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DEFENSE PROGRESS

NUMBER 58

OCTOBER 3, 1941



BUREAU OF RESEARCH AND STATISTICS

STACY MAY, CHIEF

OFFICE OF PRODUCTION MANAGEMENT

This summary contains CONFIDENTIAL information affecting the defense of the United States. Revelation of its contents in any manner to unauthorized persons is prohibited by the Espionage Act.

DEFENSE PROGRESS



BUREAU OF RESEARCH AND
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- VOLUME AND ACCELERATION of United States defense disbursements the past 14 months have been roughly equal to disbursements during a similar period of World War I. Present defense disbursements, however, represent a smaller proportion of the national income for 1941 than did disbursements in World War I.

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- DEFENSE PROGRESS SERIES. There is no stockpile as yet of 29 of the 55 basic commodities listed this week in Defense Progress Data. Man days lost due to strikes in defense industries decreased from 341,000 in August to 111,000 in September.

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DEFENSE DISBURSEMENTS IN WORLD WARS I AND II *

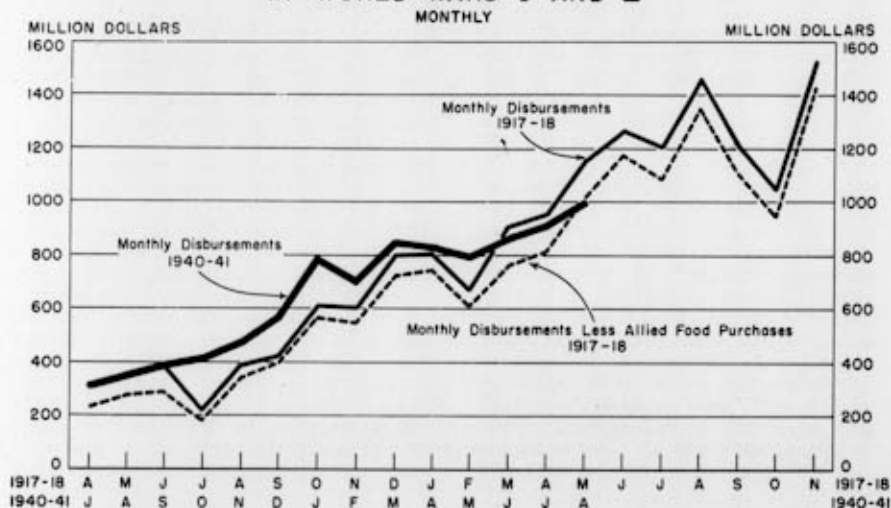
The United States defense effort to date is approximately equal in acceleration and total volume to the effort put forth by the United States during the first World War in 1917 and 1918, as measured by monthly disbursements less military pay and subsistence.

Starting from about the same level, monthly disbursements in both periods rose gradually during the first four months, as shown in Chart 1. During the periods of the fifth, sixth, and seventh months of both wars, there was a marked accelera-

tion in the volume of disbursements. Toward the end of the first year of the present defense effort, there was a tendency for the monthly expenditure curve to flatten out as the cantonment construction program reached completion and expenditures due to this program declined sharply. A similar tendency is apparent in the curve for the 1917-1918 effort, possibly for the same reason.

During the late spring and summer of 1918, the curve for the World War I effort accelerated sharply as new defense facilities came into op-

CHART 1 - U.S. DEFENSE DISBURSEMENTS
IN WORLD WARS I AND II

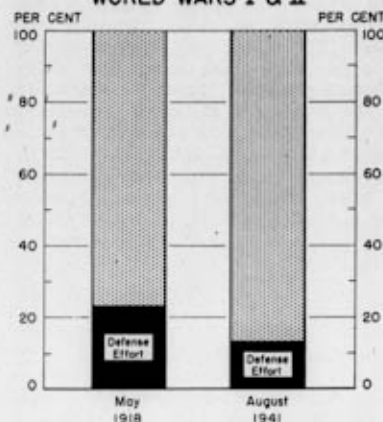


eration for the first time. It is expected that monthly disbursements during the next few months, the corresponding period of the present defense effort, will also show sharp acceleration. If a rate of disbursement of \$2 billion a month is to be reached by December 1941 or January 1942, expenditures must show a much more marked acceleration than was the case in the corresponding period in 1918.

The acceleration of disbursements which occurred in the spring of 1918 pushed the curve for World War I above the curve for the present program. However, the World War I curve includes substantial Allied purchases of foodstuffs. Since exports of foodstuffs to Great Britain under the current Defense Aid Program have been very small, a curve showing monthly disbursements for 1917-1918 less Allied purchases of food is included in the chart.

A larger proportion of the estimated national income was devoted to defense purposes in World War I than during the present period. In May 1918, 14 months after the beginning of the all-out war effort, military disbursements less military pay and subsistence were \$1,158 million, or at the rate of 23 percent of the estimated national income of \$59.7 billion for 1918, as shown in Chart 2. In August 1941, 14 months after the beginning of the all-out defense effort, defense disbursements were \$1,002 million, or at the rate of from 12 to 14 percent of the estimated national income of from \$87 billion to \$91 billion for 1941. This is far short of the rate of 30 percent of the national income which was reached in November 1917, the

CHART 2-PER CENT OF NATIONAL INCOME FOR DEFENSE EFFORT WORLD WARS I & II



peak monthly disbursement rate for World War I.

These disbursement figures are not corrected for differences in prices during World Wars I and II. Since wholesale prices were very much higher in 1917 than in 1940—the Bureau of Labor Statistics index of prices of all commodities at wholesale stood at 114 in April 1917 and 78 in July 1940 (1926 = 100)—it is reasonable to suppose that a given dollar volume of disbursements represented a smaller physical volume of production at 1917 prices than at 1940 prices. However, wholesale prices are not an adequate measure of the prices of the goods purchased with these disbursements. Wholesale prices rose from 114 in April 1917 to 128 in May 1918, 13 months later. In the same length of time during World War II, the Bu-

reau of Labor Statistics index rose from 78 in July 1940 to 90 in August 1941.

Historical differences in the situation prior to April 1917 and July 1940 conditioned the productive efforts of the early months of the two programs. In April 1917 the war had been going on for almost three years and the Allies had been making substantial purchases of munitions and other material for about two

years. Under the stimulus of these purchases, munitions capacity had been rapidly built up. When war with Germany was declared by the United States in April 1917, much plant and experience were already available. There were similar developments prior to July 1940 but on a smaller scale and with less time to take effect. Consequently, it was probably necessary for the present defense program to start from a point closer to scratch than the war effort of 1917-1918.

* SOURCES: Figures on monthly defense disbursements for 1940 and 1941 are taken from Defense Progress Series. Estimates of monthly war disbursements from April 1917 to November 1918 were computed as follows: total monthly disbursements were taken from the 1920 annual report of the Secretary of the Treasury, page 412; estimates of monthly pay, subsistence, and travel of the Army and Navy, and of monthly disbursements of Civilian departments were deducted from these figures; and estimates of dollar volume of exports due to Allied war purchases were added to the remainder.

DEFENSE PROGRESS SERIES

Stockpile Program

Data on the stockpile program have been expanded this week to include all commodities on which purchasing activity is considered urgent. No purchases have as yet been made on 21 of the 55 commodities included in this list and there have been no deliveries of 29 of them.

Strikes in Defense Industries

111 thousand man-days were lost because of important defense strikes during September; this is less than one-third of the 341 thousand lost during August, and only slightly above the low mark of 103 thousand in June of this year. The number of employees involved—17 thousand—was less than half the number during August, but well above the previous low of 13 thousand in July 1941.

Employment in 18 Defense Industries

Employment in 18 selected industries engaged in primary defense production continued to gain in August. The aggregate gain in these industries since the inauguration of the defense program in June 1940 is 975 thousand wage earners, or about 60 percent. In the same period all manufacturing industries gained 2,320 thousand wage earners, or 29 percent.

Among the 18 selected defense industries most significant gains in August were in the aircraft, aero engines, and explosives industries, due to new plants going into production. Increases in employment in August in private shipyards were largely offset by the temporary stoppage of work at the Kearney, N.J. yard of the Federal Shipbuilding and Drydock Company. Current employment in the aircraft, aero engine, shipbuilding, firearms, ammunition, and explosives industries is more than double that of a year ago.

One of the major factors in the August increase in factory employment was the seasonal expansion in the canning and preserving industry. The increase this year was greater than usual as a result of Army and Navy, and Lend-Lease purchases.

The automobile industry experienced a greater-than-seasonal decrease from July to August, the reduction of 85,700 wage earners reflecting the change-over in models and restricted and production schedules. Aluminumware and die casting firms continued to report employment decreases owing to inability to secure materials, and the silk and rayon hosiery industries reported a substantial decrease in employment because of the "freezing" of silk stocks.

UNITED STATES ARMED FORCES

	1940			1941		
	June 30	Dec. 31	March 31	June 30	Aug. 31	Sept. 30
	(Thousand men)					
ARMED FORCES ON ACTIVE DUTY						
TOTAL	452	877	P 1,324	1,775	1,929	P 1,953
ARMY - TOTAL	266	619	P 1,031	1,448	1,576	P 1,582
Regular	263	424	P 466	509	534	536
Nat'l. Guard in Fed. Serv.	-	156	P 222	288	279	P 267
Reserve Officers	3	22	P 38	55	67	74
Selective Service Trainees	-	17	P 305	596	696	P 705
NAVY & MARINE CORPS - TOTAL	186	258	293	327	353	P 371
NAVY - TOTAL	158	210	242	273	293	P 309
Regular	151	185	207	220	231	P 236
Reserve	7	25	35	53	62	P 73
MARINE CORPS - TOTAL	28	48	51	54	60	P 62
Regular	28	41	40	43	47	P 49
Reserve	4	7	11	11	13	P 13

P Preliminary estimate.

n.s. Not available.

FOOTNOTES

DEFENSE PROGRESS SERIES

See Opposite Page

n.a. Not available

P Preliminary

n.r. Not released

R Revised

^a Totals include defense program legislation beginning with June 11, 1940; British orders and disbursements in this country since November 1939; and certain authorizations and appropriations for the Navy, Maritime Commission, Coast Guard, pilot training, housing, and the stockpile passed prior to June 11, 1940.

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DEFENSE PROGRESS SERIES

TOTAL UNITED STATES DEFENSE PROGRAM

	Cumulative 6/11/40 through			Monthly		
	End 1st full year	1 month ago	End Latest Month	1 year ago	1 month ago	Latest month
	6/30/41	8/31/41	9/30/41	9/40	8/41	9/41
FINANCIAL PROGRAM (Million Dollars)						
<u>PROGRAM - TOTAL</u>	49,879	60,466	P 60,466	6,615	7,728	P 0
U. S. contractual	41,374	51,393	P 51,393	6,122	7,532	P 0
U. S. pay, subs., trav., misc.	4,835	5,399	P 5,399	62	183	P 0
Foreign orders in U. S. ^a	3,670	3,674	P 3,674	431	13	P 0
<u>CONTRACTS - TOTAL</u>	28,199	c	c	5,325	c	c
United States	22,979	c	c	4,816	c	c
U. S. pay, subs., trav., misc.-paid	1,550	P 1,992	P 2,230	78	P 230	P 238
Foreign orders in U. S. ^a	3,670	P 3,674	P 3,674	431	P 13	P 0
<u>CASH DISBURSEMENTS - TOTAL</u>	9,115	P 11,466	P 12,880	468	P 1,236	P 1,414
U. S. contractual	5,490	P 7,221	P 8,330	191	P 914	P 1,109
U. S. pay, subs., trav., misc.	1,550	P 1,992	P 2,230	78	P 230	P 238
Foreign orders in U. S. ^a	2,075	P 2,253	P 2,320	199	P 92	P 67
O B J E C T S						
<u>TOTAL MUNITIONS</u>						
Program	28,847	35,503	P 35,503	4,365	4,509	P 0
Contracts	17,760	c	c	4,684	c	c
Cash disbursements	3,508	P 4,420	P 5,050	218	P 487	P 630
<u>AIRPLANES, ENGINES, ETC.</u>						
Program	11,729	12,519	P 12,519	2,201	295	P 0
Contracts	6,829	c	c	984	c	c
Cash disbursements	1,467	P 1,780	P 2,020	95	P 162	P 240
<u>NAVAL SHIPS AND PARTS</u>						
Program	6,796	8,154	P 8,154	229	380	P 0
Contracts	5,000	5,759	c	2,596	456	c
Cash disbursements	693	P 935	P 1,080	44	P 130	P 145
<u>ORDNANCE (INCL. NAVAL ORDNANCE)</u>						
Program	8,226	11,938	P 11,938	1,651	3,135	P 0
Contracts	4,978	c	c	1,007	c	c
Cash disbursements	936	P 1,190	P 1,370	63	P 140	P 180
<u>OTHER MUNITIONS</u>						
Program	2,096	2,892	P 2,892	284	699	P 0
Contracts	953	c	c	97	c	c
Cash disbursements	412	P 515	P 580	16	P 55	P 65

Table continued on following page. For footnotes see opposite page.

FOOTNOTES

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See Opposite Page

n.a. Not available

P Preliminary

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DEFENSE PROGRESS SERIES

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DEFENSE PROGRESS SERIES

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	Cumulative 6/11/40 through ^a			Monthly		
	End lat full year 6/30/41	1 month ago 8/31/41	End latest Month 9/30/41	1 year ago 9/40	1 month ago 8/41	Latest month 9/41
<u>MERCHANT SHIPS</u> (Million dollars)						
Program	1,605	P 3,358	P 3,358	3	1,699	P 0
Contracts	1,462	c	c	3	c	c
Cash disbursements	252	P 351	P 410	19	P 56	P 59
<u>INDUSTRIAL FACIL.-CONS., EQUIP., & REAL ESTATE</u>						
Program	5,887	6,223	P 6,223	735	215	P 0
Contracts	2,721	3,823	c	269	490	c
Cash disbursements	824	P 1,191	P 1,400	28	P 196	P 209
<u>INDUSTRIAL FACIL.-CONSTRUCTION ONLY</u>						
Program	1,607	2,035	P 2,035	n. a.	70	P 0
Value in place	559	909	P 1,101	n. a.	184	P 192
<u>POSTS, DEPOTS & FORTIFICATIONS</u>						
Program	3,638	4,181	P 4,181	688	482	P 0
Contracts	2,212	c	c	86	c	c
Cash disbursements	1,448	P 1,675	P 1,780	30	P 115	P 105
<u>HOUSING</u>						
Program	452	602	P 602	100	0	P 0
Contracts	275	334	P 364	10	20	P 40
Cash disbursements	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.
<u>STOCKPILES</u>						
Program	983	1,203	P 1,203	338	113	P 0
Contracts	470	568	c	45	45	c
Cash disbursements	180	P 239	P 270	11	P 28	P 31
<u>OTHER EQUIPMENT & SUPPLIES</u>						
Program	3,632	3,997	P 3,997	324	527	P 0
Contracts	1,749	c	c	150	c	c
Cash disbursements	1,339	P 1,580	P 1,720	83	P 122	P 140
<u>PAY - DEFENSE AGENCIES</u>						
Total - Program	2,808	2,997	P 2,997	0	139	0
Cash disbursements	1,192	P 1,495	P 1,650	66	P 157	P 155
Army - Program	1,926	1,926	1,926	0	0	0
Cash disbursements	523	P 679	P 754	22	P 83	P 75
Navy & Mar. Corps - Program	737	883	883	0	139	0
Cash disbursements	312	P 372	P 406	23	P 30	P 34

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(Million dollars)						
<u>PAY - DEFENSE AGENCIES (CONT.)</u>						
Civilian employees - Program	145	188	P 188	0	0	0
Cash disbursements	357	P 444	P * 490	21	P 44	P 46
<u>SUBSISTENCE AND TRAVEL</u>						
Program	703	704	P 704	0	0	P 0
Cash disbursements	247	P 340	P 400	9	P 50	P 60
<u>MISCELLANEOUS</u>						
Program (commitments)	1,324	1,698	P 1,698	62	44	P 0
Cash disbursements	125	P 175	P 200	4	P 25	P 25
A G E N C I E S						
<u>U. S. MILITARY</u>						
TOTAL						
Program - Total	33,871	41,585	41,585	5,490	5,825	0
Contractual	30,297	37,842	37,842	5,490	5,665	0
Pay, subs., trav., misc.	3,574	3,743	3,743	0	160	0
Contracts	18,455	c	c	4,745	c	c
Cash disbursements - Total	6,183	P 7,922	P 9,000	236	P 913	P 1,078
Contractual	4,804	n. a.	n. a.		n. a.	n. a.
Pay, subs., trav., misc.	1,379	n. a.	n. a.		n. a.	n. a.
ARMY						
Program - Total	20,346	24,607	24,607	4,383	4,255	0
Contractual	17,639	21,900	21,900	4,383	4,255	0
Pay, subs., trav., misc.	2,707	2,707	2,707	0	0	0
Contracts	9,010	c	c	1,839	c	c
Cash disbursements - Total	3,862	P 4,870	P 5,500	94	P 514	P 630
Contractual	2,954	n. a.	n. a.	46	n. a.	n. a.
Pay, subs., trav., misc.	908	n. a.	n. a.	38	n. a.	n. a.
NAVY						
Program - Total	13,525	16,978	16,978	1,107	1,570	0
Contractual	12,658	15,942	15,942	1,107	1,410	0
Pay, subs., trav., misc.	867	1,036	1,036	0	160	0
Contracts	9,445	P 11,269	c	2,906	P 1,010	c
Cash disbursements - Total	2,321	P 3,052	P 3,500	142	399	P 448
Contractual	1,850	n. a.	n. a.	109	n. a.	n. a.
Pay, subs., trav., misc.	471	n. a.	n. a.	33	n. a.	n. a.

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(Million dollars)						
<u>DEFENSE AID (LEND-LEASE)</u>						
Program ^d	7,000	7,000	7,000	-	0	0
Allocations	5,177	6,294	n.a.	-	951	n.a.
Contracts	2,430	3,569	n.a.	-	499	n.a.
Cash disbursements	26	P 161	P 265	-	P 82	P 104
<u>MARITIME COMMISSION</u>						
Program	795	2,494	2,494	0	1,699	0
Contracts	835	c	c	n. a.	c	c
Cash disbursements	164	P 218	P 250	11	P 30	P 32
<u>R.F.C. AND SUBSIDIARIES</u>						
Program	2,808	3,496	3,496	594	179	0
Contracts	924	c	c	61	c	c
Cash disbursements	333	P 477	P 545	9	P 67	P 68
<u>FOREIGN ORDERS IN U. S. ^e</u>						
Program	3,670	P 3,674	P 3,674	431	P 13	0
Contracts	3,670	P 3,674	P 3,674	431	P 13	P 67
Cash disbursements	2,075	P 2,253	P 2,320	199	P 92	P 67
<u>OTHER AGENCIES</u>						
Program	1,735	2,217	2,217	100	12	0
Contracts	335	c	c	10	c	c
Cash disbursements	334	435	P 500	13	P 52	P 65

OTHER DEFENSE INDICATORS

VALUE OF FACIL. ON APPLIC. FOR CERT. OF NECESSITY (Million dollars)						
Total	1,424	1,842	-	-	322	n. a.
Approved, private funds	829	942	-	-	43	n. a.
Approved, public funds	201	221	-	-	4	n. a.
Pending	387	679	-	-	275	n. a.
<u>DEFENSE HOUSING</u>						
(Number of dwelling units)						
Fund allocations	110,298	125,390	136,830	27,309	1,957	11,440
Cons. contracts awarded	78,820	94,993	103,171	2,997	5,770	8,178
Construction completed	21,768	39,038	45,584	0	7,739	6,546

Table continued on following page. For footnotes see opposite page.

FOOTNOTES

DEFENSE PROGRESS SERIES

See Opposite Page

n.a. Not available

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n.r. Not released

R Revised

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DEFENSE PROGRESS SERIES

DEFENSE EQUIPMENT INDEXES ²

	1940		1941				
	July	December	March	June	July	August	
							<i>If August schedules are maintained in, delay should be.</i>
<u>PRODUCTION RATE INDEXES</u>	(Average monthly production during fiscal year 1942=100)						<i>December 1941 (preliminary)</i>
Airplanes	16.1	25.8	33.5	44.7	43.5	56.9	97.2
Major combat ships			(In process of revision)				
Combat vehicles	n.a.	n.a.	10.8	30.5	54.0	60.2	129.4
Army-type guns	n.a.	n.a.	29.6	40.3	57.2	56.4	87.3
Field artillery	n.a.	n.a.	15.3	26.5	20.4	19.4	95.3
Antiaircraft	n.a.	n.a.	16.1	60.9	50.9	41.9	78.0
Airplane armament	n.a.	n.a.	18.8	23.1	30.5	45.9	102.4
Infantry-supporting	n.a.	n.a.	48.9	52.0	94.9	83.4	75.9
Ammunition	n.a.	n.a.	n.a.	13.0	13.6	18.8	109.8
Field artillery	n.a.	n.a.	n.a.	14.9	15.7	9.7	99.9
Antiaircraft	n.a.	n.a.	n.a.	0.0	0.0	8.7	116.3
Airplane	n.a.	n.a.	n.a.	26.9	4.5	42.4	154.6
Small arms	n.a.	n.a.	n.a.	16.9	19.4	32.4	113.6
	July 31	Dec. 31	March 31	June 30	July 31	Aug. 31	
<u>TOTAL PRODUCTION INDEXES</u>	(Cumulated since 7/40. Production during fiscal year 1942=100)						
Airplanes	1.3	8.5	16.2	27.1	30.8	35.5	62.9
Major combat ships			(In process of revision)				
Combat vehicles	n.a.	3.5	6.1	12.3	16.8	21.8	58.1
Army-type guns	n.a.	7.2	13.1	22.2	27.0	31.7	64.5
Field artillery	n.a.	3.0	7.1	14.8	16.5	18.1	51.7
Antiaircraft	n.a.	5.0	9.3	18.0	22.2	25.7	45.2
Airplane armament	n.a.	4.2	7.4	11.7	14.3	18.1	45.8
Infantry-supporting	n.a.	11.9	21.6	35.5	43.4	50.3	92.8
Ammunition	n.a.	n.a.	n.a.	10.9	11.9	13.5	38.3
Field artillery	n.a.	n.a.	n.a.	7.4	8.7	9.5	27.0
Antiaircraft	n.a.	n.a.	n.a.	0.6	0.6	1.3	27.1
Airplane	n.a.	n.a.	n.a.	5.4	5.8	9.4	50.8
Small arms	n.a.	n.a.	n.a.	20.8	22.4	25.1	55.8

Table continued on following page.

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FOOTNOTES

DEFENSE PROGRESS SERIES

See Opposite Page

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DEFENSE PROGRESS SERIES

Commodity and Units	Program	Status	Cumulative 6/11/40 through ^a			Monthly		
			End 1st full year	1 month ago	1st half, current mo.	1 year ago	2 months ago	1 month ago
			6/30/40	8/31/41	9/15/41	8/40	7/41	8/41
<u>ACONITE ROOT</u> (lbs.)	50,000	Purch. Deliv.	0 0	0 0	0 0	0 0	0 0	0 0
<u>ALUMINUM</u> (metric tons)	100,000	Purch. Deliv.	0 0	340,975 0	340,975 0	0 0	0 0	170,975 0
<u>ANTIMONY</u> (short tons)	27,000	Purch. Deliv.	29,637 7,295	29,637 8,166	29,637 8,264	6,250 0	0 501	0 370
<u>ASBESTOS</u> (short tons)	30,700	Purch. Deliv.	0 0	1,560 197	1,560 197	0 0	0 0	1,560 197
<u>BAUXITE</u> (metric tons)	-	Purch. Deliv.	0 0	13,650 0	13,650 0	0 0	0 0	13,650 0
<u>BELLADONNA LEAVES</u> (lbs.)	200,000	Purch. Deliv.	0 0	0 0	0 0	0 0	0 0	0 0
<u>BELLADONNA ROOTS</u> (lbs.)	60,000	Purch. Deliv.	0 0	0 0	0 0	0 0	0 0	0 0
<u>BERYL ORES</u> (metric tons)	-	Purch. Deliv.	0 0	0 0	0 0	0 0	0 0	0 0
<u>CADMIUM</u> (short tons)	6,000	Purch. Deliv.	0 0	67 67	67 67	0 0	0 0	67 67
<u>CHROME ORE</u> (thou. long tons)	1,950	Purch. Deliv.	647 173	737 194	741 221	46 6	32 19	58 2
<u>COBALT</u> (lbs.)	-	Purch. Deliv.	0 0	224,000 0	224,000 0	0 0	0 0	224,000 0
<u>COPPER</u> (short tons)	600,000	Purch. Deliv.	0 0	304,701 51,196	304,701 266,034	0 0	0 0	1 29,745
<u>CORK</u> (metric tons)	70,000	Purch. Deliv.	0 0	17,773 0	10,026 0	0 0	0 0	17,773 0
<u>COTTON LINTERS</u> (short tons)	35,000	Purch. Deliv.	0 0	n.a. 25,000	n.a. 25,000	0 0	0 0	n.a. 25,000
<u>DIAMOND DIES</u> (number)	10,000	Purch. Deliv.	0 0	9,000 4,025	9,000 3,966	0 0	0 0	3,000 1,415
<u>DIAMONDS, INDUS.</u> (thous. carats)	6,410	Purch. Deliv.	771 4	717 615	739 639	0 0	0 5	4 605
<u>ERGOT OF RYE</u> (lbs.)	200,000	Purch. Deliv.	0 0	0 0	0 0	0 0	0 0	0 0

Table continued on following page. For footnotes see opposite page.

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DEFENSE PROGRESS SERIES

Commodity and Units	Program	Status	STOCKPILE					Monthly	
			Cumulative 6/11/40 through ^a					1 year ago 8/40	1 month ago 8/41
			End 1st full year 6/30/41	1 month ago 8/31/41	1st half, current mo. 9/15/41				
FLAXSEED (thous. bu.)	30,000	Purch. Deliv.	0 0	0 0	0 0		0 0	0 0	0 0
GRAPHITE (short tons)	34,000	Purch. Deliv.	5,413 453	5,413 453	5,413 453		0 0	0 0	0 0
HENBANE LEAVES (lbs.)	100,000	Purch. Deliv.	0 0	0 0	0 0		0 0	0 0	0 0
HIDES (thous. pieces)	6,000	Purch. Deliv.	0 0	0 0	0 0		0 0	0 0	0 0
IRIDIUM (troy ounces)	7,750	Purch. Deliv.	0 0	0 0	0 0		0 0	0 0	0 0
JUTE (long tons)	80,000	Purch. Deliv.	0 0	0 0	0 0		0 0	0 0	0 0
KAPOK (long tons)	2,000	Purch. Deliv.	0 0	0 0	1,968 0		0 0	0 0	0 0
LEAD (short tons)	600,000	Purch. Deliv.	0 0	229,651 43,783	261,703 88,071		0 0	0 0	226,851 43,783
LEATHER (bales)	-	Purch. Deliv.	0 0	2,439 2,439	2,439 2,439		0 0	0 0	0 0
MANGANESE (thou. long tons)	3,300	Purch. Deliv.	3,219 328	3,348 350	3,358 375	764 15	123 6	7 17	
MANGROVE EXTR. (short tons)	7,500	Purch. Deliv.	0 0	0 0	0 0		0 0	0 0	0 0
MANILA FIBRE (thous. bales)	2,037	Purch. Deliv.	100 71	116 93	170 98		0 0	12 13	5 10
MERCURY (flasks)	35,000	Purch. Deliv.	5,000 2,050	5,000 2,050	6,200 2,510		0 0	0 0	0 0
MICA (thous. lbs.)	27,700	Purch. Deliv.	5,581 2,288	5,759 4,900	11,956 5,246		0 0	0 2,290	178 321
NICKEL (short tons)	15,000	Purch. Deliv.	0 0	11,357 0	11,357 0		0 0	0 0	11,357 0
NITRATES OF SODA (short tons)	300,000	Purch. Deliv.	300,000 100,000	300,000 200,000	300,000 200,000		0 0	0 0	0 100,000
OPTICAL GLASS (lbs.)	11,400	Purch. Deliv.	n.a. n.a.	11,400 9,300	11,400 10,028		0 0	0 0	0 3,753

Table continued on following page. For footnotes see opposite page.

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DEFENSE PROGRESS SERIES

STOCKPILE (Continued)

Commodity and Units	Program	Status	Cumulative 6/11/40 through a			Monthly		
			End 1st full year 6/30/41	1 month ago 8/31/41	1st half, current mo. 9/15/41	1 year ago 8/40	2 months ago 7/41	1 month ago 8/41
<u>PYRETHRUM</u> (long tons)	15,600	Purch. Deliv.	0 0	0 0	0 0	0 0	0 0	0 0
<u>QUARTZ CRYSTALS</u> (thous. lbs.)	1,002	Purch. Deliv.	99 52	484 52	748 52	0 2	0 0	0 0
<u>QUEBRACHO</u> (short tons)	45,000	Purch. Deliv.	0 0	0 0	0 0	0 0	0 0	0 0
<u>QUININE SULPHATE</u> (thou. avdp. oz.)	9,200	Purch. Deliv.	7,200 6,485	7,200 6,600	9,200 6,600	0 0	0 115	0 0
<u>RED SQUILL</u> (lbs.)	675,000	Purch. Deliv.	0 0	0 0	0 0	0 0	0 0	0 0
<u>ROSEMARY ROOTS</u> (thous. lbs.)	12,150	Purch. Deliv.	0 0	0 0	0 0	0 0	0 0	0 0
<u>RUBBER</u> (thou. long tons)	1,900	Purch. Deliv.	263 206	417 222	445 231	40 9	82 13	73 3
<u>RUTILE</u> (metric tons)	-	Purch. Deliv.	0 0	0 0	50 0	0 0	0 0	0 0
<u>SANTONIN</u> (lbs.)	1,000	Purch. Deliv.	0 0	0 0	0 0	0 0	0 0	0 0
<u>SCRAP IRON</u> (thou. long tons)	1,000	Purch. Deliv.	0 0	0 0	0 0	0 0	0 0	0 0
<u>SENA LEAVES</u> (thous. lbs.)	4,000	Purch. Deliv.	0 0	0 0	0 0	0 0	0 0	0 0
<u>SILK</u> (bales)	50,000- 100,000	Purch. Deliv.	0 0	0 0	10 10	0 0	0 0	0 0
<u>SILK WASTE</u> (thous. lbs.)	3,000	Purch. Deliv.	0 0	0 0	0 0	0 0	0 0	0 0
<u>SISAL</u> (short tons)	100,000	Purch. Deliv.	0 0	0 0	0 0	0 0	0 0	0 0
<u>TIN, PIG</u> (long tons)	307,434	Purch. Deliv.	100,420 42,285	105,408 46,720	105,408 46,869	2,136 1,318	5,000 3,060	0 1,375
<u>TIN ORE</u> (long tons)	-	Purch. Deliv.	278,545 0	278,545 13,411	278,545 13,754	0 0	0 0	0 13,411
<u>TUNGSTEN</u> (short tons)	30,500	Purch. Deliv.	67,294 5,871	78,499 5,885	78,499 6,007	6,695 0	5,693 4	6,600 10

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For footnotes see opposite page.

CONFIDENTIAL

DEFENSE PROGRESS SERIES

FOOTNOTES

DEFENSE PROGRESS SERIES

See Opposite Page

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DEFENSE PROGRESS SERIES

STOCKPILE (Continued)								
Commodity and Units	Program	Status	Cumulative 6/11/40 through ^a			Monthly		
			End 1st full year 6/30/41	1 month ago 8/31/41	1st half, current mo. 9/15/41	1 year ago 8/40	2 months ago 7/41	1 month ago 8/41
<u>WOOL</u> (thous. lbs.)	1,000	Purch.	255,381	255,381	255,381	0	0	0
		Deliv.	73,864	88,093	88,093	0	0	14,229
<u>ZINC-FINISHED</u> (short tons)	80,000	Purch.	86,000	86,000	86,000	0	0	0
		Deliv.	0	0	0	0	0	0
<u>ZINC-CONCENTR.</u> (short tons)	250,000	Purch.	112,000	214,365	222,653	0	0	102,365
		Deliv.	0	0	2,365	0	0	0
<u>ZIRCONIUM</u> (metric tons)	0	Purch.	0	0	0	0	0	0
		Deliv.	0	0	0	0	0	0

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For footnotes see opposite page.

DEFENSE PROGRESS SERIES

ECONOMIC ACTIVITY RELATED TO DEFENSE

ECONOMIC ACTIVITY RELATED TO DEFENSE

	1940		1941		Week Ending	
	July	January	July	August	Sept. 20	Sept. 27
FED. RES. BD. PROD. INDEXES	(Indexes 1935-39=100)					
Total industrial production	122	140	161	P 161		Sept. Est. P 161
Durable manufactures	136	171	200	P 202		P 205
Nondurable manufactures	112	123	138	P 137		P 136
Minerals	120	118	132	P 133		P 131
BUR. FOR. & DOM. COM. MFGS.						
ORDERS, SHIPMENTS, INVENTORIES	(Indexes)					
New orders, total (1/39 100)	127	176	212	P 195		
Shipments, total (1/39 100)	117	148	185	P 188		
Inventories, " (12/31/38 100)	109.2	120.8	131.2	P 134.2		
Durable (12/31/38 100)	111.9	129.7	140.8	P 146.2		
Nondurable (12/31/38 100)	106.4	111.2	120.8	P 121.4		
BLS PRICE INDEXES	(Indexes)					
Strategic materials (8/39 100)	123.6	126.1	140.3	141.6	141.7	142.4
Critical materials (8/39 100)	107.5	111.7	115.2	116.3	117.1	117.2
Basic commodities (8/39 100)	108.5	120.5	148.7	151.4	156.3	155.5
Machine tools (8/39 100)	108.7	114.6	119.0	119.2	n.a.	n.a.
All commodities (1926 100)	77.7	80.8	88.0	90.3	91.5	91.2
BLS COST OF LIVING INDEX	100.3	100.8	(1935-39 100) 105.2	106.0		
TRANSPORTATION & ELECTRIC POWER	(Averages)					
Freight cars						
Loadings (thous. per wk.)	707	684	854	892	908	920
Unloads for export (dly.)	1,502	1,352	1,614	1,635	1,607	1,783
Surplus, total (thous. dly.)	133	110	62	47	42	
Box cars	57	43	25	19	16	
Coal cars	47	42	18	11	9	
Power prod. (mil.kwh.wkly.)	2,731	3,080	3,214	3,395	3,232	3,233
NATIONAL INCOME	(Billion dollars, annual rate)					
Total income payments	75.2	81.7	89.3	P 89.9		
FEDERAL DEBT	(Billion dollars, end of month)					
Net public debt	41.5	43.9	46.9	48.0		
EMPLOYMENT	(Thousand workers)					
Total civil nonagricultural	35,454	36,621	39,281	P 39,542		
Total WPA employment	1,655	1,890	1,055	1,042	1,035	1,033
Defense						
Private, 18 major indus.	1,660	2,036	2,523	2,589		
" contractors, pub. constr.	13	448	412	P 418		
Public	155	203	231	P 240		
Total direct defense	1,828	2,687	3,166	P 3,247		
Deep-sea merchant vessels	51	49	50	51		
UNEMPLOYMENT (WPA Estimate)	(Million workers)					
Number of unemployed	9.3	7.6	5.6	5.3	4.5	

* Revised data.

P Preliminary data.

n.a. Data not available.

Table continued on following page

DEFENSE PROGRESS SERIES

ECONOMIC ACTIVITY RELATED TO DEFENSE (Continued)

ECONOMIC ACTIVITY RELATED TO DEFENSE (Continued)						
	1940	1941				
	July	January	July	August	Week Ending Sept. 20	Sept. 27
EMPLOYMENT IN 18 MAJOR PRIVATE DEFENSE INDUSTRIES ¹	(Indexes, 1939=100)					
All eighteen industries	123.3	151.3	187.7	192.3		
Blst. furn., st. wks., etc.	116.7	128.7	144.6	146.4		
Foundry & mach. shop prod.	114.8	137.5	167.9	168.3		
Elect. mach., app., & supp.	115.3	143.8	181.6	186.3		
Smelting and refining	112.7	124.0	130.1	131.5		
Brass, bronze, copper prod.	114.5	151.5	167.8	170.8		
Aluminum manufactures	121.2	146.5	150.0	150.5		
Machine tools	155.6	189.4	228.8	232.9		
Machine tool accessories	139.7	167.3	227.9	238.7		
Abrasives	112.1	151.1	180.6	186.9		
Screw-machine products	115.9	156.9	199.9	201.2		
Airframes	222.2	355.7	509.3	563.7		
Aero-engines	299.2	434.1	646.1	706.7		
Shipbuilding	138.7	195.6	303.1	306.8		
Firearms	159.3	234.5	336.1	350.9		
Ammunitions	144.6	245.8	376.2	392.2		
Explosives	142.5	161.4	298.6	338.0		
Optical goods	111.9	138.1	168.4	174.0		
Instruments	115.7	147.9	192.6	202.1		
UNITED STATES FOREIGN TRADE						
EXPORTS						
Total exports	317	325	(Million dollars)			
Exports by destination			359			
United Kingdom	108	117	129			
Canada	65	62	69			
British Asia	24	28	26			
China	10	8	6			
Latin America	58	59	67			
Other pro-democratic areas	11	21	38			
Russia	6	3	3			
Portugal and Spain	4	2	2			
Axis & Axis dominated areas	21	18	9			
All other	8	8	10			
Exports licensed	9.7	37.0	39.0			
IMPORTS						
Imports for consumption	218	224	(Million dollars)			
Imports by origin			265			
United Kingdom	16	10	10			
Canada	37	35	45			
British Asia	55	63	84			
China	10	5	10			
Latin America	52	67	73			
Other pro-democratic areas	13	10	13			
Russia	1	2	3			
Portugal and Spain	2	2	3			
Axis & Axis Dominated areas	23	20	16			
All other	9	9	8			
Strategic & critical materials	29.8	38.8	(Percent of total imports)			
		P 38.8				

¹ Data furnished by Bureau of Labor Statistics. ^P Preliminary data. ^R Revised data.

OCTOBER 3, 1941

CONFIDENTIAL

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DEFENSE PROGRESS SERIES

ECONOMIC ACTIVITY RELATED TO DEFENSE

	1940	1941				
	July	January	July	August	Week Ending	
					Sept. 20	Sept. 27
LABOR DISPUTES			(Monthly figures)			
PLANTS WITH IMPORTANT DEFENSE CONTRACTS						
Number strikes in progress	n.a.	13	15	19		
Workers involved (thous.)	n.a.	26	P 13	P 35		
Man-days idle (thous.)	n.a.	146	P 160	P 340		
ALL INDUSTRIES						
Number strikes in progress	390	330	P 700	P 740		
Workers involved (thous.)	83	109	P 235	P 290		
Man-days idle (thous.)	529	665	P 1,300	P 1,825		

Sept. Prel.
18
P 17
P 111

R Revised data.

P Preliminary data.

n.a. Data not available.



The President 1

DEFENSE PROGRESS

NUMBER 59

OCTOBER 10, 1941



BUREAU OF RESEARCH AND STATISTICS

STAGY MAY, CHIEF

OFFICE OF PRODUCTION MANAGEMENT

This summary contains CONFIDENTIAL information affecting the defense of the United States. Revelation of its contents in any manner to unauthorized persons is prohibited by the Espionage Act.

DEFENSE PROGRESS



BUREAU OF RESEARCH AND
STATISTICS • STACY MAY, CHIEF

ECONOMIC ANALYSIS BRANCH
MORRIS A. COPELAND, CHIEF

LESTER S. KELLOGG,
ASSISTANT CHIEF & EDITOR

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NUMBER 59 DEFENSE PROGRESS OCTOBER 10, 1941

BRIEFS OF CONTENTS

Page

- AIRPLANE PRODUCTION IN SEPTEMBER again reached a new high as the weighted index of monthly output rose to 61 from the previous high of 57 in August, and a scheduled maximum of 158 per month in October 1942. The weighted index of total production at the end of September stood at 41; in comparison the index of orders placed was 248 and that of financed production requirements was 309. 2
- AUGUST MAJOR COMBAT SHIP PRODUCTION INDEXES indicate that the present shipbuilding program was 16.3 percent complete at the end of that month; 1.2 percent of the total six-year "two-ocean" Navy construction program was completed during August. 4
- THE PROGRESS OF THE STOCKPILE PROGRAM falls far short of goals. Main causes for the poor showing are: lack of speed in executing early plans, incomplete coordination, indecision with respect to restriction of civilian consumption, and inadequate shipping facilities. 6
- DEFENSE PROGRESS SERIES. The Second Defense Aid Supplemental Appropriation Bill, which will add almost \$6 billion to the \$7 billion already appropriated, has been reported out of committee and was expected to come to a vote on October 10. 11

MILITARY AIRPLANE PRODUCTION, SEPTEMBER 1941

Monthly production of military airplanes continued its upward climb during September. The weighted index of monthly production, average scheduled monthly production during fiscal year 1942 as 100 percent, rose to 61 for the month. The previous high in the index was 57 in August.

The chart on the upper part of the following page shows how total production has cumulated since July 1940, the rate at which it is scheduled to increase in the future, and the relationship between total output and financed requirements. The weighted index of total cumulated production, using scheduled production during fiscal year 1942 as 100, stood at 41 at the end of September; the index of total financed production requirements is 309, or over seven times as great and, according to present plans, will be reached after June 1943. The index of planes ordered (including planes already produced) is 248.

More than 55 percent of present production requirements (in terms of the weighted index) are scheduled to go to the United States Army, as may be seen from the chart; slightly more than 12 percent will go to the Navy, and the remaining portion (32 percent) of existing production requirements is earmarked for foreign countries under their own purchasing programs or under the Defense Aid program. The share going abroad may be increased, however, by transfers from the United States armed forces. About 45 percent of the total output of airplanes since July 1940 (in

terms of the weighted index) has been for the United States armed forces. The remaining 55 percent has been produced for Great Britain or other foreign countries.

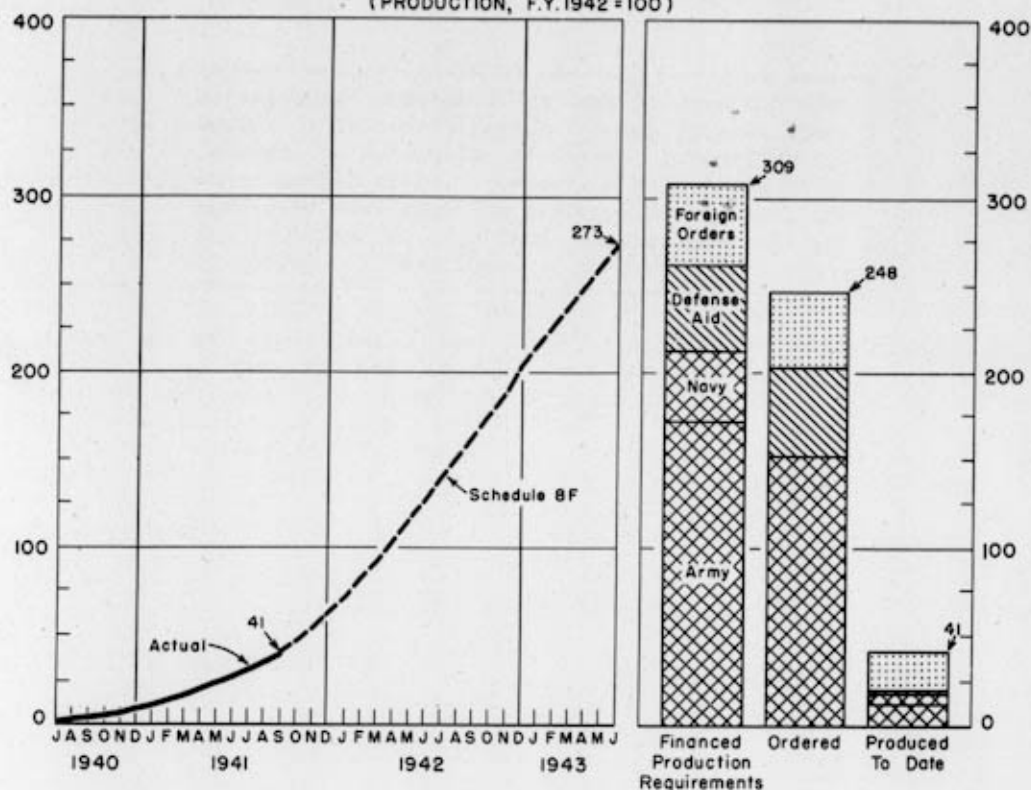
The chart on the lower half of the following page shows the way in which the weighted index of monthly output has increased, actual and scheduled output for September, and the scheduled output for the future. The September index of 61 was only fractionally behind scheduled output of 62 and the index should increase by one-third to 80 in October. The increase in monthly output over August was most marked for bombers. There was also a sizeable gain in the monthly output of pursuit ships, but the monthly production of transport planes and training planes declined slightly. September production of bombers was well ahead of the number scheduled, particularly the 4 and 2 engine types, but output of pursuit planes was behind schedule. Output of training planes was slightly behind schedule.

NOTE: The weights and series used in computing the indexes are as follows:

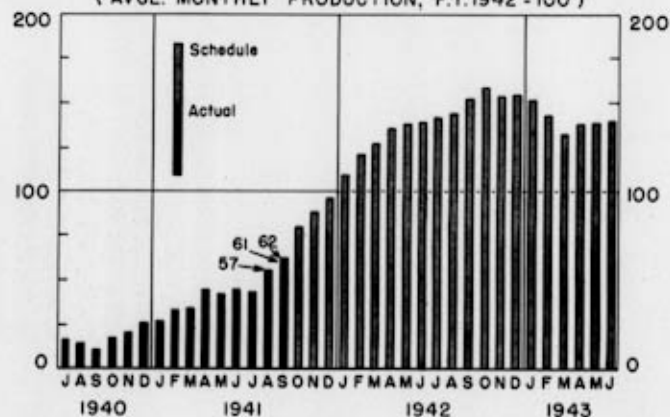
4 Engine Bomber,	Army Type	380
	Navy Type	460
2 Engine Bomber,	Army Type	175
	Navy Type	360
1 Engine Bomber,	All Types	85
2 Engine Pursuit,	All Types	135
1 Engine Pursuit,	All Types	65
Observation,	All Types	50
Transport,	Army Type	240
	Navy Type	60
Trainer, Adv.,	All Types	35
Trainer, Pr. & Basic,	All Types	15

MILITARY AIRPLANES

INDEX OF CUMULATIVE TOTAL PRODUCTION
(PRODUCTION, F.Y. 1942 = 100)



INDEX OF PRODUCTION DURING MONTH
(AVGE. MONTHLY PRODUCTION, F.Y. 1942 = 100)



MAJOR COMBAT SHIP CONSTRUCTION

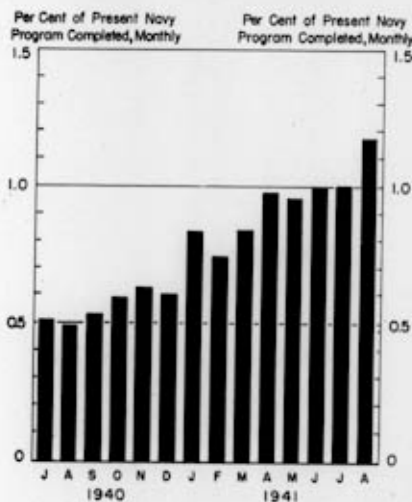
Herewith are presented revised indexes of major combat ship construction through August 1941. Indexes of schedules of future production of major combat ships, comparable with those which have been developed for planes and ordnance, are not presented at this time because the data are in process of revision.

At the end of August 1941, the shipbuilding program was 16.3 percent complete; at the program at this time consists of 2,265 thousand tons of new major combat ships designed to raise the United States Navy to the "two-ocean" level authorized by Congress. The construc-

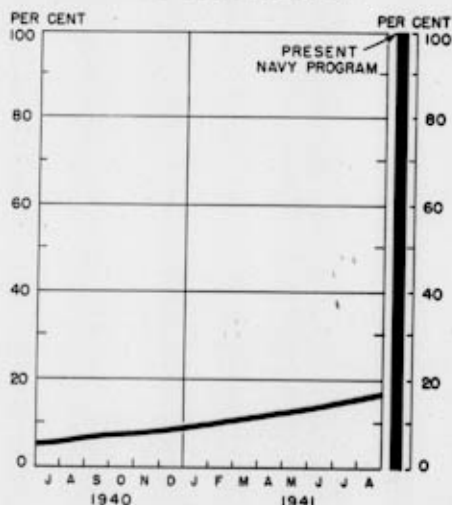
tion program for major combat ships was started earlier than any other major phase of our defense effort, and by July 1, 1940 construction equivalent to 5.3 percent of the present total program had been completed. During the 14 months from July 1940 through August 1941, an

MAJOR COMBAT SHIPS

MONTHLY CONSTRUCTION



TOTAL CONSTRUCTION



additional 11 percent was completed, bringing the total completed by the end of August to the 16.3 percent indicated in the chart below.

During August, 1.2 percent of the total six-year construction program was completed, as shown in the chart. August was the first month in which much more than one percent of the required work was done; from April to July approximately one percent of production requirements had

been constructed each month.

^a The percent completion of the program is derived by summing reports for each individual ship in the program, weighting each report by the tonnage of the vessel. The data on percent completion include only the hull and machinery of the vessels; ordnance for these ships is not included.

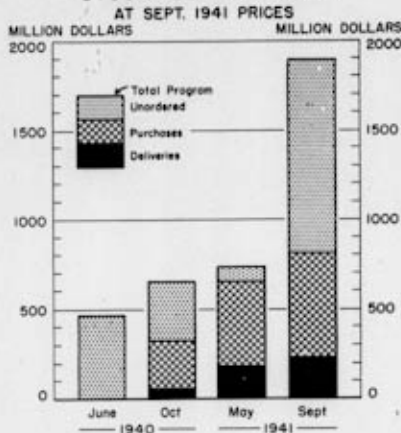
THE STOCKPILE PROGRAM

The progress of the stockpile program falls far short of goals set; purchases of but six of the more than 50 materials now on the list equal or exceed the most recent stockpile recommendations, but only in the case of one of these, quinine sulphate, do deliveries equal the ANMB program made over a year ago.

The main causes for the poor showing in accumulating stockpiles have been the lack of sufficient speed in the execution of the early program and of proper coordination among the several Governmental agencies responsible for it, the difficulties of building up a stockpile after a wartime emergency has developed, and the lack of adequate shipping facilities. It may be seriously questioned, in view of the present situation, whether further substantial efforts should be expended to complete the stockpiles for those materials, the supplies of which are already short of the defense demands.

Lack of Speed and Proper Coordination. Three major changes in stockpile recommendations have been made within the past 15 months. Chart 1 shows these changes in the total value of the program for 11 strategic materials which were included in the original program and indicates that their value in the latest program at September prices was \$1.9 billion,* or about four times their value in the first program. The value of deliveries of these 11 stockpile materials at the middle of September 1941, amounted

CHART 1 - STATUS OF PROGRAM
OF 11 ORIGINAL STRATEGIC
STOCKPILE MATERIALS



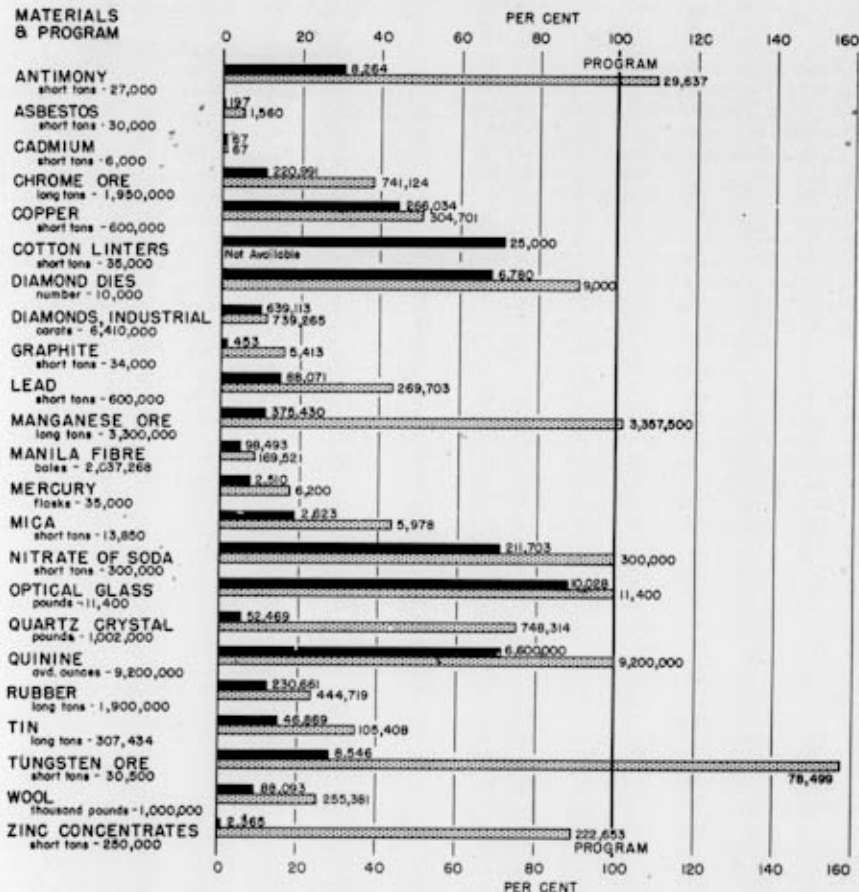
to \$204 million or only slightly more than half as great as the value, \$477 million, of the original recommendations of June 1940. The value of deliveries was about 30 percent of purchases for both May and September 1941.

Failure in obtaining prompt action on policy matters and on necessary approvals has caused undue delay. Moreover, as many as three Governmental procuring agencies have at times bid against each other for stockpile materials, although they have generally limited their purchases to the supplies which were available after the needs of private industry had been met. Recently a

CHART 2—PURCHASES AND DELIVERIES OF 23 STOCKPILE MATERIALS AS PER CENT OF PROGRAM AS OF SEPTEMBER 15, 1941

TOTAL PROGRAM = 100 PER CENT

MATERIALS & PROGRAM



Per Cent of Total Program Delivered*

Per Cent of Total Program Purchased or Contracted for

*Deliveries include small stocks of antimony, chromite, copper, diamond dies, lead, nitrates, tin and tungsten which have been released to industry.

more aggressive purchasing policy has been adopted which, if exercised earlier, would have increased stockpile accumulations substantially.

Wartime Demands and Control of Supplies. Drastic cuts in present levels of Civilian consumption would increase materially the stockpiles of some commodities now being accumulated. However, there are a number of materials which cannot be accumulated in any significant quantities because of current requirements and limited supplies unless such restrictions are imposed. Among these are: aluminum, cobalt, scrap iron, flaxseed, slab zinc, and nickel. There are also shortages in the production of cork, graphite, mica, tin, and tungsten. A number of minor or secondary materials, largely in the botanical drugs group, cannot be obtained because their foreign sources are under Axis domination.

Shortage in Ocean Shipping Facilities. Shortage in ocean shipping facilities has been a factor in delaying some stockpile deliveries. A deficiency of bottoms for imports of copper matte, flaxseed, hides and skins, lead, manganese, and wool has recently been reported. Authority for establishing shipping priorities at an earlier date would have increased deliveries of various materials. During the first year of the defense effort, large quantities of many nonessential materials were imported. The Ship Warrants Act of September 25, 1941 gives the Maritime Commission the authority to fix priorities for shipping, and to give preference in shore facilities to ships (both American Flag and others) which follow approved trade routes, carry defense cargoes, and charge reasonable rates.

Chart 2 shows the percentage of purchases and deliveries of recommendations of 23 materials on which deliveries had been made by the middle of September 1941.

The purchases of antimony, manganese, nitrate of soda, optical glass, and tungsten equal or exceed the current stockpile recommendations. On the basis of recent recommendations, more than 50 percent of the recommended amounts of zinc concentrates, optical glass, quinine, cotton linters, and nitrate of soda has been purchased and delivered. However, these are domestic materials, have their sources within the western hemisphere, or are small tonnage items.

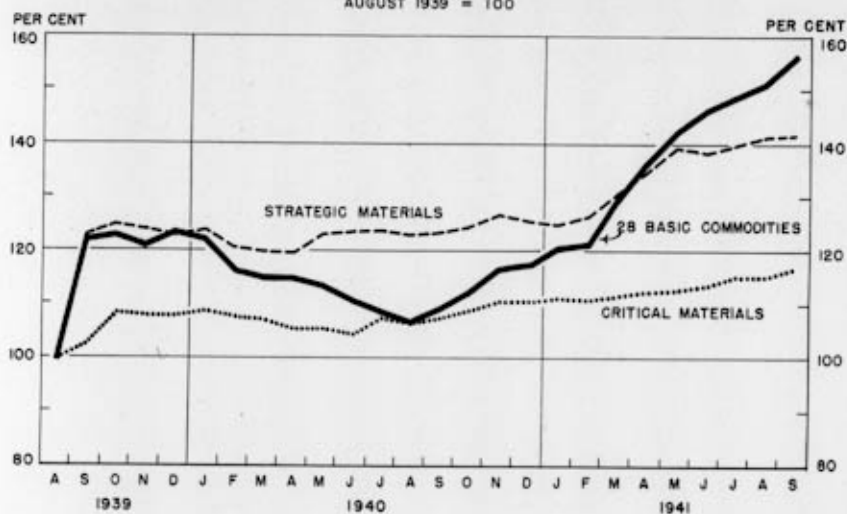
Prices of Strategic and Critical Materials. Although price increases may have delayed purchases and deliveries, the changes in price indexes of strategic and critical materials have been comparatively small during the past two months, showing an increase of about two points each. Changes in the prices of chrome and mercury account for the increase in the strategic index; hides and skins and imported wool were the strongest influences in the increase of critical materials. Governmental purchasing of strategic and critical materials by long-time contracts have apparently held prices of some items in check. The Bureau of Labor Statistics index number of 28 basic commodities, composed of both imported and domestic commodities, increased by about eight points during the past two months. 11 of the basic commodities are imported, three being strategic and three critical materials. The present indexes of strategic and critical materials cover only about half of all the items now so classified.

The following chart shows the monthly movements in the three price series since September 1939, and indicates the recent strong upward movement of the 28 basic commodities.

The table on page 10 lists additional stockpile materials on which no deliveries have been made to date. Those of which purchases have been made are shown separately.

*This estimate is based on September prices and does not represent funds authorized or committed for purchase of materials.

CHART 3 - WHOLESALE PRICES
STRATEGIC AND CRITICAL MATERIALS AND 28 BASIC COMMODITIES
AUGUST 1939 = 100



STOCKPILE MATERIALS AND PROGRAMS ON WHICH
NO DELIVERIES HAVE BEEN MADE
As of September 15, 1941

Material	Unit	Recommended Program	Contracted For or Purchased
<u>Purchases Made</u>			
Aluminum	(Metric Tons)	100,000 ^a	340,975
Bauxite	(Metric Tons)	n.a.	13,650
Cobalt	(Pounds)	250,000	224,000
Cork	(Metric Tons)	70,000	10,026
Kapok	(Long Tons)	2,000	1,968
Nickel	(Short Tons)	15,000	11,357
Rutile	(Metric Tons)	^b	50
Silk	(Bales)	50,000 to	
		100,000	10
Tin ore	(Long Tons)	^c	278,545
Zinc	(Short Tons)	80,000	86,000
<u>None Purchased</u>			
Aconite root	(Pounds)	50,000	-
Belladonna leaves	(Pounds)	200,000	-
Belladonna roots	(Pounds)	60,000	-
Beryl ores	(Metric Tons)	^b	-
Ergot of rye	(Pounds)	200,000	-
Flaxseed	(Bushels)	30,000,000	-
Henbane leaves	(Pounds)	100,000	-
Hides	(Pieces)	6,000,000	-
Iridium	(Troy Ounces)	7,750	-
Jute	(Long Tons)	80,000	-
Mangrove extract	(Short Tons)	7,500	-
Pyrethrum	(Long Tons)	15,600	-
Quebracho	(Short Tons)	45,000	-
Red Squill	(Pounds)	675,000	-
Rotenone-Bearing roots	(Pounds)	12,150,000	-
Santonin	(Pounds)	1,000	-
Scrap iron	(Long Tons)	1,000,000	-
Senna leaves	(Pounds)	4,000,000	-
Silk noils & waste	(Pounds)	3,000,000	-
Sisal	(Short Tons)	100,000	-
Zirconium	(Metric Tons)	^b	-

^a Annual recommendation; to be delivered by Canada from 1942 to 1944.

^b No set amount. ^c Tin ore from Bolivia for refining in the United States.

DEFENSE PROGRESS SERIES

Pending Defense Legislation

The Second Defense Aid Supplemental Appropriation Bill, requesting almost \$6 billion, was reported out of committee on October 8 and was expected to come to a vote on October 10. If the bill is passed it will bring the total

amount of Defense Aid to \$13 billion.

An estimate of \$1.4 million for the National Advisory Committee for Aeronautics was submitted to the House on September 30. Excluding Defense Aid, the total amount involved in defense appropriations now pending is \$224 million.

UNITED STATES ARMED FORCES

	1940		1941			
	June 30	Dec. 31	March 31	June 30	Aug. 31	Sept. 30
			(Thousand men)			
<u>TOTAL</u>	452	877	1,436	1,776	1,929	P 1,953
Army	266	619	1,143	1,449	1,576	1,582
Navy & Marine Corps	186	258	293	327	353	P 371

FOOTNOTES

DEFENSE PROGRESS SERIES

See Opposite Page

n.a. Not available

P Preliminary

n.r. Not released

R Revised

^a Totals include defense program legislation beginning with June 11, 1940; British orders and disbursements in this country since November 1939; and certain authorizations and appropriations for the Navy, Maritime Commission, Coast Guard, pilot training, housing, and the stockpile passed prior to June 11, 1940.

^b Decrease due to cancellation of orders.

^c These data are not available at present. Revisions are now in process which it is reported will bring the contract award data up to date by the end of September 1941.

^d The President is authorized for purposes of "Defense Aid" to transfer defense articles which are in stock or have been procured from appropriations made prior to March 11, 1941 up to the value of \$1,300 million. At his discretion, he may reimburse procuring agencies for defense articles so transferred from the \$7,000 million Defense Aid appropriation. The maximum Defense Aid program may therefore be considered \$8,300 million. \$13 million, transferred for this purpose during July, are included in the data in Defense Aid allocations, contracts, and cash disbursements.

^e This item was formerly called "British Orders" and at the present time includes only orders of the British Empire.

^f Data furnished by the Bureau of Naval Intelligence.

DEFENSE PROGRESS SERIES

TOTAL UNITED STATES DEFENSE PROGRAM

	Cumulative 6/11/40 through			Monthly		
	End 1st full year 6/30/41	1 month ago 8/31/41	End Latest Month 9/30/41	1 year ago 9/40	1 month ago 8/41	Latest month 9/41
FINANCIAL PROGRAM (Million Dollars)						
<u>PROGRAM - TOTAL</u>	49,879	60,466	P 60,466	6,615	r 7,984	P 0
U. S. contractual	41,374	51,393	P 51,393	6,122	r 7,768	P 0
U. S. pay, subs., trav., misc.	4,835	5,399	P 5,399	62	r 203	P 0
Foreign orders in U. S. ^e	3,670	3,674	P 3,674	431	13	P 0
<u>CONTRACTS - TOTAL</u>	r 29,231	c	c	5,325	c	c
United States	r 24,011	c	c	4,816	c	c
U. S. pay, subs., trav., misc.,-paid	1,550	P 1,992	P 2,230	78	P 230	P 238
Foreign orders in U. S. ^e	3,670	P 3,674	P 3,674	431	P 13	P 0
<u>CASH DISBURSEMENTS - TOTAL</u>	9,115	P 11,466	P 12,880	468	P 1,236	P 1,414
U. S. contractual	5,490	P 7,221	P 8,330	191	P 914	P 1,109
U. S. pay, subs., trav., misc.	1,550	P 1,992	P 2,230	78	P 230	P 238
Foreign orders in U. S. ^e	2,075	P 2,253	P 2,320	199	P 92	P 67
O B J E C T S						
<u>TOTAL MUNITIONS</u>						
Program	r 28,847	35,503	p 35,503	4,365	4,509	P 0
Contracts	r 18,792	c	c	4,684	c	c
Cash disbursements	3,508	p 4,420	p 5,050	218	p 487	p 630
<u>AIRPLANES, ENGINES, ETC.</u>						
Program	11,729	12,519	p 12,519	2,201	295	p 0
Contracts	6,829	c	c	984	c	c
Cash disbursements	1,467	p 1,780	p 2,020	95	p 162	p 240
<u>NAVAL SHIPS AND PARTS</u>						
Program	r 6,796	8,154	p 8,154	229	380	p 0
Contracts	r 6,032	p 6,741	c	2,596	456	c
Cash disbursements	693	p 935	p 1,080	44	p 130	p 145
<u>ORDNANCE (INCL. NAVAL ORDNANCE)</u>						
Program	8,226	11,938	p 11,938	1,651	3,135	p 0
Contracts	4,978	c	c	1,007	c	c
Cash disbursements	936	p 1,190	p 1,370	63	p 140	p 180
<u>OTHER MUNITIONS</u>						
Program	2,096	2,892	p 2,892	284	699	p 0
Contracts	953	c	c	97	c	c
Cash disbursements	412	p 515	p 580	16	p 55	p 65

Table continued on following page. For footnotes see opposite page.

FOOTNOTES

DEFENSE PROGRESS SERIES

See Opposite Page

n.a. Not available

P Preliminary

n.r. Not released

R Revised

^a Totals include defense program legislation beginning with June 11, 1940; British orders and disbursements in this country since November 1939; and certain authorizations and appropriations for the Navy, Maritime Commission, Coast Guard, pilot training, housing, and the stockpile passed prior to June 11, 1940.

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^d The President is authorized for purposes of "Defense Aid" to transfer defense articles which are in stock or have been procured from appropriations made prior to March 11, 1941 up to the value of \$1,300 million. At his discretion, he may reimburse procuring agencies for defense articles so transferred from the \$7,000 million Defense Aid appropriation. The maximum Defense Aid program may therefore be considered \$8,300 million. \$13 million, transferred for this purpose during July, are included in the data in Defense Aid allocations, contracts, and cash disbursements.

^e This item was formerly called "British Orders" and at the present time includes only orders of the British Empire.

^f Data furnished by the Bureau of Naval Intelligence.

DEFENSE PROGRESS SERIES

TOTAL UNITED STATES DEFENSE PROGRAM (Continued)

	Cumulative 6/11/40 through ^a			Monthly		
	End lat full year 6/30/41	1 month ago 8/31/41	End latest Month 9/30/41	1 year ago 9/40	1 month ago 8/41	Latest month 9/41
MERCHANT SHIPS						
	(Million dollars)					
Program	1,605	P 3,358	P 3,358	3	1,699	P 0
Contracts	1,462	c	c	3	c	c
Cash disbursements	252	P 351	P 410	19	P 56	P 59
INDUSTRIAL FACIL.-CONS., EQUIP., & REAL ESTATE						
Program	5,887	6,223	P 6,223	735	r 429	P 0
Contracts	2,721	3,823	c	269	490	c
Cash disbursements	824	P 1,191	P 1,400	28	P 196	P 209
INDUSTRIAL FACIL.-CONSTRUCTION ONLY						
Program	1,607	2,035	P 2,035	n. a.	70	P 0
Value in place	559	909	P 1,101	n. a.	184	P 192
POSTS, DEPOTS & FORTIFICATIONS						
Program	3,638	4,181	P 4,181	688	482	P 0
Contracts	2,212	c	c	86	c	c
Cash disbursements	1,448	P 1,675	P 1,780	30	P 115	P 105
HOUSING						
Program	452	602	P 602	100	0	P 0
Contracts	275	334	r 368	10	20	r 44
Cash disbursements	n. a.	n. a.	n. a.	n. a.	n. a.	n. a.
STOCKPILES						
Program	983	1,203	P 1,203	338	r 135	P 0
Contracts	470	568	c	45	45	c
Cash disbursements	180	P 239	P 270	11	P 28	P 31
OTHER EQUIPMENT & SUPPLIES						
Program	3,632	3,997	P 3,997	324	527	P 0
Contracts	1,749	c	c	r 150	c	c
Cash disbursements	1,339	P 1,580	P 1,720	83	P 122	P 140
PAY - DEFENSE AGENCIES						
Total - Program	2,808	2,997	P 2,997	0	139	0
Cash disbursements	1,192	P 1,495	P 1,650	66	P 157	P 155
Army - Program	1,926	1,926	1,926	0	0	0
Cash disbursements	523	P 679	P 754	22	P 83	P 75
Navy & Mar. Corps - Program	737	883	883	0	139	0
Cash disbursements	312	P 372	P 406	23	P 30	P 34

Table continued on following page. For footnotes see opposite page.

FOOTNOTES

DEFENSE PROGRESS SERIES

See Opposite Page

n.a. Not available

P Preliminary

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^a Totals include defense program legislation beginning with June 11, 1940; British orders and disbursements in this country since November 1939; and certain authorizations and appropriations for the Navy, Maritime Commission, Coast Guard, pilot training, housing, and the stockpile passed prior to June 11, 1940.

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^f Data furnished by the Bureau of Naval Intelligence.

DEFENSE PROGRESS SERIES

TOTAL UNITED STATES DEFENSE PROGRAM (Continued)

	Cumulative 6/11/40 through ^a			Monthly		
	End 1st full year 6/30/41	1 month ago 8/31/41	End latest Month 9/30/41	1 year ago 9/40	1 month ago 8/41	Latest month 9/41
<u>PAY - DEFENSE AGENCIES (CONT.)</u>						
	(Million dollars)					
Civilian employees - Program	145	188	P 188	0	0	0
Cash disbursements	357	P 444	P 490	21	P 44	P 46
<u>SUBSISTENCE AND TRAVEL</u>						
Program	703	704	P 704	0	0	0
Cash disbursements	247	P 340	P 400	9	P 50	P 60
<u>MISCELLANEOUS</u>						
Program (commitments)	1,324	1,698	P 1,698	62	r 64	P 0
Cash disbursements	125	P 175	P 200	4	P 25	P 25
A G E N C I E S						
<u>U. S. MILITARY</u>						
TOTAL						
Program - Total	33,871	41,585	41,585	5,490	5,825	0
Contractual	30,297	37,842	37,842	5,490	5,665	0
Pay, subs., trav., misc.	3,574	3,743	3,743	0	160	0
Contracts	r 19,487	c	c	4,745	c	c
Cash disbursements - Total	6,183	P 7,922	P 9,000	236	P 913	P 1,078
Contractual	4,804	n. a.	n. a.	165	n. a.	n. a.
Pay, subs., trav., misc.	1,379	n. a.	n. a.	71	n. a.	n. a.
ARMY						
Program - Total	20,346	24,607	24,607	4,383	4,255	0
Contractual	17,639	21,900	21,900	4,383	4,255	0
Pay, subs., trav., misc.	2,707	2,707	2,707	0	0	0
Contracts	9,010	c	c	1,839	c	c
Cash disbursements - Total	3,862	P 4,870	P 5,500	94	P 514	P 630
Contractual	2,954	n. a.	n. a.	r 56	n. a.	n. a.
Pay, subs., trav., misc.	908	n. a.	n. a.	38	n. a.	n. a.
NAVY						
Program - Total	13,525	16,978	16,978	1,107	1,570	0
Contractual	12,658	15,942	15,942	1,107	1,410	0
Pay, subs., trav., misc.	867	1,036	1,036	0	160	0
Contracts	r 10,477	P 12,301	c	2,906	P 1,010	c
Cash disbursements - Total	2,321	P 3,052	P 3,500	142	399	P 448
Contractual	1,850	n. a.	n. a.	109	n. a.	n. a.
Pay, subs., trav., misc.	471	n. a.	n. a.	33	n. a.	n. a.

Table continued on following page. For footnotes see opposite page.

FOOTNOTES

DEFENSE PROGRESS SERIES

See Opposite Page

n.a. Not available

P Preliminary

n.r. Not released

R Revised

^a Totals include defense program legislation beginning with June 11, 1940; British orders and disbursements in this country since November 1939; and certain authorizations and appropriations for the Navy, Maritime Commission, Coast Guard, pilot training, housing, and the stockpile passed prior to June 11, 1940.

^b Decrease due to cancellation of orders.

^c These data are not available at present. Revisions are now in process which it is reported will bring the contract award data up to date by the end of September 1941.

^d The President is authorized for purposes of "Defense Aid" to transfer defense articles which are in stock or have been procured from appropriations made prior to March 11, 1941 up to the value of \$1,300 million. At his discretion, he may reimburse procuring agencies for defense articles so transferred from the \$7,000 million Defense Aid appropriation. The maximum Defense Aid program may therefore be considered \$8,300 million. \$13 million, transferred for this purpose during July, are included in the data in Defense Aid allocations, contracts, and cash disbursements.

^e This item was formerly called "British Orders" and at the present time includes only orders of the British Empire.

^f Data furnished by the Bureau of Naval Intelligence.

DEFENSE PROGRESS SERIES

TOTAL UNITED STATES DEFENSE PROGRAM (Continued)

	Cumulative 6/11/40 through ^a			Monthly		
	End 1st full year 6/30/41	1 month ago 8/31/41	End latest month 9/30/41	1 year ago 9/40	1 month ago 8/41	Latest month 9/41
(Million dollars)						
<u>DEFENSE AID (LEND-LEASE)</u>						
Program d	7,000	7,000	7,000	-	0	0
Allocations	5,177	6,294	6,469	-	951	175
Contracts	2,430	3,569	n.a.	-	499	n.a.
Cash disbursements	26	P 161	P 265	-	P 82	P 104
<u>MARITIME COMMISSION</u>						
Program	795	2,494	2,494	0	1,699	0
Contracts	835	c	c	n.a.	c	c
Cash disbursements	164	P 218	P 250	11	P 30	P 32
<u>R.F.C. AND SUBSIDIARIES</u>						
Program	2,808	3,496	3,496	594	2,435	0
Contracts	924	c	c	61	c	c
Cash disbursements	333	P 477	P 545	9	P 67	P 68
<u>FOREIGN ORDERS IN U. S. *</u>						
Program	3,670	3,674	P 3,674	431	P 13	0
Contracts	3,670	3,674	P 3,674	431	P 13	0
Cash disbursements	2,075	P 2,253	P 2,320	199	P 92	P 67
<u>OTHER AGENCIES</u>						
Program	1,735	2,217	2,217	100	12	0
Contracts	335	c	c	10	c	c
Cash disbursements	334	435	P 500	13	P 52	P 65
OTHER DEFENSE INDICATORS						
VALUE OF FACIL. ON APPLIC. FOR CERT. OF NECESSITY (Million dollars)						
Total	1,424	1,842	n.a.	-	322	n.a.
Approved, private funds	829	942	n.a.	-	43	n.a.
Approved, public funds	201	221	n.a.	-	4	n.a.
Pending	387	679	n.a.	-	275	n.a.
<u>DEFENSE HOUSING</u>						
(Number of dwelling units)						
Fund allocations	110,298	125,390	136,830	27,309	1,957	11,440
Cons. contracts awarded	78,820	94,993	103,171	2,997	5,770	8,178
Construction completed	21,768	39,038	45,584	0	7,739	6,546
<u>SINKINGS AND CAPTURES OF BRITISH, ALLIED AND NEUTRAL MERCHANT SHIPS^f</u>						
(Thousand Gross Tons, cumulated since 9/39)						
British losses	4,520	P 4,689	n.a.	307	P 66	n.a.
Allied and neutral losses	2,595	P 2,753	n.a.	125	P 51	n.a.

Table continued on following page. For footnotes see opposite page.

FOOTNOTES

DEFENSE PROGRESS SERIES

See Opposite Page

n.a. Not available

P Preliminary

n.r. Not released

R Revised

^a Totals include defense program legislation beginning with June 11, 1940; British orders and disbursements in this country since November 1939; and certain authorizations and appropriations for the Navy, Maritime Commission, Coast Guard, pilot training, housing, and the stockpile passed prior to June 11, 1940.

^b Decrease due to cancellation of orders.

^c These data are not available at present. Revisions are now in process which it is reported will bring the contract award data up to date by the end of September 1941.

^d The President is authorized for purposes of "Defense Aid" to transfer defense articles which are in stock or have been procured from appropriations made prior to March 11, 1941 up to the value of \$1,300 million. At his discretion, he may reimburse procuring agencies for defense articles so transferred from the \$7,000 million Defense Aid appropriation. The maximum Defense Aid program may therefore be considered \$8,300 million. \$13 million, transferred for this purpose during July, are included in the data in Defense Aid allocations, contracts, and cash disbursements.

^e This item was formerly called "British Orders" and at the present time includes only orders of the British Empire.

^f Data furnished by the Bureau of Naval Intelligence.

DEFENSE PROGRESS SERIES

DEFENSE EQUIPMENT INDEXES

	1940		1941			
	July	December	March	June	August	September
MONTHLY PRODUCTION RATE INDEXES						
Maj. combat ships (Percent of present program completed)	0.5	0.6	0.8	1.0	1.2	
(Average monthly production during fiscal year 1942=100)						
Airplanes	16.1	25.8	33.5	44.7	56.9	60.9
Combat vehicles	n.a.	n.a.	10.8	30.5	60.2	
Army-type guns	n.a.	n.a.	29.6	40.3	56.4	
Field artillery	n.a.	n.a.	15.3	26.5	19.4	
Antiaircraft	n.a.	n.a.	16.1	60.9	41.9	
Airplane armament	n.a.	n.a.	18.8	23.1	45.9	
Infantry-supporting	n.a.	n.a.	48.9	52.0	83.4	
Ammunition	n.a.	n.a.	n.a.	13.0	18.8	
Field artillery	n.a.	n.a.	n.a.	14.9	9.7	
Antiaircraft	n.a.	n.a.	n.a.	0.0	8.7	
Airplane	n.a.	n.a.	n.a.	26.9	42.4	
Small arms	n.a.	n.a.	n.a.	16.9	32.4	
	July 31	Dec. 31	March 31	June 30	Aug. 31	Sept. 30
TOTAL CUMULATIVE PRODUCTION INDEXES						
Maj. combat ships (Percent of present program completed)	5.8	8.7	11.1	14.1	16.3	
(Cumulated since 7/40. Production during fiscal year 1942=100)						
Airplanes	1.3	8.5	16.2	27.1	35.5	40.6
Combat vehicles	n.a.	3.5	6.1	12.3	21.8	
Army-type guns	n.a.	7.2	13.1	22.2	31.7	
Field artillery	n.a.	3.0	7.1	14.8	18.1	
Antiaircraft	n.a.	5.0	9.3	18.0	25.7	
Airplane armament	n.a.	4.2	7.4	11.7	18.1	
Infantry-supporting	n.a.	11.9	21.6	35.5	50.3	
Ammunition	n.a.	n.a.	n.a.	10.9	13.5	
Field artillery	n.a.	n.a.	n.a.	7.4	9.5	
Antiaircraft	n.a.	n.a.	n.a.	0.6	1.3	
Airplane	n.a.	n.a.	n.a.	5.4	9.4	
Small arms	n.a.	n.a.	n.a.	20.8	25.1	

Table continued on following page.

For footnotes see opposite page.

DEFENSE PROGRESS SERIES

ECONOMIC ACTIVITY RELATED TO DEFENSE

	1940		1941			
	July	January	July	August	September	Week Ending Oct. 4
FED. RES. BD. PROD. INDEXES						
Total industrial production	122	140	(Indexes 1935-39=100)			
Durable manufactures	136	171	r 160	P 160	P 161	
Nondurable manufactures	112	123	r 199	P 198	P 205	
Minerals	120	118	r 130	P 132	P 132	
BUR. FOR. & DOM. COM. MFGS.						
ORDERS, SHIPMENTS, INVENTORIES						
New orders, total (1/39 100)	127	176	(Indexes)			
Shipments, total (1/39 100)	117	148	212	P 195		
Inventories, " (12/31/38 100)	109.2	120.8	185	P 188		
Durable (12/31/38 100)	111.9	129.7	131.2	P 134.2		
Nondurable (12/31/38 100)	106.4	111.2	140.8	P 146.2		
			120.8	P 121.4		
BLS PRICE INDEXES						
Strategic materials(8/39 100)	123.6	126.1	(Indexes)			
Critical materials(8/39 100)	107.5	111.7	140.3	141.6	n.a.	142.4
Basic commodities (8/39 100)	108.5	120.5	115.2	116.3	n.a.	117.4
Machine tools (8/39 100)	108.7	114.6	148.7	151.4	n.a.	155.6
All commodities (1926 100)	77.7	80.8	119.0	119.2	n.a.	n.a.
			88.0	90.3	n.a.	91.6
BLS COST OF LIVING INDEX						
	100.3	100.8	(1935-39 100)			
			105.2	106.0		
TRANSPORTATION & ELECTRIC POWER						
Freight cars						
Loadings (thous. per wk.)	707	684	(Averages)			
Unloads for export (dly.)	1,502	1,352	854	892	885	918
Surplus, total(thous.dly.)	133	110	1,614	1,635	P 1,709	1,889
Box cars	57	43	62	47	41	
Coal cars	47	42	25	19	15	
Power prod. (mil.kwh.wkly.)	2,731	3,080	18	11	10	
			3,214	3,395	P 3,280	3,290
NATIONAL INCOME						
Total income payments	75.2	(Billion dollars, annual rate)				
		81.7	89.3	P 89.9		
FEDERAL DEBT						
Net public debt	41.5	(Billion dollars, end of month)				
		43.9	46.9	48.0	49.1	
EMPLOYMENT						
Total civil nonagricultural	35,454	36,621	(Thousand workers)			
Total WPA employment	1,655	1,890	39,281	P 39,542		
Defense			1,055	1,042	P 1,037	P 1,032
Private, 18 major indus.	1,660	2,036	2,523	2,589		
" contractors, pub. constr.	13	448	412	r 384		
Public	155	203	231	240		
Total direct defense	1,828	2,687	3,166	r 3,213		
Deep-sea merchant vessels	51	49	50	51		
UNEMPLOYMENT (WPA Estimate)						
Number of unemployed	9.3	7.6	(Million workers)			
			5.6	5.3	4.5	

r Revised data.

P Preliminary data.

n.a. Data not available

The President 1

DEFENSE PROGRESS

NUMBER 60

OCTOBER 17, 1941



BUREAU OF RESEARCH AND STATISTICS

STACY MAY, CHIEF

OFFICE OF PRODUCTION MANAGEMENT

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DEFENSE PROGRESS



BUREAU OF RESEARCH AND
STATISTICS • STACY MAY, CHIEF

ECONOMIC ANALYSIS BRANCH
MORRIS A. COPELAND, CHIEF

LESTER S. KELLOGG,
ASSISTANT CHIEF & EDITOR

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DEFENSE PROGRESS SERIES. The Second Supplemental National Defense Appropriation Act, which carries the request for almost \$6 billion for Defense Aid, passed the House of Representatives on October 10 and is now before the Senate. Sinkings and captures of British, Allied, and neutral merchant vessels during September totaled 324 thousand gross tons, a sharp increase over the 179 recorded for August. Accessions of workers declined in manufacturing industries and in major defense industries during August.

1

DEFENSE PROGRESS SERIES

Pending Defense Legislation

The Second Supplemental National Defense Appropriation Bill of 1942 (HR 5788) passed the House of Representatives on October 10 and is now before the Senate Committee. This bill includes \$5,985 million for Defense Aid, \$12 million for Naval Ordnance, \$25 million for the United States Coast Guard, \$10 million for OEM, and \$1 million for the National Advisory Committee on Aeronautics, and additional supplemental appropriations for nondefense purposes.

Merchant Marine Sinkings and Captures

The reported sinkings and captures of the merchant vessels of British, Allied, and Neutral countries during September rose sharply from the lowest rate of the year reported for August. Reported losses during September totaled 324 thousand tons compared with a revised figure for August of 179 thousand tons. This latter figure has been increased substantially over the figure previously reported as be-

lated information on August losses has become available.

Labor Turnover

Accessions of workers declined in manufacturing industries as a whole and in each of seven selected defense industries during August, with shipbuilding showing the greatest decline and machine tools the least. However, the accessions rates were still well above those of a year ago in all except brass, bronze and copper products, electrical machinery, and iron and steel. This drop in the rate of hiring during August probably reflects the current shortages in many raw materials.

Total separations rose during August in six of the seven selected defense industries. Quits continued to be responsible for the major portion of these separations. Military separations in manufacturing as a whole as well as in defense industries declined in August and were the lowest since February in aircraft and shipbuilding.

UNITED STATES ARMED FORCES

	1940		1941			
	June 30	Dec. 31	March 31	June 30	Aug. 31	Sept. 30
	(Thousand men)					
<u>TOTAL</u>	452	877	1,436	1,776	1,929	r 1,948
Army	266	619	1,143	1,449	1,576	1,582
Navy and Marine Corps	186	258	293	327	353	r 366

OCTOBER 17, 1941

CONFIDENTIAL ... I

DEFENSE PROGRESS SERIES

TOTAL UNITED STATES DEFENSE PROGRAM

	Cumulative 6/11/40 through ^a			Monthly		
	End 1st full year 6/30/41	End, last month 9/30/41	1st half current mo. 10/15/41	1 year ago 9/40	1 month ago 8/41	Last month 9/41
FINANCIAL PROGRAM (Million dollars)						
<u>PROGRAM - TOTAL</u>	49,879	P 60,477	P 60,477	6,615	7,984	P 11
U. S. contractual	41,374	P 51,394	P 51,394	6,122	7,768	P 1
U. S. pay, subs., trav., misc.	4,835	P 5,394	P 5,394	62	203	P -5
Foreign orders in U. S. ^b	3,670	P 3,689	P 3,689	431	13	P 15
<u>CONTRACTS - TOTAL</u>	n.e.	P 43,372	n.e.	n.e.	c	P 2,228
United States	n.e.	P 37,554	n.e.	n.e.	n.e.	P 2,175
U. S. pay, subs., trav., misc., -paid	F 1,545	P 2,290	P 2,392	78	P 263	P 249
Foreign orders in U. S. ^b	3,670	P 3,689	P 3,689	431	P 13	P 15
<u>CASH DISBURSEMENTS - TOTAL</u>	F 9,130	P 13,030	P 13,780	468	P 1,336	P 1,464
U. S. contractual	F 5,512	P 8,360	P 8,943	191	P 981	P 1,088
U. S. pay, subs., trav., misc.	F 1,545	P 2,290	P 2,392	78	P 263	P 249
Foreign orders in U. S. ^b	F 2,073	P 2,380	P 2,445	199	P 92	P 127
O B J E C T S						
<u>TOTAL MUNITIONS</u>						
Program	28,847	P 35,508	P 35,508	4,365	4,509	P 5
Contracts	n.e.	P 27,693	n.e.	n.e.	n.e.	P 1,497
Cash disbursements	F 3,538	P 5,100	P 5,420	218	P 542	P 625
<u>AIRPLANES, ENGINES, ETC.</u>						
Program	11,729	P 12,520	P 12,520	2,201	295	P 1
Contracts	n.e.	P 11,227	n.e.	n.e.	n.e.	P 741
Cash disbursements	F 1,472	P 2,020	P 2,140	95	172	P 230
<u>NAVAL SHIPS AND PARTS</u>						
Program	6,796	P 8,154	P 8,154	229	380	P 0
Contracts	n.e.	P 7,321	n.e.	n.e.	n.e.	P 148
Cash disbursements	F 711	P 1,080	P 1,155	44	P 132	P 143
<u>ORDNANCE (INCL. NAVAL ORDNANCE)</u>						
Program	8,226	P 11,941	P 11,941	1,651	3,135	P 3
Contracts	n.e.	P 7,094	n.e.	n.e.	n.e.	P 507
Cash disbursements	F 938	P 1,370	P 1,460	63	P 143	P 177
<u>OTHER MUNITIONS</u>						
Program	2,096	P 2,893	P 2,893	284	699	P 1
Contracts	n.e.	P 2,051	n.e.	n.e.	n.e.	P 101
Cash disbursements	F 417	P 630	P 665	16	P 95	P 75

Table continued on following page. For footnotes see opposite page. ***

DEFENSE PROGRESS SERIES

See Opposite Page

n.a. Not available

P Preliminary

n.r. Not released

R Revised

- ^a Totals include defense program legislation beginning with June 11, 1940; British orders and disbursements in this country since November 1939; and certain authorizations and appropriations for the Navy, Maritime Commission, Coast Guard, pilot training, housing, and the stockpile passed prior to June 11, 1940.
- ^b This item was formerly called "British Orders" and at the present time includes only orders of the British Empire.
- ^c These data are not available at present. Revisions are now in process.
- ^d The program for pay for civilian defense employees includes only that specifically mentioned in appropriation bills, while the cash disbursement figure includes in addition executive defense pay which cannot be separately distinguished in the appropriation bills.
- ^e The President is authorized for purposes of "Defense Aid" to transfer defense articles which are in stock or have been procured from appropriations made prior to March 11, 1941 up to the value of \$1 billion. At his discretion, he may reimburse procuring agencies for defense articles so transferred from the \$7 billion Defense Aid appropriation. The maximum Defense Aid program may therefore be considered \$8 billion. \$13 million, transferred for this purpose during July, are included in the data in Defense Aid allocations, contracts, and cash disbursements.
- ^f Data are furnished by the Bureau of Naval Intelligence. All figures are subject to revision as more information becomes available.

DEFENSE PROGRESS SERIES

TOTAL UNITED STATES DEFENSE PROGRAM (continued)

	Cumulative 6/11/40 through ^a			Monthly		
	End 1st full year 6/30/41	End, last month 9/30/41	1st half current mo. 10/15/41	1 year ago 9/40	1 month ago 8/41	Last month 9/41
(Million dollars)						
<u>MERCHANT SHIPS</u>						
Program	1,605	p 3,358	p 3,358	3	1,699	p 0
Contracts	n.s.	p 2,430	n.s.	n.s.	n.s.	p 16
Cash disbursements	252	p 410	p 440	19	p 50	p 65
<u>INDUSTRIAL FACIL.-CONS., EQUIP., & REAL ESTATE</u>						
Program	5,887	p 6,222	p 6,222	735	r 429	p -1
Contracts	n.s.	p 4,404	n.s.	n.s.	n.s.	p 155
Cash disbursements	r 808	p 1,400	p 1,510	28	p 195	p 210
<u>INDUSTRIAL FACIL.-CONSTRUCTION ONLY</u>						
Program	1,607	p 2,035	n.s.	n.s.	70	p 0
Value in place	559	p 1,101	n.s.	n.s.	184	p 192
<u>POSTS, DEPOTS & FORTIFICATIONS</u>						
Program	3,638	p 4,181	p 4,181	688	482	p 0
Contracts	n.s.	p 3,154	n.s.	n.s.	n.s.	p 131
Cash disbursements	1,448	p 1,780	p 1,830	30	p 115	p 105
<u>HOUSING</u>						
Program	452	p 602	p 602	100	0	p 0
Contracts	275	r 368	n.s.	10	20	r 44
Cash disbursements	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
<u>STOCKPILES</u>						
Program	983	p 1,203	p 1,203	338	r 135	p 0
Contracts	470	p 568	n.s.	45	45	n.s.
Cash disbursements	r 192	p 270	p 287	11	p 29	p 30
<u>OTHER EQUIPMENT & SUPPLIES</u>						
Program	3,632	p 4,009	p 4,009	324	527	p 12
Contracts	n.s.	p 2,465	n.s.	n.s.	n.s.	p 136
Cash disbursements	r 1,333	p 1,780	p 1,880	83	p 142	p 180
<u>PAY - DEFENSE AGENCIES</u>						
Total - Program	2,808	p 2,997	p 2,997	0	139	0
Cash disbursements	r 1,193	p 1,680	p 1,760	66	p 176	p 166
Army - Program	1,926	p 1,926	p 1,926	0	0	0
Cash disbursements	523	p 772	p 812	22	p 91	p 85
Navy & Mar. Corps - Program	737	p 883	p 883	0	139	0
Cash disbursements	r 114	p 404	p 419	23	p 32	p 30

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DEFENSE PROGRESS SERIES

TOTAL UNITED STATES DEFENSE PROGRAM (Continued)

	Cumulative 6/11/40 through ^a			Monthly		
	End 1st full year 6/30/41	End, last month 9/30/41	1st half current mo 10/15/41	1 year ago 9/40	1 month ago 8/41	Last month 9/41
(Million dollars)						
PAY - DEFENSE AGENCIES (CONT.)						
Civilian employees - Program ^d	145	p 188	p 188	0	0	0
Cash disbursements	r 356	p 504	p 529	21	p 53	p 51
SUBSISTENCE AND TRAVEL						
Program	703	P 704	P 704	0	0	0
Cash disbursements	247	P 400	P 430	9	P 52	P 58
MISCELLANEOUS						
Program (commitments)	1,324	P 1,693	P 1,693	62	r 64	P -5
Cash disbursements	r 119	P 210	P 223	4	P 35	P 25
A G E N C I E S						
U. S. MILITARY						
TOTAL						
Program - Total	33,871	P 41,585	P 41,585	5,490	5,825	P 0
Contractual	30,297	P 37,842	P 37,842	5,490	5,665	P 0
Pay, subs., trav., misc.	3,574	P 3,743	P 3,743	0	160	P 0
Contracts	n.a.	P 27,846	n.a.	n.a.	n.a.	P 1,573
Cash disbursements - Total	r 6,192	P 9,090	n.a.	236	P 1,002	P 1,079
Contractual	r 4,810	n.a.	n.a.	165	n.a.	n.a.
Pay, subs., trav., misc.	r 1,382	n.a.	n.a.	71	n.a.	n.a.
ARMY						
Program - Total	20,346	24,607	24,607	4,383	4,255	0
Contractual	17,639	21,900	21,900	4,383	4,255	0
Pay, subs., trav., misc.	2,707	2,707	2,707	0	0	0
Contracts	n.a.	P 15,260	n.a.	n.a.	n.a.	P 810
Cash disbursements - Total	3,862	P 5,650	n.a.	94	P 606	P 691
Contractual	2,954	n.a.	n.a.	56	430	n.a.
Pay, subs., trav., misc.	908	n.a.	n.a.	38	176	n.a.
NAVY						
Program - Total	13,525	P 16,978	P 16,978	1,107	1,570	P 0
Contractual	12,658	P 15,942	P 15,942	1,107	1,410	P 0
Pay, subs., trav., misc.	867	P 1,036	P 1,036	0	160	P 0
Contracts	n.a.	P 12,586	n.a.	n.a.	P 1,010	P 763
Cash disbursements - Total	r 2,330	P 3,440	n.a.	142	P 396	P 388
Contractual	r 1,856	n.a.	n.a.	109	n.a.	n.a.
Pay, subs., trav., misc.	r 474	n.a.	n.a.	33	n.a.	n.a.

Table continued on following page. For footnotes see opposite page.

DEFENSE PROGRESS SERIES

TOTAL UNITED STATES DEFENSE PROGRAM (Continued)

	Cumulative 6/11/40 through ^a			Monthly		
	End 1st full year 6/30/41	End, last month 9/30/41	1st half current mo. 10/15/41	1 year ago 9/40	1 month ago 8/41	Last month 9/41
(Million dollars)						
<u>DEFENSE AID (LEND-LEASE)</u>						
Program ^e	7,000	7,000	7,000	-	0	0
Allocations	5,177	6,469	n.s.	-	951	175
Contracts	2,430	P 4,331	n.s.	-	499	P 425
Cash disbursements	26	P 265	n.s.	-	P 82	P 104
<u>MARITIME COMMISSION</u>						
Program	795	2,494	2,494	0	1,699	0
Contracts	n.s.	P 1,545	n.s.	n.s.	n.s.	n.s.
Cash disbursements	164	P 250	n.s.	11	P 30	P 32
<u>R.F.C. AND SUBSIDIARIES</u>						
Program	2,808	P 3,492	P 3,492	594	r 435	P -4
Contracts	924	P 2,767	n.s.	61	0	P 83
Cash disbursements	r 350	P 545	n.s.	9	P 67	P 68
<u>FOREIGN ORDERS IN U. S.^b</u>						
Program	3,670	P 3,689	P 3,689	431	P 13	P 15
Contracts	3,670	P 3,689	n.s.	431	P 13	P 15
Cash disbursements	r 2,073	P 2,380	n.s.	199	P 92	P 127
<u>OTHER AGENCIES</u>						
Program	1,735	2,217	2,217	100	12	0
Contracts	n.s.	P 1,065	n.s.	n.s.	n.s.	P 44
Cash disbursements	r 325	P 500	n.s.	13	P 63	P 54
<u>OTHER DEFENSE INDICATORS</u>						
<u>VALUE OF FACIL. ON APPLIC. FOR CERT. OF NECESSITY</u> (Million dollars)						
Total	1,424	n.s.	n.s.	-	322	n.s.
Approved, private funds	829	n.s.	n.s.	-	43	n.s.
Approved, public funds	201	n.s.	n.s.	-	4	n.s.
Pending	387	n.s.	n.s.	-	275	n.s.
<u>DEFENSE HOUSING</u> (Number of dwelling units)						
Fund allocations	110,298	136,830	139,880	27,309	1,957	11,440
Cons. contracts awarded	78,820	103,171	105,625	2,997	5,770	8,178
Construction completed	21,768	45,584	49,195	0	7,739	6,546
<u>SINKINGS AND CAPTURES OF BRITISH, ALLIED, AND NEUTRAL MERCHANT SHIPS^f</u> (Thousand Gross Tons, cumulated since 9/39)						
British losses	r 4,597	5,009	n.s.	r 312	r 105	r 184
Allied and neutral losses	r 2,751	3,037	n.s.	r 128	r 74	r 140

Table continued on following page. For footnotes see opposite page.

DEFENSE PROGRESS SERIES

See Opposite Page

n.a. Not available

P Preliminary

n.r. Not released

R Revised

- ^a Totals include defense program legislation beginning with June 11, 1940; British orders and disbursements in this country since November 1939; and certain authorizations and appropriations for the Navy, Maritime Commission, Coast Guard, pilot training, housing, and the stockpile passed prior to June 11, 1940.
- ^b This item was formerly called "British Orders" and at the present time includes only orders of the British Empire.
- ^c These data are not available at present. Revisions are now in process.
- ^d The program for pay for civilian defense employees includes only that specifically mentioned in appropriation bills, while the cash disbursement figure includes in addition executive defense pay which cannot be separately distinguished in the appropriation bills.
- ^e The President is authorized for purposes of "Defense Aid" to transfer defense articles which are in stock or have been procured from appropriations made prior to March 11, 1941 up to the value of \$1 billion. At his discretion, he may reimburse procuring agencies for defense articles so transferred from the \$7 billion Defense Aid appropriation. The maximum Defense Aid program may therefore be considered \$8 billion. \$13 million, transferred for this purpose during July, are included in the data in Defense Aid allocations, contracts, and cash disbursements.
- ^f Data are furnished by the Bureau of Naval Intelligence. All figures are subject to revision as more information becomes available.

DEFENSE PROGRESS SERIES

DEFENSE EQUIPMENT INDEXES

	1940		1941			
	July	December	March	June	August	September

MONTHLY PRODUCTION RATE INDEXES

Maj. combat ships (Percent of present program completed)

0.5 0.6 0.8 1.0 1.2

(Average monthly production during fiscal year 1942=100)

Airplanes	16.1	25.8	33.5	44.7	56.9	60.9
Combat vehicles	n.a.	n.a.	10.8	30.5	60.2	
Army-type guns	n.a.	n.a.	29.6	40.3	56.4	
Field artillery	n.a.	n.a.	15.3	26.5	19.4	
Antiaircraft	n.a.	n.a.	16.1	60.9	41.9	
Airplane armament	n.a.	n.a.	18.8	23.1	45.9	
Infantry-supporting	n.a.	n.a.	48.9	52.0	83.4	
Ammunition	n.a.	n.a.	n.a.	13.0	18.8	
Field artillery	n.a.	n.a.	n.a.	14.9	9.7	
Antiaircraft	n.a.	n.a.	n.a.	0.0	8.7	
Airplane	n.a.	n.a.	n.a.	26.9	42.4	
Small arms	n.a.	n.a.	n.a.	16.9	32.4	

July 31 Dec. 31 March 31 June 30 Aug. 31 Sept. 30

TOTAL CUMULATIVE PRODUCTION INDEXES

Maj. combat ships (Percent of present program completed)

5.8 8.7 11.1 14.1 16.3

(Cumulated since 7/40. Production during fiscal year 1942=100)

Airplanes	1.3	8.5	16.2	27.1	35.5	40.6
Combat vehicles	n.a.	3.5	6.1	12.3	21.8	
Army-type guns	n.a.	7.2	13.1	22.2	31.7	
Field artillery	n.a.	3.0	7.1	14.8	18.1	
Antiaircraft	n.a.	5.0	9.3	18.0	25.7	
Airplane armament	n.a.	4.2	7.4	11.7	18.1	
Infantry-supporting	n.a.	11.9	21.6	35.5	50.3	
Ammunition	n.a.	n.a.	n.a.	10.9	13.5	
Field artillery	n.a.	n.a.	n.a.	7.4	9.5	
Antiaircraft	n.a.	n.a.	n.a.	0.6	1.3	
Airplane	n.a.	n.a.	n.a.	5.4	9.4	
Small arms	n.a.	n.a.	n.a.	20.8	25.1	

Table continued on following page.

For footnotes see opposite page.

DEFENSE PROGRESS SERIES

ECONOMIC ACTIVITY RELATED TO DEFENSE

	1940	1941				
	July	January	August	September	Week Ending	
					Oct. 4	Oct. 11
<u>FED. RES. BD. PROD. INDEXES</u>						
		(Adjusted indexes 1935-39=100)				
Total industrial production	122	140	P 160	P 161		
Durable manufactures	136	171	P 198	P 205		
Nondurable manufactures	112	123	P 138	P 135		
Minerals	120	118	P 132	P 132		
<u>BUR. FOR. & DOM. COM. MFGS.</u>						
<u>ORDERS, SHIPMENTS, INVENTORIES</u>						
		(Indexes)				
New orders, total (1/39=100)	127	176	P 195			
Shipments, total (1/39=100)	117	148	P 188			
Inventories, " (12/31/38=100)	109.2	120.8	P 134.2			
Durable (12/31/38=100)	111.9	129.7	P 146.2			
Nondurable (12/31/38=100)	106.4	111.2	P 121.4			
<u>BLS PRICE INDEXES</u>						
		(Indexes)				
Strategic materials (8/39=100)	123.6	126.1	141.6	n.a.	^r 143.2	143.3
Critical materials (8/39=100)	107.5	111.7	116.3	n.a.	117.4	116.4
Basic commodities (8/39=100)	108.5	120.5	151.4	155.6	155.6	154.2
Machine tools (8/39=100)	108.7	114.6	119.2	118.9	-	-
All commodities (1926=100)	77.7	80.8	90.3	n.a.	91.6	91.6
<u>BLS COST OF LIVING INDEX</u>						
	100.3	100.8	(1935-39 100)			
			106.0			
<u>TRANSPORTATION & ELECTRIC POWER</u>						
		(Averages)				
Freight cars						
Loadings (thous. per wk.)	707	684	892	885	918	904
Unloads for export (dly.)	1,502	1,352	1,635	P 1,709	1,889	1,700
Surplus, total (thous. dly.)	133	110	47	41	39	
Box cars	57	43	19	15	15	
Coal cars	47	42	11	10	9	
Power prod. (mil. kwh. wkly.)	2,731	3,080	3,395	P 3,280	3,290	3,315
<u>NATIONAL INCOME</u>						
		(Billion dollars, annual rate)				
Total income payments	75.2	81.7	P 89.9			
<u>FEDERAL DEBT</u>						
		(Billion dollars, end of month)				
Net public debt	41.5	43.9	48.0	49.1		
<u>LABOR TURNOVER %</u>						
		(Rate per 100 employees)				
<u>ALL MANUFACTURING</u>						
Total accession	4.77	5.54	5.43			
Total separation	3.35	3.41	4.14			
Quit	0.85	1.31	2.46			
Layoff	2.25	1.61	1.13			
Discharge	0.14	0.18	0.30			
Military separation	n.a.	0.19	0.14			

^r Revised data.

P Preliminary data.

n.a. Data not available.

S Bureau of Labor Statistics.

DEFENSE PROGRESS SERIES

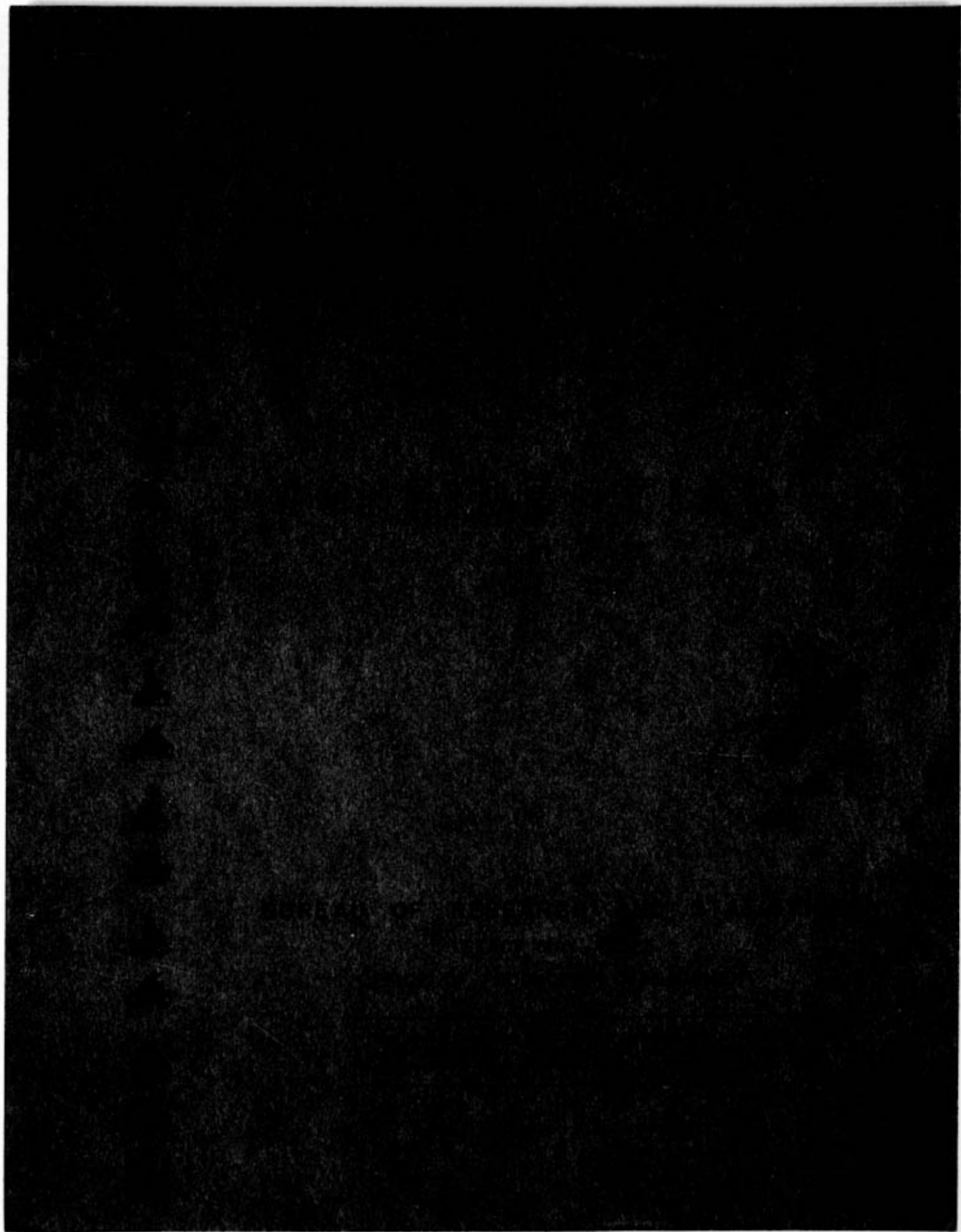
ECONOMIC ACTIVITY RELATED TO DEFENSE

	BOOKING ACTIVITY RELATED TO DEFENSE					
	1940	1941				
	July	January	August	September	Week Ending	
					Oct. 4	Oct. 11
LABOR TURNOVER ⁶ (CONTINUED)	(Rate per 100 employees)					
7 MAJOR DEFENSE INDUSTRIES						
Total accession	5.09	7.10	6.11			
Total separation	1.85	2.70	3.52			
Quit	0.84	1.24	2.18			
Layoff	0.73	0.79	0.72			
Discharge	0.15	0.22	0.33			
Military separation	n.a.	0.23	0.14			
AIRCRAFT						
Total accession	12.40	12.17	11.51			
Total separation	3.57	3.65	3.75			
Quit	2.96	2.44	2.87			
Layoff	0.15	0.33	0.18			
SHIPBUILDING						
Total accession	13.00	18.21	12.05			
Total separation	5.40	7.91	5.14			
Quit	1.14	1.93	2.35			
Layoff	3.71	4.78	2.05			
MACHINE TOOLS						
Total accession	3.05	6.68	5.00			
Total separation	2.09	2.44	3.31			
Quit	1.28	1.77	2.55			
Layoff	0.21	0.09	0.20			

R Revised data.

P Preliminary data.
E Bureau of Labor Statistics.

n.a. Data not available.



DEFENSE PROGRESS



BUREAU OF RESEARCH AND
STATISTICS • STACY MAY, CHIEF

ECONOMIC ANALYSIS BRANCH
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This summary contains CONFIDENTIAL information affecting the defense of the United States. Revelation of its contents in any manner to unauthorized persons is prohibited by the Espionage Act.

BRIEFS OF CONTENTS

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- THERE IS AN URGENT PRESENT NEED TO PLACE CONTRACTS for the remainder of the enacted defense program very quickly. It is urgent, too, that these contracts be so placed wherever possible as to make full use of facilities not previously drawn into the defense program and so placed as to provide for deliveries at the earliest possible date. 1

- ON OCTOBER 18 THE CANADIAN PRIME MINISTER announced that effective November 15 a general ceiling will be put over all prices. 4

- EXPORTS FROM THE UNITED STATES under the Defense Aid program to countries other than the British Empire resisting aggression have been very small. However, total export aid to these countries has been substantial, amounting to nearly one-third of all United States exports. 7

- PRESENT PRODUCTION PLANS CALL FOR THE DELIVERY OF MACHINE TOOLS valued at \$1,300 million, by January 1, 1943. Tool requirements for the defense program called for \$2,230 million on September 1, 1941. Steps such as diversion, further subcontracting, reduction of blackouts, etc., must be found to supplement the present machine tool production program if requirements are to be met on time. 10

- PRODUCTION OF COMBAT VEHICLES AND ARMY-TYPE GUNS reached new highs in September. The weighted index of monthly production for combat vehicles rose from 61 in August to 73 in September; the index for army-type guns rose from 57 to 67. 12

- DEFENSE PROGRESS SERIES. The Second Supplemental Defense Appropriation Bill of 1942 was reported out of committee to the Senate on October 21. Average hourly and weekly earnings advanced in the machine tool, shipbuilding, and aircraft industries during August. 17

THE PROCUREMENT SITUATION

There is an urgent present need to place contracts for the remainder of the enacted defense program very quickly. It is urgent, too, that these contracts be so placed wherever possible as to make full use of facilities not previously drawn into the defense program and so placed as to provide for deliveries at the earliest possible date.

Chart 1 shows the growth of the defense program. The total enacted program including British orders but excluding funds for non-contractual purposes has exceeded

\$45 billion since July 3, and \$55 billion since August 25. Unobligated contractual funds on July 1 plus new funds becoming available shortly thereafter total about \$25 billion. About \$11 billion worth of contracts were placed during the first three months of the F. Y. 1942. However, the rate of placing contracts was increased in September when almost \$4 billion were placed. At the September rate, it will take nearly three and one-half months to get contracts for the remainder of the enacted program placed. If the \$6 billion Second Defense Aid Bill is passed, an additional one and one-half or two months will be required to place these contracts at the September rate. Thus, to convert all existing funds and funds proposed in the Second Defense Aid Bill into actual contracts will take until about the first of March 1942.

CHART 1-DEFENSE PROGRAM IN U. S.

INCLUDES FOREIGN ORDERS PLACED IN U.S.
BILLION DOLLARS BILLION DOLLARS

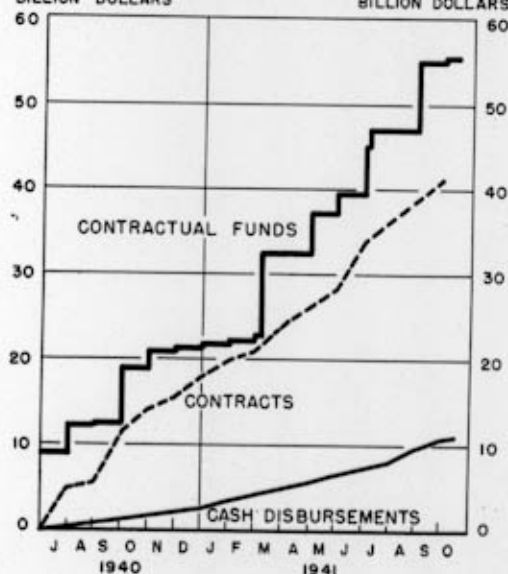


Chart 2 shows contract placements during the first three months of the F. Y. 1942 by major phases of the defense program. For planes it will take three and one-half months at the September rate of placement to convert funds on hand October 1 into contracts. Additional funds proposed in the Second Defense Aid Bill amount to \$685 million. For merchant ships at the September rate of placement, it will take until March 15, 1942 to convert unobligated funds into contracts. Nearly \$200 million of additional funds are proposed in the Second Defense Aid Bill. For ordnance, it will take until January 1 at the September rate of placement to convert the October 1 unobligated balance of funds into contracts. In the Second Defense

Aid Bill, an additional \$1,575 million of ordnance funds is proposed.

While only about half of the funds for industrial facilities available since July 1 are still unobligated, the situation is far more difficult so far as the equipping of these facilities is concerned. Orders for machine tools to produce planes, ordnance, and ships cannot be placed until after orders have been placed for the planes, ordnance, and ships. As noted elsewhere in this issue, about 25 percent of the estimated requirements for machine tools as of September 1 were under contract by October 1.

The need for pressure for contracts providing for early delivery

CHART 2-U. S. DEFENSE PROGRAM

F.Y. '42 FUNDS, OBLIGATIONS INCURRED AND UNOBLIGATED BALANCES

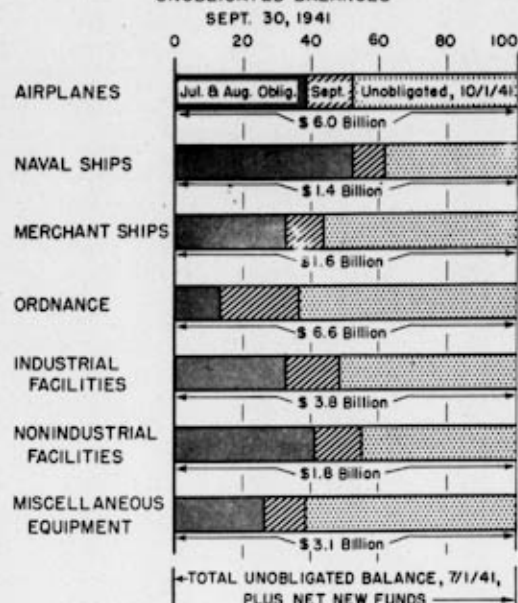
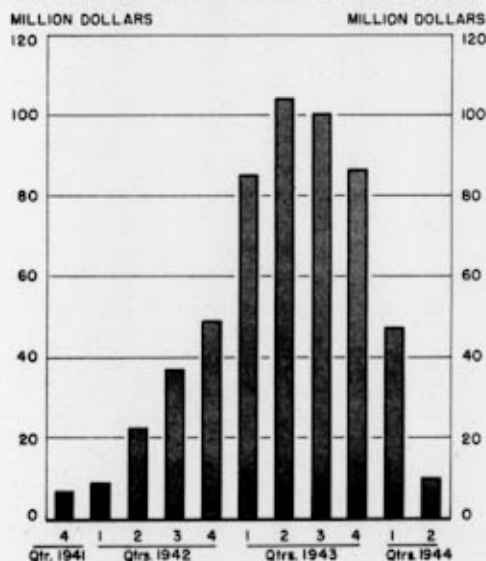


CHART 3-ESTIMATED VALUE OF DELIVERIES UNDER 13 PROPOSED AIRPLANE CONTRACTS CLEARED DURING SEPTEMBER



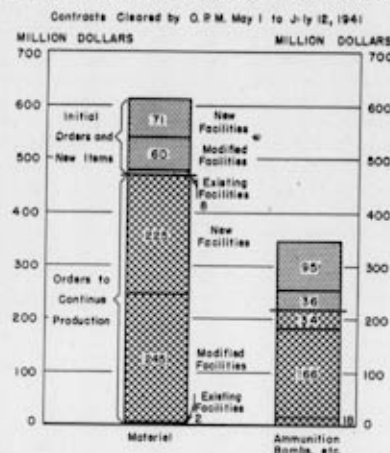
is indicated by the rough distribution shown in Chart 3. This chart shows approximate deliveries under 13 proposed contracts for planes cleared with the Office of Production Management during September. These 13 contracts had a total value of approximately \$600 million. More than \$350 million will apparently not be delivered, according to the proposed contract schedules, until after April 1, 1943.

The need for pressure to use the existing facilities of contractors not previously involved in the program wherever possible is suggested in Chart 4 by the analysis of nearly a billion dollars worth of ordnance contracts placed from May 1 to July 12. The upper part of each bar shows orders placed for new

ordnance items and orders for standard items placed with contractors not previously handling these items. These orders are not strictly orders placed with new contractors since these contractors were presumably already involved in the defense program to a substantial extent through contracts for other defense items. However, all new prime contractors are included here. Less than two percent of the total orders for materiel during the period under consideration and about one-tenth of the orders for ammunition were placed in the existing facilities of these contractors who were new producers of the items in question. New facilities or facilities requiring substantial amounts of additional or modified equipment were relied upon to a very large extent. About 85 percent of the orders for ammunition and practically all of the orders for materiel involved new or modified facilities.

CHART 4- ORDNANCE CONTRACTS

Showing Extent of Use of Existing Facilities & New Contracts



NOTE ON STATISTICS: Data for the F. Y. 1941 make clear that current monthly reports on contract awards during that fiscal year were seriously incomplete. Corrected monthly figures for that year are not yet available. The curve on contracts on Chart 1 is accordingly only a rough approximation for F.Y. 1941. A new and improved method of current reporting has been adopted by the War and Navy Departments for the current fiscal year.

Chart 3 was made up from summary information regarding the 13 proposed contracts on the assumption that for each contract, deliveries would be equally spaced from the date of initial delivery to the date of final delivery. As a result of this assumption, the proportion of deliveries scheduled after April 1, 1943, is probably understated.

PRICES AND PRICE CONTROL IN CANADA

On October 18 the Canadian Prime Minister, Mackenzie King, announced that effective November 15 a general ceiling will be put over the prices of all agricultural and industrial goods except those for export, as well as over utility rates, rents, wages, and the prices of many other services. This is a drastic new step in Canada's policy of controlling inflation. The keystone of the general ceiling is the stabilization of wages by a system of "basic wages." However, an automatic mechanism is to be provided for increasing these wages by paying bonuses to compensate for increases in the cost of living. The Order-in-Council which will set forth the terms of the new policy has not yet been issued. It was, however, indicated in the Prime Minister's speech that the ceiling level for most commodity prices and services would be the highest price each seller received during the four weeks ending October 11, 1941. In the case of most agricultural products and fish, the ceiling level will be the highest market prices during the four weeks ending October 11. The base period which is to determine the freezing of rents has not yet been specified. Stocks and bonds will not be covered by the ceiling. It was announced that the Government will continue to support the income of farmers in the wheat districts.

Thus Canada becomes the first of the remaining democracies to introduce the principle of total price control—advocated in the United States as the "Baruch Plan." During

her brief period of war, France had had a highly unsuccessful experience with a general price and wage ceiling. Aside from France, only Germany, Italy, and Japan have chosen to follow this method of inflation control. The method of selective price control, on the other hand, with no direct connection between the administration of price and wage policies and a general reliance upon collective bargaining, private wage agreements, and the use of patriotic persuasion to stabilize wage rates, has been followed by Great Britain, by the other nations of the British Empire, and by the United States in its price control efforts so far and in the Administration-sponsored price control bill now before Congress. Until the announcement last week, Canada likewise had followed this same course.

Announcement of the new policy by Canada came as a surprise. The Government had taken a series of strong steps since the outbreak of war to control inflationary tendencies by fiscal policies, specific price controls, and to a lesser extent, by wage policies. These steps had been reasonably effective and it is difficult to show that the new Canadian policy with respect to price control was brought on by any particularly unstable internal situation. The decision to change from the selective price control system to general controls was evidently occasioned largely by concern over the course of wages. Other purposes behind the move probably include the attempt to speed Canada's war pro-

gram by insuring that further price increases should not act as an unsettling factor to industry and the community.

Wartime Price Experience. Since the outbreak of war the index of Canadian wholesale prices have risen 27 percent. (See Chart 1). Nearly one-third of this increase took place in the first month of the war, chiefly attributable to the depreciation of the Canadian dollar which occurred at the outbreak of war. It was not until January 1940 that Canadian wholesale prices reached the level of their annual average in 1937. The index of import prices (up 34 percent) has risen somewhat more than the general index, as has the index of materials for metal working industries (up 33 percent). The index of woollen cloth is up 53

percent, although all of this rise occurred in the first six months of the war. Building and construction materials rose 7 percent in the month of May 1941.

During this two-year period the B.L.S. Index of Wholesale Prices in the United States rose about 20 percent, about one-third of which also occurred in the first month of the war. Since February 1941, the rate of increase of wholesale prices in the United States has been slightly more rapid than in Canada.

The prices of several commodities in demand for wartime purposes but controlled by specific price actions in both countries have risen less in Canada than in the United States. (See Table 1.)

CHART 1 - WHOLESALE PRICES, UNITED STATES, AND CANADA

INDEX NUMBERS, 1926 = 100

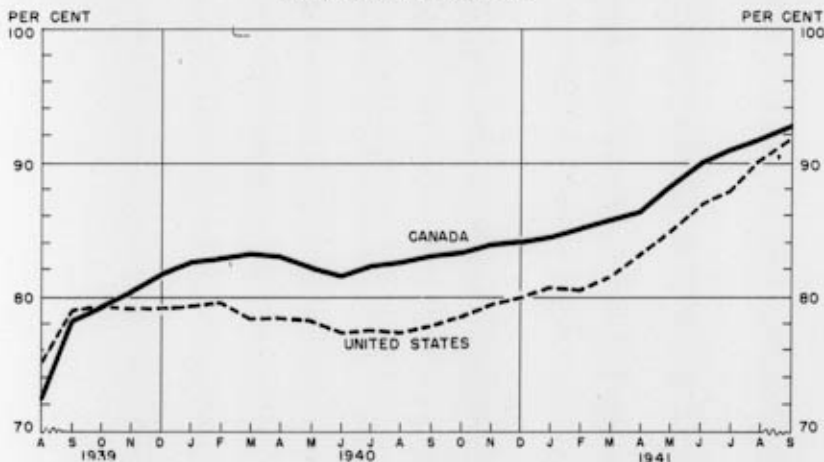


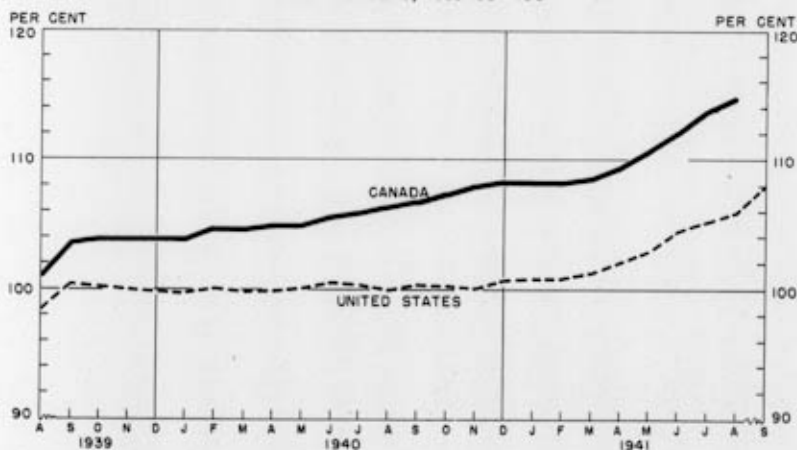
TABLE I - PRICES OF COMPARABLE GRADES OF SELECTED COMMODITIES

	Percentage increase, August 1939 to August 1941	
	Canada	U. S.
Pine Lumber	23	34
Fir Lumber	22	26
Pig Iron	15	14
Steel	8	0
Copper	6	15
Lead	16	16
Zinc	27	54

The Canadian index of the cost of living has risen nearly 14 percent from the outbreak of war to August 1941, during which period the United States Department of Labor cost of living index increased nearly 8 percent. (See Chart 2). Again, a considerable portion of

this increase occurred in the first month of the war. The food component of the index has risen 24 percent and clothing 18 percent. On the other hand, the rent component is up only 6 percent and the "miscellaneous" component up only 5 percent. The Canadian cost of living rose nearly 6 percent in the last five months, after leveling off in the first quarter of 1941. The United States cost of living index, which had been roughly stable throughout 1940, began to rise in February 1941 and has continued to rise to the present at roughly the same rate as in Canada.

No statistics are available on monthly wage rate movements in Canada. An annual average of industrial wage rates showed a rise of less than 3 percent between 1939 and 1940 and it has been officially estimated that manufacturing wage rates rose about 4½ percent in the first twelve months following the outbreak of war.

CHART 2- COST OF LIVING, UNITED STATES AND CANADA
INDEX NUMBERS, 1935-39 = 100

EXPORT AID TO NON-BRITISH COUNTRIES RESISTING AGGRESSION

Under the Defense Aid Program the United States is committed to a policy of assisting nations resisting aggression. Lend-Lease exports actually shipped to countries resisting aggression outside of the British Empire have been very small. The total of Lend-Lease exports, (exclusive of Egypt), amounted to about \$4.5 million, or approximately two percent, of the \$190 million worth dispatched under Lend-Lease through August 1941. Nevertheless, exports to non-British countries resisting aggression constitute nearly one-third of the total export trade of the United States.

The accompanying chart shows total exports of primary war materials (aircraft, firearms, etc.), secondary war materials (iron and steel semi-manufactures, industrial machinery, etc.), and all other exports to the principal non-British areas resisting aggression, for the last six months of 1940 and the first eight months of 1941.

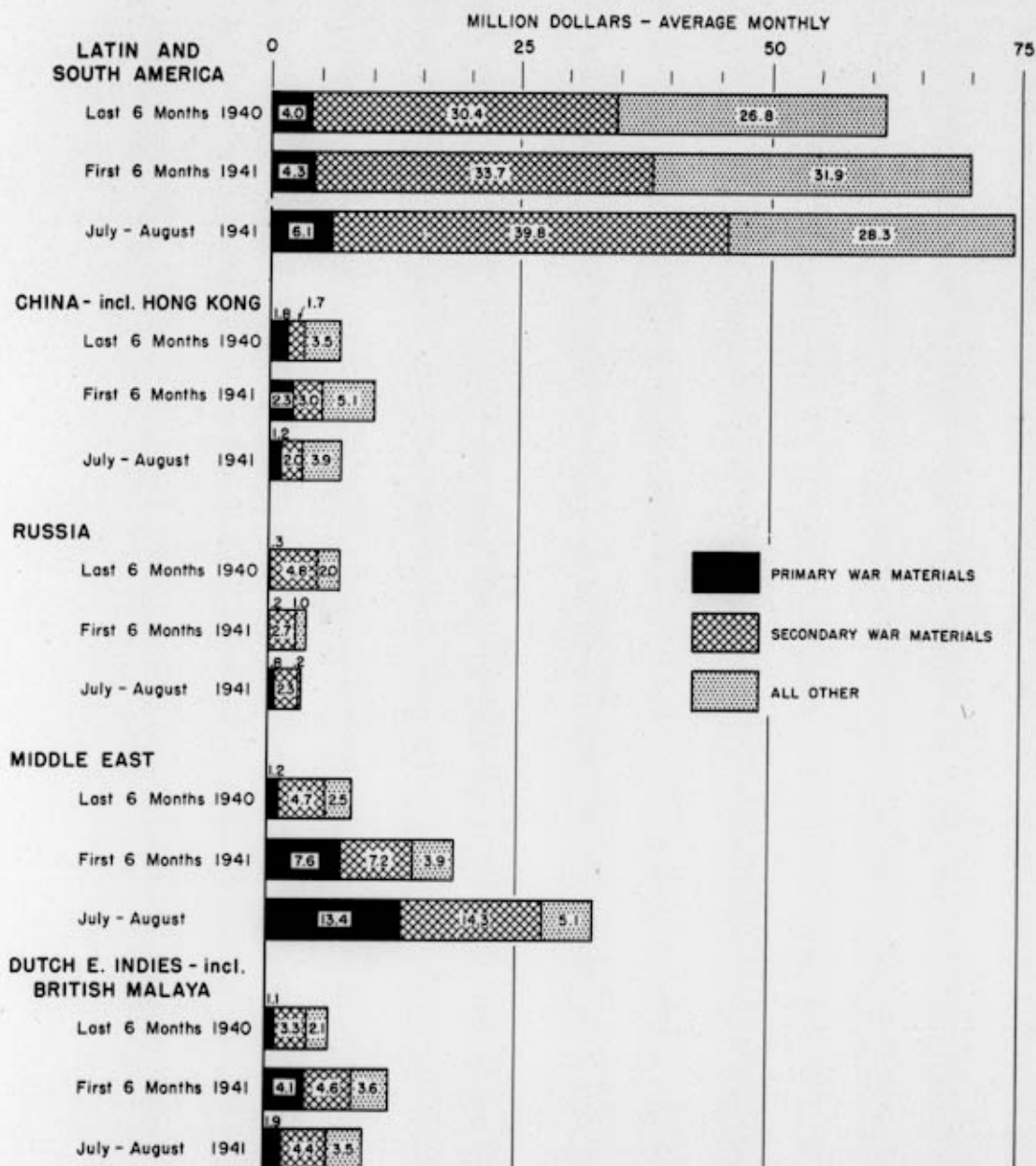
The United States export licensing system limited shipments of both primary and secondary war materials to the U. S. S. R. during the first six months of 1941. However, since the attack by Germany more exports have gone to the U. S. S. R. than were shipped during the first six months this year, and war materials have increased more than proportionately. Through September requests have already been approved for shipments of some \$250

million worth of war materials to the U. S. S. R., only about \$23 million of which had been shipped.

Latin America has obtained very small quantities of primary war materials, although an increase in the relative proportion of primary war materials for July and August is indicated. Secondary war materials, including industrial products essential in peace as well as in wartime, constitute about half of the total exports to Latin America as a whole. About one-tenth of one percent of Lend-Lease exports, or approximately a quarter of a million dollars, had been delivered to Western Hemisphere countries through August 1941. Latin American countries are scheduled, however, to receive larger quantities of exports under Lend-Lease. An appropriation of \$150 million is proposed in the new program now in Congress.

From the last six months of 1940 to the first half of 1941 exports of primary war materials to the Middle East increased about 300 percent, as shown in the chart. During the earlier period primary war materials constituted about 15 percent of the total exports, increasing to 40 percent during the first half of 1941. About half of the exports to the Middle East represent shipments to Egypt, which are largely financed by Lend-Lease funds through the British Government. The difference between the exports to the Middle East for the first and second

EXPORT AID TO NON-BRITISH COUNTRIES RESISTING AGGRESSION



quarters of 1941, when Lend-Lease became effective, of some \$16 million, is estimated to represent the maximum value of exports under the Lend-Lease program for the period.

Exports of primary war materials to the Dutch East Indies (including British Malaya) were 17 percent of the total for the last half of 1940. Primary war materials were 33 percent of the total during the first

six months of 1941. Although Lend-Lease aid has not been given the Dutch East Indies, contracts for defense materials of \$163 million have been placed in the United States.

China has been aided primarily through the activities of the Export-Import Bank. Relatively small exports have been shipped to China through August 1941 under the Lend-Lease program. An appropriation of \$400 million for China is proposed in the second Defense Aid Bill.

MEETING MACHINE TOOL REQUIREMENTS

The current program for the production of machine tools provides for only \$1,300 million of deliveries from September 1, 1941 to January 1, 1943, or about 58 percent of the requirements in view on September 1, 1941. These requirements, estimated at \$2,230 million, are slightly greater than requirements as of August 1 (\$2,223 million) in spite of substantial deliveries of \$70 million in August. The increase is due to additions of new facilities to the program.

The main reasons for the apparent inability of the machine tool industry to meet the needs of the defense program more promptly are that over \$1,500 million of these requirements are not as yet actual orders, and that all these tools must be obtained from an industry which produced only \$450 million worth of tools in 1940. Other factors, however, contribute to the problem. First, the lag in time between the appropriation of funds for guns, planes, etc., and the letting of contracts. Second, the lag between the letting of the prime contracts and the contracting for various types of equipment needed for the construction of facilities. Manufacturers plan their programs by the definite orders they have on hand or those which are in immediate sight. While present plans for machine tool production will not meet requirements until late in 1943, unfilled orders may be met by June 1942.

The volume of requirements on September 1, 1941 and the proportion

of federal funds for machine tools which have been translated into contracts is shown in the Chart. Federal funds not yet obligated, requirements for privately financed facilities, and foreign requirements are also shown. Over 75 percent of the requirements are for Federal facilities but only 58 percent of these requirements have been converted into contracts.

Even if it were possible to expand machine tool plants promptly enough substantially to increase production for current needs, such an undertaking would immediately require machine tools for new machine tool plants which otherwise could be used in plane, ordnance, or other military materiel production, thus delaying temporarily rather than expediting the defense program. Machine tool requirements can be met, however, if the requirements are converted into orders by means other than plant expansion. There are several ways by which this might be done:

1. By shortening idle plant hours. In the machine tool industry the average machine plant in a sample surveyed in June was operated 73.8 hours per week during that month. This compares with an average of 73.6 hours in March. These figures may be compared with the composite record of the three machine tool plants showing the highest utilization in June. These three plants averaged 109.1 hours per week of operation. If the utilization of the average plant could be increased to this level, production could be

increased nearly 50 percent.

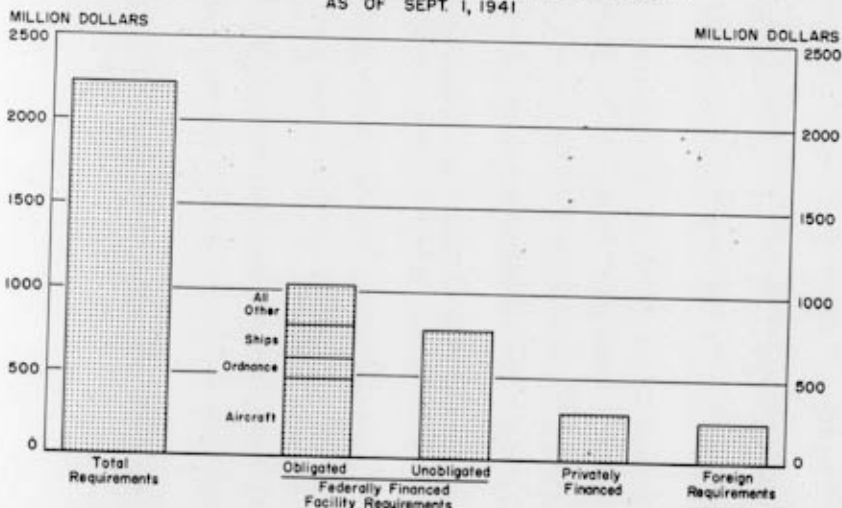
2. At the present time only about 10 percent of machine tool production is being subcontracted according to figures compiled by the Tool Division of OPM. Subcontracting might be supplemented by a scheme under which manufacturers operating in the same territory would pool the use of those types of equipment which are holding up maximum production.

3. By the diversion of vital machine tools or plants equipped with machine tools from nondefense to defense industries. In view of the shortage of supply of essential defense materials such a program

might not seriously handicap non-defense plants and in many cases might be helpful to them.

All of the above is conditioned upon fuller and speedier determination of what types of machines are needed, when and where. A part of the time lag which cannot be avoided between the appropriation of funds and the contracting for equipment can be offset by anticipating future needs by placing blanket orders with the machine tool industry and with other defense producers. Such a program (already being undertaken by Defense Plant Corporation) would act as a guide to manufacturers and as a guarantee that they will not be left with a large number of completely or partly built machines on their hands if the emergency should end suddenly.

ESTIMATED MACHINE TOOL REQUIREMENTS AS OF SEPT. 1, 1941



ORDNANCE PRODUCTION IN SEPTEMBER

Production of combat vehicles and Army-type guns in September continued its upward trend to reach new highs as measured by the weighted production indexes. Production during the month did not reach the estimates made during August.

Combat Vehicles. Production of combat vehicles in September increased markedly over August production, the previous high, according to the weighted production rate index presented in Chart 1. The output of medium tanks was one of the major components of this increase. The September index reached 73 (average monthly production during F.Y. 1942 = 100), 13 points higher than the August figure of 60, but about 14 points lower than the manufacturers' estimate of 87 for September. Production of 8-man personnel carriers was well ahead of schedule but the other components in the index ran somewhat behind the schedules established on August 1, 1941. The only item which showed a decrease from August production was 13-man personnel carriers.

As may be seen from the top section of Chart 1, the weighted index of total accumulated production now stands at 28 (total scheduled production during fiscal year 1942 being 100). The index of production requirements on October 1 was 212 (145 for the United States, 36 under Defense Aid funds, and the remainder for foreign orders in this country); 70 percent of these requirements (151 points in the index) were under order as of October 1. If August 1 schedules are met, 50 percent of

these production requirements will be delivered by the end of May 1942.

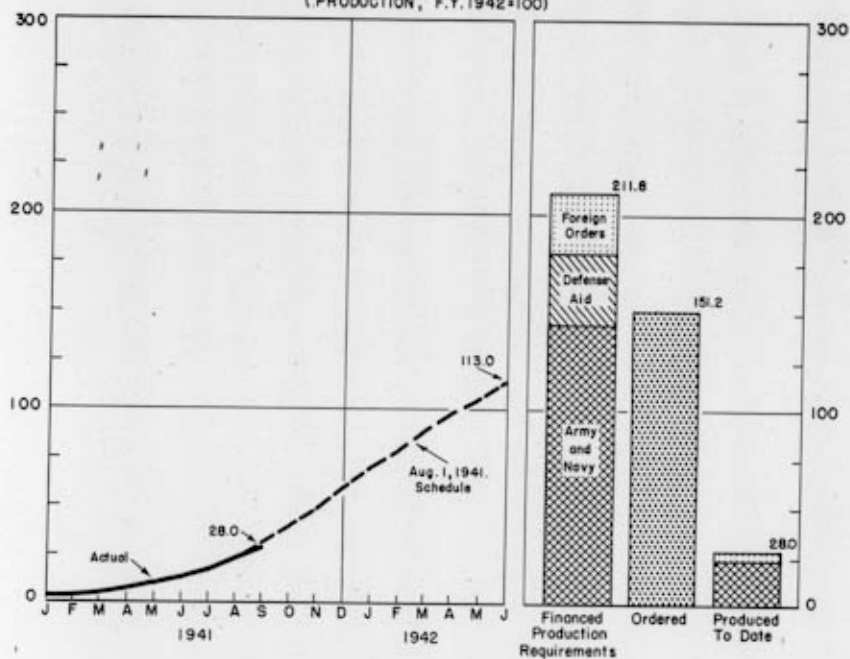
Army-type Guns. Chart 2 shows the total production indexes and weighted production rate for all Army-type guns combined, in comparison with production requirements and orders as of October 1, 1941. The index of total production (production during fiscal year 1942 as 100) stood at 38 at the end of September in comparison with production requirements of 263 and actual orders placed through October 1 of 221.

Field Artillery. The weighted monthly production rate index of field artillery rose from 20 in August to 35 in September (average monthly production during fiscal year 1942 as 100). Output during the month was less than half of scheduled output, due mainly to low production of the new standard field gun, the 105 mm howitzer. The index of total accumulated production of field artillery now stands at 21 in comparison with orders of 230 and financed production requirements of 363. If August 1 schedules are maintained, the index of cumulative production should reach 118 by June 30, 1942, less than one-third of existing production requirements.

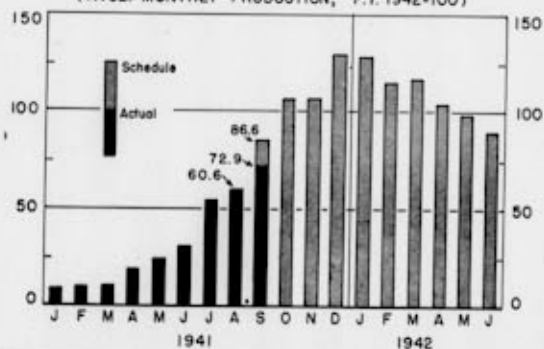
Antiaircraft Guns. The weighted index of monthly production of antiaircraft guns was 43 in September. This compares with 42 in August and with a scheduled output (based on August 1, 1941 schedules) for September of 41. The most satisfactory gain in output during the month was in the production of the

CHART I - COMBAT VEHICLES

INDEX OF CUMULATIVE TOTAL PRODUCTION
(PRODUCTION, F.Y. 1942=100)



INDEX OF PRODUCTION DURING MONTH
(AVGE. MONTHLY PRODUCTION, F.Y. 1942=100)



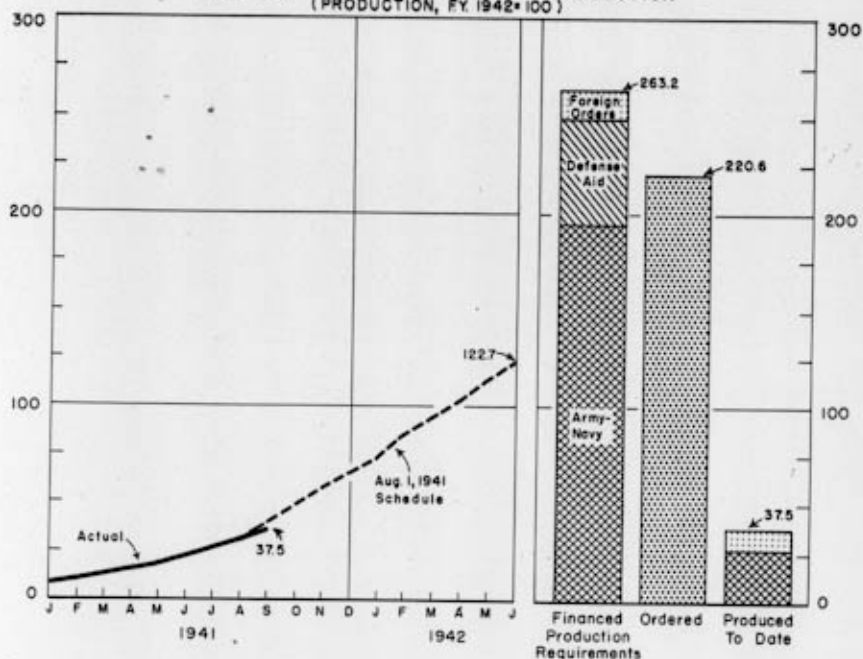
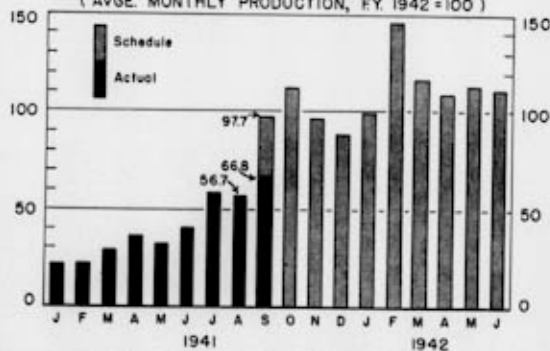
heavy 90 mm guns. The index of total accumulated production to date for antiaircraft guns now stands at 29 while orders amount to 320 and financed production requirements to 400. By the end of June 1942 between a quarter and a third of these requirements will have been produced.

Airplane Armament. The weighted index of monthly production of airplane armament for September fell behind estimates but showed a sizeable increase over the previous month as the index rose to 56 from 46 in August (average monthly production during fiscal year 1942 as 100). The production of machine guns for Army airplanes is the principal source of the lag in schedules at this time, but it is generally thought that output of these guns can be materially increased if the situation demands it. Production of the 37 mm gun, which represents a much greater problem, is up to schedule. The index of total accumulated production now stands at 23 in comparison with production requirements of 216 and orders of 215.

Requirements are scheduled to be half completed by the end of June 1942.

Infantry-Supporting Weapons. The index of production of infantry-supporting weapons during September moved to 96 percent of the average rate scheduled during fiscal year 1942. This was well ahead of the August rate of 84, but low in comparison with the August schedule of 152 for this month. Production was low in comparison with schedule because output of the 45 cal. submachine gun was less than half of the amount originally scheduled. As in the case of production of machine guns for airplanes, low production of submachine guns, with its consequent retarding effect on the index, is not thought to be important. Production of 37 mm tank and anti-tank cannon was up to schedule. The total accumulated index of production has now reached 58. Production requirements are 226. If the August 1 schedules are met, however, well over half of these requirements will be filled within another six months.

CHART, 2 ARMY-TYPE GUNS

INDEX OF CUMULATIVE TOTAL PRODUCTION
(PRODUCTION, FY 1942=100)INDEX OF PRODUCTION DURING MONTH
(AVG. MONTHLY PRODUCTION, FY 1942=100)

DEFENSE PROGRESS SERIES

Pending Defense Legislation

The Second Supplemental Defense Appropriation Bill of 1942 (HR 5788) was reported to the Senate by the Senate Appropriations Committee on October 21. This bill includes \$5,985 million for Defense Aid, \$121 million for Naval Ordnance, \$25 million for United States Coast Guard, \$10 million for OEM, \$1 million for National Advisory Committee for Aeronautics, and additional supplemental appropriations for non-defense purposes.

Contract Data

Revised contract figures for the end of June and the end of September 1941 are shown in this issue. Monthly data prior to September 1941 are now in process of revision. The term, contracts, as used in "Defense Progress Series," includes contract

awards, project orders placed with Government establishments, and letters of intent.

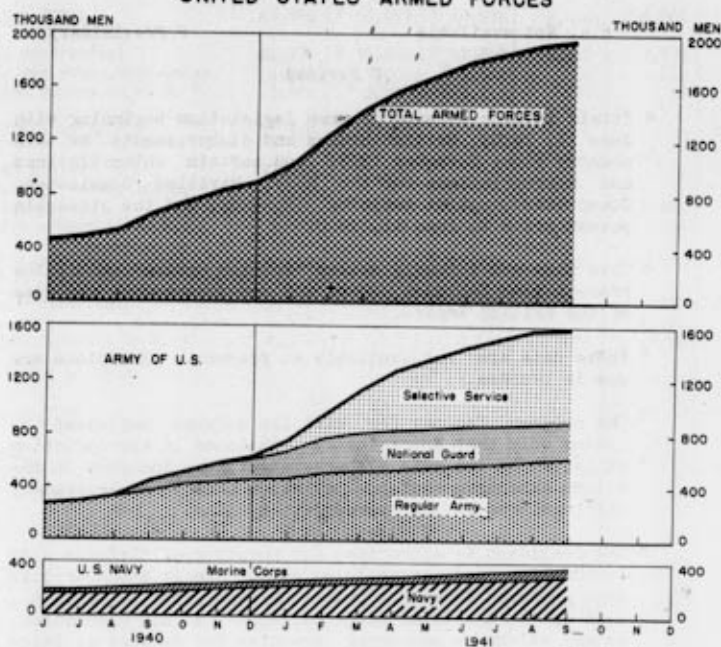
Federal Reserve Board Production Indexes

Beginning with this issue of Defense Progress the Federal Reserve Board Production Indexes will be shown in the Economic Series on an unadjusted basis rather than adjusted for seasonal variation.

Hours and Earnings

Average hourly and weekly earnings in the machine tool, aircraft, and shipbuilding industries continued to rise during August, with the shipbuilding industry reaching a peak of \$1.04 per hour, per worker. Average hours remained at about the same level as in July in the machine tool and shipbuilding industries but rose almost one hour per worker to 45.6 in the aircraft industry.

UNITED STATES ARMED FORCES



FOOTNOTES

DEFENSE PROGRESS SERIES

See Opposite Page

n.a. Not available

P Preliminary

r Revised

- ^a Totals include defense program legislation beginning with June 11, 1940; British orders and disbursements in this country since November 1939; and certain authorizations and appropriations for the Navy, Maritime Commission, Coast Guard, pilot training, housing, and the stockpile passed prior to June 11, 1940.
- ^b This item was formerly called "British Orders" and at the present time includes orders and non-contractual expenses of the British Empire.
- ^c These data are not available at present. Revisions are now in process.
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- ^e The President is authorized for purposes of "Defense Aid" to transfer defense articles which are in stock or have been procured from appropriations made prior to March 11, 1941 up to the value of \$1 billion. At his discretion, he may reimburse procuring agencies for defense articles so transferred from the \$7 billion Defense Aid appropriation. The maximum Defense Aid program may therefore be considered \$8 billion. \$13 million, transferred for this purpose during July, are included in the data in Defense Aid allocations, contracts, and cash disbursements.
- ^f Data are furnished by the Bureau of Naval Intelligence. All figures are subject to revision as more information becomes available.

DEFENSE PROGRESS SERIES

TOTAL UNITED STATES DEFENSE PROGRAM¹

	Cumulative 6/11/40 through ^a			Monthly		
	End 1st full year 6/30/41	End, last Month 9/30/41	1st half current mo. 10/15/41	1 year ago 9/40	1 month ago 8/41	Last month 9/41
FINANCIAL PROGRAM (Million dollars)						
<u>PROGRAM - TOTAL</u>	49,894	P 60,977	P 60,978	6,616	P 8,001	P 476
U. S. contractual	41,374	P 51,860	P 51,860	6,122	7,772	464
U. S. pay, subs., trav., misc.	4,835	P 5,402	P 5,402	62	213	-7
Foreign orders in U. S. ^b	3,685	P 3,715	P 3,716	432	16	P 19
<u>CONTRACTS - TOTAL</u>	35,558	P 43,447	n.a.	c	c	P 4,118
United States	30,329	37,464	n.a.	c	c	3,852
U. S. pay, subs., trav., misc.-paid	1,544	P 2,268	P 2,393	78	P 261	P 247
Foreign orders in U. S.	3,685	P 3,715	P 3,716	432	16	P 19
<u>CASH DISBURSEMENTS - TOTAL</u>	9,130	P 13,030	P 13,780	468	P 1,336	P 1,464
U. S. contractual	5,513	P 8,382	P 8,945	191	P 983	P 1,090
U. S. pay, subs., trav., misc.	1,544	P 2,268	P 2,390	78	P 261	P 247
Foreign payments in U. S.	2,073	P 2,380	P 2,445	199	P 92	P 127
O B J E C T S						
<u>TOTAL MUNITIONS</u>						
Program	28,847	P 35,511	P 35,511	4,365	4,509	P 7
Contracts	22,246	26,963	n.a.	c	c	2,767
Cash disbursements	3,538	P 5,100	P 5,420	218	542	P 625
<u>AIRPLANES, ENGINES, ETC.</u>						
Program	11,729	P 12,520	P 12,520	2,201	295	P 1
Contracts	9,795	9,654	n.a.	c	c	810
Cash disbursements	1,472	P 2,020	P 2,140	95	P 172	P 230
<u>NAVAL SHIPS AND PARTS</u>						
Program	6,796	P 8,154	P 8,154	229	380	P 0
Contracts	6,214	7,616	n.a.	c	c	131
Cash disbursements	711	P 1,080	P 1,155	44	P 132	P 143
<u>ORDNANCE (INCL. NAVAL ORDNANCE)</u>						
Program	8,226	P 11,944	P 11,944	1,651	3,136	P 5
Contracts	4,538	7,738	n.a.	c	c	1,497
Cash disbursements	938	P 1,370	P 1,460	63	P 143	P 177
<u>OTHER MUNITIONS</u>						
Program	2,096	P 2,893	P 2,893	284	698	P 1
Contracts	1,699	1,955	n.a.	c	c	329
Cash disbursements	417	P 630	P 665	16	P 95	P 75

Table continued on following page. For footnotes see opposite page.

FOOTNOTES

DEFENSE PROGRESS SERIES

See Opposite Page

n.a. Not available

P Preliminary

R Revised

- a Totals include defense program legislation beginning with June 11, 1940; British orders and disbursements in this country since November 1939; and certain authorizations and appropriations for the Navy, Maritime Commission, Coast Guard, pilot training, housing, and the stockpile passed prior to June 11, 1940.
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DEFENSE PROGRESS SERIES

TOTAL UNITED STATES DEFENSE PROGRAM

	Cumulative 6/11/40 through a			Monthly		
	End 1st full year 6/30/41	End, last Month 9/30/41	1st half current mo. 10/15/41	1 year ago 9/40	1 month ago 8/41	Last month 9/41
(Million dollars)						
<u>MERCHANT SHIPS</u>						
Program	1,605	P 3,358	P 3,358	3	1,699	P 0
Contracts	1,303	2,428	n.a.	c	c	172
Cash disbursements	252	P 410	P 440	19	P 50	P 65
<u>INDUSTRIAL FACIL.-CONS., EQUIP., & REAL ESTATE</u>						
Program	5,887	P 6,317	P 6,317	735	429	P 94
Contracts	3,802	4,294	n.a.	c	c	595
Cash disbursements	808	P 1,400	P 1,510	28	P 195	P 210
<u>INDUSTRIAL FACIL.-CONSTRUCTION ONLY</u>						
Program	1,607	P 2,305	n.a.	n.a.	70	P 0
Value in place	559	P 1,079	n.a.	n.a.	184	P 192
<u>POSTS, DEPOTS & FORTIFICATIONS</u>						
Program	3,638	P 4,185	P 4,185	688	486	P 0
Contracts	3,266	3,433	n.a.	c	c	238
Cash disbursements	1,448	P 1,780	P 1,830	30	P 115	P 105
<u>HOUSING</u>						
Program	452	602	P 602	100	0	P 0
Contracts	275	368	P 373	10	20	44
Cash disbursements	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<u>STOCKPILES</u>						
Program	983	P 1,571	P 1,571	338	135	P 368
Contracts	530	628	n.a.	c	c	0
Cash disbursements	192	P 270	P 287	11	P 29	P 30
<u>OTHER EQUIPMENT & SUPPLIES</u>						
Program	3,632	P 4,009	P 4,009	324	528	P 12
Contracts	2,577	3,039	n.a.	c	c	55
Cash disbursements	1,333	P 1,780	P 1,880	83	P 142	P 180
<u>PAY - DEFENSE AGENCIES.</u>						
Total - Program	2,808	2,997	2,997	0	139	0
Cash disbursements	1,193	P 1,680	P 1,760	66	P 176	P 166
Army - Program	1,927	1,927	1,927	0	0	0
Cash disbursements	523	P 772	P 812	22	91	P 85
Navy & Mar. Corps - Program	737	884	884	0	139	0
Cash disbursements	314	P 404	P 419	23	P 32	P 30

Table continued on following page.

For footnotes see opposite page.

OCTOBER 24, 1941

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CONFIDENTIAL

DEFENSE PROGRESS SERIES

FOOTNOTES

DEFENSE PROGRESS SERIES

See Opposite Page

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P Preliminary

r Revised

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- CONFIDENTIAL
- OCTOBER 1941

DEFENSE PROGRESS SERIES

TOTAL UNITED STATES DEFENSE PROGRAM

	Cumulative 6/11/40 through *			Monthly		
	End 1st full year 6/30/41	End, last month 9/30/41	1st half current mo. 10/15/41	1 year ago 9/40	1 month ago 8/41	Last month 9/41
PAY - DEFENSE AGENCIES (CONT.)						
(Million dollars)						
Civilian employees - Program	144	186	186	0	0	0
Cash disbursements	356	P 504	P 529	21	P 53	P 51
SUBSISTENCE AND TRAVEL						
Program	703	729	729	0	24	0
Cash disbursements	247	P 400	P 430	9	P 52	P 58
MISCELLANEOUS						
Program - Total	1,339	1,698	1,699	63	52	-5
United States	1,324	1,676	1,676	62	50	-7
Foreign	15	22	23	1	2	2
Cash disbursements - Total	119	P 210	P 223	4	P 35	P 25
United States	104	188	200	3	33	23
Foreign	15	22	23	1	2	2
AGENCIES						
U. S. MILITARY						
TOTAL						
Program - Total	33,871	P 41,598	P 41,598	5,490	P 5,839	0
Contractual	30,297	P 37,845	P 37,845	5,490	P 5,839	0
Pay, subs., trav., misc.	3,574	3,753	3,753	0	0	0
Contracts	25,159	28,263	n.a.	c	c	2,776
Cash disbursements - Total	6,192	P 9,090	n.a.	236	P 1,002	P 1,079
Contractual	4,810	n.a.	n.a.	165	n.a.	n.a.
Pay, subs., trav., misc.	1,382	n.a.	n.a.	71	n.a.	n.a.
ARMY						
Program - Total	20,346	P 24,606	P 24,606	4,383	4,254	0
Contractual	17,639	P 21,899	P 21,899	4,383	4,254	0
Pay, subs., trav., misc.	2,707	2,707	2,707	0	0	0
Contracts	14,976	14,868	n.a.	c	c	1,965
Cash disbursements - Total	3,862	P 5,650	n.a.	94	606	P 691
Contractual	2,954	n.a.	n.a.	56	430	n.a.
Pay, subs., trav., misc.	908	n.a.	n.a.	38	176	n.a.
NAVY						
Program - Total	13,525	P 16,992	P 16,992	1,107	P 1,585	0
Contractual	12,658	P 15,946	P 15,946	1,107	P 1,585	0
Pay, subs., trav., misc.	867	1,046	1,046	0	0	0
Contracts	10,183	13,395	n.a.	c	c	811
Cash disbursements - Total	2,330	P 3,440	n.a.	142	P 396	P 388
Contractual	1,856	n.a.	n.a.	109	n.a.	n.a.
Pay, subs., trav., misc.	474	n.a.	n.a.	33	n.a.	n.a.

Table continued on following page. For footnotes see opposite page.

FOOTNOTES

DEFENSE PROGRESS SERIES

See Opposite Page

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DEFENSE PROGRESS SERIES

TOTAL UNITED STATES DEFENSE PROGRAM (Continued)

	Cumulative End 1st full year 6/30/41	6/11/40 through End, last month 9/30/41	1st half current 10/15/41	1 year ago 9/40	Monthly 1 month ago 8/41	Last month 9/41
(Million dollars)						
<u>DEFENSE AID (LEND-LEASE)</u>						
Program ^a	7,000	7,000	7,000	-	0	0
Allocations	5,177	6,469	n.a.	-	951	175
Contracts	2,484	4,272	n.a.	-	c	576
Cash disbursements	26	P 265	n.a.	-	82	P 104
<u>MARITIME COMMISSION</u>						
Program	795	2,494	2,494	0	1,699	0
Contracts	716	1,663	n.a.	c	c	118
Cash disbursements	164	P 250	n.a.	11	P 30	P 32
<u>R.F.C. AND SUBSIDIARIES</u>						
Program	2,808	3,953	P 3,953	594	435	457
Contracts	1,255	2,355	n.a.	c	c	340
Cash disbursements	350	P 545	n.a.	9	67	P 68
<u>FOREIGN ORDERS IN U.S. ^b</u>						
Program	3,685	P 3,715	P 3,716	432	16	P 19
Contracts	3,685	P 3,715	P 3,716	432	16	P 19
Cash disbursements	2,073	P 2,380	n.a.	199	92	P 127
<u>OTHER AGENCIES</u>						
Program	1,735	2,217	2,217	100	12	0
Contracts	715	911	n.a.	c	c	44
Cash disbursements	325	P 500	n.a.	13	P 63	P 54

OTHER DEFENSE INDICATORS

VALUE OF FACIL. ON APPLIC. FOR CERT. OF NECESSITY (Million dollars)						
Total	1,424	2,044	n.a.	-	322	207
Approved, private funds	829	994	n.a.	-	43	52
Approved, public funds	201	229	n.a.	-	4	8
Pending	387	810	n.a.	-	275	138
<u>DEFENSE HOUSING</u> (Number of dwelling units)						
Fund allocations	110,298	136,830	139,880	27,309	1,957	11,440
Cons. contracts awarded	78,820	103,171	105,625	2,997	5,770	8,178
Construction completed	21,768	45,584	49,195	0	7,739	6,546
<u>SINKINGS AND CAPTURES OF BRITISH ALLIED, AND NEUTRAL MERCHANT SHIPS</u> (Thousand Gross Tons, cumulated since 9/39)						
British losses	4,597	5,009	P 5,097	312	105	183
Allied and neutral losses	2,751	3,037	P 3,060	128	74	140

Table continued on following page. For footnotes see opposite page.

FOOTNOTES

DEFENSE PROGRESS SERIES

See Opposite Page

n.a. Not available

P Preliminary

R Revised

- ^a Totals include defense program legislation beginning with June 11, 1940; British orders and disbursements in this country since November 1939; and certain authorizations and appropriations for the Navy, Maritime Commission, Coast Guard, pilot training, housing, and the stockpile passed prior to June 11, 1940.
- ^b This item was formerly called "British Orders" and at the present time includes orders and non-contractual expenses of the British Empire.
- ^c These data are not available at present. Revisions are now in process.
- ^d The program for pay for civilian defense employees includes only that specifically mentioned in appropriation bills, while the cash disbursement figure includes in addition executive defense pay which cannot be separately distinguished in the appropriation bills.
- ^e The President is authorized for purposes of "Defense Aid" to transfer defense articles which are in stock or have been procured from appropriations made prior to March 11, 1941 up to the value of \$1 billion. At his discretion, he may reimburse procuring agencies for defense articles so transferred from the \$7 billion Defense Aid appropriation. The maximum Defense Aid program may therefore be considered \$8 billion. \$13 million, transferred for this purpose during July, are included in the data in Defense Aid allocations, contracts, and cash disbursements.
- ^f Data are furnished by the Bureau of Naval Intelligence. All figures are subject to revision as more information becomes available.

DEFENSE PROGRESS SERIES

DEFENSE EQUIPMENT INDEXES

	1940		1941			
	July	December	March	June	August	September
MONTHLY PRODUCTION RATE INDEXES						
Maj. combat ships (Percent of present program completed)	0.5	0.6	0.8	1.0	1.2	1.7
(Average monthly production during fiscal year 1942=100)						
Airplanes	16.1	25.8	33.5	44.7	56.9	60.9
Combat vehicles	n.s.	n.s.	10.8	30.5	r 60.6	72.9
Army-type guns	n.s.	n.s.	29.6	40.3	r 56.7	66.8
Field artillery	n.s.	n.s.	15.3	26.5	r 19.8	34.9
Antiaircraft	n.s.	n.s.	16.1	60.9	r 42.1	43.2
Airplane armament	n.s.	n.s.	18.8	23.1	r 45.8	55.5
Infantry-supporting	n.s.	n.s.	48.9	52.0	r 83.5	95.8
Ammunition	n.s.	n.s.	n.s.	13.0	18.8	
Field artillery	n.s.	n.s.	n.s.	14.9	9.7	
Antiaircraft	n.s.	n.s.	n.s.	0.0	8.7	
Airplane	n.s.	n.s.	n.s.	26.9	42.4	
Small arms	n.s.	n.s.	n.s.	16.9	32.4	
	July 31	Dec. 31	March 31	June 30	Aug. 31	Sept. 30
TOTAL CUMULATIVE PRODUCTION INDEXES						
Maj. combat ships (Percent of present program completed)	5.8	8.7	11.1	14.1	16.3	18.0
(Cumulated since 7/40. Production during fiscal year 1942=100)						
Airplanes	1.3	8.5	16.2	27.1	35.5	40.6
Combat vehicles	n.s.	3.5	6.1	12.3	r 22.0	28.0
Army-type guns	n.s.	7.2	13.1	22.2	r 31.9	37.5
Field artillery	n.s.	3.0	7.1	14.8	r 18.5	21.4
Antiaircraft	n.s.	5.0	9.3	18.0	r 25.8	29.4
Airplane armament	n.s.	4.2	7.4	11.7	18.1	22.7
Infantry-supporting	n.s.	11.9	21.6	35.5	r 50.4	58.4
Ammunition	n.s.	n.s.	n.s.	10.9	13.5	
Field artillery	n.s.	n.s.	n.s.	7.4	9.5	
Antiaircraft	n.s.	n.s.	n.s.	0.6	1.3	
Airplane	n.s.	n.s.	n.s.	5.4	9.4	
Small arms	n.s.	n.s.	n.s.	20.8	25.1	

Table continued on following page.

For footnotes see opposite page.

DEFENSE PROGRESS SERIES

ECONOMIC ACTIVITY RELATED TO DEFENSE

	1940	1941				Week Ending	
	July	January	August	September		Oct. 11	Oct. 18
FED. RES. BD. PROD. INDEXES							
Total industrial production	120	(Unadjusted indexes 1935-1939=100)				Oct. estimate	
Durable manufactures	131	135	162	P 166			165
Nondurable manufactures	111	166	198	P 204			209
Minerals	121	118	142	P 145			137
		113	134	P 136			138
BUR. FOR. & DOM. COM. MFGS. ORDERS, SHIPMENTS, INVENTORIES							
New orders, total (1/39=100)	127	176	P 195				
Shipments, total (1/39=100)	117	148	P 188				
Inventories, * (12/31/38=100)	109.2	120.8	P 134.2				
Durable (12/31/38=100)	111.9	129.7	P 146.2				
Nondurable (12/31/38=100)	106.4	111.2	P 121.4				
BLS PRICE INDEXES							
Strategic materials(8/39=100)	123.6	126.1	141.6	142.8		143.3	143.0
Critical materials(8/39=100)	107.5	111.7	116.3	117.3		116.6	116.6
Basic commodities (8/39=100)	108.5	120.5	151.4	155.6		154.2	151.3
Machine tools (8/39=100)	108.7	114.6	119.2	118.9		-	-
All commodities (1926=100)	77.7	80.8	90.3	91.8		91.6	91.7
BLS COST OF LIVING INDEX							
	100.3	100.8	(1935-39=100) 106.2	108.1			
TRANSPORTATION & ELECTRIC POWER							
Freight cars			(Averages)				
Loadings (thous. per wk.)	F 706	684	F 893	885		904	923
Unloads for export (dly.)	1,502	1,352	1,635	1,736		1,700	1,838
Surplus, total (thous.dly.)	133	110	47	41		41	
Box cars	57	43	19	15		17	
Coal cars	47	42	11	10		9	
Power prod. (mil.kwh.wkly.)	2,731	3,080	F 3,283	3,353		3,315	3,273
NATIONAL INCOME							
Total income payments	75.2	81.7	P 89.9				
FEDERAL DEBT							
Net public debt	41.5	43.9	48.0	49.1			
EMPLOYMENT							
Total civil nonagricultural	35,454	36,621	P 39,542				
Total WPA employment	1,655	1,890	1,042	1,037		1,037	1,040
Defense							
Private, 18 major indus.	1,660	F 2,038	F 2,594	2,640			
" contractors, pub.constr.	13	448	384				
Public	155	203	240				
Total direct defense	1,828	F 2,689	F 3,218				
Deep-sea merchant vessels	51	49	51	50			

F Revised data.

P Preliminary data.

n.a. Data not available.

OCTOBER 24, 1941

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DEFENSE PROGRESS SERIES

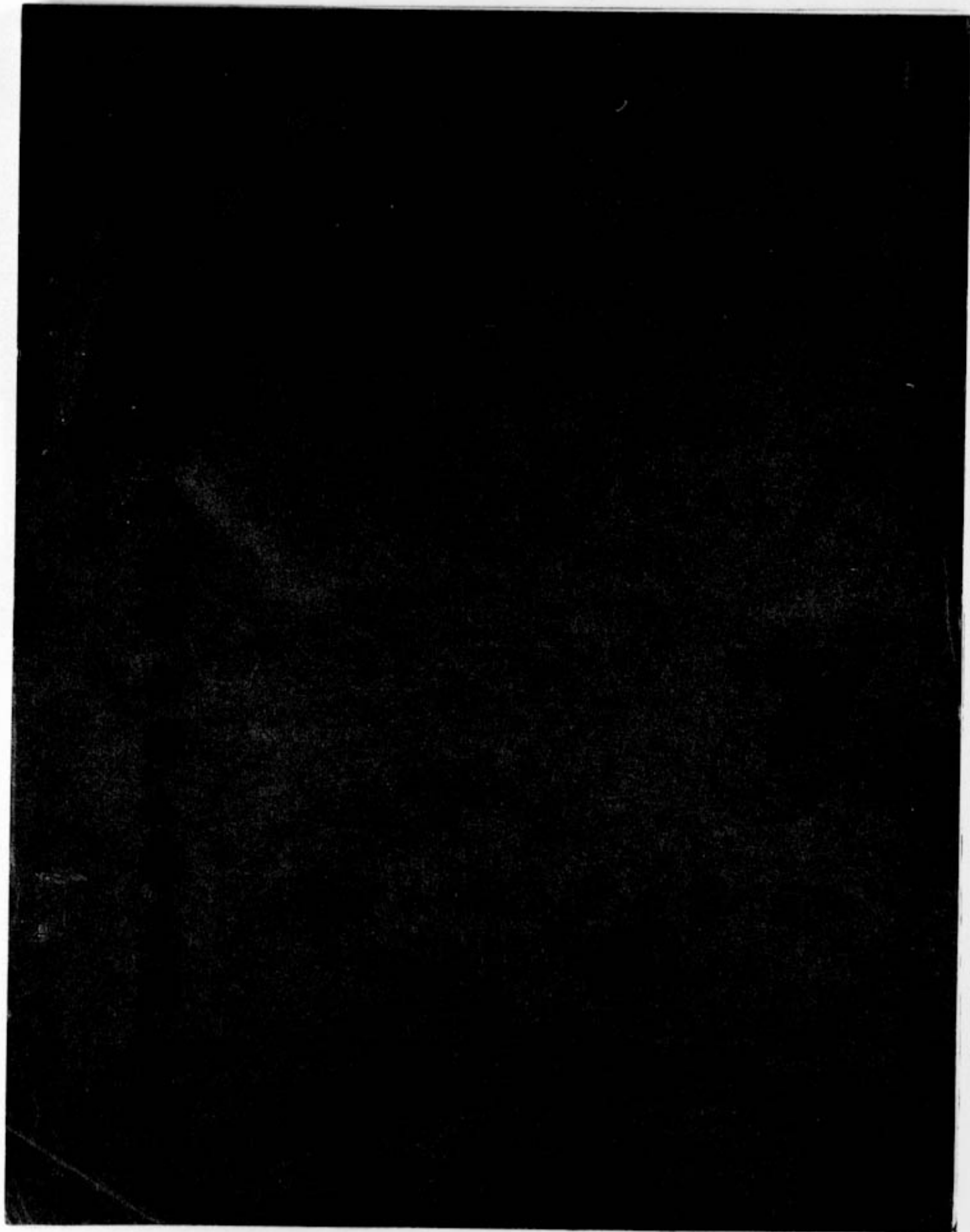
ECONOMIC ACTIVITY RELATED TO DEFENSE

	1940	1941			
	July	January	August	September	Week Ending Oct. 11 Oct. 18
<u>UNEMPLOYMENT (WPA ESTIMATE)</u>					
Number of unemployed	9.3	7.6	5.3	4.5	
<u>AVERAGE HOURS WORKED PER WEEK²</u>					
			(Million workers)		
Machine tools	47.5	50.4	51.2		
Aircraft	42.0	44.7	45.6		
Shipbuilding	39.3	42.0	44.4		
<u>AVERAGE HOURLY EARNINGS²</u>					
			(Cents)		
Machine tools	76.8	79.7	85.0		
Aircraft	73.8	77.6	85.5		
Shipbuilding	86.2	89.3	104.2		
<u>AVERAGE WEEKLY EARNINGS²</u>					
			(Dollars)		
Machine tools	36.45	40.15	43.53		
Aircraft	30.48	34.13	38.46		
Shipbuilding	34.03	37.69	46.54		
<u>UNITED STATES FOREIGN TRADE</u>					
<u>Exports</u>					
			(Million dollars)		
Total exports	317	325	455		
Exports by destination					
United Kingdom	108	117	129		
Canada	65	62	101		
British Asia	24	28	42		
China	10	8	9		
Latin America	58	59	87		
Other pro-democratic areas	11	21	57		
Russia	6	3	9		
Portugal and Spain	4	2	3		
Axis & Axis dominated areas	21	18	5		
All other	8	8	13		
Exports licensed	9.7	37.0	40.5		
<u>Imports</u>					
			(Million dollars)		
Imports for consumption	218	224	274		
Imports by origin					
United Kingdom	16	10	11		
Canada	37	35	57		
British Asia	55	63	89		
China	10	5	6		
Latin America	52	67	78		
Other pro-democratic areas	13	10	14		
Russia	1	2	2		
Portugal and Spain	2	2	2		
Axis & Axis dominated areas	23	20	6		
All other	9	9	9		
Strategic and critical materials	F 31.1	F 40.9	40.0		

F Revised data.

P Preliminary data.
S Bureau of Labor Statistics

n.a. Data not available.



DEFENSE PROGRESS



BUREAU OF RESEARCH AND
STATISTICS • STACY MAY, CHIEF

ECONOMIC ANALYSIS BRANCH
MORRIS A. COPELAND, CHIEF
LESTER S. KELLOGG,
ASSISTANT CHIEF & EDITOR

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BRIEFS OF CONTENTS

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● CASH EXPENDITURES FOR DEFENSE have increased at a rapid rate in recent months. The Budget Bureau now estimates total defense expenditures of \$18 billion this fiscal year. A degree of price inflation has already occurred and unless further anti-inflationary measures are adopted, the anticipated increase in Government disbursements will be so great that the price rise may be expected to continue.

1

● THE WEIGHTED INDEX OF MONTHLY PRODUCTION OF AMMUNITION for September was 20, one point above the August figure. Monthly production of small arms ammunition and field artillery shells increased and production of antiaircraft and airplane cannon ammunition decreased according to the indexes for these items. The weighted index of total accumulated production of ammunition stood at 15 on September 30 as against a total production requirement of 417 in terms of the index.

6

● DEFENSE PROGRESS SERIES. Almost \$6 billion were added to the Defense Aid program by the signing of the Second Supplemental National Defense Appropriation Bill, 1942, on October 28. National income payments reached a \$92 billion annual rate in September. Total civil nonagricultural employment and private defense employment continued to gain in September and labor disputes in progress were almost twice as high as a year ago.

9

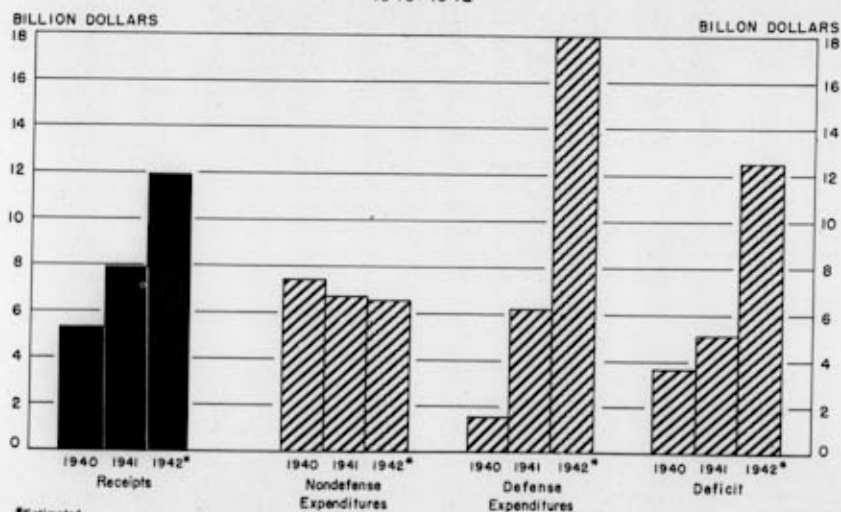
FEDERAL FINANCES AND THE DEFENSE PROGRAM

This article was prepared by the Bureau of the Budget. In speaking of "defense expenditures" the Bureau of the Budget has used data as reported by the Treasury Daily Statement, which figures are somewhat less comprehensive than the total disbursement figures regularly used in the Defense Progress Series.

Cash expenditures for defense have increased at a rapid rate in recent months. Between July 1, 1940 and October 15, 1941 defense expenditures amounted to \$10.4 billion (Treasury Daily Statement) against a United States defense pro-

gram which amounted at that date to about \$57 billion and obligations of approximately \$42 billion. Monthly expenditures for defense exceeded \$1 billion for the first time in August 1941. Since the beginning of this fiscal year, defense ex-

CHART I - U. S. RECEIPTS, NONDEFENSE AND DEFENSE EXPENDITURES, AND DEFICIT
1940-1942



penditures have risen so rapidly that they will probably reach \$1.5 billion this month (October) or an annual rate of \$18 billion. Monthly defense expenditures since the beginning of the defense program are shown in Table 1.

According to the Budget Bureau's estimate of October 5, total defense expenditures for this fiscal year (July 1, 1941 to June 30, 1942) will amount to \$18 billion. At this

TABLE 1--Monthly Defense Expenditures*
U.S. Treasury Daily Statement
(Million Dollars)

1940	
July	177
August	210
September	225
October	297
November	379
December	470
1941	
January	569
February	583
March	749
April	764
May	837
June	812
July	960
August	1124
September	1320
October (Estimated)	1500

* Monthly figures for July--October 1941 are slightly more inclusive than the preceding monthly figures. To arrive at a comparable basis, \$155 million must be added to total defense expenditures for fiscal 1941, but this revision cannot yet be allocated by months.

level defense expenditures would be almost three times the level of the fiscal year ending June 30, 1941 (\$6.3 billion). These figures do not include defense outlays of government corporations and payments on foreign orders and hence tend to understate the actual defense production.

Most of the increase in defense expenditures reflects actual progress in the defense effort. Some portion, however, is attributable to price rises, but this portion cannot be precisely determined since there is no index of prices of defense products. A collection of spotty information on price movements which has been made jointly by the National Resources Committee and the Bureau of the Budget indicates that the prices of some products bought by the Government have risen more than the corresponding categories in the Bureau of Labor Statistics wholesale price index. On the basis of these incomplete investigations it is felt that perhaps as much as one-tenth of the total defense expenditures may be due to price increases since July 1940.

Nondefense Expenditures. The so-called "nondefense expenditures" are falling slightly:

	(million dollars)
1940	\$7,431
1941	6,784
1942 (rev. est.)	6,581

In the first quarter of the current fiscal year, nondefense expenditures were eight percent below such expenditures in the corresponding pe-

TABLE 2. THE FEDERAL FISCAL POSITION AND THE DEFENSE PROGRAM

	First Quarter		Fiscal Year	
	1941	1942	1941 ^a	1942(Est.)
	(million dollars)			
Total Expenditures ^b	<u>2,368</u>	<u>5,001</u>	<u>13,039</u>	<u>24,581</u>
Defense Expenditures	640	3,405	6,255	18,000
Nondefense Expenditures	1,728	1,596	6,784	6,581
Total Receipts ^c	<u>1,482</u>	<u>1,944</u>	<u>7,949</u>	<u>11,998</u>
Net Deficit	<u>886</u>	<u>3,057</u>	<u>5,103</u>	<u>12,583</u>
Accumulation of Trust Funds	224	398	1,200	1,600
Defense Outlays of Gov't. Corp.	23	340	463	1,200

^a Expenditures for 1941 are shown on a gross basis; that is, without deducting for the return of surplus funds by Government corporations.

^b Excludes debt retirements.

^c Excludes net appropriation to Federal Old Age and Survivors Insurance trust funds.

riod of the preceding year. However, the classification of expenditures as defense or nondefense is of decreasing significance since the line between many defense and nondefense activities is perforce arbitrarily drawn. Furthermore, nondefense agencies carry on defense functions the costs of which cannot be segregated. Not all nondefense expenditures showed a decrease in the first quarter of fiscal year 1942. Interest on the public debt and matching grants to states for social assistance payments were larger than in the first quarter of fiscal 1941.

Expenditures for "nondefense" public works decreased in the first quarter of fiscal 1942 over the same

quarter of fiscal 1941, even including new power projects undertaken as part of the defense program which were classified as "nondefense." Work relief expenditures fell 20 percent between the two periods and gross payments for the agricultural program fell 37 percent.

Improvement in employment conditions is expected to permit a reduction of more than \$500 million, or 32 percent, in work relief and aids to youth from fiscal 1941 to fiscal 1942. Payments to farmers based on parity prices will also be substantially reduced, but this will not become evident until later in the fiscal year, because most of the present payments are designed to

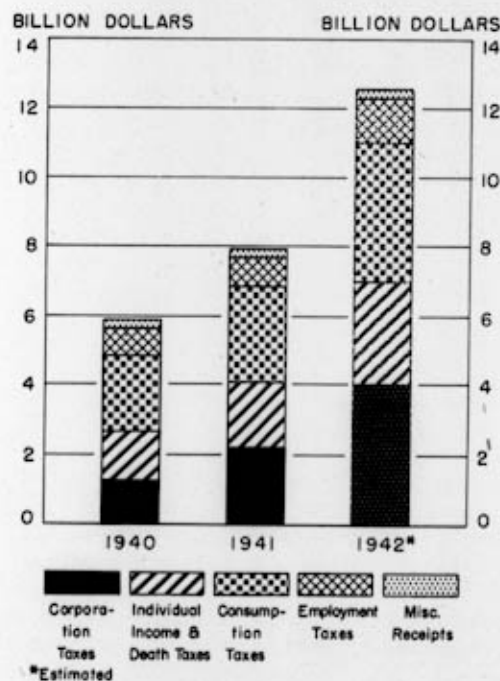
make up for deficiencies of the calendar year 1940. The Budget Bureau has established a reserve of \$450 million from appropriations for various social and economic programs in the current fiscal year.

Revenue and Deficit. Total net receipts for 1941 amounted to \$7.3 billion and are estimated at \$12 billion for the current fiscal year. During the first quarter of fiscal 1942, higher tax rates and improved business conditions resulted in net receipts 31 percent above those of the same period in the preceding year. Net receipts in fiscal 1940 and 1941 and expected receipts in the whole of fiscal 1942 are indicated in Chart 2.

CHART 2 - U.S. RECEIPTS

1940-1942

BY KIND OF RECEIPTS



Since receipts from payroll taxes increased more than disbursements from social security funds, a sharp rise in the accumulation of trust funds has taken place. If the amount of this accumulation is deducted from the combined total of the budgetary net deficit and the excess of expenditures over receipts of Government corporations, a Federal consolidated deficit can be computed. This consolidated deficit, which indicates the sum to be borrowed from individuals and financial institutions, amounted to about \$5 billion in the fiscal year 1941 and will approach \$12 billion in the present fiscal year, on the basis of the October 5 estimates of receipts and defense and other expenditures.

In the first quarter of fiscal year 1942, the budgetary deficit was covered entirely by the sale of savings bonds and tax anticipation notes, and by a reduction in the Treasury cash balance. This fact does not, however, warrant the conclusion that a "noninflationary" method of financing was used. There is some reason to believe that only a small proportion of the purchases was financed through additional savings. The sale of tax anticipation notes represents a desirable prepayment of future tax liabilities but over a long period of time it cannot diminish the inflationary pressure resulting from deficit financing.

The Inflationary Pressure. During the first year of the defense effort the American economy shifted into high gear. The consolidated Federal deficit in the fiscal year 1941 was about \$2.4 billion greater than in 1940. The national income meanwhile increased from \$72 billion in fiscal year 1940 to about \$82

billion in fiscal year 1941. The expansionary impetus of the government deficit was reinforced by growing investments in private business and by a substantial accumulation of business inventories. In addition, individuals bought extensively, especially durable consumers' goods, in expectation of price increases and scarcities. At the beginning of the current fiscal year (in July 1941), national income was running above an annual rate of \$90 billion and the Federal Reserve index of industrial production (seasonably adjusted) had reached the record mark of 160, as compared with \$74 billion and 122 in June 1940. Wholesale prices (B.L.S. index) had risen 14.3 percent and the cost of living (B.L.S. index) had risen 4.7 percent in this period.

In recent months conditions have changed drastically. Defense spending and the Federal deficit have grown more than in any previous period and will continue to increase. On the basis of the October 5 estimates, the consolidated deficit is estimated at around \$6.6 billion higher in fiscal year 1942 than in 1941. It is most improbable that industrial production will again expand by anything like the one-third it rose in the last fiscal year. The increase in production has already slowed down and even come to a temporary standstill in some fields.

With production in many lines of industry running close to the practical ceiling set by scarcities of raw materials, plant, transportation facilities, and skilled labor, the further enlargement of mass purchasing power would have been expected to lead to price rises more promptly and more fully than it did when idle resources were available;

however, the price rise has recently flattened out—at least temporarily—just at the time when defense spending and deficits were growing to higher figures than in any earlier period. The B.L.S. index of wholesale prices has been practically stable in September and October.

The lull in prices is probably mainly of a speculative nature, and is influenced by several factors such as the discussion of price and farm legislation. Most important, however, seems to be the realization by business that the international situation will demand an expansion and acceleration in the defense program that will cut drastically into the nondefense sectors of the economy. Drastic curtailments are expected, on the one hand, in nondefense capital outlays for residential, industrial, and public construction, and, on the other hand, in the purchase of machines, automobiles, and other durable consumers' goods. At the moment, speculators apparently put more emphasis on the expected contraction that will result from such cuts than on the expansion in consumers' demand that will result from the tremendous defense disbursements.

The future strength of the inflationary pressure depends in large measure on whether and to what extent the increase in government disbursements will be offset by the contraction in capital outlays. With the present outlook for the development of defense expenditures it seems likely that inflationary forces will outweigh the contraction in nondefense capital outlays, so that the price rise may be expected to resume in the near future unless further anti-inflationary measures are adopted.

AMMUNITION PRODUCTION IN SEPTEMBER

The weighted index of production of ammunition was 20 for the month of September (production in average month, F.Y. 1942 = 100) one point above the August figure and 60 percent of the amount scheduled for production according to August 1, 1941 schedules.

There was an increase in the production of small arms ammunition, some gain in the output of field artillery shells, and a decline in the production of antiaircraft and airplane cannon ammunition.

The weighted index of total accumulated production now stands at 15 (total scheduled production during F.Y. 1942 = 100), as may be seen in Chart 1. The index of production requirements on October 1 was 417 (359 for the United States, 39 under Defense Aid funds, and the remainder for foreign orders in this country). Almost 60 percent of these requirements (241 points in the index) were on order as of October 1.

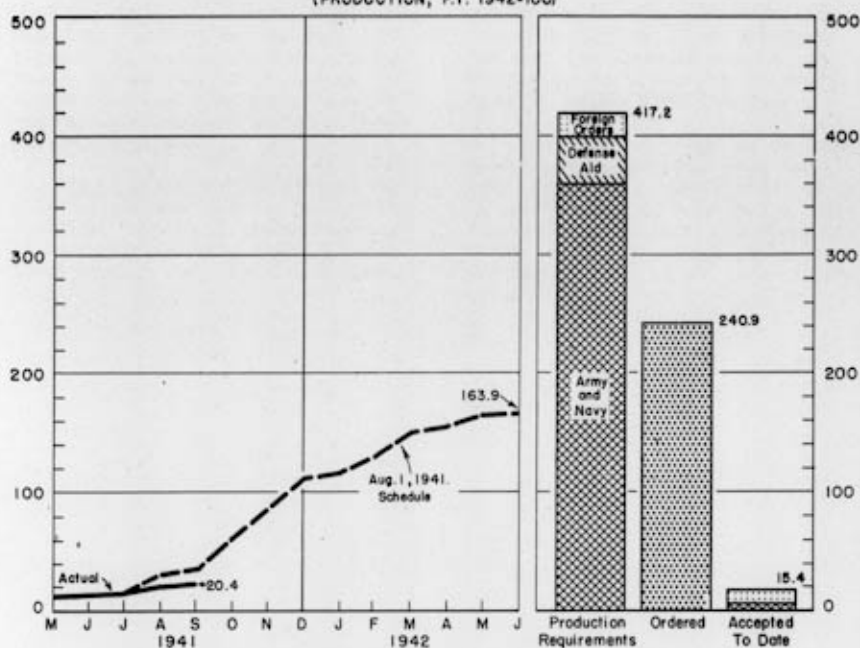
Small Arms Ammunition. The weighted monthly production rate index of small arms ammunition rose by more than nine points during September to reach a new high of 42, (average monthly production during F.Y. 1942 = 100). Almost all the components showed a steady gain, with the production of grenades and 37 mm high-explosive and armor piercing antitank ammunition recording the largest increases. Almost 66 percent of the financed requirements had been ordered as of October 1, 1941.

Antiaircraft Ammunition. Despite an increase in the production of large size high-explosive shells, a decline in the production of 37 mm high-explosive antiaircraft shells brought the weighted index of monthly production down three points to six for September (average monthly production for F.Y. 1942 = 100). This was less than a third of the scheduled production for September, (based on August 1, 1941 schedules). The weighted index of total production through September is two (total scheduled production during F.Y. 1942 = 100).

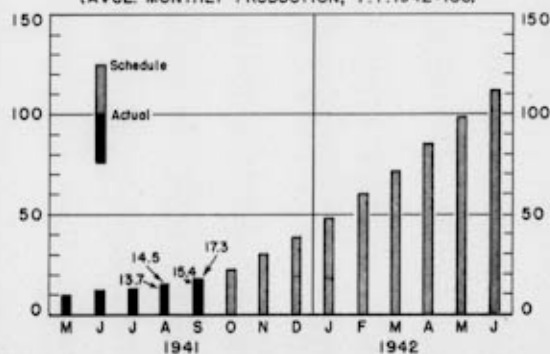
The index of total production requirements on October 1 was 202 (total scheduled production during F.Y. 1942 being 100), of which 140 was scheduled for the United States, 60 scheduled under Defense Aid funds and the remainder for foreign purchases. As measured by the production index, slightly more than 40 percent of the total production requirements had been ordered by October 1. Total cumulated production to September 30 is 30.

Aircraft Cannon Ammunition. A decline in the production of 37 mm high-explosive ammunition caused the weighted production rate index for aircraft cannon ammunition to drop to 40 for the month of September (average monthly production F.Y. 1942 = 100). This was two points below the 42 recorded in August, and slightly more than half of the scheduled production rate index of 76 (based on August 1, 1941 schedules).

CHART 1 - AMMUNITION
INDEX OF CUMULATIVE TOTAL PRODUCTION
(PRODUCTION, F.Y. 1942=100)



INDEX OF PRODUCTION DURING MONTH
(AVG. MONTHLY PRODUCTION, F.Y. 1942=100)



The weighted index of total accumulated production on October 1 stood at 13 (total scheduled production during F.Y. 1942 = 100) as against the scheduled production requirements of 405 and an index of 80 for orders placed.

Field Artillery Ammunition. The weighted index of monthly production for field artillery ammunition was 11 in September; this compares with 10 in August and with a scheduled

production index of 20 for September (based on August 1, 1941 schedules). The most satisfactory gain in output during the month was in the production of shells for 75 mm guns.

The index of total accumulated production to date for field artillery ammunition now stands at 10 (production during F.Y. 1942 = 100). Financed production requirements stood at 378, of which 58 percent was under order at the end of September.

DEFENSE PROGRESS SERIES

Recent Defense Legislation

The Second Supplemental National Defense Appropriation Bill, 1942, was signed by the President on October 28. The major portion of the appropriation was the \$5,985 million for supplementary Defense Aid. This amount includes \$685 million for aircraft and aeronautical material, \$385 million for tanks and other vehicles, and \$1,190 million for ordnance and ordnance stores. In addition to these amounts, \$121 million for Naval ordnance, \$25 million for the United States Coast Guard, and \$10 million for OEM were appropriated in the same bill. The bill authorizing the RFC to increase its lending authority by \$1.5 billion was signed October 24, 1941.

National Income

Total income payments reached an estimated annual rate of \$92 billion in September. This was 20 percent greater than the rate in July 1940.

Employment

More than 40 million wage earners were engaged in civil non-agricultural employment during Sep-

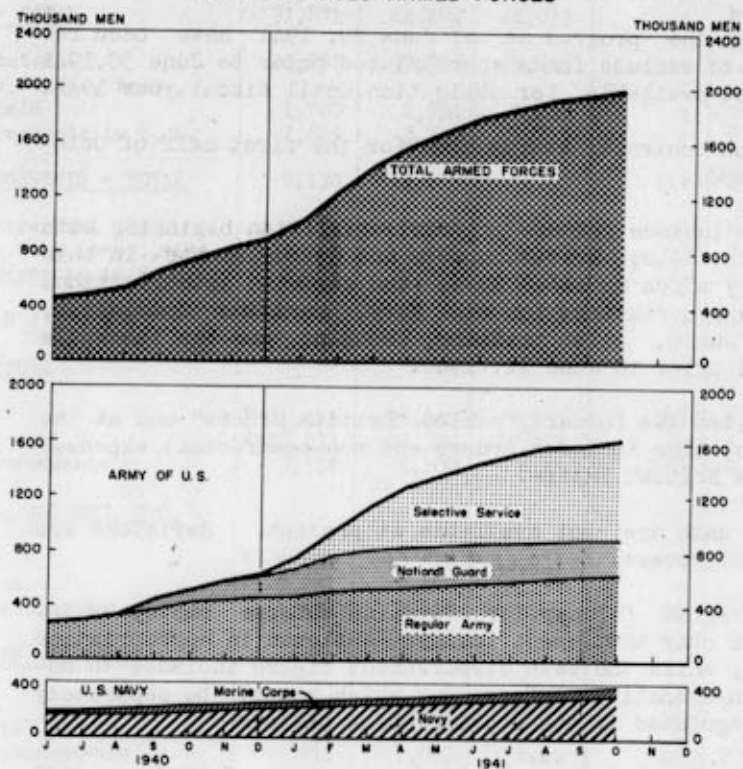
tember, almost 5 million more than were employed at the outset of the defense program and the highest on record.

Private defense employment continued to increase in September, according to indexes for 18 major defense industries. The largest absolute increases were recorded by the shipbuilding, airframes, firearms, aero-engines, and explosives industries with shipbuilding and airframes, which increased their labor forces by 14 and 10 percent respectively, making the greatest relative strides during the month.

Labor Disputes in All Industries

The number of strikes in progress in all industries rose to 765 in September, continuing the upward movement which began in January 1941 and was broken only once, in June 1941. This figure is almost double that for September 1940 and the highest since the inception of the defense program. Increases were also recorded in the number of man days idle and the number of workers involved. The latter reached a point (345 thousand men) exceeded only during the coal strike in April and May.

UNITED STATES ARMED FORCES



FOOTNOTES

DEFENSE PROGRESS SERIES

See Opposite Page

Pending receipt of accounting reports for F.Y. 1941 and the first quarter of the current fiscal year, all figures on contract awards are preliminary.

n.a. Not Available R Revised P Preliminary

* Data on the program as of June 30, 1941 have been revised to exclude funds appropriated prior to June 30, 1941 but not available for obligation until fiscal year 1942.

** Data on contract awards are for the first half of October, 1941.

^a Totals include defense program legislation beginning with June 11, 1940; British orders and disbursements in this country since November 1939; and certain authorizations and appropriations for the Navy, Maritime Commission, Coast Guard, pilot training, housing, and the stockpile passed prior to June 11, 1940.

^b This item was formerly called "British Orders" and at the present time includes orders and non-contractual expenses of the British Empire.

^c These data are not available at present. Revisions are now in process.

^d The program for pay for civilian defense employees includes only that specifically mentioned in appropriation bills, while the cash disbursement figure includes in addition executive defense pay which cannot be separately distinguished in the appropriation bills.

^e The President is authorized for purposes of "Defense Aid" to transfer defense articles which are in stock or have been procured from appropriations made prior to March 11, 1941 up to the value of \$1 billion. At his discretion, he may reimburse procuring agencies for defense articles so transferred from the \$7 billion Defense Aid appropriation. The maximum Defense Aid program may therefore be considered \$8 billion. \$13 million, transferred for this purpose during July, are included in the data in Defense Aid allocations, contracts, and cash disbursements.

DEFENSE PROGRESS SERIES

TOTAL UNITED STATES DEFENSE PROGRAM

	Cumulative 6/11/40 through a			Monthly		
	End 1st full year 6/30/41*	1 month ago 9/30/41	End latest month 10/31/41**	1 year ago 10/40	1 month ago 9/41	latest month 10/41**

FINANCIAL PROGRAM (Million dollars)

<u>PROGRAM - TOTAL</u>	R 41,547	61,499	P 61,677	2,553	P 650	6,178
U. S. contractual	R 35,233	52,047	P 57,718	1,327	654	5,671
U. S. pay, subs., trav., misc.	R 2,629	5,737	P 6,244	688	23	507
Foreign orders in U. S. ^b	3,685	3,715	P 3,715	538	P 19	
<u>CONTRACTS - TOTAL</u>	31,672	44,404	46,033	c	P 4,308	1,629
United States	26,267	37,755	39,263	c	4,045	1,508
U. S. pay, subs., trav., misc.-paid	1,720	2,934	3,055	c	244	121
Foreign payments in U. S.	3,685	3,715	3,715	c	P 19	
<u>CASH DISBURSEMENTS - TOTAL</u>	9,130	13,073	n.a.	511	P 1,507	n.a.
U. S. contractual	5,511	8,464	n.a.	239	P 1,172	n.a.
U. S. pay, subs., trav., misc.	1,546	2,281	n.a.	93	P 260	n.a.
Foreign payments in U. S.	2,073	2,328	n.a.	179	P 75	n.a.
O B J E C T S						
<u>TOTAL MUNITIONS</u>						
Program	R 24,416	35,050	P 38,251	823	P 187	P 3,211
Contracts	R 20,233	26,370	27,218	c	2,767	848
Cash disbursements	3,538	5,100	n.a.	210	P 625	n.a.
<u>AIRPLANES, ENGINES, ETC.</u>						
Program	R 8,481	12,527	P 13,211	397	P 1	P 684
Contracts	R 7,281	9,660	10,132	c	809	472
Cash disbursements	1,472	2,020	n.a.	96	P 230	n.a.
<u>NAVAL SHIPS AND PARTS</u>						
Program	R 6,666	7,985	P 8,661	21	P 311	P 676
Contracts	R 6,434	7,347	7,367	c	180	20
Cash disbursements	711	1,080	n.a.	40	P 143	n.a.
<u>ORDNANCE (INCL. NAVAL ORDNANCE)</u>						
Program	R 7,780	11,737	P 13,433	199	P 124	P 1,696
Contracts	R 5,418	7,509	7,699	c	1,524	190
Cash disbursements	938	1,370	n.a.	54	P 177	n.a.
<u>OTHER MUNITIONS</u>						
Program	R 1,489	2,801	P 2,956	206	P 1	P 155
Contracts	R 1,100	1,854	2,020	c	297	166
Cash disbursements	417	630	n.a.	20	P 75	n.a.

Table continued on following page. For footnotes see opposite page.

FOOTNOTES

DEFENSE PROGRESS SERIES

See Opposite Page

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DEFENSE PROGRESS SERIES

TOTAL UNITED STATES DEFENSE PROGRAM

	Cumulative 6/11/40 through ^a			Monthly		
	End 1st full year 6/30/41*	1 month ago 9/30/41	End latest month 10/31/41**	1 year ago 10/40	1 month ago 9/41	Latest month 10/41**
			(Million dollars)			
<u>MERCHANT SHIPS</u>						
Program	r 1,606	3,358	P 3,562	10	P 0	P 204
Contracts	r 1,344	2,428	2,518	c	180	90
Cash disbursements	252	410	n.a.	18	P 65	n.a.
<u>INDUSTRIAL FACIL. - CONS., EQUIP., & REAL ESTATE</u>						
Program	r 5,385	7,075	P 7,457	322	P 94	P 382
Contracts	r 3,056	5,054	5,447	c	282	393
Cash disbursements	808	1,400	n.a.	29	P 210	n.a.
<u>INDUSTRIAL FACIL. - CONSTRUCTION ONLY</u>						
Program	1,607	2,035	n.a.	n.a.	P 0	n.a.
Value in place	559	1,079	n.a.	n.a.	P 192	n.a.
<u>POSTS, DEPOTS & FORTIFICATIONS</u>						
Program	r 2,969	4,308	P 4,306	98	P 10	- 2
Contracts	r 2,664	3,558	3,641	c	214	83
Cash disbursements	1,448	1,780	n.a.	58	P 105	n.a.
<u>HOUSING</u>						
Program	452	602	602	150	P 0	0
Contracts	275	368	P 418	c	44	P 50
Cash disbursements	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<u>STOCKPILES</u>						
Program	983	1,571	P 1,571	102	P 368	0
Contracts	470	855	855	c	251	0
Cash disbursements	192	295	n.a.	11	P 55	n.a.
<u>OTHER EQUIPMENT & SUPPLIES</u>						
Program	r 3,094	3,776	P 5,652	359	P 0	P 1,876
Contracts	1,897	2,815	2,909	c	270	94
Cash disbursements	1,333	1,785	n.a.	90	P 185	n.a.
<u>PAY - DEFENSE AGENCIES</u>						
Total - Program	r 1,166	2,904	2,920	409	0	P 16
Cash disbursements	r 1,193	1,680	n.a.	74	P 166	n.a.
Army - Program	r 717	1,927	1,927	379	0	0
Cash disbursements	523	772	n.a.	28	P 85	n.a.
Navy & Mar. Corps - Program	r 326	791	791	2	0	0
Cash disbursements	314	404	n.a.	23	P 30	n.a.

Table continued on following page. For footnotes see opposite page.

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DEFENSE PROGRESS SERIES

TOTAL UNITED STATES DEFENSE PROGRAM

	Cumulative 6/11/40 through ^a			Monthly		
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(Million dollars)						
<u>DEFENSE AID (LEND-LEASE)</u>						
Program ^a	7,000	7,000	12,985		0	5,985
Allocations	5,177	6,469	n.a.		175	n.a.
Contracts	2,431	4,262	4,551		763	289
Cash disbursements	26	309	n.a.		P 148	n.a.
<u>MARITIME COMMISSION</u>						
Program	795	2,494	P 2,494	0	0	0
Contracts	716	1,622	1,680	c	118	58
Cash disbursements	164	250	n.a.	12	P 32	n.a.
<u>R.F.C. AND SUBSIDIARIES</u>						
Program	2,808	3,953	P 3,953	212	457	P 0
Contracts	1,198	2,723	2,870	c	347	147
Cash disbursements	350	580	n.a.	15	P 103	n.a.
<u>FOREIGN ORDERS IN U. S. ^b</u>						
Program	3,685	3,715	P 3,715	538	P 19	0
Contracts	3,672	3,715	3,715	c	19	0
Cash disbursements	2,073	2,328	n.a.	179	P 75	n.a.
<u>OTHER AGENCIES</u>						
Program	1,735	2,217	P 2,256	341	0	P 39
Contracts	652	812	812	c	44	0
Cash disbursements	325	P 516	n.a.	16	P 70	n.a.
OTHER DEFENSE INDICATORS						
VALUE OF FACIL. ON APPLIC. FOR CERT. OF NECESSITY (Million dollars)						
Total	1,424	2,044	n.a.	-	200	n.a.
Approved, private funds	829	994	n.a.	-	52	n.a.
Approved, public funds	201	229	n.a.	-	8	n.a.
Pending	387	810	n.a.	-	138	n.a.
<u>DEFENSE HOUSING</u>						
Number of dwelling units)						
Fund allocations	110,298	136,830	PL43,132	4,250	11,440	P 6,302
Cons. contracts awarded	78,820	103,171	PL16,244	10,469	8,178	P 13,073
Construction completed	21,768	45,584	P 53,689	0	6,546	P 8,105

Table continued on following page. For footnotes see opposite page.

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DEFENSE PROGRESS SERIES

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(Million dollars)						
PAY - DEFENSE AGENCIES (CONT.)						
Civilian employees - Program	123	186	202	28	0	16
Cash disbursements	356	504	n.a.	23	P 51	n.a.
SUBSISTENCE AND TRAVEL						
Program	215	609	609	126	0	0
Cash disbursements	205	459	n.a.	15	P 58	n.a.
MISCELLANEOUS						
Program - Total	1,261	2,246	2,737	154	- 5	491
United States	1,248	2,224	P 2,715	153	- 7	491
Foreign	13	22	P 22	1	2	0
Cash disbursements - Total	119	223	n.a.	5	P 38	n.a.
United States	106	201	n.a.	4	36	n.a.
Foreign	13	22	n.a.	1	2	n.a.
AGENCIES						
U. S. MILITARY						
TOTAL						
Program - Total	25,524	42,120	42,274	1,462	174	154
Contractual	24,154	38,033	38,154	938	190	121
Pay, subs., trav., misc.	1,370	4,087	4,087	524	- 16	0
Contracts	21,270	28,336	29,350	c	2,773	1,014
Cash disbursements - Total	6,192	9,090	n.a.	289	P 1,079	n.a.
Contractual	4,810	n.a.	n.a.	204	n.a.	n.a.
Pay, subs., trav., misc.	1,382	n.a.	n.a.	85	n.a.	n.a.
ARMY						
Program - Total	13,135	24,606	24,606	1,377	0	0
Contractual	12,154	21,899	21,899	856	0	0
Pay, subs., trav., misc.	981	2,707	2,707	521	0	0
Contracts	10,433	14,866	15,636	c	1,965	770
Cash disbursements - Total	3,862	5,650	n.a.	149	P 691	n.a.
Contractual	2,954	n.a.	n.a.	99	n.a.	n.a.
Pay, subs., trav., misc.	908	n.a.	n.a.	50	n.a.	n.a.
NAVY						
Program - Total	12,389	17,514	17,668	85	174	154
Contractual	12,001	16,134	16,255	82	190	121
Pay, subs., trav., misc.	388	1,380	1,380	3	- 16	0
Contracts	10,837	13,470	13,714	c	808	244
Cash disbursements - Total	2,330	3,440	n.a.	140	P 388	n.a.
Contractual	1,856	n.a.	n.a.	105	n.a.	n.a.
Pay, subs., trav., misc.	474	n.a.	n.a.	35	n.a.	n.a.

Table continued on following page. For footnotes see opposite page.

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DEFENSE PROGRESS SERIES

DEFENSE EQUIPMENT INDEXES

	1940		1941			
	July	December	March	June	August	September
MONTHLY PRODUCTION RATE INDEXES						
Maj. combat ships (Percent of present program completed)	0.5	0.6	0.8	1.0	1.2	1.7
(Average monthly production during fiscal year 1942=100)						
Airplanes	16.1	25.8	33.5	44.7	56.9	60.9
Combat vehicles	n.a.	n.a.	10.8	30.5	r 60.6	72.9
Army-type guns	n.a.	n.a.	29.6	40.3	r 56.7	66.8
Field artillery	n.a.	n.a.	15.3	26.5	r 19.8	34.9
Antiaircraft	n.a.	n.a.	16.1	60.9	r 42.1	43.2
Airplane armament	n.a.	n.a.	18.8	23.1	r 45.8	55.5
Infantry-supporting	n.a.	n.a.	48.9	52.0	r 83.5	95.8
Ammunition	n.a.	n.a.	n.a.	13.0	r 18.9	20.4
Field artillery	n.a.	n.a.	n.a.	14.9	9.7	10.6
Antiaircraft	n.a.	n.a.	n.a.	0.0	8.7	5.9
Airplane	n.a.	n.a.	n.a.	26.9	42.4	39.9
Small arms	n.a.	n.a.	n.a.	16.9	r 33.0	41.8
	July 31	Dec. 31	March 31	June 30	Aug. 31	Sept. 30
TOTAL CUMULATIVE PRODUCTION INDEXES						
Maj. combat ships (Percent of present program completed)	5.8	8.7	11.1	14.1	16.3	18.0
(Cumulated since 7/40. Production during fiscal year 1942=100)						
Airplanes	1.3	8.5	16.2	27.1	35.5	40.6
Combat vehicles	n.a.	3.5	6.1	12.3	r 22.0	28.0
Army-type guns	n.a.	7.2	13.1	22.2	r 31.9	37.5
Field artillery	n.a.	3.0	7.1	14.8	r 18.5	21.4
Antiaircraft	n.a.	5.0	9.3	18.0	r 25.8	29.4
Airplane armament	n.a.	4.2	7.4	11.7	18.1	22.7
Infantry-supporting	n.a.	11.9	21.6	35.5	r 50.4	58.4
Ammunition	n.a.	n.a.	n.a.	10.9	r 12.6	15.4
Field artillery	n.a.	n.a.	n.a.	7.4	9.5	10.4
Antiaircraft	n.a.	n.a.	n.a.	0.6	1.3	1.8
Airplane	n.a.	n.a.	n.a.	5.4	9.4	12.7
Small arms	n.a.	n.a.	n.a.	20.8	r 25.5	28.9

Table continued on following page.

For footnotes see opposite page.

DEFENSE PROGRESS SERIES

ECONOMIC ACTIVITY RELATED TO DEFENSE

	1940					
	1940			1941		
	July	January	August	September	Week Ending	
					Oct. 18	Oct. 25
<u>FED. RES. BD. PROD. INDEXES</u>						
Total industrial production	120	135	162	P 166		165
Durable manufactures	131	166	198	P 204		209
Nondurable manufactures	111	118	142	P 145		137
Minerals	121	113	134	P 136		138
						Oct. estimate
<u>BUR. FOR. & DOM. COM. MFGS.</u>						
<u>ORDERS, SHIPMENTS, INVENTORIES</u>						
New orders, total (1/39=100)	127	176	P 195			
Shipments, total (1/39=100)	117	148	P 188			
Inventories, * (12/31/38=100)	109.2	120.8	P 134.2			
Durable (12/31/38=100)	111.9	129.7	P 146.2			
Nondurable (12/31/38=100)	106.4	111.2	P 121.4			
<u>BLS PRICE INDEXES</u>						
				(Indexes)		
Strategic materials (8/39=100)	123.6	126.1	141.6	142.8	143.0	143.0
Critical materials (8/39=100)	107.5	111.7	116.3	117.3	116.6	116.8
Basic commodities (8/39=100)	108.5	120.5	151.4	155.6	151.3	151.9
Machine Tools (8/39=100)	108.7	114.6	119.2	118.9	-	-
All commodities (1926=100)	77.7	80.8	90.3	91.8	91.7	91.2
<u>BLS COST OF LIVING INDEX</u>	100.3	100.8		(1935-39=100)		
				106.2	108.1	
<u>TRANSPORTATION & ELECTRIC POWER</u>				(Averages)		
Freight cars						
Loadings (thous. per wk.)	706	684	893	885	923	914
Unloads for export (dly.)	1,502	1,352	1,635	1,736	1,838	1,947
Surplus, total (thous. dly.)	133	110	47	41	41	
Box cars	57	43	19	15	17	
Coal cars	47	42	11	10	9	
Power prod. (mil. kwh. wkly.)	2,731	3,080	3,283	3,353	3,273	3,299
<u>NATIONAL INCOME</u>				(Billion dollars, annual rate)		
Total income payments	75.2		81.7	r 90.8 p 92.4		
<u>FEDERAL DEBT</u>				(Billion dollars, end of month)		
Net public debt	41.5	43.9	48.0	49.1		
<u>EMPLOYMENT</u>				(Thousand workers)		
Total civil nonagricultural	35,454	36,621	r 39,626	P 40,065		
Total WPA employment	1,655	1,890	1,042	1,037	1,040	1,044
Defense						
Private, 18 major indus.	1,660	2,038	2,594	r 2,660		
* contractors, pub. constr.	13	448	384			
Public	155	203	240			
Total direct defense	1,828	2,689	3,218			
Deep-sea merchant vessels	51	49	51	50		

r Revised data.

P Preliminary data.

n.a. Data not available.

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DEFENSE PROGRESS SERIES

ECONOMIC ACTIVITY RELATED TO DEFENSE						
	1940	1941				
	July	January	August	September	Week Ending	
					Oct. 18	Oct. 25
<u>UNEMPLOYMENT (WPA ESTIMATE)</u>						
Number of unemployed	9.3	7.6	5.3	4.5		
<u>EMPLOYMENT IN 18 MAJOR PRIVATE DEFENSE INDUSTRIES &</u>						
			(Indexes 1934=100)			
All eighteen industries	123.3	151.3	F 192.7	197.6		
Blat. furn. st. wks., etc.	116.7	128.7	F 146.2	146.3		
Foundry & mach. shop prod.	114.8	137.5	F 168.1	169.3		
Elect. mach., app. & supp.	115.3	143.8	F 186.0	187.7		
Smelting and Refining	112.7	124.0	F 131.1	130.2		
Brass, bronze, copper prod.	114.5	151.5	F 170.3	172.2		
Aluminum manufactures	121.2	146.5	F 155.3	155.3		
Machine tools	155.6	189.4	232.9	236.8		
Machine tool accessories	139.7	F 167.7	F 237.3	241.3		
Abrasives	112.1	F 150.7	186.9	187.1		
Screw-machine products	115.9	156.9	F 200.2	204.3		
Airframes	222.2	355.7	F 562.0	604.7		
Aero-engines	299.2	434.1	F 695.5	719.1		
Shipbuilding	138.7	F 195.8	F 315.8	361.5		
Firearms	159.3	234.5	F 356.5	392.6		
Ammunition	144.6	245.8	F 394.2	397.0		
Explosives	142.5	F 176.6	F 384.1	406.8		
Optical goods	111.9	138.1	F 173.6	175.0		
Instruments	115.7	147.9	F 200.0	197.8		
<u>LABOR DISPUTES</u>						
<u>PLANTS WITH IMPORTANT DEFENSE CONTRACTS</u>						
Number Strikes in progress	n.a.	13	19	18		
Workers involved (thous.)	n.a.	26	P 35	P 17		
Man-days idle (thous.)	n.a.	146	P 340	P 111		
<u>ALL INDUSTRIES</u>						
Number strikes in progress	390	330	P 740	P 765		
Workers involved (thous.)	83	109	P 290	P 345		
Man-days idle (thous.)	529	665	P 1,825	P 1,925		

F Revised data.

P Preliminary data.

n.a. Data not available.

& Data furnished by Bureau of Labor Statistics.