

Proceedings of Meeting No. 11
of the
SPECIAL INDUSTRIAL RECOVERY BOARD

held in
The Conference Room, No. 5842
Department of Commerce
August 28, 1933

PERSONAL AND CONFIDENTIAL

Copy No. 6

For Hon. Frances Perkins

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ATTENDANCE AT MEETING NO. 11

August 28, 1933

Hon. Daniel C. Roper, Secretary of Commerce, Chairman

Hon. Homer S. Cummings, Attorney General

Hon. Henry A. Wallace, Secretary of Agriculture

Gen. Hugh S. Johnson, Administrator

Hon. Charles H. March, Chairman Federal Trade Commission

Hon. Turner Battle, Assistant Secretary of Labor

Hon. Alvin Brown, representing Director Douglas

Miss Frances Robinson, Assistant to General Johnson

Dr. Isador Lubin, Commissioner of Labor Statistics

Hon. John Dickinson, Executive Secretary

Mr. E. W. Jensen, Assistant Secretary

Mr. B. P. Foote, Reporter

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of the

SPECIAL INDUSTRIAL RECOVERY BOARD

August 28, 1933

2:33 P. M.

CHAIRMAN ROPER: The first item is approval of minutes of last meeting.

Are there any corrections in the minutes: If not they will stand approved as recorded and as you have all read them.

General, I suppose that the next item gives you an opportunity to make any statement you wish to make.

GENERAL JOHNSON: I am practically removed from all normal duties because for a week we have been doing nothing but negotiate a coal settlement. That being the most critical, vital and dangerous thing, I have given all my time to it. It looks now as though we might get a settlement this afternoon between the Appalachian, Northern and the Southern fields and the labor people, with only two or three spots outside. If that can happen it is the first time it ever did happen. Of course, these things may blow up the last minute, but it looks very good.

Of course everybody knows the Automobile Code was approved; and now practically the whole of modern industry have a code submitted. There is nothing outside to amount to anything. There is probably no way to check up definitely, but I think sixty to seventy percent of all employers have at least gone through the motions of putting up the Blue Eagle.

We are about to enter a transitional period in both elements of the job--that is, the more permanent operations under codes and also the drive to get everybody signed up on some kind of agreement and get them into trade associations. If this is to be guild government, you can't deal with individuals in the long run. I don't think we will know anything about it for two or three months. I have nothing particular to say about it except that.

CHAIRMAN ROPER: You think the progress is gratifying?

GENERAL JOHNSON: Yes, I think so, but I would rather see the thing working.

CHAIRMAN ROPER: I have here a memorandum from Frank Wilson of General Johnson's unit and he said that he wanted to say something to me about the colored labor situation which he learned from his trip to the South. I take it it is not necessary to have Mr. Wilson's memorandum submitted here. Has the Secretary of Agriculture anything to say on the labor situation down there?

SECRETARY WALLACE: While I was walking on the streets down there, I overheard a couple of Negroes say that they lost their jobs because of the NRA. It was sort of interesting to pick up that bit of information. However, my guess is that the South will have a larger percentage of income because of the NRA.

CHAIRMAN ROPER: The consumers in New England at least are preparing to put this thing over. On my trip I came through West Point, where my son is, and he was very much elated over this situation: Some woman wanted a little fixture repaired in her home and a man came to do it; she said, "I don't see the Blue Eagle

on your wagon. If you haven't got that, you can't get in the house". He told her he had the Blue Eagle but had left it at home. He had to go through the procedure of giving evidence that he had the Blue Eagle. She suggested that he keep it on the wagon. There is a great deal of interest of that type which I think is the best way to enforce it after all.

Next is a report from Secretary Perkins on enforcement methods postponed from the last meeting.

MR. BATTLE: The Secretary has several ideas herself, but she has expressed to me that she does not approve of these local councils in the various towns appointing volunteer inspectors or policemen who have had no training in the matter of enforcement. She sent a letter over to General Johnson before she left town. I do not know whether General Johnson has had an opportunity to go over it or not. We have been investigating the various agencies which could be utilized. We have looked into the personnel of the State Labor Departments and we find they run from 652 in New York to 3 in Wyoming. In some cases they would be very valuable in making intelligent investigations, while in other states they would not have sufficient personnel. We have gone over the Federal agencies of the different departments. I think this matter is of great importance, and if it is your wish and General Johnson's wish, that we make a recommendation, I think we should appoint a committee of the Department of Labor, the Federal Trade Commission and someone whom General Johnson shall designate to work out a concrete plan.

GENERAL JOHNSON: I would like to say this: We are in a transition period. If this thing works out, we are going to arrive at a sort of guild government of industry in this country. I very carefully considered Miss Perkins' memorandum and I do not think we have enough data yet to make a decision on that question. Many of the things she suggests fit right in and some of them do not. I think it is a little premature to start that discussion at this time.

MR. BATTLE: Do you think it would be in order for this committee to start that study?

GENERAL JOHNSON: No, I don't think so. There are some things the President himself has to decide first. I don't want to have enforcement a part of it. I think that the complaints that come in ought to be routed according to their nature, some of them to the Department of Labor, some to the Federal Trade Commission and some to the Attorney General, and perhaps to other inspecting and supervising agencies of the Government. I do not believe, for a good many reasons, that many of those facilities should be deflected to our organization, nor that our organization ever should set itself up as an investigating or inquisitorial body. I think the moment it does, the idea of self-government goes out the window; and the idea of self-government is the essential thing on which this is based. At the same time, there must be enforcement, although I do not even want to call it enforcement.

MR. BATTLE: Miss Perkins agrees with you on that. These people who go

around might be called inspectors or coordinators.

GENERAL JOHNSON: The enforcement of the labor provisions in this code is only one angle, and I would not like to have it set up now stressing that angle and not the others. We have several mandates in the law; one is, not to become monopolistic, and another is not to oppress small industry. Of course it is assumed that there is to be disciplinary action, but I really think it is premature to take up the question of this long-range organization and pass it over to a committee to study. The committee could not possibly be informed of the stuff we will be able to lay before it a little later. It is a problem that we are studying but it looks toward the long-term operation of this law.

MR. BATTLE: I think volunteer investigators have always proved very unsatisfactory.

CHAIRMAN ROPER: What is the information you get, Mr. Battle, as to the operations of the Administration's plans?

MR. BATTLE: We have many and varied complaints. Of course this Negro situation is one of the complaints. It is felt by a great many small manufacturers that the agreements are meant to crush them out. There are many reports of people being fired for joining a union or calling a meeting to form a union. We get such complaints in regular avalanche practically every day.

In going over the various agencies we find the Department of Agriculture, Bureau of Animal Industry and Dairying, Forest Service, Agricultural Economics, Drug Administration, Agricultural Adjustment Administration and then certain agencies

already set up of trained men. There is such a vast field that we have to draw from of trained men that the Secretary felt there should be a general study made of it so as to have available information for General Johnson if he desires to use it.

CHAIRMAN ROPER: Is it the desire of the Board that we retain this item on the agenda for next meeting?

ATTORNEY GENERAL CUMMINGS: I don't think it ought to be dropped. I do not understand from what I have heard that Madam Secretary has any specific plan to suggest other than that there be a committee to study what plan should be adopted. The suggestion is a scheme for study rather than to promote a particular method of procedure. I think, on the whole, in view of what has been said by General Johnson and Mr. Battle, we better retain this on the agenda and all of us give it a little more thought and be prepared to discuss it during the next meeting.

CHAIRMAN ROPER: Without objection that will be done.

CHAIRMAN ROPER: "Further discussion of the collection of statistical information by governmental agencies." Secretary Wallace and Secretary Perkins both were interested in having this further discussed at this time. How about the Secretary of Agriculture?

SECRETARY WALLACE: Some little time ago I submitted to the General, and I think also the matter was brought up in the council, this matter of our being able to get the continuance of certain price series which are dependent upon the cooperation of industry. They seemed to feel that sending the information to their own price-gathering agencies exempts them from reporting to the govern-

ment as they had formerly done. We have felt, and I understand that Secretary Perkins has felt, that there should be put in the codes a definite requirement for the reporting of these figures to governmental agencies to which they formerly had been coming, so that we can understand the very significant changes that are going on and so that we can measure them. In our own particular activity under the Agricultural Adjustment Act we have the duty of reporting to the consumer any pyramid-~~ing~~--the duty of dealing with the margin between the producer and the consumer. In order to measure that with any accuracy and justice, it is essential that we have these figures on which the Department of Labor, and I believe also the Department of Commerce, have relied in the past. We want to maintain the continuity of these series and probably it will be necessary to have some new price series if we carry out our duty under the Agricultural Adjustment Act, and I believe also under the NRA.

MR. BATTLE: Mr. Secretary, Miss Perkins asked me to recommend to the Board that we recommend to General Johnson that he recommend to the President that he issue an Executive Order including in all codes that have been adopted to date that they are required to report to the regular governmental agencies, and I have here today with me Dr. Lubin, who is head of our labor statistics, and I would like to have him talk on that subject and indicate the seriousness of the dropping off of reports by those who say they are now reporting to their trade associations. The results of the figures we get from the trade associations have been very

inaccurate. We have no way of checking them.

DR. LUBIN: As you all no doubt know, most of the codes thus far approved have specifically provided that the trade association be designated as the exclusive agency to which reports are to be made---

GENERAL JOHNSON: Not the exclusive agency.

DR. LUBIN: The Cotton Textile Institute insists that it has the exclusive right to collect reports.

GENERAL JOHNSON: The law gives the President the right to require such statistics as may be needed.

DR. LUBIN: We have been unable to secure certain reports because they have so interpreted it.

CHAIRMAN ROPER: Which others, Doctor, beside the Cotton Textile?

DR. LUBIN: Most of them provide that the trade associations shall collect the information. The Census Bureau has received telegrams from manufacturers refusing to report to them and saying that they are now reporting under the code, as required, to the trade associations. I think all of us agree that trade associations should have the right to collect statistical information for such needs as they feel they have. But the way the codes have been interpreted by such trade associations makes it impossible for us to get the information we need. As things stand at present, they will refuse to give such information unless the President orders them to do so.

GENERAL JOHNSON: I do not think that is correct. Have you had any conversation with Dr. Sachs?

DR. LUBIN: Yes, I have, and Dr. Sachs is hopeful that the situation may

be cleared up.

GENERAL JOHNSON: I do not anticipate any difficulty about this. It is true that most of those codes do provide that the trade association may gather information, but I know that you are wrong when you say that any one of them provides that they shall be the exclusive agency. The law says the President shall prescribe such reports as he sees fit. I do not see any necessity for an Executive Order. It should not be necessary to change the codes, but simply to direct them as to the furnishing of the figures. I think it is a great mistake to just turn loose all the authorities of the Government with power to call on the industries for all the statistics they want. It would cost some industries \$25,000 a year to furnish the statistics called for. I think the information should be strained through some central source, such as the Central Statistical Board. Those industries are not set up just to stick pins in.

CHAIRMAN ROPER: That has all been provided for.

DR. LUBIN: The Central Board has no power to compel anybody to report to them. All we have asked for is that the President shall order these industries to report in such a way and to such organizations as General Johnson requests.

GENERAL JOHNSON: I think it ought to strain through this Central Board or some place, to avoid duplication.

DR. LUBIN: The Central Statistical Board has set up its organization in such a way that no information will be asked that is being collected by some other organization. The Department of Labor is ordered to collect information on payrolls, but it cannot

report on that now.

GENERAL JOHNSON: They are wrong in saying that; we can call them to terms on that.

DOCTOR DICKINSON: Would not a general interpretation to the effect that nothing in any code would disturb the ordinary process of reporting be sufficient?

CHAIRMAN ROPER: Do we not need at this time a suggestion from the Statistical Board?

DOCTOR DICKINSON: It has done that.

DOCTOR LUBIN: But no action has been taken to see that that is put into operation. There is one industry which has three associations in it. Each of the three collects its own information in its own way. There is no continuity. Fifty per cent belongs to a trade association and the other fifty per cent does not. Business men are not going to report to trade associations in which they are not interested, and unless General Johnson or somebody of equal authority tells them they must continue to report to the government agencies on certain matters, they will not do so. There is the case of the Dupont Company which has 28 codes it is going to sign. You will have the same firm reporting to 28 different trade associations.

GENERAL JOHNSON: We are trying to consolidate. Where you get 28 codes I don't know.

DR. LUBIN: That came from one of your own men.

DR. DICKINSON: We have the problem of the continuance of statistics that have heretofore been furnished to governmental agencies. Of course, we are not justified in asking for too many statistics.

GENERAL JOHNSON: Or for improper things.

DOCTOR DICKINSON: But we can assume that the statistical series that have been going on up to the present time are, for the most part, not excessive. If anything, we have not had enough of them. Certainly nothing ought to disturb the continuance of those established series. I don't see why, as far as they are concerned, the most effective way to preserve those series would not be an authoritative interpretation that what is said about reporting to trade associations does not mean that statistics should not continue to be turned in to the governmental agencies involved.

MR. BATTLE: The Secretary of Labor would like it included in the future codes. She would like to recommend an Executive Order on past codes.

GENERAL JOHNSON: I would rather not include it in the codes. That raises the question whether you do not have to bring everybody back again.

DOCTOR LUBIN: I have here correspondence between the President of the Cotton Textile Institute and Mr. Slater. They interpret their jobs to collect this data.

MR. BATTLE: The fact remains that they are not giving us the data. They are refusing to report to us.

CHAIRMAN ROPER: I understand that the General is willing to cooperate with you in correcting that.

ATTORNEY GENERAL CUMMINGS: As I get it from what has been said in behalf of Miss Perkins, she has no complaint of any kind to make about people collecting statistics under the code as directed by the

code. Her trouble grows out of the fact that the orderly method has been for some time--whether properly or improperly--interrupted. What she wants is to protect herself against the break-up of the continuity of collecting statistics. If that can be corrected by the simple device that General Johnson has suggested, that solves the problem; if it doesn't, I think this Board should take action, because I can conceive of nothing more disastrous than to break up the orderly continuity of statistics. We could not allow that to happen, as I see it.

CHAIRMAN ROPER: As I understand it, General Johnson will work that out in a manner that will be satisfactory and in accordance with the previous resolution brought before the Board.

ATTORNEY GENERAL CUMMINGS: That will be all right if it works out satisfactorily; if not, we can bring it up again.

CHAIRMAN ROPER: There are many things that seem to be not worth while bringing up and yet I think it is well for the Board to keep advised. Someone has objected to this little button-hole label which is being manufactured and sold for profit under a permit from the government. That is not an exclusive right that we give them, is it?

GENERAL JOHNSON: Oh, no, certainly not. I don't think there was any authority as to these little lapel buttons at all. Printers can print these devices on order from people who are entitled to use them.

ATTORNEY GENERAL CUMMINGS: Is that a permission or a permit?

GENERAL JOHNSON: It is a regulation under which people may do this.

ATTORNEY GENERAL CUMMINGS: It is more in the nature of a general

governmental permission.

GENERAL JOHNSON: It is the first time I have heard of this consumers' button. (The little emblem was then handed to Miss Robinson.)

CHAIRMAN ROPER: Next on the agenda is the question of accounting procedure for the NRA. Will you read it, Mr. Secretary?

Mr. Jensen then read the following:

"August 26, 1933

"From: Executive Officer

"To: John Dickinson, Executive Secretary, Special Industrial Recovery Board.

"Subject: Accounting Procedure.

"With respect to the general policy of the Administrator to utilize the existing facilities of the Department of Commerce, it was the original intention to have the Purchases and Sales Division of the Department of Commerce do the accounting for N.R.A.

"However, after a further study of our requirements in connection with appropriation accounting and financial control reports, it has been determined that the present N.R.A. Auditing Section can more readily and economically handle this work, and without additional personnel.

"Your approval of this departure from the original arrangement is respectfully requested.

(Signed) John M. Hancock"

DOCTOR DICKINSON: I take it, General, that is due to the great increase in the size of your organization.

GENERAL JOHNSON: I suppose so. General Hancock made that recommendation. He said they had gone into it and that it was the cheaper way to do it.

CHAIRMAN ROPER: I take it it is more economical and entirely satisfactory if there is no objection on the part of the Board to this plan. I hear none.

Now, Mr. Attorney General, will you report on Number 7, please, sir?

ATTORNEY GENERAL CUMMINGS: That appears a little more formidable than circumstances justify. All that I know about it is this: I was talking with the President Saturday about various matters and amongst the matters mentioned in our telephone conversation was this one, that there has been some suggestion made that Cabinet Officers and other people of some degree of prominence should be photographed in the act of signing an agreement not to trade with people who do not have Blue Eagles, and I asked him whether he had passed on this and he said he had not. I told him that the Board had not passed on it, as far as I knew. I did not know how far it had progressed. I only knew that the request had come to the Department of Justice for me to participate in this thing, and for that reason I brought it up. He said he thought perhaps the Board better discuss it. Therefore, I asked that it go on the agenda for discussion. I have no particular suggestion to make and I do not hold any brief or any particular point of view. I merely bring it up for discussion to ascertain where we stand on it.

CHAIRMAN ROPER: It is for discussion now.

ATTORNEY GENERAL CUMMINGS: What is the situation? Is there such a program? How, about it, General?

GENERAL JOHNSON: It may be that these publicity sharks have suggested something of that kind. We have suggested to the people that they buy from those that do have the Blue Eagle. If we do not support the people that have shortened hours and raised

wages, and do not call attention to that fact, we might as well abandon the whole enforcement of this Act, or else get a very different concept of it, because a man can't compete with another man across the street whose costs of operation are considerably lower than his.

ATTORNEY GENERAL CUMMINGS: Where do we stand on it? Who is doing this?

MR. BATTLE: I received a call from the Pathe News Service wanting to find the Secretary to have her picture taken signing this agreement, and Miss Perkins was out of town.

GENERAL JOHNSON: It is apparently just some publicity service.

ATTORNEY GENERAL CUMMINGS: They did not call me but I got this from one of my secretaries who said there had been a call representing that General Johnson's organization desired this to be done as the beginning of a campaign to have people sign up.

GENERAL JOHNSON: There may have been something like that. There are some consumers' cards in which these people say they will buy from those who have the Blue Eagle, but they do not say anything about not buying from people who do not have the Blue Eagle.

ATTORNEY GENERAL CUMMINGS: Oh, no, I do not understand that they wanted us to sign a boycott card to the effect that we would not trade with those who did not have the Blue Eagle.

GENERAL JOHNSON: The statement on the consumers' card is that they will support and patronize those who have the Blue Eagle.

ATTORNEY GENERAL CUMMINGS: I would like to see what the card says, and I would like to have it passed on before sanction is given to the program. I do not know that I am opposed to the program. It may be all right, but I certainly think that before a matter

of policy of such great importance is launched we should find out who is launching it and how far we are called upon to express any opinion.

MR BROWN: The text of that card is a part of the regulations governing the President's Reemployment Agreement which I understand has been approved by this Board.

CHAIRMAN ROPER: I do not remember the text.

ATTORNEY GENERAL CUMMINGS: That is for those who sign the code, but this I understand is quite a different matter. It has to do with an attempt to reach the consuming public more or less individually.

GENERAL JOHNSON: No, in the regulations approved by this Board there was to be a consumers' badge and a consumers' card presented voluntarily for people to sign. I do not know about this request for Cabinet members and such people to be photographed signing it. I do not believe in things of that kind. I will have to look into that part of it.

CHAIRMAN ROPER: Then by way of safeguarding this matter until a definite procedure is approved, is it the thought of the Board that we should say to such persons who may be behind such a movement that the Board has taken no action in regard to this matter at all?

GENERAL JOHNSON: That is with regard to public officials.

ATTORNEY GENERAL CUMMINGS: To put it bluntly, I don't feel like signing that card and making a little statement which they request you to make unless I know it is what the President wants and what this Board wants.

CHAIRMAN ROPER: I take it there is no objection.

GENERAL JOHNSON: I think the text of the card was in the regulations that were approved. As to having Cabinet members sign up in that way, it looks like rather small stuff, and I do not approve of that myself.

ATTORNEY GENERAL CUMMINGS: It rather ran counter to my instinct.

GENERAL JOHNSON: It runs counter to mine, too.

CHAIRMAN ROPER: Is it satisfactory to leave it that way?

ATTORNEY GENERAL CUMMINGS: That we shall not cooperate in such a thing until further advised by the President or by this Board.

GENERAL JOHNSON: These consumers' cards are being signed all over the country by millions.

CHAIRMAN ROPER: I think we understand that.

ATTORNEY GENERAL CUMMINGS: This is an effort to visualize it and dramatize it.

GENERAL JOHNSON: Mr. Attorney General, I am sorry that anybody did that. Visualizing and dramatizing, I think, is cheap business and I am shocked that anything like that happened. I don't think we ought to leave it for somebody to determine. I imagine everybody at this table thinks that ought not to be done. I know I do.

CHAIRMAN ROPER: I shall be glad to entertain a motion.

ATTORNEY GENERAL CUMMINGS: If we are all in agreement, I shall be glad to make a motion.

GENERAL JOHNSON: I will make the motion myself.

ATTORNEY GENERAL CUMMINGS: All right, you make it and I'll second it.

GENERAL JOHNSON: I move that the matter of having the officials of the

Government photographed for the purpose of publicity not be utilized in connection with the President's Reemployment Program.

ATTORNEY GENERAL CUMMINGS: That is a little too broad, General. There are some things that might be appropriate if limited to a particular activity.

GENERAL JOHNSON: In connection with the consumer campaign.

CHAIRMAN ROPER: That is all right.

ATTORNEY GENERAL CUMMINGS: I second the motion.

CHAIRMAN ROPER: All in favor, please indicate it by saying "Aye"; any opposed by saying "No." It is so ordered.

CHAIRMAN ROPER: "Cost of production as a measure in the Codes."

Secretary Wallace requested discussion of this subject.

SECRETARY WALLACE: You may remember that when the Agricultural Act was pending there was the celebrated so-called Simpson Amendment providing for government price fixing on the basis of cost of production, and that the administration had that amendment defeated. We, of the Agricultural Adjustment Administration, are somewhat disturbed to find in some of the codes phraseology indicating that cost of production is to be used as a guide in certain price matters. In the Lumber Code, for instance, there is the provision for setting minimum prices based on cost of production for a whole section of the industry and the lumber people go ahead to set up the elements that are to be used in determining the cost of production; and one of the elements of the cost of production is the value of standing timber, which is dependent on what they can sell the products

for. I have a rather detailed memorandum on the subject which I could read if it were not presuming too much on your patience, or which I could leave for the purpose of the record if you care for it. It seems to me it is exceedingly important pending this matter of writing cost of production into the codes. I think, under some conditions, it may be wise for certain periods of time to fix prices or margins. I question, however, whether it is wise to delegate to any industry the right to do so.

GENERAL JOHNSON: They have no right to do so except with the participation and under the veto power of the government.

SECRETARY WALLACE: You are quite sure that that is the case in connection with the Lumber Code, are you, General?

GENERAL JOHNSON: Yes, I think so.

SECRETARY WALLACE: It doesn't quite seem that way to me.

GENERAL JOHNSON: I am not prepared to discuss it at this moment, but the Legal Section has had it under consideration and I don't think it got away from them.

SECRETARY WALLACE: I would like to discover just what your attitude is toward the cost of production provision.

GENERAL JOHNSON: I have no general attitude. I am opposed to price fixing on any natural product if you do not control the production. I am not exactly sure what the President's view is on that. I have never discussed it to a conclusion. It is especially noticeable in the Oil Code. We are embarking on an endeavor to limit certain elements of competition. As I see it in a broad way, we are supposed to let people compete

by good buying, and certain elements of competition are supposed to be below-the-belt practices. That, as I understand it, is the new economic principle of operation in this country. The most hurtful situation with which we have to deal is people selling by continually degrading costs, mostly at the expense of labor. Take this coal situation for instance, which threatens the whole program and the whole recovery right now--and I don't think that is the slightest exaggeration. The coal fields have been thoroughly unionized and they are now hanging between a complete walkout involving about 200,000 miners and some kind of an agreement. Some mines in the Appalachian fields sold to the New York Central coal at 43 cents, when the actual labor cost is \$1.06 a ton. There has been a degradation of labor conditions in that field that is beyond expression. We have to move into that and raise the wages unless we can do something to stop them from giving coal away. To make a broad statement, I think there should not be sales at prices less than cost of production under a code. I would hate to see that happen.

MR. BATTLE: It has been contended to the Department of Labor that the larger manufacturers are making a statement to the effect that they are going to have a code which will force out the small competition.

GENERAL JOHNSON: If there is such abuse, of course we will have to catch it up. The place to clear up those things is in the hearings, and I do not believe anything like that was said there. It seems to me this goes back to the matter of admin-

istration. If I have been mistaken about this policy, we have gone a long way on it.

SECRETARY WALLACE: I doubt if you are mistaken, the way you phrase it, but I wonder if your policy is being carried out in the codes. I wonder if some of these codes will not lead to results which you will look upon as unfortunate. In some cases it is a question of phraseology.

GENERAL JOHNSON: If there was any objection to that phraseology it seems to me the time to make it was during the hearings.

SECRETARY WALLACE: We do not have time to attend all the hearings. We have, I think, written several letters to you about this cost of production matter.

CHAIRMAN ROPER: That is quite a big question as to how to deal with cost of production. It is one of the questions that has never been determined.

SECRETARY WALLACE: Can you use some of these policies which you feel are so necessary and yet avoid some of that spiraling effect?

GENERAL JOHNSON: I have not seen the effect yet, Henry. We are starting this whole thing as an experiment. Everybody who wishes to do so is expected to raise questions in these hearings. We are expected to see that they do not tend toward monopoly or toward the oppression of small enterprises. Hardly any of them have gone far enough for us to see what their effect or tendency is. We are just at the threshold of the experimentation.

SECRETARY WALLACE: I think it might be a year before anything serious would come.

GENERAL JOHNSON: We have to proceed and act on the codes and while we have been trying to study each one of those codes for the purpose of seeing whether or not we thought we were turning loose something that might later destroy us, it is rather ex post facto at just this moment and under the exhaustive circumstances of analysis in connection with the public to say this code or that code ought to be changed.

SECRETARY WALLACE: I am just using that as an illustration. You still have opportunity with other codes, no doubt, where your policy is not formulated.

GENERAL JOHNSON: It is very flexible. We are learning things every day.

MR. BATTLE: My impression of the codes is that they are getting more and more explicit in the matter of price fixing.

GENERAL JOHNSON: You haven't made any objection at any of these hearings, have you?

MR. BATTLE: No, sir, I have not been to but one or two hearings.

CHAIRMAN ROOPER: This subject of cost of production is a very difficult one. I remember that in stating the tariff we were always in doubt whether we should take the cost to a man who was at the bottom of the ladder or the man who was at the top of the ladder or the man intervening. If we regulated the tariff for the man at the bottom of the ladder, we were contributing to inefficiency. If we put the cost of production on the man at the top of the ladder we were putting excess value on efficiency. It is a very confusing subject.

SECRETARY WALLACE: It is not the variation between individuals, but variation between points of time.

GENERAL JOHNSON: This is not a requirement in this thing. These are so-called codes of fair competition. It would not be very shocking to me for a general provision to be laid down that it would be a method of unfair competition for a man to go out and sell for less than his cost of production. That is the process by which these industries have been degraded. That does not necessarily require any method of determination. You have a court or tribunal that receives complaints either from the little fellows or the big fellows. If they say Mr. So-and-So is violating his code because he is selling for less than cost of production, you bring in Mr. So-and-So and ask him about it. It will not be very difficult when the time arises to find them out.

DOCTOR DICKINSON: Might I ask this question--whether this Lumber Code does not provide for selling below the net cost of production, but for selling below a kind of artificial average cost of production?

GENERAL JOHNSON: It may be, but I do ~~not~~ think so.

CHAIRMAN ROPER: This is a subject that is going to require a great deal of attention in the future. It strikes me that if you had a representative from each of these three departments so much interested in this subject studying along with General Johnson, both for the immediate emergency and also for the long-range necessity, that you might put into operation something that would be very beneficial in the study of this subject.

SECRETARY WALLACE: There is one other subject to be considered if any such committee is set up, and that is the matter of margins,

which the General has already started to approach. It takes us into the food codes, for instance, where we necessarily must work very closely with the General.

CHAIRMAN ROPER: I believe we ought to provide for a long-range study to do with what we will later call the normal conditions of administration, and it seems to me that this is a very good illustration of the possibility of cooperation of such a committee.

ATTORNEY GENERAL CUMMINGS: Are we through with that subject?

CHAIRMAN ROPER: Yes, unless you want to take some action.

DOCTOR DICKINSON: I would suggest that the question be referred to the Central Statistical Board to see whether or not they would care to recommend a committee on the subject. If they want to send in a recommendation we can discuss it at that time.

This motion was seconded.

CHAIRMAN ROPER: This situation is to be called to the attention of the Central Statistical Board with a view of seeing whether that Board would like to bring a recommendation for a special committee from the three departments, if you please, to give long-range study to this particular subject.

SECRETARY WALLACE: I would like also to have included in that the study of margins.

CHAIRMAN ROPER: Yes, the study of margins should be included. Is there further discussion desired? If not, all in favor say "Aye"; any opposed please say "No." It is so ordered.

I have in my hand here several recommendations from General Johnson with regard to additional employees which I am

simply asking the Board to approve.

MR. BATTLE: I move we approve of these appointments. (See Appendix.)

SECRETARY WALLACE: I second the motion.

CHAIRMAN ROPER: All in favor say "Aye"; any opposed, "No." It is carried.

ATTORNEY GENERAL CUMMINGS: I would like to ask about a couple of suggested codes. Is anything being done about a Shipping Code?

GENERAL JOHNSON: Yes, Sir.

ATTORNEY GENERAL CUMMINGS: How far along is it?

GENERAL JOHNSON: That is one where the Shipping Board comes in. We have asked for joint action but it is not anywhere near approved.

ATTORNEY GENERAL CUMMINGS: Has some question arisen as to whether the NRA is applicable in view of the international character of many of their operations?

GENERAL JOHNSON: Yes, some such questions have arisen. We are trying to take it up with the departments involved.

CHAIRMAN ROPER: In view of the question that the railroads are not included?

GENERAL JOHNSON: There is tremendous pressure on us. We have let it go with the assumption that we have nothing to do with it. The criticism that we are deliberately leaving out one large class of employees is becoming terrific.

MR. BATTLE: I cannot quote the matter verbatim but I saw the statement by the President in the press that he was going to take that up.

GENERAL JOHNSON: Eastman is working on it. The situation is rather confusing.

ATTORNEY GENERAL CUMMINGS: It is very complicated.

GENERAL JOHNSON: The same thing is true of the shipping area. We are trying to hold that to the coastal area so that the international character does not come in. Related labor is so tied up with the National Transportation Act that it is a very great problem. Criticism is becoming very heavy that we are doing nothing about it.

ATTORNEY GENERAL CUMMINGS: How about the question of aluminum?

GENERAL JOHNSON: The aluminum people had a code in but we found out they had gotten out a very complicated sort of pamphlet asking what they wanted to do about representation. Is that what you refer to, or is it the general subject?

ATTORNEY GENERAL CUMMINGS: I referred really to both.

GENERAL JOHNSON: The matter is not at the point of a hearing yet. It is at the point of discussion. That is a monopoly itself. When we asked the president of the aluminum company about it, he said that to his knowledge nothing of that kind had been done. He didn't believe it had been done. We gave him a copy of the pamphlet and they are withdrawing it. That is in this doubtful fringe of what a company can do. They cannot force a body of men to join the company union.

ATTORNEY GENERAL CUMMINGS: How about the question of products made from aluminum?

GENERAL JOHNSON: That is a serious question, and I am not very familiar with it.

ATTORNEY GENERAL CUMMINGS: Aluminum is a hundred per cent monopoly. There is no aluminum made in the United States except by the Aluminum Company of America.

GENERAL JOHNSON: There is some imported.

ATTORNEY GENERAL CUMMINGS: Well, that is a controversial question too.

But there are a great many products made from aluminum by companies that are attempting to survive and there are products made from aluminum by the Aluminum Company of America.

GENERAL JOHNSON: The hearing on that is going to be a hot one.

ATTORNEY GENERAL CUMMINGS: I would be very glad if you would make a mental note to let me know when that comes off.

CHAIRMAN ROPER: Let me get back to the transportation question for just a moment. Might it not be well to have this matter referred to the Attorney General for an opinion?

GENERAL JOHNSON: I do not know that it is quite time to do that. The specific legal question has not come up.

ATTORNEY GENERAL CUMMINGS: Is there an immediate and crucial question involved?

GENERAL JOHNSON: It is in the preliminary stages.

CHAIRMAN ROPER: Shall I proceed to direct the Shipping Board to prepare the code or assist in its preparation as the General has requested in the communication which I have received from him? The question is--how shall I proceed to conform to the General's suggestion?

ATTORNEY GENERAL CUMMINGS: Perhaps the General would rather not have an opinion.

GENERAL JOHNSON: Oh no!

ATTORNEY GENERAL CUMMINGS: Lord knows I am not soliciting an opportunity to write an opinion. I have not read the letter, but is there any objection to having it referred to me for an informal opinion?

GENERAL JOHNSON: No, certainly not.

The communication referred to above was then handed to
the Attorney General.

The meeting adjourned at 3:55 P.M.

APPENDIX

NATIONAL RECOVERY ADMINISTRATION PERSONNEL JOURNAL

Pages 24 to 28, inclusive,
covering 110 names

| <u>Name</u> | <u>Position</u> | <u>Salary</u> | <u>Effective</u> |
|---------------------------|----------------------|---------------|------------------|
| Dyer, Rowland S. H. | Asst. Counsel | \$5000 | 8-12-33 |
| Fogg, Ralph | Special Asst. | 4000 | 8-8-33 |
| Kilcoin, William L. | Administrative Asst. | 2400 | 8-1-33 |
| Perkins, Edyth M. | Special Asst. | 2400 | 8-18-33 |
| Treanor, Paul W. | Corres. Clerk | 1800 | 8-19-33 |
| Allen, Mary D. | Steno. | 1440 | 8-18-33 |
| Carruth, Maude Marion | Steno. | 1440 | 8-1-33 |
| Cox, Margaret M. | Steno. | 1440 | 8-19-33 |
| Fair, Margaret A. | Steno. | 1440 | 8-18-33 |
| Graves, Laura Muna | Steno. | 1440 | 8-19-33 |
| Jones, Nancy Marie | Steno. | 1440 | 8-18-33 |
| Kerns, Mary | Steno. | 1440 | 8-19-33 |
| Gilbert, Malcom R. | Clerk | 1200 | 8-16-33 |
| Eighmie, James W. | Messenger | 840 | 8-19-33 |
| DuBrul, S. M. | Jr. Examiner | 1800 | 8-12-33 |
| Wilson, Charles E. | Dept. Adm. | 6000 | 8-16-33 |
| Peck, Gustav | Special Asst. | 4000 | 8-10-33 |
| Boone, Charles H. | Special Asst. | 2400 | 8-10-33 |
| Minton, Robert | Corres. Clerk | 1800 | 8-19-33 |
| Urban, Mary D. | Statistical Clerk | 1560 | 8-17-33 |
| Welch, Catherine Brazerol | File Clerk | 1560 | 8-17-33 |
| Page, Rose Walker | Clerk | 1440 | 8-21-33 |
| Pope, Lena M. | Clerk-Typist | 1440 | 8-17-33 |
| Aber, Wanda | Steno. | 1440 | 8-18-33 |
| Bookholtz, Helen | Steno. | 1440 | 8-19-33 |
| Reinhart, Blanche | Steno. | 1440 | 8-16-33 |
| White, Maryleen | Steno. | 1440 | 8-19-33 |
| Musselwhite, Billie | Jr. Clerk | 1320 | 8-19-33 |
| Dunston, Ralph E. | Guard | 1260 | 8-21-33 |
| Kafer, Otto | Mimeo. Operator | 1260 | 8-18-33 |
| Bibb, Dorothy | Under Clerk | 1260 | 8-16-33 |
| Shannon, Cassandra | Typist | 1200 | 8-21-33 |
| Tighe, Cecil C. | Clerk-Messenger | 1020 | 8-21-33 |

| <u>Name</u> | <u>Position</u> | <u>Salary</u> | <u>Effective</u> |
|--------------------------|------------------------|---------------|------------------|
| Howard, Howell | Messenger | \$ 840 | 8-21-33 |
| Medd, Ronald H. | Messenger | 840 | 8-19-33 |
| Phipps, W. Ross | Messenger | 840 | 8-18-33 |
| Taylor, Adeline H. | Exec.&Coord. Secretary | 3000 | 8-16-33 |
| Holmes, Charles R. | Clerk | 2400 | 8-18-33 |
| Stanford, Arthur G. | Clerk | 1800 | 8-22-33 |
| Feidel, Adolph H. | Jr. Examiner | 1800 | 8-12-33 |
| Hiltwein, Viola | Secretary | 1800 | 8-18-33 |
| Moulton, Clarence | Statis. Clerk | 1800 | 8-19-33 |
| Reasoner, Betty | Steno. | 1800 | 8-19-33 |
| Abrams, Zelda | Secretary | 1680 | 8-10-33 |
| Miller, Besse May | Steno. | 1680 | 8-21-33 |
| Dempster, Clara L. | Clerk | 1620 | 8-8-33 |
| Brewer, Mary H. | Clerk | 1440 | 8-19-33 |
| Ring, Freda | Clerk-Typist | 1440 | 8-20-33 |
| Walsh, Paul | Clerk-Typist | 1440 | 8-21-33 |
| Wills, Katharine | Clerk-Typist | 1440 | 8-19-33 |
| Young, Matilda | Clerk-Typist | 1440 | 8-19-33 |
| Drennan, Irene | Steno. | 1440 | 8-14-33 |
| Eby, Eugene L., Jr. | Steno. | 1440 | 8-9-33 |
| Graham, Georgianna | Steno. | 1440 | 8-5-33 |
| Hewitt, Margaret Cox | Steno. | 1440 | 8-11-33 |
| Lyddane, Anna | Steno. | 1440 | 8-2-33 |
| McLaughlin, Mae | Steno. | 1440 | 8-19-33 |
| Medlin, Mattie Jule | Steno. | 1440 | 8-25-33 |
| Nolan, Gertrude | Steno. | 1440 | 8-19-33 |
| Sproesser, August E. | Steno. | 1440 | 8-21-33 |
| Webster, Vivian C. | Steno. | 1440 | 8-16-33 |
| Conroy, Eileen A. | Typist | 1440 | 8-21-33 |
| Fennell, Fanchon | Typist | 1440 | 8-21-33 |
| Wyndham, Rena M. | Typist | 1440 | 8-21-33 |
| Arceneaux, Vivian Teresa | Clerk-Typist | 1320 | 8-21-33 |
| Woodside, Maurice M. | Clerk | 1320 | 8-21-33 |
| Harris, Royal T., Jr. | Messenger | 840 | 8-19-33 |
| Kennedy, Ward | Messenger | 840 | 8-18-33 |
| Swan, Raymond | Messenger | 840 | 8-18-33 |
| Roos, Charles F. | Economist | 5000 | 7-27-33 |
| Kennedy, William J. | Code Examiner | 3000 | 8-14-33 |
| Wade, Hugh J. | Code Examiner | 3000 | 8-22-33 |
| Yakeley, Donald F. | Associate Statistician | 2600 | 8-9-33 |
| Schroeder, Arthur H. | Correspondence Clerk | 1800 | 8-5-33 |
| De Cicco, Joseph | Clerk | 1680 | 8-22-33 |
| Rinehart, Lucile | Clerk | 1680 | 8-21-33 |
| Meininger, Robert E. | Steno. | 1625 | 8-15-33 |
| McCarthy, Richard D. | Steno. | 1625 | 8-16-33 |
| O'Connor, Anna C. | Steno. | 1625 | 8-21-33 |
| Logan, Ralph H. | Clerk | 1440 | 8-23-33 |
| Greene, Ada | Steno. | 1440 | 8-22-33 |
| Moore, Eva E. | Typist | 1440 | 8-10-33 |
| Nyland, Sarah E. | Typist | 1440 | 8-11-33 |
| Sloan, Almena C. | Jr. Clerk | 1320 | 8-21-33 |

| <u>Name</u> | <u>Position</u> | <u>Salary</u> | <u>Effective</u> |
|----------------------------|------------------------|---------------|------------------|
| Kefauver, Harold W. | File Clerk | \$1080 | 8-21-33 |
| Grady, Norman | Messenger | 720 | 8-21-33 |
| Smith, Samuel | Messenger | 720 | 8-23-33 |
| Flippin, Percy Scott | Associate Statistician | 3000 | 8-12-33 |
| Spasoff, Mrs. I. Mansfield | Associate Statistician | 2600 | 8-19-33 |
| Bernard, Lawrence J. | Examiner | 2400 | 8-24-33 |
| Younger, J. D. | Supervisor | 2400 | 8-21-33 |
| Hawley, Harry R. | Clerk | 1800 | 8-21-33 |
| Thomas, Haddam | Clerk | 1800 | 8-22-33 |
| Wallis, W. W. | Corres. Clerk | 1800 | 8-14-33 |
| Gorman, Sylvia | Steno. | 1625 | 8-23-33 |
| Vaughan, Roumane G. | Clerk-Steno. | 1620 | 8-22-33 |
| Pickens, Berkley E. | Statistical Clerk | 1560 | 8-19-33 |
| Cawley, Francis Riggs | Clerk | 1440 | 8-22-33 |
| Smith, Mattie E. | Clerk-Typist | 1440 | 8-23-33 |
| Williams, Frank A. | Multigraph Operator | 1440 | 8-5-33 |
| Helbig, Ella E. | Steno. | 1440 | 8-21-33 |
| Epperson, Virginia | Jr. Clerk | 1330 | 8-23-33 |
| Manning, Alfred W. | Mimeograph Operator | 1260 | 8-22-33 |
| Hill, Dale | Messenger | 840 | 8-23-33 |
| Miller, Eugene B. | Messenger | 840 | 8-23-33 |
| Muldoon, James | Messenger | 840 | 8-23-33 |
| Reinstein, Jacques J. | Messenger | 840 | 8-11-33 |
| Teel, Fred | Messenger | 840 | 8-23-33 |
| Carey, Rufino | Messenger | 720 | 8-22-33 |
| Livingston, Brice H. | Messenger | 600 | 8-22-33 |