period in 1941. I

THE RETAIL PRICE "SQUEEZE"

PRICE CEILINGS MAY CUT RETAILERS PROFITS BY AS MUCH AS ONE-THIRD. IF "SQUEEZE" HITS PARTICULAR RETAIL GROUPS TOO HARD, THE OFFICE OF PRICE ADMINISTRATION MAY ROLL BACK MANUFACTURERS' AND WHOLESALERS' PRICES. HOWEVER, GOVERNMENT MAY EASE "SQUEEZE" WITH SUBSIDIES.

On May 18 the general ceiling on retail prices will go into effect; on and after that date almost all commodities sold at retail will be subject to maximum permitted prices equal to the highest price charged in March. The imposition of such a ceiling raises the possibility that retailers' margins will be "squeezed" insofar as the spread between permitted retail and wholesale prices is not wide enough to permit retailers to earn their previous margins. Claims that this "squeeze" exists in substantial dimensions have been the basis of requests for relief by several retail trades.

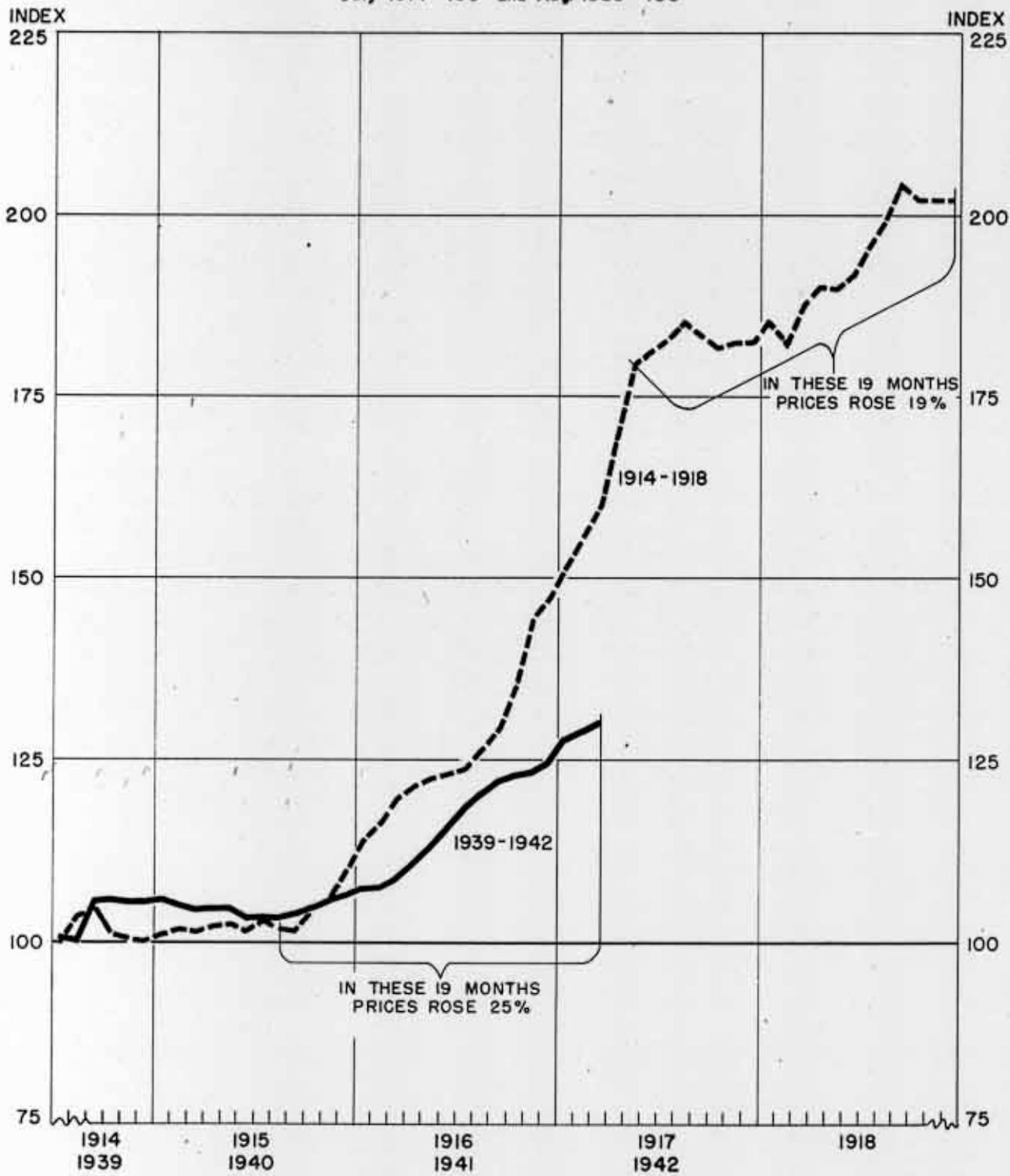
The Office of Price Administration has initiated a series of conferences with the trades affected to determine the size of the "squeeze" in particular cases. Preliminary studies indicate that the "squeeze" will vary greatly from commodity to commodity and from retailer to re-

tailer. It is estimated that the reduction in retailers' margins resulting from the price ceiling would not exceed \$700 million in a year at the expected 1942 rate of retail sales. This figure equals about one-third of net profits before taxes earned in retail trade in 1941 and about one-seventh of 1941 profits before taxes in the manufacture and distribution of commodities for retail sale.

Whether Government action is necessary to relieve the retailers must of course be decided after study of the facts in particular cases. Clearly the "squeeze" will be nonexistent or negligible in many lines. For instance, wholesale or manufacturers' prices of about one-third of the value of goods sold at retail had been subject to ceilings before January 1, 1942; retail prices of most of these items were in March fully adjusted to actual wholesale

WHOLESALE PRICES, ALL COMMODITIES

July 1914 = 100 and Aug. 1939 = 100



SOURCE: Bureau of Labor Statistics

prices. There is also a large category of items which have for some time been priced on the basis of actual replacement cost, so that little or no possibility of a "squeeze" exists. This includes perishable goods, the low-priced lines of most merchandise, and a large part of the items sold by small retailers.

The table below shows the estimated maximum potential "squeeze" upon seven retail lines and the relation of that "squeeze" to total retail gross margins in each case. Data are not available for precise measurement of the absolute or relative size of the "squeeze" in different lines, yet the uneven incidence of the "squeeze" is clearly indicated.

The existence of a "squeeze," even a "squeeze" of considerable magnitude, does not necessarily impinge upon "fair" or "reasonable" profits. In many cases margins may be reduced from percentages which were unusually high, and even the maintenance of constant percentage mark-ups in the past two years has greatly inflated the absolute size of retail margins. On the other hand, the reduction in retail volume which is inevitable in the months ahead will certainly reduce retailers' total dollar margins. A ceiling price policy intended to correct the inflation of retail margins must necessarily impose some "squeeze" upon some retailers. Moreover, in a war economy drastic reduction of the use of resources in distribution is

ESTIMATED MAXIMUM POTENTIAL RETAIL "SQUEEZE"
UNDER PRICE CEILING LINE OF RETAIL TRADE

Line of Trade	Maximum Potential Annual "Squeeze" at 1942 Volume of Sales	Annual "Squeeze" as Percent of Gross Margin ^a
	(Million Dollars)	(Percent)
Food Stores	82	3.5
Apparel Stores	199	16.2
Building Materials and Hardware	44	4.6
House Furnishings	30	3.3
Drug Stores	16	2.7
General Merchandise	192	7.6
Other Retail Stores	54	3.0
Total	617	5.9

^a Gross margin is sales minus wholesale cost of merchandise.

required; a "squeeze" upon retailers may assist in bringing about this reduction.

Some of the "squeeze" in certain lines will be automatically, or at least voluntarily, rolled back from the retail level. If retailers are severely "squeezed" under the ceiling, wholesalers may have to accept some reduction in price in order to maintain sales. There is also some room for eliminating a "squeeze," or passing it forward to consumers by reduction of quality, elimination of services, or otherwise altering the character of the product sold in such a way as to cut costs, without cutting retail prices. Presumably such steps, in effect puncturing the ceiling, will be difficult to prevent.

Where a "squeeze" persists

which prevents the earning of fair profits by retailers and which is not sufficiently eased by the voluntary action of retailers and their suppliers, the Office of Price Administration may intervene to alter the distribution of the burden. If the profits of wholesalers and manufacturers are sufficiently large, part of the retail "squeeze" may be rolled back upon them by lowering the maximum prices at which they may sell. In the absence of sufficient profits at any level to permit absorption of the "squeeze" in this manner it may be necessary to subsidize sales by payments with government funds. This course must obviously be followed only after the exhaustion of all alternatives, for it carries within it the possibility of undermining the whole anti-inflationary program through excessive drafts upon the Federal Treasury.

WAR PROGRESS SERIES

Pending Legislation

Additional supplemental estimates of appropriations for war purpose bring the total of such estimates pending before Congress to \$504 million. These supplemental appropriations will be for Civil Aeronautics Authority, War Shipping Administration, National Youth Administration, Federal Works Agency, Office of Censorship, and the Department of the Interior. \$272 million is for miscellaneous non-munitions, \$203 million for posts, depots, etc., and \$29 million for war housing.

Sales of Defense Bonds

Sales of Defense Bonds increased sharply during the first two months after our entry into the war. Nearly five times as many bonds were sold in January as in November (\$1,113.8 million compared with \$234.1 million). But this initial outburst of enthusiasm was not sustained. In the ensuing three months sales declined considerably, although in April they were still about twice those in November.

Income tax payments contributed to the decline in bond sales after January. Consumers made their usual purchases at retail stores, especially of clothing, and diminished their purchases of bonds. Stocking of various commodities in anticipation of future shortages doubtless contributed also. Such buying may have increased in anticipation of reduced incomes in the future should compulsory savings be instituted.

Sales to individuals constituted about two-thirds of total sales through November 1941. The remaining third were taken by corporations, savings banks, and insurance companies. Since Pearl Harbor, sales to individuals have increased to nearly three-fourths of total sales.^a Sales of denominations of \$500 or less were more than five times as large in January as in November.

Labor Turnover in War Industries, March 1942.

Hiring of wage earners in war production plants continued to expand in March. Accession rates in-

creased over February in seven selected war industries and in all manufacturing industries combined. Separation rates increased somewhat less than accession rates so that net additions to payrolls were larger in March than February, although they did not reach the high levels attained in January.

In many of the war industries quit rates have increased to the highest levels on record. Reports from a large number of companies indicate that housing shortages and transportation difficulties play an important part in this increase in labor turnover. The migration of workers from place to place in search of higher wages is another factor. Layoffs have not been a serious factor in labor turnover among the war industries in recent months. The average layoff rate for the seven selected war industries in March was 0.61 per 100 employees while that for all manufacturing industries was 1.19.

Military separations in March were higher than those of February and almost double those of March a year ago. Until our entry into the war, military separation rates for the seven selected war industries were approximately equal to those for all manufacturing industries combined. Since December military separation rates in the seven selected war industries have been considerably higher than those for all

manufacturing industries.

Notes on Foreign Trade For March 1942

Exports from the United States during March 1942 amounted to \$609 million, or \$130 million above February. The increase was largely accounted for by greater exports to the United Kingdom, Canada, and Russia. For the first three months of the year exports totaled \$1,567 million. This was 59 percent above the comparable period of 1941 and the highest first quarter total for any year since 1920.

Imports for consumption during March amounted to \$252 million or a gain of \$13 million over February. Substantial gains from Canada and Latin America more than offset the declines in imports from British Asia. (The statement under Foreign Trade Notes for February, War Progress, Number 85: "Imports, however, decreased by \$165 million," should have been \$16.5 million.)

^a The December to April estimated sales to individuals were obtained by adding one-third of the sales of Series F and G bonds to the total sales of Series E bonds. The remaining two-thirds of sales of Series F and G bonds were used for sales to corporations, savings banks, and insurance companies.

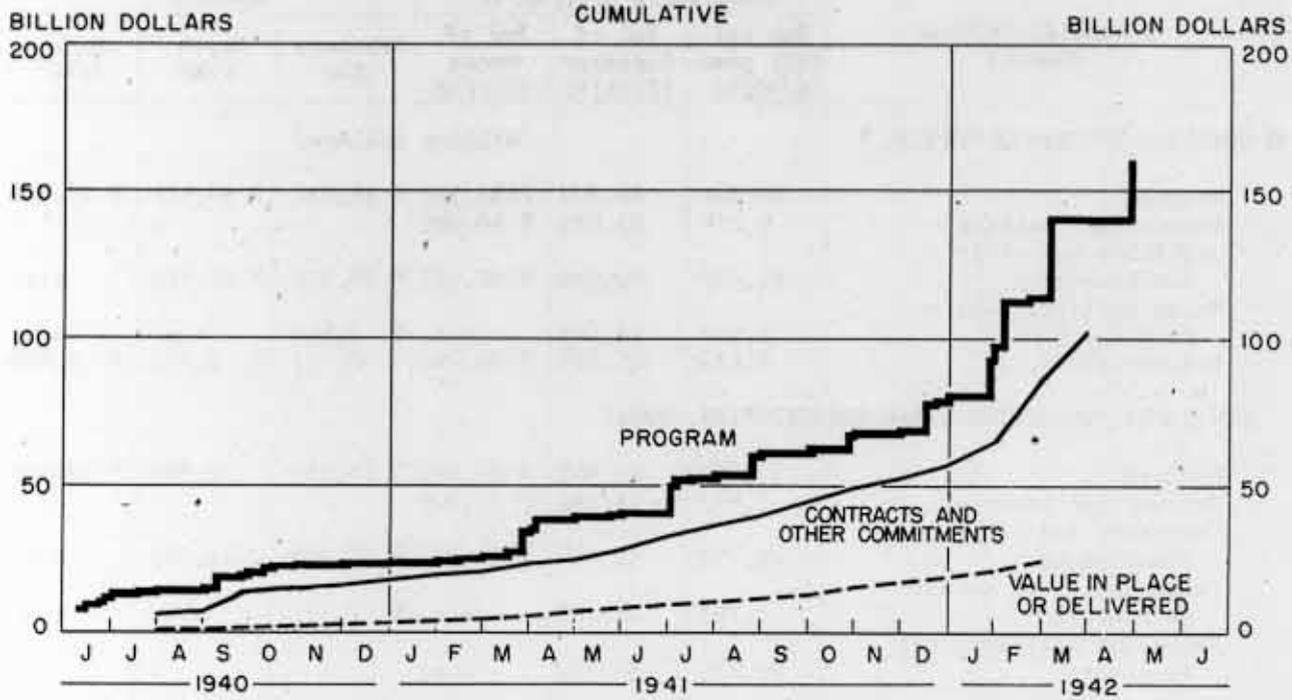
WAR PROGRESS SERIES
TOTAL WAR PROGRAM IN THE UNITED STATES

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	February 1942	March 1942	April 1942
● TOTAL WAR PROGRAM IN THE U.S. ^a (Million dollars)						
Program	40,861	80,604	P143,372	P 15,231	P 30,373	P 19,086
Uncommitted balance	9,274	23,979	P 40,985	-	-	-
Contracts and other commitments	31,587	56,625	P102,387	P 20,932	P 16,416	n.a.
Value delivered and/or in place ^b	8,547	18,573	n.a.	P 2,596	n.a.	n.a.
Checks paid ^c	8,536	17,965	P 25,766	2,453	P 3,051	P 3,485
MUNITIONS PRODUCTION & WAR CONSTRUCTION, TOTAL						
Program	37,027	69,305	P126,885	P 15,087	25,849	P 18,208
Uncommitted balance	7,597	18,281	P 32,605	-	-	-
Contracts and other commitments	29,430	51,024	P 94,280	P 20,098	15,720	n.a.
Value delivered and/or in place ^b	6,795	14,750	n.a.	P 2,171	n.a.	n.a.
Value not delivered nor in place	22,635	36,274	n.a.	-	-	-
PRODUCTION OF MUNITIONS						
Program	28,566	53,738	P102,308	P 12,577	P 20,665	P 11,748
Uncommitted balance	4,901	13,929	P 28,525	-	-	-
Contracts and other commitments	23,665	39,809	P 73,783	P 16,495	P 11,633	n.a.
Value delivered and/or in place ^b	4,290	8,940	p 13,547	P 1,471	p 1,803	p 1,955
Value not delivered nor in place	19,375	30,869	p 60,236	-	-	-
WAR CONSTRUCTION						
Program	8,461	15,567	P 24,577	P 2,510	P 5,184	P 6,460
Uncommitted balance	2,696	4,352	P 4,080	-	-	-
Contracts and other commitments	5,765	11,215	P 20,497	P 3,603	P 4,087	n.a.
Value delivered and/or in place ^b	2,505	5,810	n.a.	P 700	n.a.	n.a.
Value not delivered nor in place	3,260	5,405	n.a.	-	-	-
NON-MUNITIONS WAR ITEMS, TOTAL						
Program	3,834	11,299	P 16,487	P 144	P 4,524	P 878
Uncommitted balance	1,677	5,698	P 8,380	-	-	-
Contracts and other commitments	2,157	5,601	P 8,107	P 834	P 696	n.a.
Checks issued ^b	1,752	3,823	n.a.	P 425	n.a.	n.a.

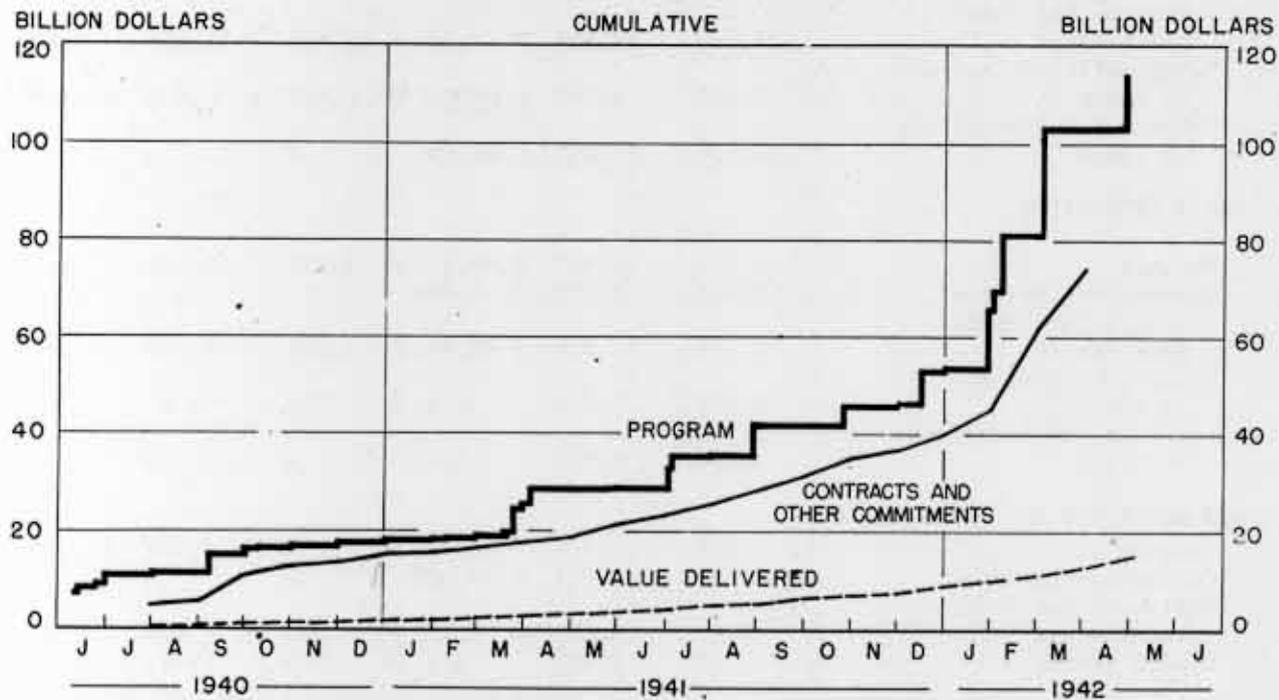
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For footnotes see Page X.

TOTAL WAR PROGRAM



MUNITIONS PRODUCTION



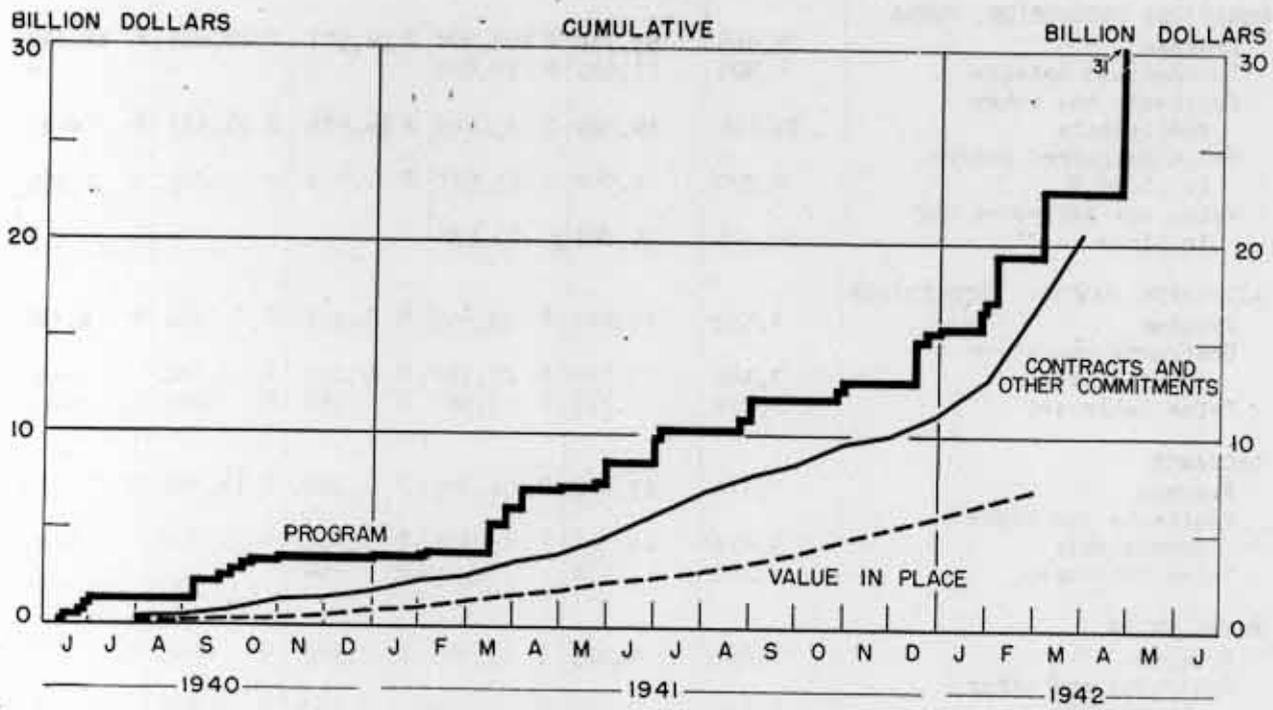
WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	February 1942	March 1942	April 1942
	(Million dollars)					
	BREAKDOWN OF MUNITIONS PRODUCTION					
● MUNITIONS PRODUCTION, TOTAL						
Program	28,566	53,738	P 102,308	P 12,577	P 20,665	P 11,748
Uncommitted balance	4,901	13,929	P 28,525	-	-	-
Contracts and other commitments	23,665	39,809	P 73,783	P 16,495	P 11,633	P n.a.
Value delivered and/or in place ^b	4,290	8,940	P 13,547	P 1,471	P 1,803	P 1,955
Value not delivered nor in place	19,375	30,869	P 60,236	-	-	-
AIRPLANES, PARTS & ACCESSORIES						
Program	8,582	15,072	P 28,619	P 4,377	P 161	P 8,761
Contracts and other commitments	7,381	13,298	P 27,142	P 9,833	P 3,582	n.a.
Value delivered	1,010	2,265	P 3,355	P 356	P 416	P 415
ORDNANCE						
Program	7,778	17,488	P 32,289	P 1,882	P 11,438	P 728
Contracts and other commitments	5,418	10,354	P 19,395	P 3,411	P 2,722	n.a.
Value delivered	700	1,685	n.a.	P 360	n.a.	n.a.
NAVAL SHIPS						
Program	6,796	9,605	P 15,426	P 5,593	P 203	P 31
Contracts and other commitments	6,442	7,930	P 11,174	1,667	P 1,300	n.a.
Value delivered and/or in place	810	1,665	n.a.	P 270	n.a.	n.a.
MERCHANT SHIPS						
Program	1,442	3,288	P 7,643	P -63	P 668	P 0
Contracts and other commitments	1,484	2,381	P 5,421	265	P 1,169	n.a.
Value delivered and/or in place	240	510	n.a.	P 100	n.a.	n.a.
OTHER MUNITIONS AND SUPPLIES						
Program	3,968	8,285	P 18,331	P 788	P 8,195	P 2,228
Contracts and other commitments	2,940	5,846	P 10,651	P 1,319	P 2,860	n.a.
Value delivered	1,530	2,815	n.a.	P 385	n.a.	n.a.

● Graph appears on opposite page.
Table continued on Page VII.

For footnotes see Page X.

WAR CONSTRUCTION



WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	February 1942	March 1942	April 1942
(Million dollars)						
BREAKDOWN OF WAR CONSTRUCTION						
● WAR CONSTRUCTION, TOTAL (LAND, BLDGS., EQUIP.)						
Program	8,461	15,567	P 24,577	P 2,510	P 5,184	P 6,460
Uncommitted balance	2,696	4,352	P 4,080	-	-	-
Contracts and other commitments	5,765	11,215	P 20,497	P 3,603	P 4,087	n.a.
Value in place ^b	2,505	5,810	n.a.	P 700	n.a.	n.a.
Value not in place	3,260	5,405	n.a.	-	-	-
INDUSTRIAL FACILITIES (LAND, BLDGS., EQUIP.)						
Program	5,120	8,112	P 16,124	P 1,532	5,169	P 345
Contracts and other commitments	2,865	6,318	P 12,978	P 2,357	P 3,147	n.a.
Value in place	960	2,800	n.a.	P 425	n.a.	n.a.
INDUSTRIAL FACILITIES, BUILDINGS ONLY						
Program	1,607	3,137	P 4,625	P 356	P 605	n.a.
Value in place	575	1,753	P 2,374	P 195	P 216	P 253
POSTS, DEPOTS, STATIONS						
Program	2,849	6,063	P 7,061	978	P 15	P 6,115
Contracts and other commitments	2,625	4,381	P 6,869	P 1,194	P 869	n.a.
Value in place	1,430	2,670	n.a.	P 240	n.a.	n.a.
DEFENSE HOUSING						
Program	492	1,392	P 1,392	0	0	0
Contracts and other commitments	275	516	P 650	52	P 71	n.a.
Value in place	115	340	n.a.	P 35	n.a.	n.a.
BREAKDOWN OF NON-MUNITIONS						
NON-MUNITIONS, TOTAL						
Program	3,834	11,299	P 16,487	P 144	P 4,524	P 878
Uncommitted balance	1,677	5,698	P 8,380	-	-	-
Commitments	2,157	5,601	P 8,107	P 834	P 696	n.a.
Checks issued by agencies ^b	1,752	3,823	n.a.	425	n.a.	n.a.
STOCKPILE						
Program	983	2,399	P 2,713	P 4	P 0	P 0
Commitments	470	1,050	P 1,080	0	P 30	n.a.
Checks issued by agencies	192	488	n.a.	P 85	n.a.	n.a.

● Graph appears on opposite page.
Table continued on following page.

For footnotes see Page X.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cum. 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	February 1942	March 1942	April 1942
(Million dollars)						
BREAKDOWN OF NON-MUNITIONS (Continued)						
AGRICULTURAL EXPORTS (LEND-LEASE)						
Program	625	1,522	3,078	-228	1,784 P	0
Commitments	66	561	847	133 P	54	n.a.
Checks issued by agencies	1	211	n.a.	P 50	n.a.	n.a.
PAY, SUBSISTENCE & TRAVEL f						
Army Military						
Program	944	3,013	3,159	0	146 P	745
Commitments	934	2,030	3,044 P	489 P	105	n.a.
Checks issued	696	1,510	n.a.	P 155	n.a.	n.a.
Navy Military						
Program	378	963	1,021	9 P	49 P	5
Commitments	334	610	843	68 P	103	n.a.
Checks issued	388	640	n.a.	P 45	n.a.	n.a.
Civilian Payroll						
Program	32	247	248	1	0 P	5
Commitments	32	140	200	20 P	20	n.a.
Checks issued	356	684	n.a.	P 60	n.a.	n.a.
MISCELLANEOUS NON-MUNITIONS						
Program	872	3,155 P	6,268 P	358 P	2,545 P	123
Commitments	321	1,210 P	2,093 P	124 P	384	n.a.
Checks issued by agencies	119	290	n.a.	P 30	n.a.	n.a.

Table continued on following page.

For footnotes see Page X.

expenditures are continuously pouring income into the pockets of wage earners, stock holders, and others. And as the income of the population increases, the demand of the population for goods and services also rises rapidly, with further effects upon income. On the other hand, the flow of goods and services available for civilian purchase has for some months not increased and must soon decrease sharply if the war program is to be met. Labor, materials, plant and shipping are being drawn away from the production and transportation of the kind of goods which civilians desire and can purchase into the production and transport of armaments of war. This transference is effected by the bidding of the Government and its suppliers as well as by the system of priorities, allocations and limitations. It is urgently necessary that this transference should continue, and at an accelerated pace. But it is the inevitable consequence of this transference, coupled with the growth of consumers' income, that prices must rise rapidly unless drastic control policies are adopted.

It is difficult at this time to forecast the extent of the inflation which faces us under present plans and policies. It is, however, possible roughly to estimate the excess of the amount which civilians would desire to spend in the fiscal year 1942-43 over the amount of goods and

services, at present prices, which will be available for purchase by civilians in that year. This excess is one of the meanings of the term "inflationary gap," which has become a critical concept in inflation discussion. Estimates of the size of this gap vary, in part because of divergence of opinion concerning the possible volume output of civilian goods which can be achieved in 1942-43, and in part because of differences of opinion as to the proportion of their increased income which civilians will desire to spend, yet there can be no disagreement about the fact that the gap is very large and it is fair to place a central estimate of the size of the gap for 1942-43 at about \$15 billion. This figure may be compared with an estimated value of goods available for consumers in 1942-43 of about \$60 to \$70 billion in present prices. The fact that the gap is between one-fifth and one-fourth the size of the probable value of output available for civilians does not mean that if the gap is left unclosed prices will rise only by from 20 percent to 25 percent. As prices rise incomes also rise, the demand for consumers' goods increases and the basis is laid for further price increases. A gap of \$15 billion, if not closed by fiscal or other measures may result in an increase in the value of consumers' goods of much more than \$15 billion. It should further be pointed out

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	February 1942	March 1942	April 1942
(Million dollars) BREAKDOWN BY AGENCIES						
UNITED STATES FINANCED WAR PROGRAM ^d						
Program	37,075	76,508	P 139,276	P 15,231	P 30,373	P 19,086
Uncommitted balance	9,274	23,979	P 40,985	-	-	-
Contracts and other commitments	27,801	52,529	P 98,291	P 20,932	P 16,416	n.a.
Checks paid	6,431	15,251	P 22,858	2,391	2,987	P 3,421
U. S. ARMY						
Program	13,134	31,981	P 67,073	0	22,566	P 17,395
Contracts and other commitments	11,104	23,334	P 49,864	P 12,479	P 10,036	n.a.
Checks paid	3,636	7,889	11,206	1,099	1,130	1,284
U. S. NAVY						
Program	12,308	20,024	P 35,599	15,135	P 384	P 1,635
Contracts and other commitments	11,182	16,327	P 26,000	5,566	P 3,152	n.a.
Checks paid	2,217	4,726	6,642	531	867	1,020
LEND-LEASE						
Program	7,000	12,985	18,410	0	5,425	0
Allocations	5,177	11,345	13,636	232	1,364	n.a.
Contracts and other commitments	2,458	6,282	P 9,203	1,109	P 744	n.a.
Checks paid	21	910	2,283	432	573	525
U. S. MARITIME COMMISSION						
Program	784	2,734	6,584	0	P 0	P 0
Contracts and other commitments	886	1,724	4,868	322	P 1,256	n.a.
Checks paid (net) ^e	44	156	348	62	81	87
RFC AND SUBSIDIARIES						
Program	2,623	5,130	P 7,794	P -34	P 1,998	P 0
Contracts and other commitments	1,151	3,569	P 6,609	P 1,300	P 1,036	n.a.
Checks issued by RFC	350	956	P 1,465	190	P 190	P 190
OTHER U. S. AGENCIES						
Program	1,226	3,654	P 3,816	132	P 0	P 56
Contracts and other commitments	720	1,293	P 1,747	156	P 192	n.a.
Checks paid	163	614	914	77	146	315
FOREIGN ORDERS						
Program (orders)	3,786	4,096	P 4,096	0	P 0	P 0
Commitments	3,786	4,096	P 4,096	0	P 0	P 0
Checks issued by Purchasing Missions	2,105	2,714	P 2,908	62	P 64	P 64

For footnotes see Page X.

FOOTNOTES

WAR PROGRESS SERIES

n.a. Not available
r Revised.

P Preliminary

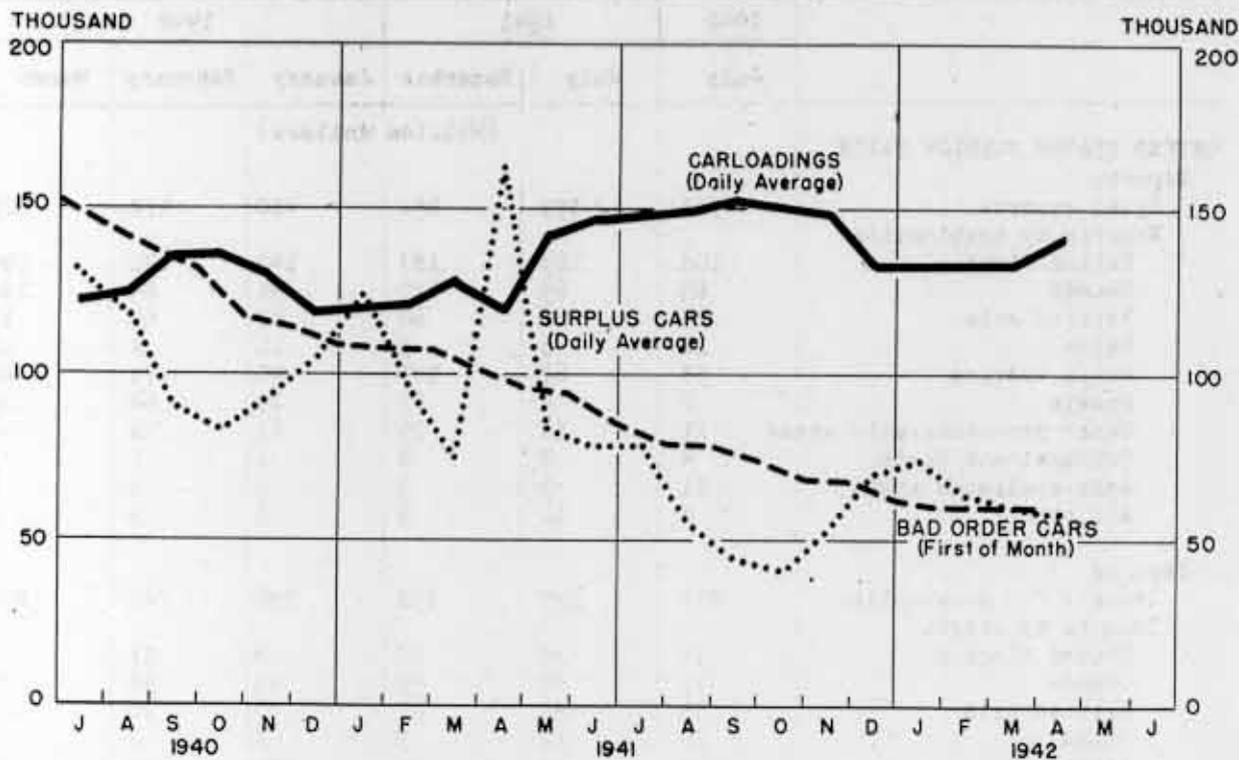
- a Total war program includes all funds and authorizations made available for war purposes by the United States Government plus foreign orders placed in this country since November 1939. The major portion of the existing program has been approved since June 11, 1940, but some authorizations (particularly portions of the naval expansion program, the merchant shipbuilding program, and the stockpile program) were made available even earlier. All funds are shown during the fiscal year in which they are available for obligation.
- b Value delivered and/or in place includes (1) value delivered and/or in place for ships and value of production for other munitions, (2) value in place for war construction, and (3) checks issued by finance officers for non-munitions items.
- c Checks paid include (1) all checks paid out of the Treasury General Fund; (2) checks issued by the Reconstruction Finance Corporation and subsidiary Government corporations; (3) checks issued by foreign purchasing commissions.
- d United States financed program includes the war activities of all United States Government agencies (including Lend-Lease) plus the war activities of government owned corporations, but does not include foreign orders.
- e Report on checks paid by the Treasury for the account of the Maritime Commission makes allowance for receipts credited to the Construction Loan Fund.
- f Program and obligations for pay for civilians and for the Navy include only that specifically mentioned in appropriation bills, while the cash disbursement figures include, in addition, executive war pay which cannot be separately distinguished in the appropriation bills.
- g Does not include \$6.4 billion, Title I, FY 1943, approved February 7, 1942, but not available for obligation prior to July 1, 1942.

ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941		1942		
	July	July	December	January	February	March
(Million dollars)						
UNITED STATES FOREIGN TRADE						
Exports						
Total exports	317	359	652	480	478	609
Exports by destination						
United Kingdom	108	129	187	142	121	199
Canada	65	69	130	91	85	106
British Asia	24	26	60	47	69	63
China	10	6	9	11	8	10
Latin America	58	67	140	90	71	80
Russia	6	3	27	29	64	101
Other pro-democratic areas	11	38	79	63	56	44
Portugal and Spain	4	2	2	1	1	1
Axis-dominated areas	21	9	9	3	1	3
All other	8	10	9	3	2	2
Imports						
Imports for consumption	218	265	338	256	240	252
Imports by origin						
United Kingdom	16	10	12	8	11	11
Canada	37	45	59	53	48	59
British Asia	55	84	87	70	70	61
China	10	10	7	2	2	3
Latin America	52	73	123	103	90	96
Russia	1	3	3	3	1	1
Other pro-democratic areas	13	13	22	9	9	12
Portugal and Spain	2	3	4	?	2	1
Axis-dominated areas	23	16	7	4	4	3
All other	9	8	14	2	3	5
(Percent of total imports)						
Strategic and critical materials	31.1	38.8	32.4	44.0	50.0	54.0
(Thousand workers)						
EMPLOYMENT						
War industries						
Private, 18 major industries	1,660	2,540	2,886	2,999	3,130	P 3,231
Private contractors, public construction	13	412	633	583	614	643
Public	117	225	286	308	315	339
Total	1,790	3,177	3,805	3,890	4,059	P 4,213
Deep sea merchant vessels	51	50	49	47	49	48
Cumulative 6/11/40 through				Monthly, 1942		
	End 1st full year 6/30/41	End of February 1942	End of March 1942	January	February	March
(Million dollars)						
VALUE OF FACIL. ON APPLIC. FOR CERT. OF NECESSITY						
Total approved	1,030	2,315	2,701	295	442	386
Private funds	829	1,978	2,333	221	431	355
Public funds	201	337	368	74	11	31
Pending	387	785	624	-	-	-

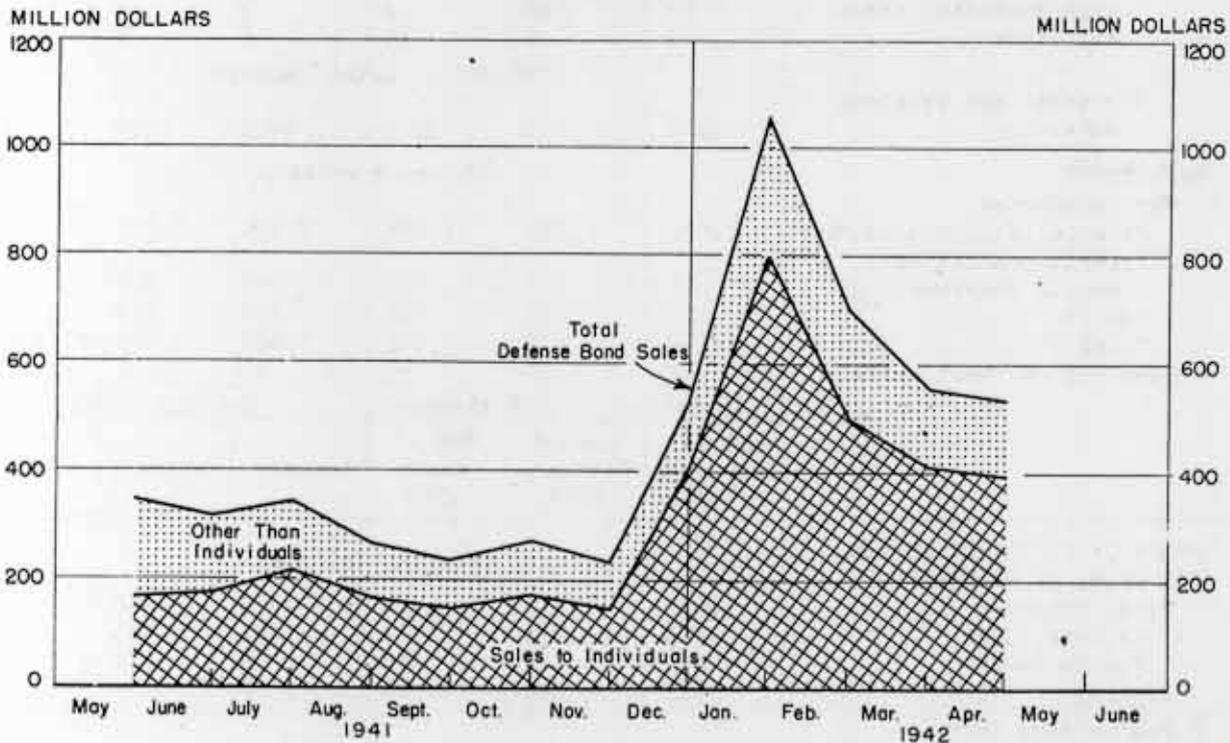
P Preliminary data.

FREIGHT CARLOADINGS, SURPLUS CARS, AND BAD ORDER CARS



DEFENSE BOND SALES

FUNDS RECEIVED



ECONOMIC ACTIVITY RELATED TO THE WAR

The series on these pages are included for the convenience of readers of War Progress. The data are not confidential and there are no restrictions upon their use through their inclusion in this confidential report.

	1940	1941	1942		Week ending	
	July	July	March	April	May 2	May 9
FED. RES. BD. PROD. INDICES						
(Unadjusted indexes 1935-39=100)						
Total industrial production	120	159	P 168	173		
Durable manufactures	131	197	P 227	235		
Nondurable manufactures	111	138	P 137	137		
Minerals	121	130	P 118	126		
BUR. FOR. & DOM. COM. MFRS. ORDERS, SHIPMENTS, INVENTORIES						
(Indexes)						
New orders, total (1/39=100)	127	212	P 256			
Shipments, total	103	163	P 198			
Inventories, total 1939 av. mo.=100	112.2	136.4	P 166.1			
Durable	113.9	150.3	P 183.5			
Nondurable	110.7	124.3	P 150.1			
BLS PRICE INDICES						
(Indexes)						
Strategic materials } 8/39	123.6	140.3	144.4	P 145.1	145.2	145.2
Critical materials } =100	107.5	115.2	122.8	P 123.1	123.2	123.2
Basic commodities	108.5	148.7	166.1	167.0	166.9	167.2
Machine tools	108.7	117.6	118.1	118.1	-	-
All commodities (1926=100)	77.7	88.8	97.6	P 98.6	98.7	98.6
BLS COST OF LIVING INDEX						
(1935-39=100)						
All items	100.3	105.3	114.3			
Food	97.4	106.7	118.6			
Rent	104.6	106.1	108.9			
TRANSPORTATION & ELEC. POWER						
● Freight Cars						
Loadings (thous.perweek)	706	853	793	838	859	839
Unloads for export, dly. av.						
Atlantic&Gulf ports(no.)	1,494	1,614	1,934	P 2,037	1,750	1,754
Pacific ports (no.)	112	159	305	P 412	437	498
Surplus total, dly. av. (thous.)	132	77	59	57	56	
Box cars	55	30	21	26	28	
Coal cars	48	27	19	14	12	
Bad order cars, total, 1st of month (thous.)	153	85	61	60		
Power prod. (mil. kwh.)	12,094	14,226	15,053	P 14,550	3,305	3,351
● DEFENSE BOND SALES, TOTAL						
(Million dollars)						
To individuals*	-	-	558	531	136	162
To other than individuals*	-	-	411	395		
	-	-	147	136		
DEFENSE HOUSING						
(Number of dwelling units, cumulative to end of period)						
Fund allocations	1,460	123,433	342,261	413,530	414,961	416,099
Constr. contracts awarded	624	87,132	185,350	193,438	210,144	213,680
Construction completed	0	29,954	97,681	104,318	107,179	108,692

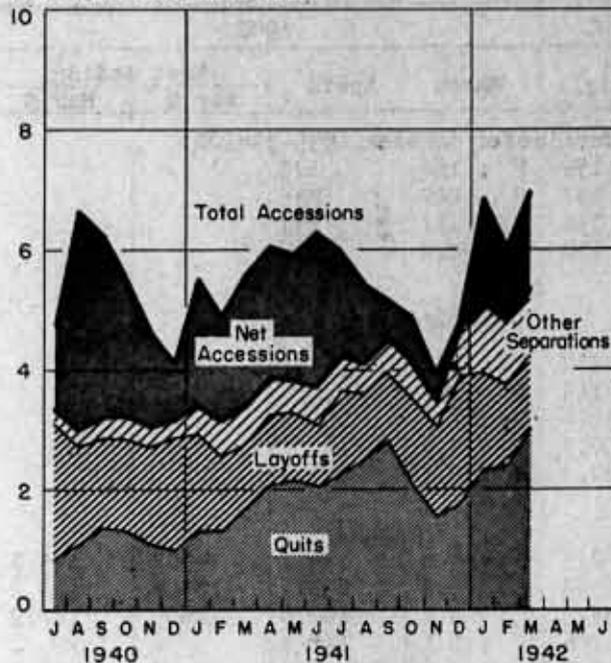
● Graph appears on opposite page.

P Preliminary.

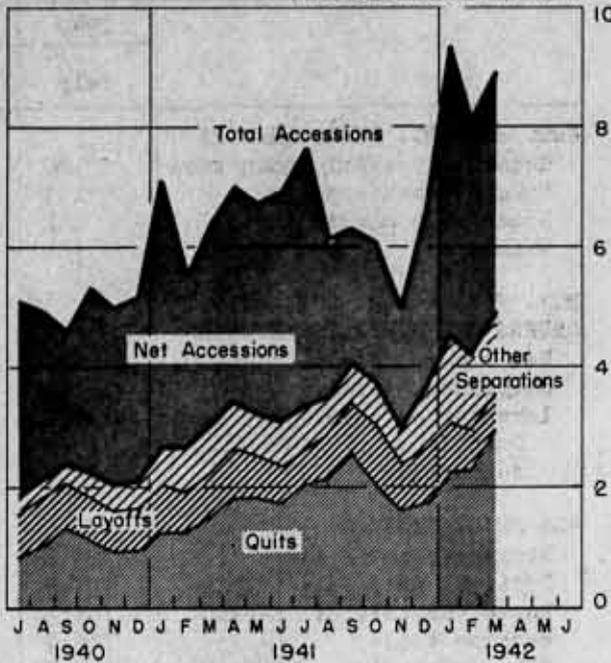
*Est. See Page II.

LABOR TURNOVER RATES

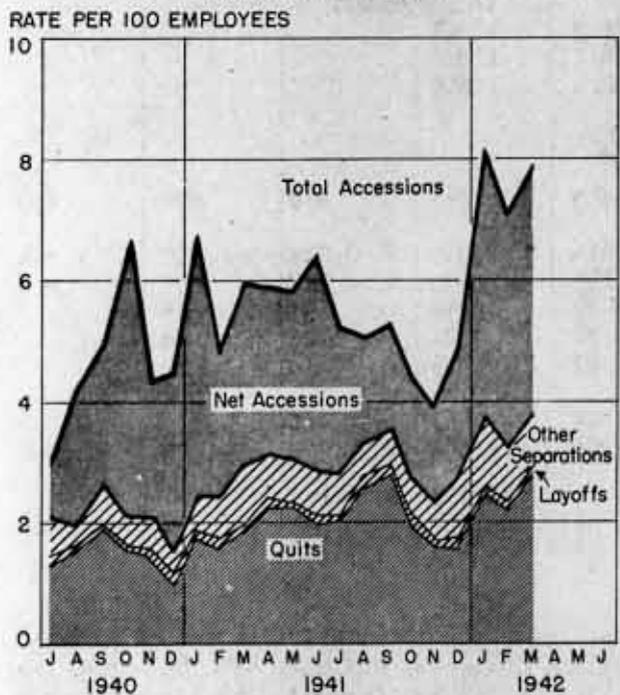
ALL MANUFACTURING INDUSTRIES
RATE PER 100 EMPLOYEES



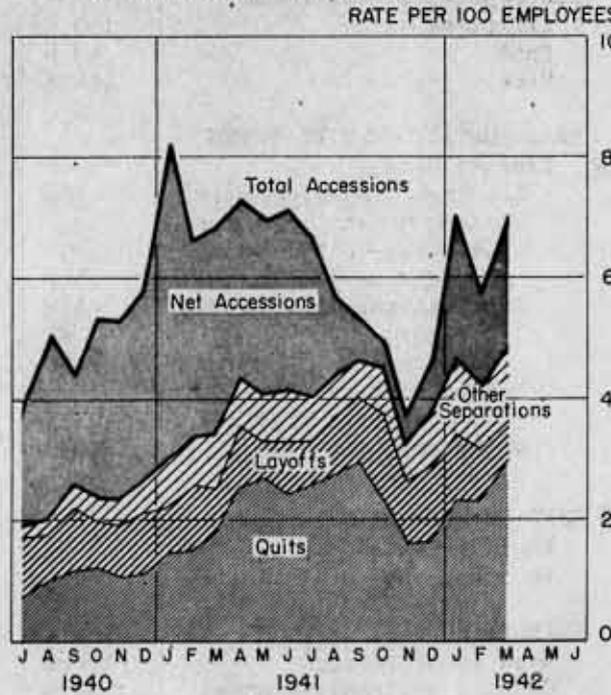
7 SELECTED WAR INDUSTRIES*
RATE PER 100 EMPLOYEES



MACHINE TOOLS



FOUNDRIES AND MACHINE SHOPS



* Includes: aircraft; shipbuilding; machine tools; brass, bronze and copper products; foundry and machine shop products; electrical machinery; blast furnaces, steel works and rolling mills.

ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942			
	July	July	January	February	March	April
NATIONAL INCOME			(Billion dollars, annual rate)			
Total income payments	75.8	93.0	104.6	105.4	p 105.9	
FEDERAL DEBT			(Billion dollars)			
Net public debt	41.5	46.9	57.1	58.8	58.9	62.1
EMPLOYMENT			(Thousand workers)			
Total civil nonagricultural	35,904	39,908	39,871	39,995	p 40,298	
Total WPA employment	1,695	1,095	1,024	1,029	963	
War industries			Confidential data. See page XI.			
Deep sea merchant vessels						
UNEMPLOYMENT (WPA ESTIMATE)			(Million workers)			
Number of unemployed	9.3	5.6	4.2	4.0	3.6	3.0
LABOR TURN OVER^h			(Rate per 100 employees)			
ALL MANUFACTURING						
Total accession	4.77	6.00	6.87	6.02	6.99	
Total separation	3.35	4.24	5.10	4.82	5.36	
Quit	0.85	2.25	2.36	2.41	3.02	
Layoff	2.25	1.40	1.61	1.39	1.19	
Discharge	0.14	0.29	0.30	0.29	0.33	
Military separation	n.a.	0.19	0.67	0.56	0.63	
7 MAJOR WAR INDUSTRIES						
Total accession	5.09	7.67	9.38	8.06	8.90	
Total separation	1.85	3.34	4.52	4.18	4.91	
Quit	0.84	2.05	2.29	2.30	2.91	
Layoff	0.73	0.57	0.76	0.64	0.61	
Discharge	0.15	0.36	0.42	0.40	0.42	
Military separation	n.a.	0.17	0.82	0.63	0.73	
AIRCRAFT						
Total accession	12.40	12.68	11.95	8.72	9.54	
Total separation	3.57	3.36	4.84	4.21	5.60	
Quit	2.96	2.48	2.82	2.68	3.70	
Layoff	0.15	0.19	0.12	0.16	0.12	
SHIPBUILDING						
Total accession	13.00	15.53	20.81	16.72	18.15	
Total separation	5.40	5.63	6.45	6.26	7.13	
Quit	1.14	2.65	3.25	3.27	4.27	
Layoff	3.71	2.05	1.41	1.33	1.26	
MACHINE TOOLS						
Total accession	3.05	5.17	8.12	7.07	7.89	
Total separation	2.09	2.79	3.74	3.21	3.77	
Quit	1.28	2.02	2.46	2.23	2.75	
Layoff	0.21	0.12	0.10	0.08	0.11	

Graph appears on opposite page.
^h Bureau of Labor Statistics.

P Preliminary data.

The President

1

WAR PROGRESS

DECLASSIFIED
E.O. 11652, Sec. 2(K) and 4(D) or (G)
Commerce Dept. Letter, 11-16-72
By NHP, Date MAR 29 1973

Confidential

May 22, 1942

Number 88

WAR PROGRESS



BRIEFS OF CONTENTS

Page

- OBJECTIVES now run to \$58 billion in 1942 and \$80 billion in 1943, but sufficient funds have not yet been authorized or appropriated. 1

- PLANT UTILIZATION IN THE AIRCRAFT INDUSTRY has shown little improvement since the peak was reached in January. Employment and man-hours have increased, but most plants in each sector of the industry operate considerably below level of the best plants. 3

- JAPAN'S VICTORIES DEPRIVE THE UNITED NATIONS of only a little more than 3 percent of their annual petroleum supply. Nearly complete loss of fuel in the combat area, however, will strain transportation lines from the Western Hemisphere and Middle East. 5

- WAR PROGRESS SERIES. War appropriations pending in Congress now total \$1,725 million. Between February and March average working hours and average weekly earnings in 11 war industries increased more than in all manufacturing. Cost of living in April was 13 percent above April last year. Series on plant utilization in the aircraft industry from March 1941 to April 1942 are presented. I

that the estimate of a \$15 billion gap already takes account of such repressive effects upon consumers' spending as the tax increases proposed by the Treasury might have in the next fiscal year.

The danger in the sharply rising consumer demand does not lie solely in its potential effects upon prices. At least equally serious is the possible retarding effects which that demand may have upon the transference of resources to war production. Our economy is basically organized through the response of production to the pressure of demand. We are now attempting through priorities, allocations, and other means to divert resources from civilian production, despite the great pressure of civilian demand. The success of this attempt in large part will depend upon our ability to reduce the demands which hold resources away from military production, which make industry reluctant to convert, which makes labor reluctant to transfer, and which makes the priorities and allocation system difficult to enforce.

The price problem can be met by either or both of two measures, providing the measures are applied with sufficient force and speed. The two measures are direct price control and restrictive fiscal policy. It is now clear that the use which has heretofore been made of each of

these two measures is inadequate to meet the immediate inflationary threat.

Although the price control measures adopted by the Office of Price Administration have achieved notable success in certain fields, particularly in the field of metals, there have already been substantial price increases in many lines, and it does not seem likely that the methods thus far used by the Office of Price Administration can control the much greater inflationary pressures which are imminent. The power of the Office of Price Administration is clearly defective in two respects: it is not empowered to place any limitation upon wages, and its authority in the field of agricultural prices is narrowly restricted. Yet the omission of these two elements is potentially disastrous in an economic situation where the volume of demand is sufficient to support a much higher price level than now prevails. Consumer demand, together with export requirements, can bring about—in fact have already brought about—substantial increases in the prices of foods and fibres with accompanying increases in the cost of living. Increases in the cost of living make it difficult to resist, even by moral suasion, demands for wage increases against which there are no legal sanctions. And even in the absence of other contributing factors, wage increases

FINANCING REQUIREMENTS FOR MUNITIONS PRODUCTION AND WAR CONSTRUCTION

OBJECTIVES IN 1942 AND 1943

OBJECTIVES NOW RUN TO \$58 BILLION IN 1942 AND \$80 BILLION IN 1943, BUT SUFFICIENT FUNDS HAVE NOT YET BEEN AUTHORIZED OR APPROPRIATED.

The total War Program in the United States now amounts to \$169 billion^a. This is more than double its size on December 7.

Of this total \$150 billion is for the production of munitions and

the construction of industrial facilities, military posts, depots, fortifications, and housing. These funds have been made available for use in the following periods:

(Billion dollars)

By December 31, 1941	15
Calendar years 1942	
and 1943	117
After 1943	18

Tentative objectives for munitions production and war construction during calendar years 1942 and 1943 are \$58 billion and \$80 billion respectively, or \$138 billion for

^a This includes appropriations and authorizations for United States war agencies and orders placed in the United States by foreign purchasing missions. It also includes \$6.4 billion, Title I, FY 1943, approved February 7, 1942, but not available for obligation prior to July 1, 1942.

Object	Funds Available for Expenditure 1942 and 1943	1942 Objective	1943 Objective	Funds Available Minus Objectives
		(Billion Dollars)		
Ordnance	28	16	30	-18
Aircraft	27	7	18	2
Naval Ships	12	5	7	0
Merchant Ships	7	2	2	3
Other Munitions	18	12	14	-8
Industrial Facilities and Construction	25	16	9	0
Total Munitions and Construction	117	58	80	-21

the two years (War Progress #85, p.1). Sufficient funds have been provided for current objectives for aircraft, ships, and construction, but \$26 billion additional funds must be provided before the end of 1943 in order to fulfill the objectives for Ordnance and Other Munitions (as shown in the above table).

Still further appropriations may be necessary before the end of calendar 1943. Provision may be required for changes of objectives in line with revisions in tactical requirements, for continuity of production in 1944, and for the effects of escalator clauses in munitions and construction contracts.

PLANT UTILIZATION IN THE AIRCRAFT INDUSTRY, NOVEMBER 1941 - APRIL 1942

PLANT UTILIZATION IN THE AIRCRAFT INDUSTRY HAS SHOWN LITTLE IMPROVEMENT SINCE THE PEAK WAS REACHED IN JANUARY. EMPLOYMENT AND MAN-HOURS HAVE INCREASED, BUT MOST PLANTS IN EACH SECTOR OF THE INDUSTRY OPERATE CONSIDERABLY BELOW LEVEL OF THE BEST PLANTS.

Firms manufacturing military aircraft showed marked improvement in plant utilization during the first month after our entry into the war, reaching a peak in January. Since that time there has been little change in utilization. During the five months from December to April employment in all sectors of the industry combined increased by 52 percent and man-hours worked by 65 percent.

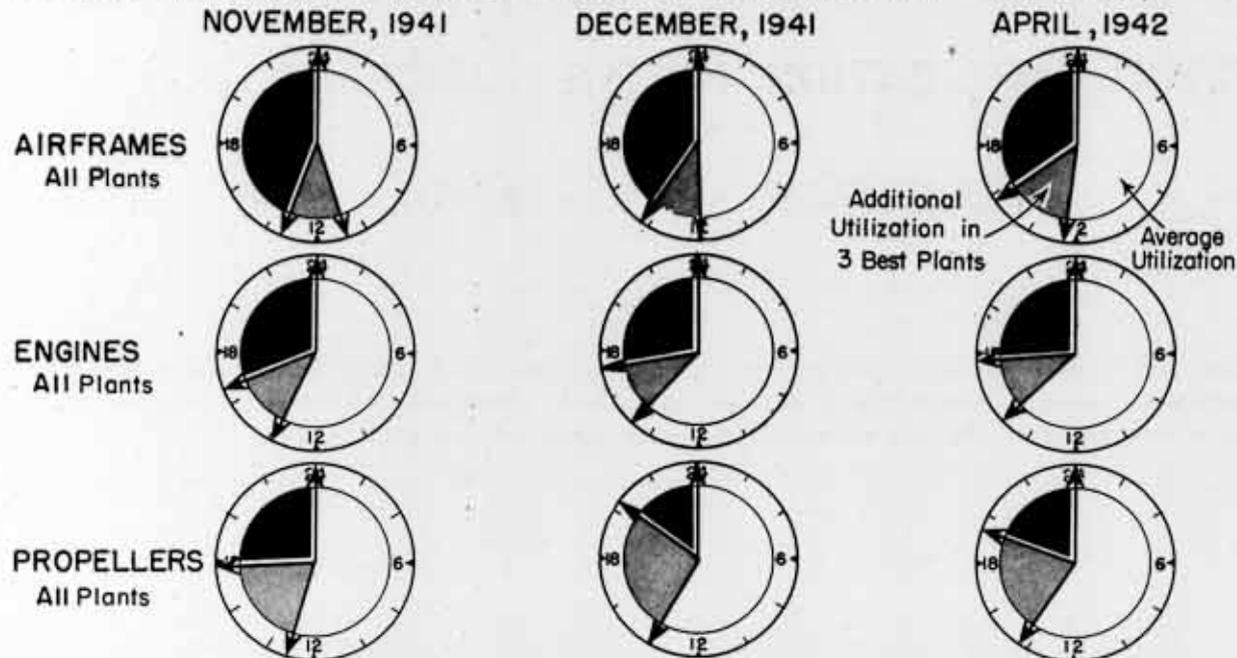
Most plants in each sector of the industry (airframes, engines, and propellers) continue to operate well below the level of the three best plants. The latter have continued to improve their already high utilization. (See Charts 1 and 2 and the series on page XII.)

The improvement in plant uti-

lization since our entry into the war has been achieved mainly by extension of the work week. The work week since December in establishments manufacturing aeroengines and propellers has averaged about 51 hours, and in plants producing airframes slightly less than 48 hours.

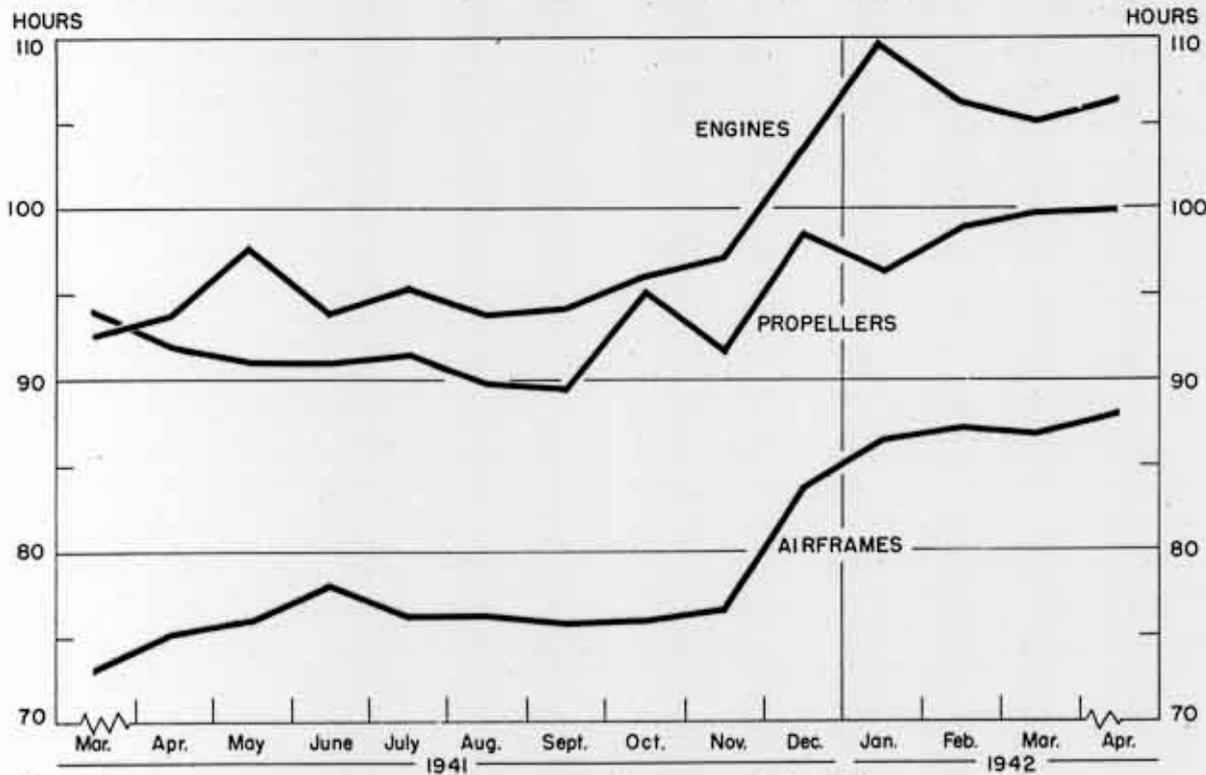
In April about 48 percent of the workers in the aircraft industry were employed on second and third shifts. Although the airframe sector was lower than aeroengines and propellers in this respect (46 percent compared with 52 and 49 percent respectively), it has shown steady improvement since July 1941, when it stood at 41 percent. Further improvement in plant utilization must look chiefly to increased employment on second and third shifts.

CHART 1 HOURS OF PLANT UTILIZATION* IN THE AIRCRAFT INDUSTRY



*As measured by the total man-hours divided by the number of workers on the first shift. The unshaded portion of each circle represents for each industry the average hours of operation per day on a seven-day, twenty-four hour (168 hours per week) basis.

CHART 2-HOURS OF PLANT UTILIZATION IN THE AIRCRAFT INDUSTRY*



*As measured by the total man-hours divided by the number of workers on the first shift.

PETROLEUM SUPPLIES OF UNITED NATIONS VS. AXIS POWERS

JAPAN'S VICTORIES DEPRIVE THE UNITED NATIONS OF ONLY A LITTLE MORE THAN 3 PERCENT OF THEIR ANNUAL PETROLEUM SUPPLY. NEARLY COMPLETE LOSS OF FUEL IN THE COMBAT AREA, HOWEVER, WILL STRAIN TRANSPORTATION LINES FROM THE WESTERN HEMISPHERE AND MIDDLE EAST.

Japan's capture of the Dutch East Indies and other oil-producing areas has deprived the United Nations of nearly all of their Far Eastern resources of liquid fuel. It will approximately double the resources of the Axis Powers.

Although the annual production of the captured countries is only about 3 percent of the total world production, its loss has far greater strategic significance to the United Nations than the small percentage suggests. Fuel must now be supplied from the Western Hemisphere or the Middle East, placing a heavy burden on the tanker fleet.

The Far East, including Burma, produced an estimated 75 to 80 million barrels in 1941, which would have met Japan's 1942 requirements with some surplus for the other Axis partners.

Petroleum production, both actual and potential, by the Axis Powers and their conquered territories was about 6 percent of the world total during 1941. The United States alone accounted for more than 60 percent of the world's production; Latin America was second with an estimated 15 percent; the Soviet

**ESTIMATED WORLD PRODUCTION OF PETROLEUM
1941
(MILLION BARRELS)**

GRAND TOTAL	2,250
UNITED NATIONS	2,117
UNITED STATES & CANADA	1,416
SOVIET UNION	242
LATIN AMERICA	346
MIDDLE EAST	113
AXIS POWERS	133
GREATER JAPAN	79
GREATER GERMANY	54

Union third with approximately 11 percent; and the Middle East produced about 5 percent.

The present drive by Germany toward the Caucasian oil fields, if successful, would at the same time endanger the production of the Middle East. The acquisition of either the Middle East supplies or a substantial proportion of Russian production would make Germany most formidable as far as liquid fuel is concerned, while loss of the Middle East would force the United Nations to depend almost entirely on the Western Hemisphere for their total supplies, thus further straining transportation lines.

While there is no serious question of the adequacy of supplies for the United Nations transportation must be primarily by tankers. The tactical problem facing the United Nations thus comes down to a race between the production and sinking of fuel carriers.

Reports continue to circulate regarding a limitation of Germany's military operations due to a shortage of oil. The estimated production of crude petroleum in Greater Germany (principally Rumania) of

some 50 million barrels for 1941 represents nearly half of her liquid fuel output of upwards of 100 million barrels. The remainder comes from synthetics and substitutes made from native products within Germany and any increase in this production is a drain on internal transportation facilities, labor supply, and raw materials. Reliable sources place Germany's reserve at from 35 to 50 million barrels, or from a quarter to a half year's supply.

Estimates indicate that civilian uses consume approximately 40 percent of Germany's normal production. Such uses can, of course, be "squeezed" when other reserves are near exhaustion. There seems to be no reason to modify substantially the conclusion that Germany still has sufficient quantities of petroleum available for offensive warfare. (Defense Progress, Number 56, September 19, 1941.)

The production of crude petroleum in Japan proper, between 2 and 3 million barrels annually, is negligible in comparison with her annual requirements. Japanese reserves, obtained from the United States and the Dutch East Indies before the outbreak of hostilities, are officially estimated at about 75 million barrels.

The Japanese hope to capitalize on their conquests before their reserves are exhausted. In fact, in North (British) Borneo, the wells are shallow and produce a crude oil which is a natural bunker fuel. It is reported that the Japanese had drillers and equipment at Hainan, China, ready for transportation to these fields in anticipation of the destruction of the wells and installations. It is possible, therefore,

that Japan may now be utilizing captured bunker fuel for her ocean-going vessels.

To the extent that the "scorched earth" policy was applied, large new supplies will require extended drilling operations, as well as the construction of refining facilities, for which equipment is difficult to obtain.

WAR PROGRESS SERIES

MARRON: RAW LATOT

Pending Legislation

As of May 21, war appropriations of \$1,725 million were pending in Congress. \$260 million is for FY 1942 and \$1,465 million for 1943, including the "Independent Offices Appropriation Act, 1943," "Interior Appropriation Act, 1943," and "State, Commerce, and Justice Appropriation Act, 1943." A breakdown by object is given below.

OBJECT	FY 1942	FY 1943	TOTAL PENDING
(MILLION DOLLARS)			
TOTAL PENDING	260	1,465	1,725
MUNITIONS & CONSTR. TOTAL	43	1,257	1,300
MUNITIONS TOTAL	0	1,054	1,054
MERCHANT SHIPS	0	1,054	1,054
CONSTRUCTION TOTAL	43	203	246
INDUS. FACILITIES	0	3	3
POSTS, DEPOTS, ETC.	0	200	200
HOUSING	43	0	43
NONMUNITIONS TOTAL	217	208	425
PAY, SUBS., & TRAVEL	0	46	46
MISCELLANEOUS	217	162	379

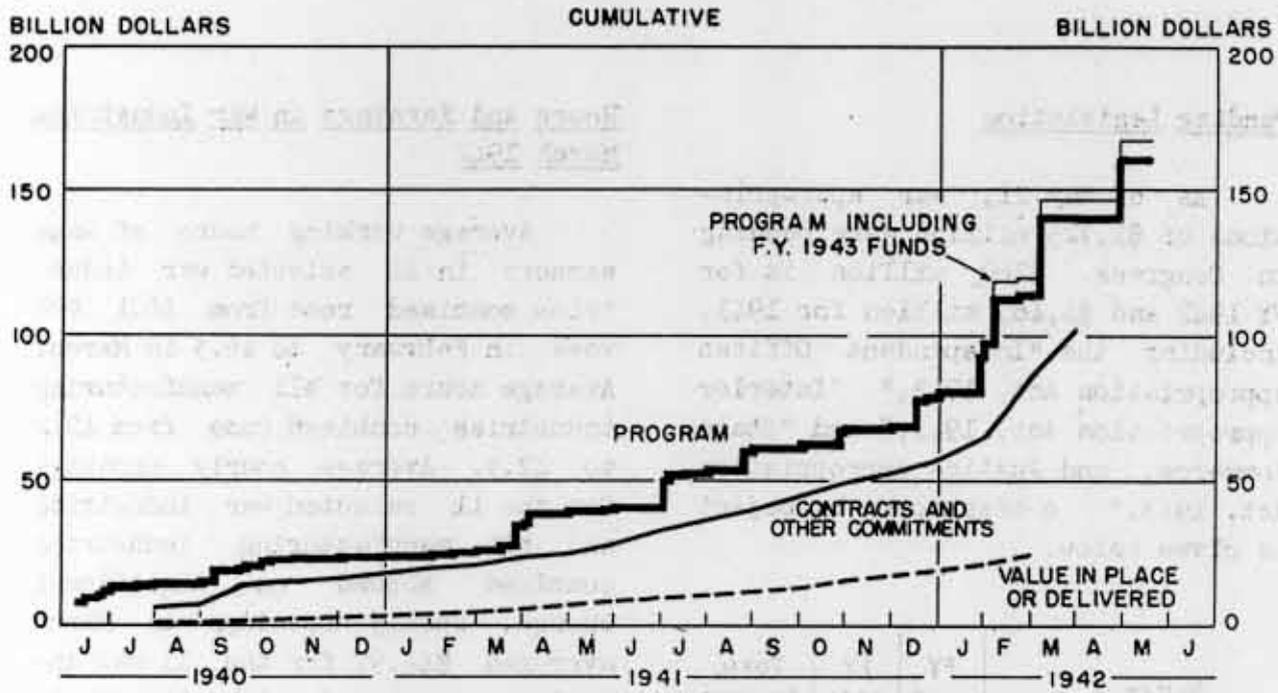
Hours and Earnings in War Industries, March 1942

Average working hours of wage earners in 11 selected war industries combined rose from 46.1 per week in February to 46.5 in March. Average hours for all manufacturing industries combined rose from 42.2 to 42.5. Average hourly earnings for the 11 selected war industries and all manufacturing industries combined showed no significant change. Weekly earnings in March averaged \$44.97 for the 11 war industries compared with \$44.30 in February. The average for all manufacturing industries combined rose from \$35.76 in February to \$36.15 in March.

Cost of Living, April 1942

The cost of living index in April was 13 percent higher than for April a year ago. Food and clothing costs have risen more than other components of the index; food 19 percent and clothing 24 percent.

WAR PROGRESS SERIES
TOTAL WAR PROGRAM



WAR PROGRESS SERIES
TOTAL WAR PROGRAM IN THE UNITED STATES

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	February 1942	March 1942	April 1942
TOTAL WAR PROGRAM IN THE U.S.^a			(Million dollars)			
Program-enacted (incl. FY 1943 funds)	40,861	80,604	P 168,818	P 21,591	P 30,373	P 19,086
Program-enacted (incl. FY 1943 funds) - pending	40,861	80,604	P 170,543	P 21,591	P 30,373	P 20,811
Program-enacted (excl. FY 1943 funds)	40,861	80,604	P 162,458	P 15,231	P 30,373	P 19,086
Uncommitted balance	9,274	23,979	n.a.			
Contracts and other commitments	31,587	56,625	n.a.	P 20,932	P 16,395	n.a.
Value delivered and/or in place ^b	8,547	18,573	n.a.	P 2,582	n.a.	n.a.
Checks paid ^c	8,536	17,965	P 29,479	2,453	P 3,195	P 3,569
MUNITIONS PRODUCTION & WAR CONSTRUCTION, TOTAL						
Program	37,027	69,305	P 145,093	P 15,087	P 25,849	P 18,208
Uncommitted balance	7,597	18,281	n.a.			
Contracts and other commitments	29,430	51,024	n.a.	P 20,098	P 15,699	n.a.
Value delivered and/or in place ^b	6,795	14,750	n.a.	P 2,132	n.a.	n.a.
Value not delivered nor in place	22,635	36,274	n.a.			
PRODUCTION OF MUNITIONS						
Program	28,566	53,738	P 114,031	P 12,577	P 20,665	P 11,723
Uncommitted balance	4,901	13,929	n.a.			
Contracts and other commitments	23,665	39,809	n.a.	P 16,495	P 11,633	n.a.
Value delivered and/or in place ^b	4,290	8,940	P 15,361	P 1,432	P 1,734	P 1,959
Value not delivered nor in place	19,375	30,869	n.a.			
WAR CONSTRUCTION						
Program	8,461	15,567	P 31,062	P 2,510	P 5,184	P 6,485
Uncommitted balance	2,696	4,352	n.a.			
Contracts and other commitments	5,765	11,215	n.a.	P 3,603	P 4,066	n.a.
Value delivered and/or in place ^b	2,505	5,810	n.a.	P 700	n.a.	n.a.
Value not delivered nor in place	3,260	5,405	n.a.			
NON-MUNITIONS WAR ITEMS, TOTAL						
Program	3,834	11,299	P 17,365	P 144	P 4,524	P 878
Uncommitted balance	1,677	5,698	n.a.			
Contracts and other commitments	2,157	5,601	n.a.	P 834	P 696	n.a.
Checks issued	1,752	3,823	P 5,692	P 450	P 550	P 500

Graph appears on following page.
Table continued on Page V.

For footnotes see Page X.

would constitute a powerful force tending to push up prices from below as well as an additional force tending to increase consumers' demand.

There is, moreover, serious question whether price control, however potentially inclusive, can operate with sufficient speed to check a price movement which threatens to become a runaway, so long as it confines itself to the establishment of ceilings on specific prices. The control of prices in one area causes demand to spill over into other areas which must then be approached with particular ceilings. Merely on an administrative level it is an enormous problem to fix new ceilings as fast as price problems emerge. Not only must new areas be successively entered but every price increase requires the possible adjustment of ceilings already fixed.

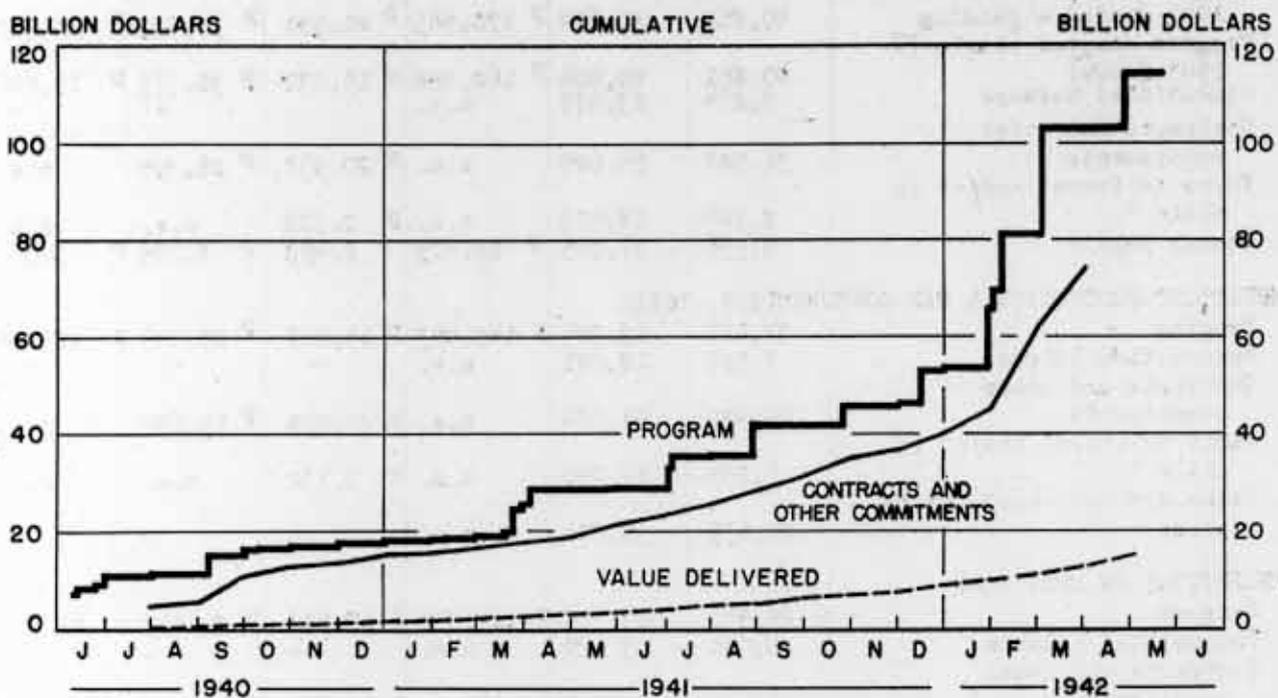
As an alternative to this program of bit by bit price control consideration must be given to the imposition of an overall ceiling upon all prices, probably including wage rates. The great advantage of this system, of course, is that it eliminates the continuous pursuit of solutions for constantly arising price problems and continuous adjustments in the controlled prices made necessary by spontaneous changes in uncontrolled prices.

It was possible in the earlier

days of the defense program to conclude that the simultaneous freezing of all prices was not desirable on the grounds that very numerous price adjustments were necessary to aid in transforming the economy to a war footing and that the price situation was not such as to require action more drastic than a limited number of selective ceilings. The selective price control system in operation, however, has tended, perhaps because of inadequate legal authority in its beginning months, to concentrate upon holding down prices for those commodities which were essential to the war effort while allowing the prices of numerous other nonessential commodities to rise unchecked. Operated in this manner the selective system does not contribute to hastening the adaptation of the economy to war needs.

It cannot be expected, of course, that an overall ceiling by itself would at once solve all the logical and administrative problems of price control. Unless the system is to be unduly rigid, provision must be made for adjustment of prices, either below or above the ceiling level, where it can be shown that such adjustments would facilitate the transfer of resources to the war effort, and the number of adjustments which would be required might be very large. Furthermore, the imposition of an overall price freeze might require the introduc-

MUNITIONS PRODUCTION



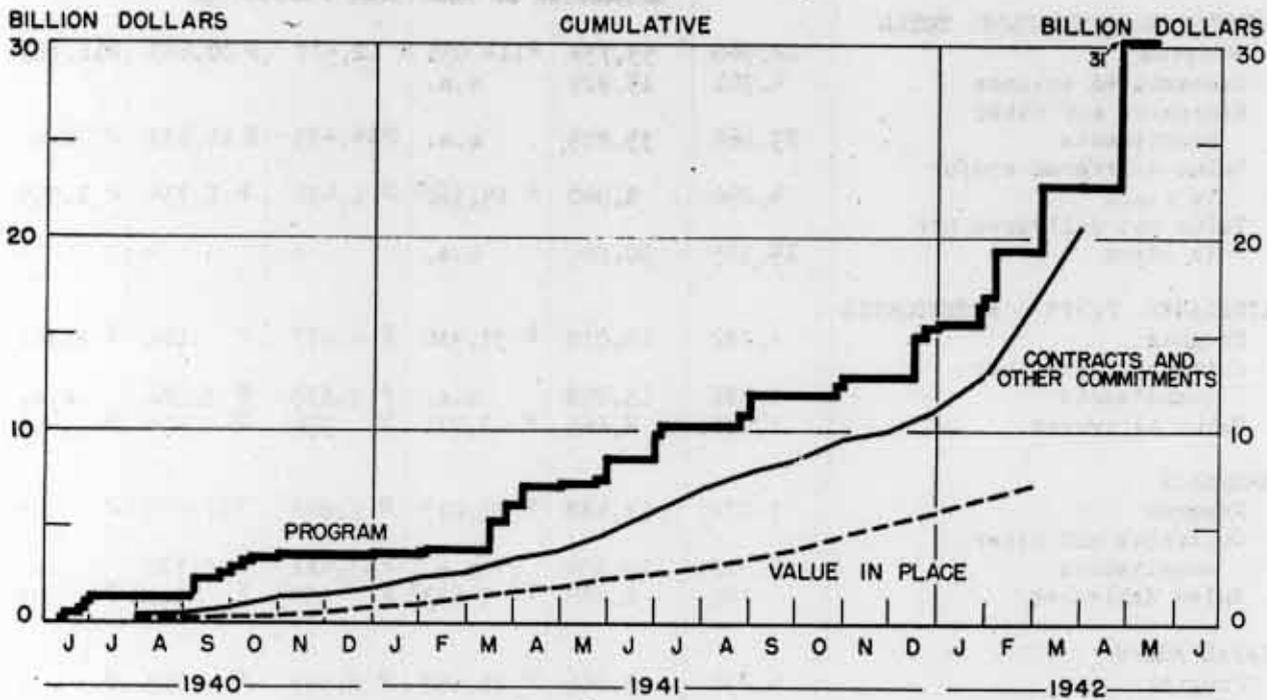
WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	February 1942	March 1942	April 1942
	(Million dollars)					
	BREAKDOWN OF MUNITIONS PRODUCTION					
MUNITIONS PRODUCTION, TOTAL						
Program	28,566	53,738	P114,031	12,577	P 20,665	P11,723
Uncommitted balance	4,901	13,929	n.a.			
Contracts and other commitments	23,665	39,809	n.a.	P16,495	P 11,633	P n.a.
Value delivered and/or in place ^b	4,290	8,940	P 15,361 ^h	P 1,432	P 1,734	P 1,959
Value not delivered nor in place	19,375	30,869	n.a.	-	-	-
AIRPLANES, PARTS & ACCESSORIES						
Program	8,582	15,072	P 37,380	P 4,377	P 161	P 8,761
Contracts and other commitments	7,381	13,298	n.a.	P 9,833	P 3,582	n.a.
Value delivered	1,010	2,265	P 3,771	P 356	P 416	P 416
ORDNANCE						
Program	7,778	17,488	P 33,017	P 1,882	P11,438	P 728
Contracts and other commitments	5,418	10,354	n.a.	P 3,411	P 2,722	n.a.
Value delivered	700	1,685	P 3,543 ^h	P 388 ^h	P 518 ^h	P 591 ^h
NAVAL SHIPS						
Program	6,796	9,605	P 15,457	P 5,593	P 203	P 31
Contracts and other commitments	6,442	7,930	11,053	1,667	P 1,300	526
Value delivered and/or in place	810	1,665	P 2,500 ^h	P 203 ^h	P 223 ^h	P 234 ^h
MERCHANT SHIPS						
Program	1,442	3,288	P 7,618	P -63	P 668	P -25
Contracts and other commitments	1,484	2,381	n.a.	265	P 1,169	n.a.
Value delivered and/or in place	240	510	P 881	P 92	P 86	P 118
OTHER MUNITIONS AND SUPPLIES						
Program	3,968	8,285	P 20,559	P 788	P 8,195	P 2,228
Contracts and other commitments	2,940	5,846	n.a.	P 1,319	P 2,860	n.a.
Value delivered	1,530	2,815	P 4,666	P 393	P 491	P 600

Graph appears on opposite page.
Table continued on Page VII.

For footnotes see Page X.

WAR CONSTRUCTION



WAR PROGRESS SERIES.
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	February 1942	March 1942	April 1942
(Million dollars)						
BREAKDOWN OF WAR CONSTRUCTION						
WAR CONSTRUCTION, TOTAL (LAND, BLDGS., EQUIP.)						
Program	8,461	15,567	P 31,062	P 2,510	P 5,184	P 6,485
Uncommitted balance	2,696	4,352	n.a.	-	-	-
Contracts and other commitments	5,765	11,215	n.a.	P 3,603	P 4,066	n.a.
Value in place	2,505	5,810	n.a.	P 700	n.a.	n.a.
Value not in place ^b	3,260	5,405	n.a.	-	-	-
INDUSTRIAL FACILITIES (LAND, BLDGS., EQUIP.)						
Program	5,120	8,112	P 16,494	P 1,532	P 5,169	P 370
Contracts and other commitments	2,865	6,318	n.a.	P 2,357	P 3,126	n.a.
Value in place	960	2,800	n.a.	P 425	n.a.	n.a.
INDUSTRIAL FACILITIES, BUILDINGS ONLY						
Program	1,607	3,137	n.a.	P 356	P 605	n.a.
Value in place	575	1,753	n.a.	P 195	P 216	P 253
POSTS, DEPOTS, STATIONS						
Program	2,849	6,063	P 13,176	978	15	P 6,115
Contracts and other commitments	2,625	4,381	n.a.	P 1,194	P 869	n.a.
Value in place	1,430	2,670	n.a.	P 240	n.a.	n.a.
DEFENSE HOUSING						
Program	492	1,392	1,392	0	0	0
Contracts and other commitments	275	516	n.a.	P 52	P 71	n.a.
Value in place	115	340	n.a.	P 35	n.a.	n.a.
BREAKDOWN OF NON-MUNITIONS						
NON-MUNITIONS, TOTAL						
Program	3,834	11,299	P 17,365	P 144	P 4,524	P 878
Uncommitted balance	1,677	5,698	n.a.	-	-	-
Commitments	2,157	5,601	n.a.	P 834	P 696	n.a.
Checks issued by agencies ^b	1,752	3,823	P 5,692	P 450	P 550	P 500
STOCKPILE						
Program	983	2,399	P 2,713	P 4	P 0	P 0
Commitments	470	1,050	n.a.	0	30	n.a.
Checks issued by agencies	192	488	P 809	P 72	P 147	P 64

Graph appears on opposite page.
Table continued on following page.

For footnotes see Page X.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cum. 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	February 1942	March 1942	April 1942
	(Million dollars)					
	BREAKDOWN OF NON-MUNITIONS (Continued)					
AGRICULTURAL EXPORTS (LEND-LEASE)						
Program	625	1,522	P 3,078	P -288	P 1,784	P 0
Commitments	66	561	n.a.	133	P 54	n.a.
Checks issued by agencies	1	211	P 421	P 50	P 55	P 60
PAY, SUBSISTENCE & TRAVEL ^f						
Army Military						
Program	944	3,013	3,904	0	146	P 745
Commitments	934	2,030	n.a.	P 489	P 105	n.a.
Checks issued	696	1,510	P 2,209	P 173	P 182	P 200
Navy Military						
Program	378	963	P 1,026	9	P 49	P 5
Commitments	334	610	n.a.	68	P 103	n.a.
Checks issued	388	642	P 874	P 55	P 60	P 65
Civilian Payroll						
Program	32	247	P 253	1	P 0	P 5
Commitments	32	140	n.a.	20	P 20	n.a.
Checks issued	356	682	P 956	P 68	P 71	P 75
MISCELLANEOUS NON-MUNITIONS						
Program	872	3,155	P 6,391	P 358	P 2,545	P 123
Commitments	321	1,210	n.a.	124	P 384	n.a.
Checks issued by agencies	119	290	P 423	P 32	P 35	P 36

Table continued on following page.

For footnotes see Page X.

WAR PROGRESS SERIES						
TOTAL UNITED STATES WAR PROGRAM						
FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	February 1942	March 1942	April 1942
(Million dollars) BREAKDOWN BY AGENCIES						
UNITED STATES FINANCED WAR PROGRAM^d						
Program	37,075	76,501	P 158,362	P 15,231	P 30,373	P 19,086
Uncommitted balance	9,274	23,979	n.a.	-	-	-
Contracts and other commitments	27,801	52,529	n.a.	P 20,932	P 16,395	n.a.
Checks paid	6,431	15,251	26,507	2,391	3,131	P 3,505
U. S. ARMY						
Program	13,134	31,981	84,468	0	22,566	P 17,395
Contracts and other commitments	11,104	23,331	n.a.	P 12,479	P 10,036	n.a.
Checks paid	3,636	7,889	12,490	1,099	1,130	1,284
U. S. NAVY						
Program	12,308	20,024	P 37,234	P 15,135	384	P 1,635
Contracts and other commitments	11,182	16,327	P 27,993	5,566	P 3,152	1,993
Checks paid	2,217	4,726	7,662	531	867	1,020
LEND-LEASE						
Program	7,000	12,985	18,410	0	5,425	0
Allocations	5,177	11,345	13,858	232	1,364	n.a.
Contracts and other commitments	2,458	6,282	9,876	1,109	744	673
Checks paid	21	910	2,808	432	573	525
U. S. MARITIME COMMISSION						
Program	784	2,734	6,584	0	0	0
Contracts and other commitments	886	1,724	n.a.	322	P 1,256	n.a.
Checks paid (net) ^e	44	156	435	62	81	87
RFC AND SUBSIDIARIES						
Program	2,623	5,130	P 7,794	P -34	P 1,998	P 0
Contracts and other commitments	1,151	3,569	P 7,414	P 1,300	P 1,015	P 826
Checks issued by RFC	350	956	1,883	190	334	274
OTHER U. S. AGENCIES						
Program	1,226	3,654	P 3,872	132	P 0	P 56
Contracts and other commitments	720	1,293	n.a.	156	P 192	n.a.
Checks paid	163	614	1,229	77	146	315
FOREIGN ORDERS						
Program (orders)	3,786	4,096	P 4,096	P 0	P 0	P 0
Commitments	3,786	4,096	n.a.	P 0	P 0	P 0
Checks issued by Purchasing Missions	2,105	2,714	P 2,972	62	P 64	P 64

For footnotes see Page X.

MAY 22, 1942

CONFIDENTIAL

IX

FOOTNOTES

WAR PROGRESS SERIES

n.a. Not available
r Revised.

P Preliminary

- a** Total war program includes all funds and authorizations made available for war purposes by the United States Government plus foreign orders placed in this country since November 1939. The major portion of the existing program has been approved since June 11, 1940, but some authorizations (particularly portions of the naval expansion program, the merchant shipbuilding program, and the stockpile program) were made available even earlier. All funds are shown during the fiscal year in which they are available for obligation.
- b** Value delivered and/or in place includes (1) value delivered and/or in place for ships and value of production for other munitions, (2) value in place for war construction, and (3) checks issued by finance officers for non-munitions items.
- c** Checks paid include (1) all checks paid out of the Treasury General Fund; (2) checks issued by the Reconstruction Finance Corporation and subsidiary Government corporations; (3) checks issued by foreign purchasing commissions.
- d** United States financed program includes the war activities of all United States Government agencies (including Lend-Lease) plus the war activities of government owned corporations, but does not include foreign orders.
- e** Report on checks paid by the Treasury for the account of the Maritime Commission makes allowance for receipts credited to the Construction Loan Fund.
- f** Program and obligations for pay for civilians and for the Navy include only that specifically mentioned in appropriation bills, while the cash disbursement figures include, in addition, executive war pay which cannot be separately distinguished in the appropriation bills.
- g** Does not include \$6.4 billion, Title I, FY 1943, approved February 7, 1942, but not available for obligation prior to July 1, 1942.
- h** Ordnance and naval ships figures revised back to January 1942. In comparing these with prior figures, ordnance and naval ships should be combined.

ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942			
	July	July	January	February	March	April
FED. RES. BD. PRODUCTION-INDEXES			(Unadjusted indexes 1935-39=100)			
Total industrial production	120	159	165	166		
Selected industries						
Private						
Aircraft	398	997	1,711	1,818	1,895	P 1,993
Railroad cars	117	233	281	304	307	P 317
Locomotives	116	307	417	438	462	P 490
Shipbuilding	185	467	911	1,040	1,139	P 1,254
Lead shipments	118	200	198	187	189	n.a.
Cane sugar meltings	116	117	88	66	86	n.a.
Rubber products	109	153	94	88	81	P 73
Rubber consumption	109	156	101	94	87	P 78
Government production			(Points in total index)			
Shipbuilding, Gov't Yards	0.5	1.3	2.1	2.3	2.4	P 2.6
Mfg. at Gov't Arsenal and quartermaster depots	0.2	0.6	0.9	1.0	1.1	P 1.1
EMPLOYMENT			(Thousand workers)			
War industries						
Private, 18 major industries	1,660	2,540	2,999	3,130	P 3,231	
Public construction	13	412	583	614	643	
Public	117	225	308	315	339	
Total	1,790	3,177	3,890	4,059	P 4,213	
Deep sea merchant vessels	51	50	47	49	48	
	Cumulative 6/11/40 through			Monthly, 1942		
	End 1st full year 6/30/41	End of February 1942	End of March 1942	January	February	March
VALUE OF FACIL. ON APPLIC. FOR CERT. OF NECESSITY			(Million dollars)			
Total approved	1,030	2,315	2,701	295	442	386
Private funds	829	1,978	2,333	221	431	355
Public funds	201	337	368	74	11	31
Pending	387	785	624			

P Preliminary data.

n. a. Data not available.

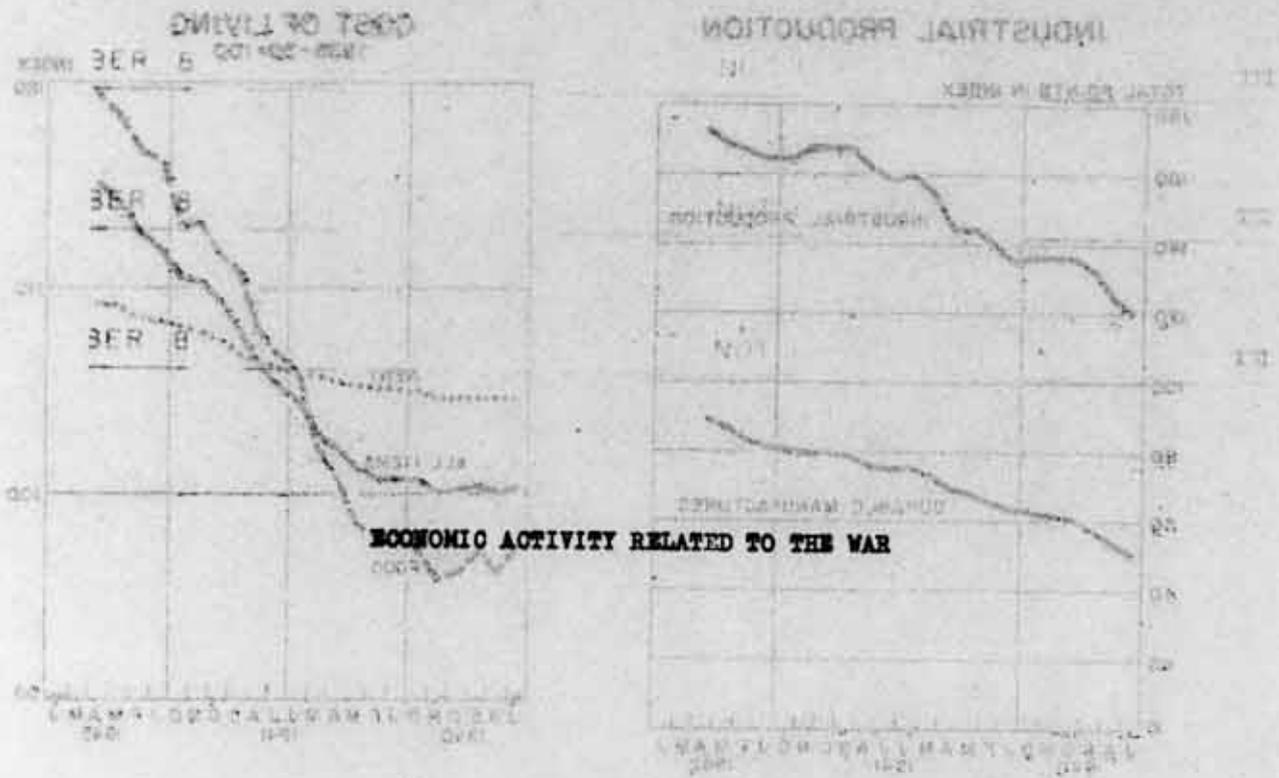
DEPARTMENT OF COMMERCE

ECONOMIC ACTIVITY RELATED TO THE WAR

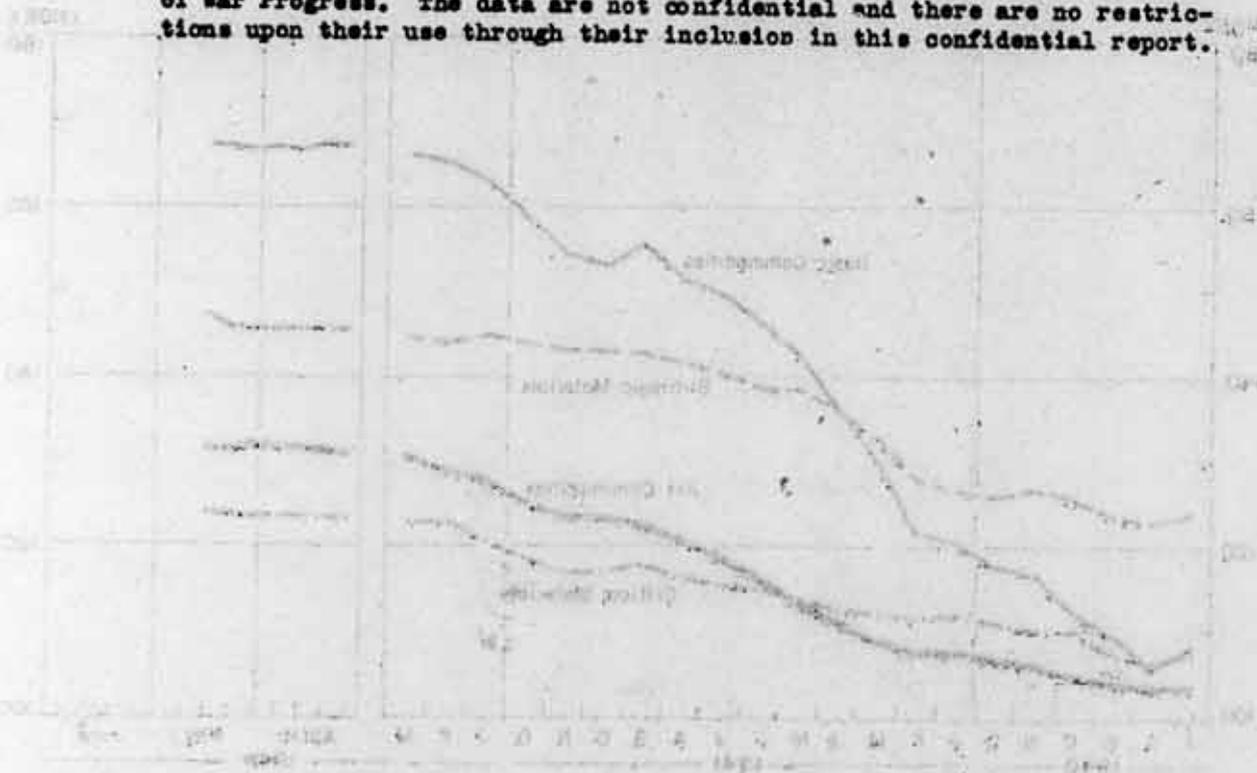
PLANT UTILIZATION* IN THE AIRCRAFT INDUSTRY

Year and Month	AIRFRAMES		ENGINES		PROPELLERS	
	All Plants	3 Best Plants	All Plants	3 Best Plants	All Plants	3 Best Plants
	(Hours)					
1941 - March	73.3	89.8	92.7	105.1	94.0	109.5
April	75.3	89.6	93.9	113.7	92.0	111.5
May	75.8	91.9	97.9	110.6	91.1	111.9
June	78.2	95.8	94.0	106.6	91.1	116.0
July	76.2	97.2	95.6	112.2	91.5	119.2
Aug.	76.2	90.0	93.8	109.2	89.8	115.8
Sept.	75.7	91.5	94.2	107.2	89.6	118.2
Oct.	75.9	92.9	96.1	116.1	95.2	133.7
Nov.	76.6	92.9	97.1	115.9	91.7	125.2
Dec.	83.7	100.4	103.6	121.3	98.6	142.6
1942 - Jan.	86.4	104.0	109.7	124.3	96.2	128.1
Feb.	87.3	102.7	106.3	126.3	98.8	135.9
March	86.6	107.1	105.1	129.4	99.6	139.3
April	88.0	110.2	106.4	124.4	99.8	135.0

*Total man-hours divided by number of workers on the first shift.



WHOLESALE PRICES
 The series on these pages are included for the convenience of readers of War Progress. The data are not confidential and there are no restrictions upon their use through their inclusion in this confidential report.



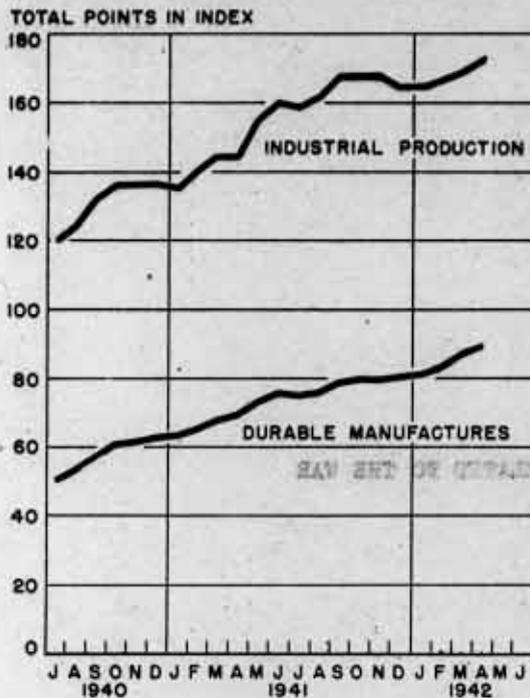
tion of rationing for numerous commodities which would otherwise be distributed among would-be purchasers on the basis of their willingness and ability to pay higher prices. This would certainly raise great administrative problems. There would also be numerous questions requiring solution which would arise from the variations prevailing among the prices charged for otherwise identical commodities by different sellers and in different regions, and from possible abnormal relations between wholesale and retail prices on the date chosen for freezing. These questions, if left unsolved, would cause considerable disruption of the distributive system. Yet there is no reason to think that the administrative difficulties would be as great as those confronted by a system which attempts to keep prices in particular and in general from rising by imposing selective ceilings.

The imposition of an overall ceiling is not a guarantee that inflation will be prevented. Overall ceilings have been imposed by Germany, Italy, Japan, and Canada. The German system and the Canadian, in its brief history to date, have been fairly successful in minimizing price increases. The Italian and Japanese ceilings have not prevented substantial avowed inflation and even more substantial inflation in the black markets. It is obvious

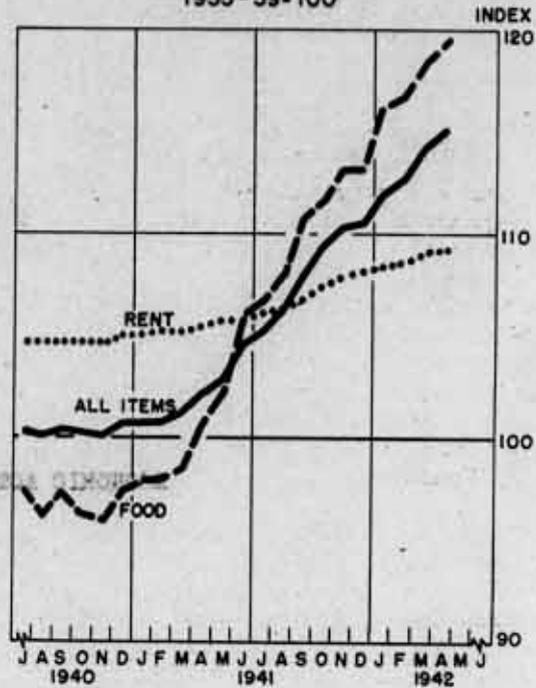
that the overall ceiling requires for its success either efficient policing or highly awakened public understanding and appreciation of the issues. There is a sound basis for the belief that the latter could be obtained in this country.

An even more fundamental requisite to the success of the overall ceiling method, as of any direct price control attempt, is that it be complemented by an adequate fiscal policy. If the fiscal policy followed is such as to place in the hands of consumers much greater volumes of income than they would be able to spend at prices fixed by the ceiling, the degree of rationing which must be adopted would become tremendous and the incentive to bootleg would assume great proportions. The imposition of an overall ceiling and the adoption of an appropriate fiscal policy must not be considered as alternative but as complementary measures. It is the function of the overall ceiling partly to eliminate the anticipation of price increases which might initiate buying waves too large and too sudden to be handled by fiscal means, to reduce the unevenness of relative price movements, and to assist in repressing the rise of income. It is the function of adequate fiscal policy to reduce the necessity for large scale rationing and the incentive to widespread bootlegging.

INDUSTRIAL PRODUCTION

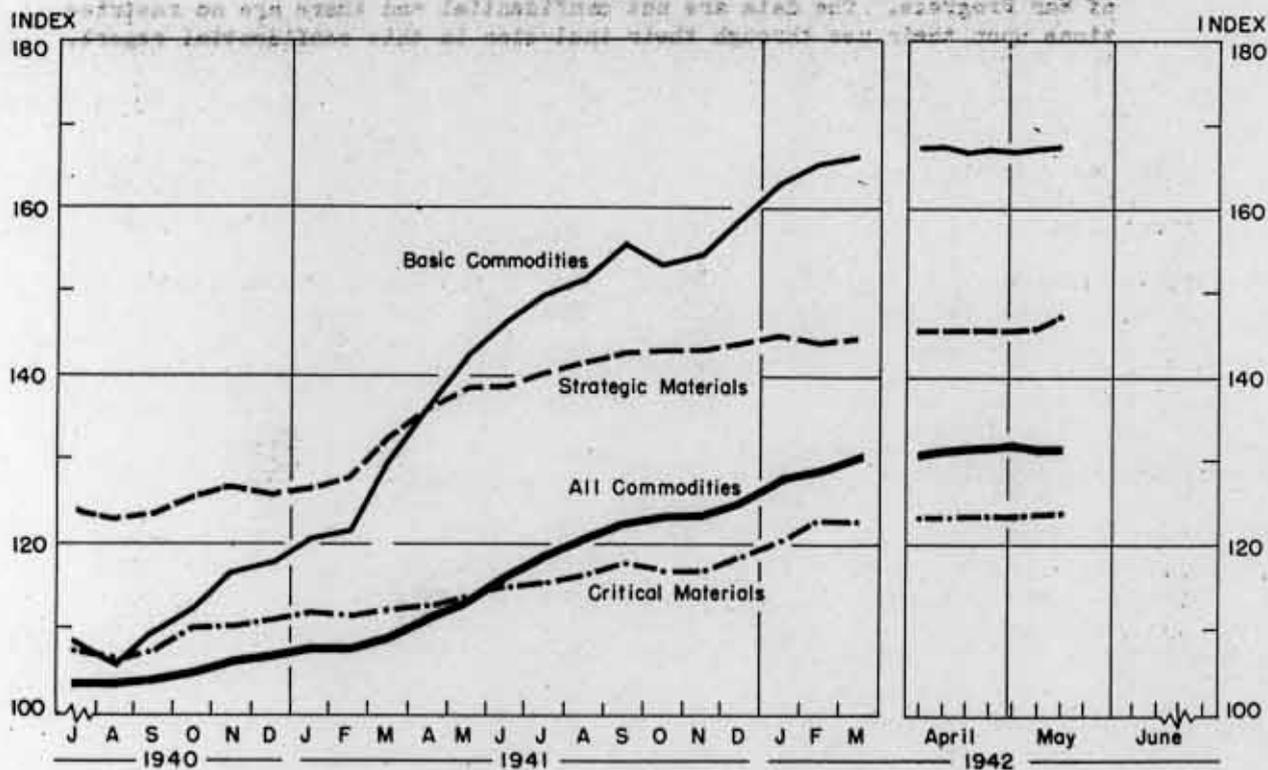


COST OF LIVING
1935-39=100



WHOLESALE PRICES

AUGUST, 1939 = 100



ECONOMIC ACTIVITY RELATED TO THE WAR

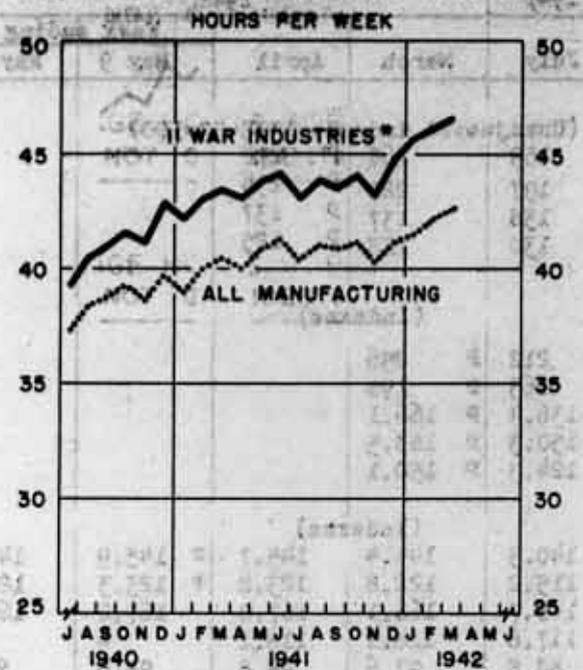
	1940	1941	1942			
	July	July	March	April	Week ending	
					May 9	May 16
(Unadjusted indexes 1935-39=100)						
FED. RES. BD. PROD. INDEXES						
Total industrial production	120	159	168	P 172		
Durable manufactures	131	197	227	P 234		
Non-durable manufactures	111	138	137	P 137		
Minerals	121	130	118	P 125		
(Indexes)						
BUR. FOR. & DOM. COM. MFRS. ORDERS, SHIPMENTS, INVENTORIES						
New orders, total (1/39=100)	127	212	P 256			
Shipments, total	103	163	P 198			
Inventories, total 1939 av.	112.2	136.4	P 166.1			
Durable no.=100	113.9	150.3	P 183.5			
Non-durable	110.7	124.3	P 150.1			
(Indexes)						
BLS PRICE INDEXES						
Strategic materials	123.6	140.3	144.4	145.7	r 145.9	147.1
Critical materials 8/39	107.5	115.2	122.8	123.2	r 123.3	123.3
Basic commodities =100	108.5	148.7	166.1	167.0	167.2	167.3
Machine tools	108.7	117.6	118.1	118.1	-	-
All commodities (1926=100)	77.7	88.8	97.6	98.8	98.6	98.6
(Indexes)						
TRANSPORTATION & ELEC. POWER						
Freight Cars						
Loadings (thous. per week)	706	853	793	838	839	839
Unloads for export, dly. av.						
Atlantic & Gulf ports (no.)	1,494	1,614	1,934	2,069	1,754	1,867
Pacific ports (no.)	112	159	305	400	498	422
Surplus total, dly. av. (thous.)	132	77	59	57	58	
Box cars	55	30	21	26	30	
Coal cars	48	27	19	14	10	
Bad order cars, total, 1st of month (thous.)	153	85	61	60		
Power prod. (mil. kw.)	12,094	14,226	15,053	14,586	r 3,365	3,357
(Billion dollars, annual rate)						
NATIONAL INCOME						
Total income payments	75.8	93.0	P 105.9			
(Billion dollars)						
FEDERAL DEBT						
Net public debt	41.5	46.9	58.9	62.1		
(Million dollars)						
DEFENSE BOND SALES, TOTAL			558	531	162	136
(Number of dwelling units, cumulative to end of period)						
DEFENSE HOUSING						
Fund allocations	1,460	123,433	342,261	413,530	416,099	416,565
Constr. contracts awarded	624	87,132	185,350	193,438	213,680	223,222
Construction completed	0	29,954	97,681	104,318	108,692	115,351

Graph appears on opposite page.

P Preliminary data.

r Revised data.

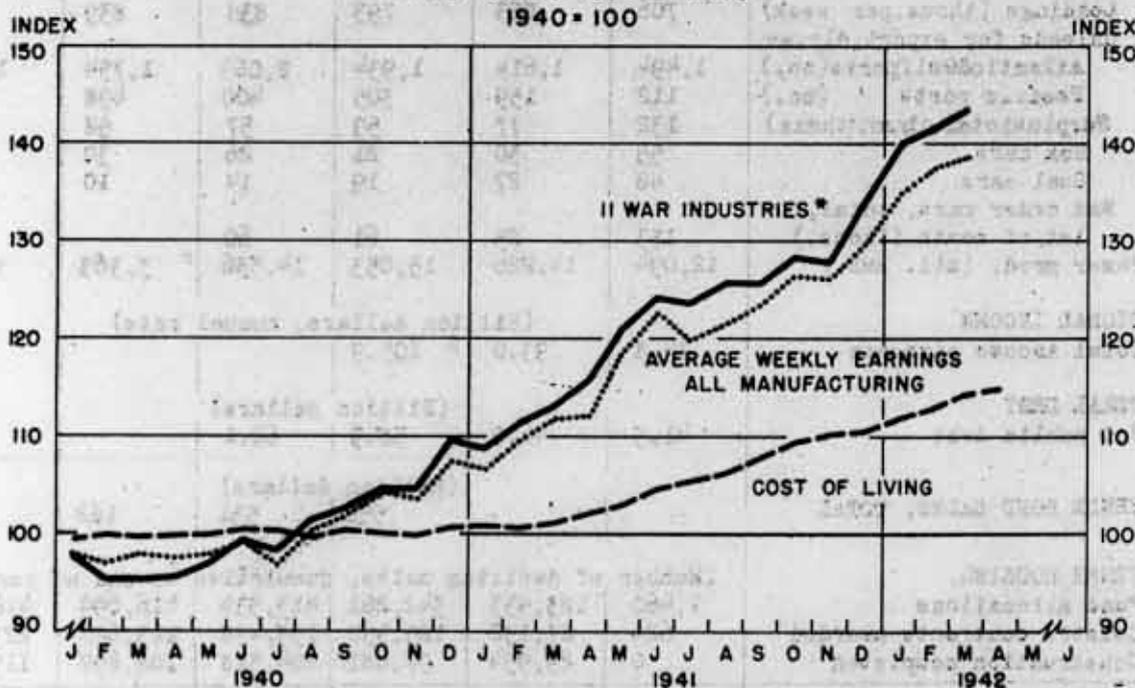
AVERAGE HOURS WORKED PER WEEK



AVERAGE HOURLY EARNINGS



AVERAGE WEEKLY EARNINGS IN WAR INDUSTRIES AND COST OF LIVING



* Aircraft, machine tools; shipbuilding, blast furnaces, steel works, and rolling mills; foundry and machine shop products; electrical machinery; smelting and refining-copper, lead, and zinc; brass, bronze, and copper products; aluminum manufactures; explosives; engines, turbines, etc.

ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942			
	July	July	January	February	March	April
● BLS COST OF LIVING INDEX			(1935-39=100)			
All items	100.3	100.8	112.0	112.9	114.3	115.1
Food	97.4	97.8	116.2	116.8	118.6	119.6
Rent	* 104.6	105.0	108.4	108.6	108.9	109.1
EMPLOYMENT			(Thousand workers)			
Total civil nonagricultural	35,904	39,908	39,871	39,995	P 40,298	
Total WPA employment	1,655	1,055	1,024	1,029	963	867
War industries			Confidential data. See page XI.			
Deep sea merchant vessels						
UNEMPLOYMENT (WPA ESTIMATE)			(Million workers)			
Number of unemployed	9.3	5.6	4.2	4.0	3.6	3.0
▲ AVERAGE HOURS WORKED PER WEEK			(Hours)			
All manufacturing industries		40.3	41.5	42.2	P 42.5	
Durable goods	37.9	41.5	43.7	44.4	P 44.7	
Nondurable goods	36.7	39.0	39.1	39.7	P 39.8	
11 selected war industries combined	39.3	43.1	45.8	46.1	P 46.5	
Machine tools	47.5	50.9	55.0	54.9	P 54.6	
Aircraft	42.0	44.8	48.7	47.7	P 47.7	
Shipbuilding	39.3	44.8	48.2	48.7	P 48.4	
▲ AVERAGE HOURLY EARNINGS			(Cents)			
All manufacturing industries	66.7	74.4	80.1	80.3	P 80.9	
Durable goods	72.7	82.6	88.9	89.3	P 89.9	
Nondurable goods	61.5	55.7	70.1	70.0	P 70.6	
11 selected war industries combined	78.6	88.9	95.6	96.0	P 96.6	
Machine tools	76.8	84.1	92.6	92.8	P 94.3	
Aircraft	73.8	81.2	95.6	94.8	P 95.1	
Shipbuilding	86.2	101.3	107.9	108.6	P 107.5	
▲ AVERAGE WEEKLY EARNINGS			(Dollars)			
All manufacturing industries	25.25	31.22	35.10	35.76	P 36.15	
Durable goods	28.52	35.84	40.94	41.60	P 42.00	
Nondurable goods	21.87	25.07	26.99	27.31	P 27.72	
11 selected war industries combined	30.76	38.66	43.88	44.30	P 44.97	
Machine tools	36.45	42.80	50.81	50.87	P 51.43	
Aircraft	30.48	36.57	46.43	44.80	P 44.98	
Shipbuilding	34.03	45.54	52.42	53.49	P 52.49	

● Graph appears on Page XIV.

▲ Graph appears on opposite page.

June, 1940.

P Preliminary data.

39959

WAR PRODUCTION BOARD
WASHINGTON, D. C.

file

IN REPLY REFER TO:

To the Recipients of War Progress:

The Division of Statistics takes pleasure in announcing that, beginning with this issue, War Progress will appear under the editorship of J. A. Livingston. Mr. Livingston has been granted leave from his position as Economist of Business Week in order to serve as editor of War Progress. Under Mr. Livingston's experienced direction it is planned to broaden the scope of War Progress and materially to increase its usefulness.

Stacy May

FOR VICTORY



The President

1

WAR PROGRESS

~~Confidential~~

May 29, 1942

Number 89

DECLASSIFIED
E.O. 11652, Sec. 8(b) and 8(D) or (E)
Commerce Dept. Order, 11-15-78
By RHP, Date MAR 29 1973

Problem Ahead: Plants or Munitions?

Upswing in output of ordnance, ships, etc., calls for increasing quantities of scarce basic materials and may cramp construction objectives.

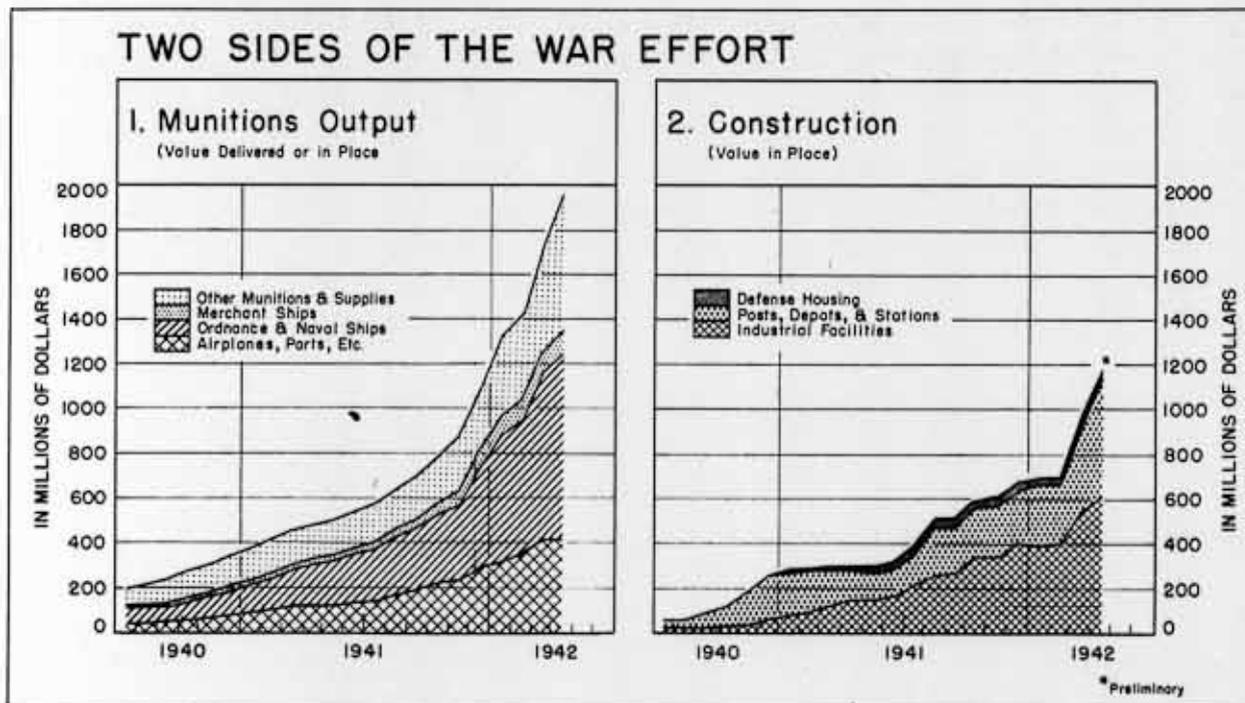
WE ARE REALLY BEGINNING to produce the fighting stuff that wars are won with. During the last six months, the output of munitions has doubled—and then some. Factories newly in operation, increased conversion of industry from nonwar to war production, greater utilization of plant capacity, and a general speeding up of operating methods have boosted monthly values

of munitions delivered or in place, as the following tabulation makes clear:

Nov.	\$ 870,000,000
Dec.	1,075,000,000
Jan.	1,296,000,000
Feb.	1,432,000,000
Mar.	1,734,000,000
Apr.	1,959,000,000

That statistical upsweep suggests that the nation is moving out of the tooling-up stage and into all-out war production.

It's true that war construction is



HERE YOU SEE THE WAR PROGRAM IN PERSPECTIVE. NOTE THAT IN RECENT MONTHS OUTPUT OF AIRPLANES, PARTS, ETC.; ORDNANCE AND NAVAL SHIPS, AND "OTHER" MUNITIONS SPURTED SHARPLY. NOTE ALSO THAT THE CURRENT RATIO OF MUNITIONS TO

CONSTRUCTION IS AS \$5 TO \$3. HOWEVER, MUNITIONS STARTED OFF FROM A HIGHER LEVEL; BACK IN JULY 1940, MUNITIONS OUTPUT AMOUNTED TO APPROXIMATELY \$200,000,000 A MONTH, CONSTRUCTION TO A MODEST \$60,000,000.

still expanding. And it will soar during the next few months. Not only is summer the ideal season for building (note, in the chart, what happened last year), but also war-plant, military-post, and defense-housing objectives call for a sharp spurt in war construction.

STRATEGIC DECISION

However, the construction curve is likely to turn down in the autumn. Seasonal factors--colder weather--will be at work, for one thing. But even more important is the fact that by then a good part of the construction of industrial facilities, posts, depots, and stations, and defense-housing will have been completed.

Furthermore, the rapid growth of munitions output will impinge further upon building operations; it already has forced curtailment of civilian construction. As new plants get into production--Ford's Willow Run, for instance--the demand for critical materials will mount. And then, a major problem will be to keep the munitions factories supplied with such scarce basic materials as copper,

steel plate, nickel, aluminum, etc.

In that case, a strategic decision may have to be made: Is it more important to have critical materials for munitions now, and defer building new war plants? Or shall we construct new plants for maximum munitions output later, and let current munitions production get along on critical materials that are left?

"Butter" Gets Thinner...

and thinner. Mounting military needs cut first into consumers' durable goods and now are biting into civilian nondurables. And the battle with "guns" is lost.

IT WAS JUST ABOUT a year ago that the guns-vs.-butter argument raged hottest in the United States. We still debated whether we could have steel for autos as well as ships, aluminum for ice trays as well as airplanes.

But now there's no longer an argument. It vanished with Pearl Harbor. Since then, "butter" definitely has fought a losing battle with "guns," as the accompanying chart indicates.

A PASSING PHASE

The war effort, month after month, has been--and is--steadily expanding. Note how sharply the "guns" curve has risen since the fall of France in June 1940. And, for a time, this sharp upturn in the war effort actually stimulated civilian goods production and purchases. But that phase has passed. For nearly a year, civilian goods have been holding on a plateau. It's the plateau before the fall.

Here's what has been happening: During the summer and autumn of 1941,

IN THIS ISSUE:

PROBLEM AHEAD: PLANTS OR MUNITIONS?	1
"BUTTER" GETS THINNER	2
RAW MATERIAL	4
WAR PROGRESS NOTES	I
FINANCIAL DATA	II
ECONOMIC DATA	XI

it became apparent that the output of consumers' durable goods--passenger cars, refrigerators, washing machines, etc.--was due to be curtailed. Manufacturers rushed production, trying to build up inventories of finished goods, trying to use up inventories of raw and semifinished materials. Simultaneously, consumers rushed to buy while the buying was good, fearing either higher prices, shortages, or both.

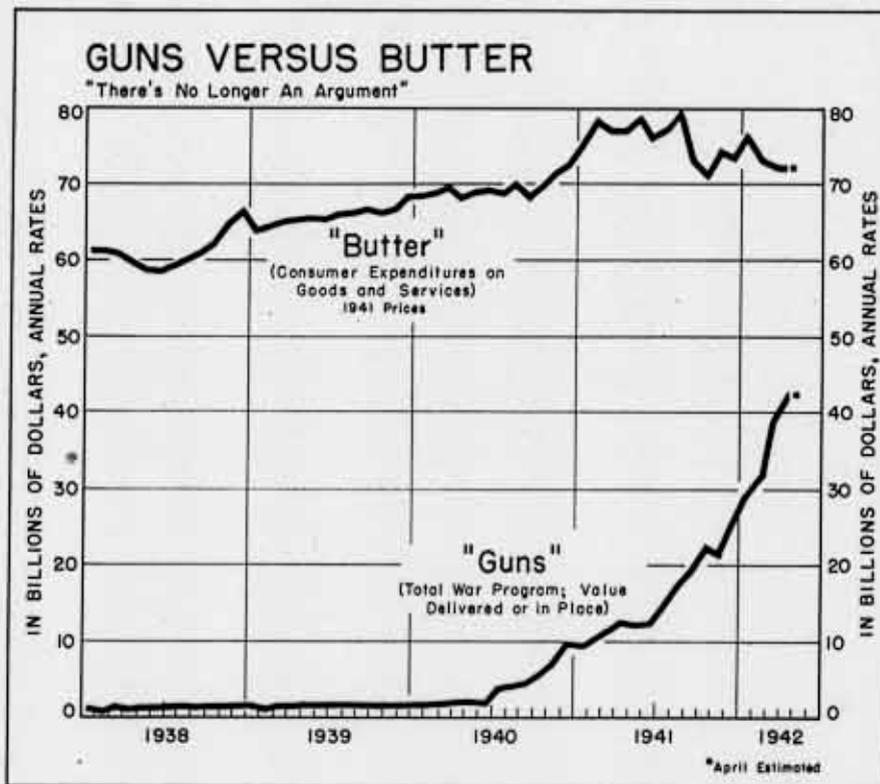
Result: Sales of consumers' durable goods shot up sharply from about \$4,000,000,000 in the middle six months of 1940 to \$5,400,000,000 in the corresponding period of last year. It is this advance that initially boosted the "butter" curve last year.

But, commencing in October, sales of consumers' durable goods started to decline along with production, and today they are running at a rate that is half of last year--\$1,400,000,000 during the first quarter, as compared with \$2,900,000,000 in the first quarter of 1941.

However, the "butter" curve has managed to hold up because such consumers' nondurables as shoes, woollens, cottons, etc., have rocketed. Again consumers rushed to buy, again American manufacturers

rushed their production, once it became clear that the armed forces would require increasing quantities of "soft" goods. And so sales and output of nondurable goods counterbalanced the sharp decline in durables. For instance: During the last six months, the production of consumers' durable goods was \$1,700,000,000 less than in the corresponding period a year ago, while consumers' nondurables showed an increase of \$4,000,000,000.

But the high rate of civilian production of nondurable goods cannot be



THESE GUNS-VS.-BUTTER STATISTICS ARE NOT PRECISE. THE DATA ON "GUNS" ARE APT ENOUGH, REPRESENTING AS THEY DO THE TOTAL WAR EFFORT--EXPENDITURES FOR MUNITIONS, CONSTRUCTION, AND NONMUNITIONS ITEMS. THE DATA ON "BUTTER," HOWEVER, ARE "STRETCHED" A BIT. TO MAKE THE POINT, WAR PROGRESS HAS USED "CONSUMER EXPENDITURES" TO MEASURE THE RATE OF PRODUCTION OF CONSUMERS' GOODS--ON THE THEORY THAT THE LAG BETWEEN THE PRODUCTION OF CONSUMERS' GOODS AND THEIR PURCHASE IS NOT, AS A RULE, GREAT.

sustained much longer. The armed forces today number about 3,000,000, and are likely to double before the end of 1943, which means increasingly heavy military demands for woolens, cottons, shoes, etc. Collaterally, it means decreasing supplies for ultimate consumers, for today the nation's capacity to expand consumer-goods output--unlike 1940 and the first nine months of 1941--has been reached. So, the "butter" has to be spread thinner.

Right now, consumer expenditures are running at a rate of more than \$70,000,000,000 a year, but our tentative 1943 war objective for munitions and construction alone comes to

\$80,000,000,000 (WP-May 22, '42, p.1). And current output is running around \$40,000,000,000 a year. Not all of this increase will come out of consumers' goods and services. (There will be further expansion in munitions facilities.) However, a large part of it will.

BACK TO 1932 "REAL" INCOME

And, currently, it is estimated that, by the end of 1943, consumers' goods and services will be squeezed down to about \$55,000,000,000. That would mean that the nation's "real" income on a per capita basis will have been reduced to the 1932 depression low.

Raw Material

Tanks for Germany

TO SPEED THE DAY when the United Nations can push an offensive, the Maritime Commission has been pulled into the invasion-vessel program. Specific assignment is to construct spacious ships, into which will fit tank-carrying lighters. These lighters can be launched at sea, can then move on to enemy coast lines under their own power. Question: Can the Commission achieve its merchant-ship objective and at the same time handle this new job?

Controls More Prices, Fewer People

DURING THE WORLD WAR, 35,000 persons worked to control prices, confining their efforts largely to manufacturers' and wholesalers' quotations. A few retail items--coal, notably--were also price-fixed. OPA's job, embracing as it does the entire retail

field, is far greater. Leon Henderson has only 8,000 persons--now--on his staff; but he's asked for 90,000.

A Common Problem

JAPAN HAS a communications problem, too. Despite the conquests of rich rubber, tin and oil resources in the Far East, Japanese officials are warning against optimism. In a radio address last week, Shinsuke Kishi, Minister of Commerce and Industry, demanded more production and greater conservation of materials, saying, "It is hopeless to depend on raw materials reaching the Japanese mainland at present, due to transportation problems."

BLS Index Hits the Ceiling

IN PRE-OPA DAYS, if you wanted to find out whether prices were going up or down, you went to the Bureau of Labor Statistics' Index of Wholesale Prices.

Fiscal policy operates upon the price situation through reducing the amount of income left in the hands of consumers and available for expenditure. Some notion of the magnitude of a tax or compulsory saving program which would be adequate for this purpose is given by the estimate cited above as to the size of the gap. This does not mean the amount of additional revenue which must be raised in the fiscal year 1942-43 is equal to the estimated \$15 billion by which probable consumers' expenditures exceed probable consumers' goods available. It means rather that the tax program must be adequate to reduce by \$15 billion the amount which consumers will desire to spend. The volume of taxes which will be necessary to accomplish this depends upon the type of tax adopted and cannot in any case be calculated with any great accuracy. It is certainly much larger if primary reliance is to be placed upon the most equitable and effective source of revenue, the individual income tax, than if extensive use is made of a tax which cannot so largely be met by reducing

personal saving. Furthermore, if extensive reliance is to be placed upon personal income tax some method of collection at the source is clearly indicated in order to provide revenue promptly, and to facilitate collection from the large number of small tax payers which would have to be reached. In addition, in view of the difficulty of forecasting very far in advance the amount of taxation required attention should be given to the development of methods for more frequent and expeditious adjustment of the rates of taxes.

Nothing would be more dangerous than to think that by avoiding drastic price control or by avoiding heavy new taxes the necessity for marked reduction in civilian consumption and for sharp changes in the nature of economic activity can be avoided. These are the inevitable accompaniments of a major war. The issue which has arisen is whether these reductions and these changes are to be attended by inflation or not. If they are not the need for prompt and fundamental control measures is obvious.

You still do, but you cannot be sure that the index today means the same as the index of two or three years ago. Here's why: The Office of Price Administration has imposed ceilings on goods aggregating 78 percent of the value of all commodities in the index. This suggests that fluctuations in the index will largely be determined by items having a weight of only 22 percent. The tail wags the dog.

There's another point: If manufacturers lower quality in order to maintain "ceiling prices," concealed fluctuations may take place within the index itself. Prices--because of quality deterioration--may actually rise, but the index numbers may stay put. More, if the government pays subsidies to manufacturers and wholesalers, then the index, though it reflects prices paid by buyers, will not reflect economic costs.

No Coals from Newcastle

ORE DOWN, COAL UP. That used to be standard routine for Great Lakes ore boats. Mesabi iron would come down from Duluth to Chicago, Detroit, Toledo, Cleveland, and Buffalo. Coal generally would go back.

That was before American steel operations pushed up to record-high tonnage levels, before iron ore imports from Chile dropped to 47,000 tons a month in April, as compared with

126,000 in January. Now only self-unloaders may carry coal west of Lake Erie; other vessels return in ballast. If steel mills are to get all the ore they need before the lakes freeze, there's no time to load, unload, route and reroute coal. That's the decree of the Office of Defense Transportation.

Liberty Statistics

BUILDING TIME for Liberty-type merchant ships gets shorter and shorter:

Date	No. of Days
Average 1941	218
April 1942	177
Nov. 1942(projected)	108

Expected average for this year is 135. Incidentally, one ship, delivered in May, was built in 60 days.

Wanted: A Priority-Proof Raincoat

ARMY RAINCOAT PROCUREMENT is a problem. First rubber was barred, so the Quartermaster Corps turned to a synthetic resin--polyvinyl chloride, VNYW--for waterproofing. But this ran into a limitation order. Procurement officials then shifted to polyvinyl chloride, VYNS. Now this is getting tight, and restrictions are expected daily. So the Army is still looking for a raincoat.

WAR PROGRESS NOTES

PENDING LEGISLATION

CONGRESS has pending \$4,215,000,000 of war appropriations in the Independent Offices Appropriation Act, 1943, the Interior Appropriation Act, 1943, and State, Commerce, and Justice Appropriation Act, 1943, and in supplementary estimates for the Navy and other agencies, as follows:

OBJECT	OTHER		TOTAL
	NAVY	AGENCIES	
—IN MILLIONS—			
TOTAL PENDING	\$1,595	\$2,620	\$4,215
MUNITIONS & CONSTR. TOTAL	1,515	1,900	3,415
MUNITIONS TOTAL	1,365	1,054	2,419
ORDNANCE	15	-	15
NAVAL SHIPS	1,054	-	1,054
MERCHANT SHIPS	-	1,054	1,054
OTHER MUNITIONS	296	-	296
CONSTRUCTION TOTAL	150	846	996
INDUS. FACILITIES	150	3	153
POSTS, DEPOTS, ETC.	-	200	200
HOUSING	-	643	643
<u>NONMUNITIONS TOTAL</u>	<u>80</u>	<u>720</u>	<u>800</u>

Within the next week, Congress expects to receive estimates for the Military Appropriation Act, 1943, which will amount to more than \$40,000,000,000. This would be the largest appropriation act in history.

WORKERS IN WAR INDUSTRIES

EMPLOYMENT in 18 selected war industries rose to 3,363,000 in April, up 112,000 over March. Wage earners in all manufacturing increased by only 52,000, indicating a 60,000 decline in industries other than the selected war industries. Materials shortages, and layoffs pending conversion continued to cause declines in many industries.

Since mid-December, employment in the 18 selected war industries has increased by 476,700, or 65 percent. Outstanding increases were: shipbuilding, 184,000; aircraft, 121,100; foundries and machine shops, 40,700; ammunition, explosives, and firearms, 33,400. These gains accounted for 80 percent of the rise in the 18 selected war industries.

STRIKES

THE NUMBER OF STRIKES in progress rose from 320 in March to 405 in April. But man-days lost declined from 450,000 to 375,000. Half of these man-days were in war industries in April, one-third in March.

Since December, total time out for strikes has amounted to less than one-tenth of one percent of working time.

WAR PROGRESS NOTES

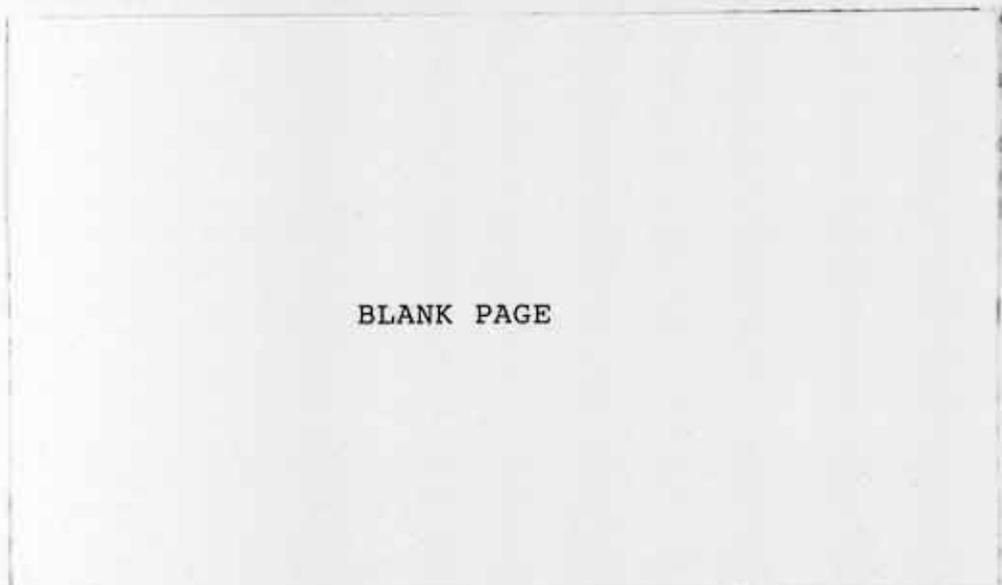
WESTERN FRONT

On the Western Front, the Allies have made significant gains in the last few weeks. The British and Canadian forces have pushed the German lines back in several key areas, including the Battle of the Bulge. The German forces have been unable to hold their positions, and the Allies are now moving forward with renewed vigor. The situation is highly favorable for the Allies, and it is expected that the war will be won in the near future.

ITALY

In Italy, the Allies have made steady progress in their advance. The German forces have been pushed back to the Gothic Line, and the Allies are now preparing for a final assault. The situation is highly favorable for the Allies, and it is expected that the war will be won in the near future.

Area	Progress	Notes
Western Front	Significant gains	German lines pushed back
Italy	Steady progress	German forces pushed back to Gothic Line



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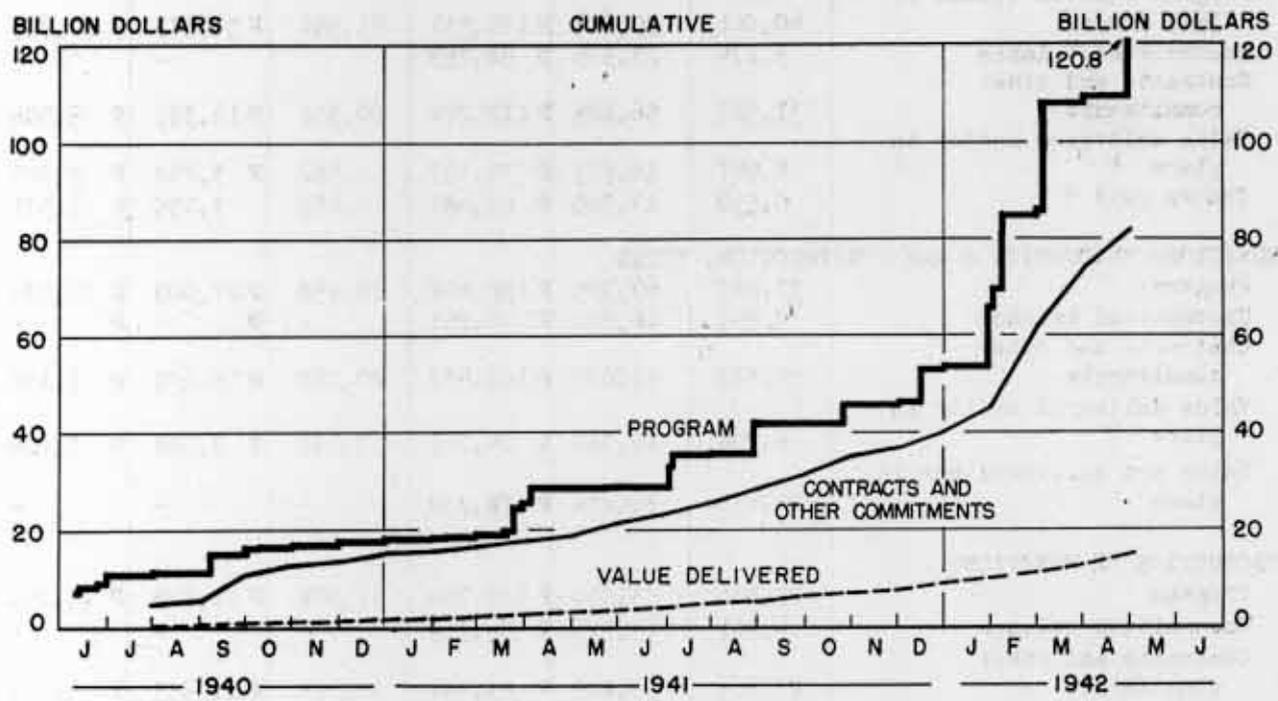
WAR PROGRESS SERIES
TOTAL WAR PROGRAM IN THE UNITED STATES

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	February 1942	March 1942	April 1942
(Million dollars)						
● TOTAL WAR PROGRAM IN THE U.S. ^a						
Program-enacted (incl. FY 1943 funds) + pending	40,861	80,604	P 174,746	21,591	P 30,373	P 25,014
Program-enacted (incl. FY 1943 funds)	40,861	80,604	P 170,531	21,591	P 30,373	P 20,799
Uncommitted balance	9,274	23,979	P 58,259		-	-
Contracts and other commitments	31,587	56,625	P 112,272	20,932	P 16,395	P 9,906
Value delivered and/or in place ^b	8,547	18,573	P 30,397	2,582	P 3,248	P 3,629
Checks paid ^c	8,536	17,965	P 29,481	2,453	3,195	P 3,571
MUNITIONS PRODUCTION & WAR CONSTRUCTION, TOTAL						
Program	37,027	69,305	P 152,698	20,158	P 27,009	P 19,582
Uncommitted balance	7,597	18,281	P 49,261	-	P -	P -
Contracts and other commitments	29,430	51,024	P 103,437	20,098	P 15,699	P 9,178
Value delivered and/or in place ^b	6,795	14,750	P 24,705	2,132	P 2,698	P 3,129
Value not delivered nor in place	22,635	36,274	P 78,732	-	-	-
PRODUCTION OF MUNITIONS						
Program	28,566	53,738	P 120,750	17,608	P 21,825	P 12,251
Uncommitted balance	4,901	13,929	P 39,369	-	-	-
Contracts and other commitments	23,665	39,809	P 81,381	16,495	P 11,633	P 7,598
Value delivered and/or in place ^b	4,290	8,940	P 15,361	1,432	P 1,734	P 1,959
Value not delivered nor in place	19,375	30,869	P 66,020	-	-	-
WAR CONSTRUCTION						
Program	8,461	15,567	P 31,948	2,550	P 5,184	P 7,331
Uncommitted balance	2,696	4,352	P 9,892	-	-	-
Contracts and other commitments	5,765	11,215	P 22,056	3,603	P 4,066	P 1,580
Value delivered and/or in place ^b	2,505	5,810	P 9,344	700	P 964	P 1,170
Value not delivered nor in place	3,260	5,405	P 12,712	-	-	-
NON-MUNITIONS WAR ITEMS, TOTAL						
Program	3,834	11,299	P 17,833	1,433	P 3,364	P 1,217
Uncommitted balance	1,677	5,698	P 8,998	-	-	-
Contracts and other commitments	2,157	5,601	P 8,835	834	P 696	P 728
Checks issued	1,752	3,823	P 5,692	450	P 550	P 500

● Graph appears on opposite page.
Table continued on Page V.

For footnotes see Page X.

MUNITIONS PRODUCTION



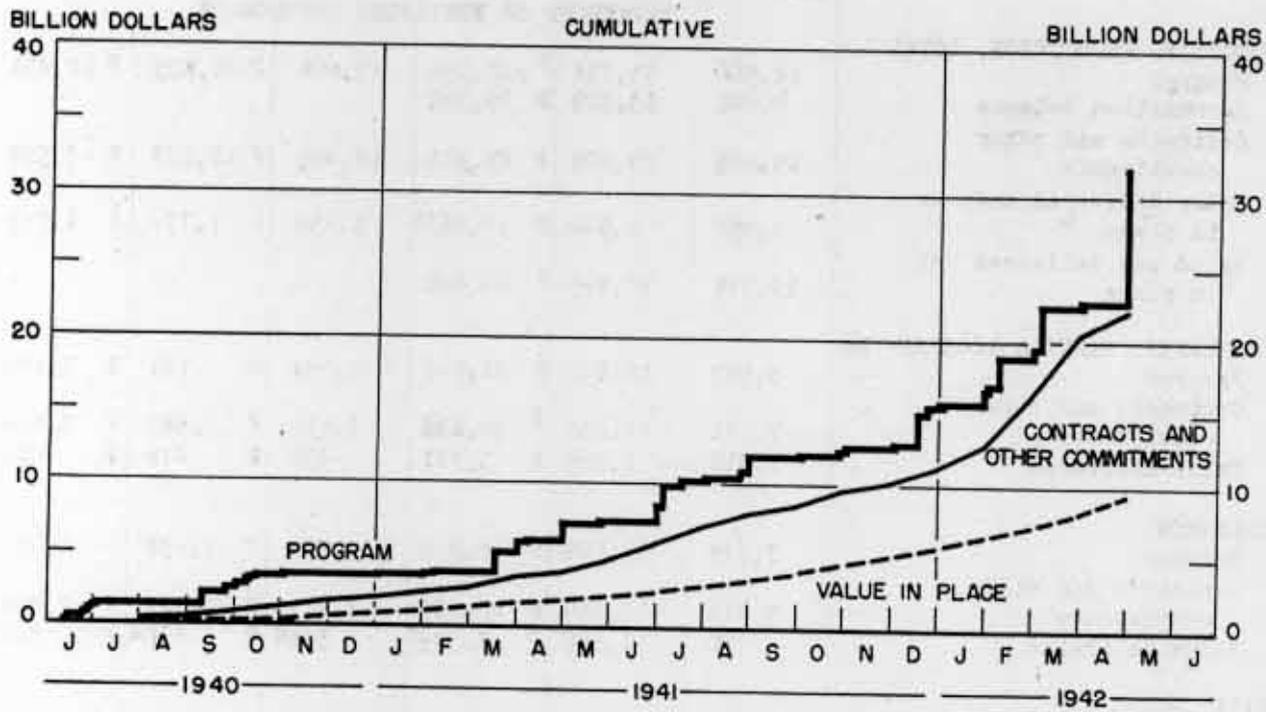
WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	February 1942	March 1942	April 1942
	(Million dollars)					
	BREAKDOWN OF MUNITIONS PRODUCTION					
● MUNITIONS PRODUCTION, TOTAL						
Program	28,566	53,738	P 120,750	17,608	P 21,825	P 12,251
Uncommitted balance	4,901	13,929	P 39,369			
Contracts and other commitments	23,665	39,809	P 81,381	16,495	P 11,633	P 7,598
Value delivered and/or in place ^b	4,290	8,940	P 15,361	1,432	P 1,734	P 1,959
Value not delivered nor in place	19,375	30,869	P 66,020	-	-	-
AIRPLANES, PARTS & ACCESSORIES						
Program	8,582	15,072	P 38,046	4,699	P 161	P 9,105
Contracts and other commitments	7,381	13,298	P 28,698	9,833	P 3,582	P 1,556
Value delivered	1,010	2,265	P 3,771	356	P 416	P 416
ORDNANCE						
Program	7,778	17,488	P 36,298	4,836	P 11,438	P 1,055
Contracts and other commitments	5,418	10,354	P 22,235	3,411	P 2,722	P 2,840
Value delivered	700	1,685	P 3,543	388	P 518	P 591
NAVAL SHIPS						
Program	6,796	9,605	P 16,445	6,562	P 204	P 49
Contracts and other commitments	6,442	7,930	P 11,725	1,667	P 1,300	P 551
Value delivered and/or in place	810	1,665	P 2,500 ^h	203 ^h	P 223 ^h	P 234 ^h
MERCHANT SHIPS						
Program	1,442	3,288	P 7,624	-63	P 674	P -25
Contracts and other commitments	1,484	2,381	P 5,655	265	P 1,169	P 234
Value delivered and/or in place	240	510	P 881	92	P 86	P 118
OTHER MUNITIONS AND SUPPLIES						
Program	3,968	8,285	P 22,337	1,574	P 9,348	P 2,067
Contracts and other commitments	2,940	5,846	P 13,068	1,319	P 2,860	P 2,417
Value delivered	1,530	2,815	P 4,666	393	P 491	P 600

● Graph appears on opposite page.
Table continued on Page VII.

For footnotes see Page X.

WAR CONSTRUCTION



**WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM**

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	February 1942	March 1942	April 1942
(Million dollars)						
BREAKDOWN OF WAR CONSTRUCTION						
WAR CONSTRUCTION, TOTAL (LAND, BLDGS., EQUIP.)						
Program	8,461	15,567	P 31,948	2,550	P 5,184	P 7,331
Uncommitted balance	2,696	4,352	P 9,892	-	-	-
Contracts and other commitments	5,765	11,215	P 22,056	3,603	P 4,066	P 1,580
Value in place	2,505	5,810	P 9,344	700	P 964	P 1,170
Value not in place ^b	3,260	5,405	P 12,712	-	-	-
INDUSTRIAL FACILITIES (LAND, BLDGS., EQUIP.)						
Program	5,120	8,112	P 16,519	1,532	P 5,169	P 395
Contracts and other commitments	2,865	6,318	P 14,148	2,357	P 3,126	P 1,191
Value in place	960	2,800	P 4,765	400	P 553	P 619
INDUSTRIAL FACILITIES, BUILDINGS ONLY						
Program	1,607	3,137	n.a.	356	P 605	n.a.
Value in place	575	1,753	P 2,627	195	P 216	P 253
POSTS, DEPOTS, STATIONS						
Program	2,849	6,063	P 14,037	1,018	15	P 6,936
Contracts and other commitments	2,625	4,381	P 7,183	1,194	P 869	P 314
Value in place	1,430	2,670	P 4,105	271	P 377	P 510
DEFENSE HOUSING						
Program	492	1,392	1,392	0	0	0
Contracts and other commitments	275	516	P 725	52	P 71	P 75
Value in place	115	340	P 474	29	P 34	P 41
BREAKDOWN OF NON-MUNITIONS						
NON-MUNITIONS, TOTAL						
Program	3,834	11,299	P 17,833	1,433	P 3,364	P 1,217
Uncommitted balance	1,677	5,698	P 9,048	-	-	-
Commitments	2,157	5,601	P 8,835	834	P 696	P 728
Checks issued by agencies ^b	1,752	3,823	P 5,692	450	P 550	P 500
STOCKPILE						
Program	983	2,399	P 2,713	4	P 0	P 0
Commitments	470	1,050	P 1,110	0	P 30	P 30
Checks issued by agencies	192	488	P 809	72	P 147	P 64

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Table continued on following page.

For footnotes see Page I.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	February 1942	March 1942	April 1942
(Million dollars)						
BREAKDOWN OF NON-MUNITIONS (Continued)						
AGRICULTURAL EXPORTS (LEND-LEASE)						
Program	625	1,522	P 2,138	-228	630	P 214
Commitments	66	561	P 929	133	54	P 82
Checks issued by agencies	1	211	P 421	50	55	P 60
PAY, SUBSISTENCE & TRAVEL ²						
Army Military						
Program	944	3,013	P 3,904	0	146	P 745
Commitments	934	2,030	P 3,283	489	105	P 239
Checks issued	696	1,510	P 2,209	173	182	P 200
Navy Military						
Program	378	963	P 2,251	1,229	49	P 10
Commitments	334	610	P 929	68	103	P 86
Checks issued	388	642	P 874	55	60	P 65
Civilian Payroll						
Program	32	247	P 253	1	0	P 5
Commitments	32	140	P 220	20	20	P 20
Checks issued	356	682	P 956	68	71	P 75
MISCELLANEOUS NON-MUNITIONS						
Program	872	3,155	P 6,574	427	2,539	P 243
Commitments	321	1,210	P 2,364	124	384	P 271
Checks issued by agencies	119	290	P 423	32	35	P 36

Table continued on following page.

For footnotes see Page I.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	February 1942	March 1942	April 1942
(Million dollars)						
BREAKDOWN BY AGENCIES						
UNITED STATES FINANCED WAR PROGRAM ^d						
Program	37,075	76,508	P 166,435	21,591	P 30,373	P 20,799
Uncommitted balance	9,274	23,979	P 58,259	-	-	-
Contracts and other commitments	27,801	52,529	P 108,176	20,932	P 16,395	P 9,906
Checks paid	6,431	15,251	26,507	2,391	3,131	3,505
U. S. ARMY						
Program	13,134	31,981	84,468	0	22,566	17,395
Contracts and other commitments	11,104	23,334	P 55,867	12,479	P 10,036	P 6,003
Checks paid	3,636	7,889	12,490	1,099	1,130	1,284
U. S. NAVY						
Program	12,308	20,024	P 45,307	21,493	P 384	P 3,348
Contracts and other commitments	11,182	16,327	P 27,993	5,566	P 3,152	P 1,993
Checks paid	2,217	4,726	7,662	531	867	1,020
LEND-LEASE						
Program	7,000	12,985	18,410	0	5,425	0
Allocations	5,177	11,345	13,858	232	1,364	222
Contracts and other commitments	2,458	6,282	9,876	1,109	744	673
Checks paid	21	910	2,808	432	573	525
U. S. MARITIME COMMISSION						
Program	784	2,734	6,584	0	0	0
Contracts and other commitments	886	1,724	5,094	322	P 1,256	226
Checks paid (Net) ^e	44	156	435	62	81	87
RFC AND SUBSIDIARIES						
Program	2,623	5,130	P 7,794	-34	P 1,998	P 0
Contracts and other commitments	1,151	3,569	P 7,414	1,300	P 1,015	P 826
Checks issued by RFC	350	956	1,883	190	334	274
OTHER U. S. AGENCIES						
Program	1,226	3,654	P 3,872	132	P 0	P 56
Contracts and other commitments	720	1,293	1,932	156	P 192	P 185
Checks paid	163	614	1,229	77	146	315
FOREIGN ORDERS						
Program (orders)	3,786	4,096	P 4,096	0	P 0	P 0
Commitments	3,786	4,096	P 4,096	0	P 0	P 0
Checks issued by Purchasing Missions	2,105	2,714	P 2,974	62	64	P 66

WAR PROGRESS SERIES

Labor Turnover In War Industries, February 1942

Total accessions to payroll decreased sharply in seven selected war industries from January to February. Separations declined at a somewhat slower rate. In consequence, net accessions were somewhat lower than their previous high level in January. Similar trends occurred in accessions and separations in all manufacturing industries combined.

As in previous months the largest accessions were reported by shipyards, aircraft firms and machine tool plants. The hiring rate for the seven selected war industries was one-third higher than that for all manufacturing industries combin-

ed. In contrast, the separation rate for the selected war industries was slightly lower than that for all manufacturing. Net accessions to payroll were three times as great in the seven war industries as in all manufacturing industries combined.

Total accessions in the seven selected war industries declined between July and November of 1941. This decline in the rate of hiring may be attributed in part to the need for awaiting the completion of additional plant facilities, in part to shortages of war materials. The net rate of additions to payrolls for the selected war industries has been higher than that for all manufacturing in each month since October 1940.

FOOTNOTES

WAR PROGRESS SERIES

n.a. Not available

P Preliminary

F Revised. Revisions in cumulative figures through
December 31, 1941 made in month of December

- a Total war program includes all funds and authorizations made available for war purposes by the United States Government plus foreign orders placed in this country since November 1939. The major portion of the existing program has been approved since June 11, 1940, but some authorizations (particularly portions of the naval expansion program, the merchant shipbuilding program, and the stockpile program) were made available even earlier. All funds are shown during the fiscal year in which they are available for obligation.
- b Value delivered and/or in place includes (1) value delivered and/or in place for ships and value of production for other munitions, (2) value in place for war construction, and (3) checks issued by finance officers for non-munitions items.
- c Checks paid include (1) all checks paid out of the Treasury General Fund; (2) checks issued by the Reconstruction Finance Corporation and subsidiary Government corporations; (3) checks issued by foreign purchasing commissions.
- d United States financed program includes the war activities of all United States Government agencies (including Lend-Lease) plus the war activities of government owned corporations, but does not include foreign orders.
- e Report on checks paid by the Treasury for the account of the Maritime Commission makes allowance for receipts credited to the Construction Loan Fund.
- f Program and obligations for pay for civilians and for the Navy include only that specifically mentioned in appropriation bills, while the cash disbursement figures include, in addition, executive war pay which cannot be separately distinguished in the appropriation bills.
- g Ordnance and naval ships figures revised back to January 1942. In comparing these with prior figures, ordnance and naval ships should be combined.

ECONOMIC ACTIVITY RELATED TO THE WAR

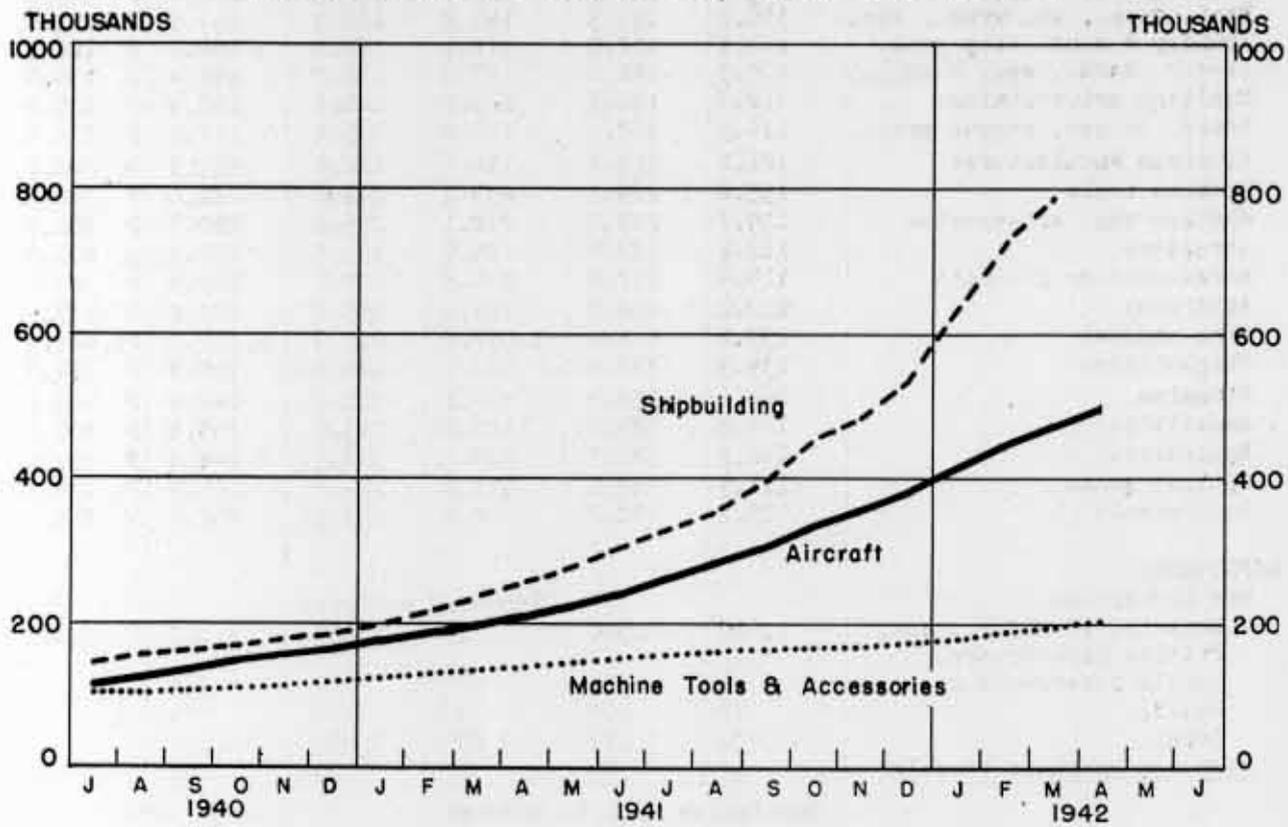
	1940	1941	1942					
	July	July	January	February	March	April		
● EMPLOYMENT IN 18 MAJOR PRIVATE WAR INDUSTRIES			(Indexes 1939=100)					
All eighteen industries	123.3	188.7	r 222.7	r 232.5	241.4	P 249.8		
Blast. furn., st. wrks., etc.	116.7	144.3	145.8	146.4	147.1	P 148.0		
Foundry & mach. shop prod.	114.8	167.0	178.1	181.3	184.2	P 188.1		
Electr. mach., app. & supp.	115.3	182.0	187.3	192.2	195.4	P 199.0		
Smelting and refining	112.7	130.1	129.1	128.7	130.6	P 129.3		
Brass, bronze, copper prod.	114.5	167.6	172.8	175.4	177.5	P 170.4		
Aluminum Manufactures	121.2	153.1	174.4	182.8	201.9	P 208.7		
Machine tools	155.6	229.3	259.1	271.0	282.6	P 292.5		
Machine tool accessories	139.7	229.0	268.1	279.2	290.3	P 302.7		
Abrasives	112.1	182.9	195.9	195.5	197.9	P 204.5		
Screw-machine products	115.9	197.9	230.5	239.7	242.5	P 307.4		
Airframes	222.2	510.5	789.2	855.2	888.8	P 937.5		
Aero-engines	299.2	646.1	1,097.8	1,202.2	1,322.5	P 1,407.9		
Shipbuilding	139.3	317.4	568.6	640.8	705.8	P 764.0		
Firearms	164.0	350.7	512.1	572.5	640.6	P 669.8		
Ammunition	144.6	389.2	688.8	723.9	758.6	P 802.1		
Explosives	142.5	349.5	529.2	576.9	748.9	P 761.2		
Optical goods	111.9	168.1	191.9	194.2	196.9	P 198.3		
Instruments	115.7	192.2	240.2	249.9	262.0	P 269.3		
EMPLOYMENT			(Thousand workers)					
War Industries								
Private, 18 major indus.	1,660	2,540	2,999	3,130	3,250	P 3,363		
Private contractors, public construction	13	412	583	614	643			
Public	117	225	308	315	339			
Total	1,790	3,177	3,890	4,059	4,232			
Deep sea merchant vessels	51	50	47	49	48	47		
			Cumulative 6/11/40 through		Monthly, 1942			
			End 1st full year 6/30/41	End of March 1942	End of April 1942	February	March	April
VALUE OF FACIL. ON APPLIC. FOR CERT. OF NECESSITY			(Million dollars)					
Total approved	1,030	2,701	2,975	442	386	274		
Private funds	829	2,333	2,574	431	355	241		
Public funds	201	368	401	11	31	33		
Pending	387	624	1,185	-	-	-		

● Graph appears on following page.

P Preliminary data.

r Revised data.

EMPLOYMENT IN SELECTED WAR INDUSTRIES



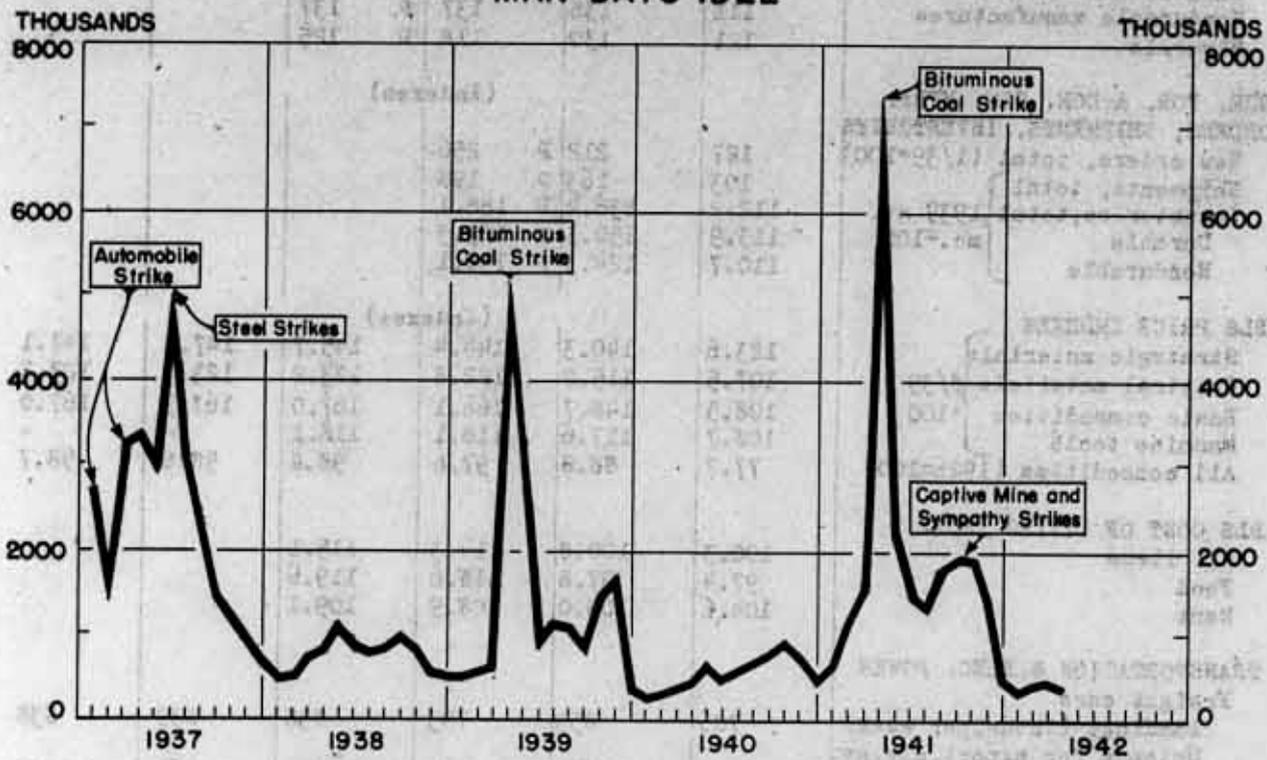
ECONOMIC ACTIVITY RELATED TO THE WAR

The series on these pages are included for the convenience of readers of War Progress. The data are not confidential and there are no restrictions upon their use through their inclusion in this confidential report.

	1940	1941	1942			
	July	July	March	April	Week ending	
					May 15	May 23
(Unadjusted indexes 1935-39=100)						
FED. RES. BD. PROD. INDEXES						
Total industrial production	120	159	168	P 172		
Durable manufactures	131	197	227	P 234		
Non-durable manufactures	111	138	137	P 137		
Minerals	121	130	118	P 125		
(Indexes)						
BUR. FOR. & DOM. COM. MFRS. ORDERS, SHIPMENTS, INVENTORIES						
New orders, total (1/39=100)	127	212	P 256			
Shipments, total	103	163	P 198			
Inventories, total } 1939 av.	112.2	136.4	P 166.1			
Durable } mo.=100	113.9	150.3	P 183.5			
Non-durable	110.7	124.3	P 150.1			
(Indexes)						
BLS PRICE INDEXES						
Strategic materials } 8/39	123.6	140.3	144.4	145.7	147.1	147.1
Critical materials } -100	107.5	115.2	122.8	123.2	123.3	123.3
Basic commodities } -100	108.5	148.7	166.1	167.0	167.3	167.0
Machine tools	108.7	117.6	118.1	118.1	-	-
All commodities (1926=100)	77.7	88.8	97.6	98.8	98.6	98.7
(Indexes)						
BLS COST OF LIVING INDEX						
All items	100.3	100.8	114.3	115.1		
Food	97.4	97.8	118.6	119.6		
Rent	104.6	105.0	108.9	109.1		
(Indexes)						
TRANSPORTATION & ELEC. POWER						
Freight cars						
Loadings (thous. per week)	706	853	793	838	839	838
Unloads for export, dly. av.						
Atlantic & Gulf ports (no.)	1,494	1,614	1,934	2,069	1,867	2,105
Pacific ports (no.)	112	159	305	400	422	426
Surplus, total, dly. av. (thous.)	132	77	59	57	59	
Box cars	55	30	21	26	32	
Coal cars	48	27	19	14	9	
Bad order cars, total, 1st of month (thous.)	153	85	61	60	(May 1) 62	
Power prod. (mil. kwh.)	12,094	14,226	15,053	14,586	3,357	3,380
(Million dollars)						
DEFENSE BOND SALES, TOTAL			558	531	136	148
(Number of dwelling units, cumulative to end of period)						
DEFENSE HOUSING						
Fund allocations	1,460	123,433	342,261	413,530	416,565	417,339
Constr. contracts awarded	624	87,132	185,350	193,438	223,222	228,672
Construction completed	0	29,954	97,681	104,318	115,351	116,956

P Preliminary data.

STRIKES IN ALL INDUSTRIES MAN-DAYS IDLE



ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942			
	July	July	January	February	March	April
NATIONAL INCOME			(Billion dollars, annual rate)			
Total income payments	75.8	93.0	104.6	105.4	P 105.9	
FEDERAL DEBT			(Billion dollars)			
Net public debt	41.5	46.9	57.1	58.8	58.9	62.1
EMPLOYMENT			(Thousand workers)			
Total civil nonagricultural	35,904	39,908	39,871	39,995	40,392	40,773
Total WPA employment	1,655	1,055	1,024	1,029	963	867
War industries			Confidential data. See Page XI			
Deep sea merchant vessels						
UNEMPLOYMENT (WPA ESTIMATE)			(Million workers)			
Number of unemployed	9.3	5.6	4.2	4.0	3.6	3.0
LABOR DISPUTES						
All industries i						
Number strikes in progress	390	635	214	P 275	P 320	P 405
Workers involved (thous.)	83	226	41	P 80	P 80	P 85
Man-days idle (thous.)	586	1,326	329	P 425	P 450	P 375
Labor disputes affecting the war effort j						
Number strikes in progress	n.a.	n.a.	31	57	74	P 95
Workers involved (thous.)	n.a.	n.a.	13	23	39	P 43
Man-days idle (thous.)	n.a.	n.a.	46	119	167	P 173

● Graph appears on opposite page.
i Bureau of Labor Statistics.

n. a. Not available. P Preliminary.
j National War Labor Board.

The President

1

WAR PROGRESS

~~Confidential~~

What About Our War Objectives?

How Germany Stints on Copper

DECLASSIFIED
EO. 11652, Sec. 3(E) and 5(D) or (G)
Commerces Dept. Letter, 11-15-73
By RHP, Dabg MAK 29 1973

Number 90

June 5, 1942

Sizing Up Our War Objectives

Overall program threatens to top the \$200,000,000,000 mark. But present forecasts of production potential fall short of objectives.

TRY TO IMAGINE a billion dollars. Then multiply by 200. When you've done that, you've almost—but not quite—imagined the contemplated size of our overall war program. For the Army has under consideration a new \$40,000,000,000 appropriation bill; additional Navy estimates run to about \$10,000,000,000. If these proposals go through Congress, then the war program will have passed the \$220,000,000,000 mark.

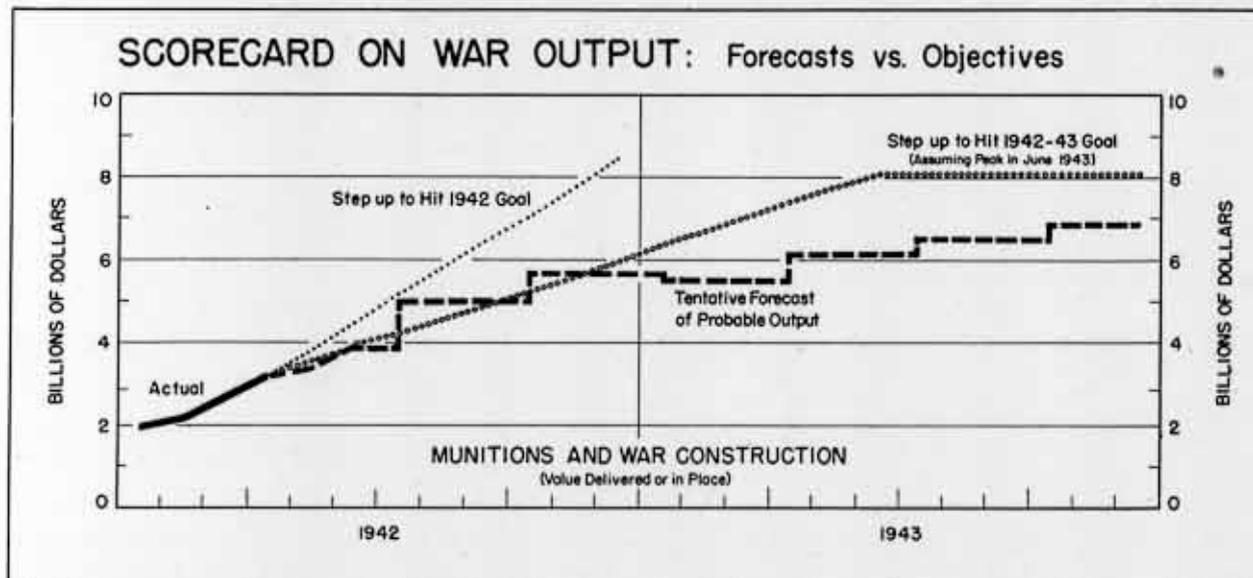
Some of that \$220,000,000,000 won't be spent this year and next; \$19,000,000,000 represents the value of military goods and services delivered or

in place by the end of 1941; something more than \$35,000,000,000 will have to be put over beyond next year. Even so, that leaves a big order—\$165,000,000,000-odd—as the nation's two-year war objective.

TWO 29s IN A ROW

Measure that in terms of 1929. In that heyday year, the value of all goods and services produced in the United States amounted to \$82,000,000,000. But now we hope to link two 1929s together for military goods and services alone.

Not all of this \$165,000,000,000 is fighting stuff—airplanes, tanks, ships, guns, ammunition, etc. About \$25,000,000,000 represents soldiers' and sailors' pay and subsistence—and



THIS CHART ATTEMPTS TO PICTURE HOW FAST WE'VE GOT TO STEP UP OUR MUNITIONS AND WAR CONSTRUCTION PROGRAM TO ACHIEVE (1) THE 1942 OBJECTIVE OF \$59,000,000,000, AND (2) THE 1942-43 OBJECTIVE OF \$140,000,000,000. ADMITTEDLY, PRODUCTION WILL NOT ADVANCE IN STRAIGHT LINES, AS SHOWN. BUT THAT STATIS-

TICAL OVERSIMPLIFICATION HARDLY INVALIDATES THE POINT THAT WE HAVE GOT TO SPEED UP OUTPUT SHARPLY—MUCH MORE SHARPLY THAN FORECASTS OF DELIVERIES SUGGEST WE WILL. OBSERVE, INCIDENTALLY, THAT THE 1942-43 "OBJECTIVE LINE" ASSUMES THAT 1942 OUTPUT WILL JUST ABOUT COME UP TO THE FORECAST.

miscellaneous items which are easily procurable and which our economy can take in stride. But take that out and you still have \$140,000,000,000 of "hard goods." (And that's not easy to imagine, even though it's down about 37% from the billions we started with in the first paragraph.)

FOURTH-QUARTER BURDEN

Now, that \$140,000,000,000 figure is significant. It is based upon Army estimates of requirements, Navy schedules, aid to United Nations, and the airplane and merchant shipbuilding program and it is usually broken down into two parts:

1942\$59,000,000,000

1943 81,000,000,000

And now, note these further facts:

1. Right now, munitions production and war construction are running at the monthly rate of \$3,400,000,000.

2. To attain this year's objectives, the monthly rate from May through December will have to average more than \$6,000,000,000--nearly double current levels.

3. This will impose a tremendous burden on machines and materials in

the final quarter of this year--for it is in the months of October, November, and December that most of the current below-average output will have to be compensated for. Again, if we are to approach our objectives this year, first-quarter output of naval ships will have to double in the final quarter; ordnance will have to quadruple; signal service equipment will have to septuple. And so it goes--all along the line--with gains for individual items varying from 50% to 900%, and with munitions as a whole required to triple.

4. If the two-year objective is to be reached, we have to obtain \$130,000,000,000 of output in the 20 months from May, 1942, through December, 1943. That means an average of \$6,500,000,000 a month to the end of 1943.

WANTED: REALISTIC APPROACH

Yet that is not the entire story of the problem ahead. On the basis of forecasts of what the American industrial machine will turn out--forecasts geared to current production, possible step up in rates, new plant coming into production, and available materials--we will not reach the \$6,000,000,000 monthly level until well into 1943. At present, 1942 output, as forecast, will fall \$11,000,000,000 short of the objective; and 1943 would fall \$5,000,000,000 short. Thus, the two-year forecast of potentials is \$16,000,000,000 below the goal.

Indeed, as the chart on page 1 suggests, the monthly output--as forecast--is far less ambitious than the objectives. A question naturally rises: Are the forecasts more realistic than the objectives, or the objectives more realistic than the forecasts?

It is possible that the answer lies somewhere in between; that the objec-

IN THIS ISSUE:

SIZING UP OUR WAR OBJECTIVES . . .	1
STRETCHING COPPER	3
5-STAR FINAL: SHIPS, PLANES	3
STRIKE UP A BALANCE.	6
FOR THE RECORD	6
RAW MATERIAL	7
WAR PROGRESS NOTES	I
FINANCIAL DATA	II
ECONOMIC DATA	XI

tives may be too high, that the forecasts may be too low. But, in any event, these discrepancies suggest that some re-examination of the total program is in order. Are there items in the objectives which cannot well be realized? Can some types of munitions and supplies be eliminated to make way for others? Do we have all the raw materials necessary to fulfill both our munitions program and our facilities program? Do we need all the facilities called for? Can we convert additional plants to war work to increase output?

These are not easy questions to answer. They involve problems of military strategy as well as problems in industrial potentials. But they are questions which ought to be answered --and promptly--if the program is to be carried forward with greatest efficiency toward a well-thought-out goal.

Stretching Copper

Germany skimps along by pushing Europe's mines, by seizures, and by ersatz. But Hitler's nearing the end of his copper rope.

COPPER IS A PRIME EXAMPLE of how Hitler puts an economy of scarcity to work.

Whereas the United States is fighting this war with increasing copper supplies (chart, page 5), Germany has been forced to stint and stretch. This year, for example, American and German ammunition output won't be far apart; but we will use about 650,000 metric tons of copper for ammunition, while Germany consumes an estimated 150,000 tons--less than one-quarter as much.

For Germany, necessity is the mother of abstention. German data, of course, are neither official nor ade-

5-Star Final: Ships, Planes

OUR SHIPBUILDING PROGRAM is beginning to click. In May actual deliveries of merchant ships reached a new high. And, for the first time since the program really got started in July, 1940, deliveries exceeded the forecast. Here's the record:

	Forecast	Delivery	+ or -
April	40	36	-4
May	49	57	+8

The aircraft program was a bit off its mark. In May, acceptances of complete planes were 6.7% under expectations; in April, only 4.2%. However, the May goal was the highest to date, and output was 17.2% ahead of April.

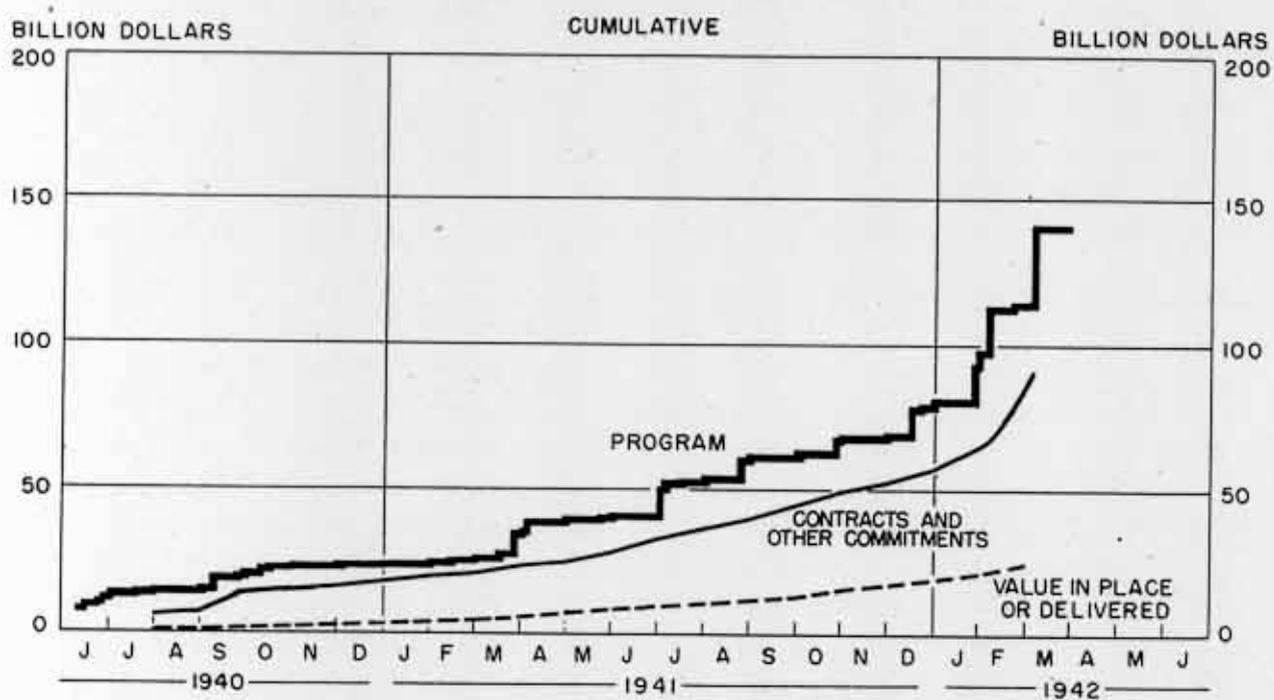
quate. But estimates, believed reasonable, place Germany's annual copper supply at 260,000 metric tons (as against America's 1,900,000 tons). New German production is limited to about 160,000 tons a year, as follows:

Source	Metric Tons
Germany	40,000
Yugoslavia.	65,000
Norway.	20,000
Finland	12,000
Sweden.	10,000
Other	13,000
Total	160,000

An additional 100,000 tons comes from melted-down church bells, monuments, cooking utensils, hardware, and the picking clean of battlefields.

Against these 260,000 tons of supply, Germany's minimum copper requirements are estimated at 275,000 tons--or about 40% of what the United States

TOTAL WAR PROGRAM



is likely to use this year in new plant facilities alone. In addition, the rest of Axis Europe needs another 50,000 tons of copper for its factories; Italy, for instance, requires 30,000 tons.

This, then, is the way the German situation stacks up: Annual supply,

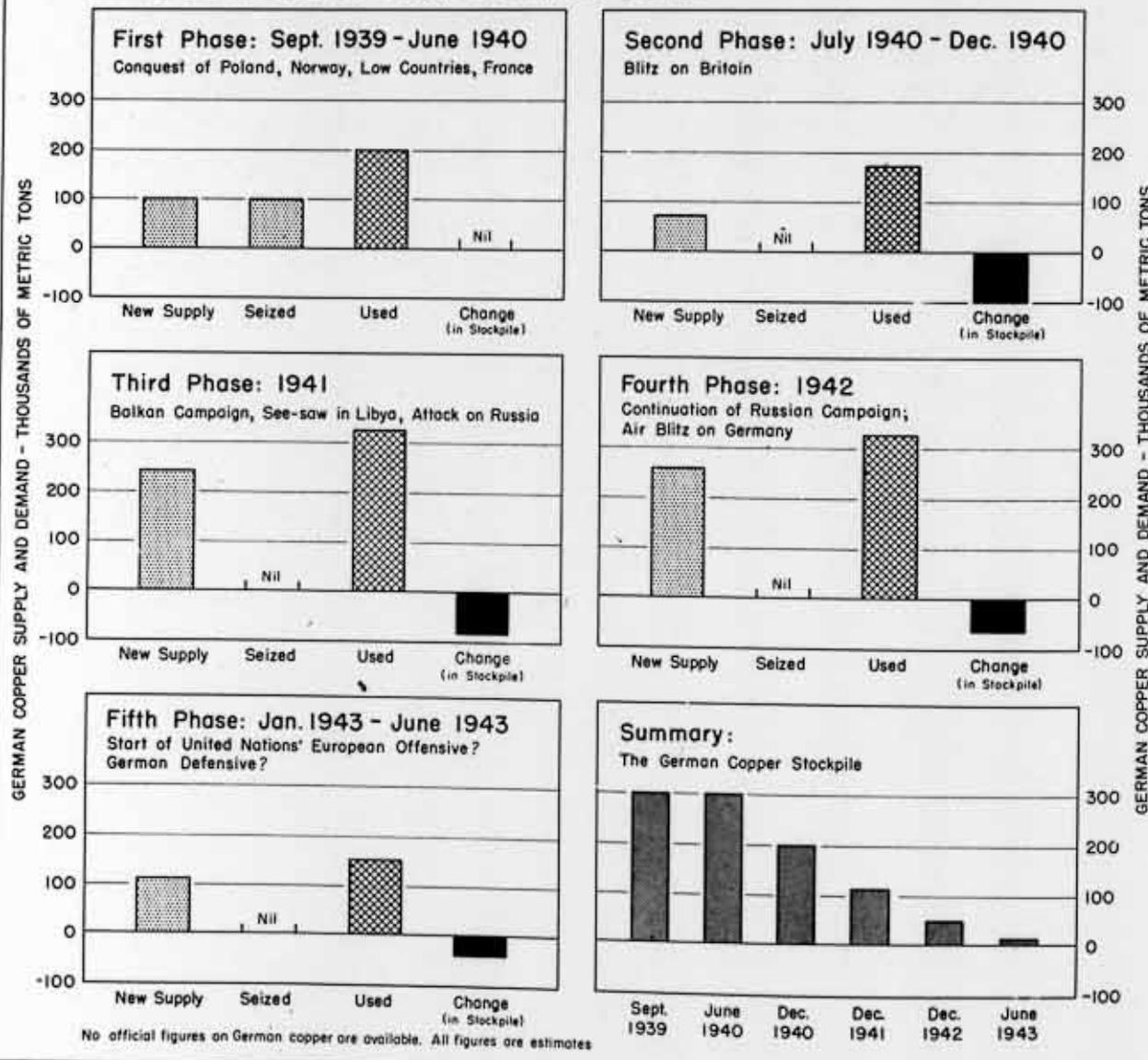
260,000 tons; demand, 325,000 tons. Net deficiency, 65,000 tons.

Question: What can Germany do about this annual deficit?

First, it is almost safe to say that Germany has reached the limit of civilian curtailment. Hitler ordered copper rationing as far back as April,

GERMAN COPPER IN WARTIME

A Five-Phase Story of Seize, Scratch, and Stretch



FOR GERMANY, EVEN MORE THAN FOR US, COPPER IS A CRITICAL MATERIAL. EARLY IN THE WAR, HITLER MANAGED TO SEIZE ENOUGH COPPER IN POLAND, THE LOW COUNTRIES, AND FRANCE TO REDRESS THE BALANCE BETWEEN DIMINISHED WAR-

TIME SUPPLY AND HEIGHTENED WARTIME DEMAND. BUT, BEGINNING WITH THE BOMBING OF BRITAIN, GERMANY DUG INTO HER STOCKPILE. BY THE MIDDLE OF 1943 (LOWER RIGHT-HAND CHART), HER RESERVES OF COPPER WILL APPROACH ZERO LEVEL.

1934, and nonwar consumption has been cut to the bone since.

Second, some reduction in industrial use may still be possible. However, the going gets tougher as time moves on. For German factories have had to use as copper substitutes, materials which, in and of themselves, are not too plentiful. For example, steel for copper means fewer tanks, aluminum for copper means fewer planes.

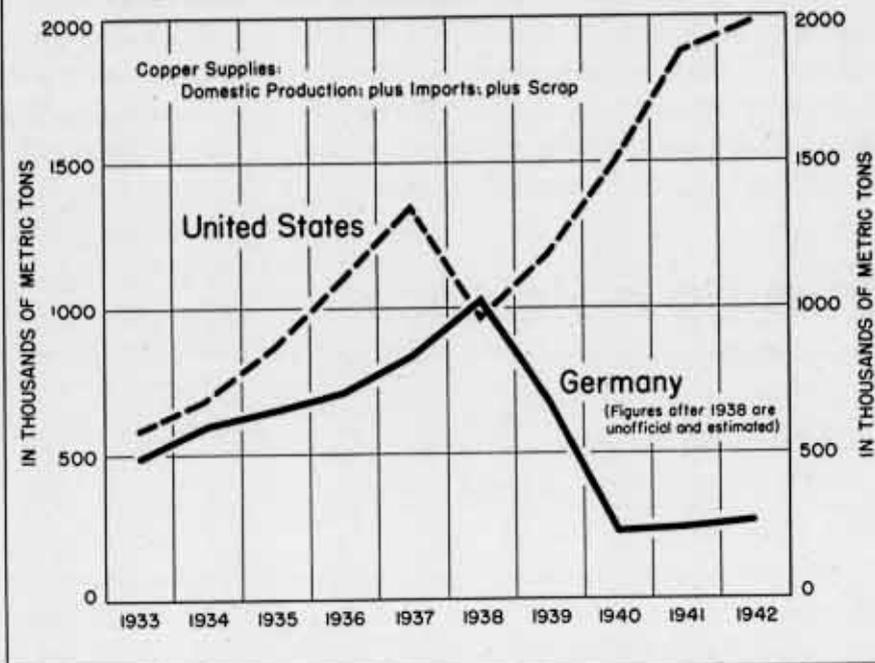
Faced by these alternatives, nevertheless, Germany has been forced to use aluminum and steel in place of 85% of the copper that once had been used in high-tension wire and cable. Aluminum, laminated metals, and mag-

nesium have taken the place of copper and copper alloys in telephones, bus bars (We're using Treasury silver!), and guide rails for electric railroads. Porcelain tubes are used instead of copper and brass tubing in water, air, fuel, and chemical containers.

SEVEN TONS PER LOCOMOTIVE

Alloy steels substitute for copper, bronze, brass, and other copper alloys in such diverse items as armatures, turbine blades, and fixtures and fittings for equipment used on ships, and in food, soap, chemical, and synthetic gasoline factories. By using steel in fireboxes, and aluminum, magnesium, and cast iron in bearings,

GERMANY FIGHTS WITH LESS COPPER, THE UNITED STATES WITH MORE



BOTH GERMANY AND UNITED STATES COPPER SUPPLIES SHOT UPWARD STARTING IN 1933. BUT WITH A DIFFERENCE. IN GERMANY, HITLER WAS GETTING READY FOR WAR. IN THIS COUNTRY, WE WERE HAVING A "CYCLICAL" BUSINESS RECOVERY. THEN, WHEN WAR CAME, HITLER WAS CUT OFF FROM OVERSEAS IMPORTS, AND COPPER SUPPLIES NOSE-DIVED. BUT, IN THE UNITED STATES, DEMAND FOR MUNITIONS SENT PRODUCTION AND IMPORTS SOARING. INCIDENTALLY, FROM 1933 THROUGH 1939, 88% OF GERMANY'S COPPER SUPPLIES WERE IMPORTED—LARGELY FROM FUTURE ENEMIES!

copper requirements per steam locomotive have been cut down by seven tons. And so it goes....

But even with this Procrustean effort—trying to fit wartime demand to pinched supply—the German reserve is dwindling. According to rough estimates, the Reich started the war with a 300,000-ton stockpile. German technicians figured this would carry them through a two-year war. But, as one campaign led to another, stringent measures became necessary. And by the middle of 1943 (chart, opposite), the German stockpile will approach the exhaustion point.

However, what stands out is not that Germany is approaching the end of her copper "rope." Rather, Germany

has been able to stretch the rope by maximizing production and using ersatz. Thus, the German copper experience suggests that there is no absolute limit to how much industry can do without—if only the effort is made to find substitute materials and new ways of doing things.

Strike Up a Balance!

Military officers have a tough job synchronizing deliveries, getting sufficient ammunition for guns, obtaining proper types of munitions in right amount.

IF YOU WERE an Army procurement officer, you wouldn't be just satisfied with getting production. Of course, you'd want planes, guns, shells, and all the rest. But you'd also want what the military man calls "balance"—adequate ammunition for every gun, spare parts for all tanks, signaling equipment for the entire air force.

LEADS AND LAGS

Yet you cannot always get production just when and where you want it. Orders don't get in on time; plants don't tool up in unison; materials don't arrive on schedule; factories don't get into production when you expect them. So, the procurement officer counts it as his lot to figure on leads and lags in output. For instance:

Recent forecasts indicate that the nation's plants will exceed 1942 objectives in 37-mm aircraft cannon, self-propelled 75-mm antitank guns, and 155-mm M1 guns. But plants are not up to objectives in 155-mm howitzers or on small anti-aircraft guns, such as the 37-mm or the 40-mm Bofors.

To balance such pluses and minuses, factories are sometimes shifted from one type of output to another—thus,

plants making 37-mm aircraft cannon are being diverted to 37-mm anti-aircraft guns. And there's another way of doing it—by substitution. Example: We've run 40 times ahead of objective on 75-mm self-propelled anti-tank guns. And because 75s are comparable in firing power and utility with the 57-mm tank gun and the 3-inch antitank gun, procurement officers are substituting the 75s for the 57s and the 3-inchers. In this case, the weapon is diverted instead of the facility.

FITTING A TACTICAL SCHEME

Out of such twists and turns, the procurement officer tries to strike his "balance." But in the final analysis, he can't get what he wants always by correcting leads and lags that have already developed. His biggest job is to get his order schedules

For the Record

IN APRIL, munitions production rose again—up 20% over March. However, in no major category did the United States meet production forecasts, as the following table shows:

Item	Forecast	Actual	% Lag
	(million dollars)		
Tanks	100	97	3%
Ammunition	236	206	13
Guns	328	316	4
Aircraft	432	416	4
Nav. Ships	278	234	16
Mer. Ships	130	118	9
Total	1,504	1,387	8%

"Other" munitions were 10% ahead of expectations. On the other hand, war construction was 6% behind the April forecast.

suited to his requirements. In so doing, he will get the most out of scarce materials--copper, nickel, steel plate, etc.--for then the materials go into the munitions he needs. Then, as a case in point, he won't be "investing" critical copper, say, in products the armed forces may not be able to fit into a balanced tactical scheme.

Raw Material

Enter M4; Exit M3

PRODUCTION of medium (28-ton) tanks will hit another new monthly high in July, but this record will be made with the M4 model--a cast steel-and-welded hull job--instead of the M3. Libyan desert experience explains the switch. Direct hits on the M3 blasted the rivets out of the hulls into the tank crews; they were built-in bullets, so to speak. Another thing: the M3's biggest piece of armament--a 75-mm gun--has a restricted arc of fire, which the M4 corrects by changing gun mountings.

No "Suns" for Our Guns

UNITED STATES AIR SERVICES have painted the red circles out of the white-starred U. S. Aviation insignia for the duration. Far more readily visible than the blue and white background, they have been too often mistaken for the red suns of Nippon.

Add Guns vs. Butter

IF YOU WANT to find out what the war's doing to you as a consumer, take a squint at the latest figures on retail sales. You'll find you're not spending in the manner to which you had become accustomed. For the first time in three years, dollar sales have dropped below the same month of the year before. But that's not the whole

story, since prices have risen, you're not buying as much with your dollar as last year. Take that into account and you'll find that the physical volume of goods you bought was 20% lower.

The big drop was where you'd expect it--in hard-to-get durable goods. Dollar sales of automobiles and equipment were down 75%; all consumers' durable goods declined 45%. Except for filling stations, all classes of nondurable goods items showed gains, with foods leading the pack, up 25%.

What stands out is this: Increases in sales of "soft goods" no longer are counterbalancing declines in "hard goods"--as pointed out in last week's issue of War Progress (page 2).

More Mozart, Less Gershwin?

MANUFACTURE OF CYMBALS, saxophones, trombones, trumpets, clarinets, French horns, and piccolos will soon stop, and stocks on hand can be sold only to Army and Navy bands. Violins, cellos, and guitars escape the ban--implying that, for the duration, more Mozart, less Gershwin will be played. Object is to save critical metals, cork, plastics, and rubber, and force conversion. Piano makers will fashion gliders. Organ makers will turn out wind dynamos used in ground training of pilots.

Vest-Pocket Merchantmen

GERMANY HAD her vest-pocket battle-ships, now Japan plans vest-pocket merchantmen. Reputedly of 500 tons displacement, they will ferry freight between ocean-going liners and Japanese islands in the Pacific which don't have adequate docking facilities for large vessels. They are, in effect, ocean-going motor trucks, and will probably run on oil seized in Borneo, Burma, Malay, and the Dutch East Indies.

WAR PROGRESS NOTES

PENDING LEGISLATION

AS OF JUNE 4, war appropriations and authorizations pending in Congress amounted to \$14,836,000,000. Of that amount, \$11,108,000,000 is for the Navy and includes an estimated \$10,302,000,000 of authorizations for ships; \$3,728,000,000 is for other agencies. The breakdown follows:

OBJECT	OTHER		TOTAL
	NAVY	AGENCIES	
	—IN MILLIONS—		
TOTAL PENDING	\$11,108	\$3,728	\$14,836
MUNITIONS & CONSTR. TOTAL	10,933	2,100	13,033
MUNITIONS TOTAL	10,783	1,054	11,837
ORDNANCE	15	-	15
NAVAL SHIPS	10,348	-	10,348
MERCHANT SHIPS	-	1,054	1,054
OTHER MUNITIONS	420	-	420
CONSTRUCTION TOTAL	150	1,046	1,196
INDUS. FACILITIES	150	194	344
POSTS, DEPOTS, ETC.	-	209	209
HOUSING	-	643	643
NONMUNITIONS	175	1,628	1,803

The \$10,302,000,000 for the Navy represents the estimated cost of the following tonnages: submarines, 200,000; auxiliary vessels, 500,000; aircraft carriers, 500,000; cruisers, 500,000; destroyers and destroyer escort vessels, 900,000 tons.

PLANT UTILIZATION

FIRMS PRODUCING machine tools showed a 5% increase in plant utilization in April as compared with March. From December to April, utilization increased 11%.

Both in the aircraft and machine

tool industries, utilization increased sharply after Pearl Harbor. But in machine tools, improvement continued from February to April, whereas in the aircraft industry it leveled off.

Steady improvement has been shown since March, 1941, when the index was at 75.6 hours per worker on the first shift. In April, 1942, the index was 90.7 hours. The best plants continue to operate at levels well above average. Hours of machine-operator utilization are somewhat higher than plant utilization, but show similar trends.

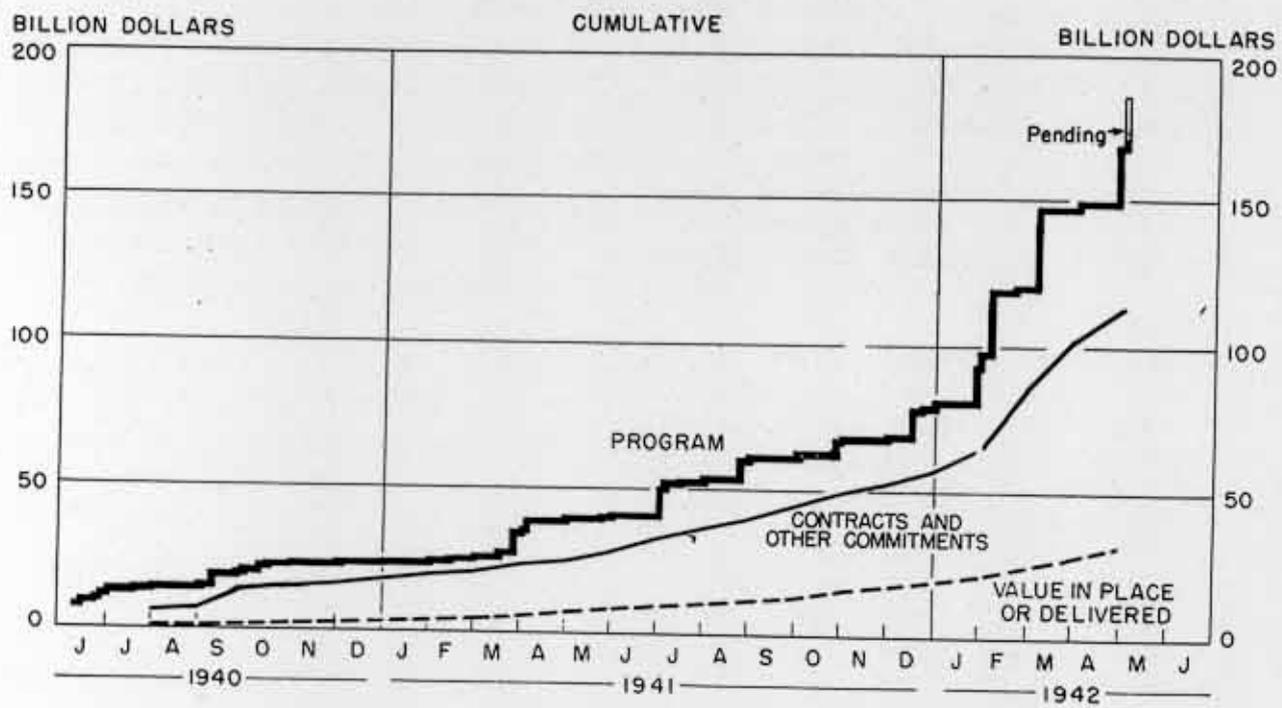
BOND SALES AND TAXES

WAR BOND SALES in May, at \$634,000,000, were \$100,000,000 greater than April; they topped by \$34,000,000 the Treasury quota for the month. Goal for the fiscal year ending June 30, 1943, is \$1,000,000,000 monthly. War expenditures for the year have been estimated at \$6,000,000,000 a month and nonwar expenditures at \$500,000,000. Tax receipts, according to current estimates, will run to about \$2,000,000,000 a month. So even if the bond sales objective is achieved, it will be necessary to obtain \$3,500,000,000 a month through other borrowing.

INCOME SPENDING

THE ANNUAL rate of income payments in April was \$108,600,000,000—up 25% from April, 1941. In contrast, retail sales were down 3% from April a year ago (page 7). Consumer expenditures for services rose an estimated 7%. On the whole, people are not spending so much of their income as last year.

TOTAL WAR PROGRAM



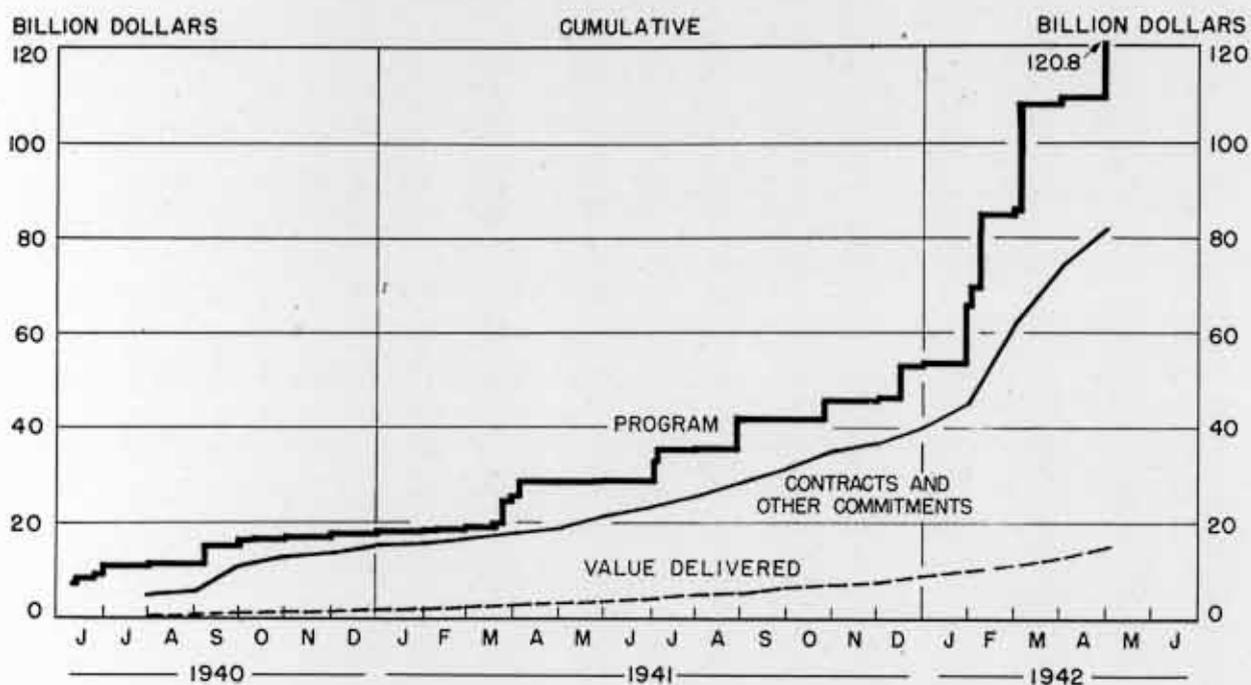
WAR PROGRESS SERIES
TOTAL WAR PROGRAM IN THE UNITED STATES

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	February 1942	March 1942	April 1942
(Million dollars)						
● TOTAL WAR PROGRAM IN THE U.S. ^a						
Program-enacted (incl. F.Y. 1943 funds) + pending	40,861	80,604	P 185,367	21,591	P 30,373	P 35,635
Program-enacted (incl. F.Y. 1943 funds)	40,861	80,604	P 170,531	21,591	P 30,373	P 20,799
Uncommitted balance	9,274	23,979	P 58,259	-	-	-
Contracts and other commitments	31,587	56,625	P 112,272	20,932	P 16,395	P 9,906
Value delivered and/or in place ^b	8,547	18,573	P 30,149	2,582	P 3,248	P 3,681
Checks paid ^c	8,536	17,965	P 29,481	2,453	3,195	P 3,571
MUNITIONS PRODUCTION & WAR CONSTRUCTION, TOTAL						
Program	37,027	69,305	P 152,698	20,158	P 27,009	P 19,582
Uncommitted Balance	7,597	18,281	P 49,261	-	P -	P -
Contracts and other commitments	29,430	51,024	P 103,437	20,098	P 15,699	P 9,178
Value delivered and/or in place ^b	6,795	14,750	P 24,757	2,132	P 2,698	P 3,181
Value not delivered nor in place	22,635	36,274	P 78,680	-	-	-
PRODUCTION OF MUNITIONS						
Program	28,566	53,738	P 120,750	17,608	P 21,825	P 12,251
Uncommitted balance	4,901	13,929	P 39,369	-	-	-
Contracts and other commitments	23,665	39,809	P 81,381	16,495	P 11,633	P 7,598
Value delivered and/or in place ^b	4,290	8,940	P 15,483	1,432	P 1,734	P 2,081
Value not delivered nor in place	19,375	30,869	P 65,898	-	-	-
WAR CONSTRUCTION						
Program	8,461	15,567	P 31,948	2,550	P 5,184	P 7,331
Uncommitted balance	2,696	4,352	P 9,892	-	-	-
Contracts and other commitments	5,765	11,215	P 22,056	3,603	P 4,066	P 1,580
Value delivered and/or in place ^b	2,505	5,810	P 9,274	700	P 964	P 1,100
Value not delivered nor in place	3,260	5,405	P 12,782	-	-	-
NON-MUNITIONS WAR ITEMS, TOTAL						
Program	3,834	11,299	P 17,833	1,433	P 3,364	P 1,217
Uncommitted balance	1,677	5,698	P 8,998	-	-	-
Contracts and other commitments	2,157	5,601	P 8,835	834	P 696	P 728
Checks issued	1,752	3,823	P 5,692	450	P 550	P 500

● Graph appears on opposite page.
Table continued on Page V.

For footnotes see Page X.

MUNITIONS PRODUCTION



WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	February 1942	March 1942	April 1942
	(Million dollars)					
	BREAKDOWN OF MUNITIONS PRODUCTION					
● MUNITIONS PRODUCTION, TOTAL						
Program	28,566	53,738	P 120,750	17,608	P 21,825	P 12,251
Uncommitted balance	4,901	13,929	P 39,369			
Contracts and other commitments	23,665	39,809	P 81,381	16,495	P 11,633	P 7,598
Value delivered and/or in place ^b	4,290	8,940	P 15,483	1,432	P 1,734	P 2,081
Value not delivered nor in place	19,375	30,869	P 65,898	-	-	-
AIRPLANES, PARTS & ACCESSORIES						
Program	8,582	15,072	P 38,046	4,699	P 161	P 9,105
Contracts and other commitments	7,381	13,298	P 28,698	9,833	P 3,582	P 1,556
Value delivered	1,010	2,265	P 3,771	356	P 416	P 416
ORDNANCE						
Program	7,778	17,488	P 36,298	4,836	P 11,438	P 1,055
Contracts and other commitments	5,418	10,354	P 22,235	3,411	P 2,722	P 2,840
Value delivered	700	1,685	P 3,571 ⁸	388 ⁸	P 518 ⁸	P 619 ⁸
NAVAL SHIPS						
Program	6,796	9,605	P 16,445	6,562	P 204	P 49
Contracts and other commitments	6,442	7,930	P 11,725	1,667	P 1,300	P 551
Value delivered and/or in place	810	1,665	P 2,500 ⁸	203 ⁸	P 223 ⁸	P 234 ⁸
MERCHANT SHIPS						
Program	1,442	3,288	P 7,624	-63	P 674	P -25
Contracts and other commitments	1,484	2,381	P 5,655	265	P 1,169	P 234
Value delivered and/or in place	240	510	P 881	92	P 86	P 118
OTHER MUNITIONS AND SUPPLIES						
Program	3,968	8,285	P 22,337	1,574	P 9,348	P 2,067
Contracts and other commitments	2,940	5,846	P 13,068	1,319	P 2,860	P 2,417
Value delivered	1,530	2,815	P 4,760	393	P 491	P 694

● Graph appears on opposite page.
Table continued on Page VII.

For footnotes see Page I.

The President

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WAR PROGRESS

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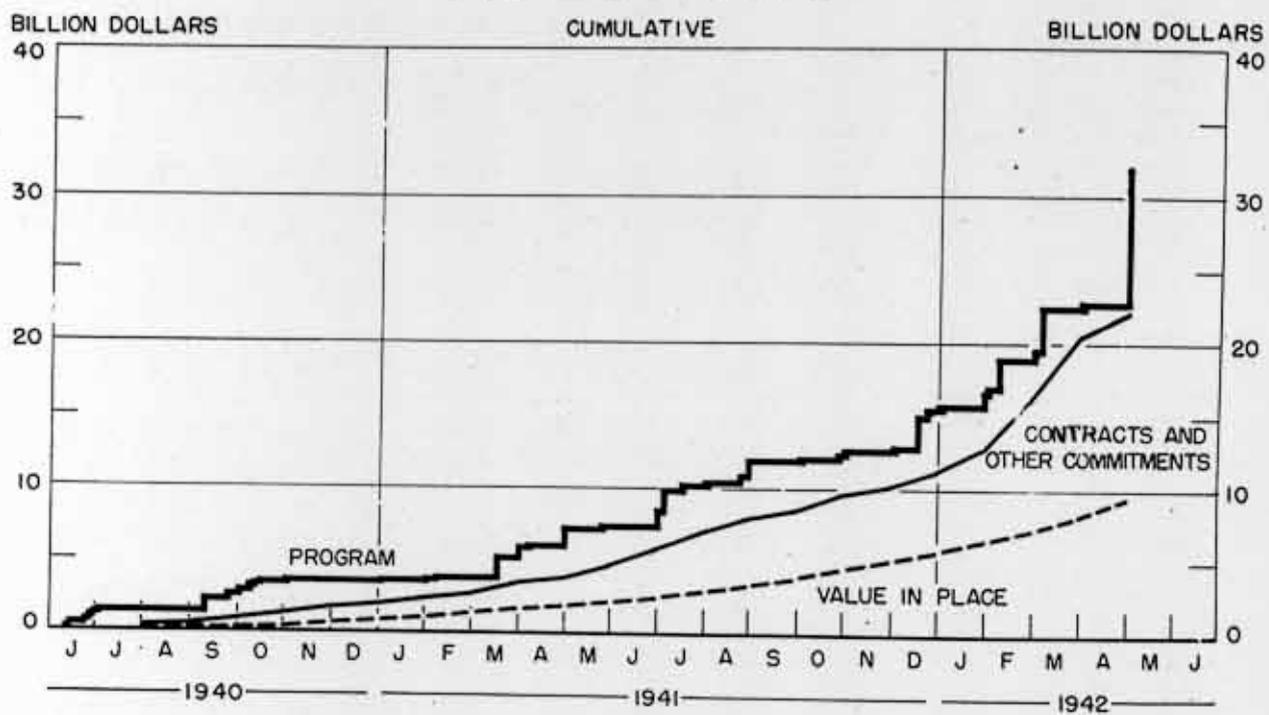
WAR PROGRESS SERIES
TOTAL WAR PROGRAM IN THE UNITED STATES

FINANCIAL PROGRAM SUMMARY	Cum. 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of February 2/28/42	January 1942	February 1942	March 1942
(Million dollars)						
TOTAL WAR PROGRAM IN THE U. S. ^a						
Program	40,861	80,604	P 112,999	17,164	P 15,231	P 27,991
Uncommitted balance	9,274	23,979	P 26,968	-	-	-
Contracts and other commitments	31,587	56,625	P 86,031	8,414	P 20,992	n.a.
Value delivered and/or in place ^b	8,547	18,573	P 23,612	P 2,443	P 2,596	n.a.
Checks paid ^c	8,536	17,965	P 22,715	2,297	P 2,453	n.a.
MUNITIONS PRODUCTION & WAR CONSTRUCTION, TOTAL						
Program	37,027	69,305	P 101,036	16,644	P 15,087	P 25,178
Uncommitted balance	7,597	18,281	P 22,416	-	-	-
Contracts and other commitments	29,430	51,024	P 78,620	7,438	P 20,158	n.a.
Value delivered and/or in place ^b	6,795	14,750	P 18,954	P 2,033	P 2,171	n.a.
Value not delivered nor in place	22,635	36,274	P 59,666	-	-	-
PRODUCTION OF MUNITIONS						
Program	28,566	53,738	P 81,643	15,328	P 12,577	P 22,022
Uncommitted balance	4,901	13,929	P 19,493	-	-	-
Contracts and other commitments	23,665	39,809	P 62,150	5,846	P 16,495	n.a.
Value delivered and/or in place ^b	4,290	8,940	P 11,744	P 1,333	P 1,471	n.a.
Value not delivered nor in place	19,375	30,869	P 50,406	-	-	-
WAR CONSTRUCTION						
Program	8,461	15,567	P 19,393	1,316	P 2,510	P 3,156
Uncommitted balance	2,696	4,352	P 2,923	-	-	-
Contracts and other commitments	5,765	11,215	P 16,470	1,592	P 3,663	n.a.
Value delivered and/or in place ^b	2,505	5,810	P 7,210	P 700	P 700	n.a.
Value not delivered nor in place	3,260	5,405	P 9,260	-	-	-
NON-MUNITIONS WAR ITEMS, TOTAL						
Program	3,834	11,299	P 11,963	520	P 144	P 2,813
Uncommitted balance	1,677	5,698	P 4,552	-	-	-
Contracts and other commitments	2,157	5,601	P 7,411	976	P 834	n.a.
Checks issued ^b	1,752	3,823	P 4,658	410	P 425	n.a.

Graph appears on opposite page.
Table continued on Page V.

For footnotes see Page X.

WAR CONSTRUCTION



WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	February 1942	March 1942	April 1942
(Million dollars)						
BREAKDOWN OF WAR CONSTRUCTION						
● WAR CONSTRUCTION, TOTAL (LAND, BLDGS., EQUIP.)						
Program	8,461	15,567	P 31,948	2,550	P 5,184	P 7,331
Uncommitted balance	2,696	4,352	P 9,892	-	-	-
Contracts and other commitments	5,765	11,215	P 22,056	3,603	P 4,066	P 1,580
Value in place	2,505	5,810	P 9,274	700	P 964	P 1,100
Value not in place ^b	3,260	5,405	P 12,782	-	-	-
INDUSTRIAL FACILITIES (LAND, BLDGS., EQUIP.)						
Program	5,120	8,112	P 16,519	1,532	P 5,169	P 395
Contracts and other commitments	2,865	6,318	P 14,148	2,357	P 3,126	P 1,191
Value in place	960	2,800	P 4,746	400	P 553	P 600
INDUSTRIAL FACILITIES, BUILDINGS ONLY						
Program	1,607	3,137	n.a.	356	P 605	n.a.
Value in place	575	1,753	P 2,627	195	P 216	P 253
POSTS, DEPOTS, STATIONS						
Program	2,849	6,063	P 14,037	1,018	P 15	P 6,936
Contracts and other commitments	2,625	4,381	P 7,183	1,194	P 869	P 314
Value in place	1,430	2,670	P 4,054	271	P 377	P 459
DEFENSE HOUSING						
Program	492	1,392	1,392	0	0	0
Contracts and other commitments	275	516	P 725	52	P 71	P 75
Value in place	115	340	P 474	29	P 34	P 41
BREAKDOWN OF NON-MUNITIONS						
NON-MUNITIONS, TOTAL						
Program	3,834	11,299	P 17,833	1,433	P 3,364	P 1,217
Uncommitted balance	1,677	5,698	P 9,048	-	-	-
Commitments	2,157	5,601	P 8,835	834	P 696	P 728
Checks issued by agencies ^b	1,752	3,823	P 5,692	450	P 550	P 500
STOCKPILE						
Program	983	2,399	P 2,713	4	P 0	P 0
Commitments	470	1,050	P 1,110	0	P 30	P 30
Checks issued by agencies	192	488	P 809	72	P 147	P 64

● Graph appears on opposite page.
Table continued on following page.

For footnotes see Page X.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	February 1942	March 1942	April 1942
(Million dollars)						
BREAKDOWN OF NON-MUNITIONS (Continued)						
AGRICULTURAL EXPORTS (LEND-LEASE)						
Program	625	1,522	P 2,138	-228	630	P 214
Commitments	66	561	P 929	133	54	P 82
Checks issued by agencies	1	211	P 421	50	55	P 60
PAY, SUBSISTENCE & TRAVEL ^f						
Army Military						
Program	944	3,013	P 3,904	0	146	P 745
Commitments	934	2,030	P 3,283	489	105	P 239
Checks issued	696	1,510	P 2,209	173	182	P 200
Navy Military						
Program	378	963	P 2,251	1,229	49	P 10
Commitments	334	610	P 929	68	103	P 86
Checks issued	388	642	P 874	55	60	P 65
Civilian Payroll						
Program	32	247	P 253	1	0	P 5
Commitments	32	140	P 220	20	20	P 20
Checks issued	356	682	P 956	68	71	P 75
MISCELLANEOUS NON-MUNITIONS						
Program	872	3,155	P 6,574	427	2,539	P 243
Commitments	321	1,210	P 2,364	124	384	P 271
Checks issued by agencies	119	290	P 423	32	35	P 36

Table continued on following page.

For footnotes see Page X.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	February 1942	March 1942	April 1942
	(Million dollars)					
	BREAKDOWN BY AGENCIES					
UNITED STATES FINANCED WAR PROGRAM ^d						
Program	37,075	76,508	P 166,435	21,591	P 30,373	P 20,799
Uncommitted balance	9,274	23,979	P 58,259	-	-	-
Contracts and other commitments	27,801	52,529	P 108,176	20,932	P 16,395	P 9,906
Checks paid	6,431	15,251	26,507	2,391	3,131	3,505
U. S. ARMY						
Program	13,134	31,981	84,468	0	22,566	17,395
Contracts and other commitments	11,404	23,334	P 55,867	12,479	P 10,036	P 6,003
Checks paid	3,636	7,889	12,490	1,099	1,130	1,284
U. S. NAVY						
Program	12,308	20,024	P 45,307	21,493	P 384	P 3,348
Contracts and other commitments	11,182	16,327	P 27,993	5,566	P 3,152	P 1,993
Checks paid	2,217	4,726	7,662	531	867	1,020
LEND-LEASE						
Program	7,000	12,985	18,410	0	5,425	0
Allocations	5,177	11,345	13,858	232	1,364	222
Contracts and other commitments	2,458	6,282	9,876	1,109	744	673
Checks paid	21	910	2,808	432	573	525
U. S. MARITIME COMMISSION ^e						
Program	784	2,734	6,584	0	0	0
Contracts and other commitments	886	1,724	5,094	322	P 1,256	226
Checks paid (Net) ^e	44	156	435	62	81	87
RFC AND SUBSIDIARIES						
Program	2,623	5,130	P 7,794	-34	P 1,998	P 0
Contracts and other commitments	1,151	3,569	P 7,414	1,300	P 1,015	P 826
Checks issued by RFC	350	956	1,883	190	334	274
OTHER U. S. AGENCIES						
Program	1,226	3,654	P 3,872	132	P 0	P 56
Contracts and other commitments	720	1,293	1,932	156	P 192	P 185
Checks paid	163	614	1,229	77	146	315
FOREIGN ORDERS						
Program (orders)	3,786	4,096	P 4,096	0	P 0	P 0
Commitments	3,786	4,096	P 4,096	0	P 0	P 0
Checks issued by Purchasing Missions	2,105	2,714	P 2,974	62	64	P 66

FOOTNOTES

WAR PROGRESS SERIES

n.a. Not available

P Preliminary

r Revised. Revisions in cumulative figures through
December 31, 1941 made in month of December

- a Total war program includes all funds and authorizations made available for war purposes by the United States Government plus foreign orders placed in this country since November 1939. The major portion of the existing program has been approved since June 11, 1940, but some authorizations (particularly portions of the naval expansion program, the merchant shipbuilding program, and the stockpile program) were made available even earlier. All funds are shown during the fiscal year in which they are available for obligation.
- b Value delivered and/or in place includes (1) value delivered and/or in place for ships and value of production for other munitions, (2) value in place for war construction, and (3) checks issued by finance officers for non-munitions items.
- c Checks paid include (1) all checks paid out of the Treasury General Fund; (2) checks issued by the Reconstruction Finance Corporation and subsidiary Government corporations; (3) checks issued by foreign purchasing commissions.
- d United States financed program includes the war activities of all United States Government agencies (including Lend-Lease) plus the war activities of government owned corporations, but does not include foreign orders.
- e Report on checks paid by the Treasury for the account of the Maritime Commission makes allowance for receipts credited to the Construction Loan Fund.
- f Program and obligations for pay for civilians and for the Navy include only that specifically mentioned in appropriation bills, while the cash disbursement figures include, in addition, executive war pay which cannot be separately distinguished in the appropriation bills.
- g Ordnance and naval ships figures revised back to January 1942. In comparing these with prior figures, ordnance and naval ships should be combined.

ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942			
	July	July	January	February	March	April
EMPLOYMENT						
War Industries			(Thousand workers)			
Private, 18 major indus.	1,660	2,540	2,999	3,130	3,250	P 3,363
Private contractors, public construction	13	412	583	614	643	
Public	117	225	308	315	339	
Total	1,790	3,177	3,890	4,059	4,232	
Deep sea merchant vessels	51	50	47	49	48	47
	Cumulative 6/11/40 through			Monthly, 1942		
	End 1st full year 6/30/41	End of March 1942	End of April 1942	February	March	April
VALUE OF FACIL. ON APPLIC. FOR CERT. OF NECESSITY						
	(Million dollars)					
Total approved	1,030	2,701	2,975	442	386	274
Private funds	829	2,333	2,574	431	355	241
Public funds	201	368	401	11	31	33
Pending	387	624	1,185	-	-	-

P Preliminary data.

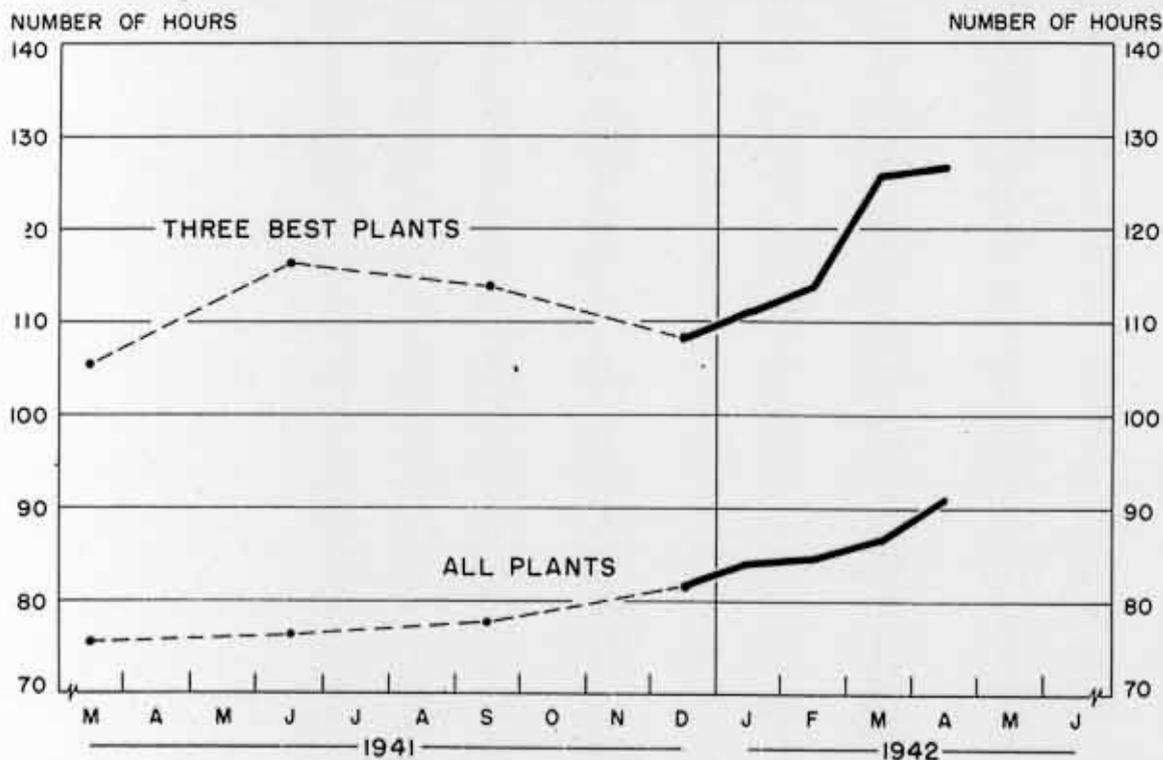
PLANT UTILIZATION IN THE MACHINE TOOL INDUSTRY

	Plant utilization ^a		Machine-operator utilization ^b
	All plants	Three best plants (Hours)	All plants
1941			
March	75.6	105.4	n.a.
June	76.1	111.6	n.a.
September	77.9	113.9	n.a.
December	81.7	108.4	n.a.
1942			
January	84.0	110.9	n.a.
February	84.4	113.6	103.0
March	86.4	125.5	106.0
April	90.7	126.6	110.0

^a Total wage-earner man-hours divided by total wage earners on first shift, including only wage earners employed in connection with the manufacture of machine tools. Data for March, June, and September, 1941, include some wage earners in machine tool plants engaged in the production of machines not classified as machine tools. Their number is not large.

^b Total machine-operator hours divided by the number of machine operators on the first shift.

HOURS OF PLANT UTILIZATION IN THE MACHINE TOOL INDUSTRY



ECONOMIC ACTIVITY RELATED TO THE WAR

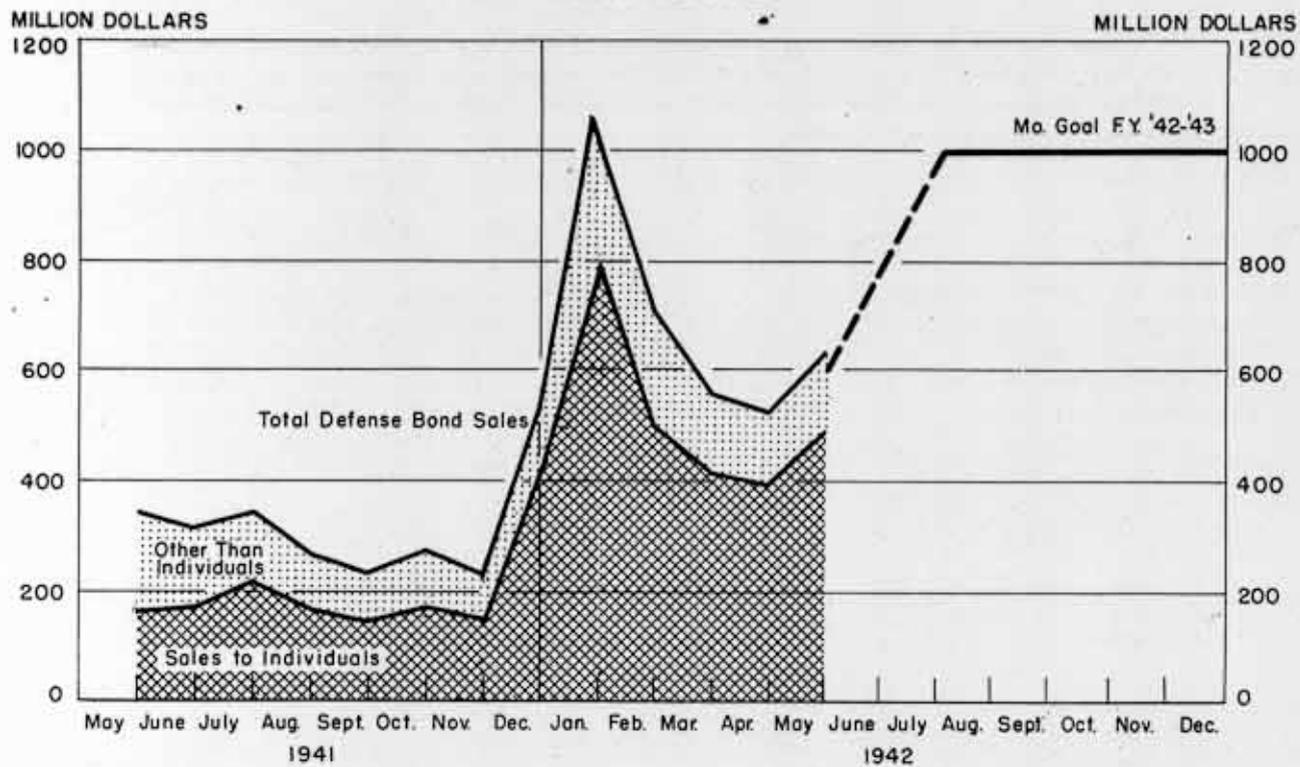
The series on these pages are included for the convenience of readers of War Progress. The data are not confidential and there are no restrictions upon their use through their inclusion in this confidential report.

	1940	1941	1942			
	July	July	March	April	Week ending May 23	Week ending May 30
FED. RES. BD. PROD. INDEXES						
	(Unadjusted indexes 1935-39=100)					
Total industrial production	120	159	168	p 172		
Durable manufactures	131	197	227	p 234		
Nondurable manufactures	111	138	137	p 137		
Minerals	121	130	118	p 125		
BUR. FOR. & DOM. COM. MFRS. ORDERS, SHIPMENTS, INVENTORIES						
	(Indexes)					
New orders, total (1/39=100)	127	212	274	p 293		
Shipments, total	103	163	199	p 199		
Inventories, total } 1939 av. Durable } mo.=100	112.2	136.4	165.6	p 167.7		
Nondurable	113.9	150.3	183.4	p 187.5		
	110.7	124.3	150.1	p 150.4		
BLS PRICE INDEXES						
	(Indexes)					
Strategic materials } 8/39	123.6	140.3	144.4	145.7	147.1	147.1
Critical materials } =100	107.5	115.2	122.8	123.2	123.3	123.3
Basic commodities	108.5	148.7	166.1	167.0	167.0	166.9
Machine tools	108.7	117.6	118.1	118.1	-	-
All commodities (1926=100)	77.7	88.8	97.6	98.8	98.7	p 98.8
BLS COST OF LIVING INDEX						
All items	100.3	100.8	114.3	115.1		
Food	97.4	97.8	118.6	119.6		
Rent	104.6	105.0	108.9	109.1		
TRANSPORTATION & ELEC. POWER						
Freight cars						
Loadings (thous. per week)	706	853	793	838	838	796
Unloads for export, dly. av.						
Atlantic & Gulf ports (no.)	1,494	1,614	1,934	2,069	2,105	2,068
Pacific ports (no.)	112	159	305	400	426	467
Surplus, total, dly. av. (thous.)	132	77	59	57	62	
Box cars	55	30	21	26	36	
Coal cars	48	27	19	14	9	
Bad order cars, total, 1st of month (thous.)	153	85	61	60	(May) 62	
Power prod. (mil. kwh.)	12,094	14,226	15,053	14,586	3,380	3,323
DEFENSE HOUSING						
	(Number of dwelling units, cumulative to end of period)					
Fund allocations	1,460	123,433	342,261	413,530	417,339	413,776
Constr. contracts awarded	624	87,132	185,350	193,438	228,672	260,611
Construction completed	0	29,954	97,681	104,318	116,956	119,586

^p Preliminary data.

DEFENSE BOND SALES

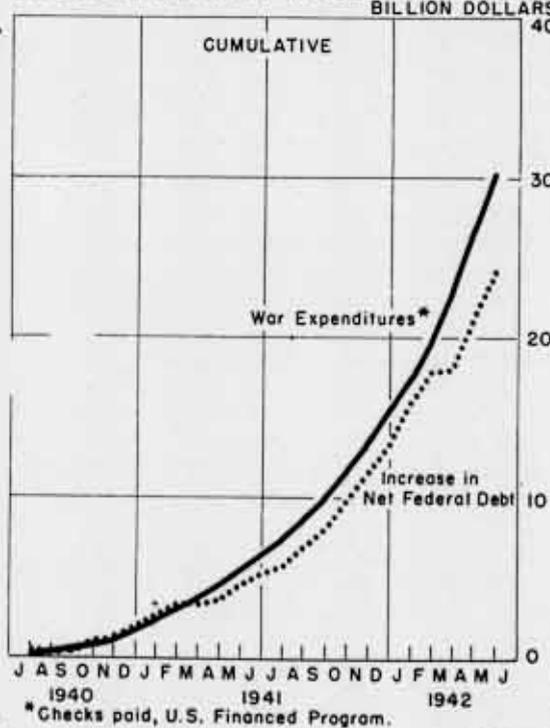
FUNDS RECEIVED



NET FEDERAL DEBT, 1914-1942
GROSS DEBT LESS BALANCE IN GENERAL FUND
BILLION DOLLARS



WAR EXPENDITURES AND INCREASE IN NET FEDERAL DEBT
BILLION DOLLARS



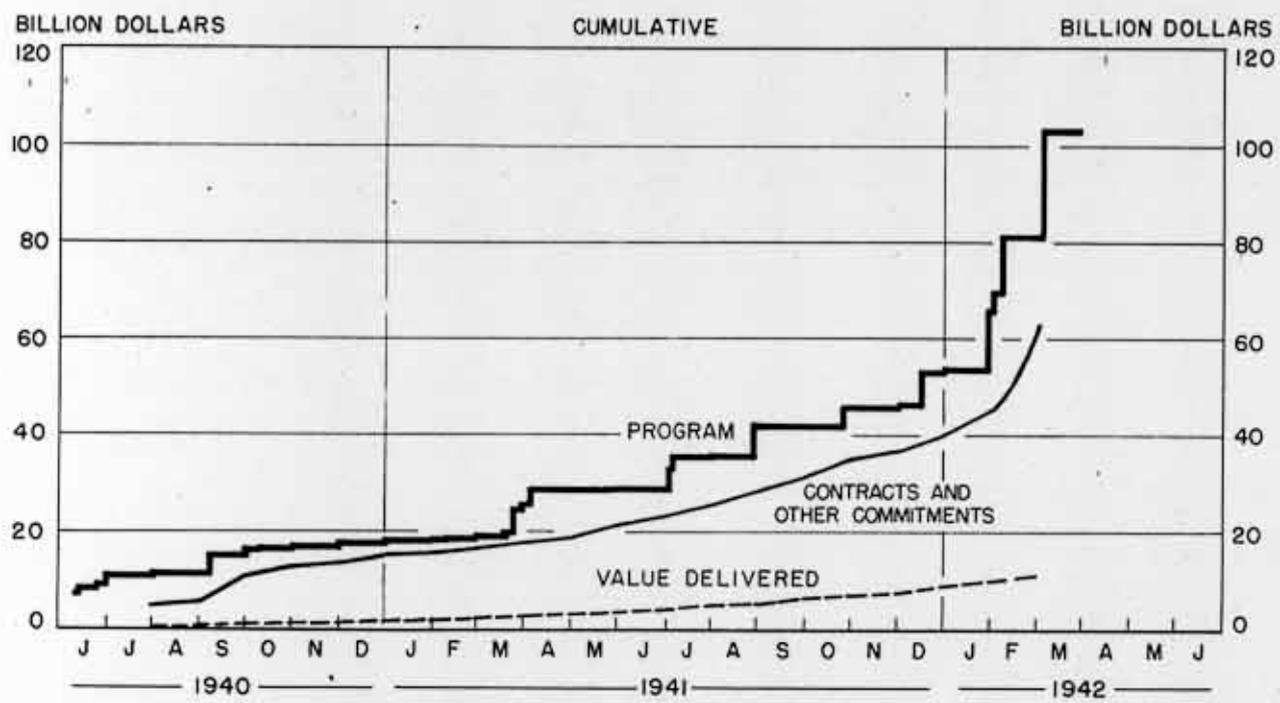
ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942			
	July	July	February	March	April	May
NATIONAL INCOME						
Total income payments	75.8	r 93.3	(Billion dollars, annual rate) 105.4	106.5	p 108.6	
RETAIL SALES						
Total all retail stores	3,643	4,509	(Million dollars) 3,716	4,349	4,464	
DEFENSE BOND SALES, TOTAL	-	342	703	558	531	634
FEDERAL DEBT						
Net public debt, end of mo.	41.5	46.9	(Billion dollars) 58.8	58.9	62.1	65.4
EMPLOYMENT						
Total civil nonagricultural	35,904	39,908	(Thousand workers) 39,995	40,392	p 40,773	
Total WPA employment	1,655	1,055	1,029	963	867	786
War industries						
Deep sea merchant vessels			Confidential data.	See Page XI		
UNEMPLOYMENT (WPA ESTIMATE)						
Number of unemployed	9.3	5.6	(Million workers) 4.0	3.6	3.0	

r Revised data.

p Preliminary data

MUNITIONS PRODUCTION



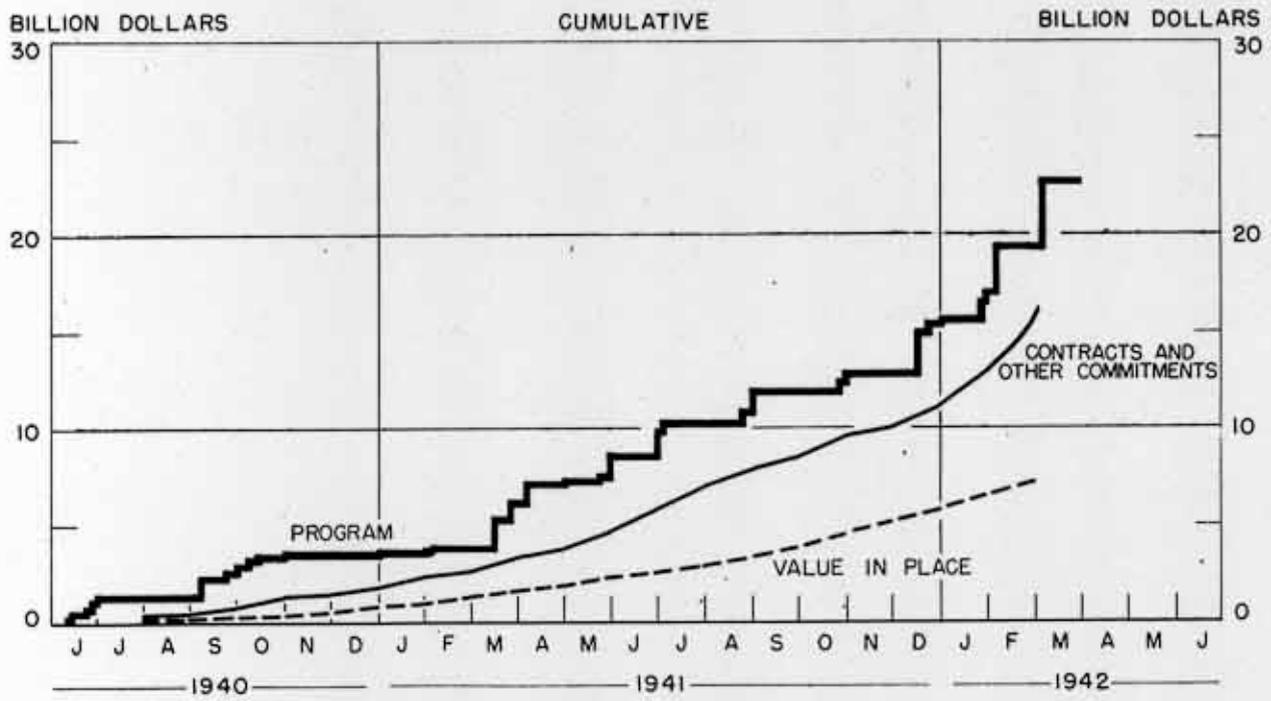
WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cum. 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of February 2/28/42	January 1942	February 1942	March 1942
	(Million dollars)					
	BREAKDOWN OF MUNITIONS PRODUCTION					
MUNITIONS PRODUCTION, TOTAL						
Program	28,566	53,738	P 81,643	15,328	P 12,577	P 22,022
Uncommitted balance	4,901	13,929	P 19,493	-	-	-
Contracts and other commitments	23,665	39,809	P 62,150	5,846	P 16,495	n.a.
Value delivered and/or in place ^b	4,290	8,940	P 11,744	P 1,333	P 1,471	n.a.
Value not delivered nor in place	19,375	30,869	P 50,406	-	-	-
AIRPLANES, PARTS & ACCESSORIES						
Program	8,582	15,072	P 28,458	9,009	P 4,377	P 167
Contracts and other commitments	7,381	13,298	P 23,560	429	P 9,833	n.a.
Value delivered	1,010	2,265	P 2,939	P 318	P 356	P 416
ORDNANCE						
Program	7,778	17,488	P 20,851	1,481	P 1,882	P 12,461
Contracts and other commitments	5,418	10,354	P 16,673	2,908	P 3,411	n.a.
Value delivered	700	1,685	P 2,375	P 330	P 360	n.a.
NAVAL SHIPS						
Program	6,796	9,605	P 15,223	25	P 5,593	-
Contracts and other commitments	6,442	7,930	9,874	277	1,667	n.a.
Value delivered and/or in place	810	1,665	P 2,170	P 235	P 270	n.a.
MERCHANT SHIPS						
Program	1,442	3,288	P 6,975	3,750	P -63	P 734
Contracts and other commitments	1,484	2,381	4,252	1,606	265	n.a.
Value delivered and/or in place	240	510	P 695	P 85	P 100	n.a.
OTHER MUNITIONS AND SUPPLIES						
Program	3,968	8,285	P 10,136	1,063	P 788	P 8,660
Contracts and other commitments	2,940	5,846	P 7,791	626	P 1,319	n.a.
Value delivered	1,530	2,815	P 3,565	P 365	P 385	n.a.

Graph appears on opposite page.
Table continued on Page VII.

For footnotes see Page X.

WAR CONSTRUCTION



WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cum. 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of February 2/28/42	January 1942	February 1942	March 1942
(Million dollars)						
BREAKDOWN OF WAR CONSTRUCTION						
WAR CONSTRUCTION, TOTAL (LAND, BLDGS., EQUIP.)						
Program	8,461	15,567 p	19,393	1,316 p	2,510 p	3,156 p
Uncommitted balance	2,696	4,352 p	2,923	-	-	-
Contracts and other commitments	5,765	11,215 p	16,470	1,592 p	3,663 p	n.a.
Value in place ^b	2,505	5,810 p	7,210 p	700 p	700 p	n.a.
Value not in place	3,260	5,405 p	9,260	-	-	-
INDUSTRIAL FACILITIES (LAND, BLDGS., EQUIP.)						
Program	5,120	8,112 p	10,955	1,311 p	1,532 p	3,124 p
Contracts and other commitments	2,865	6,318 p	9,891	1,156 p	2,417 p	n.a.
Value in place	960	2,800 p	3,655 p	430 p	425 p	n.a.
INDUSTRIAL FACILITIES, BUILDINGS ONLY						
Program	1,607	3,137	n.a.	774	n.a.	n.a.
Value in place	575	1,753	n.a.	230	n.a.	n.a.
POSTS, DEPOTS, STATIONS						
Program	2,849	6,063	7,046	5	978 p	32
Contracts and other commitments	2,625	4,381 p	6,000	425 p	1,194 p	n.a.
Value in place	1,430	2,670 p	3,150 p	240 p	240 p	n.a.
DEFENSE HOUSING						
Program	492	1,392	1,392	0	0 p	0
Contracts and other commitments	275	516	579	11	52	n.a.
Value in place	115	340 p	405 p	30 p	35 p	n.a.
BREAKDOWN OF NON-MUNITIONS						
NON-MUNITIONS, TOTAL						
Program	3,834	11,299 p	11,963	520 p	144 p	2,813 p
Uncommitted balance	1,677	5,698 p	4,552	-	-	-
Commitments	2,157	5,601 p	7,411	976 p	834 p	n.a.
Checks issued by agencies ^b	1,752	3,823 p	4,658 p	410 p	425 p	n.a.
STOCKPILE						
Program	983	2,399 p	2,713	310 p	4 p	0
Commitments	470	1,050	1,050	-	-	n.a.
Checks issued by agencies	192	488 p	653 p	80 p	85 p	n.a.

Graph appears on opposite page.
Table continued on following page.

For footnotes see page X.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cum. 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of February 2/28/42	January 1942	February 1942	March 1942
(Million Dollars) BREAKDOWN OF NON-MUNITIONS (Continued)						
AGRICULTURAL EXPORTS (LEND-LEASE)						
Program	625	1,522	1,294	0	-228	1,784
Commitments	66	561	793	99	133	n.a.
Checks issued by agencies	1	211 ^P	306 ^P	45 ^P	50	n.a.
PAY, SUBSISTENCE & TRAVEL ^f						
Army Military						
Program	944	3,013	3,013	0	0	146
Commitments	934	2,030 ^P	2,939	420 ^P	489	n.a.
Checks issued	696	1,510 ^P	1,815 ^P	150 ^P	155	n.a.
Navy Military						
Program	378	963	972	0	9	0
Commitments	334	610	740	62	68	n.a.
Checks issued	388	640 ^P	730 ^P	45 ^P	45	n.a.
Civilian Payroll						
Program	32	247	248	0	1	0
Commitments	32	140	180	20	20	n.a.
Checks issued	356	684 ^P	804 ^P	60 ^P	60	n.a.
MISCELLANEOUS NON-MUNITIONS						
Program	872	3,155 ^P	3,723	210 ^P	358 ^P	883
Commitments	321	1,210 ^P	1,709	375 ^P	124	n.a.
Checks issued by agencies	119	290 ^P	350 ^P	30 ^P	30	n.a.

Table continued on following page.

For footnotes see Page X.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cum. 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of February 2/28/42	January 1942	February 1942	March 1942
(Million dollars) BREAKDOWN BY AGENCIES						
UNITED STATES FINANCED WAR PROGRAM ^d						
Program	37,075	76,508 ^p	108,903	17,164	^p 15,231	^p 27,991
Uncommitted balance	9,274	23,979 ^p	26,968	-	-	-
Contracts and other commitments	27,801	52,529 ^p	81,935	8,414	^p 20,992	n.a.
Checks paid	6,431	15,251 ^p	19,871	2,229	^p 2,391	2,987
U. S. ARMY						
Program	13,134	31,981	44,507	12,526	-	22,566
Contracts and other commitments	11,104	23,334 ^p	39,828	4,015	^p 12,479	n.a.
Checks paid	3,636	7,889	10,076	1,088	1,099	1,130
U. S. NAVY						
Program	12,308	20,024	35,215 ^e	58	15,133 ^e	-
Contracts and other commitments	11,182	16,327	22,848	955	5,566	^p 3,153
Checks paid	2,217	4,726	5,775	518	531	867
LEND-LEASE						
Program	7,000	12,985	12,985	-	-	5,425
Allocations	5,177	11,345	12,272	695	232	n.a.
Contracts and other commitments	2,458	6,282	8,459	1,068	1,109	n.a.
Checks paid	21	910	1,710	368	432	573
U. S. MARITIME COMMISSION						
Program	784	2,734	6,584	3,850 ^h	0	0
Contracts and other commitments	886	1,724	3,612	1,566 ^h	322	n.a.
Checks paid (net) ^e	44	156	267	49	62	81
RFC AND SUBSIDIARIES						
Program	2,623	5,130 ^p	5,796	700	^p -34	0
Contracts and other commitments	1,151	3,569 ^p	5,633	704	^p 1,360	n.a.
Checks issued by RFC	350	956 ^p	1,275	129	190	190
OTHER U. S. AGENCIES						
Program	1,226	3,654	3,816	30	132	0
Contracts and other commitments	720	1,293	1,555	106	156	n.a.
Checks paid	163	614	768	77	77	146
FOREIGN ORDERS						
Program (orders)	3,786	4,096 ^p	4,096	0	0	0
Commitments	3,786	4,096	4,096	0	0	0
Checks issued by Purchasing Missions	2,105	2,714 ^p	2,844	68	62	n.a.

For footnotes see Page X.

FOOTNOTES

WAR PROGRESS SERIES

n.a. Not available

P Preliminary

r Revised. Revisions in cumulative figures through
December 31, 1941 made in month of December

- a Total war program includes all funds and authorizations made available for war purposes by the United States Government plus foreign orders placed in this country since November 1939. The major portion of the existing program has been approved since June 11, 1940, but some authorizations (particularly portions of the naval expansion program, the merchant shipbuilding program, and the stockpile program) were made available even earlier. All funds are shown during the fiscal year in which they are available for obligation.
- b Value delivered and/or in place includes (1) value delivered and/or in place for ships and value of production for other munitions, (2) value in place for war construction, and (3) checks issued by finance officers for non-munitions items.
- c Checks paid include (1) all checks paid out of the Treasury General Fund; (2) checks issued by the Reconstruction Finance Corporation and subsidiary Government corporations; (3) checks issued by foreign purchasing commissions.
- d United States financed program includes the war activities of all United States Government agencies (including Lend-Lease) plus the war activities of government owned corporations, but does not include foreign orders.
- e Report on checks paid by the Treasury for the account of the Maritime Commission makes allowance for receipts credited to the Construction Loan Fund.
- f Program and obligations for pay for civilians and for the Navy include only that specifically mentioned in appropriation bills, while the cash disbursement figures include, in addition, executive war pay which cannot be separately distinguished in the appropriation bills.
- g Does not include \$6.4 billion, Title I, FY 1943, approved February 7, 1942, but not available for obligation prior to July 1, 1942.
- h Funds included in Fifth Supplemental Appropriation Act, approved March 5, 1942. Obligation of these funds was initiated in January.

ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941		1942		
	July	January	November	December	January	February
(Thousand workers)						
EMPLOYMENT						
War industries						
Private, 18 major industries	1,660	2,038	2,793	2,872	2,982	P 3,099
Private contractors; public construction	13	448	617	633	583	
Public	117	171	263	286	308	
Total	1,790	2,657	3,673	3,791	3,873	
Deep sea merchant vessels	51	49	49	49	47	49
	Cumulative 6/11/40 through				Monthly	
	End 1st full year 6/30/41	End of December 1941	End of January 1942	End of February 1942	December 1941	January 1942
(Million dollars)						
VALUE OF FACIL. ON APPLIC. FOR CERT. OF NECESSITY						
Total	1,424	3,260	3,435	n.a.	327	175
Approved, private funds	829	1,326	1,547	1,978	173	221
Approved, public funds	201	252	328	337	7	74
Disapproved	7	25	29	n.a.	11	4
Pending	387	1,657	1,533	n.a.	136	-124

p Preliminary Data.

n.a. Data not Available.

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WAR PROGRESS



ECONOMIC ACTIVITY RELATED TO THE WAR

The series on these pages are included for the convenience of readers of War Progress. The data are not confidential and there are no restrictions upon their use through their inclusion in this confidential report.

	1940	1941	1942			
	July	January	February	March	Week ending April 4	Week ending April 11
(Unadjusted indexes 1935-39=100)						
FED. RES. BD. PROD. INDEXES						
Total industrial production	120	135	P 168	170		
Durable manufactures	131	166	P 220	232		
Nondurable manufactures	111	118	P 138	135		
Minerals	121	113	P 126	118		
(Indexes)						
BUR. FOR. & COM. COM. MFRS. ORDERS, SHIPMENTS, INVENTORIES						
New orders, total (1/39=100)	127	176	P 314			
Shipments, total (1/39=100)	117	148	P 215			
Inventories, (1939av.mo.=100)	112.2	121.8	P 163.1			
Durable (1939av.mo.=100)	113.9	132.5	P 181.1			
Nondurable (1939av.mo.=100)	110.7	112.5	P 147.2			
(Indexes)						
BLS PRICE INDEXES						
Strategic Materials (8/39=100)	123.6	126.1	143.8	P 144.4	145.2	145.2
Critical Materials (8/39=100)	107.5	111.7	122.9	P 122.8	123.0	123.0
Basic Commodities (8/39=100)	108.5	120.5	165.1	166.1	167.1	167.3
Machine Tools (8/39=100)	108.7	114.6	118.4	P 118.4	-	-
All Commodities (1926=100)	77.7	80.8	96.7	97.6	97.9	98.1
(Number of dwelling units, cumulative to end of period)						
TRANSPORTATION & ELEC. POWER						
Freight Cars						
Loadings (thous. per week)	706	684	781	793	829	814
Unloads for export (dly. av)						
Atlantic & Gulf Ports (No.)	1,494	1,352	1,759		1,988	1,954
Pacific Ports (No.)	112	130	308		268	352
Surplus, total, dly. av. (thous.)	133	110	59	58	57	
Box cars	57	43	22	23	23	
Coal cars	47	42	20	17	17	
Bad order cars, total, 1st of month (thous.)	153	109	61	61	(Apr. 1) 60	
Power Prod. (Mil. kwh.)	12,094	13,641	14,084	P 14,740	3,349	3,321
(Billion dollars, annual rate)						
NATIONAL INCOME						
Total, income payments*	r 75.8	r 82.8	P 104.8			
(Billion dollars)						
FEDERAL DEBT						
Net public debt	41.6	43.9	58.5	64.4		
(Million dollars)						
DEFENSE BOND SALES	-	-	703	558	126	
(Number of dwelling units, cumulative to end of period)						
DEFENSE HOUSING						
Fund allocations	1,460	56,528	279,048	342,261	342,261	340,947
Constr. contracts awarded	624	36,191	169,586	185,350	187,274	188,552
Construction completed	0	1,314	92,670	97,681	98,339	100,403

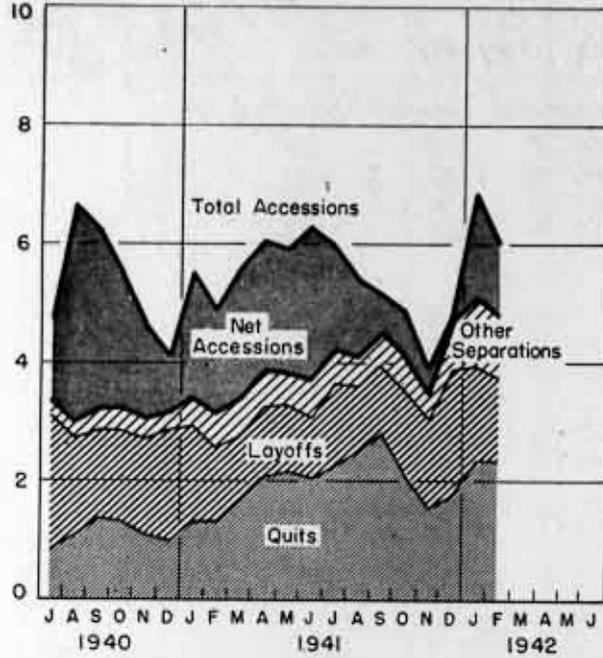
P Preliminary data.

r Revised series.

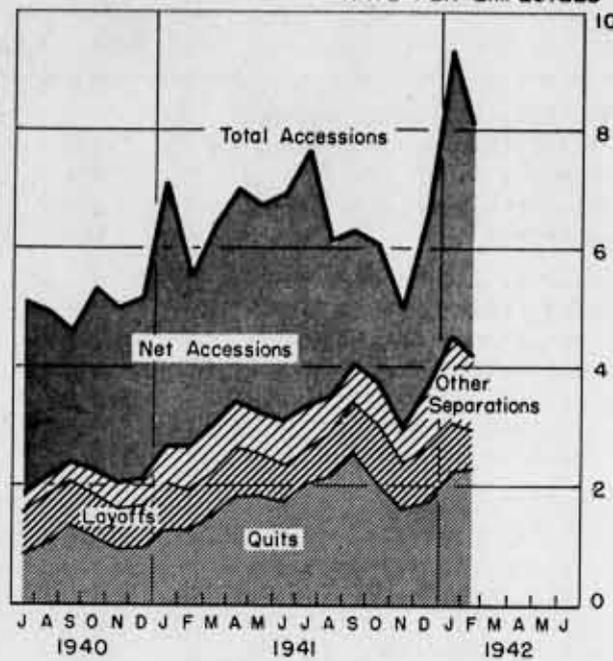
*Seasonally adjusted.

LABOR TURNOVER RATES

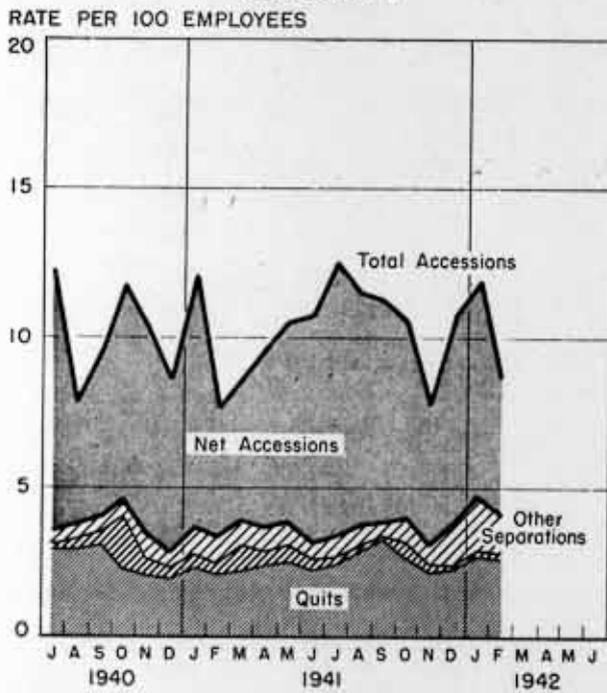
ALL MANUFACTURING INDUSTRIES
RATE PER 100 EMPLOYEES



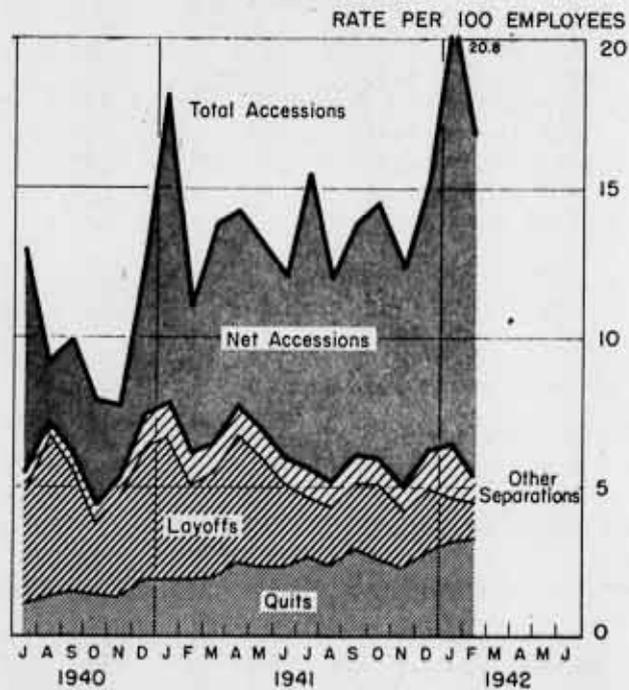
7 SELECTED WAR INDUSTRIES*
RATE PER EMPLOYEES



AIRCRAFT



SHIPBUILDING



* Includes: aircraft; shipbuilding; machine tools; brass, bronze and copper products; foundry and machine shop products; electrical machinery; blast furnaces, steel works and rolling mills.

ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941		1942		
	July	January	December	January	February	March
EMPLOYMENT						
				(Thousand workers)		
Total civil nonagricultural	35,904	37,142	41,073	39,871 ^P	39,842	
Total WPA employment	1,655	1,890	1,053	1,024	1,029	963
War industries		Confidential data. See page XI.				
Deep sea merchant vessels		Confidential data. See page XI.				
UNEMPLOYMENT (WPA ESTIMATE)						
				(Million workers)		
Number of unemployed	9.3	7.6	3.8	4.2	4.0	3.6
LABOR TURN OVER^h						
				(Rate per 100 employees)		
ALL MANUFACTURING						
Total accession	4.77	5.54	4.76 ¹	6.87 ¹	6.00	
Total separation	3.35	3.41	4.71 ¹	5.10 ¹	4.78	
Quit	0.85	1.31	1.75 ¹	2.36 ¹	2.41	
Layoff	2.25	1.61	2.15 ¹	1.61 ¹	1.35	
Discharge	0.14	0.18	0.29 ¹	0.30 ¹	0.29	
Military separation	n.a.	0.19	0.39 ¹	0.67 ¹	0.56	
7 MAJOR WAR INDUSTRIES						
Total accession	5.09	7.10	6.67	9.38	8.06	
Total separation	1.85	2.70	3.68	4.52	4.18	
Quit	0.84	1.24	1.76	2.29	2.30	
Layoff	0.73	0.79	0.91	0.76	0.64	
Discharge	0.15	0.22	0.36	0.42	0.40	
Military separation	n.a.	0.23	0.50	0.82	0.63	
AIRCRAFT						
Total accession	12.40	12.17	10.79	11.95	8.72	
Total separation	3.57	3.65	3.90	4.84	4.21	
Quit	2.96	2.44	2.28	2.82	2.68	
Layoff	0.15	0.33	0.06	0.12	0.16	
SHIPBUILDING						
Total accession	13.00	18.21	15.26	20.81	16.72	
Total separation	5.40	7.91	6.25	6.45	6.26	
Quit	1.14	1.93	2.93	3.25	3.27	
Layoff	3.71	4.78	2.02	1.41	1.33	
MACHINE TOOLS						
Total accession	3.05	6.68	4.96	8.12	7.07	
Total separation	2.09	2.44	2.72	3.74	3.21	
Quit	1.28	1.77	1.58	2.46	2.23	
Layoff	0.21	0.09	0.13	0.10	0.08	

▲ Graph appears on opposite page.

^h Bureau of Labor Statistics.

¹ Not including automobiles & bodies.
^P Preliminary data.

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PSF

The President

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WAR PROGRESS

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Commerco Dept. Letter, 11-14-72
By BHP, Date MAR 29 1973

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April 24, 1942

Number 84

WAR PROGRESS



BRIEFS OF CONTENTSPage

- CONSTRUCTION AND THE PRODUCTION OF PRODUCERS GOODS were not seriously affected by Limitation Orders until the beginning of 1942. Recent orders have imposed major restrictions in these industries and further limitations to speed up necessary conversion are to be expected. Careful scrutiny must be given to the direct and indirect military requirements which may be exempted from the scope of Limitation Orders. 1

- THE LABOR REQUIREMENTS OF THE WAR PRODUCTION PROGRAM will necessitate the training or retraining of several millions of workers during 1942. Special and regular vocational training programs have been expanded rapidly, but do not appear adequate to train the required labor supply. Greater emphasis must be placed on in-plant and on-the-job training. 9

- WAR PROGRESS SERIES. The passage of pending legislation will bring the total war program to \$160,512 million. Average weekly earnings in eleven war industries were 48 percent higher in February 1942 than in February 1940. The average hours per week and average hourly earnings were substantially higher than in other manufacturing industries. Car unloads for export during the week ended April 18 surpassed all previous peaks. I

THE CURTAILMENT OF PRODUCERS GOODS AND CONSTRUCTION BY LIMITATION ORDERS

CONSTRUCTION AND THE PRODUCTION OF PRODUCERS' GOODS WERE NOT SERIOUSLY AFFECTED BY LIMITATION ORDERS UNTIL THE BEGINNING OF 1942. RECENT ORDERS HAVE IMPOSED MAJOR RESTRICTIONS IN THESE INDUSTRIES AND FURTHER LIMITATIONS TO SPEED UP NECESSARY CONVERSION ARE TO BE EXPECTED. CAREFUL SCRUTINY MUST BE GIVEN TO THE DIRECT AND INDIRECT MILITARY REQUIREMENTS WHICH MAY BE EXEMPTED FROM THE SCOPE OF LIMITATION ORDERS.

A previous article discussed the nature of the Limitation Order and the curtailments which have been imposed upon the production of Consumers' goods by such Orders. It was there pointed out that very comprehensive restrictions are now, or soon will be, in effect upon the production of metal consumers' goods and that many other types of consumers' goods might appropriately be subject to the same kind of control.

The primary purposes of the Limitation Order are to expedite the conversion of plant and equipment to war work and to bring about the transfer of labor and materials. The limitation of nonwar output by order is an essential step to conversion, especially so long as the demand for civilian products remains very high. It has already been found in a number of cases that the

curtailment of civilian output is a powerful incentive to the solution of technical problems which previously seemed to block conversion.

Construction and the production of producers' goods have not been curtailed by Limitation Orders so rapidly as has the output of consumers' durable goods. The Limitation Order is probably more appropriate in the case of consumers' than in the case of producers' goods. The importance of an item of consumers' goods to the war effort can usually be determined with fair accuracy from its physical characteristics alone without reference to its possible uses or users. This is not true to the same extent of producers' goods. A lathe may be clearly nonessential if it is going into a toy factory and just as clearly vital if it is going into an ordnance plant. Control here may

require the more delicate case-by-case treatment of the priorities and allocations system. Some producers' goods, notably machine tools, are so critical as to make any limitations on output obviously inappropriate, although distribution has properly been controlled for some time.

Yet there are numerous producers' goods which can be clearly identified as nonessential, and the output of which can be safely curtailed by overall order, particularly if exceptions are provided for military requirements. It is also obvious, as evidenced by foreign experience, that the complete maintenance of the capital stock of many items of plant and commercial equipment is a luxury which no warring nation can afford. The policy of the early days of the defense effort, as expressed in general preference order P-100, which assigned a rating of A-10 to all orders for maintenance purposes (except for machine tools) requires reconsideration in the light of today's war program. There can now be little doubt that the use of Limitation Orders in the capital goods industries will be rapidly extended.

The value of producers' durable goods manufactured in 1941 was about \$14.5 billion, which was distributed among major classes as shown in Table 1. In addition there was about \$10.8 billion of new construction--

including residential--in 1941. Capital outlays of the food industry are estimated at \$320 million, textile industry \$180 million, automobile industry \$180 million and pulp and paper industry \$80 million.

TABLE 1 ^ΔVALUE OF DURABLE PRODUCERS' GOODS OUTPUT
IN 1941

COMMODITY	VALUE OF OUTPUT
	MILLION DOLLARS
FACTORY MACHINERY	850
MINING MACHINERY	160
CONSTRUCTION MACHINERY	220
GENERAL AND MISC. MACHINERY AND EQUIPMENT	2,120
ENGINES AND TURBINES	180
PUMP AND PUMPING EQUIPMENT	260
MACHINE TOOLS AND ACCESSORIES	920
ELECTRICAL APPARATUS AND EQUIPMENT	1,000
FARM MACHINERY AND EQUIPMENT	330
TRACTORS	390
OFFICE MACHINERY	250
NON-RESIDENTIAL FURNITURE AND EQUIPMENT	540
DURABLE CONTAINERS	220
PROFESSIONAL AND SCIENTIFIC EQUIPMENT	270
TOOLS	330
ALL OTHER SUBSIDIARY DURABLE EQUIPMENT	580
WAGONS AND CARTS	5
BUSINESS MOTOR VEHICLES	2,270
MOTORCYCLES	15
LOCOMOTIVES AND RAILROAD CARS	410
SHIPS, BOATS AND AIRCRAFT	<u>3,170</u>
TOTAL	14,490

^Δ SOURCE, DEPARTMENT OF COMMERCE

Plant and equipment expenditures in agriculture were over one billion dollars and in commercial, service, and miscellaneous industries almost \$2.5 billion.

Of course, a considerable part of the total value of capital goods production and construction in 1941 was accounted for by direct military items produced and armament producing capacity created. And all of the total which does not fall into this category was valuable in the sense of adding to the supply of goods and services which the population wanted and enjoyed. But the munitions program which it is agreed is necessary cannot be carried out by the new resources which may be brought into production in the near future or even by those resources plus resources released from the consumers' durable goods industries. The labor, the materials, and particularly the productive equipment used in many capital goods industries must be turned to more direct war work; if this is to be done, cuts must be made in many lines which may have claim to continuation because of their civilian importance.

Construction and capital goods production continued at a high rate in the early months of 1942. There has, of course, been some shift of activity towards war-essential items. But Table 2, which shows shipments, and building permits in certain in-

dustries in February 1942 does not give the picture of a nation fully mobilized for war.

Prior to December 7, 1941, very little use was made of the limitation order in restricting producers' goods output and construction. Relatively mild limitations were placed upon the output of trucks and the use of steel in the production of metal office furniture was cut 40 percent below the rate of the year ending June 30, 1941. Restrictions were also imposed on the use of Chlorine in the manufacture of paper products and upon the consumption of the waste paper in roofing paper plants in the eastern part of the country. Since December 7, the restrictions on the output of trucks and office equipment have been tightened and a number of other commodities have been subjected to restriction. The production of light motor trucks was stopped upon completion of the January quotas and the production of medium and heavy motor trucks after completion of the February quotas. An order of March 18 called for reduction of typewriter production to a level of 53 to 75 percent of the 1941 sales for standard typewriters and 11 percent for portable typewriters. The sale or rental of a comprehensive list of office machines was prohibited after March 15 except on orders rated A-9 or higher. In addition, the use of metals and other scarce materials in

the manufacture of office supplies has been sharply curtailed.

Two of the most important orders in the field of producers' goods and construction were issued in April.

The delivery of critical industrial equipment—mainly equipment in the shoe, clothing and paper industries—was restricted to orders of the Army, Navy, other Governmental agencies, Lend-Lease governments and

TABLE 2

INDICATORS OF ACTIVITY IN THE PRODUCERS' GOODS AND
CONSTRUCTION INDUSTRIES FEBRUARY 1941 AND FEBRUARY 1942

	FEBRUARY 1942	FEBRUARY 1941
SHIPMENTS^A		
UNGLAZED BRICK, THOUSAND	197,810	202,235
STEEL BOILERS, NUMBER	1,031	845
STEEL BARRELS AND DRUMS, MILLION	2,384	1,284
COMMERCIAL AND INDUSTRIAL OIL BURNERS, NUMBER	3,354	1,828
LOCOMOTIVES, NUMBER	105	45
STEEL OFFICE FURNITURE, VALUE	\$4,187,638	\$3,368,019
COMMERCIAL CARS, TRUCKS AND ROAD TRACTORS, ^B NUMBER	81,934	91,109
VALUE OF NEW BUILDING PERMITS^C (000)		
NEW RESIDENTIAL	\$236,290	\$165,787
AMUSEMENT BUILDINGS	117,865	92,150
CHURCHES	1,096	1,678
FACTORIES AND WORKSHOPS	726	948
GARAGES	81,798	34,865
SERVICE STATIONS	1,406	1,504
INSTITUTIONS	166	1,244
OFFICE BUILDINGS	2,950	1,673
PUBLIC BUILDINGS	1,290	1,324
PUBLIC WORKS AND UTILITIES	11,922	4,134
SCHOOLS AND LIBRARIES	8,956	15,091
SHEDS, STABLES AND BARNs	2,725	2,761
STORES AND WAREHOUSES	264	349
OTHER NEW NONRESIDENTIAL	4,929	7,854
	197	212

^A BUREAU OF CENSUS, FOR IDENTICAL FIRMS

^B FACTORY SALES

^C BLS, 2480 IDENTICAL CITIES.

BRIEFS OF CONTENTSPage

- ACCEPTANCES OF SELECTED GROUPS OF ORDNANCE ITEMS have increased steadily in the past five months. Increases in artillery and antitank guns are especially encouraging. 1

- PLANT UTILIZATION IN THE PROPELLER SECTORS OF THE AIRCRAFT INDUSTRY increased from 96.2 hours in January to 100.9 hours in March; the airframes and engines sectors remained relatively stable. Utilization in the three best plants continued to increase in all three sectors. 3

- RECENT PRICE RISES WILL CONTINUE and will be greatly accelerated unless drastic control measures are promptly adopted. The measure most likely to be effective in the immediate future is a general ceiling over all prices as of some recent date. If such a program is to operate successfully it must be complemented by a tax program adequate to draw off part of the income now flowing into the hands of consumers. 7

- WAR PROGRESS SERIES. The net hiring rate declined in February in seven selected war industries. Total accessions to payroll decreased sharply during the month while separations declined at a somewhat slower rate. I

other orders rated A-9 or higher. A comprehensive order of April 9 forbids initiation of any construction except for war products. Exemptions are provided for construction for war agencies and for projects in which the estimated cost is under certain limits (\$500 for residential construction, \$1,000 for agricultural construction and \$5,000 for other construction).

In addition to these major restrictions, orders have been issued which outline a series of steps to be taken in the telephone, electric power, and natural gas industries in the interests of conservation of materials; these orders leave substantial discretion to the companies affected in determining when and to what extent the suggested steps shall be taken. Another group of orders, of which the most important affects manufacture of plumbing and heating products, requires simplification and standardization of products in order to reduce the volume of materials which are held in the form of dealer's inventories. Limitations have also been imposed upon the production of agricultural equipment, fire protective equipment, metal signs, and track-laying tractors.

An important feature of many limitation orders is the provision in them for the disposal of inventories in the hands of producers

whose normal output is restricted or prohibited. It is one of the merits of control by the limitation order system that the recapture of such inventories for the war effort is permitted, although this possibility has not been fully exploited. The order prohibiting production and sale of metal office furniture provides that manufacturers may not dispose of steel in inventories except to other manufacturers to fill orders rated A-2 or higher, to the RFC or its subsidiaries, or pursuant to specific authorization of the Director of Industry Operations. Similar provision was made with respect to the inventories of raw materials in the hands of manufacturers of refrigerators, automobiles, amusement machines, metal signs and several other products. A somewhat different policy, however, was followed in some Limitation Orders with respect to inventories of fabricated or semi-fabricated materials on hand at the time a prohibitive order went into effect. Producers were allowed to continue to operate until such semi-finished items had been consumed or the "cut-off" date was so fixed as to allow consumption of these inventories. Although it is obvious that these provisions afforded some measure of relief to a producer whose normal output is prohibited, such a policy is not generally appropriate in a nation at war, and with minor exceptions, has not been followed in recent orders.

It is a very general characteristic of the Limitation Orders that exceptions are provided either for military purchases or for orders bearing specified preference ratings. It would clearly be inappropriate for the industry branches individually to interfere with the acquisition of essential products either for direct or indirect military use. Yet the line between essential and nonessential production is not identical with the line between military and civilian production. In a nation which is fully mobilized for war, every resource use either in the military or civilian sphere must be carefully scrutinized to determine whether it could not be foregone with advantage to the war effort. The rapid expansion of the munitions program naturally produces great pressure for the creation of new facilities as the easiest way of increasing output. Yet this pressure should not be yielded to until the possibility of converting and using more intensively existing facilities has been thoroughly explored. The blanket exemption of military orders or of high rated orders provides a possible loophole through which large quantities of materials might escape from vitally needed uses.

With respect to military requirements there must be continuous scrutiny by appropriate authorities, including the War and Navy Departments, to answer three questions:

First, is it necessary that the military requirements be met out of new production or can they be met satisfactorily from the stocks already on hand in the civilian economy? It would seem possible, in view of the necessary contraction of civilian consumption, to transfer some of the equipment, such as secondhand typewriters or computing machines, previously used in the private sphere, to the armed forces.

Second, is it necessary that the military requirements be met in precisely the specified form or could there be efficient change of specifications, e.g. use of wood instead of steel desks?

Third, even if these requirements for civilian type items cannot be met by transfer or by change of specifications, does the efficiency of the armed forces require these items more urgently than guns or other munitions items which might be produced with the same resources?

Major steps towards the consideration of military requirements in these terms have already been taken. The variety of civilian-type items required by the military services is very large, ranging from "kiddy-coops" and lawn mowers to secretarial schools, and calling for the product of hundreds of industries not ordinarily considered "war industries." But special attention must be given at this time to re-

quirements which would draw upon capacity which can most quickly be converted to munitions production,

Table 3 lists a few of the important requirements from potential armament industries.

TABLE 3 - IMPORTANT ITEMS REQUESTED BY MILITARY ESTABLISHMENTS WITH ESTIMATES OF REQUIREMENTS FOR 1942 AND 1943 WHERE AVAILABLE
(As of April 15, 1942)

	NUMBER REQUIRED	
	1942	1943
RAILROAD LOCOMOTIVES ^Δ		
DIESEL ELECTRIC	1,892	1,008
STEAM	523	226
OTHER	1,210	825
	159	3
RAILROAD CARS ^Δ		
PASSENGER	62,896	38,639
FREIGHT	258	102
BOX	23,950	14,000
GONDOLA	1,893	10
CABOOSE	1,162	758
OTHER	30,633	23,769
TYPEWRITERS ^Β	433,080 ^Ε	
COMPUTING MACHINES (LISTING-ADDING AND CALCULATING) ^Γ	50,601	59,141
OTHER OFFICE MACHINES ^Γ	42,090	48,663
LAUNDRY EQUIPMENT ^Δ		
MARKING MACHINES	1,370	
WASHERS	2,014	
EXTRACTORS	1,343	
TUMBLERS	1,051	
FLAT WORK IRONERS	565	
PRESSES	15,253	
TUBS	2,426	
BOX TRUCKS	2,620	
METAL OFFICE FURNITURE ^Δ		
CABINETS, SAFES, LOCKERS, DESKS, AND CHAIRS	45,956	57,642
SHELVING (LINEAR FEET)	56,566	38,949

^Δ ARMY AND LEND-LEASE REQUIREMENTS; FIGURES FOR 1942 INCLUDE ARMY AND LEND-LEASE PLACED THROUGH WAR DEPARTMENT FOR LAST THREE QUARTERS OF 1942 AND LEND-LEASE REQUESTS AS OF JANUARY 1, 1942, PLACED THROUGH TREASURY DEPARTMENT.

^Β FIGURES INCLUDE ARMY AND NAVY FOR THE YEAR 1942 AND LEND-LEASE REQUESTS FOR 1942 EXPRESSED AS OF MARCH 6.

^Γ ARMY, NAVY, MARITIME AND LEND-LEASE REQUIREMENTS; FIGURES FOR 1942 INCLUDE ARMY FOR THE YEAR AND LEND-LEASE, NAVY, AND MARITIME COMMISSION FOR THE LAST THREE QUARTERS.

^Δ ARMY, NAVY, AND LEND-LEASE AND MARITIME REQUIREMENTS FOR PRINCIPAL ITEMS IN THIS CATEGORY; FIGURES FOR 1942 INCLUDE ARMY FOR THE YEAR AND LEND-LEASE, NAVY, AND MARITIME FOR THE LAST THREE QUARTERS.

^Ε NAVY SHIPBOARD; FIGURES FOR 1942 ARE FOR LAST THREE QUARTERS.

^Ζ SUBSEQUENTLY REVISED DOWNWARD.

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TRAINING FOR WAR PRODUCTION INDUSTRIES

THE LABOR REQUIREMENTS OF THE WAR PRODUCTION PROGRAM WILL NECESSITATE THE TRAINING OR RE-TRAINING OF SEVERAL MILLIONS OF WORKERS DURING 1942. SPECIAL AND REGULAR VOCATIONAL TRAINING PROGRAMS HAVE BEEN EXPANDED RAPIDLY, BUT DO NOT APPEAR ADEQUATE TO TRAIN THE REQUIRED LABOR SUPPLY. GREATER EMPHASIS MUST BE PLACED ON IN-PLANT AND ON-THE-JOB TRAINING.

Employment in war production industries will have to be increased by at least 10 million during 1942. Of this total it is estimated by the Bureau of Labor Statistics that about 8 million workers may be transferred from non-war production, while about two million may be drawn from the unemployed and from new entries to the labor

market. The estimated employment changes will require the training or retraining of several millions of workers during the present year. To meet these needs a number of programs of vocational training, in-plant and on-the-job training have been developed or expanded, results of which are shown in the accompanying table.

VOCATIONAL TRAINING FOR WAR PRODUCTION WORKERS

Sponsoring agency and type of training	7/1/40-6/30/41 ^a	Number concluding training								7/1/41-2/28/42	In training as of 2/28/42
		1941					1942				
		July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.		
(Thousands)											
OFFICE OF EDUCATION											
Vocational Education for Defense Workers											
Out-of-school youth	223	21	10	16	13	18	21	29	27	155	71
Preemployment-refresher ^b	342	23	36	82	56	48	60	82	69	456	170
Supplementary to employment	348	46	71	73	56	55	70	85	66	522	177
Engineering, science, and management	66	20	21	19	7	16	34	29	41	187	108
Total	979	110	138	190	132	137	185	225	203	1320	526
TRAINING-WITHIN-INDUSTRY--WPB											
Job Instructor Training Program											
Job instructors trained					^c 10	5	6	11		32	
Employees in plants served					^c 757	274	254	409		1694	
Plants served					^c 535	169	234	312		1250	

^a Not adjusted for dropouts.

^b Includes NYA defense project workers referred to training courses.

^c Cumulative, September through November. Job instructor training started September 1.

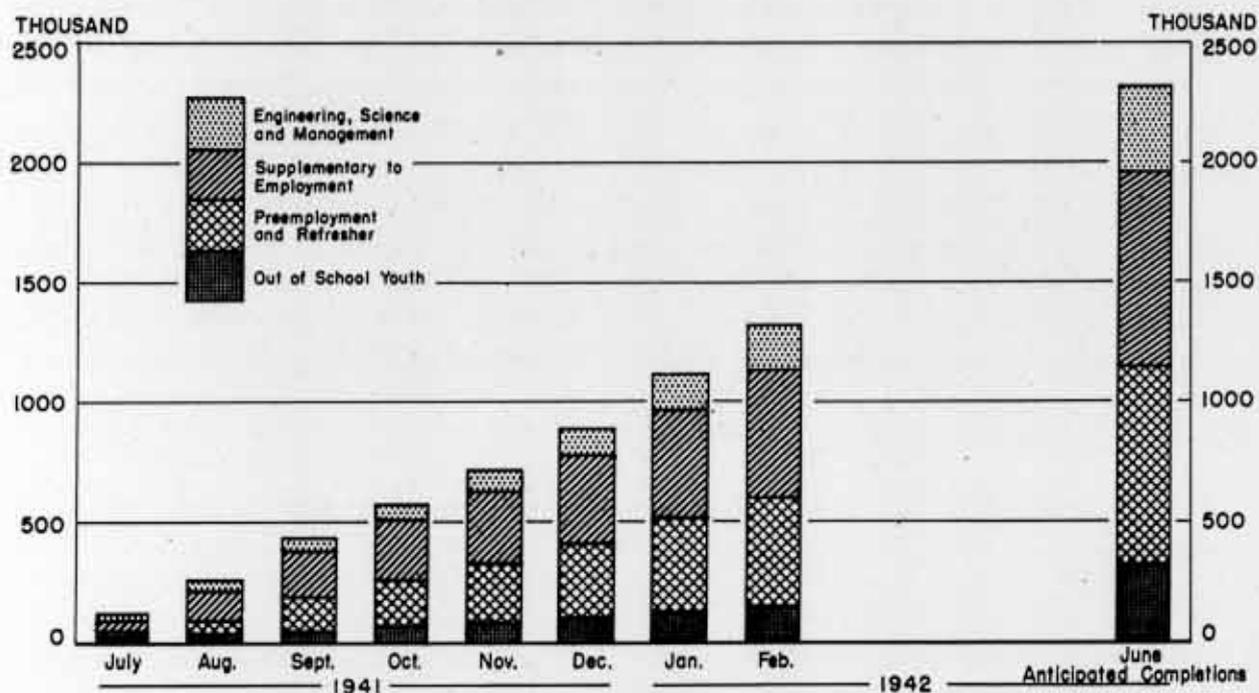
The defense training program of the Office of Education covers four types of courses: (1) Engineering, science, and management defense training courses designed to meet the shortage of professional workers and production supervisors. This program started as the Engineering Defense Training Program in December 1940 and was expanded the following year. (2) Supplementary training for persons employed in war production plants. Such courses are intended to make possible the upgrading of workers for more responsible skills. They were started in July 1940. (3) Preemployment and refresher courses intended to provide unemployed persons with some essential trade skill, and to offer training for semiskilled occupations to persons with no trade training (started in July 1940). In these courses training is given to unemployed persons referred by public employment offices and the WPA, and to NYA defense project workers. (4) Training of out-of-school youth in general preemployment courses (started December 1940). CCC and NYA enrollees are eligible for this training. The average training period in each of these four types of courses is from two to three months.

On the basis of deficiency appropriations requested and available facilities, the Office of Education has estimated that 2,900 thousand people will receive train-

ing during the fiscal year 1941-42 under these four programs. It is expected that of these 2,900 thousand approximately 2,320 thousand will have completed training by the end of the year as shown in the accompanying chart. The remaining 580 thousand will be currently enrolled as of June 30, 1942 in courses begun but not completed. The progress made during the first eight months of the year indicates that the original objectives set by the Office of Education will be achieved. In the eight months from July 1941 through February 1942, 1,320 thousand enrollees^a have concluded training. An additional 526 thousand were currently in training as of February 28, 1942.

In addition to these specially designed vocational training programs, regular training programs are continuing, with emphasis on war trades. Under the regular vocational training programs of the Office of Education, 330 thousand enrollments were reported in war production trades during the fiscal year 1940-41. These enrollments include those in all day trade and industrial classes and in evening and part time trade and industrial classes.^b Enrollment in these courses is expected to increase by 10 percent during the fiscal year 1941-42. The Federal Committee on Apprenticeship conducts a regular program for apprenticeship training. Approximately 165 thousand appren-

NUMBER OF PERSONS CONCLUDING TRAINING UNDER OFFICE OF
EDUCATION VOCATIONAL TRAINING FOR WAR INDUSTRIES
CUMULATED BY MONTHS



tices are currently receiving training under this program. Of these about 90 thousand are in war production plants. Apprenticeship training is limited primarily to highly skilled trades and generally requires from two to four years for completion.

A large share of the training for war production industries will have to be accomplished by the plants themselves, since the special and regular vocational programs of the Office of Education and the Apprentice Training program promoted by the Department of Labor will not

be adequate to train the labor supply required by war production industries as they expand. Greater emphasis will have to be placed on in-plant and on-the-job training. Many large plants are already conducting their own training programs independently of any government sponsored program. Such programs range from formal courses in plant training schools to on-the-job training of newly hired untrained workers.

The Training-Within-Industry branch of WFB is cooperating with plants engaged in war production in order to spread and improve in-plant

training techniques. It is concerned directly with workers on payrolls. The training programs are carried out on the job by workers who learn by doing and produce while learning. The program helps public contractors analyze production jobs and, by intensive instruction, use all grades of workers. Practical plans are devised for the upgrading of workers to higher skills as rapidly as their abilities warrant and opportunity arises. Specific aid is rendered in the development of lead men and supervisors to become better job instructors. Training-Within-Industry work is coordinated with the services of the Federal Committee on Apprenticeship and the Office of Education.

Since August 1941 more than 1,800 plants employing a total of 2,295 thousand workers have been

serviced, and nearly 45 thousand supervisors had completed job instructor training by March 28, 1942. By the end of June the TWI Branch hopes to have trained 200 thousand job instructors. This leaves more than three-fourths of the total to be trained in three months. However, the basic administrative work and contacts in all districts throughout the country have been completed. Efforts can now be concentrated on actually servicing the program.

a All data on Office of Education programs refer to number of enrollments rather than the number of individuals enrolled. There is consequently some duplication due to the fact that some trainees enroll in more than one course.

b Reimbursed from Smith-Hughes and George-Deen Funds.

WAR PROGRESS SERIES

Pending Legislation

The Sixth Supplemental National Defense Appropriation Act, 1942, is now in the Senate pending agreement with the conference report. It in-

cludes \$19,138 million for war purposes. When passed the total United States war program will be \$160,512 million. A breakdown of the total and pending program by objects is given in the following table.

Object	Enacted Program Apr. 24 Preliminary	Pending Apr. 24	Total Enacted and Pending
	(Million Dollars)		
Total War Program in the United States	141,374	19,138	160,512
Munitions and Construction - Total	124,959	18,259	143,218
Munitions - Total	102,308	11,788	114,096
Airplanes, Engines, etc.	28,619	8,761	37,380
Ordnance	32,289	728	33,017
Naval Ships	15,426	31	15,457
Merchant Ships	7,643	-	7,643
Other Munitions	18,331	2,268	20,599
Construction - Total	22,651	6,471	29,122
Industrial Facilities	14,198	348	14,546
Posts, Depots, etc.	7,061	6,123	13,184
Housing	1,392	-	1,392
Nonmunitions - Total	16,415	879	17,294

Hours and Earnings in War Industries, February 1942

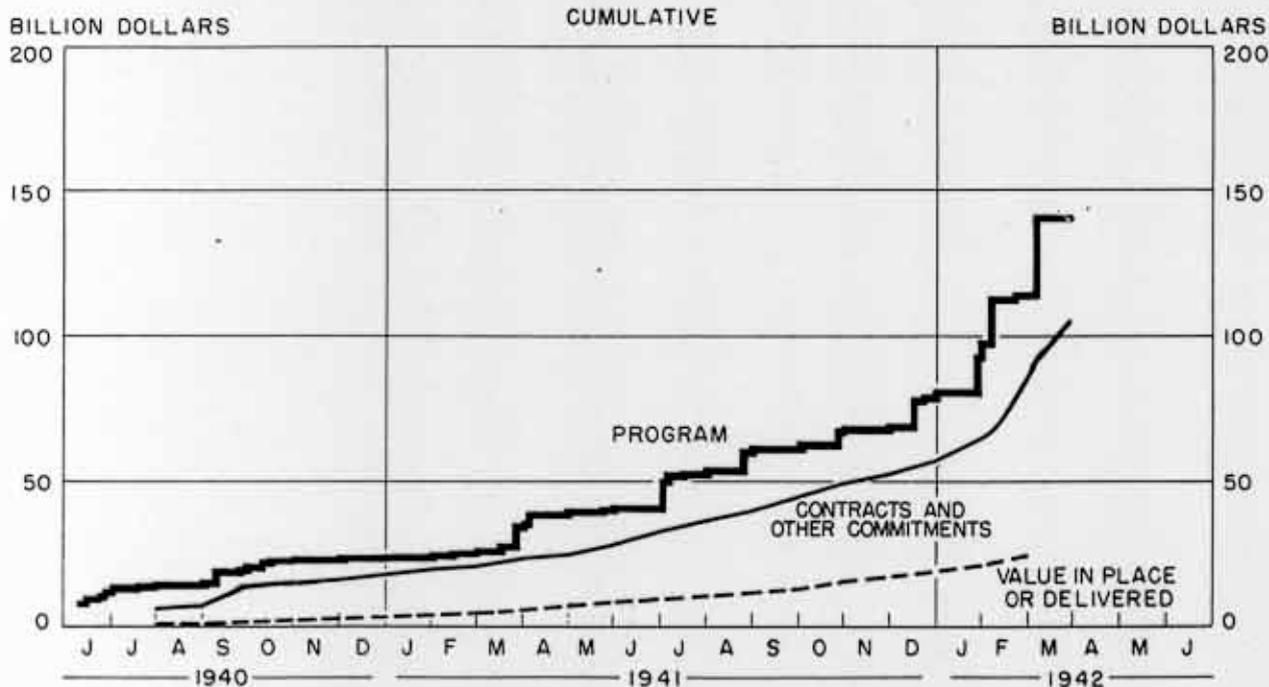
Average weekly earnings of factory employees in 11 war industries were 48 percent higher in February 1942 than in February 1940. Although the trend has been upward during the past two years, the increases have been particularly large since November 1941. Weekly earnings in all manufacturing industries combined have followed a similar upward trend. During the same period, the BLS index of cost of living rose about 13 percent.

The average work week in the 11 war industries in February was over 46 hours. This is substantially higher than other manufacturing industries. Average hourly earnings likewise were higher in the selected war industries.

Car Unloads for Export

Unloads for export at Atlantic and Gulf Coast ports averaged 2,203 cars per day during the week ending April 18. This was 14 percent above the daily average for March. The corresponding increase in unloads at Pacific coast ports was 43 percent.

TOTAL WAR PROGRAM



ORDNANCE PRODUCTION

ACCEPTANCES OF SELECTED GROUPS OF ORDNANCE ITEMS HAVE INCREASED STEADILY IN THE PAST FIVE MONTHS. INCREASES IN ARTILLERY AND ANTI-TANK GUNS ARE ESPECIALLY ENCOURAGING.

The ordnance picture over the past five months has been spotty, with not all items registering regular increases. As the following table indicates, the value of acceptances of combat vehicles has shown improvement each month since Novem-

ber but increases have been small in recent months. The rate of increase for antiaircraft guns has been more favorable. Acceptance of artillery and antitank guns has increased rapidly since December and performance in March is gratifying.

	November	December	January	February	March
	(Value of Acceptances in Million Dollars)				
Combat Vehicles	46.2	64.1	72.1	74.8	76.0
Antiaircraft Guns	2.5	5.9	6.9	8.4	11.3
Artillery and Antitank Guns	8.4	7.5	11.6	15.6	32.2

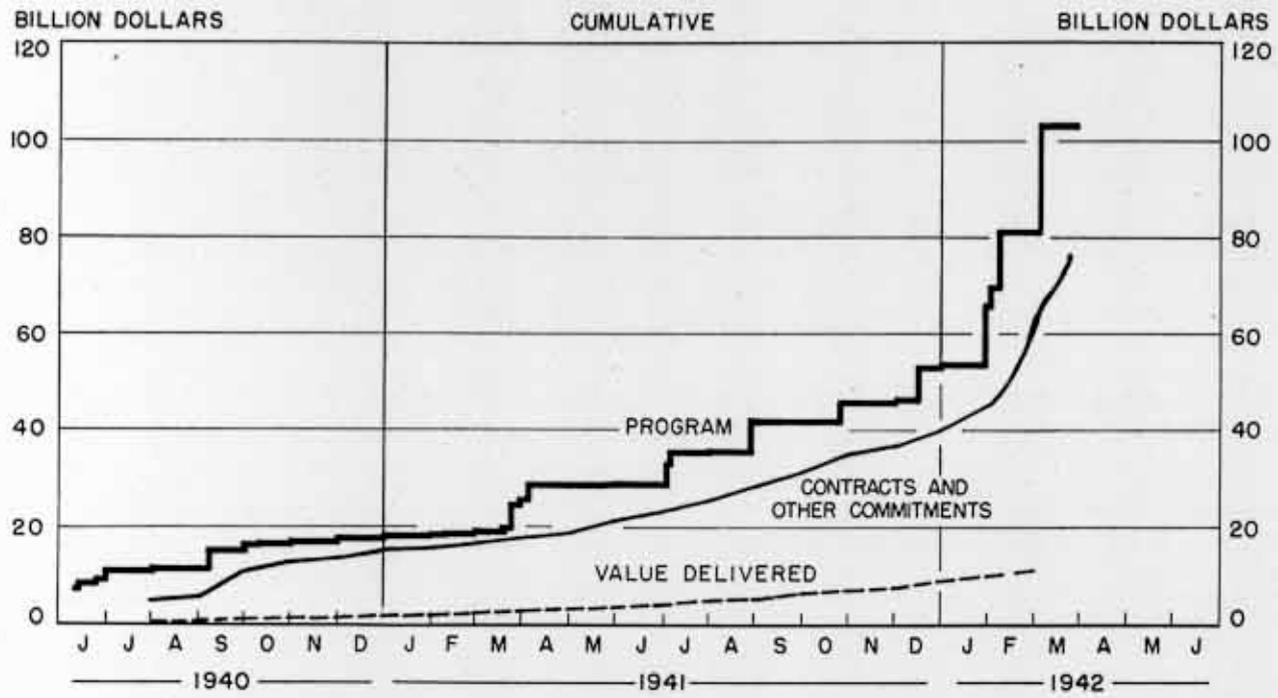
WAR PROGRESS SERIES
TOTAL WAR PROGRAM IN THE UNITED STATES

FINANCIAL PROGRAM SUMMARY	Cum. 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	January 1942	February 1942	March 1942
(Million dollars)						
TOTAL WAR PROGRAM IN THE U. S. ^a						
Program	40,861	80,604	P 141,374	17,164	P 15,231	P 28,375
Uncommitted balance	9,274	23,979	P 37,950	-	-	-
Contracts and other commitments	31,587	56,625	P 103,424	8,414	P 20,932	P 17,453
Value delivered and/or in place ^b	8,547	18,573	n.a. P	2,443	P 2,596	n.a.
Checks paid ^c	8,536	17,965	n.a.	2,297	P 2,453	n.a.
MUNITIONS PRODUCTION & WAR CONSTRUCTION, TOTAL						
Program	37,027	69,305	P 124,959	16,644	P 15,087	P 23,923
Uncommitted balance	7,597	18,281	P 29,601	-	-	-
Contracts and other commitments	29,430	51,024	P 95,358	7,438	P 20,098	P 16,798
Value delivered and/or in place ^b	6,795	14,750	n.a. P	2,033	P 2,171	n.a.
Value not delivered nor in place	22,635	36,274	n.a.	-	-	-
PRODUCTION OF MUNITIONS						
Program	28,566	53,738	P 102,308	15,328	P 12,577	P 20,665
Uncommitted balance	4,901	13,929	P 28,051	-	-	-
Contracts and other commitments	23,665	39,809	P 74,257	16	P 16,495	P 12,107
Value delivered and/or in place ^b	4,290	8,940	n.a. P	1,333	P 1,471	n.a.
Value not delivered nor in place	19,375	30,869	n.a.	-	-	-
WAR CONSTRUCTION						
Program	8,461	15,567	P 22,651	1,316	P 2,510	P 3,258
Uncommitted balance	2,696	4,352	P 1,550	-	-	-
Contracts and other commitments	5,765	11,215	P 21,101	1,592	P 3,603	P 4,691
Value delivered and/or in place ^b	2,505	5,810	n.a. P	700	P 700	n.a.
Value not delivered nor in place	3,260	5,405	n.a.	-	-	-
NON-MUNITIONS WAR ITEMS, TOTAL						
Program	3,834	11,299	P 16,415	520	P 144	P 4,452
Uncommitted balance	1,677	5,698	P 8,349	-	-	-
Contracts and other commitments	2,157	5,601	P 8,066	976	P 834	P 655
Checks issued ^b	1,752	3,823	n.a. P	410	P 425	n.a.

Graph appears on opposite page.
Table continued on Page V.

For footnotes see Page X.

MUNITIONS PRODUCTION



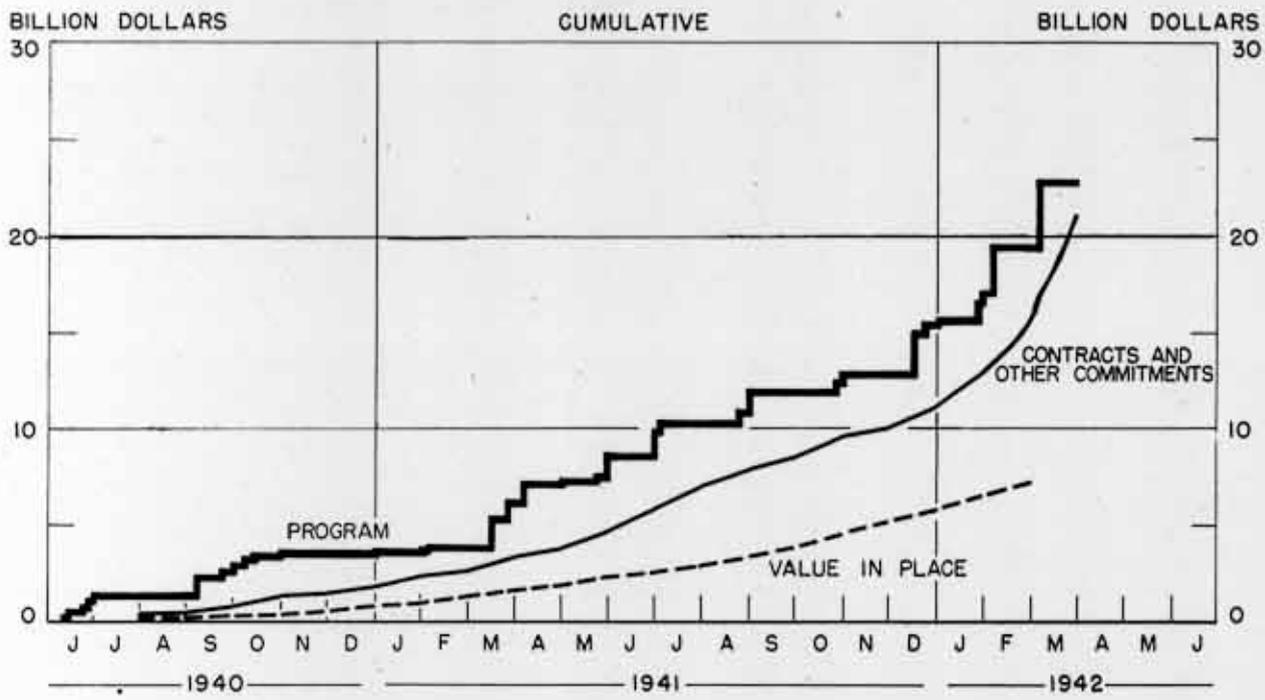
WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cum. 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	January 1942	February 1942	March 1942
	(Million dollars)					
	BREAKDOWN OF MUNITIONS PRODUCTION					
MUNITIONS PRODUCTION, TOTAL Program	28,566	53,738	P 102,308	15,328	P 12,577	P 20,665
Uncommitted balance	4,901	13,929	P 28,051	-	-	-
Contracts and other commitments	23,665	39,809	P 74,257	5,846	P 16,495	P 12,107
Value delivered and/or in place ^b	4,290	8,940	n.a.	P 1,333	P 1,471	n.a.
Value not delivered nor in place	19,375	30,869	n.a.	-	-	-
AIRPLANES, PARTS & ACCESSORIES Program	8,582	15,072	P 28,619	9,009	P 4,377	P 161
Contracts and other commitments	7,381	13,298	P 27,142	429	P 9,833	P 3,582
Value delivered	1,010	2,265	P 3,355	P 318	P 356	P 416
ORDNANCE Program	7,778	17,488	P 32,289	1,481	P 1,882	P 11,438
Contracts and other commitments	5,418	10,354	P 19,395	2,908	P 3,411	P 2,722
Value delivered	700	1,685	n.a.	P 330	P 360	n.a.
NAVAL SHIPS Program	6,796	9,605	P 15,426	25	P 5,593	P 203
Contracts and other commitments	6,442	7,930	P 11,174	277	1,667	P 1,300
Value delivered and/or in place	810	1,665	n.a.	P 235	P 270	n.a.
MERCHANT SHIPS Program	1,442	3,288	P 7,643	3,750	P -63	P 668
Contracts and other commitments	1,484	2,381	P 5,423	1,606	265	P 1,171
Value delivered and/or in place	240	510	n.a.	P 85	P 100	n.a.
OTHER MUNITIONS AND SUPPLIES Program	3,968	8,285	P 18,331	1,063	P 788	P 8,195
Contracts and other commitments	2,940	5,846	P 11,123	626	P 1,319	P 3,332
Value delivered	1,530	2,815	n.a.	P 365	P 385	n.a.

Graph appears on opposite page.
Table continued on Page VII.

For footnotes see Page X.

WAR CONSTRUCTION



WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cum. 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	January 1942	February 1942	March 1942
(Million dollars)						
BREAKDOWN OF WAR CONSTRUCTION						
WAR CONSTRUCTION, TOTAL (LAND, BLDGS., EQUIP.)						
Program	8,461	15,567	P 22,651	1,316	P 2,510	P 3,258
Uncommitted balance	2,696	4,352	P 1,550	-	-	-
Contracts and other commitments	5,765	11,215	P 21,101	1,592	P 3,603	P 4,691
Value in place ^b	2,505	5,810	n.a.	P 700	P 700	n.a.
Value not in place	3,260	5,405	n.a.	-	-	-
INDUSTRIAL FACILITIES (LAND, BLDGS., EQUIP.)						
Program	5,120	8,112	P 14,198	1,311	P 1,532	P 3,243
Contracts and other commitments	2,865	6,318	P 14,076	1,156	P 2,357	P 4,245
Value in place	960	2,800	n.a.	P 430	P 425	n.a.
INDUSTRIAL FACILITIES, BUILDINGS ONLY						
Program	1,607	3,137	n.a.	774	n.a.	n.a.
Value in place	575	1,753	n.a.	230	n.a.	n.a.
POSTS, DEPOTS, STATIONS						
Program	2,849	6,063	P 7,061	5	978	P 15
Contracts and other commitments	2,625	4,381	P 6,375	425	P 1,194	P 375
Value in place	1,430	2,670	n.a.	P 240	P 240	n.a.
DEFENSE HOUSING						
Program	492	1,392	P 1,392	0	0	P 0
Contracts and other commitments	275	516	P 650	11	52	P 71
Value in place	115	340	n.a.	P 30	P 35	n.a.
BREAKDOWN OF NON-MUNITIONS						
NON-MUNITIONS, TOTAL						
Program	3,834	11,299	P 16,415	520	P 144	P 4,452
Uncommitted balance	1,677	5,698	P 8,349	-	-	-
Commitments	2,157	5,601	P 8,066	976	P 834	P 655
Checks issued by agencies ^b	1,752	3,823	n.a.	P 410	P 425	n.a.
STOCKPILE						
Program	983	2,399	P 2,713	310	P 4	P 0
Commitments	470	1,050	P 1,080	-	-	P 30
Checks issued by agencies	192	488	n.a.	P 80	P 85	n.a.

Graph appears on opposite page.
Table continued on following page.

For footnotes see page X.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cum. 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	January 1942	February 1942	March 1942
(Million Dollars)						
BREAKDOWN OF NON-MUNITIONS (Continued)						
AGRICULTURAL EXPORTS (LEND-LEASE)						
Program	625	1,522	3,078	0	-228	1,784
Commitments	66	561	847	99	133	54
Checks issued by agencies	1	211	n.a.	45	50	n.a.
PAY, SUBSISTENCE & TRAVEL f						
Army Military						
Program	944	3,013	3,159	0	0	146
Commitments	934	2,030	3,003	420	489	64
Checks issued	696	1,510	n.a.	150	155	n.a.
Navy Military						
Program	378	963	1,021	0	9	49
Commitments	334	610	843	62	68	103
Checks issued	388	640	n.a.	45	45	n.a.
Civilian Payroll						
Program	32	247	248	0	1	0
Commitments	32	140	200	20	20	20
Checks issued	356	684	n.a.	60	60	n.a.
MISCELLANEOUS NON-MUNITIONS						
Program	872	3,155	6,196	210	358	2,473
Commitments	321	1,210	2,093	375	124	384
Checks issued by agencies	119	290	n.a.	30	30	n.a.

Table continued on following page.

For footnotes see Page X.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cum. 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	January 1942	February 1942	March 1942
(Million dollars)						
BREAKDOWN BY AGENCIES						
UNITED STATES FINANCED WAR PROGRAM ^d						
Program	37,075	76,508	P 137,278	17,164	P 15,231	P 28,375
Uncommitted balance	9,274	23,979	P 37,950	-	-	-
Contracts and other commitments	27,801	52,529	P 99,328	8,414	P 20,932	P 17,453
Checks paid	6,431	15,251	P 22,858	2,229	P 2,391	2,987
U. S. ARMY						
Program	13,134	31,981	P 67,073	12,526	-	22,566
Contracts and other commitments	11,104	23,334	P 50,896	4,015	P 12,479	P 11,068
Checks paid	3,636	7,889	11,206	1,088	1,099	1,130
U. S. NAVY						
Program	12,308	20,024	P 35,599	58	15,133 ^g	P 384
Contracts and other commitments	11,182	16,327	P 26,000	955	5,566	P 3,152
Checks paid	2,217	4,726	6,642	518	531	867
LEND-LEASE						
Program	7,000	12,985	18,410	-	-	5,425
Allocations	5,177	11,345	13,636	695	232	1,364
Contracts and other commitments	2,458	6,282	P 9,203	1,068	1,109	P 744
Checks paid	21	910	2,283	368	432	573
U. S. MARITIME COMMISSION						
Program	784	2,734	6,584	3,850 ^h	0	P 0
Contracts and other commitments	886	1,724	4,873	1,566 ^h	322	P 1,261
Checks paid (net) ^e	44	156	348	49	62	81
RFC AND SUBSIDIARIES						
Program	2,623	5,130	P 5,796	700	P -34	P 0
Contracts and other commitments	1,151	3,569	P 6,609	704	P 1,300	P 1,036
Checks issued by RFC	350	956	1,465	129	190	P 190
OTHER U. S. AGENCIES						
Program	1,226	3,654	P 3,816	30	132	P 0
Contracts and other commitments	720	1,293	P 1,747	106	156	P 192
Checks paid	163	614	914	77	77	146
FOREIGN ORDERS						
Program (orders)	3,786	4,096	P 4,096	0	P 0	P 0
Commitments	3,786	4,096	P 4,096	0	P 0	P 0
Checks issued by Purchasing Missions	2,105	2,714	n.a.	68	P 62	n.a.

For footnotes see Page X.

FOOTNOTES

WAR PROGRESS SERIES

n.a. Not available
r Revised.

P Preliminary

- a** Total war program includes all funds and authorizations made available for war purposes by the United States Government plus foreign orders placed in this country since November 1939. The major portion of the existing program has been approved since June 11, 1940, but some authorizations (particularly portions of the naval expansion program, the merchant shipbuilding program, and the stockpile program) were made available even earlier. All funds are shown during the fiscal year in which they are available for obligation.
- b** Value delivered and/or in place includes (1) value delivered and/or in place for ships and value of production for other munitions, (2) value in place for war construction, and (3) checks issued by finance officers for non-munitions items.
- c** Checks paid include (1) all checks paid out of the Treasury General Fund; (2) checks issued by the Reconstruction Finance Corporation and subsidiary Government corporations; (3) checks issued by foreign purchasing commissions.
- d** United States financed program includes the war activities of all United States Government agencies (including Lend-Lease) plus the war activities of government owned corporations, but does not include foreign orders.
- e** Report on checks paid by the Treasury for the account of the Maritime Commission makes allowance for receipts credited to the Construction Loan Fund.
- f** Program and obligations for pay for civilians and for the Navy include only that specifically mentioned in appropriation bills, while the cash disbursement figures include, in addition, executive war pay which cannot be separately distinguished in the appropriation bills.
- g** Does not include \$6.4 billion, Title I, FY 1943, approved February 7, 1942, but not available for obligation prior to July 1, 1942.
- h** Funds included in Fifth Supplemental Appropriation Act, approved March 5, 1942. Obligation of these funds was initiated in January.

ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941		1942		
	July	January	December	January	February	March
EMPLOYMENT						
War industries				(Thousand workers)		
Private, 18 major industries	1,660	2,038	2,872	2,982	P 3,099	
Private contractors, public construction	13	448	633	583	614	
Public	117	171	286	308	315	
Total	1,790	2,657	3,791	3,873	P 4,028	
Deep sea merchant vessels	51	49	49	47	49	48
	Cumulative 6/11/40 through			Monthly, 1942		
	End 1st full year 6/30/41	End of February 1942	End of March 1942	January	February	March
VALUE OF FACIL. ON APPLIC. FOR CERT. OF NECESSITY						
Total	1,424	n.a.	n.a.	175	n.a.	n.a.
Approved, private funds	829	1,978	2,333	221	431	355
Approved, public funds	201	337	368	74	11	31
Disapproved	7	n.a.	n.a.	4	n.a.	n.a.
Pending	387	785	624	-124	-748	-161

P Preliminary data.

n. a. Data not available.

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ECONOMIC ACTIVITY RELATED TO THE WAR

The series on these pages are included for the convenience of readers of War Progress. The data are not confidential and there are no restrictions upon their use through their inclusion in this confidential report.

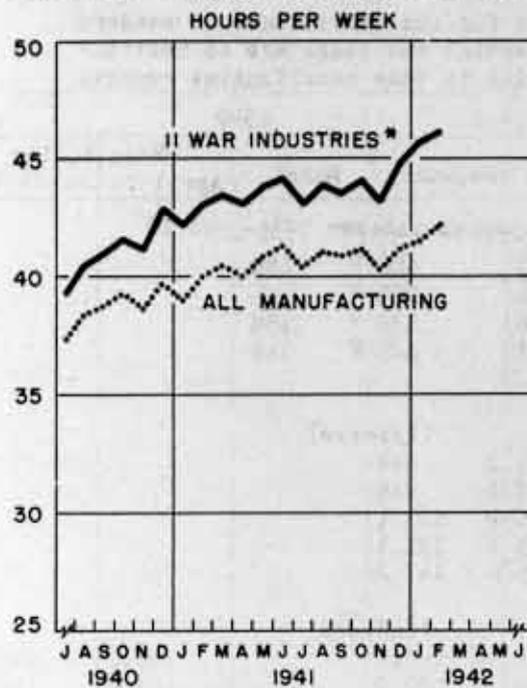
	1940	1941	1942			
	July	January	February	March	Week April 11	Ending April 18
(Unadjusted indexes 1935-39=100)						
FED. RES. BD. PROD. INDEXES						
Total industrial production	120	135	166	P 168		
Durable manufactures	131	166	219	P 225		
Nondurable manufactures	111	118	138	P 138		
Minerals	121	113	125	P 118		
BUR. FOR. & DOM. COM. MFRS.						
ORDERS, SHIPMENTS, INVENTORIES						
(Indexes)						
New orders, total (1/39=100)	127	176	P 314			
Shipments, total (1/39=100)	117	148	P 215			
Inventories (1939av.mo.=100)	112.2	121.8	P 163.1			
Durable (1939av.mo.=100)	113.9	132.5	P 181.1			
Nondurable (1939av.mo.=100)	110.7	112.5	P 147.2			
BLS PRICE INDEXES						
(Indexes)						
Strategic Materials(8/39=100)	123.6	126.1	143.8		145.2	145.2
Critical Materials(8/39=100)	107.5	111.7	122.9		123.0	123.1
Basic Commodities (8/39=100)	108.5	120.5	165.1	166.1	167.3	166.8
Machine Tools (8/39=100)	108.7	114.6	r 118.1	118.1	-	-
All Commodities (1926=100)	77.7	80.8	96.7	97.6	98.1	98.3
TRANSPORTATION & ELMO. POWER						
Freight Cars						
Loadings (Thous. per week)	706	684	781	793	814	847
Unloads for export (dly.av.)						
Atlantic & Gulf Ports (No.)	1,494	1,352	1,759	1,934	1,954	2,203
Pacific Ports (No.)	112	131	308	305	352	436
Surplus, total, dly.av. (thous.)	133	110	59	58	58	
Box cars	57	43	22	23	26	
Coal cars	47	42	20	17	16	
Bad order cars, total, 1st of month (thous.)	153	109	61	61	(Apr. 1)60	
Power Prod. (Mil. kwh.)	12,094	13,641	r 14,102	15,053	3,321	3,307
NATIONAL INCOME						
(Billion dollars, annual rate)						
Total income payments*	r 75.8	r 82.8	P 104.8			
FEDERAL DEBT						
(Billion dollars)						
Net public debt	41.6	43.9	58.5	64.4		
DEFENSE BOND SALES						
(Million dollars)						
	-	-	703	558	114	113
DEFENSE HOUSING						
(Number of dwelling units, cumulative to end of period)						
Fund allocations	1,460	56,528	279,048	342,261	340,947	364,840
Constr. Contracts awarded	624	36,191	169,586	185,350	188,552	191,392
Construction completed	0	1,314	92,670	97,681	100,403	103,893

P Preliminary data.

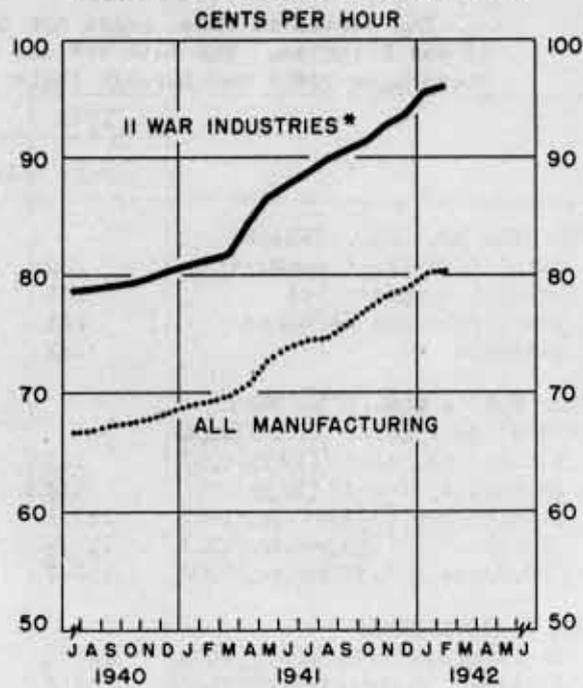
r Revised.

* Seasonally adjusted.

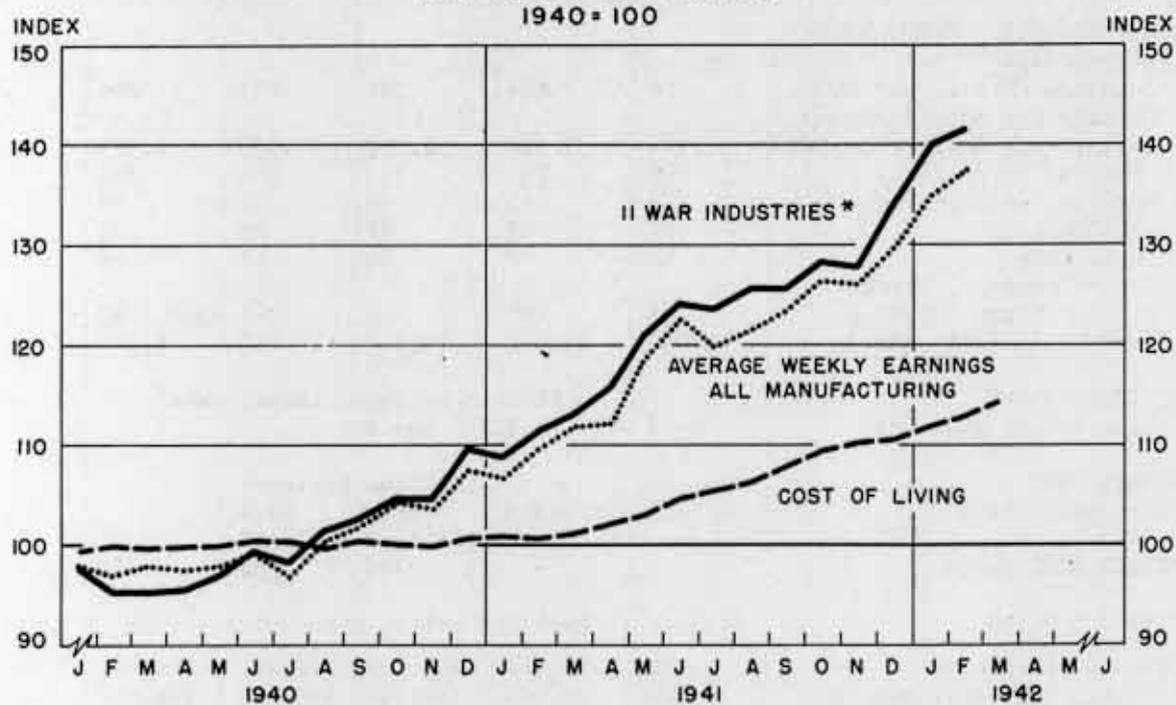
AVERAGE HOURS WORKED PER WEEK



AVERAGE HOURLY EARNINGS



AVERAGE WEEKLY EARNINGS IN WAR INDUSTRIES AND COST OF LIVING



* Aircraft; machine tools; shipbuilding; blast furnaces, steel works, and rolling mills; foundry and machine shop products; electrical machinery; smelting and refining-copper, lead, and zinc; brass, bronze, and copper products; aluminum manufactures; explosives; engines, turbines, etc.

ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941		1942		
	July	January	December	January	February	March
EMPLOYMENT						
				(Thousand workers)		
Total civil nonagricultural	35,904	37,142	41,073	39,871	P 39,842	
Total WPA employment	1,655	1,890	1,053	1,024	1,029	963
War industries						
Deep sea merchant vessels				Confidential data. See page XI.		
UNEMPLOYMENT (WPA ESTIMATE)						
				(Million workers)		
Number of unemployed	9.3	7.6	3.8	4.2	4.0	3.6
BLS COST OF LIVING INDEX						
				(1935-39=100)		
All items	100.3	100.8	110.2	112.0	112.9	114.3
Food	97.4	97.8	113.1	116.2	116.8	118.6
Rent	104.6	105.0	108.2	108.4	108.6	108.9
AVERAGE HOURS WORKED PER WEEK						
				(Hours)		
All manufacturing industries	37.3	39.0	41.2	41.5	P 42.2	
Durable	37.9	40.6	42.8	43.7	P 44.4	
Nondurable goods	36.7	37.3	39.4	39.1	P 39.7	
11 selected war industries combined	39.3	42.2	44.9	45.8	P 46.1	
Machine tools	47.5	50.4	53.8	55.0	P 54.9	
Aircraft	42.0	44.7	46.2	48.7	P 47.7	
Shipbuilding	39.3	42.0	46.0	48.2	P 48.7	
AVERAGE HOURLY EARNINGS						
				(Cents)		
All manufacturing industries	66.7	68.9	78.7	80.1	P 80.3	
Durable goods	72.7	75.8	87.1	88.9	P 89.3	
Nondurable goods	61.5	62.0	69.5	70.1	P 70.0	
11 selected war industries combined	78.6	80.9	93.6	95.6	P 96.0	
Machine tools	76.8	79.7	90.8	92.6	P 92.8	
Aircraft	73.8	77.6	91.6	95.6	P 94.8	
Shipbuilding	86.2	89.3	106.0	107.9	P 108.6	
AVERAGE WEEKLY EARNINGS						
				(Dollars)		
All manufacturing industries	25.25 r	27.71	33.68	35.10	P 35.76	
Durable goods	28.52	31.90	38.65	40.94	P 41.60	
Nondurable goods	21.87 r	22.64	26.92	26.99	P 27.31	
11 selected war industries combined	30.76	34.05	41.98	43.88	P 44.30	
Machine tools	36.45	40.15	48.82	50.81	P 50.87	
Aircraft	30.48	34.13	42.22	46.43	P 44.80	
Shipbuilding	34.03	47.69	49.19	52.42	P 53.49	

Graph appears on opposite page.
p Preliminary data.

*June, 1940.

r Revised.

ERROR

War Progress, Issue Number 84
War Progress Series

Industrial Facilities (Land, Buildings, Equipment)

"Contracts and Other Commitments" was erroneously reported as \$4,245 million; it should have been \$3,150 million. This figure and all totals which it affects are corrected in Issue Number 85.

The President

3

WAR PROGRESS

~~Confidential~~

May 1, 1942

Number 85

DECLASSIFIED
E.O. 11652, Sec. 2(K) and 4(D) or (G)
Comstock Dept. Letter, 11-16-72
By RHP, Bala MAR 29 1973

WAR PROGRESS



BRIEFS OF CONTENTS

Page

- A MAXIMUM WAR EFFORT in the United States requires production objectives that will extend our productive resources to their limits and will present a tactically balanced program. Short supplies of some of the 14 basic raw materials may call for some revisions of the present tentative objectives which are estimated to total \$58 billion in 1942 and \$80 billion in 1943, but no major over-all downward revisions should be necessary. Steps are now being taken finally to determine the practicable dimensions of the 1942 and 1943 objectives.

1

- WAR PROGRESS SERIES. The Sixth Supplemental National Defense Appropriation Act, 1942, was signed by the President on April 28. Employment in 18 selected war industries continued to increase at a rapid pace in March. Increases were greatest in shipbuilding, aircraft, and aeroengines. Total exports were lower in February than in January; exports to Russia and British India exceeded those for January. Federal Reserve Board production indexes which have been discontinued for public release in accordance with rulings under Executive Order 9103 are presented.

I

NEW PRODUCTION OBJECTIVES FOR 1942 AND 1943

A MAXIMUM WAR EFFORT IN THE UNITED STATES REQUIRES PRODUCTION OBJECTIVES THAT WILL EXTEND OUR PRODUCTIVE RESOURCES TO THEIR LIMITS AND WILL PRESENT A TACTICALLY BALANCED PROGRAM. SHORT SUPPLIES OF SOME OF THE 14 BASIC RAW MATERIALS MAY CALL FOR SOME REVISIONS OF THE PRESENT TENTATIVE OBJECTIVES WHICH ARE ESTIMATED TO TOTAL \$58 BILLION IN 1942 AND \$80 BILLION IN 1943, BUT NO MAJOR OVER-ALL DOWNWARD REVISIONS SHOULD BE NECESSARY. STEPS ARE NOW BEING TAKEN FINALLY TO DETERMINE THE PRACTICABLE DIMENSIONS OF THE 1942 AND 1943 OBJECTIVES.

If we are to put forth a maximum war effort, production objectives must be established which will push our productive resources to the limits of their capacity and will at the same time present a tactically balanced program of munitions production and war construction.

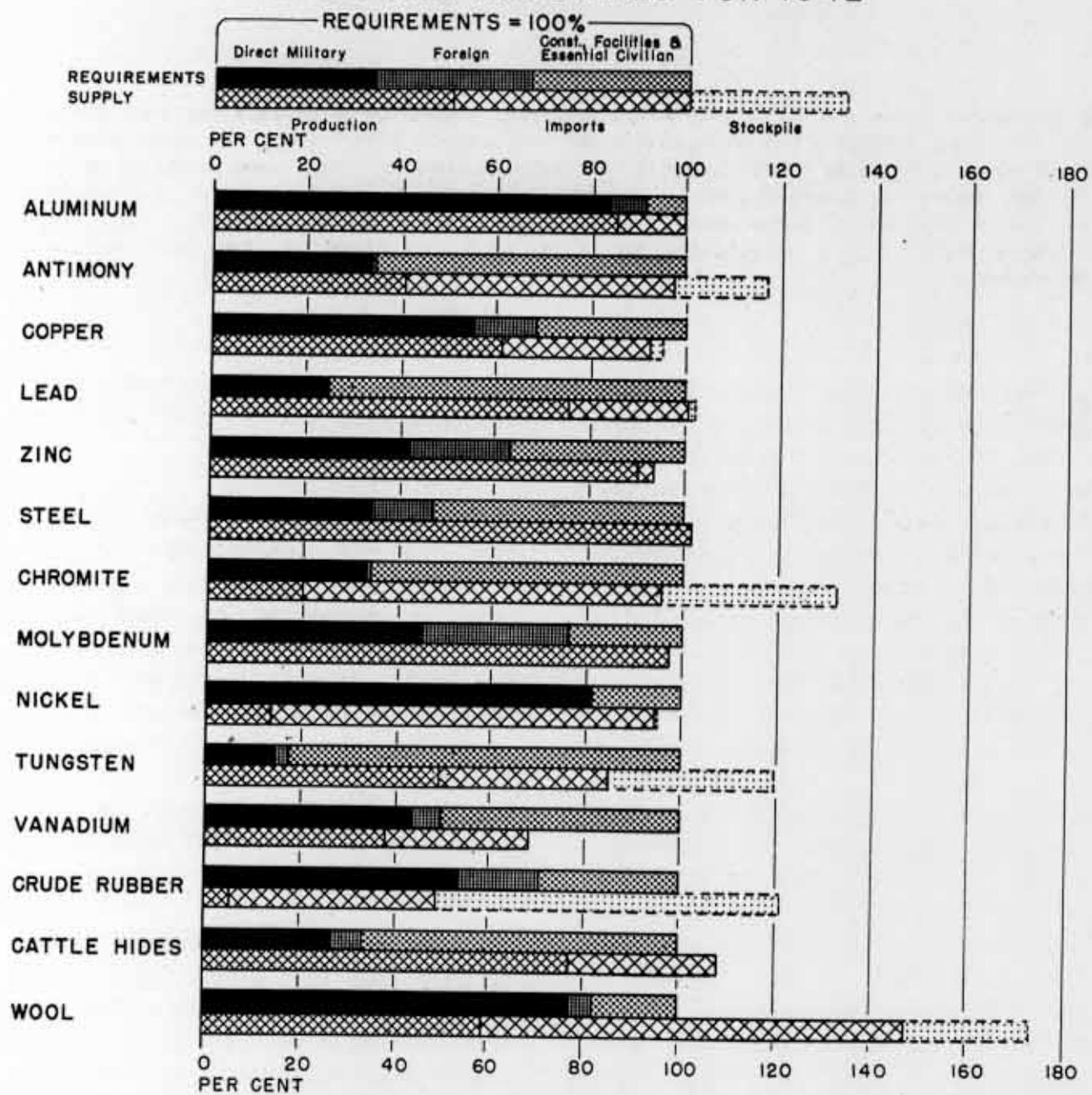
Beginning with the forecast of the OPM Planning Board, just a year ago, a series of efforts has been made to establish objectives which will serve these purposes. During the past quarter the establishment of the objectives has engaged the major attention of the planning agencies. As a result, tentative revised objectives through the end of 1943 for munitions production and war construction have recently been completed. These objectives are

valued at about \$58 billion for calendar 1942 and at about \$80 billion for calendar 1943.

The value of munitions production and war construction in 1942 according to the first forecast, based on schedules existing at the beginning of April 1941, was \$19 billion^a. Several weeks before the declaration of war, Forecast II^b was presented in these columns. It indicated that the value of scheduled munitions production and war construction would be \$27 billion in 1942.

The actual declaration of war, however, and the increasingly clear need for an all-out war effort in the United States impelled SPAB to ask for a definition of complete

CHART I—ESTIMATED REQUIREMENTS AND SUPPLIES OF 14 BASIC RAW MATERIALS FOR 1942



and balanced programs for 1942 and 1943. At the same time SPAB completed studies indicating that it would be feasible to produce at least \$40 billion of munitions and war construction in 1942^c, and from \$55 to \$60 billion in 1943. These estimates were in broad general terms; they were not translated into detailed production schedules. The current tentative production objectives of \$58 billion and \$80 billion are based in part upon the recent Army Supply Program^d. They also include 57 thousand planes in 1942 and 105 thousand planes in 1943, and 8 million and 15 million deadweight tons of merchant ships in the two years.

One measure of the practicability of this program may be obtained from an analysis of its raw material requirements. Preliminary estimates have been made for the requirements of 14 critical raw materials for this program^d combined with foreign and essential civilian requirements^e. They are compared in the accompanying charts with expected supplies^f of these materials for 1942 and 1943. All of the estimates are rough. It should be pointed out that the minimal civilian requirements represent bare minima and are considerably lower than will be provided under existing limitation orders or the current takings for this purpose.

The charts indicate a relatively safe position for a few materials,

a situation of approximate balance for another group of materials, and a situation of acute shortage in still another group.

The situation in wool and cattle hides appears to be relatively safe if civilian consumption is carefully regulated. In both cases a substantial part of our supply is dependent on continued imports, but if materials continue to flow in at expected rates civilian consumption need not be restricted too drastically.

The situation appears to be at least reasonably safe in the cases of three of the alloying metals--antimony, chromium, and tungsten. It appears that requirements can be met, but only with the complete utilization of our existing Government stockpiles. Civilian requirements have already been restricted very drastically and changes in specifications in military equipment have also resulted in substantial reductions in the requirements for these materials.

Very tight situations appear for the three other alloying metals shown in the charts. Over the two year period a small deficit appears for molybdenum, a moderate deficit for nickel, and a very substantial deficit in the case of vanadium. Both nickel and vanadium have already been eliminated from many military steels and this has made

PLANT UTILIZATION IN THE AIRCRAFT INDUSTRY JANUARY - MARCH

PLANT UTILIZATION IN THE PROPELLER SECTOR OF THE AIRCRAFT INDUSTRY INCREASED FROM 96.2 HOURS IN JANUARY TO 100.9 HOURS IN MARCH; THE AIRFRAMES AND ENGINES SECTORS REMAINED RELATIVELY STABLE. UTILIZATION IN THE THREE BEST PLANTS CONTINUED TO INCREASE IN ALL THREE SECTORS.

During the past three months plant utilization in the aircraft industry appears to have leveled off. Only in the propeller sector were any material gains made. This sector increased utilization

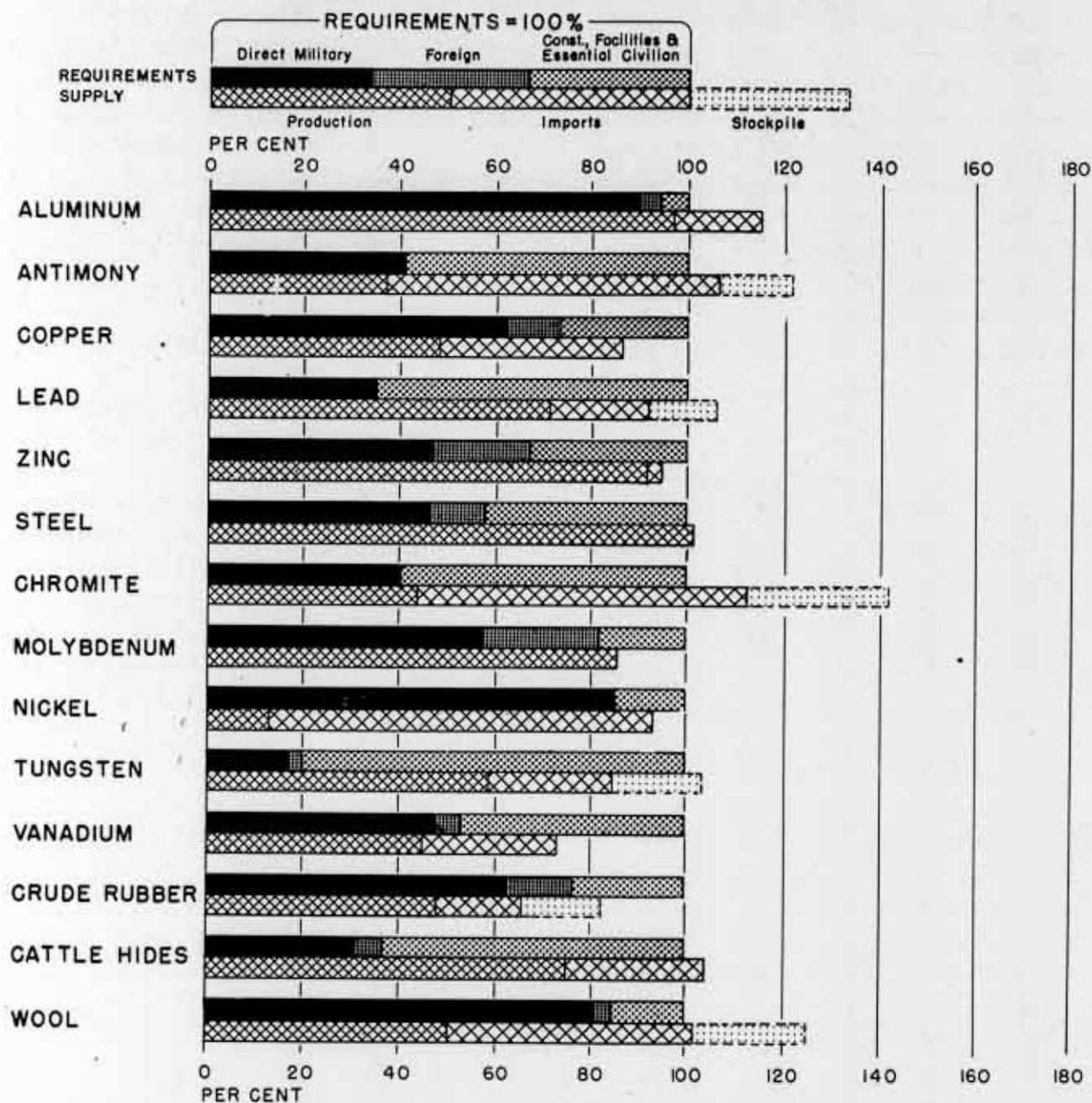
from 96.2 hours in January to 100.9 hours in March. In contrast, the airframes and engines sectors remained relatively stable as shown in Table 1.

TABLE 1 - PLANT UTILIZATION IN THE AIRCRAFT INDUSTRY*
JANUARY TO MARCH 1942

	Airframes	Aeroengines	Propellers
Entire Industry			
January	86.4	109.7	96.2
February	87.3	106.6	98.8
March	86.6	108.8	100.9
Three Best Plants			
January	104.0	124.3	128.1
February	102.7	126.3	135.9
March	107.1	129.4	139.3

* Plant utilization = $\frac{\text{Total productive man hours for the industry}}{\text{Number of productive wage earners on largest shift}}$
If every shift were equally large and if every plant worked every hour in the week this ratio would equal 168 hours per week.

CHART 2—ESTIMATED REQUIREMENTS AND SUPPLIES OF 14 BASIC RAW MATERIALS FOR 1943



situation less tight for both of these materials. In the past, however, there has been a fairly large amount of substitution of molybdenum for the other alloying metals and now there is a definite shortage of this material. A great deal of effort is being made at the present time to economize in the use of alloys for steel. This undoubtedly will result in further reductions in the requirements for these alloying metals and may result in the easing of these deficits.

The situation is very tight for aluminum and steel, but it appears that with severe restrictions and economies of these materials that the programs will not fail for lack of these two raw materials. Although it appears that the expansion programs for aluminum ingots and steel ingots, if they are completed on schedule, will match the enormous increase in requirements, this should not imply that the same situation exists for all steel and aluminum products. It is almost certain that very substantial shortages exist for certain semifabricated products made from these two materials. The ingot totals above tell a very incomplete story.

For copper, zinc, and lead the situation appears to be somewhat tighter than in the case of aluminum and steel. Over the two year period there is not enough supply to meet the requirements for these metals.

Substantial economies have already been made, especially in the cases of copper and zinc, but requirements must be cut even further for military, as well as other uses, if the programs are to be accomplished.

The recent revision of the military program has reduced substantially the deficit for rubber, but the chart indicates that there is still a shortage of supply in relation to requirements. In the supply side of the picture, full allowance of general purpose synthetic rubber which will serve as a substitute for crude rubber. Even with this great expansion in supply and with the full utilization of the Government stockpile, there is still not enough rubber in sight to meet the program in 1943. Substantial economies have already been effected in military uses and civilian requirements have been cut to the bone. Further economies must be made, however, in the military services if current programs are to be accomplished, and at least the minimal necessary carry-over of crude for 1944 is to be provided.

Although the situation in terms of these 14 materials appears very tight, it is not necessarily to be concluded that the program will fail because of these indicated shortages. Substantial economies in the use of these materials must and can be accomplished. Existing controls for

the distribution of these scarce materials must be strengthened immediately and made more effective.

These tentative estimates of raw material requirements indicate that some further revision in the munitions production objectives for 1942 and 1943 may be necessary before a firm program can be established. However, the industrial materials category is only one of a number which may determine production limits. Manufacturing facilities and supply of skilled labor will play comparably dominant roles in determining what can or cannot be done.

Available evidence appears to indicate that over-all programs, as now defined, are not greatly beyond our capacity, and that no sweepingly general downward revision of objects is called for. The most useful procedure from this point on would appear to be one that weighs the production feasibility of each major item in terms of all limiting factors, in the expectation that curtailments thus dictated will speedily reduce the total 1942 and 1943 objectives to practicable dimension.

^a Statistical Summary of Defense Progress, Issue Number 34, April 4, 1941, pp. 2-9.

^b Defense Progress, Issue Number 64, December 5, 1941, pp. 1-6.

^c Defense Progress, Issue Number 68, December 31, 1941, pp. 1-3; War Progress, Issue Number 69, January 9, 1942, pp. 1-3.

^d Includes the Army Supply Program—SPRM—of April, February 1 schedules for 57 thousand airplanes for 1942 and 105 thousand for 1943 (WPB 8-I ultimate schedules), Navy expenditure estimates as of March, and 8 million deadweight tons of merchant shipping in 1942 and 15 million tons in 1943.

^e Exports cover foreign demands for materials as such, other than those procured by the armed services. Construction, Facilities, and Essential Civilian requirements include minimum needs for the production and maintenance of facilities and equipment to effectuate the military programs, other war construction, and minimum requirements for the production and maintenance of civilian goods.

^f Supply consists of expected domestic production from existing and scheduled new facilities, including scrap; estimated imports from areas now accessible to the United Nations; and Government stockpiles (actual as of the beginning of 1942 and the estimated residual as of the beginning of 1943).

WAR PROGRESS SERIES

Legislation

The Sixth Supplemental National Defense Appropriation Act, FY 1942, was signed by the President on April 28. It includes appropriations for war purposes amounting to \$19,138 million, of which \$17,435 million is for the War Department, \$1,635 million for the Navy Department, and \$68 million for other agencies. This Act raises the total war program to \$160,512 million.

New Confidential Series

Because of the war, the regular publication of many economic series has been discontinued in accordance with Executive Order Number 9103. In the future it is planned to make these series available to readers of War Progress. At the first presentation of each series, data will be shown extending back to the last date of regular publication of the

series. In the present issue Federal Reserve Board production indexes are shown for aircraft, railroad cars, locomotives, private shipbuilding, lead shipments, cane sugar meltings, rubber products, and rubber consumption. Information on the points in the total Federal Reserve Board production index for shipbuilding in Government yards and manufacturing in Government arsenals and quartermaster depots are also shown on page XI.

Employment in War Manufacturing Industries, March 1942

The number of wage earners in 18 selected war industries rose to 3,231 thousand in March, an increase of 101 thousand over February. More than one-third of the total increase occurred in the shipbuilding industry; aircraft and aeroengines combined accounted for one-fifth of the increase.

Employment in all manufacturing industries increased by only 73 thousand during the month, indicating a net decline of 28 thousand in industries other than the 18 selected war industries. Substantially larger than normal seasonal declines occurred in the tin can and canning industries, due to the inability of manufacturers to get tin. Raw material shortages were responsible for declines in employment in other industries.

Strikes Affecting the War Effort, March 1942

There were approximately 167 thousand man-days of idleness due to strikes affecting the war effort during March as compared with 119 thousand during February. These figures were reported by the War Labor Board. Strike data previously shown in War Progress were reported by the Labor Division of WPB and referred only to strikes of major im-

portance in plants with war contracts. This series has been discontinued. Current data reported by the War Labor Board include all strikes affecting the war effort,-- consequently the figures are considerably higher.

Foreign Trade, February 1942

February exports of \$478 million were slightly lower than January exports. Imports, however, decreased by \$165 million, largely due to a decline in imports from Latin America.

Exports during February to Russia and British India exceeded those for January, an indication of the larger shipments of military equipment to both countries. Exports to all other regions declined from January to February. Since the beginning of 1942 practically all exports have been under export licenses.

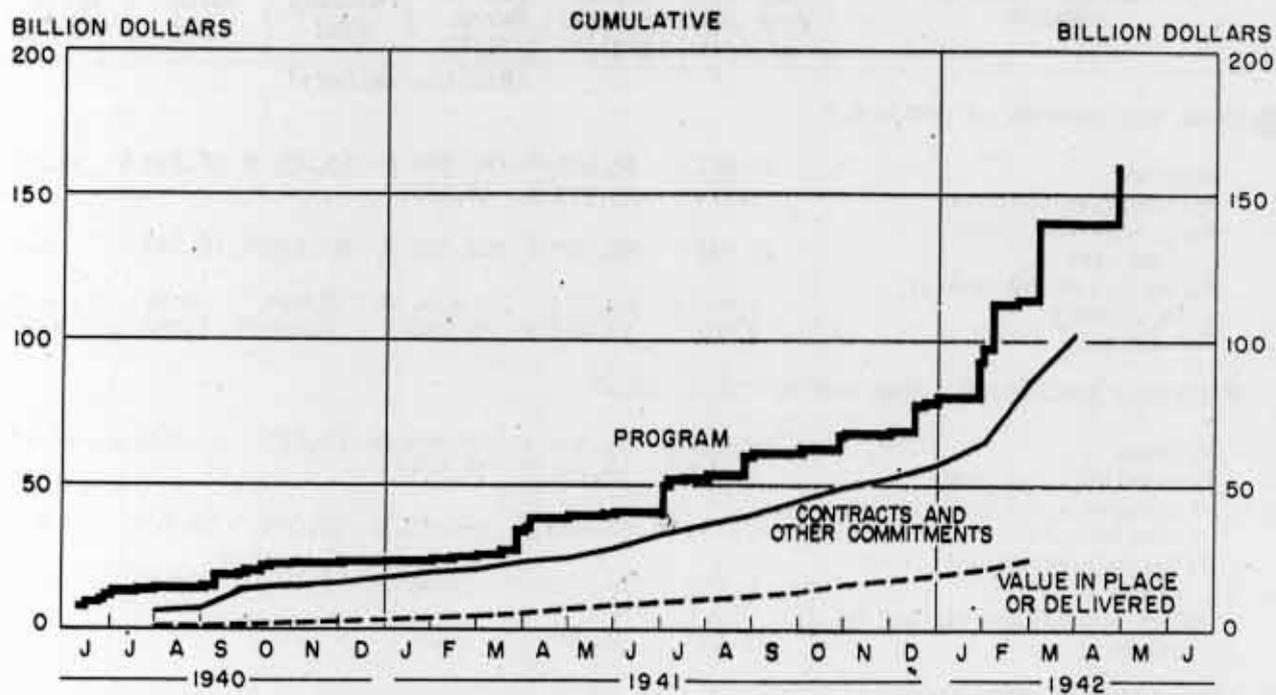
WAR PROGRESS SERIES
TOTAL WAR PROGRAM IN THE UNITED STATES

FINANCIAL PROGRAM SUMMARY	Cum. 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	February 1942	March 1942	April 1942
(Million dollars)						
TOTAL WAR PROGRAM IN THE U.S.^a						
Program	40,861	80,604	P 141,374	P 15,231	P 28,375	P 19,138
Uncommitted balance	9,274	23,979	P 38,982	-	-	-
Contracts and other commitments	31,587	56,625	P 102,392	P 20,932	P 16,421	n.a.
Value delivered and/or in place b	8,547	18,573	n.a.	P 2,596	n.a.	n.a.
Checks paid c	8,536	17,965	P 25,766	2,453	P 3,051	P 3,564
MUNITIONS PRODUCTION & WAR CONSTRUCTION, TOTAL						
Program	37,027	69,305	P 124,959	p 15,087	23,923	p 18,259
Uncommitted balance	7,597	18,281	P 30,674	-	-	-
Contracts and other commitments	29,430	51,024	P 94,285	p 20,098	15,725	n.a.
Value delivered and/or in place b	6,795	14,750	n.a.	P 2,171	n.a.	n.a.
Value not delivered nor in place	22,635	36,274	n.a.	-	-	-
PRODUCTION OF MUNITIONS						
Program	28,566	53,738	P 102,308	p 12,577	p 20,665	P 11,788
Uncommitted balance	4,901	13,929	P 28,523	-	-	-
Contracts and other commitments	23,665	39,809	P 73,785	P 16,495	P 11,635	n.a.
Value delivered and/or in place b	4,290	8,940	n.a.	P 1,471	n.a.	n.a.
Value not delivered nor in place	19,375	30,869	n.a.	-	-	-
WAR CONSTRUCTION						
Program	8,461	15,567	P 22,651	P 2,510	P 3,258	P 6,471
Uncommitted balance	2,696	4,352	P 2,151	-	-	-
Contracts and other commitments	5,765	11,215	P 20,500	P 3,603	P 4,090	n.a.
Value delivered and/or in place b	2,505	5,810	n.a.	P 700	n.a.	n.a.
Value not delivered nor in place	3,260	5,405	n.a.	-	-	-
NON-MUNITIONS WAR ITEMS, TOTAL						
Program	3,834	11,299	P 16,415	P 144	p 4,452	P 879
Uncommitted balance	1,677	5,698	P 8,308	-	-	-
Contracts and other commitments	2,157	5,601	P 8,107	p 834	p 696	n.a.
Checks issued b	1,752	3,823	n.a.	p 425	n.a.	n.a.

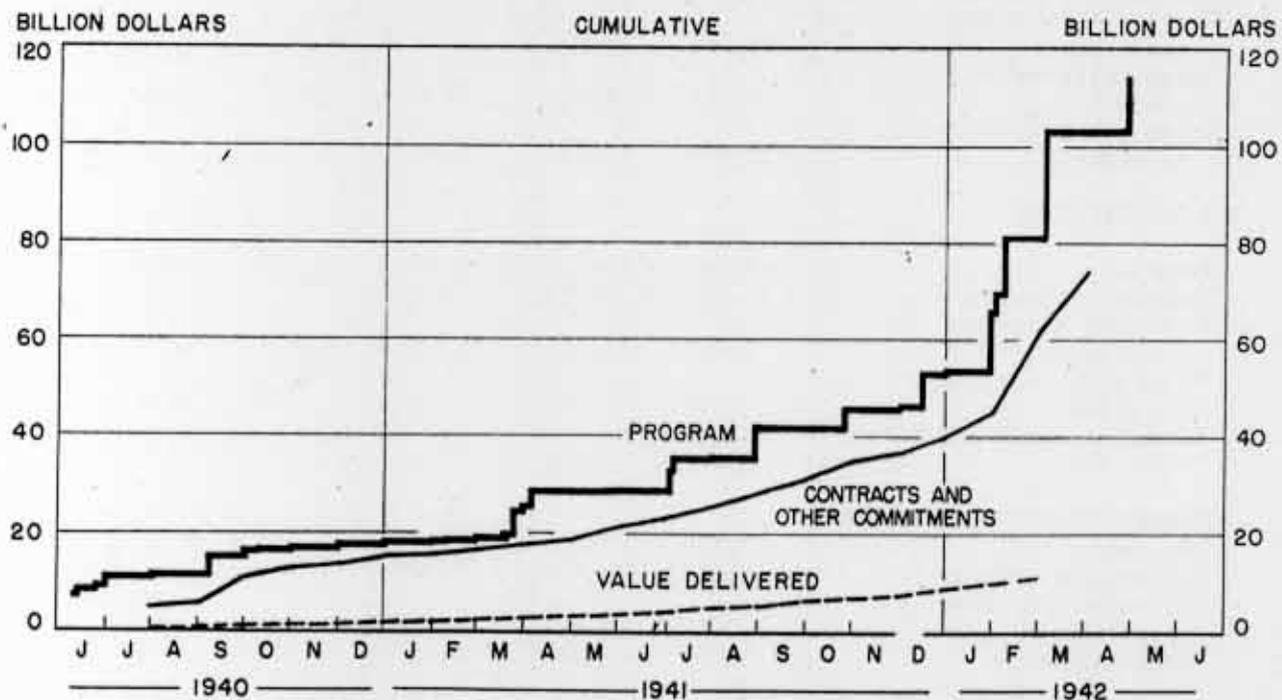
● Graph appears on following page.
Table continued on Page V.

For footnotes see Page X.

TOTAL WAR PROGRAM



MUNITIONS PRODUCTION



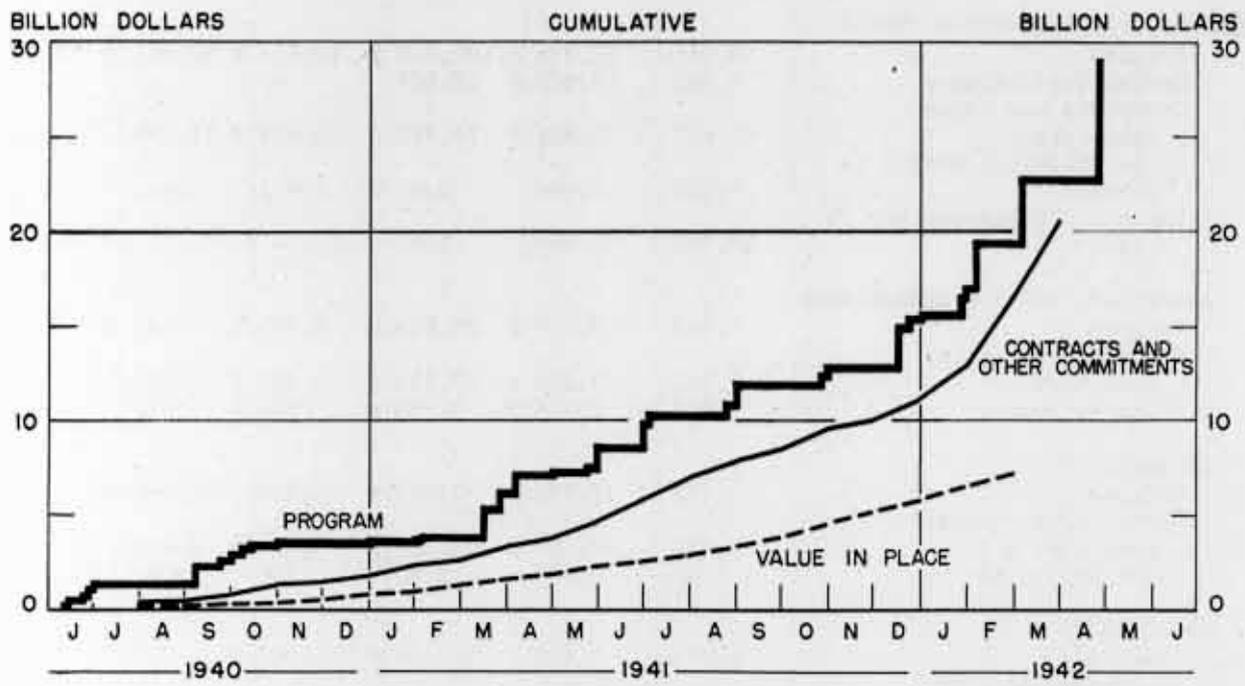
WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cum. 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	February 1942	March 1942	April 1942
	(Million dollars)					
	BREAKDOWN OF MUNITIONS PRODUCTION					
● MUNITIONS PRODUCTION, TOTAL						
Program	28,566	53,738	P 102,308	P 12,577	P 20,665	P 11,788
Uncommitted balance	4,901	13,929	P 28,523	-	-	-
Contracts and other commitments	23,665	39,809	P 73,785	P 16,495	P 11,635	n.a.
Value delivered and/or in place ^b	4,290	8,940	n.a.	P 1,471	n.a.	n.a.
Value not delivered nor in place	19,375	30,869	n.a.	-	-	-
AIRPLANES, PARTS & ACCESSORIES						
Program	8,582	15,072	P 28,619	P 4,377	P 161	P 8,761
Contracts and other commitments	7,381	13,298	P 27,142	P 9,833	P 3,582	n.a.
Value delivered	1,010	2,265	P 3,355	P 356	P 416	n.a.
ORDNANCE						
Program	7,778	17,488	P 32,289	P 1,882	P 11,438	P 728
Contracts and other commitments	5,418	10,354	P 19,395	P 3,411	P 2,722	n.a.
Value delivered	700	1,685	n.a.	P 360	n.a.	n.a.
NAVAL SHIPS						
Program	6,796	9,605	P 15,426	P 5,593	P 203	P 31
Contracts and other commitments	6,442	7,930	P 11,174	1,667	P 1,300	n.a.
Value delivered and/or in place	810	1,665	n.a.	P 270	n.a.	n.a.
MERCHANT SHIPS						
Program	1,442	3,288	P 7,643	P -63	P 668	P 0
Contracts and other commitments	1,484	2,381	P 5,423	265	P 1,171	n.a.
Value delivered and/or in place	240	510	n.a.	P 100	n.a.	n.a.
OTHER MUNITIONS AND SUPPLIES						
Program	3,968	8,285	P 18,331	P 788	P 8,195	P 2,268
Contracts and other commitments	2,940	5,846	P 10,651	P 1,319	P 2,860	n.a.
Value delivered	1,530	2,815	n.a.	P 385	n.a.	n.a.

● Graph appears on opposite page.
Table continued on Page VII.

For footnotes see Page I.

WAR CONSTRUCTION



WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cum. 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	February 1942	March 1942	April 1942
(Million dollars)						
BREAKDOWN OF WAR CONSTRUCTION						
WAR CONSTRUCTION, TOTAL (LAND, BLDGS., EQUIP.)						
Program	8,461	15,567	P 22,651	P 2,510	P 3,258	P 6,471
Uncommitted balance	2,696	4,352	P 2,151	-	-	-
Contracts and other commitments	5,765	11,215	P 20,500	P 3,603	P 4,090	n.a.
Value in place ^b	2,505	5,810	n.a.	P 700	n.a.	n.a.
Value not in place	3,260	5,405	n.a.	-	-	-
INDUSTRIAL FACILITIES (LAND, BLDGS., EQUIP.)						
Program	5,120	8,112	P 14,198	P 1,532	3,243	P 348
Contracts and other commitments	2,865	6,318	P 12,981	P 2,357	P 3,150	n.a.
Value in place	960	2,800	n.a.	P 425	n.a.	n.a.
INDUSTRIAL FACILITIES, BUILDINGS ONLY						
Program	1,607	3,137	n.a.	P 356	n.a.	n.a.
Value in place	575	1,753	n.a.	P 195	n.a.	n.a.
POSTS, DEPOTS, STATIONS						
Program	2,849	6,063	P 7,061	978	P 15	6,123
Contracts and other commitments	2,625	4,381	P 6,869	P 1,194	P 869	n.a.
Value in place	1,430	2,670	n.a.	P 240	n.a.	n.a.
DEFENSE HOUSING						
Program	492	1,392	P 1,392	0	P 0	P 0
Contracts and other commitments	275	516	P 650	52	P 71	n.a.
Value in place	115	340	n.a.	P 35	- n.a.	n.a.
BREAKDOWN OF NON-MUNITIONS						
NON-MUNITIONS, TOTAL						
Program	3,834	11,299	P 16,415	P 144	P 4,452	P 879
Uncommitted balance	1,677	5,698	P 8,308	-	-	-
Commitments	2,157	5,601	P 8,107	P 834	P 696	n.a.
Checks issued by agencies ^b	1,752	3,823	n.a.	425	n.a.	n.a.
STOCKPILE						
Program	983	2,399	P 2,713	P 4	P 0	P 0
Commitments	470	1,050	P 1,080	0	P 30	n.a.
Checks issued by agencies	192	488	n.a.	P 85	n.a.	n.a.

● Graph appears on opposite page.
Table continued on following page.

For footnotes see Page X.

The industry as a whole continues to operate at much lower levels than that of the average for the three best plants. In March the average for all airframe plants was 19 percent below the average for the

three best airframe plants. The corresponding figures for aero-engines and propellers were 16 and 28 percent. Utilized hours for the three best plants in each of the sectors showed increases.

TABLE 2 - AVERAGE HOURS AND SHIFT AND WEEKEND OPERATIONS
IN THE AIRCRAFT INDUSTRY
JANUARY, FEBRUARY, AND MARCH 1942

	Airframes	Engines	Propellers
Average Hours per Worker			
January	48.2	52.1	48.4
February	48.0	49.9	51.7
March	47.3	50.5	51.4
Percent of Total Workers on Second and Third Shifts Combined			
January	44.2	52.5	49.7
February	45.0	53.2	47.7
March	45.3	53.5	49.1
Number of Workers Saturday as a Percent of Regular Weekday Operations			
January	74.1	88.3	94.2
February	78.8	86.3	91.1
March	75.0	91.6	79.2
Number of Workers Sunday as a Percent of Regular Week- day Operations			
January	22.8	49.4	37.7
February	13.9	47.9	58.7
March	17.8	43.9	53.3

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cum. 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	February 1942	March 1942	April 1942
	(Million dollars)					
	BREAKDOWN OF NON-MUNITIONS (Continued)					
AGRICULTURAL EXPORTS (LEND-LEASE)						
Program	625	1,522	3,078	-228	1,784	0
Commitments	66	561	847	133	54	n.a.
Checks issued by agencies	1	211	n.a.	50	n.a.	n.a.
PAY, SUBSISTENCE & TRAVEL f						
Army Military						
Program	944	3,013	3,159	0	146	745
Commitments	934	2,030	3,044	489	105	n.a.
Checks issued	696	1,510	n.a.	155	n.a.	n.a.
Navy Military						
Program	378	963	1,021	9	49	5
Commitments	334	610	843	68	103	n.a.
Checks issued	388	640	n.a.	45	n.a.	n.a.
Civilian Payroll						
Program	32	247	248	1	0	5
Commitments	32	140	200	20	20	n.a.
Checks issued	356	684	n.a.	60	n.a.	n.a.
MISCELLANEOUS NON-MUNITIONS						
Program	872	3,155	6,196	358	2,473	124
Commitments	321	1,210	2,093	124	384	n.a.
Checks issued by agencies	119	290	n.a.	30	n.a.	n.a.

Table continued on following page.

For footnotes see Page X.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cum. 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of March 3/31/42	February 1942	March 1942	April 1942
	(Million dollars)					
	BREAKDOWN BY AGENCIES					
UNITED STATES FINANCED WAR PROGRAM d						
Program	37,075	76,508	137,278	15,231	28,375	19,138
Uncommitted balance	9,274	23,979	38,982	-	-	-
Contracts and other commitments	27,801	52,529	98,296	20,932	16,421	n.a.
Checks paid	6,431	15,251	22,858	2,391	2,987	3,500
U. S. ARMY						
Program	13,134	31,981	67,073	0	22,566	17,435
Contracts and other commitments	11,104	23,334	49,864	12,479	10,036	n.a.
Checks paid	3,636	7,889	11,206	1,099	1,130	n.a.
U. S. NAVY						
Program	12,308	20,024	35,599	15,133	384	1,635
Contracts and other commitments	11,182	16,327	26,000	5,566	3,152	n.a.
Checks paid	2,217	4,726	6,642	531	867	n.a.
LEND-LEASE						
Program	7,000	12,985	18,410	0	5,425	0
Allocations	5,177	11,345	13,636	232	1,364	n.a.
Contracts and other commitments	2,458	6,282	9,203	1,109	744	n.a.
Checks paid	21	910	2,283	432	573	n.a.
U. S. MARITIME COMMISSION						
Program	784	2,734	6,584	0	0	0
Contracts and other commitments	886	1,724	4,873	322	1,261	n.a.
Checks paid (net) e	44	156	348	62	81	n.a.
RFC AND SUBSIDIARIES						
Program	2,623	5,130	5,796	-34	0	0
Contracts and other commitments	1,151	3,569	6,609	1,300	1,036	n.a.
Checks issued by RFC	350	956	1,465	190	190	190
OTHER U. S. AGENCIES						
Program	1,226	3,654	3,816	132	0	68
Contracts and other commitments	720	1,293	1,747	156	192	n.a.
Checks paid	163	614	914	77	146	n.a.
FOREIGN ORDERS						
Program (orders)	3,786	4,096	4,096	0	0	0
Commitments	3,786	4,096	4,096	0	0	0
Checks issued by Purchasing Missions	2,105	2,714	2,908	62	64	64

For footnotes see Page X.

FOOTNOTES

WAR PROGRESS SERIES

n.a. Not available
r Revised.

P Preliminary

- ^a Total war program includes all funds and authorizations made available for war purposes by the United States Government plus foreign orders placed in this country since November 1939. The major portion of the existing program has been approved since June 11, 1940, but some authorizations (particularly portions of the naval expansion program, the merchant shipbuilding program, and the stockpile program) were made available even earlier. All funds are shown during the fiscal year in which they are available for obligation.
- ^b Value delivered and/or in place includes (1) value delivered and/or in place for ships and value of production for other munitions, (2) value in place for war construction, and (3) checks issued by finance officers for non-munitions items.
- ^c Checks paid include (1) all checks paid out of the Treasury General Fund; (2) checks issued by the Reconstruction Finance Corporation and subsidiary Government corporations; (3) checks issued by foreign purchasing commissions.
- ^d United States financed program includes the war activities of all United States Government agencies (including Lend-Lease) plus the war activities of government owned corporations, but does not include foreign orders.
- ^e Report on checks paid by the Treasury for the account of the Maritime Commission makes allowance for receipts credited to the Construction Loan Fund.
- ^f Program and obligations for pay for civilians and for the Navy include only that specifically mentioned in appropriation bills, while the cash disbursement figures include, in addition, executive war pay which cannot be separately distinguished in the appropriation bills.
- ^g Does not include \$6.4 billion, Title I, FY 1943, approved February 7, 1942, but not available for obligation prior to July 1, 1942.

ECONOMIC ACTIVITY RELATED TO THE WAR

	1941			1942		
	October	November	December	January	February	March
FED. RES. BD. PRODUCTION INDEXES	(Unadjusted indexes 1935-39=100)					
Total Industrial Production	167	167	163	165	166	P 168
Selected Industries						
Private						
Aircraft	1,290	1,340	1,473	1,711	1,818	P 1,914
Railroad cars	278	264	285	281	304	P 311
Locomotives	335	338	369	417	438	P 461
Shipbuilding	634	645	762	911	1,040	P 1,146
Lead shipments	207	206	195	198	187	
Cane sugar meltings	109	114	106	88	66	
Rubber products	134	135	109	94	88	
Rubber consumption	137	139	114	101	94	
Government production						
Shipbuilding, Gov't. yards	1.5	1.9	1.9	2.1	2.3	P 2.4
Mfg. at Gov't. arsenals and quartermaster depots	0.8	0.8	0.9	0.9	1.0	P 1.1
	Cumulative 6/11/40 through			Monthly, 1942		
	End 1st full year 6/30/41	End of February 1942	End of March 1942	January	February	March
VALUE OF FACIL. ON APPLIC. FOR CERT. OF NECESSITY	(Million dollars)					
Total Approved	1,030	2,315	2,701	295	442	386
Private funds	829	1,978	2,333	221	431	355
Public funds	201	337	368	74	11	31
Pending	387	785	624	-	-	-

P Preliminary data.

ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941		1942		
	July	January	December	January	February	March
EMPLOYMENT IN 18 MAJOR PRIVATE WAR INDUSTRIES	(Indexes 1939=100)					
All eighteen industries	123.3	151.4	213.3	r 221.5	231.1	P 240.0
Blst. furn., st. wks., etc.	116.7	128.7	145.7	145.8	146.4	P 147.4
Foundry & mach. shop prod.	114.8	137.5	176.1	178.1	181.3	P 184.2
Electr. mach., app. & supp.	115.3	143.8	r 188.3	r 187.3	192.2	P 196.6
Smelting and refining	112.7	124.0	128.3	129.1	128.7	P 129.2
Brass, bronze, copper prod.	114.5	151.5	169.4	r 172.8	175.4	P 176.8
Aluminum manufactures	121.2	146.5	167.8	r 174.4	182.8	P 187.8
Machine tools	155.6	189.4	249.0	259.1	271.0	P 282.8
Machine tool accessories	139.7	167.7	257.4	268.1	279.2	P 289.9
Abrasives	112.1	150.7	194.8	195.9	195.5	P 198.7
Screw-machine products	115.9	156.9	213.4	230.5	239.7	P 242.1
Airframes	222.2	355.7	r 723.8	r 789.2	855.2	P 886.4
Aero-engines	299.2	434.1	1,001.1	1,097.8	1,202.2	P 1,297.8
Shipbuilding	r 139.3	r 199.0	r 497.8	r 568.6	640.8	P 695.7
Firearms	164.0	241.4	451.7	512.1	572.5	P 613.0
Ammunition	144.6	245.8	622.9	688.8	723.9	P 757.6
Explosives	142.5	176.6	492.6	r 529.2	576.9	P 613.5
Optical goods	111.9	138.1	186.9	191.9	194.2	P 197.0
Instruments	115.7	147.9	232.2	240.2	249.9	P 261.5
EMPLOYMENT						
War Industries						
Private, 18 major industries	1,660	r 2,040	r 2,886	r 2,999	3,130	P 3,231
Private Contractors						
Public construction	13	448	633	583	614	
Public	117	171	286	308	315	
Total	1,790	r 2,659	r 3,805	r 3,890	4,059	
Deep sea merchant vessels	51	49	49	47	49	48

r Revised data.

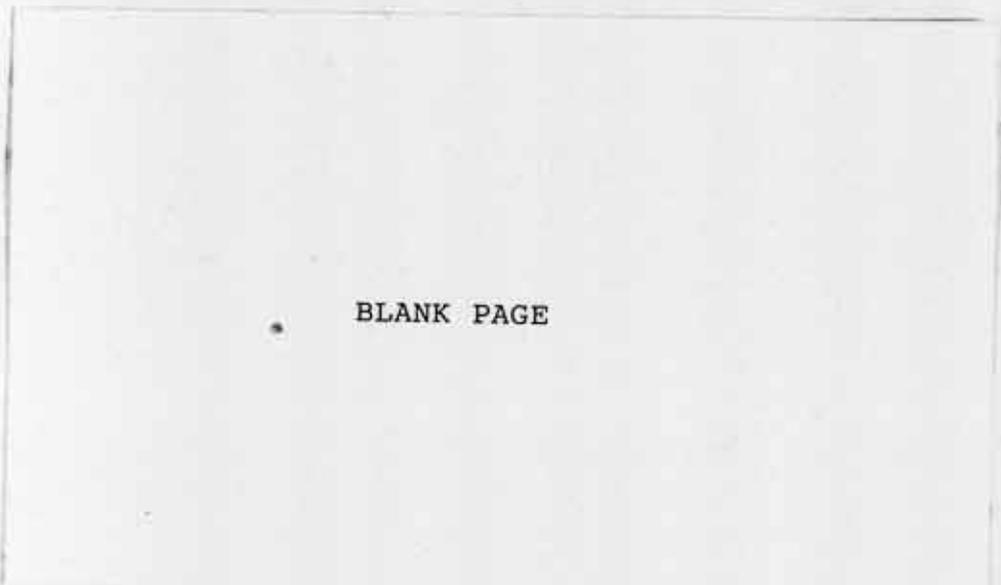
P Preliminary data.

ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941			1942	
	July	January	November	December	January	February
UNITED STATES FOREIGN TRADE						
Exports		(Million dollars)				
Total exports	317	325	492	652	480	478
Exports by destination						
United Kingdom	108	117	161	187	142	121
Canada	65	62	92	130	91	85
British Asia	24	28	46	60	47	69
China	10	8	12	9	11	8
Latin America	58	59	98	140	90	71
Russia	6	3	14	27	29	64
Other pro-democratic areas	11	21	49	79	63	56
Portugal and Spain	4	2	1	2	1	1
Axis & Axis-dominated areas	21	18	7	9	3	1
All other	8	8	12	9	3	2
Exports licensed	9.7	37.0	83.0	83.0	100.0	100.0
Imports		(Million dollars)				
Imports for consumption	218	224	276	338	256	240
Imports by origin						
United Kingdom	16	10	10	12	8	11
Canada	37	35	51	59	53	48
British Asia	55	63	91	87	70	70
China	10	5	6	7	2	2
Latin America	52	67	83	123	103	90
Russia	1	2	5	3	3	1
Other pro-democratic areas	13	10	12	22	9	9
Portugal and Spain	2	2	1	4	2	2
Axis & Axis-dominated areas	23	20	7	7	4	4
All other	9	9	10	14	2	3
Strategic and critical materials	31.1	40.9	40.1	32.4	44.0	50.0

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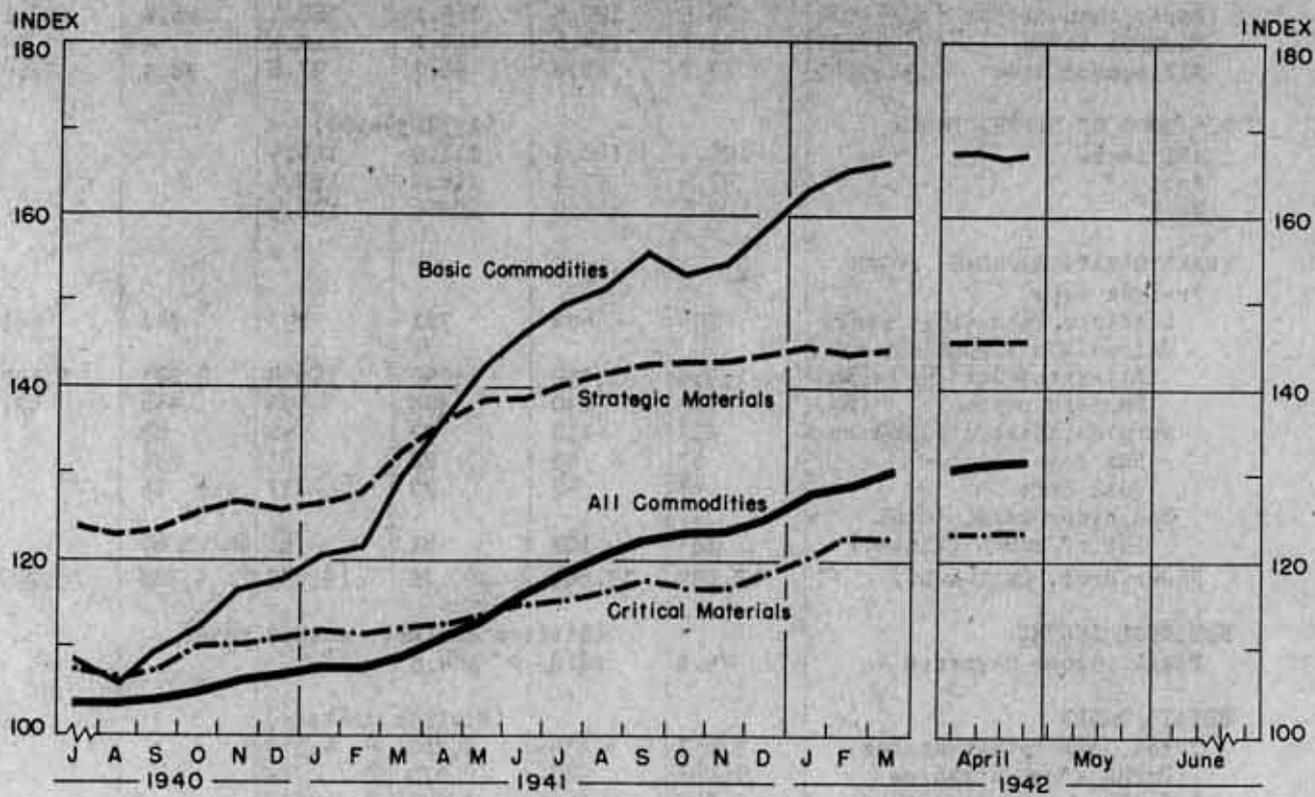
ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942			
	July	January	February	March	Week ending	
					April 18	April 25
BLS PRICE INDEXES						
			(Indexes)			
Strategic materials (8/39=100)	123.6	126.1	143.8	P 144.4	145.2	145.2
Critical materials (8/39=100)	107.5	111.7	122.9	P 122.8	123.1	123.1
Basic commodities (8/39=100)	108.5	120.5	165.1	166.1	166.8	167.1
Machine tools (8/39=100)	108.7	114.6	118.1	118.1	-	-
All commodities (1926=100)	77.7	80.8	96.7	97.6	98.3	98.6
BLS COST OF LIVING INDEX						
			(1935-39=100)			
All items	100.3	100.8	112.9	114.3		
Food	97.4	97.8	116.8	118.6		
Rent	104.6	105.0	108.6	108.9		
TRANSPORTATION & ELEC. POWER						
Freight cars						
Loadings (thous. per week)	706	684	781	793	847	861
Unloads for export (dly. av.)						
Atlantic & Gulf ports (No.)	1,494	1,352	1,759	1,934	2,203	2,147
Pacific ports (No.)	112	130	308	305	436	427
Surplus, total, dly. av. (thous.)	133	110	59	58	63	
Box cars	57	43	22	23	31	
Coal cars	47	42	20	17	15	
Bad order cars, total						
1st of month (thous.)	153	109	61	61	(Apr. 1) 60	
Power Prod. (Mil.-kwh.)	12,094	13,641	14,102	15,053	3,308	3,299
NATIONAL INCOME						
			(Billion dollars, annual rate)			
Total income payments	75.8	82.8	P 104.8			
RETAIL SALES						
			(Million dollars)			
Total, all retail stores	3,643	3,635	3,716	P 4,349		
Durable goods stores	1,044	969	670	P 778		
Nondurable goods stores	2,599	2,666	3,047	P 3,571		
FEDERAL DEBT						
			(Billion dollars)			
Net public debt	41.6	43.9	58.5	64.4		
DEFENSE BOND SALES						
			(Million dollars)			
	-	-	703	558	113	124
DEFENSE HOUSING						
			(Number of dwelling units, cumulative to end of period)			
Fund allocations	1,460	56,528	279,048	342,261	364,840	413,530
Constr. contracts awarded	624	36,191	169,586	185,350	191,392	193,438
Construction completed	0	1,314	92,670	97,681	103,893	104,318

● Graph appears on following page.

P Preliminary data.

WHOLESALE PRICES AUGUST, 1939 = 100



ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941		1942		
	July	January	December	January	February	March
FED. RES. BD. PROD. INDEXES						
		(Unadjusted indexes 1935-39=100)				
Total industrial production	120	135	163	165	166	P 168
Durable manufactures	131	166	211	215	219	P 225
Nondurable manufactures	111	118	137	137	138	P 138
Minerals	121	113	124	126	125	P 118
Selected industries		Confidential data. See page XII.				
BUR. FOR. & DOM. COM. MFRS. ORDERS, SHIPMENTS, INVENTORIES						
		(Indexes)				
New orders, total (1/39=100)	127	176	232	268	P 314	
Shipments, total (1/39=100)	117	148	207	201	P 215	
Inventories (1939av.mo.=100)	112.2	121.8	158.5	161.9	P 163.1	
Durable (1939av.mo.=100)	113.9	132.5	175.8	179.2	P 181.1	
Nondurable (1939av.mo.=100)	110.7	112.5	143.5	146.9	P 147.2	
EMPLOYMENT						
		(Thousand workers)				
Total civil nonagricultural	35,904	37,142	41,073	39,871	39,995	P 40,298
Total WPA employment	1,655	1,890	1,053	1,024	1,029	963
War industries		Confidential data. See page XII.				
Deep sea merchant vessels						
UNEMPLOYMENT (WPA ESTIMATE)						
		(Million workers)				
Number of unemployed	9.3	7.6	3.8	4.2	4.0	3.6
LABOR DISPUTES						
All industries						
Number strikes in progress	390	341	264	P 255	P 275	P 320
Workers involved (thous.)	83	110	51	P 49	P 80	P 80
Man days idle (thous.)	586	661	434	P 390	P 425	P 450
Labor disputes affecting the war effort						
Number strikes in progress	n.a.	n.a.	n.a.	31	57	P 75
Workers involved (thous.)	n.a.	n.a.	n.a.	13	23	P 35
Man days idle (thous.)	n.a.	n.a.	n.a.	46	119	P 167
Labor disputes in plants with important war contracts						
Number strikes in progress	n.a.	13	9	10	21	
Workers involved (thous.)	n.a.	26	4	3	15	Discon-
Man days idle (thous.)	n.a.	146	14	7	34	tinued

P Preliminary data.

n.a. Data not available.

Some slight improvement in the proportions of workers on second and third shifts is shown in airframe and engine plants (see Table 2). However, this improvement was offset by slight decreases in the average hours per worker. In propeller plants the proportions on second and third shifts diminished very slightly but this was more than offset by

an increase in the average hours per worker from 48.4 to 51.4 hours. Employment on Saturdays continues to be about 75 percent of that on a regular weekday in airframe plants. Engines and propeller plants show somewhat higher proportions. Sunday employment has continued much below that of regular weekday operations in all three sectors of the industry.

The President

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WAR PROGRESS

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May 8, 1942

Number 86

WAR PROGRESS



PRODUCTION OF MUNITIONS IN APRIL

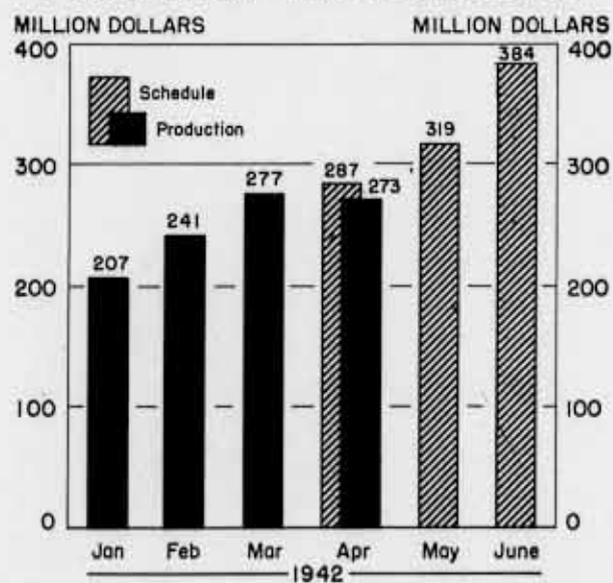
MUNITIONS PRODUCTION AND WAR CONSTRUCTION CONTINUED TO INCREASE IMPRESSIVELY IN APRIL. NOTABLE IMPROVEMENTS WERE IN ACCEPTANCES OF ANTI-AIRCRAFT GUNS AND DELIVERIES OF MERCHANT SHIPS.

Expenditures for the United States War Program in April approximated \$3.5 billion including about \$500 million for military pay, subsistence, and miscellaneous nonmunitions items. Preliminary figures indicate that the value of munitions production and war construction work in April total about \$3 billion. The monthly quota for April, set last January on the basis of a \$40 billion program, was \$2.7 billion. (War Progress, Number 69, p. 2.) New monthly quotas necessary to meet objectives currently under consideration are being established.

Airplanes. During April military airplanes valued at \$273 million^a were accepted. This figure represents a decrease of \$4 million from March production of \$277 million and a lag of \$14 million, or five percent behind the objective (WPB 8-I ultimate) of \$287 million. April was the first month in which production fell behind the 8-I objective.

In the first third of 1942 less than one-fifth of the 1942 production objective had been met. The monthly objectives during the remainder of the year step up rapidly. To meet the objective of \$319 million in May as shown in the accompanying chart production will have to increase sharply^b.

CHART 1 - AIRPLANES
PRODUCTION AND SCHEDULES



VALUE OF ACCEPTANCES AND OBJECTIVES OF ALL MILITARY AIRPLANES

	Monthly Values		Monthly Percent of Objective for year 1942 (8-I Ultimate)	
	Acceptances	Objective	Acceptances	Objective
	Million dollars		Percent	
January	207	203	3.9	3.9
February	241	228	4.5	4.3
March	277	265	5.2	5.0
April	273	287	5.1	5.4
May		319		6.1
June		384		7.3
Total Objective		5,270		100.0

Failure to meet the scheduled value of production in April was accounted for by the deficiency in the production of light bombers and pursuit planes. Production of heavy and medium bombers, however, exceeded the objective.

^a Number of airplanes accepted weighted by unit costs according to type of plane.

^b WPB schedule "8-I Ultimate" calls for 56.6 thousand planes in 1942.

Merchant Ships. Delivery of merchant ships in April increased to more than one a day and reached a

total of 36, the largest monthly total since the beginning of the shipbuilding program in July 1940. 32 of the 36 delivered were liberty type cargo vessels, 1 was a regular cargo type and 3 were tankers. One shipyard, The Oregon Shipbuilding Company, accounted for the delivery of 10 liberty ships. Eighteen tankers, nearly one-fourth of the program for 1942, have been delivered in the first four months this year; this is 1 ahead of the January 1 schedules. April production has brought the total number of merchant vessels delivered since the start of the shipbuilding program in 1940 to a total of 238.

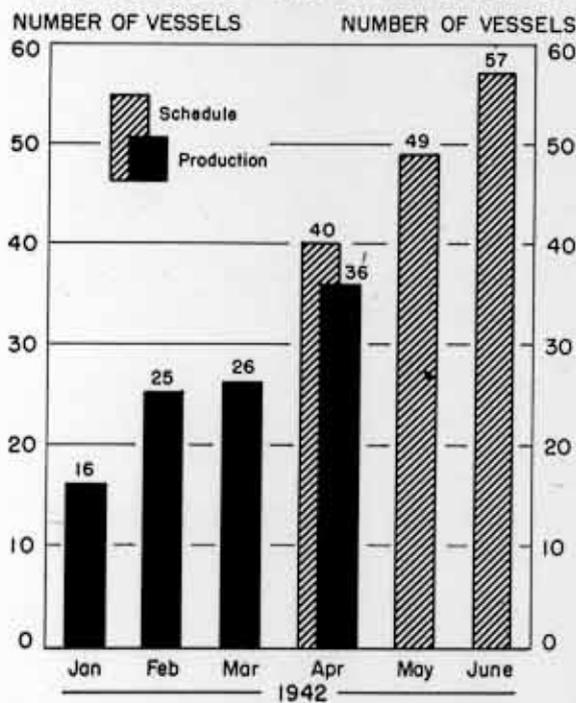
NUMBER OF MERCHANT VESSELS AND TANKERS DELIVERED AND SCHEDULED

	ALL MERCHANT VESSELS		TANKERS	
	Deliveries	Schedule	Deliveries	Schedule
January	16		7	
February	25 ^R		4	
March	26		4	
April	36 ^P	40	3	3
May		49		3
June		57		6
1942 Program		698		78

^R Revised

^P Preliminary

CHART 2-MERCHANT VESSELS PRODUCTION AND SCHEDULES



According to preliminary figures April delivery of ships lagged behind April 1 schedules by 4 vessels; final figures however may overcome this lag. Production in May^a, as indicated in the accompanying chart, is now scheduled to reach a total of 49 vessels. This is a production more than one-third larger than the April production. However, launchings during April totaled 51 ships, compared with 36 in March, and in view of the decreased lag between launching and delivery the May program appears hopeful of attainment.

^a Based on the April 20 Maritime Commission Program calling for 719 vessels of all types aggregating 7.5 million deadweight tons in 1942, of which 698 aggregating 7.3 million deadweight tons are merchant vessels.

Ordnance. There were marked gains in the production of ordnance items in April as compared with March and earlier months. However, performance as a whole shows considerable variation.

April production of army-type AA guns rose impressively as compared with March, and was practically three times the figure for January 1942. As shown in the accompanying table, however, April acceptances fell short of the forecast for that month^a.

Acceptances of wheeled types of artillery have increased steadily and were well ahead of the forecast for April.

Production in April of weapons in the important self-propelled category was about three-fourths of the amount forecast for April but variations from schedules may be ex-

pected in this category since these guns are still experimental.

April acceptances of combat vehicles, while deficient as compared with the forecast for April, showed marked gains over previous months.

^a The forecasts referred to in this article are contained in Issue Number 1 (as of April 1, 1942) of Official Munitions Production of the United States. The forecasts represent likely production performance in ensuing months; they represent contract schedules plus fill-ins and allowances for new facilities. These forecasts in some cases do not yet equal yearly objectives as set by the Army Supply Program.

VALUE OF ACCEPTANCES OF SELECTED ORDNANCE ITEMS

	Army Antiair- craft Guns	Wheeled Artillery	Self Propelled Artillery	Combat Vehicles
	(Million Dollars)			
January	3.9	11.2	0	72.0
February	4.5	13.0	2.2	74.8
March	6.5	13.2	19.9	73.5
April	11.4	16.4	23.9	19.8
April acceptances as per- cent of forecast ^a for April	73%	139%	76%	93%

THE CANADIAN PRICE CEILING

THE CANADIAN PRICE CEILING IN FIVE MONTHS OF OPERATION HAS ACHIEVED CONSIDERABLE STABILITY OF THE COST OF LIVING. MANY OF THE PROBLEMS ENCOUNTERED IN CANADA ARE EXPECTED TO ARISE HERE, AND THE SOLUTIONS ADOPTED IN CANADA ARE SUGGESTIVE FOR FUTURE POLICY IN THE UNITED STATES.

The President's mobilization message of April 27 and the Office of Price Administration's general price ceiling order of April 28 call attention at this time to the experience of foreign nations with overall ceilings to prevent wartime price increases. Such ceilings are now in effect in Germany, Italy, Japan, Canada, and Australia. The similarity of social, political, and economic institutions and conditions in Canada and the United States make the experience with Canada particularly relevant for this country, although there are a number of problems peculiar to the Canadian situation.

The Canadian overall ceiling was introduced on December 1, 1941 after a period of selective price controls which—as in the United

States—had not prevented substantial rises in wholesale prices and in the cost of living and which were considered to be no longer adequate. The Canadian ceiling applied to almost all prices charged for commodities and certain services at every stage of production or distribution and to all rentals. Maximum levels established were the maximum prices and rentals charged by each seller or landlord in the period between September 15 and October 11, 1941. A number of exceptions were provided, of which the most important were for goods sold for export and war supplies. Although the ceiling order applied to prices at all levels its basic purpose was to stabilize living costs, and to control prices at the pre-retail level so far as was necessary to affect this purpose. In accordance with this policy buyers

and sellers at the wholesale and manufacturing levels are permitted to negotiate upward adjustment of prices subject to the condition that these price increases will not be passed on to the consumer. In addition, the power of the Wartime Prices and Trade Board to revise the ceilings is being most sparingly used in the retail field and more commonly at the wholesale and manufacturing levels.

One of the first problems encountered in the operation of the Canadian system, and one which has already been met here, arose from the relations of prices charged to consumers and prices charged by manufacturers and wholesalers in the September 15 to October 11 base period. Since the outbreak of the war, manufacturers and wholesalers prices had risen substantially more than retail prices and there was apprehension that freezing the September 15--October 11 relation would impose an unbearable "squeeze" upon retailers. It was the announced policy of the Wartime Prices and Trade Board not to eliminate this "squeeze" by raising the prices which retailers might charge, but to "roll back the squeeze" by voluntary or forced reduction of prices at the pre-retail level.

A number of steps have been taken to effectuate this policy. Price reductions have been secured in the

primary cotton textile industry, the shoe industry, and the tea trade. In a number of cases, the Wartime Prices and Trade Board, in cooperation with producers, has achieved simplification and standardization of products in order to reduce manufacturing costs and permit a reduction in prices charged to retailers. Such alternation in manufacturing practice has already been adopted for a number of items of clothing, and plans are being made for similar changes in many other lines. Where it has not been possible to bring about absorption of the "squeeze" by distributors and manufacturers or to effect cost reductions by simplification methods, the Wartime Prices and Trade Board in a number of cases has undertaken to subsidize a reduction of prices charged to retailers. Milk, leather goods, and other miscellaneous grocery items have been declared eligible for subsidy and it is anticipated that use of this device will become increasingly necessary.

It has been questioned whether the elimination of the "squeeze" upon retailers is in all cases a necessary or a desirable policy for a war economy. The existence of the "squeeze" in the base period is in large part a result of sluggish price adjustments at the retail level, but since prices are free to move downward the persistence of the "squeeze" after the ceiling had been

in effect for some time cannot be explained chiefly in terms of "lag." If the resources used in the manufacturing and wholesale levels were completely specialized to production for consumer trade and had no other possible uses, one would expect that in the course of time prices of these resources and the prices of goods at the manufacturing and wholesale levels would decline until the "squeeze" was widely distributed. But if the resources used in the production of consumer goods have alternative uses in other markets, of which the most important is the government's market for munitions, then the "squeeze" would serve the useful purpose of forcing movement of the transferable resources into the munitions industry and away from the production of consumers' goods.

An even more difficult aspect of the relation between prices which retailers can charge and the prices paid by retailers arises when imported commodities are involved. In these cases, of course, the power of the Wartime Prices and Trade Board to "roll the squeeze" back down the line was even more limited than in the case of entirely domestic commodities. In some instances it has been decided to allow the adverse price relation to remain as a deterrent to the consumption of imported luxury commodities. However, where importation is considered essential for one reason or another,

the Canadian Treasury has in general had to assume the financial cost of making domestic consumption possible under the ceiling level by reducing import duties or by direct subsidy. All imported commodities, except specifically excluded luxury items, have been made eligible for subsidy, although subsidies are not actually paid in all cases.

The use of subsidies has been one of the most critical aspects of the Canadian price control system. It has been charged in the financial press that subsidies have been indiscriminately applied and result in a substantial charge upon tax payers to support nonessential consumption in many cases. Examples have been given of the subsidy of English china and grapefruit juice. Critics of the program have contended that prices on nonessential commodities should have been allowed to rise as one method of absorbing excess consumer income. Yet it seems clear that the success of the overall price ceiling plan, which operates in large part through its psychological effects and the wage policy which it makes possible, requires that the ceiling be maintained as nearly unbroken as possible, even though in particular cases this may result in undesirable distributional effects. The Chairman of the Wartime Prices and Trade Board has recently stated that so far only about \$2 million has been spent for

subsidies and the full year cost is estimated at \$50 million.

Commodities sold for export have also required special attention in the price control system. The desire to secure foreign exchange made it inadvisable for Canada to impose a ceiling on export prices as has been done here. It would have been possible, in principle, for the entire Canadian supply of essential materials to have flowed out of the country if foreign market prices rose above the Canadian ceiling. In

practice such a possibility has been averted by the imposition of licensing control of exports.

Although agricultural prices were not generally and formally exempted from the price ceiling, these prices have for a number of reasons been subject to a less stringent degree of control than have other prices. An important group of farm products—live stock, poultry, eggs, milk, cream, dairy butter, farm-made cheese, honey, and maple syrup—have been exempted from the ceiling when

WHOLESALE PRICES AND COST OF LIVING IN CANADA

AUGUST 1939 = 100

