

Proceedings of Meeting No. 7
of the
SPECIAL INDUSTRIAL RECOVERY BOARD

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

July 31, 1933

PERSONAL AND CONFIDENTIAL

Copy No. 6

For Hon. Frances Perkins

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17. File

ATTENDANCE AT MEETING NO. 7

July 31, 1933

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

Hon. Harold L. Ickes, Secretary of the Interior

Hon. Henry A. Wallace, Secretary of Agriculture

Gen. Hugh S. Johnson, Administrator

Hon. Harold M. Stephens, Assistant Attorney General

Hon. Turner Battle, Assistant Secretary of Labor

Hon. Rex Tugwell, Assistant Secretary of Agriculture

Hon. Alvin Brown, Representing Director Douglas

Miss Frances Robinson, Assistant to General Johnson

Mr. E. W. Jensen, Assistant Secretary

Mr. B. P. Foote, Reporter

Proceedings of the Seventh Meeting

of the

SPECIAL INDUSTRIAL RECOVERY BOARD

July 31, 1933

2:31 P. M.

CHAIRMAN ROPER: Are we ready to begin?

The first item on the agenda is approval of the minutes of the 4th, 5th and 6th meetings. Are there any corrections to these minutes? If not, they will stand approved as received and read.

General, suppose you give us now your statement of the major activities since our last meeting.

GENERAL JOHNSON: They have been going along so fast that I have not reduced them to writing. The wool industry has decided on an agreement that practically follows the rule of the cotton industry. The steel industry hearing opened this morning. The oil industry hearing was conducted last week, and they were in complete disagreement; and I have adopted this formula in handling the matter: The feature of the agreement on which they could not reach anything that even looked as though they could be brought together was on the control of production. I felt that the provision advanced was wholly impracticable. On other questions, such as marketing questions, they were not so far apart, so I asked for a committee, representing each of the adverse interests with equal representation, for the purpose

of getting them together to see if they could agree on a marketing code, because in everything we have tried to do so far we have succeeded in getting everybody to agree to it before it has gone to the President. Of course I am not going to be able to carry that through all the way, but to the extent that it can be done, it is the thing to do. The marketing code is very loose, but it is something that all the interests in the industry are agreed to.

There are some questions that the representatives in the group turned down. The question of labor was a common problem of each industry. I used the same formula on that. I asked for representative committees of the conflicting interests in each of the groups, but it was not possible to carry out the formula on which I started out. I made some corrections myself on their suggestions to make them consistent with other codes approved or other agreements approved. The corrections I have made and that have been agreed to by the majority of the employers are higher than what the labor groups asked for, so I have some hope of getting agreements on that.

The question about which there is most debate is the regulation of production itself. I could say what my ideas are on that, but I prefer to consult with Mr. Ickes first.

There are other questions that should not be attempted to be decided by our Administration. For example, a question of long standing is that of the lease and agency agreements. This matter has been under consideration by the Federal Trade Commission. If they should decide that it is an unfair trade practice, that is their

function under the law. It is quite readily to be seen that it is still in a pretty inchoate state of affairs, but it seems to be approaching solution.

CHAIRMAN ROPER: That matter was discussed at the last Cabinet meeting, and the President expressed a desire to have you confer with the Secretary of the Interior.

GENERAL JOHNSON: We have had the Secretary of the Interior sitting in on the hearings.

CHAIRMAN ROPER: I think he wanted the Secretary to go over this in advance of his approval.

GENERAL JOHNSON: We are nowhere near that yet.

CHAIRMAN ROPER: It seems to me that we ought to arrange for more frequent meetings. The General is moving very rapidly. We have not had a meeting in almost two weeks, and I think that is probably unfair to the General, because so many things are taking place that if we do not keep in at least yelling distance, we are liable to let a great many things go by that should be approved in accordance with our methods of procedure.

Is there any question with regard to the General's statement? Any further information you wish?

JUDGE STEPHENS: I may volunteer that there has been a man up to see the Department of Justice the last day or so who has been representing to one of my oil lawyers that he has a plan which he thinks would help in the situation. His name is Doyle. I am not convinced that it is a wise plan, and neither is my assistant, but I have sent him down to Mr. Blackwell Smith.

GENERAL JOHNSON: That is all right.

CHAIRMAN ROPER: The next item on our agenda is a report on personnel. General, I do not know to what extent you are keeping in touch with these details, but this list here shows 231 employees, with a total annual salary of \$636,377. The average there would be \$2,260. That seems to be within reasonable limits.

GENERAL JOHNSON: I am not satisfied with that condition, even at that. We have put a limitation on any higher salaries, but we have been under terrific pressure. I have asked the Bureau of the Budget to come to my Department, and go over every single salary--there is nobody that is given a permanent job--for the purpose of equalizing, and seeing that nobody in my office is out of line any place; and while we make mistakes, and I recognize it, we have put into execution a mechanism that I think will take care of it.

CHAIRMAN ROPER: As I recall it, this Board has approved of 174 appointments.

MR. JENSEN: Yes, 174, and there are 389 as of today.

CHAIRMAN ROPER: Where is the list you wish this Board to act on?

MR. JENSEN: Here is the allocation by states. New York has 44 so far, Maryland, 13, and the District of Columbia, 18.

CHAIRMAN ROPER: As a matter of fact, the Board is supposed to pass on the personnel, and their salaries. We need that list.

MR. JENSEN: The list has not been submitted as yet.

GENERAL JOHNSON: With telegrams coming in from fifty or sixty thousand people, I do not see how I can submit allocations by states now.

CHAIRMAN ROPER: No, I would not attach any significance to that. What is the pleasure of the Board with regard to this list of employees? We have approved of 174 employees for the General. There are something like 389 now.

MR. JENSEN: Yes, 389 in addition to 22 people on special committees.

CHAIRMAN ROPER: Will you make a motion as to the approval of the additional personnel?

MISS ROBINSON: That list is not ready because there are so many changes to be made.

GENERAL JOHNSON: The list is in the process of being made up. If the Board would put somebody down there to exercise the authority of the Board on the expansion, it would be perfectly agreeable to me.

CHAIRMAN ROPER: If the General will submit that list piece-meal, we will accept it. We will proceed on that basis.

Now, is there a report from Miss Robinson on the readjustment of salary scale?

MISS ROBINSON: We are not ready to report on that.

GENERAL JOHNSON: That is what I referred to. The Budget Bureau is working on that.

CHAIRMAN ROPER: Then we will now take up the report of the Attorney General on the employment of married workers. Judge Stephens, will you read that report from the Attorney General?

Judge Stephens then read the following letter from Attorney General Cummings, dated July 15, 1933:

"My dear Mr. Secretary:

"Re: Whether the provisions of Section 213 of the Economy Act of June 30, 1932, (47 Stat. 406) with reference to appointments are applicable to the Act of June 16, 1933, known as the "National Industrial Recovery Act" (Public No. 67, 73rd Cong.)

"That portion of Section 213 of the Economy Act
pertinent to the inquiry reads as follows;

'In the appointment of persons to the
classified civil service, preference shall
be given to persons other than married
persons living with husband or wife, such
as husband or wife being in the service
of the United States or the District of
Columbia.'

"This provision has no application to appointments
under the National Industrial Recovery Act for
the reason that the preference in appointment
is restricted to the appointment of persons to
the classified civil service, while appoint-
ments under the Industrial Recovery Act are
made without regard to the Civil Service laws
or the Classification Act.

Respectfully,

(signed) Homer Cummings

Attorney General

The Honorable,

The Secretary of Commerce.

CHAIRMAN ROPER: What will you do with this report?

MR. BATTLE: I move we accept the report.

The Motion was seconded.

CHAIRMAN ROPER: Are there any remarks? If not, all who are in favor, let me know by saying "Aye." It is approved.

I believe it would be well to call attention at this time to a message that has been sent in by the Chairman of the Government Workers' Council. It is a long message. It is simply this: He is asking that married women, for instance, be put on the Civil Service list, and that while preferential treatment shall be given to those that are without the marital relation, nevertheless, that they shall not be entirely discarded. We will accept the message as information.

The message referred to above was as follows:

"Knowing the matter of reemployment is to be considered this morning we desire to call your attention to an erroneous ruling made by the Civil Service Commission with reference to the reemployment of married persons dismissed from the Government under the provisions of Section 213 of the Legislative Appropriation Act of 1932. The Commission stated in the Washington papers on July 20 that the intent of Congress was that married persons should not be reemployed; however, the wording of the act as passed by Congress is that in cases of employment in the classified Civil Service preference shall be given to others than those whose husbands or wives are employed in the Government Service, not prohibiting their reemployment but only giving preference to others. Also the limitation applies only to the classified Civil

Service and not to positions outside the Civil Service. In view of the foregoing it is respectfully submitted that the names of persons dismissed from the service because of their marital condition and the aforesaid section of 213 should be placed on the lists for reemployment in the classified Civil Service, and that they should have the same chance as any other person for employment in any of the new services in which Congress expressly provided appointments should be made without regard to the Civil Service laws.

(signed) Edwina Avery, Chairman, Government
Workers Council."

CHAIRMAN ROPER: We are now up to the question of printing. Here is a report by Mr. Brown.

MR. BROWN: It is rather long; shall I read it all?

CHAIRMAN ROPER: I suggest that the members of the Board should hear it all.

MR. BROWN: May I say I do not know whether it is generally understood by the members of this Board, but General Johnson borrowed me from the Director of the Budget to handle the matter of the purchase and distribution of the material necessary for this drive.

Mr. Brown then read the first three paragraphs of the memorandum as follows:

"MEMORANDUM FOR THE SECRETARY OF COMMERCE:

"At the request of Mr. Jensen I give you the following statement with regard to the purchases made in connection with the President's Reemployment Program.

"Instructions to proceed with the procurement of material were given me on July 17. The plan determined upon required that all letters to employers be in the hands of postmasters at a date sufficiently early to permit distribution beginning July 27, and that all emblems (hangers, cards, and stickers) be delivered to Postmasters sufficiently early to permit distribution on August 1. The rapidity of action necessary in order to conform to this plan is so obvious as to need no comment.

That the delivery of the letters was delayed by change in the form of agreement did not, of course, ameliorate this requirement.

"All the enclosures for the President's Letter to employers were ordered printed at the Government Printing Office, except those required for the Pacific Coast. The Government Printing Office indicated its ability to produce and ship 6,000,000 such letters by July 25. The requirement of letters, as estimated by Dun & Bradstreet, was in excess of 6,000,000 and the ability of the Government Printing Office to deliver to distant post offices in time to comply with the requirement was in serious doubt. Accordingly, 616,000 were ordered from Schmidt Lithograph Company, San Francisco, together with the necessary envelopes. As the event has proved, this was very fortunate because the approval of the agreement form was delayed for three days, and if all printing had been done at the Government Printing Office, it would have been impossible to reach the Pacific Coast on time. The Government Printing Office completed its shipment on July 27."

CHAIRMAN ROPER: What is it the Government Printing Office did, Mr. Brown?

MR. BROWN: There are three enclosures. They did not print the envelopes.

Two enclosures were the agreement form and the certificate of compliance. The Government Printing Office printed the two forms, enclosed the forms in the envelopes, sealed and mailed them to the postmasters.

Mr. Brown then read the next three full paragraphs, and part of the fourth, as follows:

"I do not yet know the price to be charged by the Government Printing Office. The quantity done on the Pacific Coast will cost around \$6,500.

"The Government Printing Office does not supply envelopes. They are customarily purchased on annual contracts made by the Post Office Department. 11,800,000 envelopes were required for the mailings from the Government Printing Office. I was warned there that the question of envelope supply might prove very difficult. This turned out to be the case. For the size of the envelopes required the Union Envelope Company at Richmond is the contractor. Communication with that company disclosed that they could not supply more than 6,000,000 envelopes within the time limit. They were given an order for this quantity. I canvassed eight or ten different companies by long distance and was able to secure substantial quantities only from the Washington Envelope Company and the Commercial Envelope Company of Baltimore. Accordingly, they were given orders for 2,400,000 and 3,400,000 respectively.

"Among the envelope manufacturers communicated with was the Oles Company in Baltimore. On July 17, when I asked them what they could supply, they would accept no more than 1,200,000 within the time limit. The next day, after the orders had been placed as stated above, a representative of that company came to my office and told me they could supply more within the time limit. He offered no clear explanation of this inconsistency of statement, but the facts are as related, and it was then too late to change the orders.

"The prices quoted by the two emergency envelope suppliers were high. They were stated to be high because of the urgency of the time limit. Because no other manufacturers were in a position to supply at all, no comparison of prices could be had. I, therefore, stipulated in both cases that the prices charged should be no greater than the prices currently charged to other customers for similar envelopes in similar quantities."

MR. BROWN: The agreement provides for disinterested parties examining their records in order to ascertain that fact.

CHAIRMAN ROOPER: May I ask how these prices compare with the contract prices of the Post Office?

MR. BROWN: Yes, the contract prices were 86 and 80 for the two styles of envelopes. Of course, under the Government contract the contractor has the right to have 35 days in which to ship. He waived that right to the extent of 6,000,000.

GENERAL JOHNSON: Which was the maximum that they could furnish.

MR. BROWN: One invoice has passed through, the one from the Washington Envelope Company. I did not attempt to settle the price. I sent it through the General Accounting Office for settlement.

CHAIRMAN ROOPER: How do you get at a determination of a just price?

MR. BROWN: We have the right to examine their records to see what they are currently charging for similar envelopes in similar quantities. I do not suppose they will have any similar quantities, because this is a very high number, but I am sure the General Accounting Office will be able to determine what a fair price to us will be.

CHAIRMAN ROPER: That is left to the General Accounting Office?

MR. BROWN: It is not so stated in the agreement, but it is stated that disinterested parties will have the privilege of going into their records. I understand that the General Accounting Office will undertake that service for us.

CHAIRMAN ROPER: But you did reserve that right in the contract?

MR. BROWN: Yes, sir.

Mr. Brown then continued reading as follows:

"In addition to this, since the Washington company in order to supply its quota, had to incur overtime rates for Sunday work, I authorized it to make a reasonable additional charge for such overtime as might be required on not exceeding one-fourth of the order.

"The envelopes bought from the Union Envelope Company cost \$4,955. The amount which will be charged by the other two companies, not yet determined, should not exceed \$9,000, making a total for envelopes (exclusive of the Coast) of about \$14,000.

The Emblem

"The plan provided for a large quantity of emblems to be displayed by employers. Of these there were 2,205,000 window cards; 2,205,000 outside cards; 2,205,000 hangers; 11,025,000 large stickers; 22,050,000 small stickers. Drawings for this material were not available until July 18. The best promises of delivery I could obtain were July 28. This would barely comply with the requirement of the plan provided manufacture was distributed over the country so as to reduce the time of transit. This distribution of the work was also desirable for other reasons. The only practical thing to do, therefore, was to select a number of the largest and most reputable lithographers, and to place the orders as speedily as possible. I took the advice of a man who has some knowledge of such firms and placed the orders with the following (see attached list):

Schmidt Lithograph Company, San Francisco,
California,
Greiner-Fifield Printing Company, Kansas City,
Missouri,
R. R. Donnelley Printing Company, Chicago,
Illinois,
Morgan Lithograph Company, Cleveland, Ohio,
Polygraphic Company of America, New York City,
Sackett-Wilhelm Printing Company, New York City,
Consolidated Lithograph Company, Brooklyn, New York."

NRA EMBLEM

Printing Orders

<u>Suppliers</u>	<u>Cards</u>	<u>Window Cards</u>	<u>Hangers</u>	<u>Stickers</u> 8 $\frac{1}{2}$ " X 4"	<u>Stickers</u> 1 $\frac{1}{4}$ "
Polygraphic Co. of America New York City	370,000	370,000	370,000	1,850,000	3,700,000
Sackett-Wilhelm Lith. Company, New York City	370,000	370,000	370,000	1,850,000	3,700,000
Consolidated Lith. Company Brooklyn, N. Y.	370,000	370,000	370,000	1,850,000	3,700,000
Morgan Lithograph Company Cleveland, Ohio	255,000	255,000	255,000	1,275,000	2,550,000
R. R. Donnelley & Sons Chicago, Illinois	450,000	450,000	450,000	2,250,000	4,500,000
Greiner Fifield Lithographing Co. Kansas City, Mo.	200,000	200,000	200,000	1,000,000	2,000,000
Schmidt Lithograph Company San Francisco, Cal.	190,000	190,000	190,000	950,000	1,900,000
	<u>2,205,000</u>	<u>2,205,000</u>	<u>2,205,000</u>	<u>11,025,000</u>	<u>22,050,000</u>

Consumers' Stickers

Art Color Printing Company New York City	11,050,000
W. F. Hall Printing Company Chicago, Illinois	9,050,000
Schmidt Lithograph Company San Francisco, California	<u>-1,900,000</u>
	22,000,000

SECRETARY ICKES: I notice the name of Donnelley there. Has any attention been paid to whether these are union shops?

MR. BROWN: No, sir.

MR. BATTLE: We have received calls from the union people and they protested this very strongly. I understand only two of the shops are union shops.

MR. BROWN: There are seven in this list. (To the Secretary of the Interior) Donnelley is a good printer isn't he?

SECRETARY ICKES: Yes, but he is terrible with labor. He is an excellent printer.

CHAIRMAN ROPER: You got no bids?

MR. BROWN: There was no time, sir. We placed these orders subject to arbitration.

CHAIRMAN ROPER: Does that apply to envelopes also?

MR. BROWN: No, we could specify current price for such envelopes in such quantities. We did pick out a list of arbitrators. If they prove objectionable they could probably be changed. We thought that was the best means of protecting ourselves. In failing to give any attention to the unions, I perhaps failed to do my whole duty and I am willing to assume the whole responsibility.

GENERAL JOHNSON: What Mr. Brown did is my responsibility and not Mr. Brown's.

CHAIRMAN ROPER: I don't think we want to look at it in that way at all.

MR. BROWN: I have never understood that either union or non-union firms should be favored.

GENERAL JOHNSON: That was my fault; I accept the responsibility for that and I will see what I can do to straighten it out with the union people.

MR. BROWN: I am informed that only a small percentage of printing companies are union companies. If, as we did, we selected them without considering that aspect, the changes are that we would get a large proportion of non-union companies. I do not believe it can be questioned that these are all good printers of the first rank. We thought that we had to go to the good ones and the large ones because we had to be able to rely on their promises.

CHAIRMAN ROPER: If there is only \$250,000 involved in this you will have to have more printing done, won't you?

MR. BROWN: The Printing Department has recommended an additional supply of these stickers.

CHAIRMAN ROPER: The only way we can correct our past is with the future. What is your suggestion for the future?

MR. BROWN: I might suggest that we place the rest with the union companies.

CHAIRMAN ROPER: I do not know about that; I think you would have to submit them for bids.

MR. BROWN: They are needed right now.

CHAIRMAN ROPER: Can't we anticipate this 48 hours and say to the President that these were submitted on bids, even if they are the simplest and crudest in character.

MR. BROWN: I agree with your plan perfectly, but the companies who have done the printing for us have had plates made. They can probably, by reason of that, underbid the others.

SECRETARY WALLACE: The plates for this kind of work are very small and so the cost would not be great, probably.

MR. BROWN: Perhaps that might not be a very large consideration.

CHAIRMAN ROPER: I believe the Board would be interested in finding a way out. There is no need of putting it on you, or the General, or anybody else. We are all going on together. Now what can we do in the future? Do you have a suggestion that we can build on for the future? In other words, can we not try to get bids?

MR. BROWN: My suggestion would be that you not wait for bids. New contracts ought to be let on the same basis. Probably we have given enough business to these concerns and had better give the rest to others; and since we, by accident, picked non-union firms first, I do not see why we cannot also by accident pick union firms now.

CHAIRMAN ROPER: There are too many printing concerns -- we would arouse the whole country.

GENERAL JOHNSON: But, are there many who can do this work?

CHAIRMAN ROPER: A great many, I should think.

MR. BROWN: I do not think there are so many who can do this sort of work.

CHAIRMAN ROPER: Won't we have to make an effort to get bids?

MR. BROWN: We do not know just how many employers are going to sign this agreement. We provided for one million employers on the basis of a certain allocation, then as the program progressed we, or Mr. Horner especially, got scared for fear more employers were coming in--

GENERAL JOHNSON: He had a right to -- there was one agreement covering 390,000.

MR. BROWN: We can provide for 2,000,000; but if 3,000,000 came in we would not be prepared for them, and that would be unfair to the 1,000,000 unable to get the emblem. They would not be able to put them in their windows and the people would pass them by.

JUDGE STEPHENS: It seems to me, gentlemen, that as long as the urgency legitimately permits us to ^{go} along without bids, we might give the contracts to the union shops; but if we have time I think we will have to take bids.

GENERAL JOHNSON: Here is the reason it is urgent: When an employer has signed that agreement, he wants that emblem, and it is a question whether he is not going to lose business that he is entitled to from the very minute he signs it.

JUDGE STEPHENS: I have no doubt it is urgent, and I suppose our excuse will be necessity; but if we could get to the point where we had the time I should think we should take bids.

GENERAL JOHNSON: This thing is going with a great flood of expedient devices that bring in great blocks of employers, especially those that are closest to consumption, and they want their emblems day before yesterday!

DOCTOR TUGWELL: Can they get their printing done themselves?

GENERAL JOHNSON: Yes, they can later on; but I do not think that we could wait for that now.

CHAIRMAN ROPER: General Johnson and Mr. Brown, may I ask this question: You are now arranging to use some twenty offices of the Department of Commerce distributed over the country; would it not be possible for those offices to secure bids in their own localities and distribute the business through their offices? Would it not be best to handle it in smaller units in that way?

GENERAL JOHNSON: You are closer to that question than I am.

CHAIRMAN ROPER: It seems to me that in that way we would transfer some of the responsibility, and there would at least be an effort on our part to make a wider distribution of this business.

MR. BROWN: You are suggesting that the district offices take bids?

CHAIRMAN ROPER: Yes, for the quantity that they need to distribute among their people.

MR. BROWN: I fear the delay.

CHAIRMAN ROPER: That is the way we used to do in handling emergency cases, with the Internal Revenue people.

MR. BROWN: But we have only a limited number of original drawings of these things.

GENERAL JOHNSON: We have copies.

MR. BROWN: They do not come out well from copies.

CHAIRMAN ROPER: How would it do to anticipate our remote need as against our immediate need? That is, follow your suggestion for the immediate need, whatever it may be, and then plan ahead for the remote need.

MR. BROWN: As I understand the General's plan, our immediate need is our complete need, except for the number of employers who may defer for some time signing their agreement.

CHAIRMAN ROPER: The more of this work that you can decentralize after you have your program thoroughly worked out, the better, it seems to me.

MR. BROWN: I agree with your thought in principle, entirely.

CHAIRMAN ROPER: How would it do for the Board to make a motion and have somebody associated with Mr. Brown in the study of this thing?

JUDGE STEPHENS: Is this job on the way now,--the printing, I mean?

MR. BROWN: The first supply is completed, of course. They are at the post offices ready for distribution tomorrow. We were just about to order the new supply, and had instructions to hold it up.

JUDGE STEPHENS: Isn't it possible to get bids?

MR. BROWN: It is possible, but it would delay greatly.

SECRETARY WALLACE: It seems to me that General Johnson and Mr. Brown--men of very wide business experience--fully aware of the problem before them, might well be trusted with complete power to carry this matter forward. They are fully aware of the possible complications with labor, and the possible complication of prices which might seem too high to a Senate Investigating Committee. It seems to me they will take all possible safeguards.

CHAIRMAN ROPER: Are you making that as a motion?

SECRETARY WALLACE: I move that they be empowered to carry this out according to the necessities of the case.

MR. BATTLE: I think it is highly desirable, in view of the contracts let to non-union printing establishments, that union printers be picked for the remaining amount of the printing. I agree with Mr. Wallace that General Johnson and Mr. Brown be allowed to go ahead if General Johnson thinks it should go out immediately.

GENERAL JOHNSON: I think the urgency is just as great now as before; therefore, I would distribute the work to union shops if I got the same prices and the same cooperation.

SECRETARY ICKES: I would like to say this: Of course it was all done in good faith, but nobody could have been selected in Chicago who was so objectionable as Donnelley.

GENERAL JOHNSON: Not only that, but there has been nobody that has been so much obstruction to this general plan. He has stubbed our toe every time he could.

SECRETARY ICKES: He was head of the Landis Award, which was one of the most active and aggressive anti-labor movements. He was their high priest--notoriously so. There are big printing concerns in Chicago other than Donnelley.

GENERAL JOHNSON: It was a rotten mistake, but it was made.

MR. BROWN: He is cut out now!

CHAIRMAN ROPER: You have heard the motion; any further remarks? All in favor let it be known by saying "Aye." Those opposed, by saying "No." It is so ordered. That means that this will be left in the hands of General Johnson and Mr. Brown with full respect, as they will have, to conditions that are and are to be.

Now the next item--

MR. BROWN: Mr. Chairman, I did not quite finish the report. Would you like to have me go on with it?

CHAIRMAN ROPER: Yes, go ahead.

Mr. Brown then continued reading as follows:

"As will be observed, the orders were placed at five strategic points across the country. Because of the large quantity required in the East, the New York allotment was divided between three firms.

"It should be remarked, in respect of both the letters and the emblems, that the printing was only one part of an extremely difficult job. The task of making shipments to 48,000 different post offices was one of great magnitude.

"On July 19, I received instructions to print 22,000,000 consumers' stickers. Here again, geographical distribution of the order was necessary. Except at San Francisco, the facilities of the companies printing the other material were well loaded. Fortunately, the quantity needed on the Pacific Coast could be produced by the Schmidt Lithograph Company. The remaining requirement was divided between the W. F. Hall Printing Company at Chicago, and its New York subsidiary, the Art Color Printing Company.

"Because it was impossible to advertise for bids on this material, it was deemed desirable, to protect the Government's interest, to stipulate in each case that the price should be submitted to arbitration. The following four men were recommended to me as impartial and competent arbitrators, and were accepted by the lithographers:

John J. Deviney, Secretary
United Typothetae
Tower Building, Washington

Strobridge Marston, President
National Lithographers Association
154 Fifth Avenue, New York

Edw. C. Johnson
Western Newspaper Union, New York

Roy S. Durstine of Barton,
Barton, Durstine and Osbourne, New York."

MR. BROWN: I have understood since, that one of these men is probably connected with one of the offices with which we placed an order; that being the case, he would be ineligible as an arbitrator. I am sure these lithographers will accept any set of reputable men.

Mr. Brown then continued reading as follows:

"A consumer's statement of cooperation (22,000,000 of a 3 x 5 card); 50,000 copies of the regulations governing the program; and 60,000 of a first sheet for the roll of employers to be posted in post offices were also printed at the Government Printing Office. I have not yet been advised of the cost.

"I have been asked to estimate the cost of all this material. Until prices are determined for the emblems, an estimate can be only very general. I believe the cost of all the material described above will be in the neighborhood of \$250,000. However, the cost of shipping to 48,000 post offices, now undetermined, may increase this."

MR. BROWN: I do not want to make an estimate. I would like to have it understood that it is only very general, and that the Government is protected as to the price.

CHAIRMAN ROOPER: What is likely to be the entire cost of this material?

MR. BROWN: The amount of the entire printing is probably \$250,000. The proposed additional quantity is an addition of 50% on some items, and an addition of 100% on other items, or an average of about 75%. As to what more may be needed, that depends entirely upon the response to the drive.

CHAIRMAN ROPER: Do you understand that it will be within \$500,000?

MR. BROWN: I think that will be a very safe figure.

CHAIRMAN ROPER: I am thinking now of the President, who thought we had given out contracts of two and one-half million.

Are there any further inquiries about Mr. Brown's report? I suppose you need a motion here to adopt this report and approve of these contracts already let. We have already given authority for the future, but I do not believe we had a motion to approve of the contracts as they have been let.

MR. BATTLE: I move that these be approved. The contracts have been let, and the work is going ahead.

MR. BROWN: It is already done.

JUDGE STEPHENS: We have to sustain our authorities.

SECRETARY WALLACE: I second the motion.

CHAIRMAN ROPER: Are there any further comments? All in favor let it be known by saying "Aye." Are there any opposed? The "Ayes" have it. It is so ordered. The contracts as let by General Johnson through Mr. Brown have been approved by this Board.

The next item is with reference to the appointment of Recovery Boards. I believe it was at the last meeting or soon thereafter, that General Johnson asked me to assist in getting up the District Recovery Boards, and the State Recovery Boards for the decentralized cooperation

that he seeks. I have spent several days by telephone, telegraph and also through the files, and we have got these up.

SECRETARY ICKES: I move that it be left to the discretion of the Executive Committee.

This motion was seconded.

CHAIRMAN ROPER: I am not sure that an Executive Committee has been appointed.

SECRETARY ICKES: My point is that administrative details can be much more advantageously handled by an executive Committee than by the full board.

GENERAL JOHNSON: The way this reads, the appointments were to be made by me, subject to the approval of the Board.

CHAIRMAN ROPER: The General asked me to make up these Recovery Boards.

SECRETARY ICKES: I move that they be approved.

MR. BATTLE: I second the motion.

CHAIRMAN ROPER: Are there any comments? If not, all in favor say "Aye."

It is carried. General Johnson, will you send out the messages?

GENERAL JOHNSON: Yes.

JUDGE STEPHENS: I assume that you want those Boards very well balanced, as far as different factions are concerned.

GENERAL JOHNSON: The Secretary has the information; I do not know the first thing about politics, anyway. The safest thing is for me to let him make the appointments.

JUDGE STEPHENS: As I understood some of the lists, they were about 99% Democratic, and if you are going to balance the Boards, you would need to have a few Republicans on them.

CHAIRMAN ROPER: My opinion is that those boards will stand up; but you understand how difficult it is to handle such a matter.

GENERAL JOHNSON: I have relied on your judgment.

CHAIRMAN ROPER: I would not say that it is the best I can do, but you put me under pressure, General.

GENERAL JOHNSON: Yes, I know.

CHAIRMAN ROPER: This Board appointed a committee consisting of General Johnson, the Director of the Budget, and myself, to deal with the question of the statistical requirement of the Recovery Administration. I met with the Director of the Budget. You, (speaking to General Johnson) were very busy. He said that as between the two suggestions of transferring the Census Bureau unit, for instance, to General Johnson's force and paying that force from General Johnson's appropriations, and keeping the Census Bureau where it is, and as he hoped, keeping it within proper balance, he preferred to increase the appropriation of the Department of Commerce, and leave it where it is, and relieve General Johnson of the expense. That is the report, gentlemen.

GENERAL JOHNSON: It seems to me that it is a question between the two departments.

SECRETARY ICKES: I move that the report be accepted.

CHAIRMAN ROPER: General, before you leave, I want to ask this question: Every now and then a Congressman comes in and tells me he wants to help. This morning, a representative of one of the churches came in and said, "What can we do?" Had you given any thought, you and Mr. Horner, to putting these Democratic Senators and Democratic Congressmen, and perhaps the Republicans, into some responsibility in connection with this program?

GENERAL JOHNSON: The Federated Churches and the Catholic organizations and all of the Jewish organizations are working together, but the Congressmen--I had not thought of getting them. But I will make that suggestion to Mr. Horner. I believe it is a good one.

CHAIRMAN ROPER: I will leave that to the General to put them to work.

MR. BATTLE: I would like to ask General Johnson one question; it is a question brought up in the Department of Labor. Are these codes going to include a formula for price derivation? It seems there is a possibility of eliminating a lot of the small manufacturers.

GENERAL JOHNSON: We have not done any price fixing in any code so far. In the steel code we have something that looks like it. We have discouraged any move toward price fixing throughout this plan. I do not believe much in price fixing unless you are actually controlling production. In fact, I know it cannot be done.

MR. BATTLE: The question was brought up on the oil-burner code as to whether we intended to set up an organization of thousands of people to enforce any such price fixing.

CHAIRMAN ROPER: Here is a communication from the Post Office Department. I do not know that I can present it better than just to read the letter, which is as follows:

THE FIRST ASSISTANT POSTMASTER GENERAL
WASHINGTON

July 31, 1933

Honorable Daniel C. Roper
Secretary of Commerce
Washington, D. C.

Dear Mr. Roper:

The question has been propounded whether or not the government in dealing with those who are under contract to furnish equipment and supplies to the various departments, will recognize the increased costs likely to be imposed upon such contractors by reason of the National Recovery policy.

In the belief that you may find it of interest in relation to this problem, I am handing you herewith a copy of the contract under which stamped envelopes and newspaper wrappers are furnished to the Post Office Department. On Page 12, in paragraph (n) 2, you will find a provision to the effect that if the contractor shall show that there has been an increase of 20% in the actual and legitimate cost of production, he is entitled to a revision of the contract price by the Federal Trade Commission or such other accounting agency as may be designated by the Postmaster General. It may be that in present circumstances a right to revision should be granted even though the increase in cost of production is not as much as 20%.

Very truly yours,

JCOM:D

(Signed) JOSEPH C. O'MAHONEY
First Assistant Postmaster General

The paragraphs referred to in the above letter read as follows:

(n) 1. If at any time or times during the contract term, after the expiration of the first six months of the contract term, the Postmaster General shall notify the contractor that in his opinion there has been an actual and legitimate decrease of 20 percent or more in the cost of producing and delivering the stamped envelopes or newspaper wrappers which the contractor has agreed to furnish under this contract below the cost of production as shown by the figures constituting the basis of the contract filed by the bidder with his proposal, or as shown by the cost of production at the time of the last revision of the contract prices, if there shall have been a revision or revisions of the original contract prices, the Postmaster General, shall, after giving such notice, have the right to revise the contract prices so that the prices will thereafter yield the contractor the same rate per cent of net profit as set forth in the original proposal computed on such reduced cost, the extent of which reduction shall be determined by the Federal Trade Commission or such other accounting agency as may be designated by the Postmaster General, and its conclusion shall be final.

(n) 2. If, on the other hand, at any time or times during the term of the contract, after the first six months of the contract term, it shall be claimed by the contractor and he shall so notify the Postmaster General that there is then an actual and legitimate increase to the contractor of 20 per cent or more in the cost of producing and delivering stamped envelopes and newspapers wrappers which the contractor has agreed to furnish under this contract above the cost of production as shown by the figures constituting the basis of the contract filed by the bidder with his proposal, or as shown by the cost of production at the time of the last revision of the contract prices, if there shall have been a revision or revisions of the original contract prices, the contractor shall, on application to the Postmaster General, have the right to a revision of the contract prices so that such revised prices thereafter shall yield the contractor the same rate per cent of net profit as set forth in the original proposal computed on such increased cost, the extent of which increase shall be determined by the Federal Trade Commission or such other accounting agency as may be designated by the

Postmaster General, and its conclusion shall be final.

(n) 3. The Federal Trade Commission or other accounting agency, when engaged under the provisions of this contract in a determination of whether there is or is not an increase or decrease of 20 per cent or more in the cost of producing and delivering the stamped envelopes and newspaper wrappers, shall have full access to all books, papers, and records necessary, needful, and proper for a full and accurate determination of whether there is or is not an increase or decrease in the cost of producing and delivering stamped envelopes and newspaper wrappers.

(o) All acts done by the Purchasing Agent for the Post Office Department in respect of the contract, including all orders for supplies issued in pursuance thereof, the examination, acceptance, or rejection of supplies furnished thereunder, the making or withholding of payment for such supplies, and the making of open-market purchases and all other acts authorized by statute or any regulation of the Post Office Department not inconsistent with law shall be deemed and taken, for all purposes, to be the acts of the Postmaster General, within the meaning and intent of the contract.

GENERAL JOHNSON: You cannot revise any Government contract; no disbursing officer can do that, can he?

JUDGE STEPHENS: I do not think so.

GENERAL JOHNSON: This is one of our worst problems. As far as private contracts are concerned we have asked them to approach the thing in a liberal attitude. I think we could do this: We could suggest to the President that he bring the matter to the attention of the next session of Congress.

JUDGE STEPHENS: I do not believe we can revise those contracts that have been made.

CHAIRMAN ROPER: Except where a provision is made for it.

JUDGE STEPHENS: If the Post Office Department has any trouble they might request an opinion from the Attorney General as to the rights of the matter.

CHAIRMAN ROPER: We have a suggestion coming from someone in California about legislation that is pending there that might be embarrassing to you (speaking to General Johnson). Suppose I just turn these over to you.

GENERAL JOHNSON: I think that in the mean time this legislation has passed amended as we wanted it.

CHAIRMAN ROPER: In accordance with the President's suggestion we have provided two rooms for the Clipping Bureau. We have the rooms--I just want you to know that so that you can proceed with the organization. I think Louis Howe is looking after that.

GENERAL JOHNSON: Yes, I understand he is.

CHAIRMAN ROPER: How can we further cooperate in putting our branch offices in full accord with you.

GENERAL JOHNSON: I think you are doing very well.

MR. BROWN: For the next two or three weeks they will have a tremendous job. If they do their job they will be lucky. I do not think they can.

CHAIRMAN ROPER: We have divided California into two districts. That seemed a wise thing to do.

JUDGE STEPHENS: Yes, Los Angeles would secede, if possible.

CHAIRMAN ROPER: We have, through Mr. Jensen, canvassed the matter of rooms or halls in which to have your hearings. Have you reported this to the General?

MR. JENSEN: Yes, he has a copy of the memorandum; and I have the acknowledgment of its receipt.

The memorandum referred to was as follows:

DEPARTMENT OF COMMERCE

July 18, 1933.

MEMORANDUM for Mr. Jensen:

A canvass of the various Departments and Establishments, regarding availability of conference rooms develops the following:

NATIONAL MUSEUM:--Has auditorium seating 560 people and a conference room seating 80 people. Glad to let us use when not otherwise in use. Department of Agriculture making great demands upon them, and has several

dates booked during July. Prefers day meetings, as they can not compensate guards for night work.

Contact should be made with Mr. Grof, Smithsonian Institution.

INTERSTATE COMMERCE COMMISSION:--Has three rooms, seating 150, 50 and 25 people. Might be available on dates wanted.

Contact Mr. Gillis.

INTERIOR DEPARTMENT:--Has auditorium seating 320 people.

Contact Chief Clerk's Office.

U. S. TARIFF COMMISSION:--Has hearing room seating 250 people. Well equipped, telephone and messenger service. Old Land Office Building, 8th and E Streets.

Contact Major Sidney Morgan.

FEDERAL TRADE COMMISSION:--Has conference room seating 200.

Contact Mr. Duggane.

PAN-AMERICAN UNION:--Has an auditorium "Hall of the Americas," but it must be kept open for visitors. Has no conference rooms. Dr. Rowe says he will gladly give up his own office to be helpful.

NATIONAL RED CROSS:--Has auditorium seating 250 and a committee room seating 18 or 20. Could accommodate 30 by crowding. No reservations during July and August, except Tuesday morning. Might make it available on Tuesdays if needed.

Contact Mr. James K. McClintock.

INTERNAL REVENUE:--Has two conference rooms seating about 50 people. These rooms are in general use, but if available, will gladly loan them.

Contact Mr. F. I. Evans,

U. S. SHIPPING BOARD:--Has a room accommodating 50 people. Usually available except on Tuesdays.

Contact Mr. Samuel Goodacre.

GENERAL ACCOUNTING OFFICE:--Has small room accommodating 12 people, which we can use if available.

Contact Mr. R. F. Martin.

WASHINGTON CHAPTER, AMERICAN RED CROSS:--Has an auditorium accommodating 600 or 700 people and a number of smaller rooms.

Contact Mrs. Spencer.

STATE DEPARTMENT:--Has a small room accommodating 12 or 15 people, but it will be in almost constant use until September.

Contact Mr. C. E. MacEachran.

U. S. EMPLOYEES COMPENSATION COMMISSION:--Has conference room accommodating 20 people. Can probably give it to us upon one day's advance notice.

Contact Mr. William McCauley.

CIVIL SERVICE COMMISSION:--Has one room accommodating 20 or 25 people.

Contact Mr. W. C. Hull.

The Departments not mentioned have no facilities.

There are several more yet to be heard from.

(Signed) E. W. Libbey.
Chief Clerk

L-J

July 19, 1933.

Memorandum for Mr. Jensen:

Supplementing my memorandum of July 18, the following concludes the conference-room canvass:

VETERANS ADMINISTRATION:--Has room seating between 40 and 50 people.

Contact Mr. W. C. Black, Chief Clerk.

BUREAU OF MINES, DEPARTMENT OF INTERIOR BUILDING:--Has a room seating 20 to 30 people.

Contact Mr. J. D. Secrest, Chief Clerk, Bureau of Mines.

GOVERNMENT PRINTING OFFICE:--Has auditorium seating 1800 and another room which could be used for conference purposes, seating 400.

Contact the Public Printer.

WAR DEPARTMENT:--Has two rooms in Munitions Building, one seating 10 people and the other 50 to 60 people. Also has one room in State, War, Navy Building, seating from 40 to 50 people. Would like one day's notice.

Contact Mr. F. H. Headley.

L-J

Chief Clerk

JUDGE STEPHENS: General Johnson, perhaps this should come to the attention of the Board. We have run into some litigation in Chicago, although we have tried to avoid it, which indirectly affects the National Recovery Program. It is a motion to suspend one of our decrees. We have taken the position that the proper way to aid you is to have the people who are afraid of the decrees go ahead and get their code.

GENERAL JOHNSON: What do you mean by decree?

JUDGE STEPHENS: The Department of Justice has a great many decrees under the anti-trust laws. Some of the industries that are subject to these decrees are wondering what action they should take, and we, in co-operation with your legal department, so far have taken the position that they should get their code, and then, if necessary, we will modify the decree.

GENERAL JOHNSON: That is excellent.

JUDGE STEPHENS: I want to talk with someone in your legal department about that. The motion is to suspend the decree entirely, and some of the decrees are against monopolistic practices.

MR. BATTLE: I think that comes under the same class as the question of joining or not joining. It is not in effect until the code is approved.

GENERAL JOHNSON: Yes.

JUDGE STEPHENS: We have taken the attitude that every one is perfectly free to negotiate and hold conferences with respect to the proposals of the code. The code does not take legal effect until the President approves it.

GENERAL JOHNSON: We have before us right now the terrific lease and agency problem.

JUDGE STEPHENS: There is one other item I want to mention: It is proposed by a receiver out in Los Angeles to put into the oil code a provision that will protect him with the court. I think that would be a bad thing to have, for there are thousands of receiverships, and I wanted to warn you against such a provision.

GENERAL JOHNSON: Yes.

JUDGE STEPHENS: There is another question-- a lot of people are being advised not to sign up the agreement for fear that when they sign that they are waiving their rights to refuse to take a code in the future. Have you had that problem?

GENERAL JOHNSON: Yes, but I don't want to discuss it if I can avoid it.

MR. BATTLE: Does this Presidential Agreement put into force section 7?

GENERAL JOHNSON: Yes, it is included there. You cannot have any agreement or code that does not have it.

MR. BATTLE: That would not be mandatory on anybody that did not sign up. The recalcitrant minority are not bound.

GENERAL JOHNSON: They are not bound, but if they are going to have that blue eagle they will have to sign up!

CHAIRMAN ROPPER: Would you approve of the following suggested for the Executive Committee: Judge Stephens, Dr. Tugwell and Mr. Battle, with General Johnson and the chairman acting ex-officio with them? Without objections we will record that as our Executive Committee. We will now stand adjourned to meet next Monday, unless the General calls us together before that time.

Meeting adjourned at 3:40.