

● PSF Council of National Defense - Subject File

APR - AUG 1940

Box 142

file personal
PSF: Council of Nat. Defense
Stettinius

THE WHITE HOUSE
WASHINGTON

April 22, 1940.

MEMORANDUM FOR

THE PRESIDENT

Mr. Lynch, who is connected in some way with Mr. Stettinius, telephoned the following:

"One of our officials returned from Europe a few days ago after spending several weeks there. A number of important officials abroad approached him confidentially for advice in regard to a vital problem confronting the allies. They revealed that one of their biggest problems is the matter of transportation, raw materials and supplies.

For example, Great Britain has been dependent upon Sweden for iron ore and German submarines and mines, as well as the lack of ships, have curtailed this source of supply.

France, on the other hand, has been dependent on Germany for coal which is no longer available.

These officials admit the convoy system is only partially efficient because of the time it takes to assemble the vessels for convoy and the slow speed at which the convoy must travel. One suggestion that was made was that perhaps these materials might be shipped from America to neutral countries, such as Monaco, Portugal and Spain.

THE WHITE HOUSE
WASHINGTON

-2-

No one was very explicit as to how this might be done. They are merely groping for a solution to the problem which they feel has become increasingly difficult.

Our representative informed those officials that in his opinion no plan could be developed without the consent and approval of the United States Government.

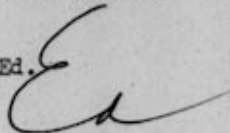
Mr. Stettinius thought you would be interested in the above if you have not already heard it from another source."

7/2/40

Dear Pa,

I am sure the President
would wish to be informed
regarding the attached.

Ed.

A handwritten signature in cursive script, appearing to be 'Ed.', written in dark ink.

THE ADVISORY COMMISSION TO THE ^{PSF:} COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

June 28, 1940

File personally
Strictly Confidential

MEMORANDUM TO THE PRESIDENT

From: E. R. Stettinius, Jr.

Subject: ALUMINUM

The Aluminum Company is going to add additional capacity of sixty million pounds to their plants in Tennessee to meet increased aviation demands. This will cost \$30,000,000 and the money will be provided by the Aluminum Company itself.

E. R. Stettinius, Jr.
E. R. Stettinius, Jr.

PSF, Council of Nat. Defense.

7/3/40

Dear Pa,

The President asked that a special study be quickly made of what additional raw materials could be purchased from Central and South America. Please see that he glances at the attached, as it is information which he will wish to have in connection with the South American trade conversations.

E. R. Stettinius, Jr.

PSF: Council of Nat. Defense

THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

142

July 3, 1940

MEMORANDUM FOR THE PRESIDENT

FROM: E. R. Stettinius, Jr.

In the attached folder are two charts which present a quick picture of strategic and critical materials that can be purchased from South America in increased quantities.

-ES-

CANADA
ASBESTOS
PLATINUM
GRAPHITE
NICKEL
HIDES
WOOL
MICA

MEXICO

TUNGSTEN
ANTIMONY
VANADIUM
GRAPHITE
MERCURY
RUBBER

CHROMITE

CHROMITE
MANGANESE ORE

PLATINUM

RUBBER

ANTIMONY
VANADIUM
TUNGSTEN

TIN
RUBBER
ANTIMONY

IODINE

TUNGSTEN
HIDES
WOOL
TIN

QUARTZ CRYSTALS
MANGANESE ORE
RUBBER
NICKEL
HIDES
MICA

BAUXITE
BAUXITE

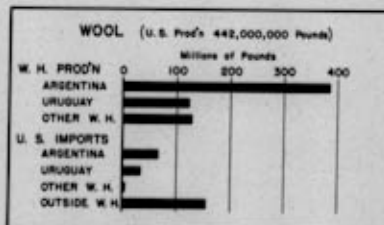
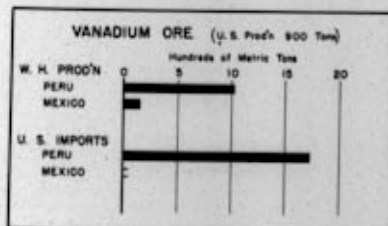
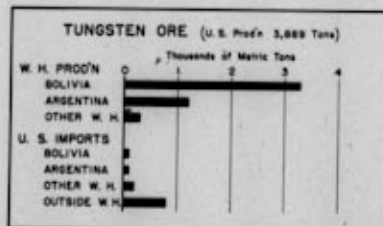
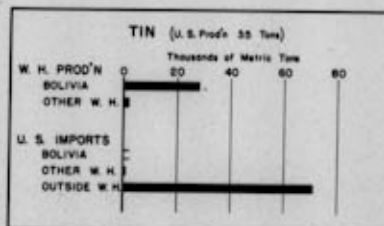
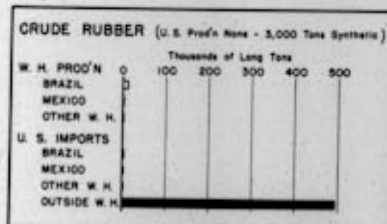
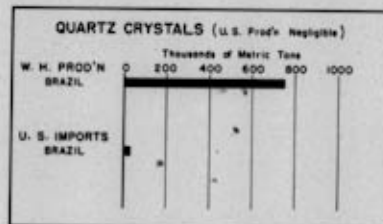
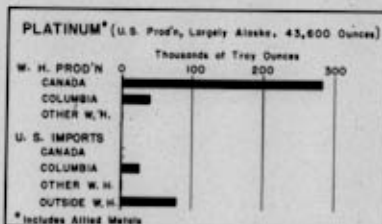
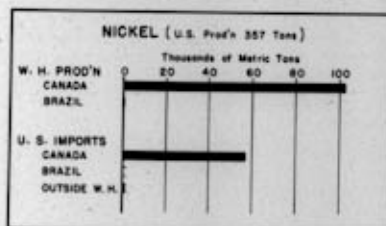
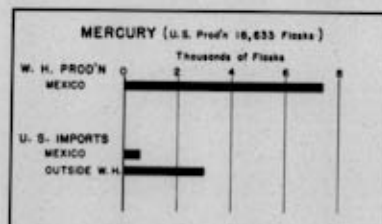
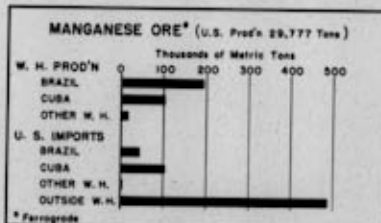
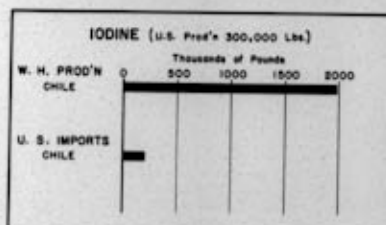
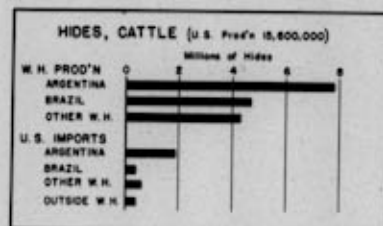
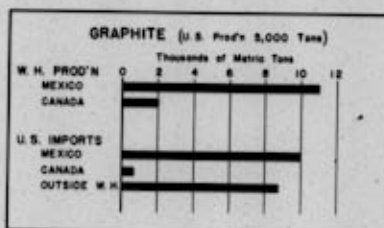
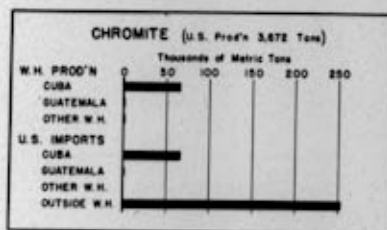
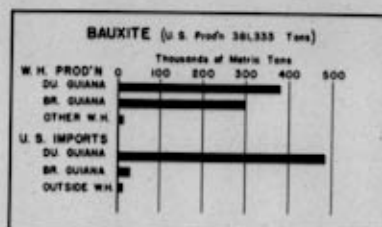
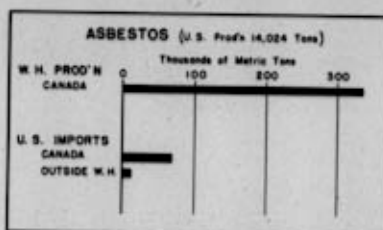
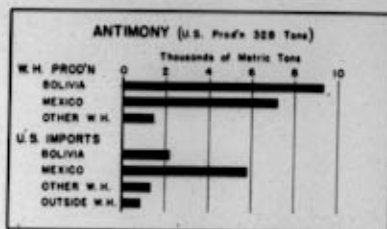
WOOL

SOURCES OF
STRATEGIC AND CRITICAL MATERIALS
IN THE WESTERN HEMISPHERE

STRATEGIC AND CRITICAL MATERIALS

WESTERN HEMISPHERE PRODUCTION AND UNITED STATES IMPORTS

YEAR 1939



7/3/40

Dear Pa,

There are a number of developments in the attached that I think the President would wish to glance at before leaving town.

E. R. Stettinius, Jr.

~~CONFIDENTIAL~~

PSF:
THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE
FEDERAL RESERVE BUILDING
WASHINGTON, D. C.

PSF

INDUSTRIAL MATERIALS DIVISION

PROGRESS REPORT OF JULY 3, 1940

STRATEGIC MATERIALS

ANTIMONY

Clearance has been given to approximately 6,000 tons of Antimony purchased through the R.F.C. in Indo-China.

CHROME ORE

Arrangements are being made to have a Greek ship pick up additional of the chrome ore purchased in Turkey. This ship was loading copper at Cyprus when word came of its possible availability. Efforts are being continued towards moving the remainder of the 22,000 tons purchased through the R.F.C.

MANGANESE

The majority of manganese consumed at present comes from Brazil and the Gold Coast of Africa. No serious problem will be confronted in maintaining the required supply. Investigation is proceeding to determine means to increase output of major nearby production areas (Butte, Montana and Cuba).

MERCURY

The United States is practically self sufficient. This is not a serious situation. Steps are being taken to build up a small additional stock pile.

MICA

The Mica industry, together with representatives of this Commission and the Army and Navy Munitions Board, are working on substitutes and limitations of use so as to enable the Mica supply available to be used in the development of the airplane program.

RUBBER

The Rubber Reserve Company set up by Mr. Jesse Jones of the Reconstruction Finance Corporation under the R.F.C. Defense Law has already started to act. Technical advisors from the industry have been brought in to cooperate with the corporation on its purchases. Some 13,000 tons of crude outside of the arrangements with the International Rubber Regulating Committee have been offered by its owner in the Far East to the corporation.

HONOLULU STORAGE: Our representatives are working with the State Department to secure from the British Government the actual tonnages at the various ports of call with the dates when these tonnages will be available so as to provide the Maritime Commission with basic facts upon which they can determine the bottoms to be used and the ports to which they are to be sent -- also the storage requirements in Honolulu.

SYNTHETIC
RUBBER

Meetings are being held this week with representatives of companies owning the processes developed to date for producing synthetic rubber. These conferences are designed to bring out the possibilities of production, the quality of the product, the cost of producing it, and the place which it can occupy in the needs of the industry.

SILK

An analysis has been made of silk requirements and a report made on suggestions for meeting the needs. A strategic stock pile on certain key requirements of the industry is recommended. This entire matter is being checked with the various organizations involved and recommendations for purchase will be made as soon as approval is secured.

TIN

Mr. Jesse Jones of the R.F.C. has completed the setup of the Metals Reserve Company for the acquiring of stocks of tin and other metals. Under this arrangement, outright purchase of tin in the Malay Peninsula has been arranged. Meetings are being held with domestic companies to discuss the practicability of smelting Bolivian ore in the United States.

TUNGSTEN

Committee is working continuously toward building up stock pile in this material.

CRITICAL MATERIALS

ALUMINUM

Special report to be completed next week.

ASBESTOS

The majority of the asbestos requirement will be taken care of from existing American and Canadian producing areas; however, there are certain special requirements for long fibers which are imported from Rhodesia. A study is being made to determine the requirements as to quantity and quality. This is a minor part of the total needs, but on certain special types of machinery this type of asbestos is specified.

AVIATION
GASOLINE

The program proposed for meeting the requirements for 100 octane aviation gasoline has been approved by the Commission and meetings are being held with the Army and Navy to discuss the program and setting it in motion. Investigation has shown that through a planned program of purchases and storage starting immediately, the amount of new construction required to maintain the demands for the 50,000 plane requirement will be quite moderate. The question of buried storage which looms as very important is being given special study and discussion with the Army and Navy.

CHEMICALS

Toluol: The program of the Army and Navy regarding toluol is being translated into definite requirements. Consultation is to be had with the industry as to the best means of meeting this need. Preliminary investigation has shown that the petroleum

industry alone can more than make up in a year's time all the expected toluol needs of the defense program. In producing this toluol, there is no clash with the requirements of the aviation gas supply. The petroleum industry production will insure adequate supply of toluol to meet any requirement.

Nitrates: Investigation is under way to determine the needs of the program for nitrates; the place of local production and the requirements of Chilean nitrate in meeting the program.

GRAPHITE

Large flake graphite, which has formerly been imported from Madagascar, is a requirement of the program badly needed. The State Department is investigating this matter to see whether we can fill the needed stocks because of recent change of Madagascar from French to German control. There is an adequate supply in the ordinary grades to meet the needs of the defense program.

OPTICAL GLASS

Discussion of optical glass supply is being had with the principal producer this week; this to reconcile requirements of the Army and Navy program with present facilities. Assurance has been given that the supply will be plentiful to meet all known needs.

WOOL

Status same as last week re British Government wool. Awaiting reply from Britain. Working with the State Department in clearing with the British Government and with the R.F.C. regarding transportation costs.

ESSENTIAL MATERIALS

ARMOR PLATE

Production was 20,000 tons last year; will be 40,000 tons this year. At a meeting of the industry today, it developed that production can be increased 40% in 6 or 8 months by securing planers and heavy presses to fabricate the plate. Additional plant capacity will be required to meet the peak load.

CEMENT

Industry and Army confirm there is adequate supply of cement.

COAL AND GAS

A committee of the American Gas Association has been set up to work with the Commission, and a representative of this group is meeting with that committee next week. The bituminous and anthracite coal situation does not present any serious problem as regards meeting the requirements of the defense program.

COPPER

Statistical study of the industry shows that supply is adequate to meet all needs.

FLAX

Final report will be available by the close of this week on the reconciliation of the available stocks in this country and the expected crop from the Oregon flax area.

FUEL OIL

The Navy is interested in the possibilities of the lighter grade of fuel oil to meet battle requirements. This question is being investigated with the industry by the representative of the Commission.

INDUSTRIAL
DIAMONDS

The special requirements as quantity in the needed sizes is now being studied and a meeting is to be held this week to discuss securing these needs.

PULP AND
PAPER

In cooperation with the Department of Commerce and with the aid of the Tariff Commission's specialists on paper, a complete survey of the paper and pulp industry is under way. The disarrangement of the Scandinavian supplies has caused a five fold increase in our exports in May of this year over what they were in January. The survey is to get a complete picture of the present and potential output of the industry. The industry is cooperating in excellent manner and a great deal of the basic material has been received.

STEEL SCRAP

Adequate supply on hand and developments being closely watched.

POWER

The Power industry is being organized with and through the Federal Power Commission to take care of possible attempts at sabotage at existing power plants. A meeting of representatives is to be held at the Federal Power Commission office next Monday to organize to meet this situation.

PROCUREMENT

A close liaison has been arranged with the Coordinator of Procurement.

TEXTILE
INDUSTRY

A meeting is being held with representatives of phases of industry involved in this program to acquaint the industry with the work of the Commission and the manner in which the industry can tie in to facilitate the program.

ORGANIZATION

As the basic program requirements are determined upon, sections under our three major organization divisions are being set up and men selected, who from the knowledge of the industry, are able to best advise on the development of sources to meet requirements.

PSF: Council of National Defense

THE WHITE HOUSE
WASHINGTON

File

July 5, 1940

Miss LeHand:

Mr. Forrestal asks me to
return the attached to you.

E. S. Randall

THE WHITE HOUSE
WASHINGTON

July 5, 1940

MEMORANDUM FOR

HON. JIM FORRESTAL

For your information.

F. D. R.

Enclosures

Resp'y forwarded to the President:


E.M.W.

7/3/40

Dear Pa,

The President asked several questions on nitrates, the answers to which are set forth in the attached. Apparently this matter is on his mind, and I think it would be helpful for him to glance at the attached.

E.R.S.jr.

PSF: Council of National Defense

PSF: THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

July 3, 1940

Memorandum to the President

From E. R. Stettinius Jr.

Subject: NITRATES

The questions that you raised on nitrates last week have prompted me to prepare the following digest for you which will give you the essential information. You will note, as I said in conversation, that there is no serious emergency facing us in this item:

Fixed nitrogen, in forms that may be converted to military purposes, is available from four main sources. Each of these products also may be used directly for or is easily converted into fertilizer materials. The main uses are for fertilizers, for general industrial and for military purposes. These sources and uses are enumerated in the following table where for purposes of comparison the quantities are shown in terms of equivalent ammonia:

A. Supply of Nitrogen

<u>Source</u>	<u>Tons</u>
Synthetic Ammonia(1)(all plants at capacity)	450,000
By-product Ammonia from Coke Ovens (at capacity)	250,000
Imported from Chile	100,000
Imported from Canada (2)	—
TOTAL	800,000

B. Demand for Nitrogen

Fertilizers	
(a) Continental United States (3)	400,000
(b) Hawaii and Puerto Rico	40,000
Industrial	160,000
U. S. Military Requirements	200,000
TOTAL	800,000

- (1) Could be increased.
- (2) 70,000 tons imported from Canada, normally is assumed not available.
- (3) Of this 135,000 tons used on cotton could be saved in emergency as U. S. Government has 11,000,000 bales, or one year's crop, in storage.

It will be observed that no output is included from Muscle Shoals. This is because the facilities constructed there during the World War are now obsolete. Although they could be operated at a price, this is considered uneconomic.

From this tabulation, it is seen that there is no shortage, at this stage in the game.

PSF: Council of Nat. Defense

THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

July 10, 1940

File

MEMORANDUM TO THE PRESIDENT

From: E. R. Stettinius, Jr.

Subject: GRAPHITE

Word just received that a cargo of large flake graphite has been cleared at Madagascar. Maritime Commission is looking into question of available bottoms to take this material away. Some difficulty was expected in securing this supply because of change from French to German control but this did not develop.

Large flake graphite is not produced in this country and is required in manufacture of crucibles. The growth in size of crucibles now used in special steel production calls for this material. There will be an increasing and continuous demand for these crucibles which makes the supplying of large flake graphite very important to the program.

E. R. Stettinius, Jr.
E. R. Stettinius, Jr.

THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

July 10, 1940

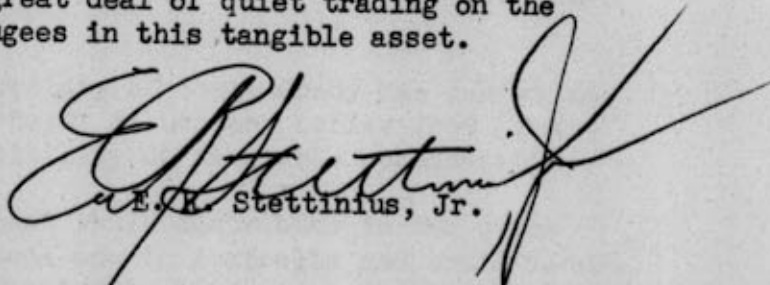
MEMORANDUM TO THE PRESIDENT

From: E. R. Stettinius, Jr.

Subject: INDUSTRIAL DIAMONDS

Our representative is urging immediate purchase of a considerable amount of industrial diamonds to help eliminate a possible bottleneck. Market is extremely sensitive. Entire procedure is being pursued quietly. The industry has agreed to collect the required amount.

Large quantities are in the hands of refugees from Europe. Announcement of interest in purchasing tends to send the price skyrocketing. There is a great deal of quiet trading on the part of refugees in this tangible asset.


E. R. Stettinius, Jr.

THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

July 10, 1940

MEMORANDUM TO THE PRESIDENT

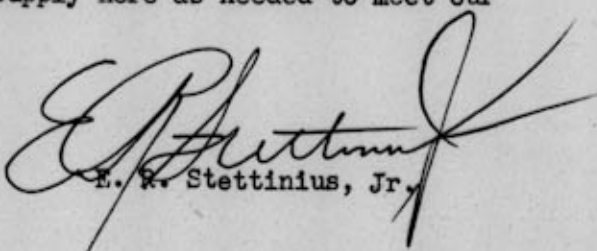
From: E. R. Stettinius, Jr.

Subject: RAW WOOL STOCK PILE

A proposal has been made to the British Government to transfer under British Government ownership 250 Million pounds of the 440 Million pound stock of raw wool now stored in Australia, the British Government to store the wool here and release it in the regular trade channels as required. The Maritime Commission advises that this wool could be transported from Australia to this country during the balance of 1940, 15,000 tons during the month of July. Arrangements for the cost of transportation were made with Jesse Jones of the R. F. C.

Assistant Secretary of State Grady has cabled the British Government at London; cables from London indicate possibility of favorable consideration.

This arrangement would distribute in two piles this large stock now in Australia and would assure us an available supply here as needed to meet our program.


E. R. Stettinius, Jr.

~~CONFIDENTIAL~~ PSF

THE ADVISORY COMMISSION TO THE ^{PSF} COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

INDUSTRIAL MATERIALS DIVISION

PROGRESS REPORT OF JULY 10, 1940

STRATEGIC MATERIALS

ANTIMONY

Progressing continuously towards building up the stock pile of this material

CHROME ORE

Considerably more than half of the 22,000 tons of ore purchased by the R.F.C. in Turkey is under way. Problem remaining is to secure additional bottoms. This arises due to inability of American ships to enter belligerent waters.

MANGANESE

Progressing with arrangements which R.F.C. is handling for increasing the output of Butte and Cuba sources of manganese.

MERCURY

The United States is practically self sufficient. This is not a serious situation. Steps are being taken to build up a small additional stock pile.

MICA

Meetings with the industry, specialist of the British Government and representative of the State Department are being held currently to assure a supply of the type of mica needed for the current requirements of the program.

RUBBER

Buying Committee under the R.F.C. and the industry Rubber Reserve Corporation has been organized and 10,000 tons additional toward stock pile obtained. Expected average monthly purchases to be 25,000 tons. This is outside of ordinary commercial imports.

SYNTHETIC
RUBBER

Conferences with representatives of the several processes are continuing, these to determine upon the practical program to be recommended. Report on conclusions expected by end of this month.

SILK

Analysis has been made of silk requirements. A strategic stock pile of certain key requirements of the industry was recommended. These recommendations are being checked with the interested Army departments.

TIN

With the Metal Reserve Company set up by the R.F.C. and the Tin Commission operating, progress is being made toward building the stock pile. As insurance against interference with the supply from the Straits, a conference of the key companies in this field, representatives of the R.F.C.,

State Department and this Commission recommended the erection of a smelter to handle Bolivian ores. Negotiations are under way to bring about this arrangement.

TUNGSTEN

Progressing continuously toward building up stock pile of this material.

CRITICAL MATERIALS

ALUMINUM

Continuing study to determine needs as program is further interpreted.

ASBESTOS

Majority of asbestos requirement will be taken care of from existing American and Canadian producing areas; however, there are certain special requirements for long fibers which are imported from Rhodesia. A study is being made to determine the requirements. This is a minor part of the total needs, but on certain special types of machinery this type of asbestos is specified.

AVIATION
GASOLINE

Advice as to requirements was given to the entire industry through the Trade Press. Full cooperation is being given by the NACA in adapting new specifications for 100 octane gasoline. Basis of development of supply program is being tied in with completed plane requirements.

CHEMICALS

Thirty committees of the Chemical Industry are working on revising recommendations in line with recent program and tying requirements into practical operating methods.

Toluol: Present and easily attained potential production of toluol assures a plentiful supply to meet all needs. Meeting with industry committee today to discuss developments in plant and process to be encouraged for a balanced production.

Nitrates: Capacity is sufficient for at least the first year of the program. The possibility of Chilean sodium nitrate purchases as a factor in the first year program is being carefully studied. The importance of plant locations, particularly in regard to producing industries and related industries and from the strategic military standpoint is having first consideration in our investigation of nitrates.

GRAPHITE

A cargo of large flake graphite is at Madagascar. The Maritime Commission is investigating the securing of a boat to take this away. This particular type, which is not produced in this country, is used in crucibles.

OPTICAL
GLASS

Investigation shows that the industry can supply the known needs of Army and Navy program.

WOOL

Advice from the British Government regarding the stock of wool indicates that favorable consideration is being given to our proposals. Final agreement has not been reached.

ESSENTIAL MATERIALS

ARMOR PLATE

Heavy: Program requirements have been translated into plant and equipment needs. The practical meeting of these needs is assured through extension of existing plant when needed machine tools have been supplied and the necessary financial arrangements have been set up. One essential to continue the program is that the question of amortization and tax liability be settled immediately.

Light: A meeting of light plate manufacturers and Government representatives has been arranged for this week to set up a program for increasing plant and facilities to meet requirements.

CEMENT

Industry and Army confirm there is adequate supply of cement.

COAL

The bituminous and anthracite coal situation does not present any serious problem as regards meeting the requirements of the defense program.

COPPER

Statistical study of the industry shows that supply is adequate to meet all needs.

INDUSTRIAL DIAMONDS

Analysis of the program shows there are going to be special needs. Negotiations are under way to build up a stock pile.

MAGNESIUM

Investigation is under way as to possible utilization of this metal in the program.

PULP AND PAPER

A survey is now under way to secure a complete picture of the present and potential output of the industry.

STEEL SCRAP

A meeting is being held tomorrow with the industry to follow current developments.

POWER

An important meeting on the protection of strategic power plants was held in the Federal Power Commission office and the organization to tie in on this work was set up.

PROCUREMENT

Meetings have been held with the Coordinator of Procurement to tie in further the activities of this group with specific phases of the program of the Coordinator. These dealt particularly with specifications and inspection methods.

CONSTRUCTION

A close liaison has been established with the Coordinator of Construction and arrangements have been made to have him thoroughly familiar with the construction requirements of this department's program.

UTILIZATION
OF MATERIALS

Report has been prepared on the elimination of waste,
curtailment of commercial uses and the reclamation of
essential materials for the guidance of the Commission.

E. R. Stettinius, Jr.

PSF: Council of Nat. Defense

THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

July 11, 1940

MEMORANDUM TO THE PRESIDENT

From: E. R. Stettinius, Jr.

Subject: TIN

Stock Pile

With arrangements completed by the R.F.C. for the purchase of all tin offered, progress can now be made towards attaining the stock pile.

Annual Consumption 1939 - 68,500 Tons

- - - - -

Stock Pile Requirement 234,000 Tons

Amount secured 5,500 Tons

Excess in this country over
industrial requirements 39,000 Tons

45,500 Tons

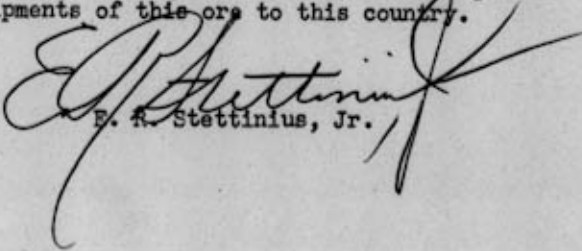
Current deficit in stock pile 189,500 Tons

Under the arrangements made by the R.F.C. with the International Tin Commission, increased production and shipments are designed to bring in 75,000 tons a year beyond current consumption. It is expected, however, that only about 50,000 tons of this capacity will be received in the first year.

Smelter in U. S.

As insurance against interruption of the supply from the Straits Settlement, a conference of representatives of the industry, the R.F.C., the State Department and this organization recommends the erection in this country of a smelter to handle Bolivian ores with 20,000 tons capacity at a cost of \$2,000,000. This smelter will be so designed as to be readily enlarged in case shipments of ore require it. It will be the orthodox process of smelting.

Patino controls Bolivian ores which are now shipped to England for smelting and the State Department has located him in Spain. He is leaving today on a boat for the U.S. and on arrival, a meeting will be held to arrange for shipments of this ore to this country.


E. R. Stettinius, Jr.

PSF: Council of Nat. Defense

7/15/40

Dear Pa,

Here are two spot memoranda on items concerning which the President should be informed.

ERSjr.

PSF: Council of Nat. Defense

THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

July 13, 1940

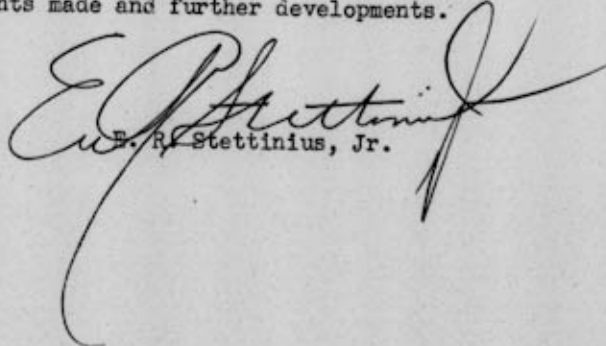
MEMORANDUM TO THE PRESIDENT

From: E. R. Stettinius, Jr.

Subject: SAFEGUARDING POWER SUPPLY

The Power Committee met July 8 at Federal Power Commission office. Chairman Olds of the Power Commission presided over the meeting attended by twelve engineer executives of major electric power systems and representatives of Army, Navy, Coast Guard, and Federal Bureau of Investigation. A four hour session was held on precautions to be taken to protect electric power supply from sabotage and to promptly restore service in case of interruption.

It was indicated that effective precautions have been worked out and are in the process of adoption by the utilities. Representatives of the Government services made many helpful suggestions as to plans and procedures. Chairman Olds called for a complete report within thirty days regarding arrangements made and further developments.


E. R. Stettinius, Jr.

THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

July 13, 1940

MEMORANDUM TO THE PRESIDENT

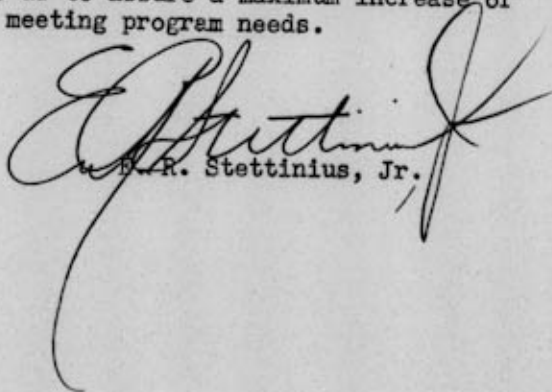
From: E. R. Stettinius, Jr.

Subject: MICA

Mica is important requirement of airplane program. An idea of need of action in this is given by the statement "taking present whole world production as 100, the actual current consumption here outside military program is 102".

Meetings are going on with State Department to arrange for British Government to deliver majority of India's production, which is the principal source of the type particularly needed.

British Navy Mica Specialist arrived this week to discuss arrangements for entire supply of mica to be shipped to this country. It is also expected that he will arrange for opening additional mines in India so as to assure a maximum increase of supply for meeting program needs.


E. R. Stettinius, Jr.

THE ADVISORY COMMISSION TO THE
COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300

BY HAND

General Edwin M. Watson
The White House
Washington, D. C.

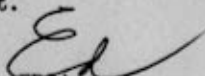
Respy forwarded to the President: /

SMITH - file
Parson -

7/16/40

Dear Pa,

The President will be
anxious to have the attached
to glance at.


ERS Jr.

PSF
PSF:
THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE
FEDERAL RESERVE BUILDING
WASHINGTON, D. C.

July 16, 1940
file
preserved

Memorandum to the President

From E. R. Stettinius Jr.

You will find herewith my Progress Report for the Materials Division for this week on items not covered in our discussion at our meeting on Tuesday.

E. R. Stettinius Jr.

Attachment

~~CONFIDENTIAL~~

THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

INDUSTRIAL MATERIALS DEPARTMENT

PROGRESS REPORT OF JULY 17, 1940

STRATEGIC MATERIALS

ANTIMONY

Investigations are under way as to possibilities of securing stocks of this material from Bolivia and Mexico.

CHROME ORE

At the present time, over 30,000 tons of chrome ore are en route from Turkey. Purchases of additional ore from this source are being arranged for through Procurement Division of the Treasury.

MANGANESE

Manganese supply from Brazil depends upon Brazilian Railroad situation, but outlook for increase is not encouraging. A program has been agreed upon with the Anaconda Company for supplying domestic ore, and the R.F.C. has the necessary contract for approval.

MERCURY

The United States is practically self sufficient. This is not a serious situation. Steps are being taken to build up a small additional stock pile.

MICA

Proposals have been made to the British Government for acquiring supplies of mica and the accumulation of stocks.

RUBBER

The purchasing committee of the Rubber Reserve Company is meeting regularly and additions are being made to the stock pile.

SYNTHETIC RUBBER

Conferences have been proceeding for the past few weeks with representatives of the several processes to determine upon a program of synthetic rubber production. Series of conferences will be concluded this week. Investigation is being made of the supplies of raw materials used in the production of synthetic rubber.

SILK

The accumulation of the stock pile of certain key silk materials recommended by this department is awaiting the approval of the Army.

TIN

Arrangements have been made through regular industrial channels for the R.F.C. for inspection storage and handling of tin bought by the R.F.C. Investigation is being made as to the possible practical value of tin deposits in Mexico. Further discussions regarding the tin smelter are awaiting the arrival in this country of the specialist coming from abroad.

TUNGSTEN

Conversations are being held with the principal domestic producers and also with the principal consumers. The possibilities of additional sources in the Western Hemisphere are also being given careful attention.

CRITICAL MATERIALS

ALUMINUM

Continuing study to determine needs as program is further interpreted.

ASBESTOS

Progressing on study to determine requirements for long fiber asbestos.

AVIATION
GASOLINE

Conferences have been had with the Coordinator of Procurement to set up the purchasing program for accumulating stocks of this material.

CHEMICALS

Toluol: Entire petroleum industry has been notified of toluol requirements and has been asked to submit proposals as to what they can contribute. Present information assures that plentiful supply will be available to meet requirements as they occur and additional requirements can be met with little if any new plant with the program as laid out.

Nitrates: Progress is being made in study of required capacity to meet the program.

Cotton Linters Production: Meeting of the representatives of the industry is being held to discuss present capacity of that industry and the requirements of the explosive industry for cotton linters. Studies are under way of requirements and capacities of chlorine, sulphuric acid and nitric acid.

GRAPHITE

Large flake graphite for industry stocks from Madagascar and Ceylon is on its way to the United States. Bottoms in which to ship this material were arranged for through the Maritime Commission.

OPTICAL
GLASS

Investigation shows that the industry and the U. S. Bureau of Standards can supply the known needs of the Army and Navy program.

WOOL

Continued advice from the British Government indicates favorable consideration to our proposal for maintaining in this country a stock pile of raw wool.

ESSENTIAL MATERIALS

ARMOR PLATE

Under the auspices of the Army, a meeting of the light armor plate manufacturers was held this week and there were present some seventy individuals representing the Army, Navy, this Department of the Commission, and the manufacturers. The Manufacturers' representatives were given confidential

information as to Army and Navy requirements; the type and quantities of material which they would be expected to be able to produce. They in turn were asked for definite information as to their capacities to produce light armor plate. Through this meeting, the industry has secured a practical picture of requirements and when the complete capacity information is sent in, which is expected this week, the production possibilities will be known exactly

CEMENT	The supply is adequate.
COPPER	The supply is adequate.
COTTON TEXTILES	A preliminary survey of the productive facilities of various branches of the industry has been completed. Potential bottlenecks are apparent in a few groups of products - uniform cloth, raincoat material, tentage, netting, canvas, and webbing. Recommendations for building up something in the nature of a stock pile of these materials are being prepared.
COAL	Statistics of National Coal Association and American Mining Congress indicate supply is adequate.
ELECTRIC FURNACE STEEL	A report is being prepared on the requirements for electric furnace steel. This takes in special steel forgings, etc., and will include a summary of capacity, present use of this capacity, and where it can be directed to meet needs of program.
INDUSTRIAL DIAMONDS	Arrangements have just been made to provide for the needed supplies in this country, eliminating a previously existing bottleneck.
LEATHER	A preliminary report on output, capacity, exports, imports, and requirements has been prepared. A thorough study of capacity and sources of supply in the Western Hemisphere is being initiated. The requirements of the program are being analyzed to determine potential bottlenecks.
LINEN	Supply for parachute webbing requirement is being arranged for and a small stock pile in addition is going to be set up. Studies of possible substitutes such as nylon are being carried on.
LUMBER	Preliminary investigations have been made of the supply of airplane spruce. Investigations have been started on requirements for lumber and sources of supply.
MAGNESIUM	Investigation is under way as to possible utilization of this metal in the program.
PULP AND PAPER	A survey is now under way to secure a complete picture of the present and potential output of the industry.
STEEL SCRAP	The report on steel scrap made some time ago is to be brought up to date and work on this is now proceeding.

THE ADVISORY COMMISSION TO THE
COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.



PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE \$300

CONFIDENTIAL

General Edwin M. Watson
The White House
Washington, D. C.

PSF:
THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

File
July 17, 1940
RECEIVED
JUL 18 9 00 AM '40
THE WHITE HOUSE

Memorandum to: The Honorable Franklin D. Roosevelt

From: E. R. Stettinius, Jr.

You will recall writing a memorandum to me about the possibilities of using caves as a method of storing aviation gasoline. I have had our group study this matter and the following points which were developed may be of interest to you.

If such caves are located near large refineries or large military airports, it might be feasible to use them to good advantage. However, care would have to be taken in storing gasoline in caves to prevent explosive mixtures from developing in the air of the caves.

The cost of underground storage for gasoline is not high, as this should be accomplished for not over fifty cents per barrel or a little over one cent per gallon in excess of the cost of above-ground tankage (this for large tanks). On this basis, it is apt to cost much more in freight to move stocks to and from any cave located in the interior than it would be to build underground storage near the point of production or consumption. Also, it is desirable to have the underground stocks of gasoline located near the point of need in the event of an emergency.

You may rest assured your suggestion is being fully explored.

E. R. Stettinius, Jr.
E. R. Stettinius, Jr.

PSF: Council of Nat. Defense
TO BE ATTACHED TO THE PRESIDENT'S COPY OF THE REPORT.

SUMMARY

Weekly Progress Report
of the
Advisory Commission to the Council of National Defense

July 24, 1940

Defense
file
personal

This first weekly progress report of the Advisory Commission to the Council of National Defense consists largely of a description of the organization and activities of the several divisions of the Commission, including organization charts and lists of key personnel. Subsequent reports will contain concise accounts of major developments during the preceding week. Each report has been prepared by a staff member of the division, designated as liaison officer to other divisions of the Commission. These liaison officers will meet weekly, and will be responsible for the effective interchange of information on activities within the Commission.

AGRICULTURAL DIVISION

The function of the division is to collaborate with the Department of Agriculture and other existing agencies in consideration of all problems relating to agricultural requirements, the utilization of the farm population in the defense program, and the effect of the program upon agriculture.

Staff Divisions

Economic Analyses - H. B. Boyd
Foreign Trade - Raymond C. Miller
Food Administration - To be selected
Rural Labor and Plant Location - Donald Comer and W. I. Westervelt
Program Planning - To be selected

Red Cross. In conjunction with the Department of Agriculture, the Treasury, and the American Red Cross the division has prepared plans for the purchase of \$20,000,000 of commodities to be stored at convenient ports for refugee distribution abroad when conditions permit actual shipment.

Surplus Removal Plans. Negotiations are being carried on with the British Government for the sale of agricultural commodities in exchange for critical and strategic materials.

Wool. Plans are under way for the protection of domestic wool producers against the adverse market effects of the prospective arrangement for the storage of substantial quantities of Australian wool in this country, which it is hoped can be completed and announced simultaneously with any arrangement of this kind.

Flue-cured Tobacco. Attempts are being made to make available necessary credits for the movement of a part of the 1939 crop abroad, the market for which has been destroyed because of war conditions.

Plant Decentralization. The division has inquired whether the joint project of the Bureau of the Census and the Bureau of Agricultural Economics should not be speeded up to supply information necessary for the determination of policies by the Commission as a whole on this subject.

A comprehensive analysis of Agriculture and the defense program is being planned. The effects of the defense program, and the probable effects of the war upon foreign demand for agricultural products, and alternative measures to cope with the problems arising out of the war will be studied.

Conferences are planned on July 30 with the Advisory Committee of the Secretary of Agriculture, and on August 1 with representatives of the four leading farm organizations.

CONSUMER DIVISION

The division is being organized to study all aspects of the defense program as they affect the consumer, and more particularly to deal with the following broad areas: (1) economic aspect, (2) maintenance of a healthy and effective population, and (3) the mobilization of public sentiment and activity. The following sections have been set up:

Economic Research - Ben W. Lewis
Civic Groups - Minnie F. Cunningham
Business and Consumer - To be selected
Health and Welfare - Gay Shepperson

The Economic Section includes consultants on prices and priority policies, labor costs, commodity inventories and prices, location of industry, and foreign trade.

Miss Gay Shepperson will head up the Health and Welfare Section, starting July 29. In the meantime, the following coordinators have been appointed:

Health - Dr. Parran
Nutrition - Mr. M. L. Wilson
Security - Mr. Altmeyer
Children - Miss Lenroot

The Civics Group Section plans a national conference of 50 leaders of national civic organizations on August 1 and 2.

INDUSTRIAL MATERIALS DIVISION

The Industrial Materials Division has the responsibility to facilitate the securing of the required supplies of strategic, critical, and essential materials and to build the needed stock piles. Certain other activities such as heat, light, and power supplies, the chemical industry in its several branches, and the aluminum industry, have also been included in this division.

With the assistance of the Bureau of Research and Statistics, the division is securing from the Army and the Navy data on the material requirements under existing appropriation measures, pending measures, and future plans, which are being translated into units of raw materials necessary. Supplies of these materials available here and abroad are determined, and bottleneck or "red flag" conditions are brought to light, which are followed up by the necessary steps to build up stock piles to take care of future needs.

The division is organized into three major branches:

Mining and Mineral Products - W. L. Batt
Agricultural and Forest Products - Clarence Francis
Chemical and Allied Products - E. R. Weidlein

These branches are further broken down into sections and subsections, as indicated on the organization chart (following p. 23). In addition, other units of the division deal with staff services and liaison.

The materials which have received major attention so far include the following:

<u>Strategic Materials</u>	<u>Critical Materials</u>	<u>Essential Materials</u>
antimony	aluminum	armor plate
chrome ore	asbestos	cement
manganese	aviation gasoline	coal and gas
mercury	nitrites	cotton textiles
mica	toluol	copper
rubber	graphite	electric furnace steel
synthetic rubber	leather	flax and linen
silk	optical glass	fuel oil
tin	wool	industrial diamonds
tungsten		lumber
		magnesium
		pulp and paper
		steel and iron scrap
		aircraft projectile steel
		power

The major personnel on the staff is given on pp. 27-30.

Materials Purchased. Rapid progress is being made in the acquisition of the necessary materials to meet future requirements, particularly of products which have to be secured abroad. Large purchases have been made of tin, antimony and tungsten, chrome ore, and graphite from abroad, and these supplies are already being shipped. Conferences have been held with many industries and arrangements are being perfected to secure their full cooperation in meeting future requirements.

Other Activities. Recommendation was made to Congress for the expansion of the T.V.A. in order to assure adequate power for the aluminum industry in the area. The production of synthetic rubber is being investigated. Similarly, the feasibility of erecting a tin smelter in this country is being studied.

LABOR DIVISION

The work of the division is divided into the following three branches:

Labor requirements and standards of employment - Mr. Lubin
 Labor supply and training - Mr. Reeves
 Labor relations - Messrs. Keenan and Owen

Labor Requirements. The labor requirements of the defense program are being analyzed by occupations and skills. To date no authentic evidence of any shortage of workers has been brought to light. Analysis of the 5.1 millions of persons registered for employment with the U. S. Employment Service indicated that approximately one million, or one fifth of the total are skilled workers.

Training. The activities of the several government agencies engaged in training, namely, the Office of Education, N.Y.A., C.C.C., Social Security Board, W.P.A., and the Apprentice Committee of the Department of Labor, are being effectively coordinated through a consultative committee. An extensive training project amounting to \$17,281,340 is being jointly sponsored by the Office of Education and the Advisory Commission. This is but the first step in a comprehensive program. Industry itself has been asked to undertake an extensive training program, and Mr. Owen D. Young has been secured as an advisory aide to work with industry. A series of conferences of industry and labor on training programs is planned.

Labor Relations. A Labor Policy Advisory Committee consisting of six representatives of the A.F. of L. unions, six of the C.I.O. unions, and four of the Brotherhoods has been set up. Two meetings of this committee have been held with the division, and it is planned

to hold weekly meetings in the future.

The division has kept in close touch with every dispute affecting the defense program and has interceded in a number of labor disputes which threatened to tie up important defense work. At the same time, the division has been careful not to supersede the functions of the Division of Conciliation or the Department of Labor.

PRICE STABILIZATION DIVISION

A small, flexible organization has been set up to study the effects of the defense program upon prices, and to be prepared to make such recommendations as may be indicated. Considerable use is being made of the facilities of the S.E.C. and the Bureau of Labor Statistics. The following studies are being conducted at present:

1. Price fixing proposals under the Army Industrial Mobilization plan.
2. Capital markets and their role in war and emergency financing.
3. Priorities.
4. Economic organization in belligerent countries.
5. Decentralization of defense industries.
6. Cost problems under the Vinson-Trammell and Maritime Commission Acts, and under negotiated contracts.
7. Financing of new plant facilities, and amortization for tax purposes.
8. Prices of strategic and critical materials.
9. Continuous observation of prices with aid of the Bureau of Labor Statistics.

PRODUCTIONS DIVISION

This division is organized into the following industrial branches:

Aircraft - George J. Mead
 Machine Tools and Heavy Ordnance - H. S. Vance
 Ammunition and Light Ordnance - E. F. Johnson
 Tanks, Trucks and Tractors - John D. Biggers
 Shipbuilding - Admiral E. S. Land
 Construction - W. H. Harrison
 Food and Food Products - George Moffett
 Miscellaneous Equipment - J. C. Nichols

Machine Tools. During the past week five of the large concerns capable of making the large planers, millers, etc., necessary for the manufacture of armor plate for the navy agreed to produce them in less

than half the time ordinarily required, thus solving the most serious bottleneck in the machine tool industry.

Fourteen of the principal machine tool builders, constituting a trade association defense committee, headed by Clayton R. Burt, met with the division and the Army and Navy, and repeated their pledge of unlimited cooperation.

Airplane Engines. Negotiations concerning the most feasible methods for the increase of airplane engine production have been continued with the two largest manufacturers.

Light Ordnance and Explosives. Contract has been signed for erection and operation of a government-owned powder plant at Charlestown, Indiana, designed to produce 200,000 pounds per day, and capable of expansion to produce 600,000 pounds daily. Negotiations are being carried on for increase in plants for manufacturing machine guns. Also negotiations are being conducted to provide a 13,000 acre loading plant.

The Springfield arsenal expects to be producing Garand rifles at the rate of 500 per day by October first and 1,000 per day by April. An experimental contract to produce 65,000 has been given to the Winchester Repeating Arms Co. With 2,000,000 Springfield rifles in good condition, it is felt that there is no serious problem about small arms.

The Shipbuilding Division is working closely with the Navy on the 70 per cent increase program.

The Construction Branch has started an over-all survey of construction under way and contemplated.

Food Products Branch. A preliminary survey indicates no bottlenecks, even for maximum requirements.

Miscellaneous Equipment Division is taking care of many inquiries from manufacturers, and is also making a study of decentralization problems.

Tanks, Tractor and Automotive Branch. Material redesigning of medium-sized tanks is proceeding as rapidly as possible, and negotiations are under way for manufacture. No bottlenecks in the truck program.

COORDINATOR OF PURCHASES

Research studies are being conducted on the following subjects:

Profit control legislation

Policy of the Comptroller General with respect to weight to be given to strategic factors as well as to price in

making contracts.
 Centralization of key information to sellers.
 Cost definitions.
 Plans for centralization of procurement information.
 Specifications.

A section has been set up to provide information to manufacturers on the requirements of the government and to aid them in fitting into the defense program.

BUREAU OF RESEARCH AND STATISTICS

The Bureau has organized into the following branches:

Operations Control - Ernest A. Tupper
 Economic Research - Edward Mason
 Program Progress - Morris Copeland
 Industrial Capacity - Howard Piquet
 Consumption Problems - Maurice Leven
 Military Requirements - Robert Nathan
 Civilian Requirements - Lewis Bassie
 Statistics and Information - To be selected
 Office Management - Thomas Rhodes

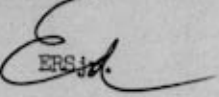
TRANSPORTATION DIVISION

The Transportation Division has appointed as consultants outstanding persons from each of the major forms of transportation, and is securing fine cooperation from the trade associations on transportation problems. The Association of American Railroads has agreed to undertake a program of reducing the number of bad order cars awaiting repair, which has as its goal limiting this number to 6 per cent of the total. During the last year the number of railway cars available has been increased by over 35,000.

7/25/40

Dear Pa,

Would you please express
the attached through to the
President as there are several
items concerning which he is
greatly interested. Many thanks.

ERS: 

PSF;
THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

July 25, 1940

Memorandum to the President

From Mr. E. R. Stettinius Jr.

Subject: PROGRESS REPORT

Herewith is our Progress Report
for this week. We are making good head-
way.

EW

Attachment.

~~CONFIDENTIAL~~

THE ADVISORY COMMISSION TO THE ~~COUNCIL~~ OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

INDUSTRIAL MATERIALS DEPARTMENT

PROGRESS REPORT OF JULY 24, 1940

STRATEGIC MATERIALS

ANTIMONY

Sixty-two and one-half per cent of the stock pile of this material has been purchased.

CHROME ORE

Recommendations have been made for revision of specifications and purchasing procedure so as to broaden the sources for ores. Proceeding with the purchase of the required stock pile.

MANGANESE

Negotiations are under way for increasing the output of Cuban ore. Taking steps to speed up purchases of foreign ore. Thirteen percent of the stock pile has been accumulated.

Brazil: Question of additional ore shipments over the Central Brazil Railroad has been put up to the Brazilian Government by the State Department. Rehabilitation of this railroad; improvement in its management; and priority for manganese ore over iron ore would enable us to obtain 500,000 tons of manganese ore yearly. Railroad is now able to haul only 240,000 tons a year. Brazilian Government's answer will determine definitely the possibilities of this source.

MERCURY

Domestic production is increasing rapidly and is about equal to current consumption. Ten percent of stock pile has been accumulated and remainder can be obtained readily.

MICA

Examination of domestic resources is under way. Recommendations for stock pile purchasing have been made.

RUBBER

The five expert buyers of the rubber industry who constitute the purchasing committee of the Rubber Reserve Company have already held several meetings in Washington and Akron. Definite progress is being made toward accumulating the required stock pile.

SYNTHETIC
RUBBER

Conferences with representatives of the several processes have been held. A comprehensive report will be made shortly.

SILK

The accumulation of the stock pile of certain key silk materials recommended by this department is awaiting action by the Army.

TIN

Processes for recovering tin from old tin cans and other scrap are being referred to a technical committee of outstanding scientists.

Committee to cooperate with the R.F.C. on tin purchases is being formed. The construction of an additional smelter in the Western Hemisphere to treat Dutch East Indies ores is under consideration. A small portion of the stock pile has been purchased and arrangements have been made to obtain more.

TUNGSTEN

Present Government specifications rule out the acquisition of certain available low grade ores and there is a shortage of high grade ore stocks. Thirty-five percent of the indicated stock pile has been purchased.

CRITICAL MATERIALS

ALUMINUM

A complete restudy of aluminum requirements of the Army and Navy under their latest program is now being made. This will show a break down of aluminum products needed over the next two years. Discussions are being held with the industry regarding capacity, bottlenecks in fabrication, and bauxite supplies.

ASBESTOS

The objective in Rhodesian fibers has been determined. This problem is one which does not require immediate attention or action. As no funds are available for purchasing, none of this material has been acquired for the stock pile.

AVIATION
GASOLINE

Our recommendations to build up stocks of 100 octane fuel have been approved by the Army Air Corps.

CHEMICALS

Nitrates: Plant capacity is sufficient for the first year's requirements of the program. Continuation of imports of sodium nitrate from Chile will furnish a small stock pile. Second year's requirements, however, will necessitate additional capacity and this is being studied. Discussions with the industry are under way to plan a program of development.

Toluol: Recommendations will be ready shortly for accumulating supplies of toluol to build a sufficient stock pile; also to avoid unnecessary plant construction.

GRAPHITE

The building up of stocks is impeded by shipping problems; the Maritime Commission is working on this.

LEATHER

The Department of Commerce survey on the hide situation in the Western Hemisphere has been completed and is now being analyzed. Similar surveys of calf skins, sheep skins and goat skins being made for us are now in progress and will be completed within a week. A continuous progress report will be maintained on supplies and usage of these materials. A complete survey of plant capacity has been initiated. Meetings are under way with the Army and Navy representatives for interpretation of their specifications and conversion factors.

OPTICAL
GLASS

There is no shortage in sight. The question of unusual specifications and wide variety demanded by the program has been referred to the Coordinator of Purchases for attention.

WOOL

Progress is being made in acquiring the recommended stock pile.

ESSENTIAL MATERIALS

ARMOR PLATE

As a result of conferences with the manufacturers of both heavy forged armor and light rolled armor, the situation with respect to Government requirements and plant capacities is well in hand. The required expansion of plants manufacturing heavy armor and light armor is held up pending settlement of the amortization question.

Heavy Forging: Discussions are being arranged with manufacturers of heavy forgings and representatives of the various branches of the Government having requirements for such forgings. These discussions are designed to furnish the manufacturers of heavy forging with details as to the requirements of the Army, Navy and Maritime Commission. At the same time the matters of available production capacity and needed expansion will be considered.

COAL

The supply of both anthracite and bituminous is ample. There are possibilities of fuel shortages developing in specific locations due to inadequate transportation.

COTTON
TEXTILES

Recommendations for the purchase of bottleneck items were approved. Conversations are being carried on with the Army and Navy with a view to procuring these items in the most effective way.

COPPER

There appears to be no problem in meeting requirements.

ELECTRIC
FURNACE
STEEL

A report is being compiled on the requirements for electric furnace steel by grades and tonnages in each grade. This information will be compared with the available electric furnace steel capacity and action will be taken where needed.

FLAX

Our recommendation to purchase a stock pile of linen thread for use in making parachute webbing was approved. Plans for procurement are being worked out.

INDUSTRIAL
DIAMONDS

Arrangements have been made to provide for the needed supplies in this country. Specifications are being submitted by our Department to the Army and Navy Munitions Board.

LUMBER

Studies of lumber requirement, lumber stocks, and production capacities are now being made. An analysis is also being made of specifications. The program of the Army and Navy is being examined to determine location requirements and time factors.

MAGNESIUM

A report on magnesium has been completed. There is little likelihood of a shortage of magnesium during the next two or three years. Production capacity can be expanded to meet any increased need developed by greater use of this material in airplane production.

PULP AND
PAPER

Representatives of the industry met yesterday in New York with representatives of this Commission and discussed questions of capacity, production and price. The outlook on all three factors is satisfactory. It is expected that the survey, initiated a few weeks ago, of productive capacity for wood pulp will be completed in the next ten days.

STEEL AND
IRON SCRAP

We are now analyzing a report of the Bureau of Mines, just received, which gives detailed figures covering distribution of steel and iron scrap stocks.

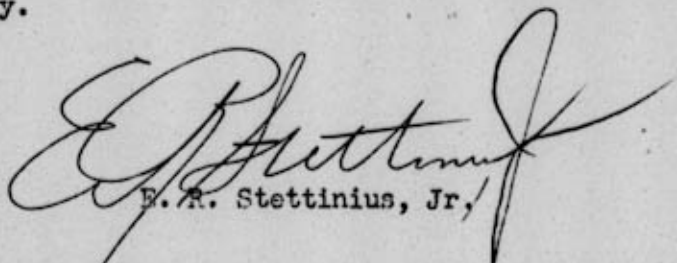
AIRCRAFT
PROJECTILE
STEEL

A study is being made to determine the requirements of the Army and Navy for cold-drawn stress-relieved steel used in the manufacture of aircraft projectiles. The capacities of the various plants which manufacture such steel are also being determined in order to match capacities and requirements and to decide what action, if any, should be taken.

POWER

A survey is now being made to determine additional requirements of purchased gas and electric power for the steel industry to meet the program.

Electric Power: Power requirements for the various plant needs to carry out the program are under study. Manufacturers of steam generating electrical equipment are reported to be loaded with orders for 24 months, most of these from the utilities. There is no present indication of an inadequate supply of power, but the situation is being watched constantly.


E. R. Stettinius, Jr.

PSF's Council of Nat. Defense

7/27/40

Dear Pa

This is to be cleared
with the Present. Many thanks.

ERSjr.

PSF: Council of Nat. Defense

THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

July 26, 1940

MEMORANDUM TO THE PRESIDENT

From: E. R. Stettinius, Jr.

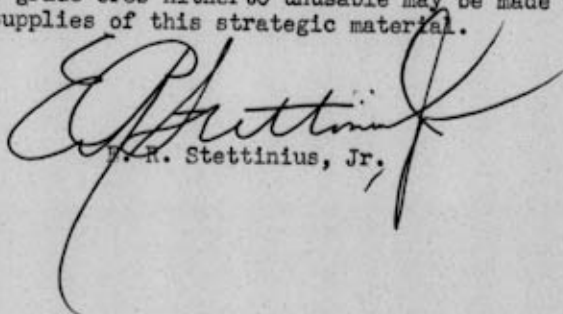
Subject: MANGANESE IN BRAZIL

Rehabilitation of the Central Railroad of Brazil, improvement in its management, and priority for manganese ore over iron ore, would enable us to obtain 500,000 tons of manganese ore yearly from this source. The railroad is now able to haul only 240,000 tons a year.

The State Department, through our Ambassador to Brazil, has had presented to the Brazilian Government the question of taking care of the situation impeding ore shipments. The following cable has just been received from our Ambassador to Brazil:

"I am assured by the Minister of Transportation that new railroad equipment just received by the Central Railway from the United States will increase manganese ore shipments to 40,000 tons per month by August and that priority will be given manganese shipments. It will not be necessary to extend additional financial assistance. Dispatch follows."

The carrying out of this promise will assure a maximum supply of this material from Brazil. This supply, together with arrangements in process through the R.F.C. with the Anaconda Company for Butte ore and with the Cuban-American Manganese Corporation for Cuban ore will carry us over the probable emergency in view of the present large stocks in the hands of industry in this country. To strengthen further our position, arrangements have been made with the National Academy of Sciences to study possible methods of beneficiation of low grade ores in this country. It is hoped that out of these studies some proportion of the large supply of low grade ores hitherto unusable may be made to contribute to our needed supplies of this strategic material.


E. R. Stettinius, Jr.

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PSF:
THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

INDUSTRIAL MATERIALS DIVISION

PROGRESS REPORT OF JULY 31, 1940

STRATEGIC MATERIALS

ANTIMONY

Sixty-two and one-half percent of the stock pile of this material has been purchased.

CHROME ORE

Proceeding with negotiations to lower present specifications and thus bring in quantities of usable ores.

MANGANESE

Over twenty-one percent of the stock pile has been accumulated to date. High freight and war-risk insurance rates are retarding shipments. Recommending changes in specifications in order to make available for purchase all ores adaptable to the manufacture of ferro-manganese.

MANILA
FIBER

A report is under way on manila fiber to be available within the next week.

MERCURY

Domestic production is now about equal to domestic consumption. At present there is a shortage of stocks for defense purchases; however, due to current supply for domestic uses being at satisfactory levels, it is recommended that stock pile purchases not be made until prices drop to a certain figure.

MICA

Munitions grade mica is not available for stock piling purposes. Specifications and purchasing procedure for Government purchases have been completed. The Bureau of Mines has been requested to make a monthly survey of the mica stocks of industry.

RUBBER

Under the rubber-cotton barter agreement of 1939, 41,790 tons have been purchased. This represents practically fifty percent of the 86,000 tons, which was the ultimate goal under this arrangement. Under the R.F.C. Rubber Reserve Company program (150,000 tons by December 31, 1940) 1,000 tons are afloat and 13,000 additional tons have been contracted for.

SYNTHETIC
RUBBER

A report of the committee is being prepared preparatory to a general meeting of representatives of the industry on August 7th. At that time it is expected a definite program of engineering will be initiated leading ultimately to the production of 100,000 tons per year.

SILK

The accumulation of the stock pile of certain key silk materials recommended by this division is awaiting action by the Army.

TIN

A small portion of the stock pile has been purchased. Since current prices are above Metal Reserve Company's contract price, offers are being received. A production retarding factor is the British Excess Profits Tax. Additional proposals to erect a domestic tin

smelter have been made. Further conversations in this respect were had with the Dutch interests.

TUNGSTEN

Thirty-five per cent of the indicated stock pile has been purchased. Conferences held with industry on increasing domestic production; indications for this very favorable. There is a shortage of high grade ore stocks. Present specifications rule out quantities of low grade material. Proposals have been made to buy standard grade ferro-tungsten made from low grade ores.

CRITICAL MATERIALS

ALUMINUM

The rechecking of all figures concerning aluminum requirements is still in progress.

ASBESTOS

The objective in Rhodesian fibers has been determined. This problem is one which does not require immediate attention or action. As no funds are available for purchasing, none of this material has been acquired for the stock pile.

AVIATION
GASOLINE

A program has been suggested for the purchase and storage of 100 days' supply of 100 octane fuel. Present producing facilities are about 40,000 barrels per day. Possible war time demands are a minimum of 71,000 barrels a day with a current peace time demand of 26,000 barrels.

CHEMICALS

Nitrates: Plant capacity is sufficient for first year's requirements of the program. A summary report as to industry's present facilities and the manner in which it proposes to take care of future requirements will be submitted next week.

Toluol: One large oil company has advised that it is prepared to produce two million gallons of toluol per year starting in the comparatively near future, a further indication of the wide availability of this important material.

Cotton Linters: As a result of a meeting with representatives of the industry, present capacity is found to be sufficient for first year's requirements. It will be necessary to increase capacity by cutting second cut chemical linters. A further meeting of representatives of the industry will be held shortly to determine exact steps to be taken.

GRAPHITE

Shortage of shipping facilities and lack of funds specifically for the purchase of this material are holding up the building of the stock pile. Comment from one of the larger importers indicates appreciation of the attention and thought of representatives of the committee in helping to facilitate securing supplies.

LEATHER

~~de~~ Checking Army and Navy consumption figures shows possibility of ~~increasing~~ subsequently the number of hides and skins required.

Chemical specifications of sole leather are being revised. The shoe purchasing program of the Army and Navy over the next six months will determine whether shortages will occur.

OPTICAL
GLASS

There is no shortage in sight. The question of unusual specifications and wide variety demanded by the program has been referred to the Coordinator of Purchases for attention.

WOOL

Progress is being made in acquiring the recommended stock pile.

ESSENTIAL MATERIALS.

COAL

Electric utilities are being advised to build up substantial reserves of fuel during present summer due to the possible inadequacy of transportation facilities. This at the suggestion of the transportation authorities.

COTTON
TEXTILES

Recommendations for the purchase of bottleneck items were approved. Conversations are being carried on with the Army and Navy with a view to procuring these items in the most effective way.

COPPER

There appears to be no problem in meeting requirements.

CORK

A report will be available within the next week regarding the cork situation.

FLAX

Our recommendation to purchase a stock pile of linen thread for use in making parachute webbing was approved. Plans for procurement are being worked out.

GAS

Meetings were held with representatives of the American Gas Association to acquaint representatives of our organization with the facilities of the gas industry.

INDUSTRIAL
DIAMONDS

Specifications submitted by this Division to the Army and Navy Munitions Board have been approved. Purchases should begin shortly. Program outlined for \$3,000,000 available plus working stocks which the Diamond Syndicate has promised to carry will provide adequately for the program.

LUMBER

Shortage of common lumber may appear if Government orders are not properly timed. Present stocks are normal. Preliminary survey of gun stock walnut indicates an adequate supply.

MAGNESIUM

A report on magnesium has been completed. There is little likelihood of a shortage of magnesium during the next two or three years. Production capacity can be expanded to meet any increased need developed by greater use of this material in airplane production.

PULP AND
PAPER

There is every indication that an adequate supply of various types of wood pulp will be available at reasonable prices. A meeting with representatives of the industry and the Henderson and Stettinius Divisions of this Commission was held to discuss the capacity and price situation. Arrangements have been made for continuing relationship. A report on production capacity and consumption in the industry will be completed shortly.

STEEL

Anti Aircraft and Aircraft Projectiles Steel: The immediate requirements of the Army and Navy Departments for cold-drawn stress relieved steel used in the manufacture of anti-aircraft and aircraft projectiles have been determined. Questionnaires are being sent out to the manufacturers of this steel to obtain detailed information on the present capacities for the production of such steel by all of these companies.

Armor Plate:

A. Heavy Forged: Plant expansion being held up due to amortization question.

B. Light Rolled: Progress on needed plant expansion is being held pending settling of the amortization question. Requirements and needed plant capacity have been determined upon.

C. Homogeneous Steel: As a possible substitute for face hardened plate, homogeneous steel may be used. The possible requirements for this have been determined. At present only one company produces it in substantial tonnages. Other possible producers are being looked into to determine amounts they can be counted upon to produce.

Heavy Forgings: At a meeting held Tuesday, July 30th, representatives of the following were present to discuss heavy forgings requirements and capacity: Eighteen manufacturers, Army, Navy, Maritime Commission and Defense Commission. (A total of 75 present). Government branches submitted tonnage requirements of forgings and schedule of delivery. Maximum diameters and lengths, information needed by manufacturers were also included. Preliminary summary indicates necessity of fifty per cent increase in present capacities at an expenditure of \$100,000,000. Companies are to submit complete reports on their individual production capacities and the cost to round out their facilities and plant.

Electric Furnace Steel: A report is being compiled on the requirements for electric furnace steel by grades and tonnages in each grade. This information will be compared with the available electric furnace steel capacity and action will be taken where needed.

Plates: The possible future need of large supplies of steel plates for ship building is being studied to determine capacities now existing and compare them with possible requirements.

Stainless Steel for Aircraft: The possible further use of stainless steel in aircraft construction is being investigated, as this is a further requirement for steel use which may develop in size.

Steel Iron and Scrap: Although the proclamation of the President of July 26 put No. 1 heavy melting scrap on the Licensing list, at the present time there is no restriction in the exporting of this material.

ELECTRIC
LIGHT AND
POWER

Executives of both the raw materials and production groups have been requested to furnish the Electric Light and Power Group with information as to additional requirements for power. At the steel forgings meeting it developed that there was a fifty per cent shortage in requirements to meet the program.

PSF:
THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

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August 7, 1940

MEMORANDUM FOR THE PRESIDENT

FROM: E. R. Stettinius, Jr.

You will find, herewith, Progress Report of the Industrial Materials Division of the Commission for this week. It occurred to me you might wish to glance over it, as you will note there are several encouraging developments.

Ed

Attachment

~~CONFIDENTIAL~~

THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

INDUSTRIAL MATERIALS DIVISION

PROGRESS REPORT OF AUGUST 7, 1940

STRATEGIC MATERIALS

CHROME ORE Tenders under revised specifications are being studied before recommending purchases. Means of stimulating domestic production are under consideration. Shortage of shipping facilities restricts movement of Government purchases. Thirty-five thousand long tons additional secured this week. Required stock pile 635,000 long tons.

MANGANESE Twenty-three percent of the stock pile has been purchased. An offer of an additional quantity of Indian ore equal to ten percent of the stock pile has been made. Revisions in specifications are being made to broaden the quantity of available ores. Contract signed by Metals Reserve Company and Anaconda Company for 80,000 tons per year of high grade ore for three years. This is first time a contract has ever been arranged for considerable quantities of U.S. manganese ore.

MANILA FIBER A report will be available shortly showing requirements and production facilities on manila fiber.

MICA Arrangements completed with Bureau of Mines and U.S. Geological Survey to have various domestic mica deposits examined. Samples are to be tested by the Bureau of Standards and Trade testing organizations to determine quality and quantities available.

QUARTZ CRYSTALS Meeting was held of industrial and Government experts to make more practical and rapid the highly technical inspection of this material. A committee is being formed to draw up recommendations for a revision of the purchase specifications and inspection procedure.

RUBBER The Advisory Purchasing Committee of the Rubber Reserve Company has completed its organization and procedure arrangements.

SYNTHETIC RUBBER A meeting is being held this week with this organization's committee and representatives of the synthetic rubber industry. The objective of the meeting will be to develop definite plans for the ultimate production of quantities of synthetic rubber to fit the needs of the program.

TIN Erection of domestic tin smelter and securing supplies of ores for it is under active negotiation and consultation. Far East mining centers report increased activity. Current prices are above Metals Reserve Company's contract price and no offers are being received.

TUNGSTEN Advice received that 5,000 metric tons Chinese ore recently purchased have been shipped.

CRITICAL MATERIALS

ALUMINUM The final report on requirements and capacities is now being assembled.

CHEMICALS Nitrates: Plant capacity is sufficient for first year's requirements of the program. A summary report as to industry's present facilities and the manner in which it proposes to take care of future requirements will be submitted this week.

Toluol: Recommendations have been made for the building up of a stock pile of toluol. This will minimize uneconomic expansion or duplication of plant facilities; it will provide a supply of toluol at strategic points; it will minimize the possibility of interference with production of aviation gasoline; it can be accumulated at a minimum cost; it will give a reserve in case of sudden increase in requirements. Recommendation is for purchase of production in excess of civilian requirements. Construction of underground storage facilities by the Government has been recommended.

Cotton Linters: First year requirements are available. Requirements after that time or increases over present figures will necessitate the building up of a stock pile. Arrangements have been made to take care of this without price increase.

GRAPHITE Arrangements have been made for Dutch vessel to pick up some of the large flake graphite available at Madagascar.

LEATHER Agreement on Army requirements for leather has been reached with the Q.M.C. Requirements are now being checked with representatives of the Navy. Progress is slow because of the need of personnel in the Production Department to follow through on requirements for shoes.

WOOL Meetings are being held regarding the recommended stock pile.

ESSENTIAL MATERIALS

CORK As a result of the survey, it has been recommended that no immediate action be taken on this material. The situation will be watched for unfavorable developments.

LUMBER Another meeting has been held with representatives of the Forest Service on the use of hurricane lumber. A general meeting is being arranged at which representatives of all Government Departments are to be present.

PULP AND
PAPER

The final report on production, capacity, and consumption will be completed shortly. Studies are being made of the possible demands for wood pulp as a substitute for other commodities.

STEEL

Armor Plate:

A. Light Rolled: Previous estimates of light rolled armor required may have to be entirely changed pending the outcome of the proposed British plan, on which a decision should shortly be reached. Plant capacities, in any event, must be considerably increased.

B. Homogeneous Steel: Arrangements have been made with one steel company to increase its plant capacity in homogeneous steel to meet all requirements now known. Approximately \$3,000,000 will be needed to provide for such extensions.

C. Stress Relieved Steel for Aircraft Projectiles: A survey is now being made on the capacities of all the various manufacturers of stress relieved steel used in the manufacture of aircraft projectiles. Preliminary information indicates a shortage in capacities.

Heavy Forgings: A complete report under date of August 1 was submitted with reference to the developments at the conference on heavy forgings held Tuesday, July 30. The Navy Department subsequently sent out to each of the heavy forgings manufacturers present at that conference an addendum tabulating all forging requirements as revised July 30, 1940. No further action will be taken by the Navy Department until it has received all of the information previously requested from the manufacturers, which it is assumed will be submitted within the next week.

Plates: Plates are used in construction of storage tanks, new railroad cars, ships, submarines, heavy machinery, as well as in ship reconditioning, car repair, structural jobs, bridge work, etc. The demand for such plates is steadily increasing and if the requirements appear to be in excess of the capacities then measures will have to be taken to see that such plates will be used in the most needed places.

Stainless Steel in Aircraft: A report is being developed on the use of stainless steel in aircraft construction.

Wide Plate Plant Capacity: A study is being made of requirements for the extra wide plate as only one mill exists which can handle plate over 160" in width. Determination will be made as to capacity required in the larger plate.

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PSF:

THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

INDUSTRIAL MATERIALS DIVISION

PROGRESS REPORT OF AUGUST 15, 1940

STRATEGIC MATERIALS

CHROME ORE

Negotiations are under way for large scale production of high grade chrome ore in this country. Building of stock pile is well under way. War in Mediterranean is interfering with the receipt of additional high grade ore from that source.

MANGANESE

Over 57% of the stock pile has been arranged for. Metals Reserve Company purchased 100,000 long tons from India this past week. Negotiations are under way for securing additional ore in this country. Negotiations continuing with Cuban American Manganese Company for expansion of their plant capacity.

MANILA
FIBER

The stock pile is being built up by the Navy. This Division, after investigation is satisfied that procedure being followed will obtain the objective.

QUARTZ
CRYSTALS

Committee is drawing up specifications and purchase procedure to expedite the building up of recommended stock pile.

RUBBER

Under the Rubber Cotton Barter Arrangements, 48,000 tons of crude have been secured, and under the Rubber Reserve Company operations 13,000 tons have been secured.

SYNTHETIC
RUBBER

A meeting with representatives of all phases of this industry was held on August 7. Individual companies have agreed to complete, at their own expense, preliminary engineering plans for plants of a total capacity of approximately 109,000 tons per year. The present schedule calls for the completion of these plans within two months. In the meantime, the committee is working on the question of financing the ultimate production units and of assuring a market for the product.

TIN

Tin afloat for U. S. during July largest on record, showing result of increased production stimulated in the Straits Settlements. Market price now only slightly above Metals Reserve Company's contract price and declining, so possibilities of additional accumulation of stock pile are good.

CRITICAL MATERIALS

ALUMINUM

The study of the requirements and capacities for bauxite and ingot aluminum has been completed but the report is being delayed until satisfactory figures are available from the industry on fabrication requirements for civilian consumption.

AVIATION
GASOLINE

R.F.C. is arranging to set up a corporation to buy aviation gasoline. Capitalization fifty million dollars. Purpose of this is to purchase current production of gasoline toward eventual accumulation of $7\frac{1}{2}$ million barrels in eighteen months. Arrangements have been made for a committee of terminal engineers from the Petroleum industry to start working with the Army and Navy on the planning of the size, type and location of underground storage for aviation gasoline. This activity has been undertaken at the recommendation of this Division and on the approval of the Commission, the Army and Navy Munitions Board and the R.F.C. At present, we are studying the available production of 92 octane gasoline used for training planes. Investigation of production facilities of aviation lubricating oil shows they are ample. Working with Navy on fuel oil of lower viscosity than that used at present and arranging for supplies to meet the possible needs.

CHEMICALS

Cotton Linters: Further study is being made. However, situation is not critical for first year's requirements.

Nitrates: Nitrogen is being provided for all munitions plants contracted for to date, which takes care of first year's requirements. Likewise industry has well developed plans to take care of additional munitions plants.

Medicinal Chemicals: Entire list of chemicals being reviewed with special consideration being given to medicinal chemicals.

LEATHER

Preliminary report on hides has been prepared and is to be available by next week.

WOOL

Negotiations for the storage of a strategic stock-pile of wool have been resumed with the British Government after a temporary suspension for further study.

ESSENTIAL MATERIALS

COTTON
TEXTILES

Division is collaborating with the Q.M.C. in securing supplies of bottleneck cotton products.

FLAX

Accumulation of the stock pile has been approved by the Munitions Board. Discussions are being carried on as to the form of this accumulation.

INDUSTRIAL
DIAMONDS

Final negotiations with Diamond Syndicate delayed pending clearance of their request for permission to export from England.

LUMBER

The Secretary of Agriculture has called a meeting for August 16 of all Government agencies interested in hurricane timber. Lumber requirements for barracks have been surveyed and supplies available indicate that needs can be met. A complete survey of lumber inventories is in progress. Reviews are being made of specifications and methods of procurement of Army and Navy supplies of lumber.

MAGNESIUM

A recheck of this Division's report on Magnesium is now under way by the Bureau of Research and Statistics. An attempt is being made to forecast the future demand for magnesium metal by considering increased use by airplane industry.

PULP AND
PAPER

Preliminary estimates in the report on production capacity, exports, imports and consumption were checked with representatives of the industry at a meeting this past week. The final report should be available within the next week.

STEEL

Armor Plate:

A. Heavy Forged: Plans made for meeting requirements but deferred pending amortization legislation.

B. Light Rolled: Plans completed for meeting requirements but deferred pending amortization legislation. Report is now being prepared.

C. Stress Relieved Steel for Aircraft Projectiles: Survey of capacities of manufacturers of cold drawn stress relieved steel practically completed. Report on same together with requirements will be available shortly.

Heavy Forgings: Report received from forging manufacturers as to their present capacities for certain type forgings, together with costs for expansion to meet requirements now being tabulated by Navy Department and results will be known in near future. Prompt action will then be taken on allocation and authorization of plant facilities.

Plates: Increased demand for plates is being watched closely. Foreign demand for ship replacement expected to be very heavy.

Scrap Iron and Steel: Survey has been started to determine tonnage of potential scrap not included in visible supply. Meetings being held to decide advisable measures to safeguard tonnage necessary to meet requirements of program.

Stainless Steel in Aircraft: Study of use of stainless steel in aircraft is being actively continued. Little chance that it will be used under present set program, but use in future program is being given careful consideration.

PSF: Council of National Defense

2 Cur

Rockefeller Center
New York

Room 5600
30 Rockefeller Plaza

August 16, 1940

Dear Mr. President:

I am honored by your proposal that I become Coordinator of Commercial and Cultural Relations between the American Republics for the Council of National Defense. In accepting the appointment, I wish you to know that in order to devote all of my time to this new position, I am resigning as director and officer of the development company which was organized at the invitation of the Venezuelan Government, and I am also withdrawing from active participation in other South American enterprises in which I have been interested.

I plan to continue as President of the Museum of Modern Art, which has been active in developing cultural relations between the American Republics for many years, because it is one of a number of institutions which may be able to render effective assistance in the work which you have asked me to undertake. I am looking forward with enthusiasm to the opportunity for service presented by this appointment.

Sincerely yours,

Nelson A. Rockefeller

NELSON A. ROCKEFELLER

The Honorable,
The President,
The White House.

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PSF

Stallman

THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE
FEDERAL RESERVE BUILDING
WASHINGTON, D. C.

INDUSTRIAL MATERIALS DIVISION

WEEKLY OPERATIONS PROGRESS REPORT OF AUGUST 22, 1940

STRATEGIC MATERIALS

ANTIMONY Shipment of approximately 6,600 tons is on its way from Indo China.

CHROME ORE About twenty percent of the stock pile has been secured. Ore shipments from Turkey restricted by Mediterranean conditions. High ocean freight rates and war risk insurance rates curtailing movement from the Philippines.

MANGANESE Arrangements have been made for over sixty percent of the desired stock pile. Contract made with Cuban-American Company for expansion of plant capacity. Between 30,000 and 65,000 tons of manganese ore per year for four years to be delivered for stock pile from this source. Negotiations under way to purchase 60,000 tons additional from American producers. Negotiations under way for production of ferro-manganese in electric furnace plant near Boulder Dam.

MERCURY Improved prices of recent months have encouraged domestic output so that it now exceeds our requirements.

MICA Negotiations with British Government for purchase of stock, from India continuing.

QUARTZ CRYSTALS Twenty percent of the stock pile has been purchased. The inspection procedure, a deterrent to the acquisition of stock, has been speeded up by procurement. Final report of committee on specifications, sizes, inspection and purchase procedure will be submitted in ten days.

RUBBER Rubber Reserve Company agreed to purchase additional 180,000 tons for delivery during 1941, this with previous arrangements will provide stock pile of 416,000 tons.

SILK Available substitutes eliminate necessity of waste silk accumulation.

TIN With the arrival of Patino in this country on August 16th, domestic smelter negotiations can be brought to a conclusion. Additional purchases for the stock pile made by Metals Reserve Company this week.

CRITICAL MATERIALS

ALUMINUM

Checking bauxite supply to insure success of program. Analysis of ingot aluminum capacity and requirements shows no serious problem. Reports received from members of Aluminum Association regarding fabricating capacities clarify civilian requirements.

AVIATION
GASOLINE

Meetings are under way with engineers of the Petroleum industry and representatives of the Army and Navy on plans for the size, type and location of underground storage for aviation gasoline.

CHEMICALS

The entire list of chemical materials required by the Army and Navy Munitions Board program for the first and second years has been reviewed. Majority are amply taken care of by present production capacity. Recommendations for stock pile accumulations being made where requirements are large relative to present domestic capacity. Arrangements made with Procurement Division of Treasury to accumulate stocks of toluol.

GRAPHITE

Shipment of large flake graphite left Madagascar August 7. This will ease considerably present tight situation on stocks.

LEATHER

Preliminary report on hide deficiencies completed. Final report on stock pile policy is being discussed with Quartermaster's Division and should be completed next week.

OPTICAL
GLASS

Keeping closely in touch with optical instrument discussions to maintain continuous check on optical glass requirements.

ESSENTIAL MATERIALS

COTTON
TEXTILES

Discussing with Quartermaster's Division policy for building up stock piles of cotton textile items.

LUMBER

Meeting held by Secretary of Agriculture on disposition of hurricane lumber. Program is laid out for distribution to meet defense requirements. Advice given through Press to the Lumber industry regarding immediate defense requirements.

MAGNESIUM

No change planned for at least two years as to quantity of magnesium used in planes since current airplane program is built around existing models.

STEEL

Armor Plate:

A. Light Rolled: Report completed showing light armor requirements and capacities and suggested action to increase capacities to meet program.

B. Stress Relieved Steel for Aircraft Projectiles:
Present and prospective facilities of various manufacturers are being studied. Present demand not urgent but expectations are for heavy demand.

Heavy Forgings: Meeting of representatives of manufacturers, Navy, and Defense Commission resulted in considerable progress on tonnage allocation and development of plans for extension of plant facilities.

Stainless Steel in Aircraft: Steel manufacturers and aircraft producers considering experimental use of stainless steel in planes. This being discussed with representatives of the Army and Navy.

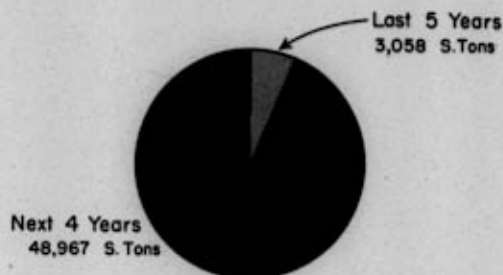
E. R. Stettinius, Jr.

~~CONFIDENTIAL~~

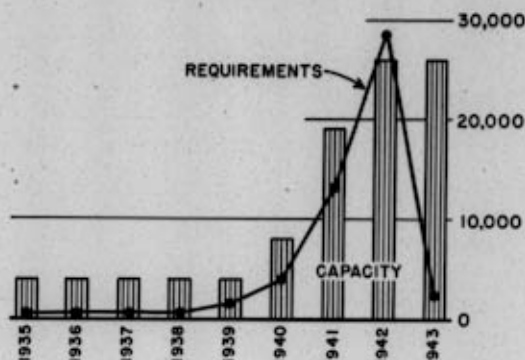
LIGHT ARMOR PLATE (FACE-HARDENED)

1/4" - 3" THICK

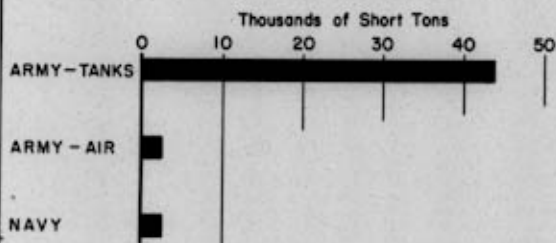
ARMY-NAVY REQUIREMENTS 1935-1943



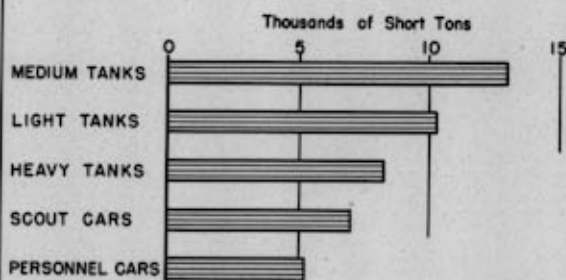
REQUIREMENTS AND AVERAGE CAPACITY SHORT TONS



DISTRIBUTION OF REQUIREMENTS CURRENT MUNITIONS PROGRAM



ARMOR PLATE FOR TANK PROGRAM



TENTATIVE CAPACITY EXPANSION SHORT TONS PER YEAR

	COMPANY	PRESENT CAPACITY	EXPANDED CAPACITY
	DISSTON	1,500	3,600
	DIEBOLD	1,200	5,100
	CARNEGIE-ILLINOIS	1,500	6,000
	AMERICAN CAR & FOUNDRY	1,500	7,200
	SIMONDS	-	?
	JESSOP	600	1,800
	VAN DORN	600	1,200
	ALLEGHENY-LUDLUM	?	?
	BREEZE	300	300
	ATKINS	0	1,200
	TOTAL	7,200	26,400

COMMENTS

Maximum cost of capacity expansion is estimated at \$5,000,000.

Cast steel armor, homogeneous steel and Pluromelt (Allegheny-Ludlum product) may be used as substitutes for face-hardened rolled armor plate.

It is understood that face-hardened armor plate will not be used in the construction of tanks that may be purchased in U.S. by Great Britain.

file
personal
staff - 240

Respectfully referred to the President:

Emm
E.M.W.

8/26/40

Dear Pa,

This is something I
think the President would
like to glance at.

ERSjr.

PSF:
THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

PSF
August 26, 1940

Memorandum to the President

From Mr. E. R. Stettinius Jr.

Subject: MAGNESIUM PRODUCTION

You will recall raising with me in conversation on Thursday the question of magnesium production. You will find herewith a simple chart which I think will give you at a glance the present production situation and its adequacy to meet the forthcoming requirements.

Ed

Attachment

MAGNESIUM

(SOURCE OF U.S. SUPPLY- DOW CHEMICAL PLANTS AT MIDLAND, MICHIGAN AND FREEPORT, TEXAS)

1939 BACKGROUND

Domestic Production	6,700,000 Lbs.
Withdrawals from Stock	3,950,000 "
Domestic Consumption	6,526,000 "
Exports	4,124,000 "

WAR REQUIREMENTS-MAX. EFFORT

First Year	8,000,000 Lbs.
Second Year	9,000,000 "

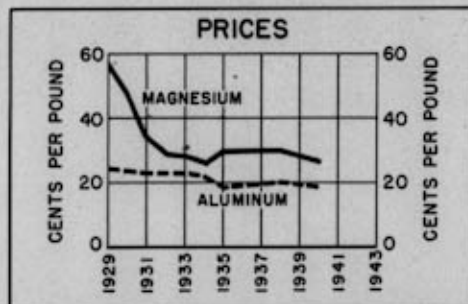
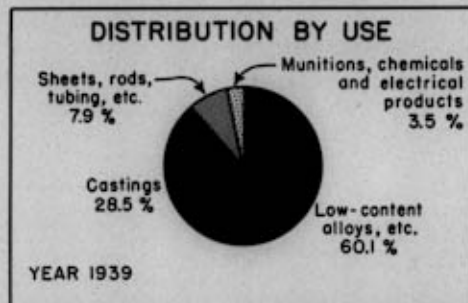
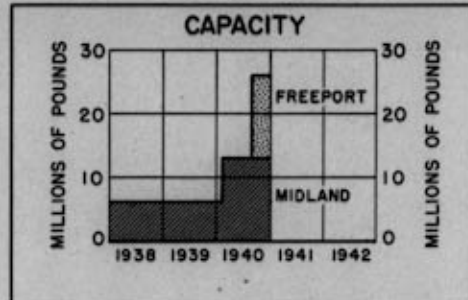
COMMENTS

Consumption of magnesium has increased greatly during recent years in the manufacture of alloys requiring lightness and strength. Reduction in price and improvement in corrosion resisting qualities have contributed to the expanding use.

Alloys are of two main types- the high magnesium content alloys containing up to 96 per cent of the metal, and the low magnesium content alloys combining as much as 10 per cent magnesium with aluminum.

Unlimited raw materials are available in sea water, underground brine and magnesite ore (Washington).

Expansion of productive capacity at Midland and completion of new plant at Freeport will be more than sufficient to meet the demands for airplanes and other uses anticipated in 1942, total requirements for which year are now estimated at 13,000,000 pounds.



August 21, 1940

PSF: Council of Nat. Defense

*File
Personal*

THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

August 27, 1940

Not Defense

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The President
The White House

My dear Mr. President:

In response to your inquiry, I have obtained from the Army Air Corps and the Navy Bureau of Aeronautics the information contained herein with respect to contracts actually signed for airplanes.

The War and Navy Departments have under contract and undelivered a total of 6,361 airplanes, exclusive of spare parts. Of these airplanes, 2,848 were contracted for under 1941 authorization. The balance were contracted for out of prior authorizations.

Of the total planes under contract for both services, 2,889 are combat planes and 3,472 are trainers.

Out of 1941 authorization, the War Department has placed orders for 56 combat planes and 1,137 trainers.

Out of 1941 authorization, the Navy Department has placed orders for 254 combat planes and 1,401 trainers.

The War Department is presently negotiating for the purchase of an additional 3,054 airplanes and the Navy Department for an additional 1,398 airplanes out of 1941 authorizations.

(See many letters of intent.)

*Army
3,054
letters of
intent*

The larger plane program necessarily awaits the passage of the present appropriation bill.

Respectfully yours,

John D. Biggers

John D. Biggers
Acting Commissioner

THE WHITE HOUSE
WASHINGTON

August 27, 1940.

*File
Personal*

MEMORANDUM FOR THE PRESIDENT:

John D. Biggers, acting in the absence of Mr. Knudsen, for the Council of National Defense, reports today that the Army Air Corps and the Navy Bureau of Aeronautics have actually SIGNED CONTRACTS for a total of 6,361 airplanes, exclusive of spare parts, as of this date.

The total planes under contract for both services, 2,889 are combat planes and 3,472 are trainers.

Acting under "letters of intent" given by the government, airplane manufacturers today are working on ~~an~~ additional ~~3,698 airplane~~ orders *for approximately 3,600 airplanes.*

The ~~major~~ *major* plane program necessarily awaits the passage of the present appropriation bill.

Mr. Biggers further reports that the airplane industry of the United States today is operating at a maximum -- as fast as possible with existing supplies of material and labor.

plant facilities,

STEPHEN EARLY

"Letter of Intent"

*File
personal*

Heavy bombardment airplane type B-17 manufactured by your company is authorized for the use of the Army.

This is to inform you that it is the intention of the government to procure five hundred and twelve airplanes of this type, subject to the terms and conditions of H.R. 9850 and section 4 of H.R. 9822.

Funds are now available for the procurement of two hundred and seventy-seven airplanes, less spares. The balance of two hundred and thirty-five airplanes are contained in the estimates before the Congress, munitions program 1941.

Pending determination of the contract procedure, with particular reference to section 4 of H.R. 9822 this will serve to indicate the intention of the government to procure the foregoing airplanes.

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NOTE: This is typical letter of intention signed by Louis Johnson and approved by John D. Siggers. The letter's approval appears on the letter as of 7-12-40.

Respectfully forwarded to the President:

EMW -
E.M.W.

8/29/40

Dear Pa,

Please put the attached in the President's basket for him to note on his return as this week's report contains certain developments which he would like to be informed upon.

ERSjr.



CONFIDENTIAL

PSF:

THE ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE

FEDERAL RESERVE BUILDING

WASHINGTON, D. C.

*File
personal
+ confidential*

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INDUSTRIAL MATERIALS DIVISION

WEEKLY OPERATIONS PROGRESS REPORT OF AUGUST 29, 1940

STRATEGIC MATERIALS

- CHROME ORE Additional tonnage of chrome ore for stock pile obtained this week. Negotiations were reopened for the development of certain domestic deposits.
- MANGANESE Over eighty-six percent of the stock pile has been arranged for. Additional large tonnage obtained during current week.
- SYNTHETIC RUBBER The prospective producers of synthetic rubber are conferring this week with representatives of the R.F.C. with a view to working out plans for financing and erecting plants.
- TIN Additional tonnage for stock pile purchased this week. Reports indicate increasing production in primary markets so that stock pile purchases should increase progressively. Patino here this week to discuss smelter question. Committee of National Academy of Sciences studying detinning processes to select most promising.
- TUNGSTEN Negotiations under way for erection by private capital of a plant for cleaning off-grade ores.

CRITICAL MATERIALS

- AVIATION GASOLINE Arranged inspection trips for Army and Navy representatives together with engineers of Petroleum industry to look over typical plants and storage methods in the Philadelphia area.

CHEMICALS

Drugs and Pharmaceuticals:

Botanicals: Small stock pile indicated as necessary in certain of these drugs. Also suggested that some of the more important products should be cultivated in this country.

A committee of the industry to be known as the "Drugs Resources Advisory Committee" was formed this week. Special subcommittees covering botanicals, narcotics, codliver oil, etc., will be appointed to take charge of the investigation in their respective fields.

Toluol: Acquisition of toluol stocks is proceeding regularly.

Cotton Linters: Discussions under way this week with cotton-seed producers to draw up a tentative program to meet requirements.

Activated Carbon: Conference held by Chemical Warfare Service to discuss additional producing facilities for activated carbon for gas masks. Chemical Division looking into question with the possibility of being called on for assistance in obtaining these facilities.

ESSENTIAL MATERIALS

COTTON TEXTILES

The recommendations for building up stock pile in bottleneck cotton textile items have been accepted.

LUMBER

The study of Army and Navy requirements is being continued.

PULP AND PAPER

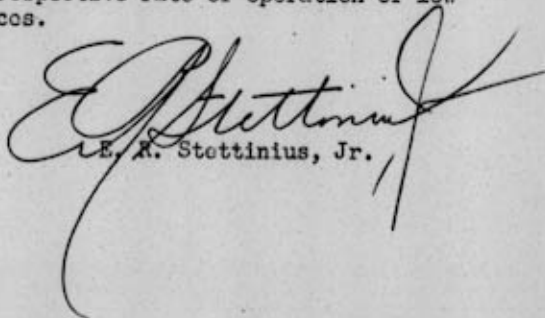
The final report on pulp production and consumption has been completed.

STEEL

Heavy Forgings: Navy Department has issued preliminary notices to a number of forging companies asking for detailed engineering plans for expansion of heavy forgings requirements. Companies also notified to send representatives to Navy Ordnance Department to complete plans for additional facilities after which it is expected formal contracts will be drawn up. Total cost of such facilities estimated at \$40,000,000.

Carbon-Molybdenum Seamless Tubing: Investigation under way of capacity available for production of carbon-molybdenum to be used in steam lines. A possible future bottleneck exists here and this investigation is to get facts to guide toward elimination of it.

Low Phosphorous Pig Iron: Demand for low phosphorous pig iron steadily increasing. Supply is limited and survey is being made to determine present and prospective rate of operation of low phosphorous pig iron furnaces.


E. R. Stettinius, Jr.