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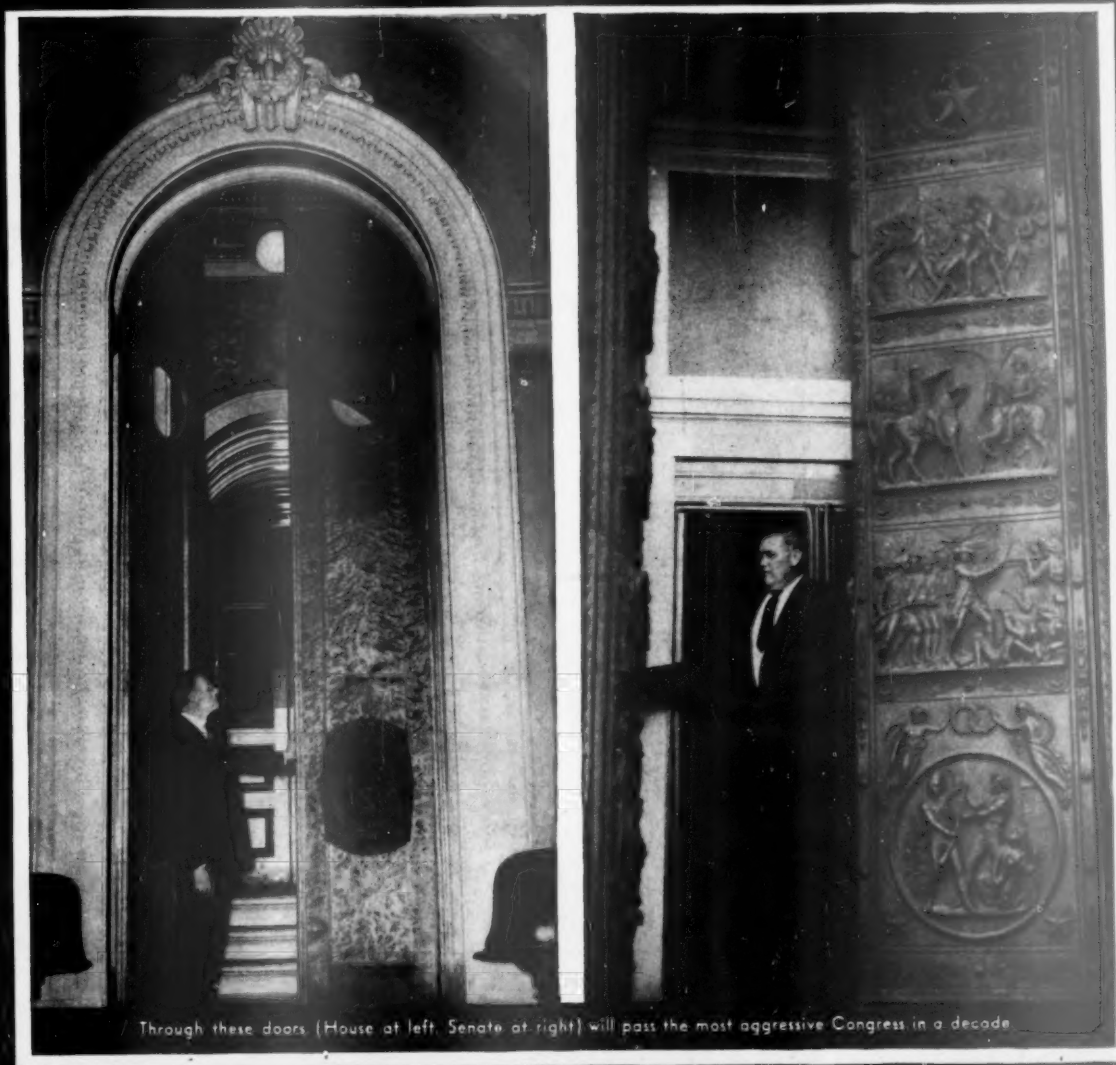


YEAR  
AGO

# BUSINESS WEEK



START  
OF WAR  
1939



Through these doors (House at left, Senate at right) will pass the most aggressive Congress in a decade

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EEK  
DEX

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# Wool Eased

**Early precaution against shortage pays dividend in huge stockpiles—well over a billion pounds at start of year.**

In the first confusions following Pearl Harbor, the War Production Board went woolgathering in a large and literal sense. Wool is as necessary to the fighting man as are bullets, and the government had to anticipate the extremes in possibilities. It hastily cut civilian allowances, intensified fortification of its previously planned wool stockpile, boosted domestic production, and sought to assure imports (BW—Jan. 31 '42, p27).

• **Sights Set High**—Now, one year later, much of the anxiety is relieved. This is partly because the precautions were effective, partly because the Army set its sights too high on the good old theory that it's better to have a surplus

than a deficiency. Wool still is a critical material, and the WPB cautions against any suggestion of sufficiency for fear that it might cause a letdown in effort.

Surest sign of increased confidence is solicitude for the war-buffed civilian. On Dec. 10, the WPB amended its order M-73 to increase worsted production for the next eight months. Net result is that this will allow civilian output almost a 60% increase over the rate since August. Since worsteds go principally into men's garments, it means that the nonmilitary taxpayer and bond buyer won't have to go around in a barrel next fall.

• **Ban Remains on Robes**—There was talk last week that WPB was about to let down the bars on wool flannels in lounging robes. Thus far, it's just talk. It's true that WPB has discussed easing the restrictions—and the conversations conceivably embraced elimination of some of the double talk in existing regulations (L-130) about hems, cuffs, pockets, etc.—but the ban is still on.

Raw wool supplies also are involved in the cautious flexing of WPB con-

trols. In November, Boston's Summer St., heart of the U. S. wool trade, was jolted by announcement that the Defense Supplies Corp. would auction 27,000 bales (300 lb. each) of Australian wool from its New Bedford warehouse. The wool was advertised as "semisound."

• **Strange Language**—Now, there was nothing shocking in the DSC selling damaged wool—it does that right along. But the term "semisound" was new to the ears of Summer St. where, in less complicated days, wool was either sound or damaged. In explanation, DSC spokesmen said that the New Bedford warehouse was leaky, that some of the bales had been semidamaged by water. Much excitement attended the sales, held Nov. 27 by the National Wool Marketing Assn. as agent for DSC.

Initial lots auctioned proved to be only slightly damaged, and they sold smack up against the price ceilings of around \$1.05 per lb., including 15¢ duty, on a scoured basis. At times bidding was so clamorous that several buyers offered the ceiling prices at the same time, thereby posing an allocation problem for the auctioneer. Prospective buyers examined other lots and decided that much of the wool showed no damage at all. This provoked ominous suspicions that the government might be dumping wool from its hitherto inviolate stockpile (of over 700,000,000 lb.) and resulted in such a hullabaloo that the sale was called off.

• **Total in Doubt**—At subsequent conferences between government men and wool trade interests, the burning question of how much more of this semisound wool was to be sold was left unanswered. It was admitted that there was another 7,000 bales of damaged wool in a Texas warehouse that would be auctioned, but how much more remained was not even guessed at. The semisound auction from the New Bedford warehouse was resumed Dec. 18 and about 16,000 bales were sold, some of it below ceilings.

The total of roughly 45,000 bales sold or listed as semisound was only a drop in the national bucket. It was the inference of more and bigger sales, which might crack prices, that frightened dealers. The damaged wool was bought by manufacturers who could process it at once into yarns that will be as good as any. Dealers laid off, not only because prices might deteriorate but also because damaged wool deteriorates.

• **Shipping Fears Unfounded**—Bursting wool warehouses reflect the fact that there are plenty of supplies abroad and that the U. S. is the only big market left. Immediately following the Japanese attacks, it looked as if Australia and New Zealand might be overrun, or that shipping to those countries might be cut off. Neither has happened, and ships that take military supplies to the

## As Rationing Gets Tight

Advance announcement of consumer point rationing of canned foods—accompanied by widespread radio and newspaper fanfare under the direction of the Office of War Information—was designed to achieve the following ends:

(1) Give OPA a head start on the gigantic task of educating consumers and the food trades as to how point ration stamps—a second system of currency—are to be used (BW—Dec. 5 '42, p14).

(2) Help OPA build up and educate the large volunteer organization necessary to register every man, woman, and child in the U. S. for War Ration Book Number 2.

(3) Make it definitely clear that the Department of Agriculture is responsible for the institution of canned food rationing, and that OPA is only working out the mechanics.

(4) Test the theory widely held and loudly enunciated by prewar opponents of the New Deal to the effect that the people are ready to accept any war-imposed sacrifice as long as they are asked to comply rather than commanded to do so. Hoarding or panic-buying, resulting from this advance announcement, will be used by OPA to show that volunteer rationing methods cannot be relied on when the pinch is really tight.

• **Points Will Reflect Supplies**—Announcement of tin can quotas for 1943, plus government requirements

in canned food lines, made rationing inevitable (BW—Dec. 19 '42, p58). In addition to canned and bottled fruits and fruit juices, canned and bottled vegetables and vegetable juices, and canned soups, the rationing system to be instituted in February will include dried and dehydrated fruits and frozen fruits and vegetables. Point values will be assigned to individual food commodities, or broad groups, such as all types of beans, on the basis of supplies—plentiful commodities will cost fewer points than relatively scarce commodities.

OPA is working on an ambitious plan to vary the cost, in points, of each commodity on the basis of communities or regions. Thus, while each stamp would carry the same point value in every part of the U. S., the point price of a product may vary from month to month and also between one locality and another. A can of lima beans, for example, might cost three points near the canner, ten points in areas that import their full supply.

• **Local, National Mixup**—However, since storekeepers will purchase their stocks—after the original inventory is used up—on the basis of stamps secured from consumers, and wholesalers in turn will use the stamps to buy from canners and processors, there is some doubt whether OPA can work a local point price for consumers and a national point price for the food trades.

Southwest Pacific come back with wool.

Recently the Australians have been compressing wool for shipment which, as in the case of cotton, makes a smaller and more compact cargo package.

• **Grower Sitting Pretty**—The 700,000,000-lb. stockpile includes 250,000,000 lb. held for British account but which this country can tap if need arises. An additional supply soon to be available is the American clip, which starts coming in next spring and which should reach 500,000,000 lb. Boston says the U. S. sheep grower is sitting pretty because he is getting good money not only for his wool but also for his shearlings and mutton.

Shearlings are sheep skins with the short wool still on, which are used to line aviators clothing (BW—May 2'42, p.28). It takes 15 skins or 100 sq. ft. to line the jacket, pants, helmet, boots of each flyer. The WPB freed shearlings of ceilings to encourage production. Until a week or so ago, there were no ceilings on mutton prices.

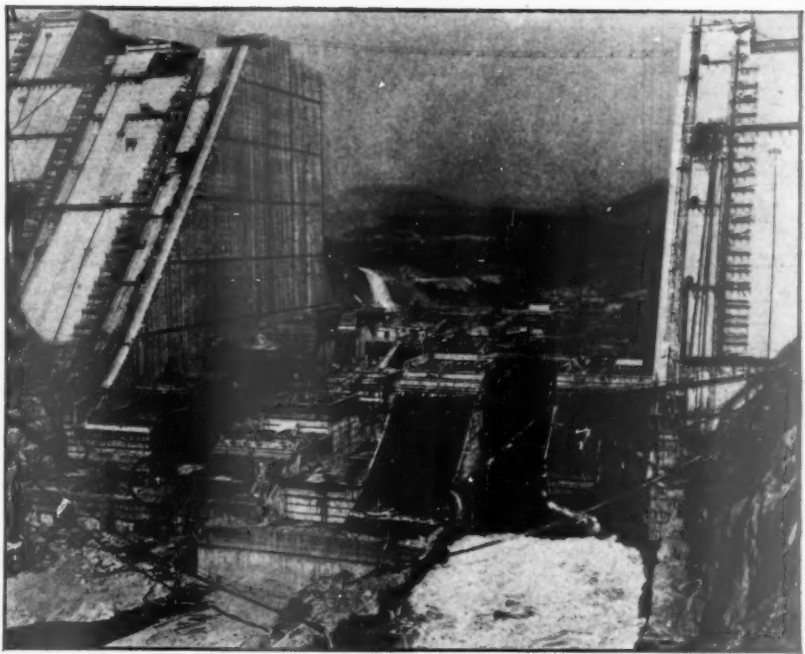
• **Foreign Competition**—The domestic producer resents any insinuation that he is enjoying an era of prosperity. F. Eugene Ackerman of the American Wool Council says U. S. sheepmen are having a hard time competing with cheaper imports. Attitude of his clients is that the stockpile should not be any bigger and that supplies are sufficient now to warrant a much greater allotment to civilians.

The Boston trade isn't worried over accumulations in this country because, it holds, these supplies will have to be fed out to all nations after the war. But domestic growers don't want to hold the bag with all this surplus hanging heavy over the market especially since there is no floor under prices. For months they have been asking the government to buy the entire 1943 clip.

• **Wickard Is Czar**—Though anybody can buy wool, at or under ceiling prices, WPB holds complete control over its uses. Hence, argue the growers, Uncle Sam is in reality the market and should absorb all offerings. Secretary of Agriculture Wickard is now the wool czar as well as the food dictator. He is known to favor the wool purchase idea, may adopt it after studying the subject.

The wool supply outlook appears secure in spite of the record consumption in 1942 of 1,100,000,000 lb. It is evident that record domestic production (500,000,000 lb. for 1942) in addition to heavy and continuous imports have offset consumption.

The industry goes into 1943 with a carryover well above 1,000,000,000 lb., since 567,000,000 lb. of apparel wools in the hands of manufacturers and dealers "as of Oct. 3" support the 700,000,000 lb. stockpile. Add to this a 1943 half-billion-pound domestic clip and you have in sight a year-and-a-half supply.



## THE LAST GAP

Concrete placement work is going at top speed to fill in Shasta Dam's last gorge before seasonal floods roar down California's Central Valley. The big

dam, to reach skyward 560 ft., is slated for completion in 1944 when it will begin its threefold job—flood control, irrigation, and hydro-electric power. Seven workmen (circle) are indicative of the project's immensity.

# Can Congress Come Back?

Washington thinks it can and will, and that's why so much attention is being paid to legislators' twofold drive—to win the war but to shear F.D.R. of his "blank check" powers.

The 78th Congress intends to have something to do with running the country. Its members have seen legislative government disappear all over the world; many of them are deeply concerned lest it go the same way here. They want to reassert their voice—particularly on home front issues and postwar policy. The more thoughtful believe that Congress itself must modernize its machinery—provide itself, for instance, with an expert technical staff to match the bright boys in the executive departments downtown.

• **No More Blank Checks**—Congress, through ten years, has signed over most of its powers to Roosevelt. But Roosevelt still has to come regularly to Congress for money. What he needs for fighting the war he will get. But beyond that, Congress will use the pursestrings to hog-tie the New Deal.

The only real restraint on the rebellious attitude of Congress is that it doesn't want, by any mischance, to hamstring Roosevelt in the actual prosecution of the war. It doesn't intend, how-

ever, to let Roosevelt write the peace. Congress—and every individual congressman—is looking primarily to its postwar position.

• **The Civilian Welfare**—At the same time, not every congressman thinks of saving rubber or controlling prices as having much to do with the actual prosecution of the war. Congress knows it was elected by folks who don't want the war to make them uncomfortable—especially since we are going to win the war anyway. Many of Roosevelt's battles with Congress will be on marginal war-domestic issues—over the degree of discipline to which a population at war must be subjected.

Roosevelt is no pushover. He's still the wildest politician of them all. He read the results of the November elections as shrewdly as any man on Capitol Hill. He has already started to appease Congress. His removal of Leon Henderson (BW—Dec.26'42,p15), price and rationing boss, was a beginning.

• **Congressmen Wary**—Veteran members of Congress predict that the Presi-