

PRESIDENT'S SECRETARY'S FILE
Subject File
War Production Board: "War
Progress": 6/12-8/7/42
Box 172

them mainly in dried form; ditto for skimmed milk. And, instead of whole tomatoes, we're exporting tomato paste and puree, which come in cans, but are concentrates.

Believe It or Not

THE ARMY NEEDS 1,165,000 two-and-one-half-ton trucks by July, 1944, but the auto industry--leading exponent of mass production--may fall 515,000 short of filling the order. Reason: Trucks weighing two tons or more represent 47% of military requirements; peacetime output of these vehicles was only 7% of total production.

Radio 'Round the Axis

GERMAN BROADCASTS, to bolster confidence in the Reich, insist that Roosevelt's war production objectives are "ridiculously high," impossible to attain.

Nazi-controlled transmitters in Holland try to convince the Dutch that Hitler's New Order is economically sound, that the Anglo-American economy cannot sustain a long war.

All Axis-controlled broadcasts to the Middle East--particularly to the Arab world--spread tales of famine, laying the blame on the United Nations. Object: Revolt against the British.

The Finnish radio has a three-way beam and purpose: Programs to England paint a hopeful word picture; programs to Baltic countries cite German

economic aid as evidence of economic strength; but home broadcasts constantly call for further sacrifices.

The payoff comes from Italy. The Rome radio urges Italians to bear up under privation as do the Finns. Theory: Another's troubles lighten one's own.

A la Germany

THE ELECTRIC LIGHT BULB INDUSTRY has developed a substitute plating process, which will soon become mandatory and will cut down use of critical metals 90%, without loss of lighting efficiency. The base, formerly solid brass, will be made of steel plated with brass; lamp leads, instead of 50-50 nickel and copper, will consist of iron wire plated with nickel and copper; and filament supports, instead of nickel and molybdenum, will be made of iron wire plated with nickel. Only the tungsten filament is unchanged. The industry's estimated monthly savings: 1,000,000 pounds of brass, 40,000 pounds of copper, and 30,000 pounds of nickel.

Skip This if You're Busy

TREASURY EXPENDITURES on war are now better than \$1 a day per person. The daily rate last month was \$140,178,000, or \$1.05 per capita, as against 93 cents in April and 24 cents a year ago. In June, 1940, when France fell, national defense spending ran at the rate of \$5,885,000 daily, or only 4.5 cents per capita.

WAR PROGRESS NOTES

LABOR TURNOVER

THE NET ACCESSION RATE for seven selected war industries was 3.51 per hundred employees in April, down .48 from March. This was three and one-half times the net rate for all manufacturing industries combined. Shipbuilding at 9.19 and aircraft at 5.02 reported the highest net accession rates among the war industries.

Quit rates for the seven selected war industries and all manufacturing have risen steadily since November. In April, they were more than twice the November averages. Major reasons for quits are the search for higher wages, housing shortages, and transportation difficulties.

Military separations continue to be

higher in seven selected war industries than in all manufacturing. In the war industries, separations rose from .73 per hundred in March to .79 in April. In all manufacturing they rose from .63 to .68.

PENDING LEGISLATION

ESTIMATES OF APPROPRIATIONS for the War Department for the fiscal year 1943, amounting to \$38,688,000,000, were sent to Congress June 6. Pending appropriations for the Navy and other agencies amount to \$14,482,000,000, bringing the total legislation now pending in Congress to \$53,170,000,000. If all these are passed, the total war program will be \$224,000,000,000. A breakdown by object is as follows:

Object	Army	Navy	Other Agencies	Total
		(Million dollars)		
<u>Total Pending</u>	38,688	11,108	3,374	53,170
<u>Munitions and Construction</u>	31,130	10,933	1,500	43,563
Munitions	29,070	10,783	1,054	40,907
Airplanes	8,999	-	-	8,999
Ordnance	9,944	15	-	9,959
Naval Ships	-	10,348	-	10,348
Merchant Ships	-	-	1,054	1,054
Other Munitions and Supplies	10,127	420	-	10,547
Construction	2,060	150	446	2,656
Industrial Facilities	-	150	194	344
Posts, Depots	2,060	-	209	2,269
Housing	-	-	43	43
Nonmunitions	7,558	175	1,874	9,607

FREIGHT CARLOADINGS

RAIL SHIPMENTS of coal, coke, and ore in May have reached 45,000 carloads per day--up 44% in the last two months and 15% above May, 1942. Loadings of grain and grain products, livestock, and forest products combined changed little from last year. As the result of reduced shipments of consumers' goods and more efficient utilization of available freight car space, loadings of less than carload lots have declined. Increased shipments of war materials and oil are reflected in higher miscellaneous carloadings--up 4.5% over last year.

Surplus cars dropped from 19,000 daily, in March, to 10,000 in May--almost 50%. Surplus cars of other types

increased by 11,000--partly due to decreased LCL shipments.

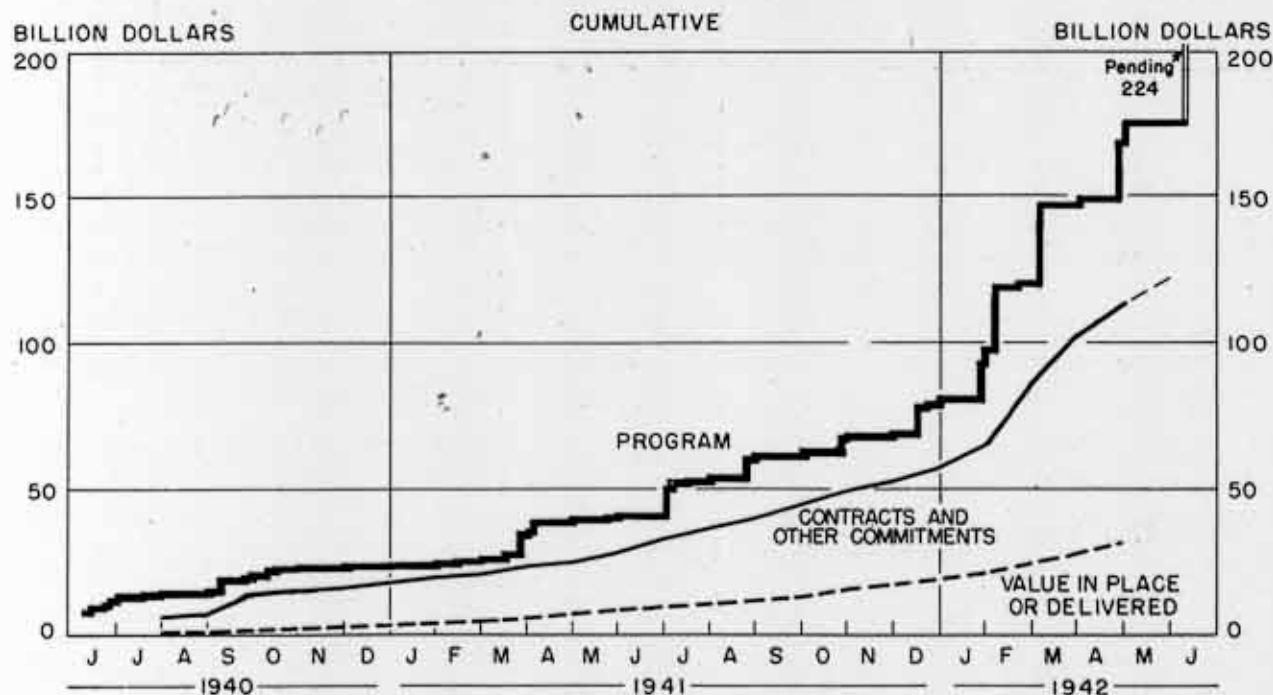
SHIPYARD UTILIZATION

DATA JUST DEVELOPED show that plant utilization in shipyards increased sharply after Pearl Harbor. The February peak was 18% above September operations. Then, in the succeeding two months, no further improvement appeared. Preliminary figures for May indicate a 2% increase over April.

The best yards have been operating at levels about 35% higher than the average for the industry. Trends in utilization for the best yards have been similar to those for the industry as a whole.

In the machine tool industry, plant utilization increased 1% last month.

TOTAL WAR PROGRAM



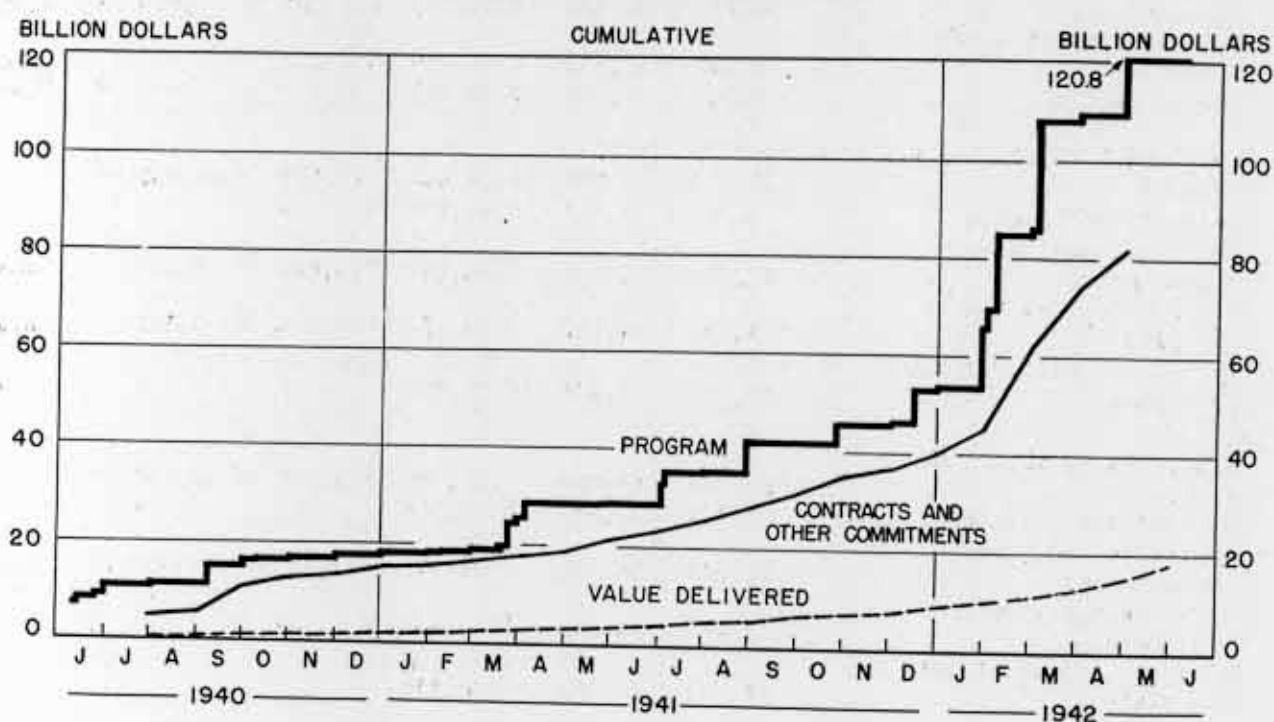
WAR PROGRESS SERIES
TOTAL WAR PROGRAM IN THE UNITED STATES

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	March 1942	April 1942	May 1942
● TOTAL WAR PROGRAM IN THE U.S. ^a			(Million dollars)			
Program-pending, 6/11/42						P 53,900
Program-enacted (incl. F.Y. 1943 funds)	40,861	80,604	P170,441	P30,373	P 20,709	P 0
Uncommitted balance	9,274	23,979	P 58,176	-	-	-
Contracts and other commitments	31,587	56,625	P112,265	P16,395	P 9,899	P 9,500
Value delivered and/or in place ^b	8,547	18,573	p 30,449	P 3,248	P 3,681	n.a.
Checks paid ^c	8,536	17,965	P 29,481	3,195	P 3,571	P 3,900
MUNITIONS PRODUCTION & WAR CONSTRUCTION, TOTAL						
Program	37,027	69,305	P152,525	P27,009	P 19,409	P 0
Uncommitted Balance	7,597	18,281	P 49,178	P -	P -	-
Contracts and other commitments	29,430	51,024	P103,347	P15,699	P 9,088	n.a.
Value delivered and/or in place ^b	6,795	14,750	P 24,757	P 2,698	P 3,181	n.a.
Value not delivered nor in place	22,635	36,274	P 78,590	-	-	-
PRODUCTION OF MUNITIONS						
Program	28,566	53,738	P120,750	P21,825	P 12,251	P 0
Uncommitted balance	4,901	13,929	P 39,369	-	-	-
Contracts and other commitments	23,665	39,809	P 81,381	P11,633	P 7,598	n.a.
Value delivered and/or in place ^b	4,290	8,940	P 15,483	P 1,734	P 2,081	p 2,330
Value not delivered nor in place	19,375	30,869	P 65,898	-	-	-
WAR CONSTRUCTION						
Program	8,461	15,567	P 31,775	P 5,184	P 7,158	P 0
Uncommitted balance	2,696	4,352	P 9,809	-	-	-
Contracts and other commitments	5,765	11,215	P 21,966	P 4,066	P 1,490	n.a.
Value delivered and/or in place ^b	2,505	5,810	P 9,274	P 964	P 1,100	n.a.
Value not delivered nor in place	3,260	5,405	P 12,692	-	-	-
NON-MUNITIONS WAR ITEMS, TOTAL						
Program	3,834	11,299	P 17,916	P 3,364	P 1,300	P 0
Uncommitted balance	1,677	5,698	P 8,998	-	-	-
Contracts and other commitments	2,157	5,601	P 8,918	P 696	P 811	n.a.
Checks issued	1,752	3,823	P 5,692	P 550	P 500	n.a.

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

For footnotes see Page 18

MUNITIONS PRODUCTION



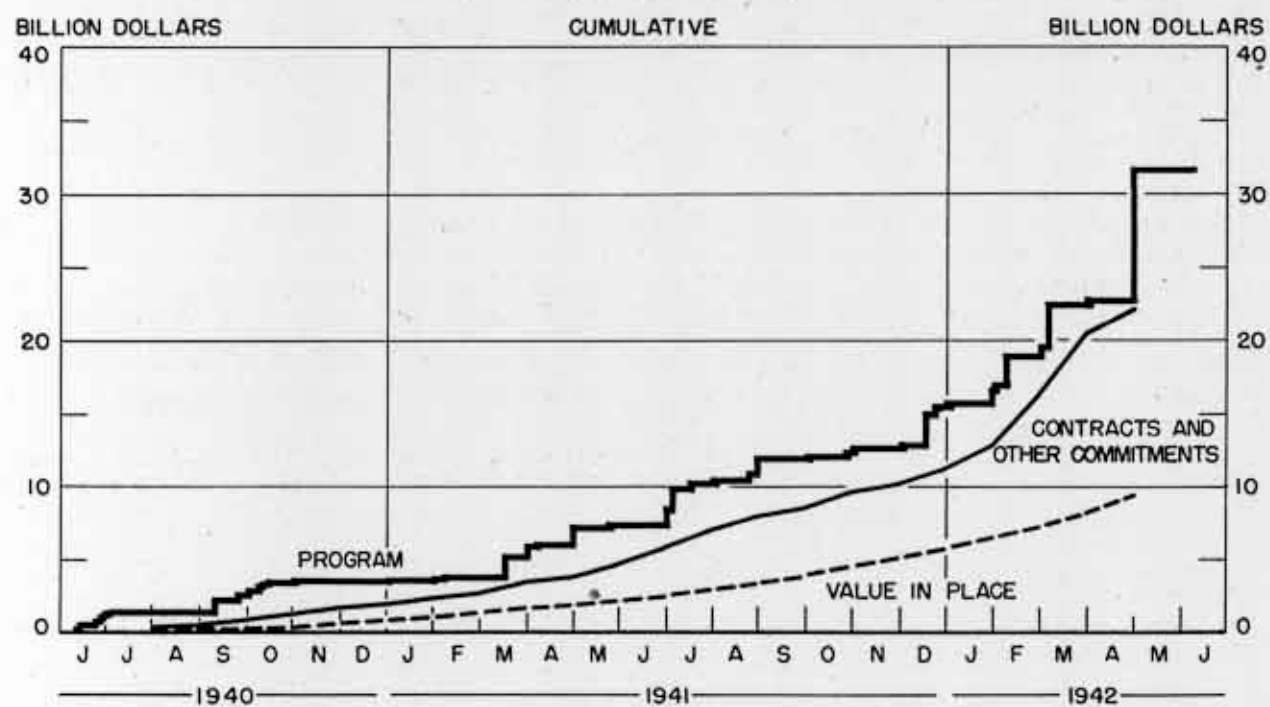
WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	March 1942	April 1942	May 1942
(Million dollars)						
BREAKDOWN OF MUNITIONS PRODUCTION						
● MUNITIONS PRODUCTION, TOTAL						
Program	28,566	53,738	P 120,750	P 21,825	P 12,251	P 0
Uncommitted balance	4,901	13,929	P 39,369	-	-	-
Contracts and other commitments	23,665	39,809	P 81,381	P 11,633	P 7,598	n.a.
Value delivered and/or in place ^b	4,290	8,940	P 15,483	P 1,734	P 2,081	p 2,330
Value not delivered nor in place	19,375	30,869	P 65,898	-	-	-
AIRPLANES, PARTS & ACCESSORIES						
Program	8,582	15,072	P 38,046	P 161	P 9,105	P 0
Contracts and other commitments	7,381	13,298	P 28,698	P 3,582	P 1,556	n.a.
Value delivered	1,010	2,265	P 3,771	P 416	P 416	p 483
ORDNANCE						
Program	7,778	17,488	P 36,298	P 11,438	P 1,055	P 0
Contracts and other commitments	5,418	10,354	P 22,235	P 2,722	P 2,840	n.a.
Value delivered	700	1,685	P 3,571	P 518	P 619	p 742g
NAVAL SHIPS						
Program	6,796	9,605	P 16,445	P 204	P 49	P 0
Contracts and other commitments	6,442	7,930	P 11,725	P 1,300	P 551	P n.a.
Value delivered and/or in place	810	1,665	P 2,500g	P 223g	P 234g	269g
MERCHANT SHIPS						
Program	1,442	3,288	P 7,624	P 674	P -25	P 0
Contracts and other commitments	1,484	2,381	P 5,655	P 1,169	P 234	n.a.
Value delivered and/or in place	240	510	P 881	P 86	P 118	p 130
OTHER MUNITIONS AND SUPPLIES						
Program	3,968	8,285	P 22,337	P 9,348	P 2,067	P 0
Contracts and other commitments	2,940	5,846	P 13,068	P 2,860	P 2,417	n.a.
Value delivered	1,530	2,815	P 4,760	P 491	P 694p	706

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

For footnotes see Page 18

WAR CONSTRUCTION



WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	March 1942	April 1942	May 1942
	(Million dollars)					
	BREAKDOWN OF WAR CONSTRUCTION					
WAR CONSTRUCTION, TOTAL (LAND, BLDGS., EQUIP.)						
Program	8,461	15,567	P 31,775	P 5,184	P 7,158	P 0
Uncommitted balance	2,696	4,352	P 9,809	-	-	-
Contracts and other commitments	5,765	11,215	P 21,966	P 4,066	P 1,490	n.a.
Value in place ^b	2,505	5,810	P 9,274	P 964	P 1,100	n.a.
Value not in place	3,260	5,405	P 12,692	-	-	-
INDUSTRIAL FACILITIES (LAND, BLDGS., EQUIP.)						
Program	5,120	8,112	P 16,346	P 5,169	P 222	P 0
Contracts and other commitments	2,865	6,318	P 14,058	P 3,126	P 1,101	n.a.
Value in place	960	2,800	P 4,746	P 553	P 600	n.a.
INDUSTRIAL FACILITIES, BUILDINGS ONLY						
Program	1,607	3,137	P 5,503	605	P 878	n.a.
Value in place	575	1,753	P 2,627	P 216	P 253	P 290
POSTS, DEPOTS, STATIONS						
Program	2,849	6,063	P 14,037	P 15	P 6,936	P 0
Contracts and other commitments	2,625	4,381	P 7,183	P 869	P 314	n.a.
Value in place	1,430	2,670	P 4,054	P 377	P 459	n.a.
DEFENSE HOUSING						
Program	492	1,392	1,392	0	0	0
Contracts and other commitments	275	516	P 725	P 71	P 75	n.a.
Value in place	115	340	P 474	P 34	P 41	n.a.
	BREAKDOWN OF NON-MUNITIONS					
NON-MUNITIONS, TOTAL						
Program	3,834	11,299	P 17,916	P 3,364	P 1,300	P 0
Uncommitted balance	1,677	5,698	P 8,998	-	-	-
Commitments	2,157	5,601	P 8,918	P 696	P 811	n.a.
Checks issued by agencies ^b	1,752	3,823	P 5,692	P 550	P 500	n.a.
STOCKPILE						
Program	983	2,399	P 2,713	P 0	P 0	P 0
Commitments	470	1,050	P 1,110	P 30	P 30	n.a.
Checks issued by agencies	192	488	P 809	P 147	P 64	n.a.

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

For footnotes see Page 18.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	March 1942	April 1942	May 1942
			(Million dollars)			
BREAKDOWN OF NON-MUNITIONS (Continued)						
AGRICULTURAL EXPORTS (LEND-LEASE)						
Program	625	1,522	2,138	630	214	P 0
Commitments	66	561	929	54	82	n.a.
Checks issued by agencies	1	211	421	55	60	n.a.
PAY, SUBSISTENCE & TRAVEL ^f						
Army Military						
Program	944	3,013	3,904	146	745	P 0
Commitments	934	2,030	3,283	105	239	n.a.
Checks issued	696	1,510	2,209	182	200	n.a.
Navy Military						
Program	378	963	2,251	49	10	P 0
Commitments	334	610	929	103	86	n.a.
Checks issued	388	642	874	60	65	n.a.
Civilian Payroll						
Program	32	247	253	0	5	P 0
Commitments	32	140	220	20	20	n.a.
Checks issued	356	682	956	71	75	n.a.
MISCELLANEOUS NON-MUNITIONS						
Program	872	3,155	6,657	2,539	326	P 0
Commitments	321	1,210	2,447	384	354	n.a.
Checks issued by agencies	119	290	423	35	36	n.a.

Table continued on following page.

For footnotes see Page 18.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	March 1942	April 1942	May 1942
(Million dollars)						
BREAKDOWN BY AGENCIES						
UNITED STATES FINANCED WAR PROGRAM ^d						
Program	37,075	76,508	P 166,345	30,373	P 20,709	P 0
Uncommitted balance	9,274	23,979	P 58,176	-	-	-
Contracts and other commitments	27,801	52,529	P 108,169	16,395	P 9,899	n.a.
Checks paid	6,431	15,251	26,507	3,131	3,505	P 3,833
U. S. ARMY						
Program	13,134	31,981	84,468	22,566	17,395	0
Contracts and other commitments	11,404	23,334	55,867	10,036	6,003	n.a.
Checks paid	3,636	7,889	12,490	1,130	1,284	1,497
U. S. NAVY						
Program	12,308	20,024	45,307	384	3,348	0
Contracts and other commitments	11,182	16,327	27,993	3,152	1,993	P 2,150
Checks paid	2,217	4,726	7,662	867	1,020	1,229
LEND-LEASE						
Program	7,000	12,985	18,410	5,425	0	0
Allocations	5,177	11,345	13,858	1,364	222	n.a.
Contracts and other commitments	2,458	6,282	9,876	744	673	n.a.
Checks paid	21	910	2,808	573	525	626
U. S. MARITIME COMMISSION						
Program	784	2,734	6,584	0	0	0
Contracts and other commitments	886	1,724	5,094	1,256	226	n.a.
Checks paid (Net) ^e	44	156	435	81	87	93
RFC AND SUBSIDIARIES						
Program	2,623	5,130	P 7,704	1,998	P -90	P 0
Contracts and other commitments	1,151	3,569	P 7,407	1,015	P 819	n.a.
Checks issued by RFC	350	956	1,883	334	274	P 280
OTHER U. S. AGENCIES						
Program	1,226	3,654	3,872	0	56	0
Contracts and other commitments	720	1,293	1,932	192	185	n.a.
Checks paid	163	614	1,229	146	315	108
FOREIGN ORDERS						
Program (orders)	3,786	4,096	P 4,096	P 0	P 0	P 0
Commitments	3,786	4,096	P 4,096	P 0	P 0	n.a.
Checks issued by Purchasing Missions	2,105	2,714	P 2,974	64	P 66	P 67

The President

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WAR PROGRESS

~~Confidential~~

DECLASSIFIED
E.O. 11652, Sec. 5(X) and 5(Y) or (Z)
Comman. Dept. Letter, 11-14-73
By RHP, Date MAR 29 1973

The Coming Struggle for Manpower
Forecasting the War Program--Air Ferries
for Invasion? --Inland Shipbuilding

Number 91

June 12, 1942

FOOTNOTES

WAR PROGRESS SERIES

n.a. Not available
r Revised.

P Preliminary

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

PLANT UTILIZATION

	Private shipyards		Machine tools		
	All plants	Three best plants	All plants ^a	Three best plants	Equiv. hours of machine operation ^b
1941			(Hours)		
Mar.	60.9	79.6	75.6	105.4	n.a.
June	61.1	77.3	76.1	111.6	n.a.
Sept.	62.1	80.2	77.9	113.9	n.a.
Dec.	n.a.	n.a.	81.7	108.4	n.a.
1942					
Jan.	72.2	99.2	84.0	110.9	n.a.
Feb.	73.0	99.8	84.4	113.6	103
Mar.	72.7	95.1	86.4	125.5	106
Apr.	72.9	97.9	90.7	126.6	110
May	p 74.4	p 100.1	91.7	n.a.	109

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

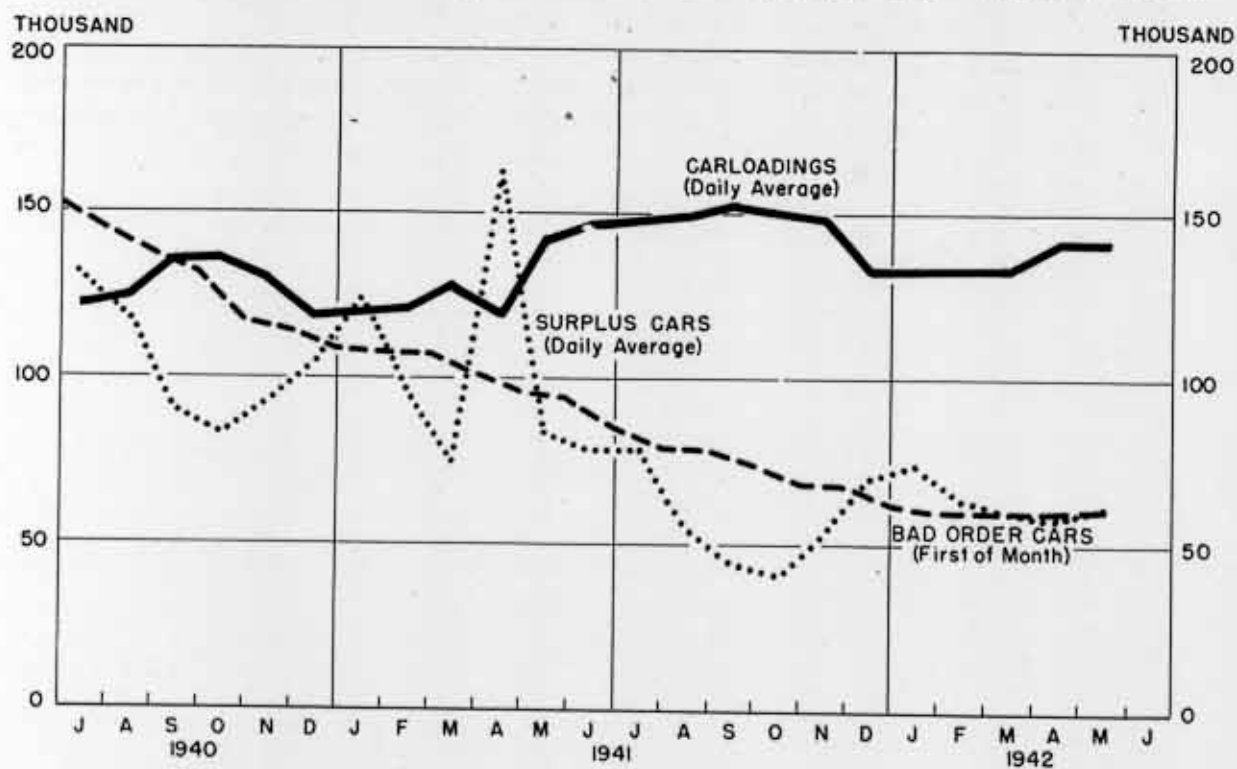
^b Total machine-operator hours divided by the number of machine operators on the first shift.

ECONOMIC ACTIVITY RELATED TO THE WAR

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

P Preliminary data.

FREIGHT CARLOADINGS, SURPLUS CARS, AND BAD ORDER CARS



ECONOMIC ACTIVITY RELATED TO THE WAR

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

	1940	1941	1942			Week ending June 6
	July	July	March	April	May	
FED. RES. BD. PROD. INDEXES			(Unadjusted indexes 1935-39=100)			
Total industrial production	120	159	168	P 172		
Durable manufactures	131	197	227	P 234		
Nondurable manufactures	111	138	137	P 137		
Minerals	121	130	118	P 125		
BUR. FOR. & DOM. COM. MFES.			(Indexes)			
ORDERS, SHIPMENTS, INVENTORIES						
New orders, total (1/39=100)	127	212	274	P 293		
Shipments, total	103	163	199	P 199		
Inventories, total 1939 av.	112.2	136.4	165.6	P 167.7		
Durable mo.=100	113.9	150.3	183.4	P 187.5		
Nondurable	110.7	124.3	150.1	P 150.4		
BLS PRICE INDEXES			(Indexes)			
Strategic materials } 8/39	123.6	140.3	144.4	P 145.7	P 147.0	147.1
Critical materials } -100	107.5	115.2	122.8	P 123.2	P 123.3	123.2
Basic commodities } -100	108.5	148.7	166.1	167.0	167.1	165.9
Machine tools	108.7	117.6	118.1	118.1	118.1	
All commodities (1926=100)	77.7	88.8	97.6	98.8	P 99.0	98.7
BLS COST OF LIVING INDEX						
All items	100.3	100.8	114.3	115.1		
Food	97.4	97.8	118.6	119.6		
Rent	104.6	105.0	108.9	109.1		
● TRANSPORTATION & ELEC. POWER						
Freight cars						
Loading (thous. per week)	706	853	793	838	834	855
Unloads for export, dly. av.						
Atlantic & Gulf ports (no.)	1,494	1,614	1,934	2,069	P 1,918	1,862
Pacific ports (no.)	112	159	305	400	P 446	414
Surplus, total, dly. av. (thous.)	132	77	59	57	61	
Box cars	55	30	21	26	34	
Coal cars	48	27	19	14	10	
Bad order cars, total						
1st of month (thous.)	153	85	61	60	62	
Power prod. (mil. kwh.)	12,094	14,226	15,053	14,586	P 15,220	3,372
DEFENSE BOND SALES		(Million Dollars)				
		342	558	531	634	154
DEFENSE HOUSING						
		(Number of dwelling units, cumulative to end of period)				
Fund allocations	1,460	123,433	342,261	413,530	417,339	430,255
Constr. Contracts awarded	624	87,132	185,350	193,438	228,672	265,091
Construction completed	0	29,954	97,681	104,318	116,956	121,583

● Graph appears on opposite page.

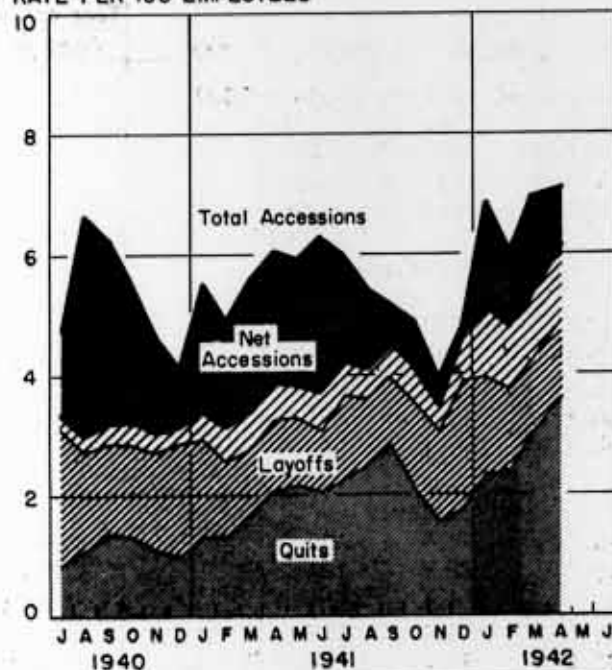
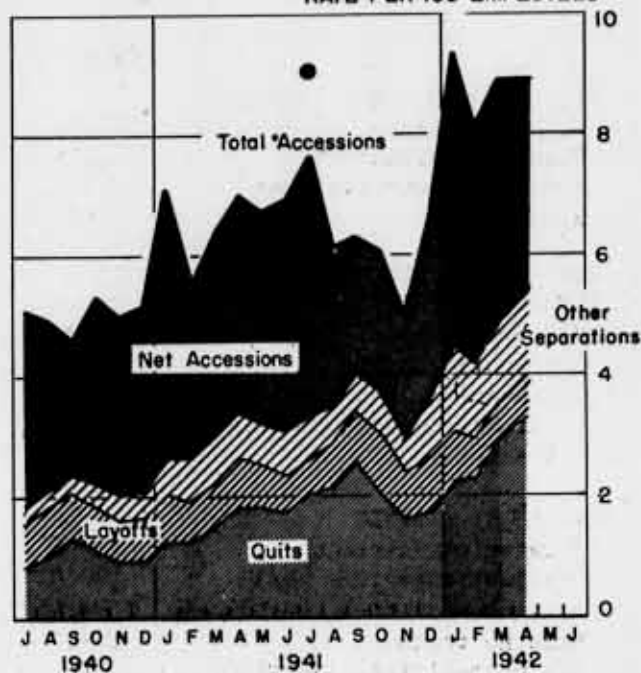
P Preliminary data.

JUNE 12, 1942

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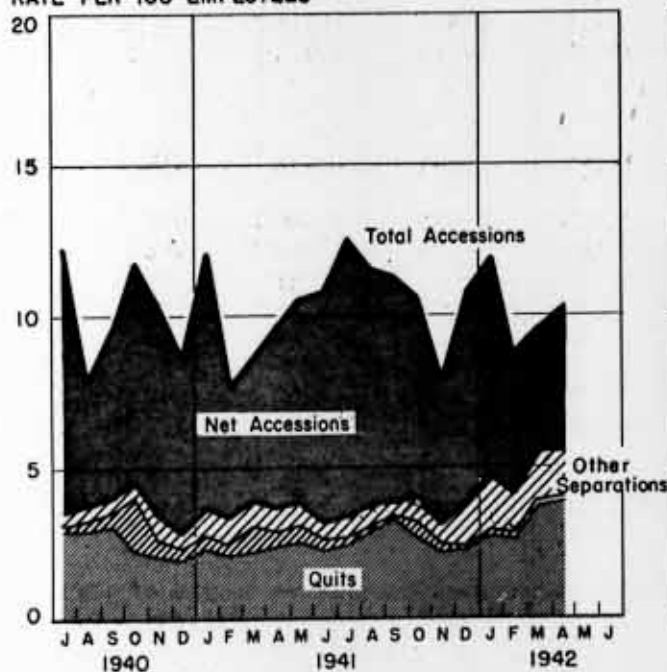
21

LABOR TURNOVER RATES

ALL MANUFACTURING INDUSTRIES
RATE PER 100 EMPLOYEES7 SELECTED WAR INDUSTRIES*
RATE PER 100 EMPLOYEES

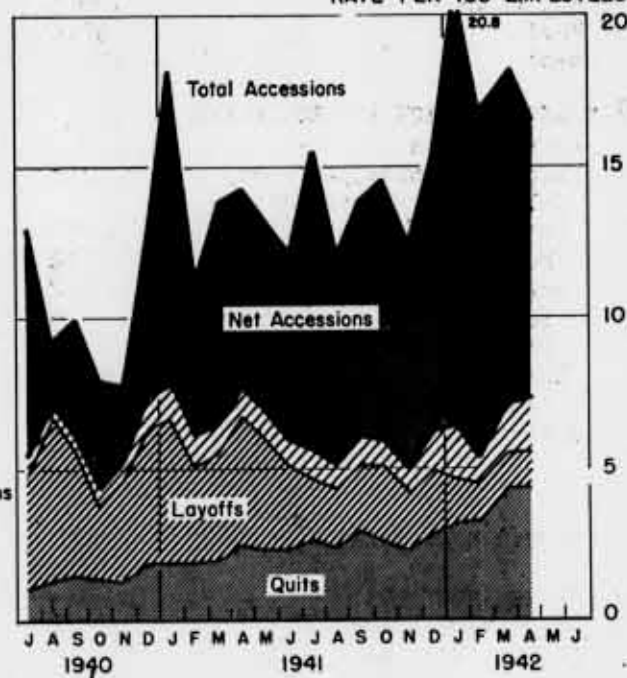
AIRCRAFT

RATE PER 100 EMPLOYEES



SHIPBUILDING

RATE PER 100 EMPLOYEES



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

ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942			
	July	July	February	March	April	May
NATIONAL INCOME			(Billion dollars, annual rate)			
Total income payments	75.8	93.3	105.4	106.5	P 108.6	
FEDERAL DEBT			(Billion dollars)			
Net public debt, end of mo.	41.5	46.9	58.8	58.9	62.1	65.4
EMPLOYMENT			(Thousand workers)			
Total civil nonagricultural	35,904	39,908	39,995	40,392	P 40,773	
Total WPA employment	1,655	1,055	1,029	963	867	786
War industries		Confidential data. See page 19.				
Deep sea merchant vessels						
UNEMPLOYMENT (WPA ESTIMATE)			(Million workers)			
Number of unemployed	9.3	5.6	4.0	3.6	3.0	
● LABOR TURN OVER ^h			(Rate per 100 employees)			
All Manufacturing						
Total accession	4.77	6.00	6.02	6.99	7.12	
Total separation	3.35	4.24	4.82	5.36	6.12	
Quit	0.85	2.25	2.41	3.02	3.59	
Layoff	2.25	1.40	1.39	1.19	1.31	
Discharge	0.14	0.29	0.29	0.33	0.35	
Military separation	n.a.	0.19	0.56	0.63	0.68	
7 MAJOR WAR INDUSTRIES						
Total accession	5.09	7.67	8.06	8.90	8.92	
Total separation	1.85	3.34	4.18	4.91	5.41	
Quit	0.84	2.05	2.30	2.91	3.28	
Layoff	0.73	0.57	0.64	0.61	0.72	
Discharge	0.15	0.36	0.40	0.42	0.42	
Military separation	n.a.	0.17	0.63	0.73	0.79	
AIRCRAFT						
Total accession	12.40	12.68	8.72	9.54	10.31	
Total separation	3.57	3.36	4.21	5.60	5.29	
Quit	2.96	2.48	2.68	3.70	3.79	
Layoff	0.15	0.19	0.16	0.12	0.14	
SHIPBUILDING						
Total accession	13.00	15.53	16.72	18.15	16.44	
Total separation	5.40	5.63	6.26	7.13	7.25	
Quit	1.14	2.65	3.27	4.27	4.29	
Layoff	3.71	2.05	1.33	1.26	1.29	
MACHINE TOOLS						
Total accession	3.05	5.17	7.07	7.89	7.48	
Total separation	2.09	2.79	3.21	3.77	4.84	
Quit	1.28	2.02	2.23	2.75	3.50	
Layoff	0.21	0.12	0.08	0.11	0.07	

Graph appears on opposite page.

p Preliminary data.

^h Bureau of Labor Statistics.

WAR PROGRESS

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The Aircraft Carrier vs. the Battleship

How Bad is the Rail Equipment Shortage?

Number 92

June 19, 1942

The Navy Says It with Carriers

Battle of the Coral Sea forces reshaping of building program, and aircraft vessels now top battleships. But capital ship is still the bruiser of the fleet.

THE BATTLE of the Coral Sea was the first major engagement in history in which warships of the opposing fleets never came within shooting range. When the fight was over and the Japanese forces withdrew, the world had another demonstration of the power of the airplane; another proof of the importance of the aircraft carrier to a well-rounded battle fleet.

REVAMPING THE PROGRAM

Immediately afterward, our Navy, which pioneered with aircraft carriers (The collier Langley was converted into a floating deck for planes back in 1922.), revised its building program.

Early this year, naval construction plans called for spending about \$3 on battleships and large cruisers to every \$2 for aircraft carriers and aircraft

escort vessels. Now the ratio has been dramatically reversed to almost \$4 for carriers and auxiliary carriers (smaller ships which usually travel with convoys) to around \$1 for battleships and large cruisers, as the following table shows:

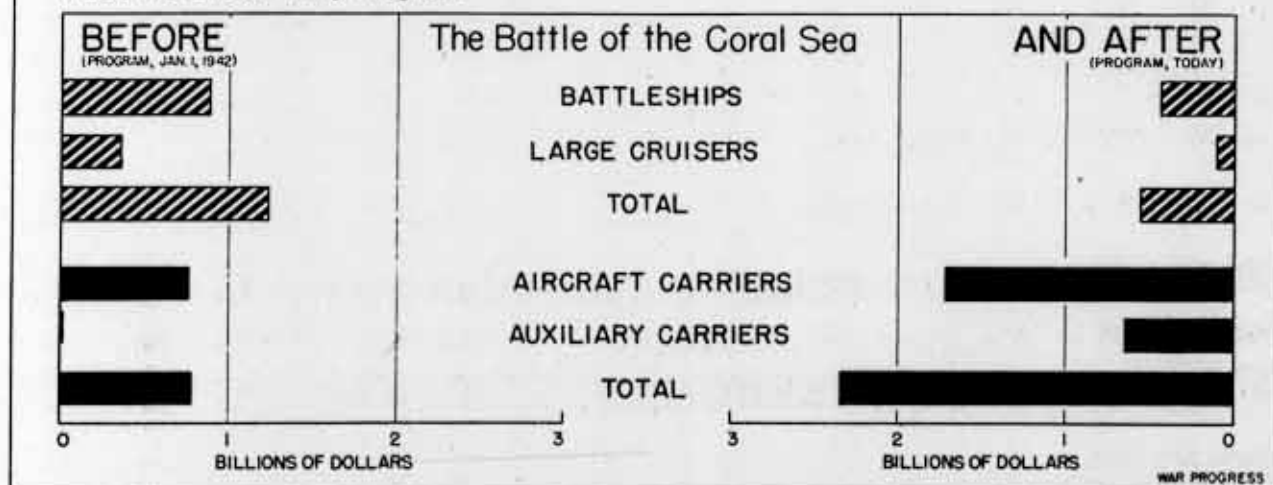
	JAN. 1 (IN MILLIONS)	TODAY	% CHANGE
BATTLESHIPS	\$ 888	\$ 441	-50
LARGE CRUISERS	354	118	-67
TOTAL	\$1,242	\$ 559	-55
AIRCRAFT CARRIERS	\$ 770	\$1,703	+121
AUX. CARRIERS*	20	640	+3,100
TOTAL	\$ 790	\$2,343	+197

*AVG-AIRCRAFT ESCORT VESSELS

Actual battle experience is not the only reason for this shift. It requires an average of 40 months to construct a battleship, but only half the time to build a carrier. Therefore, a carrier planned today will be available for combat early in 1944, or even earlier; a battleship would not be

AIRCRAFT CARRIER VS. BATTLESHIP

Here's the Official Navy Program:



ready until well into 1945. Furthermore, the United States has enough battleships now on the ways to gain capital-ship superiority over Japan in the Pacific.

COMPETITION FOR SHIPWAYS

Airplane carriers and capital ships compete for ways and scarce materials—steel plates, copper, propulsion machinery, etc. Since we cannot have all we want of both, a choice has to be made. And the carrier—because of its long-range effectiveness and its quicker availability for action—has been given the call. As the principal striking power of a task force in the Pacific, where distances are great, the aircraft carrier has more than proved its worth, prowling for enemy weak points while protected by flanking cruisers and destroyers.

But the battleship is still the bruiser of the fleet—the ship that can take heavy blows from sea and air and still keep going. And when it comes to closing in on the Japanese fleet for the decisive naval engagement in the Pacific, the battleship will be vital. It will have to approach Jap-

anese bases and withstand blows from land- and carrier-based aircraft, and perhaps shore batteries. What's more, it will have to fight it out with Japanese battleships, and it still takes a battleship to beat a battleship in surface fleet action.

But its role—as the revision of the naval construction program indicates—has undergone a change. And the battles of Midway Island, the Aleutians, and now the Mediterranean illustrate the point.

Rail Traffic Jam

Must handle volume of ton-miles with low supply of rolling stock; equipment is being "pushed" to maximum. But priorities on space may be necessary.

THE WAR has handed the railroads a bigger job than their equipment was designed to handle. What's more, the war is diminishing their chances of getting the equipment they need to do the job. This is why a traffic squeeze comparable to 1918 may be in the making.

A RECORD HAUL

Here's what has happened: The boom in munitions output has increased traffic; and, on top of that, the rails have had to haul (1) millions of tons of coal, oil, sulphur, lumber, and other freight which formerly moved by water, and (2) an increasing part of the miscellaneous load that, in days of more plentiful rubber supplies, would have moved by truck.

The net result is that the rails are being called upon to carry more freight a greater distance than ever before in their history. For instance, this year's ton-miles will be 15% to 20% higher than last year's and 20% to 25% above 1929. (See chart, page 3.)

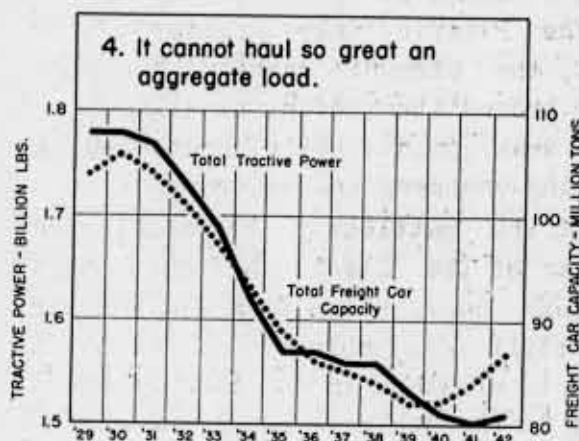
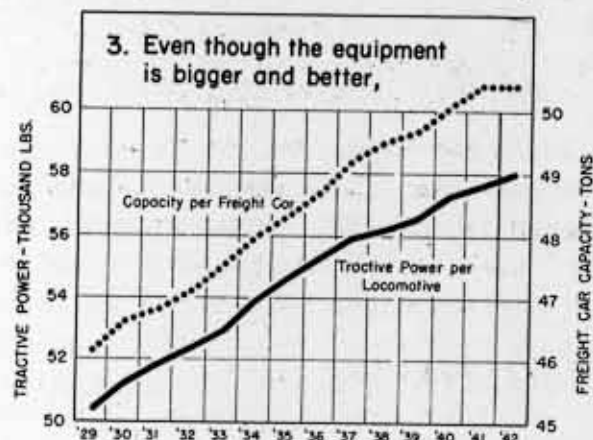
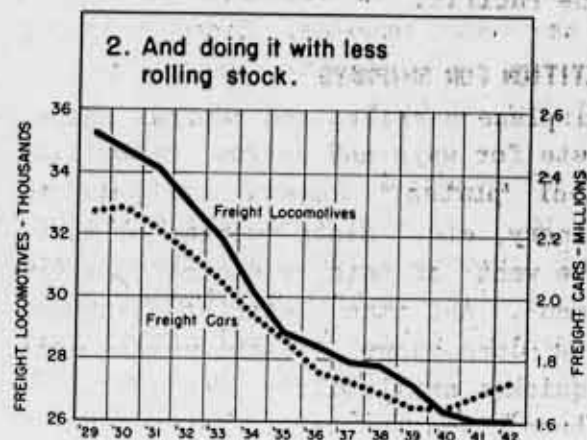
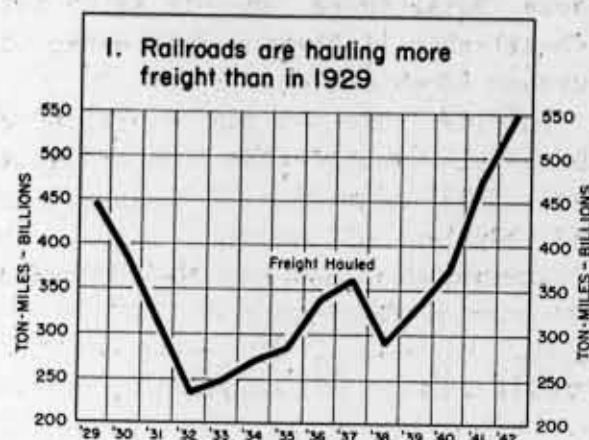
To move this heavier load, the rail-

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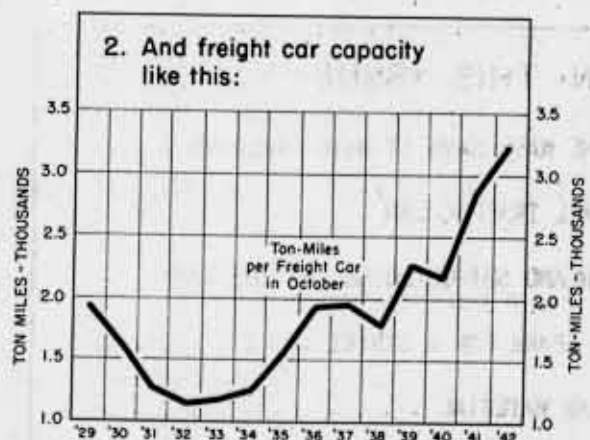
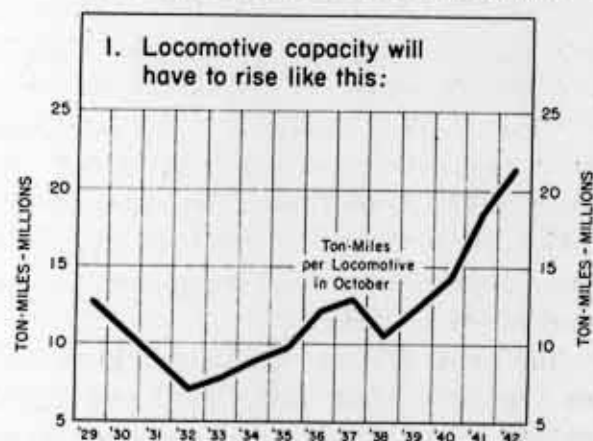
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CAN THE RAILROADS DO THE JOB?

A. Here Are the Basic Facts:



B. To Handle Peak-Load Freight in '42



ABOVE YOU SEE THE STATISTICAL WHYS AND WHEREFORES OF THE IMPENDING TRAFFIC SQUEEZE. THE RAILS WILL HAVE TO MOVE MORE FREIGHT THAN EVER BEFORE, BUT EQUIPMENT TO DO SO IS FAR FROM AN ALL-TIME HIGH. EFFICIENCY WILL HAVE

TO RISE TO RECORD LEVELS—LOADING AND UNLOADING WILL HAVE TO BE SPEEDED UP; IDLE LOCOMOTIVE AND FREIGHT-CAR TIME REDUCED; AND SPACE UTILIZED TO MAXIMUM CAPACITY. EVEN SO, PRIORITIES MAY BE UNAVOIDABLE.

Coming Struggle for Manpower

Army, Navy compete with war plants for labor. With unemployment stockpile at minimum, squeeze lies ahead. Must act now.

IF YOU'VE TRIED to hire anybody lately--whether a skilled machinist, a secretary, a servant, or even a statistician--you know from actual experience that the labor market is not what it used to be. What was once a buyers' market has become a sellers' market.

In April, 1940, just before Germany invaded the Low Countries and France, we had a plentiful labor stockpile; we called it "our unemployment problem"--8,800,000 persons were looking for jobs. They constituted a backlog of manpower for future industrial expansion, and they provided the basis for the theory that we could still have our butter as well as our guns (WP--May 29, '42 p. 2).

FALLS SHORT OF PLENTY

Consider what has happened since April, 1940. Our total labor supply, available for industry or the armed forces, increased about 2,000,000--about 50% more than might normally be expected. Higher wages and the unusual demands of wartime have brought workers out of hiding. Add that to the 8,800,000 stockpile, and you get a two-year labor supply of 10,800,000. That ought to seem like plenty, but it isn't.

Employment has increased 5,300,000; the armed forces have taken 2,500,000. Result: Today the stockpile of unemployed is down to about 3,000,000.

Yet the greatest drain on manpower is still to come. Although we have an estimated 10,000,000 persons working

directly or indirectly in the production and distribution of airplanes, guns, ships, tanks, and other arms, that's not enough. If we are to come up to our war production schedules, employment in war industries will have to double by about this time next year.

NOT WILLY-NILLY

Not only that, but our armed forces will continue to expand. In a year's time, the Army and Navy will recruit another 3,000,000 men. So, the total drafton manpower in the next 12 months will run to around 13,000,000.

How can we meet it?

We start off with 3,000,000 unemployed. But all of these persons can-

★★★★★ FINAL

MUNITIONS PRODUCTION increased all along the line in May--up 12% over April. Ordnance scored the biggest month-to-month gain. Aircraft was next. Here's the score:

	April	May	% Gain
	(In Millions)		
Airplanes	\$416	\$483	16.1
Ordnance	619	742	12.0
Naval Ships	234	269	15.0
Merch. Ships	118	130	10.2
Other Mun.	694	706	1.7
Total	2,081	2,330	12.0

Although overall naval output was up, production of minor combat craft fell 33% below forecast levels. Small subchasers were 40% under the mark; large subchasers, 13% short, and minesweepers, 35%.

roads have 24% fewer freight cars and 26% fewer locomotives than in 1929. True, they are larger freight cars and more powerful locomotives, but the improvement is insufficient to make up for decreased numbers. Total carrying capacity and tractive power are 15% less than in 1929.

CAN'T GET EQUIPMENT

Late last year, when the railroads owned almost 1,700,000 freight cars and about 26,000 freight locomotives, the Supply, Priorities and Allocations Board saw the squeeze ahead and provided for construction of 36,000 freight cars and 926 locomotives this year; these are being built. And, after Pearl Harbor, the Office of Defense Transportation sought to raise the ante by 130,000 freight cars and 1,200 locomotives.

But the railroads will get not more than one-fourth that number of locomotives and one-seventh that number of freight cars. (And they will not get any of the 3,000 passenger cars the ODT asked for.) WPB is increasing SPAB's authorized construction by only 18,000 additional freight cars and 300 locomotives this year, and there is no guarantee that the roads will get these. Unconverted locomotive building facilities may not be enough to produce the 1942 quota this year; and, though car-building facilities are adequate, materials may be scarce.

REAL PINCH STILL TO COME

At the moment, equipment shortages are not a major problem. Traffic is seasonally at low levels and can be handled with present equipment. The real pinch will come with the fall traffic peak.

The rise from the summer low to the October high will be less abrupt this

year than in normal years--for one thing, there will be no auto plant shutdowns for model change-overs this summer--but war doesn't change harvest-time. It is estimated that in October the roads will have to move some 55,000,000 ton-miles of freight, 15% above last October and more than 20% above October, 1929. In the high week of that month, the problem will be even more acute.

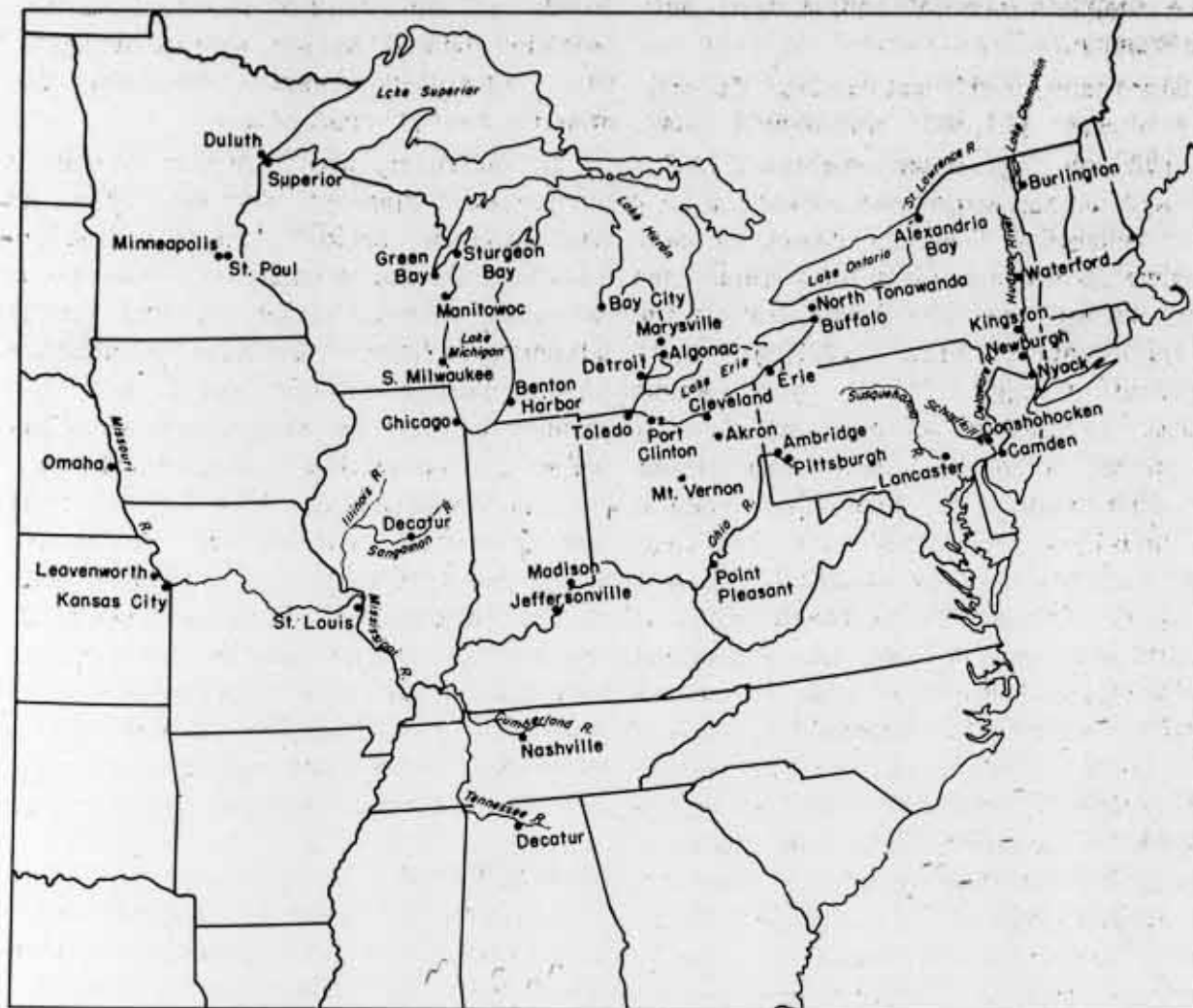
Increased efficiency will not solve the peak traffic problem, but it will help. Average freight-car carrying capacity is up 9% since 1929; average locomotive tractive power is up 15%, and the cars are more compactly loaded. Result: It took one freight car for every 2,848 ton-miles of freight last October, against 1,943 ton-miles in 1929; one locomotive for every 18,300,000 ton-miles in 1941, against 12,700,000 ton-miles in 1929. This October, each locomotive and freight car will do a still bigger ton-mile job.

UTILIZATION RATIOS

But when cars are more heavily loaded, it requires more time for loading and unloading. And longer hauls mean that cars run empty more hours on the turnaround. So, partly offsetting the larger loads are fewer loads in a given time. Example: In October, 1939, it took only 16 active freight cars (excluding bad-order and stored cars) to haul 10 carloads in a week; last year it took 17. Similarly, each active locomotive in freight service which hauled 55 revenue carloads in 1939 hauled only 53 last October. This fall, these utilization ratios may be even lower.

But suppose the ratios don't get any lower; suppose also that the railroads get all the freight cars and locomotives they are supposed to get,

INLAND SHIPBUILDING FOR THE NAVY



IT ISN'T NEW, but it's worth while to reiterate that our rivers and lakes are alive with shipbuilding activity. Yards--some rusting since the first World War--are constructing thousands of small fighting and auxiliary vessels for the Navy.

Coming off the ways at Hudson River towns are submarine chasers and open lighters. Ohio River cities (such as Pittsburgh) are building tank-landing craft, minesweepers, gasoline and water barges. Nashville, Tenn., on the Cumberland, where boat-building in recent years has been only a memory, is now turning out

both minesweepers and subchasers.

Along the Great Lakes--from Buffalo to Duluth--yards once devoted to small pleasure boats are launching covered lighters, minesweepers, Eureka raiding craft, patrol and harbor picket boats, subchasers, and fleet tugs.

Even the far interior is busy building boats. On the Mississippi and Missouri rivers--at St. Louis, Mo.; Kansas City and Leavenworth, Kan.; and Omaha, Neb.--they're constructing (among other craft) tank lighters, amphibian tractors, and tank-landing carriers.

and that the equipment arrives in time for the "fall" peak. Even after all that, it will be touch-and-go--and these suppositions are optimistic, not pessimistic.

Right now, railroad traffic is running around 850,000 carloads a week. By fall, the figure may be above 1,000,000 and demand might even reach 1,100,000. Assuming that it takes 17 cars to move 10 carloads--as last year--the carriers would require 1,700,000 active freight cars to haul 1,000,000 carloads of freight. That just about equals the number of cars which will be owned October 1, and that means that the roads will just about squeak by, provided bad-order cars are kept down to the barest minimum. What's more, if freight to be moved runs up to 1,100,000 cars a week, the potential "arithmetical" shortage will be around 160,000 cars, and commodities would pile up in warehouses, freight yards, and sidings. Moreover, the potential squeeze on locomotives is even tighter.

What can be done about it? The ODT had already started to clear the tracks. General Order No. 1, issued in April, requires that all freight cars carry-

ing less-than-carlot freight be loaded to at least 10 tons; this order resulted in saving some 60,000 carloads of LCL freight weekly in May. Another general order, now in the mill, will establish minimum carloads for other types of freight.

In addition, the ODT has reduced turnaround time of freight cars by insisting on prompt loading and unloading; it has eliminated cross hauls of many commodities; it has urged shippers to "space" traffic voluntarily to cut down on peaks; and it has rationed traffic in emergencies to eliminate non-essential transportation.

And essentially that is how the transportation problem must be solved. Large new additions to equipment cannot be effected. Critical materials wanted for freight cars and locomotives are also needed for munitions and industrial facilities. So the country will have to make the best of the freight-car capacity and tractive power it has.

TODAY'S PROBLEM

Meanwhile, today's imperative is to prepare for the potential squeeze this fall; to make plans to carry the war-essential freight and to by-pass nonwar traffic. To that end, a blueprint of coming operations might be worked out: What kinds of freight can be embargoed during the peak-load period? What kinds should receive priorities? What passenger schedules can be eliminated (1) to make way for fast freight, (2) to release locomotives for freight service? How much pooling of equipment and rights of way is practicable? How can that be accomplished? And what further means of increasing railroad plant utilization can be developed?

Those questions are today's problems, for they anticipate tomorrow.

★★★★★ FINAL

IN THE FIRST half of this month, acceptances of complete military planes (without spare parts, etc.) amounted to \$132,000,000, up 9% over the first 15 days of May. Combat planes were up 12%, to \$106,000,000.

Production, however, was 30% behind forecasts of \$188,000,000 for all military planes and \$150,000,000 for combat planes. The usual end-of-the-month crowd-up in acceptances is likely to cut down that gap significantly between now and the 30th.

A Spare for a Strike

Aircraft program calls for higher ratio of replacement parts to new equipment; raises problem about attaining 1942-43 goals for completed planes.

AN AIR FORCE fights on its spares; its effectiveness depends not only on getting its planes into the air, but on keeping them there. A plane which cannot fly for lack of a spark plug is as useless as one destroyed.

Thus, a well-stocked "hospital" behind the lines is as necessary as the brand-new ships. British experience is that 70% of the planes brought down over "friendly" territory can be rehabilitated for service; and in addition to combat damage, normal wear and tear must be considered. In planning aircraft requirements, U. S. and British procurement officials are taking this experience increasingly into account.

BRITISH-AMERICAN CONTRAST

Starting in January, 1943, our Army and Navy expect to get spare engines for all delivered single and twin-engined combat planes in a ratio of 1 to 2; the British want only a 1-to-4 ratio for U. S.-made combat planes. (Presumably, in the British Isles, the Royal Air Force can distribute its supplies quickly, hence needs a smaller ratio of spares to new planes than, say, American fliers fighting far from their home bases.)

Our Navy will order three extra engines for every four in its flying boats; the British Navy, one to every two. All transports for the U. S. Army and Navy and for Britain will require a 1-to-2 spare engine ratio.

In addition, heavy quotas are set for spare parts for airframes--35% for fighters, 25% for bombers, 20% for

transports. Nor is that all. Plenty of other extras will be "part" of the finished ship--engine parts, propellers and propeller blades, instruments and parts, guns, tires and controls.

FEWER PLANES, BUT BETTER

This increased quota of spares is bound to have an effect on our overall aircraft program. Indeed, it may cause the aircraft industry to fall short of the present complete-plane objective--60,000 this year, 125,000 the next. But, even if we get fewer planes than the goal, the greater ratio of spares to finished units may well augment our net striking power.

Raw Material

A Paradox, a Paradox...

A DIRECTIVE recently issued concludes as follows:

"This decision supersedes all previously approved processing directions as well as those which are currently being approved to the contrary."

Britain's Shadow

GREAT BRITAIN'S EXPERIENCE is no blueprint for the United States, but it does have a way of casting a long shadow across the Atlantic. Thus, what has been taking place over there (as culled from the second White Paper on war finance) is worth noting:

1. Civilian consumption in 1941 was down 15% to 20% from the pre-war year of 1938. In the United States, civilian consumption is just beginning to go down (WP-May 29, '42, p. 2): from 1938 to 1941, it rose 25%.

2. British taxes took 40% of the national income last year; here in the United States the toll was 25%.

3. The British government used

more goods and services than British civilians last year--52% to 48%; the U. S. government took 20%.

4. Britain is living partly on her capital--using up plant, equipment, and inventories, and selling foreign investments to buy goods and services from abroad. (Lend-Lease is now slowing down the rate of capital diminution.) In the United States we have not yet begun to eat into capital.

One difference: Britain has sold her foreign investments over here; we probably could find no place to sell ours.

Boom in Foreign Trade

AMERICAN EXPORTS have come up in the world from the depression low of 1932. Then they averaged \$132,000,000 monthly; but in April they were \$696,000,000, more than five times as great, even topping the all-time monthly average of \$686,000,000 in the post-World War year of 1920.

Great Britain, just as in the last war and as you might guess, is the big importer this time, taking \$185,000,000 of American supplies in April. Russia is second, and succeeds France, runner-up in the last war but just an also-ran this one.

Closing Axis "Loot-hole"

IF YOU think the Allied blockade can stop Germany from buying in neutral markets, consider the record of Argentine shipments of U. S. currency to this country. From July, 1941, through April, 1942, Argentina sent us almost \$500,000,000--a suspiciously large sum. Question: If the currency represents Axis loot from the occupied countries, what did Germany get in return? Maybe the sharp increase in our platinum exports to the Argentine is a partial answer. In any event, the Treasury is

now requiring proof of origin of all currency imports.

Steel from Oil Fields

IN THREE MONTHS, the petroleum industry has produced 335,000 tons of iron and steel scrap, and 16,000 tons of nonferrous metals. And more may come. Of the 41,500 derricks in Oklahoma, Kansas, and Texas, an estimated 30% could be scrapped, yielding about 100,000 tons of steel. Job is to persuade oil men to do away with older fixed derricks and to use portable hoists instead.

1,000,000 Sheaves of Paper

THE FARTHER we get away from Pearl Harbor, the scarcer become critical materials and the greater become applications to the Bureau of Priorities for assistance. Forms PD-1 and PD-1A came in at the rate of 57,000 in November, rose to 260,000 in May. Biggest day was May 27, with 14,427 applications. All told, since the Japs attacked on December 7, some 1,000,000 forms have filtered into WPB. But when PRP gets into full swing, this deluge should be halted. Appeals from PRP are hardly likely to come up to applications for priorities.

Wood for Baby

GRANDMOTHER'S WOODEN TUB and pail are staging a comeback. Metal can now be used only in the hoops, bails, ears, and handles--and must not exceed 15% of the weight. Wooden baby carriages will also be a common sight. Beginning August 1, no carriage may contain more than six pounds of iron and steel--now they have 30 to 40. Metal in lightweight strollers will drop from 15-to-20 pounds to three.

Thus it is a safe bet that 1942 war babies will not suffer from excessive carriage bounce. Not enough springs.

WAR PROGRESS NOTES

PENDING FINANCING

WAR APPROPRIATIONS amounting to more than \$53,000,000,000 were pending in Congress this week; \$38,700,000,000 is for the Military Appropriations Act of 1943, on which the House Appropriations Committee has concluded hearings.

The House this week acted on Senate amendments to the Seventh Supplemental National Defense Appropriation Act, 1942, which includes approximately \$3,000,000,000 for the Navy.

An authorization for the construction of 500,000 tons of aircraft carriers, 500,000 tons of light and heavy cruisers and 900,000 tons of destroyers and destroyer escort vessels, estimated at \$8,500,000,000, was approved by the House Naval Affairs Committee on June 16.

AIRCRAFT PLANT UTILIZATION

MILITARY AIRCRAFT PLANTS showed little change in plant utilization from April to May. In fact, they have shown little change since reaching a peak in January.

Improved plant utilization since Pearl Harbor is shown by the rapid increase in hours worked on second and

third shifts and on Saturdays and Sundays (chart, page 19). Hours worked on second and third shifts increased over 50% in airframes and 100% in engines and propellers. Saturday and Sunday hours have tripled.

COST OF LIVING

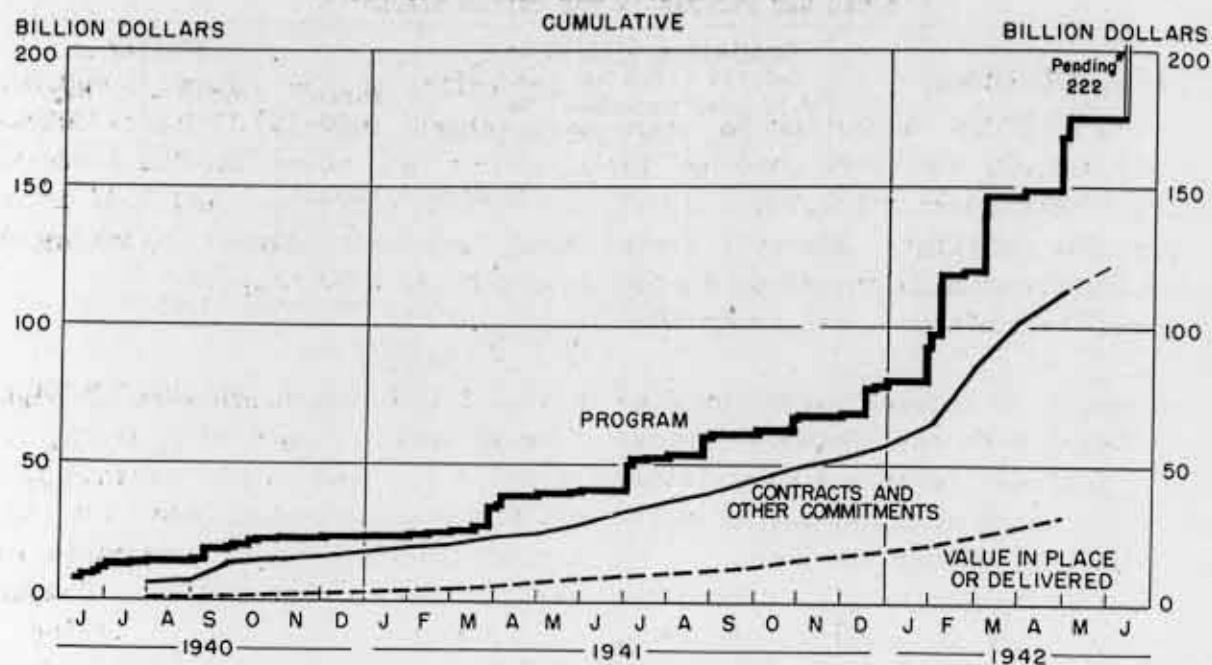
LIVING COSTS last month were 1% higher than in April. Foods were up 2%, accounting for most of the overall rise, but fuel, electricity, and ice also advanced. Clothing and household furnishings declined slightly. Compared to a year ago, the cost of living is up 13%.

FOREIGN TRADE

EXPORTS IN APRIL amounted to \$696,000,000, up 14% from March and 80% from a year ago. Largest increase was in exports to Russia which have risen about fivefold since January. April exports to Russia were \$169,000,000, compared with \$185,000,000 to the United Kingdom and \$112,000,000 to Canada.

Imports, at \$223,000,000, were \$29,000,000 below March, down \$52,000,000 from a year ago. Imports from British Asia and Latin America declined most.

TOTAL WAR PROGRAM



JUNE 19, 1942

CONFIDENTIAL

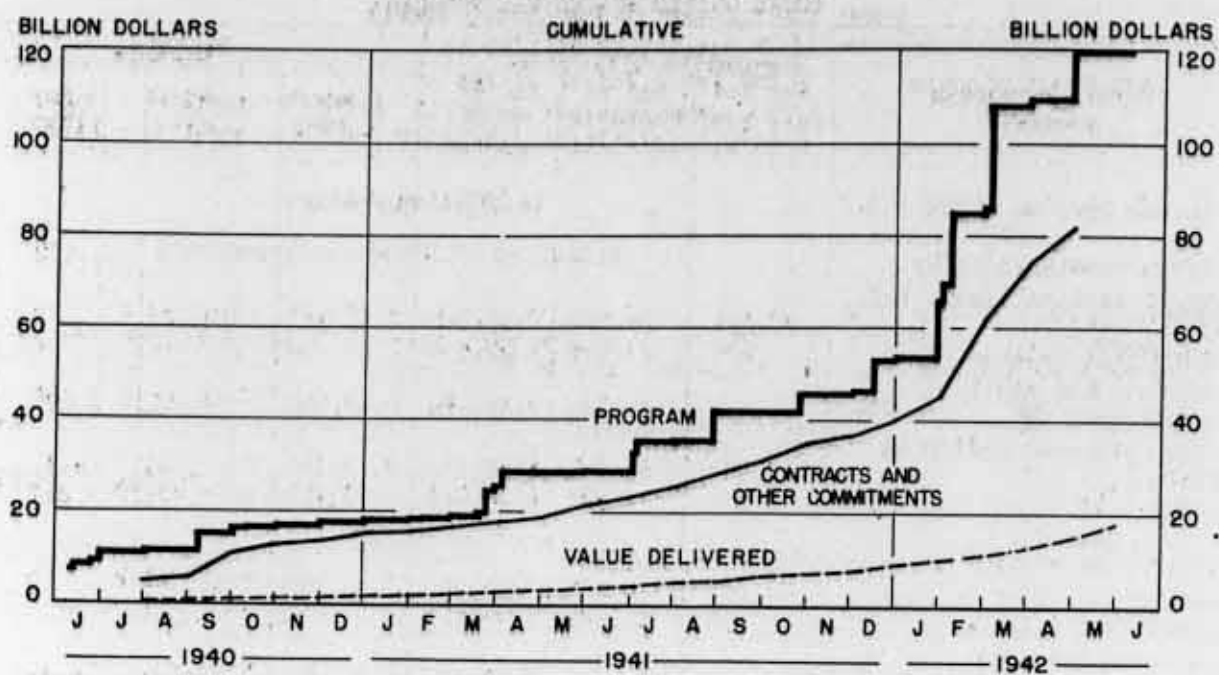
WAR PROGRESS SERIES
TOTAL WAR PROGRAM IN THE UNITED STATES

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	March 1942	April 1942	May 1942
TOTAL WAR PROGRAM IN THE U.S. ^a			(Million dollars)			
Program-pending, 6/11/42						P53,170
Program-enacted (incl. F.Y. 1943 funds)	40,861	80,604	P168,769	P 30,373	P 19,037	P 0
Uncommitted balance	9,274	23,979	P 56,504	-	-	-
Contracts and other commitments	31,587	56,625	P112,265	P 16,395	P 9,899	P 9,000
Value delivered and/or in place ^b	8,547	18,573	P 30,449	P 3,248	P 3,681	n.a.
Checks paid ^c	8,536	17,965	P 29,481	3,195	P 3,571	P 3,887
MUNITIONS PRODUCTION & WAR CONSTRUCTION, TOTAL						
Program	37,027	69,305	P150,856	P 27,009	P 17,740	P 0
Uncommitted Balance	7,597	18,281	P 47,509	P -	P -	-
Contracts and other commitments	29,430	51,024	P103,347	P 15,699	P 9,088	n.a.
Value delivered and/or in place ^b	6,795	14,750	P 24,757	P 2,698	P 3,181	n.a.
Value not delivered nor in place	22,635	36,274	P 78,590	-	-	-
PRODUCTION OF MUNITIONS						
Program	28,566	53,738	P119,366	P 21,825	P 11,743	P 0
Uncommitted balance	4,901	13,929	P 27,985	-	-	-
Contracts and other commitments	23,665	39,809	P 81,381	P 11,633	P 7,598	n.a.
Value delivered and/or in place ^b	4,290	8,940	P 15,483	P 1,734	P 2,081	P 2,330
Value not delivered nor in place	19,375	30,869	P 65,898	-	-	-
WAR CONSTRUCTION						
Program	8,461	15,567	P 31,490	P 5,184	P 5,997	P 0
Uncommitted balance	2,696	4,352	P 9,524	-	-	-
Contracts and other commitments	5,765	11,215	P 21,966	P 4,066	P 1,490	n.a.
Value delivered and/or in place ^b	2,505	5,810	P 9,274	P 964	P 1,100	n.a.
Value not delivered nor in place	3,260	5,405	P 12,692	-	-	-
NON-MUNITIONS WAR ITEMS, TOTAL						
Program	3,834	11,299	P 17,913	P 3,364	P 1,297	P 0
Uncommitted balance	1,677	5,698	P 8,995	-	-	-
Contracts and other commitments	2,157	5,601	P 8,918	P 696	P 811	n.a.
Checks issued	1,752	3,823	P 5,692	P 550	P 500	n.a.

Graph appears on opposite page.
Table continued on Page 13.

For footnotes see Page 18.

MUNITIONS PRODUCTION



JUNE 19, 1942

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WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	March 1942	April 1942	May 1942
	(Million dollars)					
	BREAKDOWN OF MUNITIONS PRODUCTION					
MUNITIONS PRODUCTION, TOTAL						
Program	28,566	53,738	P 119,336	P 21,825	P 11,743	P 0
Uncommitted balance	4,901	13,929	P 37,955	-	-	-
Contracts and other commitments	23,665	39,809	P 81,381	P 11,633	P 7,598	n.a.
Value delivered and/or in place ^b	4,290	8,940	P 15,483	P 1,734	P 2,081	P 2,330
Value not delivered nor in place	19,375	30,869	P 65,898	-	-	-
AIRPLANES, PARTS & ACCESSORIES						
Program	8,582	15,072	P 37,801	P 161	P 8,860	P 0
Contracts and other commitments	7,381	13,298	P 28,698	P 3,582	P 1,556	n.a.
Value delivered	1,010	2,265	P 3,771	P 416	P 416	P 483
ORDNANCE						
Program	7,778	17,488	P 36,115	P 11,438	P 872	P 0
Contracts and other commitments	5,418	10,354	P 22,235	P 2,722	P 2,840	n.a.
Value delivered	700	1,685	P 3,571 ^e	P 518 ^e	P 619 ^e	P 742 ^e
NAVAL SHIPS						
Program	6,796	9,605	P 15,538	P 204	P 18	P 0
Contracts and other commitments	6,442	7,930	P 11,725	P 1,300	P 551	P n.a.
Value delivered and/or in place	810	1,665	P 2,500 ^e	P 223 ^e	P 234 ^e	269 ^e
MERCHANT SHIPS						
Program	1,442	3,288	P 7,624	P 674	P -25	P 0
Contracts and other commitments	1,484	2,381	P 5,655	P 1,169	P 234	n.a.
Value delivered and/or in place	240	510	P 881	P 86	P 118	P 130
OTHER MUNITIONS AND SUPPLIES						
Program	3,968	8,285	P 22,288	P 9,348	P 2,018	P 0
Contracts and other commitments	2,940	5,846	P 13,068	P 2,860	P 2,417	n.a.
Value delivered	1,530	2,815	P 4,760	P 491	P 694	P 706

Graph appears on opposite page.
Table continued on Page 15.

For footnotes see Page 18.

not be put into jobs, willy-nilly. As a practical matter, the labor reserve never gets down to zero. There are always some temporarily out of work because of illness. And it is doubtful if this out-of-work pool can ever be cut down much below 1,500,000 (these are the so-called "frictionally unemployed").

WANTED: ELEVEN MILLION

Even so, that would give us 1,500,000 unemployed as a starter toward the 13,000,000 persons needed over the next year. What's more, persons coming of working age will add another 600,000 to the labor force. Add that and you get 2,100,000 workers, but it still leaves 10,900,000 to go. And that's the problem the country now faces. Where are 10,900,000 new workers to come from?

Sources of supply are several:

1. We could increase the hours worked per week; if average hours worked in manufacturing industries were

increased by 10%, that would add the equivalent of 1,500,000 workers.

2. Unquestionably, young men and women--as in the past year--will continue to quit school ahead of their usual time, under the goad of wartime urgency. (Many won't return to schools and colleges after summer vacations.) Conceivably, this might boost the labor supply another 1,000,000.

3. Some industries will naturally disgorge workers--for example, consumers' durable-goods plants--as a result of curtailments now in sight. Other industries will shift automatically to war output; for example, steel for tanks instead of steel for autos; freight cars for guns instead of for refrigerators. And retail and wholesale firms will also lay off workers as the volume of goods they distribute--especially "hard goods"--declines. We might realize an estimated 4,000,000 from such "semiautomatic" layoffs.

FROM FRYING PAN TO FACTORY

That builds up to an estimated 6,500,000 toward the required 10,900,000 goal, as follows:

Longer Hours	1,500,000
Earlier School Quits . . .	1,000,000
Semiautomatic Shifts . . .	4,000,000

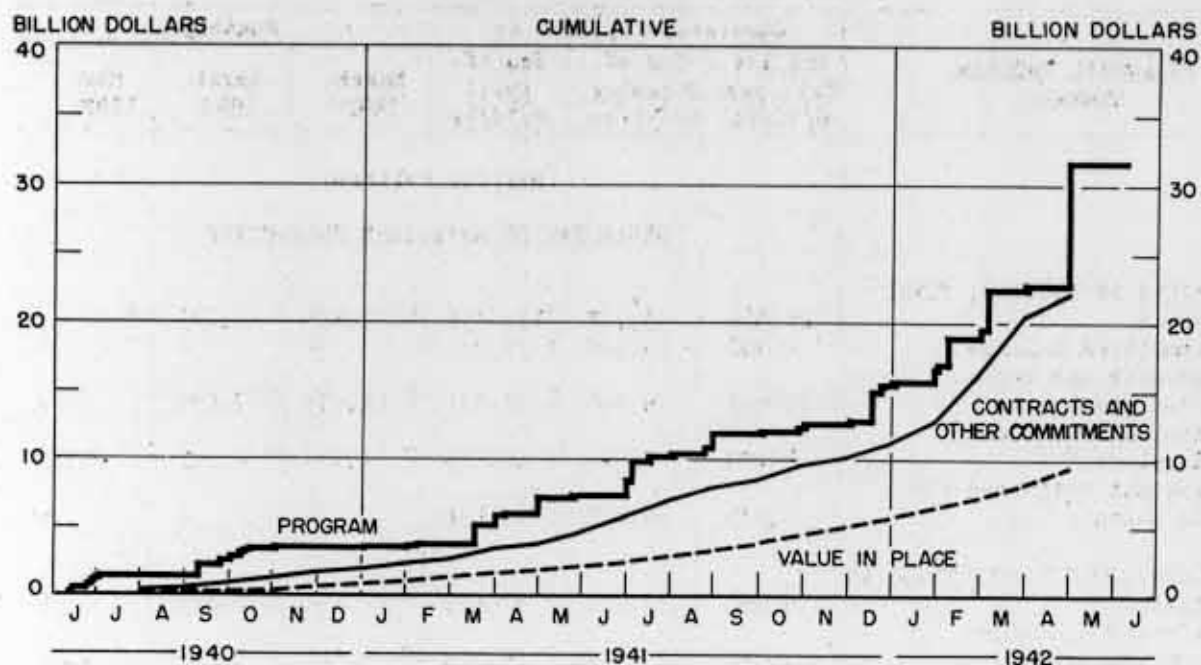
And, we'd still have 4,400,000 persons to go. Even so, America would not be at the end of her labor resources. Stay-at-homes--largely women--might well be induced to take jobs "for the duration." Indeed, a recent WPA survey indicated that 7,600,000 persons (92% women) might be induced to forsake the frying pan or the lounge for the factory or office; and another 5,700,000 (72% women) might accept part-time jobs.

At first glance, then, that would seem to end the labor problem. However,

IN THIS ISSUE:

COMING STRUGGLE FOR MANPOWER	1
5-STAR FINAL	1
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GLIDERS FOR INVASION?	4
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RAW MATERIAL	6
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WAR CONSTRUCTION



JUNE 19, 1942

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WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	March 1942	April 1942	May 1942
	(Million dollars)					
	BREAKDOWN OF WAR CONSTRUCTION					
WAR CONSTRUCTION, TOTAL (LAND, BLDGS., EQUIP.)						
Program	8,461	15,567	P 31,490	P 5,184	P 5,997	P 0
Uncommitted balance	2,696	4,352	P 9,524	-	-	-
Contracts and other commitments	5,765	11,215	P 21,966	P 4,066	P 1,490	n.a.
Value in place	2,505	5,810	P 9,274	P 964	P 1,100	n.a.
Value not in place ^b	3,260	5,405	P 12,692	-	-	-
INDUSTRIAL FACILITIES (LAND, BLDGS., EQUIP.)						
Program	5,120	8,112	P 16,878	P 5,169	P -122	P 0
Contracts and other commitments	2,865	6,318	P 14,058	P 3,126	P 1,101	n.a.
Value in place	960	2,800	P 4,746	P 553	P 600	n.a.
INDUSTRIAL FACILITIES, BUILDINGS ONLY						
Program	1,607	3,137	P 5,503	605	P 878	n.a.
Value in place	575	1,753	P 2,627	P 216	P 253	P 290
POSTS, DEPOTS, STATIONS						
Program	2,849	6,063	P 13,220	P 15	P 6,119	P 0
Contracts and other commitments	2,625	4,381	P 7,183	869	314	n.a.
Value in place	1,430	2,670	P 4,054	P 377	P 459	n.a.
DEFENSE HOUSING						
Program	492	1,392	1,392	0	0	0
Contracts and other commitments	275	516	P 725	P 71	P 75	n.a.
Value in place	115	340	P 474	P 34	P 41	n.a.
	BREAKDOWN OF NON-MUNITIONS					
NON-MUNITIONS, TOTAL						
Program	3,834	11,299	P 17,913	P 3,364	P 1,297	P 0
Uncommitted balance	1,677	5,698	P 8,995	-	-	-
Commitments	2,157	5,601	P 8,918	P 696	P 811	n.a.
Checks issued by agencies ^b	1,752	3,823	P 5,692	P 550	P 500	n.a.
STOCKPILE						
Program	983	2,399	P 2,713	P 0	P 0	P 0
Commitments	470	1,050	P 1,110	P 30	P 30	n.a.
Checks issued by agencies	192	488	P 809	P 147	P 64	n.a.

Graph appears on opposite page.
Table continued on following page 17.

For footnotes see Page 18.

JUNE 19, 1942

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	March 1942	April 1942	May 1942
	(Million dollars)					
	BREAKDOWN OF NON-MUNITIONS (Continued)					
AGRICULTURAL EXPORTS (LEND-LEASE)						
Program	625	1,522	2,138	630	214	P 0
Commitments	66	561	929	54	82	n.a.
Checks issued by agencies	1	211	421	55	60	n.a.
PAY, SUBSISTENCE & TRAVEL ^f						
Army Military						
Program	944	3,013	3,904	146	745	P 0
Commitments	934	2,030	3,283	105	239	n.a.
Checks issued	696	1,510	2,209	182	200	n.a.
Navy Military						
Program	378	963	2,246	49	5	P 0
Commitments	334	610	929	103	86	n.a.
Checks issued	388	642	874	60	65	n.a.
Civilian Payroll						
Program	32	247	253	0	5	P 0
Commitments	32	140	220	20	20	n.a.
Checks issued	356	682	956	71	75	n.a.
MISCELLANEOUS NON-MUNITIONS						
Program	872	3,155	6,659	2,539	320	P 0
Commitments	321	1,210	2,447	384	354	n.a.
Checks issued by agencies	119	290	423	35	36	n.a.

Table continued on following page.

For footnotes see Page 18.

JUNE 19, 1942

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WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	March 1942	April 1942	May 1942
(Million dollars)						
BREAKDOWN BY AGENCIES						
UNITED STATES FINANCED WAR PROGRAM ^d						
Program	37,075	76,508	P164,673	30,373	P 19,037	P 0
Uncommitted balance	9,274	23,979	P 58,176	-	-	-
Contracts and other commitments	27,801	52,529	P108,169	16,395	P 9,899	n.a.
Checks paid	6,431	15,251	26,507	3,131	3,505	P 3,833
U. S. ARMY						
Program	13,134	31,981	84,468	22,566	17,395	0
Contracts and other commitments	11,404	23,334	55,867	10,036	6,003	n.a.
Checks paid	3,636	7,889	12,490	1,130	1,284	1,497
U. S. NAVY						
Program	12,308	20,024	P 43,635	384	P 1,676	0
Contracts and other commitments	11,182	16,327	27,993	3,152	1,993	P 1,971
Checks paid	2,217	4,726	7,662	867	1,020	1,229
LEND-LEASE						
Program	7,000	12,985	18,410	5,425	0	0
Allocations	5,177	11,345	13,858	1,364	222	n.a.
Contracts and other commitments	2,458	6,282	9,876	744	673	P 305
Checks paid	21	910	2,808	573	525	626
U. S. MARITIME COMMISSION						
Program	784	2,734	6,584	0	0	0
Contracts and other commitments	886	1,724	5,094	1,256	226	n.a.
Checks paid (Net) ^e	44	156	435	81	87	93
RFC AND SUBSIDIARIES						
Program	2,623	5,130	P 7,704	1,998	P -90	P 0
Contracts and other commitments	1,151	3,560	P 7,407	1,015	P 819	n.a.
Checks issued by RFC	350	956	1,883	334	274	P 280
OTHER U. S. AGENCIES						
Program	1,226	3,654	3,872	0	56	0
Contracts and other commitments	720	1,293	1,932	192	185	n.a.
Checks paid	163	614	1,229	146	315	108
FOREIGN ORDERS						
Program (orders)	3,786	4,096	P 4,096	P 0	P 0	P 0
Commitments	3,786	4,096	P 4,096	P 0	P 0	n.a.
Checks issued by Purchasing Missions	2,105	2,714	P 2,974	64	P 66	P 54

FOOTNOTES

WAR PROGRESS SERIES

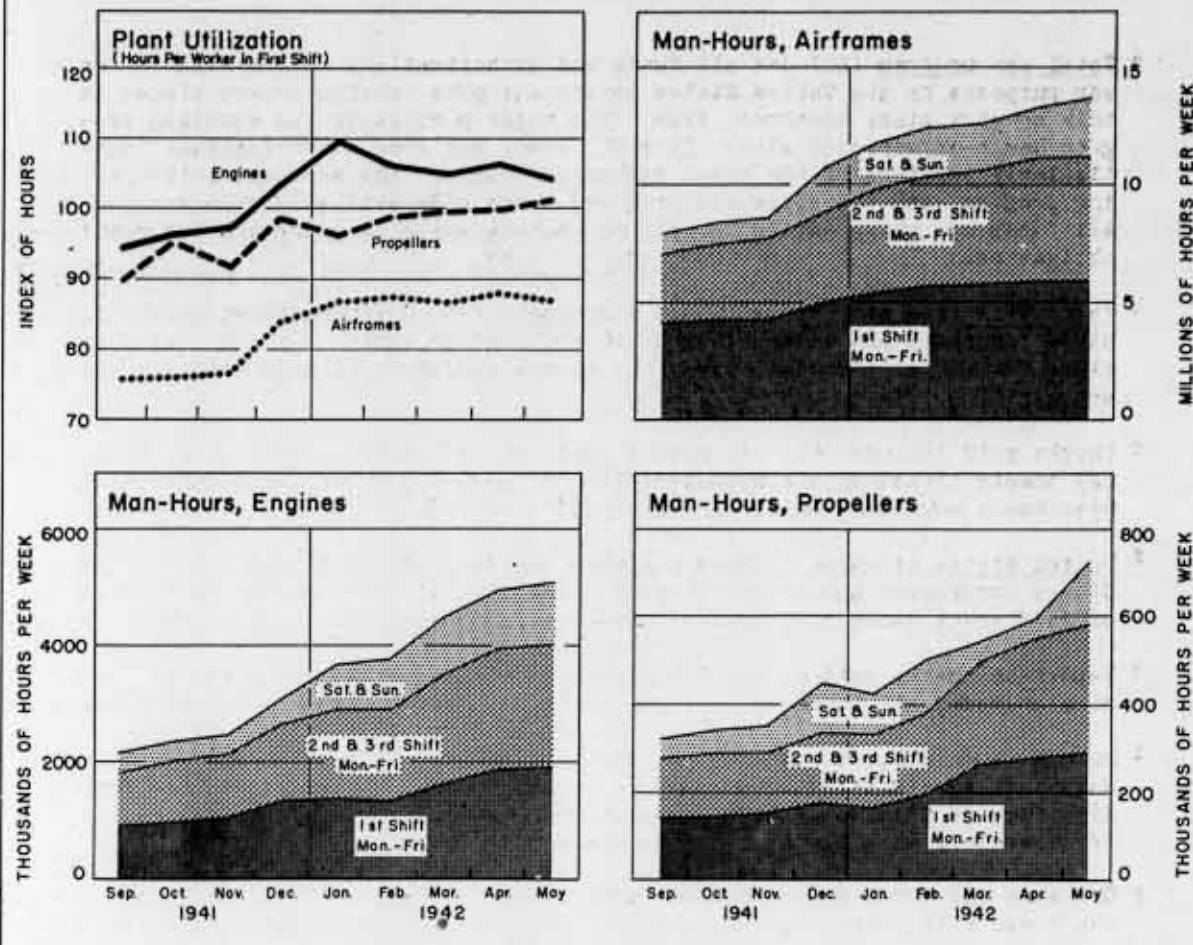
n.a. Not available
r Revised.

P Preliminary

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

WHAT THE AIRCRAFT INDUSTRY IS DOING

A Month-by-Month Record of Plant Utilization, of Man-Hours Worked

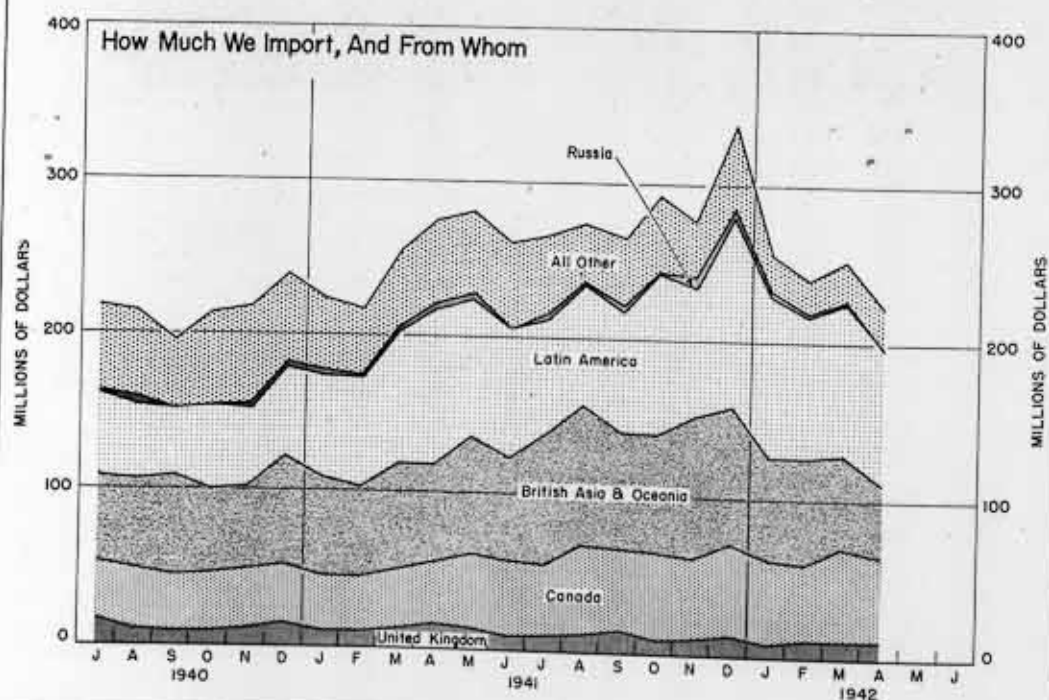
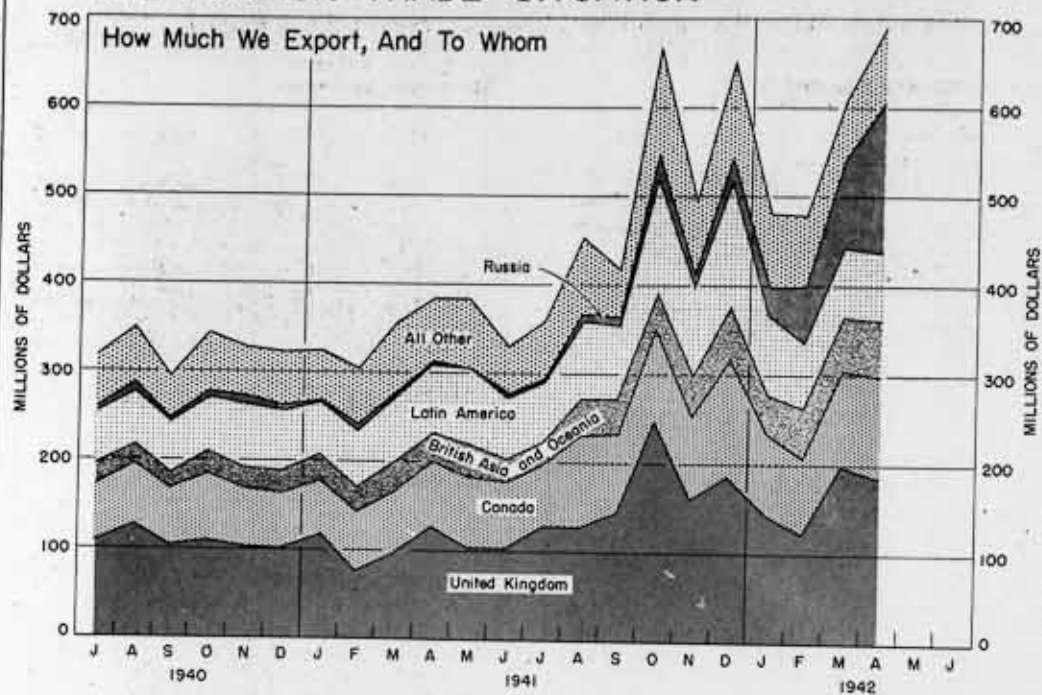


PLANT UTILIZATION* IN THE AIRCRAFT INDUSTRY

Year and Month	AIRFRAMES		ENGINES		PROPELLERS	
	All Plants	3 Best Plants	All Plants	3 Best Plants	All Plants	3 Best Plants
(Hours)						
1941						
March	73.3	89.8	92.7	105.1	94.0	109.5
June	78.2	95.8	94.0	106.6	91.1	116.0
September	75.7	91.5	94.2	107.2	89.6	118.2
December	83.7	100.4	103.6	121.3	98.6	142.6
1942						
January	86.4	104.0	109.7	124.3	96.2	128.1
February	87.3	102.7	106.3	126.3	98.8	135.9
March	86.6	107.1	105.1	129.4	99.6	139.3
April	88.0	110.2	106.1	124.4	99.8	135.0
May P	87.0	104.5	104.5	127.3	101.0	135.2

* Total man-hours in one week divided by the number of workers on the first shift.
 p Preliminary

THE FOREIGN TRADE SITUATION



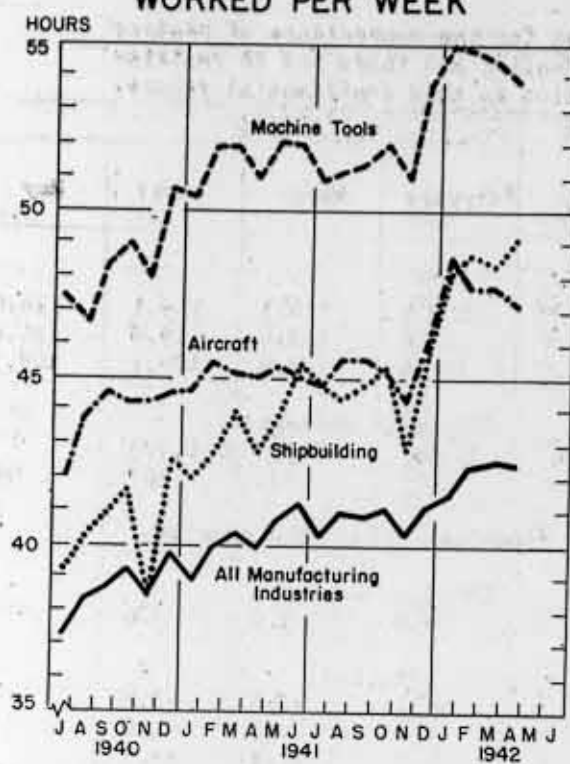
ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942			
	July	July	January	February	March	April
(Million dollars)						
UNITED STATES FOREIGN TRADE						
Exports						
Total exports	317	359	480	478	609	696
Exports by destination						
United Kingdom	108	129	142	121	199	185
Canada	65	69	91	85	106	112
British Asia & Oceania	24	26	45	58	58	65
China	10	6	11	8	10	13
Latin America	58	67	90	71	80	76
Russia	6	3	29	64	101	169
Other pro-democratic areas	11	38	65	67	49	66
Portugal and Spain	4	2	1	1	1	1
Axis-dominated areas	21	9	3	1	3	5
All other	8	10	3	2	2	4
Imports						
Imports for consumption	218	265	256	240	252	223
Imports by origin						
United Kingdom	16	10	8	11	11	11
Canada	37	45	53	48	59	53
British Asia & Oceania	55	84	66	68	59	46
China	10	10	2	2	3	4
Latin America	52	73	103	90	96	87
Russia	1	3	3	1	1	-
Other pro-democratic areas	13	13	13	11	14	11
Portugal and Spain	2	3	2	2	1	2
Axis-dominated areas	23	16	4	4	3	6
All other	9	8	2	3	5	3
(Percent of total imports)						
Strategic and critical Materials	31.1	38.8	44.0	50.0	54.0	45.8
EMPLOYMENT						
(Thousand workers)						
War industries						
Private, 18 major industries	1,660	2,540	2,999	3,130	3,250	P 3,363
Private contractors, public construction	13	412	583	614	643	748
Public	117	225	308	315	339	390
Total	1,790	3,177	3,890	4,059	4,232	P 4,461
Deep sea merchant vessels	51	50	47	49	48	47
Cumulative 6/11/40 through Monthly, 1942						
	End 1st full year 6/30/41	End of March 1942	End of April 1942	February	March	April
(Million dollars)						
VALUE OF FACIL. ON APPLIC. FOR CERT. OF NECESSITY						
Total approved	1,030	2,701	2,975	442	386	274
Private funds	829	2,333	2,514	431	355	241
Public funds	201	368	401	11	31	33
Pending	387	624	1,185	-	-	-

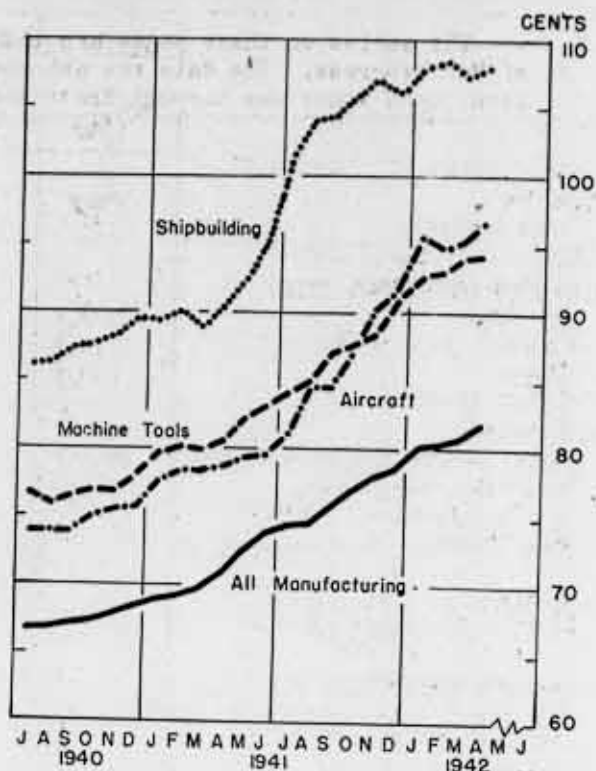
Graph appears on opposite page.

p Preliminary data.

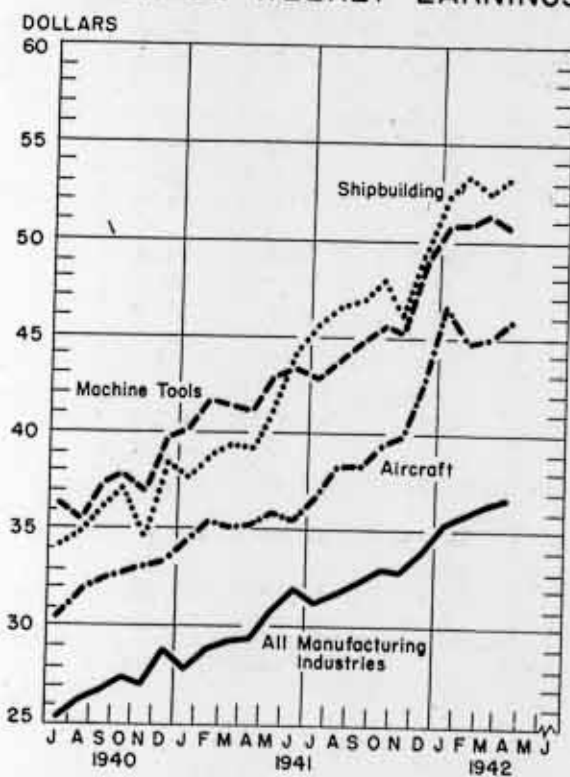
JUNE 19, 1942

AVERAGE HOURS
WORKED PER WEEK

AVERAGE HOURLY EARNINGS

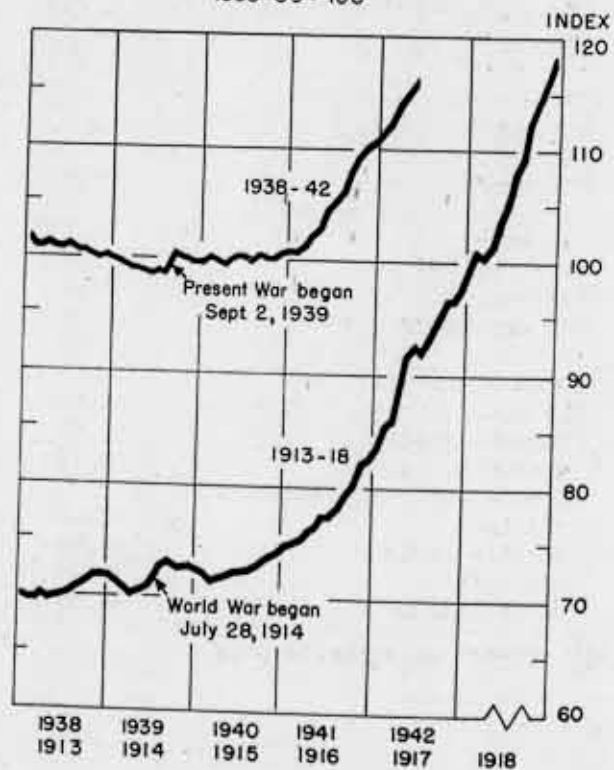


AVERAGE WEEKLY EARNINGS



COST OF LIVING

1935-39 = 100



ECONOMIC ACTIVITY RELATED TO THE WAR

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

	1940	1941	1942			
	July	July	February	March	April	May
BLS COST OF LIVING INDEX						
All items	100.3	100.8	112.9	114.3	115.1	116.0
Food	97.4	97.8	116.8	118.6	119.6	121.6
Rent	104.6	105.0	108.6	108.9	109.1	109.7
EMPLOYMENT			(Thousand workers)			
Total civil nonagricultural	39,904	39,908	39,995	40,392	p 40,773	
Total WPA employment	1,655	1,055	1,029	963	867	786
War industries						
Deep sea merchant vessels			Confidential data. See page 18.			
UNEMPLOYMENT (WPA ESTIMATE)			(Million workers)			
Number of unemployed	9.3	5.6	4.0	3.6	3.0	
AVERAGE HOURS WORKED PER WEEK			(Hours)			
All manufacturing industries		40.3	42.2	42.5	42.4	
Durable goods	37.9	41.5	44.4	44.7	44.7	
Nondurable goods	36.7	39.0	39.7	39.8	39.7	
11 selected war industries combined	39.3	43.1	46.1	46.5	46.3	
Machine tools	47.5	50.9	54.9	54.6	53.9	
Aircraft	42.0	44.8	47.7	47.7	47.2	
Shipbuilding	39.3	44.8	48.7	48.4	49.2	
AVERAGE HOURLY EARNINGS			(Cents)			
All manufacturing industries	66.7	74.4	80.3	80.9	81.9	
Durable goods	72.7	82.6	89.3	89.9	91.0	
Nondurable goods	61.5	65.7	70.1	70.6	71.4	
11 selected war industries combined	78.6	88.9	96.0	96.6	97.6	
Machine tools	76.8	84.1	92.8	94.3	94.4	
Aircraft	73.8	81.2	94.8	95.1	96.6	
Shipbuilding	86.2	101.3	108.6	107.5	108.0	
AVERAGE WEEKLY EARNINGS			(Dollars)			
All manufacturing industries	25.25	31.22	35.71	36.15	36.63	
Durable goods	28.52	35.84	41.52	42.00	42.57	
Nondurable goods	21.87	25.07	27.34	27.72	27.82	
11 selected war industries combined	30.76	38.66	44.30	44.97	45.31	
Machine tools	36.45	42.80	50.87	51.43	50.79	
Aircraft	30.48	36.57	44.80	44.98	45.94	
Shipbuilding	34.03	45.54	53.49	52.49	53.30	

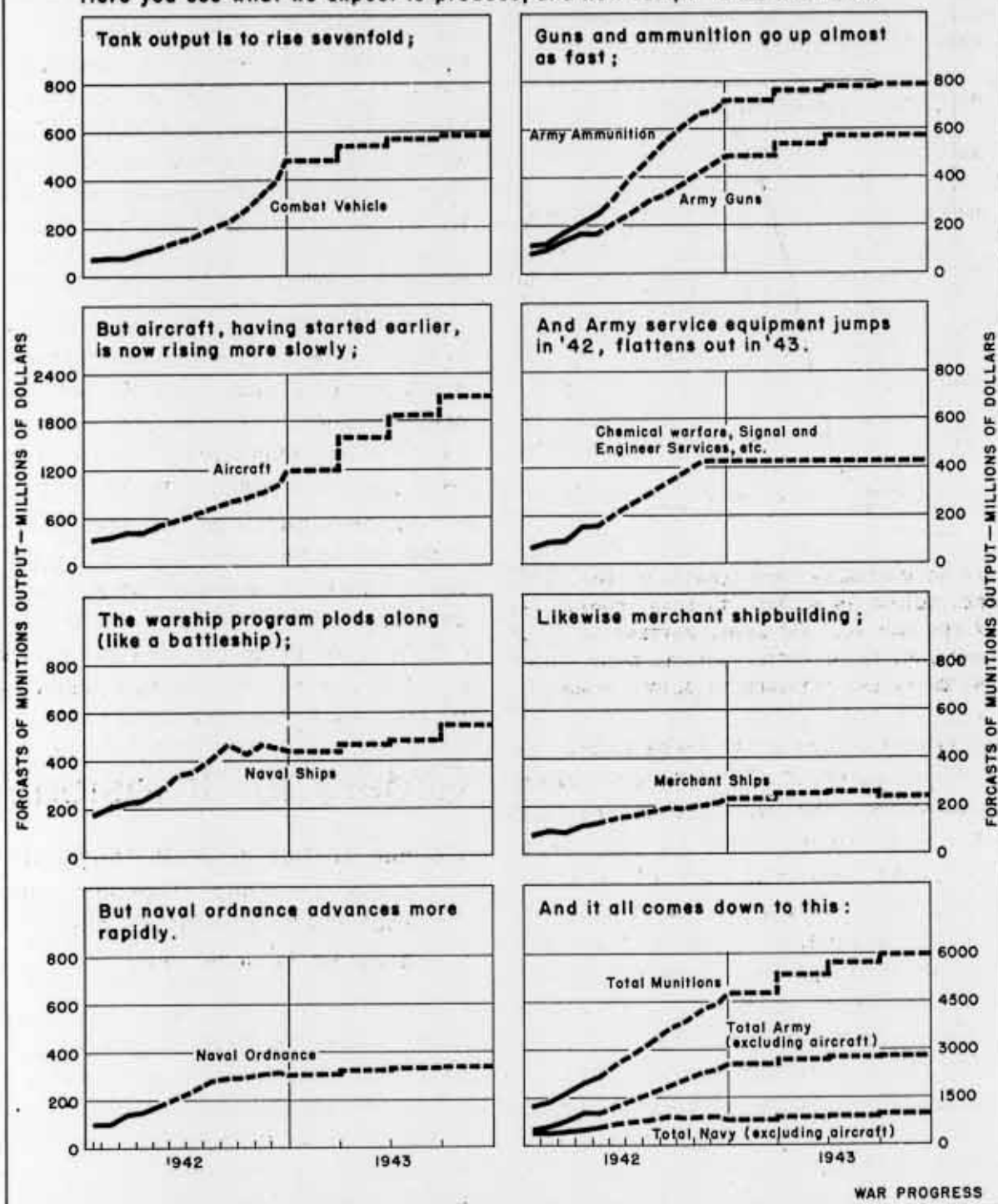
Graph appears on opposite page.

*June 1940.

p Preliminary data.

BUILDING THE STUFF WARS ARE WON WITH

Here you see what we expect to produce, and how fast, in 1942 and 1943



THESE CHARTS SHOW THE LATEST FORECASTS OF WAR PRODUCTION AND CONSTRUCTION. THOUGH ALL CURVES RISE STEEPLY, THERE ARE DIFFERENCES. THUS, AIRPLANE OUTPUT IS "PAYING" FOR ITS EARLY START BACK IN 1940 AND 1941. IT IS NOT EXPECTED TO RISE AS SHARPLY, SAY, AS OUT-

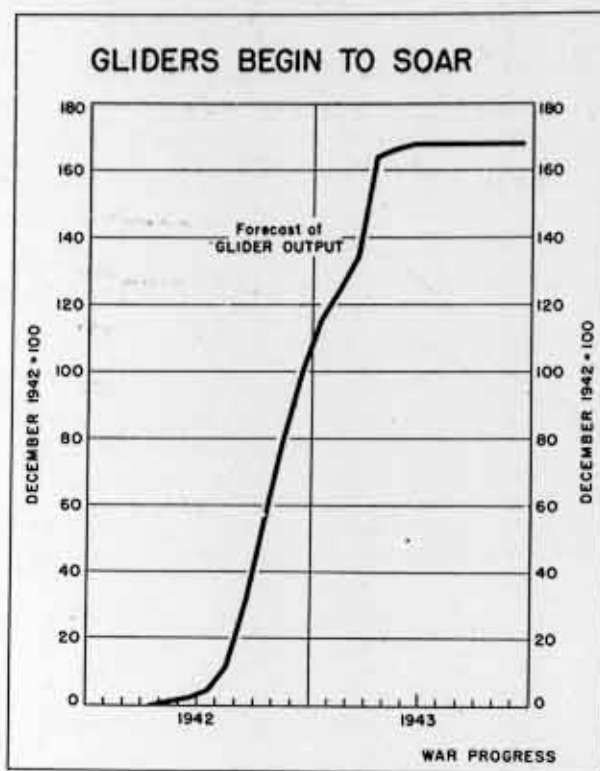
PUT OF GUNS AND AMMUNITION. THE NAVY OFFERS A SIDELIGHT, TOO. IT TAKES A LONG TIME TO BUILD A BATTLESHIP OR AN AIRCRAFT CARRIER, SO THE FULL IMPACT OF NAVAL EXPENDITURES WON'T BE FELT UNTIL LATE IN 1943. FOR DATA ON THESE CHARTS, SEE PAGE 7.

JUNE 19, 1942

ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942			
	July	July	April	May	Week ending	
					June 6	June 13
FED. RES. BD. PROD. INDEXES						
Total industrial production	120	159	P 172	177		
Durable manufactures	131	197	P 234	242		
Nondurable manufactures	111	138	P 137	139		
Minerals	121	130	P 125	133		
(Unadjusted indexes 1935-39-100)						
BUR. FOR. & DOM. COM. MFRS. ORDERS, SHIPMENTS, INVENTORIES						
New orders, total (1/39=100)	127	212	P 293			
Shipments, total	103	163	P 199			
Inventories, total 1939 av.	112.2	136.4	P 167.7			
Durable	113.9	150.3	P 187.5			
Nondurable	110.7	124.3	P 150.4			
(Indexes)						
BLS PRICE INDEXES						
Strategic materials	123.6	140.3	145.7	P 147.0	147.1	147.7
Critical materials	107.5	115.2	123.2	P 123.3	123.2	123.2
Basic commodities	108.5	148.7	167.0	167.1	165.9	165.9
Machine tools	108.7	117.6	118.1	118.1	-	-
All commodities (1926-100)	77.7	88.8	98.8	P 98.8	98.7	98.4
TRANSPORTATION & ELEC. POWER						
Freight cars						
Loading (thous. per week)	706	853	838	834	855	833
Unloads for export, dly. av.						
Atlantic & Gulf ports (no.)	1,494	1,614	2,069	1,881	1,862	1,930
Pacific ports (no.)	112	159	400	449	414	425
Surplus, total, dly. av. (thous.)	132	77	57	61	80	
Box cars	55	30	26	34	54	
Coal cars	48	27	14	10	9	
Bad order cars, total						
1st of month (thous.)	153	85	60	62	(June 1) 63	
Power prod. (mil. kwh.)	12,094	14,226	14,586	P 15,220	3,372	3,464
NATIONAL INCOME						
Total income payments	75.8	93.3	P 108.6			
FEDERAL DEBT						
Net public debt, end of month	41.5	46.9	62.1	65.4		
DEFENSE BOND SALES						
	3	342	531	634	154	149
DEFENSE HOUSING						
Fund allocations	1,460	123,433	413,530	417,339	430,255	434,034
Constr. Contracts awarded	624	87,132	193,438	228,672	265,091	280,768
Construction completed	0	29,954	104,318	116,956	121,583	125,546

P Preliminary data.



STARTING VIRTUALLY FROM SCRATCH IN MAY, U.S. GLIDER OUTPUT IS SLATED TO SOAR DURING THE NEXT FEW MONTHS. THE ARMY, PATTERNING AFTER GERMAN TACTICS IN CRETE, WANTS TO CARRY TROOPS AS HITCH-HIKERS ATTACHED TO GLIDER PLANES.

some reservations ought to be made. In the first place, "willing" workers may not be where the war plants are, and it is not always easy to get people (especially those who are not actively looking for jobs for economic reasons) to move. Second, a good many may not be interested in the type of factory work they are wanted for. Third, a period of training will be essential to fit labor recruits for war work.

Thus, it would be extremely unwise to assume that our labor problem will solve itself. On the contrary, it would be smart to figure on a shortage late this year or early in 1943. And if it doesn't come, so much the better.

One inference seems clear: The size of the war program ahead calls for active recruitment of women now in homes; and, to that end, a training program--

to fit them for the lathe and the boring mill--ought to be started early.

Even so, it may be necessary to curtail consumer-goods production more sharply than is now indicated. That would force workers from nonwar industries into war production--just as, by limitation orders, the War Production Board has forced metal-working companies to convert from peacetime products to the manufacture of materials for war.

NOW--NOT LATER

What is more, a decision and program have to be adopted soon. If workers are to be available when new war plants need them--if we are to attain our ever rising schedules of output (chart, page 3), then plans for the conversion of workers must be drafted now--not later, when the need is hard upon us. Thus, the War Manpower Commission has its work cut out for it.

The task is to fit and find workers for jobs, and not--as two years ago--to find jobs for workers.

Gliders for Invasion?

German tactics in Crete taught us a lesson in troop transport--and that's why a military glider program is under way.

GAIN CONTROL of the air, then bring in your troops by glider. That was the lesson of Crete, as taught by the Germans, and that's why the United States plans to build enough gliders, between now and next year, to land regiments from the sky.

The few gliders produced under the program thus far have been largely for use in pilot training. But, from here on, the accent will be on troop carriers, chiefly of the 15-place type. Between now and December, 1943, these

will account for 90% of a sharply rising glider output.

The 15-place glider has received the nod because it can be efficiently produced, does not require too large an area for take-off, and is easily manageable in the air. But training experience conceivably could change the emphasis. For we are also going to build gliders with 8, 9, 12, 24, and 30 places.

AIR FERRIES FOR TROOPS

When Germany invaded Crete, she struck through the air with strings of 10 or 11 gliders, each carrying 12 to 30 soldiers. In an "incredibly short time," 15,000 troops were on the ground, ready to fight. They brought all necessary equipment with them--arms, ammunition, food, medical supplies, radio apparatus, etc.

And this suggests that, when an invasion of Europe is launched, British and American troops may be ferried across the Channel in strings of gliders towed by modern transport planes. These planes will be able to make several trips a day, operating, in effect, on a shuttle-service basis.

MOBILITY PLUS SPEED

The glider's role in modern warfare has only begun, for its advantages in battle are great. It lends mobility to troop movements, yet conserves air transportation facilities.

But that's only part of the story. There's a saving in time and materials to consider. It takes about \$20,000 worth of materials and labor to build a 15-place glider. Hook 10 of these to a medium transport plane and troop-carrying capacity increases sixfold, but consumption of time and materials rises only one and one-third. And that just about clinches the point.

Spreading War Work

Big companies still get bulk of prime orders, but not so much as in May, 1941. And WPB is in the contract-taking business now.

TWO YEARS of intensified war effort--with an ever expanding demand for ships, planes, tanks, guns, and equipment--have not altered the pattern of procurement materially.

What has happened so far is this: Back in the summer of 1940, shortly after France fell, tremendous pressure was put on the Army, Navy, and Maritime Commission to get out orders, and get them out fast. So naturally they turned to companies with whom they had done extensive business before--Bethlehem Steel, General Electric, Du Pont, General Motors, etc.--to place prime contracts.

SEARCHING FOR SUPPLIES

Result: At the end of May, 1941, 60 companies held almost 75% of the dollar value of prime war contracts; 20 held 54%; and 5 slightly over 26%. Those proportions have been whittled down a bit since. Increasing pressure to procure war materiel has sent government agencies somewhat farther afield. As the following table shows, contract concentration has declined a little:

No. of Companies	% of Prime Contracts Held		Points Change
	May 1941	Feb. 1942	
5	26.6%	23.7%	-2.9
10	39.0	35.4	-3.6
20	54.4	48.8	-5.6
40	68.5	61.6	-6.9
60	74.6	68.6	-6.0

That cannot be construed as a basic change in trend. The bulk of contracts still goes to the big companies, and

they are expected to subcontract. However, the War Production Board, itself, is soon to enter the production picture as a prime contractor.

Under the Smaller War Plants Corporation bill, passed by Congress this week, WPB can enter directly into contracts with the Army, the Navy, and other procurement agencies. A \$150,000,000 revolving fund is put at WPB's disposal to help finance the conversion of small plants to war work. This will have some effect in drawing off contracts from the larger companies and placing them, indirectly, with smaller concerns.

Incidentally, a WPB survey, now in progress, indicates that subcontracting has expanded during the past year.

Raw Material

School for Red Tape

BUSINESSMEN ENTERING Australia's war administration service go to school for about a month to learn how to cut their way through red tape. Theory is, it saves time in the long run to know government rules, regulations, procedures, and protocol before starting one's term. Question: Does it? Or does it create new red tape artists?

Weaning the Purp

GETTING THE PURP--Production Requirements Plan--off to a statistical start has been a tough and tedious job. In mid-April, 20,000 sets of form PD-275 were sent to American manufacturers to get data on estimated third-quarter requirements for critical metals. They were due May 15, and, on May 7, telegrams went out in sheaves, reminding manufacturers that PD-275s were wanted --and PDQ.

Another batch of telegrams went out

on the 18th--as re-reminders. All told, the telegram bill ran to \$6,000. And, though most returns have now come in and preliminary figures have been worked out, the tabulating job was still going on as War Progress went to press.

Scorched Earth, or Ships, or What?

THE TOKYO RADIO talks of "new methods" of making gasoline from rubber; it also speaks of using surplus sugar to make alcohol which can substitute for high-octane gasoline. Question: Has damage to oil refineries been so extensive that Japan faces a gasoline shortage in spite of vast crude oil resources? Or is it a story of too few ships, too long lines of communication?

Bombers by Requisition

IT TAKES 26,200 POUNDS of aluminum to make a Flying Fortress. So chalk up 1,130 of these four-engined bombers to the credit of the Inventory and Requisitioning Branch of the Bureau of Priorities. Through May 29, last, its aluminum salvage program uncovered 29,604,055 pounds of the metal in dead or inactive stocks.

Less Water, More Tin

TO SAVE TIN and shipping space, dehydrated foods are coming to the fore. This year we're shipping England relatively more dried fruits and vegetables, pastes and purees, less canned fruits and vegetables. Through January, 1942, our allies were getting considerable quantities of canned fruits--apples and applesauce, apricots, grapefruit, peaches, pears, prunes, and plums. All except peaches and pears have virtually disappeared in the February-through-May menu of shipments. Eggs in the shell took up a lot of space on ships and frequently cracked, so we're shipping

Forecasting the War Program

EVALUATION OF SELECTED ITEMS IN THE MUNITIONS PROGRAM AS OF MAY 1, 1942

			Combat Vehicles	Army Ammu- nition	Army Guns	Special Services 1/	Naval Ships	Naval Ordnance
			(Million dollars)					
1942	January	2/	\$ 72	\$ 112	\$ 80	\$ 62	\$ 175	\$ 97
	February	2/	75	122	94	86	203	97
	March	2/	76	170	137	96	223	135
	April	2/	97	206	169	158	234	147
	May		116	247	164	159	276	173
	June		142	317	208	205	337	204
	July		158	405	249	250	351	236
	August		194	469	296	289	403	277
	September		223	547	327	332	464	288
	October		270	609	371	376	427	289
	November		335	662	415	416	461	303
	December		399	680	457	422	446	309
TOTAL			\$ 2,157	\$ 4,546	\$ 2,967	\$ 2,851	\$ 4,000	\$ 2,555
1943	1st Quarter		\$ 1,435	\$ 2,144	\$ 1,468	\$ 1,266	\$ 1,293	\$ 897
	2nd Quarter		1,601	2,274	1,608	1,266	1,386	953
	3rd Quarter		1,695	2,322	1,707	1,266	1,422	977
	4th Quarter		1,738	2,353	1,711	1,266	1,616	981
TOTAL			\$ 6,469	\$ 9,093	\$ 6,494	\$ 5,064	\$ 5,717	\$ 3,808
			Total Army, Excluding Aircraft	Total Navy, Excluding Aircraft	Aircraft	Merchant Ships	Total Munitions	Total Munitions and War Construction
			(Million dollars)					
1942	January	2/	\$ 486	\$ 327	\$ 318	\$ 75	\$ 1,206	\$ 1,996
	February	2/	540	360	356	92	1,348	2,132
	March	2/	716	423	416	86	1,641	2,698
	April	2/	998	452	416	118	1,984	3,181
	May		970	531	518	127	2,146	3,375
	June		1,196	625	576	143	2,540	3,869
	July		1,415	673	637	156	2,881	4,310
	August		1,601	767	711	169	3,248	4,677
	September		1,807	841	790	183	3,621	5,050
	October		2,033	806	845	185	3,869	5,398
	November		2,235	857	912	197	4,201	5,730
	December		2,365	851	1,009	209	4,434	5,693
TOTAL			\$16,362	\$ 7,513	\$ 7,504	\$ 1,740	\$33,119	\$48,379
1943	1st Quarter		\$ 7,534	\$ 2,347	\$ 3,589	\$ 678	\$14,148	\$16,773
	2nd Quarter		7,970	2,458	4,753	733	15,914	18,539
	3rd Quarter		8,211	2,520	5,596	752	17,079	19,704
	4th Quarter		8,289	2,718	6,279	698	17,984	20,609
TOTAL			\$32,004	\$10,043	\$20,217	\$ 2,861	\$65,125	75,625

1/ Based on actual deliveries. 2/ Chemical Warfare, Signal, Engineer, and Medical and Hospital Equipment.

skilled laborers are attracted by higher wages in war industries and base-metal mines.

What's more, their costs are advancing, but not their prices. Much of the gold- and silver-mine equipment--compressors, drills, hoists, etc.--is adaptable to copper, lead, and zinc mines, and can be transferred. Engineering staffs and skilled underground workers are even more urgently needed in base-metal mining than equipment.

Raw Material

United States Next?

BOTH Great Britain and Canada finally decided that price controls alone would not prevent inflation so long as consumers had plenty of money to spend. Britain instituted compulsory savings in April, 1941--17 months after putting ceilings on retail prices.

Canada may take less time; general price controls went into effect last December, and compulsory savings for individuals and corporations were introduced in the budget last week--seven months later.

Just for the record, our General Maximum Price Regulation was promulgated two months ago. And the nearest we have yet come to compulsory savings is the proposed postwar refund for corporations in the 1942 tax bill.

Steel off the Trolley

SO FAR, 85,000 tons of trolley tracks and 45,000 tons of abandoned railroad rails have been salvaged for the war effort. Contracts have been let for removing 158,000 tons more. Many of the rails are relaid--in government arsenals, navy yards, military airfields, approaches to army camps. Some are sent to rerolling mills to be made

into reinforcing bars; others are just plain scrap for the blast furnace. Before the salvage job is finished, few abandoned tracks will be found in our towns, cities, and countryside.

Saving Copper

THE ARMY has begun substituting steel for copper in small-arms ammunition. Savings next month will run to 2,700 tons; in December, copper savings are expected to rise to 20,000 tons.

Taxes: U.S. and Canada

HERE'S A QUICK-EYE VIEW of what the House Ways and Means Committee plans to do to a single person with an income of \$5,000 a year:

Income Tax		
1941	House	
Law	Proposal	Rise
\$483	\$875	81%

Yet Americans will be a lot better off than Canadians. The 1942 tax in Canada runs to \$1,728; in addition there's a forced-savings item of \$400, bringing the government take to \$2,128.

Thus, out of \$5,000, an American's disposable income would be \$4,125; a Canadian's, \$2,872.

Rubber Substitute

THIOL, one of the oldest of the synthetic rubbers, is getting new attention. Made of ethylene dichloride and plentiful caustic soda and sulphur, thiokol is not only a simpler compound than most synthetic rubber, but quicker to manufacture. Thiokol is now used to make hose and vital rubber parts of bullet-proof tanks. Dow Chemical, the only company making thiokol, is currently expanding production to 3,500 tons annually; eventually it expects to get up to 35,000. But this will be small compared to our estimated annual rubber needs of 800,000 to 1,000,000 tons,

ECONOMIC ACTIVITY RELATED TO THE WAR

	1941		1942			
	March	June	March	April	May	June
PLANT UTILIZATION						
AIRCRAFT INDUSTRY						
Airframes	(Equivalent hours of full capacity operation ^a)					
All plants	73.3	78.2	86.6	88.0	87.0	86.5
Three best plants	89.8	95.8	107.1	110.2	104.5	101.2
Aero engines						
All plants	92.7	94.0	105.1	106.1	104.5	106.0
Three best plants	105.1	106.6	129.4	124.4	127.3	124.8
Propellers						
All plants	94.0	91.1	99.6	r 99.5	101.0	103.1
Three best plants	109.5	116.0	139.3	r 130.4	135.2	135.2
SHIPBUILDING (PRIVATE)						
61 yards ^b	60.9	61.1	72.7	72.9	76.4	77.0
Three best yards	79.6	77.3	95.1	97.9	108.4	112.0
MACHINE TOOLS						
Plant utilization						
All plants	75.6	76.1	86.4	90.7	91.7	p 92.3
Three best plants	105.4	111.6	125.5	126.6	n.a.	n.a.
Machine utilization						
All plants	n.a.	n.a.	106	110	109	110
	1940	1941	1942			
	July	July	February	March	April	May
EMPLOYMENT						
Total civil nonagricultural	35,904	39,908	(Thousand workers)			
War Industries			39,995	40,392	40,874	p 41,201
Private, 18 major indus.	1,663	2,559	3,176	3,296	3,442	p 3,559
Private contractors,						
public construction	13	412	614	643	748	
Public	117	225	315	339	350	
Total	1,793	3,196	4,105	4,278	4,540	
Deep sea merchant vessels	51	50	49	48	47	47
Total WPA employment	1,655	1,055	1,029	963	867	786
UNEMPLOYMENT (WPA ESTIMATE)						
Number of unemployed	9,300	5,700	4,000	3,600	5,000	2,600
	Cumulative 6/11/40 through		Monthly, 1942			
	End 1st full year 6/30/41	End of April 1942	End of May 1942	March	April	May
VALUE OF FACIL. ON APPLIC. FOR CERT. OF NECESSITY						
Total approved	1,030	2,975	(Million dollars)			
Private funds	829	2,574	3,145	386	274	170
Public funds	201	401	2,738	355	241	164
Pending	387	606	407	31	33	6
			636	-	-	-

^a Total man-hours in one week divided by the number of workers on the first shift.

^b 61 private shipbuilding yards having approximately 80% of total employment in the shipbuilding industry. p preliminary r revised n.a. not available

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The Foreword

1

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We've Hardly Begun to Sweat

Number 97

July 24, 1942

Toluene Output Doubles, Redoubles

New synthetic process raises U.S. capacity sharply, but even so production is insufficient to meet military requirements for TNT and DNT this year and next.

U. S. PLANTS are scheduled to produce more than twice as much toluene this year as last. Next year they'll double production again. And even that may be an underestimate of the potential.

About 15% Short of Needs

Nevertheless, we'll be running 15% short late this year, and unless we're underestimating production capacity, we shall continue to run that far behind through most of 1943. That presents a serious military problem. Not enough toluene means not enough TNT and DNT, and not enough TNT and DNT means either (1) fewer bombs and shells, or (2) less efficient ones. (You can put more ammonium nitrate and less TNT in the loading mixture, but you get a less effective shell. And—ammonia is short, too.)

Plant Expansion Not the Answer

Plant expansion cannot be the entire answer to the shortage. Toluene plants require steel plates, pipe, and tube; large quantities of alloy steels; pumps, heat exchangers, and large blowers and compressors—materials and machinery which are urgently needed for plants to produce butadiene (for synthetic rubber), styrene, anhydrous ammonia, 100-octane gasoline, oxygen, and other critical items—and for ships, too. So there's a competitive priorities problem.

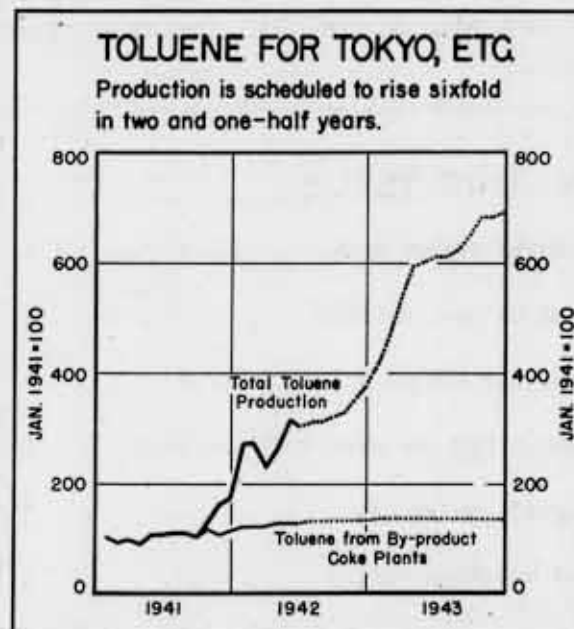
Nor is further civilian curtailment the answer. Use of toluene as a solvent for protective coatings (varnishes

and lacquers) has been stopped for some time, and use in pharmaceuticals, petroleum additives, dyes and intermediates, rubber accelerators, and miscellaneous organic chemicals and solvents has been cut by more than half. So there's no margin there; in fact, allocations for essential nonexplosives purposes may have to be increased.

But by late 1943—after the initial pinch—the problem may ease.

Today we are producing most of our toluene by a brand-new process—synthesis from petroleum. (Until last fall virtually all our toluene was recovered from coal in by-product coke ovens.) And synthesis from oil is bettering expectations.

Our biggest synthetic toluene plant



IF WE STILL DEPENDED ON COKE OVENS FOR TOLUENE—AS WE ALWAYS DID BEFORE LAST YEAR—WE'D HAVE TO SCALE DOWN THE TNT PROGRAM DRASTICALLY. BUT THE NEW PLANTS FOR SYNTHESIS OF TOLUENE FROM OIL HAVE COME TO THE RESCUE.

2 ...CONFIDENTIAL

is now turning out over a third more toluene than the blueprints called for. As a result, we've raised our estimates on ultimate capacity of all plants anywhere from 5% to 20%. Further, major synthetic toluene producers have agreed to pool all short cuts and technical information for the duration; this may boost the margin closer to 20% than 5%.

May Permit Bigger TNT Program

Yet if the dozen new plants scheduled to come into operation by next spring could beat blueprint capacity by only 10%—as they may—then, before 1943 is out, we may have more toluene than our present explosives production schedule calls for. In that event, we shall be able to raise our sights on TNT production if necessary—and if we do not then need more TNT, toluene will again be available for nonmilitary uses, helping to relieve the critical shortage of benzene.

But—in the meantime—the TNT program will be on short rations. And plans for new plants are "in the drawer" if needed.

Ease on Rail Squeeze

Carloadings now running below a year ago, and a general shortage of freight space this fall seems unlikely. However, flat, tank, coal, and ore cars are still tight.

THE THREATENED SQUEEZE on the railroads may not develop this fall after all (WP—June 19'42, p.3). There will be certain tight spots, of course—coal, coke, and ore movements will tax gondola and hopper car facilities; flat cars will be none too plentiful for moving tanks, cannon, etc., and tank-car capacity is hardly equal to the burden imposed by the shortage of tankers.

But, on the whole, the situation is pretty much under control. The Office of Defense Transportation's ruling that less-than-carlot freight must be moved in minimum loads of 10 tons per car has released about 60,000 boxcars weekly for other purposes. Heavier loading generally has likewise cut down the need for freight cars.

Hence, overall carloadings currently are lower—not higher—than a year ago. And this is a dramatic change from the first three months of the year, as the following tabulation shows:

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Type of Loading	Change '42 over '41	
	First Quarter	Week ending July 11
Ore.....	11.7 %	15.8 %
Forest products...	16.2	15.3
Coal.....	1.8	7.7
Coke.....	2.3	5.6
Livestock.....	7.0	1.7
Grain and products	24.6	-14.7
Merchandise, LCL..	- 3.7	-42.4
Miscellaneous.....	14.6	5.9
Total.....	8.2	- 2.4

In only three categories—coal, coke, and ore—do loadings gains exceed those

of the first quarter. This has a plus as well as a minus side. In the case of coal and coke, householders and industrial users have been anticipating a traffic pinch later this year and have been stocking up ahead of time. Thus the customary September-October peak is being flattened out into a June-through-October plateau.

Ore Traffic Will Continue Heavy

Ore traffic, too, is moving now in heavy volume; but here it is not so much a matter of anticipation of future needs, as of beating the freeze on the Great Lakes. And the rush of traffic will continue well into October. The implication thus is that ore, coal, and coke cars are not going to be in oversupply. But if utilization runs at the peak level attained last year, then it seems likely that the carriers will be able to pull this load (adjoining chart). Moreover, in other categories—livestock, grain and grain products, forest products, miscellaneous, and LCL—the railroads seem to have a reasonable margin of safety, as the charts indicate.

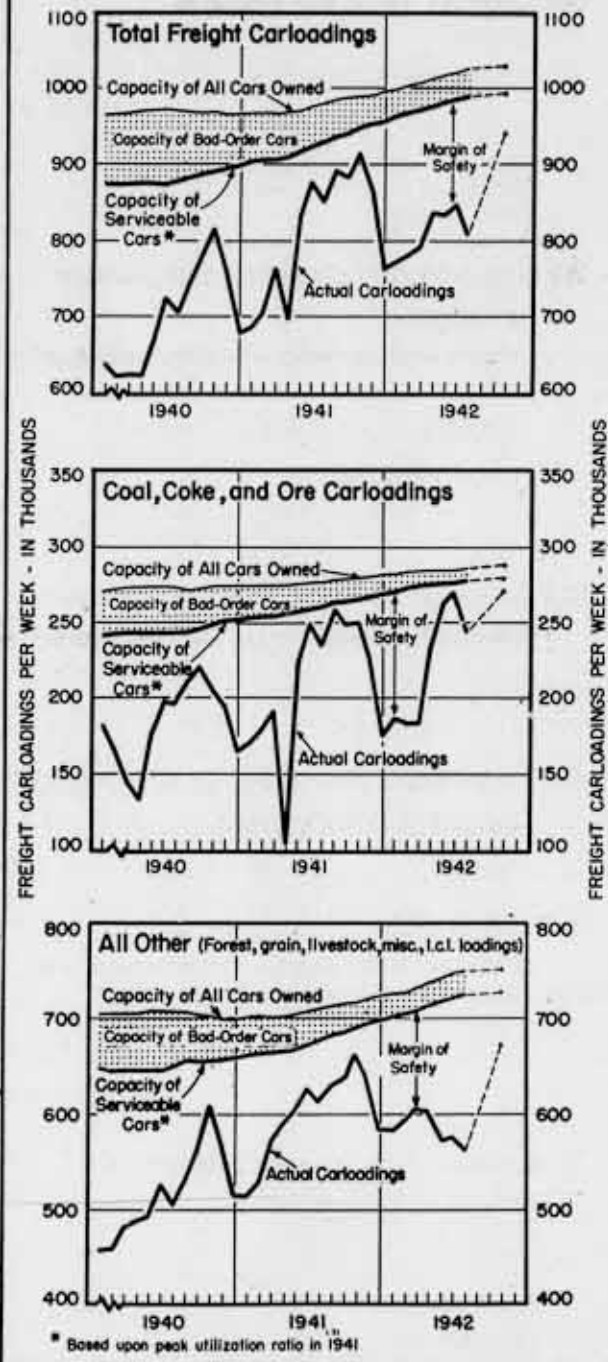
Danger of Fall Squeeze Fades

So a fall squeeze is no longer a grave danger. The basis for the change is this: Several months ago, it seemed as if loadings might rise as high as 1,000,000 cars per week, or even higher, by September. In that event, freight-car capacity would have been overtaxed. But, because of earlier shipping, heavier loading of cars, and a general increase in efficiency, it now looks as if peak loadings won't be much above 950,000 cars; in which case, freight-car supply will exceed demand by a fair margin.

That, however, does not mean that the railroads are entirely clear of potential capacity problems. Tank cars are

RAIL TRAFFIC JAM EASES

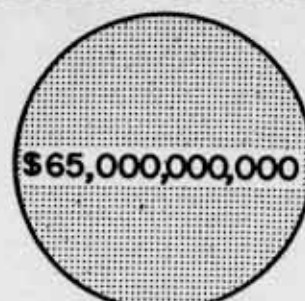
Here you see (1) the trend in carloadings; (2) the railroads' capacity to handle the load; (3) the current and indicated margin of safety.



THE RAILROADS WON'T HAVE TOO MANY CARS TO HANDLE THE LOADINGS PEAK THIS FALL, AS THE FORECAST INDICATES; BUT IT LOOKS NOW AS IF THEY WILL BE ABLE TO SQUEEZE BY. PUTTING BAD-ORDER CARS IN GOOD ORDER HAS BEEN A HELP.

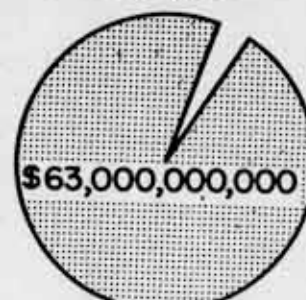
THE U.S. ECONOMY HAS HARDLY BEGUN TO SWEAT—

Our goal for 1942 war output is

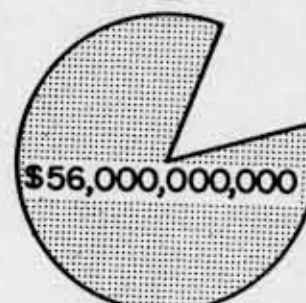


We have laid out schedules and planned for output of

(This is generally called the '42 production forecast.)



But unless we do better than we now seem to be doing, 1942 output may not exceed

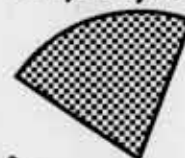


Let's see where that \$56,000,000,000 of war output is coming from:

In the first place, in 1941, war output was

(Including foreign purchases of munitions in U.S. and U.S. imports of various types of war stuffs.)

\$14,000,000,000

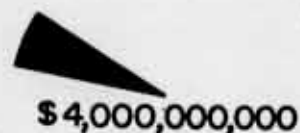


That means that this year's output is estimated to increase



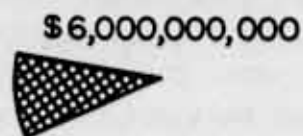
Of that amount:

I. Civilian consumption will drop



—AND 1942 WAR OBJECTIVES STILL SEEM FAR AWAY

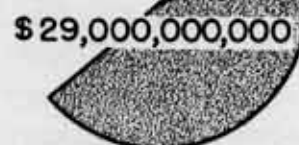
2. This much private capital expenditure will be diverted to war work:



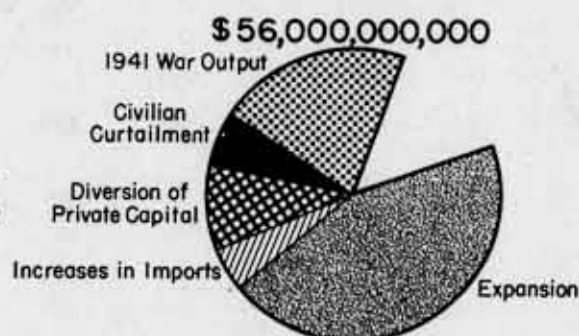
3. Increases in imports will be
(Includes maintenance of U.S. troops abroad)



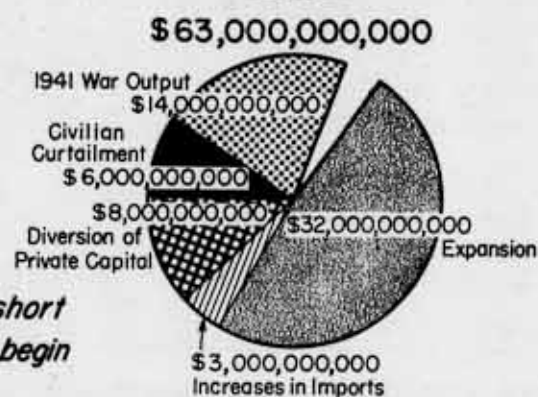
4. All the rest of the increase comes from expansion in production — taking up slack in idle facilities, increased employment of manpower, use of newly built plants.



So the picture of how our war output arrives where it seems likely to arrive is:

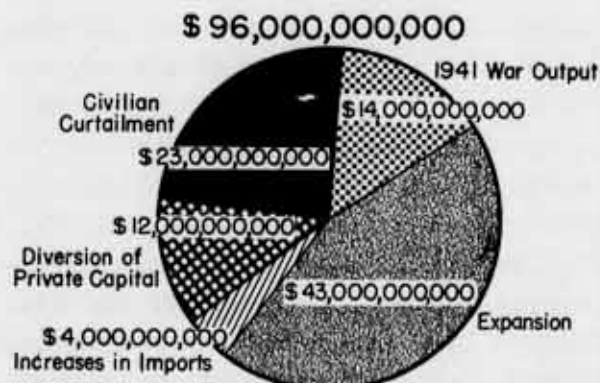


But, if we are to achieve our forecast, then the picture would have to look like this:



In which case (and even though we would fall short of the objective) our economy would really begin to sweat because...

To achieve that goal, our December picture would have to look something like this (annual rate):



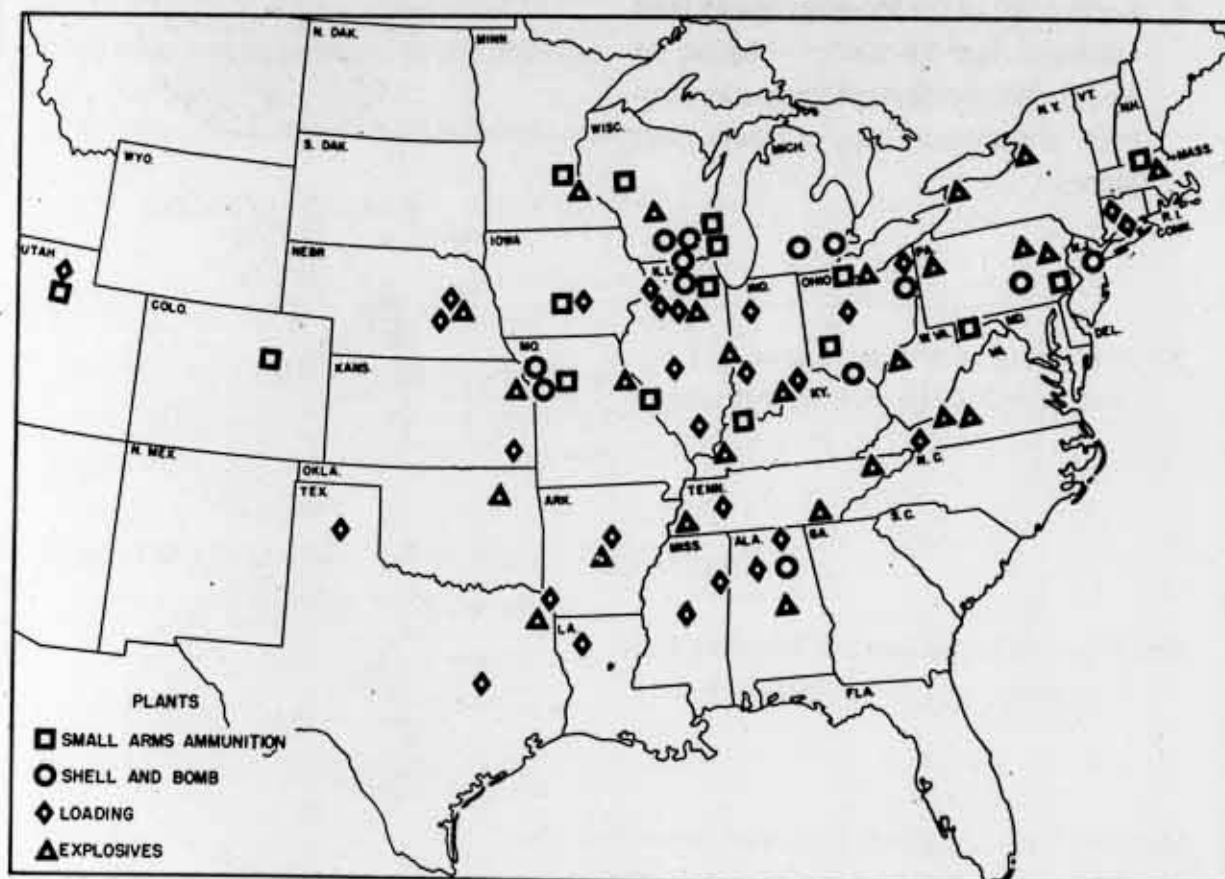
still short, and many consumer-goods industries—automobiles, refrigerators, etc.—are in the process of converting from nonwar work to war work; they are shipping less freight now than at this time last year. But that is largely because they have not yet reached peak munitions output. Once they get into

full swing, their shipments of war goods will rise rapidly and may outstrip peacetime carloadings, even though, dollar for dollar, munitions do not take so much freight space as automobiles, refrigerators, etc.

Even more important, decreased inter-coastal shipping and truck transport

AROUND THE MAP WITH SHOT AND SHELL

From West Hanover, Mass., to Ogden, Utah, scores of infant plants use rural labor to turn out ammunition and explosives for the Army.



THE ARMY IS BUILDING more than 80 explosives, ammunition, and loading plants, of which one third already are in operation; the other two thirds will start producing late this year or early in 1943. Total cost of construction runs to around \$3,500,000,000.

The plants have been located primarily in the Middle West for two reasons: (1) to tap rural labor markets; (2) because land is comparatively plen-

tiful. Explosives, ammunition, and loading plants need plenty of space. They are generally built in one-story separated units, away from large cities. Thus, an explosion in one plant won't set off all the others like a bundle of firecrackers.

After the war, some of these plants may be converted to chemical and fertilizer manufacture; but many may become problem plants.

War Progress Notes

PENDING LEGISLATION

PENDING WAR appropriations and authorizations in Congress amount to \$58,183,000,000; of this, \$42,090,000,000 is for the War Department; \$12,477,000,000 for the Navy; and \$3,616,000,000 for other agencies. If passed, the total war program will be \$227,000,000,000.

SQUEEZE ON NONDURABLE GOODS

INDUSTRIAL PRODUCTION SET another new high in May, up 3% from April and 14% from a year ago, entirely because of a further advance in durable goods.

Until recently, both durable and nondurable goods had been going up; they were rising before the outbreak of war in Europe in September, 1939, fell back during the "phony war" period of the winter of 1939-40, and started a new 18-month rise in the spring of 1940 --with the opening of the campaign that culminated in the fall of France.

After Pearl Harbor, nondurable goods production turned down--it is off 4% from November--at the same time durable goods manufactures are up 15%. Transportation equipment including aircraft and shipbuilding, has increased 33% and machinery 21%. The persistent rise in total production and the steady decline in the proportion of nondurable goods are shown in the charts on page 20.

SAVINGS BOND SALES

WAR BOND SALES have declined steadily since the first of June. During the week of June 20, sales were down to \$126,000,000, compared with \$154,000,000 in the first week of the month and \$149,000,000 in the second. The three-

week total is \$429,000,000--only half of the Treasury goal of \$800,000,000 for the month.

STRIKES IN MAY

MAN-DAYS LOST due to strikes in May were 325,000, down 50,000 from April. This is a considerable drop from the monthly average for 1941--1,754,000 man-days.

Strikes affecting war production accounted for 40% of total strike idleness in May. But time lost from war production was less than 0.1% of time worked in the war industries.

EMPLOYMENT IN WAR INDUSTRIES

AN INCREASE of 116,900 workers in May carried employment in 18 selected war industries up to 3,558,000, twice what it was when France fell in June, 1940.

Biggest gain during the month was in shipbuilding; the increase of 50,800 workers lifted employment in the industry to another all-time high at 597,400.

Employment in the aircraft industry rose 24,500--to 522,800 workers. Of the 18 selected industries, only brass, bronze, and copper products registered decreases.

CAR UNLOADS FOR EXPORT

UNLOADS FOR EXPORT at Pacific Coast ports in the week ended June 20 reached an all-time high of 518 freight cars per day--4% above the previous peak during the first week of May, and more than three times the daily average for the month before the attack on Pearl Harbor. Unloads at Atlantic and Gulf Coast ports also increased during the week, but were slightly below their April high of 2,068 cars daily.

may throw additional heavy loads on the railroads. And then carloadings may rise to the capacity point. But that does not appear to be imminent this fall.

Planes, Ships Lag

Aircraft output "slow" again this month, as acceptances fall far behind forecast; gain over June in first 15 days is a bare 2%. Merchant ships also behind.

AIRPLANES AND MERCHANT SHIPS don't show up so well in the production figures for the first half of July, but we're making a little progress on the previously laggard subchaser program (WP--July 10'42, p.6).

Planes Far Behind Forecast

Plane acceptances were only 2% above the first half of June, and the forecast for the full month calls for a 27% gain. So we've got a long way to go. On combat planes, the rise was 3%, but a full-month gain of 25% is required by the forecast.

The merchant shipbuilding record is even dourer. Whereas the July forecast for merchant ships is more than 10% higher than June output, actual midmonth figures show a decrease in deliveries: 24 ships of 266,000 deadweight tons versus 26 ships of 285,000 deadweight tons in the first half of June.

Subchaser Picture Brighter

By contrast, the subchaser picture has brightened. In the first 15 days of July, shipyards turned out two thirds as many large subchasers as in the entire month of June, just as many motor torpedo boats, and half again as many small subchasers. For all three groups, deliveries of \$18,900,000 compared with \$6,400,000 in the first half of June,

up almost 200%. This represents 40% of the July forecast.

Customarily, deliveries in the second half of the month run higher than in the first half; even so, only an unusually strong spurt will bring full-month output within reach of forecasts for planes and merchant ships.

Raw Material

WAR BABY

CHALK UP ANOTHER new U.S. industry to the war--tartar (potassium bitartrate), used in explosives, medicine, rayon, dyes, and photographic materials. Tartar is derived from a residue formed in wine vats. Until this year, it was just plain waste to American vintners. Our supplies came entirely from France, Italy, and Spain. When these sources were shut off by the war, we turned to South America, but now that shipping space is short, we are on our own. This year, the U.S. will produce 5,000,000 pounds of tartar; in 1943, twice as much. Requirements run to 14,000,000 pounds a year, but an existing stockpile will help to bridge the gap between production and demand.

Biggest prewar use for tartar was in baking powder. But that's out for the duration. We're using phosphate instead.

FOUND--A STOCKPILE

IN THE LAST TWO YEARS, the government has spent about \$1,000,000,000 in accumulating a stockpile of materials. But we have also accumulated, without planning, a much bigger stockpile of goods in private hands. For example, manufacturers' inventories are up \$2,000,000,000 since January. This increase seems out of all proportion to the gains in output. So the implication is that businessmen have gone in for private stockpiling. Retail stores

have been stockpiling, too; inventories are up about \$1,000,000,000 over a year ago, but sales are down. This private inventory building represents a cushion against demand when current consumption rises above current production.

DIFFERENCE OF OPINION

RADIO ROUNDUP on that second front: Moscow says it's "feasible; Rome, "ridiculous"; Tokyo, "impossible"; London, "desirable"; Berlin, "absurd."

BRITISH PAY CASH

THE BRITISH STILL PAY CASH for a good deal of American war materials. In May, 28% of all transfers and deliveries to

the British Empire came under direct purchase, 72% under lend-lease. About 80% of the ordnance and 60% of the ammunition, however, went on the lend-lease account. But in some items—combat vehicles and aircraft (including engines and accessories)—the British in March, April, and May got as much under cash contracts as under lend-lease.

These direct-purchase deliveries are a carry-over from contracts placed from September, 1939, to March, 1941, by the Anglo-French and the British Purchasing Missions. Of their \$3,500,000,000 of orders, about 80% have been delivered; the rest will be completed before the end of the year.

War Progress Notes

FINANCIAL PROGRAM STAYS PUT

THE WAR FINANCING PROGRAM is unchanged from a week ago (WP—July 17 '42 p. 11). Pending legislation stands at \$10,392,000,000 of which an estimated \$8,550,000,000 is for naval ships, and \$1,842,000,000 is for other agencies.

War appropriations so far this fiscal year amount to \$42,408,000,000. For a breakdown, see last week's War Progress.

HOURS AND EARNINGS

WAGE EARNERS in 11 selected war industries averaged 46.5 hours per week in May, a gain of 0.2 hours from April and 2.6 hours from a year ago. Wage earners in these industries are working an average of 4 hours per week longer than those in all manufacturing industries combined. In nondurable goods industries, the work week averages just under 40 hours.

Average hourly earnings in the selected war industries in May were 98.7 cents, up 1.1 from April and 12 cents from a year ago. Hourly earnings in all manufacturing industries combined averaged 83.1 cents in May; this is 1.2 cents per hour higher than in April and

10.5 cents higher than a year ago. Hourly earnings in nondurable goods industries were 27% lower than those in the selected war industries.

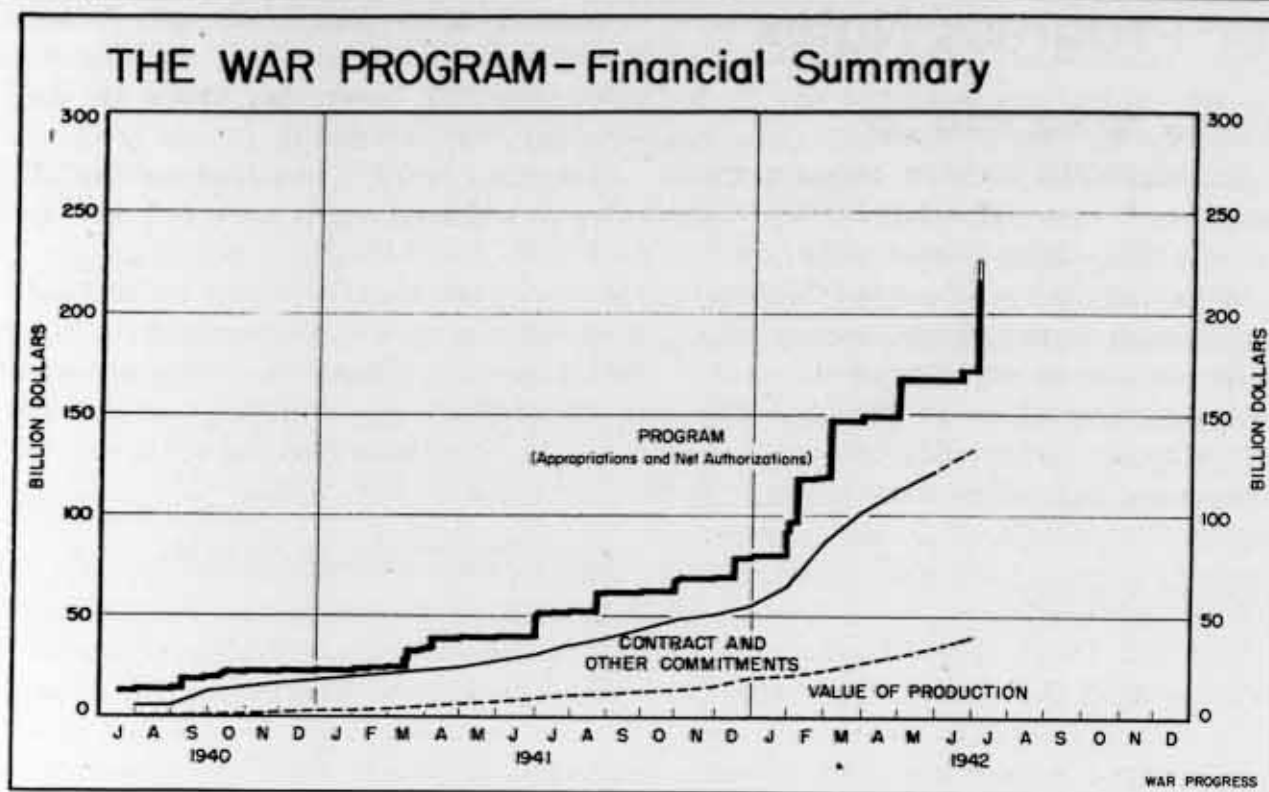
Average weekly earnings in the 11 selected war industries were \$45.92—up 1.3% from April and 21% from a year ago. Other durable manufacturing industries have shown similar increases over the past year. In contrast, average weekly earnings in nondurable goods industries in May were \$28.34, only 15.8% higher than in May, 1941.

"CONFIDENTIAL" INCOME PAYMENTS

DATA on income payments in the distributive industries, service industries and the government (including the armed forces) are shown for the first time in this issue and will be presented regularly hereafter. These figures have been classified as "confidential" and general publication discontinued.

CONSTRUCTION EMPLOYMENT UP

IN MAY, more than twice as many men were employed by private contractors on public war construction projects as in May, 1941; the 834,000 total set a new high. From last November until March, employment was fairly stable at an average of 610,000; the rise from March to May was 30%.



JULY 24, 1942

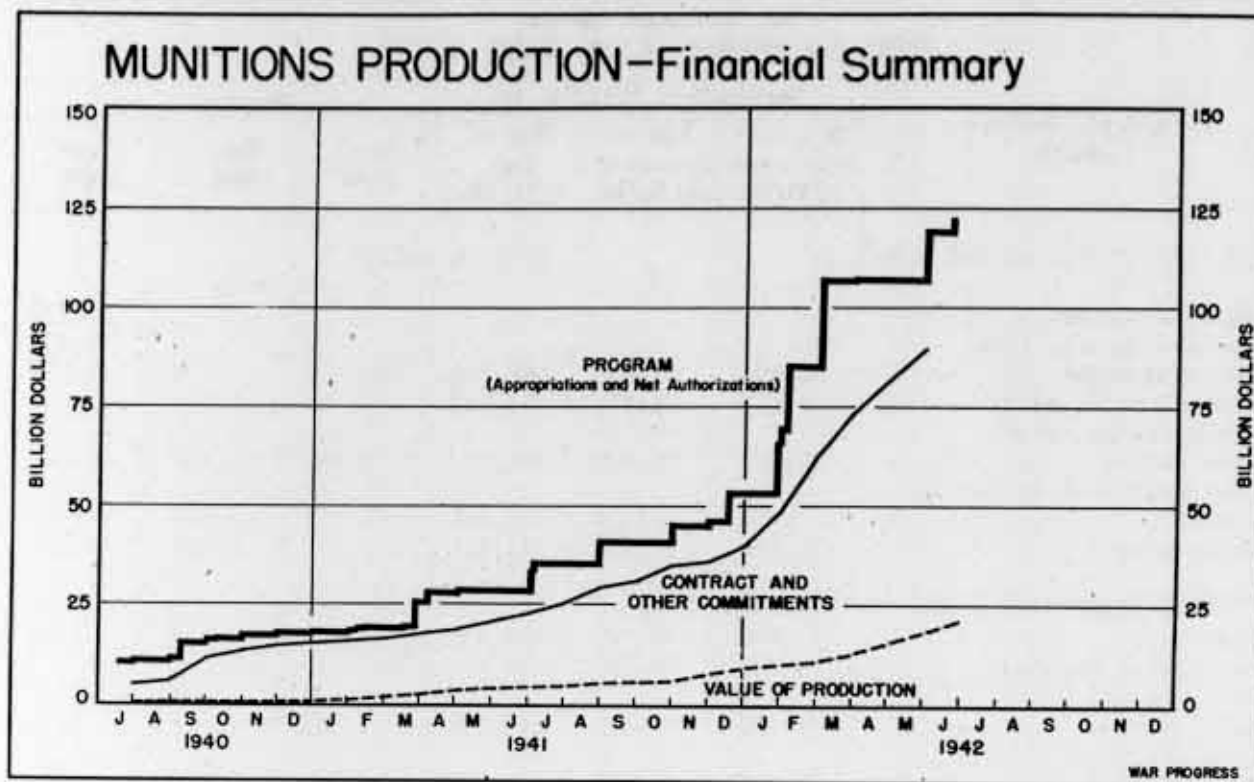
CONFIDENTIAL . . . II

WAR PROGRESS SERIES
TOTAL WAR PROGRAM IN THE UNITED STATES

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
● TOTAL WAR PROGRAM IN THE U.S. ^a			(Million dollars)			
Program-Pending						P 10,392
Program-July 23, 1942						P 42,408
Program-Enacted	40,861	80,604	P 168,769	P 19,037	P 0	P 5,045
Uncommitted balance	9,274	23,979	P 46,773	-	-	-
Contracts and other commitments	31,587	56,625	P 121,996	P 9,899	P 9,731	P 10,500
Value delivered and/or in place ^b	8,547	18,573	P 34,620	P 3,792	P 4,060	P 4,617
Checks paid ^c	8,536	17,965	P 33,415	P 3,571	P 3,934	P 4,177
MUNITIONS PRODUCTION & WAR CONSTRUCTION, TOTAL						
Program	37,027	69,305	P 150,856	P 17,740	P 0	P 4,920
Uncommitted Balance	7,597	18,281	P 38,402	-	-	-
Contracts and other commitments	29,430	51,024	P 112,454	P 9,088	P 9,107	n.a.
Value delivered and/or in place ^b	6,795	14,750	P 28,302	P 3,261	P 3,465	P 3,897
Value not delivered nor in place	22,635	36,274	P 84,152	-	-	-
PRODUCTION OF MUNITIONS						
Program	28,566	53,738	P 119,341	P 11,743	P -25	P 4,631
Uncommitted balance	4,901	13,929	P 31,292	-	-	-
Contracts and other commitments	23,665	39,809	P 88,049	P 7,598	P 6,668	n.a.
Value delivered and/or in place ^b	4,290	8,940	P 17,811	P 2,161	P 2,248	P 2,653
Value not delivered nor in place	19,375	30,869	P 70,238	-	-	-
WAR CONSTRUCTION						
Program	8,461	15,567	P 31,515	P 5,997	P 25	P 289
Uncommitted balance	2,696	4,352	P 7,110	-	-	-
Contracts and other commitments	5,765	11,215	P 24,405	P 1,490	P 2,439	n.a.
Value delivered and/or in place ^b	2,505	5,810	P 10,491	P 1,100	P 1,217	P 1,244
Value not delivered nor in place	3,260	5,405	P 13,914	-	-	-
NON-MUNITIONS WAR ITEMS, TOTAL						
Program	3,834	11,299	P 17,913	P 1,297	P 0	P 125
Uncommitted balance	1,677	5,698	P 8,371	-	-	-
Contracts and other commitments	2,157	5,601	P 9,542	P 811	P 624	n.a.
Checks issued	1,752	3,823	P 6,318	P 531	P 595	P 720

● Graph appears on opposite page.
Table continued on Page 13.

For footnotes see Page 18.



JULY 24, 1942

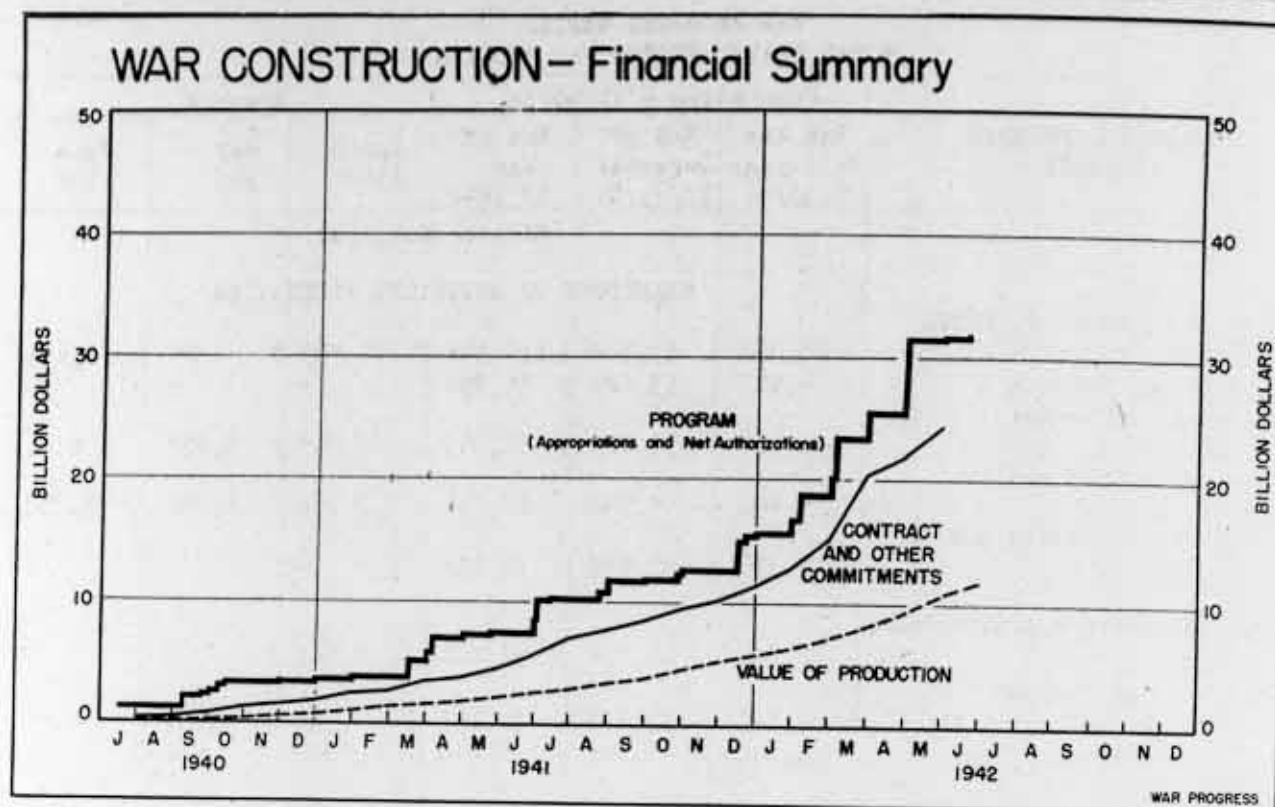
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WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
			(Million dollars)			
● MUNITIONS PRODUCTION, TOTAL						
Program	28,566	53,738	P 119,341	P 11,743	P -25	P 4,631
Uncommitted balance	4,901	13,929	P 31,292	-	-	-
Contracts and other commitments	23,665	39,809	P 88,049	P 7,598	P 6,668	n.a.
Value delivered and/or in place ^b	4,290	8,940	17,811	2,161	2,248	P 2,653
Value not delivered nor in place	19,375	30,869	P 70,238	-	-	-
AIRPLANES, PARTS & ACCESSORIES						
Program	8,582	15,072	P 37,801	P 8,860	P 0	P 72
Contracts and other commitments	7,381	13,298	P 31,107	P 1,556	P 2,409	n.a.
Value delivered	1,010	2,265	4,242	416	471	P 510
ORDNANCE						
Program	7,778	17,488	P 36,115	P 872	P 0	P 557
Contracts and other commitments	5,418	10,354	P 24,513	2,840	P 2,278	n.a.
Value delivered	700	1,685	4,267	619	696	P 768
NAVAL SHIPS						
Program	6,796	9,605	15,538	18	0	P 2,480
Contracts and other commitments	6,442	7,930	P 12,000	551	P 275	n.a.
Value delivered and/or in place	810	1,665	2,979	314	399	P 405
MERCHANT SHIPS						
Program	1,442	3,288	P 7,599	P -25	P -25	P 1,054
Contracts and other commitments	1,484	2,381	P 6,262	P 234	P 607	n.a.
Value in place	240	510	1,012	118	131	P 153
OTHER MUNITIONS AND SUPPLIES						
Program	3,968	8,285	P 22,288	P 2,018	P 0	P 468
Contracts and other commitments	2,940	5,846	P 14,167	P 2,417	P 1,099	n.a.
Value delivered	1,530	2,815	5,311	694	551	P 817

● Graph appears on opposite page.
Table continued on Page 15.

For footnotes see Page 15.



WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
			(Million dollars)			
	BREAKDOWN OF WAR CONSTRUCTION					
● WAR CONSTRUCTION, TOTAL (LAND, BLDGS., EQUIP.)						
Program	8,461	15,567	P 31,515	P 5,997	P 25	P 289
Uncommitted balance	2,696	4,352	P 7,110	-	-	-
Contracts and other commitments	5,765	11,215	P 24,405	P 1,490	P 2,439	n.a.
Value in place	2,505	5,810	P 10,491	P 1,100	P 1,217	P 1,244
Value not in place ^b	3,260	5,405	P 13,914	-	-	-
INDUSTRIAL FACILITIES (LAND, BLDGS., EQUIP.)						
Program	5,120	8,112	P 16,903	P -122	P 25	P 286
Contracts and other commitments	2,865	6,318	P 15,105	P 1,101	P 1,047	-
Value in place	960	2,800	P 5,375	P 600	P 629	P 615
INDUSTRIAL FACILITIES, BUILDINGS ONLY						
Program	1,607	3,137	n.a.	P 878	n.a.	n.a.
Value in place	575	1,753	P 2,887	P 253	P 260	P 278
POSTS, DEPOTS, STATIONS						
Program	2,849	6,063	13,220	6,119	P 0	P 3
Contracts and other commitments	2,625	4,381	P 8,500	P 314	P 1,317	n.a.
Value in place	1,430	2,670	P 4,599	P 459	P 545	P 580
DEFENSE HOUSING						
Program	492	1,392	1,392	0	0	P 0
Contracts and other commitments	275	516	P 800	P 75	P 75	n.a.
Value in place	115	340	P 517	P 41	P 43	P 49
	BREAKDOWN OF NON-MUNITIONS					
NON-MUNITIONS, TOTAL						
Program	3,834	11,299	P 17,913	P 1,297	P 0	P 125
Uncommitted balance	1,677	5,698	P 8,371	-	-	-
Commitments	2,157	5,601	P 9,542	P 811	P 624	n.a.
Checks issued by agencies ^b	1,752	3,823	P 6,318	P 531	P 595	P 720
STOCKPILE						
Program	983	2,399	P 2,713	P 0	P 0	P 0
Commitments	470	1,050	P 1,140	P 30	P 30	n.a.
Checks issued by agencies	192	488	P 911	P 64	P 102	P 100

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For footnotes see Page 18.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

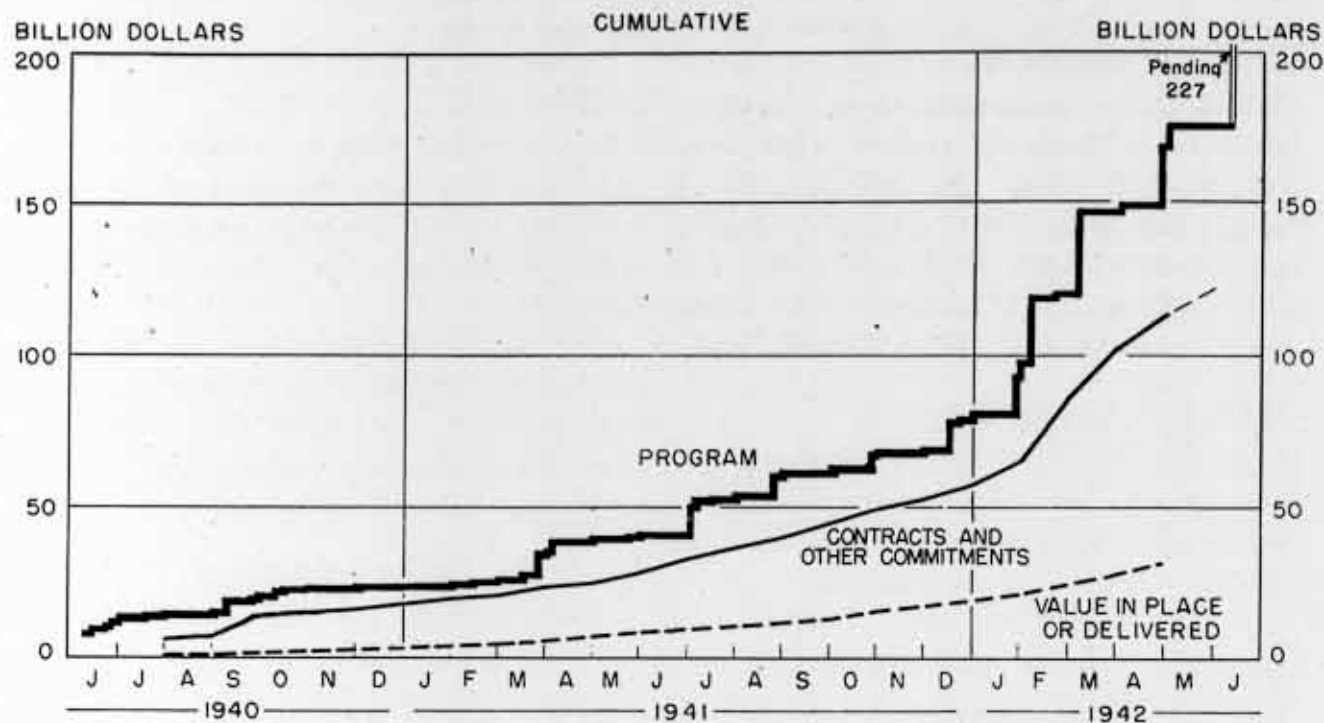
FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
			(Million dollars)			
BREAKDOWN OF NON-MUNITIONS (Continued)						
AGRICULTURAL EXPORTS (LEND-LEASE)						
Program	625	1,522	2,138	214	0	P 0
Commitments	66	561	P 994	82	P 65	n.a.
Checks issued by agencies	1	211	539	91	87	P 90
PAY, SUBSISTENCE & TRAVEL ^f						
Army Military						
Program	944	3,013	3,904	745	0	P 116
Commitments	934	2,030	P 3,564	239	P 281	n.a.
Checks issued	696	1,510	P 2,429	P 200	P 220	P 315
Navy Military						
Program	378	963	2,246	5	0	P 0
Commitments	334	610	P 1,039	86	P 110	n.a.
Checks issued	388	642	P 944	P 65	P 70	P 98
Civilian Payroll						
Program	32	247	253	5	0	P 46
Commitments	32	140	P 235	20	P 15	n.a.
Checks issued	356	682	P 1,035	P 75	P 79	P 80
MISCELLANEOUS NON-MUNITIONS						
Program	872	3,155	P 6,659	P 328	P 0	P -37
Commitments	321	1,210	P 2,570	P 354	P 123	n.a.
Checks issued by agencies	119	290	P 460	P 36	P 37	P 38

p Preliminary

Table continued on following page.

For footnotes see Page 18.

TOTAL WAR PROGRAM



JULY 24, 1942

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WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
			(Million dollars)			
UNITED STATES FINANCED WAR PROGRAM ^d			BREAKDOWN OF AGENCIES			
Program	37,075	76,508	P 164,673	P 19,037	P 0	P 5,045
Uncommitted balance	9,274	23,979	P 46,773	-	-	-
Contracts and other commitments	27,801	52,529	P 117,900	P 9,899	P 9,731	P 10,500
Checks paid	6,431	15,251	30,387	3,505	3,880	P 4,123
U. S. ARMY						
Program	13,134	31,981	84,468	17,395	0	P 0
Contracts and other commitments	11,404	23,334	P 62,005	6,003	P 6,138	n.a.
Checks paid	3,636	7,889	13,987	1,284	1,497	1,662
U. S. NAVY						
Program	12,308	20,024	43,635	1,676	0	P 3,785
Contracts and other commitments	11,182	16,327	29,964	1,993	1,971	2,361
Checks paid	2,217	4,726	8,891	1,020	1,229	1,237
LEND-LEASE						
Program	7,000	12,985	18,410	0	0	P 0
Allocations	5,177	11,345	14,366	222	508	n.a.
Contracts and other commitments	2,458	6,282	10,181	673	305	480
Checks paid	21	910	3,434	525	626	665
U. S. MARITIME COMMISSION						
Program	784	2,734	6,584	0	0	P 1,070
Contracts and other commitments	886	1,724	P 5,702	226	608	n.a.
Checks paid (Net) *	44	156	528	87	93	114
RFC AND SUBSIDIARIES						
Program	2,623	5,130	P 7,704	P -90	P 0	P 0
Contracts and other commitments	1,151	3,569	P 7,916	P 819	P 509	n.a.
Checks issued by RFC	350	956	2,210	274	327	P 300
OTHER U. S. AGENCIES						
Program	1,226	3,654	3,872	56	0	P 190
Contracts and other commitments	720	1,293	P 2,132	185	P 200	n.a.
Checks paid	163	614	1,337	315	108	145
FOREIGN ORDERS						
Program (Orders)	3,786	4,096	P 4,096	P 0	P 0	P 0
Commitments	3,786	4,096	P 4,096	P 0	P 0	P 0
Checks issued by Purchasing Missions	2,105	2,714	P 3,028	66	P 54	P 54

For footnotes see Page 18.

FOOTNOTES

WAR PROGRESS SERIES

n.a. Not available
r Revised.

P Preliminary

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

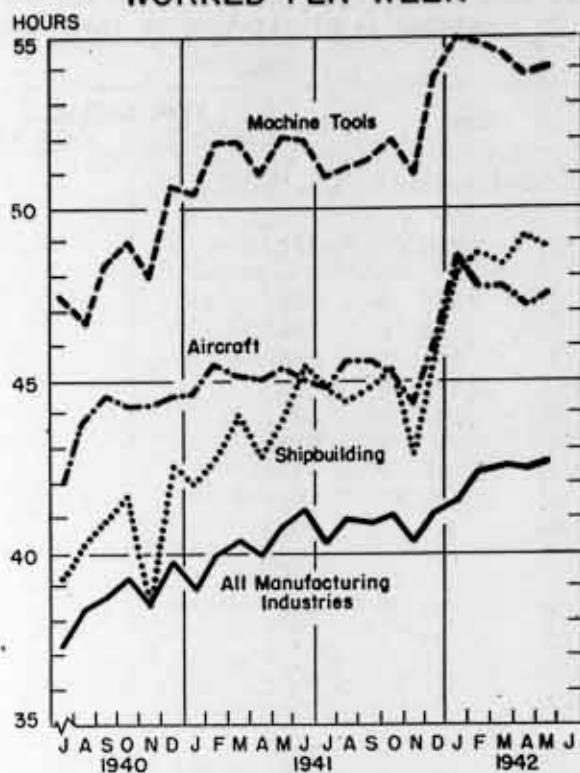
JULY 24, 1942

CONFIDENTIAL . . . 19

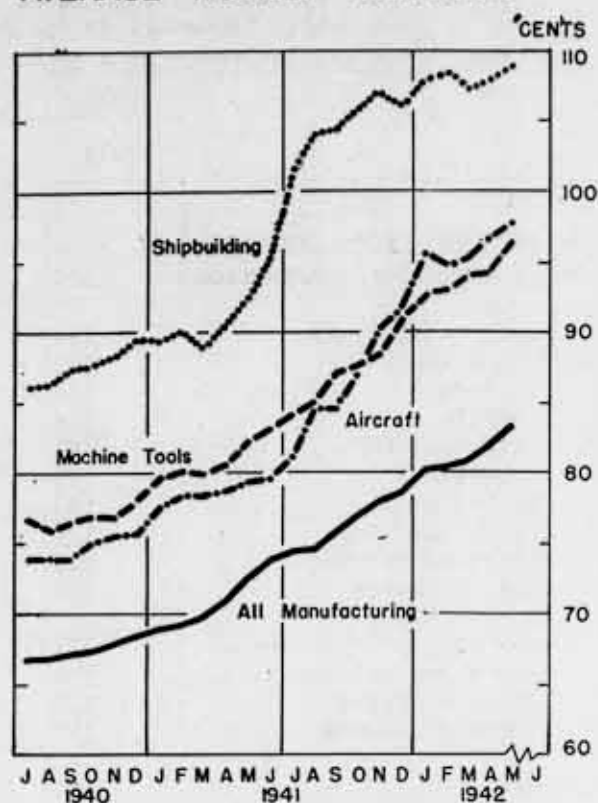
ECONOMIC ACTIVITY RELATED TO THE WAR

Note: Certain statistical series included in these tables are nonconfidential and are published in such public documents as the Federal Reserve Bulletin, Survey of Current Business, etc. Obviously inclusion here should not be construed as a limitation on their use.

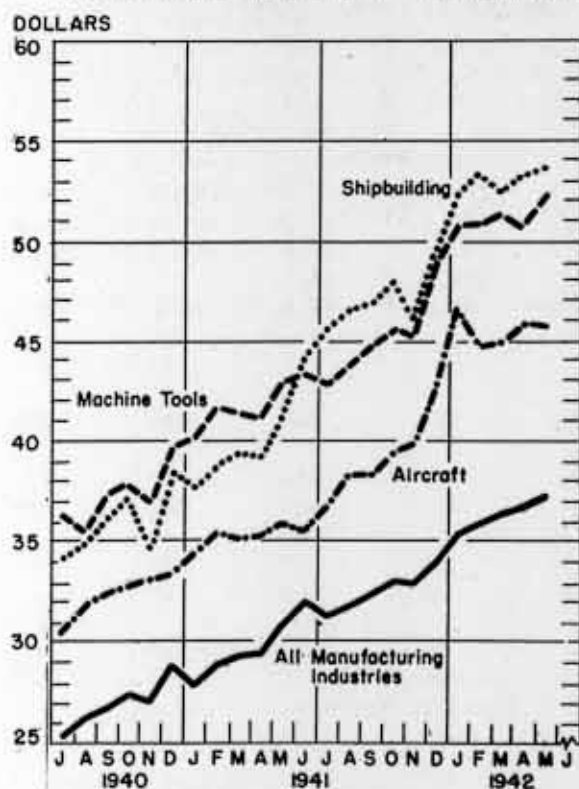
	1940	1941	1942			
	July	July	May	June	Week ending	
					July 11	July 18
(Unadjusted indexes 1935-39=100)						
FED. RES. BD. PROD. INDEXES						
Total industrial production	120	159	175	P 178		
Durable manufactures	131	197	239	P 245		
Iron & Steel	147	185	198	P 196		
Pig iron	154	181	191	P 192		
Aircraft	398	997	2,142	P 2,320		
Railroad cars	117	133	290	P 285		
Locomotives	116	307	497	P 513		
Shipbuilding	185	467	1,416	P 1,531		
Copper smelting	126	131	161	168		
Copper deliveries	118	234	205	221		
Lead shipments	118	200	202	n.a.		
Nondurable manufactures	111	138	138	P 138		
Cane sugar meltings	116	117	73	n.a.		
Rubber products	109	153	75	n.a.		
Rubber consumption	109	156	81	n.a.		
Minerals	121	130	131	P 131		
Copper production	133	147	174	180		
Zinc production	112	125	143	n.a.		
(Points in total index)						
Government production						
Shipbuilding, Gov't Yards	0.5	1.3	2.9	P 2.9		
Mfg. at Gov't Arsenal						
and Quartermaster Depots	0.2	0.6	1.1	P 1.1		
(Indexes)						
BLS PRICE INDEXES						
Strategic materials	123.6	140.3	147.6	P 147.6	147.5	147.5
Critical materials 8/39	107.5	115.2	123.2	P 123.2	123.2	123.2
Basic commodities =100	108.5	148.7	167.1	166.4	167.7	167.6
Machine tools	108.7	117.6	118.1	P 118.1		
All commodities (1926=100)	77.7	88.8	P 98.8	P 98.6	P 98.5	P 98.3
TRANSPORTATION & ELEC. POWER						
Freight cars						
Loadings (thous. per week)	706	853	834	846	855	857
Unloads for export, dly. av.						
Atlantic & Gulf ports (no.)	1,494	1,614	1,881	1,981	1,632	1,677
Pacific ports (no.)	112	159	449	490	600	549
Surplus, total, dly. av. (thous.)	132	77	61	83	81	
Box cars	55	30	34	57	48	
Coal cars	48	27	10	9	15	
Bad order cars, total 1st of month (thous.)	153	85	62	63	57	
Power prod. (mil. kwh.)	12,094	14,226	14,988	P 15,170	3,429	3,565
(Million dollars)						
DEFENSE BOND SALES	-	342	634	634	245	202
DEFENSE HOUSING						
(Number of dwelling units, cumulative to end of period)						
Fund allocations	1,460	123,433	413,776	456,018	463,981	463,981
Constr. contracts awarded	624	87,132	260,611	295,912	305,658	308,912
Construction completed	0	29,954	119,586	129,725	132,314	134,227

AVERAGE HOURS
WORKED PER WEEK

AVERAGE HOURLY EARNINGS

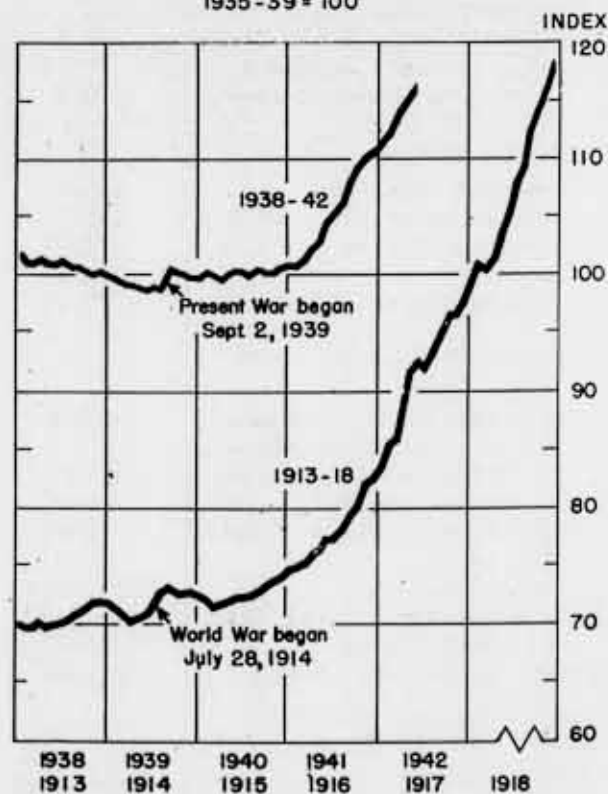


AVERAGE WEEKLY EARNINGS



COST OF LIVING

1935-39 = 100



ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942			
	July	July	February	March	April	May
AVERAGE HOURS WORKED PER WEEK						
			(Hours)			
All manufacturing industries		40.3	42.2	42.5	42.4	42.6
Durable goods	37.9	41.5	44.4	44.7	44.7	45.0
Nondurable goods	36.7	39.0	39.7	39.8	39.7	39.7
11 selected war industries combined	39.3	43.1	46.1	46.5	46.3	46.5
Machine tools	47.5	50.9	54.9	54.6	53.9	54.1
Aircraft	42.0	44.8	47.7	47.7	47.2	47.5
Shipbuilding	39.3	44.8	48.7	48.4	49.2	48.8
▲ AVERAGE HOURLY EARNINGS						
			(Cents)			
All manufacturing industries	66.7	74.4	80.3	80.9	81.9	83.1
Durable goods	72.7	82.6	89.3	89.9	91.0	92.3
Nondurable goods	61.5	65.7	70.1	70.6	71.4	72.2
11 selected war industries combined	78.6	88.9	96.0	96.6	97.6	98.7
Machine tools	76.8	84.1	92.8	94.3	94.4	96.5
Aircraft	73.8	81.2	94.8	95.1	96.6	97.8
Shipbuilding	86.2	101.3	108.6	107.5	108.0	109.0
AVERAGE WEEKLY EARNINGS						
			(Dollars)			
All manufacturing industries	25.25	31.22	35.71	36.15	36.63	37.40
Durable goods	28.52	35.84	41.52	42.00	42.57	43.33
Nondurable goods	21.87	25.07	27.34	27.72	27.82	28.34
11 selected war industries combined	30.76	38.66	44.30	44.97	45.31	45.92
Machine tools	36.45	42.80	50.87	51.43	50.79	52.24
Aircraft	30.48	36.57	44.80	44.98	45.94	45.81
Shipbuilding	34.03	45.54	53.49	52.49	53.30	53.67
EMPLOYMENT						
			(Thousand workers)			
Total civil nonagricultural	35,904	39,908	39,995	40,392	40,874 p	41,201
War Industries						
Private, 18 major indus.	1,663	2,559	3,176	3,296	3,442 p	3,559
Private contractors						
public construction	13	412	614	643	748	834
Public	117	225	315	339	350	362
Total	1,793	3,196	4,105	4,278	4,540	4,755
Deep sea merchant vessels	51	50	49	48	47	47
Total WPA employment	1,655	1,055	1,029	963	867	786
UNEMPLOYMENT (WPA) ESTIMATE)						
Number of unemployed	9,300	5,700	4,000	3,600	3,000	2,600
BLS COST OF LIVING INDEX						
			(1935-39 = 100)			
All items	100.3	105.3	112.9	114.3	115.1	116.0
Food	97.4	106.7	116.8	118.6	119.6	121.6
Rent	*104.6	106.1	108.6	108.9	109.1	109.7

▲ Graph appears on opposite page.

*June 1940.

p Preliminary data.

ECONOMIC ACTIVITY RELATED TO THE WAR

	1941	1942				
	December	January	February	March	April	May
INCOME PAYMENTS:						
Annual rate, billion dollars	103.9	104.6	105.4	106.4	108.5	P 109.3
			(Million dollars)			
Monthly income payments, total	9,397	8,424	7,987	8,699	8,802	P 8,656
Salaries and wages, total	5,830	5,665	5,731	5,905	6,066	P 6,252
Commodity-producing industries	2,550	2,533	2,609	2,670	2,781	P 2,901
Distributive industries ^c	1,400	1,263	1,250	1,279	1,280	P 1,297
Service industries ^c	951	939	929	932	936	P 945
Government ^c	842	853	871	949	1,001	P 1,047
Work relief wages	87	77	72	75	68	P 62
All other income payments	3,567	2,759	2,256	2,794	2,736	P 2,404

^c Confidential

WAR PROGRESS

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(British-Secret)

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Germany's Labor Mobilization
Scorecard on Merchant Shipping

Number 98

July 31, 1942

How Germany Mobilizes Manpower

Labor inventory enables Reich to distribute workers strategically. Political, economic and social pressures force women, old people, youngsters, and disabled into jobs.

GERMAN LABOR was on a war footing before tanks began to roll across the Polish border in September, 1939. Nearly half of Germany's 80,000,000 population was at work--39,800,000--with a woman contingent of roughly 15,000,000 in factories, farms, offices, and various services. If the United States were on a comparable basis today--eight months after Pearl Harbor--65,000,000 would be at work instead of only 54,000,000; and 20,000,000 women would work instead of only 14,000,000.

Youngsters and Pensioners

Germany's problem in 1939 had been--and is more so now--to make the most of limited manpower and an "impoverished" economy. Social pressure and higher wages kept older workers from retiring, and pensioners were aggressively "persuaded" to return to jobs. Boys and girls were made to serve a statutory labor year on farms, road construction, and forestry work (compulsory CCC on a broader scale), and even smaller children were employed on appropriate projects. Compulsory labor was introduced to secure workers for projects of "great political importance," such as the Siegfried Line; later, compulsion was extended to other jobs which for one reason or another failed to attract labor on a voluntary basis.

Both employees and employables were trained and retrained, allocated and reallocated to assure maximum produc-

tivity when and where needed. Training of young workers was not merely promoted but prescribed to fit production needs; the worker's freedom of choice was sharply restricted. Self-employed persons (retailers, artisans, etc.) were "induced" to enter factory employment. The number of handicraft shops alone fell from 1,734,000 in 1934 to 1,471,000 in 1939.

Employer Enforcement

Traveling commissions "combed out" every nonessential or inefficient plant for skilled workers. So, to stay in business--to keep his workers--every employer had to produce government-approved goods according to government standards for quantity and quality of output, costs, working conditions, ra-

Mobilization of U.S. Manpower

PRESIDENT ROOSEVELT has just ordered the drafting of a National War Service bill to expedite the full mobilization of the country's manpower for war work. Object is to pave the way for assignment, if necessary, of workers to essential services in factories, on the farms, and in laboratories. The plan may even extend to the education of future scientists.

Britain adopted a similar program last year. But Germany was on a full-manpower-mobilization basis as far back as 1938 and 1939. How Germany has tried to solve her manpower problems is set forth in the accompanying article.

tio of dismissals (or sickness) to total labor force in the plant, apprentice training, schooling and promotion of qualified workers, etc. Thus, employers became automatic administrators of the Nazi economic policy.

National Labor Inventory

As a prelude to such grand-scale economic mobilization, Hitler crushed the trade unions and thereupon took over the labor market. Result: To get a job, every German worker had--and still has--to have a labor book; this is in effect a passport to a livelihood. You can't work without one. This makes possible overall labor control through a national card index based on these labor books. This lists the training, experience, skill, and current location of all members of the labor force.

Working with this inventory, the German National Bureau for Placement and Unemployment Insurance--roughly similar to the U. S. Employment Service--actually allocates labor. Not only does it place workers in jobs, but it has to give its consent if an employer wants

to dismiss a worker or if a worker wants to shift from one plant to another or from one occupation to another. Thus, it prevents pirating and cuts down loss of time through excessive turnover.

That much had been accomplished--at least as a matter of general policy--when the war began. But labor control was not strictly exercised until the losses of the Russian campaign depleted Germany's manpower supply.

Work Week Extended

And now reports indicate that Germany is taking steps to force additional numbers of women, girls, old men, pensioners, and partly disabled into employment. Plans are also made for closing still more consumer-goods plants to release labor for war work. Although the regular working time is generally 10 hours a day, 60 hours a week, extension of hours is being permitted in an increasing number of cases. (Today, in the United States, the average work week in manufacturing is 43 hours.)

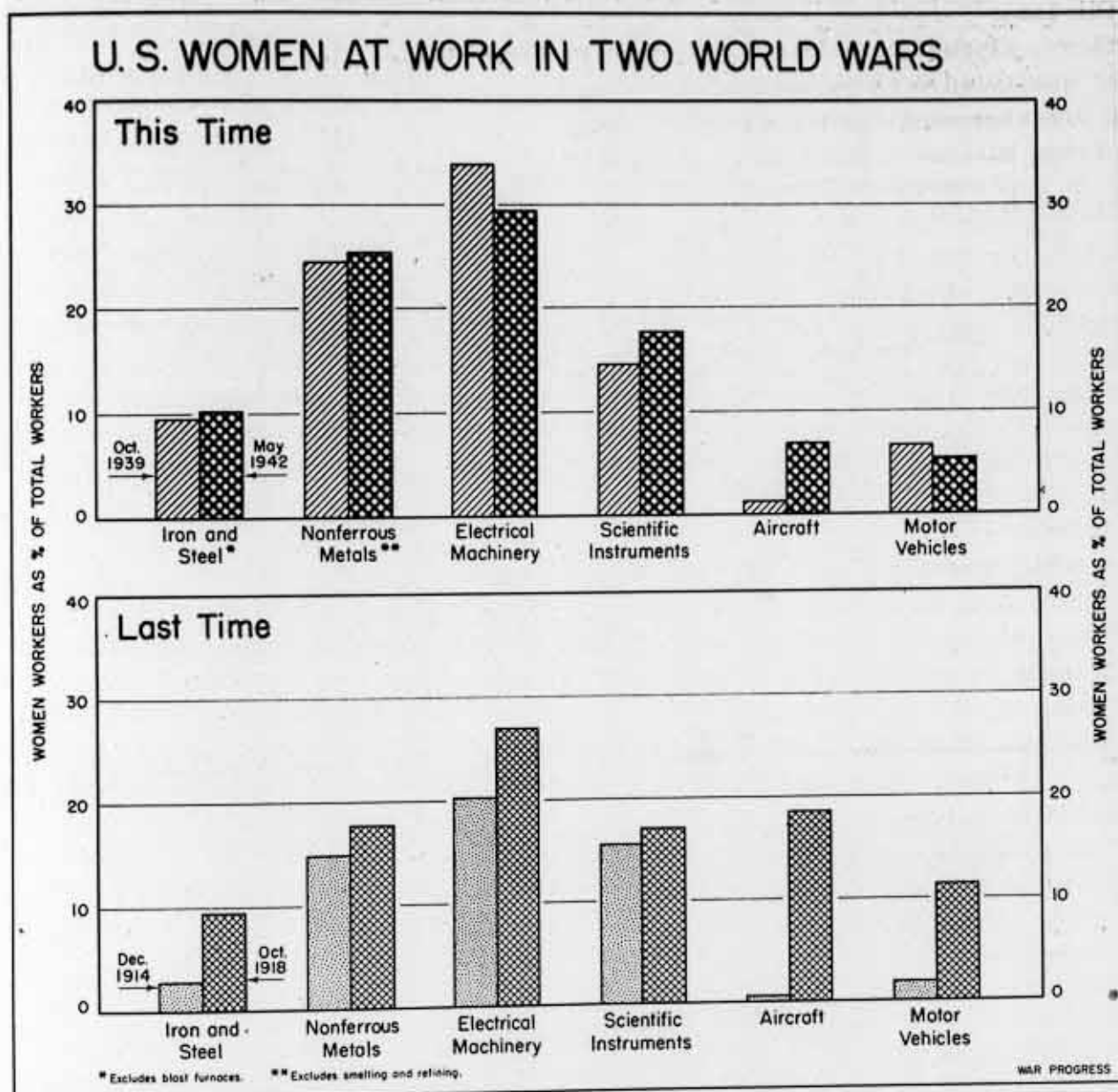
And "rationalization" is always going on; for example, it has been found advantageous to divide workers into groups according to age or physical status. Older people were found to work better together than in a miscellaneous group of young and old; likewise the physically infirm.

Labor Mobility

But the key to Germany's labor control is its "work-passport" inventory. Through it, workers can be shifted from one job to another to speed the completion of urgent work: If welders are needed to get out a batch of planes for the eastern front, they may be pulled out of tank plants; or if workers are needed for harvesting, they may be drawn from among salesmen, waiters, clerks, and even party or government employees.

IN THIS ISSUE:

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IN WARTIME, AS MEN ARE CALLED INTO THE ARMY, WOMEN TEND TO GO INTO FACTORIES. THIS HAPPENED IN THE UNITED STATES IN THE LAST WAR, AND IT'S HAPPENING AGAIN THIS TIME.

BIGGEST GAIN TO DATE HAS BEEN IN THE AIRCRAFT INDUSTRY. SINCE THE OUTBREAK OF THE WAR, WOMEN WORKERS HAVE RISEN FROM 1.2% TO 7% OF ALL WORKERS (WP-JULY 1942, P9). A LESS PRONOUNCED RISE HAS OCCURRED IN THE MANUFACTURE OF SCIENTIFIC INSTRUMENTS—FROM 14.5% TO 17.7%. IN IRON AND STEEL PRODUCTS—WHERE WOMEN MAKE UP APPROXIMATELY 10% OF ALL WORKERS—AND IN NONFERROUS METAL PRODUCTION, THE GAINS HAVE BEEN NOMINAL.

THE PERCENTAGE OF WOMEN EMPLOYED IN THE ELECTRICAL EQUIPMENT INDUSTRY HAS DECLINED SHARPLY, LARGELY BECAUSE OF THE SHIFT FROM

SUCH LIGHT LINES AS HOUSEHOLD APPLIANCES TO HEAVIER GOODS (DYNAMOS, TURBINES, ETC.) LESS SUITABLE FOR FEMALE LABOR. CONVERSION FROM LIGHTER TO HEAVIER WORK IS ALSO RESPONSIBLE FOR THE DROP IN THE PROPORTION OF WOMEN EMPLOYED IN THE MOTOR VEHICLE INDUSTRY FROM 6.6% TO 5.2%.

COMPARED WITH THE SPECTACULAR INCREASE OF THE FEMALE LABOR FORCE IN 1914-18, CURRENT GAINS APPEAR MODERATE. HOWEVER, THE PERIOD UNDER CONSIDERATION IS SHORTER—32 MONTHS AS AGAINST 46 MONTHS.

MOREOVER, OUR TOTAL LABOR SUPPLY HAS NOT YET SUFFERED PAINFUL DEPLETION THROUGH THE TRANSFER OF MEN INTO THE ARMY. SO, THE FULL FORCE OF HIGHER WAGES AND SOCIAL PRESSURE TO GET WOMEN INTO INDUSTRY HAS NOT YET BEEN FELT.

JUNE 26, 1942

CONFIDENTIAL ... II

WAR PROGRESS SERIES
TOTAL WAR PROGRAM IN THE UNITED STATES

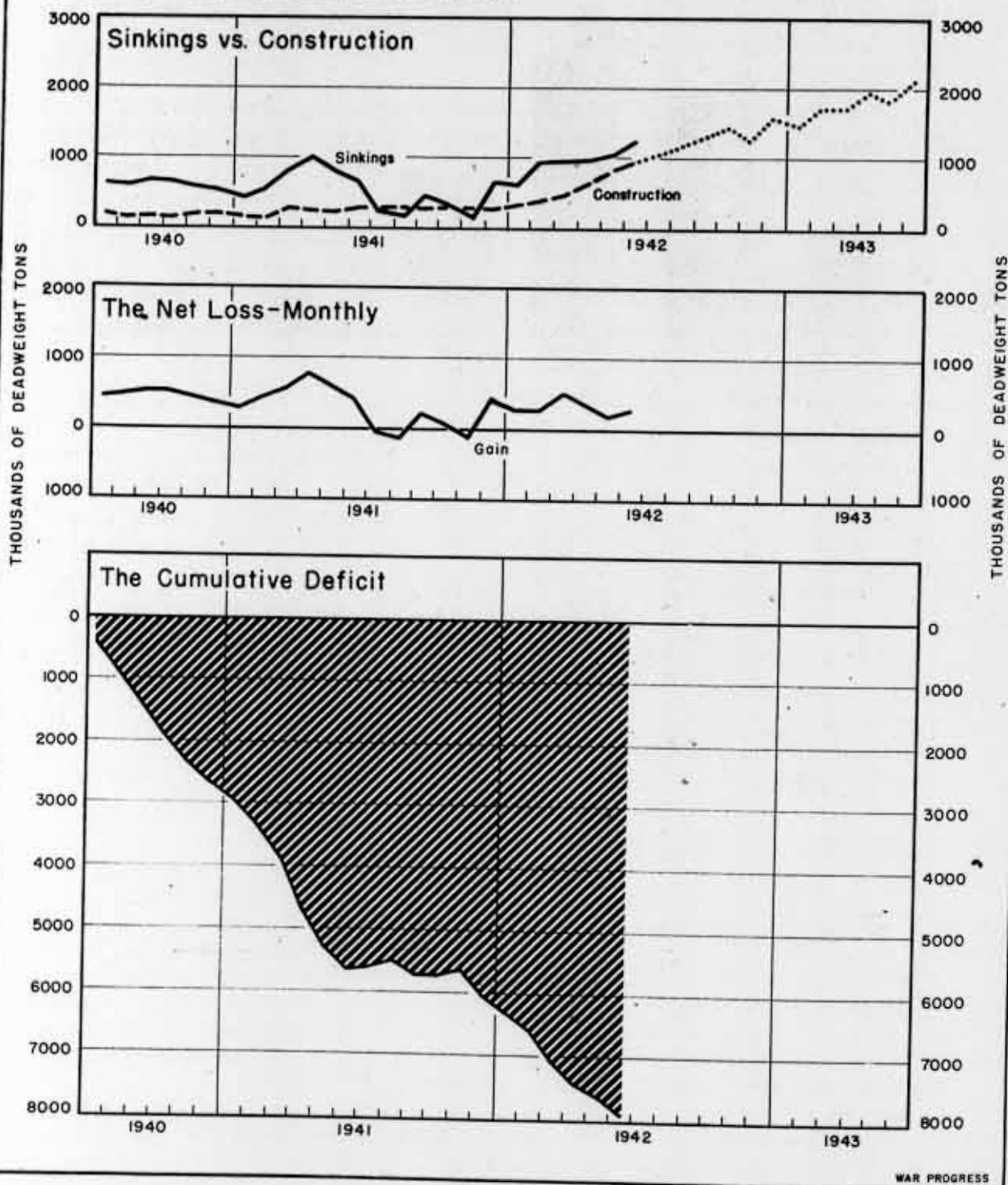
FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	March 1942	April 1942	May 1942
● TOTAL WAR PROGRAM IN THE U.S. ^a			(Million dollars)			
Program-pending, 6/24/42						P 58,185
Program-enacted (incl. F.Y. 1943 funds)	40,861	80,604	P 168,769	P 30,373	P 19,037	P 0
Uncommitted balance	9,274	23,979	P 56,504 ^b	-	-	-
Contracts and other commitments	31,587	56,625	P 112,265	P 16,395	P 9,899	P 8,893
Value delivered and/or in place ^b	8,547	18,573	P 30,480	P 3,248	P 3,712	n.a.
Checks paid ^c	8,536	17,965	P 29,481	3,195	P 3,571	P 3,887
MUNITIONS PRODUCTION & WAR CONSTRUCTION, TOTAL						
Program	37,027	69,305	P 150,856	P 27,009	P 17,740	P 0
Uncommitted Balance	7,597	18,281	P 47,509	P -	P -	-
Contracts and other commitments	29,430	51,024	P 103,347	P 15,699	P 9,088	n.a.
Value delivered and/or in place ^b	6,795	14,750	P 24,757	2,698	P 3,181	n.a.
Value not delivered nor in place	22,635	36,274	P 78,590	-	-	-
PRODUCTION OF MUNITIONS						
Program	28,566	53,738	P 119,366	P 21,825	P 11,743	P 0
Uncommitted balance	4,901	13,929	P 37,985	-	-	-
Contracts and other commitments	23,665	39,809	P 81,381	P 11,633	P 7,598	n.a.
Value delivered and/or in place ^b	4,290	8,940	P 15,483	1,734	P 2,081	P 2,331
Value not delivered nor in place	19,375	30,869	P 65,898	-	-	-
WAR CONSTRUCTION						
Program	8,461	15,567	P 31,490	P 5,184	P 5,997	P 0
Uncommitted balance	2,696	4,352	P 9,524	-	-	-
Contracts and other commitments	5,765	11,215	P 21,966	P 4,066	P 1,490	n.a.
Value delivered and/or in place ^b	2,505	5,810	P 9,274	P 964	P 1,100	n.a.
Value not delivered nor in place	3,260	5,405	P 12,692	-	-	-
NON-MUNITIONS WAR ITEMS, TOTAL						
Program	3,834	11,299	P 17,913	P 3,364	P 1,297	P 0
Uncommitted balance	1,677	5,698	P 8,995	-	-	-
Contracts and other commitments	2,157	5,601	P 8,918	P 696	P 811	n.a.
Checks issued	1,752	3,823	P 5,723	P 550	P 531	P 595

● Graph appears on opposite page.
Table continued on Page 13.

For footnotes see Page 18.

SCORECARD ON MERCHANT SHIPPING

Sinkings of United Nations' vessels continue to exceed new construction, and cumulative losses mount.



THE MERCHANT SHIPBUILDING PROGRAM IS GAINING SPEED, BUT IT STILL ISN'T KEEPING PACE WITH AXIS SUBMARINES. SINKING OF UNITED NATIONS' AND FRIENDLY NEUTRALS' SHIPS REACHED A NEW HIGH LAST MONTH, AND THE MARGIN OF LOSSES

OVER NEW CONSTRUCTION WIDENED. IF SINKINGS HOLD TO THE PRESENT LEVEL, WE SHALL CONTINUE TO SHOW MONTHLY DECLINES IN TONNAGE UNTIL SEPTEMBER; AND NOT UNTIL THE FALL OF 1943 WILL THE CUMULATIVE DEFICIT BE WIPED OUT.

JULY 31, 1942

CONFIDENTIAL ... 5

The high degree of labor mobility thus achieved is the German substitute for a labor reserve.

Limited Freedom of Choice

Yet not all is done with a steam roller. The German government has found it necessary to foster the good will and cooperative spirit of the individual worker to get maximum production. Only in extreme cases are workers forced to take employment far from home against their will. Thus, though the government's power to utilize labor is absolute, the power is not used mechanically but rather in case-by-case, plant-by-plant, worker-by-worker decisions.

Laborers from occupied and neighboring countries constitute another reservoir for Germany's manpower requirements. But that source had already been heavily tapped before the outbreak of the Russian campaign, and labor "imports" are beginning to come hard. Italy, Norway, Belgium, and Slovakia have already served notice that a release of further workers to Germany would result in domestic deficiencies.

Employment of prisoners of war also is being emphasized. But like imported civilian workers, prisoners of war are notoriously poor producers. Apart from language difficulties, they are mostly unwilling and practically always unaccustomed to the ways of their captor. Thus, such additions to Germany's manpower are quantitative rather than qualitative.

Used Where Most Needed

No one is more aware of that fact than the Germans themselves. So the most intensive efforts are being made to discover and exploit whatever unused capacity may still exist in the human material of the Third Reich--be it old and deteriorated, young and inexperi-

enced, or qualified but inadequately utilized.

To this end, the labor inventory and the combing-out commissions are all-important. The labor inventory makes it possible to direct workers and skills where most needed--men doing key work in armament production are not shunted off to war--and combing-out commissions ferret out those enterprises which are not contributing sufficiently to the war effort. This conserves manpower as well as materials. Thus, the two dovetail into one another to achieve maximum results under conditions of scarcity.

Critical Economies

By cutting down on its construction specifications, Navy's Bureau of Yards and Docks indicates large savings possible in use of scarce materials.

THE NAVY'S Bureau of Yards and Docks has definitely pulled in its belt since Pearl Harbor. Successive changes in construction designs and specifications indicate that important savings in critical materials are being realized.

Concrete for Steel

Reinforced concrete, lumber, masonry, plastics, glass, etc., are being substituted for steel, copper, rubber, nickel, and other vital war materials in such a variety of projects as shipways, piers and bridges, drydocks, airfields, barracks, power plants, storehouses, communications systems, sanitary facilities, transportation equipment, etc. In structural steel, for instance, the Bureau of Yards and Docks plans to use somewhat less than one ton instead of two; in chromium, roughly one pound instead of six; while use of aluminum has been eliminated.

The following table shows how pre-Pearl Harbor materials requirements, per

\$1,000,000,000 of representative construction, stack up with requirements today:

Quantity Per \$1,000,000,000 of Construction		
Materials	Dec. 1, '41	July 1, '42
Aluminum (lbs.)..	15,000	--
Chromium (lbs.)..	500,000	75,000
Copper (tons)....	27,000	15,000
Mica (lbs.).....	36,500	20,000
Molybdenum (lbs.)	214,000	56,000
Nickel (lbs.)....	3,940,000	43,500
Rubber (tons)....	3,250	382
Structural		
steel (tons)..	1,410,945	1,139,184
Tin (lbs.).....	1,098,000	100,000

The reductions run from 19% for structural steel to 99% for nickel and 100% for aluminum. A breakdown of the steel

savings shows decreases in sheet piling (75%), shapes (37%), and plate (23%), but a rise in reinforcing steel (40%). This increase is accounted for largely by the switch to reinforced concrete from structural steel and steel plate.

Further cuts are now being worked out on drawing boards, and other savings may be realized in due course. But the reductions since Pearl Harbor already are sufficient to indicate how re-examination of designs and specifications may open the way to large-scale economies in critical materials.

Raw Material

TANKS: UNITED NATIONS VS. AXIS

IN JUNE, the United Nations--according to the best estimates--produced about 7 tanks for every 4 built by the Axis. The United States accounted for about half the United Nations' total; Germany for about 80% of the Axis'; France and Czechoslovakia 10%, and Japan 10%.

Germany started early in 1934 building up tank reserves. And despite heavy losses, her usable tanks are reputed to exceed total U. S. and British output during the last two years. This lag will shortly be overcome, for U.S. output will be rising steadily; but, because of bombings and shortages of manpower and materials, German output has passed its peak.

CALLING ALL JALOPIES

THE WPB HAS BEEN CONDUCTING an experiment in Stark County, Ohio, to see how many owners of "jalopies" could be induced to sell them for scrap. Italy has had the same idea and is requisitioning all automobiles 12 or more years old.

We haven't yet had to go so far as Italy, which has been calling in artis-

Sub-Machine Gun Costs Drop

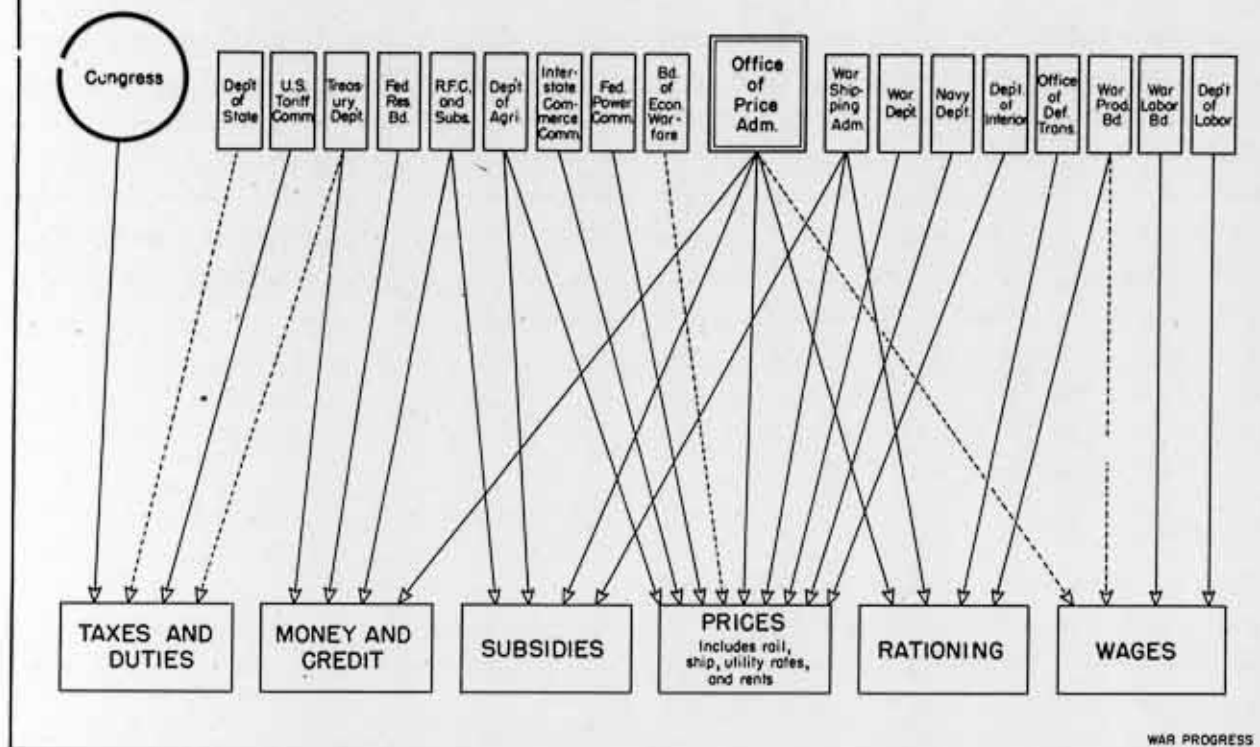
BACK IN JUNE, 1940, a Thompson sub-machine gun cost the Army about \$400--including all spares, extra equipment, and testing. Today the price is around \$58--an 85% drop.

How the price got down that way is a story of competition for war orders. In the middle of 1940, the British were actively in the market for sub-machine guns, and manufacturers cut prices to get the business. By December, the cost of a Tommy gun slipped to around \$190.

Nor did competition stop there. During the last six months, the Inland Manufacturing Division of General Motors has brought out a new and simplified sub-machine gun. The Army has some of these on order at an estimated cost, with spares and testing, of about \$50. Meanwhile, the Tommy gun has been redesigned and its cost on the basis of recent army contracts is down to the \$58 level.

WHO'S WHO ON THE INFLATION FRONT

An arrow chart of agencies which influence prices, pay subsidies, control credit, etc.



Influencing Prices

THE OFFICE OF PRICE ADMINISTRATION IS DIRECTLY CHARGED WITH THE RESPONSIBILITY FOR CONTROLLING PRICES. BUT MANY OTHER AGENCIES ARE IN THE PICTURE TOO—THROUGH SUBSIDIES, TAXES, RATIONING, AND WAGE CONTROLS.

IN PART, AUTHORITY OVER PRICES IS DIVIDED ALONG COMMODITY OR SERVICE LINES—THE ICC FOR RAIL RATES, THE DEPARTMENT OF AGRICULTURE FOR FARM PRICES, ETC. AND, IN PART, AUTHORITY IS DIVIDED ALONG FUNCTIONAL LINES—THE FEDERAL RESERVE FOR CREDIT POLICY, THE OPA FOR PRICE CEILINGS, THE RFC FOR SUBSIDIES, ETC.

BUT THE DIVISION OF AUTHORITY IS NOT CLEAR CUT. THE FEDERAL RESERVE AND THE TREASURY INFLUENCE CREDIT; THE OPA AND THE DEPARTMENT OF AGRICULTURE CONTROL FARM PRICES; THE OPA AND WPB SET RATIONING POLICY.

IN GENERAL, THE ADMINISTRATIVE AGENCIES SHOWN HERE OPERATE WITH POWERS DELEGATED DIRECTLY OR INDIRECTLY BY CONGRESS. AND CONGRESS, OF COURSE, KEEPS TAXES AS ITS PARTIC-

ULAR PROVINCE, HENCE PLAYS AN IMPORTANT PART
IN CONTROL OR NONCONTROL OF INFLATION.

IT IS NOT FEASIBLE TO MARK OUT BY LINES ALL THE DEGREES AND KINDS OF AUTHORITY EXERCISED OVER THE PRICE LEVEL BY FEDERAL AGENCIES. THE BROKEN LINES, HOWEVER, INDICATE CONTROL WHICH IS MORE INDIRECT THAN THE SOLID LINES. FOR INSTANCE, THE STATE DEPARTMENT'S INFLUENCE OVER IMPORT DUTIES DEPENDS ON THE AGREEMENT OF A FOREIGN GOVERNMENT TO A RECIPROCAL TRADE TREATY; THE BOARD OF ECONOMIC WARFARE STANDS IN A CONSULTATIVE RELATION TO OPA IN THE DETERMINATION OF EXPORT PRICE CEILINGS; THE TREASURY ACTS IN AN ADVISORY CAPACITY TO CONGRESS ON TAXES; AND SO ON.

THE WAR AND NAVY DEPARTMENTS DESERVE SPECIAL MENTION. BY VIRTUE OF THE SIZE OF THEIR PURCHASES, THEIR NEGOTIATION OF CONTRACTS, AND THEIR VIRTUAL EXEMPTION FROM PRICE CEILING, THEY WIELD A VAST INFLUENCE OVER PRICES.

THERE ARE, OF COURSE, MANY OTHER GOVERNMENT AGENCIES WHOSE ACTIONS AFFECT PRICES. BUT THE CHART INCLUDES ONLY THOSE WHOSE INFLUENCE IS MOST APPARENT—AND COMPELLING.

tic iron gratings, pride of Italian cities. But recovery of large quantities of iron and steel scrap from auto graveyards--450,000 tons in June--has depleted the U. S. stockpile 40% in four months.

In the Stark County experiment, out of 164 jalopies spotted, only 70 owners refused to sell, and most of those because of the potential transportation value of the car, not because the price was too low. Each car yields about 1,500 pounds of iron and steel, 35 pounds of copper, 6 pounds of aluminum, and 25 pounds of lead. If the Stark County experiment succeeds--if enough cars are turned in--the jalopy canvass may be extended throughout the country.

THIOKOL AGAIN

THIOKOL, already used as a bullet-proof lining for aircraft gasoline tanks, is now being used by the Navy in concrete containers to store high-octane "gas." Concrete doesn't stand up against the chemical action of high-octane gasoline and is not impervious to seepage, but lined with thiokol it fills the bill and releases steel plate for other uses.

GASOLINE FROM RUBBER

JAPANESE BROADCASTS give the impression that the scorched-earth policy in the Dutch East Indies was a failure. They claim that the oil wells near Surabaya have resumed operation, and that they are getting oil from other East Indies fields. At the same time, they declare that while America is building an industry to produce rubber from oil, Japanese scientists have succeeded in reversing the process--decomposing rubber to produce gasoline. This "rubber gasoline" is said to be in use in automobiles in Malaya.

Question: If Japan is getting huge oil production from East Indies wells and refineries, why convert rubber into gasoline?

TIN, LEAD, CAPS, CONTENTS, MISC.

THOSE TOOTH-PASTE TUBES you returned to the drug store have already begun to add to our stockpile of critical materials. Through June, about 240,000 pounds of old tubes had been collected by the Tin Salvage Institute. The first 50,000 pounds yielded the following:

<u>Materials</u>	<u>Pounds</u>	<u>%</u>
Tin.....	30,200	60.4
Lead.....	6,900	13.8
Aluminum....	2,850	5.7
Foil.....	3,450	6.9
Caps.....	1,850	3.7
Contents....	3,650	7.3
Misc.....	1,100	2.2

Tubes go to reclaiming plants which separate the junk (caps and miscellaneous) and the contents (tooth paste, shaving cream, etc.) from the salvage.

TANK-ENGINE TROUBLE

MEDIUM TANKS are coming off the assembly lines with Chrysler "5" engines (five Plymouth truck motors hooked into one unit). But American and British troops fear this engine may be hard to maintain and so are reluctant to take tanks equipped with them into battle. The Army's Services of Supply wants the engines replaced as quickly as possible. But a certain number of tanks with "5" engines will have to be built if we are to reach our 1942 tank objective. The Chrysler "5" engine was adopted early in the tank program because it could be made quickly in available plants.

War Progress Notes

STRIKES IN JUNE

TOTAL MAN-DAYS OF IDLENESS due to strikes rose from 325,000 in May to 550,000 in June. Half of the days lost were in war industries. However, total time lost in war strikes amounted to only 0.1% of time worked. (Chart, page 22.)

WAR EMPLOYMENT UP

EMPLOYMENT IN 18 selected war industries in June was 3,690,000, an increase of 772,000 since December. Additional evidence of the conversion to war production is the six-month gain of 438,000 wage earners in durable-goods industries while nondurables lost 116,000. (Chart, page 22.)

Additions of new and unemployed workers, together with shifts from wholesale and retail trade to war industries, raised total manufacturing employment by 322,000 during the first half of 1942. In addition, there was a net shift of 450,000 workers to the selected war industries from other manufacturing--276,000 from other durable manufacturing industries and 174,000 from other nondurables.

Total civil nonagricultural employment rose to 41,415,000 in June--up 152,000 from May and 335,000 in the past six months. Largest increases during the six-month period occurred in

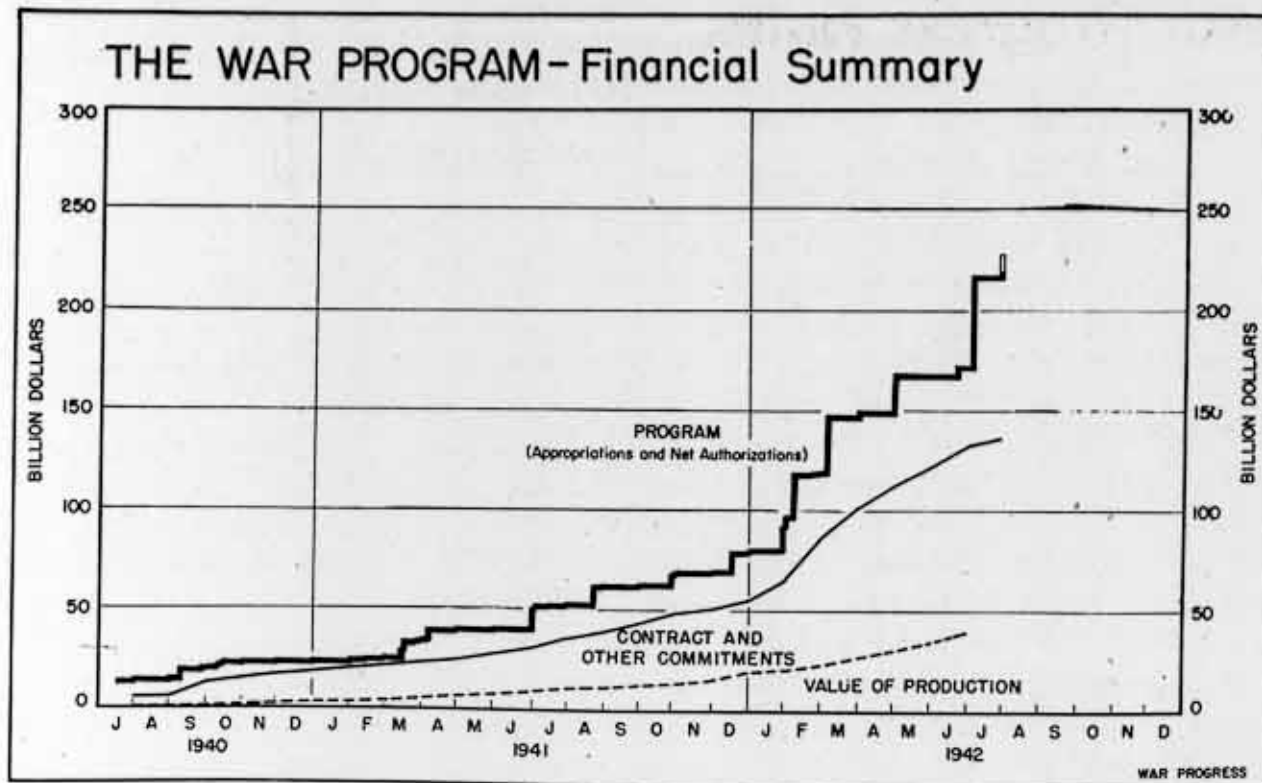
manufacturing and government employment. Employment in wholesale and retail trade declined.

COST OF LIVING

A 5% ADVANCE in prices of uncontrolled foods brought the cost of living index to 116.4 on June 15, up 0.4 points from the previous month. Price declines of controlled foods, clothing, and rent amounted to 1%.

Food costs account for one-third of family expenditures. During the past two years, food prices have risen 25% compared with an increase of only 16% in the total cost of living. (See chart, page 20.) Dairy products (except milk), fresh fruits and vegetables, poultry and lamb--about 40% of the nation's retail food bill--still are exempt from price control.

Price regulations have checked the rapid rise in costs of clothing, house furnishings, and miscellaneous items. From June, 1940, to May 15, 1942--just before the General Maximum Price Regulation became effective--clothing prices increased 24%, house furnishings 22%, and miscellaneous items 10%. One month later, clothing costs were down 1%; house furnishings and miscellaneous items remained unchanged. Sharp reductions in rent (ordered by OPA in a few large cities) brought the June 15 rent index down 1.3% from May 15, though it is still 4% above June, 1940.



JULY 31, 1942

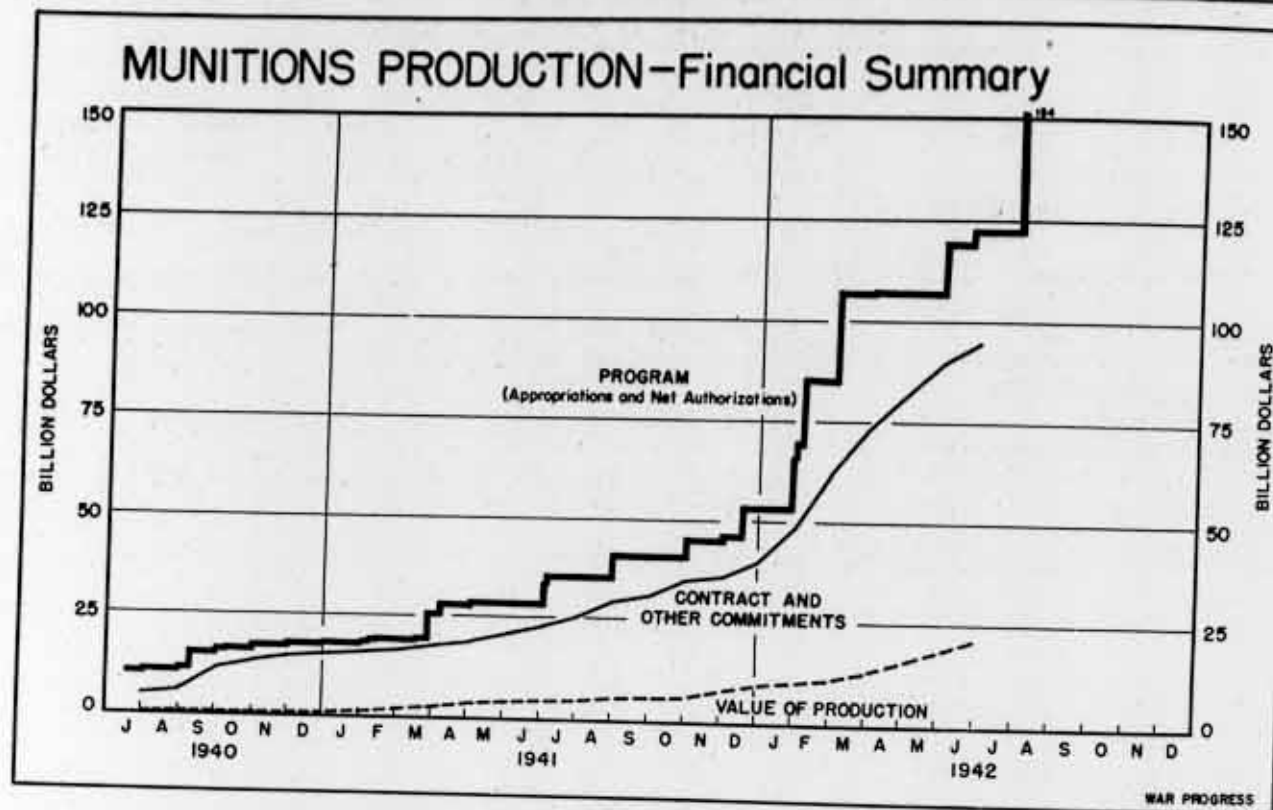
CONFIDENTIAL ... II

WAR PROGRESS SERIES
TOTAL WAR PROGRAM IN THE UNITED STATES

	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of June 6/30/42	May 1942	June 1942	July 1942
● TOTAL WAR PROGRAM IN THE U.S. ^a			(Million dollars)			
Program-Pending						p 8,550
Program-Enacted	40,861	80,604	p 174,384	p 0	p 5,615	p 44,254
Uncommitted balance	9,274	23,979	p 40,290	-	-	-
Contracts and other commitments	31,587	56,625	p 134,094	p 9,731	p 12,098	n.s.
Value delivered and/or in place ^b	8,547	18,573	p 39,199	p 4,060	p 4,579	n.s.
Checks paid ^c	8,536	17,965	p 37,592	p 3,934	p 4,177	n.s.
MUNITIONS PRODUCTION & WAR CONSTRUCTION, TOTAL						
Program	37,027	69,305	p 156,214	p 0	p 5,358	p 32,543
Uncommitted balance	7,597	18,281	p 33,761	-	-	-
Contracts and other commitments	29,430	51,024	p 122,453	p 9,107	p 9,999	n.s.
Value delivered and/or in place ^b	6,795	14,750	p 32,161	p 3,465	p 3,859	n.s.
Value not delivered nor in place	22,635	36,274	p 90,292	-	-	-
PRODUCTION OF MUNITIONS						
Program	28,566	53,738	p 124,097	p -25	p 4,756	p 29,952
Uncommitted balance	4,901	13,929	p 29,106	-	-	-
Contracts and other commitments	23,665	39,809	p 94,991	p 6,668	p 6,942	n.s.
Value delivered and/or in place ^b	4,290	8,940	p 20,426	p 2,248	p 2,165	n.s.
Value not delivered nor in place	19,375	30,869	p 74,565	-	-	-
WAR CONSTRUCTION						
Program	8,461	15,567	p 32,117	p 25	p 602	p 2,591
Uncommitted balance	2,696	4,352	p 4,655	-	-	-
Contracts and other commitments	5,765	11,215	p 27,462	p 2,439	p 3,057	n.s.
Value delivered and/or in place ^b	2,505	5,810	p 11,735	p 1,217	p 1,244	n.s.
Value not delivered nor in place	3,260	5,405	p 15,727	-	-	-
NON-MUNITIONS WAR ITEMS, TOTAL						
Program	3,834	11,299	p 18,170	p 0	p 257	p 11,711
Uncommitted balance	1,677	5,698	p 6,529	-	-	-
Contracts and other commitments	2,157	5,601	p 11,641	p 624	p 2,099	n.s.
Checks issued	1,752	3,823	p 7,038	p 595	p 720	n.s.

● Graph appears on opposite page.
Table continued on Page 13.

For footnotes see Page 18.



JULY 31, 1942

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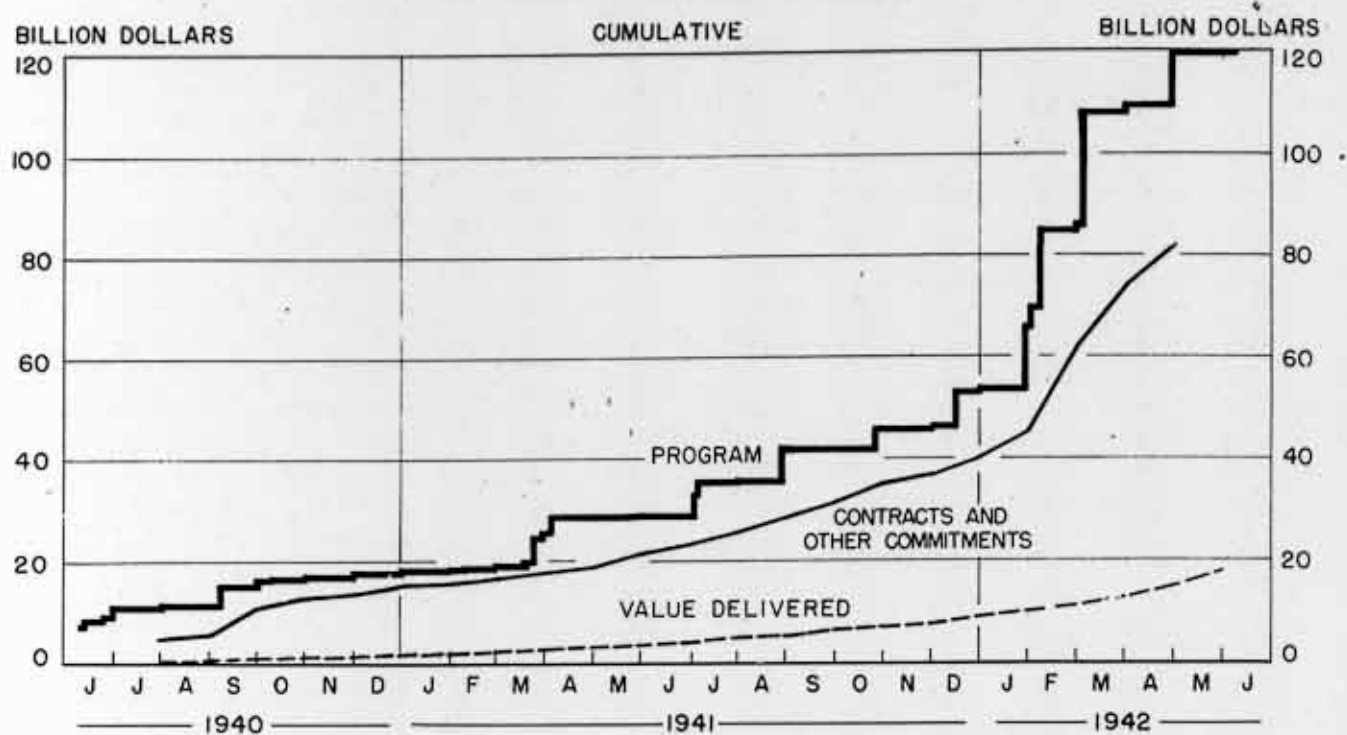
WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

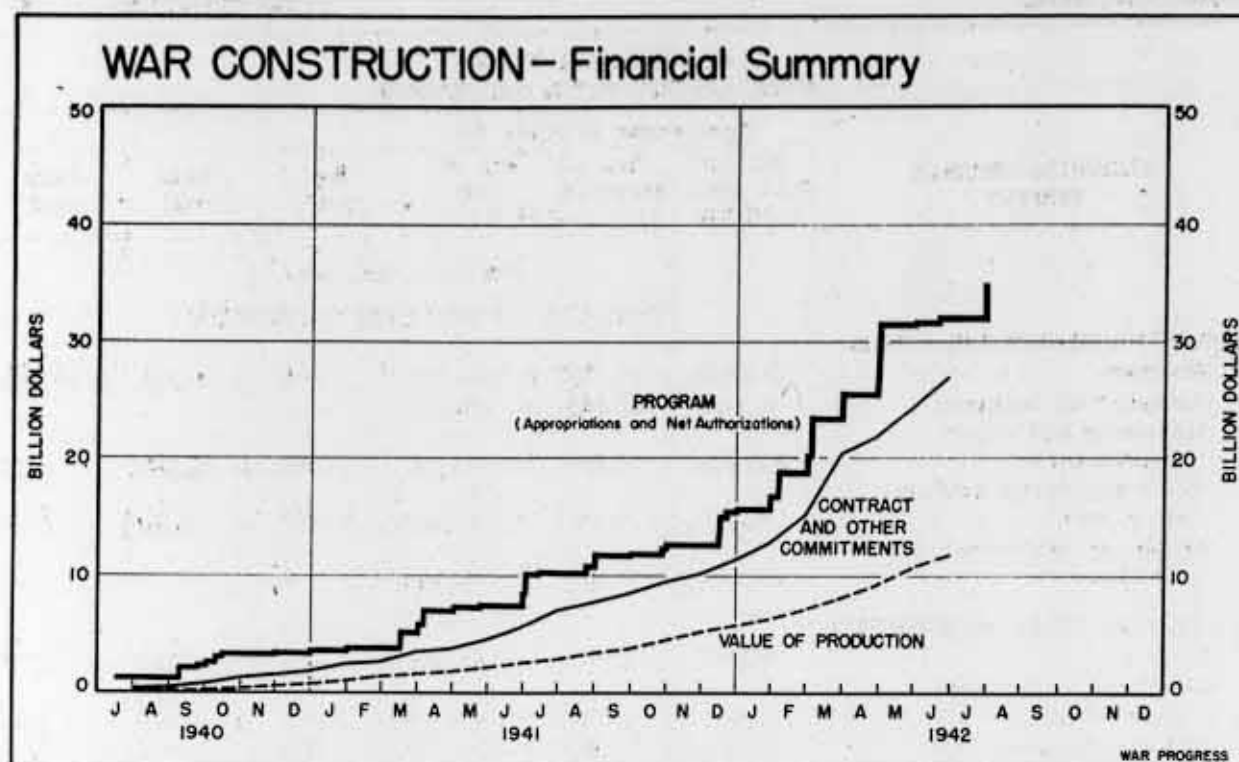
FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			May 1942	June 1942	July 1942
	End 1st full year 6/30/41	End of December 12/31/41	End of June 6/30/42			
			(Million dollars)			
			BREAKDOWN OF MUNITIONS PRODUCTION			
MUNITIONS PRODUCTION, TOTAL						
Program	28,566	53,738	p 124,097	P -25	p 4,756	p 29,952
Uncommitted balance	4,901	13,929	p 29,106	-	-	-
Contracts and other commitments	23,665	39,809	p 94,991	P 6,668	p 6,942	n.a.
Value delivered and/or in place ^b	4,290	8,940	p 20,426	2,248	P 2,615	n.a.
Value not delivered nor in place	19,375	30,869	P 74,565	-	-	-
AIRPLANES, PARTS & ACCESSORIES						
Program	8,582	15,072	p 37,586	P 0	p -215	p 9,737
Contracts and other commitments	7,381	13,298	p 33,945	P 2,409	p 2,838	n.a.
Value delivered	1,010	2,265	p 4,752	471	510	n.a.
ORDNANCE						
Program	7,778	17,488	p 36,400	P 0	p 285	p 9,548
Contracts and other commitments	5,418	10,354	p 26,873	P 2,278	p 2,360	n.a.
Value delivered	700	1,685	p 4,998	696	731	n.a.
NAVAL SHIPS						
Program	6,796	9,605	p 18,460	0	p 2,922	p 0
Contracts and other commitments	6,442	7,930	p 12,276	275	p 276	n.a.
Value delivered and/or in place	810	1,665	p 3,383	399	404	n.a.
MERCHANT SHIPS						
Program	1,442	3,288	p 8,653	P -25	p 1,054	p 0
Contracts and other commitments	1,484	2,381	p 6,880	P 607	p 618	n.a.
Value in place	240	510	P 1,165	131	P 153	n.a.
OTHER MUNITIONS AND SUPPLIES						
Program	3,968	8,285	p 22,998	P 0	p 710	p 10,667
Contracts and other commitments	2,940	5,846	p 15,017	P 1,099	p 850	n.a.
Value delivered	1,530	2,815	p 6,128	551	817	n.a.

● Graph appears on opposite page.
Table continued on Page 15.

For footnotes see Page 15.

MUNITIONS PRODUCTION





JULY 31, 1942

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WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of June 6/30/42	May 1942	June 1942	July 1942
				(Million dollars)		
				BREAKDOWN OF WAR CONSTRUCTION		
● WAR CONSTRUCTION, TOTAL (LAND, BLDGS., EQUIP.)						
Program	8,461	15,567	p 32,117	p 25	p 602	p 2,591
Uncommitted balance	2,696	4,352	p 4,655	-	-	-
Contracts and other commitments	5,765	11,215	p 27,462	p 2,439	p 3,057	n.a.
Value in place	2,505	5,810	p 11,735	p 1,217	p 1,244	n.a.
Value not in place ^b	3,260	5,405	p 15,727	-	-	-
INDUSTRIAL FACILITIES (LAND, BLDGS., EQUIP.)						
Program	5,120	8,112	p 17,610	p 25	p 707	p 172
Contracts and other commitments	2,865	6,318	p 16,697	p 1,047	p 1,592	n.a.
Value in place	960	2,800	p 5,990	p 629	p 615	n.a.
INDUSTRIAL FACILITIES, BUILDINGS ONLY						
Program	1,607	3,137	n.a.	p 389	n.a.	n.a.
Value in place	575	1,753	p 3,165	p 260	p 278	n.a.
POSTS, DEPOTS, STATIONS						
Program	2,849	6,063	p 13,115	0	p -105	p 2,419
Contracts and other commitments	2,625	4,381	p 9,890	p 1,317	p 1,390	n.a.
Value in place	1,430	2,670	p 5,179	p 545	p 580	n.a.
DEFENSE HOUSING						
Program	492	1,392	p 1,392	0	p 0	p 0
Contracts and other commitments	275	516	p 875	p 75	p 75	n.a.
Value in place	115	340	p 566	p 43	p 49	n.a.
				BREAKDOWN OF NON-MUNITIONS		
NON-MUNITIONS, TOTAL						
Program	3,834	11,299	p 18,170	p 0	p 257	p 11,711
Uncommitted balance	1,677	5,698	p 6,529	-	-	-
Commitments	2,157	5,601	p 11,641	624	p 2,099	n.a.
Checks issued by agencies ^b	1,752	3,823	p 7,038	p 595	p 720	n.a.
STOCKPILE						
Program	983	2,399	p 2,713	p 0	p 0	p 0
Commitments	470	1,050	p 1,140	p 30	p 0	n.a.
Checks issued by agencies	192	488	p 1,011	p 102	p 100	n.a.

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

For footnotes see Page 15.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of June 6/30/42	May 1942	June 1942	July 1942
			(Million dollars)			
			BREAKDOWN OF NON-MUNITIONS (Continued)			
AGRICULTURAL EXPORTS (LEND-LEASE)						
Program	625	1,522	p 2,138	0	p 0	p 0
Commitments	66	561	p 1,143	p 65	p 149	n.a.
Checks issued by agencies	1	211	p 629	87	p 90	n.a.
PAY, SUBSISTENCE & TRAVEL f						
Army Military						
Program	944	3,013	p 3,904	0	p 0	p 8,534
Commitments	934	2,030	p 3,849	p 281	p 285	n.a.
Checks issued	696	1,510	p 2,744	p 220	p 315	n.a.
Navy Military						
Program	378	963	p 2,478	0	p 232	p 0
Commitments	334	610	p 1,143	p 110	p 104	n.a.
Checks issued	388	642	p 1,042	p 70	p 98	n.a.
Civilian Payroll						
Program	32	247	p 299	0	p 46	p 536
Commitments	32	140	p 255	p 15	p 20	n.a.
Checks issued	356	682	p 1,115	p 79	p 80	n.a.
MISCELLANEOUS NON-MUNITIONS						
Program	872	3,155	p 6,638	0	p 21	p 2,641
Commitments	321	1,210	p 4,111	p 123	p 1,541	n.a.
Checks issued by agencies	119	290	p 497	p 37	p 37	n.a.

P Preliminary

Table continued on following page.

For footnotes see Page 15.

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WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of June 6/30/42	May 1942	June 1942	July 1942
				(Million dollars)		
				BREAKDOWN OF AGENCIES		
UNITED STATES FINANCED WAR PROGRAM ^d						
Program	37,075	76,508	P 170,288	p 0	P 5,615	P 44,254
Uncommitted balance	9,274	23,979	P 40,290	-	-	-
Contracts and other commitments	27,801	52,529	P 129,998	p 9,731	P 12,098	n.a.
Checks paid	6,431	15,251	P 34,510	3,880	P 4,123	P 4,450
U. S. ARMY						
Program	13,134	31,981	P 84,468	0	P 0	P 45,090
Contracts and other commitments	11,404	23,334	P 70,402	p 6,138	P 8,397	n.a.
Checks paid	3,636	7,889	15,649	1,497	1,662	n.a.
U. S. NAVY						
Program	12,308	20,024	P 47,990	0	P 4,355	P 0
Contracts and other commitments	11,182	16,327	P 32,325	1,971	P 2,361	n.a.
Checks paid	2,217	4,726	10,128	1,229	1,237	n.a.
LEND-LEASE						
Program	7,000	12,985	18,410	0	0	P 0
Allocations	5,177	11,345	14,085	508	-281	n.a.
Contracts and other commitments	2,458	6,282	10,665	305	484	n.a.
Checks paid	21	910	4,099	626	665	n.a.
U. S. MARITIME COMMISSION						
Program	784	2,734	P 7,654	0	P 1,070	P 0
Contracts and other commitments	886	1,724	P 6,333	608	P 631	n.a.
Checks paid (Net) ^e	44	156	642	93	114	n.a.
RFC AND SUBSIDIARIES						
Program	2,623	5,130	P 7,704	p 0	P 0	P 0
Contracts and other commitments	1,151	3,569	P 7,916	p 509	P 0	n.a.
Checks issued by RFC	350	956	P 2,510	327	P 300	n.a.
OTHER U. S. AGENCIES						
Program	1,226	3,654	P 4,062	0	P 190	P 2,164
Contracts and other commitments	720	1,293	P 2,357	p 200	P 225	n.a.
Checks paid	163	614	1,482	108	145	n.a.
FOREIGN ORDERS						
Program (Orders)	3,786	4,096	P 4,096	p 0	P 0	P 0
Commitments	3,786	4,096	P 4,096	p 0	P 0	P 0
Checks issued by Purchasing Missions	2,105	2,714	P 3,082	p 54	P 54	n.a.

FOOTNOTES

WAR PROGRESS SERIES

n.a. Not available
r Revised.

P Preliminary

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

JULY 31, 1942

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ECONOMIC ACTIVITY RELATED TO THE WAR

Note: Certain statistical series included in these tables are nonconfidential and are published in such public documents as the Federal Reserve Bulletin, Survey of Current Business, etc. Obviously inclusion here should not be construed as a limitation on their use.

	1940	1941	1942			
	July	July	May	June	Week ending July 18	July 25
BLS PRICE INDEXES						
Strategic materials	123.6	140.3	147.6	p 147.6	147.5	147.5
Critical materials	107.5	115.2	123.2	p 123.2	123.2	123.2
Basic commodities } 8/39 =100	108.5	148.7	167.1	166.4	167.6	166.6
Machine tools	108.7	117.6	118.1	p 118.1	-	-
All commodities (1926=100)	77.7	88.8	p 98.8	p 98.6	p 98.3	p 98.4
TRANSPORTATION & ELEC. POWER						
Freight cars						
Loadings (thous. per week)	706	853	834	846	857	856
Unloads for export, dly. av.						
Atlantic & Gulf ports (no.)	1,494	1,614	1,881	1,981	1,677	1,614
Pacific ports (no.)	112	159	449	490	549	529
Surplus, total, dly. av. (thous.)	132	77	61	83	74	
Box cars	55	30	34	57	44	
Coal cars	48	27	10	9	11	
Bad order cars, total 1st of month (thous.)	153	85	62	63	(July 1) 57	
Power prod. (mil. kwh.)	12,094	14,226	14,988	15,179	3,565	3,626
WAR BOND SALES						
	-	342	634	634	202	183
WAR HOUSING						
	(Number of dwelling units, cumulative to end of period)					
Fund allocations	1,460	123,433	413,776	456,018	463,981	
Constr. contracts awarded	624	87,132	260,611	295,912	308,912	
Construction completed	0	29,954	119,586	129,725	134,227	
▲ BLS COST OF LIVING INDEX						
All items	100.3	105.3	116.0	116.4		
Food	97.4	106.7	121.6	123.2		
Rent	104.6	106.1	r 109.9	108.5		
INCOME PAYMENTS						
Annual rate, billion dollars	75.8	93.3	p 109.3			
			(Million dollars)			
Mthly. income payments, total	6,285	7,739	p 8,656			
Salaries & wages, total	4,035	5,168	p 6,252			
Commodity-producing industries	1,571	2,346	p 2,901			
Distributive industries	1,061	1,207	p 1,297			
Service industries	819	906	p 945			
Government	465	623	p 1,047			
Work relief wages	119	86	p 62			
All other income payments	2,250	2,571	p 2,404			
RETAIL SALES						
Total, all retail stores	3,643	4,509	4,499	p 4,446		
Unadj. index, 1935-39=100						
Total	110.4	136.6	140.3	p 137.3		
Durable goods	129.8	172.1	109.9	p 105.8		
Nondurable goods	104.1	125.1	150.1	p 147.5		

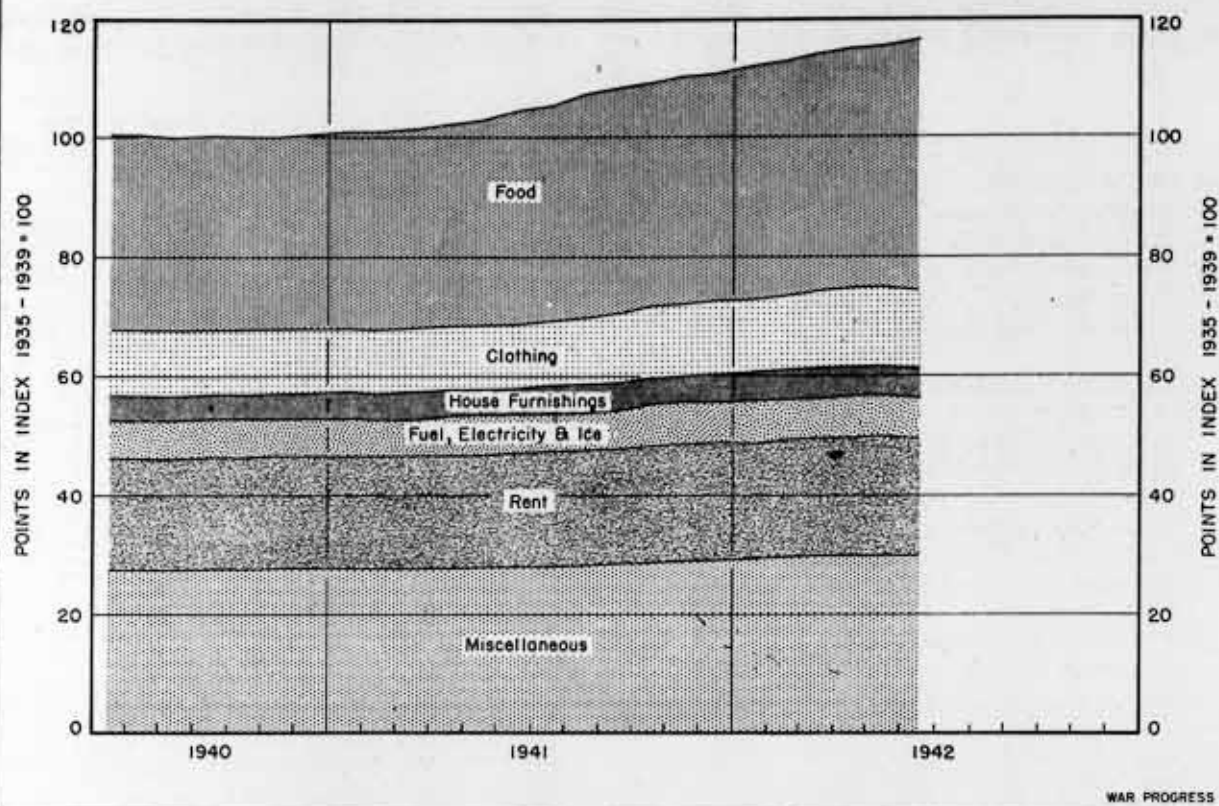
▲ Graph appears on following page.

* June, 1940

p preliminary

r revised

KEEPING TRACK OF THE COST OF LIVING



ECONOMIC ACTIVITY RELATED TO THE WAR

	1941		1942					
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
EMPLOYMENT INDEXES, SELECTED INDUSTRIES								
Locomotives } 1923-25	77.0	80.3	86.5	91.2	95.2	100.2	104.0	p 105.5
Railroad cars } =100	97.3	99.6	99.0	102.7	105.6	105.8	98.4	p 96.8
Chemical fire extin- guishers, 1939=100	323.4	368.3	412.2	464.3	467.1	506.7	533.8	p 581.0
VALUE OF FACIL. ON APPLIC. FOR CERT. OF NECESSITY	Cumulative 6/11/40 through				Monthly			
	1941	1942			1942			
	June	Apr.	May	June	Mar.	Apr.	May	June
	(Million dollars)							
Total approved	1,030	2,975	3,145	3,441	386	274	170	296
Private funds	829	2,574	2,738	2,996	355	241	164	258
Public funds	201	401	407	445	31	33	6	38
Pending	387	606	636	554	-	-	-	-

p preliminary

ECONOMIC ACTIVITY RELATED TO THE WAR

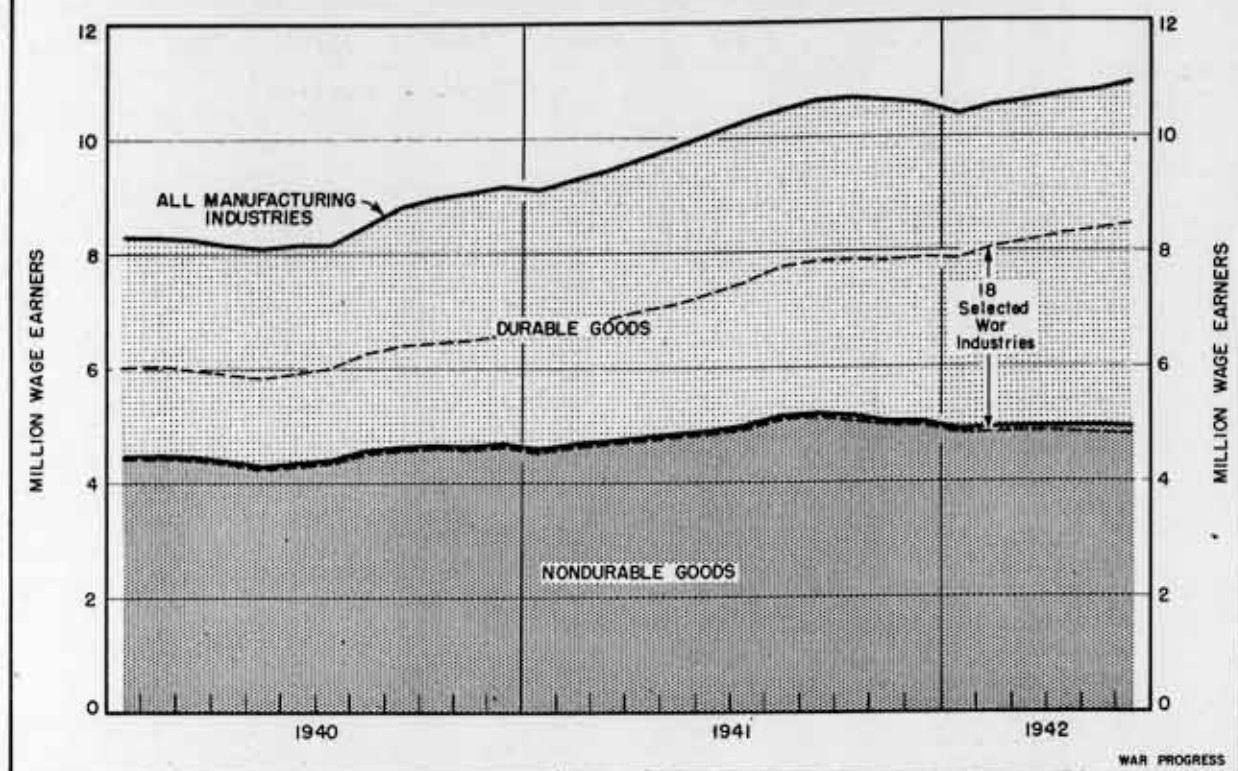
	1940	1941	1942			
	July	July	March	April	May	June
▲ EMPLOYMENT						
Total civil nonagricultural	35,904	39,908	(Thousand workers) 40,392	40,874	41,263	p 41,415
War industries						
Private, 18 selected						
industries, total	1,663	2,559	r 3,300	r 3,446	3,571	p 3,690
Blast.furn., st.wrks., etc.	488	604	616	619	621	p 625
Foundry&mach.shop prod.	390	567	625	637	647	p 656
Electr.mach.,app.& supp.	246	388	416	425	432	p 439
Smelting and refining	27	31	31	31	31	p 30
Brass,bronze,copper prod.	84	123	130	127	127	p 127
Aluminum manufactures	29	36	47	50	51	p 53
Machine tools	66	98	121	126	128	p 133
Machine tool accessories	35	58	73	76	80	p 82
Abrasives	9	14	15	15	16	p 16
Screw-machine products	20	33	41	49	50	p 52
Aircraft	88	203	357	378	399	p 422
Aero-engines	27	58	118	124	134	p 140
Shipbuilding	96	220	487	547	600	p 651
Firearms	8	26	56	59	62	p 62
Ammunition	9	25	56	67	74	p 78
Explosives	8	22	42	45	47	p 50
Optical goods	13	19	23	23	23	p 23
Instruments	20	34	46	48	49	p 51
Private contractors,						
public construction	13	412	643	748	834	
Public	117	225	339	350	362	
Total	1,793	3,196	r 4,282	r 4,544	4,767	
Deep sea merchant vessels	51	50	48	47	47	47
Total WPA employment	1,655	1,055	963	867	786	698
UNEMPLOYMENT (WPA ESTIMATE)						
Number of unemployed	9,300	5,600	3,600	3,000	2,600	2,800
▲ LABOR DISPUTES						
All industries ¹						
Number strikes in progress	390	635	278	329	p 375	p 440
Workers involved (thous.)	83	226	50	74	p 72	p 117
Man-days idle (thous.)	586	1,326	390	341	p 325	p 550
Labor disputes affecting						
the war effort ¹						
Number strikes in progress	n.a.	n.a.	74	95	144	192
Workers involved (thous.)	n.a.	n.a.	39	43	48	85
Man-days idle (thous.)	n.a.	n.a.	167	174	137	255

▲ Graph appears on following page.

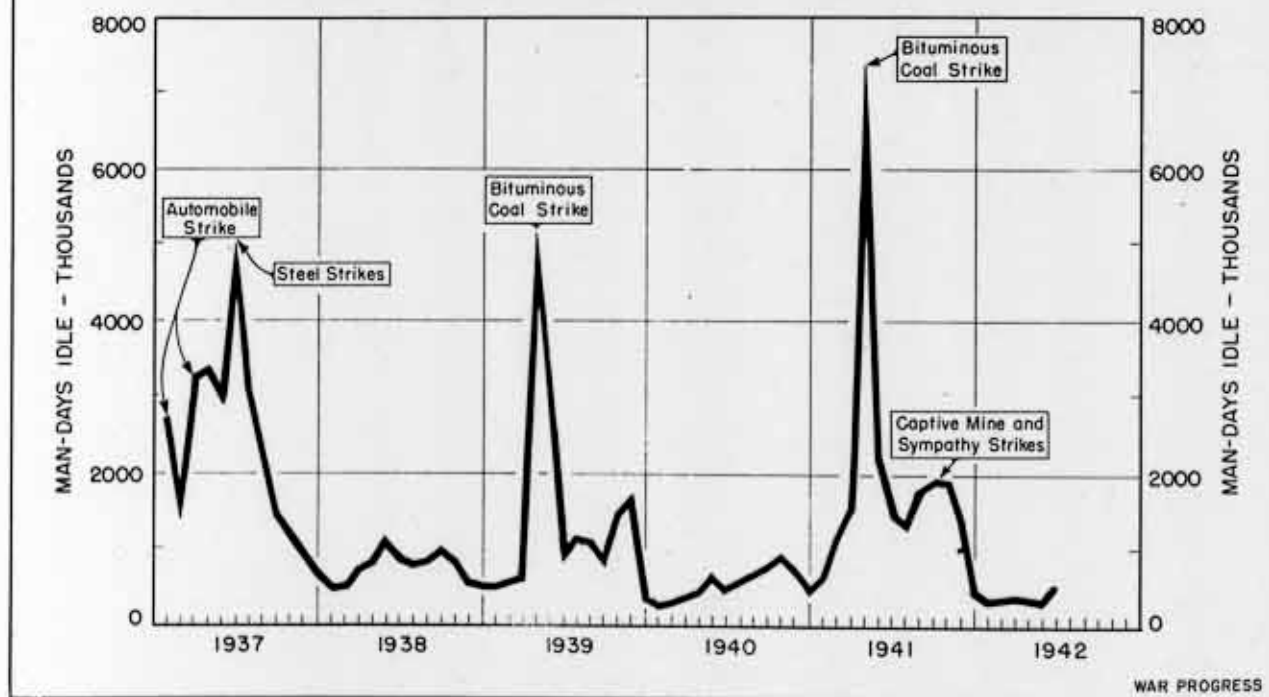
¹ Bureau of Labor Statistics
r revised² War Labor Board
p preliminary

n.a. not available

EMPLOYMENT TRENDS IN MANUFACTURING



STRIKES IN ALL INDUSTRIES



WAR PROGRESS

Confidential

(British-Secret)

RECEIVED
20. 22. 42
10. 22. 42
10. 22. 42

Canadian War Effort

The Compressor "Shortage" -- Phenol
Needs Resurveyed -- Manpower
Problem in Copper Mining

Number 99

August 7, 1942

JUNE 26, 1942

CONFIDENTIAL ... 13

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	March 1942	April 1942	May 1942
	(Million dollars)					
	BREAKDOWN OF MUNITIONS PRODUCTION					
● MUNITIONS PRODUCTION, TOTAL						
Program	28,566	53,738	P 119,366	P 21,825	P 11,743	P 0
Uncommitted balance	4,901	13,929	P 37,985	-	-	-
Contracts and other commitments	23,665	39,809	P 81,381	P 11,633	P 7,598	n.a.
Value delivered and/or in place ^b	4,290	8,940	P 15,483	1,734	P 2,081	P 2,331
Value not delivered nor in place	19,375	30,869	P 65,898	-	-	-
AIRPLANES, PARTS & ACCESSORIES						
Program	8,582	15,072	P 37,801	P 161	P 8,860	P 0
Contracts and other commitments	7,381	13,298	P 28,698	P 3,582	P 1,556	n.a.
Value delivered	1,010	2,265	3,771	416	416	483
ORDNANCE						
Program	7,778	17,488	P 36,115	P 11,438	P 872	P 0
Contracts and other commitments	5,418	10,354	P 22,235	P 2,722	P 2,840	n.a.
Value delivered	700	1,685	3,571 ⁶	518 ⁶	619 ⁶	P 742 ⁶
NAVAL SHIPS						
Program	6,796	9,605	P 15,538	P 204	P 18	P 0
Contracts and other commitments	6,442	7,930	P 11,725	P 1,300	P 551	P 275
Value delivered and/or in place	810	1,665	P 2,500 ⁶	223 ⁶	P 234 ⁶	P 269 ⁶
MERCHANT SHIPS						
Program	1,442	3,288	P 7,624	P 674	P -25	P 0
Contracts and other commitments	1,484	2,381	P 5,655	P 1,169	P 234	n.a.
Value in place	240	510	881	86	118	131
OTHER MUNITIONS AND SUPPLIES						
Program	3,968	8,285	P 22,288	P 9,348	P 2,018	P 0
Contracts and other commitments	2,940	5,846	P 13,068	P 2,860	P 2,417	n.a.
Value delivered	1,530	2,815	4,760	491	694	P 706

● Graph appears on opposite page.
Table continued on Page 15.

For footnotes see Page 18.

Canada's Part in the War

Dominion war effort meshed with British and U.S. programs. Munitions output tripled last year and will triple again this year, but peak is near.

IN THE LAST WAR, Canada's economic role was primarily that of food purveyor and raw materials supplier to the Allied nations; in this war, Canada has become a sizable arsenal of democracy on her own account.

Canada is now playing a triple economic role: (1) helping to feed the British army and civilian population; (2) supplying the British and United States industrial machines with metals, lumber, and semifinished materials; and (3) equipping an army and navy of her own and helping to equip the United Nations' armies, navies, and merchant marine with guns, ammunition, combat vehicles, and ships.

Earlier Start than U. S.

Through June, 1942, Canada had turned out \$1,900,000,000 of munitions, in addition to shipping \$560,000,000 of strategic metals to the United States and the British Empire, spending \$850,000,000 on building and equipping war plants, and sending large quantities of food and essential civilian goods across the Atlantic. Finished munitions production in 1941 tripled that of 1940, and this year it will triple again, to an estimated \$2,190,000,000.

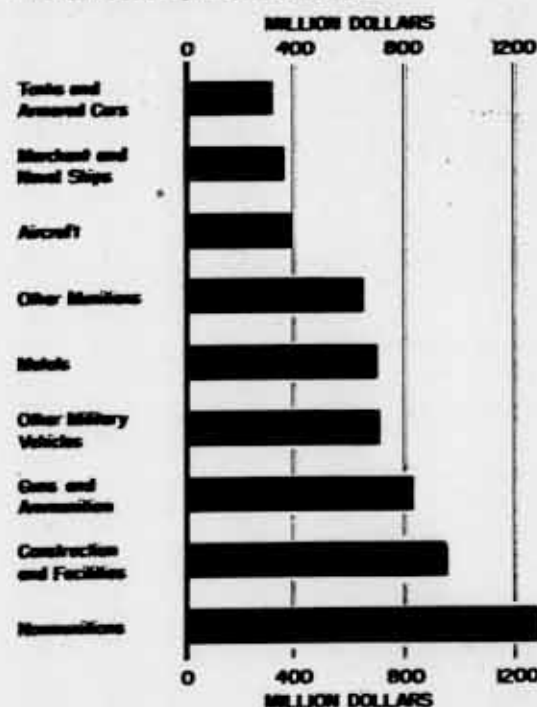
With a population one twelfth of ours, Canada's production of war goods is naturally much smaller. But she began to swing into an all-out war economy when France fell and we were just beginning to think of a big arms program.

Her effort is, therefore, much further advanced than ours; her factories are more fully converted and tooled up and her plant construction program nearer completion. In the six months through June, 32% of Canada's national income was devoted to war, compared with 27% for the United States. (See chart, page 3.) Canada, however, will probably approach her maximum production potential by the end of this year, while our maximum will not come until some time later.

Canada's munitions output is largely designed to fill the gaps in U. S. and

CANADA'S WAR OUTPUT

Here is what Canada will have contributed to the war effort by the end of 1942:



CANADA SENDS LARGE AMOUNTS OF FOOD AND RAW MATERIALS—METALS, LUMBER, ETC.—TO BRITAIN AND RAW MATERIALS TO US. BUT MUNITIONS, PLUS PARTS AND COMPONENTS, CONSTITUTE HER LARGEST CONTRIBUTION TO THE WAR EFFORT.

British capacity. (Almost half of her construction and munitions is on British order and nearly one fifth on U. S. order; the rest is on Canadian account.) Finished items bulk large in her production, though Canada imports many parts and components from the U.S. She makes quantities of guns and ammunition, military vehicles (trucks, ambulances, etc.), tanks and armored cars (with U.S. engines and transmissions), reconnaissance, trainer, and fighter planes (with U.S. engines), complete merchant ships, and small naval craft (minesweepers, corvettes, torpedo boats, etc.).

400 Planes a Month

Since 1939, about 1,000 tanks and well over 200,000 military trucks have come off Canadian assembly lines. Airplane production is about 400 monthly, and Canadian shipyards are scheduled to build 1,000,000 tons of merchant shipping this year—about as much merchant shipping as Great Britain.

To mesh the Canadian and American war effort has required skillful planning.

The problems involved were: (1) getting as large and speedy a two-way flow of raw materials to plants on both sides of the border as possible; and (2) integrating the manufacturing capacities of both nations.

Partially Solved

These problems have been at least partially solved. The first was tackled by the Joint Raw Materials Coordinating Committee, formed in May, 1941. It has stepped up production of Canadian aluminum, zinc, nickel, and copper, and worked out an effective distribution of Canadian chrome, manganese, cobalt, and asbestos among users in both countries.

The Joint War Production Committee, formed last November, has made progress in tying in surplus capacities on one side of the border with needs of producers on the other. Thus, an American manufacturer who needed antiaircraft gun barrels was enabled to place subcontracts with a Canadian factory which wasn't using its facilities for this article. A Canadian bottleneck in steel plate for ships was overcome by arranging a U.S. supply—thus adding some thirty 10,000-ton vessels to the United Nations' fleet in 1942.

Duplicate Production

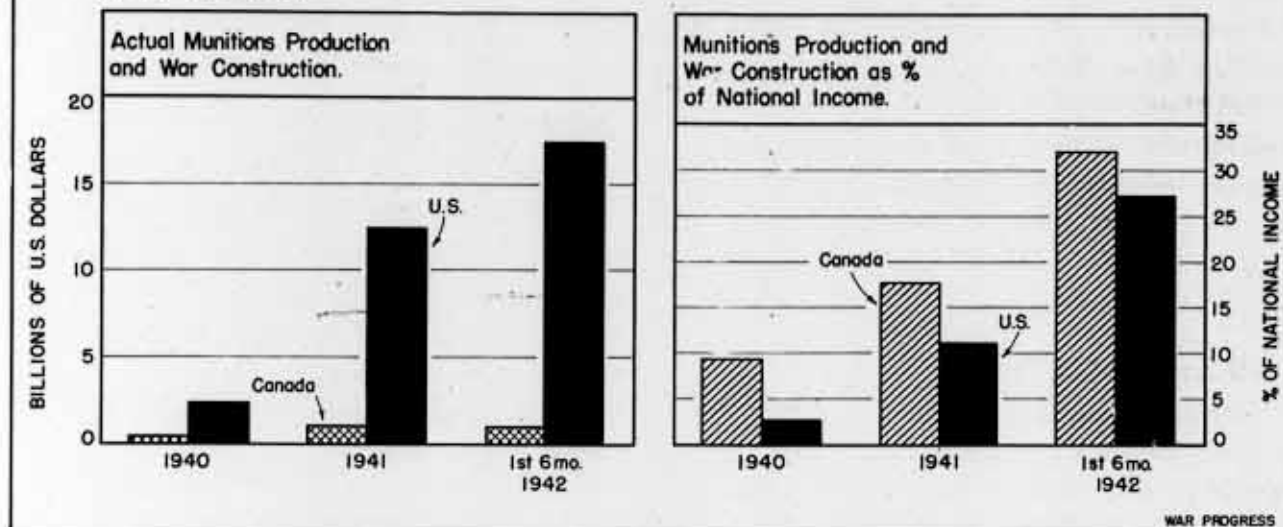
The Joint War Production Committee has also managed to eliminate some duplicate production. For instance, we have been producing large quantities of .30 caliber ammunition. So Canadian manufacture of this item was reduced, and its facilities turned to production of British-type .303 caliber ammunition. A proposed expansion of Canadian facilities for making dibutylphthalate—used in smokeless powder—was abandoned, and some of Canada's requirements are now supplied by the U. S., thus saving critical materials and manpower. There

IN THIS ISSUE:

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LESS PHENOL NEEDED	5
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CANADIAN AND U.S. WAR PRODUCTION

Our effort thus far has been greater than Canada's in volume, smaller in proportion to our resources.



are many more examples.

Canadian munitions produced for the U.S. and Great Britain have been thrown into the United Nations' pool and sent to many battle fronts. Russian soldiers are using Canadian Valentine tanks; Chinese troops are fighting with Canadian machine guns and ammunition. Canadian supplies helped the Dutch defend Java, and the British are using some Canadian aircraft and trucks in the Middle East. Canadian munitions were used by General MacArthur on Bataan and are being employed in the defense of Alaska and other strategic points in North America.

Trade Barriers Removed

To quicken the flow of war goods across the Canadian-U. S. border, many international trade barriers have been removed. Canada lets in free all imports that go into munitions for Great Britain and the U.S. We have suspended the tariff on nearly all war items from Canada, and export-import red tape is being cut to a minimum. Canadian companies get the same priority ratings

from WPB as similar U. S. firms, and materials are allocated to them on a similar basis under PRP.

Imports Doubled

Imports of U.S. goods have more than doubled since 1939, as the Dominion economy expanded to meet all-out war requirements, and paying for them has been a problem. To keep the adverse balance down, Canada has drastically curtailed nonessential imports and forbidden money to be taken out of the country for pleasure purposes. She is selling us huge quantities of nickel, aluminum, other metals, asbestos, wood products, etc., as well as munitions. Furthermore, some U. S. goods and materials shipped to Canada for use in British munitions are charged to the British lend-lease account. Even so, Canada has had an unfavorable balance of trade with the U.S., which has been financed by shipments of gold and by dipping into U. S. dollar reserves.

But Canada's problem of paying the U. S. is minor compared with the problem of British payments to her. From

September, 1939, to March, 1942, Britain's deficit in trade with Canada was financed by sending some gold (which Canada used to purchase U. S. goods) and selling back her holdings of Canadian securities. This still left a balance of about \$700,000,000, which the Canadian government funded into a loan bearing no interest for the duration. And then, Canada made an outright gift of \$1,000,000,000 to Britain to finance future purchases.

Money—In Large Amounts

Thus, Canada's contribution to the war effort has been not only men, materials, and munitions, but also money—in large amounts. By the end of 1942, her total war expenditures will exceed \$6,000,000,000—four times as much as she spent for all of the last war.

Problem in Timing

Compressor production probably adequate, but delivery of compressors as plants are ready for them depends on proper scheduling of facilities construction.

THE "SHORTAGE" of large compressors, about which we've been hearing so much, is not really a shortage in overall terms, but a failure of machines to reach the proper plant at the proper time. Present and prospective capacity for manufacturing compressors of 300 horsepower and up is adequate to meet requirements (about 1,200,000 horsepower in the 13 months through April, 1943)—provided the necessary materials continue to be available.

Tailor-Made

But compressors are not like boring mills, or shapers, or milling machines, or many other types of industrial equipment; they're tailor-made for each job, not standard production models. You

can't interchange compressors among the various types of plants which require them—shipyards, aircraft factories, and plants for making synthetic ammonia, aviation gasoline, butadiene, styrene, toluene, explosives, and other products.

Construction Jigsaw

So we have a situation where completion of essential war plants is being delayed, not because of a shortage of any material, but because deliveries of an important item of capital equipment don't fit more snugly into the jigsaw of plant completions in at least a dozen critical industries.

Not Interchangeable

It takes anywhere from a few months to more than a year to build a large compressor; the average is six to eight months. And because each one is a tailor-made job, you've got to plan production months ahead; unless changes are made early in the manufacturing process, there's only a slim chance that a compressor can be used in any but the plant for which it was specifically designed.

That means that if a styrene plant, for example, is not completed on schedule, the compressors ordered for that plant are likely to lie idle until it is ready; they can't be switched to, say, a butadiene plant which is waiting only for installation of compressors to begin production.

Idle Compressors

To cite one specific example of where such difficulties have actually been encountered, a large shipyard was recently forced to curtail production and lay off men because of failure to get additional compressors to provide power for riveting hammers, pneumatic drills, and reamers; at the same time, similar compressors were standing idle in a new

ordnance plant because the remainder of the plant's equipment had not yet been installed.

In April, when large compressors were placed on the "critical" list, shipments totaled 50,000 horsepower. Last month, they were 73,000 horsepower. And next spring and summer, shipments are expected to average 120,000 horsepower monthly. Thereafter, in keeping with completion of the bulk of our facility construction program, compressor demand and production are expected to taper.

Scheduling Necessary

But it isn't enough merely to turn out the requisite volume of horsepower for the current program. Existing and planned compressor capacity—which doesn't show any margin over estimated needs—must be utilized at top efficiency. The only way to do that is to tie in compressor production with scheduled plant completions—and make your plans months in advance. That isn't strictly a compressor problem; it's a problem which is encountered in all branches of heavy capital equipment.

"Block" Priorities

Some progress has been made. A system of "block" priorities has been adopted for aviation gasoline, toluene, ammonia, and synthetic-rubber plants; in each field, it has been decided to give one group of plants (usually those which can be finished soonest) priority in equipment and materials over the others. But there are still problems in assigning preferences—for example, between toluene plants, which are rated, and oxygen plants, which are not.

What's called for, apparently, is a speeding up in the assignment of plant priorities, so that production plans can be made far ahead, and delivery of compressors and other "key" items of

capital equipment—heat exchangers, boilers, pumps, etc.—can be properly integrated. Once this job is done, the problem of a compressor "shortage" is likely to cease being a problem.

Less Phenol Needed

Savings from elimination of nonessential uses and development of new chemical processes permit dropping three plants from facilities program.

BY A COMBINATION of chemical ingenuity and a re-examination of requirements, it's been found that we can get along with substantially less phenol than we expected to need. Construction of three large plants which, only a few months ago, were considered essential, has been indefinitely deferred. Cutting these plants out of the facilities program will save a sizable amount of critical materials and equipment—for example, compressors (see page 4), heat exchangers, steel plates—vitally needed in other war plants.

One big saving is in nylon production; phenol requirements for nylon in 1943 will be 12,000,000 pounds less than for 1942, in spite of a big increase in nylon output. This has been made possible by development of new chemical methods which by-pass phenol in the synthetic process, going more directly from benzene to the higher intermediates.

Further Savings Expected

And nylon is only one product in which this is being done. It is expected that 20,000,000 to 40,000,000 pounds more will be saved next year as a result of discoveries now being applied in production of other chemical products normally made from phenol.

These savings will be partly offset by new demands on the phenol supply, but we've been able to lower our sights

on an overall basis. Thus, the prospect is that, if requirements do not increase further, and if we finish on schedule all the new plants remaining in the facilities program, we shall have supply and demand in balance by next summer.

But that doesn't mean there is no phenol problem. In the first place, most of the new phenol plants will not get into production until the end of this year or later, and they won't produce at maximum capacity immediately. So, over the next 12 months, the phenol situation is certain to be tight. And, in the second place, new demands for phenol have been coming in steadily, so that by the time we get production up to our present estimate of maximum requirements, we may find requirements increased.

The hope is that that can be avoided, and the tight situation over the next 12 months surmounted, by constant re-survey of phenol demand to cut out all the fat.

Chief Use in Plastics

About half of this year's phenol production and 65% of next year's will go into plastics and resins, and that's the logical place to look for new savings. Much of the resin and plastic demand is obviously essential--bonding agents for plywood used in boats and planes, plastic fittings, instrument cases, etc. But some of it is certainly for nonessentials. For example, because priority ratings assigned to food products have been extended to food containers and closures, bottle caps, which could be made of less scarce plastics, are still being made of phenol-formaldehyde plastics.

A new survey of end uses of plastics is under way, and new control regulations are being drafted in an attempt to pre-

vent use of phenolic resins and plastics for any nonessential. But until a comprehensive survey of end uses has been completed, it cannot be determined how much of the demand for phenolic plastics from the Army, Navy, and others could be satisfied by materials in more plentiful supply.

Economy Vital

There's one more angle worth considering: Plans for the three new plants have not been abandoned, but merely indefinitely deferred. The plans are available in case it becomes necessary to step up phenol and plastics production still further to offset shortages in metals or other competing materials; or because we suddenly decide to build a lot of plywood cargo planes or to expand our explosives program. If the savings in plant materials and equipment are not to prove illusory, we can't depend on chemical ingenuity to offset new demands; we've got to be sure we don't use phenol to make a single aspirin tablet or bottle cap that we can get along without.

Miners Wanted

Copper shortage will be aggravated unless labor supply problem is solved. Shift to higher paid jobs and depletion of labor force by draft chief problems.

COPPER MINING and smelting don't employ a very large proportion of the country's total labor force--only about 32,000--but a manpower shortage is nevertheless an important factor in the lag in copper production. Copper miners and smelter workers are shifting over to cost-plus construction projects, aircraft plants, and shipyards, where the average pay is from 20% to 35% higher than in metal mining. Miners are be-

ing drafted into the Army, too. And it takes six to twelve months to train skilled miners to take their places.

Already copper allocations to cover army and navy orders are running behind requirements for those orders, and the full effect of the manpower pinch has not yet been felt.

Mine operators are staving off the acute phase of the problem by shifting miners from development work to production, but failure to prepare new areas for mining will cut copper production later.

Not Many Men

The problem in lead and zinc mining and smelting—which employ about 25,000—is similar. It is estimated that copper, lead, and zinc mines and mills will have to add 4,200 to 6,100 new men in 1942, and 1,800 to 2,300 in 1943—in addition to replacing miners who

shift to other occupations—in order to meet production schedules.

That isn't very many men to find in a labor market the size of ours. But they're not being found now. A committee representing all agencies concerned has been formed to determine what can be done about it.

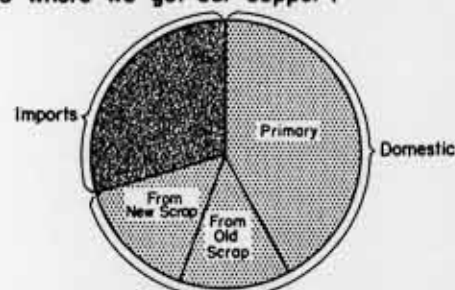
Suggested Remedies

An increase in mine and smelter wages—combined, where necessary, with improvement in working and living conditions in the mining camps—would probably stop migration of miners. But the agencies trying to stop inflation don't like wage increases. Draft deferment of miners would help, too; but quota requirements would have to be changed where the community consists mostly of miners. Closing down gold mines to free workers is another suggested remedy.

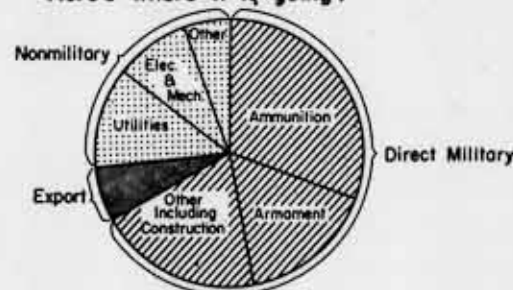
But, without an effective recruiting

THUMBNAIL PICTURE OF COPPER

Here's where we get our copper:

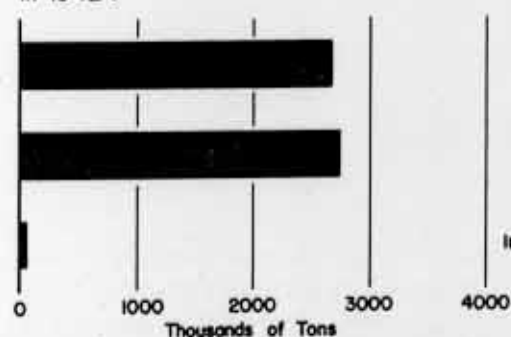


Here's where it is going:

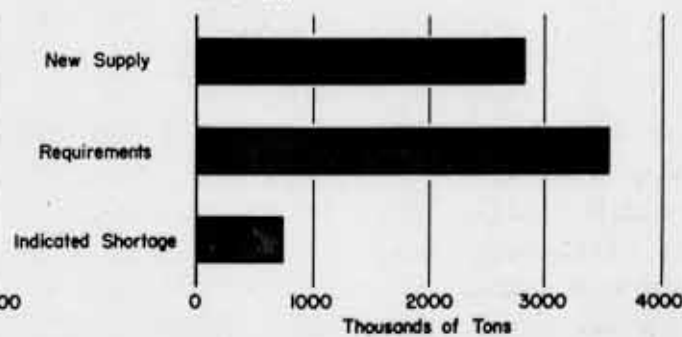


And this is how far production is likely to lag behind needs:

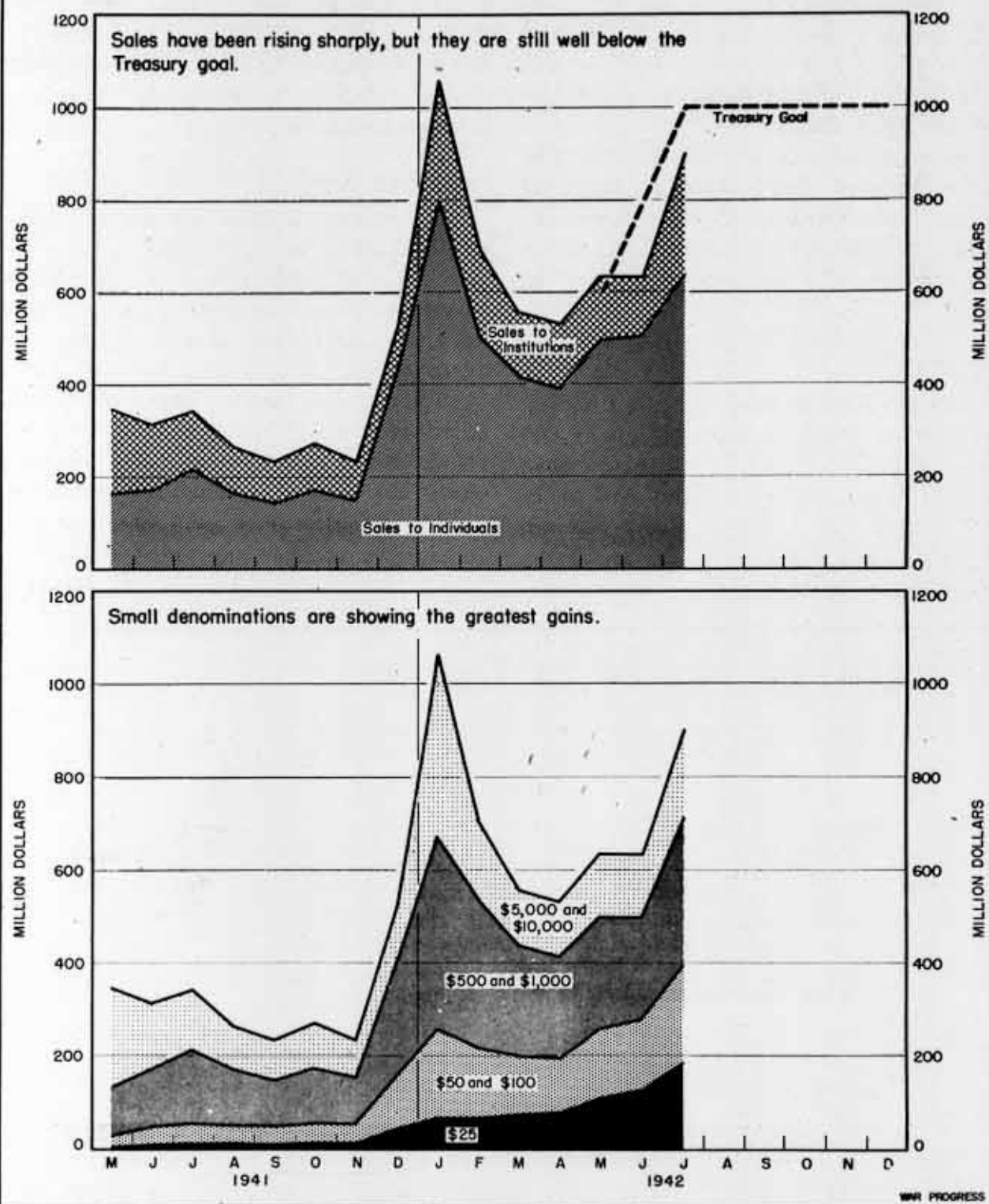
In 1942:



In 1943:



NOT ENOUGH WAR BONDS



A GOOD NUMBER OF INSTITUTIONS, TRUST FUNDS, AND WEALTHY INDIVIDUALS BOUGHT THEIR FULL PERMITTED QUOTA OF WAR SAVINGS BONDS EARLY IN THE YEAR, AND SALES OF LARGE-DENOMINATION

BONDS ARE NOT LIKELY TO RECOVER TO THE JANUARY PEAK. PURCHASES UNDER PAYROLL DEDUCTION PLANS ARE ONE REASON FOR THE RISE IN SALES OF SMALL DENOMINATIONS.

service to find skilled mine workers in areas which have a surplus of labor and get them to move to the copper-mining camps, none of these moves would succeed, and the major task is therefore to establish an effective recruiting procedure.

Even though no large number of men is involved, the problem is not an easy one to solve. But the threatening severe shortage of copper shown in the chart on page 7 indicates that prompt action, rather than prolonged study, is called for.

Raw Material

MEIN KAMPF

OWNERSHIP of the copyright of Hitler's Mein Kampf is now vested in the Alien Property Custodian, along with 4,675 patents, numerous trade-marks, formulas, etc., and controlling stock interest in a number of companies engaged in war and civilian production. Thus far, 59 vesting orders have been issued. It is expected that all remaining enemy-owned patents will be investigated and taken over within 90 days; it will take a little longer to find and seize all the Axis-controlled real estate, securities and other property in the U.S.

SHIP ARMING SLOW

A THIRD of the U.S.-owned merchant fleet is still unarmed, and installations are lagging. Most of the guns so far have come out of accumulated stocks. And with new production limited, the rate of arming has been slowing, not speeding up.

Furthermore, we've had to install .50 caliber machine guns instead of the larger and more effective 20mm. antiaircraft machine gun; 3-inch guns instead of 5-inchers. A special 5-inch gun for use on new merchant ships, usable against

either aircraft or submarines, is on the way, but output will not be great enough to equip all newly built ships until next year. Besides our own ships, we have to arm substantial portions of the merchant fleets of our allies.

FOR THE RECORD

SIGNIFICANT ITEMS gleaned from the Congressional Record, Federal Register, official releases, and other nonconfidential sources:

ODT, on July 31, took over control of all buses not already sold by manufacturers.

U.S.S. Essex, first aircraft carrier launched since Pearl Harbor, slid down the ways on July 31.

Concentration in the typewriter industry becomes effective October 31. After that date, Woodstock will be the only company making typewriters, and its output will be for government use only.

OPA, WPB, Army, Navy, and Maritime Commission are all investigating charges of a black market in steel.

ADD SCRAP RUBBER

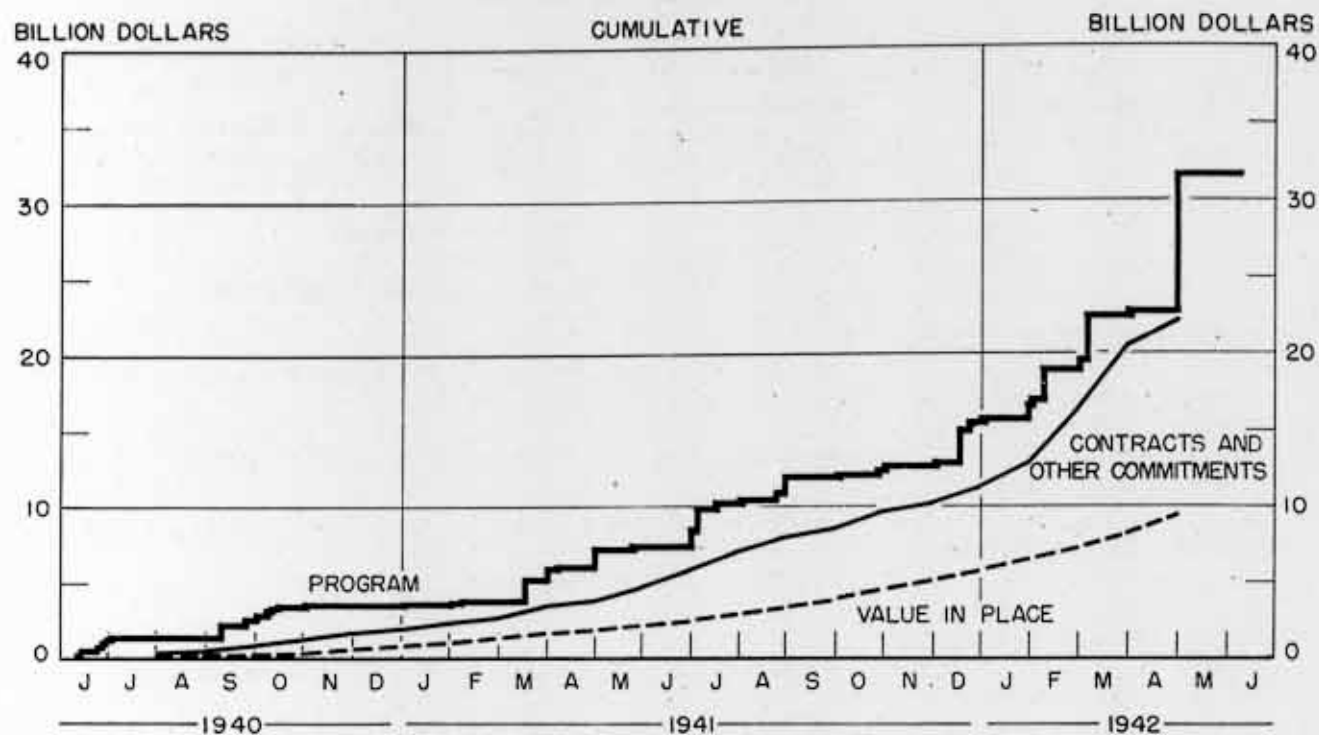
OUR SCRAP RUBBER PILE, which was 183,000 long tons on May 31, is now up to 610,000 tons, chiefly as a result of the President's scrap rubber drive (WP-July 10 '42, p7). That's enough to run reclaiming plants at full blast through the fall of '43 and to produce 500,000 tons of finished reclaim.

NAVY TIMBER

ONE DRAMATIC EXAMPLE of the progress made toward saving steel and other scarce materials in Navy construction (WP-July 31 '42, p5) is the use of wood for dirigible hangars. These hangars will be 1,000 feet long, 250 feet wide, and 160 feet high, the largest all-timber structures ever built in the United States.

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WAR CONSTRUCTION



War Progress Notes

PENDING LEGISLATION

PENDING LEGISLATION of \$9,525,000,000 represents authorizations for the Navy Department. These authorizations include \$8,550,000,000 for naval ships and \$975,000,000 for "Posts, Depots, Stations, etc."

INCOME PAYMENTS AND RETAIL SALES

INCOME PAYMENTS continued to rise in June, reaching a new high of \$9,537,000,000—up 10% from May and 20% higher than a year ago. During the past two years, seasonally adjusted income payments have risen steadily, reaching an annual rate of \$111,000,000,000 in June, just 50% higher than June, 1940.

Consumer purchases at retail stores have been running about even with a year ago while income payments have been rising. As a result, the ratio of sales to income payments has declined steadily. (Chart, page 22.)

The spring peak in sales came in April, a month earlier than usual, and fell short of the usual seasonal rise. April-June average sales were only 20% above the February low this year; in the preceding six years they averaged 30% above.

SHIPMENTS OF WAR MATERIALS

UNLOADS FOR EXPORT at Pacific coast ports reached a new high of 742 cars a day in the last week of July. Since our entry into the war, they have almost quadrupled—rising from 5,000 per month to 19,000—chiefly because of increased shipments of war materials to the Far East. Unloads at Atlantic and

Gulf Coast ports dropped to 52,000 cars in July—10,000 below the April peak and 1,000 under the average for the three pre-Pearl Harbor months.

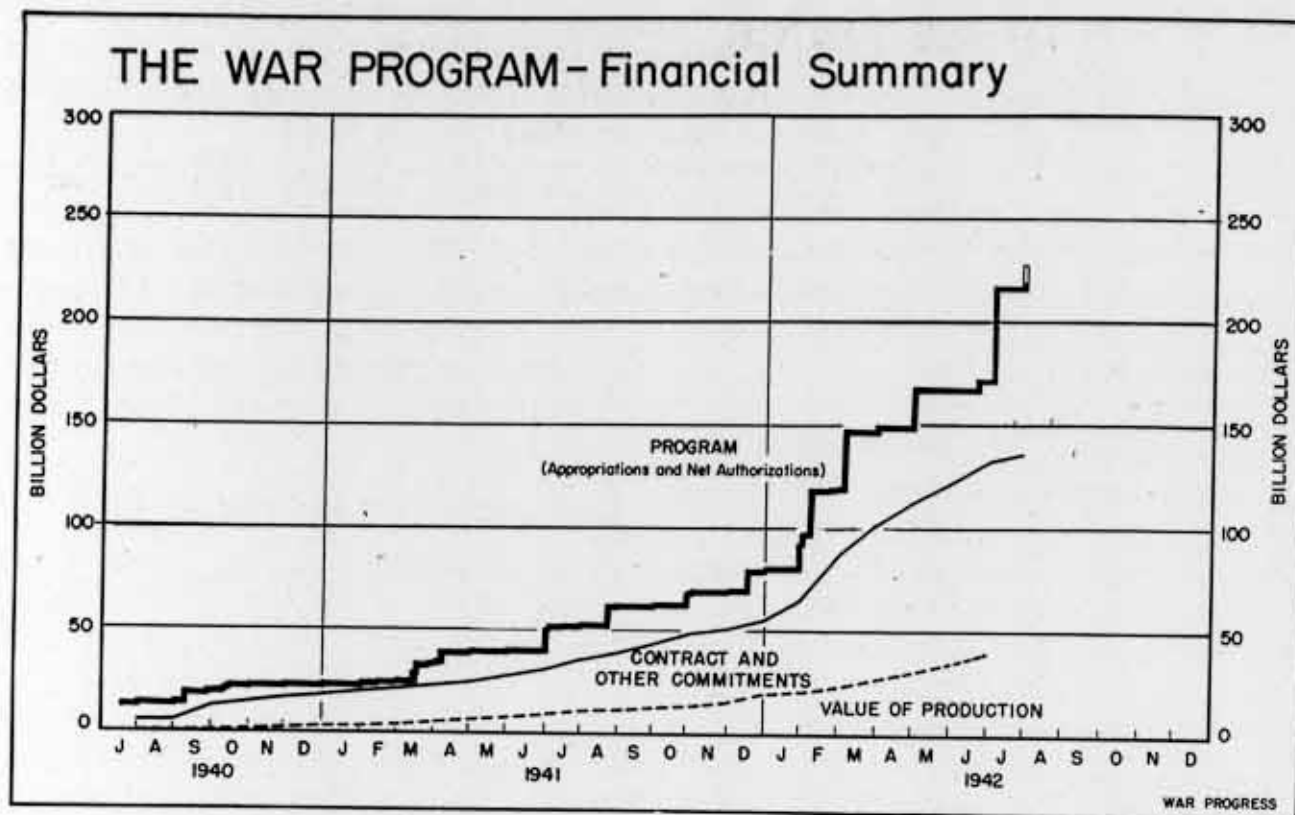
Total freight carloadings in July were about 3% below a year ago. But cars used for less-than-carload lots were down 40%, reflecting heavier loading (WP-July 24 '42, p2), so that carloadings, excluding LCL shipments, were 5% higher than last year. (Chart, page 24.)

WAR EXPENDITURES AND FEDERAL DEBT

THE FEDERAL DEBT on July 31 was \$78,400,000,000—up \$24,600,000,000 during the last year, and \$31,400,000,000 since the start of the war effort in July, 1940. Guaranteed obligations of government-owned corporations are included. During the past six months, increases in revenue and curtailed non-war expenditures have widened the spread between war expenditures and increases in the net federal debt, although we still have to borrow more than three-fourths of the money for the war effort.

COST OF LIVING

THE COST OF LIVING (34 large cities) is up 16% in the past two years, but there are wide differences between cities, with the sharpest gains mostly in defense areas. Increases range from 12% in Philadelphia to over 21% in Portland, Ore., and Norfolk, Va. New England, Southern, and Western cities showed the greatest rise; Middle Atlantic and North Central cities the least. Less than average increases occurred in only eight cities—Boston, Philadelphia, New York, Chicago, Kansas City, Minneapolis, Washington, and Houston.



AUGUST 7, 1942

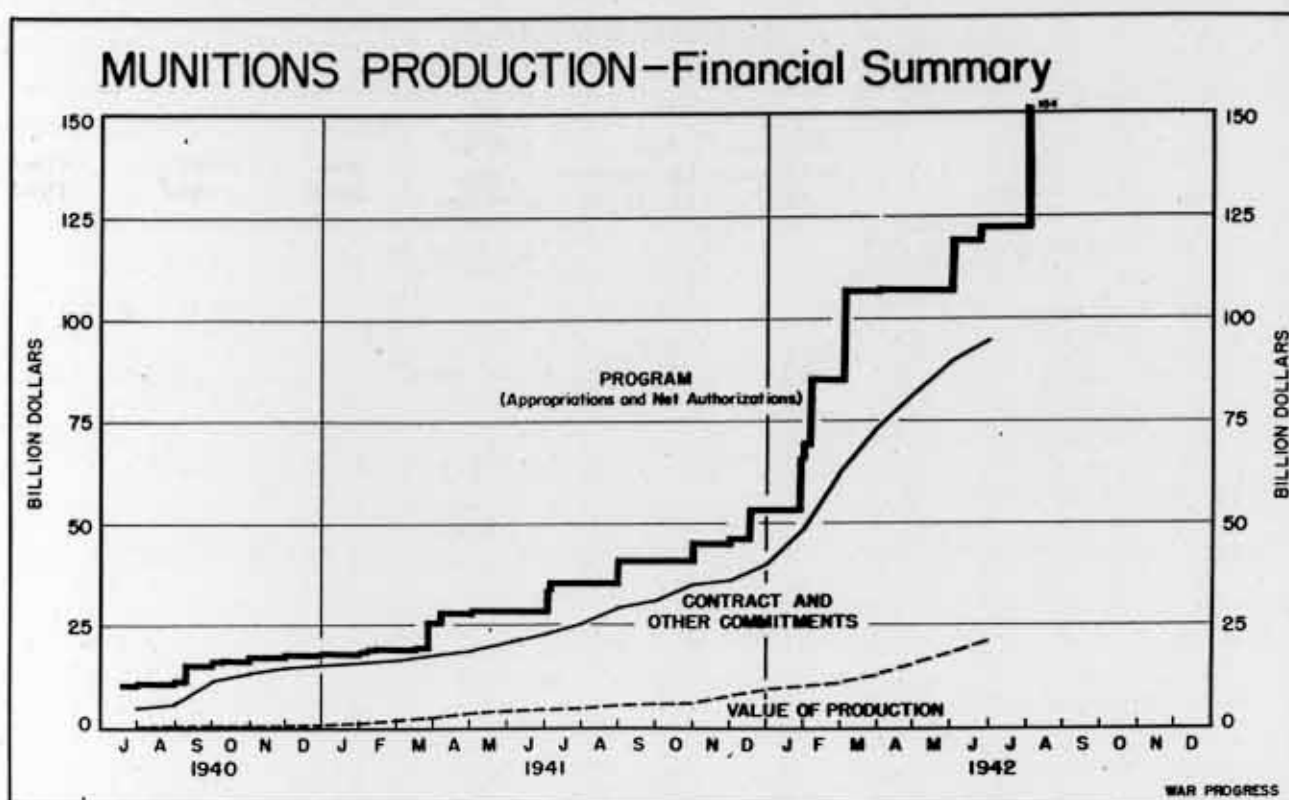
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WAR PROGRESS SERIES
TOTAL WAR PROGRAM IN THE UNITED STATES

	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of June 6/30/42	May 1942	June 1942	July 1942
● TOTAL WAR PROGRAM IN THE U.S. ^a			(Million dollars)			
Program-Pending						p 9,525
Program-Enacted	40,861	80,604	p 174,384	p 0	p 5,615	p 44,254
Uncommitted balance	9,274	23,979	p 40,290	-	-	-
Contracts and other commitments	31,587	56,625	p 134,094	p 9,731	p 12,098	n.a.
Value delivered and/or in place ^b	8,547	18,573	p 39,222	p 4,060	p 4,602	n.a.
Checks paid ^c	8,536	17,965	p 37,562	3,925	p 4,156	p 4,821
MUNITIONS PRODUCTION & WAR CONSTRUCTION, TOTAL						
Program	37,027	69,305	p 156,214	p 0	p 5,358	p 32,543
Uncommitted Balance	7,597	18,281	p 33,761	-	-	-
Contracts and other commitments	29,430	51,024	p 122,453	p 9,107	p 9,999	n.a.
Value delivered and/or in place ^b	6,795	14,750	p 32,184	p 3,465	p 3,832	n.a.
Value not delivered nor in place	22,635	36,274	p 90,269	-	-	-
PRODUCTION OF MUNITIONS						
Program	28,566	53,738	p 124,097	p -25	p 4,756	p 29,952
Uncommitted balance	4,901	13,929	p 29,106	-	-	-
Contracts and other commitments	23,665	39,809	p 94,991	p 6,668	p 6,942	n.a.
Value delivered and/or in place ^b	4,290	8,940	20,449	2,248	2,638	n.a.
Value not delivered nor in place	19,375	30,869	p 74,542	-	-	-
WAR CONSTRUCTION						
Program	8,461	15,567	p 32,117	p 25	p 602	p 2,591
Uncommitted balance	2,696	4,352	p 4,655	-	-	-
Contracts and other commitments	5,765	11,215	p 27,462	p 2,439	p 3,057	n.a.
Value delivered and/or in place ^b	2,505	5,810	p 11,735	p 1,217	p 1,244	n.a.
Value not delivered nor in place	3,260	5,405	p 15,727	-	-	-
NON-MUNITIONS WAR ITEMS, TOTAL						
Program	3,834	11,299	p 18,170	p 0	p 257	p 11,711
Uncommitted balance	1,677	5,698	p 6,529	-	-	-
Contracts and other commitments	2,157	5,601	p 11,641	p 624	p 2,099	n.a.
Checks issued	1,752	3,823	p 7,038	p 595	p 720	n.a.

● Graph appears on opposite page.
Table continued on Page 15.

For footnotes see Page 20.



AUGUST 7, 1942

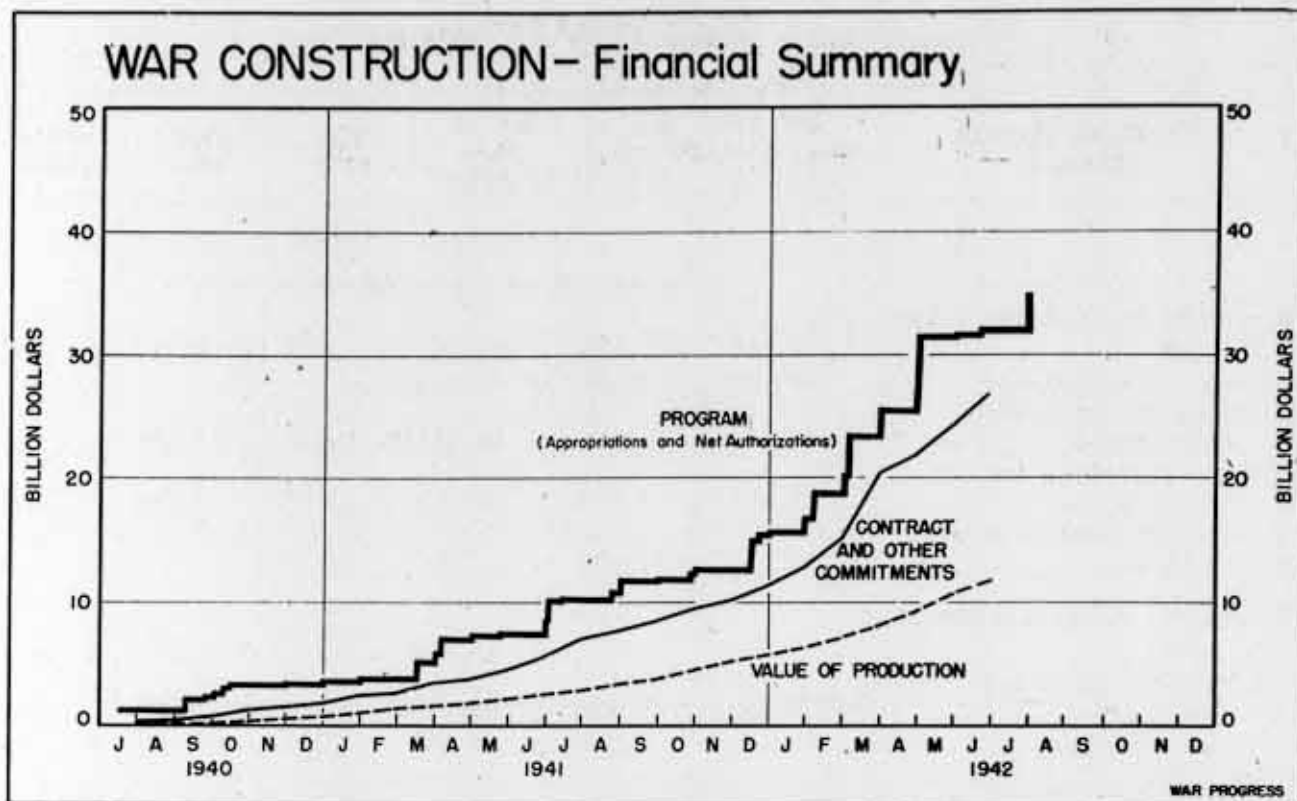
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WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			May 1942	June 1942	July 1942
	End 1st full year 6/30/41	End of December 12/31/41	End of June 6/30/42			
			(Million dollars)			
			BREAKDOWN OF MUNITIONS PRODUCTION			
● MUNITIONS PRODUCTION, TOTAL						
Program	28,566	53,738	p 124,097	P -25	p 4,756	p 29,952
Uncommitted balance	4,901	13,929	p 29,106	-	-	-
Contracts and other commitments	23,665	39,809	p 94,991	P 6,668	p 6,942	n.a.
Value delivered and/or in place ^b	4,290	8,940	20,449	2,248	2,638	n.a.
Value not delivered nor in place	19,375	30,869	p 74,542	-	-	-
AIRPLANES, PARTS & ACCESSORIES						
Program	8,582	15,072	p 37,586	P 0	p -215	p 9,737
Contracts and other commitments	7,381	13,298	p 33,945	P 2,409	p 2,838	n.a.
Value delivered	1,010	2,265	p 4,752	471	510	p 565
ORDNANCE						
Program	7,778	17,488	p 36,400	P 0	p 285	p 9,548
Contracts and other commitments	5,418	10,354	p 26,873	P 2,278	p 2,360	n.a.
Value delivered	700	1,685	p 4,998	696	731	n.a.
NAVAL SHIPS						
Program	6,796	9,605	p 18,460	0	p 2,922	p 0
Contracts and other commitments	6,442	7,930	p 12,276	275	p 276	n.a.
Value delivered and/or in place	810	1,665	p 3,383	399	404	n.a.
MERCHANT SHIPS						
Program	1,442	3,288	p 8,653	P -25	p 1,054	p 0
Contracts and other commitments	1,484	2,381	p 6,880	P 607	p 618	n.a.
Value in place	240	510	1,188	131	176	n.a.
OTHER MUNITIONS AND SUPPLIES						
Program	3,968	8,285	p 22,998	P 0	p 710	p 10,667
Contracts and other commitments	2,940	5,846	p 15,017	P 1,099	p 850	n.a.
Value delivered	1,530	2,815	p 6,128	551	817	n.a.

● Graph appears on opposite page.
Table continued on Page 17.

For footnotes see Page 20.



WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of June 6/30/42	May 1942	June 1942	July 1942
			(Million dollars)			
BREAKDOWN OF WAR CONSTRUCTION						
● WAR CONSTRUCTION, TOTAL (LAND, BLDGS., EQUIP.)						
Program	8,461	15,567	p 32,117	p 25	p 602	p 2,591
Uncommitted balance	2,696	4,352	p 4,655	-	-	-
Contracts and other commitments	5,765	11,215	p 27,462	p 2,439	p 3,057	n.a.
Value in place	2,505	5,810	p 11,735	p 1,217	p 1,244	n.a.
Value not in place ^b	3,260	5,405	p 15,727	-	-	-
INDUSTRIAL FACILITIES (LAND, BLDGS., EQUIP.)						
Program	5,120	8,112	p 17,610	p 25	p 707	p 172
Contracts and other commitments	2,865	6,318	p 16,697	p 1,047	p 1,592	n.a.
Value in place	960	2,800	p 5,990	p 629	p 615	n.a.
INDUSTRIAL FACILITIES, BUILDINGS ONLY						
Program	1,607	3,137	n.a.	p 389	n.a.	n.a.
Value in place	575	1,753	p 3,165	p 260	p 278	n.a.
POSTS, DEPOTS, STATIONS						
Program	2,849	6,063	p 13,115	0	p -105	p 2,419
Contracts and other commitments	2,625	4,381	p 9,890	p 1,317	p 1,390	n.a.
Value in place	1,430	2,670	p 5,179	p 545	p 580	n.a.
DEFENSE HOUSING						
Program	492	1,392	p 1,392	0	p 0	p 0
Contracts and other commitments	275	516	p 875	p 75	p 75	n.a.
Value in place	115	340	p 566	p 43	p 49	n.a.
BREAKDOWN OF NON-MUNITIONS						
NON-MUNITIONS, TOTAL						
Program	3,834	11,299	p 18,170	p 0	p 257	p 11,711
Uncommitted balance	1,677	5,698	p 6,529	-	-	-
Commitments	2,157	5,601	p 11,641	624	p 2,099	n.a.
Checks issued by agencies ^b	1,752	3,823	p 7,038	p 595	p 720	n.a.
STOCKPILE						
Program	983	2,399	p 2,713	p 0	p 0	p 0
Commitments	470	1,050	p 1,140	p 30	p 0	n.a.
Checks issued by agencies	192	488	p 1,011	p 102	p 100	n.a.

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

For footnotes see Page 20.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of June 6/30/42	May 1942	June 1942	July 1942
			(Million dollars)			
			BREAKDOWN OF NON-MUNITIONS (Continued)			
AGRICULTURAL EXPORTS (LEND-LEASE)						
Program	625	1,522	p 2,138	0	p 0	p 0
Commitments	66	561	p 1,143	p 65	p 149	n.s.
Checks issued by agencies	1	211	p 629	87	p 90	n.s.
PAY, SUBSISTENCE & TRAVEL						
Army Military						
Program	944	3,013	p 3,904	0	p 0	p 8,534
Commitments	934	2,030	p 3,849	p 281	p 285	n.s.
Checks issued	696	1,510	p 2,744	p 220	p 315	n.s.
Navy Military						
Program	378	963	p 2,478	0	p 232	p 0
Commitments	334	610	p 1,143	p 110	p 104	n.s.
Checks issued	388	642	p 1,042	p 70	p 98	n.s.
Civilian Payroll						
Program	32	247	p 299	0	p 46	p 536
Commitments	32	140	p 255	p 15	p 20	n.s.
Checks issued	356	682	p 1,115	p 79	p 80	n.s.
MISCELLANEOUS NON-MUNITIONS						
Program	872	3,155	p 6,638	p 0	p -21	p 2,641
Commitments	321	1,210	p 4,111	p 123	p 1,541	n.s.
Checks issued by agencies	119	290	p 497	p 37	p 37	n.s.

P Preliminary

Table continued on following page.

For footnotes see Page 20.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of June 6/30/42	May 1942	June 1942	July 1942
			(Million dollars)			
			BREAKDOWN OF AGENCIES			
UNITED STATES FINANCED WAR PROGRAM ^d						
Program	37,075	76,508	P 170,288	p 0	P 5,615	P 44,254
Uncommitted balance	9,274	23,979	P 40,290	-	-	-
Contracts and other commitments	27,801	52,529	P 129,998	p 9,731	P 12,098	n.a.
Checks paid	6,431	15,251	P 34,510	3,880	P 4,123	P 4,794
U. S. ARMY						
Program	13,134	31,981	P 84,468	0	P 0	P 45,090
Contracts and other commitments	11,404	23,334	P 70,402	p 6,138	P 8,397	n.a.
Checks paid	3,636	7,889	15,649	1,497	1,662	n.a.
U. S. NAVY						
Program	12,308	20,024	P 47,990	0	P 4,355	P 0
Contracts and other commitments	11,182	16,327	P 32,325	1,971	P 2,361	n.a.
Checks paid	2,217	4,726	10,128	1,229	1,237	n.a.
LEND-LEASE						
Program	7,000	12,985	18,410	0	0	P 0
Allocations	5,177	11,345	14,085	508	-281	n.a.
Contracts and other commitments	2,458	6,282	10,665	305	484	n.a.
Checks paid	21	910	4,099	626	665	n.a.
U. S. MARITIME COMMISSION						
Program	784	2,734	P 7,654	0	P 1,070	P 0
Contracts and other commitments	886	1,724	P 6,333	608	P 631	n.a.
Checks paid (Net) ^e	44	156	642	93	114	n.a.
RFC AND SUBSIDIARIES						
Program	2,623	5,130	P 7,704	p 0	P 0	P 0
Contracts and other commitments	1,151	3,569	P 7,916	p 509	P 0	n.a.
Checks issued by RFC	350	956	P 2,510	327	P 300	P 300
OTHER U. S. AGENCIES						
Program	1,226	3,654	P 4,062	0	P 190	P 2,164
Contracts and other commitments	720	1,293	P 2,357	p 200	P 225	n.a.
Checks paid	163	614	1,482	108	145	n.a.
FOREIGN ORDERS						
Program (Orders)	3,786	4,096	P 4,096	p 0	P 0	P 0
Commitments	3,786	4,096	P 4,096	p 0	P 0	P 0
Checks issued by Purchasing Missions	2,105	2,714	P 3,052	p 45	P 33	P 30

FOOTNOTES

WAR PROGRESS SERIES

n.a. Not available
r Revised.

P Preliminary

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

JUNE 26, 1942

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WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	March 1942	April 1942	May 1942
	(Million dollars)					
	BREAKDOWN OF WAR CONSTRUCTION					
● WAR CONSTRUCTION, TOTAL (LAND, BLDGS., EQUIP.)						
Program	8,461	15,567	P 31,490	P 5,184	P 5,997	P 0
Uncommitted balance	2,696	4,352	P 9,524	-	-	-
Contracts and other commitments	5,765	11,215	P 21,966	P 4,066	P 1,490	n.a.
Value in place	2,505	5,810	P 9,274	P 964	P 1,100	n.a.
Value not in place ^b	3,260	5,405	P 12,692	-	-	-
INDUSTRIAL FACILITIES (LAND, BLDGS., EQUIP.)						
Program	5,120	8,112	P 16,878	P 5,169	P -122	P 0
Contracts and other commitments	2,865	6,318	P 14,058	P 3,126	P 1,101	n.a.
Value in place	960	2,800	P 4,746	P 553	P 600	n.a.
INDUSTRIAL FACILITIES, BUILDINGS ONLY						
Program	1,607	3,137	P 5,503	605	P 878	n.a.
Value in place	575	1,753	P 2,627	P 216	P 253	P 290
POSTS, DEPOTS, STATIONS						
Program	2,849	6,063	P 13,220	P 15	P 6,119	P 0
Contracts and other commitments	2,625	4,381	P 7,183	869	314	n.a.
Value in place	1,430	2,670	4,054	377	459	P 520
DEFENSE HOUSING						
Program	492	1,392	1,392	0	0	0
Contracts and other commitments	275	516	P 725	P 71	P 75	n.a.
Value in place	115	340	474	34	41	P 42
	BREAKDOWN OF NON-MUNITIONS					
NON-MUNITIONS, TOTAL						
Program	3,834	11,299	P 17,913	P 3,364	P 1,297	P 0
Uncommitted balance	1,677	5,698	P 8,995	-	-	-
Commitments	2,157	5,601	P 8,918	P 696	P 811	n.a.
Checks issued by agencies ^b	1,752	3,823	P 5,723	P 550	P 531	P 595
STOCKPILE						
Program	983	2,399	P 2,713	P 0	P 0	P 0
Commitments	470	1,050	P 1,110	P 30	P 30	n.a.
Checks issued by agencies	192	488	809	147	64	P 102

● Graph appears on opposite page.
Table continued on following page 17.

For footnotes see Page 18.

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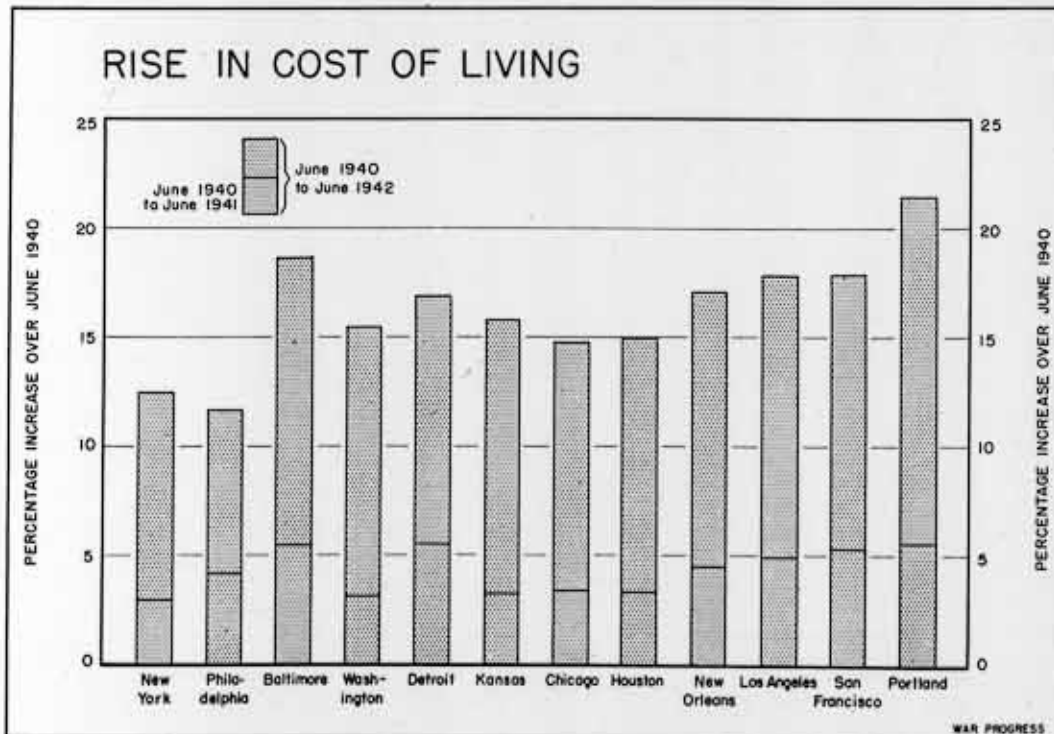
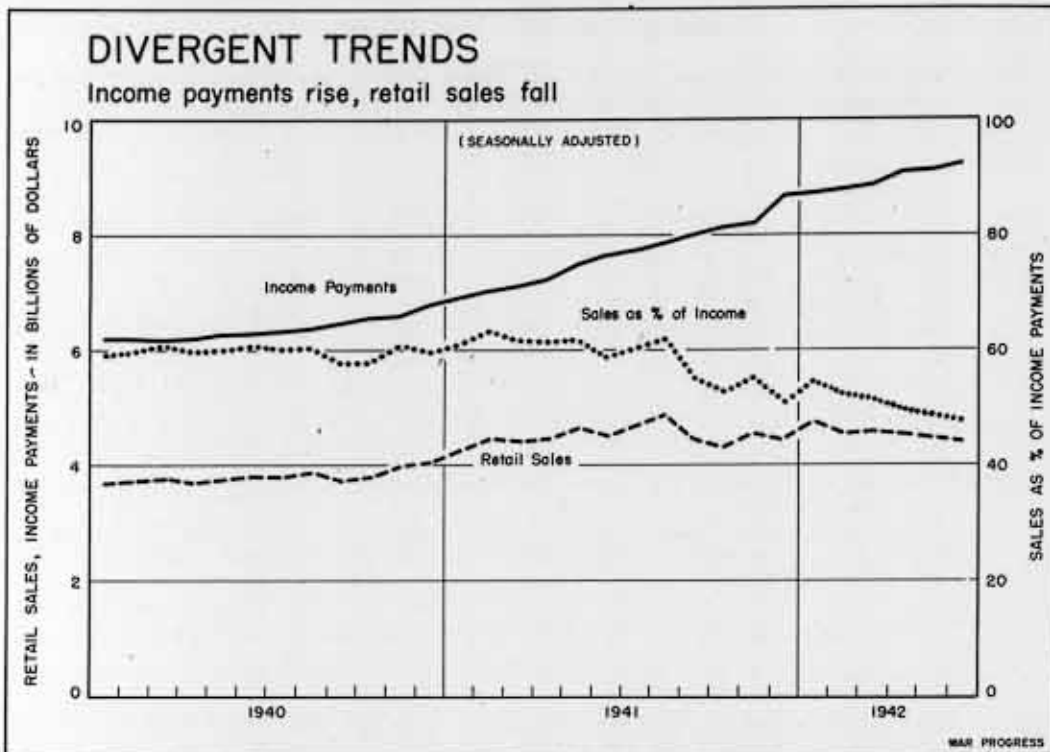
ECONOMIC ACTIVITY RELATED TO THE WAR

Note: Certain statistical series included in these tables are nonconfidential and are published in such public documents as the Federal Reserve Bulletin, Survey of Current Business, etc. Obviously inclusion here should not be construed as a limitation on their use.

	1940	1941	1942			
	July	July	May	June	July	Wk. ending August 1
BLS PRICE INDEXES						
Strategic materials	123.6	140.3	147.6	p 147.6	p 147.5	147.5
Critical materials	107.5	115.2	123.2	p 123.2	p 123.9	123.9
Basic commodities } 8/39	108.5	148.7	167.1	166.4	167.2	166.4
Machine tools } =100	108.7	117.6	r 118.0	r 118.0	118.0	-
All commodities (1926=100)	77.7	88.8	p 98.8	p 98.6	p 98.7	p 98.6
▲ TRANSPORTATION						
Freight cars						
Loadings (thous. per week)	706	853	834	846	830	864
Unloads for export, dly. av.						
Atl. & Gulf ports (no.)	1,494	1,614	1,881	r 1,950	p 1,695	1,741
Pacific ports (no.)	112	159	449	490	p 605	742
Surplus, total, dly. av. (thous.)	132	77	61	83	77	
Box cars	55	30	34	57	47	
Coal cars	48	27	10	9	12	
Bad order cars, total 1st of month (thous.)	153	85	62	63	57	
ELEC. POWER PROD. (mil. kwh.)	12,094	14,226	14,988	15,179	p 15,975	3,649
♦ WAR BOND SALES (mil. dollars)	-	342	634	634	901	205
● BLS COST OF LIVING INDEX						
All items	100.3	105.3	116.0	116.4		
Food } (1935-39=100)	97.4	106.7	121.6	123.2		
Rent	* 104.6	106.1	109.9	108.5		
● INCOME PAYMENTS						
Annual rate, billion dollars	75.8	93.3	109.3	p 111.1		
Monthly income payments						
Total (million dollars)	6,285	7,739	8,622	p 9,537		
Salaries & wages, total	4,035	5,168	6,251	p 6,470		
Commodity-producing industries	1,571	2,346	2,898	p 2,974		
Distributive industries	1,061	1,207	1,297	p 1,298		
Service industries	819	906	943	p 945		
Government	465	623	1,055	p 1,200		
Work relief wages	115	86	58	p 53		
All other income payments	2,250	2,571	2,371	p 3,067		
● RETAIL SALES						
Total, all retail stores	3,643	4,509	4,499	p 4,446		
Unadj. index, 1935-39=100						
Total	110.4	136.6	140.3	p 137.3		
Durable goods	129.8	172.1	109.9	p 105.8		
Nondurable goods	104.1	125.1	150.1	p 147.5		

- ♦ Graph appears on page 8.
 ● Graph appears on following page.
 ▲ Graph appears on page 24.

* June, 1940
 p Preliminary
 r Revised



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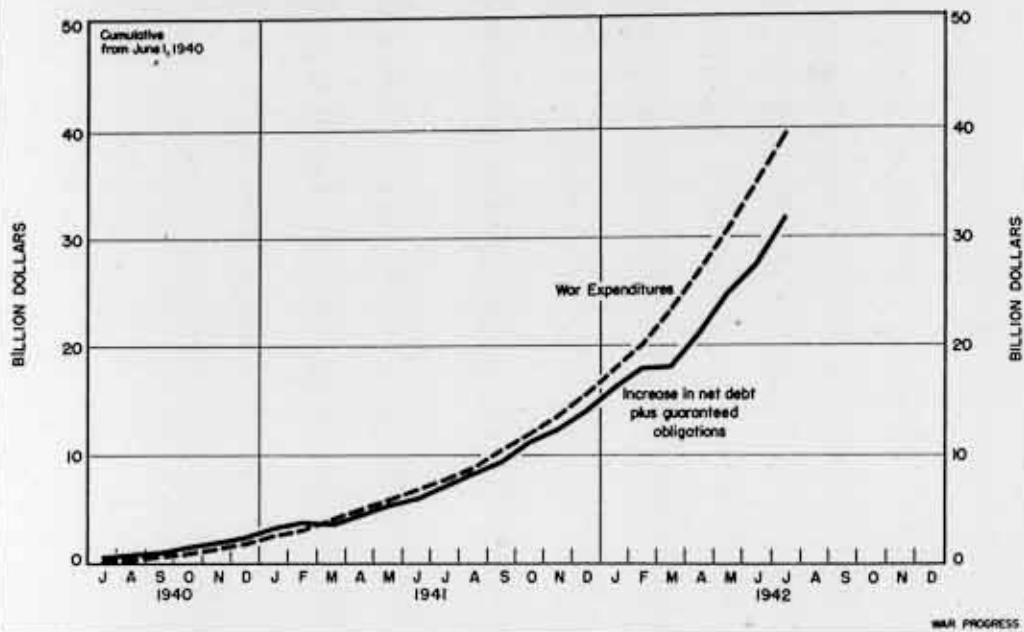
ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942			
	July	July	April	May	June	July
BUR. FOR. & DOM. COM. MFRS.						
ORDERS, SHIPMENTS, INVENTORIES			(Indexes)			
New orders, total (1/39=100)	127	212	292	270	p 294	
Shipments, total	103	163	200	203	p 202	
Inventories, total } 1939 av.	112.2	136.4	167.0	170.4	p 173.2	
Durable } mo.=100	113.9	150.3	186.6	190.2	p 193.9	
Nondurable	110.7	124.3	149.9	153.1	p 155.1	
▲ FEDERAL DEBT, END OF MONTH			(Billion dollars)			
Gross debt	43.8	49.5	65.0	68.6	72.4	77.1
Less: Balance in gen. fund	2.3	2.6	2.9	2.8	3.0	3.3
Net	41.5	46.9	62.1	65.8	69.4	73.8
Guaranteed obligations not owned by the Treasury	5.5	6.9	5.7	5.7	4.6	4.6
Total	47.0	53.8	67.8	71.5	74.0	78.4
EMPLOYMENT			(Thousand workers)			
Total civil nonagricultural	35,904	39,908	40,874	41,263	p 41,415	
War industries						
Private, 18 selected ind.	1,663	2,559	3,446	3,571	p 3,690	
Private contractors,						
public construction	13	412	748	834		
Public	117	225	350	362		
Total	1,793	3,196	4,544	4,767		
Deep sea merchant vessels	51	50	47	47	47	
Total WPA employment	1,655	1,055	867	786	698	
UNEMPLOYMENT (WPA ESTIMATE)						
Number of unemployed	9,300	5,600	3,000	2,600	2,800	2,800

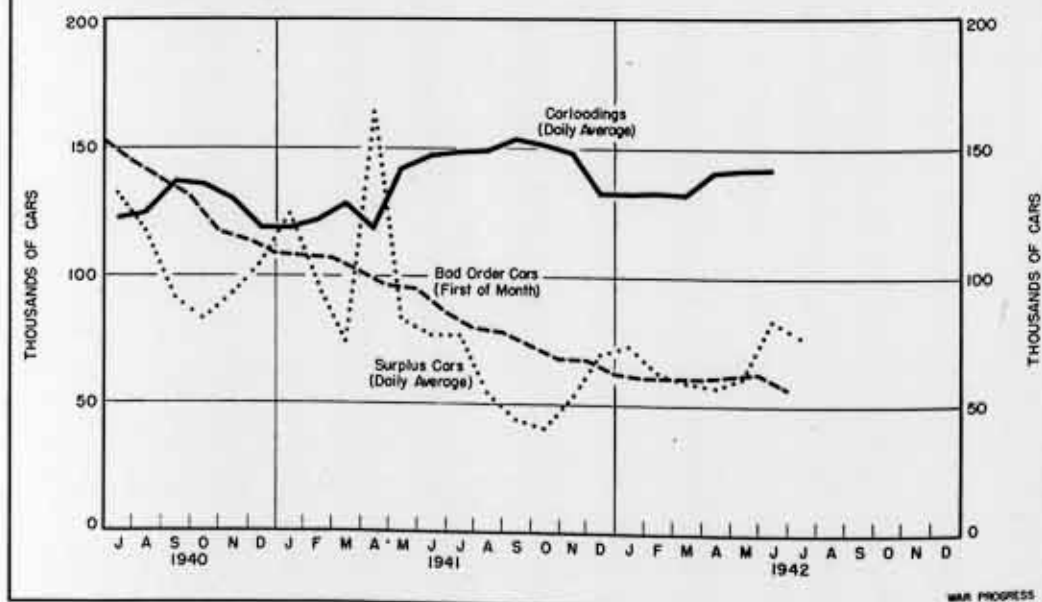
▲ Graph appears on following page.

p Preliminary

WAR EXPENDITURES VS. INCREASE IN FEDERAL DEBT



FREIGHT CARLOADINGS, SURPLUS CARS, AND BAD ORDER CARS



FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	March 1942	April 1942	May 1942
			(Million dollars)			
			BREAKDOWN OF NON-MUNITIONS (Continued)			
AGRICULTURAL EXPORTS (LEND-LEASE)						
Program	625	1,522	2,138	630	214	P 0
Commitments	66	561	929	54	82	n.a.
Checks issued by agencies	1	211	452	55	91	87
PAY, SUBSISTENCE & TRAVEL ^f						
Army Military						
Program	944	3,013	3,904	146	745	P 0
Commitments	934	2,030	3,283	105	239	n.a.
Checks issued	696	1,510	2,209	182	200	P220
Navy Military						
Program	378	963	2,246	49	5	P 0
Commitments	334	610	929	103	86	n.a.
Checks issued	388	642	874	60	65	P 70
Civilian Payroll						
Program	32	247	253	0	5	P 0
Commitments	32	140	220	20	20	n.a.
Checks issued	356	682	956	71	75	P 79
MISCELLANEOUS NON-MUNITIONS						
Program	872	3,155	6,659	2,539	328	P 0
Commitments	321	1,210	2,447	384	354	n.a.
Checks issued by agencies	119	290	423	35	36	P 37

Table continued on following page.

For footnotes see Page 18.

JUNE 26, 1942

CONFIDENTIAL . . . 17

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of April 4/30/42	March 1942	April 1942	May 1942
(Million dollars)						
BREAKDOWN BY AGENCIES						
UNITED STATES FINANCED WAR PROGRAM ^d						
Program	37,075	76,508	P164,673	30,373	P 19,037	P 0
Uncommitted balance	9,274	23,979	P 56,504 ^h	-	-	-
Contracts and other commitments	27,801	52,529	P108,169	16,395	P 9,899	P 8,893
Checks paid	6,431	15,251	26,507	3,131	3,505	P 3,833
U. S. ARMY						
Program	13,134	31,981	84,468	22,566	17,395	0
Contracts and other commitments	11,404	23,334	55,867	10,036	6,003	P 5,300
Checks paid	3,636	7,889	12,490	1,130	1,284	1,497
U. S. NAVY						
Program	12,308	20,024	43,635	384	1,676	0
Contracts and other commitments	11,182	16,327	27,993	3,152	1,993	1,971
Checks paid	2,217	4,726	7,662	867	1,020	1,229
LEND-LEASE						
Program	7,000	12,985	18,410	5,425	0	0
Allocations	5,177	11,345	13,858	1,364	222	n.a.
Contracts and other commitments	2,458	6,282	9,876	744	673	305
Checks paid	21	910	2,808	573	525	626
U. S. MARITIME COMMISSION						
Program	784	2,734	6,584	0	0	0
Contracts and other commitments	886	1,724	5,094	1,256	226	608
Checks paid (Net) ^e	44	156	435	81	87	93
RFC AND SUBSIDIARIES						
Program	2,623	5,130	P 7,704	1,998	P -90	P 0
Contracts and other commitments	1,151	3,569	P 7,407	1,015	P 819	P 509
Checks issued by RFC	350	956	1,883	334	274	P 280
OTHER U. S. AGENCIES						
Program	1,226	3,654	3,872	0	56	0
Contracts and other commitments	720	1,293	1,932	192	185	P 200
Checks paid	163	614	1,229	146	315	108
FOREIGN ORDERS						
Program (orders)	3,786	4,096	P 4,096	P 0	P 0	P 0
Commitments	3,786	4,096	P 4,096	P 0	P 0	P 0
Checks issued by Purchasing Missions	2,105	2,714	2,974	64	66	P 54

WAR PROGRESS

~~Confidential~~

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Department of State, 11-18-78
By NUP, DCR

MAR 23 1973

Shipping's Profit-and-Loss Account

Where Lend-Lease Goods Go—Construction Competes with Munitions

Number 93

June 26, 1942

FOOTNOTES

WAR PROGRESS SERIES

n.a. Not available
r Revised.

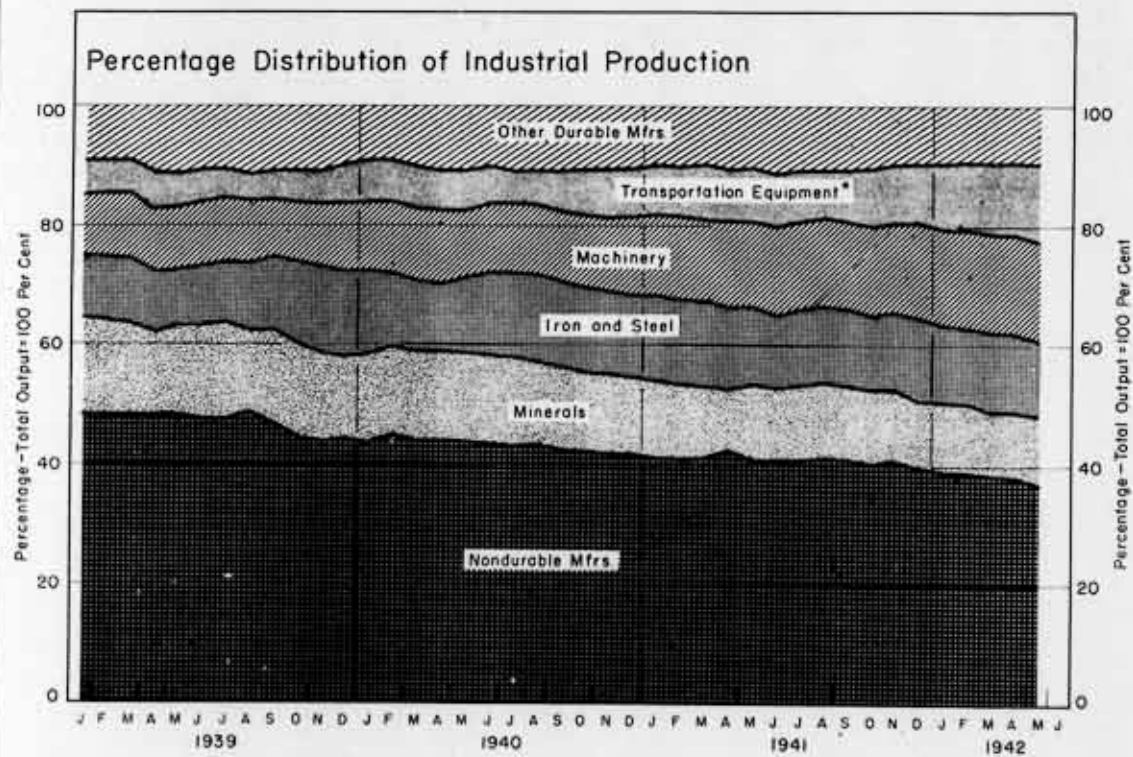
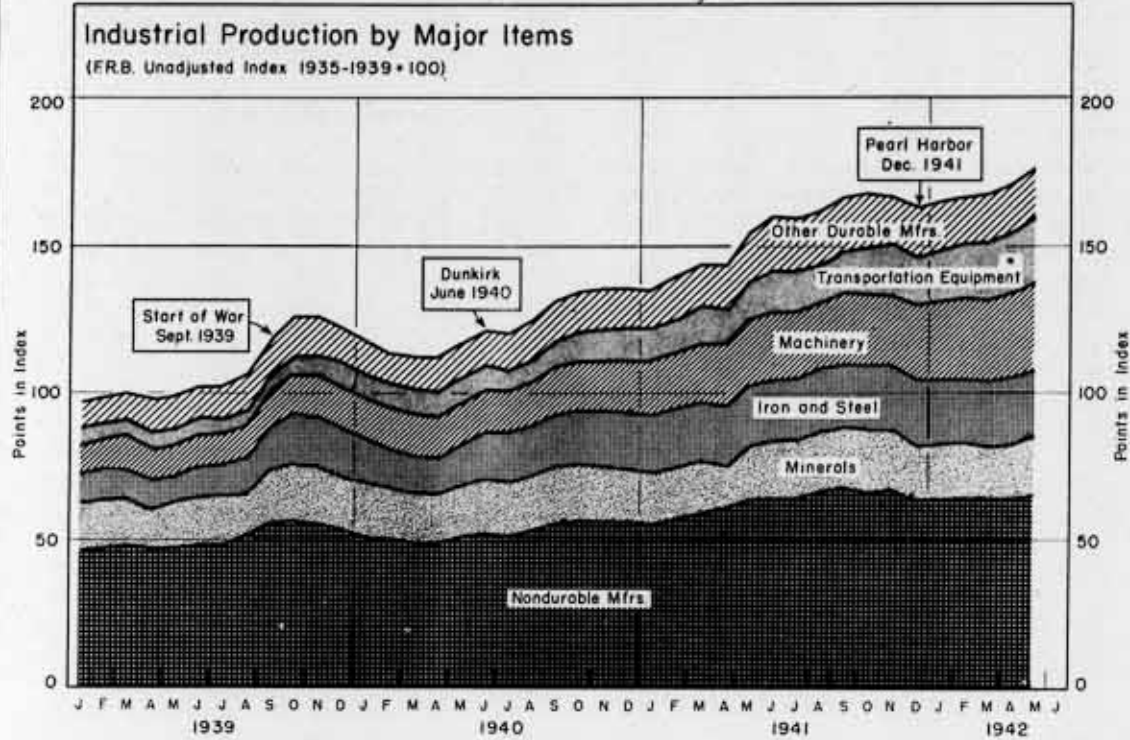
P Preliminary

- a Total war program includes all funds and authorizations made available for war purposes by the United States Government plus foreign orders placed in this country since November 1939. The major portion of the existing program has been approved since June 11, 1940, but some authorizations (particularly portions of the naval expansion program, the merchant shipbuilding program, and the stockpile program) were made available even earlier. All funds are shown during the fiscal year in which they are available for obligation.
- b Value delivered and/or in place includes (1) value delivered and/or in place for ships and value of production for other munitions, (2) value in place for war construction, and (3) checks issued by finance officers for non-munitions items.
- c Checks paid include (1) all checks paid out of the Treasury General Fund; (2) checks issued by the Reconstruction Finance Corporation and subsidiary Government corporations; (3) checks issued by foreign purchasing commissions.
- d United States financed program includes the war activities of all United States Government agencies (including Lend-Lease) plus the war activities of government owned corporations, but does not include foreign orders.
- e Report on checks paid by the Treasury for the account of the Maritime Commission makes allowance for receipts credited to the Construction Loan Fund.
- f Program and obligations for pay for civilians and for the Navy include only that specifically mentioned in appropriation bills, while the cash disbursement figures include, in addition, executive war pay which cannot be separately distinguished in the appropriation bills.
- g Ordnance and naval ships figures revised back to January 1942. In comparing these with prior figures, ordnance and naval ships should be combined.
- h Corrected. This figure was carried incorrectly in Issue 92 as 58,176

ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942			
	July	July	February	March	April	May
EMPLOYMENT IN 18 MAJOR PRIVATE WAR INDUSTRIES						
	(Indexes 1939=100)					
All eighteen industries	r 123.5	r 190.1	r 235.9	r 244.8	255.6	p 264.3
Blst. furn., st. wrks., etc.	116.7	144.3	r 146.5	147.1	147.9	p 148.5
Foundry & Mach. shop prod.	114.8	167.0	181.3	184.2	187.7	p 190.4
Electr. mach., app. & supp.	115.3	182.0	192.2	195.4	199.4	p 202.3
Smelting and refining	112.7	130.1	r 128.2	r 128.4	128.6	p 129.8
Brass, bronze, copper prod.	114.5	167.6	175.4	177.5	172.7	p 172.0
Aluminum manufactures	121.2	153.4	r 193.7	r 200.4	210.8	p 216.7
Machine tools	155.6	229.3	271.0	282.6	294.4	p 301.5
Machine tool accessories	139.7	229.0	279.2	290.3	303.2	p 314.6
Abrasives	112.1	182.9	195.5	197.9	201.3	p 204.6
Screw-machine products	115.9	197.5	r 240.2	242.5	288.5	p 297.0
Aircraft	222.2	510.5	855.2	888.8	942.5	p 989.1
Aero-engines	299.2	646.1	1,202.2	1,322.5	1,394.4	p 1,461.8
Shipbuilding	139.3	317.4	r 638.9	r 704.2	789.8	p 863.2
Firearms	164.0	r 519.0	r 997.2	r 1,115.8	1,184.6	p 1,237.5
Ammunition	r 212.2	r 571.2	r 1,153.4	r 1,296.9	1,557.2	p 1,764.8
Explosives	142.5	r 391.7	r 669.4	r 759.8	826.1	p 864.7
Optical goods	111.9	168.1	194.2	196.9	197.9	p 199.0
Instruments	115.7	192.2	249.9	262.0	271.2	p 277.1
EMPLOYMENT						
War Industries	(Thousand workers)					
Private, 18 major indus.	r 1,663	r 2,559	r 3,176	r 3,296	3,442	p 3,559
Private contractors, public construction	13	412	614	643	748	
Public	117	225	315	339	350	
Total	1,793	3,196	4,105	4,278	4,540	
Deep sea merchant vessels	51	50	49	48	47	

THE SQUEEZE ON NONDURABLE GOODS BEGINS



* Aircraft, Shipbuilding, Rail Equipment, Autos, etc.

WAR PROGRESS

ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942			
	July	July	February	March	April	May
(Unadjusted indexes 1935-39=100)						
FED. RES. BD. PRODUCTION-INDEXES						
Total industrial production	120	159	167	168	171	P 177
Selected industries						
Private						
Aircraft	398	997	1,818	1,895	1,992	P 2,098
Railroad cars	117	233	304	307	310	P 316
Locomotives	116	307	438	462	485	P 505
Shipbuilding	185	467	1,040	1,139	1,300	P 1,457
Lead shipments	118	200	187	189	198	n.a.
Cane sugar meltings	116	117	66	86	93	n.a.
Rubber products	109	153	88	81	P 73	n.a.
Rubber consumption	109	156	94	87	P 78	n.a.
Government production						
Shipbuilding, Gov't						
Yards	0.5	1.3	2.3	2.4	2.4	P 2.7
Mfg. at Gov't Arsenal						
and quartermaster						
depots	0.2	0.6	1.0	1.1	1.1	P 1.2
(Points in total index)						
Cumulative 6/11/40 through			Monthly, 1942			
	End 1st full year 6/30/41	End of April 1942	End of May 1942	March	April	May
VALUE OF FACIL. ON APPLIC. FOR CERT. OF NECESSITY			(Million dollars)			
Total approved	1,030	2,975	3,145	386	274	170
Private funds	829	2,574	2,738	355	241	164
Public funds	201	401	407	31	33	6
Pending	387	606	636	-	-	-

Refer to chart on page 20.

P Preliminary data.

ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942			
	July	July	April	May	Week Ending June 13 June 20	
FED. RES. BD. PROD. INDEXES						
		(Unadjusted indexes 1935-39=100)				
Total industrial production	120	159	171	P 177		
Durable manufactures	131	197	232	P 241		
Nondurable manufactures	111	138	138	P 139		
Minerals	121	130	125	P 133		
Selected industries		Confidential data. See page				
BUR. FOR. & DOM. COM. MFRS. ORDERS, SHIPMENTS, INVENTORIES						
		(Indexes)				
New orders, total (1/39=100)	127	212	P 293			
Shipments, total	103	163	P 199			
Inventories, total 1939 av.	112.2	136.4	P 167.7			
Durable mo.=100	113.9	150.3	P 187.5			
Nondurable	110.7	124.3	P 150.4			
BLS PRICE INDEXES						
		(Indexes)				
Strategic materials	123.6	140.3	145.7	P 147.0	147.7	147.7
Critical materials 8/39	107.5	115.2	123.2	P 123.3	123.2	123.1
Basic commodities =100	108.5	148.7	167.0	167.1	165.9	166.6
Machine tools	108.7	117.6	118.1	118.1	-	-
All commodities (1926-100)	77.7	88.8	98.8	P 98.8	98.4	98.1
BLS COST OF LIVING INDEX						
		(1935-39=100)				
All items	100.3	100.8	115.1	116.0		
Food	97.4	97.8	119.6	121.6		
Rent	104.6	105.0	109.1	109.7		
TRANSPORTATION & ELEC. POWER						
Freight cars						
Loading (thous. per week)	706	853	838	834	833	845
Unloads for export, dly. av.						
Atlantic & Gulf ports (no.)	1,494	1,614	2,069	1,881	1,930	2,061
Pacific ports (no.)	112	159	400	449	425	518
Surplus, total, dly. av. (thous)	132	77	57	61	85	
Box cars	55	30	26	34	59	
Coal cars	48	27	14	10	9	
Bad order cars, total						
1st of month (thous.)	153	85	60	62	(June 1) 63	
Power prod. (mil. kwh.)	12,094	14,226	14,579	14,997	3,464	3,434
NATIONAL INCOME						
		(Billion dollars annual rate)				
Total income payments	75.8	93.3	P 108.6			
FEDERAL DEBT						
		(Billion dollars)				
Net public debt, end of month	41.5	46.9	62.1	65.4		
DEFENSE BOND SALES						
		(Million dollars)				
	3	342	531	634	149	126
DEFENSE HOUSING						
	(Number of dwelling units, cumulative to end of period)					
Fund allocations	1,460	123,433	413,530	417,339	434,034	435,834
Constr. Contracts awarded	624	87,132	193,438	228,672	280,768	282,695
Construction completed	0	29,954	104,318	116,956	125,546	128,331

P Preliminary data.

r Revised data.

ECONOMIC ACTIVITY RELATED TO THE WAR

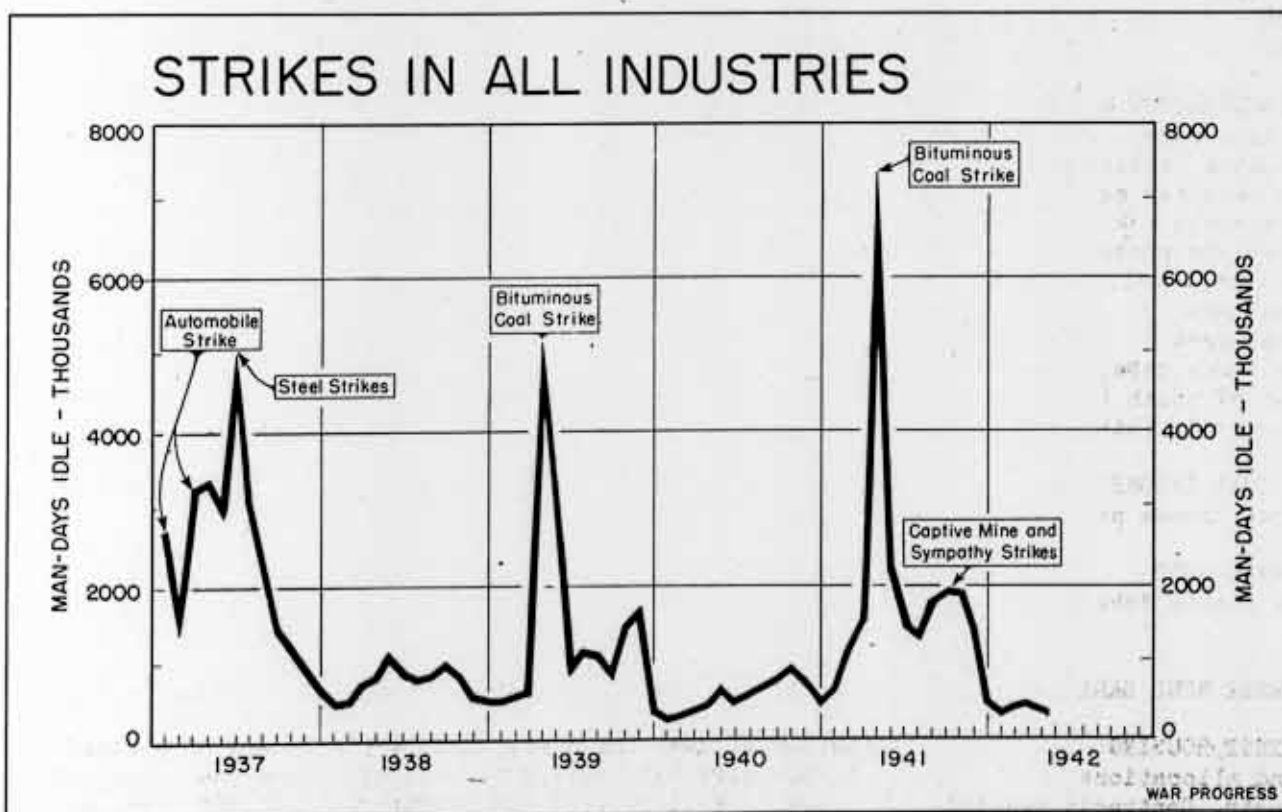
	1940	1941	1942			
	July	July	February	March	April	May
EMPLOYMENT						
			(Thousand workers)			
Total civil nonagricultural	35,904	39,908	39,995	40,392	P 40,773	
Total WPA employment	1,655	1,055	1,029	963	867	786
War industries			(Confidential data. See Page			
Deep sea merchant vessels						
UNEMPLOYMENT (WPA ESTIMATE)						
			(Million workers)			
Number of unemployed	9.3	5.6	4.0	3.6	3.0	
LABOR DISPUTES						
All industries ¹						
Number strikes in progress	390	635	243	P 320	P 405	P 375
Workers involved (thous)	83	226	75	P 80	P 85	P 72
Man-days idle (thous)	586	1,326	353	P 450	P 375	P 325
Labor disputes affecting the war effort ²						
Number strikes in progress	n.a.	n.a.	57	74	95	144
Workers involved (thous)	n.a.	n.a.	23	39	43	48
Man-days idle (thous)	n.a.	n.a.	119	167	174	137

● Chart appears on this page.

¹ Bureau of Labor Statistics.

n.a. Not available

P Preliminary data.

² National War Labor Board.

The President

1

WAR PROGRESS

~~Confidential~~

~~(British Secret)~~

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E.O. 11652, Sec. 3(E) and 5(D) or (S)
Commerce Dept. Letter, 11-15-78
By RHP, Date **MAR 29 1973**

Axis Plane Output vs. United Nations
What's Delaying Our Aircraft Program

Chromite -- A Success Story

Number 94

July 3, 1942

Plane Output Now Ahead of Axis

United Nations have overcome head start of Germany, Japan, and Italy; produce three planes to every two, and margin of superiority is rising.

NO INTELLIGENCE OFFICER can ever be sure of what the enemy is doing. But he can make some shrewd guesses.

And according to latest American "measurements" of Axis output, the United Nations now seem clearly to be ahead in airplane production. Aggregate current monthly output of the United States, England, Russia, and Canada is figured to run at a ratio of 36 planes to every 20 turned out by factories in Germany, Japan, Italy, and conquered Europe.

COMBAT-PLANE RATIO

In combat craft, the ratio is slightly lower—30 planes to 20. This is because a good proportion of U.S. planes are trainers.

Germany is figured to produce 66% of the Axis combat planes; Japan 20%; Italy 7%; and conquered France, Poland, and Czechoslovakia the remainder.

AXIS OUTPUT AT PEAK

American and British assemblies are still rising, while Axis production—it is generally believed—has about reached its peak. In May, the United States alone built almost as many combat ships—bombers, pursuit planes, and naval reconnaissance craft—as Germany, and three times as many as Japan.

The Japanese may raise their output by exploiting the raw materials of newly conquered territory, but they're still short in aluminum; moreover, it

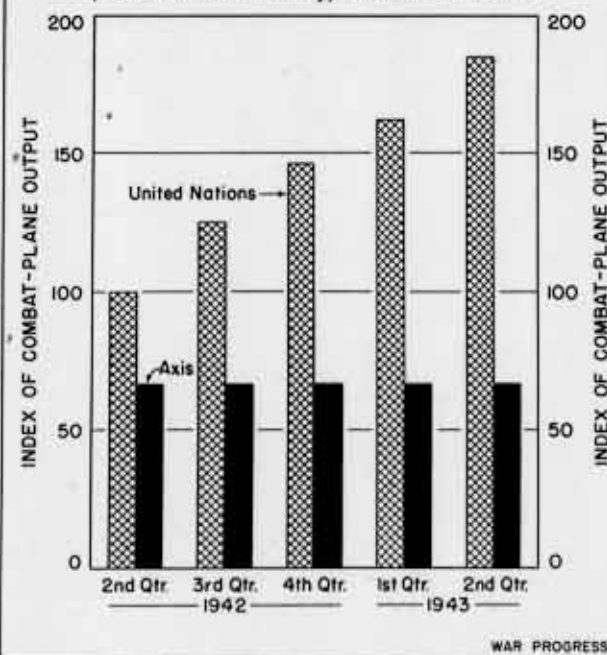
will take some time before they can build enough new facilities to show large gains. Germany, with a critical shortage of labor, will find it difficult to stretch her production. Indeed, thousand-plane bombing raids may even prevent the Germans from maintaining present levels.

TWO-TO-ONE EDGE

Meanwhile, United States plane output is scheduled to jump 82% during the next six months, and 152% in the next year. Between April, 1942, and April, 1943, it is estimated that we shall

OUTPRODUCING THE AXIS

United Nations' combat-plane output is expected to rise steadily, Axis' to stand still.



COMBAT-PLANE PRODUCTION OF THE UNITED NATIONS IS NOW RUNNING WELL AHEAD OF THE AXIS. AND THE MARGIN OF SUPERIORITY IS DESTINED TO INCREASE STEADILY. AXIS PLANTS ARE PROBABLY TURNING OUT AS MUCH AS THEY EVER WILL, BUT AMERICAN PLANTS STILL HAVE ROOM FOR EXPANSION.

turn out more combat craft than all Axis countries combined. Thus, assuming that German and Japanese production stays at present rates, the United Nations, by next spring, should have a 2-to-1 edge over the Axis. (See chart, page 1.) By late 1943, when American plane manufacture--according to present forecasts--reaches its peak, the margin should be even greater.

Holdups in Airplane Program

Materials shortages are principal factor in delay, especially in government-furnished-equipment. Design changes also slow up output.

RIVETS AND COWLING FASTENERS are not the most important parts of an airplane, but you can't put a plane together without them. And because production of rivets and cowlings fasteners, of fuel strainers and air filters, of fittings and valves and ferrules and brackets has fallen behind schedule, the airplane program as a whole has fallen behind.

NOT THE WHOLE ANSWER

Shortages of small parts are not the whole answer to delays in airplane production.. You must add in shortages

of equipment and larger parts, of materials, and of machine tools. Right there is the main key to the problem--the continuous delays in delivery of the products which come to the airplane manufacturer from outside his own plant.

TROUBLES IN PLANE PLANTS, TOO

If all the aircraft manufacturer's subcontractors and suppliers could keep up to his schedules, we should not face the prospect of ending the year 20% behind the President's 60,000-plane objective. And we must see the sub-suppliers come up to plane manufacturers' performance if we are to achieve the 125,000-plane Presidential objective for 1943.

Not all is sweetness and light in the airplane factories themselves. Design troubles are one of the chief headaches. Redesign dictated by flight tests and combat experience is often necessary (1) to eliminate structural defects, (2) to cure aerodynamic faults, (3) to simplify the production process, and (4) to adjust for changes in equipment and armament made for tactical reasons.

DESIGN DEFECTS

Design defects are often not easy to remedy, but in recent months remarkable speed has been shown in redesign. For example, of nine plants which reported production troubles due to the need for engineering changes in April, only two were still seeking a solution of those

IN THIS ISSUE:

PLANE OUTPUT NOW AHEAD OF AXIS	1
HOLDUPS IN AIRPLANE PROGRAM	2
STORY OF CHROMITE	4
MORE WORK, MORE SHIPS	6
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AROUND THE MAP WITH ELECTRIC POWER . . .	7
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particular problems during last month.

Labor is another headache in the airplane plants; there are occasional labor disputes, and there is the ever-present threat of labor shortages and of scarcity of housing and transportation for workers. These problems are not so serious now as they will be when (1) new plants get into mass production, (2) employment increases, and (3) tires on workers' cars wear out.

MANAGEMENT FAULTS

Problems in supervision also arise. A change has been forced in the management of one plant (Brewster), and other plants have been forced to add new blood to the management because of unsatisfactory performance. No other management problems bad enough to require immediate attention are currently reported, but where a half dozen factors of delay pile up in a single plant—labor difficulties, parts and equipment short-

ages, machine tool shortages, engineering design changes, etc.—the question at least is raised whether the fault is not with plant management or the overall direction of the program.

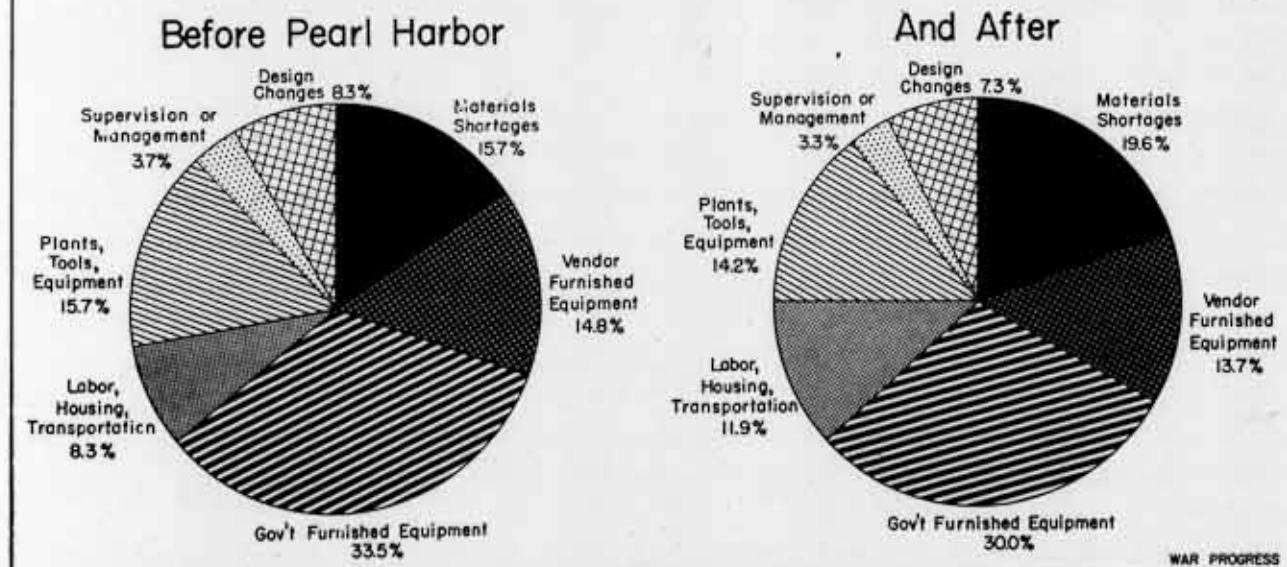
In frequency of occurrence, however, all of these troubles and causes of delay are dwarfed by the shortages of goods supplied from outside the plants. Shortages of machine tools, of course, are not unique in the aircraft industry; if machine tools were not also needed for tanks and guns and ships and ammunition, the problem could be more easily solved. As it is, it is more than an aircraft-production problem.

SUBCONTRACTORS LAG

Shortages of parts, equipment, materials, and supplies are a direct problem of the industry. And here the basic trouble is that subcontractors and suppliers have not kept pace with the plane and engine manufacturers' requirements.

WHAT'S SLOWING THE AIRCRAFT PROGRAM

Here are the Principal Production Delays



GOVERNMENT-FURNISHED EQUIPMENT IS THE FACTOR MOST FREQUENTLY CITED BY PLANE PRODUCERS AND ARMY AND NAVY INSPECTORS AS A CAUSE OF PRODUCTION DELAYS. TOGETHER WITH PARTS AND EQUIP-

MENT FURNISHED BY SUBCONTRACTORS, IT ACCOUNTS FOR ALMOST HALF THE TOTAL. MATERIALS SHORTAGES AND LABOR PROBLEMS (MOSTLY LABOR SUPPLY) ARE THE ONLY TWO TO GO UP SINCE PEARL HARBOR.

Profit-and-Loss Account on Shipping

Sinkings continue close to 1,000,000 tons a month, despite drop in May, and outstrip construction of new tonnage. Raise strategic problems for armed forces.

THE UNITED NATIONS are still fighting an uphill battle in shipping. Though construction of merchant ships is rising, it is not yet up to the rate of sinkings (see chart below).

About the best that can be said at this juncture is that net losses (sinkings less new tonnage) were down slightly from April to May. And even if sinkings are held down to the February-May average indefinitely, it would take almost a year at forecast rates of construction to bring the United Nations' merchant fleet back to its size prior to the Japanese attack on Pearl Harbor.

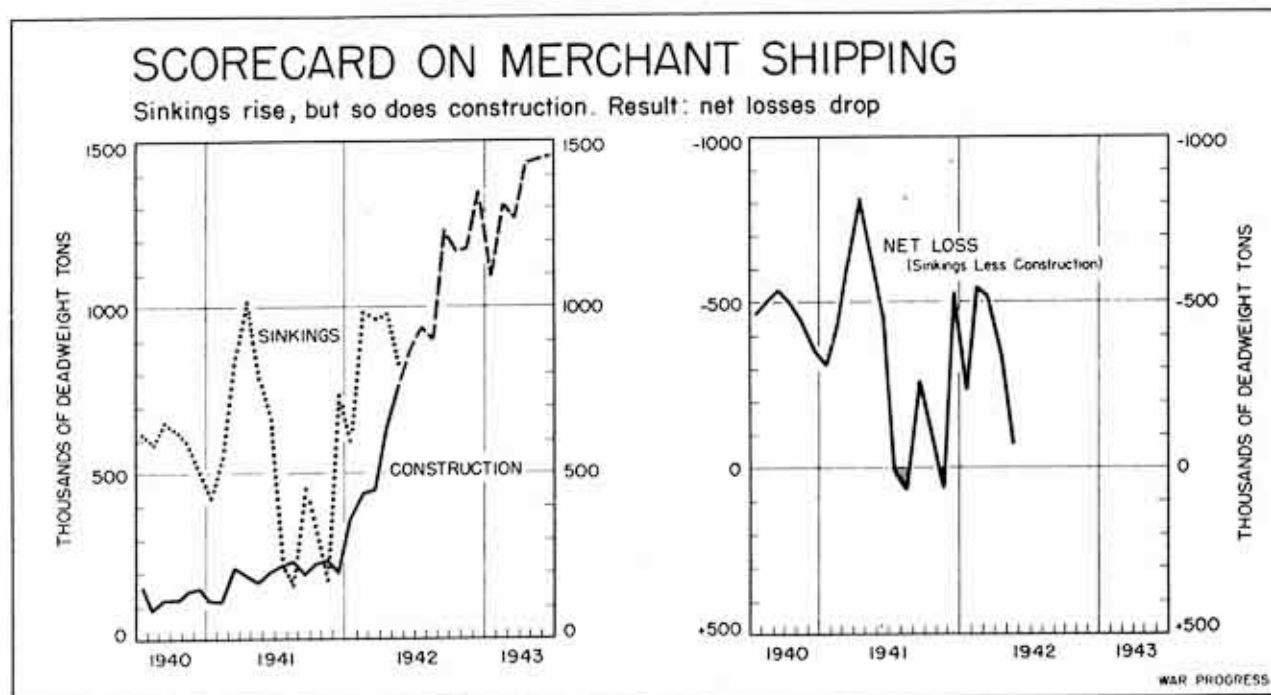
In the meantime, the merchant shipping capacity of the United Nations is overtaxed. There is insufficient cargo space to go around such huge distances as the 12,000 miles to Eritrea or Australia, or the shorter, but more urgent, runs to Murmansk and Liverpool.

THREE URGENT PROBLEMS

The three immediate problems posed before the United Nations are these:

1. Cut down sinkings.
2. Increase construction.
3. Improve allocation and utilization of cargo space.

To a considerable extent, nonessential cargo has already been curtailed. Orders have gone out to close down on nonwar coastal and intercoastal ship-



SINCE THE FALL OF FRANCE, THERE HAVE BEEN ONLY THREE MONTHS IN WHICH THE SHIPBUILDING FACILITIES OF THE UNITED STATES, CANADA, AND BRITAIN HAVE BEEN ABLE TO PRODUCE MERCHANT

VESSELS FASTER THAN THE AXIS COULD SINK THEM—JUNE, JULY, AND NOVEMBER, 1941. HOWEVER, IF THE RATE OF SINKINGS DOES NOT RISE, THEN WE SHOULD BEGIN TO SHOW NET GAINS IN TONNAGE.

It was not to be expected that they would. In the early days of the war, for instance, the French and British bought engines and planes here and equipped them abroad with products of their own manufacture. That gave U.S. plane and engine makers a head start over their future sub-suppliers. And not until recently, as their contracts doubled and quadrupled, did plane manufacturers lean heavily on subcontractors.

There is still another point. At the beginning of the program, the government concentrated largely on financing plant facilities for main products—airframes, engines, and propellers. That is one reason why government-furnished equipment—G.F.E.—has so often been a delaying factor in plane output (see chart).

HUNDREDS OF SMALL COMPANIES

What it all comes down to is this: It is far easier to jog production of 60-odd plane producers and less than 20 engine makers than to spur several hundred large and small producers of screw machine parts, gears, bearings, pilots' seats, ailerons, tail surfaces, flaps, buoyancy tanks, airspeed indicators, oxygen regulators, radios, trigger motors, propeller controls, flight indicators, bomb racks, tachometers, and all the thousand-and-one other things that go to make up the extremely complicated flying machines of our armed forces.

But this job of bringing the hundreds of subcontractors and suppliers into line with the potential schedules of the plane and engine makers is exactly the job that is now being tackled to bring production up to the objective. It is not a job that can be licked in a hurry.

Many of the companies are small; their engineering and supervisory staffs are limited in size and experience;

they need more help in solving production problems. But in concentrating attention on the subcontractors and suppliers, it is important not to relax in supervision of airframe and engine makers, lest new production troubles multiply; for even in the comparative quiet of peacetime output of commercial models, production troubles constantly crop up.

MAY REACH GOAL NEXT YEAR

If, however, new troubles in prime contractors' plants can be held down to recent levels, and if the production problems in subcontractor plants, suppliers' plants, and plants making government-furnished equipment can be whipped as well as they have already been whipped in the plane and engine plants, it will be possible to meet the production goal in 1943.

But it can be done only if these problems are promptly tackled and quickly solved.

Story of Chromite

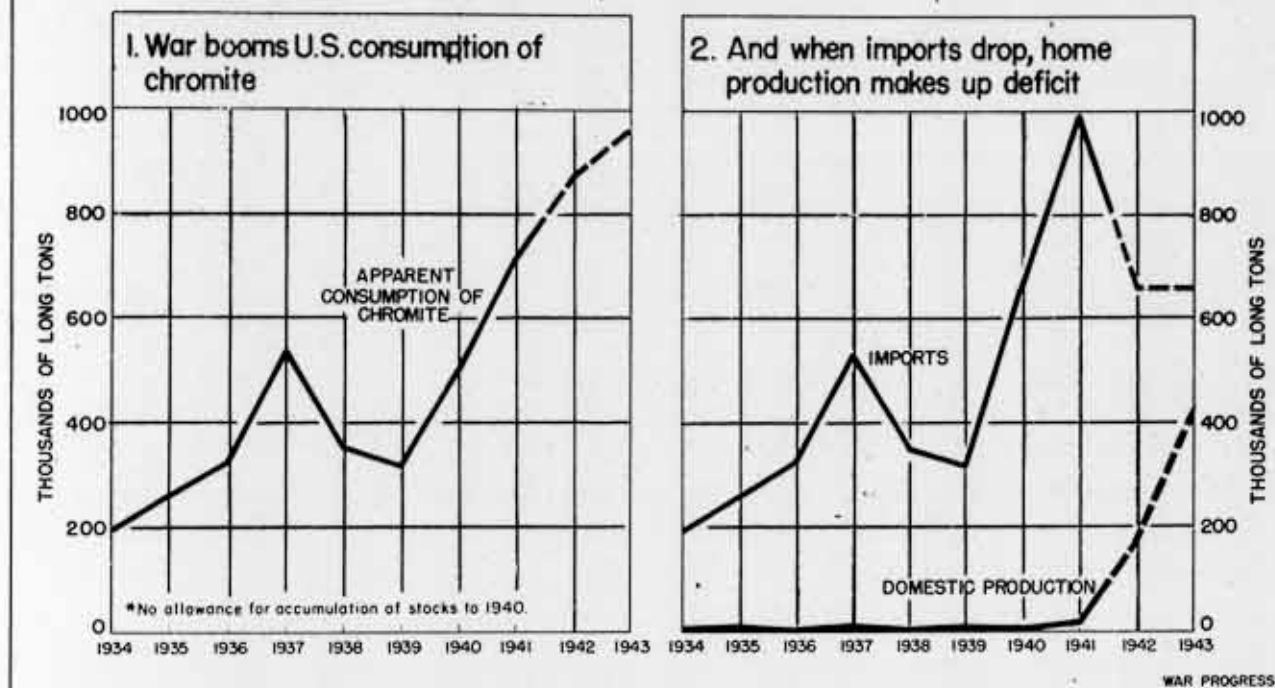
As hedge against shipping shortage, United States develops 25-mile tract in Montana; promises to become world's largest producer of critical ore.

THE UNITED STATES HAS a brand new industry—chromite mining.

Over the past twenty years, domestic output of chromite, used chiefly to make chromium-bearing alloy steels, averaged less than 500 tons annually. But, in 1943, we expect to mine 420,000 tons, or more than any country in the world has ever produced in a single year.

Back in 1929—our peacetime heyday—we scraped out a mere 270 tons from small deposits in California and Oregon. But our basic supply was imported—318,000 tons—principally from distant

A MINING INDUSTRY IS BORN



HERETOFORE, VIRTUALLY ALL U.S. SUPPLIES OF CHROMITE HAVE COME FROM ABROAD. IN 1941, AS A RESULT OF WAR DEMANDS, IMPORTS RAN UP TO THE RECORD TOTAL OF 956,000 TONS—THAT, DESPITE THE HEAVY LOAD ON AMERICAN SHIPPING.

Rhodesia and New Caledonia. Although metallurgists had long known of chromite deposits in Montana, it was cheaper to bring the ore over here from abroad. Those were the days when shipping space was no problem.

TOO LONG AN OCEAN HAUL

But the war changed all that. By 1940, consumption (including chromite for refractories and chemical operations, as well as for chromium-bearing alloy steels) was 58% above 1929, headed much higher—and chromite's 9,000-mile average ocean haul called for too much cargo space.

So we turned to the deposits in Montana. Exploratory work by the Geological Survey and Bureau of Mines had already proved the subsurface presence of chromite ore. It was relatively poor

BUT DOMESTIC SUPPLIES ARE NOW IN THE OFFING. AS A HEDGE AGAINST SHIPPING SHORTAGES, U.S. MINES HAVE BEEN INTENSIVELY DEVELOPED. AND BY 1943, THIS COUNTRY WILL BE THE WORLD'S LARGEST PRODUCER OF THIS STRATEGIC MATERIAL.

in quality; couldn't be used for refractories, for instance, but it would fill the bill for everything else—which included chrome steels used in tanks, guns, shells, planes, and warships; chemical ores in electroplating, tanning, pigments, and dyes; heat-and-corrosion-resistant steels used in plants producing aluminum, magnesium, aviation, gasoline, and synthetic rubber.

PRODUCTION SKYROCKETING

RFC's Metals Reserve Company leased several properties and obtained the services of Anaconda Copper; production began early this spring. Result: Our chromite output is expected to reach 175,000 tons this year, at least 420,000 tons in 1943, chiefly from a 25-mile strip of land in Montana.

For refractory ore, we're going to

depend on the comparatively short haul from Cuba, where chromite production is now at the rate of 250,000 tons annually, or just about what we'll need this year. But there's a conflict—chromite competes with sugar for shipping space.

With shipments from Cuba and the present stockpile of ore supplementing domestic production, the United States can look forward to wartime self-sufficiency in chromite and world leadership in production.

More Work, More Ships

Speed of production of Liberty cargo vessels increases with intensity of plant utilization; 122 days for best plants; 153 days for lowest.

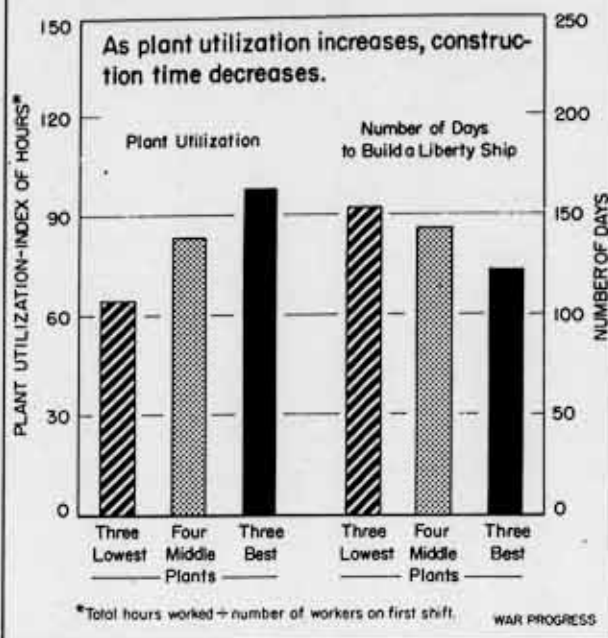
IF YOU CAN'T EXPAND plant capacity, it doesn't follow that you cannot speed up production. Take the case of Liberty ships. Shipyards which use manpower intensively on second and third shifts and on Saturday and Sunday are scheduled to make a much better showing than yards which do not work so many persons on second and third shifts and on week ends.

THIRTY DAYS' DIFFERENCE

Three which come closest to maintaining full-time operations are slated to turn out a Liberty ship—from keel laying to final outfitting—in an average of 122 days. Four intermediate yards (when it comes to plant utilization) require an average of 143 days. Three plants with the lowest percentages of night and week-end work take 153 days (see chart).

Figured out mathematically, a shipyard that operated at its regular daytime pace 168 hours a week could turn out a ship in 58 days from the time the keel was laid. And, by putting more men to work on each shipway, it could

PLANT UTILIZATION AND LIBERTY SHIPS



better that time. For instance, the Oregon Shipbuilding Corporation recently turned out a Liberty ship in 46 days from keel to delivery—a world record.

Raw Material

Tanks, \$1 per Pound

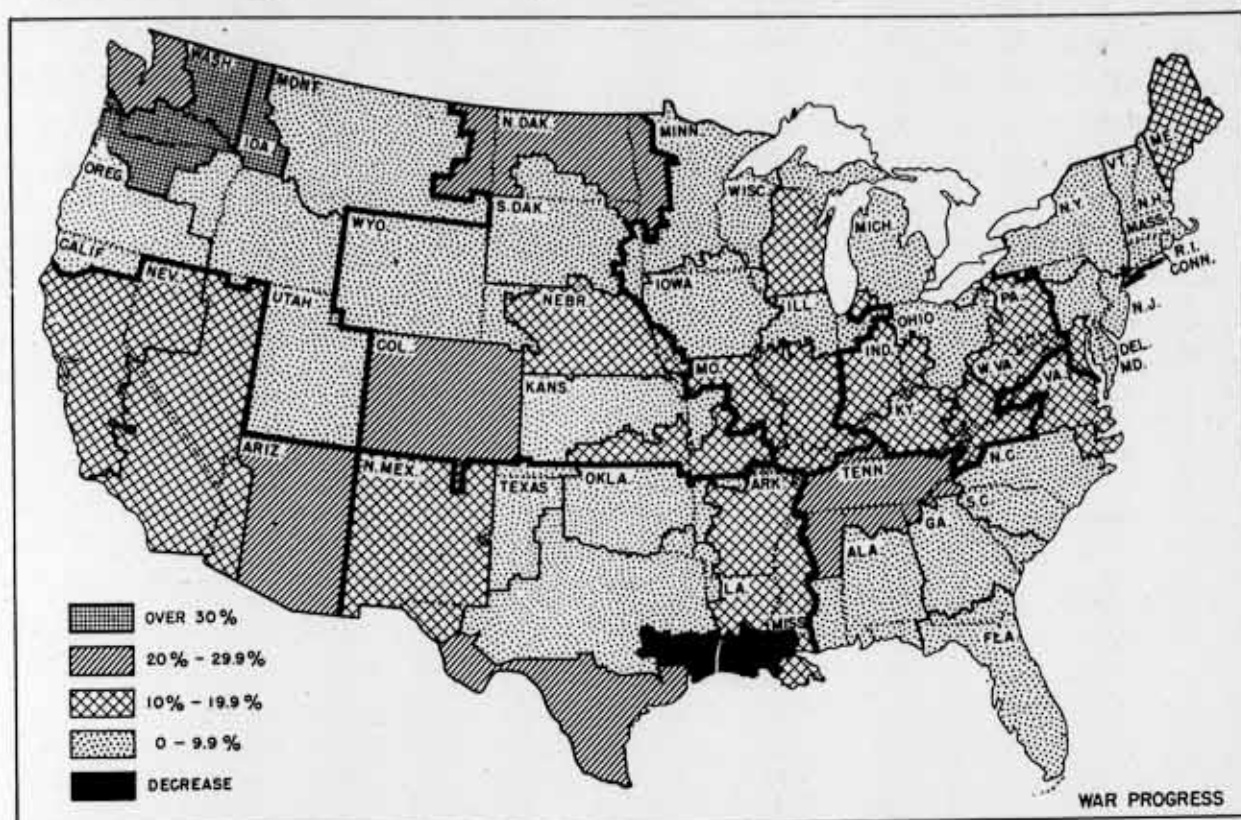
IT COSTS about a dollar a pound to build a tank, but only about 35¢ a pound to build the tank's nearest peacetime engineering counterpart, a Diesel locomotive. Reason for the spread is that tank manufacture is a new industry, just really getting into organized production; it requires hitherto untested engineering skill and extremely accurate machining for many parts. A passenger automobile, at 21¢ per pound, is cheap by tank standards.

Those German 88s

THOSE GUNS that the Germans used against the British in Libya are notable not because they fire a bigger shell than the British 57s or our 3-inchers, but

AROUND THE MAP WITH ELECTRIC POWER

% Increase May, 1942, over May, 1941



WAR PRODUCTION of critical metals and munitions is changing the power map of the United States. In May, the Grand Coulee region in Washington and Oregon, an important aluminum-producing center, used 38% more power than a year ago; in the Tennessee Valley, the country's leading aluminum-producing area, use of electricity increased 29%.

In lower Texas, ordnance and ship-building raised consumption 26%; copper mining in Arizona took 22% more than last year; and Colorado's manufacture of ordnance and explosives

has resulted in a 20% power increase.

The 22% rise in the North Dakota region is due primarily to nonwar causes. Rural electrification has resulted in increased consumption; increased sales and use of electric ranges boosted the domestic load, and small commercial use has expanded.

War is the main reason for the decreases shown in two areas. New York's 0.3% decrease is laid to dim-outs; the 2.9% decrease in southern Louisiana and adjacent Texas territory is the result of a curtailment of petroleum pumping and refining.

because they shoot "rockets." The shells generate their own power as they move, and reports from the battle front indicate that they managed to outrange comparable-sized British and American weapons. And instead of hitting a tar-

get pretty much spent (as with an ordinary shell), they are travelling at a high speed when they smack.

The 88s have a special advantage in mobile war. Since the shells have built-in power, the guns do not have

to withstand the terrific explosion of a full propulsion charge. Therefore they can be of light construction and are thus quite maneuverable. Indeed, the chief function of the gun is to give the shell direction and a start on its road of destruction.

But that isn't the end of the subject. The next big news will come from American ordnance manufacturers. They are now turning out a rocket-type gun and shell. It's supposed to be tops in the field. Problem now is to get into mass production--and fast.

Fats to Feed Guns

THOSE FATS AND PAN DRIPPINGS that women are asked to save will wind up ultimately as explosives and plastics. But first they must be turned into glycerin, which has become scarce material. Estimated supply of glycerin for 1942 is 185,000,000 pounds, against a demand of about 200,000,000, including 40,000,000 pounds for export. With present stocks, that is enough for current needs, but growing demands by our allies for edible fats as well as for explosives make a shortage imminent.

Brunt of the War Burden

WHEN WE TALK of spending 50% to 60% of our national income on war, what we really mean is that one out of every two hours of work will be going directly or indirectly into the war effort. But some industries--agriculture, finance, wholesale and retail trade--work largely for the civilian population.

The brunt of the war burden--as a practical matter--falls on the manufacturing industries. They make the tanks, the planes, and the soldiers' uniforms. And, before we get through, a large proportion of manufacturing will be for war. In fact, if we are ever to reach that 50%-of-the-national-

★★★★★ FINAL

WE DIDN'T DO SO WELL on plane production in June. Acceptances of complete planes amounted to \$325,000,000--13% behind the forecast and only \$5,000,000 ahead of dollar output in May.

In combat planes, we did only a little better. Acceptances ran to \$271,000,000--11% below the forecast. The gain over May was \$16,000,000.

income-for-war level, 80% to 90% of the nation's manufactures will be war goods. And though we've come a long way, we still have a long way to go.

In 1940, only 7% of our manufacturing output was for war. In May, it was around 56%, so we're still 30-odd points shy of the goal. And from now on gains will be difficult. Plants and workers still to be converted to war work are not so adaptable to it as those already converted. The most readily convertible were converted first. What's more, there is no great amount of idle capacity around--so that production from now on will not be taking up slack.

Movie Monopolies

THE GOVERNMENT will pay for production of a regular weekly series of newsreels for propaganda purposes under an agreement between the five major newsreel producers and the Office of War Information. United Newsreel Corporation, owned jointly by the five producers, will make up the pictures from their weekly releases and government-furnished material and will distribute them in those foreign countries still free of Axis domination. Object: To propagate the American Way. Territory will be allotted noncompetitively.

War Progress Notes

\$42,090,000,000 BILL PASSES

CONGRESS THIS WEEK PASSED the \$42,090,000,000 Military Appropriations Act of 1943. Pending legislation now amounts to \$10,710,000,000, of which an estimated \$8,550,000,000 is for naval ships and \$2,160,000,000 is for other agencies. This brings the total war program up to \$227,000,000,000.

SHIPYARD UTILIZATION

PLANT UTILIZATION for May and June was 5% above the average for January to April and 12% above pre-Pearl Harbor levels (charts, page 19). Total man-hours worked per week averaged 27% higher in May and June than for the preceding four months and almost twice the pre-Pearl Harbor average.

Plant utilization in the best yards was over 35% higher than for all yards combined. More night work and work on Saturdays and Sundays accounts for this. If all yards could operate at the level of the three best, more ships could be built without increasing the number of shipways (page 6).

HOW PEOPLE SPEND THEIR MONEY

INCOME PAYMENTS were \$8,656,000,000 in May—down \$146,000,000 from April. The decline was seasonal—payments were up \$1,564,000,000 from May, 1941. Since the December peak, consumer spending at retail stores has declined over \$1,000,000,000 (chart, page 22). Seasonal factors account for part of the decline. Payments for services have risen slowly, but steadily, since last August. Income taxes also are

taking an increasing share of consumer income. But the spread between consumer income and expenditures is increasing. There is still plenty of room for increased bond sales and income taxes.

EMPLOYMENT AT NEW HIGH

EMPLOYMENT REACHED a new high in May—41,207,000, up 330,000 from April and 171,000 above the previous peak in December. This excludes the armed forces and agricultural employment. Wage earners in manufacturing industries, at 10,814,000, increased 74,000. Workers continued to shift from nonwar to war production. Employment in 18 selected war industries was up 117,000. In the nondurable-goods industries employment dropped 28,000, while durable-goods industries gained 102,000.

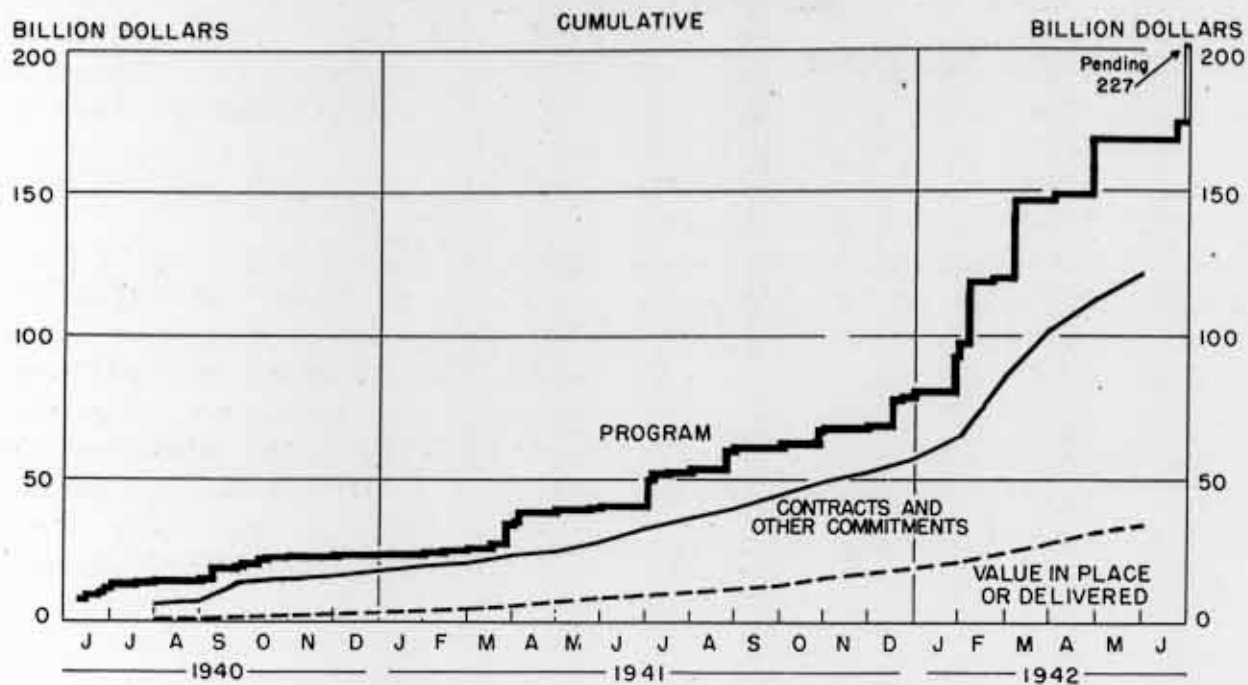
SELLING BACK TO THE TREASURY

FROM MAY, 1941, through June, 1942, more than \$6,650,000,000 of war bonds have been sold. And they've stayed sold! So far only \$75,000,000—about 1%—have been redeemed.

Of late, however, redemptions have shown a moderately rising tendency. In June, 1941, they amounted to only \$500,000; last month they reached \$13,200,000; this month \$15,000,000. Obviously with more bonds outstanding, redemptions are likely to be greater.

Possible explanation for recent increases in redemptions are: (1) cashing in bonds for income-tax money; (2) the rise in company payroll-savings plans—workers may be turning in bonds purchased before they became members of Mr. Morgenthau's family of "monthly savers."

TOTAL WAR PROGRAM



JULY 3, 1942

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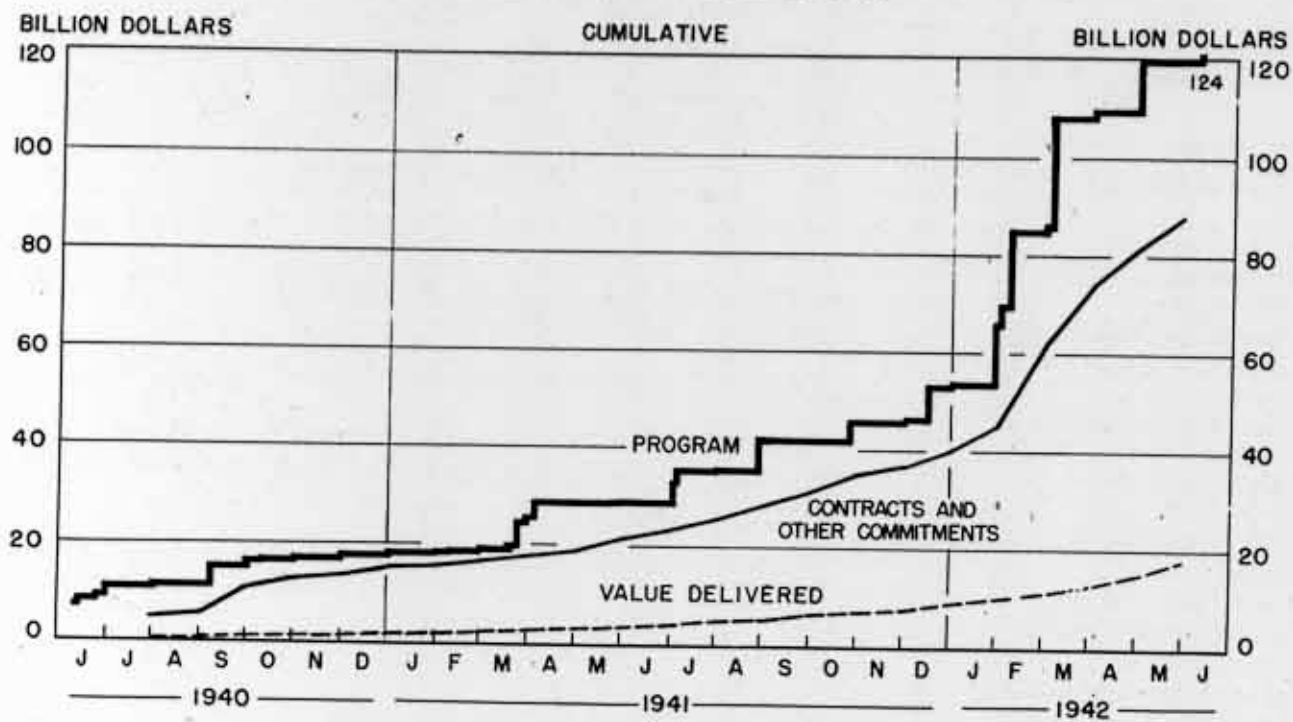
WAR PROGRESS SERIES
TOTAL WAR PROGRAM IN THE UNITED STATES

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
● TOTAL WAR PROGRAM IN THE U.S. ^a			(Million dollars)			
Program-pending, 7/3/42						P 52,800
Program-enacted (incl. F.Y. 1943 funds)	40,861	80,604	P 168,769	P 19,037	P 0	P 5,081
Uncommitted balance	9,274	23,979	P 46,773	-	-	-
Contracts and other commitments	31,587	56,625	P 121,996	P 9,899	P 9,731	n.a.
Value delivered and/or in place ^b	8,547	18,573	P 34,613	P 3,712	P 4,085	n.a.
Checks paid ^c	8,536	17,965	P 33,415	P 3,571	P 3,934	P 4,177
MUNITIONS PRODUCTION & WAR CONSTRUCTION, TOTAL						
Program	37,027	69,305	P 150,856	P 17,740	P 0	P 4,956
Uncommitted Balance	7,597	18,281	P 38,402	-	-	-
Contracts and other commitments	29,430	51,024	P 112,454	P 9,088	P 9,107	n.a.
Value delivered and/or in place ^b	6,795	14,750	P 28,295	P 3,181	P 3,490	n.a.
Value not delivered nor in place	22,635	36,274	P 84,159	-	-	-
PRODUCTION OF MUNITION						
Program	28,566	53,738	P 119,341	P 11,743	P -25	P 4,631
Uncommitted balance	4,901	13,929	P 31,292	-	-	-
Contracts and other commitments	23,665	39,809	P 88,049	P 7,598	P 6,668	n.a.
Value delivered and/or in place ^b	4,290	8,940	P 17,804	P 2,081	P 2,273	n.a.
Value not delivered nor in place	19,375	30,869	P 70,245	-	-	-
WAR CONSTRUCTION						
Program	8,461	15,567	P 31,515	P 5,997	P 25	P 325
Uncommitted balance	2,696	4,352	P 7,110	-	-	-
Contracts and other commitments	5,765	11,215	P 24,405	P 1,490	P 2,439	n.a.
Value delivered and/or in place ^b	2,505	5,810	P 10,491	P 1,100	P 1,217	n.a.
Value not delivered nor in place	3,260	5,405	P 13,914	-	-	-
NON-MUNITIONS WAR ITEMS, TOTAL						
Program	3,834	11,299	P 17,913	P 1,297	P 0	P -
Uncommitted balance	1,677	5,698	P 8,371	-	-	-
Contracts and other commitments	2,157	5,601	P 9,542	P 811	P 624	n.a.
Checks issued	1,752	3,823	P 6,318	P 531	P 595	n.a.

● Graph appears on opposite page.
Table continued on Page 13.

For footnotes see Page 18.

MUNITIONS PRODUCTION



JULY 3, 1942

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WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
	(Million dollars)					
	BREAKDOWN OF MUNITIONS PRODUCTION					
MUNITIONS PRODUCTION, TOTAL						
Program	28,566	53,738	P 119,341	P 11,743	P -25	P 4,631
Uncommitted balance	4,901	13,929	P 31,292	-	-	-
Contracts and other commitments	23,665	39,809	P 88,049	P 7,598	P 6,668	n.a.
Value delivered and/or in place ^b	4,290	8,940	P 17,804	P 2,081	P 2,273	n.a.
Value not delivered nor in place	19,375	30,869	P 70,245	-	-	-
AIRPLANES, PARTS & ACCESSORIES						
Program	8,582	15,072	P 37,801	P 8,860	P 0	P 72
Contracts and other commitments	7,381	13,298	P 31,107	P 1,556	P 2,409	n.a.
Value delivered	1,010	2,265	4,242	416	471	n.a.
ORDNANCE						
Program	7,778	17,488	P 36,115	P 872	P 0	P 557
Contracts and other commitments	5,418	10,354	P 24,513	P 2,840	P 2,278	n.a.
Value delivered	700	1,685	4,267	619	696	n.a.
NAVAL SHIPS						
Program	6,796	9,605	P 15,538	P 18	P 0	P 2,480
Contracts and other commitments	6,442	7,930	P 12,000	P 551	P 275	n.a.
Value delivered and/or in place	810	1,665	P 2,817	P 234	P 269	n.a.
MERCHANT SHIPS						
Program	1,442	3,288	P 7,599	P -25	P -25	P 1,054
Contracts and other commitments	1,484	2,381	P 6,262	P 234	P 607	n.a.
Value delivered and/or in place	240	510	1,012	118	131	n.a.
OTHER MUNITIONS AND SUPPLIES						
Program	3,968	8,285	P 22,288	P 2,018	P 0	P 468
Contracts and other commitments	2,940	5,846	P 14,167	P 2,417	P 1,099	n.a.
Value delivered	1,530	2,815	P 5,466	694	706	n.a.

Graph appears on opposite page.
Table continued on Page 15.

For footnotes see Page 18.

ping, and some of the ships have been transferred to foreign services. Imports of cocoa, coffee, bananas, sugar, and several other semi-luxury products have been cut down. Export business not directly or indirectly related to the war effort is estimated at less than 10% of total export cargoes, and even this nominal amount may decrease during coming months under the pressure of war demand for space.

CARGO INSTEAD OF BALLAST

But possible rerouting of ships is under consideration. For example, ships which carry lend-lease goods to Russia and return in ballast might be used to take timber, grain, and perhaps minerals to the United Kingdom on the return voyage. The loading of return cargoes in Russian ports would lengthen the round-trip time, but there might be more than a compensating saving in ships now used to carry such products across the North Atlantic from the United States.

Another possibility is greater utilization of ships on present voyages

by heavier loading, avoiding congested ports, and speeding turnaround. The Red Sea trip is another example of how efficiency might be increased. Slow stevedore service in the Middle East adds three or four weeks to the turnaround. How to remedy this is hotly debated, but higher pay for the stevedores, the use of army personnel to unload army ships (perhaps assigning more of the merchant ships to the Army), might speed operations.

MERCHANT SHIPS OR NAVAL?

Expansion of merchant shipbuilding is possible. But it is a matter of difficult choices. Shall the United States speed up construction of merchant shipping? If so, how will that affect the naval building program? The munitions program? It's a question of strategy. But the fact remains that in the first five months of this year construction of merchant vessels ran about 25% behind schedule; and it is too late to build any new construction facilities for ships for 1942.

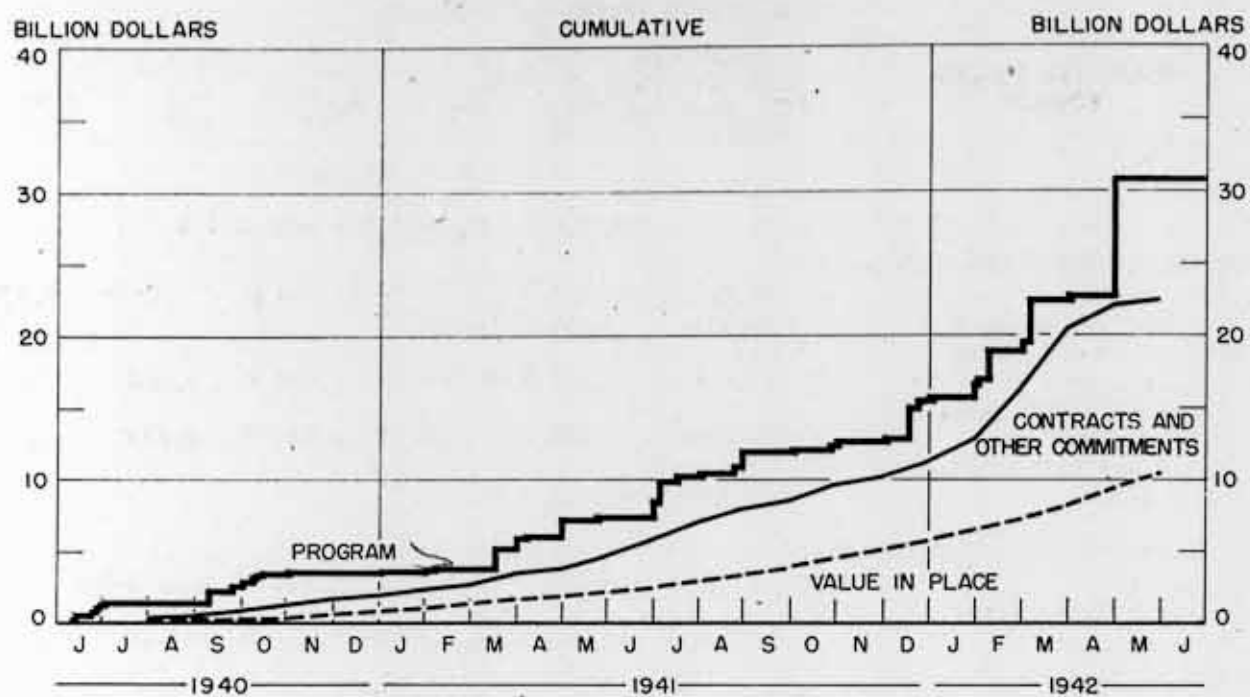
GREATER SHIPYARD UTILIZATION

It is possible, however, to increase second- and third-shift shipyard operations. Employment on the second shift in representative shipyards is running 25% to 40% of employment on the first shift, and the third shift is running 10% to 20% of the first shift. The theoretical scope for expansion is obviously large, but actually the reason for the limited second- and third-shift operations is in many cases inability to obtain needed materials and men. To increase utilization of merchant shipyards, it may be necessary to divert propelling machinery and steel plates from naval ships, or instrument manufacturing facilities from aircraft instruments, range finders, etc.

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WAR CONSTRUCTION



WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
	(Million dollars)					
BREAKDOWN OF WAR CONSTRUCTION						
● WAR CONSTRUCTION, TOTAL (LAND, BLDGS., EQUIP.)						
Program	8,461	15,567	P 31,515	F 5,997	P 25	P 325
Uncommitted balance	2,696	4,352	P 7,110	-	-	-
Contracts and other commitments	5,765	11,215	P 24,405	P 1,490	P 2,439	n.a.
Value in place	2,505	5,810	P 10,491	P 1,100	P 1,217	n.a.
Value not in place ^b	3,260	5,405	F 13,914	-	-	-
INDUSTRIAL FACILITIES (LAND, BLDGS., EQUIP.)						
Program	5,120	8,112	P 16,903	P -122	P 25	P 322
Contracts and other commitments	2,865	6,318	P 15,105	P 1,101	P 1,047	n.a.
Value in place	960	2,800	P 5,375	P 600	P 629	-
INDUSTRIAL FACILITIES, BUILDINGS ONLY						
Program	1,607	3,137	n.a.	P 878	n.a.	n.a.
Value in place	575	1,753	P 2,887	P 253	P 260	n.a.
POSTS, DEPOTS, STATIONS						
Program	2,849	6,063	P 13,220	P 6,119	P 0	P 3
Contracts and other commitments	2,625	4,381	P 8,500	P 314	P 1,317	n.a.
Value in place	1,430	2,670	P 4,599	P 459	P 545	n.a.
DEFENSE HOUSING						
Program	492	1,392	P 1,392	0	0	P 0
Contracts and other commitments	275	516	P 800	P 75	P 75	n.a.
Value in place	115	340	P 517	41	P 43	n.a.
BREAKDOWN OF NON-MUNITIONS						
NON-MUNITIONS, TOTAL						
Program	3,834	11,299	P 17,913	P 1,297	P 0	P 125
Uncommitted balance	1,677	5,698	P 8,371	-	-	-
Commitments	2,157	5,601	P 9,542	P 811	P 624	n.a.
Checks issued by agencies ^b	1,752	3,823	P 6,318	P 531	P 595	n.a.
STOCKPILE						
Program	983	2,399	P 2,713	P 0	P 0	P 0
Commitments	470	1,050	P 1,140	P 30	P 30	n.a.
Checks issued by agencies	192	488	P 911	64	P 102	n.a.

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

For footnotes see Page 18.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
	(Million dollars)					
	BREAKDOWN OF NON-MUNITIONS (Continued)					
AGRICULTURAL EXPORTS (LEND-LEASE)						
Program	625	1,522	P 2,138	214	P 0	P 0
Commitments	66	561	P 994	82	P 65	n.a.
Checks issued by agencies	1	211	539	91	87	n.a.
PAY, SUBSISTENCE & TRAVEL ^f						
Army Military						
Program	944	3,013	P 3,904	745	P 0	P 116
Commitments	934	2,030	P 3,564	239	P 281	n.a.
Checks issued	696	1,510	P 2,429	P 200	P 220	n.a.
Navy Military						
Program	378	963	P 2,246	5	P 0	P 0
Commitments	334	610	P 1,039	86	P 110	n.a.
Checks issued	388	642	P 944	P 65	P 70	n.a.
Civilian Payroll						
Program	32	247	P 253	5	P 0	P 46
Commitments	32	140	P 235	20	P 15	n.a.
Checks issued	356	682	P 1,035	P 75	P 79	n.a.
MISCELLANEOUS NON-MUNITIONS						
Program	872	3,155	P 6,659	P 328	P 0	P -37
Commitments	321	1,210	P 2,570	P 354	P 123	n.a.
Checks issued by agencies	119	290	P 460	P 36	P 37	n.a.

Table continued on following page.

For footnotes see Page 18.

JULY 3, 1942

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WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
			(Million dollars)			
			BREAKDOWN OF AGENCIES			
UNITED STATES FINANCED WAR PROGRAM ^d						
Program	37,075	76,508	P 164,673	P 19,037	P 0	P 5,081
Uncommitted balance	9,274	23,979	P 46,773	-	-	-
Contracts and other commitments	27,801	52,529	P 117,900	P 9,899	P 9,731	P n.a.
Checks paid	6,431	15,251	30,387	3,505	P 3,880	P 4,123
U. S. ARMY						
Program	13,134	31,981	P 84,468	17,395	P 0	P 0
Contracts and other commitments	11,404	23,334	P 62,005	6,003	P 6,138	n.a.
Checks paid	3,636	7,889	13,987	1,284	1,497	1,662
U. S. NAVY						
Program	12,308	20,024	P 43,635	1,676	P 0	P 3,785
Contracts and other commitments	11,182	16,327	P 29,964	1,993	P 1,971	n.a.
Checks paid	2,217	4,726	8,891	1,020	1,229	1,237
LEND-LEASE						
Program	7,000	12,985	18,410	0	0	P 0
Allocations	5,177	11,345	14,366	222	508	n.a.
Contracts and other commitments	2,458	6,282	10,181	673	305	n.a.
Checks paid	21	910	3,434	525	626	665
U. S. MARITIME COMMISSION						
Program	784	2,734	P 6,584	0	0	P 1,070
Contracts and other commitments	886	1,724	P 5,702	226	608	n.a.
Checks paid (Net) ^e	44	156	528	87	93	114
RFC AND SUBSIDIARIES						
Program	2,623	5,130	P 7,704	P -90	P 0	P 0
Contracts and other commitments	1,151	3,569	P 7,916	P 819	P 509	n.a.
Checks issued by RFC	350	956	2,210	274	327	P 300
OTHER U. S. AGENCIES						
Program	1,226	3,654	P 3,872	56	P 0	P 226
Contracts and other commitments	720	1,293	P 2,132	185	P 200	n.a.
Checks paid	163	614	1,337	315	108	145
FOREIGN ORDERS						
Program (orders)	3,786	4,096	P 4,096	P 0	P 0	P 0
Commitments	3,786	4,096	P 4,096	P 0	P 0	P 0
Checks issued by Purchasing Missions	2,105	2,714	P 3,028	66	P 54	P 54

For footnotes see Page 18.

FOOTNOTES

WAR PROGRESS SERIES

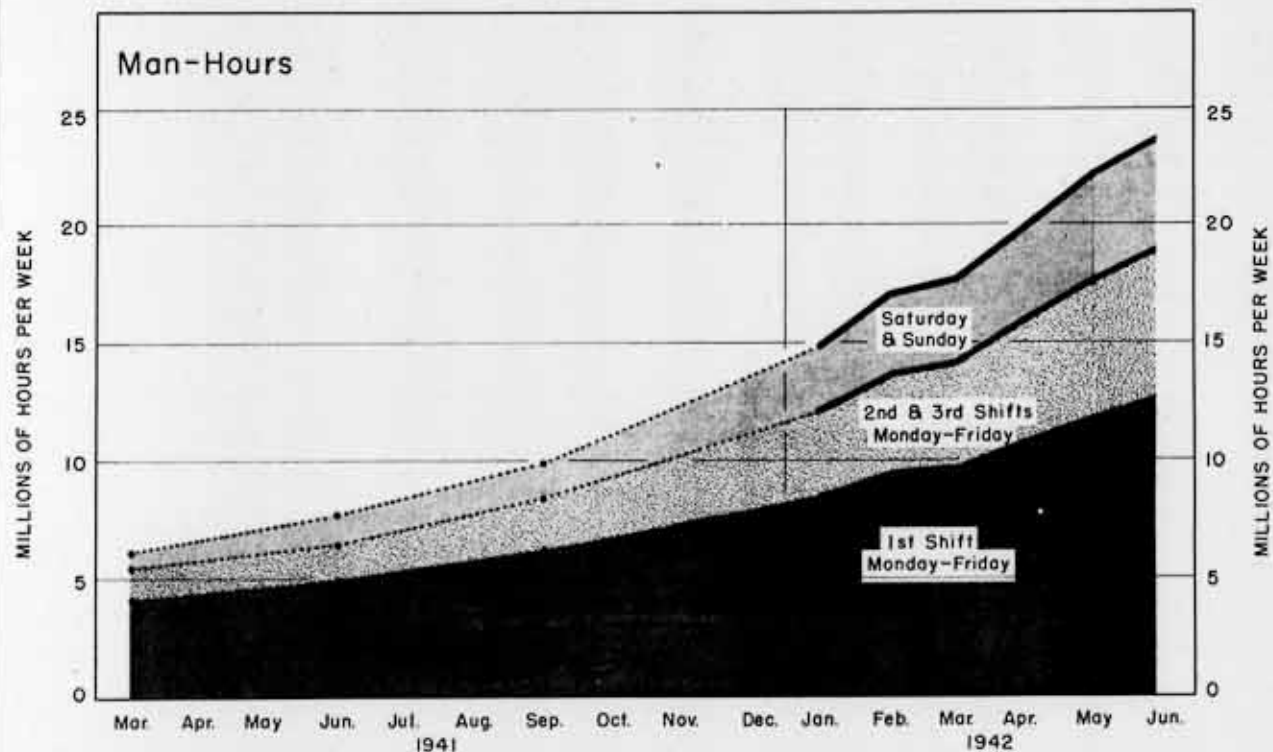
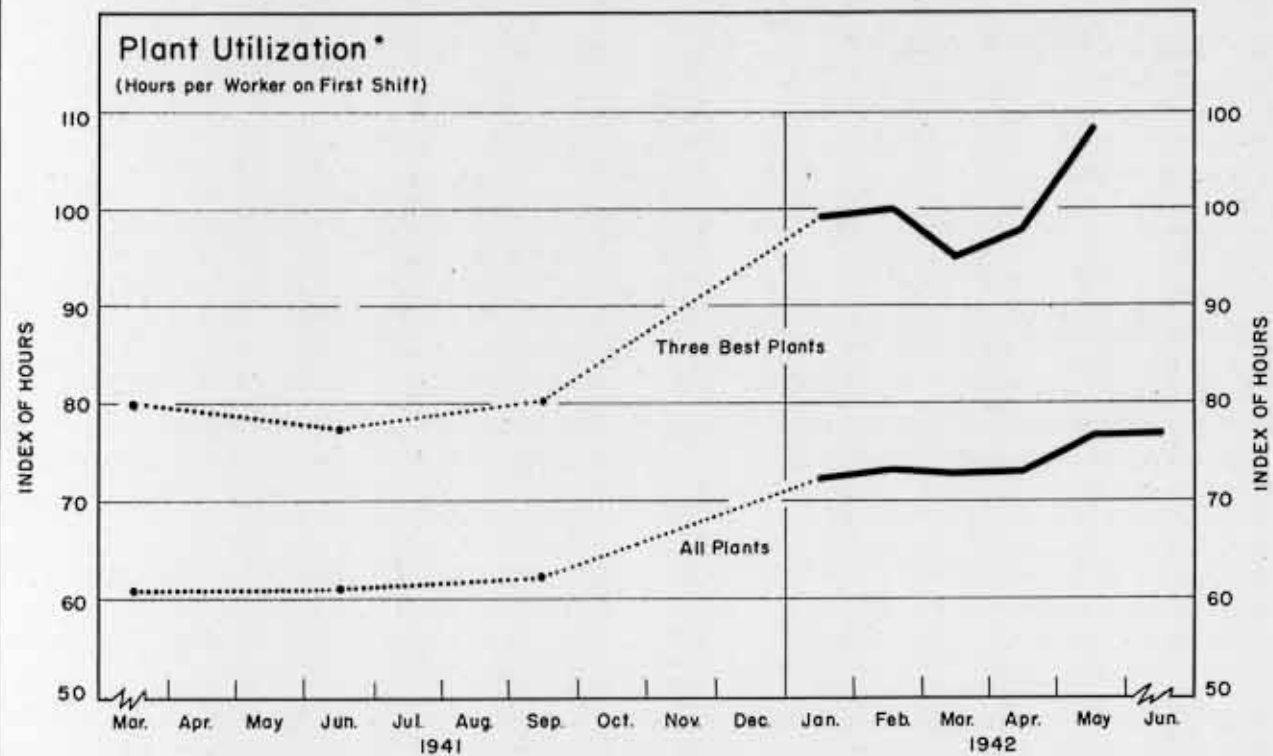
n.a. Not available
r Revised.

P Preliminary

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

WHAT THE SHIPBUILDING INDUSTRY IS DOING

A Month-by-Month Record of Plant Utilization, of Man-Hours Worked



* 61 private shipbuilding yards, having approximately 80% of total employment in the shipbuilding industry. Man-hours for March, June and September, 1941 are estimated for some yards.

WAR PROGRESS

ECONOMIC ACTIVITY RELATED TO THE WAR						
	1940	1941			1942	
	July	July	February	March	April	May
FED. RES. BD. PRODUCTION INDEXES						
Total industrial production	120	159	167	168	171	P 177
Selected industries						
Private						
Iron & Steel	147	185	193	198	198	199
Pig iron	154	181	189	192	192	n.a.
Aircraft	398	997	1,818	1,895	1,992	P 2,098
Railroad cars	117	233	304	307	310	P 316
Locomotives	116	307	438	462	485	P 505
Shipbuilding	185	467	1,040	1,139	1,300	P 1,457
Lead shipments	118	200	187	189	198	P 202
Cane sugar meltings	116	117	66	86	93	n.a.
Rubber products	109	153	r 89	81	73	75
Rubber consumption	109	156	r 96	87	79	81
Zinc mining production	112	125	146	144	146	n.a.
Government production						
Shipbuilding, Gov't						
Yards	0.5	1.3	2.3	2.4	2.4	P 2.7
Mfg. at Gov't Arsenal						
and quartermaster						
depots	0.2	0.6	1.0	1.1	1.1	P 1.2
	1940	1941			1942	
	July	July	February	March	April	May
EMPLOYMENT						
War Industries						
Private, 18 major indus..	1,663	2,559	3,176	3,296	3,442	P 3,559
Private contractors,						
public construction	13	412	614	643	748	
Public	117	225	315	339	350	
Total	1,793	3,196	4,105	4,278	4,540	
Deep sea merchant vessels	51	50	49	48	47	47
	1941				1942	
	June	February	March	April	May	June
PLANT UTILIZATION IN PRIVATE SHIPYARDS						
All plants	61.1	73.0	72.7	72.9	76.4	P 76.7
Three best plants	77.3	99.8	95.1	97.9	108.4	n.a.

JULY 3, 1942

NOT CONFIDENTIAL . . . 21

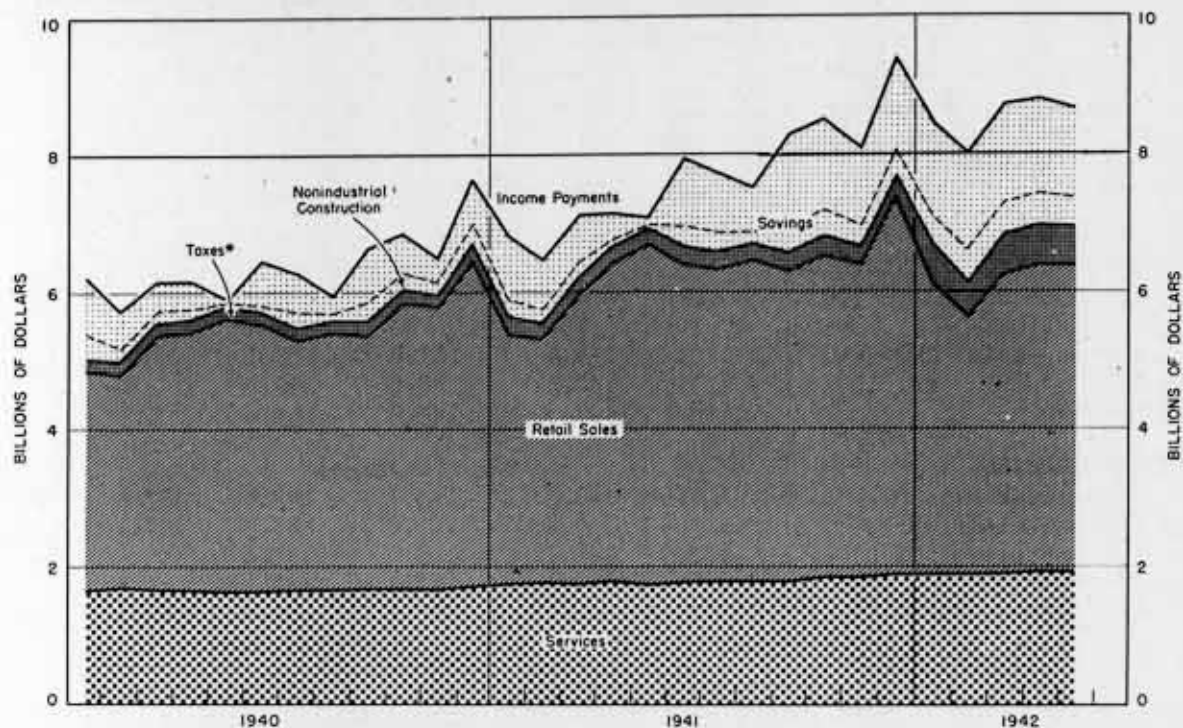
ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942			
	July	July	April	May	Week Ending	
					June 20	June 27
FED. RES. BD. PROD. INDEXES		(Unadjusted indexes 1935-39=100)				
Total industrial production	120	159	171	P 177		
Durable manufactures	131	197	232	P 241		
Nondurable manufactures	111	138	138	P 139		
Minerals	121	130	125	P 133		
BUR. FOR. & DOM. COM. MFRS. ORDERS, SHIPMENTS, INVENTORIES			(Indexes)			
New orders, total (1/39=100)	127	212	292	P 307		
Shipments, total	103	163	200	P 204		
Inventories, total 1939 av.	112.2	136.4	167.0	P 170.7		
Durable mo.=100	113.9	150.3	186.6	P 190.3		
Nondurable	110.7	124.3	149.9	P 153.6		
BLS PRICE INDEXES			(Indexes)			
Strategic materials	123.6	140.3	145.7	147.6	147.6	147.6
Critical materials 8/39	107.5	115.2	123.2	123.3	123.1	123.1
Basic commodities -100	108.5	148.7	167.0	167.1	166.6	167.0
Machine tools	108.7	117.6	118.1	118.1	-	-
● All commodities (1926=100)	77.7	88.8	98.8	P 98.8	98.1	98.4
BLS COST OF LIVING INDEX			(1935-39=100)			
All items	100.3	100.8	115.1	116.0		
Food	97.4	97.8	119.6	121.6		
Rent	104.6	105.0	109.1	109.7		
TRANSPORTATION & ELEC. POWER						
Freight cars						
Loading (thous. per week)	706	853	838	834	845	853
Unloads for export, dly. av.						
Atlantic & Gulf ports (no.)	1,494	1,614	2,069	1,881	2,061	1,781
Pacific ports (no.)	112	159	400	449	518	528
Surplus, total, dly. av. (thous)	132	77	57	61	86	
Box cars	55	30	26	34	60	
Coal cars	48	27	14	10	9	
Bad order cars, total,						
1st of month (thous.)	153	85	60	62	(June 1) 63	
Power prod. (mil. kwh.)	12,094	14,226	14,579	14,997	3,434	3,457
DEFENSE BOND SALES			(Million dollars)			
	-	342	531	634	126	146
DEFENSE HOUSING			(Number of dwelling units, cumulative to end of period)			
Fund allocations	1,460	123,433	413,530	417,339	435,834	456,018
Constr. contracts awarded	624	87,132	193,438	228,672	282,695	295,912
Construction completed	0	29,954	104,318	116,956	128,331	129,725

P Preliminary data.

● Graph appears on following page.

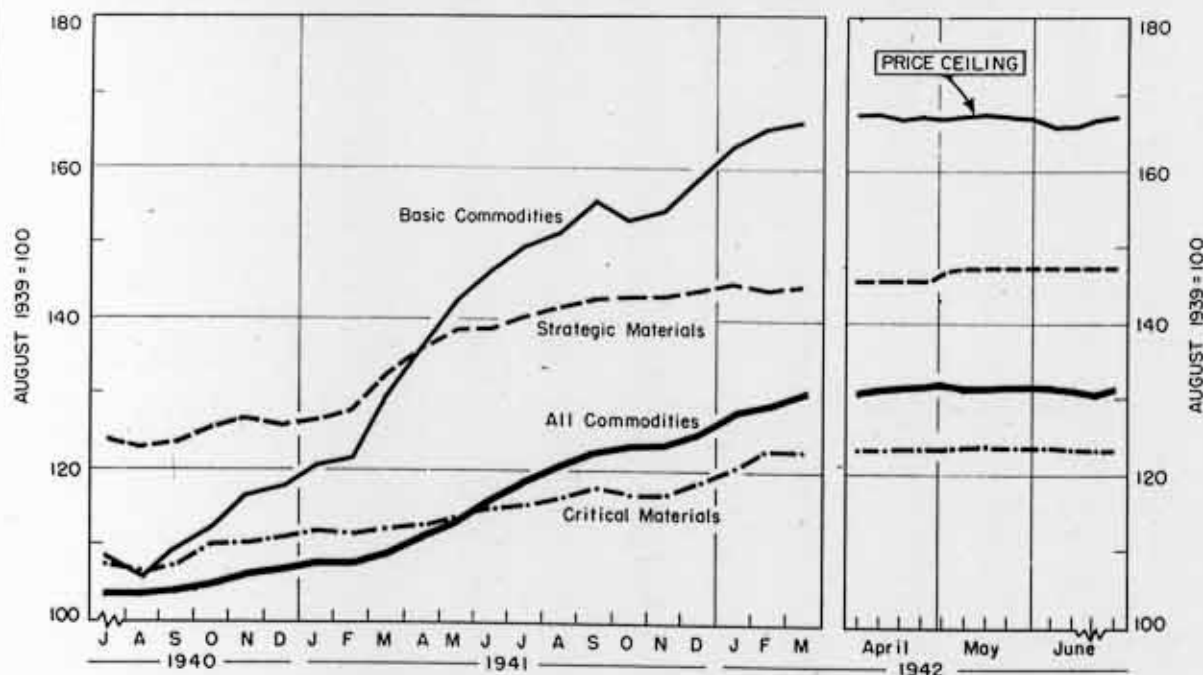
HOW PEOPLE SPEND THEIR MONEY



* Federal and state income, inheritance and gift taxes plus state sales taxes.

WAR PROGRESS

WHAT'S HAPPENING TO WHOLESALE PRICES



WAR PROGRESS

JULY 3, 1942

NOT CONFIDENTIAL . . . 23

ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941		1942		
	July	July	February	March	April	May
NATIONAL INCOME						
● Total, income payments	75.8	(Billion dollars, annual rate)				
		93.3	105.4	106.4	108.5	P 1,093
RETAIL SALES						
● Total all retail stores	3,643	(Million dollars)				
		4,509	3,716	4,340	4,467	P 4,437
		(Unadjusted index, 1935-39=100)				
Durable goods	129.8	172.1	91.0	96.9	104.5	P 105.8
Nondurable goods	104.1	125.1	134.7	144.4	148.6	P 149.0
FEDERAL DEBT						
Net public debt, end of month	41.5	(Billion dollars)				
		46.9	58.8	58.9	62.1	65.4
EMPLOYMENT						
Total civil nonagricultural	35,904	(Thousand workers)				
Total WPA employment	1,655	39,908	39,995	40,392	40,874	P 41,201
War industries		1,055	1,029	963	867	786
Deep sea merchant vessels		(Confidential data - See Page				
UNEMPLOYMENT (WPA ESTIMATE)						
Number of unemployed	9.3	(Million workers)				
		5.6	4.0	3.6	3.0	2.6

P Preliminary data

R Revised data

● Graph appears on opposite page.

The big opportunity for improving the shipping position is by cutting down on sinkings. But seemingly the Axis is building submarines faster than we are sinking them; not only that, but Hitler seems to be able to keep them in effective operation for prolonged periods far from their home bases. Sinkings have recently been running at a rate close to 1,000,000 deadweight tons a month. And, of course, in addition to the loss of cargo-carrying capacity there is the actual loss of cargoes, which places a deferred burden on remaining shipping. This emphasizes the importance of getting our subchaser and escort vessel construction program in full swing.

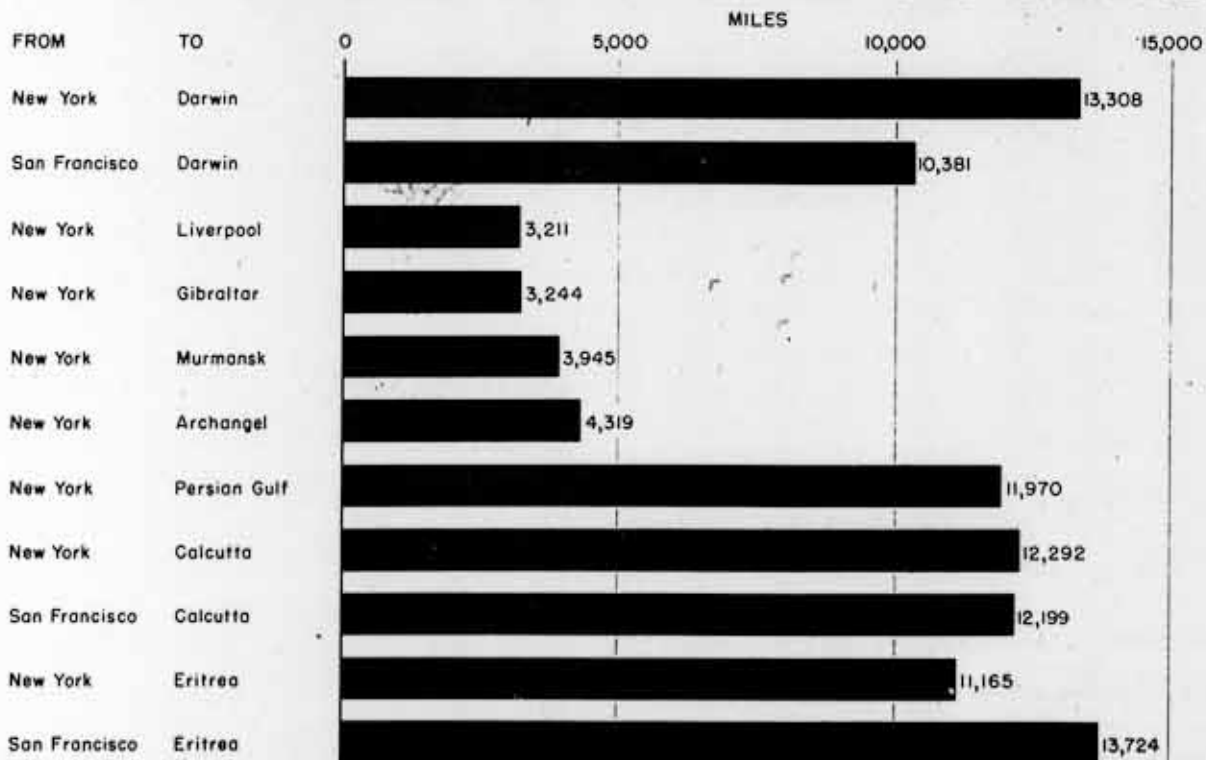
Construction Collision

\$14,200,000,000 program this year drains large quantities of critical materials, and is bound to conflict with munitions schedules later this year.

THE 1942 PROGRAM for war construction (omitting equipment for industrial facilities) is \$14,200,000,000—almost 26% higher than total construction in the United States last year, and 30% greater than 1927, peak year of the construction boom which followed the last war.

Such an ambitious objective requires vast amounts of basic materials, and is bound to compete directly with our munitions program. For copper goes

CRITICAL DISTANCES FOR UNITED NATIONS' SHIPPING



WAR PROGRESS

UNITED NATIONS' SHIPPING CAPACITY IS LIMITED BY THE LONG DISTANCES CRAFT MUST TRAVEL TO AVOID HAZARDOUS SHIP LANES. INSTEAD OF THE DIRECT ROUTE FROM NEW YORK TO ALEXANDRIA,

THROUGH THE MEDITERRANEAN, SHIPS ARE BEING ROUTED AROUND THE CAPE OF GOOD HOPE—11,000 MILES AGAINST 5,000. THUS TIME AND SPACE ARE MORE THAN DOUBLED.

WAR PROGRESS

~~Confidential~~

~~(British-Secret)~~

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What PRP Is Up Against
(An Analysis of Its Problems and Prospects)
Our Lagging Subchaser Program

Number 95

July 10, 1942

PRP Starts Nationwide Trial

Beginning of mandatory operations handicapped by lack of adequate data, and "inflation" creeps into allocations. Real test will come later on.

THE PRODUCTION REQUIREMENTS PLAN goes into effect on a nationwide scale and on a mandatory basis this quarter. But nobody is counting on it immediately to end the confusion in distributing strategic materials to strategic industries and thus speed the American war effort.

A START IN THE DARK

This quarter is regarded strictly as a trial period—not much more. Data from manufacturers arrived too late in May and June to permit thoroughgoing analysis of the figures before July 1. Indeed, tabulations are still going on, yet PRP authorizations to purchase critical materials have already been mailed to manufacturers so as not to delay production. Thus, to a certain extent PRP—on a mandatory basis—makes its start in the dark.

COMPETITIVE SCRAMBLE

Essentially, PRP is a deflated priorities system. It tries to balance demand against supply by centralizing control over allocations of raw materials. But this is not likely to be attained this quarter. Preliminary industry allocations, as worked out by the Requirements Committee for the general guidance of the PRP Branch, exceed supply by 10% to 15% on the average.

Prior to PRP, the Army, Navy, and War Production Board officials issued

priority ratings more or less independently, and oftentimes without limits as to quantity; indeed, they actually competed with one another to issue ratings.

The Army would want steel plate for tanks, and so would issue a high rating to a tank manufacturer. The Navy would need plate for ships; it would issue a high rating to shipbuilders. The WPB would want plate for a war plant, and it, too, would issue a high rating. Thus, one accredited agency would outbid the other for raw materials. In the resultant scramble, rated orders constantly rose above supply, and the distribution of strategic materials was left to chance—which manufacturer happened to get there first.

INFLATION OF RATINGS

The history of priorities ratings bears out the point. We started off with A as the top rating; then, as one agency began boosting its requirements,

EDITORS' NOTE

IN THIS ISSUE, War Progress presents an extensive report on the Production Requirements Plan. This constitutes an innovation. Hitherto, War Progress articles have been short, designed essentially to highlight the economic and statistical aspects of particular subjects. But some subjects need more extensive treatment because of their fundamental importance and complexity. Therefore, the editors of War Progress are planning to present from time to time longer reports on major problems associated with the war effort.

we moved up to an A-1-a series; and now we are superimposing on all previous ratings the Army and Navy Munitions Board double-A series--AA1, AA2, AA3, and AA4, with triple-A reserved for emergencies.

ENDS INTRAMURAL RIVALRY

The Production Requirements Plan, theoretically at least, ends such intramural rivalry for raw materials. To that end, the Requirements Committee is constituted as an all-powerful body to determine which industries should get how much materials, and for what purposes. After the Requirements Committee determines distribution policy, then the PRP Branch and the Industry Branches administer that policy by allocating supplies on a quarterly basis to American manufacturers.

STATISTICAL TROUBLES

To do their job well, the administrators of PRP ought to know (1) what supply is; (2) what demand is; (3) what end uses critical materials are to be put to. But, on all sides, the PRP runs

up against statistical inexactitudes.

On many critical items, supplies are only estimates at best. Even in copper, which has been "statisticked" to death, the data are subject to change without notice. About 30% of our copper comes from abroad, and if shortages of shipping cut down imports, then obviously estimates of supply (and allocations based on those estimates) will have been too high.

EXAMPLE OF STEEL PLATE

Or take another case: Estimates of steel-plate supplies take into account expected conversion of strip and sheet mills to plate production. Yet, if the conversions do not take place on schedule--if they're delayed--then obviously the supply estimates and the resultant allocations again will be too high. (But note this: That would constitute a shortcoming in any system of allocations or materials distribution.)

ERRORS ON DEMAND SIDE

As for demand, there are two sources of error--one on the downside, one on the upside. First, PRP coverage is incomplete. At present, PRP applies only to manufacturing companies which consume more than \$5,000 worth of metals a year. Such basic industries as railroading, public utilities, communications, construction, and mining are excluded. Thus the Requirements Committee must set aside a certain amount of critical metals to meet these needs. (However, plans are being developed to extend PRP coverage to the railroads, public utilities, communications, mining, and even the smaller companies.)

Second, most users of critical metals will be inclined to overstate their requirements--just to be on the safe side. A tank manufacturer, for example, will want to be certain that his assem-

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big lines are not held up because of shortages of steel plate. Similarly, an airframe manufacturer will want to have on hand a plentiful inventory of aluminum sheets or tubing. This has the effect of ballooning overall estimates of requirements. However, it is inherent in any system in which users of materials are asked to state their requirements. And it is correctible--when PRP industry branch examiners an-

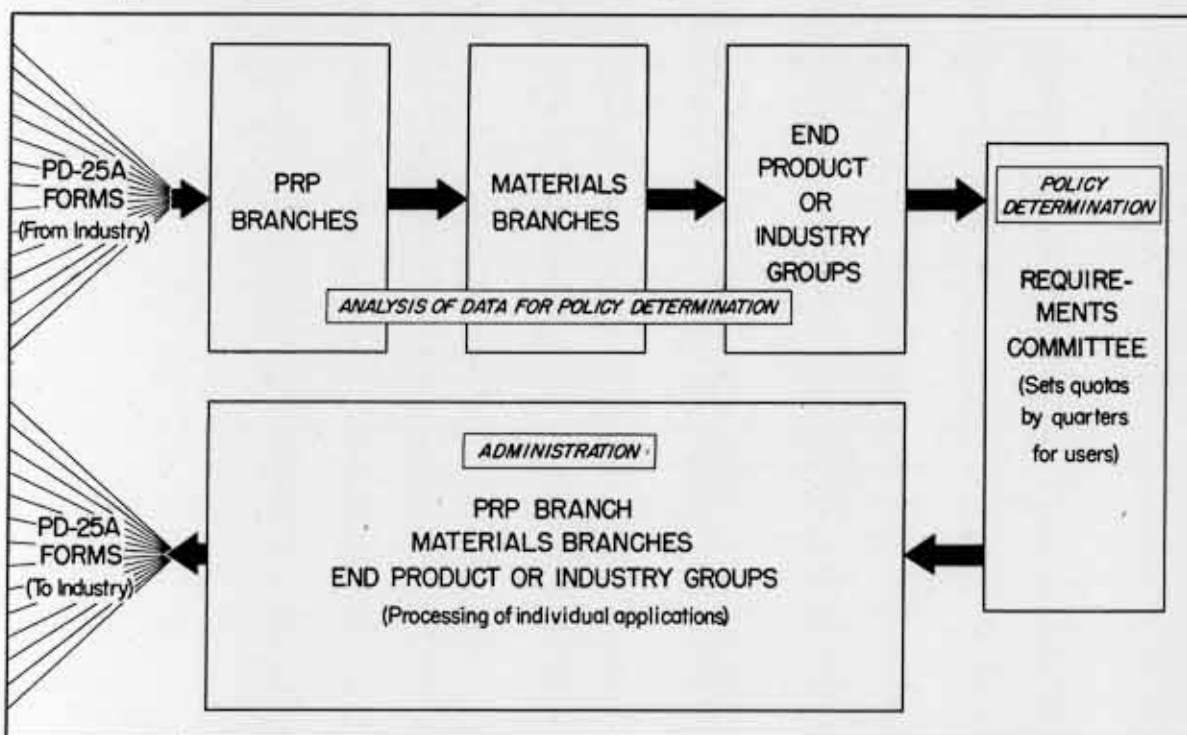
alyze individual PD-25A applications.

WHAT HAPPENS TO WHAT?

Moreover, PRP administrators are bound to run up against the problem of determining the end use of intermediate products. Is copper wire allotted to a manufacturer of motors going to wind up in a battleship or an electric fixture? Is steel plate going into railroad cars, a new building, or a tank?

THE MECHANICS OF PRP

What happens to a PD-25A from manufacturer through WPB back to manufacturer



WAR PROGRESS

THE DIAGRAM SHOWS THE SUBSTANTIVE STEPS IN THE PRODUCTION REQUIREMENTS PLAN OPERATION. BEFORE A MANUFACTURER GETS AUTHORITY TO BUY CRITICAL MATERIALS, HIS PD-25A APPLICATION GOES THROUGH A HIGHLY TECHNICAL AND COMPLEX PROCESS. FIRST, THE DATA FROM ALL MANUFACTURERS ARE TABULATED FOR 200 INDUSTRY CLASSIFICATIONS. THEN THE COMPILATIONS GO TO THE MATERIALS BRANCHES FOR SUGGESTIONS ON HOW CRITICAL MATERIALS SHOULD BE DISTRIBUTED AMONG INDUSTRIES. AFTER THAT, END-PRODUCT AND INDUSTRY COMMITTEES AND BRANCHES EXAMINE

THE MATERIALS BRANCHES' SUGGESTIONS, TO GUARD AGAINST INCONSISTENCIES AND OMISSIONS. THESE ANALYSES ARE THEN TRANSMITTED TO THE REQUIREMENTS COMMITTEE FOR A FINAL DECISION ON POLICY: HOW MUCH OF WHAT SHOULD GO TO WHICH INDUSTRIES. THAT DECISION THEN GOES TO THE PRP BRANCH WHICH, WITH THE MATERIALS BRANCHES AND END-PRODUCT AND INDUSTRY GROUPS, ALLOTS SPECIFIC QUANTITIES OF CRITICAL MATERIALS TO INDIVIDUAL MANUFACTURERS. THAT DONE, THE PD-25A IS "PROCESSED." ULTIMATELY, PRP HOPES TO INCLUDE NONMANUFACTURING INDUSTRIES.

★★★★★ FINAL

MERCHANT SHIPBUILDING in June was good on a vessel basis, better on a tonnage basis. We turned out 66 ships, a 15% gain over May's 57. But those 66 ships constituted 732,000 deadweight tons, or nearly 20% better than May's 620,000. Incidentally, June output was within 5% of the entire tonnage turned out in the first quarter.

Those are questions to which the PD-25A forms cannot provide ultimate and absolute answers (although answers are to be sought later on through an end-use code). Thus, it is always possible that certain strategic materials may not be used most strategically.

"L" AND "M" ORDERS

But this much is certain: PRP is bound to cut down nonwar use of critical supplies. First, allocations will be centralized and will be made primarily to manufacturers engaged in producing critical items, either for munitions or parts of munitions. Second, "L" and "M" orders cut across the allocations system and narrow the margin for error. Thus, even though a manufacturer may be allotted--through mistake--more copper or aluminum than he requires in war work, he would be foreclosed from using that strategic material in certain nonmilitary products, such as automobiles, refrigerators, etc.

PRP PROCESS

To understand how PRP works, visualize a two-ended funnel. Into one end go the 25,000-odd applications from American manufacturers for critical materials; out of the other end come those same applications, fully processed, each with an allotment of raw

materials to an individual manufacturer.

But before these applications get through the neck of the funnel, they are pulled apart and put together again by industrial specialists, technicians, and statisticians, as follows:

First, the applications go to the PRP Branch, and the materials requests are tabulated for 200 industries; but there are many difficulties in classification which have to be worked out.

Second, the industry data go to WPB's Materials Division, which makes recommendations as to the distribution of raw materials, industry by industry.

Third, these recommendations are examined by selected industry groups within the Industry Division and the armed services to see that every major segment of the economy--both military and civilian--has been considered and cared for.

Fourth, the Requirements Committee investigates the findings of the Materials Division and the selected industry committees, and makes a final determination of policy--how much copper, steel plate, or aluminum should go to this or that industry.

Fifth, these determinations go to the PRP Branch, which puts them into effect by hand-processing the individual PD-25As, and certifying each manufacturer's allotment.

PINK PIECES OF PAPER

It is in the hand-processing of the pink pieces of paper--the PD-25As (in the fourth quarter, they'll be green)--that the PRP administrators can catch excessive demands of manufacturers for raw materials. They have before them, in these forms, the manufacturer's use of critical materials in a preceding quarter, his expected shipments during the coming quarter, and his inventories. Shrewd judgments on how much he can or

JULY 10, 1942

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cannot use will help to cut down exaggerated requests. What's more, over-large grants may be caught in subsequent quarters, when the hand-processors have a chance to re-examine requests in later PD-25As.

It all adds up to a tremendous task. If PRP is niggardly in its allocations, then production will be slowed up; if it is profligate, then we will have a

re-inflation of ratings plus maldistribution of critical metals. And the job must be done, even though PRP officials are not in possession of all the facts. Indeed, PRP offers a procedure for getting at the facts. In its initial operation—certainly this quarter and possibly even next—PRP officials will have to rely on somewhat arbitrary tests for internal consistency in reports,

ALLOCATIONS WITH A TOUCH OF INFLATION

THE REQUIREMENTS COMMITTEE has just completed tentative estimates of industrial allocations of critical materials for the third quarter. These are to be used for guidance of PRP processors in deciding on individual company requests for materials.

However, data on end uses, demand, and supply were insufficient to permit precise allocation. And rather

than rigidly reduce the overall allocations of materials down to supply, and thus perhaps deprive essential war manufacturers of needs, a certain amount of inflation was allowed to creep into the allocations so as not to slow down production.

Even so, requests of manufacturers were pared considerably in most materials—as this table shows:

MATERIAL	% ALLOCATIONS TO SUPPLY*	% ALLOCATIONS TO REQUESTS	MATERIAL	% ALLOCATIONS TO SUPPLY*	% ALLOCATIONS TO REQUESTS
<u>ALUMINUM</u>			<u>LEAD, ZINC, & TIN</u>		
HARD SHEETS	109.6	89.6	LEAD, PIGS, BARS & BLOCKS	64.5	100.0
FORGINGS	101.4	95.5	ZINC, SLABS	96.2	72.3
HARD EXTRUDED SHAPES	114.8	75.2	TIN, STANDARD SHAPES	83.9	100.0
HARD TUBING	111.5	65.7			
<u>MAGNESIUM</u>			<u>MOLYBDENUM</u>		
INGOTS	103.7	99.9	CALCIUM MOLYBDATE	100.0	94.6
OTHER SHAPES	115.3	94.4	FERRO-MOLYBDENUM	101.2	85.6
<u>COPPER</u>			MOLYBDENUM OXIDE	100.0	75.1
REFINERY SHAPES	112.3	83.0	<u>CARBON STEEL</u>		
OTHER SHAPES EXCL. SCRAP	113.3	76.6	SHAPES	116.5	80.1
<u>BRASS & BRONZE</u>			PLATES	112.4	85.3
INGOTS	78.3	100.0	RAILS & ACCES.	-	81.7
CASTINGS	100.0	100.0	SEAMLESS PIPE	88.4	100.0
OTHER SHAPES EXCL. SCRAP	114.8	84.0	TIN & TERNE PLATE	137.5	88.7
			ALL OTHER	119.8	73.2

* AFTER TAKING OUT A RESERVE "KITTY" AND AN ALLOWANCE FOR ESTIMATED EXPORTS

rather than on basic data. For instance: Is this manufacturer's inventory large, relative to his production? Is this industry asking for an excessive amount of aluminum forgings, relative to other industries? And so on.

ERROR FUND

And because PRP is not expected to operate perfectly, an error fund--a kitty--is to be established. It is designed to provide for underallotments, for emergency requirements, etc. Ultimately, however, many of these contingent problems will work themselves out. As the war effort approaches a peak, PRP officials will be able to obtain accurate ideas on the relationship of the input of critical materials to the output of finished products.

They'll be able to see how much copper or aluminum, etc., goes to a particular plant to produce a given amount of ammunition, etc. For output--and hence materials requirements--will not be constantly rising as they are today.

Until then, PRP will have tough going, but at least it will have some idea of where it is going. For the PRP set-up tries to gather all the available facts about supply and demand and piece those facts together so as to intelligently allocate supply to demand.

MIND OVER MATTER

In short, PRP is an attempt to prove that mind can triumph over materials. And that is something that has not been done thoroughly, consistently, or successfully, to date.

Subchasers Program Runs Behind

Mosquito boat deliveries are only 50 % of schedule in first half year; seagoing subchasers are 17% short. Propulsion machinery is principal bottleneck.

OUR SUBCHASER PROGRAM is falling behind schedule. In the first half of the year, we fell 50% short of schedules in motor torpedo boats, 45% behind in small subchasers, and 17% behind in large subchasers.

LAG WILL BE CUT DOWN

Forecasts of deliveries in the second half pick up considerably; indeed, they run ahead of schedule. And by the end of the year, if forecasts are attained, the lag will be cut down considerably--to 12% on subchasers and 2% to 3% on motor torpedo boats.

To date, however, there are no indications that deliveries are likely to run ahead of schedules. Indeed, as

the following table shows, manufacturers of large subchasers have consistently been late in their deliveries (as compared with schedule dates), rather than early:

No. of Months	No. of Boats	
	Late	Early
1-2	49	17
2-3	51	19
3-4	19	2
4-5	9	2
5-6	2	2
6-7	0	2
7-8	0	1

The situation on mosquito boats is similar. Postponements in each case have far outstripped advancements.

ENGINES CHIEF PROBLEM

Chief problem so far has been propulsion machinery. A single yard could have turned out twice the total number

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of motor torpedo boats delivered in the first half, if it had been able to operate at capacity, and lack of engines was the principal reason it could not.

And now we are about to superimpose a new program, for 1943 delivery, on the present mosquito-boat-subchaser program, but, unless the present engine bottleneck is quickly opened, many of the boats which should be going out into the sea lanes in the next few months will not start their patrol until well into 1943.

Unreclaimed Rubber

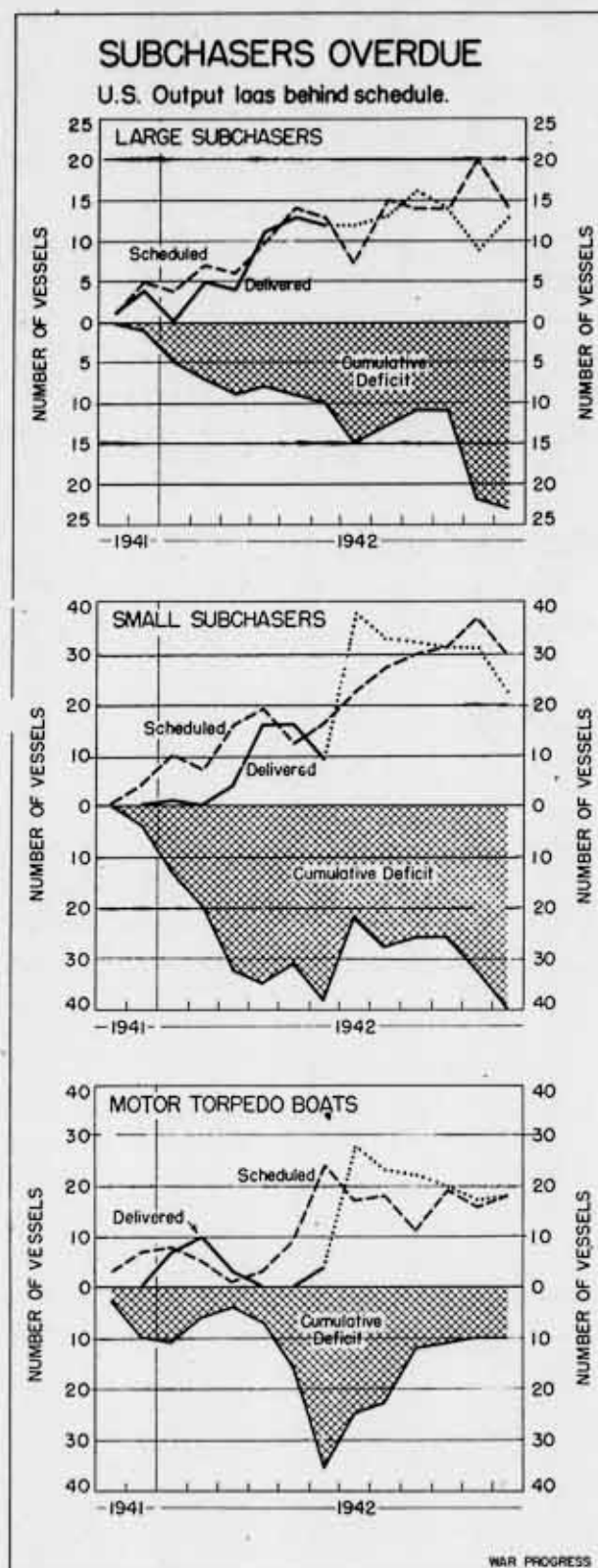
Unused capacity cost U.S. 30,000 tons of reclaimed rubber in first six months. Reclaimers hesitate to tie up working capital in inventories.

DURING THE FIRST HALF of this year, output of reclaimed rubber amounted to 139,000 (long) tons. That's an annual rate of 278,000 tons, or just about this year's estimated requirements of 285,000 tons for the Army, Navy, export, and essential civilian needs. But it's not enough to build up the substantial stockpile which may be necessary to meet next year's expanding demand for rubber of all types, and particularly the need of war workers for tires.

OPERATIONS BELOW CAPACITY

So far this year, some 30,000 tons of reclaim were "lost" because plants operated at a rate close to current consumption, instead of at capacity. Reclaimers hesitate to tie up their working capital in their own inventories. Moreover, users of reclaim--rubber fabricators--were forbidden to build more than a 60-day inventory. That stopped private stockpiling.

Yet, since reclaim is becoming an increasingly important factor in rubber



ALTHOUGH WE EXPECT A SHARP SPEEDUP IN NEAR-BY MONTHS, OUTPUT OF SUBCHASERS WILL BE FURTHER BEHIND SCHEDULE AT THE YEAR END THAT AT PRESENT. HOWEVER, MOTOR TORPEDO BOATS SEEM LIKELY TO CLOSE UP ON THEIR DEFICIT.

manufactures--last year 31 tons of reclaim were used for every 100 tons of crude; this year the ratio will be 57 to 100--a reclaimed rubber stockpile would seem to be desirable as a "cushion" for our crude rubber inventory.

To date, scrap rubber has been no problem for the reclaim manufacturer. As of May 31, stocks on hand amounted to 183,000 tons, which would yield 152,000 tons of finished reclaim; that's 83 tons of reclaim for every 100 tons of scrap.

ENOUGH SCRAP RUBBER

What's more, the President's scrap rubber drive brought in 300,000 tons of scrap to July 3. This scrap will average out to substandard quality and is expected to yield only 65 tons of reclaim for every 100 tons of scrap, or around 195,000 tons.

Thus, all told, we have scrap rubber for 347,000 tons of reclaim--enough to run our plants at full blast for at least a year. And that makes no allow-

ance for recurrent additions to the scrap supply, plus final returns from the President's drive.

To stimulate building of private stocks, the regulation forbidding users of reclaimed rubber to accumulate more than a "practical working inventory" is being relaxed. That may increase orders to reclaiming plants.

If that doesn't boost output of mills to capacity, then the RFC's Rubber Reserve Corporation, or some other federal agency, may be asked to undertake a stockpiling program for reclaim.

1943 Begins

New fiscal year poses same old problems: how to raise taxes and curb consumer purchasing power. And it's going to be bigger and bigger.

THE 1942 FISCAL YEAR was the biggest ever. We spent more money--\$32,000,000,000; we collected more taxes--\$13,000,000,000; we had the biggest deficit--\$19,000,000,000. And, of course, war expenditures were greater than at any time in history--\$25,500,000,000. (Chart, page 24.)

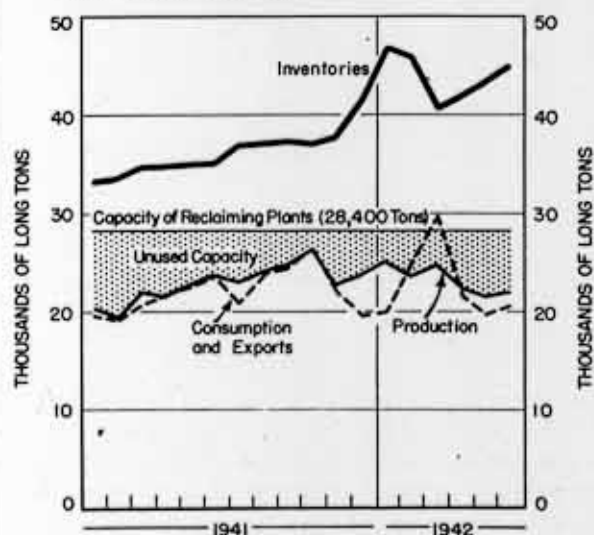
FISCAL QUESTIONS

And the 1943 fiscal year--the one that began July 1--promises to be even bigger. The central problem will be to finance expenditures in such a way as to control the so-called inflation gap; that is, to keep down consumer purchasing power. Specific fiscal questions which will re-arise are:

1. Shall we adopt a general sales tax?
2. Shall we adopt compulsory savings?
3. Shall we speed up tax collections by, say, a withholding tax?
4. Shall we reduce reserve requirements of Federal Reserve member banks

RECLAIMED RUBBER

Production and consumption move together. But production runs below capacity. Result: rise in inventories slows down.



WAR PROGRESS

so as to permit them to increase their subscriptions to Treasury bonds? (This would perhaps help the Treasury in its open-market borrowing.)

5. And above all, how much and by what methods should we raise taxes in an effort to cut down the deficit and reduce the Treasury's financing burden?

Raw Material

OPA AS POLICEMAN

SINCE THE BEGINNING of the year, 10,000 complaints on price-control or rationing violations have been reported to OPA headquarters in Washington. Of this number, 9,000 were deemed worthy of investigation; 2,000 investigations have been completed, and more than half of these cases—1,300—were dismissed. To date 32 civil suits and 26 criminal suits have been instituted.

PRISON PRODUCTION

SOME 60,000 PRISONERS in 100 state institutions are helping to clothe and feed the Army and Navy and provide for lend-lease. Among items turned out in the fiscal year just ended were 54,000 dozen pairs of socks; 130,000 dozen suits of underwear; and 1,000,000 dozen garments such as overalls, work shirts, and fatigue uniforms; 260,000 cotton-filled mattresses, 600,000 jute bags, and 1,500,000 gallons of canned fruit and vegetables. Prison production is not generally permitted to enter ordinary

commercial channels, customarily goes to either federal or local governments.

FREIGHT CARS TO MEXICO

DESPITE our own transportation needs, 1,000 box cars have been sent to Mexico to speed up deliveries of vital materials. Mexico provides 45% of the graphite used in American industry, 33% of the antimony, 19% of the lead, and 40% of the sisal and henequen fibers. With the submarine menace cutting down shipping in the Gulf, Mexico must ship by rail.

FOOTNOTE ON THIOKOL

IN 1933, the Quartermaster Corps tested a little known synthetic rubber--thiokol--as a substitute for leather. For six months, soldiers stationed at Fort Benning, Ga., wore shoes with one leather sole and one thiokol sole. Except for a disagreeable odor, thiokol was okay; it had wearing quality. And now, when leather is scarce, thiokol cannot well be used as a substitute; rubber is scarcer than leather.

PLANES BY WOMEN

THE AIRCRAFT INDUSTRY is adapting itself to women. Last October only 1.1% of workers in airframe plants were women; in May the figure was 8.3%. A similar uptrend, but not quite so strong, is taking place in propeller and engine plants. Nine months ago female employment in such plants was negligible; now it's over 3% of workers.

into shells as well as into wire for defense housing and industrial plants; structural shapes and steel plates are needed in ships and tanks as well as in shipways and tank arsenals.

DRAINS KEY MATERIALS

The \$14,200,000,000 program will put a heavy load on many key materials, ranging from 8% for copper to 110% for cement, as the following table shows:

<u>Material</u>	<u>% of Total New Supply</u>
Asphalt.....	70
Cement.....	110
Copper.....	8
Lead.....	19
Lumber.....	65
Steel Plates.....	12
Structural Shapes....	36
Zinc.....	9

Thus, head-on collisions between construction requirements and direct-munitions demand are unavoidable in numerous items; for in all the above cases, except lead, the new supply is insufficient to meet the estimated total demand of our economy (munitions, construction, and other uses) this year.

CUTTING SPECIFICATIONS

So something must give. Already, builders have cut down on specifications that call for critical materials. The Army, for example, has reduced its demands for copper tubing, copper pipe, and steel frames in most of its structures. The Navy is currently studying ways and means of stinting on scarce items.

For instance, recent calculations show that the Army has been using 14 tons of copper per \$1,000,000 of construction, as against 27 for the Navy

(excluding ships). Similarly, in steel, the Army has been using 700 tons per \$1,000,000 of construction, the Navy 2,000 tons.

DRASTIC ACTION INDICATED

But the problem seemingly goes beyond mere cutting down. Substitute materials must be used wherever possible—wood, glass, and clay products—instead of the tighter metals. But since the demand on substitutes piles up, and what was once a plentiful material soon becomes short—lumber or asphalt as examples—outright pruning of the overall construction program may become unavoidable.

POSTPONEMENT ACCENTS PROBLEM

Indeed, an even more drastic policy may be called for; it may become advisable to dispense with all facilities construction that cannot actually get into production this year or in the early months of 1943. In which case the longer a decision is postponed, the more acute the ultimate problem will be. For materials will be piling up in plant instead of munitions.

British Get Lion's Share

Of lend-lease transfers. But Russia is coming up, and actually leads in deliveries of tanks. Closing of Burma Road causes drop for China. But total rises.

ANTICIPATING the current German offensive, lend-lease aid to Russia has jumped 210% so far this year—from \$32,200,000 in January to \$99,600,000 in May. Russia is now getting about one-third as much lend-lease materials as the British Empire. Dollar value of British transfers rose 47%—from \$177,000,000 in January to \$261,000,000 in May. Meanwhile Chinese aid declined, due largely to the closing of the Burma

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War Progress Notes

BOND SALES SHORT OF GOAL

WAR BOND SALES in June were \$633,900,-000, down \$400,000 from May and \$166,-000,000 short of the Treasury's \$800,-000,000 quota for the month (see chart, page 22). Sales to corporations, savings banks, and insurance companies dropped about \$7,800,000, while sales to individuals (79% of the total) offset that in major part, rising \$7,400,-000 to \$500,400,000.

Effects of the campaign for bond sales through voluntary payroll deductions are likely to be delayed until late this month or early August. The Treasury is confident that the goal of \$1,000,000,000 per month will be reached in July. Quarterly income tax payments may have cut individual purchases in June.

TRAINING WAR WORKERS

VOCATIONAL TRAINING PROGRAMS of the Office of Education are proceeding according to schedule. During the ten months ended April 30, over 1,800,000 persons concluded courses designed to prepare them for employment in war production industries (see chart, page 24).

However, a large part of the training for war production performance must be accomplished by the plants themselves; the special and regular vocational programs of the Office of Education, the Apprentice Training program promoted by the Department of Labor and the NYA

training program will not be adequate to train sufficient workers to meet the expanding demands of the war effort.

The Training-Within-Industry branch of WPB is cooperating with plants engaged in war production in order to spread and improve in-plant training techniques. At the end of May over 2,700 plants employing a total of 3,416,000 workers had been assisted. Nearly 98,000 supervisors had completed job instructor training.

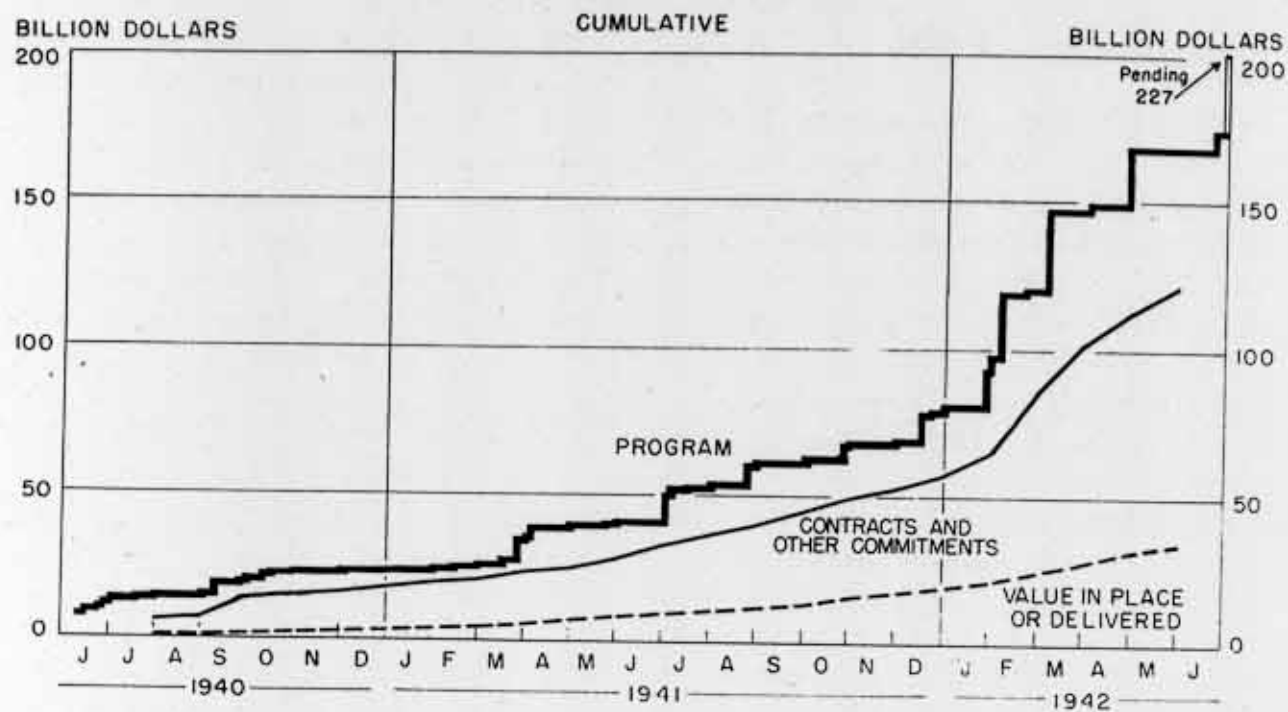
FEDERAL DEBT

WAR EXPENDITURES in June were at an annual rate of \$50,000,000,000, up 300% over a year ago. Income payments increased only 20%. War outlays now are running at 45% of estimated national income payments; a year ago they were only 13%. Since the start of the war program in July, 1940, the annual rate of income payments has increased \$34,-000,000,000--up from \$75,800,000,000 in July, 1940, to about \$110,000,000,-000 last month (see chart, page 24).

WAR EXPENDITURES AND NATIONAL INCOME

THE FEDERAL DEBT on June 30 was \$74,-000,000,000--up \$21,300,000,000 during the fiscal year, and \$27,000,000,000 since the start of the war effort in July, 1940. Guaranteed obligations of government-owned corporations are included. War expenditures have led the way in this tremendous climb. Despite more revenue and curtailed nonwar expenditures, we have had to borrow more than three-fourths of the money spent for the war effort.

TOTAL WAR PROGRAM



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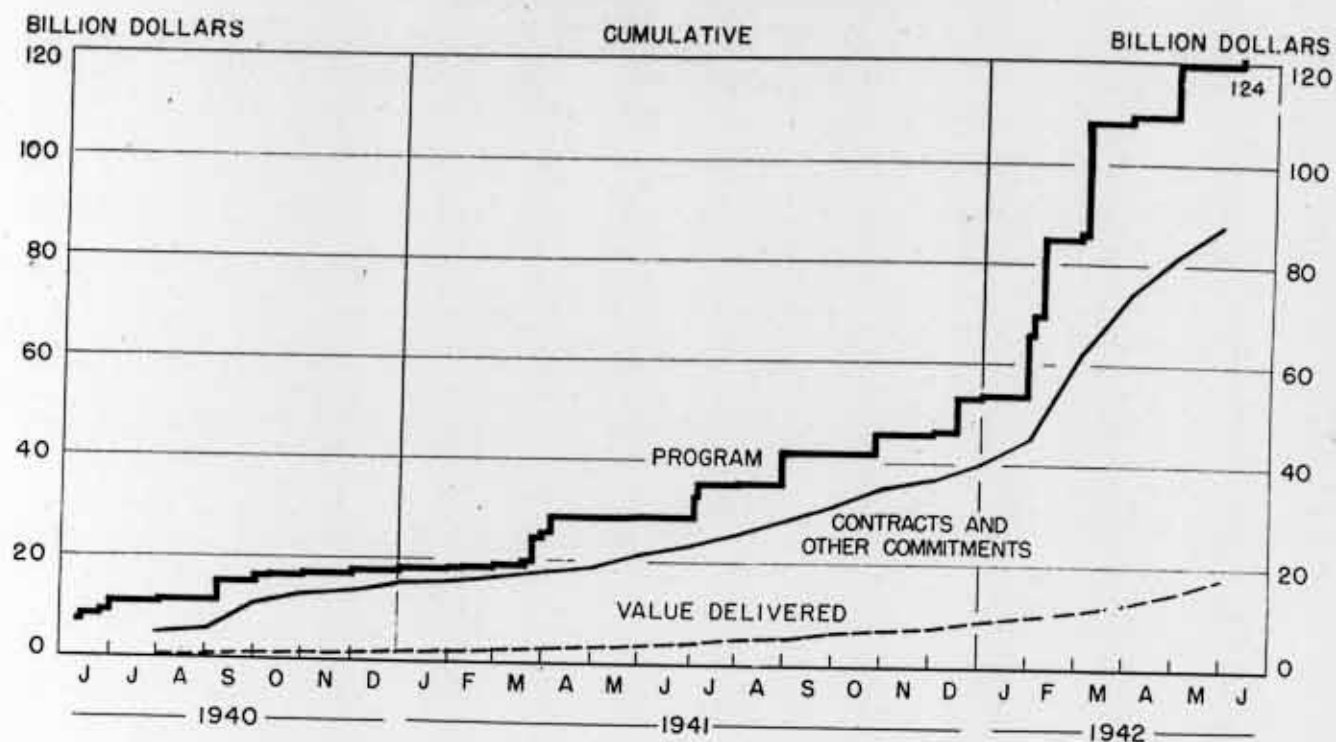
WAR PROGRESS SERIES
TOTAL WAR PROGRAM IN THE UNITED STATES

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
TOTAL WAR PROGRAM IN THE U.S. ^a			(Million dollars)			
Program-July and Pending Program-enacted (incl. F.Y. 1943 funds)	40,861	80,604	P 168,769	P 19,037	P 0	P 52,800
Uncommitted balance	9,274	23,979	P 46,773	-	-	P 5,081
Contracts and other commitments	31,587	56,625	P 121,996	P 9,899	P 9,731	n.a.
Value delivered and/or in place ^b	8,547	18,573	P 34,620	P 3,792	P 4,060	n.a.
Checks paid ^c	8,536	17,965	P 33,415	P 3,571	P 3,934	P 4,177
MUNITIONS PRODUCTION & WAR CONSTRUCTION, TOTAL						
Program	37,027	69,305	P 150,856	P 17,740	P 0	P 4,956
Uncommitted Balance	7,597	18,281	P 38,402	-	-	-
Contracts and other commitments	29,430	51,024	P 112,454	P 9,088	P 9,107	n.a.
Value delivered and/or in place ^b	6,795	14,750	P 28,302	P 3,261	P 3,465	n.a.
Value not delivered nor in place	22,635	36,274	P 84,152	-	-	-
PRODUCTION OF MUNITION						
Program	28,566	53,738	P 119,341	P 11,743	P -25	P 4,631
Uncommitted balance	4,901	13,929	P 31,292	-	-	-
Contracts and other commitments	23,665	39,809	P 88,049	P 7,598	P 6,668	n.a.
Value delivered and/or in place ^b	4,290	8,940	17,811	2,161	2,248	n.a.
Value not delivered nor in place	19,375	30,869	P 70,238	-	-	-
WAR CONSTRUCTION						
Program	8,461	15,567	P 31,515	P 5,997	P 25	P 325
Uncommitted balance	2,696	4,352	P 7,110	-	-	-
Contracts and other commitments	5,765	11,215	P 24,405	P 1,490	P 2,439	n.a.
Value delivered and/or in place ^b	2,505	5,810	P 10,491	P 1,100	P 1,217	n.a.
Value not delivered nor in place	3,260	5,405	P 13,914	-	-	-
NON-MUNITIONS WAR ITEMS, TOTAL						
Program	3,834	11,299	P 17,913	P 1,297	P 0	P 125
Uncommitted balance	1,677	5,698	P 8,371	-	-	-
Contracts and other commitments	2,157	5,601	P 9,542	P 811	P 624	n.a.
Checks issued	1,752	3,823	P 6,318	P 531	P 595	n.a.

Graph appears on opposite page.
Table continued on Page 15.

For footnotes see Page 20.

MUNITIONS PRODUCTION



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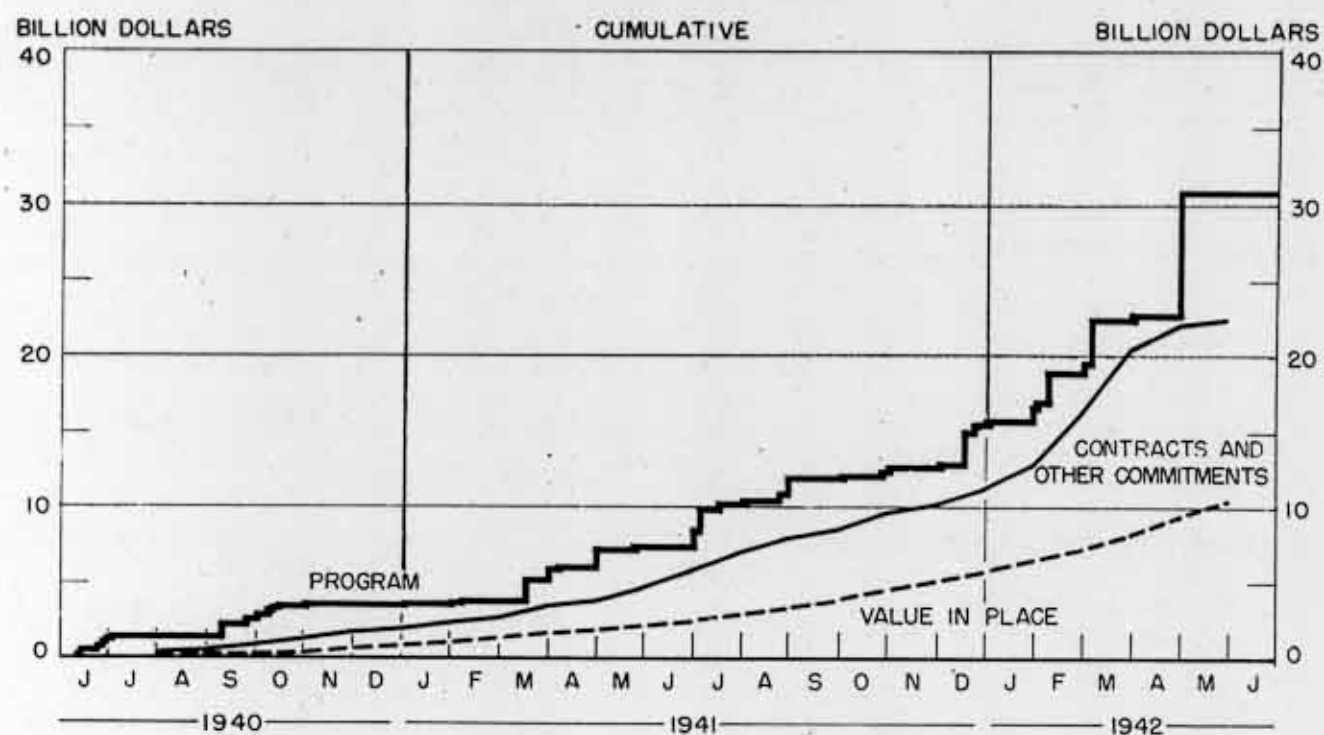
WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
			(Million dollars)			
BREAKDOWN OF MUNITIONS PRODUCTION						
● MUNITIONS PRODUCTION, TOTAL						
Program	28,566	53,738	P 119,341	P 11,743	P -25	P 4,631
Uncommitted balance	4,901	13,929	P 31,292	-	-	-
Contracts and other commitments	23,665	39,809	P 88,049	P 7,598	P 6,668	n.a.
Value delivered and/or in place ^b	4,290	8,940	17,811	2,161	2,248	n.a.
Value not delivered nor in place	19,375	30,869	P 70,238	-	-	-
AIRPLANES, PARTS & ACCESSORIES						
Program	8,582	15,072	P 37,801	P 8,860	P 0	P 72
Contracts and other commitments	7,381	13,298	P 31,107	P 1,556	P 2,409	n.a.
Value delivered	1,010	2,265	4,242	416	471	479
ORDNANCE						
Program	7,778	17,488	P 36,115	P 872	P 0	P 557
Contracts and other commitments	5,418	10,354	P 24,513	P 2,840	P 2,278	n.a.
Value delivered	700	1,685	4,267	619	696	768
NAVAL SHIPS						
Program	6,796	9,605	15,538	18	0	P 2,480
Contracts and other commitments	6,442	7,930	P 12,000	P 551	P 275	n.a.
Value delivered and/or in place	810	1,665	2,979	314	399	P 405
MERCHANT SHIPS						
Program	1,442	3,288	P 7,599	P -25	P -25	P 1,054
Contracts and other commitments	1,484	2,381	P 6,262	P 234	P 607	n.a.
Value in place	240	510	1,012	118	131	P 153
OTHER MUNITIONS AND SUPPLIES						
Program	3,968	8,285	P 22,288	P 2,018	P 0	P 468
Contracts and other commitments	2,940	5,846	P 14,167	P 2,417	P 1,099	n.a.
Value delivered	1,530	2,815	5,311	694	551	n.a.

● Graph appears on opposite page.
● Table continued on Page 17.

For footnotes see Page 20.

WAR CONSTRUCTION



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WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
	(Million dollars)					
	BREAKDOWN OF WAR CONSTRUCTION					
● WAR CONSTRUCTION, TOTAL (LAND, BLDGS., EQUIP.)						
Program	8,461	15,567	P 31,515	P 5,997	P 25	P 325
Uncommitted balance	2,696	4,352	P 7,110	-	-	-
Contracts and other commitments	5,765	11,215	P 24,405	P 1,490	P 2,439	n.a.
Value in place	2,505	5,810	P 10,491	P 1,100	P 1,217	-
Value not in place ^b	3,260	5,405	P 13,914	-	-	-
INDUSTRIAL FACILITIES (LAND, BLDGS., EQUIP.)						
Program	5,120	8,112	P 16,903	P -122	P 25	P 322
Contracts and other commitments	2,865	6,318	P 15,105	P 1,101	P 1,047	n.a.
Value in place	960	2,800	P 5,375	P 600	P 629	-
INDUSTRIAL FACILITIES, BUILDINGS ONLY						
Program	1,607	3,137	n.a.	P 878	n.a.	n.a.
Value in place	575	1,753	P 2,887	P 253	P 260	n.a.
POSTS, DEPOTS, STATIONS						
Program	2,849	6,063	13,220	6,119	0	P 3
Contracts and other commitments	2,625	4,381	P 8,500	P 314	P 1,317	n.a.
Value in place	1,430	2,670	P 4,599	P 459	P 545	n.a.
DEFENSE HOUSING						
Program	492	1,392	1,392	0	0	P 0
Contracts and other commitments	275	516	P 800	P 75	P 75	n.a.
Value in place	115	340	P 517	41	P 43	n.a.
	BREAKDOWN OF NON-MUNITIONS					
NON-MUNITIONS, TOTAL						
Program	3,834	11,299	P 17,913	P 1,297	P 0	P 125
Uncommitted balance	1,677	5,698	P 8,371	-	-	-
Commitments	2,157	5,601	P 9,542	P 811	P 624	n.a.
Checks issued by agencies ^b	1,752	3,823	P 6,318	P 531	P 595	n.a.
STOCKPILE						
Program	983	2,399	P 2,713	P 0	P 0	P 0
Commitments	470	1,050	P 1,140	P 30	P 30	n.a.
Checks issued by agencies	192	488	P 911	64	P 102	n.a.

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

For footnotes see Page 20.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
	(Million dollars)					
	BREAKDOWN OF NON-MUNITIONS (Continued)					
AGRICULTURAL EXPORTS (LEND-LEASE)						
Program	625	1,522	2,138	214	0	P 0
Commitments	66	561	P 994	82	P 65	n.a.
Checks issued by agencies	1	211	539	91	87	n.a.
PAY, SUBSISTENCE & TRAVEL ^f						
Army Military						
Program	944	3,013	3,904	745	0	P 116
Commitments	934	2,030	P 3,564	239	P 281	n.a.
Checks issued	696	1,510	P 2,429	P 200	P 220	n.a.
Navy Military						
Program	378	963	2,246	5	0	P 0
Commitments	334	610	P 1,039	86	P 110	n.a.
Checks issued	388	642	P 944	P 65	P 70	n.a.
Civilian Payroll						
Program	32	247	253	5	0	P 46
Commitments	32	140	P 235	20	P 15	n.a.
Checks issued	356	682	P 1,035	P 75	P 79	n.a.
MISCELLANEOUS NON-MUNITIONS						
Program	872	3,155	P 6,659	P 328	P 0	P -37
Commitments	321	1,210	P 2,570	P 354	P 123	n.a.
Checks issued by agencies	119	290	P 460	P 36	P 37	n.a.

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For footnotes see Page 20.

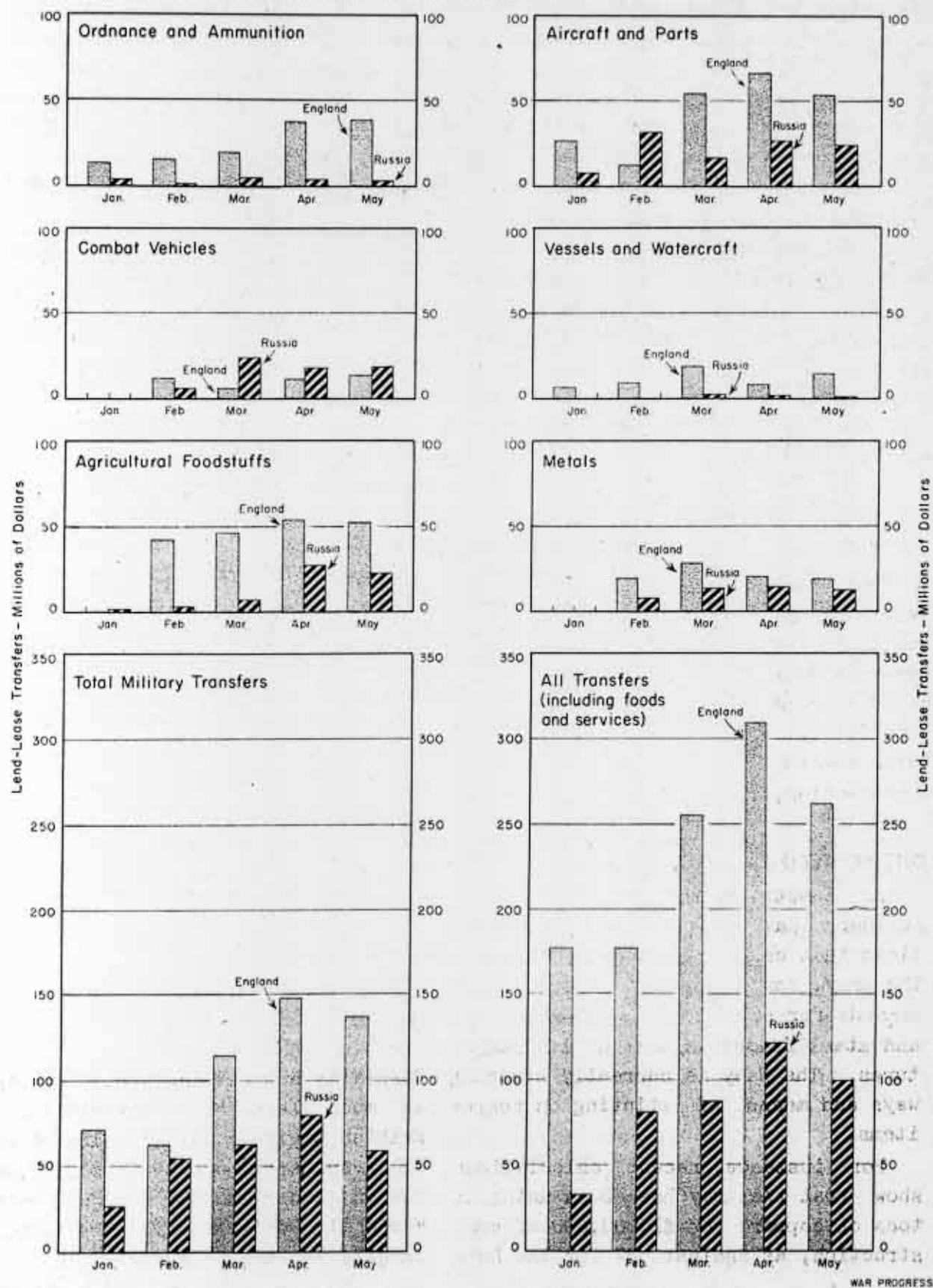
WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
			(Million dollars)			
			BREAKDOWN OF AGENCIES			
UNITED STATES FINANCED WAR PROGRAM ^d						
Program	37,075	76,508	P 164,673	P 19,037	0	P 5,081
Uncommitted balance	9,274	23,979	P 46,773	-	-	-
Contracts and other commitments	27,801	52,529	P 117,900	P 9,899	P 9,731	P n.a.
Checks paid	6,431	15,251	30,387	3,505	3,880	P 4,123
U. S. ARMY						
Program	13,134	31,981	84,468	17,395	0	P 0
Contracts and other commitments	11,404	23,334	P 62,005	6,003	P 6,138	n.a.
Checks paid	3,636	7,889	13,987	1,284	1,497	1,662
U. S. NAVY						
Program	12,308	20,024	43,635	1,676	0	P 3,785
Contracts and other commitments	11,182	16,327	29,964	1,993	1,971	n.a.
Checks paid	2,217	4,726	8,891	1,020	1,229	1,237
LEND-LEASE						
Program	7,000	12,985	18,410	0	0	P 0
Allocations	5,177	11,345	14,366	222	508	n.a.
Contracts and other commitments	2,458	6,282	10,181	673	305	n.a.
Checks paid	21	910	3,434	525	626	665
U. S. MARITIME COMMISSION						
Program	784	2,734	6,584	0	0	P 1,070
Contracts and other commitments	886	1,724	P 5,702	226	608	n.a.
Checks paid (Net) ^e	44	156	528	87	93	114
RFC AND SUBSIDIARIES						
Program	2,623	5,130	P 7,704	P -90	P 0	P 0
Contracts and other commitments	1,151	3,569	P 7,916	P 819	P 509	n.a.
Checks issued by RFC	350	956	2,210	274	327	P 300
OTHER U. S. AGENCIES						
Program	1,226	3,654	3,872	56	0	P 226
Contracts and other commitments	720	1,293	P 2,132	185	P 200	n.a.
Checks paid	163	614	1,337	315	108	145
FOREIGN ORDERS						
Program (orders)	3,786	4,096	P 4,096	P 0	P 0	P 0
Commitments	3,786	4,096	P 4,096	P 0	P 0	P 0
Checks issued by Purchasing Missions	2,105	2,714	P 3,028	66	P 54	P 54

For footnotes see Page 20.

OUR TWO BIGGEST LEND-LEASERS—BRITAIN & RUSSIA

Military transfers increase sharply, with aircraft and parts in the lead; combat vehicles to Russia exceed those to Britain. Here are some key comparisons.



FOOTNOTES

WAR PROGRESS⁸ SERIES

n.a. Not available
r Revised.

P Preliminary

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

JULY 10, 1942

CONFIDENTIAL . . . 21

ECONOMIC ACTIVITY RELATED TO THE WAR

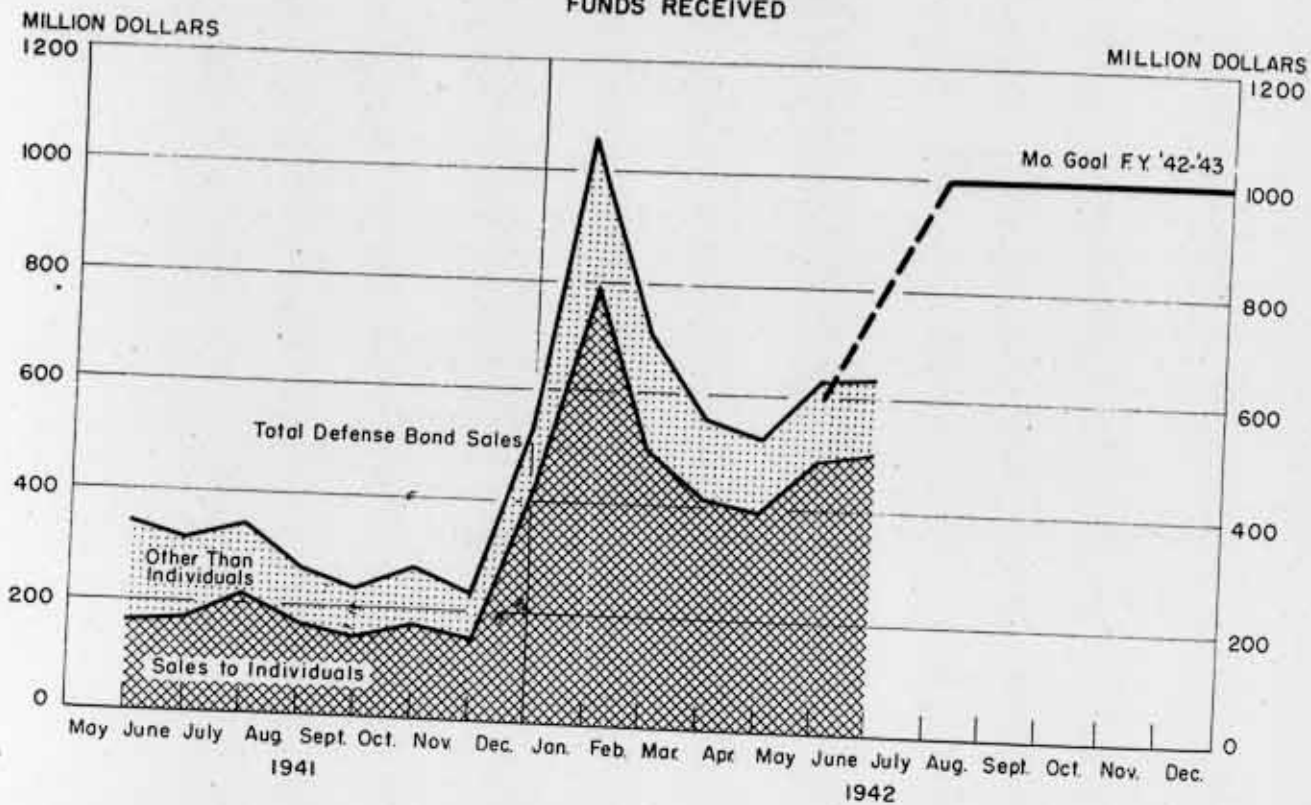
	1940	1941	1942			
	July	July	April	May	June	Week Ending July 4
FED. RES. BD. PROD. INDEXES						
		(Unadjusted indexes 1935-39=100)				
Total industrial production	120	159	171	P 177		
Durable manufactures	131	197	232	P 241		
Nondurable manufactures	111	138	138	P 139		
Minerals	121	130	125	P 133		
BUR. FOR. & DOM. COM. MFRS. ORDERS, SHIPMENTS, INVENTORIES						
			(Indexes)			
New orders, total (1/39=100)	127	212	292	P 307		
Shipments, total }	103	163	200	P 204		
Inventories, total } 1939 av.	112.2	136.4	167.0	P 170.7		
Durable } mo.=100	113.9	150.3	186.6	P 190.3		
Nondurable }	110.7	124.3	149.9	P 153.6		
BLS PRICE INDEXES						
			(Indexes)			
Strategic materials)	123.6	140.3	145.7	147.6	P 147.6	147.5
Critical materials) 8/39	107.5	115.2	123.2	123.3	P 123.2	123.1
Basic commodities) =100	108.5	148.7	167.0	167.1	166.4	167.1
Machine tools)	108.7	117.6	118.1	118.1	-	-
All commodities (1926=100)	77.7	88.8	98.8	P 98.8	P 98.5	P 98.5
BLS COST OF LIVING INDEX						
			(1935-39=100)			
All items	100.3	100.8	115.1	116.0		
Food	97.4	97.8	119.6	121.6		
Rent	104.6	105.0	109.1	109.7		
● TRANSPORTATION & ELEC. POWER						
Freight cars						
Loading (thous. per week)	706	853	838	834	846	754
Unloads for export, dly. av.						
Atlantic & Gulf ports (no.)	1,494	1,614	2,069	1,881	P 1,896	1,804
Pacific ports (no.)	112	159	400	449	P 497	517
Surplus, total, dly. av. (thous)	132	77	57	61	83	
Box cars	55	30	26	34	57	
Coal cars	48	27	14	10	9	
Bad order cars, total,						
1st of month (thous.)	153	85	60	62	63	
Power prod. (mil. kwh.)	12,094	14,226	14,579	14,997	P 14,819	3,424
● DEFENSE BOND SALES						
	-	342	(Million dollars)			
			531	634	634	139
▲ FEDERAL DEBT						
			(Billion dollars)			
Net public debt, end of month	41.5	46.9	62.1	65.4	69.4	
▲ NATIONAL INCOME						
			(Billion dollars, annual rate)			
Total, income payments	75.8	93.3	108.5	109.3		
DEFENSE HOUSING						
			(Number of dwelling units, cumulative to end of period)			
Fund allocations	1,460	123,433	413,530	413,776	456,018	460,739
Constr. contracts awarded	624	87,132	193,438	260,611	295,912	313,696
Construction completed	0	29,954	104,318	119,586	129,725	129,543

● Graph appears on following page.

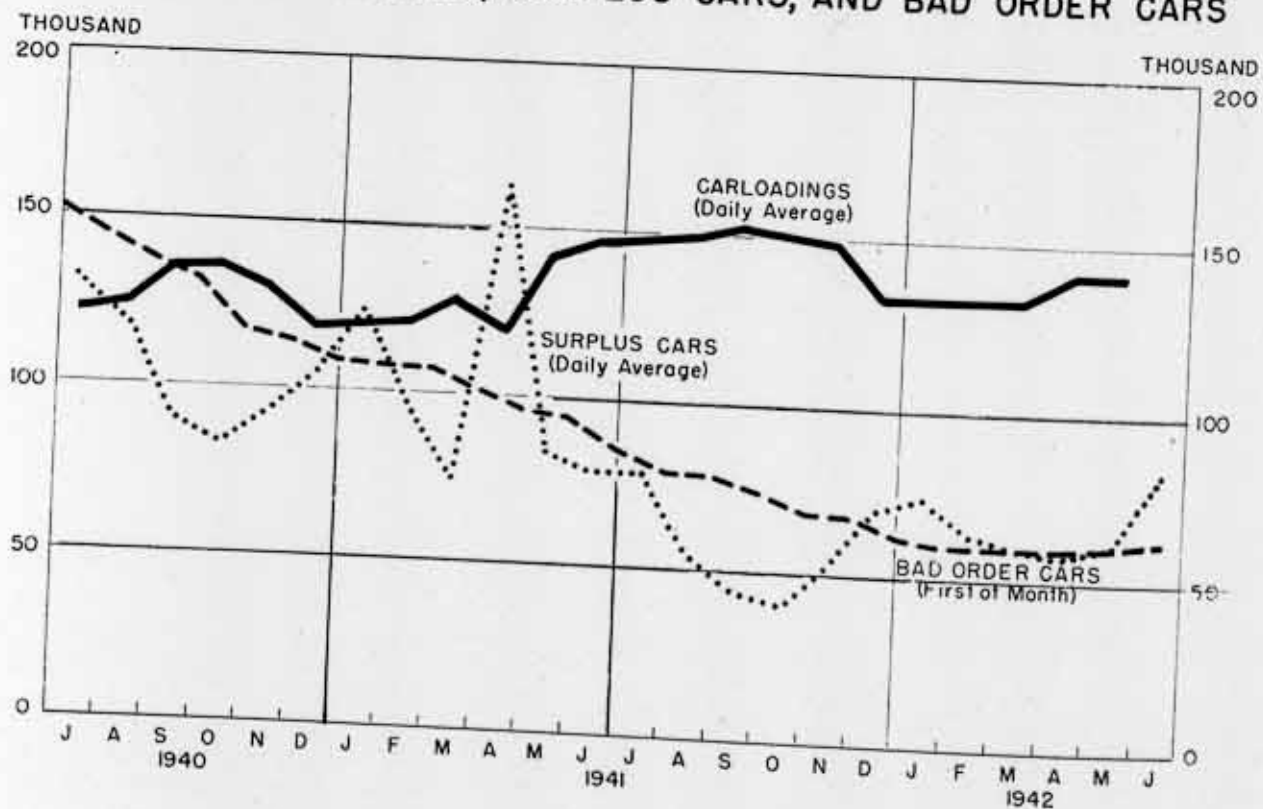
p Preliminary data.

▲ Graph appears on page 24.

Note: Certain statistical series included in these tables are nonconfidential and are published in such public documents as the Federal Reserve Bulletin, Survey of Current Business, etc. Obviously inclusion here should not be construed as a limitation on their use.

DEFENSE BOND SALES
FUNDS RECEIVED

FREIGHT CARLOADINGS, SURPLUS CARS, AND BAD ORDER CARS



ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942			
	July	July	February	March	April	May
EMPLOYMENT						
Total civil nonagricultural War Industries	35,904	39,908	(Thousand workers) 39,995	40,392	40,874	p 41,201
Private, 18 major indus.	1,663	2,559	3,176	3,296	3,442	p 3,559
Private contractors, public construction	13	412	614	643	748	
Public	117	225	315	339	350	
Total	1,793	3,196	4,105	4,278	4,540	
Deep sea merchant vessels	51	50	49	48	47	47
Total WPA employment	1,655	1,055	1,029	963	867	786
UNEMPLOYMENT (WPA ESTIMATE)						
Number of unemployed	9.3	r 5.7	(Million workers) 4.0	3.6	3.0	2.6
	7/ 1/40- 6/30/41 a	Number concluding training Cumulative July 1, 1941 to end of				In training end of April 1942
		January 1942	February 1942	March 1942	April 1942	
● VOCATIONAL TRAINING FOR WAR PRODUCTION WORKERS						
Office of Education Programs			(Thousands)			
Out-of-school youth	223	128	154	192	227	47
Preemployment-refresher b	342	387	456	546	546	182
Supplementary to employment	348	456	522	606	690	179
Engineering, science, and management	66	146	188	227	273	130
Total	979	1,117	1,320	1,571	1,836	538
TRAINING-WITHIN-INDUSTRY-WPB						
Job Instructor Training Program						
Job instructors trained c		21	32	45	63	
Employees in plants served		1,285	1,694	2,295	2,759	
			(Number)			
Plants served		938	1,250	1,801	2,216	
	Cumulative 6/11/40 through		Monthly, 1942			
	End 1st full year 6/30/41	End of April 1942	End of May 1942	March	April	May
VALUE OF FACIL. ON APPLIC. FOR CERT. OF NECESSITY						
Total approved	1,030	2,975	(Million dollars) 3,145	386	-274	170
Private funds	829	2,574	2,738	355	241	164
Public funds	201	401	407	31	33	6
Pending	387	606	636	-	-	-

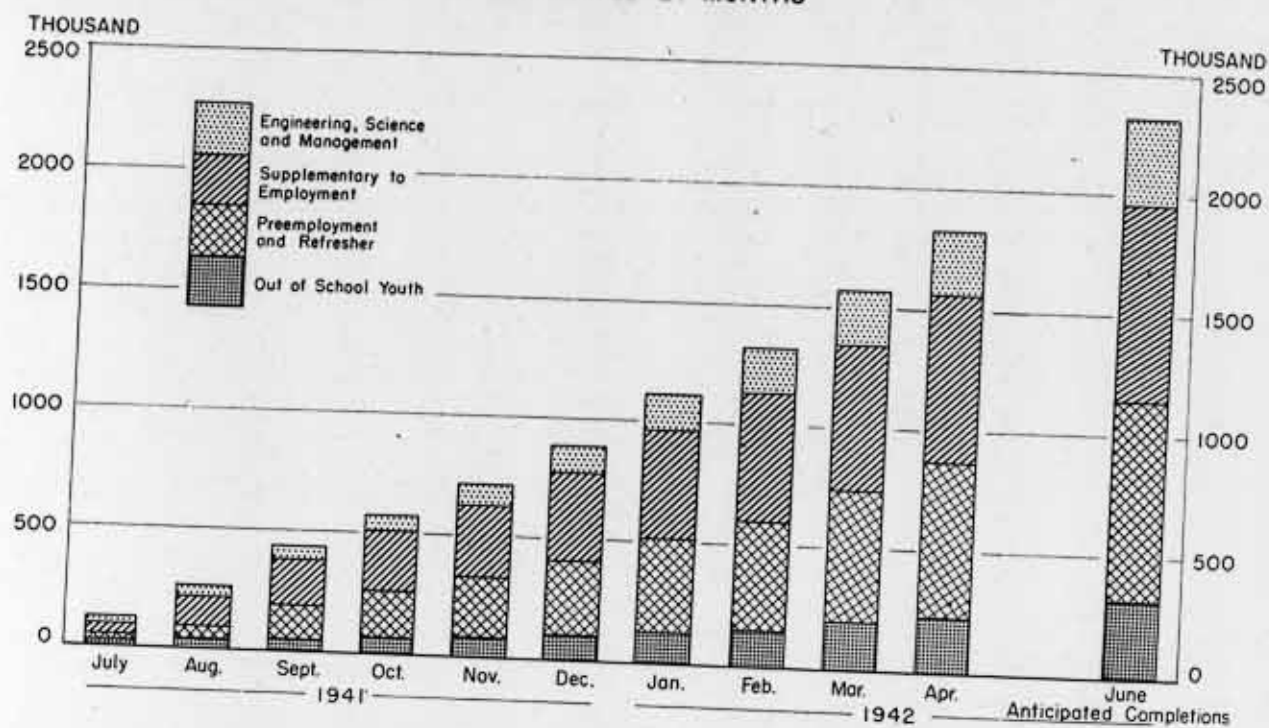
● Graph appears on following page.

p Preliminary data.

r Revised data.

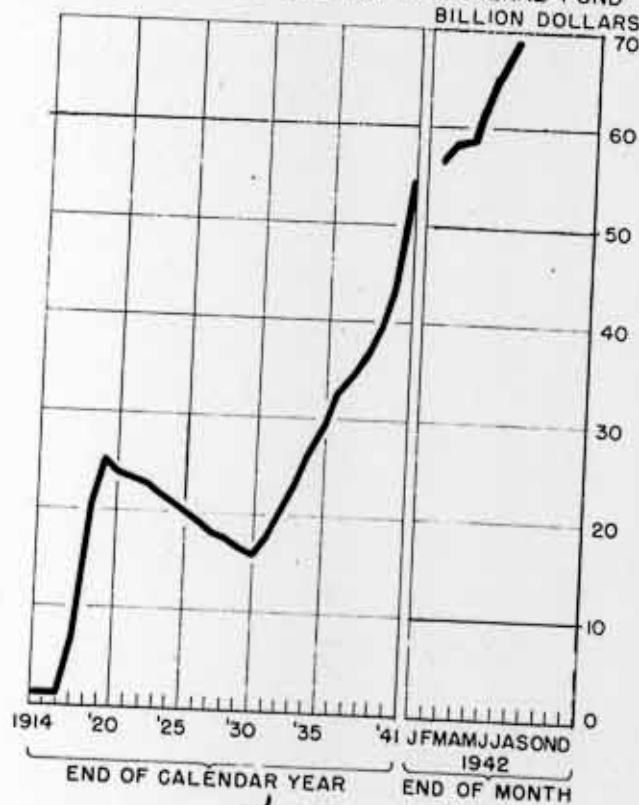
^a Not adjusted for dropouts.^b Includes NYA defense project workers referred to training courses. Information on the NYA program of training for war industries will be shown in a later issue.^c Cumulative, September through April. Job instructor training started September 1.

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

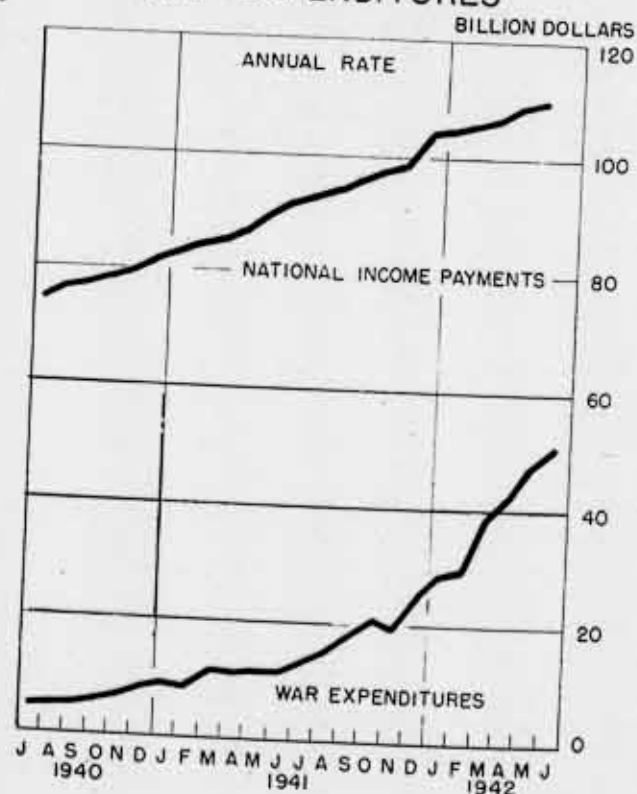


NET FEDERAL DEBT, 1914-1942

GROSS DEBT LESS BALANCE IN GENERAL FUND
BILLION DOLLARS



NATIONAL INCOME & WAR EXPENDITURES



WAR PROGRESS

~~Confidential~~

~~(British Secret)~~

RECEIVED
U.S. NAVY DEPT. MAR 20 1942
COMMUNICATIONS SECTION
MAR 20 1942

Six Months' Roundup of War Pro-
duction--Deliveries vs. Objectives
Bustle of the Ports

Number 96

July 17, 1942

WAR PROGRESS

Prepared in the War Production Board

Donald M. Nelson, Director

War Progress is a confidential report designed to provide a coordinated and continuing picture of the overall war program for the various war agencies. To this end, it presents, analyzes, and interprets basic statistical and economic information, and from time to time examines the pros and cons of controversial questions.

Although War Progress is an official publication of the War Production Board, statements in it are not to be construed as expressing official attitudes of the Board as a whole, or even of individual members. Conclusions, whenever reached, should be considered editorial conclusions.

War Progress is prepared in the Statistics Division (Stacy May, Director) by the Munitions Branch (Morris A. Copeland, Chief; Howard B. Myers, Associate Chief).

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This report contains CONFIDENTIAL information affecting the defense of the United States. See inside back cover for rules of custody.

One Third Done, Two Thirds To Go

Munitions and war construction doubled in first half of year, but must double again in next six months to achieve overall objective for 1942.

MUNITIONS PRODUCTION and war construction in the first half of this year more than doubled from the preceding half year, to \$17,690,000,000. And the forecast is that it will double again in the second half, to a full-year total of \$53,011,000,000. If it gets that high, American munitions makers and plant builders will have achieved 96% of the goal set for them.

The Other Side

There's another side to this geometric upsweep. Less than one third of the year's objective was achieved in the first half—less than one fourth in such vital categories as combat planes, antiaircraft guns, and certain other ordnance items.

That means, therefore, that we must turn out more than two thirds of the year's overall objective in the next six months; more than three quarters of the objective in combat planes and certain ordnance items.

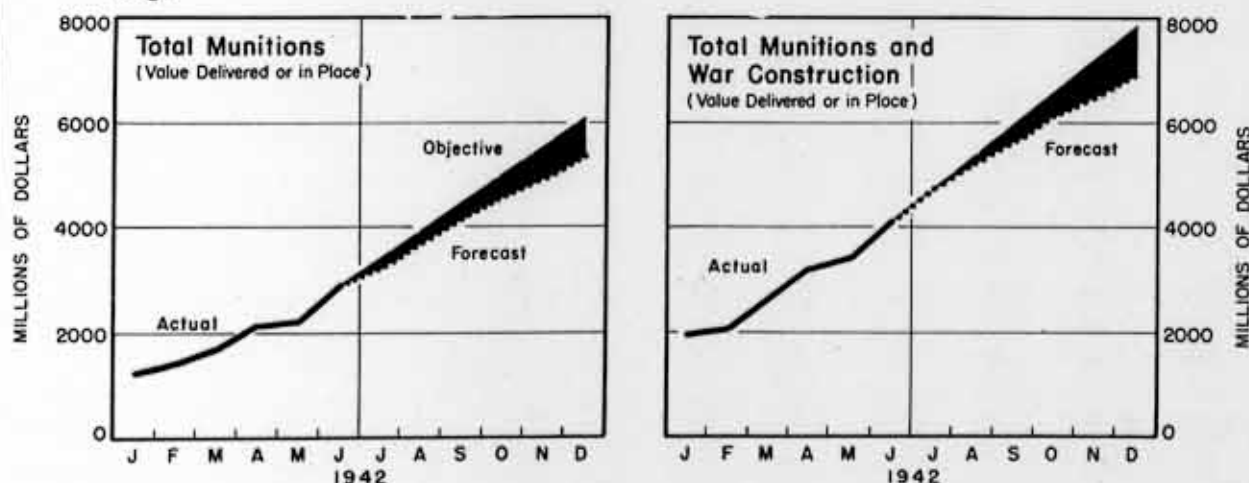
Sharp Step-Up Necessary

Charts on pages 3 and 4 indicate how steeply production in each major category must step up to attain the 1942 objective. It is clear that a race against time is ahead. But we shall at least come close to winning that race if present forecasts are realized.

In half of the categories tabulated on the following page, present forecasts are that we shall reach or better the year's objective. In the case of combat vehicles, that is partly because we lowered our sights on the tank objective early this year. The ammunition total is slightly ahead of the

WAR PRODUCTION VS. THE OBJECTIVE

About one third of year's goal has been produced in first half, leaving two thirds to go



goal, largely because of the high rate of production of small-arms ammunition. The large trainer program has lifted the noncombat plane total above the Presidential quota.

So far this year, combat planes and antiaircraft guns and equipment are farthest from the year's objective (among the categories shown), and, when the year is finished, the same items are likely to show the lowest percentage of attained objectives--as the following table indicates:

	% of Objective		
	1st	2nd	Full
	half	half	year
Total munitions and war construction...	32%	64%	96%
War construction and facilities.....	40	60	100
Total munitions.....	29	65	94
Combat planes.....	25	48	73
Other planes.....	43	65	108
Total planes.....	27	54	81
Small arms and automatic weapons..	31	63	94
Antiaircraft.....	23	57	80
Total guns.....	27	60	87
Ammunition.....	28	72	100

	% of Objective		
	1st	2nd	Full
	half	half	year
Combat vehicles.....	30	91	121
Tankers.....	34	66	100
Dry cargo vessels and transports.....	34	66	100
Total merchant ships.	34	66	100

Production forecasts range all the way from 73% to 121% of the objectives, and the range is even wider if subcategories are considered. That isn't entirely due to the fact that some industries are doing a better job than others.

In the main, objectives are intended to measure military requirements. But there are "degrees of objectives." In many cases, the objective is set largely by military needs. In other cases, the objective is tempered by consideration of plant capacity--doability. And in still other cases, plant capacity is the major consideration; no real differentiation is made between the objective and the schedule of work.

Objectives on Different Bases

Clearly, when objectives have been made up on differing bases, they are not fully comparable with one another.

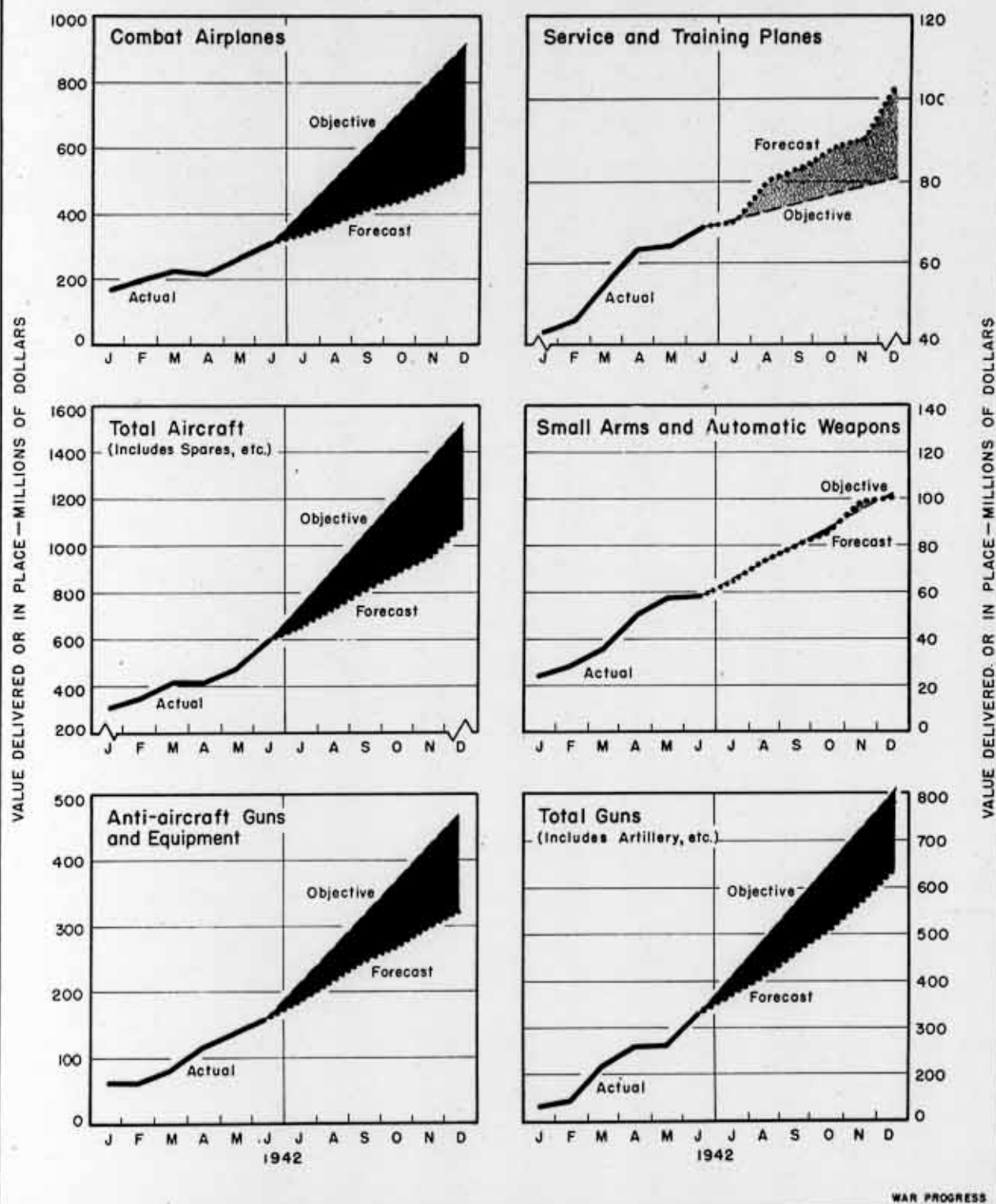
This suggests that we could appraise our war effort more realistically--the whole as well as the parts--if the objectives for tanks, planes, aircraft carriers, machine guns, etc., were all formulated on the same basis.

In the meantime, however, one fact stands out: Our war effort has been picking up sharply--and no doubt about it. Total munitions production and war construction in the first half of this year exceeded the entire war output from the fall of France in June, 1940--beginning of our war program--through December, 1941.

IN THIS ISSUE:

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WHO'S WHO IN LABOR	8
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HERE'S OUR PRODUCTION OF PLANES & GUNS



SCHEDULED U. S. MUNITIONS PRODUCTION AND WAR CONSTRUCTION FALLS SHORT OF THE OBJECTIVES SET FOR THIS YEAR BY $\frac{1}{2}$ %. BUT AS THESE AND THE SUBSEQUENT CHARTS INDICATE, THERE ARE

WIDE VARIATIONS BETWEEN INDIVIDUAL ITEMS. WHEREAS COMBAT PLANE OUTPUT FOR THE YEAR IS LIKELY TO BE WELL UNDER THE OBJECTIVE, OUTPUT OF TRAINER PLANES IS EXPECTED TO RUN

road. The following table indicates the rise in lend-lease transfers from May to January of this year:

	Jan. (In Millions)	May	Change
British Emp....	\$177.0	\$261.0	+ 47%
Russia.....	32.2	99.6	+210
China.....	13.0	3.3	- 75
Others.....	0.4	1.2	+200
Total.....	\$222.6	\$365.0	+ 63%

Russia has been getting mainly airplanes, tanks, and trucks, metals for her munition factories, and foodstuffs to make up somewhat for lost agricultural areas. Three times as many tanks have gone to Russia in the past five months as to the British Empire; and only one-fourth of the British tanks went to Libya.

U. S. BUILDS SUPPLY BASES

The British have received chiefly aircraft and parts, ordnance and ammunition, dispatched to many fronts; foodstuffs to fill out the diet of the United Kingdom and the colonies; metals and machinery for English factories. Considerable quantities of fuel have been going to the British Isles and the colonies, compensating for the loss of eastern Asiatic oil fields.

Total lend-lease transfers from the beginning of the program in March, 1941, amount to \$4,500,000,000; in fact, transfers have doubled every quarter since last fall. But not all lend-lease items are exported. Indeed, exports, at \$2,125,000,000, represent less than half the total aid to date. Nonexportable items are industrial plants and shipyards built over here, largely for Great Britain. In addition, we repair United Nations' ships, ferry aircraft across the ocean, train pilots, and build supply bases abroad, as in Eritrea and Iran.

A complete list of lend-lease goods reads like a census of American manufactures. Our allies get not only bombers and tanks but miscellaneous articles. Iceland recently received a shipment of snuff; Canada, hand lotion; Australia, false teeth; China, blotting paper; and the Anglo-Egyptian Sudan, ink.

All's Not Well in Detroit

Passenger-car companies overcome many difficulties but are still 60% under 1941 peak output. And \$1,000,000,000-a-month war goal seems a long way off.

THE PASSENGER-CAR INDUSTRY is only getting started on its war job. In April, it turned out \$231,000,000 worth of goods--\$193,000,000 war, \$38,000,000 civilian; but war output must increase fivefold before the estimated peak of \$1,000,000,000 a month is attained.

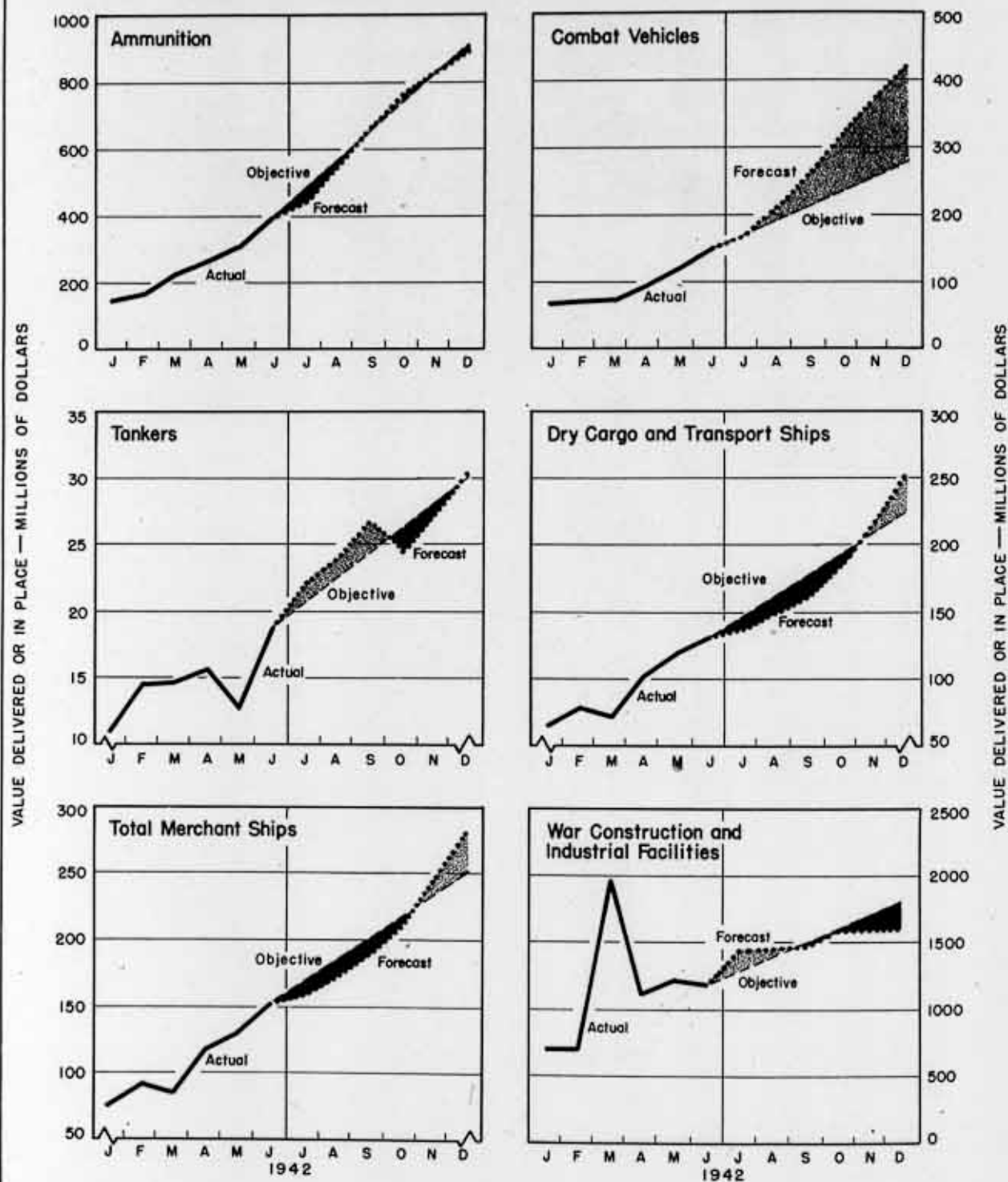
According to scheduled operations, that won't take place for another two years, when government-built plants, some still under construction, are to reach top capacity.

And at that time, the industry is scheduled to be producing about 50% of all American aircraft engines, 37% of our tanks, 27% of our 37mm. and larger guns, most of our scout cars, peeps, and jeeps, and a wide variety of other equipment.

BEATING THE SCHEDULE

This schedule can be beaten if ways are found for greater utilization of present plant and equipment. For example, there has been much shifting of machinery and tools within single companies, but very little transfer between companies in the industry; and production in some plants is being held up for lack of a machine that is standing idle in another plant.

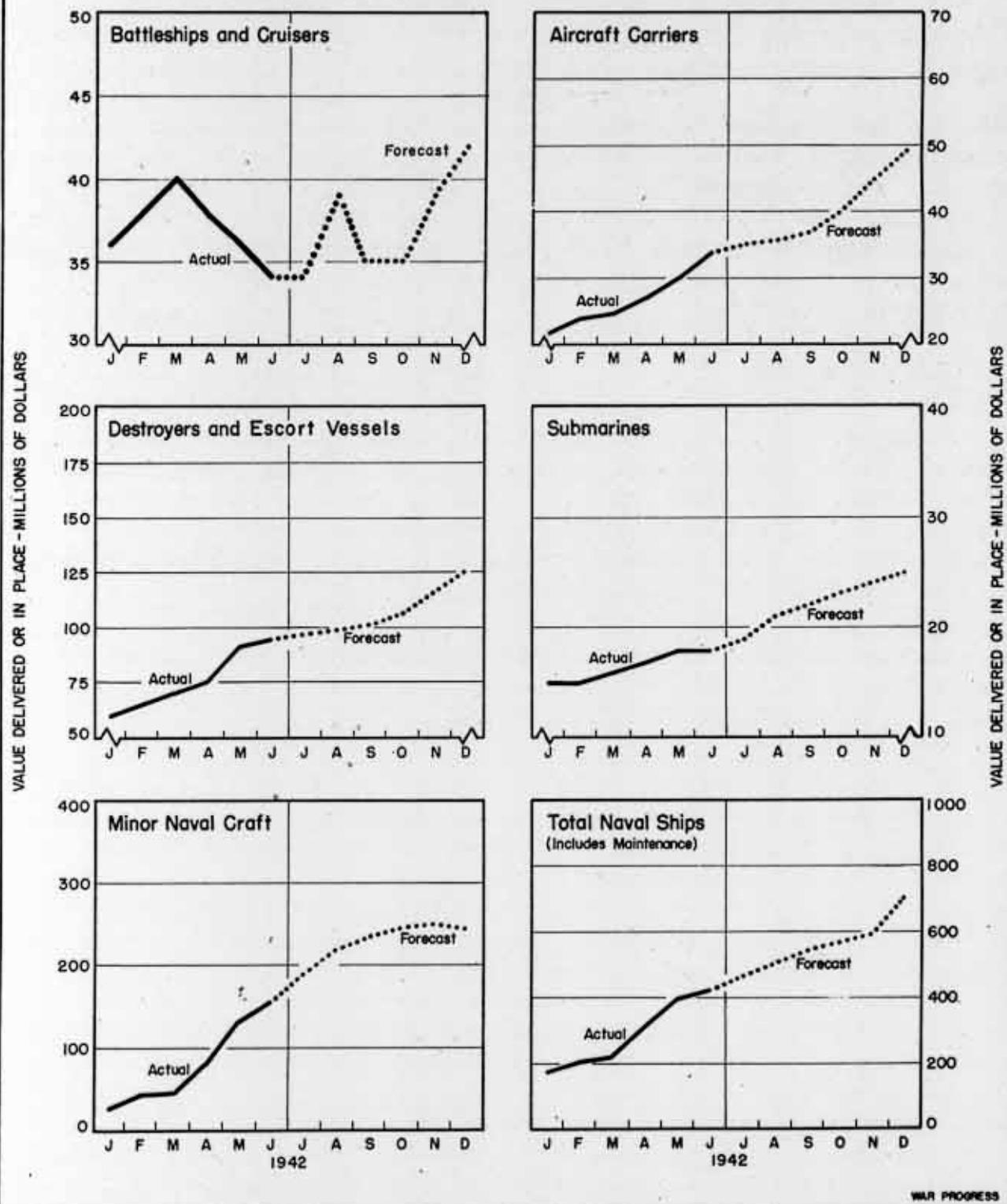
AMMUNITION, TANKS, & MERCHANT SHIPPING



HIGHER THAN THE PRE-ESTABLISHED GOAL. AND IN THE CASE OF AMMUNITION—WHERE INDIVIDUAL OVERAGES WASH OUT OTHER UNDERAGES—THE FORECAST IS JUST UP TO THE OBJECTIVE. ON GUNS,

WE SHALL FALL BEHIND THE OBJECTIVE, PARTICULARLY ON ANTI-AIRCRAFT GUNS AND FIRE CONTROL EQUIPMENT; ON COMBAT VEHICLES WE SHALL RUN AHEAD. AND ON MERCHANT SHIPPING, THE FORE-

BATTLESHIPS, DESTROYERS, & SUBMARINES



COST HAS BEEN RAISED SUFFICIENTLY TO BRING IT UP TO THE OBJECTIVE. THE TREND OF WARSHIP CONSTRUCTION TO DATE AND THE FORECASTS FOR THE REST OF THE YEAR INDICATE LESS STRESS

ON BATTLESHIPS AND MORE ON AIRCRAFT CARRIERS AND DESTROYERS, AS WELL AS ON MINESWEEPERS, PATROL VESSELS, LANDING CRAFT, AND OTHER TYPES OF MINOR NAVAL SHIPS.

Wartime Bustle at the Ports

Congestion reported by German propagandists nonexistent. Controls keep ports functioning smoothly with freight volume two to four times last year's.

GERMAN PROPAGANDISTS have tried to create the impression that our ports are congested. As one example, they have been spreading the word in Portugal that Baltimore and New York docking facilities are so overtaxed as to be unable to handle merchandise.

Busy But Not Congested

It's true our ports are busy. New York, Baltimore, and New Orleans are unloading 150% to 200% of the 1941 volume of freight; Philadelphia, 200% to 300%; and mounting shipments to the South Pacific area have boosted San Francisco's monthly car unloads to three to four times last year's figures (chart, page 7).

Despite these increases in freight, however, port operations are running along as smoothly as can be expected—and far from the inefficiency point. For domestic freight destined for export is being closely coordinated with the coming and going of ocean vessels.

When Freight Piles Up...

Goods may be sent into port only under an Office of Defense Transportation permit, which must be applied for no more than three weeks before the merchandise leaves the factory or warehouse. And ODT will grant a permit only after a shipping license has been obtained from the War Shipping Administration. After August 1, the WSA will issue permits for the ODT, thus allowing shippers to move freight into port and onto ships under a single license.

Permits cover three kinds of goods: (1) materials destined for our Allies and expeditionary forces; (2) commercial freight; and (3) merchandise for temporary storage, such as perishable foods. But obviously United Nations' supplies get first call. And storage of nonperishables is discouraged; if loads can't be handled after they reach port, the shipper must find warehousing space for them outside the city.

Sometimes, of course, freight piles up, due to sinkings—failure of an expected ship to arrive at port—or to diversion of ships from one port to another. When this happens, ODT cancels some of its shipping permits; whenever possible, incoming trains in transit are stopped at the first terminal or junction point. Cars already in port are taken out.

Control Committee

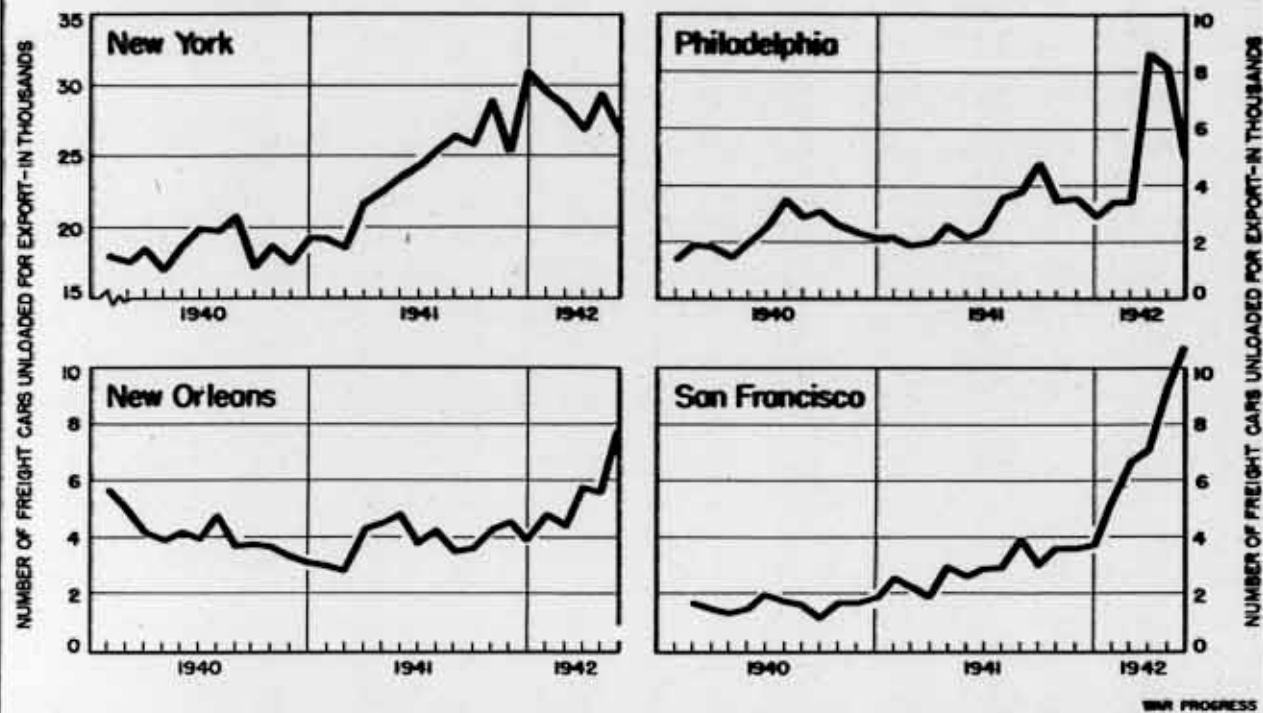
A Transportation Control Committee determines what permits should be issued by the ODT. This committee, created about two months ago, consists of a naval officer, an army officer, and representatives of the ODT, the War Shipping Administration, and the British Ministry of Transport. It meets daily to decide what should go into and out of ports. The aim is to keep no more than a week's supply of freight cars in any one city; this limits track as well as warehouse and wharf congestion.

Measuring Demand

The Transportation Control Committee works closely with the Board of Economic Warfare. BEW, representatives of foreign governments, and lend-lease officials first determine the essential requirements of importing countries.

BOOM VOLUME AT THE PORTS

Railroad freight deliveries to docks rise sharply, suggesting that U.S. arms output has reached "send-out" stage.



EXPORT FREIGHT HAS BEEN RISING SHARPLY SINCE WE ENTERED THE WAR. (SAN FRANCISCO EMPHASIZES THE POINT.) BUT BY NO MEANS IS THE TREND SMOOTH. NOTE HOW THE FREIGHT CAR UNLOADINGS AT PHILADELPHIA SHOT UP, THEN DE-

CLINED THE LAST FEW MONTHS. THAT'S LARGELY DUE TO THE ERRATIC COMINGS AND GOINGS OF BOATS. WHEN SHIPS ARE AVAILABLE, LICENSES ARE ISSUED PERMITTING FREIGHT CARS TO COME INTO PORTS; WHEN VESSELS ARE UNAVAILABLE, PERMITS ARE CUE-

These are then conveyed to the WSA, which indicates how many boats and how much cargo space will be available.

Inland Warehousing

And if the WSA estimates that cargo room for only 400,000 tons will be available, say, at New York in a given month, then the ODT limits its permits to 400,000 tons. This cuts incoming freight down to what is known as "accepted demand." Goods denied permit must be stored outside the city.

Most lend-lease materials, for instance, are kept at strategically located supply centers, whence they're sent to ports as shipping becomes available; some, however, are stored in

port warehouses. The Navy keeps its goods awaiting ships in supply depots along the coasts.

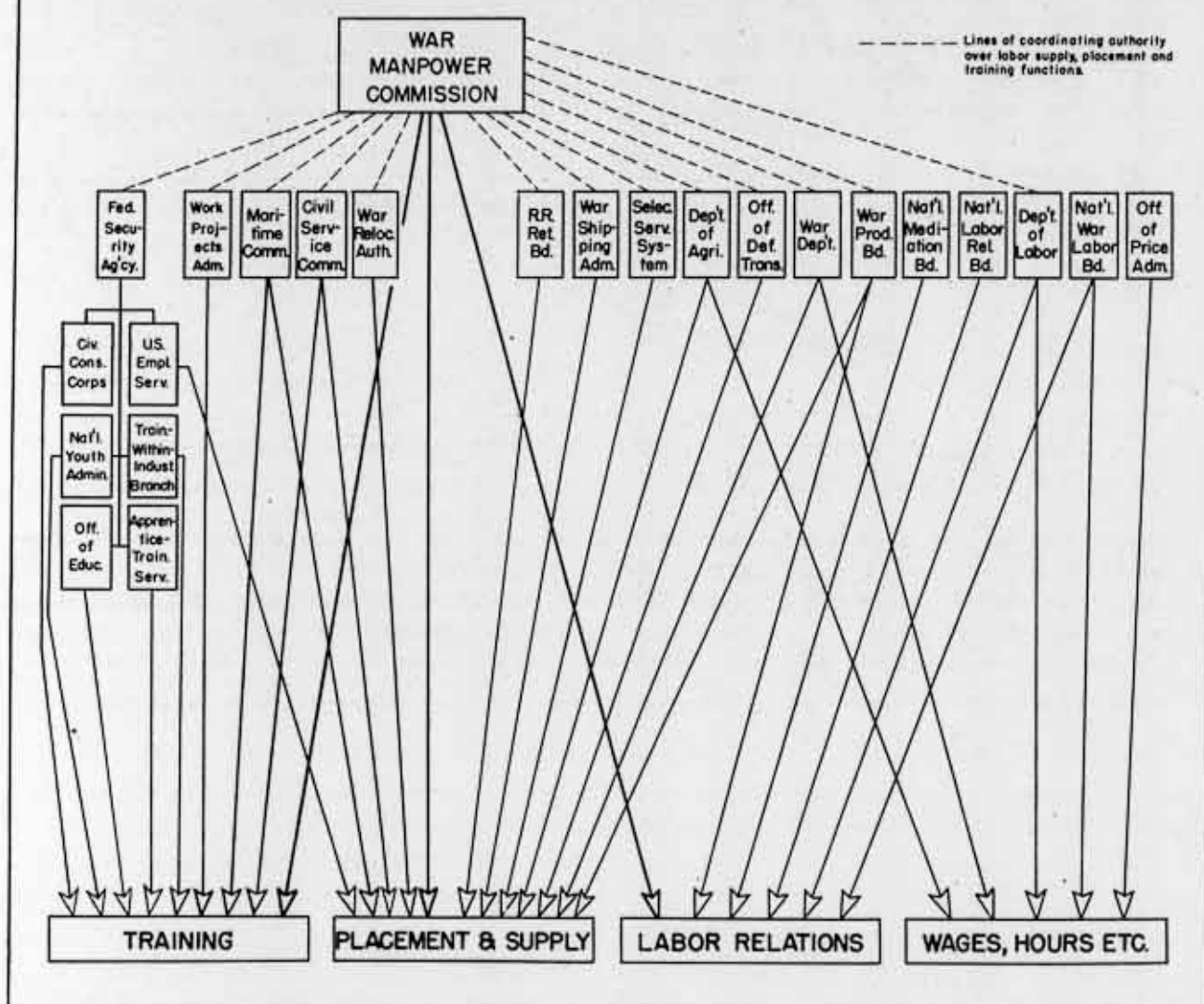
As army supplies accumulate, they go into war-aid depots from which goods are routed to ports; eleven of these temporary structures will be finished within the next ninety days. Private exporters, of course, store their merchandise as best they can until they get permits.

Because of sinkings, diversion of vessels to ports other than their destination, and the fact that an appreciable amount of export freight originates within the port city, temporary congestion cannot always be avoided. Through the port-control system, how-

ever, we have avoided the tremendous more goods, and the freight-car concentration in and around our ports has verage of 300,000 freight cars crowded our seaports. Today, we're moving ageable number.

WHO'S WHO IN LABOR

An arrow-chart of agencies concerned with strikes, manpower supply, wages & hours, etc.



WE STARTED THE WAR PROGRAM WITH A HOST OF LABOR AGENCIES, MANY OF THEM CREATED DURING THE DEPRESSION TO DEAL WITH PROBLEMS OF UNEMPLOYMENT, SOCIAL SECURITY, LABOR RELATIONS AND WORKING CONDITIONS—WPA, CCC, FEDERAL SECURITY AGENCY, NLRB, WAGES AND HOURS ADMINISTRATION, AND OTHERS.

WAR LABOR PROBLEMS—TRAINING, PLACEMENT AND SUPPLY, WAGE STABILIZATION—HAVE CHANGED THE FUNCTION OF OLD AGENCIES AND BROUGHT INTO BEING SUCH NEW ONES AS THE MANPOWER COMMISSION, THE SELECTIVE SERVICE SYSTEM, AND THE NATIONAL WAR LABOR BOARD, AS WELL AS THE

LABOR SECTIONS OF THE ODT, OPA, WPB, AND WAR SHIPPING ADMINISTRATION.

THE MANPOWER COMMISSION HAS BEEN ORGANIZED TO COORDINATE MANY OF THE ACTIVITIES OF THE NEW AND OLD AGENCIES IN THE FIELD OF MANPOWER UTILIZATION; IT IS NOT YET CLEAR WHETHER "COORDINATION" MEANS GENERAL SUPERVISION OR EFFECTIVE INTEGRATION.

THE DIAGRAM SHOWS THE LEADING AGENCIES OPERATING IN THE LABOR FIELD, CLASSIFIED ACCORDING TO THEIR MAJOR FUNCTIONS. THE BROKEN LINES INDICATE THE GENERAL DIRECTION OF THE MANPOWER COMMISSION'S COORDINATING POWER.

Raw Material

WAR WORKERS AND WAR HOMES

A SURVEY was recently made to determine whether workers in war industries use those houses specifically constructed for them in designated defense housing areas. The results show wide discrepancies. For example, in the Allentown-Bethlehem area, 88% of defense houses were occupied by war workers; in the Brooklyn-Long Island City area, only 24%. In the Hartford, Conn., area, occupancy of defense homes by war workers was 89%; but in Spokane, Wash., the proportion was only 25%.

The following table indicates the wide variation in the percentages of war workers to war homes in a dozen of the defense areas sampled:

<u>Area</u>	<u>% Defense Homes Occupied by Defense Workers</u>
Oklahoma City, Okla.	22%
Spokane, Wash.	25
Tulsa, Okla.	32
Junction City, Kan.	35
Paterson-Passaic-Clifton, N. J.	48
Gary-Hammond, Ind.	49
Youngstown, Ohio	70
Bridgeport, Conn.	78
Ravenna-Warren, Ohio	81
Phoenix-Salt River Valley, Ariz.	89
Freeport, Tex.	94
Salt Lake City, Utah	102

In Salt Lake City, there is more than one war worker to each defense home. That explains the over-100% figure.

RUBBER FROM THE INDIES?

A PLAN IS AFOOT to smuggle rubber out of the Netherlands East Indies. Planters there have more crude than the Japanese can use, and ways are being stud-

ied to run seaplanes in at night, pick up rubber cargoes, and then unload at central landing points—for shipment back to the United States by water. Probably Australia would be the base of the operation—if it seems feasible.

TOY SOLDIERS FOR REAL BULLETS

STOPPING THE MANUFACTURE of all toys containing more than 7% of critical materials will save 100,000 tons of steel annually and appreciable amounts of copper, lead, tin, and zinc. Toy soldiers and toy tanks are now made of wood, cardboard, or clay.

Part of the toy industry has been converted to the manufacture of army cots, cartridge cases, ammunition boxes, bomb fuses, flares, compasses, and binoculars. One toy manufacturer with a stock of plastics on hand persuaded the WPB to let him make 30,000 pairs of dice for sale in army cantonments.

NAVAL SHIP LONGEVITY

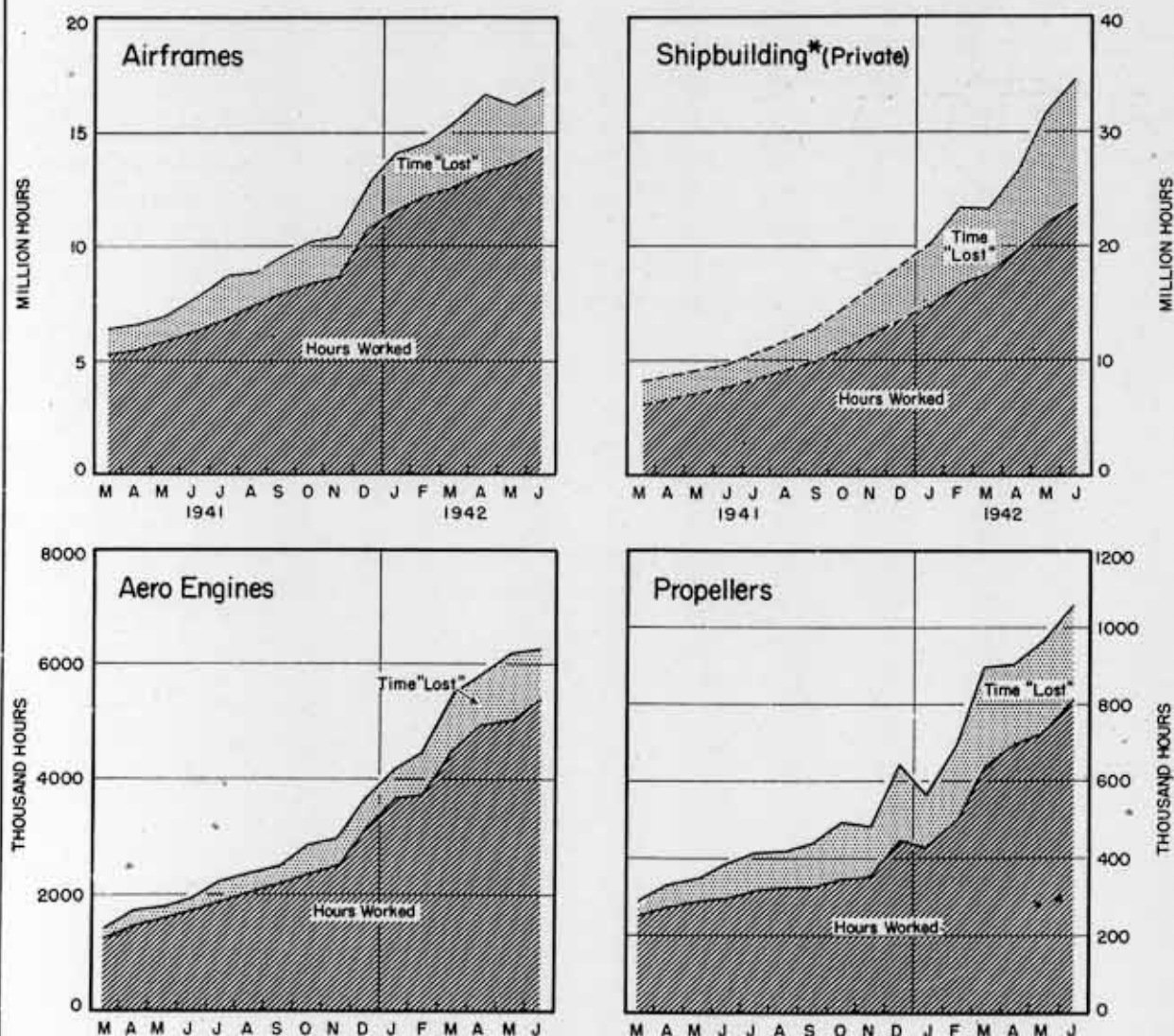
"UNDERAGE" is the naval term used to describe a warship that's still fit for fighting—"operable" is the technical word. A battleship is underage for 26 years; aircraft carriers and cruisers for 20 years; destroyers for 16, and submarines for 13. But, when a ship ceases to be underage and becomes "overage," that doesn't mean it's no longer a fighting ship. Witness the 50 overage destroyers we conveyed to Britain back in March, 1941.

COSTLY GUNS

THE 8-INCH RAILWAY GUN is one of the costliest pieces of U.S. ordnance. You can buy four light tanks and almost three mediums—without armament—for the price of one of these big railway guns. The 4.7-inch mobile antiaircraft gun is also high priced, costs twice as much as a medium tank.

TIME "LOST" IN AIRCRAFT AND SHIPBUILDING

What total man-hours would amount to if all plants operated at utilization level of three best plants



*At private shipbuilding yards having approximately 80% of total employment in the shipbuilding industry. Man-hours for March, June and Sept. are estimated for some yards.

WAR PROGRESS

THESE CHARTS SUGGEST HOW MUCH PRODUCTION TIME IS BEING LOST BECAUSE ALL AIRCRAFT PLANTS AND SHIPYARDS ARE NOT OPERATING ON SECOND AND THIRD SHIFTS AND ON SATURDAY AND SUNDAY WITH THE SAME DEGREE OF INTENSITY AS THE THREE BEST PLANTS. FOR EXAMPLE, IN AIRCRAFT THE SO-CALLED "THREE BEST PLANTS" ARE OPERATING AT A PLANT UTILIZATION RATE 20% TO 30% HIGHER THAN THE INDUSTRY AS A WHOLE; IN SHIPYARDS, THE "BEST" PLANT UTILIZATION RUNS 15%

HIGHER THAN THE INDUSTRY. IF IN JUNE ALL AIRCRAFT PLANTS HAD OPERATED AT THE LEVEL OF THE THREE BEST, RESULTANT GAINS PER WEEK WOULD HAVE BEEN: AIRFRAMES, 2,500,000 MAN-HOURS; AERO ENGINES, 950,000 MAN-HOURS; PROPELLERS, 250,000 MAN-HOURS. THAT'S BETTER THAN 3,500,000 MAN-HOURS ALL TOLD. IF ALL SHIPYARDS HAD OPERATED AT THE "BEST" UTILIZATION RATE, OVER 10,000,000 HOURS PER WEEK WOULD HAVE BEEN GAINED.

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CONFIDENTIAL ... II

War Progress Notes

FINANCIAL PROGRAM

SINCE THE BEGINNING of the fiscal year, \$42,408,000,000 of war appropriations have been voted by Congress in the Military Appropriation Act, 1943, the Second Deficiency Appropriation Act, 1942, and in appropriation acts for the departments of Interior, State, Justice, and Commerce as follows:

Payroll deduction sales made on a continuing basis are a big factor in the increase.

Redemptions during the week were \$4,700,000—over 50% higher than the average week in June. Current redemptions are now running at about 2% of current sales.

LABOR TURNOVER

THE NET ACCESSION RATE in May for 11 selected war industries was 2.98 per

Object	Army	Other Agencies	Total
(Million Dollars)			
Total Enacted July 1-15, 1942	42,090	318	42,408
Munitions and Construction	33,775	232	34,007
Munitions	31,259	1	31,260
Airplanes	10,615	-	10,615
Ordnance	9,948	-	9,948
Naval Ships	-	-	-
Merchant Ships	-	-	-
Other Munitions and Supplies	10,696	1	10,697
Construction	2,516	231	2,747
Industrial Facilities	-	22	22
Posts, Depots	2,516	209	2,725
Housing	-	-	-
Nonmunitions	8,315	86	8,401

Pending legislation now stands at 100 employees, down 0.56 from April \$10,392,000,000; of which an estimated and 0.60 from May, 1941. This was four \$8,550,000,000 is for naval ships and times the net rate for all manufactur- \$1,842,000,000 is for other agencies. ing industries combined (see chart, page 22). Shipbuilding at 7.34 and aircraft at 4.71 reported the highest

WAR BOND SALES

WAR BOND SALES for the week ended July 11 were \$245,000,000. This was higher than in any week since the \$266,000,000 peak reached in January. If this level is maintained, the Treasury goal of \$1,000,000,000 for July will be achieved.

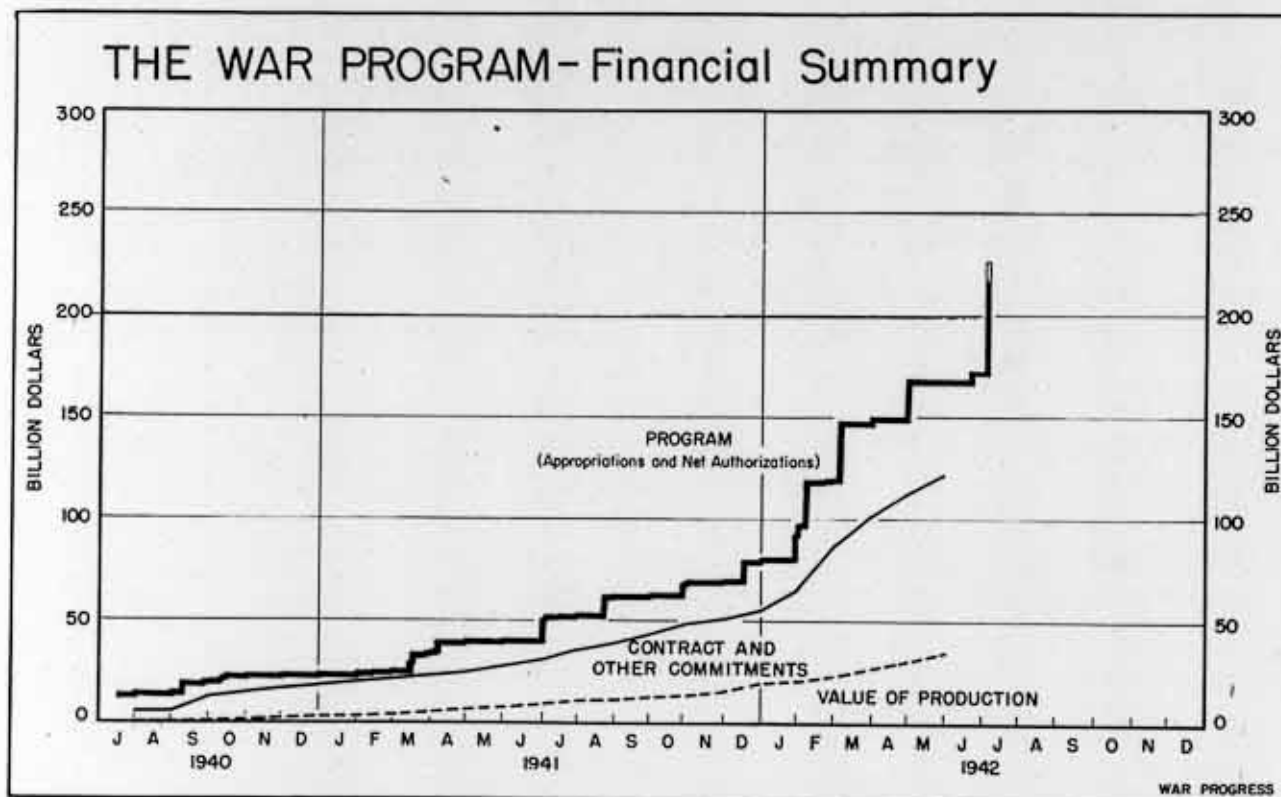
net accession rates among the war industries.

Quit rates for the 11 selected war industries and all manufacturing continued their steady rise since November. In May, the rate was 3.48 per

100 employees in the 11 war industries, up 0.26 from April and almost twice the rate in May, 1941. For all manufacturing industries, the quit rate rose to 3.77 per 100 in May, the highest average since the Bureau of Labor Statistics began compiling these data in 1930. The search for higher wages, housing shortages, and lack of transportation facilities continue to be

the major reasons for quits.

Military separations continued to be higher in 11 selected war industries than in all manufacturing. In the war industries, separations in May were 0.83 per 100; in all manufacturing industries, 0.68. Military separations in May were at the same rate as in April, and more than three times the rate of May, 1941.



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WAR PROGRESS SERIES
TOTAL WAR PROGRAM IN THE UNITED STATES

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
● TOTAL WAR PROGRAM IN THE U.S. ^a			(Million dollars)			
Program-Pending						P 10,392
Program-July 16, 1942						P 42,408
Program-Enacted	40,861	80,604	P 168,769	P 19,037	P 0	P 5,081
Uncommitted balance	9,274	23,979	P 46,773	-	-	-
Contracts and other commitments	31,587	56,625	P 121,996	P 9,899	P 9,731	n.a.
Value delivered and/or in place ^b	8,547	18,573	P 34,620	P 3,792	P 4,060	n.a.
Checks paid ^c	8,536	17,965	P 33,415	P 3,571	P 3,934	P 4,177
MUNITIONS PRODUCTION & WAR CONSTRUCTION, TOTAL						
Program	37,027	69,305	P 150,856	P 17,740	P 0	P 4,956
Uncommitted Balance	7,597	18,281	P 38,402	-	-	-
Contracts and other commitments	29,430	51,024	P 112,454	P 9,088	P 9,107	n.a.
Value delivered and/or in place ^b	6,795	14,750	P 28,302	P 3,261	P 3,465	n.a.
Value not delivered nor in place	22,635	36,274	P 84,152	-	-	-
PRODUCTION OF MUNITION						
Program	28,566	53,738	P 119,341	P 11,743	P -25	P 4,631
Uncommitted balance	4,901	13,929	P 31,292	-	-	-
Contracts and other commitments	23,665	39,809	P 88,049	P 7,598	P 6,668	n.a.
Value delivered and/or in place ^b	4,290	8,940	17,811	2,161	2,248	n.a.
Value not delivered nor in place	19,375	30,869	P 70,238	-	-	-
WAR CONSTRUCTION						
Program	8,461	15,567	P 31,515	P 5,997	P 25	P 325
Uncommitted balance	2,696	4,352	P 7,110	-	-	-
Contracts and other commitments	5,765	11,215	P 24,405	P 1,490	P 2,439	n.a.
Value delivered and/or in place ^b	2,505	5,810	P 10,491	P 1,100	P 1,217	P 1,244
Value not delivered nor in place	3,260	5,405	P 13,914	-	-	-
NON-MUNITIONS WAR ITEMS, TOTAL						
Program	3,834	11,299	P 17,913	P 1,297	P 0	P 125
Uncommitted balance	1,677	5,698	P 8,371	-	-	-
Contracts and other commitments	2,157	5,601	P 9,542	P 811	P 624	n.a.
Checks issued	1,752	3,823	P 6,318	P 531	P 595	n.a.

● Graph appears on opposite page.
Table continued on Page 15.

For footnotes see Page 20.

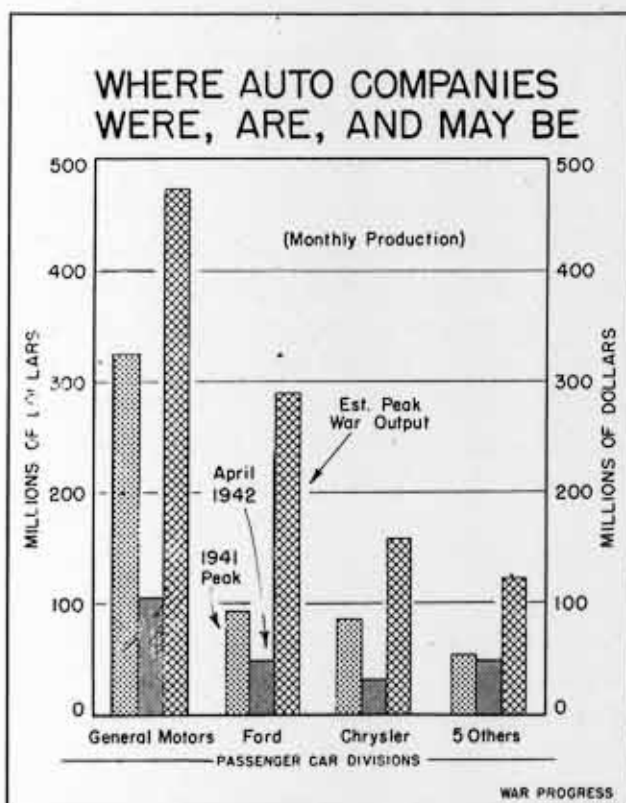
Some plants could operate at a greater capacity if they had more contracts. New contracts in the Detroit area were discouraged early this year because of fears of a manpower shortage, which were based on overestimates of employment needed for arms production. There were more than 50,000 unemployed in Detroit in May.

Some complicated designs and rigid enforcement of specifications are also slowing output. Instances have been reported of rejections for minor defects--scuffed leather on command-car upholstery, as an example; this slows down delivery and perhaps forces reprocessing. Company and service engi-

neers have agreed on changes in design which greatly simplify and speed the manufacturing process, but the limit has not been reached.

Further progress in design simplification and a new definition of standards of acceptability are only part of the answer to the problem of beating the production goal. Other possibilities are: More frequent checkups on idle machinery and tools for possible inter-company swaps, new studies of unused plant to determine whether facilities or space can be utilized, and new contracts for companies which are approaching the end of present programs.

All these possibilities are constantly being examined, for it is realized that the military situation makes it imperative to beat production schedules by as wide a margin as possible--to get up to the \$1,000,000,000-a-month mark long before mid-1944.



THE SHARP DROP IN PRODUCTION BY THE AUTO INDUSTRY IN THE MIDDLE OF A WAR PROGRAM LOOKS BAD, BUT ACTUALLY THE INDUSTRY TURNED OUT THREE AND A HALF TIMES AS MUCH WAR GOODS IN APRIL AS IN THE PEAK 1941 MONTH; LAST YEAR, AUTO COMPANIES WORKED PRIMARILY ON CIVILIAN GOODS, BUT IN APRIL ONLY 16% OF OUTPUT WAS NONWAR. HOWEVER, THE COMPANIES STILL HAVE A LONG DISTANCE TO GO TO REACH THE SCHEDULED ULTIMATE PEAK WAR PRODUCTION.

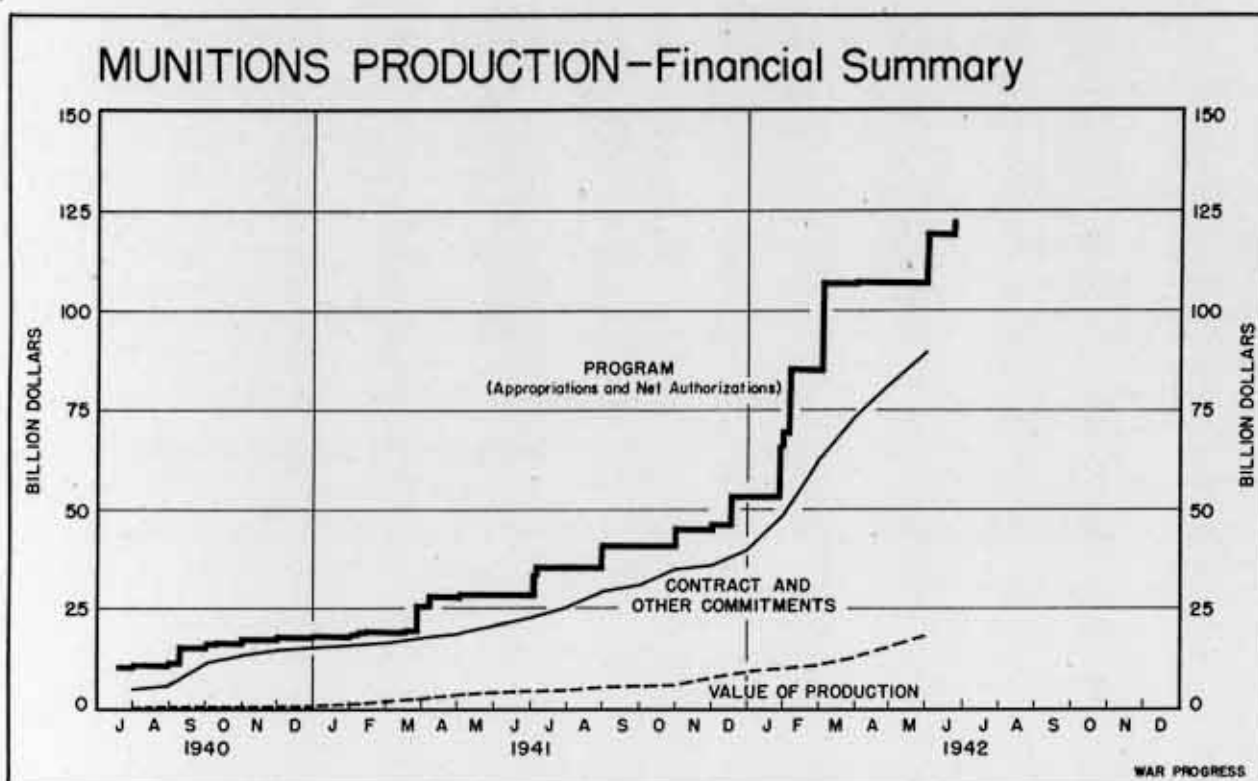
From Gold to Graphite

South Carolina mine moves equipment to Alabama to dig graphite instead of gold; lack of manpower and rising costs are reasons for the switch.

THE HAILE GOLD MINE, Kershaw, S.C., has abandoned recoverable gold deposits and converted to war work. It is pulling up stakes and moving its equipment and engineers to Alabama to mine flake graphite.

Other gold and silver mines have similarly converted--at least in part--to war mining. Alaska Juneau, for example, is processing chrome ore mined in Alaska; Sunshine Mining's engineering staff is working on a manganese development.

The precious-metal mines face a common problem: How to maintain a working force? Workers have no military deferments, and both engineers and



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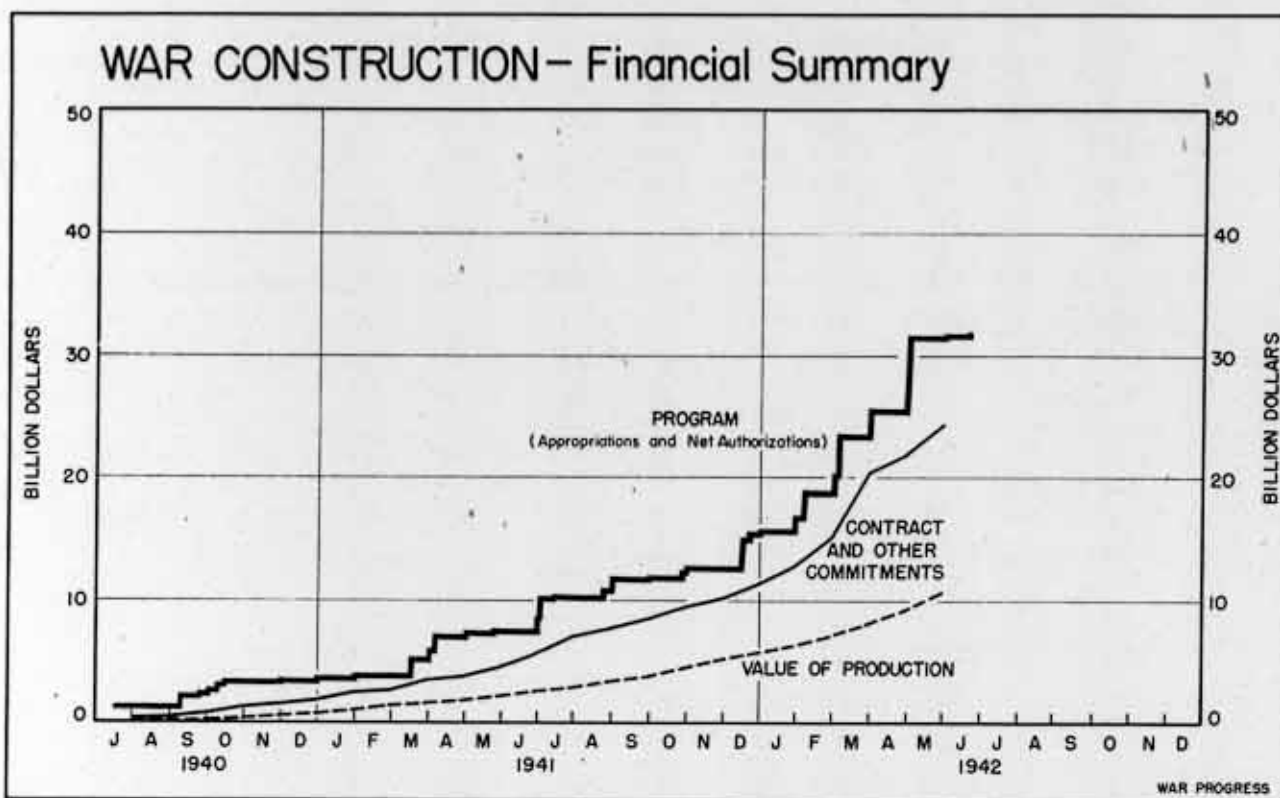
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WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
				(Million dollars)		
				BREAKDOWN OF MUNITIONS PRODUCTION		
MUNITIONS PRODUCTION, TOTAL						
Program	28,566	53,738	P 119,341	P 11,743	P -25	P 4,631
Uncommitted balance	4,901	13,929	P 31,292	-	-	-
Contracts and other commitments	23,665	39,809	P 88,049	P 7,598	P 6,668	n.a.
Value delivered and/or in place ^b	4,290	8,940	17,812	2,161	2,248	n.a.
Value not delivered nor in place	19,375	30,869	P 70,238	-	-	-
AIRPLANES, PARTS & ACCESSORIES						
Program	8,582	15,072	P 37,801	P 8,860	P 0	P 72
Contracts and other commitments	7,381	13,298	P 31,107	P 1,556	P 2,409	n.a.
Value delivered	1,010	2,265	4,242	416	471	P 510
ORDNANCE						
Program	7,778	17,488	P 36,115	P 872	P 0	P 557
Contracts and other commitments	5,418	10,354	P 24,513	P 2,840	P 2,278	n.a.
Value delivered	700	1,685	4,267	619	696	P 768
NAVAL SHIPS						
Program	6,796	9,605	15,538	18	0	P 2,480
Contracts and other commitments	6,442	7,930	P 12,000	P 551	P 275	n.a.
Value delivered and/or in place	810	1,665	2,979	314	399	P 405
MERCHANT SHIPS						
Program	1,442	3,288	P 7,599	P -25	P -25	P 1,054
Contracts and other commitments	1,484	2,381	P 6,262	P 234	P 607	n.a.
Value in place	240	510	1,012	118	131	P 153
OTHER MUNITIONS AND SUPPLIES						
Program	3,968	8,285	P 22,288	P 2,018	P 0	P 468
Contracts and other commitments	2,940	5,846	P 14,167	P 2,417	P 1,099	n.a.
Value delivered	1,530	2,815	5,311	694	551	n.a.

Graph appears on opposite page.
Table continued on Page 17.

For footnotes see Page 20.



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WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
				(Million dollars)		
BREAKDOWN OF WAR CONSTRUCTION						
WAR CONSTRUCTION, TOTAL (LAND, BLDGS., EQUIP.)						
Program	8,461	15,567	P 31,515	F 5,997	P 25	P 325
Uncommitted balance	2,696	4,352	P 7,110	-	-	-
Contracts and other commitments	5,765	11,215	P 24,405	F 1,490	P 2,439	n.a.
Value in place	2,505	5,810	F 10,491	P 1,100	P 1,217	P 1,244
Value not in place ^b	3,260	5,405	F 13,914	-	-	-
INDUSTRIAL FACILITIES (LAND, BLDGS., EQUIP.)						
Program	5,120	8,112	P 16,903	P -122	P 25	P 322
Contracts and other commitments	2,865	6,318	P 15,105	P 1,101	P 1,047	P 615
Value in place	960	2,800	P 5,375	P 600	P 629	-
INDUSTRIAL FACILITIES, BUILDINGS ONLY						
Program	1,607	3,137	n.a.	P 878	n.a.	n.a.
Value in place	575	1,753	P 2,887	P 253	P 260	P 278
POSTS, DEPOTS, STATIONS						
Program	2,849	6,063	13,220	6,119	0	P 3
Contracts and other commitments	2,625	4,381	P 8,500	P 314	P 1,317	n.a.
Value in place	1,430	2,670	P 4,599	P 459	P 545	P 580
DEFENSE HOUSING						
Program	492	1,392	1,392	0	0	P 0
Contracts and other commitments	275	516	P 800	P 75	P 75	n.a.
Value in place	115	340	P 517	P 41	P 43	P 49
BREAKDOWN OF NON-MUNITIONS						
NON-MUNITIONS, TOTAL						
Program	3,834	11,299	P 17,913	P 1,297	P 0	P 125
Uncommitted balance	1,677	5,698	P 8,371	-	-	-
Commitments	2,157	5,601	P 9,542	P 811	P 624	n.a.
Checks issued by agencies ^b	1,752	3,823	P 6,318	P 531	P 595	n.a.
STOCKPILE						
Program	983	2,399	P 2,713	P 0	P 0	P 0
Commitments	470	1,050	P 1,140	P 30	P 30	n.a.
Checks issued by agencies	192	488	P 911	P 64	P 102	n.a.

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

For footnotes see Page 20.

WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
	(Million dollars)					
	BREAKDOWN OF NON-MUNITIONS (Continued)					
AGRICULTURAL EXPORTS (LEND-LEASE)						
Program	625	1,522	2,138	214	0	P 0
Commitments	66	561	P 994	82	P 65	n.a.
Checks issued by agencies	1	211	539	91	87	n.a.
PAY, SUBSISTENCE & TRAVEL ^f						
Army Military						
Program	944	3,013	3,904	745	0	P 116
Commitments	934	2,030	P 3,564	239	P 281	n.a.
Checks issued	696	1,510	P 2,429	P 200	P 220	n.a.
Navy Military						
Program	378	963	2,246	5	0	P 0
Commitments	334	610	P 1,039	86	P 110	n.a.
Checks issued	388	642	P 944	P 65	P 70	n.a.
Civilian Payroll						
Program	32	247	253	5	0	P 46
Commitments	32	140	P 235	20	P 15	n.a.
Checks issued	356	682	P 1,035	P 75	P 79	n.a.
MISCELLANEOUS NON-MUNITIONS						
Program	872	3,155	P 6,659	P 328	P 0	P -37
Commitments	321	1,210	P 2,570	P 354	P 123	n.a.
Checks issued by agencies	119	290	P 460	P 36	P 37	n.a.

Table continued on following page.

For footnotes see Page 20.

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WAR PROGRESS SERIES
TOTAL UNITED STATES WAR PROGRAM

FINANCIAL PROGRAM SUMMARY	Cumulative 6/11/40 to			Monthly		
	End 1st full year 6/30/41	End of December 12/31/41	End of May 5/31/42	April 1942	May 1942	June 1942
	(Million dollars)					
	BREAKDOWN OF AGENCIES					
UNITED STATES FINANCED WAR PROGRAM ^d						
Program	37,075	76,508	P 164,673	P 19,037	P 0	P 5,081
Uncommitted balance	9,274	23,979	P 46,773	-	-	-
Contracts and other commitments	27,801	52,529	P 117,900	P 9,899	P 9,731	n.a.
Checks paid	6,431	15,251	30,387	3,505	3,880	P 4,123
U. S. ARMY						
Program	13,134	31,981	84,468	17,395	0	P 0
Contracts and other commitments	11,404	23,334	P 62,005	6,003	P 6,138	n.a.
Checks paid	3,636	7,889	13,987	1,284	1,497	1,662
U. S. NAVY						
Program	12,308	20,024	43,635	1,676	0	P 3,785
Contracts and other commitments	11,182	16,327	29,964	1,993	1,971	n.a.
Checks paid	2,217	4,726	8,891	1,020	1,229	1,237
LEND-LEASE						
Program	7,000	12,985	18,410	0	0	P 0
Allocations	5,177	11,345	14,366	222	508	n.a.
Contracts and other commitments	2,458	6,282	10,181	673	305	n.a.
Checks paid	21	910	3,434	525	626	665
U. S. MARITIME COMMISSION						
Program	784	2,734	6,584	0	0	P 1,070
Contracts and other commitments	886	1,724	P 5,702	226	608	n.a.
Checks paid (Net) ^e	44	156	528	87	93	114
RFC AND SUBSIDIARIES						
Program	2,623	5,130	P 7,704	P -90	P 0	P 0
Contracts and other commitments	1,151	3,569	P 7,916	P 819	P 509	n.a.
Checks issued by RFC	350	956	2,210	274	327	P 300
OTHER U. S. AGENCIES						
Program	1,226	3,654	3,872	56	0	P 226
Contracts and other commitments	720	1,293	P 2,132	185	P 200	n.a.
Checks paid	163	614	1,337	315	108	145
FOREIGN ORDERS						
Program (orders)	3,786	4,096	P 4,096	P 0	P 0	P 0
Commitments	3,786	4,096	P 4,096	P 0	P 0	P 0
Checks issued by Purchasing Missions	2,105	2,714	P 3,028	66	P 54	P 54

For footnotes see Page 20.

FOOTNOTES

WAR PROGRESS SERIES

n.a. Not available
r Revised.

P Preliminary

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

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ECONOMIC ACTIVITY RELATED TO THE WAR

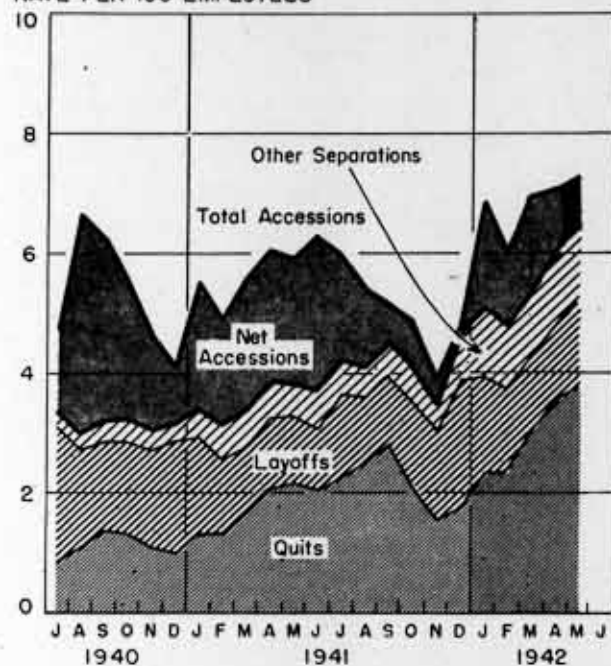
Certain statistical series included in these tables are nonconfidential and are published in such public documents as the Federal Reserve Bulletin, Survey of Current Business, etc. Obviously inclusion here should not be construed as a limitation on their use.

	1940	1941	1942			
	July	July	May	June	Week ending	
					July 4	July 11
FED. RES. BD. PROD. INDEXES						
		(Unadjusted indexes 1935-39=100)				
Total industrial production	120	159	p 175	178		
Durable manufactures	131	197	p 239	245		
Nondurable manufactures	111	138	p 138	138		
Minerals	121	130	p 132	131		
BUR. FOR. & DOM. COM. MFRS. ORDERS, SHIPMENTS, INVENTORIES						
		(Indexes)				
New orders, total(1/39=100)	127	212	p 307			
Shipments, total	103	163	p 204			
Inventories, total 1939 av.	112.2	136.4	p 170.7			
Durable mo.=100	113.9	150.3	p 190.3			
Nondurable	110.7	124.3	p 153.6			
BLS PRICE INDEXES						
		(Indexes)				
Strategic materials	123.6	140.3	147.6	p 147.6	147.5	147.5
Critical materials 8/39	107.5	115.2	123.2	p 123.2	123.1	123.2
Basic commodities =100	108.5	148.7	167.1	166.4	167.1	167.7
Machine tools	108.7	117.6	118.1	p 118.1		
All commodities (1926=100)	77.7	88.8	p 98.8	p 98.5	p 98.5	p 98.6
BLS COST OF LIVING INDEX						
		(1935-39=100)				
All items	100.3	100.8	116.0			
Food	97.4	97.8	121.6			
Rent	104.6	105.0	109.7			
TRANSPORTATION & ELEC. POWER						
Freight cars						
Loadings (thous.per week)	706	853	834	846	754	855
Unloads for export,dly.av.						
Atlantic&Gulf ports(no.)	1,494	1,614	1,881	p 1,896	1,804	1,632
Pacific ports (no.)	112	159	449	p 497	517	600
Surplus,total,dly.av.(thous)	132	77	61	83	82	
Box cars	55	30	34	57	49	
Coal cars	48	27	10	9	14	
Bad order cars, total						
1st of month (thous.)	153	85	62	63		
Power prod. (mil. kwh.)	12,094	14,226	p 14,988	p 14,819	3,424	3,429
			(Million dollars)			
DEFENSE BOND SALES	-	342	634	634	139	245
DEFENSE HOUSING						
	(Number of dwelling units, cumulative to end of period)					
Fund allocations	1,460	123,433	413,776	456,018	460,739	463,981
Constr. contracts awarded	624	87,132	260,611	295,912	303,696	305,658
Construction completed	0	29,954	119,586	129,725	129,543	132,314

LABOR TURNOVER RATES

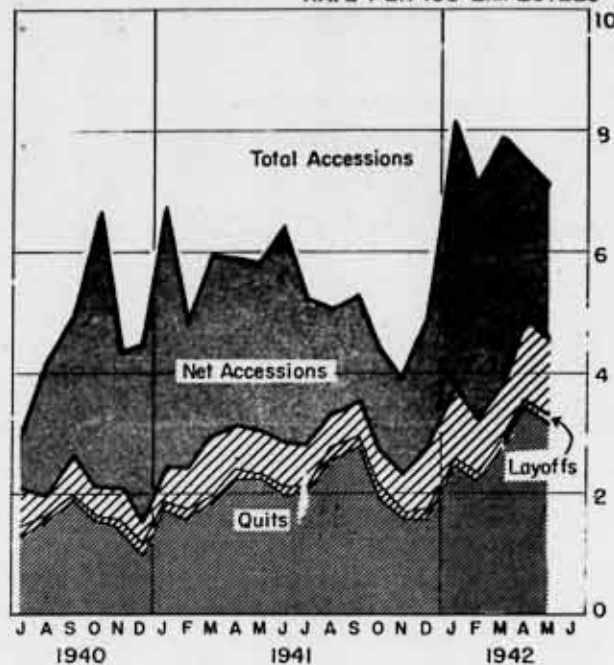
ALL MANUFACTURING INDUSTRIES

RATE PER 100 EMPLOYEES



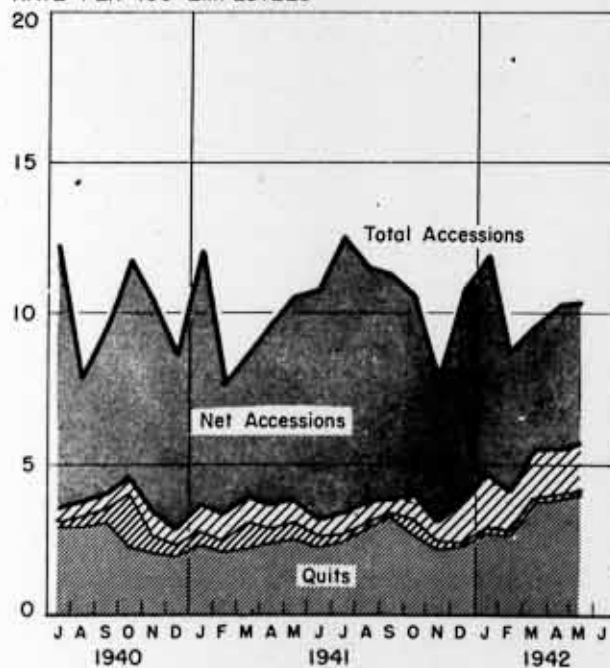
MACHINE TOOLS

RATE PER 100 EMPLOYEES



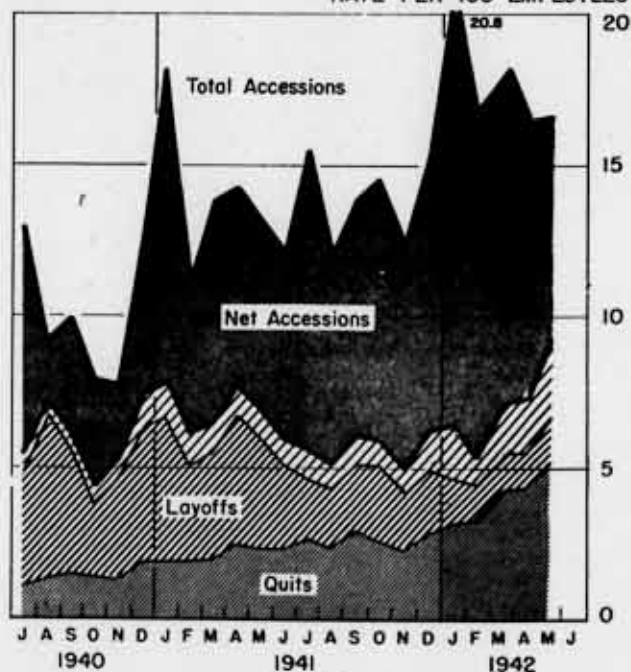
AIRCRAFT

RATE PER 100 EMPLOYEES



SHIPBUILDING

RATE PER 100 EMPLOYEES



ECONOMIC ACTIVITY RELATED TO THE WAR

	1940	1941	1942			
	July	May	February	March	April	May
● LABOR TURNOVER						
ALL MANUFACTURING (Rate per 100 employees)						
Total accession	4.77	5.95	6.02	6.99	7.12	7.29
Total separation	3.35	3.86	4.82	5.36	6.12	6.54
Quit	0.85	2.20	2.41	3.02	3.59	3.77
Layoff	2.25	1.08	1.39	1.19	1.31	1.43
Discharge	0.14	0.24	0.29	0.33	0.35	0.38
Military separation	n.a.	0.21	0.56	0.63	0.68	0.68
11 MAJOR WAR INDUSTRIES ^a						
Total accession	5.09	6.85	8.06	8.90	8.86	8.88
Total separation	1.85	3.27	4.18	4.91	5.32	5.90
Quit	0.84	1.90	2.30	2.91	3.22	3.48
Layoff	0.73	0.70	0.64	0.61	0.68	0.77
Discharge	0.15	0.30	0.40	0.42	0.43	0.47
Military separation	n.a.	0.23	0.63	0.73	0.83	0.82
AIRCRAFT						
Total accession	12.40	10.46	8.72	9.54	10.31	10.38
Total separation	3.57	3.89	4.21	5.60	5.29	5.67
Quit	2.96	2.59	2.68	3.70	3.79	4.06
Layoff	0.15	0.54	0.16	0.12	0.14	0.07
EXPLOSIVES						
Total accession	4.30	7.95	4.13	4.48	3.85	4.66
Total separation	1.32	3.40	7.92	3.04	3.50	3.17
Quit	0.73	1.75	3.61	1.95	1.92	1.93
Layoff	0.40	1.02	3.32	0.09	0.26	0.11
FIREARMS						
Total accession	n.a.	16.94	n.a.	n.a.	8.88	6.84
Total separation	n.a.	5.85	n.a.	n.a.	4.75	3.43
Quit	n.a.	4.88	n.a.	n.a.	3.88	2.18
Layoff	n.a.	0.29	n.a.	n.a.	0.04	-
SHIPBUILDING						
Total accession	13.00	13.24	16.72	18.15	16.44	16.56
Total separation	5.40	6.95	6.26	7.13	7.25	9.22
Quit	1.14	2.38	3.27	4.27	4.29	5.20
Layoff	3.71	3.62	1.33	1.26	1.29	1.43
MACHINE TOOLS						
Total accession	3.05	5.83	7.07	7.89	7.48	7.05
Total separation	2.09	3.01	3.21	3.77	4.84	4.56
Quit	1.28	2.22	2.23	2.75	3.50	3.17
Layoff	0.21	0.10	0.08	0.11	0.07	0.12

● Graph appears on opposite page.

n.a. not available

^a Includes aircraft; explosives; firearms; shipbuilding; machine tools; brass, bronze, and copper products; engines and turbines; electrical machinery; blast furnaces, steel works, and rolling mills; aluminum; and foundries and machine shops. Data for July, 1940 and February and March, 1942 are for seven industries excluding engines and turbines, aluminum, explosives, and firearms.