

1998

From
JOURNAL-AMERICAN
New York, N. Y.

APR 4 1942

Nelson to Spur Production of Airplanes

By PHILLIPS J. PECK,
International News Service Staff Correspondent.

WASHINGTON, April 4.—War Production Board sources reported today that Chairman Donald M. Nelson will engage an "expediter" to bring lagging aircraft production up to the huge levels demanded by the war program.

Despite charges by the Senate Defense Committee that the WPB doesn't have "a single topnotch aircraft production man in its organization," the same sources said that it was very unlikely that there would be a wholesale shakeup in the aircraft branch.

It is believed that Merrill C. Meigs, Chicago publisher, will continue as \$1-a-year man in charge of the aircraft division.

WPB authorities say that Nelson is "convinced" that current faults and lags in the warplane production program stem not from the aircraft branch but rather from faulty flow of critical materials to plane assembly plants.

Plan Profits Probe Of Magnesium Firm

By COLE E. MORGAN,
Special to the New York Journal-American.

WASHINGTON, April 4.—Thorough investigation of the \$63,000,000 Government loan to Basic Magnesium, Inc., a Cleveland, O., corporation, to build a huge magnesium production plant at Las Vegas, Nev., for defense production was in prospect today.

Investigation of the contract entered into with the concern for operation of the plant also was promised, as it was disclosed in the Senate that the company stands to realize 4,280 per cent on its \$50,000 investment.

Chairman Harry S. Truman, of Missouri, of the special Senate committee investigating national defense production, announced the full committee would go thoroughly into the revelations made public by a subcommittee.

\$2,140,000 A YEAR.

They will probe the loose manner in which this magnesium deal was arranged to give Basic Magnesium, Inc., a profit of \$2,140,000 a year at the expense of the American taxpayers.

The subcommittee's report, or that part relating to the Las Vegas enterprise, was made the subject of a straight-from-the-shoulder speech on the Senate floor yesterday by Senator Berkeley L. Bunker, of Nevada.

He assailed the whole magnesium transaction, and especially the unconscionable salaries being drawn by the corporation's executives.

NOT ON COMMITTEE.

Bunker is not a member of the Truman Committee, but accompanied the subcommittee on its recent investigation into the magnesium project at Las Vegas.

According to a report by H. G. Robinson, investigator for the Truman Committee, under the contract with Basic Magnesium, the Government is obligated to make these payments to the concern:

1—\$280,000 a year in royalties on an investment of \$50,000 and a patent the mining corporation does not own; if the firm is not permitted to operate the plant, the royalties are to be doubled to \$560,000 a year.

2—\$560,000 a year over a period of 30 years for operation of the plant.

3—A \$300,000 fee plus cost for construction and engineering services in which the mining firm, it was said, has had no experience.

4—\$1,000,000 if the contract is dissolved by the Government.

SAN DIEGO, CAL., UNION
Cir. 27,283, Sun. Cir. 38,598
APRIL 3, 1942

Senate Group Approves Control Of Profits In War Industries

WASHINGTON, April 3 (U.P.).—A senate appropriations subcommittee tonight approved in principle rigid control of corporate earnings on government war contracts, announcing it favors a sliding scale of profit limitations ranging from 2 percent on contracts of over \$50,000,000 to 10 percent on contracts below \$100,000.

The committee revealed its program as congressional ire over alleged war profiteering reached high pitch when it was disclosed that one corporation will enjoy for one year a profit of 4,280 percent for operating a plant built with government funds.

Sen. Berkeley Bunker (D-Nev.)

charged that Basic Magnesium, Inc., Cleveland, O., is "a racketeering industrial corporation" which stands to make that profit for operating a government-built magnesium plant at Las Vegas, Nev. He told the senate the firm has an "admitted investment" of only \$50,000 and will make a profit of \$2,140,000 in one year.

The limitations program—drafted by Sen. Elmer Thomas (D-Okla.) was accepted by the committee "in principle" and sent to the legislative drafting service to be integrated with proposals advanced by other members of the deficiency subcommittee which is considering the

\$18,000,000,000 house approved supplemental war appropriation.

Thomas told reporters the subcommittee agreed on the following scale of profit limitations based on the total contract price:

On contracts up to \$100,000—10 percent.

From \$100,000 to \$500,000—8 percent.

From \$500,000 to \$1,000,000—6 percent.

From \$1,000,000 to \$5,000,000—5 percent.

From \$5,000,000 to \$20,000,000—4 percent.

From \$20,000,000 to \$50,000,000—3 percent.

Over \$50,000,000—3 percent on the portion below \$50,000,000 and 2 percent on the remainder.

The plan was proposed as a substitute for a flat 6 percent limitation written into the bill by the house. It would apply to both prime and subcontracts.

WOULD WITHHOLD SUM

Under its terms, the secretaries of war and navy and the chairman of the maritime commission would be instructed to withhold from payments to contractors a sum equal to at least 20 percent of the total contract value until there has been filed a certified statement of itemized costs in the execution of the contract.

On filing of the cost statements, a final settlement would be made with the contractor involving a sum equal to the balance of cost plus the allowable profit.

FIRMS PAY HUGE BONUSES

The Thomas proposal and another, somewhat similar, drafted by Sens. John H. Overton (D-La.) and Joseph C. O'Mahoney (D-Wyo.), would instruct the contract awarding authorities, in making final settlements, to refuse to allow unreasonable salary or bonus payments, or accumulation of excessive reserves as a part of cost.

Recent congressional hearings developed that many companies with war orders were paying huge bonuses and salaries. The charge was made in connection with one such instance that the company was thus seeking to evade payment of excess profits taxes.

The Overton-O'Mahoney proposal does not contain specific profit limitation schedules, but leaves determination of fair profits to procurement officers who would be responsible for negotiation of awards. Thomas told reporters the committee approved unanimously the specific scale he proposed.

WASHINGTON, D. C. TIMES-HERALD
Cir. 167,990, Sun. Cir. 191,607
APRIL 4, 1942

Senate Group Votes Rigid Profits Curb

Limitations Range

From 2 to 10 Pct.

On Sliding Scale

By ROGER TATARIAN

A Senate Appropriations subcommittee last night approved in principle rigid control of corporate earnings on Government war contracts, announcing it favors a sliding scale of profit limitations ranging from 2 per cent on contracts of over \$50,000,000 to 10 per cent on contracts below \$100,000.

The committee revealed its program as congressional ire over alleged war profiteering reached high pitch when it was disclosed that one "racketeering industrial corporation" will enjoy for one year a profit of 4,280 per cent for operating a plant built with Government funds.

Names Ohio Firm

Senator Berkeley Bunker (D.), of Nevada, charged that Basic Magnesium, Inc., Cleveland, Ohio, is "a racketeering industrial corporation" which stands to make that profit for operating a Government-built magnesium plant at Las Vegas, Nev. He told the Senate the firm has an "admitted investment" of only \$50,000 and will make a profit of \$2,140,000 in one year.

The limitations program—drafted by Senator Elmer Thomas (D.), of Oklahoma, was accepted by the committee "in principle" and sent to the legislative drafting service to be integrated with proposals advanced by other members of the deficiency subcommittee which is considering the \$18,000,000,000 House-approved supplemental war appropriation.

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Over \$50,000,000—3 per cent on the portion below \$50,000,000 and 2 per cent on the remainder.

The plan was proposed as a substitute for a flat 6 per cent limitation written into the bill by the House. It would apply to both prime and subcontracts.

Must Itemize Costs

Under its terms, the Secretaries of War and Navy and the chairman of the Maritime Commission would be instructed to withhold from payments to contractors a sum equal to at least 20 per cent of the total contract value until there has been filed a certified statement of itemized costs in the execution of the contract.

On filing of the cost statement, a final settlement would be made with the contractor involving a sum equal to the balance of cost plus the allowable profit.

The Thomas proposal and another, somewhat similar, drafted by Senators John H. Overton (D.), of Louisiana, and Joseph C. O'Mahoney (D.), of Wyoming, would instruct the contract awarding authorities, in making final settlements, to refuse to allow unreasonable salary or bonus payments, or accumulation of excessive reserves as a part of cost.

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From
WORLD TELEGRAM
New York City

APR 6 1942

Flagrant Move to Profiteer Seen in Magnesium Contract

Congress Planning New Investigation Into
Organization, Aims of Basic Magnesium, Inc.

By PETER EDSON,

World-Telegram Washington Correspondent.

WASHINGTON, April 6.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, Ohio, operating company now

building a \$63,000,000 magnesium plant near Las Vegas, Nev., using the government's Defense Plant Corp. money.

A sub-committee of Senators under Mon C. Wallgren of Everett, Wash., had a preliminary look at Basic Magnesium's layout several weeks ago. What the Senators found there was evidence that the company, on an original investment of \$50,000 to prove magnesite ore deposits claimed from the public domain, stands to make a possible \$280,000 per year royalties, plus a possible \$560,000 per year operating fee, for the next 30 years.

Another I. G. F. Tieup.

The story behind Basic Magnesium, Inc., is another of those romances of big business, rivaling in some respects the Truman committee's current disclosures on the I. G. Farbenindustrie, or German dye trust attempts to control synthetic rubber development in the United States. As a matter of fact, there is even a chapter in the Basic Magnesium, Inc., story that leads back to I. G. F. control of the process which B. M. I. proposes to use.

Up to the beginning of the defense emergency the United States had only one magnesium plant in operation, a 9000 tons per year unit run by the Dow Chemical Co. of Midland, Mich., which extracted the metal from salt water. Additional United States consumption of this metal had been met by imports from Europe.

German metallurgists had really pioneered the development of the metal, but in 1936 a British operating company, British Elektron, Ltd., began extensive reduction of the ore in England, licensed to operate under patents controlled by I. G. Farbenindustrie. In the United States these patents are supposedly controlled but not developed by Magnesium Development Co., a holding company jointly owned by the Aluminum Co. of America and I. G. F.

Others Saw Possibilities.

Other industrialists saw the possibilities of magnesium developments. The Hanna interests sent interests of Cleveland, for years operators of coal and iron properties. The Hanna interests sent engineers to England to study British Elektron operations, with an eye to developing the magnesite ore deposits in Nevada.

The result was the formation of Basic Magnesium, Inc., 45 per cent owned by the British who were to furnish the "know-how" of operation, 55 per cent owned by Basic Refractories, a Hanna holding company which in turn owned as a subsidiary Basic Ores, which acquired the Nevada magnesite deposits.

Original plans of Basic Magnesium called for a plant with a modest 5000 tons a year capacity. Then came the war, and the demands for magnesium zoomed. After consulting the army and the Defense Plant Corp., the company multiplied these plans gradually by 11 plus, with the result that contracts were let for the \$63,000,000 plant with a capacity of 56,000 tons of ore a year.

Terms of Contract.

Basic Magnesium didn't have to put up a cent beyond its nominal costs for promotion and proving the ore, estimated at from \$25,000 to \$50,000.

Under the contract, the government retains title to the plant,

but Basic Magnesium was given a cost-plus fixed-fee contract for operation and construction. Basic Magnesium is to receive a \$300,000 fee plus cost for construction and engineering although, according to Senator Wallgren's subcommittee, the company had little or no construction experience and though more than \$1,000,000 is to be paid in fees for construction, engineering and architectural services being performed by others.

Further, if the Defense Plant Corp. should cancel the contract, the government would have to pay Basic Magnesium \$1,000,000 and double the royalties on the ore from \$1 to \$2 a ton, although the Basic Refractories Co. is now leasing quarries near Las Vegas on payment of 25 cents per ton royalty.

WASHINGTON, D. C., STAR
Cir. 144,762; Sun. Cir. 156,574
APRIL 4, 1942

House, Senate Groups Study Evidence on War Profiteering

Contractors Charged With Wasting Millions In Defense Projects

Congressional committees studied the records today of two cases of alleged war profiteering or wasteful spending in the Government financing of defense projects.

Charges made earlier before a special Senate investigating committee were read on the Senate floor yesterday that Basic Magnesium, Inc., of Cleveland stands to make a profit of 4,280 per cent, or \$1,140,000, in one year on an investment of \$50,000.

The company is building a \$63,000,000 magnesite refining plant at Las Vegas, Nev., under financing by the Defense Plant Corp. Salaries of officers of the mushrooming company already have been established as high as \$36,000 yearly.

House Told of Waste.

On the House side, a young investigator sent into Minden, La., to inspect construction at a \$27,000,000 Government shell-loading plant told a committee yesterday of finding evidence of "defective" construction, waste of labor, money and materials, and of payment of excessive sums for equipment rental.

The witness, Gordon K. Miller, testified for two hours before a special House Military Affairs subcommittee describing what he called practices of the Siles Mason Construction Co. of New York City which, he said, did not meet accepted standards.

The hearing recessed until Tuesday after Mr. Miller testified that the contractors paid and charged to the Government rental totaling \$9,361.05 on a 25-ton used auto-car truck to Mrs. Amanda Coors Elliott of Brooklyn, who, he testified, was the wife of A. J. Cote, a former superintendent of transportation for the contractor. Mr. Miller testified Mr. Cote had bought the truck in 1939 for \$4,500.

Investigation Asked.

Chairman Thomason instructed committee counsel to turn this development over to Lt. Gen. Brehon Somervell, chief of the War Department's Supply Service, with a suggestion that further rental payments be stopped and an effort be made to recover excess payments made.

"Also ask the Department of Justice to investigate this matter to see if there is a ground for criminal action," he said.

Earlier, Mr. Miller said an investigation made by W. M. Perkins, a civilian inspector for Army engineers, brought criticism that some of the buildings were unsafe.

He quoted another engineer as saying it was "apparent that laxity in design, for wind loads particularly, is general throughout the plant."

Mr. Miller testified there was "definite grave danger" of an explosion within a smokeless black powder building from "improper conduction for static electricity."

Nevada Plant Contractor Silent on Senate Report

By the Associated Press.

RENO, Nev., April 4 (AP).—Howard P. Eells Jr., president of Basic Magnesium, Inc., of Cleveland, refused comment today on a Senate subcommittee report which termed a lease agreement between the Defense Plant Corp. and B. M. I. "one of the most flagrant attempts at war profiteering."

The agreement involved magnesite ore to be leased to the Government for processing into a strategic light metal, magnesium, at a \$63,000,000 plant at Las Vegas, Nev.

Mr. Eells intimated that a complete and thorough investigation of B. M. I.'s dealings with the Defense Plant Corp. would be made and that until all testimony had been taken, there is nothing to talk about.

"I'll let the people I'm working for do the talking," he said during a stop here en route from Nevada properties to Cleveland.

The Cleveland industrialist expressed complete satisfaction with the progress made both at Las Vegas and at the magnesite deposits in Nye County where a concentration plant is nearing completion.

"We expect to be in limited production by June 15," he said.

APR. 4, 1942
RAND FOLKS, N. D. MOR. HER

COMPANY HEAD DECLINES COMMENT

RENO, NEV. — (P) — Howard P. Eells Jr., president of Basic Magnesium Inc., of Cleveland, comment Friday on a senate subcommittee report which termed a lease agreement between the defense plant corporation and BMI, "one of the most flagrant attempts at war profiteering." Eells intimated that a complete and thorough investigation of BMI's dealings with the Defense Plant Corp would be made.

Milwaukee Journal
Milwaukee, Wis.

APR 4, 1942

Profit Charge Reply Refused

Magnesium Firm's Head Declines Comment on 'Profiteering' Claim

Reno, Nev.—Howard P. Eells, jr., president of Basic Magnesium, Inc., of Cleveland, declined comment Saturday on a United States senate subcommittee report which termed a lease agreement between the Defense Plant Corp. and BMI "one of the most flagrant attempts at war profiteering."

The senate investigation was made at the request of Senator Bunker (Dem., Nev.), who charged Friday on the senate floor that the corporation, for which the DPC is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280%, or \$2,140,000 in one year on an admitted investment of not more than \$50,000."

Reading a list of 40 corporation officials receiving from \$3,900 to \$36,000 a year, Bunker said "it should be remembered that the salaries of these officials are being paid out of the taxpayers' money."

"Public Entitled to Know"

Bunker said, "I hesitate to make this list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 and \$30 a month, and for fear of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps."

"But I believe the senate and the public are entitled to know how the taxpayers' money is being spent by Washington department officials."

"As a passing comment I might point out—and it will add insult to injury—that the battle of the Pacific is not won, and to date the people of America are losing the battle of Washington."

Traces \$43,000 to Eells

Eells' name was not included in the list, Bunker said, because his salary is paid from profits of the venture, but, the senator added, he had learned Eells received \$25,000 out of BMI funds for six months' work and \$18,000 more from Basic Refractories, Inc., of Cleveland, which, with Magnesium Elektron, Ltd., owns the stock of BMI.

Asserting that 14 BMI officials "are receiving more pay than the base pay of Gen. Douglas MacArthur," Bunker said, "these figures leave little reason to wonder that labor is insisting on reasonable hours and good wages in war industries."

EUGENE ORE. NEWS
Cir. 7,144

APR 5 - 1942

Profiteers of Every Kind, Our Lowest Form of Life

What appears to be the most flagrant case of war profiteering yet to be uncovered is about to be investigated by a special senate defense committee. We have reference to the odorous deal by the government with the Basic Magnesium Company of Nevada. According to the information thus far divulged by the Senate committee, this firm, on an original investment stands to make a profit of more than 4,000 per cent.

Paying out lush salaries right along, one of the worst phases of the case is that there has been no real production—in the words of the committee, "there has been only miserable progress."

In our opinion, persons who perpetrate this sort of profiteering are comparable to the Nobles, Pelleys and other types of scum that somehow or other, in minute quantities, are present in this great nation.

Not only are vital requisites for our war program being delayed, but the effect of such profiteering attempts is destructive to military and civilian morale. It doesn't inspire confidence in anyone to know that crude attempts at legalized embezzling are going on. Actually there is only a small portion of our manufacturing concerns guilty of such treasonable practices. The vast majority is patriotically doing its level best. It is a blight on them, however, to have even a single plant attempt to use this war and our lack of preparedness for the purpose of piling up great personal fortunes.

As we suggested before in the case of Robert Noble and others of his kind, there should be no leniency granted when these persons are tried and found guilty. No excuses for "first offense" or "test cases" should be accepted. Let's throw the book at these racketeers and let them know "what kind of people we Americans are."

From
COURIER-JOURNAL
Louisville, Ky.
APR 5 1942

Allen Doesn't Retract

To the Editor of The Courier-Journal.

Mr. Jones' statement that the President did not inform him he would have to relinquish his control over loans to small business is patently disproved by the fact that President Roosevelt last week issued the order stripping Jones of this authority. The announcement was publicly made at the White House.

Regarding the exchange of words between Jones and Sidney Weinberg, this information came from an official who participated in the conference. My informant holds an important position in the war agencies and I know him from long experience to be a man of complete reliability and integrity with no ax to grind. The Merry-Go-Round has at no time made any statement with the purpose of injuring Mr. Jones. We are interested solely in reporting the facts. It is not our fault if the facts in handling the rubber situation reflect upon Mr. Jones' good judgment. Everything we printed exclusively about his handling of this situation has been confirmed by officials and Congressional committees. As recently as May, 1941, Mr. Jones publicly reported that "we have rubber enough to run us at least one and one-half years if we were cut off tomorrow from a supply of natural rubber." This is no innuendo. It is a plain statement of fact typical of the column.

In a formal report, the Senate Committee investigating the War Program has described an agreement between Jesse Jones' Defense Plant Corporation and Basic Magnesium, Inc., a private firm, as "one of the most flagrant attempts at war profiteering" to come to its notice. The company, the committee said, is asking a royalty of \$1 a ton on ore, which would mean an annual return of \$280,000 on a total investment of "not over \$50,000."

Washington, D. C.

BISBEE, ARIZ., REVIEW
Cir. 2,888, Sun. 2,888
APRIL 5, 1942

Plane Production Slowed by Lack Of Vital Parts

WASHINGTON, April 4. (AP).—The senate defense investigating committee, blaming the situation on poor planning, reported today that warplane assembly lines in some of the bigger factories were operating below top speed because vital parts were not ready on time.

In a formal report to the senate, the committee said a subcommittee which recently visited the west coast had found that the fault lay largely in the government's failure to bring about expansion of the facilities of upwards of 4,000 subcontractors who supply parts.

"A poor job of over-all planning, from aluminum ingots to finished aircraft, by the armed services and the old OPM (Office of Production Management) must be blamed for the situation," the committee said. "The usual red tape and delays in making contracts also were partly responsible."

Commenting that it had been informed the war production board "still does not have a single top notch aircraft production man in its setup," the committee recommended that the production agency draft one immediately.

Furthermore, it urged that "instead of wasting its energies on a generalized plea for 'all out production' which has confused management, labor and the public, the WPB concentrate its efforts on breaking those bottlenecks which are, in the aircraft industry to the committee's certain knowledge and probably in other fields, really holding up peak production."

Discussing the production of aluminum and magnesium, the committee recommended that the defense plants corporation reject a proposal by the Basic Magnesium, Inc., at Las Vegas, N. M., that the government pay \$1 a ton royalty, plus the costs of quarrying, for ores from the company's deposits. It said nearby quarries were being leased for 25 cents a ton royalty.

"This proposed lease appears to the subcommittee as one of the most flagrant attempts at war profiteering to come to its notice," the report said.

APR. 5, 1942
DUBUQUE, IA. TELE-HERALD

The Letter Box

The Telegraph-Herald invites contributors to the Letter Box. Right is reserved to print only a portion of letters more than 300 words in length. Name and address must be signed to each communication. This newspaper assumes no responsibility for opinion herein expressed.

To the Editor:

"Mr. Jones' statement that the President did not inform him he would have to relinquish his control over loans to small business is patently disproved by the fact that President Roosevelt last week issued the order stripping Jones of this authority. The announcement was publicly made at the White House. Regarding the exchange of words between Jones and Sidney Weinberg, this information came from an official who participated in the conference. My informant holds an important position in the war agencies and I know him from long experience to be a man of complete reliability and integrity with no axe to grind. The Merry-Go-Round has at no time made any statement with the purpose of injuring Mr. Jones. We are interested solely in reporting the facts. It is not our fault if the facts in handling the rubber situation reflect upon Mr. Jones' good judgment. Everything we printed exclusively about his handling of this situation has been confirmed by officials and congressional committees. As recently as May, 1941, Mr. Jones publicly reported that 'We have rubber enough to run us at least one and one-half years if we were cut off tomorrow from a supply of natural rubber.' This is no innuendo. It is a plain statement of fact typical of the column."

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ROBERT S. ALLEN.

4,280 PCT. PROFIT IN WAR CONTRACT

**\$63,000,000 Lent to Firm With
Only \$50,000 Invested**

By COLE E. MORGAN
Special to The Examiner.

WASHINGTON, April 3.—Thorough investigation of the \$63,000,000 Government loan to Basic Magnesium, Inc., a Cleveland (Ohio) corporation, to build a huge magnesium production plant at Las Vegas, Nev., for defense production, and the contract entered into with the concern for operation of the plant, was promised today, as it was disclosed in the Senate that the company stands to realize 4,280 per cent on its \$50,000 investment and forty-two officers of the concern are receiving "extortionate salaries."

Chairman Harry S. Truman of Missouri, of the special Senate committee investigating national defense production, announced the full committee would go thoroughly into the revelations made public yesterday by a subcommittee of the loose manner in which this magnesium deal was arranged to give Basic Magnesium Inc., a profit of \$2,140,000 a year at the expense of the American taxpayers.

REVELATIONS MADE.

The subcommittee's report, on that part relating to the Las Vegas enterprise, was made the subject of a straight from the shoulder speech on the Senate floor this afternoon by Senator Berkeley L. Bunker of Nevada, in which he assailed the whole magnesium transaction, and especially the unconscionable salaries being drawn by the corporation's executives in contrast to the petty amount of capital invested in the project.

Bunker is not a member of the Truman committee, but accompanied the subcommittee on its recent investigation into the magnesium project at Las Vegas, and is personally familiar with what the subcommittee found there.

According to a report by H. G. Robinson, investigator for the Truman Committee, under the contract with basic magnesium, the Government is obligated to make these payments to the concern:

- 1—\$280,000 a year in royalties on an investment of \$50,000 and a patent the mining corporation does not own; if the firm is not permitted to operate the plant, the royalties are to be doubled to \$560,000 a year.
- 2—\$560,000 a year over a period of thirty years for operation of the plant.
- 3—A \$300,000 fee plus cost for construction and engineering services in which the mining firm, it was said, has had no experience, and,
- 4—\$1,000,000 if the contract is dissolved by the Government.

In bringing the matter to the attention of the Senate this afternoon, Senator Bunker read into the record a list of what he described as "extortionate salaries paid out of taxpayers' money to officials of a racketeering industrial corporation which stands to make a profit of 4,280 per cent, or \$2,140,000 in one year on an admitted investment of not more than \$50,000."

VAST DIFFERENCE.

"It is interesting to note," said Senator Bunker, "the vast difference in the 4,280 per cent of profit to be gained by this corporation and the 6 per cent profit voted by the House of representatives in war industries."

"Before going farther, I shall read briefly from a report filed with the Senate yesterday by the special committee headed by Senator Truman of Missouri, which is investigating the National Defense Program."

"I extended an invitation to this committee late in February or early in March to send a subcommittee to Las Vegas, Nevada, to look into what appeared to me to be some questionable conduct on the part of the officials of Basic Magnesium, Inc., of Cleveland, Ohio, for which the Defense Plant Corporation is constructing a \$63,000,000 magnesium plant at Las Vegas."

"Some day next week when I have had time to assemble the information at hand, I shall tie the ends of this amazing scandal of war profiteering together. This information I intend to present to the Senate."

ENORMOUS SALARIES.

"Suffice it to say now that the investment of Basic Magnesium, Inc., of Cleveland, Ohio, in this deal in which the Government is putting out \$63,000,000 admittedly is not over \$50,000 and consists of thirty-six mining claims situated on the public domain, and a small amount of development work."

At this point Senator Bunker read that portion of the Truman committee report relating to the Government's arrangement with Basic Magnesium, Inc.

Returning to the "extortionate salaries" list of forty-two persons receiving from \$3,900 to \$36,000 a

year (twelve of \$10,000 to \$30,000, nine between \$7,000 and \$9,600; twelve between \$6,000 and \$6,500, and nine from \$3,900 to \$5,720), Senator Bunker continued:

"I hesitate to make this very interesting and unusual list public for fear of the reaction it will have from the men who are training, fighting and dying for their country at \$21 per month; for fear also of the reaction of the men, women and children who are putting their dollars, dimes and pennies into war bonds and stamps."

TAXPAYERS DRAINED.

"But I believe the Senate and the public are entitled to know how the taxpayers' money is being spent by Washington departmental officials. It will be noted that fourteen of these officials are receiving more pay than the base pay of General Douglas MacArthur, who has literally offered his life for his country."

"As a passing comment I might point out—and it will add insult to injury—that the battle of the Pacific is not won, and to date the people of America are losing the battle of Washington."

"The figures I present are official and do not take into consideration any raise in pay which I understand has already been effected in some instances."

"It should be remembered that the salaries of these officials are being paid out of the taxpayers' money advanced to Basic Magnesium Inc. of Cleveland, Ohio, operating in Nevada, by the Defense Plant Corporation."

"In view of the figures submitted it leaves little reason to wonder that labor is insisting on reasonable hours and good salaries in war industries."

As a concluding observation, Senator Bunker said:

"It is my humble and studied opinion that the members of this special committee investigating the national defense program are performing one of the greatest services to America that has been performed by any group who sit in the United States Senate."

SAN FRANCISCO, CAL., CALL
BULLETIN—CIR. 110,440
APRIL 6, 1942

High Finance

The shocking revelation has been made before the United States Senate that Basic Magnesium Inc., which holds a contract with the government to build and operate a \$63,000,000 magnesium plant near Las Vegas, stands to make a profit of 4,280 per cent on its own capital invested in the venture.

If this "magnificent stroke of business" is to be duplicated by another "defense" corporation in California, in order to comply with the Raker act, taxpayers are likely to think that it would be more business-like to maintain the status quo for the duration.

—WE'RE IN IT—LET'S WIN IT!—

TRUMAN Magnesium Trust Under Fire

WASHINGTON, April 3.—A new scandal involving profiteering and control by the Nazi chemical and dye trust over production of a vital war material in this country will be investigated by the Truman Committee, it was announced today.

In disclosing it will move from exposing the Standard Oil cartel with I. G. Farbenindustrie whereby synthetic rubber production in the United States has been sabotaged, to investigation of an unsecured \$70,000,000 government loan for magnesium production in Nevada, the Senate committee investigating war production denounced the loan as "one of the most flagrant of war profiteering attempts."

The loan was made through the Defense Plant Corporation, a subsidiary of the Reconstruction Finance Corporation headed by Jesse Jones, to a specially incorporated group affiliated with British and Nazi trusts.

According to H. G. Robinson, investigator of the committee headed by Senator Harry Truman (D., Mo.), the contract handed to Basic Magnesium, Inc., of Nevada, provides:

FABULOUS PROFITEERING

1.—Annual payment of \$280,000 in royalties on an investment of \$50,000 and a patent which the firm doesn't own—almost 600 per cent profit merely for the right to use a Nazi process!

2.—Annual payment of \$560,000 in royalties if the firm's plant does not operate under this patent—almost 1200 per cent profit for NOT using the Nazi patent.

3.—A \$300,000 fee, plus cost, for construction and engineering services in which the firm has no experience.

4.—Guaranteed annual payment of \$560,000 for 30 years for operating the plant—\$16,800,000 clear profit without risk.

5.—That the government is to pay the promoters a million dollars if it dissolves the contract.

6.—That if the company decides to dissolve the contract, payment to the government, if any, is to be negotiated.

Basic Magnesium, Inc., was formed recently by two other corporations, Basic Refractories and Basic Ores, in connection with a British holding company, Magnesium Elektron, Ltd., which through an agreement with I. G. Farbenindustrie obtained the rights to use a process to produce magnesium.

MISERABLE PROGRESS

Observers quickly pointed out that Dow Chemical and other firms controlled by the Mellon family have been indicted by a federal grand jury for conspiracy to prevent magnesium production in the country—through an agreement with I. G. Farbenindustrie.

Basic Magnesium told the government it could produce 12,000,000 pounds of the vital material annually, prior to signing the \$70,000,000 contract on August 13, 1941.

Despite the fabulous fees of this contract, only nine per cent of the producing units have been completed to date, according to the committee.

U. S. URGED TO BUY PERMANENTE OUTPUT AT COST

BY RUTH FINNEY

The News Washington Correspondent

WASHINGTON, April 6.—The Truman committee has recommended acceptance of Henry J. Kaiser's proposal that the Government buy all the magnesium produced at his Permanente plant until the company can reduce production costs sufficiently to sell it commercially. It is costing Permanente 23 cents a pound to produce

its magnesium, while the market price is 22 cents, the committee said.

The committee pointed out that the Kaiser venture is a private one, operated with an RFC loan, and that it can't, therefore, afford to produce for the open market until it improves its process sufficiently to cut costs.

"In view of the need for magnesium," said the report, "and the fact Permanente has proven its ability to produce the metal, though at a cost making commercial operation impossible immediately, it has proposed to the Government that it contract to buy all magnesium metal produced at Permanente at the out-of-pocket cost, plus reasonable depreciation, but with no profit, and on the basis of such an agreement subject to cancellation on 48 hours' notice."

"Permanente officials told the subcommittee they would immediately proceed to complete all units of the plant and get them into operation using the process as proven to produce magnesium, meanwhile continue their work on improvements in the process to lower costs."

Will Aid Production

"Permanente officials told the subcommittee the Government accept the Permanente proposal and is confident that it will result in immediate production in large quantities of this metal so urgently needed for the war effort."

The committee said it was convinced that the Hansgig and Doerner processes are both simpler and more economical than the ferrosilicon and English processes for producing magnesium.

The report was signed by Senators Kilgore, Wallgren and Ball, and was approved by Senator Truman, chairman of the full committee. These Senators visited the Pacific Coast recently. Their report covered production in aircraft factories, in West Coast shipyards, guayule rubber, the labor situation in general, and West Coast defense installations.

West Coast Better

West Coast shipbuilding is much more satisfactory than West Coast aircraft production, the committee indicated. Of shipbuilding it said:

"The subcommittee was most favorably impressed with the production job being done in the four shipyards visited on the West Coast. Although exact production figures cannot be published, the rate at which ships are being built in huge yards which were mud flats only a year ago is truly amazing, and provides an example of the best tradition in American industry."

"This comment applies only to the yards visited, as the subcommittee did not have time to visit all yards. There is considerable difference in efficiency between yards, and there is reported much room for improvement in some of them."

Forestall Shortages

"Management was worried about possible shortages of steel plate, but production has not as yet been seriously affected, and the builders were making every move possible to forestall any such development."

"Labor relations in the plants visited were excellent. One suggestion was made which the committee believes should be studied seriously by

organized labor. It was pointed out that the jurisdictions of various craft unions over particular types of work seriously slowed production and increased costs considerably in some phases of the work, particularly fitting of ships after launching."

No Work Restriction

"The proposal was made that yards employ members of the various crafts in an agreed upon proportion, but that once employed, there be no rigid restrictions on the type of work the individual employee might do. This is particularly feasible in shipbuilding where all mechanics receive uniform wages."

"The subcommittee believes labor's organizations should seriously consider all such proposals aimed at reducing production costs because it is only by reducing our costs by more efficient methods until they are in line with those in the rest of the world that we can hope to utilize these tremendous production facilities after this war and keep their thousands of employees working."

For the less satisfactory production record of aircraft the committee blamed a poor job of over-all planning by the armed services and the OPM, not yet corrected by the WPB.

Not Going Full Blast

The committee said that facilities of subcontractors who supply vital parts for aircraft were not expanded rapidly enough at the start of the building program, and that as a result, shortages in critical items have made it impossible to operate assembly lines at full capacity.

"Rather than work trained crews at top speed until materials are exhausted and then lay men off for a few days, with probable loss of morale and trained mechanics, the aircraft plants have simply refrained from turning on full pressure for peak production, which was their wisest course," the committee said.

"However, individual workmen, unaware of all the facts but knowing the plant was not operating at full capacity, have charged a deliberate 'slowdown' existed, and their stories have created public uneasiness. Actually, every effort is being made to break these 'bottlenecks' and the subcommittee is hopeful that assembly lines will soon be able to operate at peak capacity."

As to labor in general the committee said:

"In every defense plant visited the subcommittee discussed labor relations problems with the executives. In view of the present widespread demands for modification of the 40-hour week, the subcommittee believes it worth while to report that only one of several score executives interviewed suggested that lengthening of the work week would increase production."

Mostly 48-Hour Week

"Employees in nearly all plants were working a 48-hour week and comments of several executives indicated that the overtime pay for the eight hours over 40 was figured as part of weekly earnings and that if it were eliminated, it might be necessary to increase hourly rates to provide approximately the same weekly earnings."

Events of Today

BY PETER EDSON
Evening Democrat Washington Correspondent

Rags to Riches the Magnesium Way.

WASHINGTON — "One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, O., operating company now building a \$63 million magnesium plant near Las Vegas, Nev., using the government's Defense Plant Corporation money. A sub-committee of senators under Mon C. Wallgren of Everett, Wash., had a preliminary look at the Basic Magnesium's layout several weeks ago. What the senators found there was evidence that the company, on an original investment of \$50,000 to prove magnesite ore deposits claimed from the public domain stands to make a possible \$280,000 per year royalties, plus a possible \$560,000 per year operating fee for the next 30 years. Hence the committee's label of "flagrant war profiteering."

The story behind Basic Magnesium, Inc., is another of those romances of big business, rivaling in some respects the Truman committee's current disclosures on the I. G. Farbenindustrie, or German dye attempts to control synthetic rubber development in the United States. As a matter of fact there is even a chapter in the Basic Magnesium, Inc., story that leads back to I. G. F. control of the process which B. M. I. proposes to use.

DAISY CHAIN

Up to the beginning of the defense emergency, the United States had only one magnesium plant in operation, a 9,000 tons per year unit run by the Dow Chemical Company of Midland, Mich., which extracted the metal, lighter than aluminum and valuable as an alloy to give aluminum extra hardness, had been met by imports from Europe. German metallurgists had really pioneered the development of the metal, but in 1936 a British operating company, a British Elektron, Ltd., began extensive reduction of the ore in England, licensed to operate under patents controlled by I. G. Farbenindustrie. In the United States these patents are supposedly controlled but not developed by Magnesium Development Co., a holding company jointly owned by the Aluminum Company of America and I. G. F.

Other industrialists in America also saw the possibilities of magnesium development. Among them were the Hanna interests of Cleveland, for years operators of coal and iron properties in the Great Lakes area. The Hanna interests sent engineers to England to study British Elektron operations, with an eye to developing the magnesite ore deposits in Nevada. The result was the formation of Basic Magnesium, Inc., 45 per cent owned by the British who were to furnish the "know-how" of operation, 55 per cent owned by Basic Refractories, a Hanna holding company which in turn owned as a subsidiary, Basic Ores, which acquired the Nevada magnesite deposits. If you can follow that corporate daisy chain.

Behind the Scenes

In Washington

From Rags to Riches the Magnesium Way Is Called "Most Flagrant War Profiteering"

BY PETER EDSON
NEA Service Washington Correspondent

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EDSON'S WASHINGTON COLUMN

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BY PETER EDSON
The Spencer Daily Reporter
Washington Correspondent

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... Served in Ohio National Guard on Mexican border and in France with Rainbow Division. ... Rose from second lieutenant to captain of field artillery. ... Saw action at Aisne-Marne, St. Mihiel and Argonne. ... Joined Basic Dolomite Co., of Tiffin, O., in 1919. ... This firm became Basic Refractories, Inc., in 1941. ... Eells is now president. ... A brother, Samuel Eells, is vice president. ... Dan P. Eells of Milwaukee is chairman of the board.

MAGNESIUM MAN

Genius of the Basic Magnesium, Inc., setup which the Truman committee will probe in Washington, and the man who will be in the spotlight, is Howard P. Eells, Jr., of Cleveland. ... He is connected with several of Cleveland's oldest and richest families. ... Graduated from Williams in 1915.

APR. 7, 1942 414
SEMINOLE, OK. PRODUCER

WASHINGTON COLUMN

BY PETER EDSON

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Under the contract, the government retains title to the plant, but Basic Magnesium was given a cost-plus fixed-fee contract for operation and construction. Basic Magnesium is to receive a \$300,000 fee plus cost for construction and engineering although, according to Senator Wallgren's sub-committee, the company had little or no construction experience and though more than \$1 million is to be paid in fees for construction, engineering and architectural services being performed by others.

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APR. 7, 1942 416
AMSTERDAM, N. D. SUN

Behind The Scenes In Washington

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BY PETER EDSON
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APR. 8, 1942 416
ALTUS, OK. TIMES-DEMOCRAT

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Rags To Riches the Magnesium Way Revealed In Senate Probe

By PETER EDSON
Daily Herald

Washington Correspondent
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EDSON IN WASHINGTON

From Rags to Riches the Magnesium Way Is Called "Most Flagrant War Profiteering"

BY PETER EDSON

NEA Service Washington Correspondent

WASHINGTON.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, O., operating company now building a \$63 million magnesium plant near Las Vegas, Nev., using the government's Defense Plant Corporation money. A sub-committee of senators under Mon C. Wallgren of Everett, Wash., had a preliminary look at Basic Magnesium's layout several weeks ago. What the senators found there was evidence that the company, on an original investment of \$50,000 to prove magnesite ore deposits claimed from the public domain, stands to make a possible \$280,000 per year royalties, plus a possible \$560,000 per year operating fee, for the next 30 years. Hence the committee's label of "flagrant war profiteering."

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Rags to Riches in 1942 by Way of Magnesium

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"You don't have to worry about any broken windows—these birds won't get a foul with Lefty in there pitching!"

Rags to Riches the Magnesium Way

By PETER EDSON

Tribune-Journal
Washington Correspondent

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Behind the Scenes In Washington

From Rags to Riches the Magnesium Way Is Called "Most Flagrant War Profiteering"

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KANSAS CITY, MO.
WICHITA, KAN.

APR. 9, 1942
WICHITA FALLS TEX TIMES

Magnesium Hearing Is Due Soon

By PETER EDSON

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AUSTIN (MINN.) HERALD
TUESDAY, APRIL 7, 1942

ing up or you will get a blank stare and a mumbled phrase about give him some planes and MacArthur will drive them back to Tokyo."

Sherman said a mouthful.

PETER EDSON IN WASHINGTON

Rags to Riches the Magnesium Way Story Probed by Truman Committee

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APR. 3, 1942 422
ORT SMITH, ARK. TIMES-REC.

Edson's Washington Column

New Magnesium Company Stands to Make Millions Out of War

By Peter Edson

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APR. 16, 1942
OKEMAH, OK. LEADER

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APR. 8, 1942
NEW ORLEANS, LA. STATES



Politics from U. S. Capital

By

Peter Edson

(N. O. States Washington Correspondent)
Washington—"One of the most flagrant attempts at war profiteering to come to its notice," is to be given a Washington airing some time soon when Senator Harry S. Truman's special com-

SAN FRANCISCO, CAL. NEWS
CITY, APR. 11, 1942

WASHINGTON CALLING

(A weekly sizeup by the Washington staff of the Scripps-Howard newspapers.)

WASHINGTON, April 11.—Look for more headlines before the full story of Jesse Jones' war activities is told.

Truman committee isn't through investigating Basic Magnesium, Inc.; will summon more witnesses. Also it's been asked to investigate entire Defense Plant Corp.—in other words, Jones, may do so.

Jones' attack of jitters has Washington gossiping. It's his first in 10 years. (He was a Hoover appointee was entrenched before Roosevelt arrived.)

Jones used to laugh off criticism. Now he's touchy, sharp, talking personalities, has broken out in a rash of statements, denials. Physical attack on Publisher Meyer was the climax.

Still unanswered by Jones: Senator Bunker's first speech on Basic Magnesium; Truman committee report which said, among other things, that Defense Plant Corp.'s contract with Basic Magnesium "seems to put a premium on mismanagement and incompetency" and is "one of the most flagrant attempts at war profiteering" to come to its notice.

Score on Jones' war powers since Pearl Harbor: Four lost, another threatened, one gained.

Losses: Donald Nelson demanded last word on war financing when he took WPB job, and got it.

Loans to little business taken away.

Control over housing taken away. Appointment of rubber co-ordinator curbs him.

Threatened: His control over buying stockpiles of critical materials. Board of Economic Warfare wants it.

Gain: Presidential executive order just issued says that Jones, as well as other contract-letting officials, may review own contracts for excessive profits, poor results. That includes Defense Plant Corp. contracts.

Gain is likely to be temporary. Congress, out to write curb on profits, is almost certain to nullify it.

Attack by Senator Bunker of Nevada on Basic Magnesium contract may mean hot re-election fight for him. B.M.'s president, Howard P. Eells Jr., has been praising Rep. James G. Scrugham as senatorial timber. Scrugham's expected to file for Bunker's seat.

Oil transportation situation is black: Worse than country realizes. Oil men, aware of this, meet in New York Monday to try to frame a transportation program based on

APR. 9, 1942
MIAMI, OK. NEWS-REC'D

RAGS TO RICHES VIA MAGNESIUM

Amazing War Profiteering
Venture Charged in Building
of Nevada Plant

By PETER EDSON

(News-Record Washington
Correspondent)

WASHINGTON, April 9.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special

APR. 9, 1942
SHAWNEE, OK. NEWS

Peter Edson Writes:

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News-Star Washington Correspondent
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the most pessimistic premise yet advanced—that tankers are out for the duration; that all oil reaching East Coast must be shipped inland.

Program will call once more for new pipelines, increasing capacity of existing lines, linking existing lines. Will suggest use of both new and used pipe. This time oil men hope to get steel priorities where needed. Pipe line might have been functioning now if SPAB and WPB hadn't stopped it last year.

Look for a new drive urging conversion of oil furnaces to coal; for further economies in use where this is not possible.

First returns from congressional pulse-taking project of past two weeks: In Ohio any one who accuses the people of being complacent takes a chance with his life. People are itching to do something for war effort. They're humiliated by defeats in Far East, are looking for somebody to sock. Just as they feared, congressmen are likely to be "it."

APR. 11, 1942
HAVRE, MONT. NEWS

In Washington

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By PETER EDSON

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APR. 8, 1942
HUTCHINSON, KS. HERALD

War Profit Going Higher

Magnesium Company
Uses US Cash
To Get Started

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APR. 9, 1942
GREENVILLE, TEX. HERALD

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Herald Washington Correspondent

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OGDEN, UTAH, STANDARD-EXAMINER
CITY, APR. 8, 1942

Magnesium Profiteers Come To Attention of Truman's Washington Probe Committee

By PETER EDSON

Standard-Examiner Washington
Correspondent

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Daisy Chain

Up to the beginning of the defense emergency, the United States had only one magnesium plant in operation, a 9000 tons per year unit run by the Dow Chemical company of Midland, Mich., which extracted the metal from salt water. Additional U. S. consumption of this metal, lighter than aluminum and valuable as an alloy to give aluminum extra hardness, had been met by imports from Europe. German metallurgists had really pioneered the development of the metal, but in 1936 a British operating company, British Elektron, Ltd., began extensive reduction of the ore in England, licensed to operate under patents controlled by I. G. Farbenindustrie. In the United States these patents are supposedly controlled but not developed by Magnesium Development Co., a holding company jointly owned by the Aluminum Company of America and I. G. F.

Other industrialists in America also saw the possibilities of magnesium development. Among them were the Hanna interests of Cleveland for years operators of coal and iron properties in the Great Lakes area. The Hanna interests sent engineers to England to study British Elektron operations, with an eye to developing the magnesite ore deposits in Nevada. The result was the formation of Basic Magnesium, Inc., 45 per cent owned by the British who were to furnish the "know-how" of operation, 55 per cent owned by Basic Refractories, a Hanna holding company which in turn owned a subsidiary, Basic Ores, which acquired the Nevada magnesite deposits—if you can follow that corporate daisy chain.

Nice Business

Original plans of Basic Magnesium called for a plant with a modest 5000 tons a year capacity. Then came the war, and the demands for magnesium zoomed. After consulting the army and the defense plant corporation, the company multiplied these plans gradually by 11 plus, with result that contracts were let for the \$63 million plant with a capacity of 56,000 tons of ore a year, which was announced in mid-August, 1941. Basic Magnesium didn't have to put up a cent, beyond its normal costs for promotion and proving the ore, estimated at from \$25,000 to \$50,000.

Under the contract, the government retains title to the plant, but Basic Magnesium was given a cost-plus fixed-fee contract for operation and construction. Basic Magnesium is to receive a \$300,000 fee plus cost for construction and engineering although, according to Senator Wallgren's sub-committee, the company had little or no construction experience, engineering and architectural services being performed by others. Further, if the defense plant corporation should cancel the contract, the government would have to pay Basic Magnesium \$1 million and double the royalties on the ore from \$1 to \$2 a ton, although the Basic Refractories company is now leasing quarries near Las Vegas on payment of 25 cents per ton royalty.

All this is what the full Truman committee will investigate when it opens hearings in Washington.

Magnesium Man

Genius of the Basic Magnesium, Inc., setup which the Truman committee will probe in Washington, and the man who will be in the spotlight, is Howard P. Eells, Jr., of Cleveland. . . . He is connected with several of Cleveland's oldest and richest families. . . . Graduated from Williams in 1915. . . . Served in Ohio national guard on Mexican border and in France with Rainbow Division. . . . Rose from second lieutenant to captain of field artillery. . . . Saw action at Aisne-Marne, St. Mihiel and Argonne. . . . Joined Basic Dolomite Co., of Tiffin, Ohio in 1919. . . . This firm became Basic Refractories, Inc., in 1941. . . . Eells is now president. . . . A brother, Samuel Eells, is vice president. . . . Dan P. Eells of Milwaukee is chairman of the board.

APR. 9, 1942 424
COTTESBURGH, NEB. STAR-HER.

On the— SIDELINES

—in Washington

WASHINGTON, April 8.

"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special

APR. 16, 1942 423
EASTLAND, TEX. TELEGRAM

From Rags to Riches the Magnesium Way Is Called "Most Flagrant War Profiteering"

BY PETER EDSON

NEA Service Washington Correspondent

WASHINGTON.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic

APR. 7, 1942 414
COLUMBIA, MO. MISSOURIAN

Washington Column

Riches From Magnesium
BY PETER EDSON

NEA Washington Correspondent

WASHINGTON, April 7 — "One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee

APR. 8, 1942 411
BILLYE TEX MORN REPORTER

STORY OF PROFITS MAGNESIUM

By PETER EDSON
Reporter-News Washington
Correspondent

WASHINGTON — "One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee in-

APR. 8, 1942 41
COLLINS, COLO., EXPRESS

Magnesium Rich

By Peter Edson

WASHINGTON — "One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee in-

APR. 7, 1942 414
NORMAN, OK. TRANSCRIPT

Rags to Riches The Magnesium Way

By PETER EDSON

Transcript Washington Correspondent
WASHINGTON, April 7 — "One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee in-

APR. 9, 1942 417
HOUMA LA COURIER

From Rags to Riches the Magnesium Way Is Called "Most Flagrant War Profiteering"

BY PETER EDSON

NEA Service Washington Correspondent

WASHINGTON — "One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, O., operating company

From
DEMOCRAT
Waterbury, Conn.
APR 7 1942

NATIONAL SPOTLIGHT

From Rags To Riches The Magnesium Way

BY PETER EDSON

Waterbury Democrat Washington
Correspondent

Washington, April 7 — "One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee in-

From
STATES
New Orleans, La.
APR 8 1942



Politics from U. S. Capital

By

Peter Edson

(N. O. States Washington Correspondent)
Washington — "One of the most flagrant attempts at war prof-

LOGAN, UTAH, HERALD-JOURNAL
APRIL 9, 1942

Rags to Riches

BY PETER EDSON
Herald-Journal Washington
Correspondent

WASHINGTON, April 9 — "One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee in-

TAFT, CAL., MIDWAY DRILLER
APRIL 9, 1942

IN WASHINGTON

BY PETER EDSON
Daily Midway Driller Washington
Correspondent

WASHINGTON, April 9 — "One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee in-

APR. 9, 1942 417
CORPUS CHRISTI, TEX. CALLER

From Rags to Riches

BY PETER EDSON

WASHINGTON — "One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee in-

APR. 9, 1942 416
DENTON, TEX. REC. CHRONICLE

WASHINGTON COLUMN

By PETER EDSON
NEA Service Washington Correspondent

FROM RAGS TO RICHES THE MAGNESIUM WAY
WASHINGTON, April 9 — "One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, O., operating company

APR. 9, 1942 417
ENOLA ARK WK BANNER N.

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BY PETER EDSON

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Panama City News Herald

FLORIDA APR 9 1942
DATE

In Washington

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APR 10, 1942 417
ORLANDO WFO NEWS

EDSON'S WASHINGTON COLUMN

From Rags to Riches the Magnesium Way Is Called "Most Flagrant War Profiteering"

BY PETER EDSON

NEA Service Washington Correspondent

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By PETER EDSON

WASHINGTON, April 13 — "One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee in-

APR 10, 1942 418
BEAUMONT, TEX. JRL

Rags To Riches Story

By Peter Edson

WASHINGTON — "One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee in-

APR. 9, 1942 416
ROLLA, MO. NEW ERA

From Rags to Riches the Magnesium Way Is Called "Most Flagrant War Profiteering"

BY PETER EDSON

NEA Service Washington Correspondent

WASHINGTON — "One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee in-

EDSON'S WASHINGTON COLUMN

From Rags to Riches the Magnesium Way Is Called "Most Flagrant War Profiteering"

BY PETER EDSON

NEA Service Washington Correspondent

WASHINGTON — "One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee in-

APR. 9, 1942 416
LACKWELL, OKLA. JOURNAL

From Rags to Riches the Magnesium Way is Called 'Most Flagrant of War Profiteering' by Committee

BY PETER EDSON

NEA Service Washington Correspondent

WASHINGTON — "One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, O., operating company

APR. 16, 1942 425
PERRY, OKLAHOMA JOURNAL

By PETER EDSON

From Rags To Riches In The Magnesium Way Is Profiteering

Washington—(U.P.)—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, O., operating company now building a \$63 million magnesium plant near Las

APR. 14, 1942 428
FT SCOTT, KS TRIBUNE

BEHIND THE SCENES IN WASHINGTON

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By PETER EDSON
NEA Service Washington Correspondent

WASHINGTON.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee

APR. 9, 1942 421
PALESTINE, TEX. PRESS

BEHIND THE SCENES IN WASHINGTON

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APR. 16, 1942 424
PERRY, OKLAHOMA JOURNAL

By PETER EDSON

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Monroe Times
Monroe, Wis.
APR 16 1942

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NEA Service Washington Correspondent

WASHINGTON.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee

APR. 10, 1942 418
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Rags To Firm Bein

By Peter Edson
Sweetwater Reporter
Washington Correspondent

WASHINGTON.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national

APR. 7, 1942 428
SPRINGFIELD, MO. NEWS

Peter Edson's Capital Curios

By PETER EDSON
Daily News Washington Correspondent

WASHINGTON.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, Ohio, operating company now building a \$63 million dollar magnesium plant near Las Vegas, Nev., using the government's Defense Plant Corporation money. A sub-committee of senators under Mon C. Wallgren of Everett, Wash., had a preliminary look at Basic Magnesium's layout several weeks ago. What the senators found there was evidence that the company, on an original investment of \$50,000 to prove magnesite ore deposits claimed from the public domain, stands to make a possible \$280,000 per year royalties, plus a possible \$560,000 per year operating fee, for the next 30 years. Hence the committee's label of "flagrant war profiteering."

APR. 7, 1942 424
AUSTIN MINN HERALD

PETER EDSON IN WASHINGTON

Rags to Riches the Magnesium Way Story Probed by Truman Committee

Washington—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, Ohio, operating company now building a \$63 million magnes-

APR. 21, 1942 429
BRECKENRIDGE, TEX. AMERICAN

From Rags to Riches the Magnesium Way Is Called "Most Flagrant War Profiteering"

By PETER EDSON
NEA Service Washington Correspondent

WASHINGTON.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee

From News
Danville, Pa.
APR 8 1942

PETER EDSON REVIEWS

The Washington Parade

Behind the Scenes Comment Told by Veteran NEA Columnist

From Rags to Riches the Magnesium Way Is Called "Most Flagrant War Profiteering"

By PETER EDSON
NEA Service Washington Correspondent

WASHINGTON.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, O., operating company now building a \$63 million magnesium plant near

From Review
Ridgely, N.C.
APR 6 1942

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By PETER EDSON
NEA Service Washington Correspondent

WASHINGTON.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, O., operating company now building a \$63 million magnesium plant near

From
REGISTER
New Haven, Conn.
APR 8 1942

Rags To Riches Is Story Of Magnesium Business

By PETER EDSON

Washington, April 8—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, O., op-

trust attempts to control synthetic rubber development in the United States. As a matter of fact there is even a chapter in the Basic Magnesium, Inc., story that leads back to I. G. F. control of the process which B. M. I. proposes to use.

Daisy Chain

Up to the beginning of the defense emergency, the United States had

From
TIMES
Indianapolis, Ind.
APR 8 1942

The Profit Side

By Peter Edson



WASHINGTON, April 8—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when the Truman committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, operating company now building a \$63,000,000 magnesium plant near Las Vegas, Nev., using the gov-

APR. 18, 1942 51
ROCK SPRINGS, WYO. ROCKET

EDSON IN WASHINGTON FROM RAGS TO RICHES BY OF THE MAGNESIUM ROUTE

By PETER EDSON
DAILY ROCKET Washington Correspondent

WASHINGTON, April 17—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing by Senator Harry S. Truman's special committee investigating national defense

From
PRESS
Atlantic City, N. J.
APR 21 1942

Rags To Riches

The Magnesium Way

By PETER EDSON

"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee

Inc., story that leads back to I. G. F. control of the process which B. M. I. proposes to use.

DAISY CHAIN

acquired the Nevada magnesite deposits—if you can follow that corporate daisy chain.

APR. 8, 1942 436
CHILLICOTHE, MO. CONST.-TRIB.

Sen. Harry Truman to Have a Further Look In Basic Magnesium, Inc.

By PETER EDSON

WASHINGTON.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee in-

British Elektron operations, with an eye to developing the magnesite ore deposits in Nevada. The results was the formation of Basic Magnesium, Inc., 45 per cent owned by the British who were to furnish the "know-how" of operation, 55 per

APR. 8, 1942
SHAWNEE, OKLAHOMA STAR

Peter Edson Writes: Rags to Riches the

BY PETER EDSON
News-Star Washington Correspondent
WASHINGTON, April 8.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Mag-

EL CENTRO, CAL., PRESS
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APRIL 9, 1942



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468

WASHINGTON, April 7.—(UP)—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc.,

APR. 9, 1942
WYOMING DEMOCRAT

EDSON IN WASHINGTON

By PETER EDSON
Times-Democrat Washington Correspondent

WASHINGTON.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium.

APR. 8, 1942
BEATRICE, NEBR. SUN

Rags to

By Peter Edson
(Washington Correspondent)
WASHINGTON.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, O., operating company now building a \$63 million magnesium plant near Las Vegas, Nev., using the government's Defense Plant Corporation money.

APR. 8, 1942
LAFAYETTE, LA. ADVERTISER

From Rags To Riches By The Route Of Magnesium

— Daisy Chain
— Nice Business

BY PETER EDSON
Advertiser Special Correspondent

WASHINGTON, April 8.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleve-

APR. 10, 1942
CLARKSVILLE TEX. TIMES

Edson's Washington Column

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Is Called "Most Flagrant War Profiteering"

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APR. 7, 1942
PRATT, KS. TRIBUNE

BEHIND the SCENES in WASHINGTON

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APR. 8, 1942
ABILENE, KS. CHRONICLE

WASHINGTON COLUMN

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APR. 13, 1942
HOBBS, N. M. NEWS

WASHINGTON COLUMN

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APR. 7, 1942
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APR. 8, 1942
MANHATTAN, KS. CHRONICLE

Rags To Riches Called Flagrant War Profiteering

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NEA Service Washington Correspondent

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APR. 9, 1942
FERRY, LA. CHIEF

EDSON IN WASHINGTON

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APR. 9, 1942
LIVINGSTON, MONT. ENTERPR.

Washington News Letter

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APR. 10, 1942
GUTHRIE OKLA LEADER

IN WASHINGTON

BY PETER EDSON

WASHINGTON.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium.

From
TIMES-UNION
Rochester, N. Y.

APR 6 1942

PETER EDSON

NEA and Times-Union Writer

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APR. 10, 1942
LUBBOCK, TEX. JOURNAL

Labor Bosses Not The Take A Gander

BY PETER EDSON

Journal Washington Correspondent
WASHINGTON, April 10.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing when Senator Harry S. Truman's special committee in-

APR. 7, 1942
BISMARCK N D TRIBUNE

WASHINGTON COLUMN

BY PETER EDSON
Tribune Washington Correspondent
WASHINGTON.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's spe-

APR. 12, 1942
VICTORIA, TEX. ADVOCATE

EDSON IN WASHINGTON

By PETER EDSON
NEA Service Washington Correspondent

WASHINGTON.—"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Senator Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, O., operating company now building a \$63 million magnesium plant near Las Vegas,

Politics

Congressman James G. Scrugham pays a visit to Elko. Truman investigation may raise stock of Senator Berkeley Bunker in Nevada. Reno writer spills local dope, following recent visit here.

CONGRESSMAN James G. Scrugham has come and gone, without making an announcement of his future plans, although it is taken for granted here that he will be a candidate for the United States senate. As a matter of fact some of his close friends here say that he has told them, off the record and unofficially, that he will be a candidate for this office, come September.

There was a considerable contrast to his visit and that of Senator Berkeley Bunker. Congressman Scrugham let it be known that he was coming to Elko. He asked that a meeting be called so that he could make an address on an important subject. About 60 residents of Elko listened to him talk and most of them were impressed by his knowledge of international and local conditions.

His knowledge as an engineer is extremely helpful when he talks about strategic metals that are so badly needed in the war effort. There are few men better acquainted with the state of Nevada than Scrugham. His talk showed this intimate knowledge and naturally boosts his stock as a potential candidate for any office.

When Senator Bunker came here a few weeks ago he did not ask for a public meeting, but he did contact many residents of this community. Shortly after leaving here he leveled a barrage at the Basic Magnesium Company at Las Vegas, talked about inefficiency and a "convenient" fire. Most political writers of the state felt he had put "his neck out."

However, there is a growing belief that he might not have been off the track as was so generally supposed at first. Recent revelations concerning Basic Magnesium by the Truman committee, particularly about the amount of money it stands to make and also regarding salaries being paid might influence a lot of voters in Bunkers favor. The whole story has not been told and will not be known for some time yet. It is doubtful whether Bunker could gather enough strength to defeat Congressman Scrugham but stranger things have occurred in politics.

There are many in Nevada who feel Scrugham should sacrifice his personed ambitions and continue in the house. They say he can do more for the state there, that everything rests on seniority in the senate and that Nevada will suffer if Scrugham runs for the senate.

J. O. Epperson, political writer in the Gazette, was in Elko recently. He was one of those who thought Bunker had spoken out of turn. However, he had the following to say in his recent column:

"Senator Bunker's political stock has risen this last week as the result of the report of the Truman subcommittee on the magnesium situation in Nevada, a report which was sharply critical of Basic Magnesium and the Defense Plant corporation.

"The junior senator and Howard Eells, Jr., presidents of Basic Magnesium, have been at odds for some time, friction having arisen over the housing situation in Clark county. Senator Bunker did not favor the creation of a separate townsite at the plant, a move which Eells desired.

"The junior senator took the first step toward investigation of Basic Magnesium when he took paid advertising space in a Las Vegas newspaper to criticize the magnesium concern. Later, he requested the committee headed by Senator Truman to make an investigation and a subcommittee held hearings in Las Vegas late in March. Principal witness for the magnesium concern was President Eells, who related the financial arrangements between the Defense Plant corporation and his own concern.

"General comment throughout the state last week, as reflected in the newspapers, was to the effect that the inquiry at Las Vegas had failed to bear out Senator

Bunker's contention. The report of the subcommittee as made public in Washington, however, places the junior senator in a better position and should Basic Magnesium be forced to modify its contract or to surrender it, upon the basis of further investigation by the senate committee, Senator Bunker may be in a strong campaign position in some sections of the state, as he will then be possessed of an issue and record separate from the national policy and on which he can make an appeal. It is now apparent that the junior senator has been receiving advice from older friends in Washington, and his attack upon Basic Magnesium could conceivably have been with the knowledge that the senate committee had already found the contract between the Defense Plant corporation and Basic Magnesium a vulnerable one.

"As this campaign year advances, it is increasingly evident that Senator Bunker will be a formidable candidate for the democratic nomination and if Congressman Scrugham does not run for the senate post, there may be but little chance that any other Democrat could defeat Bunker.

"Republicans in the state, after a survey of the northern tier of counties, have been encouraged by an obvious lack of enthusiasm for the junior senator in Democratic ranks there.

"Just what the reaction to the situation will be in Clark county, the site of the Eells-Bunker controversy is a question. The fact remains that the friction started over the lack of housing facilities near the magnesium plant and the Truman report, for all it has revealed concerning contracts, has apparently not made any headway in solving the housing problem, and it is the housing problem that vitally affects the majority of the new Clark county voters."

Apparently Epperson heard some political gossip while in Elko as he reports the following:

Reports coming from Elko county are to the effect that J. F. McElroy, speaker pro tem in the assembly last year, is contemplating making the race for a state office this fall on the Democratic ticket. If McElroy does become a candidate for treasurer or some other position, it will eliminate two of the four assemblymen from Elko county last year, as M. E. McCuision has already been named to a federal job and the Hatch act makes his resignation mandatory. The other two Elko assemblymen, Warren Monroe and W. B. Tavelle, are expected to seek reelection, as is John E. Robbins to the state senate. All are Democrats.

C. B. Tapscoff, district attorney in Elko county, expects to be called into the armed service within the next two or three months, which will necessitate the appointment by the Elko county commissioners of someone to replace him. Tapscoff is a Democrat and the majority of the commissioners are Democratic, but under the state law, it is not necessary that a Democrat be appointed. Mentioned as possibilities for the place should Tapscoff leave are George Wright and Alexander Puccinelli. (Puccinelli is not interested in the appointment. In the event Tapscoff leaves, Taylor Wines would also be eligible. The commissioners might prefer to name an older man, who would not be affected by the draft.)

Labor Critics Hide Out When Senators Seek Them

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"In every defense plant visited," the report stated, "the subcommittee discussed labor relations problems with the executives. In view of the present, widespread demands for modification of the 40-hour week, the subcommittee believes it worth while to report that only one of several score executives interviewed suggested that lengthening of the work week would increase production.

Few Stallers

"This individual said he believed some workmen deliberately delayed completion of specific tasks so as to get overtime pay.

"It is perhaps significant that this suggestion came from an executive in the one plant visited where relations between employer and employees were not good and harmonious.

The committee added that the managements of all other plants reported speedy adjustment of the usual grievances.

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working a 48-hour week and comments of several executives indicated that the overtime pay for the eight hours over 40 was figured as part of weekly earnings and that if it were eliminated, it might be necessary to increase hourly rates to provide approximately the same weekly earnings."

Other Findings

Other findings made by the subcommittee were:

1. That a proposal lease between Basic Magnesium Inc. at Las Vegas, Nev. and the Defense Plant Corporation "appears . . . as one of the most flagrant attempts at war profiteering . . ."

2. There is still something seriously wrong in the light metals section of the War Production Board.

3. That a single aircraft section be set up in the WPB charged with over-all planning for aircraft production.

4. After employment by shipyards of an agreed upon number of employees of each craft, restrictions as to the type of work each individual might do should be lifted.

The committee's report blistered the proposed contract between Basic Magnesium Inc. and the Defense Plant Corp., declaring that the company stood to make huge sums on very little invested capital.

Pretty Take

Hearings at Las Vegas, the report said, disclosed that DPC is paying tremendous fees for experiments which so far have made miserable progress, the metal production units being only 9 percent

complete although the contract was signed August 13, 1941.

Royalty arrangements provide that if the plant is worked at capacity, the company will be paid \$280,000 a year royalties on a total investment of not over \$50,000.

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Nazi Hand

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"The subcommittee has been told that the WPB still does not have a single top notch aircraft production man in its organization," the committee said.

Merrill C. Meigs, former Hearst publisher in Chicago, is the head of the aircraft division of WPB.

Las Vegas Review Journal
April 7, 1942

Where Goes the Mining Industry? 4/7

Suppose a prospector located a group of claims in a gold district, put down a shaft, ran a couple of tunnels, and determined, after considerable work, that he had approximately 100,000 tons of ore which would run \$20 a ton.

Suppose he had expended, all told, in cash and labor, \$2,500 in developing the property.

Suppose also, a mining company wanted to buy the property, what would be its value?

Certainly no one in the mining west would suggest the figure of \$2,500. Certainly there would be no one to argue that because he had spent in actual cash, but \$2,500 in developing the mine, that's all it was worth.

And yet in figuring the profit Basic Magnesium, Inc., is supposed to make from operation of the Las Vegas plant, the Truman committee used as a basis, the amount of money the company had expended in testing and developing its magnetic claims near Luning, Nevada.

When it was charged that Basic would realize a profit in excess of 4,000 per cent, that percentage was figured on the estimated \$50,000 the company had actually expended in development work.

The mining industry of the west would certainly be in for a rather dismal future if the government or capital in general, were to adopt the formula laid down by the Truman committee for placing a value on mining properties, limiting the amount to the cash outlay for work done, and ignoring entirely the value of the ore contained therein.

This Week ---

with "BILL" HIGGINS

THIS BOOK WORTH READING. NEVADA FIRM MAKES MONEY. CHISELERS BUY UP SUGAR. NOBLE IS AS NOBLE DOES. YOU CAN'T BEAT GLAMOUR.

AS AN OLD movie fan, we're out of sorts today. Frankly we don't get it—this recent trend toward "double horror" shows. One blood-curdler at a time is bad enough. What we need right now is entertainment of a lighter nature, not something to whip our nerves into a short-circuit.

RECOMMENDED reading — especially for those who don't grasp what an invasion of the U. S. would mean: Robert St. John's new book, "From the Land of Silent People." It's a vivid portrayal of the Nazi conquest of Yugoslavia, the fall of Greece and Britain's defeat at Crete, written by a war correspondent who was right in the thick of things. The author pulls no punches; neither does he spoil his narrative with any second-guessing. For our money it's by far the best book to come out of the war. Squeamish folks, if there are any left, won't like it.

THEY'RE planning a practice blackout at Stillwater prison in the near future. It'll be every lock for itself that night.

THE SENATE HAS uncovered another case of huge salaries and big bonuses paid to officials and employees of a small firm holding a defense contract. This time the culprit is a mining company, Basic Magnesium, Inc., of Las Vegas, Nevada, reported on its way to a profit of ONLY 4,000 per cent on a federal contract. Perhaps a way can be found to prosecute these profiteers, though that's doubtful. The real fault can be checked back to an outmoded system of contract-letting and failure of congress to enact adequate war profit legislation.

IF OUR STATE pardon board wants to tear up its rules and give the Rev. Henry Soltau an earlier hearing than he would otherwise be entitled to, that's their privilege. But having established this precedent, what will the board do when some fellow who lacks the influence of many friends, and 400 petitions, asks that the rules be waived for his benefit?

THE ORIGINAL sugar order, permitting commercial users to buy up to 80 per cent of last year's purchases, has been amended to halt a new type of racket. The priority board found that in some sections those sterling patriots who are always ready to turn a fleazy dollar had set up fake businesses and were buying all the sugar they could get their gloms on. When the pinch comes, they'll be all set to bootleg their stocks to anyone who cares to deal with tramps of that type—if Uncle Sam hasn't dealt with them first.

PRETTY SOON now and top speed on Minnesota's highways will be reduced from 60 to 40 miles an hour. This is going to make those drivers with a heavy foot unhappy. Yet oddly enough, most motorists who tear down the road with sparks shooting from the muffler always find time to linger over a bottle of pop as soon as they reach destination.

SPEAKING of drivers. Almost 900 sets of duplicate license plates have been issued to Minnesota car owners since the first of the year. What goes—and where?

THE TREASURY department suggests income tax deductions be liberalized to permit full allowance for "extraordinary medical expenses." That makes sense. Any family is apt to bump into an unexpected and costly illness. But the trouble is, the fellow with an

average income feels like sending for a doctor the minute he sees the size of his taxes.

FREE SPEECH. Out in California a fellow named Robert Noble, founder of an isolationist group called "Friends of Progress," is under arrest for sedition. Among other things Noble publicly charged MacArthur with deserting his troops in the Philippines. Previous to that, he told a committee of the California legislature that he believes in most of the things Hitler has done. Noble's record also shows that he deserted from the navy in World War I, was then dishonorably discharged, and shortly afterward was convicted in Pittsburgh of petty larceny. And he libels MacArthur!

HE DID IT before, he's done it again. Donald Mason of Rochester, Minnesota's No. 1 hero of World War II, polished off his second U-boat last week. For his successful encore, Mason has been commissioned an ensign. He was formerly a chief machinist's mate. This is the young man, you'll remember, who reported after sinking his first Nazi submarine on February, "Sighted sub, sank same."

SIGN OF THE TIMES. A bill has been introduced in the senate to suspend for the duration all national holidays except Christmas. We may come to it before we're through.

THIS WEEK—GAL TWO
A NEW YORK gossip columnist (not Winchell) reports that a famous night spot is all a-tremble over the glamour girl contest it will stage this coming weekend. That's the stuff to give the troops! Can't you just see them now—the boys in foxholes of Bataan, the Yankee pilots down in Australia, the sailors on Atlantic patrol, the countless thousands on duty elsewhere or in the training camps—all of them, wherever they are, anxiously waiting to hear what dreamy-eyed deb walks off (if she can) with this greatest of honors. After all, what's a distinguished service cross?

HARI-KARI in the hoosegow. Carl Schroetter, recently convicted as a Nazi spy, took off by the belt-and-bar route two days after landing at Atlanta prison. He was found hanged in his cell. The manila shortage makes it impractical to furnish rope to despondent spies.

HERE'S A SUMMARY of the second war powers bill, now law of the land. It establishes a two-year jail term for violating priority orders. Permits the government to examine the books of any firm holding a defense contract. Authorizes use of copper in coining 5-cent pieces. Permits the treasury to accept gifts. Gives the ICC the same power over motor and water carriers that it has over railroads. Suspends maritime regulations when necessary for movement of troops or supplies. Permits use of CCC enrollees for guarding essential industries and resources. Extends free postage to all men in the armed forces whether serving at home or abroad.

This article was clipped from
BREWERY WORKER
Official Publication of the International Union
of United Brewery and Soft Drink Workers
of America
Cincinnati, Ohio
APR 8-1942

WEST COAST PROBE SHOWS EVEN EMPLOYERS AGREE 40-HOUR WEEK IS NOT HAMPERING WAR PRODUCTION

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ONLY ONE DISSENTER

"In every defense plant visited," the report stated, "the subcommittee discussed labor relations problems with the executives. In view of the present widespread demands for modification of the 40-hour week, the subcommittee believes it worth while to report that only one of several score executives interviewed suggested that lengthening of the work week would increase production.

"This individual said he believed some workmen deliberately delayed completion of specific tasks so as to get overtime pay.

"It is perhaps significant that this suggestion came from an executive in the one plant visited where relations between employer and employees were not good or harmonious.

The committee added that the managements of all other plants reported speedy adjustment of the usual grievances.

"Employees in nearly all plants," the report stated, "were working a 48-hour week and comments of several executives indicated that the overtime pay for the eight hours over 40 was figured as part of weekly earnings and that if it were eliminated, it might be necessary to increase hourly rates to provide approximately the same weekly earnings."

FIND EVIDENCE OF PROFITEERING

Other findings made by the subcommittee were:

1—That a proposed lease between Basic Magnesium, Inc., at Las Vegas, Nev., and the Government's Defense Plant Corporation "appears . . . as one of the most flagrant attempts at war profiteering . . ."

2—There is still something "seriously wrong" in the light metals section of the War Production Board.

3—That a single aircraft section be set up in the WPB charged with overall planning for aircraft production.

4—After employment by shipyards of an agreed upon number of employees of each craft, restrictions as to the type of work each individual might do should be lifted.

Lags in aircraft production, the committee reported, are due to failure to plan expansion of the small suppliers of aircraft parts and subassemblies. The big plants are primarily assembly plants, the committee said, and depend upon from 1,000 to 4,000 suppliers of parts.

"The subcommittee has been told that the WPB still does not have a single top notch aircraft production man in its organization," the committee said.



PROBES LABOR FOES: Senator Harry S. Truman (D., Mo.), whose committee investigating the defense program is expected to seek out those responsible for the wave of anti-labor propaganda coming from Southern States.

Senate committee absolves labor of slowdown charges

The senate war program investigating committee last week absolved workers in defense plants of slowdown charges, reported that most defense workers were working 48 hours a week, and stated that in a poll of executives only one believed that a forty hour work week law should be enacted.

The one executive, of several score interviewed, in favor of 40 hour legislation had been having employee trouble.

BMC HIT

The Basic Magnesium Company in Las Vegas was severely criticized in the report. Claiming the company will make \$1,000,000 a year for a possible thirty years, on a \$50,000 investment, the report cited the company as "one of the most flagrant attempts at war profiteering".

"Lack of full production in defense industries the report stated, 'can be traced to failure to coordinate the various plants

and subcontractors who supply assembly plants." The now defunct office of production management was also blamed for a lack of "overall" planning along with the armed services on the West Coast for the failure of airplane factories to operate at full capacity.

RUBBER

The committee also favorably reported a plan to commercially produce rubber from guayule, however, enough rubber to supply the nation's needs could not be produced from this process for three or four years.

The Country Speaks: San Francisco

Investigate the Investigators? By Nate White

Many San Franciscans are quietly asking why a Senate subcommittee charged with investigating progress of the war industrial program on the West Coast should not be investigated.

Discontent with the public hearings here of a subcommittee of the Senate group, headed by Senator Harry S. Truman (D. of Missouri), was expressed when an investigation of the vital shipbuilding program of this West Coast center was sidetracked obviously for senatorial courtesy. Instead the subcommittee spent most of its time on a series of public works projects of dubious importance at the present time.

Although Donald M. Nelson, war production chief, had called for more and more ships and rumors were rampant here that the shipbuilding industry was clogged by numerous difficulties, the Truman subcommittee, composed of Senators Mon C. Wallgren (D. of Washington), Harley M. Kilgore (D. of West Virginia), and Joseph H. Ball (R. of Minnesota), bowed to an agenda arranged by Senator Sheridan Downey (D. of California) as "senatorial courtesy."

Time-Consuming Sortie

This traditional courtesy might have been approved by Californians if Senator Downey had arranged an agenda here in San Francisco which pertained to the vital and all-important question of winning the war. Instead, the subcommittee took up valuable, limited time discussing an elaborate scheme for completely re-making San Francisco Bay, dividing it into two fresh-water lakes and one salt lake. Senator Downey was anxious to see this mammoth project, calling for the largest naval and air bases in the world, with huge underground depots hollowed out of hills surrounding the bay, thoroughly investigated by the Senators. The proposition, widely admired, is the conception of John Reber. It parallels in elaborate detail France's great Maginot Line and is based on the same theory—the theory of defense.

Although Rear Admiral John W. Greenblade, Commandant of the Twelfth Naval District, said

he opposed undertaking the project, since there was great danger that inflowing ocean tides would fill up the Golden Gate with silt, and possible bombings might bottle up important naval installations, witnesses were still heard in support of the project.

Following this sortie into re-arranged geography, the Senators then moved to the question of sardine fishing in Monterey Bay. Senator Downey explained that he was not concerned about sardines in tins but about the vital chemicals from fish which would be of use to war industries. The Senators expressed concern that the Navy's conservation of fishing boats was too complete and that destruction of the West Coast fishing industry might cause the nation serious difficulties.

Effect on Hens

The poultry industry, it seems, may also be affected by a fish shortage. Egg-laying might fall off as much as 70 per cent, it was explained, if hens do not have fish meal to eat.

On the side in executive session the Senators heard Henry J. Kaiser, Western industrial magnate, President of the Permanente Magnesium Corporation and of shipbuilding yards here, explain that everything was going along smoothly. They later visited the Permanente plant.

On the matter of ships, Senator Wallgren explained that until three days before the hearings he and his colleagues had not heard of the Bay area's shipbuilding problems. "We left it all up to Senator Downey," he said. Senator Wallgren promised that in about three weeks the subcommittee might return to look into ships.

Explaining his plan to remake San Francisco Bay, Mr. Reber estimated that with "all the available machinery in the West" it could be completed in two years. It envisions two cross-bay moles, requiring 400 acres of rock stacked 40 feet high which would be hollowed out of the hills so as to leave caves, plus a number of locks and spillways. It would create Bay wharfrage with a 50-foot draft for 200 miles and raise the level of the Bay 2 feet.

APR. 9, 1942
ELMORE, MINN. EYE

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PR. 9, 1942
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PR. 9, 1942
VELETH MINN CLARION

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LABOR NEWS

BUTTE MONT.
4/9/42

TRUMAN COMMITTEE STRIKES BLOW AT ANTI-OVERTIME

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"It is perhaps significant that this suggestion came from an executive in the one plant visited where relations between employer and employee in the one plant visited were not good or harmonious."

The committee added that the managements of all other plants reported speedy adjustment of the usual grievances.

"Employees in nearly all plants," the report stated, "were working a 48-hour week and comments of several executives indicated that the overtime pay for the eight hours over 40 was figured as part of weekly earnings and that if it were eliminated, it might be necessary to increase hourly rates to provide approximately the same weekly earnings."

Other findings made by the sub-committee were:

1.—That a proposed lease between Basic Magnesium Inc. at Las Vegas, Nev., and the Defense Plant Corporation "appears . . . as one of the most flagrant attempts at war profiteering . . ."

2.—There is still something seriously wrong in the light metals section of the War Production Board."

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The committee's report blistered the proposed contract between Basic Magnesium Inc. and the Defense Plant Corp., declaring that the company stood to make huge sums on very little invested capital.

Hearings at Las Vegas, the report said disclosed that DPC is paying tremendous fees for "know how" which so far has delivered miserable progress, the metal producing units being only 9% complete although the contract was signed August 13, 1942.

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SAN DIEGO, CAL., TRIBUNE SUN
APR. 19, 1942

Defense Plant Inquiry

There are two ways to deal with the situation revealed by the special senate committee investigating national war projects, with regard to relations between the federal Defense Plant Corp. and Basic Magnesium, Inc., which the committee described as indicating "one of the most flagrant attempts at war profiteering." One way is to hush up any scandal, and the other way is to expose it mercilessly.

The first method is not entirely unlikely of adoption, considering the gravity of the situation and its possible repercussions. But it would be dangerous in that what the public might suspect but not know could have worse effect than the more drastic course would threaten. As a nation we can stand scandals in government because we are more or less accustomed to them; but grave suspicions of officially hidden evils would play directly into the hands of enemy propagandists.

APR. 10, 1942
ROCKTON, MINN. JOURNAL

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VOICE O' LABOR
MORGANTOWN W. VA.
4/10/42

Truman Committee Finds Arguments For Overtime Pay

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This article was clipped from

DENVER MINING RECORD & MACHINERY JOURNAL

For over 50 years the leading mining newspaper of the nation. Published every Saturday.

1829 Champa St., Denver, Colorado

APR 9 - 1942

BASIC MAGNESIUM CITED AS EXAMPLE OF WAR PROFITEER

Committee of U. S. Senate Says Nevada Company Is Flagrant Case.

Washington, D. C. — The senate war program investigating committee last week cited as one of the most flagrant attempts at war profiteering the alleged case of a magnesium firm which will make nearly \$1,000,000 a year for a possible period of 30 years on an investment of not over \$50,000.

The committee said the company is Basic Magnesium Inc. which will operate a magnesium plant for the government at Las Vegas, Nev., and will supply the ore from 600 acres of deposits.

It said the company is asking a royalty of \$1 a ton on ore, bringing an annual return of \$280,000 compared with a total investment of not over \$50,000. The company, according to the committee, is also to receive a fee for the operation of the plant, which at maximum production will equal \$500,000 a year over a possible period of 30 years, altho it is not even sufficiently financially responsible to warrant the leasing of property to it.

Additionally, the report said, the firm is to receive a \$300,000 fee plus costs for plant construction altho it had little or no construction experience in the past and altho more than \$1,000,000 is to be paid for architectural and engineering services to be performed by others.

The committee said that under terms of the contract, if Defense Plant Corp. should cancel BMI's contract because of poor performance or any other reason . . . it will have to pay BMI \$1,000,000. Additionally, BMI's royalties under the proposed ore lease would be doubled to \$2 a ton or \$50,000 a year.

The committee recommended that the Defense Plant Corp. refuse the royalty terms and said terms of the contract seem to put a premium on mismanagement and incompetency.

★ Peter Edson

WASHINGTON, April 9.—

"One of the most flagrant attempts at war profiteering to come to its notice" is to be given a Washington airing some time soon when Sen. Harry S. Truman's special committee investigating national defense has a further look at the affairs of Basic Magnesium, Inc., Cleveland, Ohio, operating company now building a \$63,000,000 magnesium plant near Las Vegas, Nev., using the government's defense plant corporation money.

A subcommittee of senators under Mon C. Wallgren of Everett, Wash., had a preliminary look at Basic Magnesium's layout several weeks ago. What the senators found there was evidence that the company, on an original investment of \$50,000 to prove magnesite ore deposits claimed from the public domain, stands to make a possible \$280,000 per year royalties, plus a possible \$560,000 per year operating fee, for the next 30 years. Hence the committee's label of "flagrant war profiteering."

The story behind Basic Magnesium is another of those romances of big business, rivaling in some respects the Truman committee's current disclosures on the I. G. Farbenindustrie, or German dye trust attempts to control synthetic rubber development in the United States. As a matter of fact there is even a chapter in the Basic Magnesium story that leads back to I. G. F. control of the process which B. M. I. proposes to use.

Up to the beginning of the defense emergency, the United States had only one magnesium plant in operation, a 9000 tons per year unit run by the Dow Chemical Co. of Midland, Mich., which extracted the metal from salt water. Additional United States consumption of this metal, lighter than aluminum and valuable as an alloy to give aluminum extra hardness, had been met by imports from Europe.

German metallurgists had really pioneered the development of the metal, but in 1936 a British operating company, British Elektron, Ltd., began extensive reduction of the ore in England, licensed to operate under patents controlled by I. G. Farbenindustrie. In the United States these patents are supposedly controlled but not developed by Magnesium Development Co., a holding company jointly owned by the Aluminum Company of America and I. G. F.

Other industrialists in America also saw the possibilities of magnesium development. Among them were the Hanna interests of Cleveland, for years operators of coal and iron properties in the Great Lakes area. The Hanna interests sent engineers to England to study British Elektron operations, with an eye to developing the magnesite ore deposits in Nevada.

The result was the formation of Basic Magnesium, 45 per cent owned by the British who were to furnish the "know how" of operation, 55 per cent owned by Basic Refractories, a Hanna holding company which in turn owned, as a subsidiary, Basic Ores, which acquired the Nevada magnesite deposits—if you can follow that corporate daisy chain.

Original plans of Basic Magnesium called for a plant with a modest 5000 tons a year capacity. Then came the war, and the demands for magnesium zoomed. After consulting the army and the defense plant corporation, the company multiplied these plans gradually by 11 plus, with the result that contracts were let for the \$63,000,000 plant with a capacity of 56,000 tons of ore a year, which was announced in mid-August, 1941. Basic Magnesium didn't have to put up a cent beyond its nominal costs for promotion and proving the ore, estimated at from \$25,000 to \$50,000.

Under the contract, the government retains title to the plant, but Basic Magnesium was given a cost plus fixed fee contract for operation and construction. Basic Magnesium is to receive a \$300,000 fee plus cost for construction and engineering although, according to Senator Wallgren's subcommittee, the company had little or no construction experience and though more than \$1,000,000 is to be paid in fees for construction, engineering and architectural services being performed by others.

Further, if the defense plant corporation should cancel the contract, the government would have to pay Basic Magnesium \$1,000,000 and double the royalties on the ore from \$1 to \$2 a ton, although the Basic Refractories is now leasing quarries near Las Vegas on payment of 25 cents per ton royalty.

All this is what the full Truman committee will investigate when it opens hearings in Washington.

LAS VEGAS AGE

SOUTHERN NEVADA'S LEADING NEWSPAPER

Established in 1905

CHARLES P. SQUIRES Editor
DOROTHY D. BRIMACOMBE Business Manager
L. V. "Lou" AFRICA Advertising Manager
E. H. JOHNSON Plant Superintendent

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MORE ABOUT BASIC MAGNESIUM

Since the beginning of attacks on Basic Magnesium, Inc., the atmosphere, at first a little hazy because of various and nebulous charges against "America's No. 1 Defense Project," has been gradually but surely clearing.

As an example of the conclusions arrived at by men capable of closely and impartially analyzing a complicated situation we call attention to an editorial in The Los Angeles Times of Saturday, April 11, headed "BASIC MAGNESIUM AND SENATOR BUNK."

"If the statements of Secretary of Commerce Jesse Jones, who heads the government lending agencies, are accurate—and few will doubt Jones' word—Senator Bunker of Nevada stands convicted of being an irresponsible blabbermouth who should have the last syllable of his name elided.

"Cloaked in Senatorial immunity, Senator Bunker made sensational charges on the floor of Congress about the Basic Magnesium, Inc., plant near Las Vegas and Boulder City, asserting that under the setup the company stood to make 4280 per cent profit on a \$50,000 investment. Bunker intimated that "high government officials" had been corrupt, though without naming them.

"Since Jones is the government official responsible, this part of the charge reflected on him.

"Jones declares in answer that the company's investment is not a mere \$50,000, but many millions; that the construction fees will aggregate less than 2 per cent of the cost of the plant; that royalty for ores will not exceed ¼ cent per pound for the magnesium produced, and that the fee for operation will not exceed ½ cent per pound, or approximately 2 per cent.

"Bunker's charge that a British company, which he said is concerned in the patent rights, is in reality controlled by German interests, appears absurd on its face. The British government is distinctly not permitting anything of that sort; any German interest in British corporations has long since been taken over.

"The Constitution provides that for what members of Congress say upon the floor of either house they 'shall not be questioned in any other place.' This generally useful and salutary provision seems to have been gravely abused by Senator Bunker. The Senate can and should call him to account."

ARSON AND FALSIFICATION

In the first outburst of bitter criticism by Senator Bunker against Basic Magnesium, Inc., strong intimations were made that the fire which destroyed the administration building at the plant was "conveniently timed" by its officials for the purpose of covering falsifications of their records.

Later, following the so-called investigation by the Truman Committee, which was in no sense an investigation but a convenient means of making public unsubstantiated charges against the company and its officials, it was strongly intimated that Secretary of Commerce Jesse Jones and his assistants in the Defense Plant Corporation were guilty of frauds against the government of the United States.

Coming at this time when America is engaged in war and is struggling to prepare herself for that supreme "War for Survival" which looms like a thunder cloud ahead of us, all

"Let it be impressed upon your minds, let it be instilled into your children, that Liberty of the Press is the palladium of all political and religious rights of free men."—Junius.

Las Vegas Evening Review-Journal

AND BOULDER CITY JOURNAL
Official Newspaper of Boulder City
AN INDEPENDENT NEWSPAPER
Established 1909

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Where Goes the Mining Industry?

Suppose a prospector located a group of claims in a gold district, put down a shaft, ran a couple of tunnels, and determined, after considerable work, that he had approximately 100,000 tons of ore which would run \$20 a ton.

Suppose he had expended, all told, in cash and labor, \$2,500 in developing the property.

Suppose also, a mining company wanted to buy the property, what would be its value?

Certainly no one in the mining west would suggest the figure of \$2,500. Certainly there would be no one to argue that because he had spent in actual cash, but \$2,500 in developing the mine, that's all it was worth.

And yet in figuring the profit Basic Magnesium, Inc., is supposed to make from operation of the Las Vegas plant, the Truman committee used as a basis, the amount of money the company had expended in testing and developing its magnesite claims near Luning, Nevada.

When it was charged that Basic would realize a profit in excess of 4,000 per cent, that percentage was figured on the estimated \$50,000 the company had actually expended in development work.

The mining industry of the west would certainly be in for a rather dismal future if the government or capital in general, were to adopt the formula laid down by the Truman committee for placing a value on mining properties, limiting the amount to the cash outlay for work done, and ignoring entirely the value of the ore contained therein.

INSIDE WASHINGTON

(A Weekly Size-Up by the Washington Staff of the Scripps-Howard Newspapers)

WASHINGTON, April 11.—Look for more headlines before the full story of Jesse Jones' war activities is told. Truman Committee isn't through investigating Basic Magnesium Inc., will summon more witnesses. Also it's been asked to investigate entire Defense Plant Corp.—in other words, Jones. May do so.

JONES' attack of jitters has Washington gossiping. It's his first in 10 years. (He was a Hoover appointee, was entrenched before Roosevelt arrived.)

Jones used to laugh off criticism. Now he's touchy, sharp, talking personalities, has broken out in a rash of statements, denials. Physical attack on Publisher Meyer was the climax.

Still unanswered by Jones: Senator Bunker's first speech on Basic Magnesium; Truman Committee report said, among other things, that Defense Plant Corp.'s contract with Basic Magnesium "seems to put a premium on mismanagement and incompetency" and is "one of the most flagrant attempts at war profiteering" to come to its notice.

SCORE on Jones' war powers since Pearl Harbor: Four lost, another threatened, one gained.

Losses: Donald Nelson demanded last word on war financing when he took WPB job, and got it.

Loans to little business taken away.

Control over housing taken away.

Appointment of rubber coordinator curbs him.

Threatened: His control over buying stockpiles of critical materials. Board of Economic Warfare wants it.

Gains: Presidential executive order just issued says that Jones, as well as other contract-letting officials, may review own contracts for excessive profits, poor results. That includes Defense Plant Corp. contracts.

Gains likely to be temporary. Congress, out to write curb on profits, is almost certain to nullify it.

ATTACK by Senator Bunker of Nevada on Basic Magnesium contract may mean not re-election fight for him. BWI's president, Howard P. Eells Jr., has been praising Representative James G. Scrugham as senatorial timber. Scrugham's expected to file for Bunker's seat.

OIL transportation situation is black; worse than country realizes.

Oil men, aware of this, meet in New York Monday to try to frame a transportation program based on the most pessimistic premise yet advanced—that tankers are out for the duration; that all oil reaching East Coast must be shipped inland.

Program will call once more for new pipelines, increasing capacity of existing lines, linking existing lines. Will suggest use of both new and used pipe. This time oil men hope to get steel priorities where needed. Pipe line might have been functioning now if IPAB and WPB hadn't stopped it last year.

LOOK for a new drive urging conversion of oil furnaces to coal; for further economies in use where this is not possible.

FIRST returns from Congressional pulse-taking project of past two weeks. In Ohio anyone who accuses the people of being complacent takes a chance with his life. People are itching to do something for war effort. They're humiliated by defeats in Far East, are looking for somebody to sock. Just as they feared, Congressmen are likely to be "it."

SENATE'S in a dither over whether or not it dares appropriate \$168,000 for hiring itself additional clerks. It's afraid of another uproad like that over Congressional pensions—but Senators say work is piling up.

Proposal would give New York Senators three new \$1500-a-year clerks apiece; Pennsylvania, Ohio, California, Illinois, Michigan and Texas Senators two each; others one each.

Timid members are looking for a way to get the money without a roll call.

DESPITE delays, House will act soon (probably this month) on allowance-and-allotment bill, providing support for soldiers' dependents, and on amendment to Soldiers and Sailors Relief Act, giving moratorium on time payments while a man is in service.

LOOK for revival of demands for legislation banning the closed shop, or freezing status quo, as result of Friday's War Labor Board decision. Board ruled that employees of Walker-Turner Co. who have dropped out of CIO Electrical Workers' Union since Nov. 27 must rejoin it. Employer members dissented vigorously, said issue was so vital Congress should decide it. Little Steel, Harvester, and other important cases involving the same issue are pending.

FBI is investigating reported revival in Indiana of Ku Klux Klan, with Nazi overtones; is concerned because of heavy concentration.

Shall We Pull The Blinds?

Drive To Choke Off Investigations Endangers Our Determination To End Bungling

AN UNDERCOVER campaign to rob Congress of one of its last remaining powers—investigation and exposure—has been launched in the nation's capital. Writers and politicians who float trial balloons for officialdom have been trying to drum up support for a policy of "ending investigations for the duration." Their clucking goes something like this:

"Isn't it a shame that Mr. John Gimme, who's giving his services to the government for \$1 a year (while drawing down \$100,000 from the Standard Gyp Company, Inc.) has to spend so much time answering questions from those horrid Congressmen? They could do so much more for their company, pardon me, country, if they were left alone. And don't you think it's hurting morale to have all those things coming out now?"

Most of those who peddle this line of chatter show almost no concern for the need of correcting the shocking failure uncovered by investigation. They seem to operate on the theory that it doesn't matter if the Nazis and Japs discover our shortcomings on the battlefield as long as the American people and their representatives, who have it within their power to demand changes and improvements, are kept in the dark.

Priceless Service

The fact is that Congressional investigating committees—those which seek facts and not just headlines and which deal in constructive criticism and not just smearing attacks—are performing a priceless service for the nation. No one can deny that they keep government officials and corporation executives on their toes and responsive to public opinion.

During the past week alone Congressional investigations disclosed:

1. That the vital program of aircraft production is snarled in red tape, hampered by a "poor job of overall planning," and is being delayed by shortages of strategic materials. The Truman Committee, which made these disclosures, pointed out that at this late date the War Production Board "still does not have a single topnotch aircraft production man in its organization." Naturally some people don't like this analysis because it interferes with the cozy belief that labor is to blame.

2. That there is "still something seriously wrong in the light metals section of the War Production Board, successor to the OPM section, which failed miserably to anticipate and prepare for the greatly increased demand for these materials."

3. That Basic Magnesium, Inc., of Cleveland, O., for which the government is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 per cent or \$2,140,000 in one year on an admitted investment of not more than \$50,000." A subcommittee of the Truman Committee characterized the deal as "one of the most flagrant attempts at war profiteering."

4. That some of the temporary buildings at the Louisiana ordnance plant cost more per cubic foot than the ornate and expensively decorated United States Supreme Court building in Washington.

5. That persuasion by wealthy British interests owning rubber plantations in the Far East was partly responsible for the Administration's refusal to finance large-scale production of artificial rubber in the United States.

More Probes, Not Fewer

These are but a few of the revelations which emerged from Congressional investigating committees in a single week. The fact is the nation needs more and not fewer investigations by Congress if it hopes to end bungling and buckle down to the job of winning the war and the peace.

A vigilant Congress, for instance, might investigate:

1. The complete story of Jesse Jones' refusal to permit government financing of a real synthetic rubber program while his associates in the Administration were heading for war with Japan.

2. Why the government decided to abandon anti-trust prosecutions just as Standard Oil's conspiracy with the Nazis and the Japanese was being made public.

3. Why the number of \$1-a-year men is increasing despite the Truman Committee's disclosures that most of our crucial shortages today can be attributed to the insistence of \$1-a-year men on serving their corporations first and their country second.

4. Who organized and financed the "spontaneous"

outburst against the 40-hour week in particular and labor in general.

5. Why a twice-indicted Borden Company official is allowed to remain as head of WPB's Dairy Products Section in the face of the charge (See Page 4) that he is responsible for the partial failure of the Food-for-Victory program.

Mistakes Must Not Be Repeated

6. Why every attempt to bring small business men into the war production program has failed, and specifically, whether the frame of mind of the big industrialists running the show hasn't been largely responsible for this failure.

7. What's behind the sugar shortage, and if there

Keeping Bad Company



is a major shortage, what inspired the feelers from Washington last week that rationing might not be necessary.

8. Why, as Walter P. Reuther has charged without challenge, Ford, Chrysler, and General Motors are permitted to use different types of engines for the same tank, thus needlessly complicating the difficult problem of repair and maintenance on the battlefield.

9. Whether our commitments to our allies bind us to help restore subject peoples and lands to their European masters and owners.

These are but a few of the subjects on which Congressional investigating committees could throw a great deal of light without revealing a single scrap of information useful to the enemy. Intelligent investigation would not only throw light into dark corners of our war effort and for the first time give the people the feeling that they are getting the facts, but would also serve to prevent a cruel repetition of many of the blunders which have marked our efforts thus far.

The Merry-Go-Round

U. S. Investigates Some Mysterious War Agency
Leaks Which Have Been Used for Private Profit

By DREW PEARSON and
ROBERT S. ALLEN

WASHINGTON, April 15—Government sleuths are probing a series of mysterious leaks of important market information from key war agencies.

On several occasions recently certain Wall Street traders have obtained advance tips on important moves to be made by the War Production Board, the Office of Price Administration and the Agriculture Department.

In one instance cotton brokers got wind of an agriculture parity price announcement 45 minutes before it was made public. This announcement was supposed to be absolutely secret until publication. The market operators not only learned about it, but used the information for private profit.

The WPB order banning all non-essential building construction also was tipped off in advance to certain members of the building trade. So, too, was the OPA's action imposing a price ceiling on fats and oils, and allowing an increase in wool prices. Word regarding this move leaked out two days before the order was issued.

Isolationist Powwow

On the day that General Douglas MacArthur was appointed supreme commander of the embattled Southwest Pacific, two very interesting secret meetings took place in Chicago.

The first was held in the private office of Colonel Robert McCormick, publisher of the rapidly isolationist Chicago Tribune. Present in addition to McCormick were his cousin, Captain Joseph Medill Patterson, publisher of the New York Daily News, and Colonel Charles Lindbergh.

The three men were closeted together for several hours. They then went to the Chicago Club, where they were joined by General Robert Wood, former head of the America First Committee, now a high officer in the Chicago office of U. S. Army Ordnance.

The four men discussed the war situation, plans relating to this year's crucial congressional elections, Wendell Willkie, and Lindbergh's future plans. Several weeks later he got a job with Henry Ford.

Note—While keeping out of the limelight in the last few months Washington's isolationist generalissimo meet frequently for strategy powwows. Their last get-together was at the Massachusetts avenue mansion of Mrs. Alice Longworth.

Guinea Pig Gas Ration

It hasn't been announced yet, but the State of Maine probably will be used as a guinea pig to test the rationing of gasoline.

Guerrillas Came Out at St. Nazaire

LONDON, April 16 (P)—Bretons at St. Nazaire took up sporadic street fighting against the Germans with British firearms after the spectacular British raid on the German held French port March 28, the Daily Mail reports.

The Bretons managed to get hold of both guns and ammunition after the raid, began shooting immediately and have engaged in desultory forays ever since, the Mail story, dated Madrid, continued.

The Mail's informants said a large number of hostages had been shot—one report put the number as high as 500—and that since the raid all prisons and concentration camps in the area have been filled to capacity.

After the St. Nazaire raid, it was recalled, the Germans threw a cordon around the area and street fighting between the attack commando troops and Nazis went on for a long time after the main body of the English forces had withdrawn.

Frank Bane of the Office of Price Administration recently conferred with the Maine congressional delegation, and subsequently sent a proposal to Augusta for approval of the Governor and executive council.

The proposal would set up gas rationing in Maine on May 1, one month earlier than in other Eastern States, to iron the wrinkles out of the system.

Maine was chosen as the guinea pig because of its isolated position. It is the only State which has only one other State contiguous to it—New Hampshire. Thus the problem of bootlegging across State boundaries can be more easily handled—especially since most of the traffic between New Hampshire and Maine follows a single highway.

Petroleum Co-ordinator Ickes said last week that card rationing might be avoided by cutting down deliveries to service stations. But the Price Administration is proceeding with preparations for rationing.

Note: Maine hopes to prevent collapse of its tremendous tourist business by getting an allowance of 100 gallons for each tourist coming into the State. But the problem of tires remains unsolved.

Nevada's Bunker

One blustery winter night 30 years ago, a small boy stood with

his parents and nine brothers and sisters in a farmyard near Las Vegas, Nevada, heartbroken, watching their home go up in flames.

Berkeley Bunker was 5 years old then but the tragic scene is as vivid to him as if it had happened yesterday. All the family had to its name after the last smoldering embers expired was a piano—somehow saved from the fire—and a five-dollar bill in Mrs. Bunker's pocketbook.

It took courage to pull through an experience like that, but in Nevada the Bunkers are noted for their courage. That was why Nevada neighbors weren't surprised when young Berkeley, now a United States Senator, took the floor last week and gave RFO Chairman Jesse Jones the most scathing tongue-lashing of his long career.

The Truman committee had also denounced the war contract which Jones gave to Basic Magnesium, Inc. But the 35-year-old Bunker, a member of the Senate for about one year, was the first man in the chamber who dared openly tangle with Jesse Jones, who, next to the President, is the most powerful man in Washington.

Though an unknown rookie to the country at large, Bunker is highly esteemed by his colleagues. He is one of the hardest working men on Capitol Hill. He personally dug up most of the sensational evidence on the Basic Magnesium contract. He has made only a few speeches, but when he does take the floor the Senate sits up and pays attention. In population, Nevada is the smallest State in the Union, but it has a big voice on Capitol Hill in scrappy Berkeley Bunker.

Note: Deeply religious, Bunker was a Mormon bishop while serving three terms in the Nevada Legislature.

Mail Bag

J. H. L., Ashbury Park, N. J.—Reports from several sources appear, to confirm the inefficient use of army trucks. A five-ton army truck frequently is used to carry a package that the driver could put on the seat beside him. Five and 10-ton trucks sometimes are used for a couple of sacks of mail which could be carried in a motorcycle sidecar.

G. L., Los Angeles—Admiral Kimmel is still on the pay roll drawing retired pay according to his rank. The charges brought against him have not affected his status in this respect.

(Copyright 1942)

PROFITEERING BY MAGNESIUM CO. IN NEVADA CHARGED

RENO, Nev.—Howard P. Eells, jr., president of Basic Magnesium, Inc., of Cleveland, declined comment today on a senate subcommittee report which termed a lease agreement between the Defense Plant Corporation, and his company "one of the most flagrant attempts at war profiteering."

The agreement involves magnesite ore to be leased to the government for processing into a strategic light metal, magnesium, at a \$63,000,000 plant at Las Vegas, Nev.

The senate subcommittee, which said in Washington that it would conduct further hearings, recommended yesterday that the Defense Plant Corporation refuse to accept "any such exorbitant royalty terms" as proposed for the magnesite ore deposits.

Eells intimated that complete and thorough investigation of dealings with the Defense Plant Corporation would be made and that until all testimony has been taken, there is nothing to talk about.

When he stopped here en route from his company's Nevada properties to Cleveland Eells said: "I'll let the people I'm working for do the talking."

"We expect to be in limited production by June 15," he said.

"The first units of the concentrating plant will be in readiness by that time and the initial unit of the refining plant at Las Vegas will be ready to handle the magnesite ore and carbonates to be shipped from the plant at the magnesite deposits."

RENO, NEV., GAZETTE
CH. 12,371
APRIL 11, 1942

governor as the senate's presiding officer.

Reaction of the Nevada press to the Truman committee's report on the situation at the plant of Basic Magnesium, Inc., near Las Vegas has been varied but all agree on one point—that for the time being Senator Bunker won the publicity he has been seeking since his appointment in 1940. As to making the Truman report the foundation for the junior senator's political campaign, there appears to be considerable doubt as those outside of Clark county find it difficult to keep intensely interested in the doings within that county, while the Clark county residents appear more interested in the housing situation in conjunction with the magnesium plant than they do in the contract to refine the magnesite ore.

The Las Vegas Review-Journal in commenting editorially on the report, took the stand that if any criticism is due it should rest more on the officials of the defense plant corporation than on BMI in the every dollar BMI spends must be first approved by the defense corporation.

The Review-Journal said in part: "There are powerful forces which would be very pleased if the Nevada magnesium plant never went into production. These forces are represented in the field of industry and the field of politics. . . the report recommends construction of a magnesium plant in Washington, using processes as yet unproven commercially. Washington is the home of Senator Mons Wallgren, chairman of the subcommittee covering the light metals industry, which is responsible for the report on BMI. It is also worthy of note that in November of last year, Rolla E. Clapp, founder of the national housing research staff, who spent some time here in behalf of a project to construct a new town of three thousand homes adjoining Las Vegas to take care of magnesium plant workers, made the prediction that Basic Magnesium would never operate the Nevada plant and named the firm that would. Clapp claimed to have appeared before the Truman committee, to have furnished this committee much data on the various phases of the Nevada operation, and to have knowledge as to what the Truman committee proposed. . . . It is difficult to understand why there seems so obvious an attempt (on the part of the Truman report) to give the wrong impression—to interpret the evidence in the sense most damning to the project."

Las Vegas Age
April 10, 1942

TRUMAN COMMITTEE REPORT

The Truman investigating committee of the United States Senate has made an "investigation" and a report on Basic Magnesium, Inc., which in ruthless attempts to smear and ruin the objects of wrath strongly reminds one of the terrible Nazi gestapo.

The public is becoming more and more convinced that such committees, clothed with whatever power they see fit to seize, making their "investigations" under cover of the power of government without affording the object of its wrath any means whatever of answering charges, refuting statements or permitting any defense, are dangerous to the free institutions of America.

A careful reading of the report, of which a principal part is the list of salaries paid to officers and employees of Basic Magnesium, creates the impression that the attack and "investigation" are induced by personal or political motives.

Those who are familiar with the magnificent work Basic Magnesium, Inc., is doing on America's No. 1 defense project find it hard to believe that they are all a bunch of crooks intent mainly on profiteering.

It should be understood that when the contract whereby the government was able to command the best brains of the world for the construction and operation of a great plant to produce magnesium metal was made, it was done through

APR. 11, 1942
ST. LOUIS, MO. POST-DISPATCH

LETTERS FROM THE PEOPLE

The 6 Per Cent Joker.

To the Editor of the Post-Dispatch:

THE public should not be misled by the proposals made in Congress and the Senate to limit profits to 6 per cent. Representative Smith of Virginia, for example, who is trying to slash wages by abolishing the Wage-and-Hour law, with its provision for the payment of overtime after 40 hours, has tried to give an appearance of fairness to his bill by adding a provision limiting profits to 6 per cent.

The joker in this and similar proposals is that the 6 per cent is figured on the value of the contract, not on the amount of capital invested in the business. Consequently, a firm might get contracts for four times or more the value of its capital, so that it could "earn" 24 per cent profit in the way profit is usually figured before the 6 per cent limit would come into effect.

In fact, a company might complete several such contracts within a year, so that it would get several times 24 per cent before the "6 per cent limit" would be reached.

Furthermore, the Government itself now frequently supplies the capital for war industries. It does this either through the Reconstruction Finance Corporation, which lends the money, or through the Defense Plants Corporation which actually builds the plants and turns them over to a company to be operated.

Thus the value of the capital supplied by a particular company in carrying out a war contract may be a very small sum, so that 6 per cent profit on the value of the contract would be an astronomically high rate of profit on the amount of capital which it has invested.

This is not mere theory. The Senate committee investigating war production has uncovered just such a situation in the case of Basic Magnesium, Inc., a concern with a very small capital, which got a large contract to build and operate a plant in Nevada to turn out magnesium.

ALFRED BAKER LEWIS.
New York City.

DRIVE IS ON TO CHOKE INVESTIGATION OF BUNGLING

An undercover campaign to rob congress of one of its last remaining powers—investigation and exposure—has been launched in the nation's capital. Writers and politicians who float trial balloons for officialdom have been trying to drum up support for a policy of "ending investigations for the duration." Their clucking goes something like this:

"Isn't it a shame that Mr. Joan Gimme, who's giving his services to the government for \$1 a year (while drawing down \$100,000 from the Standard Gyp Co., Inc.) has to spend so much time answering questions from those horrid congressmen? They could do so much more for their company—pardon me—country, if they were left alone. And don't you think it's hurting morale to have all those things coming out now?"

Most of those who peddle this line of chatter show almost no concern for the need of correcting the shocking failure uncovered by investigation. They seem to operate on the theory that it doesn't matter if the Nazis and Japs discover our shortcomings on the battlefield as long as the American people and their representatives, who have it within their power to demand changes and improvements, are kept in the dark.

The fact is that congressional investigating committees—those which seek facts and not just headlines and which deal in constructive criticism and not just smearing attacks—are performing a priceless service for the nation. No one can deny that they keep government officials and corporation executives on their toes and responsible to public opinion.

During the past few weeks alone congressional investigations have disclosed:

1. That the vital program of aircraft production is snarled in red tape, hampered by a "poor job of over-all planning," and is being delayed by shortages of strategic materials. The Truman committee, made these disclosures and pointed out that at this late date the War Production Board "still does not have a single topnotch aircraft production man in its organization." Naturally some people don't like this analysis because it interferes with the cozy belief that labor is to blame.
2. That there is "still something seriously wrong in the light metals section of the War Production Board, successors to the OPM section, which failed miserably to anticipate and prepare for the greatly increased demand for these materials."
3. That Basic Magnesium, Inc., of Cleveland, Ohio, for which the government is financing a \$63,000,000 magnesite refining plant at Las Vegas, Nev., "stands to make a profit of 4,280 percent in one year on an admitted investment of not more than \$50,000." A subcommittee of the Truman committee characterized the deal as "one of the most flagrant attempts at war profiteering."
4. That some of the temporary buildings at the Louisiana ordnance plant cost more per cubic foot than the ornate and expensively decorated United States Supreme Court building in Washington.
5. That persuasion by wealthy British interests owning rubber planta-

tions in the Far East was partly responsible for the administration's refusal to finance large-scale production of artificial rubber in the United States.

These are but a few of the revelations which emerged from congressional investigating committees in a single week. The fact is the nation needs more and not fewer investigations by congress if it hopes to end bungling and buckle down to the job of winning the war and the peace.

Congressional investigating committees could, and have, thrown a great deal of light without revealing a single scrap of information useful to the enemy. Intelligent investigation would not only throw light into dark corners of our war effort and for the first time give the people the feeling that they are getting the facts, but would also serve to prevent a cruel repetition of many of the blunders which have marked our efforts thus far.

This article was clipped from

QUINCY RECORD QUINCY ILL. 4/16/42

THIN SKINS IN WASHINGTON

The ruction at last week's parlor social of the Alfalfa Club, when Jesse Jones, the well known big butter and egg man of the New Deal, nearly shook the teeth out of Eugene Meyer, publisher of the Washington Post—and almost, but not quite, got a right hook to the jaw in return—is of deeper significance than usually attaches to a pleasant slugging fest between a couple of highly esteemed gents.

Mr. Meyer had published in his journal the day before an editorial entitled "Mr. Jones' Excuses," in which he charged that the Secretary of Commerce, and head of RFC, had excused himself for the rubber shortage by shielding himself behind President Roosevelt and the British-Dutch cartel.

It was a mild enough call-down, but earlier on the day of the Alfalfa shindig Mr. Jones, in a public statement, had taken violent umbrage at some charges which Senator Bunker, of Nevada, had made in the course of Senate debate, that the Defense Plant Corporation had entered into a "sinister war profiteering" contract for the construction of a magnesium plant near Las Vegas.

The Defense Plant Corporation is a subsidiary of the Reconstruction Finance Corporation, of which Mr. Jones is administrator, and of which Mr. Meyer was formerly a board member.

Mr. Jones went so far as to declare that the senator's charges were "false."

It seems clear that he was pretty well steamed up when he arrived at the Alfalfa dinner in full soup and fish, and that the sight of Publisher Meyer enjoying the terrapin à la Maryland did not serve to cool him off.

But the thing is deeper than that. The truth is that Washington today is suffering from jangled nerves and frayed tempers.

The New Deal has been subjected to a terrific barrage of criticism, and the New Dealers simply haven't been able to take it.

The Truman committee, and other investigating committees of Senate and House, have been laying bare recently an appalling record of inefficiency, mismanagement, carelessness, politics, waste and extravagance in the administration's war effort.

Criticism by newspapers, and by individuals, as reflected in protests from the people pouring into Congress, and influencing congressional opinion, has been increasing.

The smart boys of the New Deal left wing retaliated by inventing the technique of charging that criticism is Nazi propaganda, and that Hitler would pay well for it.

Jesse Jones is above any such contemptible method of meeting criticism. But his flareup with Eugene Meyer, whom he grabbed by the lapels of his spike-tail coat, shows that the secretary of commerce is deeply sensitive to the criticism which has been laid at his door, especially with regard to the rubber shortage.

Better things were to have been expected of him than we have come to expect from the crackpot "lunatic" fringe of the New Deal.

These New Dealers have been soft-soaped, lollygagged and honey-fugled for so long by the sycophants in Congress, by their own inner-circle pets, and by the beneficiaries of magnificent spending, that they have come to regard themselves as superior mortals not to be subjected to criticism by anybody.

It is about time the New Deal bureaucracy came to its senses.

It is about time the New Deal admitted the value of criticism and sought to profit by it rather than to be affronted, indignant and revengeful about it.

The administrative capacity of the New Deal has been notoriously deplorable for the past nine years.

It is high time that members of the administration who find themselves the object of criticism learn to keep their tempers, in a spirit of thankfulness for the only thing that can save their reputations for years to come—the exposure and correction of errors before it is everlastingly too late.

—Buy Quincy Products—

Enid Okla Eagle
4-6-42

OVERDUE PROFITEERING ACTION

The senate appropriations committee has approved for recommendation to the senate as a whole a sliding scale war contract profits proposal suggested by Senator Elmer Thomas. The proposal would vary permissible profits to war contractors according to the size of the contract let, and from information available yesterday, suggests this graduated scale:

A 10 per cent profit limit on contracts up to \$100,000; 8 per cent from \$100,000 to \$500,000; 6 per cent from \$500,000 to \$1,000,000; 5 per cent from \$1,000,000 to \$5,000,000; 4 per cent from \$5,000,000 to \$20,000,000; 3 per cent from \$20,000,000 to \$50,000,000, and 2 per cent on amounts above \$50,000,000.

Almost at the same time following exposure of the "preposterous" contract with the Basic Magnesium Co. entered into by the government and exposed last week by the Truman investigating committee, Senator Bunker, Nevada democrat, come forward with astounding detail information of that contract through which the magnesium company stood to make a profit of 4,280 per cent the first year!

With an investment of only \$50,000, this company (which the Truman committee charged was inadequately financed and probably unable to carry out its part of the agreement without still further government aid was guaranteed a return of \$2,140,000 for one year. Besides, the Defense Plants corporation, a government agency, was financing a \$63,000,000 magnesite refining plant for this \$50,000 company in Las Vegas, Nevada. Moreover, a list of the corporation's officials showed there were forty executives who were to receive salaries ranging from \$36,000 to \$3,900 a year (or far more than the total private investment in the concern) these salaries to be paid out of monies advanced to the magnesium company by the government.

Since these detail revelations are made by a Nevada senator concerning a government contract operation in his own state, they undoubtedly can be taken as true and accurate.

This is but another instance added to the many brought to light by the Truman committee and showing the almost unbelievable conditions existing with regard to contracts for defense and war materials and equipment. Together they show the total lack of business acumen on the part of the administration during the many months of its supposed preparation for war and of spending of billions for the war effort. They give an indication . . . and an indication only . . . of the astounding waste of the taxpayers' money that has been going on for months while consciousness contractors have been robbing a government supposedly administered by those supposed to be men of sense and at least ordinary judgment, and whose job was to protect the government interest and assure that every defense dollar went to defense purposes rather than into indefensible profits for favored concerns. Many of these it has been brought out were hurriedly formed and inadequately capitalized, but somehow, through "influence," friendship, political pressure and other subversive methods, were able to get large contracts under fantastically favorable terms.

The belated efforts now to set a limit on war profits must be rushed to bring about immediate cessation of the grafting profiteering which has been shown to exist in innumerable instances. But the very fact that such efforts are necessary now, more than 22 months after President Roosevelt first took the nation into his confidence concerning war conditions in Europe and their threat to the United States, is evidence sufficient of the almost total lack in Washington of understanding of the simplest facts of life regarding the greed of those who would profit by war. And that is not to mention the more sordid implications of the fact that this condition of excessive profits has been allowed to go on without previous or even present administration efforts to call it to an immediate halt.

Washington Merry-Go-Round—

Some News Leaks Appear a Lot Like Tip-Offs

—Sleuths Seek the Source

By DREW PEARSON and
ROBERT S. ALLEN

Washington, April 16.—Govern-ment sleuths are probing a series of mysterious leaks of important market information from key war agencies.

On several occasions recently certain Wall Street traders have obtained advance tips on important moves to be made by the war department.

In one instance cotton brokers got wind of an agriculture parity price announcement 45 minutes before it was made public. This announcement was supposed to be absolutely secret until publication. The market operators not only learned about it, but used the information for private profit.

The WPB order banning all non-essential building construction also was tipped off in advance to certain members of the building trade. So, too, was the OPA's action imposing a price ceiling on fats and oils, and allowing an increase in wool prices. Word regarding this move leaked out two days before the order was issued.

Under suspicion for these leaks are certain dollar-a-year men, who, while not directly connected with these matters, were in a position to learn about them and to tip off business friends.

On the day that Gen. Douglas MacArthur was appointed supreme commander of the embattled Southwest Pacific, two very interesting secret meetings took place in Chicago.

The first was held in the private office of Col. Robert McCormick, publisher of the rabidly isolationist Chicago Tribune. Present in addition to McCormick were his cousin, Capt. Joseph Medill Patterson, publisher of the New York Daily News, and Col. Charles Lindbergh.

The three men were closeted together for several hours. They then went to the Chicago Club, where they were joined by Gen. Robert Wood, former head of the America First Committee, now a high officer in the Chicago office of United States Army Ordnance.

The four men discussed the war situation, plans relating to this year's crucial congressional elections, Wendell Willkie and Lindbergh's future plans. Several weeks later he got a job with Henry Ford.

NOTE: While keeping out of the limelight in the last few months Washington's isolationist generalissimo met frequently for strategy pow-wows. Their last get-together was at the Massachusetts Avenue mansion of Mrs. Alice Longworth.

It hasn't been announced yet, but the state of Maine probably will be used as a guinea pig to test the rationing of gasoline. Frank Bane, of the Office of Price Administration, recently conferred with the Maine congressional delegation, and subsequently sent a proposal to Augusta for approval of the governor and executive council.

The proposal would set up gas rationing in Maine on May 1, one month earlier than in other eastern states, to iron the wrinkles out of the system.

Maine was chosen as the guinea pig because of its isolated position. It is the only state which has only one other state contiguous to it—New Hampshire. Thus the problem of bootlegging across state boundaries can be more easily handled—especially since most of the traffic between New Hampshire and Maine follows a single highway, U.S.-1, which crosses the line at Portsmouth, N. H., to Kittery, Me.

Petroleum Co-ordinator Ticks said last week that card rationing might be avoided by cutting down deliveries to service stations. But the price administration is proceeding with preparations for rationing.

NOTE: Maine hopes to prevent collapse of its tremendous tourist business by getting an allowance of 100 gallons for each tourist coming into the state. But the problem of tires remains unsolved.

One blustery winter night 30 years ago, a small boy stood with his parents and nine brothers and sisters in a farmyard near Las Vegas, Nev., heartbroken, watching their home go up in flames.

Berkeley Bunker was 5 years old then but the tragic scene is as vivid to him as if it had happened yesterday. All the family had to its name after the last smoldering embers expired was a piano—somehow saved from the fire—and a \$5 bill in Mrs. Bunker's pocket-book.

It took courage to pull thru an experience like that, but in Nevada the Bunkers are noted for their courage. That was why Nevada neighbors weren't surprised when young Berkeley, now a United States senator, took the floor last week and gave RFC Chairman Jesse Jones the most scathing tongue-lashing of his long career.

The Truman committee had also denounced the war contract which Jones gave to Basic Magnesium, Inc. But the 35-year-old Bunker, a member of the senate for about one year, was the first man in the chamber who dared openly tangle with Jesse Jones, who, next to the president, is the most powerful man in Washington.

The unknown rookie to the country at large, Bunker is highly esteemed by his colleagues. He is one of the hardest working men on Capitol Hill. He personally dug up most of the sensational evidence on the Basic Magnesium contract. He has made only a few speeches, but when he does take the floor the senate sits up and pays attention. In population, Nevada is the smallest state in the union, but it has a big voice on Capitol Hill in scrappy Berkeley Bunker.

NOTE: Deeply religious, Bunker was a

Mormon bishop while serving three terms in the Nevada legislature.

Mail bag—J. H. L. Asbury Park, N. J.—Reports from several sources appear to confirm the inefficient use of army trucks. A 5-ton army truck frequently is used to carry a package that the driver could put on the seat beside him. Five and 10-ton trucks sometimes are used for a couple of sacks of mail which could be carried in a motorcycle sidecar. G. L. Los Angeles, Calif.—Admiral Kimmel is still on the pay roll drawing retired pay according to his rank. The charges brought against him have not affected his status in this respect.

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APR. 16, 1942 428
BATON ROUGE, LA. ADVOCATE

Magnesium

While the Truman committee and Thurman Arnold were exploring their Farbenindustrie firecracker in Washington some other investigations were going on which were equally spectacular in their highlighting of the federal government's shortcomings in war materials, but which were less luridly played up because there wasn't anybody but the government handy to blame them on. To pick one, there was the case of magnesium. After the last war only one company, in Midlands, Mich., continued making magnesium. Then someone realized that each of the 4,000 planes per month scheduled for 1942 would have to have 1,000 pounds of magnesium, not to mention the amount needed for incendiaries and other explosives. Last year a private corporation in California started making magnesium by a cheaper method. Now, under the direction of the bureau of mines, another developed by Dr. Doerner of that bureau is put to final tests.

The Truman committee, of course, shrieked, "Monopoly." As a matter of fact, the committee fails to establish any reason at all why any company couldn't have made magnesium, by nonmonopolistic methods, and with the help of Jesse Jones' Defense Plants corporation, long ago.

The DPC venture in the field of most notoriety is the new and belated magnesium plant at Las Vegas, Nev. Practically before the cornerstone was laid the committee started receiving howls of protest about the wast (and worse) in that government venture. The committee duly showed signs of going out to Nevada and seeing what it was all about. The DPC shrieked loudly and said it would "clean up" the situation itself. Eventually the Truman committee decided it had better go out and see, anyway. Before it arrived, a fire destroyed part of the plant including most of its records.

That is the story of "production for victory" in one other field beside synthetic rubber. We still fail to see how one company can be held responsible for the shortage of rubber when it merely went on minding its own business while the government was equally short-sighted in taking a stand in the establishment of other reserve war materials as well. To blame Standard for the rubber shortage is just as absurd as to blame the Midlands plant for the magnesium shortage merely because it was the only plant to go on making magnesium when no one else was interested. And while we're being realistic, we might as well go the whole way: even if the United States had launched out on a program of synthetic rubber production before Pearl Harbor, it probably would have been another of those boondoggling developments which would have seen the same fate as the Las Vegas magnesium

APR. 18, 1942 438
FALLON NEW EAGLE

IS NEVADA MAGNESIUM INDUSTRY IN DANGER?

THAT THERE may be something a lot bigger than appears on the surface back of the uproar about Basic Magnesium is hinted in recent rumors to the effect that the Nevada skirmish is part of a titanic struggle for control of the light metals industry.

According to these rumors, the aluminum trust has its eyes on Grand Coulee where power is generated almost on top of the magnesium deposits, and where development of magnesium metal would be inexpensive by comparison to the cost of producing the mineral at Gabbs Valley and transporting it to Las Vegas for processing.

From persons in Washington close enough to the top to know something about the situation, have come the prediction that the Nevada producing quarries and the great processing plant at Las Vegas may be lost to the state if the aluminum trust has its way.

Accusations against Basic Magnesium by Senator Bunker of Nevada, have focused attention on that corporation which, if the senator is upheld in his contentions, has a lush thing in its contracts with the government—which Jessie Jones of the R. F. C. hotly denies.

While the senate committee is investigating the Bunker charges, perhaps it had better go a step further and look into the whole light metal setup, far enough to determine who is to dominate magnesium production and processing in this period of national peril.

The public is clamoring for a cleanup of any rotteness that may exist in war industries, and if Senator Bunker has uncovered some dirt, that's to his credit, whether it helps him get himself elected to the post he now holds by appointment or not. If there's bigger game than Basic Magnesium, Inc., in the offing, however, Thurman Arnold and the Truman committee had better go gunning for it and not waste all their ammunition on the smaller fry.

On the other hand, there may not be anything radically amiss anywhere as far as magnesium is concerned, and if that is the case the public mind will be eased considerably if the truth is dug out quickly and given to the people, who are uneasy enough about war production as it is, without having this, too, to worry about.

Senate Debates Profits

After the House had slipped away for a little vacation, the Senate took up the \$18,000,000,000 appropriation bill, mostly for Army planes, to which the House had attached a rider limiting war profits to six per cent.

There was no discussion of the appropriation, but the Senate spent days on the subject of profit curbs. The flat six per cent limit was quickly thrown out as inequitable—for one plant might fill several contracts a year, taking six per cent on each, while another might need two years to fill one contract. Senator Thomas, of Oklahoma, proposed a sliding scale, looked on with favor by the Appropriations Committee, which would grant a larger percentage of gain to small contractors.

The Administration favored a plan to allow the Service Departments to withhold from the contractor any profits deemed excessive. Taft, of Ohio, suggested a war profits board to handle the whole subject, while George, of Georgia, and Truman, of Missouri, urged that all excessive profits could best be handled by provisions of the new tax bill.

Pepper, of Florida, broke away from the Administration he has followed so faithfully and proposed to place ceilings over both profits and wages, to abolish the 40-hour week for pay calculations and to outlaw the requirement of a fee to a labor union as a condition for doing war work. The plan will be taken up with the Connally bill to seize plants and freeze working conditions after the short rest. All the profit-curb plans were finally dumped into the lap of a Senate-House conference committee, and the appropriations bill was passed without amendment.

Feeling against excess profits was sharpened by reports from Congressional investigations. At the \$66,000,000 magnesite plant in Nevada, the firm of Basic Magnesium, Inc., of Cleveland, was said to "stand to make a profit of 4,280 per cent." At Minden, La., a \$27,000,000 ordnance plant was reported honeycombed with "excessive costs." The rent paid for 1,700 pieces of equipment was said to be \$400,000 more than their actual value.

LAS VEGAS AGE
April 24, 1942

'PARTLY FACTUAL'

One of our most esteemed contemporaries, discussing the charges made by Senator Bunker and the Truman committee against Basic Magnesium, Inc., declared in defense of the committee, such charges to be "partly factual."

It is fair to assume that if charges are "partly factual," they are partly based upon things which are not facts. It would be interesting to have some discerning mind point out which part of those charges are factual and which are false. However, we cannot avoid the conclusion that when charges are admittedly partly false, discredit is cast on all.

If we may believe Secretary of Commerce Jesse Jones, admittedly one of the biggest, brainiest and most dependable of all the administration officials at Washington, the "partly factual" portion of the Truman committee charges has dwindled to microscopic proportions.

PIOCHE NEW RECORD
OF 222
APRIL 23, 1942

Truman Committee Report

The Truman investigating committee of the United States senate has made an "investigation" and a report on Basic Magnesium, Inc., which in ruthless attempts to smear and ruin the objects of wrath, strongly reminds one of the terrible Nazi gestapo.

The public is becoming more and more convinced that such committees, clothed with whatever power they see fit to seize, making their "investigations" under cover of the power of government without affording the object of its wrath any means whatever of answering charges, refuting statements or permitting any defense, are dangerous to the free institutions of America.

A careful reading of the report, of which a principal part is the list of salaries paid to officers and employees of Basic Magnesium, Inc., creates the impression that the attack and "investigation" are induced by personal or political motives.

Those who are familiar with the magnificent work Basic Magnesium, Inc., is doing on America's No. 1 defense project find it hard to believe that they are all a bunch of crooks intent mainly on profiteering.

It should be understood that when the contract whereby the government was able to command the best brains of the world for the construction and operation of a great plant to produce magnesium metal was made, it was done through the agency of the best business and financial brains available to the United States government. If that contract is base and undesirable as the "investigating" senators declare it to be, it is a sorry reflection on the administration at Washington.

We notice one charge in particular — that Basic Magnesium stands to make vast profits on an "investment of \$50,000" in development of its magnesite deposits at Gabbs. The suggestion that profits on a working mine should be limited to a six per cent or some such basis on the money spent in investigating it, does not appeal to Nevada mine operators.

The further intimation by the committee that the direction and operation of a vast enterprise requiring the expenditure of from \$60,000,000 to \$100,000,000 should be placed in the hands of cheap men, certainly does not appeal to those whose responsibility it is to develop the war industries of the nation. It has been found in private industry that the best talent is cheap at any price. To those of us who have observed the amazingly efficient organization which has been perfected and is so rapidly advancing the gigantic Basic Magnesium enterprise, it would seem that praise, rather than censure, is due.

Just what motive is back of the Truman committee "investigation" and reports is not clear. Of one thing we may be certain: Howard Eells, H. C. Mann, McNeil Construction Co., and the other men of vision and ability who are constructing the project are entitled to be heard before being smeared.

— The Las Vegas Age

More About Basic Magnesium, Inc.

In response to many requests, the Nevada State Labor News reprints the following editorial from the Las Vegas Age of April 10, 1942. Whatever the outcome of the controversy, of one thing we may be sure: This time LABOR was not blamed for retarding this important defense production.

TRUMAN COMMITTEE REPORT

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The Nevada State Labor News agrees with the Las Vegas Age that the "men who are constructing the project are entitled to be heard before being smeared."

Washington Calling

A Weekly Size-up by The Washington Staff of The Scripps-Howard Newspapers

WASHINGTON, April 11—Look for more headlines before the full story of Jesse Jones' war activities is told.

Truman Committee isn't through investigating Basic Magnesium Ins.; will summon more witnesses. Also it's been asked to investigate entire De-

Mr. Jones' attack of jitters has Washington gossiping. It's his first in 10 years. (He was a Hoover appointee, was entrenched before Roosevelt arrived.)

Mr. Jones used to laugh off criticism. Now he's touchy, sharp, talking personalities, has broken out in a rash of statements, denials. Physical attack on Publisher Meyer was the climax.

Still unanswered by Mr. Jones: Senator Bunker's first speech on Basic Magnesium; Truman Committee report which said, among other things, that Defense Plant Corp.'s contract with Basic Magnesium "seems to put a premium on mismanagement and incompetence" and is "one of the most flagrant attempts at war profiteering" to come to its notice.

Jones' Losses, Gains

Score on Mr. Jones' war powers since Pearl Harbor: Four lost, another threatened, one gained.

Losses: Donald Nelson demanded last word on war financing when he took WPB job, and got it.

Loans to little business taken away.

Control over housing taken away. Appointment of rubber co-ordinator curbs him.

Threatened: His control over buying stockpiles of critical materials. Board of Economic Warfare wants it.

Gain: Presidential executive order just issued says that Mr. Jones, as well as other contract-letting officials, may review own contracts for excessive profits, poor results. That includes Defense Plant Corp. contracts.

Gain is likely to be temporary. Congress, out to write curb on profits, is almost certain to nullify it.

Attack by Senator Bunker of Nevada on Basic Magnesium contract may mean hot re-election fight for him. B.M.I.'s president, Howard P. Eells Jr., has been praising Representative James G. Scrugham as senatorial timber. Mr. Scrugham's expected to file for Senator Bunker's seat.

Oil transportation situation is black; worse than country realizes.

Oil men, aware of this, meet in New York City Monday to try to frame a transportation program based on the most pessimistic premise yet advanced—that tankers are out for the duration; that all oil reaching east coast must be shipped inland.

Program will call once more for new pipelines, increasing capacity of existing lines, linking existing lines. Will suggest use of both new and used pipe. This time oil men hope to get steel priorities where needed. Pipe line might have been functioning now if Supply Priorities Allocation Board and WPB hadn't stopped it last year.

Ohioans on Edge

Look for a new drive urging conversion of oil furnaces to coal; for further economies in use where this is not possible.

First returns from congressional pulse-taking project of past two weeks: In Ohio, anyone who accuses the people of being complacent takes a chance with his life. People are itching to do something for war effort. They're humiliated by defeats in Far East, are looking for somebody to sock. Just as they feared, congressmen are likely to be "it."

Senate's in a dither over whether or not it dares appropriate \$168,000 for hiring itself additional clerks. It's afraid of another uproar like that over congressional pensions—but Senators say work is piling up. Proposals would give New York Senators three new \$1500-a-year clerks apiece; Pennsylvania, Ohio, California, Illinois, Michigan and Texas Senators two each; others one each.

Timid members are looking for a way to get the money without a roll call.

Despite delays, House will act soon (probably this month) on allowance-and-allotment bill, providing support for soldiers' dependents, and on amendment to Soldiers and Sailors Relief Act, giving moratorium on time payments while a man is in service.

KKK Revival Reported

Look for revival of demands for legislation banning the closed shop, or freezing status quo, as result of Friday's War Labor Board decision. Board ruled that employees of Walker-Turner Co. who have dropped out of CIO Electrical Workers' Union since Nov. 27 must rejoin it. Employer members dissented vigorously, said issue was so vital Congress should decide it. "Little Steel," Harvester and other important cases involving the same issue are pending.

FBI is investigating reported revival in Indiana of Ku Klux Klan, with Nazi overtones; is concerned because of heavy concentration there of war industries.

Stimulating the new drive for across-the-board price ceilings is recent Bureau of Labor Statistics report showing retail food prices went up 20.5 per cent in a year.

President's recent thumbs-down on "incentive pay" didn't go well with either employers or workers in one representative metal-working industry. One-fifth of the men there now work on piece rates, earn

slightly more than they would working by the hour. Employers fear they'll as if piecework is if this would mean general se.

Building industry isn't worried by order; thinks Gov. will keep it busy.

Plant Morale Hi

Warehouse space is getting more acute. Shelves started it; convention orders double and tires must be st refrigerators, other good be manufactured much.

Incidentally, presence of war tools piled up on shipping platforms is affecting plant morale, discouraging management-labor committees formed to increase production. Goods don't start moving to ports till cargo space is assured.

State unemployment - insurance systems may find their Federal contributions for administrative expense curtailed. Social Security Board asked \$14,115,000 to meet a 1942 deficit; Budget Bureau trimmed it; Congress trimmed it again.

POST
Cincinnati, Ohio

APR 11 1942

CAPITOL

INSIDE NEWS FR

Jesse Jones Is Getting
Group Eyes Defense

Special to The Post.
WASHINGTON, April 11—before the full story of Jesse Truman committee isn't Magnesium, Inc.; will sum been asked to investigate er other words, Jones. May do

From
PRESS
Pittsburgh, Pa.

APR 12 1942

Washington Calling

A Weekly Size-up
Staff of The S
News

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Las Vegas Age
April 24, 1942

Jones Tells Congress About Rubber



Appearing before the Truman senate committee, investigating national defense production, Secretary of Commerce Jesse Jones painted a picture of the many practical difficulties in developing manufacture of synthetic rubber tires, etc. Photo shows Secretary Jones shaking hand with Sen. Harry S. Truman, chairman of the committee.

LABOR NEWS

RENO, NEV.
4/24/42

More About Basic Magnesium, Inc.

In response to many requests, the Nevada State Labor News reprints the following editorial from the Las Vegas Age of April 10, 1942. Whatever the outcome of the controversy, of one thing we may be sure: This time LABOR was not blamed for retarding this important defense production.

TRUMAN COMMITTEE REPORT

"The Truman investigating committee of the United States Senate has made an 'investigation' and a report on Basic Magnesium, Inc., which in ruthless attempts to smear and ruin the objects of wrath strongly reminds one of the terrible Nazi Gestapo.

"The public is becoming more and more convinced that such committees, clothed in with whatever power they see fit to seize, making their 'investigations' under cover of the power of government without affording the object of its wrath any means whatever of answering charges, refuting statements or permitting any defense, are dangerous to the free institutions of America.

"A careful reading of the report, of which a principal part is the list of salaries paid to officers and employees of Basic Magnesium, Inc., creates the impression that the attack and 'investigation' are induced by personal or political motives.

"Those who are familiar with the magnificent work Basic Magnesium, Inc., is doing on America's No. 1 defense project find it hard to believe that they are all a bunch of crooks intent mainly on profiteering.

"It should be understood that when the contract whereby the government was able to command the best brains of the world for construction and operation of a great plant to produce magnesium metal was made, it was done through the agency of the best business and financial brains available to the United States government. If that contract is base and undesirable as the 'investigating' senators declare it to be it is a sorry reflection on the administration at Washington.

"We notice one charge in particular—that Basic Magnesium stands to make vast profits on an investment of \$50,000 in development of its magnesite deposit at Gabbs. The suggestion that profits on a working mine should be limited to a six per cent or some such basis on the money spent in investigating it, does not appeal to Nevada mine operators.

"The further intimation by the committee that the direction and operation of a vast enterprise requiring the expenditure of from \$60,000,000 to \$100,000,000 should be placed in the hands of cheap men, certainly does not appeal to those whose responsibility it is to develop the war industries of the nation. It has been found in private industry that the best talent is cheap at any price. To those of us who have observed the amazingly efficient organization which has been perfected and is so rapidly advancing the gigantic Basic Magnesium enterprise, it would seem that praise, rather than censure, is due.

"Just what motive is back of the Truman committee 'investigation' and reports is not clear. Of one thing we may be certain: Howard Eells, H. C. Mann, McNeil Construction Co., and the other men of vision and ability who are constructing the project are entitled to be heard before being smeared."

The Nevada State Labor News agrees with the Las Vegas Age that the "men who are constructing the project are entitled to be heard before being smeared."

Salt Lake Tribune
March 25 1942

Senators Scan Magnesium Plant Set-Up

Learn First Unit

May Start

Operating July 1

By O. N. Malmquist
Staff Correspondent

LAS VEGAS, Nev., March 24—Status of construction, restrictive labor union regulations which might impede progress, and the demonstrated efficiency of the process to be used by Basic Magnesium, Inc., were scrutinized by the senate committee investigating the defense program during the Tuesday session of the hearing on the magnesium project.

The Las Vegas hearing, which opened Monday morning, was adjourned at 1 p. m., but Senator Mon C. Wallgren, Washington, subcommittee chairman, announced that it will be continued at a later date in Washington, D. C.

The inquiry here was cut short to permit Hugh A. Fulton, the committee's chief counsel, to fly back to Washington to participate in the rubber hearing which will open there Wednesday. Senator Wallgren left for California to complete some work there, and Senators Joseph H. Ball, Minnesota, and Harley M. Kilgore, West Virginia, the two other members of the subcommittee, returned to Washington.

Chief witness Tuesday was H. C. Mann, project manager and former operating vice president of the Union Pacific railroad.

Opening Set for July

Mr. Mann testified that construction, in his opinion, is proceeding satisfactorily and that the schedule calls for placing the first of 10 magnesium producing units in operation by July 1. The other units, he said, would be placed in operation one at a time at intervals of about two weeks. He reported that the metal plant is now approximately 35 per cent complete, including the value of equipment delivered or en route, but only about 9 per cent so far as physical construction is concerned.

In reply to questions concerning costs, Mr. Mann said he believed the \$70,900,000 appropriated for the project would be sufficient, except for housing, for which an additional \$4,500,000 has been authorized.

Testify on Costs

Mr. Fulton wanted to know if the cost per pound of magnesium to be produced annually by this particular project was not excessive.

(Continued on Page Five)
(Column Five)

sive compared to costs of the industry as a whole or of some other processes.

Howard P. Eells, president of Basic Magnesium, interposed to say that the unit capital costs were not high, adding that it was difficult to find a basis for fair and accurate comparison.

Subsequently, J. R. Charles and S. J. Fletcher, English technical experts of the Magnesium Electron, Ltd., expressed the belief that the metal could be produced by the Nevada plant at around 18 cents per pound. Current market is 22 cents. This estimate was the same as was offered by Mr. Eells Monday.

The question of labor regulations came up during the examination of Mr. Mann. Mr. Fulton asked the project manager if, in his opinion, it was necessary to have two men on each of a number of machines used to cut brick to accurate dimensions. The witness replied that it was a union requirement that each machine have an operator and a helper. Mr. Fulton pressed for an answer as to whether the manager, as a construction expert, considered the practice necessary or only a regulation designed to give more men work and thereby increase the costs to the government.

Mr. Mann did not give a direct answer but in reply to another question said he had checked the general efficiency of the men working and had found it to be satisfactory.

"I will say," he added, "that in the rubber hearing which we are getting more efficient work open there Wednesday. Senator Wallgren left for California to complete some work there, and Senators Joseph H. Ball, Minnesota, and Harley M. Kilgore, West Virginia, the two other members of the subcommittee, returned to Washington."

Method Questioned

Mr. Fulton next asked if the witness considered the hand mixing of mortar and doubling handling, first by wheelbarrow and then by hod, an efficient practice. Mr. Mann replied that this, too, was a result of union regulations.

Asked if he knew of any other union regulations which are costing the government money, Mr. Mann at first replied in the negative and later said that a number of time and money saving short cuts could be made "if it were not for union regulations."

Mr. Fulton then wanted to know if he had made a report to the Defense Plant corporation setting forth the inefficient labor operations and showing how they could be improved. The witness replied that he had not and did not consider it one of his responsibilities.

"You are paid \$36,000 a year to supervise this job," Mr. Fulton shot back, "and do not consider it part of your responsibility to correct inefficiencies?"

"These senators," the committee counsel continued, "get frequent complaints about union regulations but when we ask you, as a construction expert, about them you can think of only two."

Representatives of the Building Trades council asked for an opportunity to testify but were requested to submit instead a brief, because of lack of time.

Quizzed on Changes

The committee questioned Mr. Mann extensively as to the status of the project when he took charge and what changes he had made to coordinate and speed up the work.

Mr. Charles and Mr. Fletcher, sent over by the Magnesium Electron, Ltd. (which owns 45 per cent of Basic Magnesium), described in detail the process to be used in the plant, pointing out the variations from the practices used at their company's plant in England. The chief change was in a preliminary stage and this was due to a difference in the raw products used in the two operations.

Senator Berkeley L. Bunker of Nevada sat with the committee as an ex-officio member.

SECRETARY OF COMMERCE REPLIES TO CHARGES OF TRUMAN COMMITTEE

Jesse Jones Presents Facts Refuting Charges Made by Senator Bunker and the Truman Committee Against Basic Magnesium

Secretary of Commerce Jesse Jones, who is also head of the Government Defense Plant Corporation, charged with the duty, among others, of creating such organizations as are necessary to provide vital materials for conduct of the war, has issued a very interesting and informative discussion of charges made by a subcommittee of the Truman committee.

Heretofore only brief excerpts of Secretary Jones' reply to the charges have been given general circulation. Because the subject is of vital interest to Clark county and all of Nevada, The Age herewith presents the report in full. We suggest to all a thoughtful reading of the report in the interest of the national defense.

WASHINGTON, April 23, 1942. STATEMENT OF JESSE H. JONES, SECRETARY OF COMMERCE, WITH REGARD TO THE CONTRACT BETWEEN DEFENSE PLANT CORPORATION, AN R.F.C. SUBSIDIARY, AND BASIC MAGNESIUM, INCORPORATED, DATED AUGUST 1, 1941.

Attention has been given to the report of the subcommittee on light metals and aircraft of the special committee investigating the national defense program, which criticizes, among other things, the contract above referred to. The report discloses that the subcommittee in its hearing at Las Vegas, Nevada, was joined by Senator Bunker of that state, who requested the subcommittee to hold the hearing.

I, of course, agree with that part of the subcommittee's report which states that government plants should be built as economically as possible. This is a government plant, and is being built as economically as possible. The criticism of the subcommittee is without foundation.

To begin with, the plant, its process, its capacity, its location, its builder, and its operator were recommended by the war department and the OPM.

Quoting from a report of the war department at the time the project was initiated:

"... We are definitely assured that Basic Refractories will receive necessary assistance from the British technicians of Magnesium Elektron, Limited, as well as all designs, plans, drawings, specifications and processes applying to their proposed method of magnesium production, purification, and alloying."

"... Our experimental engineering section... is assured of the soundness of the plans... and has approved the proposed installations to be required for their several plants."

"... Basic Refractories has proceeded with the setting up of data for their present project of 33,600,000 pounds and for their proposed project of 112,000,000 pounds with a speed, accuracy and completeness of detail which are outstanding in industries which we have thus far dealt with."

Fees for "Know-How"

1. The subcommittee charges that DPC (Defense Plant Corporation) is paying "tremendous fees for 'know-how'."

The plant and necessary appurtenances will cost approximately \$73,500,000 and will have an estimated annual capacity of 112,000,000 pounds of metallic magnesium. The fees to be paid to the 10 contracting and engineering firms (list attached), including \$300,000 to BMI for its technical designs, supervision, engineering and "know-how" aggregate less than 2 per cent of the total cost of the plant.

The services of all these contractors relate not only to the magnesium plant, but also to the chlorine plant and the water, power and temporary housing facilities. These fees would be low even for an ordinary manufacturing plant, but this plant is designed to produce magnesium on a scale and by a process never before attempted in this country.

It is my understanding that the departments of war and navy and the maritime commission are authorized to negotiate contracts that carry higher fees, being permitted under present statutes and executive orders to pay up to 6 and sometimes 7 per cent on contracts.

Operating Fees

2. The subcommittee charges that BMI is to receive an operating fee which at "maximum operation will equal \$560,000 a year over a possible period of thirty years."

The fee to be paid is 1/2 cent a pound of magnesium actually produced, which at present prices is only 2 per cent of the estimated cost. Again, this is a low fee. Nor will the fee continue over a possible period of thirty years as the committee states. The operating contract is for ten years,

but may be terminated by DPC without any penalty after three years of operation. Furthermore, the quantity of magnesium to be produced in any year is subject to the direction of DPC, which controls the amount of fees for which DPC would be liable.

It should be remembered that BMI is composed of two groups, first, the American group, owner of magnesite ores with long experience in their processing in other products, and second, the English group which has the "know-how", the expert knowledge and experience in the magnesium process, to be used in this plant for the first time in this country.

Construction Progress

3. The subcommittee charges that "miserable progress" has been made and that the metal producing units are only 9 per cent complete.

The plant is being constructed in a way to begin producing magnesium at the earliest possible moment. At the time the contract was executed, it was estimated that the plant would begin producing by June, 1942. DPC engineers were not satisfied with the progress of the job, and in January we requested the war department, which had initially recommended the contractor, to have one of its principal construction engineers investigate the project. Based on this investigation, steps were taken immediately to expedite the work.

Lt. Gen. Knudsen Inspects

Lieutenant-General William S. Knudsen personally inspected the plant Sunday, April 12th, and has advised me that the preparation plant is 60 per cent finished, the

settling basin 60 per cent complete, and the first reduction unit 40 per cent complete; that 6,800 men are engaged in the construction work, living in pup tents, shacks and trailers in a tremendous effort to get the job done.

Despite complex processes, despite difficulties of adjusting the process to a completely different locale, and despite the familiar problem of delayed deliveries, the construction work has now reached the point where it is estimated that the chlorine plant will begin operations June 20th, and that the plant will begin producing magnesium by August, 1942.

Building a plant of the magnitude and with the technical requirements of this one in a sparsely settled country far removed from any large centers from which labor can be drawn is no small undertaking, and, all things considered, it cannot be properly charged that any unnatural delay has been occasioned.

License Agreement Unnecessary

4. The subcommittee charges that DPC should not have proceeded with construction until an agreement had been reached as to the terms of the license under which the plant was to operate and as to the cost of the magnesite ore from which the magnesium is to be produced.

It was imperative that no time should be lost in getting under way. Prior agreement as to the terms of the license was not necessary since under federal statutes operation could proceed without a license.

Power Important Factor

As to the cost of the raw materials, this was secondary to the power cost. An important reason for locating the plant at Las Vegas was the availability there of cheap power which is far more important than the differential in transportation or other costs with relation to raw materials should it become necessary to purchase them at more distant points.

5. The subcommittee charges that BMI proposes "exorbitant royalty terms" for the magnesite ore deposits which it proposes to lease to the government for the operation of the plant and that such lease appears to be one of the "most flagrant attempts at war profiteering" to come to its notice.

This is just another use of superlatives. The charge cannot be substantiated. Contrary to the statement of the subcommittee that DPC is to pay \$1.00 for every ton of ore used, the royalties are to be paid only in terms of metallic magnesium produced from the ore at the rate of 1/4 cent a pound for magnesium. DPC may cancel the ore contract if the ore does not prove satisfactory in either quantity or quality. Not only is this a low royalty, but we are advised that it is one of the lowest royalties ever paid for comparable ore in the state of Nevada.

"Mismanagement, Incompetency"

6. The subcommittee charges that if DPC should cancel BMI's contract because of poor performance, or for any other reason, DPC would have to pay BMI \$1,000,000, that royalties payable to BMI would be doubled, and that these provisions place a premium on "mismanagement and incompetency."

This is not an accurate statement. If the contract is cancelled through fault of BMI, no payment at all is to be made to it. The contract may be cancelled after three years even without fault of BMI. In such event and the sale of the plant within ten years after the beginning of operations, DPC has agreed to pay BMI \$1,000,000 as reimbursement for its

technical designs and knowledge utilized both in construction and operation. Subsequent to cancellation, the plant can be operated by or for the account of the government, or leased to others, without paying BMI any part of the \$1,000,000. Even if the government should decide to sell the plant to others during the ten-year period and the \$1,000,000 is paid to BMI, the total payments on account of all fees in connection with the construction of the plant would be less than 3 1/2 per cent.

As to royalties, they will not be increased at all as long as the plant is operated by or for the government, either by BMI or by others.

Charges False

Relying upon the hearings and the report of the subcommittee, Senator Bunker on the floor of the Senate made the very serious charge of malfeasance against officials of DPC. These charges are completely refuted by the facts, are false and misleading, and are, as I have publicly stated, unworthy of a United States Senator.

Many of the charges made by Senator Bunker have already been answered in this statement, and additional charges will now be considered.

Promotion Costs

(a) Senator Bunker charges that DPC is now repaying Basic Refractories the sum of \$211,000 "expended in the promotion of this enterprise and the negotiation of the contract."

This is not correct. Defense Plant Corporation has a fixed policy of never reimbursing an operator or lessee for expenses incurred in the promotion of his enterprise or in negotiating and obtaining a contract with Defense Plant Corporation.

Peat Moss "Bonus"

(b) Senator Bunker charges, with regard to peat moss necessary in the manufacture of magnesium, that DPC is paying "a group of Canadian and American distributors an \$84,000-a-year bonus for the release of their available stock to Basic Magnesium, Inc. Thus the government is paying distributors for peat moss which they no longer have to distribute."

The payment to distributors to which the Senator refers for releasing their contracts will amount to approximately \$25,000 in connection with the 1941-42 crop, and no payment is to be made in any subsequent year.

The 1941-42 crop of peat was under contract between the producers and distributors at \$1.39 per bale when it was determined that BMI would require the entire crop. It was agreed that the Canadian producers would receive \$1.30 per bale and that the distributors would receive 7 1/2 cents per bale in consideration of the release of all their interests in the contracts and in reimbursement for a portion of the expenditures incurred in connection with the crop. Thus the total price of the peat to the government will be less than the original price negotiated between the producers and distributors.

Training Technicians

(c) Senator Bunker charges that DPC is paying traveling expenses and salaries of 45 officials of BMI now in England studying the magnesium process, and at the same time paying the salaries of English technicians "who are in America promoting the interests of their company."

The English technicians are the men responsible for the engineering and designing of the plant and are indispensable to its completion. Twenty-six representatives of BMI are now in England studying the process, and it is hoped it will soon be possible to send more. DPC would be derelict in its duty of preparing for successful operation of the plant if it did not arrange for training an adequate

operating force—and such training can only be had in England.

Architects' Fees

(d) Senator Bunker charges that DPC agreed "to pay a firm of architects \$28,000 for the privilege of using plans for 800 demountable houses at the Las Vegas plant—plans which had previously been used on another government project. Thus the government bought the same plans twice."

The truth is that DPC has agreed with Lescher and Mahoney, a firm of architects at Phoenix, Arizona, on a fee of \$25,000 a house for the plans and the supervision of construction. In addition, they are to receive a fee of \$8,000 for engineering, surveying sites, planning waterworks, sewerage installations, and supervising the utility installations in connection with a large trailer camp.

The total cost of this construction will be approximately \$3,500,000 and customary architectural-engineering fees for the services here rendered would have been 5 per cent, or many times the fees which will be paid under the agreement. The architects were chosen because of their special knowledge in the demountable housing field and because of their successful experience in such housing in the west.

Government Owns Project

(e) Senator Bunker charges that "the product of the plant is not to be furnished the government at cost," but is to be sold "at a reasonable price designed to yield a fair margin of profit."

The product of the plant is owned by the government and any profit upon its sale belongs to the government.

"Amazing Profits"

(f) Senator Bunker charges that BMI stands to make a profit in one year of \$2,140,000.

While entirely incorrect, he apparently obtains this amazing figure by lumping together such unrelated items, already discussed in this statement, as the \$300,000 "know-how" and supervisory fee to BMI for the design and construction of the plant, the \$1,000,000 that would be paid BMI in the remote contingency of the sale of the plant to private interests (other than BMI) within ten years after it begins operations, \$560,000 representing the maximum annual operating fee, and \$280,000 representing the maximum annual ore royalties. These payments could not possibly all accrue in any one year. It is extremely unlikely that all these payments will ever be made. In no event would these payments be all profit.

BMI Not Policy Fixer

(g) Senator Bunker charges that BMI has "a carte blanche agreement to act for and in behalf of the Defense Plant Corporation to establish the matter of policy, subject to the 'review' of the Defense Plant Corporation."

No contracts are entered into by BMI in constructing the plant, and no commitments for materials and equipment are made without the approval of an engineering representative of DPC stationed at the construction site, nor are any disbursements made without the further approval of such engineer, and of DPC auditors stationed on the job.

Repayment of Advances

(h) Senator Bunker charges that "there is no obligation on the part of Basic Magnesium, Inc., to repay any of the money paid out by the Defense Plant Corporation. There is absolutely no collateral securing the sums advanced by Defense Plant Corporation."

It should be immediately apparent, upon the most casual reading of the contract, to anyone even remotely interested in ascertaining the true facts that the situation is not one involving a loan and that there is no question of collateral and of the "ex-

tension of credit on a sound business basis." DPC owns the plant and will of course own all its products. All employees of BMI handling DPC funds are under bond.

Unwarranted Charges

We do not object to honest or fair criticism, but unwarranted charges tend to discredit honest officials and destroy confidence in our government at the most crucial period of its existence.

Basic Magnesium, Inc., Fees, Constructions:

McDonald Engineering Co., contractor, construction, Gabbs, Nevada, estimate \$2,804,624.00, fee \$76,488.00.

Fritz Ziebarth, contractor, power transmission and telephone lines, Las Vegas-Gabbs, Nevada, estimate \$4,487,500.76, fee \$117,507.83.

Engineers, Ltd., contractor, water installations, Lake Mead to Las Vegas, estimate 3,254,115.07, fee \$87,440.05.

J. M. Montgomery & Co., architect-engineer, architectural & engineering—construction on water supply & power lines, Las Vegas, Nevada, estimate \$6,079,832.00, fee \$51,478.99.

Southwestern Engineering, architect-engineer, architectural & engineering on construction, at Gabbs, Nevada, estimate \$2,675,624.00, fee \$30,472.00.

Harrop Ceramic Service, engineer-contractor, architectural & engineering—construction tunnel kilns, Midway, Nevada, estimate \$945,798.00, fee \$50,041.49.

H. K. Ferguson Co., architectural & engineering—Construction chlorine plant, Las Vegas, Nevada, estimate \$7,287,918.00, fee \$59,082.00.

McNeil Construction Co., contractor, construction, Las Vegas, Nevada, estimate \$34,700,000.00, fee \$500,000.00.

Coverdale & Colpitts, supervision of construction & engineering, Gabbs-Las Vegas, Nevada, fee \$100,000.00.

Lescher & Mahoney, 1,000 houses utility, Midway, Nevada, estimate \$3,500,000.00, fee \$25,000.00.

Layout \$8,000.00.

Subtotal \$1,105,510.36.

Basic Magnesium, Inc., supervision plans, etc., fee \$300,000.00.

Total \$1,405,510.36.

The aggregate of all fees for construction run slightly less than 2 per cent of the contracts involved. The contracts for each of the contracting and engineering firms were specifically approved by DPC as to nature of work, amount of contract and fee involved.

May 10 1943 - ?

Senator Walgren In Vegas Today

Senator Mon C. Walgren of Washington, chairman of the light-metals sub-committee of the Truman committee, arrived this morning from Los Angeles for an inspection of the magnesium plant, and a conference with BMI officials regarding the problems facing their organization.

Senator Walgren was met by Senator Pat McCarran of Nevada who arrived here Saturday morning to meet his colleague, and the morning was spent on a tour of the plant with F. O. Case, BMI general manager, and Hugh Fulton, chief counsel for the Truman committee who accompanied the Washington solon.

Resting this afternoon, Senator Walgren will be the guest of Senator McCarran at a dinner to be held at the Last Frontier tonight, and will then spend tomorrow at BMI, hearing various witnesses discuss the production of magnesium at the plant.

The two senators and Fulton will leave Wednesday morning for Washington.

THE DAILY WASHINGTON MERRY-GO-ROUND

By DREW PEARSON and
ROBERT S. ALLEN

Congressman suggests to Teagle that he resign from labor board; but former oil official defends cartel pact as beneficial to us; President saves guest from embarrassment before news cameramen; Norway's crown prince and princess prove real troupers on tour.

WASHINGTON — Standard Oil's Walter Teagle, top employer member of the war labor board, had a talk with a congressman a few days ago that would have made front page news had the story got out.

The conference was with Representative Stephen M. Young and followed a telephone conversation in which the plain-talking Ohioan protested bluntly about the secret synthetic rubber agreement between Standard Oil of New Jersey and the German chemical trust, I. G. Farbenindustrie.

During the telephone conversation, Young dropped some strong hints to the effect that he thought Teagle should resign from the labor board, and after Young hung up, Teagle went to the capitol to "talk it over." Young received him cordially, but stuck to his guns.

"I think it would be a very good thing for the war effort," said the Ohioan, "if all dollar-a-year men resigned. I don't mean you alone. I mean all those who have jobs with war agencies and are still on the payrolls of private industry."

No \$1-A-Year Man

"But I'm not a dollar-a-year man," replied Teagle. "I'm paid at the rate of \$25 a day for my work with the war labor board. Furthermore, I do not receive a salary from Standard Oil. I'm retired on pension."

Young pointed out that the fact still remained that Teagle was an official of Standard Oil when the cartel deal was signed.

"It greatly shakes my faith in our big corporations," Young declared, "to think that one of them would enter into a deal to restrict the production of such a vital war product as synthetic rubber at a time when we were preparing for war with the country with which the deal was made."

Teagle contended that the agreement was not as one-sided as the Truman committee made it appear. Had it not been for the agreement, Teagle insisted, the United States would not have certain vital German processes for the production of synthetic rubber.

"If you give me a few days' time," Teagle pleaded, "I'll be glad to prepare a memo setting forth the full facts about the agreement."

Young said he'd be glad to look over the statement, but could make no promises that he would not make a speech demanding Teagle's resignation.

THE DAILY WASHINGTON MERRY-GO-ROUND

By DREW PEARSON and
ROBERT S. ALLEN

Synthetic rubber production delayed by experts' bickering; there'll be none available for use by civilians until 1944; Henderson warns anti-inflation controls must be tightened; sees huge excess of purchasing power as "explosive" power.

WASHINGTON — As the tires on your car wear smoother, you are wondering what has happened to the ambitious plans for production of synthetic rubber announced so reassuringly by Jesse Jones months ago.

Well the unfortunate answer is: "There just ain't going to be more rubber for civilian use until 1944."

Reason is the big war program, the long time required to build factories, but also the inexcusable bickering of rubber experts over contracts and processes—especially over the use of alcohol or petroleum as a base for synthetic rubber.

And behind this is a basic three-way struggle among (1) the oil companies, (2) the farm belt, which wants to turn its surplus grain into alcohol, and (3) the big eastern alcohol companies, which don't want to jeopardize their investments in Cuban molasses as a source of alcohol.

To get the full picture, examine the background of the government's two leading rubber experts, E. R. Weidlein, advisor to Jesse Jones and the Rubber Reserve Corporation, comes from the Mellon Institute of Pittsburgh, with a big business viewpoint and an oil company bias as to whether petroleum or alcohol is the better raw material for synthetic rubber.

The other chief rubber expert is Arthur Newhall, coordinator of rubber for the WPB, formerly with B. F. Goodrich, and indoctrinated with the viewpoint of the big rubber companies. Newhall was pointedly criticized by the Truman committee this week.

Now take a specific example of delays in rubber.

Smuggling a Polish Inventor

A Polish inventor, Stanislaus Szuckiewicz, invented a process for making butadiene (ingredient for synthetic rubber) from alcohol and had a plant in full scale operation in Poland for two years. So two enterprising young OPA economists, William S. Lacy and Lawrence Brown, arranged to smuggle Szuckiewicz out of Poland, on the pretense of a trip to Brazil, then brought him to the United States.

But after the inventor had taken out a patent and begun operations in a department of agriculture laboratory in Peoria, Illinois, the OPM slapped a secrecy order on his process. Supposedly this was to protect the government's interest. Actually, it prevented a commercial company from developing this type of rubber.

All this was before Pearl Harbor.

LAS VEGAS, NEV., AGE
Cir. 1,200
MAY 22, 1942

A. C. A. vs. BASIC MAGNESIUM 4 68

In another column of this issue, The Age prints an editorial clipped from the Fallon, Nevada, Eagle, which drags into the open the smelly issue of the efforts of the Aluminum Corporation of America to forestall the building of the Basic Magnesium, Inc., plant for the production of magnesium.

It has been quietly suggested in many quarters that Basic Magnesium, Inc., cannot hope to compete with Aluminum Corporation of America and its subsidiaries, in the matter of producing magnesium and it has been studiously pointed out that the subsidiaries of the Aluminum trust possess the only feasible and workable process of producing magnesium.

The fact that one of the impelling reasons of government officials for the creation of the Basic Magnesium, Inc., organization, and the securing of the British government's processes which have been the most successful of any in the world in the economic production of magnesium, was the hope of breaking through the armor of the gigantic Aluminum Corporation trust which has so hampered America's war efforts through control of the production and marketing of aluminum.

Jesse Jones and others of the high officials of the government have believed that it is essential for the government to supersede the Aluminum Corporation in the production of magnesium. They secured the British rights and the British scientists, most expert in the world and the highest organization talent and constructive genius of America, to undertake the job. Basic Magnesium, Inc., is the result of those plans.

There has been and apparently still is a deep and bitter opposition on the part of the Aluminum trust, to Basic Magnesium. There appears to be an equally earnest determination on the part of Jesse Jones and other government officials, to break the grasp of the Aluminum Corporation of America upon the vital light metals industry so necessary to the prosecution of the war.

When the full truth is known it is very possible that the powerful hand of the aluminum trust may be found guiding the efforts to discredit and break down the Basic Magnesium enterprise.

Of one thing we are certain: If Basic Magnesium, Inc., can be destroyed and removed from the field as a competitor of the aluminum trust in the production of magnesium, it will be done. And if that should happen it will be a sorry day for Nevada and especially for Las Vegas.

Federal Authority to Compete Needed Now

La Follette Points to Tieup Between Mellon Trust and Nazi Farben Monopoly; Says Big Company Has Failed to Keep its Promises to Government.

WASHINGTON.—Despite the disclosures by the Truman committee, the Department of Justice and the O'Mahoney Monopoly Committee, the "Mellon Aluminum Trust" is bigger and stronger than ever, still perpetrates all its "old evils," has a stranglehold on the half-billion dollars poured into war aluminum plants by Uncle Sam, and is the "oldest bottleneck of the war production program."

As a result, bomber airplane production is being reduced by 20 per cent.

Those charges, and many others equally sensational, were made against the Aluminum Company of America this week by Senator Robert M. La Follette Jr. (Prog., Wis.) in a devastating speech to the Senate.

TIME FOR TALKING PAST

What is needed now, La Follette declared, is not more hearings and talk about the aluminum monopoly, but creation of a "Federal Aluminum Authority" which will be big and powerful enough to compete with the "Alcoa" trust which has crushed all competition for the past fifty years.

"Aluminum was the only basic war industry without excess productive facilities when the defense program began two years ago," La Follette declared, "because a perfect monopoly can keep its capacity down to the abnormally low level which guarantees it an easy sale at a fat profit for all it produces. Alcoa did just that, and thereby deprived this country of that safety margin which is a godsend in times of emergency."

PROMISES NOT KEPT

"When the defense program began two years ago, Alcoa promised that it would meet all requirements, both civilian and military and that it would provide all the new plants needed. It has failed miserably. It appears to have made these promises recklessly to dissuade the government from creating independent sources of aluminum."

"Alcoa also failed with respect to financing new plants. The Federal government and not Alcoa has paid for substantially all the expansion of aluminum productive capacity, to the tune of \$568,000,000 of public funds."

"Not only did Alcoa fail to keep its promises, it tried to cover up its deficiency with over-optimistic, misleading advertisements and public announcements."

TIEUP WITH NAZIS

"Recent disclosures of Alcoa's friendly ties with the Nazi government's principal stooge in the business world—I. G. Farben—accentuate the need for a thorough reappraisal of Alcoa's role in the war-production drive."

"Magnesium is only a little less vital to our war effort than aluminum. Alcoa gave the Germans control over the development of our magnesium industry."

Seattle (Wn) Times
July 14, 1942

STATE GAINING IN LIGHT METALS

With the completion of a large aluminum rolling mill and a \$50,000,000 magnesium plant at Spokane—which will be inspected by a subcommittee of the Truman committee Friday—Washington will be one of the country's most important centers for the production and fabrication of light metals, Senator Mon C. Wallgren said here today.

Wallgren will join Senators Harold H. Burton of Ohio, Clyde L. Herring of Iowa and Carl A. Hatch of New Mexico at Spokane. The four will constitute the subcommittee which will inspect war production plants in Spokane and Bremerton and then proceed to Las Vegas, Nev.

"I shall return here to confer with members of the Senate committee on military affairs, August 5," Senator Wallgren said. "We shall decide then whether to inspect war work in Alaska."

"The aluminum rolling mill in Spokane will be the only mill of its kind west of the Mississippi River. It will employ from 5,000 to 8,000 persons."

"The magnesium plant also will be a stupendous affair. It will cost \$50,000,000 and will use the so-called ferro-silicon methods. The ore will come from the Dolomite deposits in the northwest part of the state."

"Many persons had expected a development of the process tested at the Washington State College, but the War Production Board finally decided that since it had progressed only to the stage of a pilot mill, the ferro-silicon method would be more practicable."

Seattle (Wn) Post-Intelligencer
July 9, 1942

Senators to Make Inspection Tour

Senator Mon C. Wallgren will be joined here next week by Senators Clyde L. Herring of Iowa and Carl A. Hatch of New Mexico for an inspection of war production plants in the Pacific Northwest, the Washington senator said yesterday at his home in Everett.

Wallgren had intended returning to the national capitol, but received a telegram from Senator Harry S. Truman of Missouri, chairman of the special committee investigating the national defense program, asking him to await the arrival of Senators Herring and Hatch.

The three senators who will tour this area constitute a subcommittee of the Truman committee giving special attention to light metals.

In Eastern Washington they will inspect progress being made toward production of magnesium and aluminum, after which they will tour ship building yards in the Puget Sound area.

Wallgren expressed the probability that the trio might visit Alaska, but said no definite decision had been reached.

Seattle (Wn) Times
July 9, 1942

WALLGREN MAY VISIT ALEUTIANS

Senator Robert R. Reynolds of North Carolina, chairman of the Senate committee on military affairs, today requested Senator Mon. C. Wallgren to serve on a subcommittee to visit the Aleutian Islands.

In reply, Senator Wallgren suggested that the subcommittee join another subcommittee investigating war industries and that the journey be made together.

Senator Wallgren will join Senators Clyde L. Herring of Iowa and Carl A. Hatch of New Mexico at Spokane July 17 for an inspection of war-production plants. The three senators will constitute a subcommittee of the Truman committee. In Eastern Washington, they will investigate the progress being made in the development of magnesium and aluminum plants following the tour of inspection at Spokane and its vicinity, the subcommittee will come to Seattle and then proceed to California.

L.V.R. Journal
June 1943

Washington Merry-Go-Round

Justice department presses "cartel" suit against American company; case involves pre-war business arrangements with Germans and Japs; Truman group prompted army to release canned goods for civilians; soldiers are "too lazy" to prepare fresh fruits, general asserts.

WASHINGTON — It hasn't leaked out yet, but the justice department is on the trail of another big anti-trust case which is going to create headlines—if the war department doesn't intervene.

This time the giant National Lead company is involved.

The case is similar to the deals of Standard of New Jersey and the Aluminum Corporation before the war to control synthetic rubber and magnesium in co-operation with nazi cartels. In the National Lead case, Japanese as well as German business connections were concerned.

The deal was to control the production of titanium, a rare substance essential to the manufacture of paint, also to the cutting edge of tools.

The justice department has unearthed documents showing that National Lead had an agreement with I. G. Farbenindustrie of Germany whereby, if war came, nazi patents would be so held by National Lead in this country that they would not be seized by the alien property custodian, but could be transferred back to Germany after the war.

This is not the first time National Lead has been under fire for its international business activities. For many years before the war, it cooperated with the big British-Dutch tin combine which forced the United States to ship raw tin all the way round the world from Singapore or Bolivia to England to be smelted, then back to the United States.

It took months of inter-government jockeying before Pearl Harbor to persuade government friends of National Lead to build a tin smelter in the U. S. A. so this country would be independent of the international tin cartel.

Fletcher Rockwell, president of National Lead, is also chairman of the board of Patino Mines and Enterprises, the company organized by the big Bolivian tin king, Patino.

Note: Whether the war department now steps in to block the justice department remains to be seen. Undersecretary of War Patterson has writhed in agony and protested to the White House when the justice department has tried to prosecute various big business combines whose products are essential to the war effort.

Las Vegas Review Journal
June 11, 1942

How Now, Learned Leaders?

Several disturbing attacks on the conduct of the war have been made recently, both in and out of congress.

The gripers are not concerned with the efficiency of the war effort. They are complaining that the government is INTERFERING WITH NORMAL BUSINESS.

Some short-sighted big shots are concerned with business as usual while American prisoners of war are forced to work as stevedores at Osaka, and, according to the Japanese radio, are beaten with ropes.

No wonder there are complaints about wartime inconveniences from ordinary citizens when senators demand X-cards and even Governor Edison of New Jersey, join the anvil chorus.

Last week, Governor Edison asked the army not to conduct any further maneuvers along the Jersey coast on weekends until after Labor Day. He explained that Sunday is almost the only day of the week on which seashore resorts are able to do business because of gasoline rationing and blackouts.

We can think of something that would interfere a lot more with resort business—a commando raid by the Germans.

Even the senate's Truman committee, last week came forth with severe criticism of the army for wasting rubber and admonished it to exercise the same care "that is recommended to civilians to assure conservation of rubber."

As if the army COULD waste rubber, or should try to save rubber—or powder—if there is the slightest military gain or training need.

Two weeks ago officials of the OPA and the office of defense transportation said the army is using steel instead of rubber treads on all its new tanks, thus sacrificing ten per cent of their speed.

If speed of tanks could be increased ten per cent by taking tires off non-essential private cars, we'd favor it and so would most every sincere (as differentiated from synthetic) patriot.

Our senators—and governors—should be leading the people, not griping because somebody's toes are being stepped on.

After all, we have a war to win.

HOOD RIVER, ORE., SUN

JUN 5 - 1942

Watch Thurman

Arnold 468

Out of the hurly-burly rush and confusion of our national capitol are coming into prominence several men, whose actions and deeds we will become more and more conscious of. Some of these men will rise like a shooting star and fade, never to be heard of again. Others with slow sure steps have been cutting a place for themselves in the history of America.

One of these men whose future at the present time is quite a topic for discussion in our national capitol is Assistant Attorney-General Thurman Arnold. He is and has been in charge of the anti-trust division since 1938. In the past few months he and his department have been active in investigating and condemning General Electric, Standard Oil, Aluminum Company of America, I. G. Farben, German Chemical Trust, certain labor organizations and any other group or company, which he feels is taking advantage of their monopolistic position with a "tendency to fix prices or to restrain trade." The creation of a greater, freer and more competitive world to live in is the motivating force behind this big slouchy ex-Yale University professor from Wyoming.

He tells interviewers gleefully how Alcoa's monopoly on aluminum has been broken, how it has been forced to relax its "restraint" on magnesium and how wonderful it is going to be for everybody after the war when Alcoa has to compete with three other aluminum manufacturers, and the whole aluminum industry has to meet competition from a new magnesium industry, and both aluminum and magnesium have to clash head on with revitalized copper and stainless steel.

His trust-busting experience with Alcoa illustrates what he means. Before the war, there was only one magnesium and one aluminum producer in the United States. Upon assuming office he investigated the situation. He found that an international cartel restricted magnesium production to 4,000 tons a year, in order to prevent it from competing with aluminum. The relation between magnesium and aluminum prices was fixed by monopoly control. Aluminum and magnesium, two of the metals of the future, were not being developed and exploited to build the new America, but

were being "carefully restricted" for the sole benefit of the "stability" of Alcoa and its cartel mate, the I. G. Farben Trust of Germany.

That this is no longer true is due to the war and Thurman Arnold. Arnold's attack on the cartel in the court and the war made the rapid development of aluminum and magnesium imperative. After the war, there will be at least ten magnesium producers making this precious metal from ordinary sea water and four aluminum producers.

The Standard Oil Company of New Jersey felt Arnold's office in connection with synthetic rubber, which investigation forced Standard Oil to make public their patents for the benefit of the American people, rather than for the benefit of the I. G. Farben Trust of Germany.

The name of Thurman Arnold today is to be watched in the news from Washington, D. C. Thurman Arnold is fighting a battle for the common man, who is at the mercy of monopolistic organizations. We hope the efforts of his work will not be in vain.

Labor Accused By Howard Mann

L V Review Journal
August 27, 1942

THE DAILY WASHINGTON MERRY-GO-ROUND

By DREW PEARSON
Robert S. Allen on Active Duty

Perkins' threat loosens RFC's moneybags for vital war material; Senator Bridges' honesty gets him in trouble with shorn blonde; wooden bodies for army trucks will save a huge amount of steel; but maritime commission wastes plate by building perfect ships.

WASHINGTON — Here is an inside story on how different United States officials prosecute the war. The other day, the army needed 10,000 bales of Egyptian long staple cotton and needed it quickly. Getting that much cotton out of Egypt at this time meant getting it practically out from under Rommel's nose. It might get sunk, it might never leave Egypt.

However, the war department demanded it, and Milo Perkins, head of the bureau of economic warfare, arranged for its immediate purchase. He also wrote a directive, under his agreement with Jesse Jones, for the Reconstruction Finance corporation to put up the money.

Will Clayton, Jesse's right arm in the RFC, was away. But when he came back, he stormed over to see Milo Perkins.

"I'm not going to do it," Clayton told Perkins flatly.

"Yes, you are going to do it," Perkins shot back.

"It's too risky," Clayton replied, "you can buy that cotton with agriculture department funds."

"Now look, Mr. Clayton," said Milo, "under the president's order I have the power to set up a loan agency to buy things of this kind. So far I haven't set up such an agency, but have operated through you. However, if you're not going to co-operate, I'll set one up."

"And where will you get the money?" asked Clayton.

"I'll get it from you. You forget, Mr. Clayton, that it isn't your money. It's the taxpayers' money and you are only the custodian. The war department wants this cotton and they're going to get it."

Finally Clayton reluctantly agreed.

Note: — Will Clayton is one of the most charming and likeable men in Washington. Before coming into the government he was a partner in Anderson & Clayton, world's biggest cotton buyers. A democrat, he opposed Roosevelt on most things, was a heavy contributor to the Liberty league. With the war, however, he forgot partisanship. But he has never forgotten the book-keeping mentality of a banker. Despite all the terrible urgencies of war, he seems always to have in the back of his mind the idea of presenting a profitable balance sheet of loans made by the RFC.

Blonde Hair for Tokyo

Colleagues of New Hampshire's Senator Styles Bridges say that when it comes to handling women constituents, he is too honest. The other day he received from a New Hampshire lady several beautiful locks of blonde hair. When he opened the box there was so much hair in it that at first Senator Bridges almost thought it was a woman's head.

With it was a letter saying that the owner had heard that blonde hair was being used in bombsights and she was contributing her hair to help bomb Tokyo.

Delighted to help the cause, Senator Bridges, a leading member of the senate military affairs committee, took the hair to the war department. But he was rebuffed. The Army does use blonde hair in bombsights, he was told, but one lock of hair is enough for hundreds of bombsights, and they didn't need any more.

So Senator Bridges, thinking the lady might want her hair, returned it to his constituent.

In the next mail, he received one of the most vituperative letters in his long career. The lady said she had cut off her hair for the purpose of helping bomb Tokyo and she wanted the hair used for that purpose. She was very indignant, and felt that the senator was definitely responsible for the loss of her hair.

So Bridges' friends tell him he should never have sent the hair back, even if the Army didn't want it. He was too honest.

Wooden Army Trucks

How vitally the nation needs steel is illustrated by a move the Army has been quietly preparing. Beginning in about a week, all bodies for army trucks will be made out of wood instead of steel.

From September 1 to January 1, 1943, the Army will thus save 1,337,000 tons of steel — enough to make 125,000,000 shells for 75-mm. field artillery.

In addition, all army cots from now on will be made of wood, thus diverting 78,100 tons of steel to other purposes.

In contrast here are some things which the Navy and the maritime commission might be doing—but aren't:

First, the Navy requires practically all steel and other critical materials on hand before it begins building a warship. A battleship can't be finished for at least two, perhaps three years. But during the interim, essential materials stand waiting to be used when they might go into other more immediate uses.

Meanwhile the maritime commission is building merchant ships of the finest type, ships which will be good—if not sunk

—30 years from now. However, at the present rate of sinking, they are more likely to last a few months to a year, rather than 30 years.

The trouble with thorough-going Admiral Land is that he is building up a merchant marine for the future, whereas we need to WIN THE WAR TODAY. Therefore, some naval architects figure that by scaling down the size of steel plate, and other steel used in the ships, nothing is lost in the strength of the ship, and it will be just as good 20 years from now.

For instance, by scaling down the scantlings 20 per cent, it would be possible to save a million tons of steel on the present Liberty ship program. This, in turn, would build 4,000 vitally needed sub-chasers.

Note: — Even though the Higgins Shipbuilding company had not finished building its shipyards, the maritime commission had sent it great quantities of anchors, anchor chains, and even porcelain toilet bowls to remain stacked up in piles waiting till the ships were completed.

Capital Chaff

Before the American Labor party finally selected its candidate for the governorship of New York, it offered the nomination to Mayor La Guardia who, after some hesitation, declined. . . . the labor party also offered the nomination to Wendell Willkie, who said he would accept if he had the official backing of the White House. The White House made no reply and Willkie went ahead with plans for his trip to Russia. . . . Roosevelt henchmen at the Brooklyn convention complained that it was impossible to get to the president by telephone. He gave his orders regarding Mead, and after that was inaccessible.

NEVADA
STATE LABOR NEWS
RENO, NEV.
8/28/42

Says Labor Responsible For Delay at Basic Plant

Testimony of Mann Brought Out Before Truman Committee Hearing

By the Labor News Las Vegas Correspondent

LAS VEGAS, Nev., August 27 (Special)—It has taken a political campaign to bring to light some strange facts about Basic Magnesium hitherto unrevealed.

One outstanding fact, as far as organized labor is concerned, is the testimony of Howard Mann, \$36,000 project manager (\$15,000 before he was paid out of taxpayers' money), before the Truman senate investigating committee hearing at Las Vegas, Nevada.

In an attempt to justify the miserable progress being made by the Basic management, Mr. Mann testified under oath that the delays were due to organized labor.

This attack on labor is unfounded and unjust, and is merely an attempt to cover up the shortcomings of the management, as substantiated by investigators of defense plant corporation, as well as by the Truman committee.

This is the same Mr. Mann about whom a defense plant corporation investigator wrote as follows: "A further investigation into the competency of Howard Mann should be made."

It has been stated that Basic Magnesium's management has not in general acted as though they had nothing to fear. In this connection it is worthy of note that when an investigator for the Truman committee was ordered to inspect and report on the Basic plant, the management had a written memorandum circulated to the effect that under no consideration were employees to give out any information to said investigator. Adding further insult to a government official, the Basic management detailed two members of the police force to follow the investigator in order to see that their orders were not disobeyed.

This act was in direct defiance of the senate investigating committee, and no doubt the responsibility can again be laid to Mr. Howard Mann.

Organized labor in the state of Nevada has little or no trouble, and is generally recognized by all thinking people as coming through magnificently in an all-out war effort.

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L V Review Journal
September 18, 1942

ANOTHER TRUMAN "REPORT"

The Truman "investigating" committee of the United States Senate has, after a quick and superficial "investigation", made a report to the effect that United States fighting planes are inferior to those of Germany and Great Britain.

This committee, dabbling a little into practically every activity connected with the war, has created unnecessary and undesirable distrust of both government and private enterprise engaged in prosecution of the war.

Just why a little group of Senators should be clothed with the almost unlimited power to blacken characters, to break down morale, to disrupt industries and generally to exercise supreme power over thousands of citizens in public and private positions without giving them a chance to be heard is a question the United States Senate, for the maintenance of its own prestige and the confidence of the American people, should consider.

For many years what is mistakenly called "senatorial courtesy" has led the Senate to give to any group of its disgruntled members the status of "special investigating committee". We have seen the great powers entrusted to such committees abused year after year. We have seen great enterprises blasted and good characters ruined without chance of recovery by the biased and prejudiced reports of such committees which, because they are sponsored by the United States, carry to a large measure, the confidence of the people.

In a government such as ours, men are supposed to be given fair trials and opportunity to present evidence, but these rights which should be among the "inalienable rights" are denied by the United States Senate acting through these powerful "special investigating" committees which are becoming so popular with a few senatorial sleuths.

THE DAILY WASHINGTON MERRY-GO-ROUND

Truman committee tour reveals faulty teamwork among armed forces; notable improvements, however, have been achieved in upper ranks; success of gas rationing strengthens demand for nationwide system; Stalin and Harriman once fought over area they are now defending.

WASHINGTON—The Truman committee hasn't issued a report on it yet, but when some of its members investigated New England war installations, they got a striking illustration of faulty teamwork between different branches of the armed forces.

Major General Sherman Miles, commander of the first service command with headquarters at Boston, travelled with them. At one point they came across a cavalry outfit riding in jeeps. They were operating in General Miles' area, presumably under his command, yet he had not known they were there. The war department had failed to notify him.

Travelling further south, General Miles and the Truman committee bumped into a signal corps company engaged in interceptor work—listening for enemy airplanes. Again, General Miles did not know they were in his corps area.

At a certain airfield, Senator Brewster asked the commander of a squadron and try to persuade him to fly out over the bay and bomb the submarine.

"Well," said the colonel, "I'd run out and catch the commander of a squadron and try to persuade him to fly out over the bay and bomb the submarine."

The colonel was not as dumb as he sounded. For he had no command over bomber squadrons on his field. They are sent from other points for practice training for a few weeks at a time, and there appears to be little or no correlation between different commanders even when they belong to the air corps. This may account for such incidents as when a submarine appeared within sight of shore at Jacksonville, Florida, and no airplanes flew overhead for four hours, even though army and navy bases were a few minutes distant.

Note: There is a notable improvement in cooperation between men at the top of the armed forces, but still a lot to be learned by those lower down.

Patent Public Relations

The army is on the firing line in more ways than one. Colonel F. V. Fitzgerald works from 8 a. m. until 7 p. m. in war department's bureau of public relations. At night he tries to sleep, sometimes without success.

At 2 o'clock one morning he was roused by a phone call from a local news desk. The colonel supposed it was nothing less than the opening of a second front.

"Colonel," said a voice at the other end, "could you tell us the name of the chief of staff?"

"George C. Marshall," was Fitzgerald's patient reply.

"That's what I thought," said the newsman. "We would have called our own military expert but he's probably asleep."

Capital Chaff

The navy has wisely drafted some of J. Edgar Hoover's FBI sleuths to help train naval intelligence officers. They are doing a bang-up job. . . . The Truman committee has persuaded the army to lend it Brigadier General Frank Lowe, a Maine republican, as its executive officer. . . . The New York publisher to whom Cordell Hull refused to give a war job because he had signed a petition criticizing the state department for sending scrap iron to Japan is Cass Canfield, president of Harpers. . . . On her way from Hollywood to Washington to participate in the treasury's big bond show, demure Ann Rutherford sold several hundred dollars' worth of bonds at each station stop. At Albuquerque one man handed her \$1,000 in cash.

The WASHINGTON MERRY-GO-ROUND

DREW PEARSON

Washington, D. C.

ARMY'S SIZE AND LABOR PROBLEMS

Manpower Boss Paul McNutt has been sessioning with the Truman committee regarding certain problems which touch the lives of everyone. They include size of the army, where we will get labor for farms, and whether the army shall be used in mines and industry.

Senators on the committee were impressed both with the gravity of the problems McNutt placed before them, and his general views regarding them.

McNutt revealed that Undersecretary of War Patterson had been talking to him about a total armed force of 11,000,000 to 15,000,000 men. This included not merely the army, but the navy, the coast guard and the marine corps—everything except the merchant marine.

However, McNutt pointed out that shipping facilities and submarine warfare seriously limited the number of troops which could be sent abroad and supplied. The figure he mentioned must remain a military secret, but he indicated that with Hitler's U-boats working overtime around North Africa, it was going to be difficult to maintain a very large army in North Africa.

In addition to North Africa, he pointed to the problem of supplying other war fronts in the Pacific, together with Russia and England.

As a result, McNutt doubted the feasibility of a world's record army now. He was all for giving the military and navy what they wanted so long as it could be transported to the combat zones, but he opposed a huge army which would eat its head off at home, especially in view of the fact that morale deteriorates when an army is kept idle.

At one time, McNutt said, a large army at home was considered necessary to protect the United States. But now military experts felt this danger greatly lessened, though a certain number of reserves must be trained.

Army and Industry.

McNutt was asked a great many questions about farm labor, especially by Senator Truman of Missouri. He replied that the army had been unwilling to let men go home on furlough to help with the crops because this hurt morale. However, he said the army was working on a plan to send army units into farm areas, in battalions or companies, and have them help with farm work on an organized basis under army command.

Though the matter was not discussed in detail, it seemed to be the unspoken feeling of the committee that too big an army going into industry and agriculture on an organized military basis might come close to developing a militarized system in the U. S. A. similar to that against which we were fighting in Europe.

Only one member of the committee, Senator Hatch of New Mexico, felt that the armed forces should be given free rein to go ahead and build up tremendous strength not subject to civilian check and supervision.

Other committee members expressed the view that it was only natural for any military leader to want the army to be the biggest in the world; so a civilian check-rein by the White House or congress was necessary to balance farm labor and industry against armed strength.

Finally it was decided that the most important problems to lick before increasing the army to world-beating proportions was the submarine and shipping.

Absentees Given Blast By Truman

SAN FRANCISCO, Feb. 23 (UP)—Workers guilty of absenteeism and companies hoarding manpower not absolutely essential are no better than a soldier who leaves his post in the face of the enemy, Senator Harry S. Truman, democrat of Missouri, said at a Washington birthday dinner last night.

Senator Truman, chairman of a senate committee investigating the war effort, also criticized Republican House Leader Joseph W. Martin, Jr., and censured those dollar-a-year men "who have volunteered their services for the purpose of fostering their interests and the interests of the industries they represent."

Truman said workers must regard themselves as "part of our great army defending America. Everytime a worker stays away from his job unnecessarily, he should consider himself as much a deserter from the homefront as a soldier who leaves his post of duty in the face of the enemy."

Seattle (Wn) Post-Intelligencer
April 25, 1943

Senators to Visit Boeings

Senators Mon C. Wallgren and H. M. Kilgore, the latter from West Virginia, will come to Seattle tomorrow to investigate the labor problem at the Boeing Aircraft Company.

They constitute the subcommittee on light metals and aviation of the Truman committee. Wallgren being chairman of the subcommittee. They are accompanied by Hugh Fulton, chief counsel for the committee.

The senators were in Spokane yesterday, inspecting the magnesium and aluminum plants.

"We expect to be able to spend only about a day in Seattle," Senator Wallgren told The Post-Intelligencer, "as we must proceed down the Coast to visit other airplane plants confronted by the same problem, and we have only about two weeks to be away from the senate."

"We want to consult with both the management and the workers themselves. There won't be any formal hearing in Seattle—we just want to get the viewpoints of both sides."

L.V. Age 4/30/43

Truman Committee Coming Next Week

Members of the United States Senate Truman Committee, appointed for the purpose of investigating national war industries, will be in Las Vegas Wednesday next to inquire into the progress of the Basic Magnesium, Inc., enterprise.

The delegation will be headed by Senator Mons Wallgren of the state of Washington, who will conduct the hearings. The committee has just completed hearings in the northwest and at San Francisco and is scheduled to be in Los Angeles Monday.

We Hope It Works

If the Truman committee made no other contribution to the success of the war effort, the successful consummation of the negotiations launched Wednesday between Presidents William Green of AFL and Phillip Murray of CIO to outlaw jurisdictional disputes, would be sufficient to justify a place high in the nation's service.

No one factor is more destructive to the morale of the American worker today than the constant strife between the two great labor movements for control of individual plants or industries.

The Wagner Act, labor's magna charta, lays down the principle that all workers should belong to a union in order that they might bargain collectively for any and all advantages they feel should be theirs. That's the rule, and it has been accepted by the American people without argument.

The theory is that the workers themselves should choose their bargaining agency and that the management should then recognize that agency, and negotiate a working agreement or contract, and that so long as the contract is in effect, there should be no further disputes.

Instead of promoting peace, however, the procedure has merely shifted the basis for conflict. Negotiation of a contract has been in all too many instances merely the opening gun in an inter-union war for control, with the worker himself as the piece de resistance.

Matters of wages and hours have long since been taken over almost entirely by the government. There is little left to fight about (for the duration) except which union should prevail. Hence the constant turmoil and confusion attending the raids made on plants where there are existing contracts.

Before the Truman committee, Green offered to sit down at the committee table and sign an agreement outlawing such battles. Murray, declaring Green was without authority, agreed to meet later and negotiate such an armistice.

Whether this will be carried out, remains to be seen. Certain it is that, considering the welfare of the worker and the welfare of our nation's war effort, there is no excuse whatever for continuation of this internecine strife, or its being allowed in the first place. It's a very warped version of the principle that a worker has the right to decide which union he wants to join, and is interfering with necessary production PLENTY.

Truman Group To Arrive Next Week

Members of the Truman committee are expected to be in Las Vegas about the middle of next week to conduct further hearings as to the progress of the Basic Magnesium plant, according to a wire received this afternoon from Senator J. G. Scrugham.

The committee here will be headed by Senator Mons Wallgren of Washington who is on his way south from a visit to various war industries in the northwest.

The committee will be in San Francisco Saturday and Sunday and in Los Angeles Monday, coming here probably on Wednesday.

Truman Group Hears CIO Today

The Truman committee of the United States senate, is not interested in "jurisdictional disputes, only in the making of magnesium," Senator Harry Truman told a committee from the CIO union at a one-hour hearing held in the federal courtroom of the Las Vegas postoffice this morning.

The committee, composed of Senator Truman, Senator Mon C. Wallgren, Attorney Hugh Fulton, and Investigator J. C. Robertson left immediately after the hearing by army plane for Cincinnati, Ohio, where they plan to hold a conference tomorrow.

Abraham J. Isserman, representative of the mine, milling and smelting union of the CIO, gave the principal testimony today, protesting against lack of recognition by the Basic Magnesium, Inc., of the CIO as a bargaining agent.

When D. E. Ward, executive officer of local 629 of the CIO, complained that the Basic Hospital is understaffed both as to doctors and nurses, Senator Truman replied that "that is the condition in hospitals all over the country."

At the conclusion of the hearing, Senator Truman told the CIO representatives that they might submit briefs to cover other claims they wished to point out. A similar privilege was extended

Truman Group To Visit BMI Plant

WASHINGTON, April 20. (UP) Three members of the Truman committee of the senate will leave tonight to investigate war factories, particularly airplane plants, on the west coast.

Those who will make the trip are Senators Mon C. Wallgren, democrat, Washington, Harley M. Kilgore, democrat, West Virginia, and Homer Ferguson, republican, Michigan. Hugh Fulton, counsel for the committee, will accompany the senators.

The itinerary calls for inspection of plants at Spokane, Seattle, Portland, Los Angeles, Las Vegas, Nevada, and Chicago.

BMI Permanency Problem Studied By Truman Group

Post-War Operation
Depending Upon
Fabrication

The future of magnesium in the light metal field depends on fabrication of the metal, and this problem is being worked out as rapidly as possible, it was said here today by Senator Harry Truman, democrat of Missouri, who, with other members of the Truman committee, visited the BMI plant yesterday said today.

Asked as to the permanency of the local magnesium plant, Truman declared that his committee was gathering data and information regarding the BMI plant and others on the west coast, looking toward some solution of the post war operation of these establishments.

Demand Needed

"Future development of magnesium depends entirely on the demand for the metal after the war, and the ability of American industry to produce the metal as efficiently and cheaply as other light metals with which it will compete," Senator Truman said.

"We have no idea, yet, just how great the demand for the metal is going to be after the war. Motor cars, freight cars, airplanes and a hundred other peace time uses probably will follow, but industry, at present, is so busy completing a war job that it has had little time to debate the use to which this new metal will be put.

"The trouble right now is with fabrication of magnesium. If that problem can be licked, and it is being worked out as rapidly as possible under the circumstances," (Continued on Page Four)

stances, then we might be able to get the answer as to the permanency of the plants on the west coast.

"The ability of the magnesium industry to compete with other metals in the field, of course, probably will determine the permanency."

To Protect Investment

In reply to a question regarding whether the government investment will be protected after the war, the senator declared that his committee was interested most in seeing that all governmental investments should be protected, as well as to see that the war job was done.

He said that all monies invested in the new war industries in America were invested with an eye toward the salvage value after the conflict is completed.

"The best salvage job that could be done, naturally, would be to continue operations after the war. Then none of the investment is lost. However, the operation after the war depends on many things, the answer to which cannot be arrived at right now."

Senator Truman revealed that the committee has taken up plans for the establishment of fabrication plants in the west because of the fact that, at the present time, the magnesium plants are far ahead of their production schedule and they are stockpiling the material because of the lack of the fabricating plants.

Not Interested

He declared that the committee was not interested in jurisdictional labor disputes, that the main idea was to see that the war industries did their job rapidly and efficiently.

As one member of the committee put it, during a recent dispute in this area, the senator said, "this plant has problems enough on its hands without adding that of labor disputes."

by the committee chairman to a representative of the A. F. of L. present at the hearing.

Truman Committee Holds Session Here

Las Vegas Tribune

F. O. Case
720 So. 7th
Las Vegas, Nev.

Vol. 1 No. 21—28 Pages

Las Vegas, Nevada, Sunday, August 22, 1943

Five Cents Per Copy

KISKA RETAKEN



Roving Reporter

The recent interruptions of the power service is a matter of great concern to everyone. Needless to say, substantial damages are sustained by many business houses and residents when the power is shut off for several hours at a time.

In our present day and age when practically every activity is dependent upon the electric current, serious thought must be given to the matter in order to find the means which would insure uninterrupted use of the most important public utility.

It is almost unbelievable that we in Las Vegas, located at the very gates of the great source of power, should experience the loss and inconveniences entirely unknown to many other cities located far away.

Some would lead us to believe that nothing disastrous could happen, and that the loss, at most, could be estimated in dollars and cents. That is not the fact generally considered. What would happen in the event of a major surgical operation being performed at the time the lights were blacked out? You shudder at the hazard involved. Yes, many and many are the circumstances we can draw our pictures from.

A remedy must be found to avert further power interruptions. It is not necessary that business houses must be constrained to resort to individually owned power plants.

Let us hope that the Southern Nevada Power company will rectify this hazardous condition before tragedy occurs.

C. S. Wengert, vice president and manager of the Las Vegas branch of the First National bank, underwent a minor operation three days ago at the Las Vegas hospital, and is recovering satisfactorily. Mr. Wengert is expected to return to his home.

(Continued on Page Two)

Sifts Charges Made by C. I. O. Against A. F. L. And B. M. I. Management

An urgent demand that every step be taken by the Government to secure the continued operation of Basic Magnesium plant after the war was voiced by the CIO this week in testimony given before the Truman Committee at a hearing held in Las Vegas.

The AFL was invited to participate in the hearing, but declined according to Senator Harry Truman, chairman of the committee.

"Our national Government, the people of southern Nevada, and the BMI workers all have a stake in the continued operation of BMI after the war is over," declared E. A. Phaneur, vice-president of Basic Union No. 629, CIO. "We of the CIO feel that magnesium has an important place in post-war development and that BMI, with the water, the power and the ore all strategically located must play a big role in that development."

There has been talk that BMI is a war baby. The CIO feels that every effort should be made to end this talk and to assure the people that this great and valuable plant will continue to be the heart of industrial development in southern Nevada.

The hearing, which was held Thursday in the Federal courtroom at the Postoffice building, was packed with dramatic testimony from CIO leaders concerning difficulties in the plant caused primarily, they said, by the refusal of the BMI management to bargain with the CIO.

A. J. Isserman, CIO attorney, opened with a statement reviewing the steps by which the CIO became certified as the legal and exclusive bargaining agency for all production and maintenance workers at BMI.

"This is no longer a jurisdictional question between the CIO and the AFL," said Isserman. "This is a case in which the company refusing to bargain with the agency selected by the workers in an election and certified by the government after a careful investigation."

E. E. Ward, executive officer of Local 629, told how, after the National Labor Relations Board had issued its order of certification, the company refused to recognize the CIO on the claim that it was still bound by a contract it had previously negotiated with the AFL.

"The company is not an innocent party to this controversy," declared Ward. "The company's position is causing confusion amounting to deliberate chaos in the plant. The number of quits of men who have become disgusted with the company's policy is increasing."

(Continued on Page Nineteen)

QUEBEC, Aug. 21—Today's announcement from this conference city on the re-occupation of Kiska came with dramatic suddenness, and was viewed here as emphasizing in the strongest possible terms the fact that the United Nations intends to press the war in the Pacific.

There had been reports here that the Pacific strategy, and, in fact the entire global strategy of the war, had come under reexamination by President Roosevelt and Prime Minister Churchill during their still continuing talks.

In the eyes of naval experts, the clearing of the last Japanese troops from the Aleutian islands re-established them as the possible invasion route to Japan from the north Pacific.

Recently, naval bombing planes had struck at the strong Japanese base on Paramushiro island, and it was felt here that the operation had the two-fold purpose of further harassing enemy supply planes to Kiska and "softening" the Jap base for possible land and sea operations by United Nations forces in the future.

The scene of the dramatic Kiska announcement was the improvised press room for Roosevelt-Churchill conferences reporters in the Clarendon hotel in Quebec.

A. F. L. Denies C. I. O. Charges

Late News Bulletins

James W. Squires 50, son of Mr. and Mrs. Charles P. Squires, editor of Las Vegas Age, died at St. Vincent's hospital in Los Angeles this morning.

Senator Pat McCarran who arrived in Las Vegas recently for a five-day visit before returning to Washington, expressed his joy over the Allied successes during the recent campaigns which culminated with the capture of Kiska.

NEW YORK, Aug. 21—The Badoglio regime in Italy today started negotiations with labor organizations at Turin in an apparent effort to head off mounting unrest in that region, the British radio said today.

NEW YORK, August 21—King Christian of Denmark and Werner Best, Nazi "representative" in

that strife-ridden land, today issued an appeal to the Danes to halt their sabotage.

The appeal was coupled with a threat that unless the sabotage is halted the nation's food and fuel situation will be endangered. It also was stressed "that Denmark's present form of government is dependent upon the cessation of sabotage."

NEW YORK, Aug. 21—In an effort to discover how the RAF learned the location of Theradar research center at Peenmuende, which was pounded by 1,500 tons of bombs two nights ago, Nazi Gestapo Chief Heinrich Himmler today was reported conducting an intensive investigation. The report was carried by the British radio and heard in New York by NBC.

Tribune Makes Public Letter Addressed to Truman Investigating Committee

When the Truman Committee hearing came to a close, the Tribune reporter contacted the officials of the American Federation of Labor for a statement as to the charges made by the CIO representatives at the hearing, and we received a copy of a letter addressed to Senator Harry Truman, Chairman of the Truman Investigating Committee, which we reproduce in full below.

August 20, 1943
Truman Investigating Committee, Attn., Senator Harry Truman, U. S. Senate, Washington D. C.
Re: CIO Hearing, Aug. 29, 1943.
Dear Senator Truman:

We submit the following material

at the suggestion from you that any statements or briefs we might have would be included in the hearing held in Las Vegas on August 19. We ask also that you include as part of this hearing our communication to Senator Mon C. Wadgren on May 11, 1943.

E. E. Ward, spokesman for the CIO, stated to your committee in the federal court room in Las Vegas on August 19, that: 1. The American Federation of Labor shop stewards have discriminated against the negro. 2. Mysterious petitions being circulated through the plant calling for segregation were most prominent

(Continued on Page Two)

Las Vegas Tribune

CLARK COUNTY'S INDEPENDENT NEWSPAPER
1922-2

Entered as second-class matter July 18, 1943 at the post-office at Las Vegas, Nevada, under the Act of March 3, 1879. Application pending.

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Tribune Publishing Co. Publishers

Prominent Visitors

It isn't often that Las Vegas is honored with the presence of two U. S. Senators. This event took place last Thursday when the Truman investigating committee held a session in the federal building courtroom to sift the charges made by C. I. O. officials against the American Federation of Labor and the B.M.I. management.

We attended the hearing and the proceedings are recorded in our columns for the interest of our readers.

We believe that the matter investigated is one of momentous importance to the labor organizations involved in relation to our great defense industries. Naturally, we cannot at this time express an opinion upon the charges preferred against the B.M.I. management and the American Federation of Labor, for the matter is in the hands of competent investigators—selected members of the U. S. senate — whose duties are primarily to see that production of vital substances such as magnesium must not be hampered, and that winning the war must be the predominant factor in which all patriotic Americans must collaborate.

We note with interest that one of our citizens, Berkeley Bunker, who arrived a few minutes after the hearing was in progress, was recognized by the members of the Truman committee and invited to sit with them throughout the session. The honor bestowed upon Mr. Bunker was in recognition of the former senator's popularity.

Our Creed

We intend to keep an open mind. From the very beginning we have expressed a policy of independence and of voicing the truth in any matter whatever so that our readers will have the facts unsuppressed, unadulterated and in full. Our columns have been and will always be open to all parties. It is for the readers to digest the news and to make their own decisions. We have invited your comments or criticism heretofore, and you are at liberty to avail yourselves of this opportunity to collaborate with us. You can attack us or you can praise our humble efforts, but whatever you do keep in mind that we are striving to do the best we can under existing circumstances, and that our interests lie exclusively in upholding the truth, to divulge the whole truth and to disseminate nothing but the truth.

Ours is not a political "Rag" instituted to promote the selfish designs of our "pet friends." Nor are we affiliated with any clique or group whose dominance has been supinely tolerated by an apathetic citizenry.

Las Vegas is undergoing many transitions and as greater developments evolve, we have faith that the people will know how to re-act at the opportune moment.

From a very humble start, your support has made it possible for our paper to attain metropolitan proportions, and as the weeks roll along we expect to give you a better Tribune with each issue. We, too, have been greatly hampered in our efforts by powerfully entrenched forces, and as we have overcome the obstacles of recent weeks, so shall we vanquish whatever future attempts may be made to stifle us.

We have a good staff, and our organization is now complete. Through the international news service we shall be enabled to give you the latest events both in the nation and across the seas, several hours before any other paper reaches Las Vegas. Our magazine section will be enlarged and improved with many important features added to it, and while beginning with our next issue of August 29 you will receive an 8-page comic section in color, arrangements have been made to increase the latter to 16 pages in order to give you the very best and popular comics available.

This is not all you will get. A full coverage of the local news will be printed each week through correspondents already engaged and located in every town in the country and adjoining states.

A. F. of L. Denies C. I. O.

(Continued from Page One)

In the A. F. of L. departments. Both statements are entirely without fact or foundation and are entirely false. There has been no discrimination on the part of the A. F. of L. towards the negro and no petition is being fostered in any way, shape or form by the A. F. of L. It may well be that if a thorough investigation is made the facts will disclose that Mr. Ward and the CIO in an attempt to stir up racial friction have not only spread these rumors generally throughout the county, but have fathered such activities as may exist.

The statement of Mr. Phaneuf referring to initiation fees and dues charged by the A. F. of L. is also false.

The employee load of B.M.I. is approximately 4 to 1 white over black. The white employees in the main are either office workers, technicians or skilled trades and crafts, a majority of whom are affiliated with the A. F. of L. and all of whom were cleared to the job through the A. F. of L. The CIO, in a desperate attempt to strengthen its position, apparently seeks to recruit a solid membership among the colored workers by extravagant promises and through the circulation of rumors and the fostering of activities which would tend to solidify the negroes back of their program.

If racial difficulties arise in this area which has heretofore been free of this type of trouble, they can be directly attributed to the activities of the CIO, particularly their organizer, Mr. E. E. Ward, who in a desperate effort to organize the B.M.I. and gain a mass of CIO Company plants, is deliberately fostering, encouraging, and breeding a racial question that may develop into

a serious problem. At this time when this nation is engaged in a death struggle a solid front regardless of race, color, or creed, is an essential. There can be no greater act of sabotage to industry, production, and a coordination of effort than to create strife, suspicion, and distrust among people. The CIO's love for the negro race can best be judged by the action of the CIO Mine, Mill, and Smelter Workers in Butte, Montana, last Winter, when members refused to work with negroes, or as long as negroes were on the job.

The manufacture of magnesium is a new industry in this nation. There is no backlog of experience such as is found in other old and well established industries, but in spite of the lack of experience, in spite of tremendous obstacles, the B.M.I. plant is now in full production and is producing in excess of its great capacity. In fact, it is reported that production exceeds on a per cell and over all basis production in the English plants after which it is modeled.

The A. F. of L. has supplied the trades and crafts that are operating the plant and a large part of the unskilled labor. These mechanics have adapted themselves to the peculiar requirements of a new industry which is proved by production. The members of the A. F. of L. have been too busy in their efforts to assist in the war industry to take time out to write and publish innumerable bulletins and hold innumerable meetings over petty grievances.

The hobnobbing situation at B.M.I. has been of direct interest and deep concern to members of the A. F. of L. who came into this territory as an industry at a time when no housing was available, slept in shacks, tents, and automobiles, and went through hell to create this monument of industry. 1,000 houses were constructed by A. F. of L. labor. At this time, largely through the efforts of the A. F. of L., 324 additional houses

and 495 dormitory accommodations are in the course of construction in spite of radical changes in plans and specifications, changes in priorities, shortage of materials and equipment. From the inception of this great industry the record shows clearly and without equivocation that the A. F. of L. is the only Labor body that followed through on housing and is still constructively following through.

The movement into this area of B.M.I. from the plants throughout America of housing material and equipment presented serious obstacles, as did the ability to obtain materials in the face of a nationwide demand for housing.

The A. F. of L. has proceeded on the basis of performance and not promises, on the basis of curing results and not sensational publicity. The housing situation in Clark County is rapidly approaching the point where adequate and modern housing should be available to all.

For the committee's information we are inclosing an agreement between B.M.I. and the A. F. of L., and, the grievances are handled through the procedure outlined in this agreement. We are informed by Management that other employees of the plant handled their grievances individually.

The A. F. of L. has not at any time adopted a campaign of vilification against the management of B.M.I. A. F. of L. does not believe that this promotes harmony or the highest degree of production. The A. F. of L. also believes that frank, open, and fair discussion across the board by the representatives of management and other employees of the plant handled their grievances individually.

Thanking you for the courtesy extended representatives of the American Federation of Labor, I remain

Very truly yours,
Ragnald Fyben, Sec.-Treas.
Central Labor Council of Clark County.

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NOTICES

TEAMSTERS Local No. 631 meets every 1st and 3rd Wednesday of every month at the meeting hall above the Boulder Club. Charles R. Rogers, Secretary and Treasurer, Box 1966. Phone 1428.

CARPENTERS Local 1780 meets every Thursday, 7:30 p. m. in old Elks hall over Frontier club. Entrance in rear. Phone 109.

PAINTERS Union, Local 159 meets every 1st and 3rd Tuesday at 7:30 above Boulder club. Xavier Clarino, business agent. Phone 2040.

BARTENDERS Union Local 166 meets second and fourth Monday each month, 2 p. m. over Oasis cafe. Bert Henderson, secretary. Phone 563.

CENTRAL LABOR COUNCIL of Clark County meets second and fourth Wednesday each month at the Central Council Hall above the Frontier club in Las Vegas. Ragnald Fyben, secretary. Phone 115, Boulder City.

CULINARY Workers, Local 228, meets first and third Wednesday each month. President Edward M. Ladd; secretary, Lella Johnson.

INTERNATIONAL Hod Carriers, Building and Common Laborers of America No. 572 meets 2nd and 4th Sunday of each month over Frontier club, 2:00 p. m. Business Agent Guy H. Murphy, phone 947.

MACHINISTS, Mechanics, Welders, Local 845, meets first Friday each month, American Legion hall Boulder City, third Wednesday, over Frontier club. Las Vegas. Glen Anderson, business agent. Phone 2096.

MUSICIANS Protective Union Local 369 meets first Sunday 3 p. m. each month, Frontier club. Presidents James P. Moran. Phone 1376-W. Secretary Orono Sims. Office over Frontier club. Phone 2096.

BRICKLAYERS, Masons, Tile Setters and Tettazo Workers Local No. 3, Nevada, meets every Sunday 7 p. m. over Boulder club. Ed B. Taylor, financial secretary. Phone 1655.

I.T.U. Local No. 933 meets first Sunday after 10th of month, 10 p. m. at Las Vegas Printing Co. office, 123 North Second st.

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Truman Committee

(Continued from Page One)

with working and living conditions at B.M.I. has increased sharply since the company's refusal to bargain. The quits frequently run 250 a day.

"There is friction in the departments and between the departments, caused by bad management. It would almost seem that there was a deliberate intent on the part of the management to aggravate workers into leaving. In every phase of a B.M.I. worker's life, in getting his job, in securing transfers and promotions, in obtaining housing, it is not what he can do but who he knows that spells success or failure."

CIO witnesses also complained of conditions surrounding the plant—insufficient housing and exorbitant rents; improper allocation of existing housing; insufficient staff at the B.M.I. hospital and had treatment by the management of the doctors and nurses; lack of recreational transportation and communication facilities.

Documentary evidence was introduced showing that rentals charged B.M.I. workers for government housing are higher than in better defense housing, more conveniently located, in other war production centers.

Ward told of discrimination against CIO members in the plant and particularly against Negroes. He said there was wage inequality among men doing the same work. He described CIO attempts to get the company to stop a petition which was being circulated in the plant asking for segregation of Negroes, declaring this was an incentive to race rioting. He said Case upheld segregation in a telephone conversation he had with him. He also stated that in the past few days the company had suddenly refused to hire any more Negroes, with the result that many departments were undermanned.

Ward testified that he had been informed by Paul Burns, local director of the U. S. Employment Service, that the company had given his office no substantial reason for its refusal to hire more colored workers. Ward said Burns had told him the company is sending in busloads of white men from Los Angeles.

"According to the people who take the medical tests on new hires, most of these incoming men are alcoholics," said Ward. "This means that we have a revulsion of former labor recruiting methods of the company, where it took drunks and other victims who are sentenced to 30 days or B.M.I. Men, who are capable and healthy workers, are denied the privilege of working in this important war plant."

Specific cases of discrimination were cited by Lawrence Stickland, Negro B.M.I. worker and trustee of Local 629. He stated that white and colored workers got along all right except where friction was artificially stimulated. This stimulation, he said, came from AFL shop stewards who have the backing of the management.

Corroborating evidence was given by Phaneuf and Lee Reese, recording secretary of Local 629, who told his experiences as a McNell construction worker, a B.M.I. production worker, and in his present position as a maintenance machinist.

Phaneuf told of the serving of moldy pies and other spoiled food to the workers at plant canteens operated by Anderson Bros. Said he, for the food, he said, was taken to the CIO hall, and from there to the County Health Department. Investigators were sent out at CIO request, Phaneuf related, who found that food being served and confiscated it. Although this happened only a couple of weeks ago, Phaneuf said it was served moldy pie again the night before the hearing.

The hearing was cut short because of an emergency situation in the East which required the immediate presence of the Truman Committee. Several CIO witnesses were waiting to take the stand when the hearings were adjourned.

In addition to Senator Truman, those conducting the hearing were Senator Hiram O. Wallgren of Washington, Chief Counsel Hugh Fulton and the committee's investigator.

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"According to the people who take the medical tests on new hires, most of these incoming men are alcoholics," said Ward. "This means that we have a revulsion of former labor recruiting methods of the company, where it took drunks and other victims who are sentenced to 30 days or B.M.I. Men, who are capable and healthy workers, are denied the privilege of working in this important war plant."

Specific cases of discrimination were cited by Lawrence Stickland, Negro B.M.I. worker and trustee of Local 629. He stated that white and colored workers got along all right except where friction was artificially stimulated. This stimulation, he said, came from AFL shop stewards who have the backing of the management.

Corroborating evidence was given by Phaneuf and Lee Reese, recording secretary of Local 629, who told his experiences as a McNell construction worker, a B.M.I. production worker, and in his present position as a maintenance machinist.

Phaneuf told of the serving of moldy pies and other spoiled food to the workers at plant canteens operated by Anderson Bros. Said he, for the food, he said, was taken to the CIO hall, and from there to the County Health Department. Investigators were sent out at CIO request, Phaneuf related, who found that food being served and confiscated it. Although this happened only a couple of weeks ago, Phaneuf said it was served moldy pie again the night before the hearing.

The hearing was cut short because of an emergency situation in the East which required the immediate presence of the Truman Committee. Several CIO witnesses were waiting to take the stand when the hearings were adjourned.

In addition to Senator Truman, those conducting the hearing were Senator Hiram O. Wallgren of Washington, Chief Counsel Hugh Fulton and the committee's investigator.

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We believe that the matter investigated is one of momentous importance to the labor organizations involved in relation to our great defense industries. Naturally, we cannot at this time express an opinion upon the charges preferred against the BMI management and the American Federation of Labor, for the matter is in the hands of competent investigators—selected members of the U. S. senate — whose duties are primarily to see that production of vital substances such as magnesium must not be hampered, and that winning the war must be the predominant factor in which all patriotic Americans must collaborate.

We note with interest that one of our citizens, Berkeley Bunker, who arrived a few minutes after the hearing was in progress, was recognized by the members of the Truman committee and invited to sit with them throughout the session. The honor bestowed upon Mr. Bunker was in recognition of the former senator's popularity.

RENO, NEV., GAZETTE
CIV. 12:37
AUGUST 17, 1943

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SALT LAKE CITY, UTAH, TRIBUNE
38,522; Sunday 94,635.
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L. V. R. Journal
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RENO, NEV., JOURNAL
CIV. 7:503
AUGUST 22, 1943

Nevada Politics

By The Observer

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Here in brief, is what the Record reporter found was going on in this particular factory while American boys were dying on the beaches at Salerno:

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Nobody knows why all this was going on. Management blames labor. Labor blames management. Individual workers blame both. The Truman committee is attempting to get at the facts and probably will.

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CL 12, 371
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Truman Committeemen on the Job

It is of interest in Clark County that the Truman Committee of the United States Senate has stepped into an investigation of the Brewster Aeronautical Corporation scandal.

Clark County has more than a passing interest in the Truman Committee resulting from its visits and hearings held here in an inquiry into Basic Magnesium.

Readers of the Sunday Tribune will recall that the public was informed through this newspaper at that time of the Truman Committee's activities here.

That the Truman Committee had been in Las Vegas and Basic, and that it met no popular reception on the part of some of the vested interests here, is of course only a matter of reminiscent interest here now that the committee has gone into another field. There is, naturally, no connection between the purpose of the Truman visitation here and its current study into the scandalous Brewster matter.

The committee's inquiry already has developed the truth of charges by Chicago's bright newspaper, the Chicago Sun, that the company's alliance with the Miranda Brothers, munitions salesmen, had brought to them \$4,000,000 in three years' commissions by selling Seversky planes, manufactured by Brewster, to Japan before Pearl Harbor.

Even after the embargo against Japan had been laid down by the United States, the Truman Committee has heard, the Mirandas had attempted to provide Japan with machine guns.

The situation with Brewster Aeronautical has become so serious, following the Sun's revelations and the Truman inquiry, that the management has been turned over in desperation by the Government to Henry J. Kaiser, but even his wizardry has been thwarted by the conditions he has found.

Manipulations of commercially minded munitions salesmen into the affairs of many American manufacturing is not at all an innovation. Many of them have taken lessons from that arch munitions magnate, Sir Basil Zaharoff, who had fomented war on either side, then sold munitions to both.

Before World War 1, and even during the war, there existed a combine of worldwide munitions firms, German capitalists who owned large blocs and exerted much control in French munitions factories, British and French who virtually controlled German plants.

That situation existed between the two World wars. Zaharoff was ace salesman of them all. Testimony during his lifetime, and since his death, has revealed much of his manipulations and his encouragement of international disputes which would lead into warfare and sale of more cannon and shell.

America was not without its similar element. Big Bill Schearer once boasted that he had wrecked a Geneva conference to curtail the navies of all the great powers of the world and that, while it had cost the shipbuilding interests of the United States many millions to do it, the accomplishment in eventual profits had been well worthwhile.

Wartime is as good a time as any to scrutinize carefully the undercover machinations of selfish groups who would gain more profits by the sale of lives.

In wartime the people of America are more awake to the problems, more determined that what the world is undergoing now must not be repeated.

In peacetime our own pursuits of livelihood incline us to forget or to neglect, until we are rudely awakened.

Put on the whole armour of God... For we wrestle not against flesh and blood, but against principalities, against powers, against the rulers of the darkness of this world.

—EPHESIANS 6:10

Transportation Is Facing A Crisis, Truman Unit Says

Nation Has Coasted To Limit on Pre-War Reserves

WASHINGTON, Dec. 15 (UP)—The Truman committee warned the nation today that it has coasted to the limit on its prewar reserves of transportation facilities and that replacement programs must be launched immediately if a disastrous collapse is to be avoided.

"If we act now, an impending crisis may be avoided by means more satisfactory than any measures which could be taken once the crisis is actually upon us," the senate's special war investigating committee declared in a report on transportation problems.

Big Tribute

The report paid high tribute to the transportation job so far accomplished, and said it couldn't have been done if there hadn't been prewar reserves as well as splendid wartime conservation and utilization.

Point by point, the committee reviewed the situation affecting all types of transportation facilities—rail, highway, air, barge and pipeline.

It found the rail, highway and air transport outlook most critical. The barge program, conceived in emergency, was found to have been "so delayed by endless conferences" that its benefits were negligible. Only the pipeline program received plaudits.

Equipment Shy

The committee found that railroads have received during 1942 and will receive during 1943 only a fraction of their estimated equipment requirements.

As for the future, the committee was pleased to note that material inventories have now reached the stage where WPB has authorized a return to all-steel construction "so a substantial increase in the number of freight cars of better quality, is now possible."

As for passenger cars, the committee said the public "will have to accept the discomforts of rail

passenger travel as one of the burdens of war and should plan to travel as little as possible."

SAN FRANCISCO CAL. NEWS
12-17-43
FEBRUARY 26, 1944

We are outbuilding the Japs in fighting ships 3 to 1, but when merchant ship construction is included, we are outbuilding them 5 or maybe as much as 8 to 1, congressional sources say.

Of our fighting craft, none is doing a steadier, more deadly job than our subs in the Pacific. Congressmen familiar with Navy operations say that as of last October the Japs only had about 90 subs, and that their current production of undersea craft is much less than ours.

Truman committee's annual report is expected to deal with the Navy's tank-lighter construction program—an investigation made a long time ago but withheld until now for security reasons.

It will also discuss the Army's hotel-leasing program in Florida—and some Army men won't be happy about the criticisms.

It will bring up to date the committee's continuing investigations of the aluminum and magnesium developments financed with Federal funds.

McCarran Is Quoted About Trucking

"We Can no Longer Juggle With Problem of Keeping Trucks Running, Said Sen."

WASHINGTON, Jan. 7.—The Congress of the United States is grappling with hundreds of problems along the home front—trying to do its best.—The Truman Committee in the Senate indicates very pointedly that junking approximately 4 million motor vehicles in 1942 and breaking up all of the serviceable parts was a stupid blunder. The War Production Board finally issued an order on May 29, 1943, prohibiting the scrapping of any more used serviceable automobile parts.

Senator McCarran told the Senate a few days ago that the Truman report showed production of trucks in 1942 dropped to less than one-tenth of the number in the year 1941. The senator quoted the Truman Committee as authority that wherever possible the rails were substituted for highway transportation. Meantime, the railroads have been so overloaded that they have been unable to take care of passenger travel properly.

Trucks available for allocation for civilian uses were reduced to 31,386 trucks in October, 1943, and the official facts admit that "many of these were special-type trucks not suitable for general commercial hauling." According to Senator McCarran the schedules call for production of 7,500 heavy trucks the present year but the senator said the probabilities are that "a total of only 450 will be built this year."

The Truman Committee report states that "the most serious situation with respect to transportation is the lack of adequate facilities for motor transport," due to "shortages of tires, repair parts, new equipment, and manpower, plus restrictions of road speed and other regulations which have imposed limits on the carrying capacity of trucks, buses and automobiles, which are far below the demands for the type of transportation service they render... that diminution in the service rendered by motor transport will necessarily have serious repercussions on our war effort." According to Senator McCarran, the Truman Committee report "makes it very clear that the bottom of the barrel has been reached with regard to elimination of non-essential services performed by motor trucks."

"In other words," said McCarran, "we can no longer juggle with the problem of keeping trucks running; the problem has been played with so long without being directly and efficiently attacked that it is now sitting astride our shoulders like the old man of the sea," and "the time for talking about it has passed."

Eight meetings with food come."

V

Truman Urges Reelection of Roosevelt

JACKSONVILLE, Fla., Feb. 14. — (P) — Chairman Harry S. Truman (D-Mo.) of the Senate investigating committee bearing his name charged tonight that some Republican leaders were taking advantage of the Administration's policy of bringing mistakes "out in the open so they can be speedily corrected."

In an address prepared for delivery at a Jackson Day dinner, Senator Truman called for reelection of President Roosevelt and said "It requires no demonstration to tell that a Democratic defeat at the polls this year, would hamper, delay, and confuse the conduct of the war, and perhaps imperil the peace."

Commenting on the findings of his committee, Truman declared "The administration has not taken the position of hiding mistakes but its policy has been to bring them out in the open so that they can be speedily corrected."

"This has led some leaders of the Republican party to gain a special advantage to themselves by harping on the mistakes and errors that we ourselves have brought to light," he asserted. "From the propaganda on this subject emanating from Republican sources, it really means the Republicans hope that this war is a chance to win the election. But I can assure you that this administration will go ahead, with its only object—the winning of the war in the shortest possible time."

"To win a military victory alone would be futile unless we lay a foundation in our postwar world that will secure for all men everywhere their basic human rights," he continued. "Surely there is no other man in the United States who has been in such constant touch and knows all the ramified problems and details of our negotiations with the nations of the world and the plans for final victory than our present commander-in-chief."

"In the critical period of transition from war to peace and in the performance of the solemn responsibilities which will be ours in the postwar world, we need the proven leadership, the unique experience and knowledge of this man."

The Best, Apparently, Is TOO Good!

At the beginning of the war, the army took over many hotels throughout the country, including the famous Breakers, at Palm Beach, Florida, patronized largely by wealthy northerners and owned by the same interests which control the Florida East Coast railroad.

Last September, this hotel, at a cost of \$300,000 was converted into a hospital for soldiers suffering injuries of the brain, nerves, eye, head or jaw. It was especially equipped for plastic surgery on men who have had half their faces shot off.

Last month, Lieutenant General Brehon B. Somervell, commanding officer of the Army Service Forces, signed an order to abandon the hotel at once and restore it to its original condition, at a cost of about \$250,000.

Somervell (father of the very smelly Canol project) acted without consultation with Surgeon General Norman T. Kirk, under whose direction the hospital had been placed.

The Truman committee has announced an investigation of the matter, suggested the cancellation of the lease be held up until it can report. But latest information is that the soldiers have been kicked out and the tourists with a plentitude of "C" gasoline ration cards, are jamming the place again as in pre-war days.

Labor, official newspaper of the railroad brotherhoods, says "various and conflicting reasons have been assigned for the closing of the hospital and the transfer of its 800 patients to Indiana" and lists these reasons as follows:

1.—Rich patrons of the resort are said to have objected to the presence of disfigured men, contending it interfered with their pursuit of pleasure.

2.—The wounded soldiers and others stationed at Palm Beach resent this hostile attitude, which has created a bitterness of spirit that interferes with rehabilitation, especially of those suffering from mental hurts.

3.—Real estate and commercial interests of Palm Beach insisted that wounded soldiers be thrown out of the resort to make room for vacationists who have more money to spend. When operated as a hotel, the Breakers charged from \$24 to \$40 a day and always had a waiting list. When reopened as a hotel, the rates were set at from \$30 to \$50.

"Perhaps," says Labor in comment, "all three reasons played a part in the army's decision, and there may be others, but the major factor is declared to be the unhealthy state of mind generated among soldiers who contrast their sacrifices with the 'life of Reilly' being led by playboys and playgirls who are ostentatiously spending a portion of the profits they have made out of the war or inherited from some relative."

Many citizens of Palm Beach, many of them wealthy, were on the side of the disabled soldiers and wired vigorous protests against their removal, Labor says, but to no avail.

There can be no question but that Palm Beach, one of the nation's most popular playgrounds in peacetime (and now too, it seems) would be a splendid place for the war wounded to recover and pleasant surroundings, comfortable climate, and generally happy conditions.

But they've been kicked out. The best, apparently, is TOO GOOD for our world war heroes.

Washington Merry-Go-Round

By DREW PEARSON

Growing cancellations of war contracts open way for civilian goods; Truman report indicates factories may turn out refrigerators, etc.; 100 companies holding 70 per cent of war orders show heavy profits; Wickard chuckles over Bromfield's prophecy on February food supply.

WASHINGTON—The Truman committee is about to issue a report which will be good news to manufacturers, to say nothing of the housewife who has been scrimping along with a worn-out refrigerator, no washing machine and an electric iron that blows out fuses.

The Truman committee will recommend that the war production board go much further than the army has been willing in restoring production of civilian goods. The committee will not urge anything near unlimited production, but it will point out the following important facts:

(1) War contracts are being cancelled at an increasing rate. The war department cancelled ten and a half billions in contracts as of January 31, while the navy cancelled two and a third billions up to February 5. This means more factories and more men available for civilian production.

(2) Tremendous stockpiles of steel and other materials have been accumulated—far more than can be used for the war. Already aluminum plants with a capacity of a half-billion pounds a year have been closed because the supply of aluminum is so great.

(3) The military was slow in curtailing civilian production. Now it is slow in letting the country get back to civilian production.

Therefore, the Truman committee recommends that while we cannot "soon resume full-scale civilian production, we can produce limited quantities of a few score additional items classified as essential."

The impending Truman committee report will reveal that 100 big corporations hold 70 per cent of all the war orders; furthermore, these 100 first companies of the nation had only 30 per cent of the country's business before the war—and the Roosevelt administration was supposed to help the little fellow! . . . Norman Littell, hard-hitting assistant attorney general, will get a boost from the Truman committee for hurrying up government payments to the farmers and others whose land was seized by the army and navy. The committee will recommend that all government purchase of land be handled by Littell. . . . American labor doesn't look so bad when contrasted with British labor. The Truman committee will find, despite the national service act, long operating in England, there were 1,638 English strikes involving a manpower loss of 1,676,000 man-days. Taking into account the larger population of this country, U. S. strikes were only .025 per cent worse than England—even without a national service act.

President Roosevelt didn't know it, but the Truman committee had prepared some devastating evidence supporting him on one of the most controversial phases of the tax bill—renegotiations of war contracts.

Nevertheless, all the members of the committee except Mead of New York, Kilgore of West Virginia and Wallgren of Washington voted to override his tax bill on renegotiating its profits

down to \$3,796,000, even though this latter figure was 10 times its average profit before the war.

The Truman committee also found that if the army-navy's power to renegotiate contracts had been "emasculated by senate amendments, the gratitude of the people would have been transformed into shocked resentment."

Note: The tax bill as finally passed over the president's veto did partially emasculate the army-navy's power of renegotiation. In the end Senator Guffey voted to uphold the president.

Truman Committee Report

Paints Glowing Picture Of Achievement

By The Associated Press

WASHINGTON, Mar. 4. (AP)—A glowing picture of American war industry now over the hump was painted tonight by the Truman war investigating committee in its third annual report which also revealed new, important steps in aviation.

Henceforth, war factories can concentrate on quality and specialized needs such as landing craft, heavier and longer range combat planes, radio and ships, the Senate's special committee headed by Chairman Truman (D-Mo.) said.

Taking 209 pages to review one of the most momentous years in American history, the outspoken committee said:

1—More civilian production now can be envisaged; farm machinery especially should be put through the lathes to bolster the home economy.

2—There is no need for a national manpower draft such as urged by President Roosevelt.

There were these disclosures, too:

The Navy has two new fighters, one of the first twin-engine carrier-based plane called an F7F (Continued on page 16)

Paints Glowing Picture Of Achievement

(Continued from page 1)

for which early production is scheduled, and the other a "radically improved" divebomber called a BT-D. The Army has a new light bomber superior to the A-20 which is often used also as a night fighter.

At the suggestion of the War Production Board, the contract for three wooden eight-engine flying boats was cancelled with the Kaiser-Hughes Aircraft Corporation, which will be allowed to finish the one now in construction. It was considered "less efficient" than proved cargo planes because the wood is "excessively heavy and unreliable," the design is fundamentally sound, it was said, however and negotiations may be taken up to build them of metal. The contract called for an outlay of \$18,000,000. The boats were designed to carry 60 tons at 174 miles an hour.

The committee complained 19 months ago to the Navy that its

bureau of ships "stubbornly persisted for over five years" in clinging to an "unseaworthy" tank lighter design of its own. Secretary Knox said publication of this complaint would do the Navy a disservice. The "mistakes" were corrected by switching to a tank lighter built by Andrew Jackson Higgins of New Orleans.

There was a pat on the back for the Navy for the way it handled acquisitions from civilians, such as hotels. This was done "with the fairness and courtesy that citizens are entitled to expect from the military." The Army, however, it was stated, acted in an "arbitrary and officious" manner in acquiring hotels, changed its mind frequently with "many injustices" resulting.

Truman Group Hits Drafting Of Labor Plan

WASHINGTON, Mar. 4 (UP)—The Truman committee tonight rejected labor draft proposals as mere "sacrifice for sacrifice's sake," proclaimed that the home front has answered its critics with a confounding production record and recommended return of some industry to limited manufacture of civilian goods.

Taking cognizance of charges by "high military authorities . . . that there is a deterioration of morale on the home front and that civilians are not equaling the sacrifice of fighters," the committee declared that "the civilian population of this country has answered every call directed to it," and added:

"American industry and American workers are winning the battle of production. They have made their mistakes and of course there are some who could do more. These should be urged constantly to do all they can, but there is no point in sacrifice for its own sake. Civilian hysteria at home and a frenzy of inefficient additional conversion of civilians to war work will not help the men in the fighting lines."

Leading production officials have informed the committee that the bulk of the initial equipment and supplies for the war department will have been manufactured within 60 to 90 days, and thereafter the job will be to supply items of special need, to re-

(Continued on page two)

Truman Group Hits Drafting Of Labor Plan

(Continued from Page One)

place material and to improve quality." The findings were contained in the senate committee's third annual report on its continuing investigation of all phases of the war effort—210 page document laden with frank criticism of some elements of the community but leavened with praise for others.

Industry and workers were treated to praise equally. As a team, the report pointed out, these two elements in 1941, 1942, and 1943 produced 105,061 airplanes, 746 fighting ships, 23,867 landing craft, 1,899 Liberty ships of 20,450,800 deadweight tons, 702 other commercial ships, 28,286 subsidiary navy vessels and 1,567,940 military trucks. In addition, America built \$20,000,000,000 of the "best and most modern plant facilities in the world."

Of government controls for industry, the report said:

"Experience has taught us that our country will flourish best when least hampered by government control. Some policing, of course, is necessary. The frauds and business excesses of the late twenties established that. But it would be wrong to approach the subject from the viewpoint of attempting to impose on American industry and labor an overall plan with complex rules and regulations."

Labor's performance "has been very good," it said, and there is no warrant for national service legislation. Such a program, it said, would be so complicated that results would not be obtained until after the need had passed. What is needed, it added, is a clear and understandable government labor relations policy "written into law and administered through one agency instead of the dozen or so now operating in this field."

Truman Group Report Urges More Goods for Civilians Now

WASHINGTON, Mar. 6. (UP)—The war production board today studied the latest Truman committee report with a view of ascertaining what can be done to implement the report's recommendations that more materials be made available for civilian production.

The report, published Saturday night, complained that the military "has had trouble understanding" that once requirements of the armed forces are met "the army and navy can best be supported by strengthening the home economy."

The WPB, it was said, is constantly reviewing the overall production picture to determine when and where and in what lines civilian manufacture can be refused or stepped up without jeopardizing war production.

The Truman committee said that "increasing supplies of materials and a higher rate of cancellation of contracts makes it evident that materials soon will have to be made available for further civilian production."

Military opposition thus far has kept a WPB "test tube" plan for absorbing surplus materials through limited civilian production pigeon-holed in Chairman Donald M. Nelson's desk. A WPB spokesman said, however, that a decision is imminent on the proposal, which calls for returning small plants in three WPB regions to civilian work.

DOW CO. OFFICIALS ADMIT JAP SALES

Tell Truman Group Total
Of 1,525,000 Pounds Of
Magnesium Were Shipped

WASHINGTON, March 6 (AP)—Two officials of the Dow Chemical Company testified today the company sold 1,525,000 pounds of magnesium to Japan in 1938, but asserted they did not know what use was made of the metal.

The testimony was given to the Senate Truman committee by Willard H. Dow, president, and Lee B. Grant, sales manager.

Both said they did not remember details of the transaction and Grant related it is the company's practice to destroy correspondence and other papers, except bare sales records, after the lapse of three years.

Dow told the committee the company "didn't make a practice" of asking purchasers what they intended to do with materials they bought. Grant said he remembered only the Mitsui Company "came to us and asked to buy."

Was "Negotiated Price" He recalled his company was not alone in selling to Japan, pointing out quantities of scrap iron and gasoline were shipped there before the war.

Asked by Hugh Fulton, committee counsel, why the price of magnesium to the Japanese was four cents a pound below the price on sales to England, Dow explained it was a "negotiated price" and the Japanese had bought three times as much in 1938 as the English.

Dow added the State Department had not asked for any information about the sale because "at that time Japan was one of the favored nations, you know."

Assails Justice Department Earlier, Dow had accused the Justice Department of trying to "smear" the company with an "infamous" charge that it was a member of an international cartel and that its prices and production were controlled by I. G. Farbenindustrie, a German organization.

On the other hand, he declared, the company had furnished the nation with the bulk of its magnesium "in spite of and not because of the government."

Between 1915 and 1939, the company brought down the price of magnesium from \$5 a pound to 21 cents a pound, Dow asserted, adding the company's record in magnesium production "is one of the highest public service."

From
WALL ST. JOURNAL
New York, N. Y.

MAR 8 1944

Senate Truman Group Plans Special Report on Magnesium Production

WASHINGTON (INS)—The Senate Truman Committee plans to issue a special report on magnesium production within a week.

The report, it was said, will deal with the charges that agreements in violation of anti-trust laws hampered prewar development of magnesium, and claims that the Army and Navy were behind Germany and England in using it.

Truman Group Warns of Jobs Crisis Ahead

WASHINGTON (AP)—The threat of an unemployment crisis in the not too distant future was envisioned by members of the Truman Committee today unless government obstacles to civilian production are removed.

"One of our major jobs now is to keep in close touch with war contract cancellations and cutbacks to see that factories that could manufacture urgently-needed civilian items are not left idle," Chairman Truman (D-Mo.) told reporters.

Agreeing, Senator Ferguson (R-Mich.) declared that government agencies must adopt a system "for the quick removal of machinery from plants no longer needed for war work to enable them to resume peace-time manufacture."

In its third annual report released over the week-end, the committee declared the nation "must not prevent the use of surplus commodities and thereby create unemployment."

The report devoted several hundred words of opposition to the administration-endorsed national service law and recommended instead "a clear and understandable government labor relations policy."

While manpower shortages will continue in some areas, it asserted, "the extent of such areas and the degree of crisis will be so very much less that so drastic a remedy as the enactment of a manpower draft statute is warranted."

To avoid unemployment that may come as a result of an accumulation

of cutbacks, the committee suggested that manufacturers not located in critical manpower shortage areas—who have not been offered war contracts—be permitted to make civilian items "of their own selection."

"The major war production battles have been won," the committee declared in calling for greater output of civilian goods.

Essential civilian needs, the committee declared, are greater than they were a year ago.

The committee held out little hope for an early resumption of automobile manufacture since this construction would conflict with needs for more heavier and longer-range bombers, ships and other war needs.

Cites Manpower, Strikes

In opposing the proposed national service law, the committee apparently referred to administration arguments that such a law would be a weapon against strikers and reported that strikes occurring in mining, manufacturing and construction in 1943 "resulted in a loss of manpower of less than one-fourth of 1 per cent of the manpower actually used."

"Manpower contributed by labor in that period exceeded that used in 1939 by 76 per cent," the report stated.

"The manpower problem is too complex and difficult to be solved by any such easy means as passing a manpower draft statute," the report added.

Alcoa Is Commended

The Aluminum Co. of America (Alcoa) was commended in an earlier report for its swift response to critical early wartime needs for aluminum by using its own funds for expansion.

The supply of aluminum in 1944 will be greater than the demand, said the committee, adding that WPB should review the aluminum situation with a view to making as much available for civilian needs as possible.

William H. Dow, president and son of the founder of the Dow Chemical Co., told the committee today that a Justice Department charge linking his magnesium firm with a German cartel was "infamous" and unfounded in fact.

DENOUNCES 'SMEAR' ON DOW CHEMICAL

Company Head Opposes Linking of Concern with German Cartel; Cites Record

Washington, March 6.—(AP)—Willard H. Dow, assailed today what he termed a Justice Department "smear" campaign intended to link his Chemical Company with a German cartel.

The president of Dow Chemical Company told the Senate Truman Committee the firm has made possible the meeting of the nations magnesium needs "in spite of and not because of the Government."

He denounced as "infamous" what he termed a charge that Dow was "a member of an international cartel" and that its production and prices were ruled by the "I. G." (I. G. Farben Industrie.)

It is alleged, he said, that I. G. and ALCOA entered into an agreement through which the Magnesium Development Corporation was formed and that I. G. transferred its production and fabrication patents to this corporation.

Discusses Contracts

"None of us in our company ever heard of this contract between I. G. and ALCOA, known as the ALIG contract, until we were charged in an anti-trust criminal action with having agreed to limit our production to 4000 tons a year," Dow testified.

"It then appeared that I. G. had transferred its production patents to M. D. C. On the stipulation that, if they were used, American production would not exceed 4000 tons a year. In fact, these production patents never were used by M. D. C., and so the limitation never came into effect."

"They were never used in this country until basic magnesium took them up for a Defense Plant Corporation contract, but, regardless of that, Dow was not a party to the ALIG contract and knew nothing of it and he limitation did not apply at all to the I. G. Fabrication patents which were the only ones in which Dow was ever licensed."

Dow said his company lowered the price of magnesium from \$5 a pound in 1915 to 21 cents a pound in 1939.

"We believe that the Dow record in magnesium," he declared, "is one of the highest public service. We ask you to affirm or negate that belief."

Produces 84.2% of Total

"In 1942, the critical year in magnesium production," he declared, "Dow produced 84.2 per cent. of all the magnesium output in the country and the Dow 'know-how' produced 91.2 per cent."

He testified the Government had an investment of 80 cents for every pound of magnesium produced by his company in 1943 compared with a \$1.67 investment for pound produced by others.

He said his father, Dr. Herbert H. Dow, founded the company in 1890, and both German and British interests tried in vain to put him out of business.

The company started making magnesium in 1915, when the German supply was cut off, he said, and lost money in all but four out of 21 years. Dow said the firm enjoyed a monopoly "by default" because others couldn't make magnesium pay.

DIVISION OF
PRESS INTELLIGENCE
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Journal of Commerce
JOURNAL OF COMMERCE
NEW YORK, WEDNESDAY, MARCH 15, 1944

Cutbacks Being Mapped

Accessibility of Plants to Processors Seen Influencing WPB Policy

(Bureau of Journal of Commerce)

WASHINGTON, March 14.—Principal cutbacks in magnesium production, expected to be ordered within the next few days by the War Production Board, will be made in those plants which are farthest removed from processors, it was learned today.

WPB estimates of prospective cutbacks in magnesium production are now under review by the Defense Plant Corporation, it was said, with the probability that they will be approved and the orders issued before the end of the week.

Outback at Las Vegas

It is believed that the largest single cutback will be ordered in the Government-owned plant at Las Vegas, Nev., operated by Basic Refractories Corporation, which has a production capacity of 112,000,000 pounds of basic magnesium annually.

It was understood that in review-

ing the probable extent to which individual producers would be ordered to cutback production primary consideration was given to transportation and accessibility to the points of normal demand. Other important factors involved in the final decision will be the availability and cost of power, the extent to which manpower is critical in the area under consideration, relative production costs and the effect of shutdowns on the Government investment.

It is thought that the over-all cutback in magnesium production will amount to between 15 and 20 per cent. When it first became apparent that expanded magnesium production under the accelerated war program would exceed consumption, it was thought that a method might be worked out under which a horizontal reduction could be effected.

This was later found to be impractical, it was said, and it is believed now that the reduction will be effected by cutbacks in those plants which have the most critical problems of transportation, manpower and power.

Output Exceeds Needs

With all producers running at capacity, annual production of magnesium in this country would be in excess of 600,000,000 pounds. Military, export and civilian requirements are expected to be about 500,000,000 pounds.

Truman Group Says U. S. Must Check Monopoly in Magnesium

By Roscoe Drummond

Staff Correspondent of The Christian Science Monitor

WASHINGTON, March 13.—So that the United States may never find itself in the perilous position it did in 1939 when Germany, with half the population, was producing six times as much magnesium—the world's lightest commercial metal and vital war commodity—the Senate Truman Committee declared that America must not again permit a monopoly to be established in its production.

The long-awaited Truman report discloses that by now the output of magnesium has made such rapid gains, despite some "bungling," that 1944 production not only will suffice for war and essential civilian needs but will also provide a surplus for use in other civilian items.

Army to Cut Magnesium Use

Climaxing an inquiry of many months undertaken under the direction of Senator Mon C. Wallgren (D) of Washington, chairman of a subcommittee on light metals, the report:

Announced that the War Production Board would soon initiate action to reduce production of magnesium which is used for such things as incendiary bombs and aircraft parts.

Gave Dow Chemical Company major credit for the nation's success in meeting the bulk of wartime magnesium requirements but criticized the firm for its failure to match German output in recent years.

Sharply attacked inefficiencies in the construction of the \$144,000,000 Basic Magnesium, Inc., project at Las Vegas, Nev., but nevertheless praised the plant's present 112,000,000-pound output as the "largest in the United States and believed to be the largest in the world."

Urged an immediate program to familiarize civilian industry with the advantages and techniques involved in the use of magnesium.

Asserted that the United States should lead the world in the light metals industry and declared it was "incumbent" on any firm holding a monopoly on any type of production to make certain that America at least equals countries in the output of that material.

Says U. S. Must Lead World

Magnesium and light metals generally are supremely important not only to the war effort but to the future welfare of the country. The extreme lightness of magnesium makes it especially valuable for aircraft. For every pound of magnesium that can be substituted in aircraft for aluminum, the next lightest metal, the aircraft will be able to carry on every trip that it makes in its entire lifetime one-half pound more cargo or one-half pound more gasoline, thereby extending its range.

From its inception the committee stressed the importance of producing magnesium in huge quantities and developing new methods of fabricating and using it, so that the United States could lead the world.

"The committee was concerned to find that Germany with about half the population of the United States had produced nearly six times as much magnesium in 1939 as the Dow Chemical Company, America's only producer," Senator Wallgren said. "The committee believes that whenever any corporation obtains a monopoly in the United States in the production of any basic commodity that company should be called upon to explain why a smaller foreign nation produced several times more than we did and developed new and improved methods of fabrication faster than we did. Dow Chemical's explanation was not very satisfactory, and I do not believe that we should permit any such monopoly to be established or continued in the future."

During the past three years, the committee has visited many of the magnesium plants, some of them

Inquiry as to Postwar Cost

In particular, the committee has inquired as to whether those plants will be capable of producing magnesium at a sufficiently low cost after the war to insure that (1) they have some salvage value; (2) that the United States will lead the world in the production of magnesium; and (3) that some use will be found for the tremendous quantities of hydroelectric power that can be generated in the West to the end that a new industry can be created for the West.

The report charges "bungling and incompetence" in the promotion and construction of the Basic Magnesium plant at Las Vegas, Nevada. It is unfortunate that the project was not entrusted to Anaconda Copper originally, so that the benefits of its skill could have been obtained from the outset, it concludes.

"The committee has sought to see to it that all responsible parties who have developed processes for the manufacture of magnesium have had an opportunity to demonstrate the value of their processes. If we are to lead the world in this very important field, we must encourage and not restrict American initiative, the report states.

"The committee has also studied the methods of fabricating magnesium and has investigated fabricating plants, because the establishment of a great industry is dependent upon having fabrication as well as production facilities.

"In the report, the committee recommends that the order of the War Production Board restricting the use of magnesium be eliminated, because there is a large surplus of magnesium producing facilities. The committee also recommends that intensive attention be given to developing new methods for fabricating magnesium, to the end that the surplus facilities for production can be utilized and the good qualities of the metal put into practical application."

IRON AGE

Philadelphia, Pa.

MAR 9 1944

Corp.—was turning out 95 per cent of special plate. But subsequent experience gained under battle

Truman Report Examines Civilian Needs

... The third annual report of the Truman Committee praised industry, labor and Government for the success of the war production program (see also Washington comment, page 78). Among plants and companies singled out for commendation were the Irvin Works of Carnegie-Illinois Steel Corp. and the Aluminum Co. of America. The voluminous report contains a number of significant tables, several of which are shown below.

1944 Production and Requirements, Estimated by WPB

| | War Items | Essential Civilian Items | Total War and Essential Civilian Items | Estimated Supply for 1944 | Surplus or Deficit | Supply for 1938 | 1944 Supply Increased over 1938 |
|--------------------|---------------|--------------------------|--|---------------------------|--------------------|-----------------|---------------------------------|
| Carbon Steel, tons | 31,388,000 | 25,396,000 | 56,784,000 | 55,590,000 | -1,194,000 | 32,402,102 | 1½ times |
| Alloy Steel, tons | 6,956,000 | 2,710,000 | 9,666,000 | 8,738,000 | -928,000 | 1,653,510 | 5½ times |
| Copper, tons | 2,864,000 | 3,378,000 | 6,242,000 | 3,385,000 | -2,857,000 | 1,064,694 | 3½ times |
| Aluminum, lbs. | 2,970,486,000 | 327,514,000 | 3,298,000,000 | 3,405,000,000 | +107,000,000 | 286,882,000 | 12 times |
| Magnesium, lbs. | 483,200,000 | 1,900,000 | 485,100,000 | 531,000,000 | +46,000,000 | 5,434,000 | 88 times |
| Lead, tons | 1,115,000 | | 1,115,000 | 1,085,000 | -30,000 | 608,569 | 1½ times |
| Zinc, tons | | | 884,000 | 992,000 | 108,000 | 375,004 | 2¾ times |

1939 Requirements Contrasted With Expected 1944 Production

| Materials | Requirements for civilian use in 1939 | Expected production in 1944 | Excess of 1944 production over civilian use in 1939 (column 3 minus column 2) |
|-----------|---------------------------------------|-----------------------------|---|
| Steel | 36.5 million product tons | 67 million product tons | 30.5 million product tons |
| Copper | 1,017 thousand short tons | 3,590 thousand short tons | 2,573 thousand short tons |
| Aluminum | 350 million pounds | 3,370 million pounds | 3,020 million pounds |
| Magnesium | 7.7 million pounds | 531 million pounds | 523.3 million pounds |

Analysis of the Detroit Tool Sale (August, 1943)

| | |
|---|----------------|
| Source and Government cost of cutting tools sold as steel material: | |
| Studebaker | \$1,671,270.11 |
| Nash-Kelvinator | 47,598.29 |
| Hudson | 1,946.25 |
| Chrysler | 321.40 |
| Total | \$1,721,136.05 |
| Represented purchasers and receipts: | |
| American Tool Supply Co., Detroit | \$1,200.00 |
| Ash Co., Detroit | 2,700.00 |
| Cadillac Surplus Co., Detroit | 2,596.25 |
| Gratiot Tool Supply Co., Detroit | 26,533.00 |
| George Maher Tool Co., Detroit | 50.00 |
| Progressive Industries, Detroit | 227.24 |
| Trylon Tool & Manufacturing Co., Detroit | 50.00 |
| United States Tool & Manufacturing Co., Detroit | 125.00 |
| Universal Aircraft, Detroit | 2,533.00 |
| Victory Machinery Exchange, Inc., New York | 910.00 |
| Total | \$36,924.64 |
| Difference | \$1,684,211.41 |

THE NATION

Magnesium Bomb Blows Up in Dow Company's Face

Firm Sold Fourth of Output To Japan, Then Destroyed Records

By NATHAN ROBERTSON
PM's Bureau

WASHINGTON, Mar. 7.—The Truman Investigating Committee—unimpressed by a big publicity show put on by the Dow Chemical Co. yesterday in defense of its record—is preparing today a report condemning the company's prewar monopoly of magnesium that left this country far behind Germany in developing the vital aviation metal.

President Willard H. Dow went before the Senate Committee at his own request to deny charges that the company had impeded development of the light metal prior to the war and thus contributed to America's desperate war shortage. He was accompanied to the stand by Samuel Crowther, high-powered magazine writer.

Prior to his appearance, the company had distributed to the press a barrage of statements, including a 50-page printed document, lauding Dow's production record and claiming its foresight had averted a magnesium shortage. But before he left the stand, Dow had heard the Committee charge that:

Charges Against Dow

American production of magnesium, which is a third lighter than aluminum, was only 6,000,000 pounds a year when the war broke out in 1939, as compared with German production of 33,000,000 pounds; and Germany was far ahead both of this country and England in using the light metal for airplanes.

The Navy complained to Dow in 1939 that American research on magnesium was lagging behind.

Dow sold magnesium to a subsidiary of the Aluminum Co. of America—which was not interested in promoting magnesium because it competed with aluminum—at a much lower price than to other American fabricators, maintaining prices that "offered no incentive" to substitute magnesium for aluminum.

In 1938, Dow sold 1,525,000 pounds of magnesium, a quarter of its production that year, to the Japanese—but had destroyed all records dealing with the transaction and company officials could not recall anything about it. The price was lower than that to England or to American competitors of Alcoa.

In 1939, Dow sold 448,000 pounds to a company in the Netherlands, and 358,000 pounds to a company in Poland, most of it after

the war had broken out, which Committee members suggested might have been passed on to Germany.

A report from the company's sales manager in England in 1935 showed that England was disappointed not to be able to get more magnesium, although the company at the time had a supply here. Company officials couldn't recall anything about this incident, but Committee counsel Hugh Fulton said the only reason England couldn't get more was because of the company's contract with I. G. Farben, the German trust.

Didn't Borrow

Under Fulton's questioning, Dow said his company's production had been limited by the available capital for producing the metal. But he admitted he had not tried to borrow any capital between 1935 and 1939, when Germany was moving ahead.

Dow blamed America's failure to use more magnesium in planes to the inertia of the war and Navy Depts. and said that Germany was subsidizing the production of the metal. Fulton said the company had failed to present evidence to show that it was promoting the use of the metal.

Officials in Huddle

Company officials went into a huddle when Fulton began questioning them about the sale to Japan, which only showed up in a tabulation of the company's sales. They explained that the company made a practice destroying its records after three years, believing they had no further use for them.

Company officials agreed that in this case, the records had been destroyed after Pearl Harbor and after a grand jury investigation into the company's cartel relations. They said the sale to Japan had not been called to the attention of the U. S. Government, although most magnesium goes into airplanes and incendiary bombs.

Dow, in his carefully prepared publicity barrage, charged the Justice Dept. with a "smear campaign" to link his company with the German cartel. He said the Justice Dept.'s charges were false.

Under questioning by Fulton, he agreed that he had pleaded rotto contredro to the Department's charges.

This article was clipped from

JR'L OF COMMERCE
NEW YORK
3/7/44

THE JOURNAL OF COMMERCE AND COMMERCIAL, NEW YORK, TUESDAY

Dow Blasts Cartel Charge, Cites Uphill Magnesium Fight

Chemical Manufacturer Explains Sale to Japan in 1938

Dr. Willard H. Dow's appearance before the Senate Truman Committee to clear his company's name of Justice Department charges of conspiring with a German cartel to restrict magnesium production in this country, is regarded by competent observers in the chemical industry as a curious piece of irony in view of the uphill fight waged by Dow to introduce magnesium to industrial society.

Dow Chemical was accused on January 30, 1941, just nine days before the Freeport, Tex., plant, built with Dow funds, went into production, of conspiring to restrict magnesium production. The lack of magnesium facilities was also blamed upon Dow, and the company was also accused of engaging in a conspiracy to maintain itself as the single producer in the United States.

The Charges

To these accusations, Dow can show the following record:

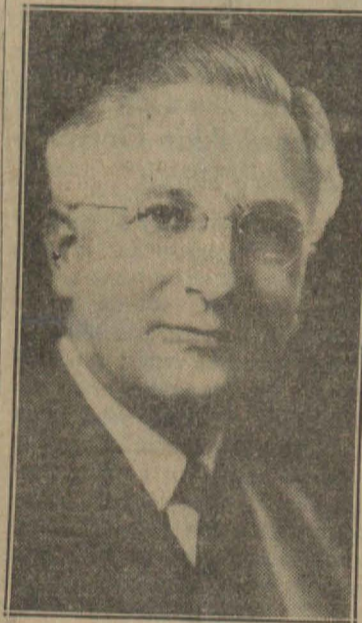
1. In the twenty-two years from 1918 to 1939 Dow made and sold magnesium at a loss in all except four years.

2. In 1939 Dow was the only surviving American producer and had been for more than ten years. No one else cared to take the punishment. It had steadily expanded production to reduce costs and had brought the price down from \$5 a pound in 1915 to 21c in 1939, in the hope of increasing consumption. But still it could not in most years dispose of its production.

3. No one in authority in 1940 recognized magnesium as a vital war material or that Dow had created a national asset. Although Washington refused to recognize that magnesium could be a vital element in the national defense, Dow doubled the production capacity at Midland and greatly expanded research to cover the needs of national defense.

4. Dow conceived a project to recover magnesium from the waters of the sea and in March, 1940, began the erecting of a plant on the Gulf, at Freeport, Tex. By the end of the year, Dow had under way facilities for the production of 36,000,000 pounds of magnesium a year and had spent around \$25,000,000 of money raised by selling stock and by borrowing.

Dr. Dow told the Truman committee that when the Freeport plant came into production in Jan-



WILLARD H. DOW
President, Dow Chemical Company

duction to 400,000,000 pounds. This was later expanded to 600,000,000.

At the same time, the Government requested Dow to make available its know-how to any responsible company financed by the Defense Plant Corporation. Dow agreed.

In October, 1941, the Defense Plant Corporation asked Dow to construct for them a 72,000,000-pound sea water plant at Velasco, near Freeport. The management and operating fee was fixed at 4c a pound. This plant started production in June, 1942, and was in full production five months later.

In March, 1942, the Government asked Dow to find 72,000,000 more pounds of production away from a sea coast. Dow selected Ludington, Mich., as rich in magnesium-bearing brine and went through with the erecting and operating of a plant on the same terms as at Velasco.

Sales to Japan

WASHINGTON, March 6 (AP).—Two officials of the Dow Chemical Co. testified today the company sold 1,525,000 pounds of magnesium to Japan in 1938, but asserted they did not know what use was made of the metal.

The testimony was given to the Senate Truman Committee by Willard H. Dow, president, and Lee E. Grant, sales manager.

Both said they did not remember details of the transaction and Grant related that it is the company's practice to destroy correspondence and other papers, except bare sales records, after the lapse of three years.

Dow told the committee that the company "didn't make a practice" of asking purchasers what they intended to do with materials they bought. Grant said he remembered only that the Mitsui Co. "came to us and asked to buy."

He recalled that his company was not alone in selling to Japan, pointing out that quantities of scrap iron and gasoline were shipped there before the war.

Asked by Hugh Fulton, committee counsel, why the price of magnesium to the Japanese was 4c a pound below the price on sales to England, Dow explained that it was a "negotiated price" and that the Japanese had bought three times as much in 1938 as the English.

Dow added that the State Department had not asked for any information about the sale because "at that time Japan was one of the favored nations, you know."

New York City

DATE MAR 13 1944

Magnesium Contract Hit As 'Unjustified'

Truman Group Blames War Dept., WPB And Jesse Jones

PM's Bureau

WASHINGTON, Mar. 13.—The Truman Investigating Committee of the Senate today blamed the War Dept., the War Production Board and Jesse Jones' Defense Plant Corp. for "one of the most unjustified contracts" of the whole war program—a contract with the Basic Magnesium Corp. for the production of magnesium at Las Vegas, Nev.

The Committee, in an overall report on the magnesium program, devoted 30 pages to the Basic Magnesium project which it said had cost \$133,000,000, or about twice the original estimate.

'Unwarranted'

"In the opinion of the Committee," the report said, "this was one of the most unjustified contracts which was proposed in connection with the war program and represented a wholly unwarranted advance of Government funds to a newly organized corporation which had no financial resources and only the most meager experience and talent."

"Although the funds actually were advanced by the Defense Plant Corp., it was on the basis of an evaluation by the War Dept. of a recommendation by the War Production Board that such advances were made."

Under the terms of the original contract, the Committee said, Basic Magnesium Corp. would have received a minimum royalty of \$560,000 a year for operating the plant, plus a royalty of \$280,000 a year to one of the owners of the company for ore which cost it only \$24,000.

The Defense Plant Corp. later bought the ore from the company which owned it for \$450,000.

The original owners of Basic Magnesium failed to get the plant into production, and ownership was sold after about a year to the Anaconda Copper Co.

Credit to Dow

Much credit was given by the Committee to the Dow Chemical Co. for producing the bulk of the magnesium which has been needed for the war program. But it was highly critical of the company for failing to keep pace with German production before the war, so that America was caught short on the light metal used in airplanes and bombs.

It noted that in 1939, Dow produced about 7,000,000 pounds, of which 4,200,000 pounds were sold abroad, while Germany was producing about 33,000,000.

HOLLYWOOD, CALIF.
CITIZEN-NEWS, CH. 25, 26
MARCH 13, 1944

Solons Charge Magnesium Plant Waste

WASHINGTON, March 13. (AP)—The Senate's Truman Committee today released a report charging "extravagances and inefficiencies" in a giant \$133,000,000 Government-financed magnesium project at Las Vegas, Nev., but reported production of that metal has reached a point where its use for civilian goods manufacture should now be permitted.

The report urged the War Production Board to cancel its order limiting the use of magnesium to war and essential items. Such a step, the committee said, would lay the foundation for a new post-war industry through the development of new uses for the metal and protect the Government's \$500,000,000 wartime investment in the magnesium plants.

Further research should be undertaken at once, the committee said, to develop magnesium for such uses as the making of photoengraving plates, automotive parts, portable tools, conveyors, vacuum cleaners, typewriters and business machines. Magnesium is a metal one-third lighter than aluminum.

In charging waste and inefficiencies in the construction and early operation of the Nevada development, described as the world's largest, the committee said its actual cost as of last Nov. 30 was in excess of \$129,000,000, and that its final estimated cost of \$133,000,000 was almost double original estimates.

The project was authorized by the Defense Plant Corp. in 1941 under contract to the Basic Magnesium Corp., of Cleveland, Ohio, but since October of 1942 has been managed by the Anaconda Copper Mining Co.

CALIFORNIA MAGNESIUM APPROVAL DELAY HIT

WASHINGTON, March 13. (AP)—The Senate's Truman Investigating Committee in a report on its investigation of light metal production, criticized government agencies for delay in approving a process for producing magnesium from serpentine rock in California.

It said the Idaho-Maryland Mines Corp. of Grass Valley, Calif., evolved a process for producing the metal from the rock at a cost of 10 cents a pound.

"By reason of its simplicity, ease of control and production of valuable byproducts for which there is an almost unlimited market," the committee said, "the process should have commanded immediate interest. Raw material in the form of serpentine could be found in any quantity desired and quierred cheaply."

The report said that despite the advantages, the sponsors of the process had difficulty in creating an interest in the process "even though they were willing and able to bear all expenses involved and were only requesting permission to obtain some additional materials to add to those already at the mine."

It said that as early as April, 1942, the advantages of the process were called to the attention of Government agencies with a request that an examination be made of a small pilot plant operated at the Twining Laboratories at Fresno, Calif. It said that in 1943 the committee made such an examination and later the War Production Board sent an examiner to review the process. It said the WPB had advised the committee that approval of the utilization of the process in a pilot plant was given a month ago.

ELKO, NEV., FREE PRESS
CH. 1, 2
MARCH 13, 1944

Basic Magnesium 'Bungling' Scored By Committee

WASHINGTON, March 13.—(U. P.)—The Truman committee reported today that the 1944 production of magnesium will create a surplus for some unessential civilian items. It leveled criticism of "bungling and incompetence" at the \$133,000,000 Basic Magnesium plant at Las Vegas,

MAR 13 1944

Magnesium Contract Hit As 'Unjustified'

Truman Group Blames War Dept., WPB And Jesse Jones

WASHINGTON, Mar. 13.—The Truman Investigating Committee of the Senate today blamed the War Dept., the War Production Board and Jesse Jones' Defense Plant Corp. for "one of the most unjustified contracts" of the whole war program—a contract with the Basic Magnesium Corp. for the production of magnesium at Las Vegas, Nev.

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Monday, March 13, 1944

Editorials and Features

This page is a regular feature in the Las Vegas Evening Review-Journal and Boulder City Journal which are published evenings except Sunday in the Review-Journal Building, 113 South First Street, Las Vegas, Nevada. The Review-Journal is entered in the U. S. Postoffice at Las Vegas as second class matter. Subscription price \$1.00 per month by mail or carrier.

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F. F. Garside, Publisher Phone 6 A. E. Cahlan, Managing Editor

Truman Okehs The American System

For more than two years the senate's Truman committee has done an outstanding job of discovering what's WRONG with America's war program.

Without mudslinging or whitewashing, and without publicity seeking, it has found flaws and suggested remedies—from manufacture of faulty steel plates to sagging rubber production.

Now the committee has come forward to stamp its seal of approval on something that is right: the over-all record of production made by labor and business working together under the American system of free enterprise.

In thus giving its approval, the Truman committee opposes a labor draft as "sacrifice for sacrifice's sake." It calls such legislation unworkable, unnecessary, over-complicated and unjustified by labor's strike record.

As the committee in the past criticized a minority of selfish business men who put profits ahead of their country, so it quite properly now attacks a "few selfish leaders" of labor. Those to blame for strikes, it says, deserve condemnation, particularly the coal strikes which were responsible for two thirds of the loss of manpower through strikes in 1943.

But it adds: "We must not allow those excesses to obscure the fact that, on the whole, the performance of labor has been very good."

"Strikes receive a very great amount of attention in the press because of their dramatic character and news value, and because the public properly resents these violations of labor's pledge not to obstruct the war effort by striking. However, strikes in mining, manufacturing and construction in 1943 results in a loss of manpower of less than one-fourth of one per cent of the manpower actually used."

The committee also pointed out that the difference between man-days lost by strikes in this country and man-days lost in England—which has a labor draft—is only 25 thousandths of one per cent.

The part played by business within the American system is also praised by the committee, which favors as little possible control during the war and in the post-war period.

The committee says: "Our economy has proved that with the proper help from government, it can support a great army and navy without devoting as much as half of itself to war production as is necessary in less efficient countries."

"Experience has taught us that our country will flourish best when least hampered by government control. Some policing, of course, is necessary. The frauds and business excesses of the late '20s established that. But it would be wrong to approach the subject from the viewpoint of attempting to impose on American industry and labor an over-all plan with complex rules and regulations."

The Truman committee position is pretty much that of the majority of thinking Americans—and should help to convince the most skeptical that while there have been excesses on both ends of the economic team, generally speaking the record of free enterprise has been outstanding.

Hanford, Cal., Journal
P. 1, 053
MARCH 14, 1944

Nevada Magnesium Bungling Charged

Washington, March 14.—(UP)—Despite a slow start by private industry and "bungling and incompetence" in construction of a government-financed magnesium plant the senate Truman committee reported today that 1944 production of that vital metal would provide a surplus for production of some nonessential civilian items.

The report climaxed a long inquiry headed by Sen. Mon C. Wallgren, D., Wash., chairman of a subcommittee on light metals.

The criticism of "bungling and incompetence" was leveled at the \$133,000,000, Basic Magnesium Inc. project at Las Vegas, Nev.

Opposes Limits on Magnesium

TRUMAN GROUP URGES RELEASE

More of Metal for Civilian Production Suggested

Washington.—(INS)—The Senate Truman Committee urged the War Production Board Monday to abandon its order restricting magnesium to military and essential civilian use in order to popularize the "miracle metal" and pave the way for vast post-war utilization.

Starting almost from scratch, the production of magnesium by private and government-owned plants will reach an estimated 531 million pounds in 1944 as against requirements of 485 million pounds.

Would Lift Restrictions
The committee said it was especially interested in preserving the war-built industry for post-war use. Magnesium, the committee said, is the lightest commercial metal.

Removal of restrictions on civilian use of magnesium, the committee said, would be a long step in carrying out its recommendation that surplus materials "should be made available to all who want them in areas where there is no manpower shortage, providing the users are not refusing war contracts."

"With a situation wherein the government is the largest investor and operator in producing magnesium for which the future demand is unknown and problematical, prompt and courageous action is vitally needed," said the report.

Sen. Mon Wallgren (D) Wash., who made the report for the committee, said the group was anxious to avoid a monopoly in magnesium.

Germany Far Ahead
Wallgren declared that the explanation of the Dow Chemical Company, pioneer magnesium producer, "was not very satisfactory" when the committee sought to learn why Germany was so far ahead of the United States in magnesium production.

The report declared, however, that the scientific interest of the Dow Company "was of great importance in the development of the metal" and but for that interest American production might not be where it is.

"The committee is concerned because American industry failed to match the progress of German industry in exploiting magnesium," the report said. "Our production in 1939, entirely by Dow Chemical, was about seven million pounds, of which about four million 200 thousand pounds were sold abroad, mostly to England. Germany's production in 1939 is estimated to have been thirty-three million pounds."

The report criticized a contract with Basic Magnesium Inc. for production in Nevada with use of British patents. It charged inefficient operation, and said the plant finally was placed under the Anaconda Copper Company.

"In the opinion of the committee this was one of the most unjustified contracts which was proposed in connection with the war program and represented a wholly unwarranted advance of government funds to a newly organized corporation which had no financial resources and only the most meager experience and talent," said the report.

"Incompetent Though Profitable"
More than three million dollars in fees was to be paid to the company for construction and operation, the committee reported. The company, it said, made a profit of \$376,136 in 1942 "despite its demonstrated incompetence."

The committee blamed slowness of the magnesium program even before the nation engaged in war upon the Defense Plant Corporation, which, it said, in turn blamed the Office of Production Management and the War Department "for slowness and indefiniteness in making basic determinations of magnesium requirements of the United States and Germany before the war. It recited the defense of Dow Chemical against the Justice Department charge that it engaged in a cartel arrangement in violation of anti-trust laws."

Limits on Magnesium

Page Twelve

Tuesday, March 14, 1944

Editorials and Features

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Member United Press, Associated Press, American Newspaper Publishers Association.

F. F. Garside, Publisher Phone 6 A. E. Cahlan, Managing Editor

The Truman Committee on BMI

There was little in the Truman Committee's report concerning BMI which isn't pretty well known in this immediate vicinity. It is gratifying, however, to note that so highly-placed an authority is fully cognizant of what has been going on out here these last few months, and isn't a bit hesitant about wiping out the previous impression prevailing over the country that the local magnesium plant was a monumental flop.

The committee is more than satisfied with the great strides made by Anaconda in bringing order out of chaos, in bringing the desert giant into production far in excess of the mark originally set. Its praise of the present management and operation of the big plant is as enthusiastic as its criticism of the pre-Anaconda days is caustic.

We in southern Nevada have watched the development of BMI since Anaconda took over, and have realized in a general way what a remarkable job has been done. It is only recently that national publications have "discovered" the plant. We have commented here previously on the favorable publicity and the complete reversal of public opinion since the early blasts which had the effect of discrediting not only the then-operators, but the process, possibilities and practicality of the whole plant.

The Truman report should convince any who might have a lingering doubt, that BMI has already proved itself as one of the outstanding industrial plants in the country, and has a definite place in the future picture in the light metal field.

The committee's insistence that the government take steps to make magnesium available for civilian use is very timely. It has been advocated here for more than a year. A tremendous amount of magnesium is being produced, but its use for anything but war purposes has been choked off by lack of fabricating facilities. The Truman report calls for remedial action to the end that magnesium can be used in industry wherever it is the more desirable material.

As the report points out, BMI is now the largest single producer of the metal in the world. The logical answer, then, would be the construction of a fabricating plant here—next to the production units, so the finished product could be shipped to the large coast markets which can and will be developed if the WPB gives heed to the Truman recommendation for a campaign of education to make the industrial world acquainted with the many purposes magnesium can serve best.

The report takes notice of the plans of WPB to cut down on the production of magnesium—and then inferentially suggests this not be done—rather, that the excess above war needs should be turned to civilian uses.

This latter is important, coming at this particular moment, for WPB is still toying with the idea of cutting down the output of BMI, and a decision is due most any time.

The blast of Senator Mon C. Wallgren, chairman of the subcommittee in charge of the light-metals investigation, wherein he declares that Dow Chemical should NOT be permitted a monopoly on magnesium production, should strengthen the hands of those who are fighting to preserve BMI at top production, for there is only one plant in the United States which can challenge Dow's supremacy, and that's BMI. If the local plant can be put out of the running NOW, Dow can not be successfully challenged for many years.

Truman Committee Recommends Release Of Magnesium

WASHINGTON, March 13.—(AP)—Release of magnesium, a metal lighter than aluminum, for use in the manufacture of vacuum cleaners and other civilian goods was recommended today by the Truman war investigating committee.

Such a move, the committee said, would stimulate research to develop new uses for the metal and lay the groundwork for establishment of a postwar industry. The committee suggested that it might be used in vacuum cleaners, automobile parts, business machines and photoengraving plants.

The committee coupled its recommendation with a denunciation of what it termed "extraneous and inefficiencies" in the construction of a government-financed magnesium project at Las Vegas, Nev.

Although noting that the plant has attained an annual production of 112,000,000 pounds and its output has been a vital factor in the production of planes, bombs and munitions, the committee said that eventually it will cost \$133,000,000 or virtually double original estimates.

MAR. 13, 1944
MCCOOK, NEBR. GAZETTE

Magnesium Growing Item

Truman Committee Finds War Needs Met, But Has Some Criticism

WASHINGTON, (UP). The Senate Truman committee, in its long-awaited report on magnesium, said today it was "reasonable" to assume that 1944 production not only will suffice for war and essential civilian needs but also provide a surplus for production of other civilian items.

Climaxing a long inquiry headed by Sen. Mon C. Wallgren, D., Wash., chairman of a subcommittee on light metals, the report also:

1. Said the War Production Board soon will initiate action to reduce production of magnesium, which is used for such things as incendiary bombs and aircraft parts.

2. Gave Dow Chemical Co., major credit for the nation's success in meeting the bulk of wartime magnesium requirements but criticized the company for its failure to match German output in recent years.

3. Criticized inefficiencies in construction of the \$133,000,000 Basic Magnesium, Inc., project at Las Vegas, Nev., but nevertheless praised the plant's present 112,000,000 pound output as the "largest in the United States and believed to be the largest in the world."

4. Recommended an immediate program to familiarize civilian industry with the advantages and techniques involved in the use of magnesium. This, the committee said, would open a larger future market for the light, tough metal and make private operators of government-owned plants more competitive with American output, entirely by Dow Chemical, was only 7,000,000 pounds.

"The committee was concerned," Wallgren said in a separate statement, "to find that Germany with about half the population of the United States had produced nearly six times as much magnesium in 1939 as the Dow Chemical Co., America's only producer."

MAR. 17, 1944
COFFEYVILLE KS. JAL

Peter Edson's Washington Column

A NEW ERA MAGNESIUM AIM

By Peter Edson

First full report to the American people on the production of the new, war-born magnesium industry is contained in a special report of the Senate Truman committee investigating National Defense Production, which has just been released.

In 1939 only 3,350 tons of magnesium were manufactured in the United States, 2,100 tons of which were sold to Germany and Japan. In 1943 U. S. production was 195,000 tons and for 1944, estimated at 265,500 tons. This tremendous increase is one of the production miracles of the war, but it also points towards the possible uses for all this production after the war, in what has frequently been hailed as the coming "light metals revolution."

Some 46,000 tons of this year's production of magnesium are being set aside for a War Department experimentation program to find new uses for the metal, especially in aircraft.

Development of magnesium production in the U. S. has been involved by 10 years of legal battling, on which the Truman committee now throws some new light and makes some new conclusions tending to absolve the two principal pre-war American

producers, Dow Chemical, American Magnesium, and Magnesium Development Corporation—the last two being Aluminum Company of America subsidiaries—of much of the abuse that has been heaped upon them, saying that without their efforts, the U. S. might have had no magnesium industry at all.

I. G. Farben in the Picture

American Magnesium had stopped production in 1927 after Alcoa had lost \$1,000,000. Dow Chemical had also lost money, but it had pioneered a new low-cost process, and American Magnesium could buy from Dow cheaper than it could produce itself. But in 1931, the Aluminum Company (Alcoa) made an agreement with the principal German producer, I. G. Farben, forming a new jointly owned Magnesium Development Corporation to control Farben patents and processes in the U. S. There followed an infringement suit against Dow, which was withdrawn in 1934 when Alcoa and Dow agreed to cross license patents.

In 1941 the Department of Justice obtained an anti-trust indictment against this combination. The American companies paid fines of \$140,000, canceled cross licensing, agreed to royalty-free use.

Today, the U. S. government has invested approximately \$515,000,000 in magnesium production and fabricating. Production has been increased 80 times, the cost brought down to 20½ cents a pound (aluminum costs 14). Every pound of magnesium replacing aluminum in plane construction permits that plane to carry another half-pound of fuel or cargo.

Plants Scattered Everywhere

Today there are two private and 13 government plants, only six of which are now producing at capacity.

Dow Chemical produces magnesium by electrolysis of sea water or brine from wells at Midland, Marysville and Ludington, Mich., Freeport and Velasco, Tex. Dow "know-how" is used by Diamond Magnesium at Painesville, O., in recovery from the waste liquors of lime production; and by Interna-

tional Minerals and Chemical at Austin, Tex., from the end liquors of potash produced from brine.

Henry J. Kaiser's Permanente, Calif., plant, using magnesia obtained from brine or magnesite ore, mixes it with coke in an electric arc furnace to produce magnesium vapor which is then condensed and distilled into pure magnesium.

Original costs of this metal were over a dollar a pound, but this has been reduced to 35 cents per pound or cost of production, whichever is less.

A costly ferro-silicon process, mixing this ore with magnesium-bearing dolomite ore and heating in a retort under vacuum produces magnesium vapor which is distilled. Half a dozen companies use it.

A German process adapted by the British Magnesium Elektron, Ltd., interests is used by Basic Magnesium, Inc., now taken over and operated by Anaconda Copper Co., at Las Vegas, Nev.

It is on this basis that America's magnesium industry of the future is to be built.

SANTA MONICA, CALIF.
OUTLOOK, Cir. 11,635
MARCH 19, 1944

The Case Of Magnesium

The Truman Senate Committee has made a report on the Basic Magnesium plant at Las Vegas, Nev., which is of more than local interest. It characterizes the original contract under which the plant was built as "one of the most unjustifiable contracts which was proposed in connection with the war program." It was entered into, the committee charges, with a corporation that had "no financial resources and only the most meager experience and talent." As a result of this and other procedures, the plant cost twice as much as the original estimates and the management eventually was transferred to the Anaconda Copper Co.

This is a severe arraignment of the Defense Plant Company and its methods. But that is, in some degree, water over the dam. The present situation is that the plant is now producing 112,000,000 pounds yearly of magnesium, and the total production in the nation will be 46,000,000 pounds more this year than will be needed by the armed forces.

Under these conditions, the committee urges that the WPB release the excess magnesium for civilian use. It is adaptable, the committee alleges, for the manufacture of washing machines and other products that are urgently needed by the housewives of the country.

The recommendation is sensible and sound. No defense can be made for a policy of accumulating great government owned stockpiles of metals or other products that are not required by the armed forces. While the labor scarcity is severe in some areas, in

others it is not, and available labor can be found in some districts for the manufacture of articles to meet civilian needs if the WPB will release the necessary materials.

SAN FRANCISCO CAL. VIEWS
CIP 107,062
MARCH 20, 1944

CALIFORNIA TRUCK LOAD LAWS HELD HANDICAP IN U. S. REPORT

468
Hampered Magnesium Production
At Las Vegas, Says Truman Committee

The News Washington Bureau

WASHINGTON, March 20.—California's 76,000-pound load limit for trucks has hampered production of magnesium at Las Vegas, Nev., the Truman Committee says in its latest report on the subject.

Basic Magnesium found that salt deposits, needed in production of its product, were inadequate near Lake Meade, and tried to obtain the salt from Death Valley. However, company officials say they had to pave all the roads involved in California to the Nevada line and smooth off the salt "so it would look good to those who looked through a telescope from

some 10 miles away."

When this was done the company encountered the load limit law, and since trucks used in hauling the salt weighed nearly 76,000 empty, only 17,820 tons were obtained in this manner, and the salt cost \$5.85 a ton.

When still further difficulties were encountered, Basic Magnesium dropped the whole idea. Finally arrangements have been completed for the Government to finance construction of facilities for obtaining salt at Amboy, Cal., the plant to be operated by California Rock Salt Co. with delivery by rail at a cost which is materially increasing operating expenses.

MAR. 21, 1944
HOT SPRINGS, ARK. RECORD

WASHINGTON COLUMN

BY PETER EDSON—NEA Staff Correspondent

FIRST full report to the American people on the production of the new, war-born magnesium industry is contained in a special report of the Senate Truman Committee investigating National Defense Production, which has just been released.



Edson

In 1939 only 3350 tons of magnesium were manufactured in the United States, 2100 tons of which were sold to Germany and Japan. In 1943 U. S. production was 195,000 tons and for 1944, estimated at 265,500 tons. This tremendous increase is one of the production miracles of the war, but it also points towards the possible uses for all this production after the war, in what has frequently been hailed as the coming "light metals revolution."

Some 46,000 tons of this year's production of magnesium are being set aside for a War Department experimentation program to find new uses for the metal, especially in aircraft.

Development of magnesium production in the U. S. has been involved by 10 years of legal battling, on which the Truman Committee now throws some new light and makes some new conclusions tending to absolve the two principal pre-war American producers, Dow Chemical, American Magnesium, and Magnesium Development Corporation—the last two being Aluminum Company of America subsidiaries—of much abuse.

AMERICAN MAGNESIUM had stopped production in 1927 after Alcoa had lost \$1,000,000. Dow Chemical had also lost money, but it had pioneered a new low-cost process, and American Magnesium could buy from Dow cheaper than it could produce itself. But in 1931, the Aluminum Company (Alcoa) made an agreement with the principal German producer, I. G. Farben, forming a new jointly owned Magnesium Development Corporation to control Farben patents and processes in the U. S.

In 1941 the Department of Justice obtained an anti-trust indictment against this combination. The American companies paid fines of \$140,000, canceled cross licensing, agreed to royalty-free use.

Today, the U. S. government has invested approximately \$515,000,000 in magnesium production and fabricating. Production has been increased 80 times, the cost brought down to 20½ cents a pound (aluminum costs 14). Every pound of magnesium replacing aluminum in plane construction permits that plane to carry another half-pound of fuel or cargo.

Today there are two private and 13 government plants, only six of which are now producing at capacity. Among them:

Dow Chemical produces magnesium by electrolysis of sea water or brine from wells at Midland, Marysville and Ludington, Mich., Freeport and Velasco, Tex. Dow "know-how" is used by Diamond Magnesium at Painesville, O., in recovery from the waste liquors of lime production.

Henry J. Kaiser's Permanente, Calif., plant, using magnesia obtained from brine or magnesite ore, mixes it with coke in an electric arc furnace.

Original costs of this metal were over a dollar a pound, but this has been reduced to 35 cents per pound or cost of production, whichever is less.

L. V. R. Journal

3-27-44

Truman Group Is Blasted as Tool Of Fourth Term

By The Associated Press

WASHINGTON, Mar. 27 (AP)—A new political storm has blown up in the senate over its war investigating committee, and more particularly, Committee Chairman Truman, democrat, of Missouri.

The Missourian had made a plea for a continuation of what he termed President Roosevelt's "wise and experienced" leadership. To this Senator Bushfield, republican, of South Dakota, now replies that the committee, which has been critical

of some phases of the war effort apparently is "being used to forward the candidacy of one man for president."

The statement which brought on Bushfield's criticism was issued for Truman during his absence, by the office of the secretary of the senate. In it he said "our commander-in-chief will require prayerful understanding and vigorous support. . . I am . . . convinced that this (President Roosevelt's) leadership will be continued until the job at hand is completed."

Las Vegas AGE
3-26-44

Truman Probes Liberty Ships Cracking Up

SEATTLE, March 25.—(UP)—A hearing into the reported cracking of Liberty ships in Alaskan waters will be opened here at 10 a. m. Monday by the Truman committee of the United States senate.

Senator Harry S. Truman, democrat, of Missouri, committee chairman, will head the inquiry. Other committee members who will attend are Senators Mon C. Wallgren, democrat, of Washington, Harley M. Kilgore, democrat, of West Virginia, and Joseph H. Ball, republican, of Minnesota.

Witnesses will include Edgar F. Kaiser, general manager of the Kaiser shipyards in the Portland area, where many Liberty ships have been built.

PLINT WEEKLY REVIEW
"MECH."
3/24/44

Raps 'Bungling' In Basic Magnesium Deal

Uncle Sam Taken For Ride
By Shoestring Promoters on
Construction Project Authorized by Jesse Jones

Another shocking example of the way the taxpayers' money has been tossed about in the construction of war plants was brought to public attention this week by the Truman Senate committee in a report filed by Senator Mon C. Wallgren (Dem., Wash.). It represented the results of a two-year investigation.

A contract, made with Basic Magnesium for a plant in Nevada, was declared to "be one of the most unjustified of the entire war program."

Wallgren hit the "bungling and incompetence" not only of the contractor, but of officials who "gave unwarranted advances of public funds to a concern which had no financial resources and the most meager experience and talent."

The exposure parallels charges made two years ago in the Senate by Berkeley L. Bunker, then Democratic Senator from Nevada, filling out the unexpired term of Senator Key Pittman.

Forecast Scandal

Bunker forecast what he thought would happen when the deal was in its inception, and before \$133,000,000 of government funds had been put into the project. That was about twice the original estimate of the cost of the plant.

Responsibility for what the committee brands as a "betrayal of the public interest" is placed on the doorstep of Jesse Jones' Defense Plant Corporation. The fact that the deal had been recommended by the War Department and the War Production Board did not, in the committee's opinion, exonerate the D. P. C. for permitting unbelievable looseness.

Big Profit on Shoestring

Although Basic Magnesium was operating on a "shoestring," it obtained from Jones a contract under which it was to receive a minimum fee of \$560,000 a year for operating the plant, plus a royalty of \$280,000 a year to one of the owners of the company for ore which cost it only \$24,000.

The Jones organization, the committee pointed out, later bought the ore from the company for \$450,000.

The company was also paid \$300,000 as a construction fee, and it received the money despite the fact the government was forced to employ another engineering firm to complete the job, at a fee of \$100,000.

Payrolls Padded

The committee's report devotes several scathing paragraphs to a denunciation of the "extravagances" of the contractor. Payrolls were padded with an army of "white-collar" workers, who received salaries far in excess of any previous salary earned by them, the committee declared.

In the early stages of construction, the committee reported, the company had 3,000 on the payroll, a fourth of whom received in excess of \$4,000. There were seven general superintendents, 57 superintendents and assistant superintendents and 36 general foremen.

Money was also spent with a lavish hand in the purchase of supplies and materials, the committee said.

FROM
(Florida Clipping Service, Tampa)

Clearwater Sun

FLORIDA
DATE MAR 17 1944

Magnesium—A Tale of Waste

THE full sad story of Basic Magnesium, Inc., one of the larger extravagances of the war production effort, is finally revealed through publication of a new, special magnesium report from the Senate's Truman Committee to Investigate the National Defense Program.

Final cost of this project is estimated at \$133,000,000, or nearly twice the original estimates.

"In presenting the complete details regarding the construction of the Basic Magnesium project," summarizes the Truman report, "the committee fully realizes that what has been done as a part of the past and, although vast sums of the taxpayers' money have been wasted, no specific recovery can be constructively suggested at this time."

The record goes back to 1936 when Basic Refractories, Inc., headed by Howard Eells Jr. of Cleveland, O., leased deposits of brucite and magnesite ores in Nevada. The magnesium deposits were held by a subsidiary, Basic Ores, Inc., at a book value of \$25,000. This was the egg. Later, DPC was to buy out the Eells interests in these ore deposits for \$450,000, on an appraisal of \$1,500,000.

On July 19, 1941, the under secretary of war "recommended that an agreement be negotiated between the War Department, Defense Plant Corporation and Basic Refractories for a project of a capacity of 112,000,000 pounds, to cost \$63,820,633."

"In the opinion of the committee," says the Truman report, "this was one of the most outrageous and unjustified contracts proposed in connection with the war program and represented a wholly unwarranted gift of government funds by Defense Plant Corporation to a newly organized corporation which had no financial resources and only the most meager experience and talent."

Truman Committee Files Its Report On Magnesium

**Recommends That Order
Restricting Its Use
Be Eliminated**

WASHINGTON, Mar. 13—The report of the Special Senate Committee Investigating the National Defense Program on magnesium was filed with the Senate at noon today.

With respect to the report, filed on behalf of Senator Mon C. Wallgren of Washington (Dem.), who is the Chairman of the Subcommittee on Light Metals and who has been in charge of the investigation with respect to magnesium and the preparation of the report, Senator Wallgren states:

"From the inception of the Committee, the Committee realized the importance of producing magnesium in huge quantities and developing new methods of fabricating and using it, so that the United States could lead the world.

"The Committee was concerned to find that Germany with about half the population of the United States had produced nearly six times as much magnesium in 1939 as the Dow Chemical Company, America's only producer. The Committee believes that whenever any corporation obtains a monopoly in the United States in the production of any basic commodity that company should be called upon to explain why a smaller foreign nation produced several times more than we did and developed new and improved methods of fabrication faster than we did. Dow Chemical's explanation was not very satisfactory, and I do not believe that we should permit any such monopoly to be established or continued in the future.

"During the past three years, the Committee has visited many of the magnesium plants, some of them several times. About \$500,000,000 in government funds has been spent for

(Continued on page 3)

AMERICAN METAL MARKET
"Leading Iron, Steel and Metal Newspaper—
Recognized price and market authority."
New York City

MAR 14 1944

Truman Committee Files Its Report On Magnesium

(Continued from first page)

the construction and operation of magnesium producing plants and an additional \$15,000,000 for magnesium fabricating facilities. In particular, the Committee has inquired as to whether those plants will be capable of producing magnesium at a sufficiently low cost after the war to insure that (1) they have some salvage value; (2) that the United States will lead the world in the production of magnesium, and (3) that some use will be found for the tremendous quantities of hydroelectric power that can be generated in the West to the end that a new industry can be created for the West.

"The bungling and incompetence displayed in the promotion and construction of the Basic Magnesium plant at Las Vegas, Nevada, is discussed at length. It is most unfortunate that that project was not entrusted to Anaconda Copper originally, so that the benefits of its skill could have been obtained from the outset.

"The Committee has sought to see

ufacture of magnesium have had an opportunity to demonstrate the value of their processes. If we are to lead the world in this very important field, we must encourage and not restrict American initiative.

"The Committee has also studied the methods of fabricating magnesium and has investigated fabricating plants, because the establishment of a great industry is dependent upon having fabrication as well as production facilities. In the report, the Committee recommends that the order of the War Production Board restricting the use of magnesium be eliminated, because there is a large surplus of magnesium producing facilities. The Committee also recommends that intensive attention be given to developing new methods for fabricating magnesium, to the end that the surplus facilities for production can be utilized and the good

From Where I Sit

By A. E. Cahlan

The Truman Committee, so I am reliably informed, was given the double-cross by the War Production Board in the matter of the BMI curtailment order. It seems a high ranking member of WPB promised the committee BMI would not be disturbed because of the outstanding record being made in operating the plant. My advice is the committee is really perturbed and there may be some fireworks.

Mystery of the whole piece is why Jesse Jones, supposedly one of the most potent members of the administration's official family, hasn't stepped into the argument in person. He took a terrific beating during the construction stages and until Anaconda took over. Now, with an opportunity to vindicate himself forever — with BMI actually a money-maker for the government (which means the taxpayers) he doesn't insist it be allowed to pay back the investment at the rate of \$500,000 a month profit which CAN be shown if the plant is allowed to continue operating with all units.

There is a definite question as to whether WPB has authority to order any government plants closed. No question but that it has control over the amount of materials produced, but there is good ground to believe that their power goes to the extent of telling Defense Plants Corporation for instance, that so much magnesium is needed and to trim their sails to that total. DPC has consistently opposed any curtailment at BMI. Why Jones doesn't step in (DPC is part of his department of commerce) to challenge WPB's stand on BMI is a question perturbing in the forefront of the fight to keep the plant operating as is.

Maybe Jones will take a personal hand in the fight. Up to the time this is written the formal order has not come through. The grapevine has it that a WPB representative showed up at the plant and ordered curtailment and that company officials rightly told him they were taking their instructions from Defense Plants. DPC has not yet, at this writing, issued the order. SO—there may be a test in the offing.

Ever since Aubrey Williams walked from a conference with his close friend Franklin Roosevelt into a group of newspaper reporters a short time ago, told them he was worried about the president's health and expressed doubt that he would be a candidate for fourth term, there has been considerable speculation as to whether, after all, the strain of an unprecedented twelve years in the White House under the most trying times any chief executive ever faced, wouldn't prove too much, even for the iron-constitutioned FDR to take.

Williams described him as being "tired out," and longing to get away from the wear and tear of the toughest job on earth. And following his statement, the president was taken ill and while official reports indicated he had completely recovered and was ready to resume his regular routine, he left shortly thereafter for a two week's vacation in the south.

period.

But back to the president's health. Newspaper correspondents who attended his first press conference following his illness declared he had never looked healthier—that he seemed better than at any time during the past several months. This, of course, would reflect his physical condition. Mental and emotional tiredness quite often doesn't show up in outward appearances.

All of which is apropos of noth-

ing more than speculation as to whether Mr. Roosevelt's health MAY persuade him against running again as Williams indicated. He is certainly the leading hope of the democratic party, and most observers believe he is the only one who can win. It's my guess, however, that IF the chief executive should decide to step down, the party MIGHT rally about a candidate whose ideas were in keeping with the spirit of the American people today and go on to victory.

It is my humble opinion General George C. Marshall could be elected and that Senator Harry Byrd of Virginia MIGHT be, under certain circumstances. And, if FDR chooses NOT to run, he MIGHT indicate his confidence in his chief of staff. THAT would be a gesture of the type the president LOVES to make.

MINING RECORD
DENVER COLO.
4/13/44

2

TRUMAN UNFAIR IN BASIC MAGNESIUM REPORT SAYS EELLS

Charges in Senate Report Are Refuted By Head of Nevada Company.

Cleveland, Ohio.—A "public whipping at the hands of the Truman committee is the reward of Basic Magnesium, Inc., for successfully completing the Las Vegas (Nevada) magnesium plant in the face of opposition from politicians, organized gambling interests and fixers," Howard P. Eells, Jr., charged here.

President of the Basic Refractories, Inc., Cleveland, which organized the Basic Magnesium, Mr. Eells said the company "could no longer ignore the unfair findings of the Truman committee," which chose to overlook the facts in its March 13 report, declaring Basic Magnesium had "only the most meager experience . . . no financial resources . . . stood to net \$840,000 yearly."

Pointing out that Dow Chemical Co. was the only company experienced in the manufacture of the vitally needed war metal and that it had been given all it could handle, the Cleveland industrialist said:

"We conceived the idea of merging the know-how of Magnesium Elektron Ltd., an English company which had magnesium production experience, with the resources of Basic Refractories to give the United States the magnesium it needed to fight the war. Thus, there came into being Basic Magnesium, Inc., the company which under our management designed, in major part built and brought into operation the very extensive project near Las Vegas, Nev."

In making the charge of "no financial resources" the Senate investigating committee neglected to observe that the government wanted it that way, Mr. Eells said. In this way, 80 per cent of whatever was paid in management fees would automatically be returned to the government in taxes. After such taxes, Basic Magnesium stood to net not \$840,000, as the Truman committee charged, but perhaps as much as \$100,000, he said.

"By the fall of 1942 we were so hampered by many-sided interference, largely inspired by continual political attacks," Mr. Eells said, "that we were glad to turn the responsibility over to able Anaconda Copper Mining Co., whose president, James R. Hobbs, has since been kind enough to say that 'a remarkable job was done in conceiving and building this plant from the grass roots.'"

Charges of BMI Misconduct Are Denied by Howard Eells

In reply to charges embodied in the recent report of the Truman senate committee, Howard P. Eells Jr., president of Basic Refractories Inc., reviewing the early history of the magnesium project in Clark county, has issued a statement at Cleveland, saying that in 1941 the country was in desperate need of magnesium, and was being supplied by one over-worked company, the Dow Chemical Company.

With this in mind, Basic Refractories, Inc., believed that it could help. It had the ore deposits in Nevada and working relations with Magnesium Elektron, Ltd., of England, which had experience in magnesium production. Combining these two necessary elements, the two concerns organized Basic Magnesium, Inc.

Eells says, "The little group of men who set out on this mighty undertaking had to fight their way through a jungle of opposition and obstruction based on selfish interests, and at every step were hampered by politicians, fixers, organized gambling interests and other parasites."

"We wanted to get a job done; they wanted something else. We knew the risks involved in not playing ball with these interests, but we took them. We are now reaping our reward—a public whipping at the hands of the Truman committee."

Explaining that Basic Magnesium filled the gap by bringing to this country the best available experience in magnesium production, Eells said that at that time Dow Chemical company was doing all one company could, but more was needed. There were no other concerns that could undertake the project.

"The public is informed that we had 'no financial resources' and that we 'stood to net \$840,000 yearly.' The facts: Basic Magnesium, Dow Magnesium and Diamond Magnesium, etc., were management instruments requiring no financial resources. The government wanted it that way."

"Secretary Jones wisely provided that these companies should not have such resources or earning records. In this way, 80 per cent of whatever was paid in fees would automatically be returned to the government in taxes. After such taxes, Basic Magnesium stood to net not \$840,000, but perhaps as much as \$100,000."

"The Truman committee does not point out that Basic Magnesium originally was delegated a project one-tenth of the final size. A smaller project would have been far more favorable to us, for it would have left us in a position in the magnesium field after the war."

"When the government multiplied the size by 10 it: (1) practically eliminated the possibilities for a reward to us through postwar activities; and (2) increased many times our responsibilities. We did not complain."

"Our instructions from the War Department were to design a plant coincidentally with the building of it and therefore no estimate worthy to be called such was possible until the job was well on toward completion."

"There is no doubt that a conventional procedure would have saved many millions of dollars but at the expense of time. We assume the War Department weighed these factors before prescribing the more costly method."

"The important fact which the report takes pains to conceal is that Basic Magnesium met fully the requirements of the War Department in respect to time and production."

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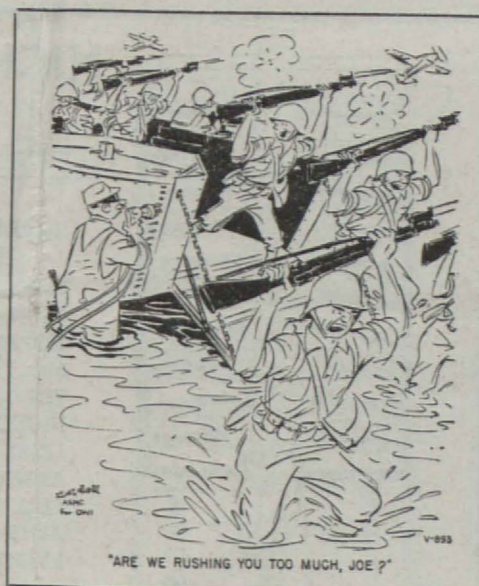
MINING JR'L
PHOENIX ARIZ.
4/15/44

EELLS OF BASIC REFRACTORIES ANSWERS TRUMAN COMMITTEE

ANSWERING the charges made by the Truman Committee, H. P. Eells, Jr., president of Basic Refractories, Inc., issued a statement on March 28. He reviewed the early history of the magnesium project at Las Vegas, Nevada, saying that in 1941 the country was in desperate need of magnesium, and was being supplied by one over-worked company, the Dow Chemical Company. With this in mind, Basic Refractories, Inc., believed that it could help. It had the ore deposits in Nevada and working relations with Magnesium Elektron, Ltd., of England, which had experience in magnesium production. Combining these two necessary elements, the two concerns organized Basic Magnesium, Inc.

Eells says, "The little group of men who set out on this mighty undertaking had to fight their way through a jungle of opposition and obstruction based on selfish interests, and at every step were hampered by politicians, fixers, organized gambling interests, and other parasites. We wanted to get a job done; they wanted something else. We knew the risks involved in not playing ball with these interests, but we took them. We are now reaping our reward—a public whipping at the hands of the Truman Committee."

He continues by explaining that Basic Magnesium filled the gap by bringing to this country the best available experience in magnesium production. At that time



Dow Chemical was doing all one company could, but more was needed. There were no other concerns that could undertake the project.

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