Archivo Histórico
Ministerio de Relaciones Exteriores, Comercio Internacional y Culto
Argentina

1945

REPUBLICA ARGENTINA

Ministerio de Relaciones Exteriores y Culto

GUERRA ENTRE LOS ESTADOS UNIDOS Y LOS PAISES DEL EJE

Expediente 1 TOMO II Año 1945

3º Parte

DISCURSOS Y PROCLAMAS DEL PRESIDENTE ROOSEVELT

DIVERSOS DOCUMEN TOS OFICIALES DE LA CASA BLANCA

DECRETOS Y MEDIDAS VARIAS RELATIVAS A LA DEFENSA

FORM. 64

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Tomo II -
3ª Parte. 1945. -

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POR CORREO AEREO

Guerra U.S.A. Carpeta Sup. 1. T. II -

MESA DE ENTRADAS Y EXPEDICIONES
16 FEB 1945
MINISTERIO de RELACIONES EXTERIORES y CULTO

MESA DE ENTRADAS Y EXPEDICIONES
A
ARCHIVO ASUNTOS POLITICOS

Embajada de la República Argentina

Washington, 20 de enero de 1945.

MINISTERIO DE RELACIONES EXTERIORES * FOLIO 1

R.E. Nº 44

Señor Ministro:

Tengo el honor de acompañar a la presente un informe relativo al esfuerzo de guerra de Estados Unidos, enviado al Congreso por el Señor James F. Byrnes, Director de Movilización de Guerra y Reconversión. El informe pasa revista a la situación de la industria bélica norteamericana, comparando su actual producción total con la obtenida en épocas de paz. Las cifras y estadísticas consignadas dan una cabal idea de la extraordinaria capacidad productiva de este país. Destaca Byrnes, en la carta con que adjuntara el informe, el hecho de que los resultados obtenidos por las fábricas norteamericanas han sido logrados sin que el standard de vida de la población haya sufrido; por el contrario, es más elevado en la actualidad que en el año 1929 anterior a la crisis.

El informe estudia, entre otras, las siguientes cuestiones: movilización y reconversión, estabilización económica, agricultura, transporte, transporte marítimo, viviendas, etcétera, etc.

Aprovecho la oportunidad para saludar a V.E. con mi más alta y distinguida consideración.

Carlos Saavedra Lamas

Anexo.

A S.E. el Señor Ministro interino de Relaciones Exteriores y Culto,

Doctor César Ameghino,

BUENOS AIRES

ANOTADO

CON EL ANEXO CONFORME

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Argentina

POR CORREO AEREO

MESA DE ENTRADAS Y EXPEDICIONES
16 FEB 1945
MINISTERIO de RELACIONES EXTERIORES y CULTO

Buenos Aires, 19/2 de 1945

ACÚSESE RECIBO y ~~ARCHÍVESE~~. pase a conocimiento de la Dirección de Asuntos Económicos. Posteriormente vuelva a esta Dirección para su archivo.

MINISTERIO RELACIONES EXTERIORES
7 MAR. 1945
Dirección General Asuntos Políticos

BUENOS AIRES, marzo 9 de 1945.

Habiéndose tomado conocimiento VUELVA a la Dirección de Asuntos Políticos.

MINISTERIO DE RELACIONES EXTERIORES Y CULTO
9 MAR 1945
DIRECCION DE ASUNTOS ECONOMICOS
ALBERTO A. BONFANTE
Director de Asuntos Económicos

ANOTADO

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Argentina

MINISTERIO DE RELACIONES EXTERIORES
FOLIO 2

D.A.P.

Buenos Aires, febrero 28 de 1945.-

917

Señor Encargado de Negocios:

Tengo el agrado de acusar recibo de su nota nº 44 del 20 de enero pasado, con la que remite un informe relativo al esfuerzo de guerra de los Estados Unidos de Norte América, enviado al Congreso por el señor James F. Byrnes.

Aprovecho la oportunidad para reiterar a V.E. las expresiones de mi consideración distinguida.-

Carlos Pardo

DIRECTOR ASUNTOS POLITICOS

MINISTERIO RELACIONES EXTERIORES
28 FEB. 1945
Dirección General Asuntos Políticos

A S.E. doctor Rodolfo García Arias,
Ministro Plenipotenciario y Encargado de Negocios de la República Argentina en los Estados Unidos de Norte América.-

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Argentina

79th Congress, 1st Session - - - - - - House Document No. 9

MINISTERIO DE RELACIONES EXTERIORES
FOLIO
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PROBLEMS OF MOBILIZATION AND RECONVERSION

LETTER

FROM

THE DIRECTOR, OFFICE OF WAR MOBILIZATION AND RECONVERSION

TRANSMITTING

FIRST REPORT OF THE DIRECTOR OF WAR MOBILIZATION AND RECONVERSION AS OF JANUARY 1, 1945

JANUARY 3, 1945.—Referred to the Committee on Ways and Means and ordered to be printed with illustrations

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1945

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Argentina

MINISTERIO DE RELACIONES EXTERIORES * FOLIO

LETTER OF TRANSMITTAL

OFFICE OF WAR MOBILIZATION AND RECONVERSION,
Washington, D. C., January 1, 1945.

The Honorable SPEAKER OF THE HOUSE OF REPRESENTATIVES.

DEAR MR. SPEAKER: As Director of War Mobilization and Reconversion I hereby submit my first report, required under the War Mobilization and Reconversion Act of 1944 as of January 1, 1945.

It is essential to an understanding of the problems confronting this country in all-out mobilization for war and in the later transition from war to peace to review the major accomplishments of our war effort in comparison with our achievements in normal times. Therefore, in this report I have tried to sum up these accomplishments and in this summing up, compare the accomplishments with our peacetime attainments. I believe that in this way we can see clearly the problems which still lie ahead.

I think also that such a summary might clear up some of our present doubts and uncertainties. Much has been said about confusing and conflicting war statements. This is inevitable in the pressure of accomplishment. Victories lead to optimism. Setbacks, which apparently prolong the war, lead to fear, anxiety over loved ones, and pessimism.

The truth is that our soldiers at the front today are not short of ammunition and supplies as a result of any production failures. However, they may be short a few weeks hence if we fail. If they are to freely use what they now have in order to save human lives, they must know that more, in abundance, is on the way.

This nation can be proud of what it has accomplished to date with the cooperation of industry, labor and agriculture—of all the people—under vigorous Government leadership.

We have reached a rate of munitions production in excess of $64,000,000,000* per year while maintaining a standard of living higher than that which we enjoyed in 1929. We have attained this rate of war production without any over-all reduction in the consumer supplies available to the public. To accomplish this, we have invested more than $20,000,000,000 in new or expanded industrial plants.

We have added 18,000,000 persons to war activities. We have armed and equipped the most powerful naval and air forces in the world. We have armed and equipped one of the largest and one of the best armies that the world has ever seen.

*Munitions data—August 1943 prices.

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We have exported to our allies goods and services valued in excess of $24,000,000,000. This aid consisted not only of munitions but of materials and equipment to increase their industrial output and food to replace their losses in production or in other food sources.

We have had two years of almost unparalleled success in our military operations against strong and powerful adversaries. These adversaries are still dangerous. And thus, in spite of all that we have accomplished to date, we still have more to do. Our forces in the field need more guns, more ammunition, more trucks, more tires, more ships, more airplanes, more rockets, and more men to finish the job which they have done so well to date.

We cannot be complacent yet. We must man our war plants to the fullest extent necessary to meet the requirements of our military leaders. We must do this in the face of a further withdrawal from our available manpower supply to provide replacements for the army and to build the navy up to the strength which it requires to man its ships.

Recently, therefore, I have taken action to tighten Selective Service regulations, to deny priority and allocation rights when necessary to maintain manpower ceilings established by the War Manpower Commission for nonwar plants in order to fill the demands for manpower in war plants.

The War Production Board has deferred for a period of 90 days new spot authorizations in critical labor areas and has frozen civilian production at not to exceed the fourth quarter levels of 1944.

I have requested racing management to suspend all race meets, thus reducing that drain on manpower, transportation, communication facilities, and other services.

I hope that these actions will suffice. However, it may be necessary for Congress to consider legislation to strengthen the authority of the War Manpower Commission.

I am convinced that consideration should be given by Congress to some control over those found physically disqualified for military service, so that they may render their war service in essential war activities.

Although labor and management have in most cases complied voluntarily with the orders of the War Labor Board, the authority of the Board should be strengthened to enable it to enforce its decisions in the courts without resort to seizure.

I will not predict how long the war will continue. However, as Director of War Mobilization and Reconversion, I must direct the Government effort at home to the maintenance of all-out war production. When one of our enemies is defeated, then and only then can we lessen our effort.

Even then we must remember that our primary goal is the defeat of the other enemy. We will still have millions of American boys living day in and day out under enemy fire, sleeping in rain and mud, eating out of tin cans, and never enjoying the comfort of home.

I am convinced that even with the defeat of one of our enemies we will still require a tremendous national effort to bring full victory at an early

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date. Until this task is completed and those fortunate enough to survive return home, we must continue our war effort as our primary national objective.

It is true that with the defeat of one of our enemies there will be many disruptions of local economy with some local unemployment. These conditions will be temporary. They cannot be neglected, but they do not require the detailed attention we must give other long range problems which will develop with peace.

The Government has, on the whole, been successful in maintaining a stabilized economy throughout the war period. Stabilization will be more difficult with victory. The Congress should give serious thought to a further extension of the Renegotiation Act which has been a successful factor in our fight for stabilization. I believe also that it is not too early for the Congress to consider the extension of the Stabilization Act.

I am not apprehensive over the ability of the Government to handle the mechanical problems involved in transition from war to peace. Congress has provided the tools in the act establishing this office. It has established an Office of Contract Settlement which has already accomplished much in coordinating and directing the procurement agencies in the establishment of a contract termination procedure which I am sure will be able to settle contracts promptly and satisfactorily when peace arrives.

Congress has established the policies to govern the disposal of surplus property under a Surplus Property Board. While there may be some administrative difficulties under this legislation, it provides the machinery for disposal. Much has already been accomplished under the Surplus War Property Administrator appointed prior to the passage of the act in assigning responsibility to disposal agencies, in developing sales policies, and in arranging for the prompt removal and storage of surplus property.

Congress has likewise provided machinery to assist in the reemployment and retraining of returned veterans. It has enacted the "G. I. Bill of Rights," which has made it possible for our returned veterans to plan ahead. Hospitalization for returned veterans is also receiving active consideration.

Congress has made a start in providing unemployment compensation for those workers who may be temporarily out of employment when the war ends. At that time I did not think the benefits provided were sufficient, and I now urge that Congress give further consideration to liberalizing the provisions of the Unemployment Compensation Law.

Congress has also provided for the continuance of support prices for farm products for a period of two years from the first day of the next year after the end of the war. This will do much to encourage farm production during the war and will prevent a disastrous curtailment in farm income with the end of the war.

Congress has approved public roads, flood control and reclamation programs which provide a construction backlog. Further legislation of

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this type merits consideration so that authorized projects will be available to provide employment.

The foundation of American enterprise has always rested in small business. While adequate provision has been made for the prompt payment of claims to those small business enterprises engaged in the war effort, no adequate provision has been made to assist financially in the reestablishment of small business enterprises discontinued as a result of the war or for the establishment of new enterprises of this type. I urge the Congress to give consideration to legislation of this type.

We have built as a war measure a great merchant fleet. I believe that the Congress will consider at an early date legislative measures which will assure continued operation of an efficient merchant marine when the war ends.

No general tax revision is possible until the end of the war, but I urge that Congress give consideration now to several proposals outlined elsewhere in this report which will not materially reduce revenues but will greatly encourage new enterprises and the expansion of existing enterprises. Such proposals could be considered and drafted now in order to make possible immediate enactment at the end of the war in Europe.

We face the end of the war with a housing shortage, the relief of which should assist materially in providing immediate employment. I am sure that Congress will want to consider the extension and liberalization of the several measures in existence when war was declared to assist home builders in financing such construction.

I think reconsideration might well be given to the provisions of the Lanham Act prohibiting the sale of temporary housing for residential purposes at low cost, as it may be that such housing could well be used to greatly improve present conditions in city slum areas and in certain farm areas.

Our lend-lease activities have given us in wartime a record volume of export trade. Our demand for critical war materials, combined with preclusive buying of materials desired by our enemies, has also resulted in developing a high volume of imports. This increase in our foreign trade has played an important part in our war economy. It must play an important part in our peace economy.

We must export goods if we are to provide jobs for all of our workers. We cannot export goods unless others have the dollars required to pay. These dollars can be secured only through credit arragemnents and through the import of goods into this country. When we raise barriers against imports we restrict our outlets and reduce job opportunities at home.

I am sure that Congress will desire to consider at an early date the extension of the Trade Agreements Act. I am equally sure that it will desire to consider the problems of international finance which must be solved before our own position in post-war trade can be determined. These problems were discussed at the International Conference held last year at

Bretton Woods. They will undoubtedly be placed before the Congress at an early date. Our national policy should be developed now.

We have heard much of conflicting views and opinions during these war years. Minority interests have voiced continuing criticism of each war and peace measure. We could not have accomplished so much in so little time if we had not had an over-all plan and purpose into which each of these measures fitted.

Respectfully submitted.

James F Byrnes

Director.

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MOBILIZATION AND RECONVERSION TO DATE

The United States has built the world's largest navy, the world's largest merchant fleet, and one of the world's largest and best-equipped armies. It has become in the real sense of the term the world's arsenal of democracy. Although all of that has been accomplished in less than five years, starting almost from scratch with the fall of France in June 1940, nevertheless the mobilization of this country's resources—its materials, its machinery and, above all, its manpower—is not complete. The war is yet to be won.

Today American troops are engaged in what could prove to be the decisive battles of the war in Europe and the Pacific. They need particular types of equipment urgently; these are our critical war programs. The task immediately facing the country is to mobilize our resources to give the field commanders—the troops in the field—what they consider necessary for victory.

Comprehensive steps have been taken to utilize our resources efficiently, so as to increase our war production, particularly in critical items. As I point out in the section on "Manpower," ceilings have been placed on civilian production, Selective Service rules tightened, and manpower controls implemented. As a further step, the War Production Board has adapted its Controlled Materials Plan to the urgency of the times. Through the application of its controls, steel production will be held to a pre-determined amount to prevent the draining away of industrial energy, manufacturing facilities, and manpower from war production.

GAINS IN CRITICAL OUTPUT.

Further, the War Production Board, the War Manpower Commission, the Army, the Navy and other Government agencies have set up committees of top personnel to review the monthly progress in each of the critical programs, to find out what is holding up production and provide the remedy. The results of these meetings, begun three months ago, have already become evident. In November, critical production was up 11 percent over October, and October had been up 6 percent over September. I expect another increase during the month of December.

However, these gains, though encouraging, are not enough. Serious deficits in schedules still exist. Even the meeting of present schedules is not

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enough. Critical production no longer feeds pipelines or goes into strategic reserves—it is going right into battle. Current requirements in these critical items are virtually unlimited. As soon as a war plant meets its schedule, it is a signal for an increase in that schedule. We need more tanks, more Superfortresses, more heavy artillery ammunition, more mortars, more tents, more trucks, more communication wire, more ship repairs than we can possibly turn out in the immediate future.

These urgent demands will continue so long as the war lasts. When field commanders learn that light tanks are not powerful enough to blast through enemy lines, they demand heavier tanks. When truck tires are ripped to bits by muddy roads, pockmarked with flak, requirements for tires soar. When scientists and inventors develop new weapons—such as new types of radar or jet planes—we must quickly translate these developments into battlefield equipment. It is all part of winning the war more quickly—of saving lives. It is our job on the home front.

"ARMS AND AMERICA."

Production has come a long way since Germany invaded Poland in September 1939. Then, except for a few experimental orders, the United States had hardly started to prepare for war. What has been done since is a dramatic tribute to industry, labor, and agriculture. It is depicted in the chart, "Arms and America," which shows how war production climbed month by month from virtually nothing to a rate of approximately $5,000,000,000 per month. No nation can touch this rate of production. It is almost equal to the total war production of the rest of the world.

Behind that dramatic upsurge in war production is the story of men and machines, of organization and training, of hard work and the will to win. We must not forget that this country did not buckle down in earnest to war production until the Germans and the Japanese had built up war machines over many years and were coiled to strike. Yet today we have overcome their early advantage.

It might be well to review with the Congress the many ramifications of our war effort, how it extended into every corner of our economic, social, and political life. To reach the point of mobilization we have achieved today, the United States had to do many things.

We had to build new plants and expand old ones, pass a special tax amortization law, extend Federal financing to war contractors.

We had to find contractors to take war work, teach them to produce new products, develop new forms of contracts, draw both big and small business into war production.

We had to curtail civilian production, convert industry from peacetime to wartime production.

We had to draw 7,000,000 extra youths, women, and older men into employment, pass and administer a Selective Service law, train workers for new jobs, provide housing for war workers.

We had to increase domestic sources and develop foreign sources of supply of critical materials.

We had to expand farm output to feed ourselves and our allies.

We had to develop a war program, determine the size of the Army and Navy, and spell out requirements in terms of men and equipment.

COMBINED OPERATIONS.

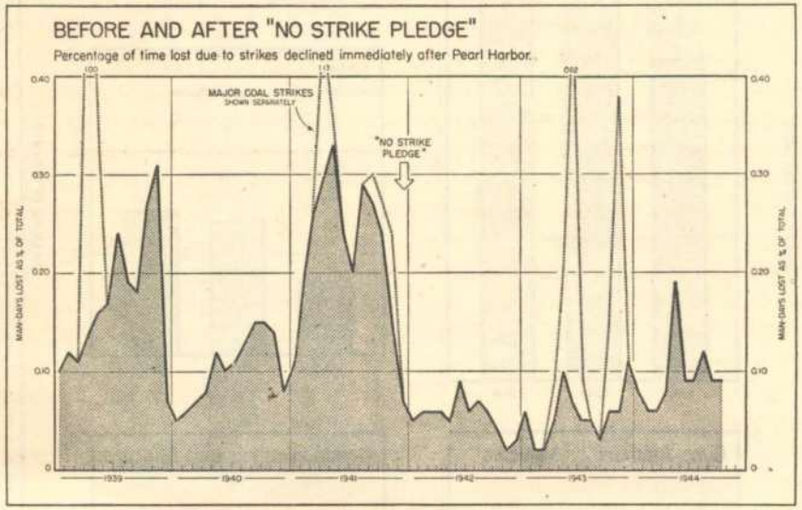
We had to integrate, so far as possible, United States procurement with that of our allies on raw materials, semi-processed goods, and munitions. That was done through the Combined Boards and Combined Chiefs of Staff.

We had to encourage research and develop new weapons.

We had to direct the flow, first of materials, then of critical components, and, finally, of manpower.

We had to control prices and wages, ration scarce necessities—shoes, gasoline, fuel, some foods.

We had to try to settle differences between labor and management and do away with strikes (chart, "Before and After 'No Strike Pledge' ").



We had to construct and man a merchant fleet to deliver our production of tanks, planes, guns, and ammunition to our own and allied forces on the fighting fronts.

We had to maintain the essential civilian economy.

Out of that tremendous mobilization of resources, energy, imagination, and work have come tangible results.

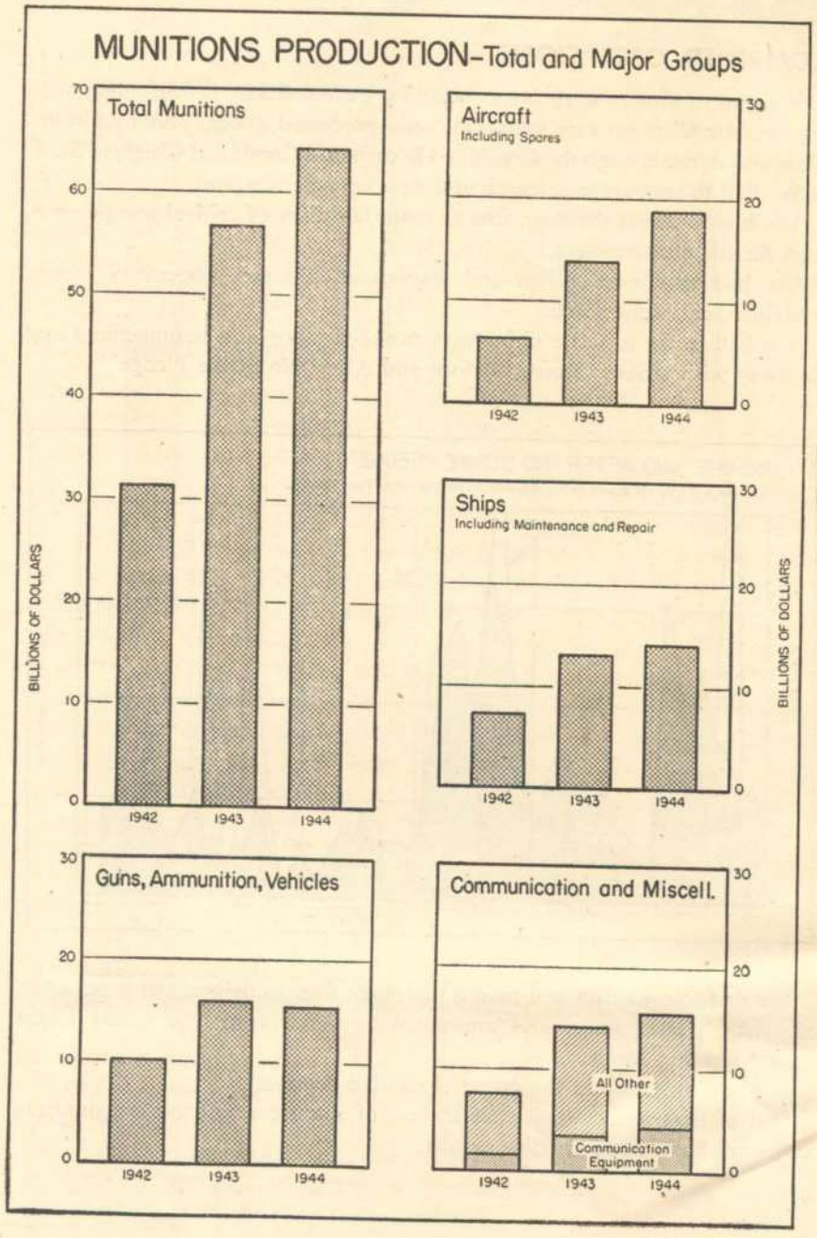
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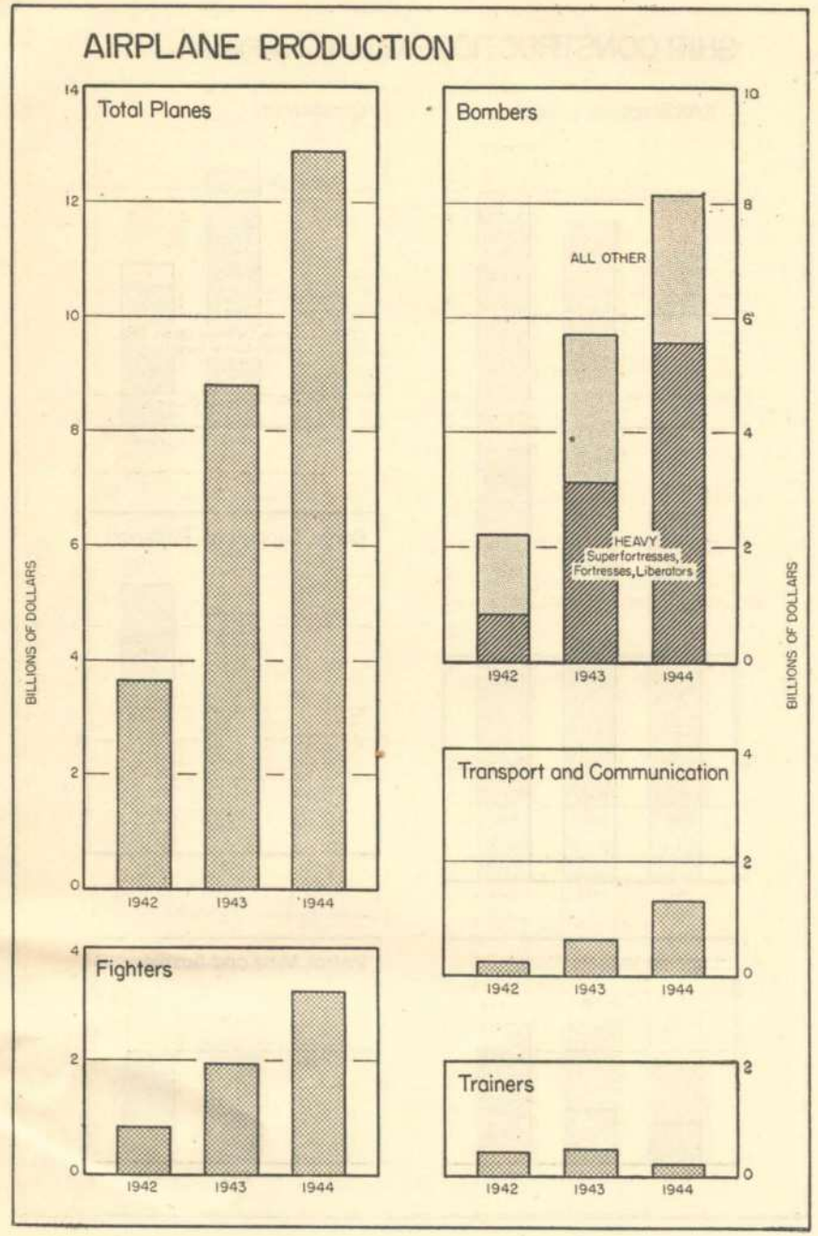
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In 1944, we produced $64,000,000,000* of munitions—twice the production of 1942 (chart, "Munitions Production").

The 1944 total included 95,000 airplanes weighing 950,000,000 pounds, double the number and more than three times the weight of 1942's output. Among these planes were over 15,000 heavy bombers, six times the 1942 number, including a great many Superfortresses, which were produced only experimentally in 1942 (chart, "Airplane Production").

*Munitions data—August 1943 prices.

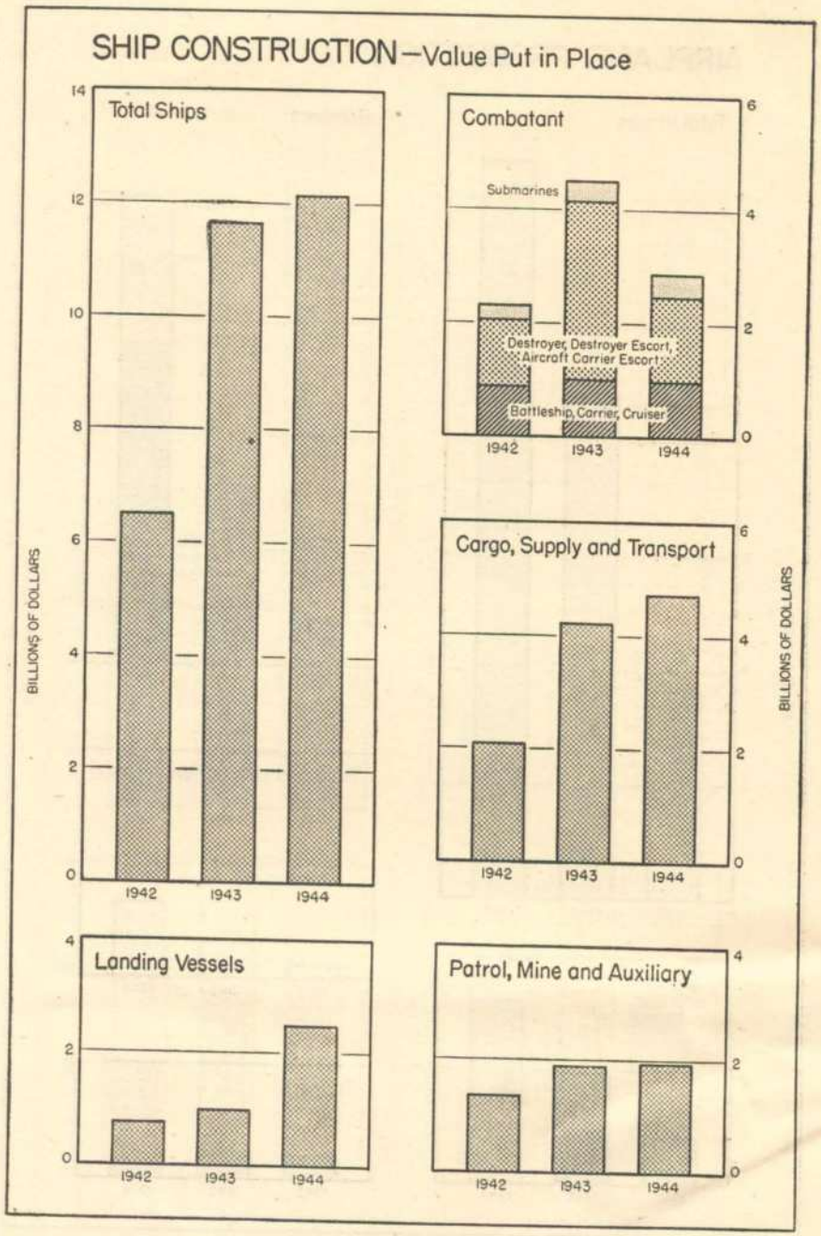




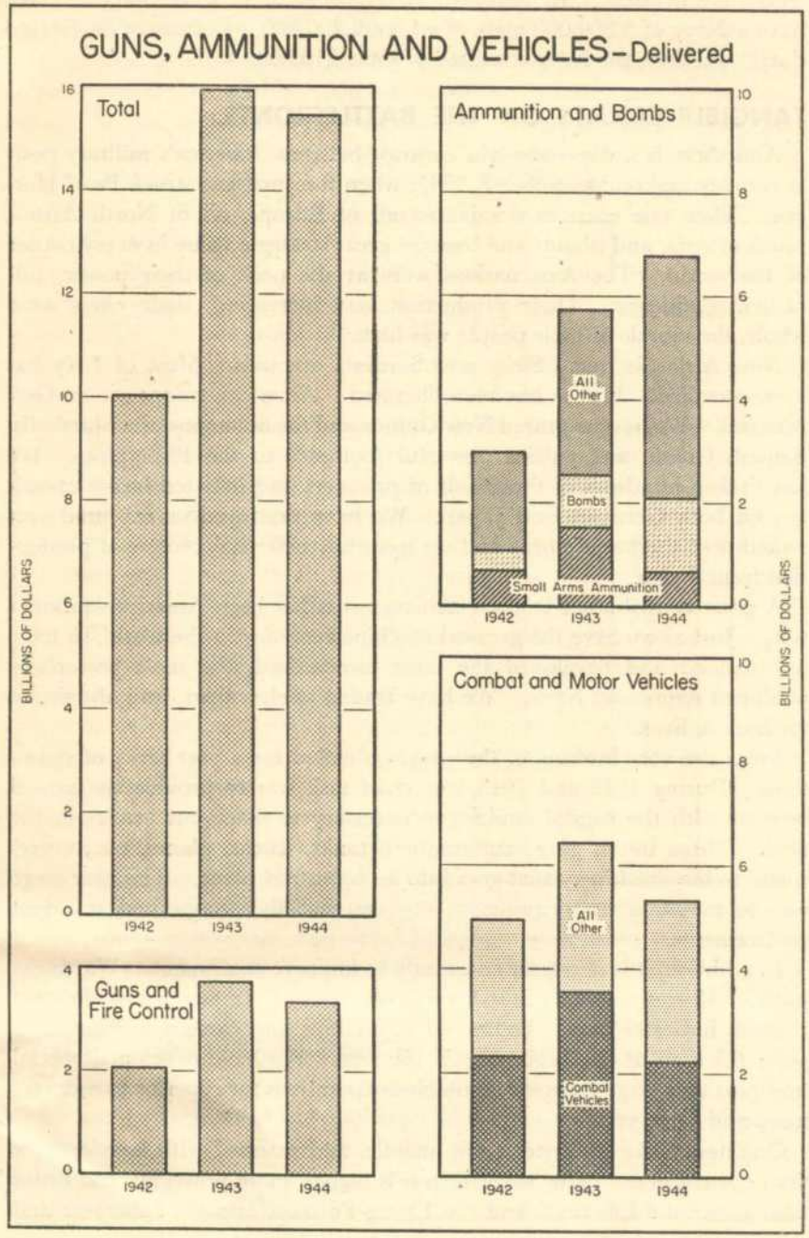
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It also included ship construction and maintenance and repair—to the value of $14,000,000,000—about double the 1942 total. The major increases were in transports and landing vessels for carrying our armed strength to the enemy (chart, "Ship Construction").



Production of guns and motor vehicles declined somewhat from the 1943 levels, but important items in these groups were pushed to new highs—heavy artillery, rocket launchers, heavy trucks, tractors, among others (chart, "Guns, Ammunition, Vehicles").



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The $6,500,000,000 of amunition produced in 1944 was more than double the 1942 output—with bombs and large caliber ammunition more than tripling 1942 production.

Today we have an Army at peak strength of 8,000,000 men, 5,000,000 of whom are overseas. In 1940, the Army consisted of some 300,000. We have a Navy of 3,800,000 men, of whom 2,200,000 are afloat or on foreign duty. In 1940, the Navy consisted of some 210,000.

TANGIBLE RESULTS ON THE BATTLEFRONTS.

And there is a day-and-night contrast between America's military position today and on December 7, 1941, when the Japanese struck Pearl Harbor. Then our enemies dominated all of Europe, all of North Africa, much of Asia, and islands and bases of great strategic value in every corner of the world. The Axis nations were at the peak of their power, full of self-confidence. Their production was increasing, their cities were whole, the morale of their people was high.

Now Africa is free. Sicily and Sardinia are won. Most of Italy has been occupied. France has been liberated. American troops are on German soil. We have captured New Guinea and the Solomons, the Marshalls, Saipan, Guam, and gained powerful footholds in the Philippines. We have taken hundreds of thousands of prisoners and inflicted heavy casualties on both Germany and Japan. We have destroyed or captured vast amounts of their equipment and we have hit their vital centers of production from the air.

A great contribution to these achievements has been American production. Just as we have the greatest machine economy in the world, so have we planned and developed the most mechanized, the most powerfully equipped Army and Navy. We have traded steel, copper, and aluminum for human lives.

From the very beginning, the program called for a vast array of munitions. During 1942 and 1943, our chief task was to provide the armed services with the capital equipment necessary to place our armies in the field. Those initial guns, ammunition, tanks, trucks, planes, etc., correspond to the machinery that goes into an industrial plant. The next stage was to maintain that equipment—to see that the troops had sufficient replacements.

In addition, it is necessary constantly to improve equipment. War is not static. All equipment tends to become obsolete. Our own record of design changes indicates that. Today our battleships and carriers are far more powerful than at the beginning of the war. We have developed special transport and cargo ships for amphibious operations far superior to ordinary troop and cargo vessels.

Our new tanks are faster, more mobile, and manned with heavier guns than our old ones. The Superfortress is bigger, more powerful, and faster than either the Liberator and the Flying Fortress, and the Liberator and

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Flying Fortress are two of the best heavy bomber planes in the world. Our A–26 Invader attack bomber has supplanted the A–20 Boston. New and previously unknown weapons have been brought into production and used effectively in battle.

ORGANIZING FOR THE JOB.

In mobilizing our economy for war, we have had to make many changes in our normal procedures. Almost overnight industry had a new customer. It had to learn to do business with Government on a scale previously unknown. The Government also had many new problems. The Army and Navy had to build up quickly a staff of procurement offices. The Office of Production Management and later the War Production Board had to develop a system of priorities.

At the same time the Office of Price Administration had to establish controlled prices. We could not afford to permit machine tools or materials to flow to the highest bidder. We had to see that steel, aluminum, copper, lead, zinc, rubber, tin, wool, lumber, nylon, rayon were channeled into war production.

Later, it became equally important to see that components—valves, fractional horsepower motors, antifriction bearings—went into the most urgent programs. In effect, the entire economy was put on a rating system—in order of importance to the conduct of the war.

Simultaneous with the organization of controls, the country had to tool up—build new plants. In all, construction of new plants, including equipment, rose to the record high level of some $800,000,000 per month. All types of facilities had to be brought to the task: steel, aluminum, synthetic rubber, artillery, ammunition, shell-loading, small arms, aircraft and accessories, high octane gasoline, chemical, and many others. New shipyards were built. Iron ore shipments from the Mesabi range reached new peaks. Subsidies were paid to increase copper, lead, and zinc mining, and agricultural output.

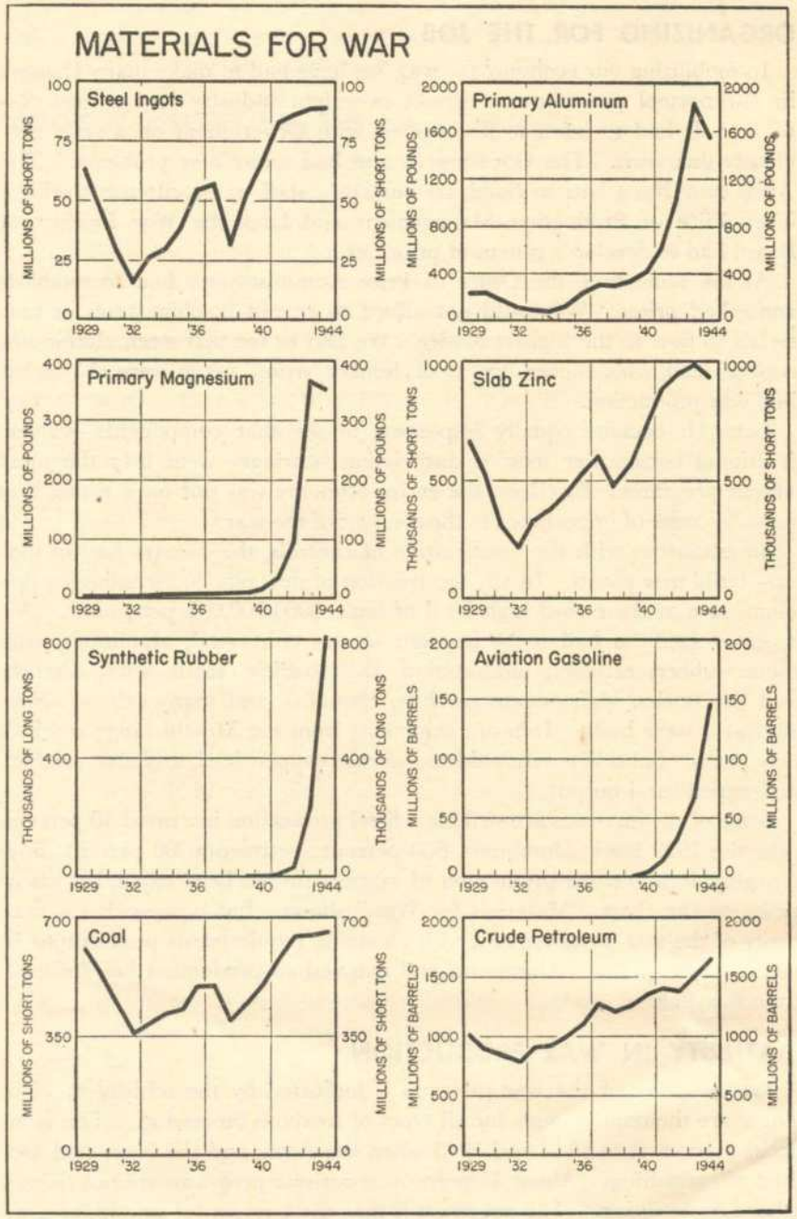
Some of the increases are striking: Steel production increased 50 percent over the 1929 level; aluminum, 600 percent; petroleum, 60 percent; and a negligible peacetime production of magnesium has been expanded many times, as the chart, "Materials for War," shows. But now, with the maturity of the war program, and with changing requirements peak output is not always required. Aluminum and magnesium production has declined from the peak.

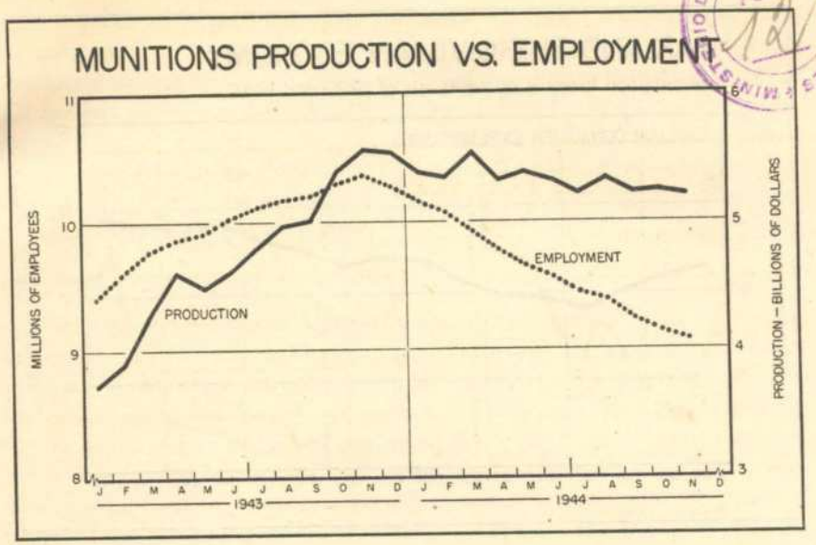
MATURITY IN WAR PRODUCTION.

The maturity of the war program is indicated by the schedules. No longer are the requirements for all types of weapons increasing. This is in decided contrast to 1942 and 1943 when the Army and the Navy had too little of everything. About 55 percent of our war programs are not rising; a few are declining. The net result is that the forecast for munitions pro-

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duction as a whole does not indicate any great increase in the first six months of 1945. But a good part of that production—45 percent of it in fact—is in the expanding, critical items; the items which are in direct





demand by troops in the field, the items in which production bottlenecks have developed. For that reason we must continue to press for production.

The development of industrial knowhow on the part of management and labor has made it possible to increase output per worker. As a consequence, we have been able to maintain production on a plateau, even though the number of workers in munitions industries has declined (chart, "Munitions Production vs. Employment"). Increases in productivity will probably continue but at a slower rate bringing with them some further reductions in employment in certain types of munitions plants.

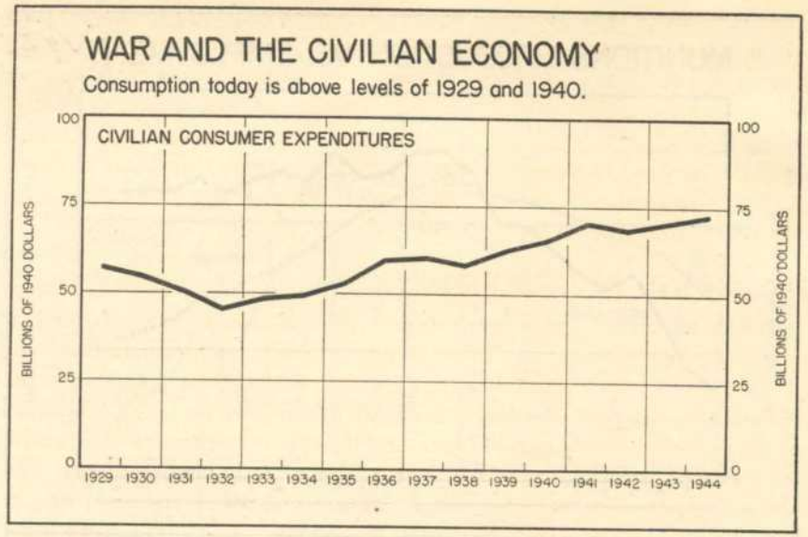
That is a natural economic phenomenon. We can use it to our purposes; but we can also misuse it. That is a danger that I must lay before the Congress. Whenever workers are laid off because they are not needed in this shipyard or that aircraft plant, demands immediately spring up to provide them with peacetime employment, to permit manufacture of civilian goods. These demands are hard to resist. Yet until we get the critical programs under control, until we can assure General Eisenhower, General MacArthur, and Admiral Nimitz, of the critical supplies they need, I feel we must resist these demands, reasonable as they appear on the surface.

We must direct our efforts to channeling this released manpower into critical war programs and to industries and services needed to support them. It is not as if the civilian economy has been starved. Some items are short. But on the whole the volume of consumption has risen. The chart, "War and the Civilian Economy," indicates our level of living is higher than in 1929 or 1940.

We have already made one too early start toward reconversion. During the spring and summer, a wave of optimism swept not only the United

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States but our allies. We had hopes of an early victory—possibly in the fall. With the hope of victory in Europe this fall, we went ahead with plans to prepare the country for early reconversion of industry. At the time it seemed the prudent course. Events have proved it otherwise.

Some schedules were cut back; plans for increasing others were delayed to await war developments. In the meantime, the output of munitions remained level. Then it became necessary to reverse our course—to speed up. It took time and effort to overcome the inertia. We had to undo what had been done on reconversion; we had to curtail the spot authorization plan, place ceilings on civilian production. We had to hope for a change in the national psychology. That has occurred. The German counter-attack through the First Army positions has convinced us that we can win this war only by the all-out efforts of the American people.

TWO THINGS AT ONCE.

That too-early trend to reconversion demonstrated, moreover, that we could not do two divergent things at once, that we could not pursue an all-out war production effort while simultaneously releasing materials, facilities, and manpower for civilian production. In the first place, the mere resumption of civilian output convinced some workers and some industrialists that victory was just around the corner, that therefore they had better prepare for peacetime security.

In the second place, it affected even those who continued to feel that the war was our first and main job. They felt that if their friends or competitors were converting to civilian production, they could safely do so.

As Director of War Mobilization and Reconversion, I am convinced that we must give our undivided attention to war production until we can be absolutely confident that victory is within grasp, until our military leaders tell us that they have enough supplies and that we can afford to reduce production.

However, I am deeply conscious of the responsibility to plan an orderly, gradual transition from all-out war production to a peace-time economy. Already, much work has been done.

PROSPECTIVE DEVELOPMENTS.

Today, in the middle of a two-front war, this country is much farther advanced with plans for reconversion than it was at the termination of the last war. When the armistice came in November 1918, procurement officers had neither program nor policy guidance. Today we have a law providing for the uniform termination of contracts; the prompt clearance of Government-owned equipment and inventories from our industrial plants; the interim financing of industry; the disposition of surplus property; and a program for retraining and reemploying workers. The decks have been cleared. The legal and mechanical difficulties which might have tied up manufacturers' capital and prevented the employment of workers have been anticipated and, in large part, solved.

The work on reconversion started more than a year ago. At that time, I set up a unit for War and Post-war Adjustment Policies with Mr. B. M. Baruch as Director. The report of this unit defined clearly the problems of reconversion. Subsequently, Congress established the Office of Contract Settlement, the Surplus Property Board, and the Retraining and Reemployment Administration. Under the act of October 3, these organizations were brought under the jurisdiction of this office. They have formulated plans, policies and procedures to cope with demobilization problems. (Steps taken on property disposal and contract termination are discussed separately in this report.)

The Retraining and Reemployment Administration has established centers in 8,000 communities at which returning veterans are given rehabilitation guidance. There they are advised as to their rights under the law—their right to their old jobs, their right to be trained for new jobs. The RRA cooperates closely with the Veterans Administration, the Selective Service System, and the United States Employment Service to provide veterans with vocational guidance. Post-war hospitalization requirements for veterans have been determined. General Hines is prepared to report directly to the Congress on these needs.

The Servicemen's Readjustment Act of 1944, commonly referred to as the "G. I. Bill of Rights," constitutes a landmark in the field of veterans' legislation. It provides for (1) education and training regardless of service disability; (2) loans for the purchase of homes, farms or business property;

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and (3) readjustment (unemployment) allowances. These benefits which have been so well earned were not available to veterans of World War I or prior wars.

SMALL BUSINESS FINANCING.

Small business has been the backbone of American prosperity. Its future requires the establishment of a readily available source of credit. The Wagner-Spence bill has this purpose in view. In revoking the present authority of the Federal Reserve banks to make loans direct to industry, it substitutes authority for them to guarantee the principal and interest of loans by commercial banks to business enterprise. It, or other forms of legislation to this end, deserves the immediate consideration of the Congress.

I believe that all administrative actions which pave the way to orderly transition from war to peace and which are feasible at this time have been taken. The War Production Board is prepared to release production controls—L, M, and other restrictive orders—as soon as the reductions in war production schedules permit a substantial cutback. This is the so-called V-E Day plan. At the time it was developed, proposed Army cutbacks and the programmed reduction in construction of naval and merchant vessels indicated a drop of about 40 percent in the year following the defeat of Germany. Since then, a reconsideration of needs for the war against Japan indicate that the V-E Day production drop may not be so great. I have asked the War Production Board to develop an alternate plan on the new basis. This is now being done.

PREPARATIONS FOR V-E DAY.

The War Production Board has analyzed the probable impacts of cutbacks, both geographically and industrially. These analyses will permit the cushioning of the shock in particular areas and the expedition of reconversion of entire industries. For this purpose, WPB has established a Program Readjustment Committee composed of representatives of the War Manpower Commission, the Army, the Navy, Army Air Forces, the Navy's Bureau of Aeronautics, the Maritime Commission, and the Smaller War Plants Corporation. I propose to keep in close touch with the work of this committee in handling cutbacks. The composition of this committee was selected in order to bring civilian as well as military considerations to bear on cutback proposals. For instance, it may prove to be desirable to reduce production in Plant A instead of Plant B to avoid the concentration of lay-offs in one area; or, it may prove to be desirable to release a company from war work in a particular industry to stimulate reemployment.

In addition to the work under way in the War Production Board, the War Manpower Commission is prepared to revise its regulations on manpower controls. The Office of Price Administration has announced its

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reconversion pricing policy. We have progressed far in getting ready for V-E Day.

TWO-FOLD TASK.

After V-E Day, the problem facing us will be two-fold: To maintain war production at scheduled levels while clearing the way for a rapid resumption of civilian production. We must accelerate the reemployment of released munitions workers and returning servicemen. We are in a position to move quickly. We are ready to put into effect the policies, procedures and plans that have already been formulated.

During the period of a one-front war, the drop in war production will be offset, after a brief interval, by the reestablishment of peacetime manufacturing. In addition, transportation, retail trade, public utilities, and other industries, which are today suffering from a shortage of labor, will absorb many released workers.

Conversion to war work developed a new major customer for business. Reconversion requires a return to the old customers. Civilians—employers and employees alike—must take up where the government's purchasing drops.

We must be prepared for the day when the government, as the purchaser of a record volume of munitions and military supplies leaves the market. We must build up during the transition period a sufficient demand for civilian production to fill the gap.

That is the reconversion task as I see it. It is discussed in some detail in subsequent sections of this report. It will be discused at greater detail in future reports. It is a big task but not one beyond our capacity.

In the meantime, our immediate task is to meet war requirements.

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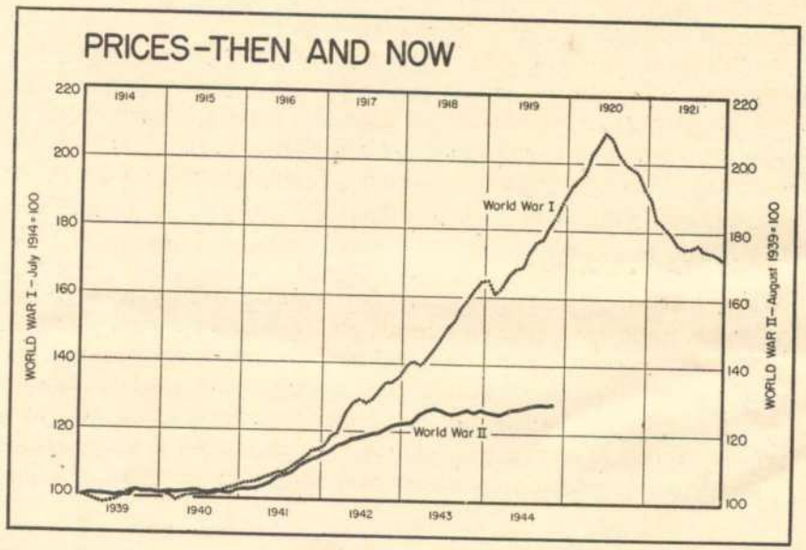
ECONOMIC STABILIZATION

By setting price ceilings, establishing wage controls, increasing tax rates, broadening the tax base, limiting corporation profits, and encouraging savings, the Government has been able to repel the inflationary forces resulting from the increase in war expenditures from $2,800,000,000 in 1940 to $91,000,000,000 in 1944.

That increase in the Nation's war output had the effect of doubling the incomes of individuals—from $76,000,000,000 to $155,000,000,000. Yet the output of goods and services for the consumer remained substantially unchanged. Thus for every $2 of income there was little more than $1 of production. That shift in the supply-demand balance in the economy might well have exploded the price structure. That it did not do so is due to the effective program of economic stabilization which has been hammered out in successive stages by Congressional, Executive, and administrative action.

LAST WAR, BENCHMARK.

The benchmark of the stabilization program is the last war. From July 1914 to the Armistice in November 1918 (52 months) living costs rose



62 percent. Over a longer period in this war, from August 1939 to December 1944 (64 months) the increase has been only 28 percent (chart, "Prices—Then and Now").

The stabilization program began back in February 1941, when ceiling prices were placed on second-hand machine tools. This was even before the Office of Price Administration and Civilian Supply was set up (in April 1941). In January 1942, Congress passed the Emergency Price Control Act, ending the period of "voluntary cooperation" in prices. That act provided general authority to fix maximum prices. With a view to increasing farm incomes relative to other incomes, Congress specified that in the case of farm products ceiling prices must be considerably above those then prevailing.

In May 1942, the General Maximum Price Regulation placed a lid upon the prices of the vast majority of nonfarm products. In the same month, rent ceilings were first established—in 20 major urban areas. On October 2, 1942, Congress created the Office of Economic Stabilization. Five months later, point rationing of processed foods started. A month later, in April 1943, the President issued his "hold the line" order.

Subsequent establishment of dollars and cents price ceilings and enlargement of the use of subsidies completed the major steps in the development of price control policies. These successive actions steadily improved control over the price structure. By May 1943, living costs had risen 27 percent; they have gone up only about 1 percent since.

Wage and price controls were companion pieces. It was necessary to keep prices steady so that workers would not demand boosts in wage rates which in turn would force production costs and prices up, thus bringing another round of demands for wage boosts. First, the National Defense Mediation Board, then the National War Labor Board (January 1942) were established to settle labor-management disputes.

In July 1942, in the "Little Steel" decision, the War Labor Board announced its intention of holding general wage increases to 15 percent above the January 1941 level, except in cases involving substandard conditions or inequalities. And in the Stabilization Act of October 1942, Congress granted the President authority to control wages even when employer and employees agree upon increases.

WAGE STABILIZATION.

Wage stabilization would not have been possible without the cooperation of labor and management through the War Labor Board. With a few notable exceptions both labor and management have accepted the decisions of the War Labor Board. The machinery for peaceful adjustment of disputes provided by the War Labor Board was and is necessary to enable labor and management to carry out their no-strike, no-lockout pledge. Government seizure and operation to avoid interference with the

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war effort has been necessary in only a few cases where employers or workers failed to live up to their wartime responsibilities.

In some cases, seizure is not the best way of enforcing the decisions of the War Labor Board. It imposes on the government onerous responsibilities of running private business. It is particularly inappropriate in certain cases in which the workers and not the employers fail to comply with the Board's decisions. I recommend that the Congress should provide in addition to seizure other means of enforcement. The War Labor Board should have the right, whenever it considers it necessary in the public interest to make its decisions mandatory and legally enforceable in the courts without resort to seizure.

During the 22 months between January 1941 and October 1942, when the War Labor Board was given complete control of wage rates, basic wage rates in manufacturing went up slightly more than 15 percent. During the next 22 months, another 4 percent was added, bringing the total to 19.5 percent. In addition, as a result of incentive payments, merit raises to individual workers, and job upgrading, hourly earnings advanced another 10 percent, or a total of 30 percent; this more than offset the rise in the cost of living. (As a result of longer hours, overtime premium pay, and shifts from lower-pay to higher-pay industries, weekly earnings have risen by much more—by some 75 percent.)

EXTENSION OF RENEGOTIATION.

Corporate profits were restrained through price ceilings, renegotiation, profits taxes. Although profits rose from $5,800,000,000 in 1940 to $8,800,000,000 in 1944, production rose even more. The ratio of profits to the value of nonagricultural private output actually dropped from 7.3 percent in 1940 to 5.7 percent in 1944.

Renegotiation has limited profits in two ways:

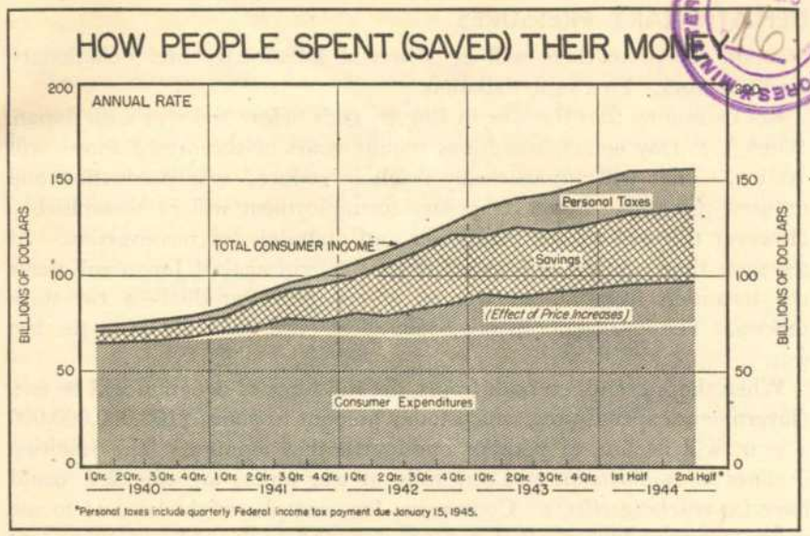
1. Through refunds. Renegotiations for the fiscal years 1942 and 1943 have brought in $4,355,268,000 to date. (These figures do not reflect tax credits allowable against the refunds.)

2. Through price reductions. Statutory renegotiation and other procurement activities have resulted in cuts on existing contracts of $3,887,597,000 in addition to lower prices secured on reorders.

The Renegotiation Act, as amended, will terminate on June 30, 1945, and it is my recommendation that it be extended at least to December 31, 1945, with authority in the President to extend it for another six months.

The story of how inflation was checked—despite the sharp rise in all types of income: Wages and salaries, farm income, income of other unincorporated businesses, corporate profits, interest and rents—can be told statistically. Of the $79,000,000,000 increase in individual income receipts from 1941 to 1944, $47,700,000,000 was siphoned off as follows:

$16,700,000,000 in taxes, which rose from $3,300,000,000 to an estimated $20,000,000,000;



$15,500,000,000 in war bond purchases, which rose from $500,000,000 to $16,000,000,000;

$15,500,000,000 in other savings, which rose from $7,300,000,000 to $22,800,000,000.

Thus of individual incomes of $155,300,000,000 in 1944, only $96,500,000,000 was spent.

PROSPECTIVE DEVELOPMENTS.

The battle for economic stabilization will not end with victory in Europe, perhaps not even with victory in the Pacific. The last war provides a warning. For a few months prices sagged—as workers were laid off by munitions plants, as soldiers were demobilized, and as government orders dropped off. But inventories had been depleted. Businesses were building up stocks. At the same time foreign demand—especially for United States foodstuffs—was brisk.

Then in March 1919, prices again started upward. In the spring of 1920, living costs were 28 percent and wholesale prices almost 25 percent above their inflated level at the war's end. These high prices choked off construction activity, which had begun to rise. At the same time foreign buyers turned to less high-priced sources of supply, and consumers rebelled at the inflated living costs. Result: the inventory boom ended abruptly.

By the middle of 1921 wholesale prices had fallen 45 percent and farm prices, 53 percent. Between 1919 and 1921 factory pay rolls dropped 44 percent; net income of farmers, 61 percent; and profits of all corporations from $6,500,000,000 in 1919 to a deficit of $55,000,000 in 1921. It was one of the sharpest economic collapses in history.

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DEFLATIONARY PRESSURES.

Again this time there will be powerful inflationary and deflationary forces at work. First as to deflation.

Let us assume that the war in Europe ends before the war with Japan. When V-E Day comes, munitions requirements of the armed forces will decline. That will automatically result in reduced war production and reduced pay rolls. Some temporary unemployment will be unavoidable. However this will release manpower and materials for reconversion. At the same time continuing war orders for the fight against Japan will make the transition from all-out war to all-out peace gradual—a two-stage process. The let-down will not come all at once, as it did after the last war.

When the war ends on both fronts, the full force of deflation will be felt. Government expenditures, which today amount to about $100,000,000,000 a year, will decline to perhaps one-fourth that amount. The resulting declines in employment and pay rolls, as war orders are canceled, could have far-reaching effects. Consumers, for example, might hesitate to use their savings to buy goods if a depression and prolonged unemployment seemed likely.

Hours worked per week will also decline. Though this will have the effect of spreading the work, it will also deflate the earnings of workers—particularly since they will lose part if not all of premium overtime pay. These consequences are being carefully studied by the War Labor Board. The possibility of reduced earnings will have a direct bearing on the relationship of workers' income and their living costs.

It is essential that we facilitate reconversion as rapidly as possible so that peacetime industries can move into the breach. At the same time we must have ready plans for Federal, State, and local public works—for highways, schools, land reclamation, etc.—which can be promptly dovetailed into the employment requirements of the post V-E Day and post-war economy.

INFLATIONARY PRESSURES.

Now, as to inflationary pressures.

During the four years 1941 through 1944, consumers have accumulated a record volume of savings—$90,000,000,000. Some $45,000,000,000 of war bonds have been bought. Another $45,000,000,000 has been stored up in bank deposits and in currency. And that $90,000,000,000 is superimposed on pre-Pearl Harbor cash assets of $50,000,000,000. In part, these holdings will remain a financial nest-egg, but in part they represent potential demand for new houses, automobiles, refrigerators, furniture, and other consumer goods—both durable and nondurable. But whether they are used depends on whether there will be jobs.

Also, inventories of consumer goods will be low—as after the last war. Wholesalers and retailers alike will try to build up stocks. This could force up prices, for which we must be prepared. It is not too early, in

my opinion, for the Congress to consider extending until June 30, 1946, the Stabilization Act.

The problem in the transition period is to hold to a middle course—to stop a runaway market in the prices of goods which may be in high demand as a result of pent-up, unfilled wartime requirements, yet without checking the forces working toward expansion. At the same time deflationary forces, as a result of the drop in munitions production, must be combatted. Toward this end, Congress has already provided in the "G. I. Bill" for the maintenance of minimum income of $20 to $23 per week for demobilized soldiers.

I renew my recommendation that the Congress liberalize unemployment benefits for civilian workers. Such legislation would perform the double duty of alleviating distress among lower-income workers who become unemployed and of helping to maintain a level of consumer expenditure necessary to facilitate a speedy transition to high-level output of peacetime goods.

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MANPOWER

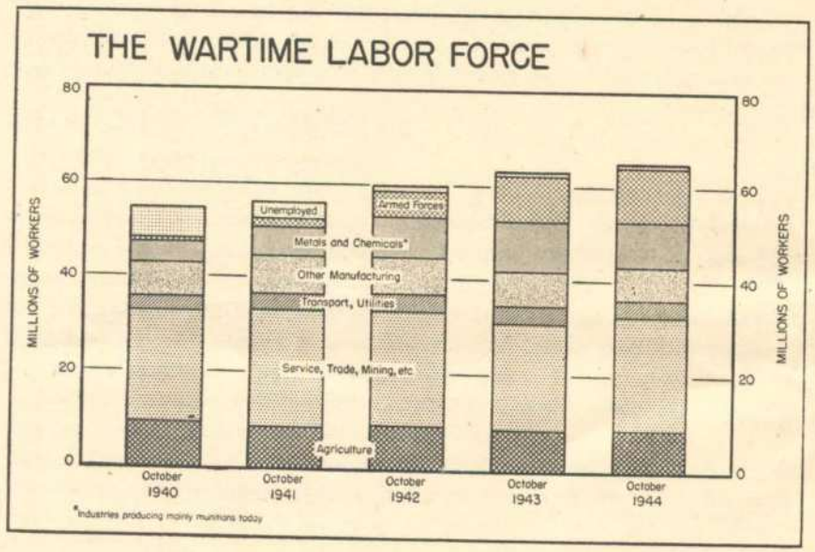
Even though the manpower mobilization problem is not so large as in 1942 and 1943, when virtually all munitions programs were expanding and needed workers, nevertheless the task of providing manpower still required for the armed services and for some war industries is more acute and more difficult than ever. There is no longer ready manpower to be drawn on. In 1942 and 1943, large numbers were being released from civilian production, thus becoming available for war work. Also there was a pool of unemployed.

Today the need for labor in war industries is tied in directly with battlefield requirements. Programs calling for additional production and manpower include ammunition, machine tools, tires, textiles, dry-cell batteries, ship repair and maintenance, field and assault wire, and special types of combat airplanes.

MOBILIZATION ACHIEVEMENT.

A huge job in labor mobilization has been accomplished. From 1940 through 1944 we have added about 18,100,000 workers to the war effort, as follows:

1. The armed forces were increased from 700,000 to 11,900,000.



2. Employment in the munitions industries increased from 4,500,000 to 10,300,000, in November 1943, and then receded to 9,200,000, a net increase of 4,700,000 to date.

3. We have added to Federal war agencies, primarily to the War Department and the Navy Department civilian forces, 1,500,000 workers.

4. We have added to the transportation system and public utilities about 700,000 workers.

Where have these people come from?

First, at the beginning of the country's defense program there were 7,000,000 unemployed.

Second, we drew upon the under-employed—those working below their normal skills or part time.

Third, women left their homes for war jobs, students postponed their education and training, older workers deferred retirement. In all, there was an increase of about 10,000,000 in the labor force, of which 7,000,000 was "abnormal growth."

SOURCES OF LABOR SUPPLY.

Today the picture is quite different from 1940. Some 300,000 workers are needed fully to man war plants, but there is no longer an unemployed

LABOR IN THE WAR

	October 1940	October 1944	Change
	Millions	*Millions*	*Millions*
Total labor force, including armed forces	54.5	64.8	+10.3
Male	41.3	46.0	+ 4.7
Female	13.2	18.8	+ 5.6
Armed forces	.7	11.9	+11.2
Male	.7	11.6	+10.9
Female	0	.3	+ .3
Civilian labor force	53.8	52.9	− .9
Male	40.6	34.4	− 6.2
Female	13.2	18.5	+ 5.3
Unemployment	6.5	.6	− 5.9
Employment	47.3	52.3	+ 5.0
Agricultural	9.6	8.8	− .8
Nonagricultural	37.7	43.5	+ 5.8
Manufacturing	11.5	16.2	+ 4.7
Metals and chemicals [1]	4.5	9.2	+ 4.7
Other manufacturing	7.0	7.0	0
All other	26.2	27.3	+ 1.1
	Years	*Years*	*Years*
Average age of civilian labor force	37.0	40.2	+ 3.2
Average weekly hours worked in manufacturing	39.4	45.6	+ 6.2
Average weekly earnings in manufacturing	$26.20	$46.98	+$20.78

[1] Now often called munitions industries.

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group available for recruiting purposes. Our main sources of labor for critical programs must be:

1. New workers just entering the civilian labor market. In view of Selective Service requirements, these are largely women. The entry of women into the labor force, though still above normal, has slowed down. In the past year the increase was 700,000, approximately one-third of the increase in 1943.

2. Workers in relatively less essential occupations who must be induced to transfer to war industries.

3. Workers leaving munitions industries. In the last year some 1,100,000 workers were released from or quit war plants. About half of these joined the armed forces. Some retired from the labor force—for example, housewives who went back to the home. And some took nonwar jobs. The waitress who became a welder and loses her war job may return to restaurant work.

War production has become less attractive than it was a year or two ago. The earnings differential on war jobs relative to nonwar jobs has been reduced as overtime has become general. Living conditions in war centers are trying. Also, concern over personal job security has perhaps created an urge to find employment in peacetime industries.

CRITICAL NEEDS NOW.

Several hundred thousand workers would fulfill the requirements of critical war production. But because the war economy has matured, because the labor supply is tight and relatively inflexible, moving enough workers to the right plants at the right time takes intensive effort on the part of all agencies.

The Office of War Mobilization and Reconversion recently requested the Director of Selective Service to tighten Selective Service System classifications. The Director of Selective Service has reported that the new regulations have already succeeded in holding workers in critical war plants. The War Production Board has suspended the "spot authorization" plan for civilian production in tight labor areas. The War Production Board has also limited the production of civilian goods to the level reached in the fourth quarter of 1944.

The War Manpower Commission has been asked to tighten manpower ceilings, particularly in the less-essential industries, and the War Production Board has been authorized to deny priority and allocation privileges to plants which fail to comply with WMC regulations. Race tracks have been asked to close to reduce the drain on manpower, transportation, and other services. Notwithstanding the financial loss involved, the favorable response of owners of race tracks and race horses has been virtually unanimous.

However, even these measures may not be sufficient. It may be

necessary to request the Congress for legislation designed to strengthen the authority of the War Manpower Commission.

Further, we must anticipate the possibility of increased calls under the Selective Service System. We must recognize the necessity of reconsidering the standards governing the deferment of agricultural workers, since this group represents the largest remaining source of young men for military service.

The Office of War Mobilization and Reconversion, together with all Government agencies concerned, recognizes that its first problem is to meet the demands for manpower for all-out war. However, it is not overlooking the manpower and employment problems which will certainly develop with the end of the war.

PROSPECTIVE DEVELOPMENTS.

The character and composition of the American labor force and of our labor market have undergone a drastic transformation. Manufacturing industries now absorb one-third of the civilian labor force, as compared with one-fourth in 1940. The average age of workers has increased from 37 in 1940 to about 40 years in 1944. The proportion of women workers in the civilian labor force has gone up from 25 percent 4 years ago to 35 percent.

Further, the wartime labor force is concentrated geographically. Though efforts were made to move industry to the workers, the necessity of speed in war production made it impossible to avoid a substantial concentration in areas where a nucleus of skilled labor, managerial know-how, and facilities were available. Thus, the aircraft and shipbuilding regions on both coasts and the industrial areas in the Great Lakes region have expanded greatly, drawing population away from agricultural areas and States (map, Civilians on the March). Even within States, there has been a movement from small areas to manufacturing centers.

However, the growth of the labor force itself constitutes the main post-war problem. Peak employment prior to the war was reached in 1929, when an aggregate of approximately 47,000,000 persons were at work. During the depression, employment shrank to 38,000,000 in 1932, then recovered to 45,000,000 by 1939. Since then, both total employment and the average number of hours worked have increased greatly. Our working force, including those in the armed forces, is now approximately 65,000,000 persons—an increase of nearly 20,000,000 over 1939. This expansion poses the basic post-war problem.

Some of the additional workers will be absorbed through a return to pre-war working hours.

Some will retire.

Some will return to school.

Some will remain in the armed forces.

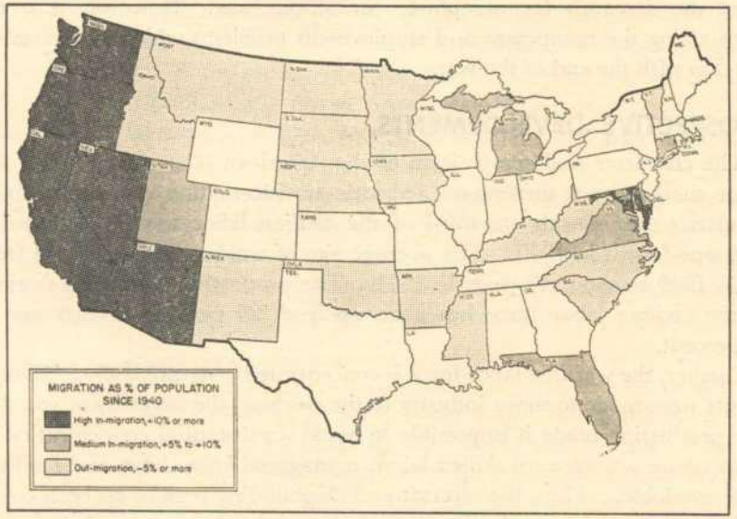
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However, many will be out of work unless we succeed in building up a volume of production and distribution far beyond anything heretofore realized. That is the fundamental economic problem of the post-war period to which our thinking must be directed. It is a problem which this Office will discuss at greater length in subsequent reports.

CIVILIANS ON THE MARCH

Workers in search of war jobs gravitate toward coastal aircraft and shipbuilding centers. Out-migration heaviest from agricultural states.



AGRICULTURE

The Nation's achievement in agriculture can be summarized thus: In 1944, almost one-quarter of the country's farm output went directly to our armed forces and allies, yet total food available to civilians slightly exceeded the 1935–39 average, and on a per capita basis was up 7 percent above that level.

Clearly, the American standard of eating—quantitatively—did not suffer. This was because total farm output, which by 1940 had risen one-tenth above the 1935–39 average, increased by 21 percent more between 1940 and 1944. Total food supplies increased 23 percent.

Here are some specific examples of big gains over 1940: eggs, up 46 percent; wheat, 33 percent; peanuts, 24 percent; corn, 31 percent; beef and veal, 32 percent; pork, 28 percent. In each of these items except pork, with its unprecedented 1943 volume of almost 13,400,000,000 pounds, 1944 set all-time records.

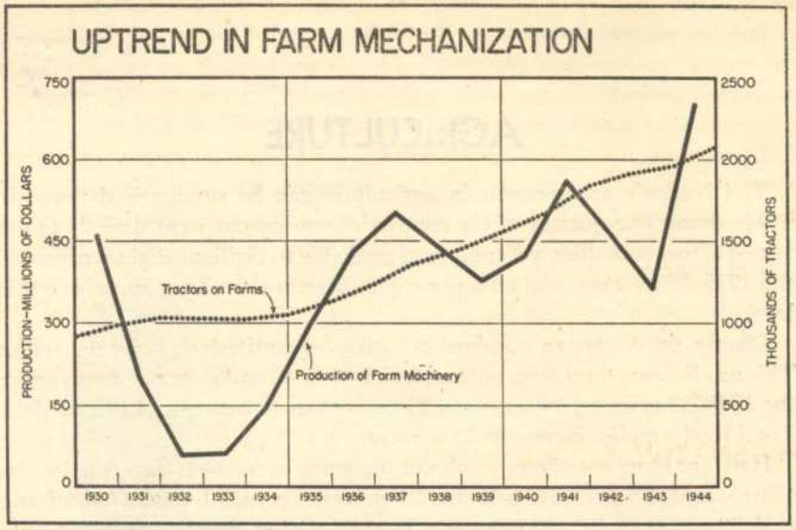
Unlike the increase in the production of munitions, this increase was not attained through a vast inpouring of additional resources. The total farm population dropped 16 percent (map, "Civilians on the March," p. 26). Farm employment fell 5 percent between 1940 and 1944, and the decline would have been much greater had not many farm workers been granted occupational deferments from military service, and had not many farm women and youths, normally not in the working force, stepped into the breach.

Acreage devoted to crops went up only 5 percent, and even this was mainly at the expense of rotation pasturage and summer fallow, rather than through the breaking of new ground. But the use of commercial fertilizer increased 45 percent over 1940. Moreover, the setting of voluntary production goals, farm by farm, stimulated each farmer to maximum effort. And prices, directly supported by the Government, advanced sufficiently to provide incentives for intensified operation.

MEETING WARTIME GOALS.

Mechanization also increased. Immediately after Pearl Harbor, production of farm machinery was curtailed sharply as munitions production made exacting demands upon our steel capacity. Farmers, aiming at high production goals in 1942 and 1943, wished to purchase added machinery and equipment to offset the drop in the labor force. Many were unable to do so. However, in 1943–44 allotments of materials to farm equipment increased, and output in 1944 exceeded the record year of 1941.

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To keep farm machines operating, production of spare parts was boosted year after year. As a consequence, though the demand for farm machinery is still great, farms generally have become increasingly mechanized. There are 29 percent more mechanical corn pickers on farms today than in December 1941; 23 percent more combine harvesters; 49 percent more milking machines. There is still a serious shortage of farm trucks, and farmers need more of some other types of farm equipment than is yet available.

As another factor, a decade of soil conservation had built up plant energy within the soil and hence contributed to larger yields. Improved varieties of seed—notably hybrid corn—also increased production. And there was good weather throughout most of 1944. It all added up to a high level of production per worker—28 percent better than in 1940, and 45 percent above the 1935–39 average.

Legislation played its part. To stimulate farm production, Congress provided price supports for specific classes of agricultural products. Prices received by farmers rose by 82 percent from 1935–39, and were 15 percent above parity in 1944. Realized net income of farm operators went up 170 percent from $4,600,000,000 in 1940 to about $12,400,000,000 in 1944. Some of this increase was due to the higher volume of production, and some to the advance in farm prices as compared with farm costs. Prices paid, and cost rates other than wages to hired workers, increased less than half as much as the prices received for farm products. Farm wages, however, increased 150 percent from 1940 to 1944. Not only did support prices help raise farm income, but, more important, they helped direct agricultural energy into products most urgently needed, whether crops or livestock. Thus output of pork, milk, eggs, canning crops, corn, wheat, soybeans, and peanuts rose sharply, while the output of cotton dropped (chart, "Wartime Peaks in Agriculture"). In a sense, agriculture was put on an incentive-pay basis, and support prices were to farmers what specific munitions contracts were to industry and higher wage rates to labor.

The object was highly practical—to provide an adequate supply of food for the armed services, the civilian population, and our allies, and to maintain reserve stocks to guard against a bad crop year or shipping exigencies. Thus stocks have been stored here, in the United Kingdom, and in the European theater. These stocks are still needed. If weather should be below average in 1945, shortages might develop. When the war ends, however, these stocks may become surplus to the extent that they are not absorbed by foreign markets or by relief and rehabilitation requirements.

PROSPECTIVE DEVELOPMENTS.

The Congress apparently foresaw this and provided for the continuance of support prices for 2 years after the first day of January following the termination of the war. This guards against an immediate collapse of prices if military and lend-lease food procurement should drop off sharply. At the same time it assures a high level of production since it relieves the farmers of the apprehension that crops which had been planted in anticipation of a given price might have to be sold in an unsupported market. Although we may enter the post-war period with farm product deficits, the continuance of support prices after the war may impel farmers to raise some products above the then current consumption requirements.

During and after the last war—from 1914 to 1920—farm land prices rose 65 percent. Those were the days of $400 per acre for farm land in Iowa. Farm mortgage indebtedness in the United States rose from less than $5,000,000,000 in 1914 to $8,500,000,000 in 1920 and to $10,800,000,000 in 1923.

So far during this war, farm land values have gone up 43 percent. But mortgage indebtedness has declined from $6,600,000,000 in January 1940 to less than $5,400,000,000—the lowest level since 1916.

The inference is that farm land prices, though they have gone up, have not risen because of an overfree use of credit. However, the speculative situation bears watching. During 1944, the number of farm mortgages increased. It appears that established owners of land are reducing their indebtedness, but that a new group of farm owners is buying on credit.

The capacity of the agricultural plant will present a fundamental post-war problem. Improved practices, increased mechanization, and more intensive use of fertilizer have boosted output per farmer and per acre to record high levels. Therefore, in the post-war period the same number of farmers could easily turn out more than the pre-war volume of crops and livestock products.

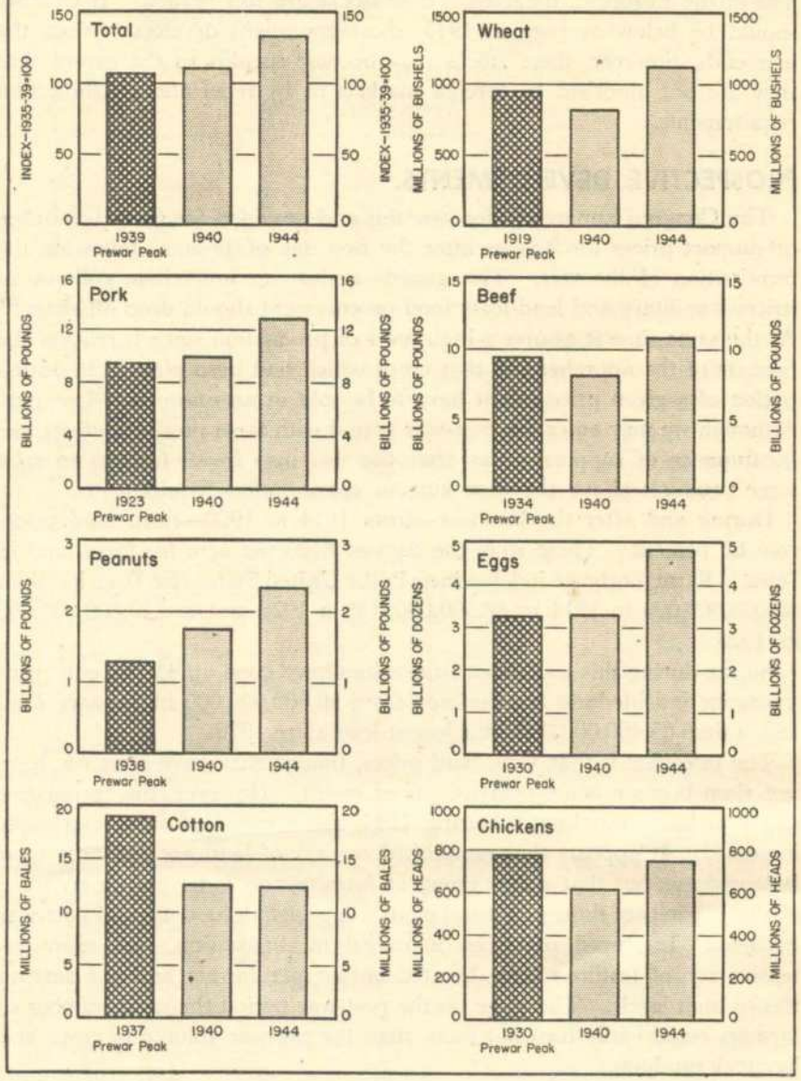
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In spite of this, farm workers drawn into munitions plants will return to the farms unless the level of industrial production is such as to hold them in other undertakings. Many soldiers drawn from farms will return. Supplies of some products will be available again from war-torn areas.

WARTIME PEAKS IN AGRICULTURE

Output of wheat, beef, eggs, peanuts set new highs in 1944. Cotton, chickens are exceptions.



Hence, important readjustments in agriculture seem necessary if we are to maintain a high farm standard of living. How important and how serious these readjustments are will depend on the level of industrial prosperity in this country and on the extent to which farm products can be exported.

In the meantime, the task facing American farmers in 1945 is to make history repeat itself by once again producing the high volume of foodstuffs and other products needed to feed and equip the fighting and working populations of the United States and her allies.

WARTIME AGRICULTURE: 1940–1944

	Percent Change 1940–44
Total output	+ 21
Foods output	+ 23
Acreage in crops	+ 5
Farm population	− 16
Farm employment	− 5
Use of commercial fertilizer	+ 45
Tractors on farms	+ 25
Crop yield per acre	+ 10
Output per worker	+ 28
Net realized income, farm operators	+170
Wage rates	+150
Mortgage debt	− 14
Land prices	+ 36

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FOREIGN ECONOMIC OPERATIONS

The story of foreign trade during the war period is largely the story of lend-lease on the export side and the procurement of critical war materials on the import side.

Shortly after Germany invaded Poland, both Great Britain and France sent purchasing missions to the United States to buy airplanes and other war products. These missions placed orders aggregating $4,000,000,000 which started American industry to tool up for munitions production.

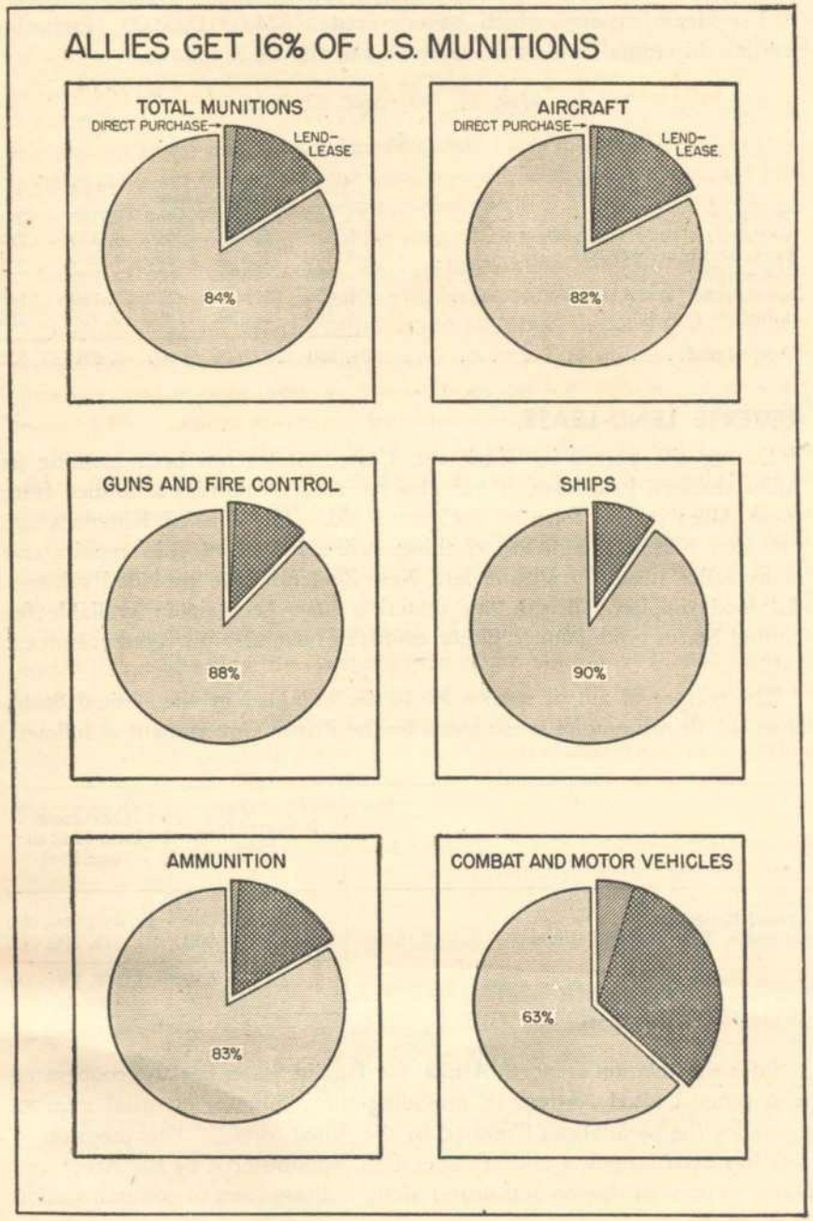
As the war mounted in scale it soon became evident that neither of these countries had the financial resources—the dollar balances—necessary to buy the munitions they would need from this country. The United States had become a creditor nation.

In March 1941, the Lend-Lease Act was adopted. This act with subsequent modifications made it possible for our Government to buy munitions and other supplies from industry and agriculture for transfer to Great Britain, Russia, and other countries, whose defense was necessary to the defense of the United States, without definite arrangements for repayment.

Since January 1942, there have been transferred about $18,000,000,000 of combat munitions to our allies, or 16 percent of total United States output. Of this amount, $16,000,000,000, or 14 percent of the total output, was under lend-lease:

U. S. exports of combat munitions	Percentage of output transferred	
	Total	Lend-lease transfers
	Percent	*Percent*
Aircraft	16	14
Ships	10	9
Guns	12	11
Ammunition	17	16
Combat and motor vehicles	37	32
Communication and electronic equipment	9	8
Total combat munitions	16	14

Since March 1941, the United States has lend-leased 34,500 airplanes, 30,000 tanks and 700,000 motor vehicles. While both the British and Russians have produced the greater proportion of their own requirements, our contribution has been substantial, particularly in motor vehicle equipment.



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Lend-lease has not been restricted to munitions. It has also helped our Allies to maintain their own industrial output. Exports of industrial products, many in unfinished form, have amounted to approximately $6,400,000,000. Agricultural products, representing about 10 percent of our total food supply, have aggregated approximately $4,450,000,000.

Lend-lease exports, which have exceeded $24,000,000,000 (excluding certain ship rentals and other services), are divided as follows:

Mar. 11, 1941–Sept. 30, 1944

[000,000 omitted]

	Total	United Kingdom	Other British	USSR	Other
Ordnance	$3, 560	$1, 620	$940	$750	$250
Aircraft	5, 010	1, 760	1, 660	1, 330	260
Tanks and other vehicles	4, 460	1, 470	1, 230	1, 300	460
Watercraft	520	230	100	170	20
Agricultural products	4, 450	2, 850	270	1, 190	140
Industrial products	6, 380	2, 630	1, 400	2, 150	200
Total	24, 380	10, 560	5, 600	6, 890	1, 330

REVERSE LEND-LEASE.

During the period in which the United States has been assisting its Allies through lend-lease, it has also received substantial assistance from these Allies in the form of reciprocal aid. The United Kingdom has provided barracks, airfields, clothing, military bridges, ship repairs and many other items. Australia and New Zealand have provided substantial food supplies. British raw materials have been made available for United States production. Other countries have also provided reciprocal aid.

The reciprocal aid or reverse lend-lease obtained by the United States from the British empire is estimated by the British Government as follows:

	January–June 1944	Total from June 1942 to June 1944
United Kingdom	$873, 400, 000	$2, 437, 000, 000
Australia, New Zealand, India	350, 100, 000	911, 100, 000
Total	1, 223, 500, 000	3, 348, 100, 000

Since the invasion of North Africa, the United States has also cooperated with other United Nations in providing the minimum essential requirements for the populations liberated by the Allied forces. This program to date has been largely a military operation, administered by the Army and Navy, to prevent disease and unrest along military lines of communication

and to permit local populations to assist Allied forces. However, the Congress has authorized United States participation in the United Nations Relief and Rehabilitation Administration. The Foreign Economic Administration has allotted $350,000,000 to date to procure supplies for UNRRA which include food, agricultural materials and equipment, clothing, medical supplies, and some transportation and public utilities equipment. The export of these supplies must be governed by the availability of shipping beyond military necessity and by the military situation.

Lend-lease shipments have resulted in United States exports reaching the highest levels in history. In 1944 total exports will exceed $14,000,000,000 which is three times the level of 1940, and almost twice the peak level of 1920 when this country exported goods valued at $8,000,000,000 for the reconstruction and rehabilitation of Europe after World War I.

Despite shipping restrictions, imports have also risen as a result of the war, from $2,600,000,000 in 1940 to an estimated $4,000,000,000 for 1944.

During the early periods of the war the United States engaged in preclusive buying of materials and products which would aid the Axis powers. However, our import program has been directed largely to the procurement of basic materials needed for war production. In 1943, almost all of our tin, 85 percent of our wool, all of our nickel, 85 percent of our chromite, 85 percent of our manganese ore, and 60 percent of our tungsten were imported.

We have provided financial, technical and material aid to foreign governments and producers to assist in the development of foreign sources of supply of critical materials.

The attainment of adequate stock piles and the shift in war equipments are permitting the reduction of some government programs for procurement abroad. Trade in several commodities has already been returned to private hands and studies are now under way to determine when and how licensing restrictions on foreign trade can be modified.

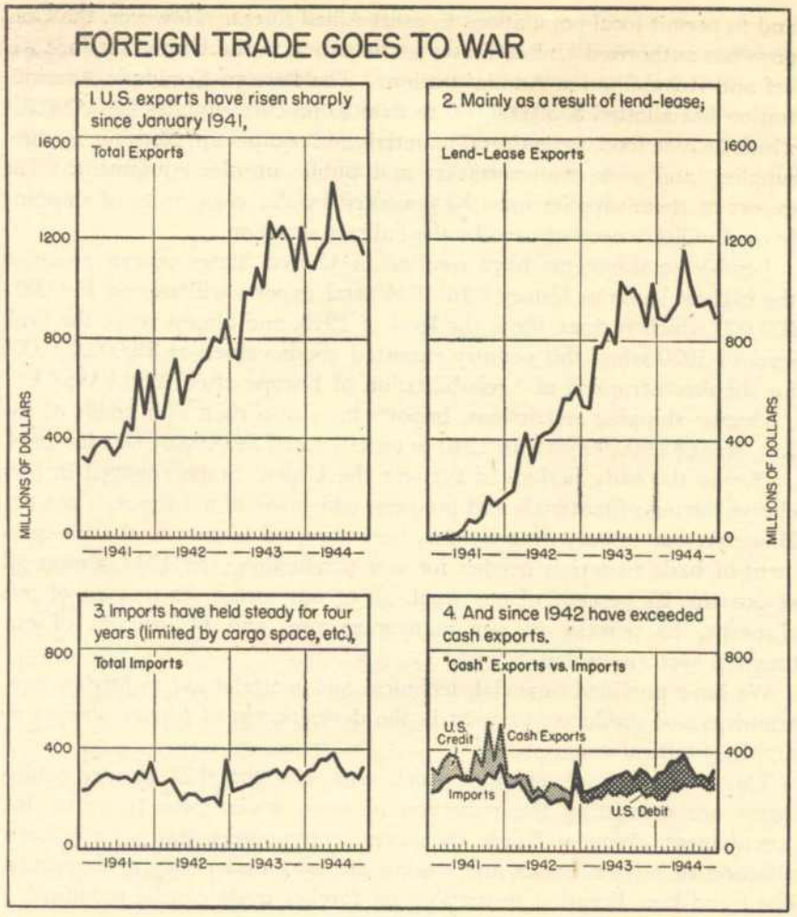
PROSPECTIVE DEVELOPMENTS.

Congress, in passing the Lend-Lease Act, made a major contribution to early victory. It developed a munitions industry in the United States. It also made it possible to extend maximum aid in the war to our Allies; it did this in a way to avoid draining such countries of all their gold and dollar balances.

As will be seen from the chart "Foreign Trade Goes to War", the cash imports into this country in 1943 and 1944 exceeded the cash exports, thereby increasing the supply of dollars abroad and the potential buying power for United States goods after the war.

The fact remains, however, that the world as a whole will need far more of the post-war production of the United States than it can immediately pay for.

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Obviously, if our productive facilities are to be kept employed, we must buy not only in foreign markets but also must and doubtless will provide credit to those countries requiring our goods which are unable to make immediate payment.

The financial problems involved have been the subject of an international conference held at Bretton Woods. There remain major problems to be solved before our own position in post-war trade can be determined.

It is important that we do not repeat the mistakes that we made at the end of the last war. Foreign countries are in the end only able to pay their debts and to continue buying our goods by selling their goods and services to us.

It cannot too often be said that if we are to get back the money which we lend abroad, and if we are to continue to sell our goods abroad, we must

be prepared to import goods on a large scale. When we raise barriers against imports we restrict the outlets for American goods in foreign markets and reduce job opportunities at home. Trade breeds trade and trade restrictions breed unemployment.

A full utilization of the increased resources developed in this country during the war and a satisfactory condition of employment require a great expansion in international trade.

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TRANSPORTATION

Total volume of freight moved by United States railroads, trucks, pipelines, commercial air transports, and over inland waterways has risen from some 600,000,000,000 ton miles in 1940 to more than 1,000,000,000,000 ton miles in each of the last 2 years. This added volume has been handled without an appreciable increase in facilities other than pipelines.

The railroads have borne the brunt of the burden. They handled about 70 percent of the total freight volume in 1944, as compared with only 62 percent of the much smaller total in 1940. Railroad passenger traffic almost quadrupled, rising from some 25,000,000,000 passenger traffic miles in 1940 to 98,000,000,000 last year.

Three factors were mainly responsible for imposing extra loads upon the railroads:

1. Closing of the Panama Canal to commercial shipping and diversion of inter-coastal ships to military assignment forced upon the railroads additional transcontinental burdens. Some 7,500,000 commercial tons were shipped through the Canal in 1940. After Pearl Harbor, commercial shipments stopped altogether.

2. Submarine warfare for a time curtailed coastal shipping and tanker transportation of petroleum and petroleum products to the east coast. At the beginning of 1941, the railroads carried less than 1 percent of such traffic; tankers carried 95 percent.

In December 1942, there was a serious shortage of petroleum products on the east coast. The presidents of eight railroad companies were requested to meet with the Director of War Mobilization. As a result of plans then suggested by the railroad executives and later put into operation, by the middle of 1943, railroads were carrying 71 percent, tankers only 8 percent. Last year, however, new pipelines were in operation and moved 38.7 percent of east coast petroleum and petroleum products; tankers returned to transport 16.1 percent of the volume. The load on the railroads dropped to 37.8 percent of the total.

Developments in the last month, however, indicate that a number of tankers now in service may have to be recalled for overseas military operations. Since pipelines have been operating at capacity, this means that railroads may have to resume a major proportion of east coast petroleum transport. (Since 1940, approximately 13,600 miles of pipelines have been constructed, converted, or reversed as to direction of flow. More than $275,000,000 has been expended for new trunkline facilities.)

3. Since new motor carrier equipment—trucks, buses, tires, fuel—could not be provided except at the expense of munitions, commercial highway transport and private passenger cars could not assume their proportionate share of wartime expansion in traffic. The railroads were forced to meet the unprecedented rise in passenger travel demands—about 40 percent of train equipment. Travel rationing has not been imposed because of difficult administrative problems although some nonessential travel has been curtailed as a result of educational campaigns conducted by the industry and government.

The achievement of the carriers was made possible by the untiring efforts of railroad workers.

EMERGENCY MEASURES.

Emergency wartime measures instituted by the Office of Defense Transportation with the full cooperation of the industry and its workers include:

1. Compulsory maximum loading of freight cars under ODT orders. This added the equivalent of 141,000 freight cars to the existing supply.

2. Higher demurrage charges which penalized shippers for holding cars.

3. Maximum utilization of equipment. The ratio of serviceable freight cars to total cars on line increased from 92.2 percent in 1940 to 97.5 percent in 1944; gross ton miles per serviceable freight locomotive increased from 59,000,000 miles in 1940 to 85,000,000 miles last year. Movement of cars on line and through terminals increased from 39 miles per day in 1940 to 52 miles in 1944. The average haul per ton of freight increased from 351 miles in 1940 to 471 miles in 1944.

4. An over-all program of export control to prevent freight congestion in ports. The coordinating measures of the military services, the War Shipping Administration and the Office of Defense Transportation, have prevented port tie-ups which in the last war sometimes backed up rail traffic from New York to Pittsburgh and immobilized freight cars for weeks.

HIGHWAY AND TRANSPORT OPERATIONS.

The motor-carrier industry has obtained only 195,000 new trucks and buses since March 1942. This is less than 10 percent of the number it would normally require for replacements and expansions. Nevertheless, loads have gone up year by year.

In response to ODT regulations, stores have curtailed deliveries, truckers have loaded to fuller capacity, special delivery "luxury" services have been reduced or eliminated. The result has been a more efficient use of the available trucks and buses. For example, last year intercity buses transported 275 percent more passengers than in 1941—but mileage increased only 78 percent. Similarly, local truck operators cut mileage 40 percent below that of 1940 while carrying approximately the same tonnage.

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Twenty-three thousand industry committees with a local membership of 102,000 have cooperated with the Office of Defense Transportation to obtain fullest use of the industry's restricted equipment.

INLAND WATERWAY TRANSPORT.

The volume of water-borne freight in 1944 was 145,000,000,000 ton miles as compared with 118,000,000,000 in 1940. Total tonnage moved on the Great Lakes last year was greater than in any previous season, although ore shipments, as a result of reduced quotas, were some 11,000,000 tons below the peak movement of 92,000,000 tons in 1942. Traffic in the Mississippi-Ohio River system and other inland waterways has increased since January 1942, particularly in the movement of petroleum and petroleum products to the East coast. Barges moved 7.3 percent of total petroleum products to the Eastern seaboard last year.

PROSPECTIVE DEVELOPMENTS.

The defeat of Germany will result in an accelerated East-West flow of transcontinental traffic which will most likely require the retention of major transport controls. The provision of additional equipment will then depend on war production requirements.

While post-war freight and passenger traffic may be expected to decline from current high levels, it should continue at a much higher level than prevailed before the war. This suggests a heavy post-war demand for trucks, buses, rail passenger and maintenance equipment to replace worn-out facilities and to improve service.

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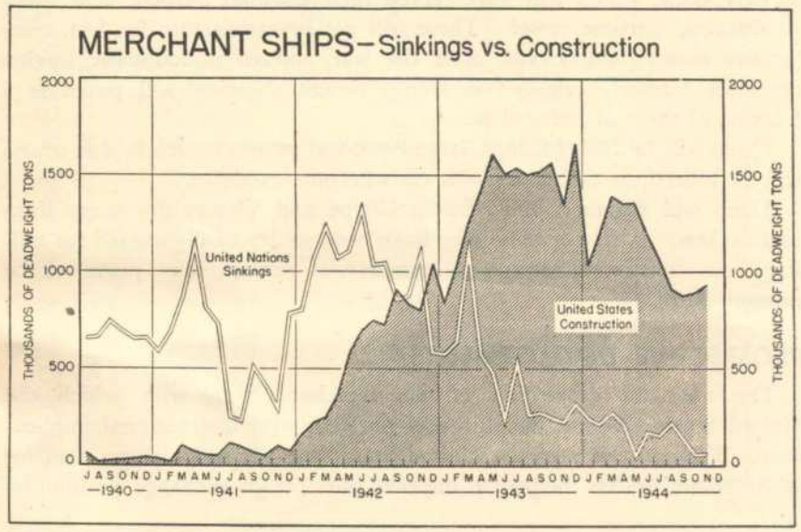
SHIPPING

Under the Merchant Marine Act of 1936, Congress directed the Maritime Commission to maintain a merchant fleet adequate to meet the requirements of national defense and to carry a substantial portion of United States commerce. That act laid the foundation for the largest merchant fleet in the world. It has made possible the transport and supply of vast United States and Allied armies throughout the world.

UNITED STATES SHIPBUILDING OFFSET ALLIED LOSSES.

From January 1942 through 1944, American shipyards have turned out approximately 4,500 new cargo ships—transports, tankers, miscellaneous merchant type ships and auxiliaries—aggregating about 43,700,000 deadweight tons. American construction alone has thus more than offset the losses of United Nations ships due to enemy action and other causes. The net gain has been continuous since December 1942. During the same period also, thousands of the ships of Allied Nations have been repaired after damage by enemy action and heavy weather or overhauled after hard usage.

As a result, the United States has become more than self-sufficient as a peacetime carrier of ocean cargo. Last year United States ships carried an estimated 59,000,000 long tons of cargo, or 76 percent of all United States



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ocean shipping. As contrasted with this total, United States ships carried only 8,000,000 long tons, or 23 percent of United States cargoes during the years 1930 to 1939.

How this was achieved is well known. The Maritime Commission, early in the war, constructed new shipyards, enlarged others, and supplemented facilities of still others. Mass-production methods were introduced. One of the production marvels of the war is the reduction in construction time on Liberty ships from more than 200 days to about 50 days. Now Victory and other type cargo ships—faster and more suited to peacetime traffic—are replacing them on the ways.

As part of its duties, the War Shipping Administration directs the allocation, operation, and maintenance and repair of the merchant fleet. All vessels not allocated or assigned to the Army and Navy are operated by American shipping firms on schedules controlled by the WSA. To keep this huge fleet operating, officer and crew personnel has had to be increased from 67,000 men in September 1941 to approximately 200,000 today. More seamen are needed each month as additional ships come off the ways.

Since September 27, 1941, when the first United States merchant vessel was sunk, 5,855 merchant seamen have been reported killed, missing, or prisoners of war.

POST-WAR FLEET.

In 1939, there were approximately 1,100 seagoing vessels in active service under the American flag. At the end of the war, the fleet will exceed 5,700 vessels, as follows:

Assuming that none are built after June 1945, nearly 2,500 will be Liberty ships, which will have served their essential purpose as a mass-production, wartime vessel. These will not be satisfactory for fast, competitive ocean-going service after the war, though undoubtedly foreign countries formerly engaged in tramp freight shipping will purchase a fraction of them at reduced prices.

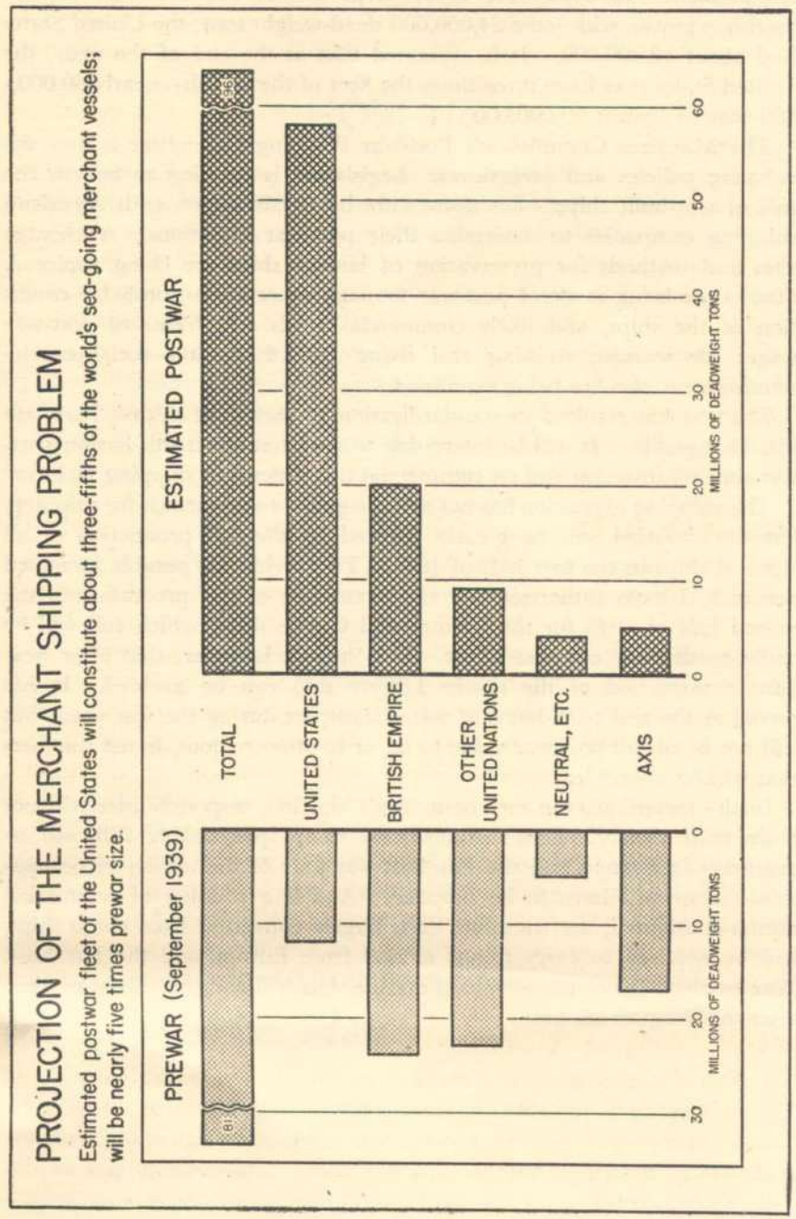
There will be 700 old ships, largely pre-war vessels, which in due course will be retired, as their operation costs become excessive.

There will remain 2,500 efficient C-type and Victory dry cargo ships and tankers. A few of these may have been so drastically altered for military use that reconversion to commercial service may prove to be uneconomical.

PROSPECTIVE DEVELOPMENTS.

The use and disposition of the merchant fleet, with which the United States will end the war, is a problem with international implications. Prior to this war, the United States' use of foreign ships, paid for in American dollars, helped to improve our foreign exchange position by

providing other nations with the means of buying more American goods. However, if we use our war-built merchant fleet to its full capacity, then it is quite possible that instead of buying shipping service we will be selling service and thus cut down the world's international supply of dollars avail-



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able for the purchase of American goods. Therefore, we will have to weigh carefully the effects that a great United States merchant fleet will have on our international trade.

The chart, "Projection of the Merchant Shipping Problem," points up the problem. In September 1939, Great Britain was the world's great maritime power, with some 24,000,000 dead-weight tons; the United States had about 12,000,000. It is estimated that at the end of the wear, the United States may have three times the fleet of the British—nearly 60,000,000 tons as against 20,000,000.

The Maritime Commission's Post-war Planning Committee is now developing policies and procedures. Legislation is pending to govern the sale of war-built ships. Discussions are being carried on with American shipping companies to determine their post-war intentions. Anchorage sites and methods for preservation of laid-up ships are being explored. Studies are being made of post-war tonnage expectations, probable condition of the ships, and likely commercial needs. Problems of post-war wages for seamen, working and living conditions, and social-security requirements also are being examined.

The war has resulted in standardization of merchant ships. Parts are interchangeable. It will be interesting to see what effect this has on post-war ship construction and on commercial investments in shipping facilities.

The shipping expansion has not met the global requirements for shipping, but the situation will be greatly relieved by the full production of all types of ships in the first half of 1945. To provide for possible increased demands, I have authorized a limited extension of this program into the second half of 1945 for the Victory and C-type ships, which still will be badly needed for our war effort. It is hoped, however, that after next June construction of the slower Liberty ship can be avoided. It has served as the real pack-horse of water transport during the war years, but will not be of full post-war value to us, or to other nations, in the numbers that will be available.

In the meantime, the merchant fleet's wartime responsibilities will not cease with victory. Large numbers of troops presumably still will be overseas—in Europe and the Far East—as part of the armies of occupation. They will have to be supplied. And if a rotation of occupation armies is adopted, the transport fleet, largely converted from cargo ships, will be required to carry troops to and from Europe and the Far East. War employment of the merchant marine thus will continue for some time after the last guns are fired.

HOUSING

The National Housing Agency has largely completed construction of housing for some 4,000,000 migrating workers and their families in more than 1,000 communities. Sufficient housing is available in most war production areas. However, shifts in production, plus a few expanding programs, continue to create new demands for additional housing. These demands may be expected to develop from time to time.

The National Housing Agency plans to meet these demands by the transfer of temporary and demountable housing into areas of need from places where it is no longer required, and by new temporary construction.

Private industry and public agencies have completed more than 1,730,000 new or converted family units since the summer of 1940. On October 31, 1944, there were 81,800 units under construction and 59,800 others approved and awaiting construction, most of which were privately financed. In addition to these, approximately 25,000 units have been reported by the Army and Navy as necessary for workers in expanding munitions programs.

The housing program involved a total investment of about $6,000,000,000, two-thirds of which represented private capital, protected in large part by FHA mortgage insurance. Throughout most of the construction period, a ceiling sales price of $6,000 and maximum shelter rental of $50 a month were established to insure that the housing would be within reach of the worker and to forestall use of certain critical materials.

A "Share Your Home" campaign conducted by NHA's local War Housing Centers and Home Registration Offices received wide community support. It is estimated that, through their efforts, more than 2,000,000 workers were housed in structures already erected. This program, which has saved huge expenditures in materials, manpower, and money, must continue as long as war workers are being recruited.

POST-WAR HOUSING NEEDS.

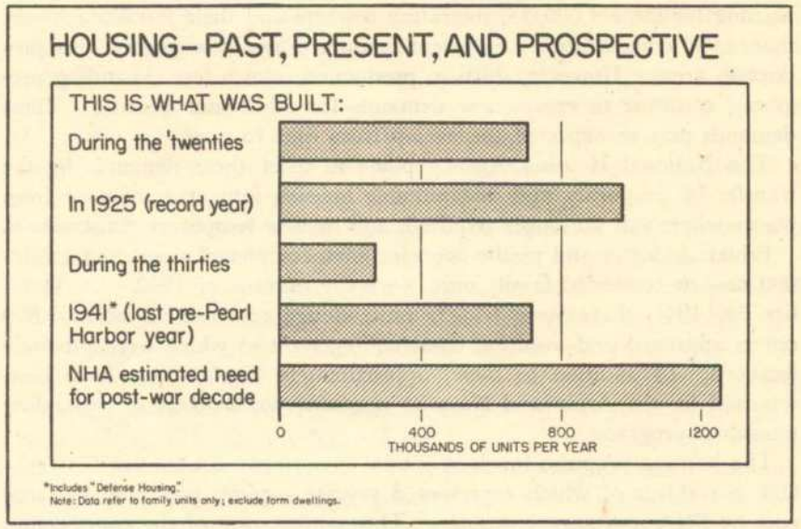
A great deal of new permanent housing will be needed after the war. The Nation entered the war with a substantial deficit of decent housing. During the war, all housing has deteriorated because of intensified use and lack of adequate repair and maintenance. Moreover, war needs have prevented the unrestricted construction of civilian housing. There also is a

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large requirement for new housing to replace slum dwellings and other substandard houses.

PROSPECTIVE DEVELOPMENTS.

The National Housing Agency estimates that during the first post-war decade an average yearly construction of 1,260,000 nonfarm dwellings will be required. Construction during the period 1920–29 averaged 700,000 units annually. In the peak year, 1925, a total of 937,000 units was built.



This estimate of annual post-war need is based on a requirement of 410,000 units per year for increased families, 140,000 units per year for returned married veterans, 80,000 units a year for those families now jointly occupying homes and to establish a normal vacancy reserve, and 630,000 units per year to replace substandard dwellings and those destroyed by fire, storm or other disaster.

The pent-up demand for new housing and for repairs represents a substantial opportunity for post-war employment. However, a high level of residential construction cannot be reached overnight.

The amount of multiple-unit residential construction will depend largely on costs, since housing must be built at a price most persons can afford to pay. NHA is surveying the need for increased technical research to help private industry to build better housing at lower cost and to overcome the problem of high land prices which makes slum clearance a difficult financial undertaking.

NHA also is examining the type and scope of activity which will be required of private industry, local and State governments, and the Federal Government so as to make sure of an adequate post-war housing program. Included in this survey will be a review of the pre-war programs for Federal assistance in housing production and finance. This will ascertain what revision of the program it may be necessary to recommend to the Congress. Special attention will be given to the problem of improved farm housing.

There is a need for better fact-finding in housing and in market analysis. It would help in this work if the communities would lead the way in making an inventory of their housing situation, in estimating their further needs, and in planning to meet these needs.

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INDUSTRIAL FACILITIES

No single war program is closer to completion than that of industrial facilities (Chart, "Wartime Construction Nearly Finished"). Construction of new plants, including equipment, has declined from a monthly rate of $800,000,000 in the third quarter of 1942 to about $200,000,000. But even in this mature program, sudden demands can change expectations. Because of the urgent requirements of the Army and Navy for ammunition, tires, and certain types of guns, and other equipment, new industrial installations are necessary. These will not change the direction of the construction curve; it still continues down, but it does not go down as fast as it otherwise would.

Since July 1940, more than $20,000,000,000 has been invested in new or expanded industrial plant. About three-fourths of this expansion has been financed by the Government. Government facilities, including about $1,000,000,000 of work still to be done, are distributed as follows:

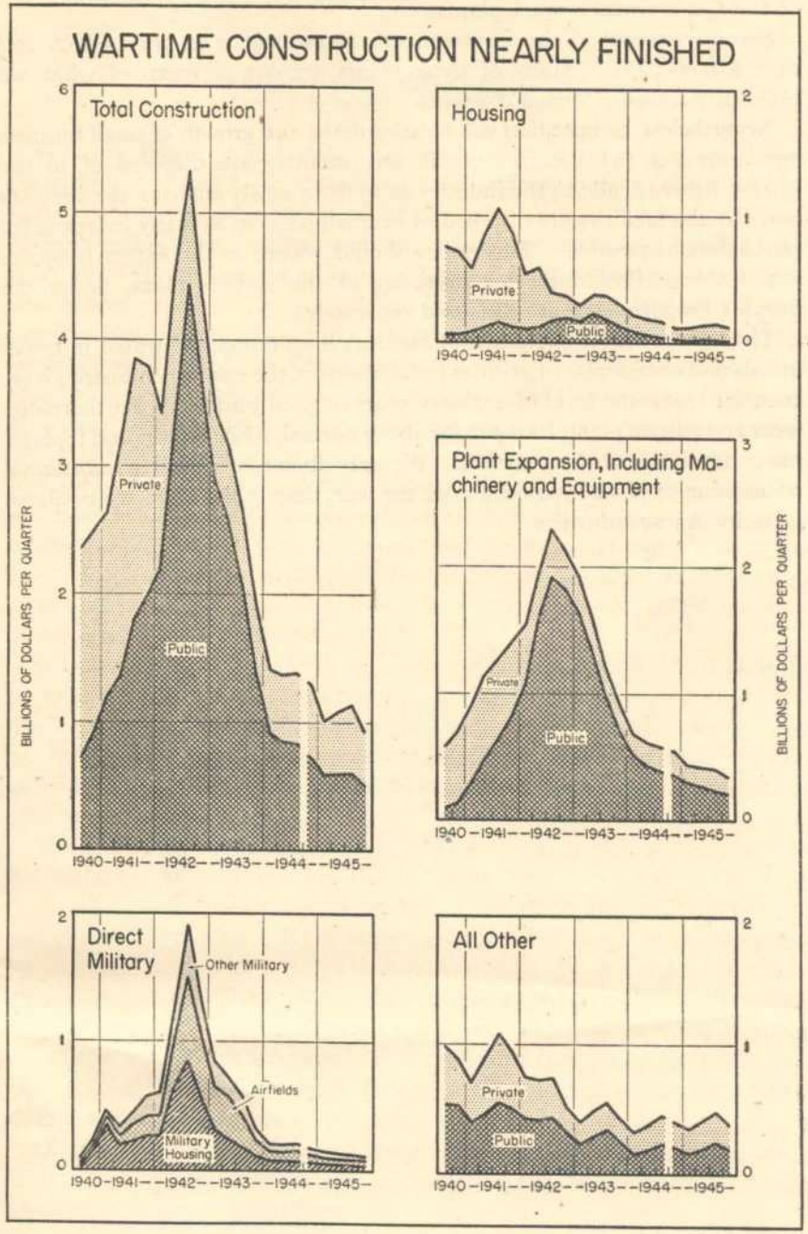
Aircraft	$3, 350, 000, 000
Shipways	2, 195, 000, 000
Ordnance	5, 159, 000, 000
Iron and steel	1, 352, 000, 000
Nonferrous metals	1, 200, 000, 000
Chemicals	768, 000, 000
Synthetic rubber	692, 000, 000
100-octane gasoline	203, 000, 000
Machinery and machine tools	803, 000, 000
Other industrial plants	356, 000, 000
Total	16, 078, 000, 000

Not all of this plant will be disposable.

About $1,400,000,000 is in expanded arsenals and Navy shipyards, directly operated by the Government. Probably most of these facilities will be retained by the War and Navy Departments as part of their systems of permanent preparedness.

There is also about $4,500,000,000 of Government-owned, privately-operated facilities so specialized as to have little peacetime value. This includes smokeless powder plants, shipyards, shell-loading facilities, etc. Some of these plants should be kept as stand-by munitions capacity.

That leaves about $10,000,000,000 of facilities, immediately or potentially usable for civilian production. These include nearly all of the Nation's aircraft and synthetic rubber capacity, most of the aluminum and magnesium, and a good share of steel and machine tools.



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PROSPECTIVE DEVELOPMENTS.

For most of these facilities it will be sound public policy to get them as quickly as possible into the hands of private parties who will operate them competitively. This policy is complicated by the large size of most of the Government-owned plants.

Seventy percent of the Government's investment is in units which cost over $10,000,000. Many of these plants are out of reach of what we ordinarily consider "small" business.

Nevertheless, competition will be stimulated and growth of small business encouraged if (a) the facilities in any industry are disposed of to the smaller firms already in the industry or to firms newly entering the industry and (b) the facilities are disposed of in small units to as many independent purchasers as possible. This policy should govern to the extent it proves practicable. Procedures for disposing of the surplus plant, under the Surplus Property Act, are discussed separately.

The huge wartime expansion of facilities has been concentrated in heavy metals and chemicals. Facilities installations in the nonwar industries have been far below the level of ordinary years of good business. Furthermore, wear and tear on plants has been far above normal, while repairs and replacements have been below normal. We may therefore expect a substantial resumption of plant expansion after the war, despite the large accumulated capacity in war industries.

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SURPLUS PROPERTY

The first World War ended so abruptly that plans to dispose of surplus war goods had hardly reached the discussion stage. This time, an organization already has been set up.

The Surplus War Property Administration was established by executive order last February on my recommendation. Then Congress, in the Surplus Property Act of 1944, approved on October 3, established a three-man Surplus Property Board to carry on this work. The Act, among other things, directed the Board to give maximum aid in the re-establishment of a peacetime economy of free independent private enterprise, to encourage independent operators in trade, industry, and agriculture, with special attention to war veterans, and to stimulate full employment.

Surplus property is inevitable in war. When peace comes surpluses will include everything from actual munitions which will have little or no civilian value, such as bombers, tanks, guns, and artillery shell, to shoes, socks, food, mosquito netting, plants, industrial equipment, ships, and large and small passenger airplanes. In short, from a $100,000,000 steel plant to a 10-for-a-penny pin.

Some portion of the surplus of civilian-type goods abroad can suitably be used for relief and reconstruction in Allied and liberated countries. Stocks of clothes and food on hand in the United States also can be used for relief and rehabilitation, either through the armed services, through United Nations Relief and Rehabilitation Administration, or by sale to other governments.

Some 1,300 industrial plants and other facilities, costing approximately $16,000,000,000, will become surplus after hostilities cease. Many of these plants are not easily convertible to peacetime production—powder and shell-loading plants, for example. Others may have to be revamped for civilian production. Others, however, may be useful in peacetime operations—steel mills, synthetic rubber, and aluminum plants.

Other industrial properties will be kept on a stand-by basis for national defense; still others may be needed for continued production of supplies for our standing Army and Navy. Also, stock piles of certain critical materials should be maintained as a military reserve.

Obviously, industrial surplus disposal is a problem to be worked out—finding how to utilize war-built resources to the best advantage in the national economy in peacetime.

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DISPOSAL AGENCIES.

Actual disposal of surplus has been assigned to existing agencies, as follows:

Procurement Division of Treasury Department—consumers goods, such as furniture, clothing, motor vehicles, etc.;

Reconstruction Finance Corporation—aircraft, industrial plants, industrial real estate, industrial equipment and supplies;

United States Maritime Commission—merchant ships, marine equipment, and other marine property;

War Food Administration—food;

National Housing Agency—housing property and projects;

Federal Works Agency—community facilities and certain nonindustrial real estate;

Army, Navy—their own surpluses located outside continental United States.

From June 1, 1944, to October 31, 1944, a total of $750,000,000 worth of goods had been declared surplus. Of surplus stocks then on hand, 58 percent was aircraft—obsolete and war-weary planes and equipment; 12 percent was plants and industrial real estate; 4 percent metal-working machinery; 3 percent ships and maritime machinery; 3 percent steel; 2 percent construction materials; and 18 percent miscellaneous.

About $84,000,000 worth of goods was sold in the period June–October. This included 35,383 trucks, many of which went to dealers for resale to farmers and truckers; $21,000,000 worth of metal-working machinery; $6,000,000 worth of aircraft suitable for civilian use; $5,000,000 worth of construction materials; $1,300,000 worth of construction equipment; and $1,300,000 worth of steel.

So far, the volume of surplus goods has been very small in relation to the huge demand for goods of all kinds. Clearly, the needs of war production and of the post-war economy can be served best by the immediate disposal of all available surpluses. It has been possible to sell these small surpluses through the normal commercial channels without effect on the level of employment or the structure of American industry.

Most sales to date have been made by the 11 regional offices of Treasury Procurement and the 23 regional offices of the RFC. Goods ordinarily are sold to manufacturers or distributors and not direct to the consuming public, because direct sales have been found almost prohibitive in cost. Catalogues are being prepared, which will inform prospective buyers what is available and how it may be obtained. The RFC is planning to establish huge regional warehouses, in which surplus goods will be displayed.

The sales of consumer goods, June through November 1944, totaled $53,517,000, or 84 percent of the appraised value of the goods sold.

Sales are at ceiling price, at highest bid or, where speed is essential, at negotiated prices. Surplus materials and equipment are, of course, subject to the same rationing and allocations controls as similar goods which are not surplus.

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PROSPECTIVE DEVELOPMENTS.

The Congress has set up special restrictions on the sale of dwellings. By law, the 400,000 temporary housing units built under the Lanham Act cannot be sold for residential use at low cost to improve housing conditions. Some of these dwellings, when dismantled, may be sold for use overseas, or employed in relief and rehabilitation work. However, Congress may desire to consider the advisability of changing the law so as to allow such dwellings to be used to replace substandard dwellings in cities or in depressed farming areas.

About 63,000 permanent family units built with low-rent housing funds will become low-rent public housing after the war, under the jurisdiction of local housing authorities. The rest of the permanent units (about 129,000) and the demountable units (about 78,000) will be sold. Wherever possible preference will be given to current occupants, and next to prospective occupants, especially to veterans who will receive first consideration. Some 10,000 units built by the Defense Homes Corporation already have been offered for sale.

The Federal Works Agency is responsible for disposing of schools, hospitals, sewers, health centers, fire stations, power plants, garbage disposal plants and other community facilities built as Federal projects under the Lanham Act, which are declared surplus and which must be disposed of within 6 months after the emergency ends. The agency is already transferring titles of many of these Federal projects to local public bodies.

To facilitate the disposal of surplus war plants so as to permit their prompt utilization for other purposes, I appointed a special War Plant Utilization Committee to coordinate the work of the several government agencies having representatives in the field. Its chairman has reported to me that the Committee has enlisted from a community level the active cooperation of the United States Chamber of Commerce as well as state and local chambers, the Committee on Economic Development and its 1,700 local committees, the Association of American Railroads and its industrial agents, and the banks located throughout the nation. The chairman believes that the chief deterrents to quick sales lie in the provisions of the act requiring information to be submitted to Congress in eight classifications for facilities costing $5,000,000 or over, and submission to the Attorney General 90 days in advance of the consummation of the sale of any plant costing over $1,000,000. Congress should give further consideration to these statutory provisions. Certain option rights held by lessees also threaten to delay sales. However, about 250 lessees have indicated an interest in purchase or lease, and the RFC is now carrying on

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negotiations for the sale or lease of some thirty plants. Prompt action is necessary.

Recently, I have authorized the agencies owning surplus property abroad to proceed with its sale under policies to be established by the Surplus War Property Board. This will enable the Army and Navy to be prepared to sell facilities and installations no longer required in certain areas where military operations have closed, as in North Africa.

The Surplus Property Act of 1944, as drawn, presents several administrative difficulties. The limitations governing the sale of real property may retard such sales. However, experience under the legislation is a prerequisite to any specific recommendations for modifications.

CONTRACT TERMINATION

In the development of a war production program beset by changing requirements, contract terminations and the settlement of resulting claims have become relatively commonplace.

Already, during the war, 120,860 contracts have been terminated, cancelling commitments of some $25,000,000,000. A high percentage of these cancellations, 109,000 of them, have been written off the books entirely as settled. Through the fall of 1944, it has been necessary to cancel every month some 4,000 contracts, totalling $1,500,000,000.

In contrast to this experience, the last war saw only a few contracts canceled until after the Armistice had been signed. Then, almost overnight, some $4,000,000,000 of commitments were terminated. As a consequence, procedures for settlement had not been worked out and considerable difficulty resulted.

Due to the knowledge gained in the last war and to the backlog of experience now being built up, the country should be able to handle the problem of mass cancellations at the end of this war with less financial and economic unsettlement.

Today the undelivered value of outstanding contracts is about $65,000,000,000. The full impact—and hence a detailed estimate—of the termination and settlement problem will not be realized until after final victory.

Up to now, most terminations of contracts have been followed by new orders. Firms whose contracts for making tanks have been canceled have been given orders for locomotives; contracts for building destroyer escort vessels have been switched to landing craft, and so forth. As a result of this, and because inventory and equipment intended for the contracts which had been terminated were often usable to fill new war contracts, many terminations have resulted in no claims at all, or in extremely small claims. The 109,000 terminated contracts which have been settled have an aggregate face value of more than $10,000,000,000 but claim payments against these contracts amounted to less than $400,000,000. In 9 out of 10 contracts, no claims were filed.

After final victory, however, the situation may be expected to change. Terminations will be without benefit of new war orders and no-claim settlements will decrease. The settlement problem will become more difficult at the same time that the need for speedy settlements will increase. Prompt settlement of war contracts is essential to orderly reconversion and to full employment in peace. Without it many businesses, especially small companies, would be financially paralyzed because working capital was frozen in inventories.

ADVANCE PREPARATION NECESSARY.

Solution of this problem is two-sided. The Government must move promptly to clear the plants and books and industry's action must be prompt. Prime, sub and sub-subcontractors should familiarize themselves with the Contract Settlement Act and with the regulations of the Office of Contract Settlement, as well as with the procedures of the contracting agencies with which they deal, so as to facilitate the quickest possible reconversion to peacetime production.

The Army and Navy have set up schools to train their own contract termination personnel as well as those of other contracting agencies. Special courses for contractors and their employees have been established at a number of colleges with the cooperation of contracting agencies. The Smaller War Plants Corporation is conducting an intensive educational program among small businesses. It is good business for every war contractor to plan in advance and to prepare for prompt submission of settlement claims.

The Office of Contract Settlement, under its mandate from Congress, has issued regulations requiring procurement agencies to clear unwanted war materials and machines from contractors' plants within 60 days. Other regulations provide that, within 30 days after presentation of proper claims, a contractor becomes eligible for advance payment or loans of up to 100 percent of the value of finished war materials, and up to 90 percent on other materials. But space cannot be cleared unless inventories are properly prepared by industry, and money cannot be advanced or loaned on claims without detailed accounting statements.

The Office of Contract Settlement has made progress toward simplifying the routine necessary for termination settlements. Uniform termination procedures and forms for the presentation of settlement proposals have been adopted.

Present procedure ordinarily calls for prime contractors to settle directly with their subcontractors. However, the act permits direct settlement by the Government with subcontractors in case of undue delay. Surveys now are being made to determine the practicability of routine direct settlement with subcontractors.

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SETTLEMENT TIME REDUCED.

After the first World War, the average time lag between termination and final settlement was 8 months, but many claims dragged on for years and one was not settled until 1942.

The average time lag between termination and final settlement is now about 4 months. Small and uncomplicated contracts are settled more swiftly. Large contracts, involving many subcontracting ramifications, require longer. But we have progressed far from the difficult pioneer stage, in which occurred such cases as the one in which 16 months were consumed in settling claims growing out of termination of the International Harvester tank contract at Bettendorf, Iowa.

The most serious delays in the current program have been encountered in settling the cost-plus-a-fixed-fee contracts. The cost-plus contractors and their subcontractors submit vouchers and are paid as their work progresses. These vouchers are subsequently audited by the General Accounting Office. which, in some cases, disallows payments already made. Therefore, prime contractors have hesitated to pay off their subcontractors until final settlement. This holds up payments all the way down the line to sub-subs.

About 650 cost-plus-a-fixed-fee contracts have been terminated with a face value of $6,635,207,000. Final settlements have been reached on contracts totalling about 20 percent of this, with a face value of $1,300,000,000. In contrast, fixed price contracts which have been terminated have face values of $17,663,676,000 and more than 50 percent, with a face value of $9,411,768,000, have been settled finally.

Many problems remain to be solved, but a good start has been made on setting up basic rules for fast, fair, and final contract settlement. The next task is to perfect and use these tools of settlement, both in the contracting agencies and in the offices and plants of the contractors.

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TAX RELIEF

Wartime taxation should end with the war. However, there can be no general revison of taxation until the war is over on all fronts.

Post-war levels of Government expenditures will be several times higher than in pre-war years. Interest on the debt alone will exceed total internal revenue receipts of 1937. The requirements of the Army and Navy will be much higher than pre-war levels. The "G. I. bill" and veterans' hospitalization will add to expenditures. These are only a few of the items that make it apparent we will need revenues greatly in excess of pre-war levels.

REMOVAL OF IMPEDIMENTS.

But there can be no intelligent planning to "meet the problems arising out of the transition from war to peace" as directed in the act creating this office without giving consideration to the removal of tax impediments to reconversion and business expansion. There are certain tax revisions which would not greatly reduce revenues, but would materially aid business recovery and expansion if adopted immediately following the close of the European war. Among them are:

Accelerated depreciation.
Immediate availability of post-war refund bonds.
Increasing the specific exemption for excess-profits tax purposes from $10,000 to $25,000.

1. Depreciation: The acceleration of depreciation allowances will enable taxpayers to take the earliest possible advantage of technological improvements, secure more quickly new equipment, and provide more readily for business expansion and employment. The depreciation policy of the present law, which provides for a depreciation allowance computed according to the physical life of the property acquired, has a tendency to discourage the acquisition of new equipment and the formation of new enterprises.

For example, if a businessman desires to start a new business and to purchase new equipment, under the present tax law he may have considerable difficulty in raising the funds to acquire plant or equipment because of the length of time required to recover the cost of the new plant or equipment through depreciation allowances.

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It is clear that unless a taxpayer can recover his capital within a reasonable time, he will not embark upon new enterprises, or acquire new facilities, which are essential to the production of income and the stimulation of employment.

I suggest, therefore, that the Congress give serious consideration to the enactment of a provision to permit a larger deduction for depreciation in the earlier years of the life of the asset. In most cases, these are the years of the highest income. It may be advisable to limit this special allowance to the income computed for normal and surtax purposes and not for excess-profits tax purposes. Such a provision would make it easier for the smaller business enterprises to borrow money for expansion of facilities.

2. Many corporations, particularly the smaller type, will be handicapped through lack of capital to carry out their reconversion plans. Their financial condition may be eased somewhat by making immediately available after the end of the war in Europe a part of their post-war refund of excess-profits tax and by reducing correspondingly the compulsory savings provision in the excess-profits tax. A limitation could be placed on the amount to be made available.

3. While an excess-profits tax is justified in time of war, it is recognized that such a tax discourages small and new enterprises. I do not believe that Congress would be justified in removing this tax during the continuation of the war with Japan. However, its impact on the smaller corporations and new enterprises may be mitigated to some extent by an increase in the excess-profits tax specific exemption from the present $10,000 to $25,000. Such an increase will enable many small and new concerns to become established during the transition period.

U. S. GOVERNMENT PRINTING OFFICE: 1945

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POR CORREO AEREO

MESA DE ENTRADAS Y EXPEDICIONES
1 - MAR 1945
MINISTERIO de RELACIONES EXTERIORES y CULTO

MESA DE ENTRADAS Y EXPEDICIONES
DIVISION ASUNTOS
FOLIO

Embajada de la República Argentina

Washington, 20 de febrero de 1945.

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R.E. Nº 120

Señor Ministro:

Tengo el honor de acompañar a la presente texto del discurso pronunciado anoche por el Secretario de Guerra, señor Stimson, sobre uno de los asuntos que más agitan la opinión pública de este país en la hora actual: el "National Service", el reclutamiento del trabajo.

Este proyecto de ley se halla, desde hace tres semanas, pendiente de consideración ante la Comisión de Asuntos Militares del Senado, después de haberse pronunciado la Cámara de Diputados favorablemente a su respecto. El Secretario Stimson, al mencionar que apoyan la medida los Departamentos de Guerra, Marina, Producción de Guerra, el General Marshall y el Almirante King, presenta un cuadro completo de las necesidades de guerra, destacando a su vez los riesgos que habría en no seguir, en la materia, el ejemplo de Inglaterra y Rusia. Por su parte los elementos obreros, por razones clasistas, y aquellos sectores de la opinión, celosos de las prerrogativas individuales aún en períodos de emergencia, resisten vigorosamente la sanción de la ley.

CON SU ANEXO CONFORME

ANOTADO

Agrego al discurso del Secretario Stimson dos editoriales aparecidos en el "N. Y. Times" y el "Washington Post", de hoy, que se refieren al tema mencionado en la presente nota.

A S.E. el Señor Ministro interino de Relaciones Exteriores y Culto,
Doctor César Ameghino,
BUENOS AIRES.

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Oportunamente informaré a esa Cancillería sobre el resultado de este asunto, remitiendo la documentación correspondiente.

Me es grato saludar a V.E. con mi más alta y distinguida consideración.

Rodolfo Corominas

Anexos: 3

Buenos Aires, 7/III de 19 45.-

ACÚSESE RECIBO y ARCHÍVESE.-

9 MAR. 1945
General Asuntos Políticos

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Text of Stimson's Address Demanding National Service

Special to THE NEW YORK TIMES.

WASHINGTON, Feb. 18—Following is the text of the address last night by Secretary Stimson, as recorded and transcribed by THE NEW YORK TIMES:

We have reached a crisis in this war. At such a time I feel it is my duty to speak plainly to you. I speak to all Americans, but primarily to those who have sons or husbands or other dear ones at the front.

As Secretary of War my single purpose has been to strive for the quickest possible victory of American arms—a victory which will save every possible life which might be sacrificed in a needlessly prolonged war. Today we are in danger of a delay—an unnecessary delay—I believe which may cost thousands of unnecssary casualties.

At this moment our armed forces are at the very peak of combat and the time of the conclusion of the war hangs in the balance. The great masses of our armies are deployed and locked in struggle with the enemy throughout the entire world; in cruel depths of snow and freezing rain along the German border, astride the ice-clad Apennines in Italy, in the broiling heat of Luzon and swarming over the seas and through the vast reaches of the winter sky. The sun never sets upon their battle. The world has not seen such a fight before.

It is a desperate struggle against desperate enemies. Without exception and in every theatre our men are rendering a noble account of American fortitude and American valor. But the cost is growing as the climax mounts; and as more and more troops become engaged our casualties rise higher week by week.

In every war, particularly in every desperate war like this, every month of the struggle brings out new problems in the race for victory—unforeseeable problems until the test of battle has produced them; problems of the production of new weapons, new types of planes and guns, of new applications of science; problems of new types of ships and numbers of carriers; and finally problems of new types of soldiers and sailors and the uses to which they must be put and the numbers of them which will be necessary.

In every war, particularly in every desperate war like this, every month of the struggle brings out new problems in the race for victory—unforeseeable problems until the test of battle has produced them; problems of new forms and numbers of weapons and of ammunition, new types and numbers of airplanes and ships and transports, of new applications of science and finally new estimates of the numbers and the training of the men necessary to handle the new weapons.

Modern war is thus a great and grim evolution and he who recognizes that and meets it is the one who wins the war. Prompt meeting of the new needs will save lives.

"The Enemy Does Not Wait"

To wage such a war we cannot depend upon the old methods of peacetime industry. The enemy does not wait. We must have a ready efficient means of putting workers into the new jobs immediately.

Today in America there is no such means. While we have long since recognized that our Government must have the means of scientifically selecting and training our soldiers and putting them where they can best fight for their country's welfare, we have never given our Government the adequate machinery to produce the equipment and weapons for which these soldiers are to fight with. While we have by law organized our young fighters and compelled them to sacrifice their lives if need be in that service, we have never by law organized our workers who are to equip those soldiers and have them ready and able to fight at the proper moment.

In this we stand alone among our allies. While we have no service law, Britain and Russia have been working under such laws since the very beginning of the war. And of course our enemies have all been so organized from the very start. We alone are depending upon voluntary and therefore ineffective methods of organization among the workers who are producing the arms and equipment of our soldiers and furnishing them with their ships and all the other necessities of this war.

As a result, ever since the beginning of this war, there has been in America a constant and alarming turnover of workers in industries which are essential to the conduct of the war. In some important industries this turnover has actually amounted to 90 per cent per year. By every means of public exhortation the nation's leaders have stressed the importance of having the workers stay on essential jobs. They have only been partially successful.

Literally hundreds of thousands of workers, trained for jobs, work at them for a brief time and then quit for something else. Ask any plant manager if he can get efficient production when he must constantly slow down to train new workers for his idle machines. Every possible expedient has been suggested and tried and it has failed.

It has become clear that there is only one remedy to this situation—that of adopting national service legislation to keep men at their war tasks.

"Deadly Shortages" Looming

The inevitable result of this failure of American democracy is now becoming apparent at this crisis of the war. Shortages, deadly shortages, are now looming up before us at a moment when every ounce of our power should be thrown into the combat. I mean both shortages of weapons and shortages of manpower caused by the misplacement of our men. Our infantry will run short of its necessary replacements if the places of young men of military age and fitness who are now working in essential war jobs cannot be promptly filled by available men who are older or not physically capable of the job, of the fighting. There is now no legal means of effecting this necessary transposition.

On July 6 the President of the United States called the attention of the Congress to this situation and asked for the prompt enactment of a National Service Law. The Secretary of War, the Secretary of the Navy, the chairman of the War Production Board, General Marshall, the Chief of Staff, and Admiral King, the Chief of Naval Operations, have all united in pointing out the approaching danger and the necessary, and the necessity for the remedy. They have said that during the first six months of this year ending July 1, there will be 900,000 more men needed for the armed forces and another 700,000 needed for war production.

Every responsible leader of the military and naval forces of this country as well as those responsible for war production are thus united in asking for national action to meet these shortages which would delay our onward sweep to victory.

This call has been heeded by the House of Representatives. With much care a bill has been drafted which all of the military and naval leaders agree would put into effect principles of law and organization which be effective for meeting the coming danger. The House of Representatives in its finest tradition rose to the occasion. Its Speaker even descended from the rostrum and spoke in favor of the bill. After four days of searching debate the House passed the measure on Feb. 1.

Review of "Many Voices"

Since that date the bill has been pending in the Military Affairs Committee of the Senate for nearly three weeks. According to the press, the committee has been hearing many voices—voices which object to placing upon our men at home the same compulsory responsibility for national duty that has rested upon our men in uniform ever since 1940; voices which call it "slavery" to serve one's country at a bench or at a lathe; voices which, flying in the face of demonstrated experience, loudly assert that manpower shortages in industries can be met in this fourth year of this war by a mere invitation to work; voices which, ignoring the long struggle which lies ahead of us to reduce Japan, express pious hopes of the early fall of Berlin as the end of military and naval needs; so many voices speaking for special and, by comparison, trivial interests, that they seem to have stifled the voice of national interest and suffocated the bill.

Enemies of the bill are beginning to boast today in the streets of Washington that they have killed it.

Amid this confusion of voices, what has become of the call of the President and the judgment and reasoned pleas of General Marshall and Admiral King? Will those who have trusted to these men the lives of 12,000,000 citizens in uniform, at the eleventh critical hour deny to them the strength they say they need to bring this conflict to a close, with the saving of as many men, as lives as possible."

I have read that some are troubled lest, under the bill passed by the House, civilian workers may be sent too far from their homes to work in munition plants. Does this seem a very weighty objection to you fathers and mothers, you wives and sweethearts of our fighting men, whose loved ones have been bravely and willingly fighting in the torrid jungles of New Guinea or the frozen hillsides of the Rhine?

Your men are risking their lives at the direction of their country and many thousands of miles from home which some of them have not seen for thirty months. The word of their leaders has been enough for them to offer the full measure of their devotion. I say that prolonged consideration of comparatively trivial details of this legislation should not be allowed to jeopardize the giving of our fighting men of thee full support of our own strength.

"We Dare Not Delay Longer"

We dare not delay longer. The fighting on every front grows more savage as our brutal enemies are pressed back into their citadels.

I say to you, as the pledge of my official duty, that the passage of this measure by the Senate with its main principles unchanged is needed by the Army and the Navy to supply critical shortages in our essential industrial plants and to help fill the places of young vigorous workers who may be then sent as replacements to battle-weary troops.

But even more than this, I believe that the passage of the bill will be a signal to the men on the battlefront that there is to be no longer discrimination against them on the homefront. It will be a sign to our soldiers and sailors that all of America is behind them. Action by the Congress will sustain and strengthen their spirit in the thick of battle—yes, and the spirit of their families waiting at home for the victory that will bring their men back.

That is the crisis with which we are confronted. I say again to you fathers and mothers, wives and friends of the soldiers, for whose welfare I have a great responsibility that every day this war is prolonged is inexpressibly costly in precious lives. Let us stand together. Let us speed the victory by treating this crisis of the war in the true spirit of American democracy, with justice between man and man, between soldier and civilian.

When the facts are thus understood, I believe that the voice of American conscience wil be heard.

U. S. 'Labor Draft' of 500 Workers Fought by New Bedford Citizens

NEW BEDFORD, Mass., Feb. 18 (AP)—New Bedford labor, management and civic leaders have labeled the transfer ordered by the War Manpower Commission of 500 textile workers to work in the Fisk and Firestone tire factories as "contrary to law and contrary to the Constitution."

At a meeting of the New Bedford Citizen's Committee, the action, termed by Mayor Arthur M. Harriman as New England's first "forced labor draft," was branded as "unfair, unnecessary and un-American."

The Citizen's Committee, composed of businessmen, industrialists and labor officials, was organized when a previous attempt was instituted by the WMC to handle New Bedford's critical manpower shortage in war plants.

New Bedford, a city with a population of 110,341, is principally a textile mill center.

Protests against the transfer have been sent to President Roosevelt, Undersecretary of War Patterson, War Manpower Commission Chairman Paul V. McNutt, and Massachusetts Senators Walsh and Saltonstall and Congressman Gifford, of New Bedford.

Antonia England, local director of the Textile Workers Union of America, CIO, said he would seek an injunction in Federal Court Monday to restrain the textile mills from discharging workers in compliance with WMC order.

The WMC order, effective Wednesday noon, would cause a loss of pay for many workers, force night work upon them and destroy seniority rights, Mr. England said.

The CIO and AFL said in joint statement at the meeting that they "regard the action as an attempt to use New Bedford as a guinea pig to work out a system of labor draft without any further authorization by Congress."

A manpower survey in the New Bedford mills was made several weeks ago and an attempt to recruit workers voluntarily failed two weeks ago.

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Argentina

WASHINGTON POST, FEB 20

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Mr. Stimson's Plea

Secretary Stimson's call to duty on Sunday night summarized the arguments for prompt action on a war work bill as plainly as they can be stated. We are at the crucial moment in the war. All of our national energy is needed for the final blows required to knock out brutal and cunning enemies still fighting desperately. Millions of our young men in uniform are facing unbelievable hardships from winter weather and enemy fire. But on the home front some men are casually leaving their jobs for comparatively petty reasons, thus jeopardizing the output of necessary weapons. In some vital war industries the labor turnover has amounted to 90 per cent a year.

Here is indeed a picture calculated to make any Secretary of War heartsick. It is a source of the keenest anxiety also to the parents and wives of men who are bearing the brunt of the battle and of millions of others eager to see this horrible orgy of bloodletting stopped at the earliest possible moment. No less is it the concern of the great majority of working men who have toiled faithfully for long hours to produce miracles of war production in the last three years. There is little patience anywhere with the small minority who are flitting from job to job, or from jobs to idleness, for wholly personal reasons.

The fact remains, however, that it is much easier to make a speech or write an editorial about this situation than it is to pass satisfactory corrective legislation. Secretary Stimson complains because the Senate Military Affairs Committee has spent nearly three weeks mulling over a variety of bills to put compulsion behind manpower placements on the home front. That delay is most unfortunate. But the chief reason for it seems to be the conflicting reports given to the committee by administrative officials as to manpower requirements and as to the type of bill they want. Administrative officials concerned with manpower at one time signed a letter favoring the May-Bailey bill with certain amendments. But the committee soon discovered that this compromise on paper covered a multitude of differences. Its attempts to find out what type of legislation the Administration really wants has led only deeper into confusion; for, as Bernard Baruch once remarked, the Government is once more speaking as a "centimouth."

Mr. Stimson's plea was only for prompt enactment of the May-Bailey bill as against "prolonged consideration of comparatively trivial details." There is now a broad measure of agreement, however, that this bill ought to be amended in some particulars. Even General Hershey agrees that placement of men drafted for war work should not be left to the Selective Service System which he heads. We have a good deal of sympathy with the Senate Committee's efforts to untangle the confused advice that the Army, Navy, War Manpower Commission, War Production Board and other agencies have dumped into its lap. The committee also hesitated to act because of the weakness of the administrative machinery to which enforcement of a labor draft would be assigned. We hope that the committee will act soon, but its chance of devising a satisfactory bill has been seriously impaired by failure of administrative officials to do their part.

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N.Y. TIMES, FEB 20

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MR. STIMSON TO THE SENATE

Speaking in behalf of the millions of American soldiers for whose welfare he has "a great responsibility," Secretary Stimson has protested warmly—and, we think, justifiably—against delay in the Senate in the handling of the May-Bailey War Service Bill. This measure was approved in the House of Representatives on Feb. 1. Since then it has spent eighteen days in the hands of the Senate Committee on Military Affairs, subject, as Mr. Stimson says, to "so many voices speaking for special and, by comparison, trivial interests, that they seem to have stifled the voice of national interest and suffocated the bill." The appeals of President Roosevelt and of the armed forces for prompt action have gone unanswered.

A few Senators have replied indignantly to Mr. Stimson by asserting that he has "indicted" the record of American labor for an alleged failure to supply our soldiers with the weapons which they need. He has done nothing of the sort. What he has "indicted" is the failure of Congress itself to create an orderly control of wartime employment under which American labor and American employers could be expected to make a maximum contribution to the success of our troops in the field. The problem is not only to find men for war jobs. It is to keep them working at war jobs, the same war jobs, after they have acquired efficiency at these jobs. Mr. Stimson notes that in some important war industries labor turnover has actually amounted to 90 per cent a year. What does this mean? It means that practically an entire new labor force must be brought into these industries and trained anew every year, with all the waste and the inefficiency and the slowdown of production which such a sweeping change in personnel involves. No "voluntary" methods of appeal and exhortation have cured this situation. As Mr. Stimson says, "every possible expedient has been suggested and tried and failed." And in these circumstances "it has become clear that there is only one remedy to the situation—that of adopting national service legislation to keep men at their war tasks."

What sound argument, of morals or of logic, can deny the fairness of applying legislation to all men in the 18-



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Buenos Aires, marzo 9 de 1945.-

D.A.P.

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Señor Encargado de Negocios:

Tengo el agrado de dirigirme a V. E. para acusar recibo de su nota nº 120 de fecha 20 de febrero ppdo., con la que tiene a bien enviar el texto del discurso pronunciado por el Secretario de Guerra, señor Stimson, sobre el "National Service", el reclutamiento del trabajo.

Con tal motivo, renuevo al señor Encargado de Negocios las expresiones de mi mayor consideración.

9 MAR. 1945
General Asuntos Políticos

DIRECTOR ASUNTOS POLITICOS

A S. E. el doctor Rodolfo García Arias
Ministro Plenipotenciario y Encargado de Negocios de la
República Argentina en los Estados Unidos de Norte América.-

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POR CORREO AEREO

Guerra 88.11 - Países Ej. Sup. 1. F. 15

MESA DE ENTRADAS Y EXPEDICIONES
13 MAR 1945
MINISTERIO de RELACIONES EXTERIORES y CULTO

MESA DE ENTRADAS Y EXPEDICIONES
A
DIVISION ASUNTOS POLITICOS

MINISTERIO DE RELACIONES EXTERIORES
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Embajada de la República Argentina

Washington, 23 de febrero de 1945.-

R. E. No. 127

Señor Ministro:

Tengo el honor de dirigirme a V. E. a fin de acompañar a la presente un ejemplar del informe que acaba de publicar el Secretario de Marina, James Forrestal. La parte substancial del mismo examina diversos aspectos de la producción y del movimiento de suministros navales; estudia asímismo problemas relacionados con el sostenimiento de barcos y con la vasta organización industrial necesaria para mantener en un pie de eficiencia una marina tan poderosa como la que tiene actualmente Estados Unidos. El informe, sin embargo, no pasa revista a todas las actividades desarrolladas por la Marina norteamericana durante el conflicto, ni a la intensa acción bélica que ha desplegado en los diversos teatros de guerra.

CON EL ANEXO
CONFORME

El Secretario Forrestal, en la introducción de su informe, recomienda que se mantenga y aún se aumente el considerable margen favorable que posee la marina de Estados Unidos actualmente, y que le ha permitido realizar varias operaciones bélicas al mismo tiempo contra el Imperio Japonés. Asímismo aconseja que, después de la guerra, Estados Unidos y sus aliados deben mantener escuadras capacitadas para ejercer el control de "los océanos del mundo". Agrega que semejante poderío no es inconsistente con los planes que se están formulando para fundar una colaboración internacional, pues Estados Unidos deberá participar en una sociedad de naciones dedicadas al est-

ANOTADO

A S. E. el Señor Ministro interino de Relaciones Exteriores y Culto,
Doctor César Ameghino,
BUENOS AIRES.

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blecimiento de un orden mundial, justo y pacífico, y deberá intervenir, de serlo necesario, con la fuerza adecuada. Fundamenta lo que antecede destacando que "los medios para conducir la guerra deberán estar en manos de aquellos que la odian".

La lectura de este documento resulta útil para situarse en la interpretación de un horizonte internacional tan lleno de interrogantes.

Saludo al Señor Ministro con mi más alta y distinguida consideración.

Rodolfo Barcaldo

///nos Aires, marzo 17 de 1945.-

Acúsese recibo y remitase el anexo al Ministerio de Guerra.-

CARLOS ALBERTO PAROD
CONSEJERO DE EMBAJADA - JEFE DE LA DIRECCION DE ASUNTOS POLITICOS

MINISTERIO
RELACIONES EXTERIORES
21 MAR. 1945
General Asuntos Políticos

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D. A. P.

El Ministerio de Relaciones Exteriores y Culto tiene el agrado de remitir al Ministerio de Guerra un ejemplar del informe que acaba de publicar el Secretario de Marina, de los Estados Unidos de América, en el que trata sobre diversos aspectos de la producción y del movimiento de suministros navales, y que fuera enviado por la Embajada de la República en ese país.

CARLOS ALBERTO PARDO
CONSEJERO DE EMBAJADA A CARGO DE LA
DIRECCION DE ASUNTOS POLITICOS

Buenos Aires, marzo 21 de 1945.-

MINISTERIO DE RELACIONES EXTERIORES Y CULTO - REPUBLICA ARGENTINA

AL MINISTERIO DE GUERRA.-

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47

Buenos Aires, marzo 24 de 1945.-

D. A. P.
147

Señor Encargado de Negocios:

Tengo el agrado de dirigirme a V. E. para acusar recibo de su nota nº 127, de fecha 23 de febrero ppdo., con la que tiene a bien remitir a esta Cancillería un ejemplar del informe que acaba de publicar el Secretario de Marina, de los Estados Unidos de Norte América, James Forrestal, en el que trata sobre diversos aspectos de la producción y del movimiento de suministros navales.

Con este motivo, reitero al señor Encargado de Negocios las expresiones de mi distinguida consideración.

MINISTERIO RELACIONES EXTERIORES
24 MAR. 1945

CARLOS ... PUEYRREDON
CONSEJERO ENCARGADO DE LA DIRECCION DE ASUNTOS POLITICOS

A S. E. el doctor Rodolfo García Arias
Ministro Plenipotenciario y Encargado de Negocios de la República Argentina en los Estados Unidos de Norte América.-

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POR CORREO AEREO

Guerra 88.W. Pais 3
3/p. 1. T. II

MESA DE ENTRADAS Y EXPEDICIONES
13 MAR 1945
MINISTERIO de RELACIONES EXTERIORES y CULTO

MESA DE ENTRADAS Y EXPEDICIONES
DIVISION ASUNTOS POLITICOS

MINISTERIO DE RELACIONES EXTERIORES FOLIO 45

Embajada de la República Argentina

Washington, 1º de marzo de 1945.

R.E. Nº 153

Señor Ministro:

En los periódicos del 28 de febrero ppdo., aparecieron los primeros comentarios relacionados con una publicación titulada "Segundo Informe del General en Comando de las Fuerzas Aéreas del Ejército al Secretario de Guerra". Este informe del General H. Arnold sobre la aviación norteamericana no ha sido circulado aún y por consiguiente, esta Embajada no ha podido obtener otro ejemplar que el que se adjunta a la presente.

ANOTADO

CON SU ANEXO
COMUNICACION

Expresa el epígrafe de la publicación mencionada que el informe "es esencialmente una narración de combate, escrita en momentos en que el esfuerzo de la aviación alcanza un punto culminante en el teatro europeo y está llegando al límite de nuestra capacidad en el Pacífico..... trata de explicar, a través de actividades típicas y de valor ilustrativo, la forma en que las acciones aéreas han afectado el curso de la guerra, considera lo que se ha obtenido y traza el papel desempeñado por las Fuerzas Aéreas del Ejército....."

El actual informe es el segundo presentado por el General Arnold. El primero, publicado en Enero de 1944, describió el crecimiento y el desarrollo de las Fuerzas Aéreas antes del ataque a Pearl Harbour; el sistema de entrenamiento, el programa de producción aeronáutica y el

A S.E. el Señor Ministro interino de Relaciones Exteriores y Culto,
Doctor César Ameghino,
BUENOS AIRES

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resultado de la actividad bélica durante los años de 1942 y 1943. El presente se ocupa de las actividades bélicas y ciertos otros aspectos de la aviación norteamericana durante el curso de 1944.

El estudio comprende cuatro secciones. Las dos primeras pasan revista a la actividad militar de las Fuerzas Aéreas contra Alemania y Japón. Revelan interesantes aspectos de la estrategia de las batallas aéreas y el plan seguido con el objeto de destruir la aviación enemiga, sus comunicaciones y materiales vitales. Merece señalarse que en la primera sección, por primera vez, se divulga información sobre el plan aliado con motivo de la invasión del continente europeo.

La segunda parte del informe, relativa a las hostilidades contra el Japón, contiene una relación de las campañas en los diversos sectores del Pacífico. Asímismo ilustra respecto a los resultados obtenidos con el gran avión de bombardeo, el llamado B-29, que en los "raids" sobre las propias islas del Imperio ha dado resultados que se consideran satisfactorios.

La tercera parte hace referencia a los trabajos de investigación realizados y el adelanto obtenido en la aviación norteamericana. Las perspectivas que ofrecen los nuevos aparatos son motivo de interesantes apreciaciones.

En la última sección el General Arnold emite algunas expresiones con respecto a la posición de Estados Unidos en una guerra futura. Manifiesta que este país será el primer objetivo del enemigo, debido a que, en primer lugar, es potencialmente la nación militar más grande y que "el agresor con designios de una dominación mundial que no consiga quebrantar a este país antes de que movilice sus recursos, probablemente sería derrotado" y en

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segundo término, debido a que en el futuro cercano, será técnicamente posible "asestar rudos golpes aéreos, a través de los oceános y aún a distancias más grandes".

Bosquejado el cuadro de lo que es la realidad de la aviación norteamericana, el General Arnold sienta la tésis de que Estados Unidos deberá continuar siendo la primera potencia en aviación militar, preparada para luchar con gran superioridad de condiciones contra cualquier adversario.

Me es grato saludar a V.E. con mi más alta y distinguida consideración.

Rodolfo Jarcuta

Anexos: 1

///nos Aires, marzo 17 de 1945.-

Acúsese recibo y remítase el anexo a la Secretaría de Aeronáutica.-

MINISTERIO
RELACIONES EXTERIORES
20 MAR 1945
Dirección
General Asuntos Políticos

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FOLIO

Buenos Aires, marzo 24 de 1945.-

D. A. P.

1 4/4

Señor Encargado de Negocios:

Tengo el agrado de de dirigirme a V. E. para acusar recibo de su nota nº 153, de fecha 1º del actual, con la que tiene a bien remitir a esta Cancillería un ejemplar de la publicación titulada "Segundo Informe del General en Comando de las Fuerzas Aéreas del Ejército al Secretario de Guerra".

Con tal motivo reitero a V. E. las expresiones de mi distinguida consideración.

CANCILLERIA
CONSEJERIA
DIRECCION DE ASUNTOS POLITICOS

MINISTERIO DE RELACIONES EXTERIORES
24 MAR 1945
Dirección General de Asuntos Políticos

A S. E. el doctor Rodolfo García Arias
Ministro Plenipotenciario y Encargado de Negocios de la
República Argentina en los Estados Unidos de Norte América.-

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D. A. P.

El Ministerio de Relaciones Exteriores y Culto tiene el agrado de remitir a la Secretaría de Aeronáutica un ejemplar de la Publicación titulada, "Segundo Informe del General en Comando de las Fuerzas Aéreas del Ejército al Secretario de Guerra", y que fuera enviada por la Embajada de la República en los Estados Unidos de Norte América.

CARLOS ALBERTO PARDO
CONSEJERO DE EMBAJADA A CARGO DE LA
DIRECCION DE ASUNTOS POLITICOS

Buenos Aires, marzo 20 de 1945.-

MINISTERIO
RELACIONES EXTERIORES
20 MAR. 1945
Dirección
General Asuntos Políticos

A LA SECRETARÍA DE AERONÁUTICA.-

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RECIBIDO

MINISTERIO DE RELACIONES EXTERIORES
FOLIO 50

Ministerio de Marina

Buenos Aires, 12 ENE 1946

SECRETARIA DEL MINISTERIO DE MARINA
SECCION RESERVADOS
PRIMERA DIVISION

PERSONAL RESERVADO

Letra Sp.2.
Nº 4 PR.

Señor Ministro:

Me es grato dirigirme a V.E. para referirme al oficio de este Departamento Sp.2.nº 181 PR. que con fecha 11 de octubre del año próximo pasado se dirigiera al Ministerio de Relaciones Exteriores y Culto.

Para mejor información de V.E. adjunto agrego copia de la mencionada nota en la que podrá apreciar la importancia de índole militar que reviste este asunto, ya que existe la necesidad impostergable de obtener una inmediata respuesta de los gobiernos de Gran Bretaña y de los Estados Unidos de América.

Con tal motivo, aprovecho la oportunidad para reiterar al señor Ministro las expresiones de mi mayor consideración.

Visto por el Sr. Ministro
Día 14 Mes [illegible] Año 194...

ANOTADO

REPÚBLICA ARGENTINA
MINISTERIO DE MARINA

A S.E. el señor Ministro de Relaciones Exteriores y Culto
Doctor Dn. Juan I. Cooke.
S/D.

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Ministerio de Marina

FOLIO 51

SECRETARÍA DEL MINISTERIO DE MARINA
SECCION RESERVADOS
PRIMERA DIVISIÓN

Buenos Aires, 11 de octubre de 1945

PERSONAL RESERVADO

Letra Sp. 2.(s)
Nº 181 PR.

Señor Subsecretario:

Tengo el agrado de dirigirme a V.E. solicitándole quiera tener a bien disponer que por intermedio de ese Ministerio, se efectúen las correspondientes gestiones ante las autoridades de las Embajadas de Gran Bretaña y Estados Unidos de América, tendientes a dejar sin efecto las disposiciones sobre el tratamiento a submarinos no escoltados por un barco de superficie o sumergido, que se descubra fuera de aguas territoriales neutras, tomadas de acuerdo a lo comunicado por ese Departamento en oficio D.A.P. de fecha 17 de marzo de 1942 (Exped. 1.R.242 "PR"/942).-

Al hacer propicia esta circunstancia, me complazco en reiterar al señor Subsecretario las expresiones de mi mayor consideración.

Fdo.) Athos Colonna
Capitán de Navío
Jefe de la Secretaría

A S.E. el señor Subsecretario de Relaciones Exteriores y Culto,
Doctor D. Lucio Moreno Quintana - S/D.

ES COPIA

MINISTERIO DE MARINA
PRIMERA DIVISIÓN
SECRETARÍA

ISAAC F. ROJAS
CAPITÁN DE FRAGATA
JEFE PRIMERA DIV. SECRET. M. MARINA

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Ministerio de
Relaciones Exteriores y Culto

D.A.P.

M E M O R A N D U M

En un memorandum de fecha 16 de marzo de 1942, la Embajada de los Estados Unidos de América se dirigió a esta Cancillería, haciendo saber que por disposición del Almirantazgo británico transmitida al Departamento de Marina de Washington, se considerarían hostiles los submarinos no escoltados por barcos de superficie o sumergidos, que fueran hallados en aguas no territoriales. No obstante ello, el gobierno británico llegó a un acuerdo con Turquía, España y Portugal, a fin de dar un trata - miento excepcional a los submarinos de dichos países, a fin de que se vieran libres de peligro de ser atacados.

Con la entrada en la guerra del Japón, -siempre a estar al memorandum de referencia - varios países sudamericanos se verían envueltos en más de un conflicto ante la disposición citada, por lo que el Departamento de Estado sugería al Gobierno Argentino que aceptase la actitud de las Naciones Unidas sobre el particular, mediante un acuerdo por el cual nuestras autoridades pondrían en conocimiento previo del Agregado Naval de la Embajada Norteamericana, las zonas de aguas territoriales donde nuestros submarinos harían sus maniobras, notificando las fechas de realización de las mismas.

Requerida la opinión del Ministerio de Marina, este Departamento se expidió favorablemente con fecha 31 de marzo de 1942, señalando las zonas en que se efectuarían los ejercicios, y especificando que en todos los casos, nuestros submarinos se trasladarían acompañados por buques de superficie.

En un dictamen de 9 de abril de 1942, el ex-Consejero Po-

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Ministerio de Relaciones Exteriores, Comercio Internacional y Culto
Argentina

MINISTERIO DE RELACIONES EXTERIORES
FOLIO 53

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lítico Legal de la Cancillería, Dr. Isidoro Ruiz Moreno, hizo suyo el criterio sustentado por el Ministerio de Marina, fundando su opinión en el hecho de que las características de los submarinos son tales, que no sería posible una protección adecuada para los buques de guerra de superficie si éstos no pudiesen tomar ciertas medidas en consonancia con esas características, agregando que, en virtud de existir la norma que autoriza a un beligerante para tomar determinadas medidas en la zona de sus operaciones, con respecto a navíos neutrales, también se fundaba la sugestión del Gobierno de los Estados Unidos de extender dichas disposiciones a los submarinos neutrales.

Aceptada la proposición norteamericana, se hizo la comunicación respectiva a la Embajada de dicho país, por memorandum de fecha 9 de abril de 1942.

El Ministerio de Marina se ha dirigido al Ministerio de Relaciones Exteriores y Culto, por nota Sp.2(2) N°181 "PR" de 11 de octubre de 1945, solicitando se inicien trámites ante las Embajadas de los Estdaos Unidos de América y Gran Bretaña, para que se dejen sin efecto las disposiciones mencionadas.

La Dirección de Asuntos Políticos juzga que, habiendo cesado toda actividad bélica en nuestras aguas territoriales así como en alta mar, como consecuencia de la terminación de la guerra, han desaparecido las causales invocadas por el Ministerio de Marina y por el Doctor Ruiz Moreno para aceptar la sugestión propuesta. En consecuencia corresponde dirigir nota a la Embajada de los Estados Unidos de América, solicitando se dejen sin efecto las medidas de referencia.

Buenos Aires, enero 18 de 1946.-

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Ref. nota del Ministerio de Marina, Letra Sp. 2 N° 4 PR.

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Ministerio de
Relaciones Exteriores y Culto
D.A.P.

///nos Aires, enero 18 de 1946

La nota del 11 de octubre de 1945, a que se hace referencia en la presente nota del señor Ministro de Marina, ha sido encontrada agregada al expediente, con los antecedentes del asunto, sin haber tenido trámite alguno. Se dispone en la fecha una investigación con objeto de averiguar cual ha sido el motivo.

MINISTERIO
RELACIONES
21 ENE 1946
Dirección
General Asuntos Políticos

RICARDO BUNGE
DIRECTOR DE ASUNTOS POLITICOS

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Argentina

MINISTERIO DE RELACIONES EXTERIORES Y CULTO
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16 FEB 1946
DIVISION DE TRADUCC

EMBAJADA DE LOS ESTADOS
UNIDOS DE AMERICA

N O T A V E R B A L

La Embajada de los Estados Unidos de América presenta sus saludos al Ministerio de Relaciones Exteriores y Culto de la República Argentina y, al acusar recibo del memorándum de ese Ministerio de fecha 18 de enero ppdo., referente a las disposiciones que rigen la navegación de submarinos de la República Argentina en aguas extraterritoriales, tiene el honor de informar al Ministerio que la cuestión suscitada está siendo objeto de la débida consideración y que se transmitirá una respuesta a la brevedad posible.

Buenos Aires, 5 de febrero de 1946.

L.S.

Es traducción

16 de febrero de 16.

M.V.
A.A
R.S
J.G

JOSE GARO
Cónsul General
A CARGO DE LA OFICINA DE TRADUCCIONES

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Argentina

MINISTERIO DE RELACIONES EXTERIORES
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Buenos Aires, febrero 18 de 1946.-

D. A. P.

RESERVADA

Señor Jefe:

Tengo el agrado de dirigirme a V. S., con referencia a la nota Sp.2.nº1.1 PR., de fecha 11 de octubre del año próximo pasado, haciendo saber que se ha recibido una comunicación de la Embajada de los Estados Unidos de América, informando que han sido sometidas a consideración de las autoridades norteamericanas, las cuestiones relacionadas con el tratamiento de submarinos no escoltado por embarcaciones de superficie o sumergidas. Al mismo tiempo da cuenta dicha Embajada que la respuesta será suministrada a la brevedad posible.

Con tal motivo, aprovecho la oportunidad para saludar a V. S., con mi más distinguida consideración.

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24 FEB. 1946
Luis R. Irigoyen

A S. S. el Señor Capitán de Navío D. Ramón A. Brunet,
Jefe de la Secretaría de Marina.-

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Argentina

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FOLIO 54

B.A.P.

M E M O R A N D U M

En un memorandum de fecha 16 de marzo de 1942, la Embajada de los Estados Unidos de América se dirigió a esta Cancillería, haciendo saber que por disposición del Almirantazgo británico transmitida al Departamento de Marina de Washington, se considerarían hostiles los submarinos no escoltados por barcos de superficie o sumergidos, que fueran hallados en aguas no territoriales. No obstante ello, el gobierno británico llegó a un acuerdo con Turquía, España y Portugal, a fin de dar un trato - miento excepcional a los submarinos de dichos países, a fin de que se vieran libres de peligro de ser atacados.

Con la entrada en la guerra del Japón, -siempre a estar al memorandum de referencia - varios países sudamericanos se verían envueltos en más de un conflicto ante la disposición citada, por lo que el Departamento de Estado sugería al Gobierno Argentino que aceptase la actitud de las Naciones Unidas sobre el particular, mediante un acuerdo por el cual nuestras autoridades pondrían en conocimiento previo del Agregado Naval de la Embajada Norteamericana, las zonas de aguas territoriales donde nuestros submarinos harían sus maniobras, notificando las fechas de realización de las mismas.

Requerida la opinión del Ministerio de Marina, este Departamento se expidió favorablemente con fecha 31 de marzo de 1942, señalando las zonas en que se efectuarían los ejercicios, y especificando que en todos los casos, nuestros submarinos se trasladarían acompañados por buques de superficie.

En un dictamentde 9 de abril de 1942, el ex-Consejero Po-

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- - -

lítico Legal de la Cancillería, Dr. Isidoro Ruiz Moreno, hizo suyo el criterio sustentado por el Ministerio de Marina, fundando su opinión en el hecho de que las características de los submarinos son tales, que no sería posible una protección adecuada para los buques de guerra de superficie si éstos no pudiesen tomar ciertas medidas en consonancia con esas características, agregando que, en virtud de existir la norma que autoriza a un beligerante para tomar determinadas medidas en la zona de sus operaciones, con respecto a navíos neutrales, también se fundaba la sugestión del Gobierno de los Estados Unidos de extender dichas disposiciones a los submarinos neutrales.

Aceptada la proposición norteamericana, se hizo la comunicación respectiva a la Embajada de dicho país, por memorandum de fecha 9 de abril de 1942.

El Ministerio de Marina se ha dirigido al Ministerio de Relaciones Exteriores y Culto, por nota Sp.2(2) Nº181 "PR" de 11 de octubre de 1945, solicitando se inicien trámites ante las Embajadas de los Estdaos Unidos de América y Gran Bretaña, para ue se dejen sin efecto las disposiciones mencionadas.

La Dirección de Asuntos Políticos juzga que, habiendo cesado toda actividad bélica en nuestras aguas territoriales así como en alta mar, como consecuencia de la terminación de la guerra, han desaparecido las causales invocadas por el Ministerio de Marina y por el Doctor Ruiz Moreno para aceptar la sugestión propuesta. En consecuencia corresponde dirigir nota a la Embajada de los Estados Unidos de América, solicitando se dejen sin efecto las medidas de referencia.

Buenos Aires, enero 18 de 1946.-

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Argentina

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Buenos Aires, enero 18 de 1946.-

D. A. P.
RESERVADA

Señor Ministro:

Tengo el honor de dirigirme a V. E., para acusar recibo de la nota Sp.2.Nº 4.PR, -Personal Reservado-, de fecha 12 de enero último, en la que hace referencia a la nota Sp.2. Nº 181 PR, de 11 de octubre de 1945, por la que solicitaba se iniciaren los trámites del caso ante la Embajada de los Estado Unidos de América, tendientes a obtener que se dejen sin efecto las medidas especiales que reglamentan la navegación en aguas no territoriales, por parte de submarinos argentinos.

Al poner en conocimiento de V. E., que se han iniciado las gestiones solicitadas ante dicha Embajada, aprovecho la oportunidad para saludarlo con mi más alta y distinguida consideración.

MINISTERIO DE RELACIONES EXTERIORES
21 ENE 1946
Dirección Asuntos Políticos

JUAN I. COOKE
MINISTRO
DE RELACIONES EXTERIORES Y CULTO

A S. E. el señor Vicealmirante D. Abelardo Pantín,
Ministro de Marina.

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Ministerio de Relaciones Exteriores, Comercio Internacional y Culto
Argentina

MINISTERIO DE RELACIONES EXTERIORES
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M E M O R A N D U M

D. A. P.

El Ministerio de Marina se ha dirigido a esta Cancillería a fin de que inicie las gestiones del caso, tendientes a obtener que se dejen sin efecto las disposiciones que rigen en la actualidad para la navegación en aguas no territoriales, por parte de submarinos argentinos.

El tratamiento especial dado por las Naciones Unidas a los sumergibles, se adoptó como consecuencia del Memorandum de esa Embajada de fecha 16 de marzo de 1942. En el mismo se manifestaba que, de acuerdo con el Almirantazgo Británico, se consideraría hostil a todo submarino no escoltado por barcos de superficie o sumergidos, hallado fuera de aguas territoriales neutrales. Para evitar que embarcaciones en dichas condiciones sufrieran algún percance, se solicitó al Gobierno argentino que en todos los casos, comunicara al Agregado Naval a la Embajada de los Estados Unidos, las zonas donde tendrían lugar los ejercicios.

Este Gobierno aceptó el temperamento propuesto, resolución que fué puesta en conocimiento de esa Embajada el 9 de abril de 1942.

Finalizada la guerra, y habiendo cesado toda actividad bélica en los mares, el Ministerio de Relaciones Exteriores y Culto considera que han desaparecido las causales que motivaron la adopción de dichas medidas, y ante las razones de urgencia invocadas por el Ministerio de Marina, se complace en dirigirse a la Embajada de los Estados Unidos de América, solicitando quiera tener a bien adoptar las disposiciones necesarias para que las mismas sean dejadas sin efecto.

Buenos Aires, enero 18 de 1946.-

LUIS H. ... DIRECTOR GENERAL DE LA SECRETARIA DE RELACIONES EXTERIORES Y CULTO

MINISTERIO DE RELACIONES EXTERIORES
21 ENE 1946
General Asuntos Políticos

A LA EMBAJADA DE LOS ESTADOS UNIDOS DE AMERICA.

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ANOTADO

MINISTERIO DE RELACIONES EXTERIORES Y CULTO
16 FEB 1946
DIVISION DE TRADUCCIONES

Juan F.C. J.N. Pena 4
Exp. 1 T. II

RELACIONES EXTERIORES MINISTERIO FOLIO

EMBAJADA DE LOS ESTADOS
UNIDOS DE AMERICA

N O T A V E R B A L

La Embajada de los Estados Unidos de América presenta sus saludos al Ministerio de Relaciones Exteriores y Culto de la República Argentina y, al acusar recibo del memorándum de ese Ministerio de fecha 18 de enero ppdo., referente a las disposiciones que rigen la navegación de submarinos de la República Argentina en aguas extraterritoriales, tiene el honor de informar al Ministerio que la cuestión suscitada está siendo objeto de la debida consideración y que se transmitirá una respuesta a la brevedad posible.

Buenos Aires, 5 de febrero de 1946.

L.S.

Es traducción

16 de febrero de 1946.

M. V.
A. A.
R. S.
J. G.

JOSE GARO
Oficial General
A CARGO DE LA DIVISION DE TRADUCCIONES

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Ministerio de Relaciones Exteriores, Comercio Internacional y Culto
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MESA DE ENTRADAS Y EXPEDICIONES
A
DIVISION ASUNTOS POLITICOS

MESA DE ENTRADAS
Y EXPEDICIONES
6 FEB 1946
EMBASSY OF THE
UNITED STATES OF AMERICA

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NOTE VERBALE

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs and Worship of the Argentine Republic and, in acknowledging the receipt of the Ministry's memorandum of January 18 last, concerning the provisions covering navigation of submarines of the Argentine Republic in extra-territorial waters, has the honor to inform the Ministry that the question raised is receiving due consideration and that a reply will be forwarded as soon as possible.

Buenos Aires,
February 5, 1946.

PL3

Embassy of the United States of America
BUENOS AIRES

Buenos Aires, febrero 6 de 1946.-

Pase a la Oficina de Traducciones para que se sirva verter al castellano el texto de la nota precedente.-

Ministry of Foreign Affairs and Worship
of the Argentine Republic.

21 FEB. 1946
Dirección General Asuntos Políticos

Archivo Histórico
Ministerio de Relaciones Exteriores, Comercio Internacional y Culto
Argentina

Buenos Aires, 16 de febrero de 1946.

Con la traducción efectuada vuelva a la División de Asuntos Políticos.

JOSE GARO
Cónsul General
A CARGO DE LA OFICINA DE TRADUCCIONES

MINISTERIO DE RELACIONES EXTERIORES Y C
16 FEB 1946
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Buenos Aires, febrero 18 de 1946.-

Hágase saber el contenido de la nota precedentemente al Ministerio de Marina.-

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REPUBLICA ARGENTINA

Ministerio de Relaciones Exteriores y Culto

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Expediente..... Año.....

FORM. 64