

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE FOR EMERGENCY MANAGEMENT
OFFICE OF ECONOMIC STABILIZATION
WASHINGTON, D. C.

March 23, 1943

JAMES F. BYRNES
Director

MEMORANDUM FOR: Honorable Marriner S. Eccles
FROM: James F. Byrnes

As per your request I am enclosing to you
a copy of letter from Mr. Brown dated February 11, 1943.

J.F.B.

RECEIVED
OFFICE OF THE DIRECTOR
MARCH 24 1943
ECONOMIC STABILIZATION OFFICE
WASHINGTON, D. C.

OFFICE OF PRICE ADMINISTRATION
WASHINGTON, D. C.

February 11, 1943

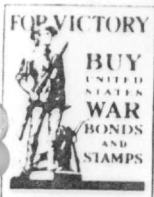
Honorable James F. Byrnes
Director, Economic Stabilization
Washington, D. C.

Dear Mr. Byrnes:

You have asked our views as to the specific respects in which war models can be employed to reduce inflationary pressure against price levels for items entering heavily into the cost of living. In view of this we have extended our studies of this problem, both those summarized in our letter of January 7 and in the report on "The Development and Use of Quality Standards and War Models in OPA Regulations" of which we sent you a copy.

These studies show clearly that while war model programs are necessary for durable goods, household furniture and furnishings, rubber products and a few foods, the need is greater for clothing.

At the present time, with the exception of men's cotton flannel work shirts, all clothing items are under formula or base period types of regulation. While these regulations have provided a necessary overall restraint to the upward trend in the clothing cost of living, they are particularly unsuitable as a permanent solution for regulating clothing prices. In this field there are a



large number of buyers and sellers at every stage of production and distribution. A complex pattern of styles, types, colors and constructions is offered in present day markets and the quality/cost/price relationships found in this pattern are also complex and vary from type to type and commodity to commodity. Constructions, materials and finishes of both fabrics and garments can be changed easily and quickly, and it is virtually impossible to recognize by visual examination these differences in quality.

As a result of these complexities, the tendency toward inflation has assumed a variety of forms, most of which are inter-related. Pressure against the current ceilings of some commodities results from increased costs that can no longer be absorbed out of profits; for others this tendency is simply the result of inordinately high profit margins. Quality deterioration--the hidden form that inflation takes-- has been widespread. And, finally there is the upward trend of prices that are in fact charged, but the surveillance of which is difficult in the extreme for lack of easily understood and readily enforceable regulations.

The development of a well rounded war model program offers the only satisfactory basis for writing the kind of specific regulations which become essential if these problems are to be resolved.

1. War model standards reduce to manageable proportions the number of varieties of the commodity which must be priced. In addition, they provide specific definitions of one or more bands of quality for the remaining varieties. It then becomes possible to place a specific price on all of

the commodities falling within each band. In this way, war model standards provide the framework on which regulations can be built which will prevent hidden inflation through quality deterioration.

2. War model standards are written to define those bands which provide the maximum amount of serviceability consistent with the available resources. In most cases this means the elimination of unserviceable low-end lines and uneconomical high-end luxury lines. The remaining middle range of serviceable lines when covered by a price regulation, will, on the whole, offer consumers more serviceability in exchange for their clothing dollars and thus lower the real cost of living.
3. The war model program will result in economies both in the production and distribution of clothing which will lower costs or moderate cost increases from other sources and thus aid in holding the cost of living.

At the production level, concentration upon fewer varieties of yarns and fabrics will result in longer runs with fewer changes in the setup of spinning or weaving machinery. The varieties selected will be faster weaving fabric constructions where this does not impair serviceability. Reductions in the number of color varieties bring about savings in dyeing operations. At the cutting up level, limitation on yardage per garment saves material and increases production.

In distribution the reduction in number of varieties, the improved serviceability and the introduction of universal size standards will save time in buying, inventory control, marking, stocking and selling. It will also reduce the cost which results from returned goods.

At all levels from the spinner down through to the consumer significant savings will result from less investment in inventory and faster turnover of the investment.

4. The simple regulations which can be written when war model standards are developed will replace the present complicated formula or base period type regulations. Furthermore, the price/quality relationship of war model production can be easily identified. The result is that regulations can be clear cut, easily understood and readily enforceable and the inflation resulting from both willful and inadvertent violations will be controlled.

These problems and the urgency of solving them have emphasized the need for carrying forward plans for bringing important categories of clothing under specific regulations. We have prepared a list (Table 1 attached) of clothing categories representing the core

of the clothing standard of living. Those are the items for which we must obtain more precise control than we have at present. They represent expenditures in 1942 of slightly under 7.9 billion dollars which was 77% of the total spent on clothing, and 10.6% of the total spent for all civilian goods and services. The balance of the clothing cost of living, representing about 23% of the total, includes items such as men's felt and straw hats, neckwear, dress gloves, fur coats, ladies millinery and clothing services for which specific control is less necessary.

War model programs covering all of the groups in Table 1 will become necessary as work progresses. However, from this list we have selected and tabulated below the groups of clothing items for which war model programs are needed in the immediate future in order that regulations which are now being developed may be completed and put into effect. The groups in this smaller list were selected because the commodities are both essential and quantitatively important in the clothing budget of civilians. Also, they represent items on which the program can be carried out expeditiously. These represent over three billion dollars of civilian expenditures and about one third of the clothing cost of living.

CLOTHING GROUPS FOR WHICH WAR MODEL PROGRAMS ARE MOST PRESSING

Clothing Groups ^{2/}	Vol. of Civ. Expen. in 1942 (Mill. of \$)	% of Tot. Civ. Expen. 1942 ^{1/}	Wt. in Tot. Cost of Liv. Index ^{1/}	% of Tot. Cloth. Expen. Living ^{1/}	Wt. in Tot. Cloth. Cost of Living ^{1/}
Shoes (Safety, work, street)	1661	2.2	2.0	16.3	16.3
<u>Women's Rayon Hosiery</u>)	639	.9	0.8	6.3	6.9
(Full Fashioned & Circular Knit)					
<u>Women's Cotton Hosiery</u>)					
(Full Fashioned & Circular Knit)					
<u>Men's Staple Cotton Work Clothing</u>	212	.3	0.4	2.1	3.6
(Overalls, dungarees, one-piece work suits, work shirts & pants)					
<u>Heavyweight Outer Clothing</u>	70	.1	0.1	.7	1.0
(Heavy wool mackinaws, Leather & Corduroy coats, heavy shirts, pants, etc.)					
<u>Work Gloves</u> (Canvas, asbestos,)					
leather, rubber)					
<u>Women's Work and Safety Clothing</u>)					
(Overalls, Fabric head coverings, work shirts, slacks, skirts, etc.)					
<u>Women's House Dresses, Nurses &)</u>					
<u>Maids Uniforms</u>					
<u>Shirts, Shorts and Pajamas</u>	430	.6	0.6	4.2	5.3
(Men's and boys' street shirts, shorts and pajamas)					
<u>Knitted Underwear</u>	283	.4	0.4	2.8	2.9
(Union suits, drawers, panties, blcomers, etc.)					
Total	\$3295	4.5	4.3	32.5	36.0

Household Textiles

Blankets	Approx. 92	-	
Towels	70	.1	(Not Clothing)
Total	\$162		

Fabrics

Cotton and rayon grey goods) These fabrics used in the garments
Finishing of cotton and rayon grey goods) shown above.

Woolen and worsted fabrics

^{1/} The difference between the percentage of 1942 expenditures and the cost of living index weights could be explained by the fact that the expenditure data is for the total population while the index is for low & medium income city workers plus errors in estimating.

^{2/} For more detail as to the specific items included in each group see Table II attached.

War model programs for the above clothing groups must necessarily be paralleled with similar programs for the cotton and rayon textiles from which they are fabricated; both for the grey goods (unfinished fabrics) themselves and the finishing required to prepare the grey goods for cutters. These garments and fabric programs can be developed concurrently.

Woolen and worsted fabrics are included in the above list while the garments made from them are not. In this case it is deemed advisable to develop the war model programs for the fabrics before writing specific regulations for men's outerwear garments.

Work is now proceeding on the programs suggested above. War model standards for men's and boys' cotton flannel work shirts (the first item of work clothing) have been issued in MPR 304, the standards for women's rayon hosiery and men's and women's safety shoes have been completed and it is only necessary that they be implemented by including them in the proper production control regulations. Standards for men's staple cotton work clothing; shorts, shirts and pajamas; knit underwear; blankets; and towels are well along in the process of development. Preliminary work has been completed on the other items shown. The National Bureau of Standards is developing size standards for a number of commodities. We have requested the American Standards Association to proceed with war model standards on women's work and safety clothing. Both the Army and Navy and the interested Divisions of the War Production Board are cooperating with us in this project.

The program outlined in this letter will depend for its full effectiveness upon close collaboration with WPB. It is our hope that the mutual interests of the two agencies can be defined in terms that will expedite the completion of the projects as rapidly as possible.

The above program, as well as a complete war model clothing program, will be of even greater importance if it becomes necessary to ration clothing.

Sincerely,

Prentiss M. Brown

Prentiss M. Brown
Administrator

TABLE I

Essential Clothing Groups Important in the Cost of Living
for which
Close Price Regulation is Required

Group	Estimated Civilian Expenditures 1942		
	Volume (Millions of dollars)	% of Total Civilian ex- penditures for current living	% of Total Clothing Expenditures
Total Civilian expenditures for current living	\$74,490	100.0	
Total expenditures for clothing	10,200	13.7	100.0
Shoes (excludes waterproofs)	1,661	2.2	16.3
Men's, boys tailored clothing	1,365	1.8	13.4
Men's Staple cotton work clothing	212	.3	2.1
Work gloves	(No estimates available)		
Men's heavy weight outer clothing ^{2/} (Leather, wool corduroy jackets, etc)	70	.1	.7
Semi-dress pants and slack suits	150	.2	1.5
Men's and boys' shirts, shorts, and pajamas	430	.6	4.2
Men's robes	11	1/	.1
Knit Underwear (All fibers)	283	.4	2.8
Knitwear	68	.1	.7
Women's, girls' and children's outerwear	2,070	2.8	20.3
Women's and girls' woven underwear and nightwear	290	.4	2.8
Women's work and safety clothing	(No estimates available)		
Women's hosiery (all fibers)	639	.9	6.3
Knit outerwear (sweaters only)	163	.2	1.6
Knitting suits	60	.1	.6
Foundation garments	181	.2	1.8
Boys' wash clothing (outer)(except shirts)	10	1/	.1
Slippers	6	1/	1/
Yard goods ^{3/} (all fibers)	205	.3	2.0
Totals of clothing categories listed	7,874	10.6	77.2

Footnotes 1/ Less than 0.1 percent

2/ All other non-tailored clothing is included in "men's staple cotton work clothing, workers' semi-dress pants and slacks."

3/ These estimates were derived largely from the relative weight of yard goods in the present Bureau of Labor Statistics cost of living index. Because of the growing importance of mixtures of fibers in textiles, the breakdown is clearly less reliable than the aggregate.

Prepared by: Office of Price Administration—Division of Research—Consumer Income and Demand Branch
Feb. 5, 1943

TABLE II

Items Included in Clothing Groups for Which War Model
Programs Are Most Pressing (See Page 5 of Letter)

Shoes

Includes:

Safety Shoes for Men and Women
Work Shoes for Men and Women
Street and Dress Shoes, Men, Women and Children

Women's Rayon Hosiery

Includes: Plain Knit Filament Rayon Hosiery,
for full-fashioned and circular;

Does Not Include: Fancy Mesh or Cut and Sewn Types

Women's Cotton Hosiery

Plain knit and mesh in full-fashioned and circular knit

Men's Staple Cotton Work Clothing

WPB Preference Order M-207 sets up the following categories:

Waistband overalls or dungarees
Bib overalls
Overall jumpers or coats
Blanket-lined overall jumpers or coats
One-piece work suits
Work pants
Work breeches
Cossack jackets
Work shirts
Work aprons
Oilskin jackets, coats, hats, or apron overalls
Lined Work Coats
Doctors', dentists', internes', or orderlies' gowns, suits, or coats
Druggists' coats
Slaughter house workers' coats
Butchers', fish handlers' or dairy workers' coats, or apron sets
Cooks' coats
Safety garments made expressly to meet particular safety needs and to conform with safety codes.

Of the list on the preceding page the following are the most essential:

- Waistband overalls or dungarees
- Bib overalls
- Overall jumpers or coats
- One piece work suits
- Work pants
- Work shirts

Men's Heavy Weight Outer Clothing

Includes such items as:

Heavy coats, jackets, and vests, mackinaws, finger tip coats, wool flannel and suede shirts, heavy weight pants, leather coats and jackets, corduroy clothing, lumber jackets.

Does not include:

So-called tailored clothing such as street and dress suits or over coats.

Work Gloves

Includes:

Gloves for specific industrial and agricultural uses such as those made of canvas, asbestos, leather or rubber.

Women's Work and Safety Clothing

Includes such items as:

Overalls, coveralls, work jackets, fabric head coverings, work slacks, work shirts, or blouses, work aprons, work shirts.

Knit Underwear

Includes:

Garments made of knit fabric such as union suits, under shirts, drawers, panties, bloomers, children's slips.

Shirts, Under Shorts, and Pajamas

Garments made of woven fabric for men's and boys' shirts, under-shorts and pajamas.