Silberman & Co., Harrisburg, Pa. Can supply us with about 5 tons of rubber scrap a week for the next 12 weeks.

Singer Rubber Co., 296 Watkins Street, Brooklyn, N. Y. Can supply us with about 15 tons of scrap tires and tubes a week for the next 12 weeks.

Sam Baron, New Haven, Conn. Can supply us immediately with 20,000 pounds of uncured scrap rubber and about 5 tons a week for the next 12 weeks.

Eastern Scrap Rubber Co., Park Avenue and One Hundred and Thirty-fifth Street, New York City. Can supply us with 20,000 to 30,000 pounds of scrap tires and tubes a week for the next 12 weeks.

Advance Scrap & Salvage, 190 Wooster Street, New York City. Accumulate about a thousand pounds a week of various types of scrap rubber. However, if prices were attractive, could accumulate 10 or 15 tons a week for the next 12 weeks with no trouble at all.

Crown Rubber Co., Freemont, Ohio. Accumulates approximately 30 tons of black cured trim from automobile mats.

E. I. du Pont de Nemours & Co. In their various branches accumulate considerable quantities of various types of scrap rubber monthly.

Gross Manufacturing Co., San Gabriel, Calif. Accumulates between 4,000 and 5,000 pounds monthly of scrap rubber.

Manheim Manufacturing & Belting Co., Manheim, Pa. Accumulates scrap rubber at the rate of 4,000 to 5,000 pounds monthly.

Kobrin & Kerness, 218 Newport Avenue, Brooklyn, N. Y. Can supply us with about 10 tons of scrap rubber a week for the next 12 weeks.

Mohican Rubber Co., Ashland, Ohio. Have 2,000 pounds of balloon scrap (May 15).

Atlantic Tubing & Rubber Co., Providence, R. I. Have 10 tons of scrap rubber.

H. T. Feinberg & Sons, Inc., 42 Auburn Street, Chelsea, Mass. Can supply us with 20 tons of scrap boots and shoes every month.

Gans Tire Salvage, 93 Auburn Street, Chelsea, Mass. Can supply us with about 20 tons a month of scrap tires.

Kravetz & Co., 115 Second Street, Chelsea, Mass. Can supply us with 20 tons of boots and shoes a month.

David Feinberg Co., Fifth Street, Medford, Mass. Can supply us with about 40 tons of mixed factory scrap, boots, and shoes a month.

R. Barnett, 315 Jackson Street, Hoboken, N. J. Can supply us with about 10 tons of scrap tires, tubes, boots, and shoes every week for the next 12 weeks.

Gans Tire Co., 181 Third Street, Chelsea, Mass. Can supply us with about 5 tons of tires and tubes a week for the next 12 weeks.

Sabberstein Auto Wreckage Co., 210 Newport Avenue, Brooklyn, N. Y. Can supply us with about 5 tons of scrap tires and tubes a month.

Clayton Waste Co., 719 Noble Street, Philadelphia, Pa. If price were right, could go out and pick up 40 or 50 tons of scrap tires a month.

Shapiro, Asher & Sons, 2838 Liberty Avenue, Pittsburgh, Pa. Can supply us with about 5 tons a week for the next 12 weeks.

Max Jacob, 300 Tilghman Street, Allentown, Pa. Can give us 7 to 8 tons a week for the next 12 weeks. However, if price were more attractive, could give us 10 to 15 tons a week for the next 12 weeks.

Feltex Corporation, Detroit, Mich. Have offered us scrap rubber (January 17).

Huntington Rubber Mills, Inc., Seattle, Wash. Have offered us 2 tons of scrap cord fabric trimmings (January 22).

Isaac Byer & Son, Trenton, N. J. They accumulate quite a bit of cured and uncured scrap rubber (February 24).

Hohwieler Rubber Co., Morrisville, Pa. Have scrap from sporting goods items and scrap rubber from toys and novelty goods (Feburary 23).

Cullens Service Station, Waycross, Ga. Have scrap tubes, camelback trimmings, grooved rubber, and mixed tubes (February 16).

Cristie's Repair Shop, Brooklyn, N. Y. After they accumulate 200 pounds, they sell it (February 22).

Ideal Rubber Co., Brooklyn, N. Y. Have 10 tons of hard rubber scrap (May 4).

American Marsh Pumps, Battle Creek, Mich. Have several hundred pounds of CBS sheet scrap (May 9).

Jacob Goodman, Chicago, Ill. Cotton fire hose is obtainable there (February 19).

Hanover Rubber & Metal, Baltimore, Md. One of their accounts have on hand two carloads of 3-inch scrap fire hose.

A. Lowenstein, Newark, N. J. Have 10 tons scrap fire hose on hand (May 4).

Latex Fiber Industries, Inc., Beaver Falls, N. Y. Have 700 pounds of scrap rubber (April 29).

Raw Commodities, Inc., New York City. Have 20 tons of scorched compound and 20 tons of cured cable stripping (black and gray).

Norwalk Tire & Rubber Co., Norwalk, Conn. Have 10 to 20 tons of scrap rubber a month.

Baldwin Rubber Co., Pontiac, Mich. Have 10 to 20 tons of scrap rubber a month.

John Pilling Shoe Co., Lowell, Mass. One thousand pounds slab scrap.

Golden Quality Shoe Co,. Pittsfield, Mass. One thousand pounds slab scrap.

Bradley Shoe Co., Lynn, Mass. Ten thousand pounds slab scrap.

Muskin Shoe Co., Westminister, Md. Two thousand pounds slab scrap.

Supreme Shoe Co., New York City. Ten thousand pounds slab scrap.

Porter Shoe Co., Milford, Mass. Two thousand pounds slab scrap.

Silberman & Co., Harrisburg, Pa. Can supply us with about 5 tons of rubber scrap a week for the next 12 weeks.

Singer Rubber Co., 296 Watkins Street, Brooklyn, N. Y. Can supply us with about 15 tons of scrap tires and tubes a week for the next 12 weeks.

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Advance Scrap & Salvage, 190 Wooster Street, New York City. Accumulate about a thousand pounds a week of various types of scrap rubber. However, if prices were attractive, could accumulate 10 or 15 tons a week for the next 12 weeks with no trouble at all.

Diane Footwear Co., New York City. One thousand pounds slab scrap.

Tower Shoe Co., New York City. Five thousand pounds slab scrap.

Rialto Shoe Co., New York City. Two thousand pounds slab scrap.

Holly Shoe Co., Littleton, N. H. Ten thousand pounds slab scrap.

Freeport Shoe Co., Freeport, Maine. Three thousand pounds slab scrap.

Lenox Shoe Co., Freeport, Maine. Twenty tons slab scrap.

R & H Shoe Co., Revere, Mass. Two tons slab scrap.

National Shoe & Slipper Co., Lynn, Mass. One thousand pounds slab scrap.

Coben Shoe Co., Lynn, Mass. One thousand pounds slab scrap.

Hubbard Shoe Co., Rochester, N. H. Thirty thousand pounds slab scrap.

Suffolk Shoe Co., Boston, Mass. Two thousand pounds slab scrap.

Co-ed Shoe Co., Wakefield, Mass. Four thousand pounds slab scrap.

Rockingham Shoe Co., Newmarket, N. H. Five thousand pounds slab scrap.

Inter-Allied Slipper Co., New Jersey (Jersey City). Three thousand pounds slab scrap.

Excellent Footwear Co., New York City. Two thousand pounds slab scrap.

George W. Riley, Clarksburg, W. Va. One hundred pounds camelback trimmings.

A. S. Kreider & Sons, Palmyra, Pa. One thousand pounds slab scrap.

Phyllis Shoe Co., Lowell, Mass. Five thousand pounds slab scrap.

Progress Shoe Co., New York City. Ten thousand pounds slab scrap.

A. Jacobs & Son, Lynn, Mass. One thousand pounds slab scrap.

Formfitting Slipper Co., New York City. One thousand pounds slab scrap.

Gilash Shoe Co., Fitchburg, Mass. Five hundred pounds slab scrap.

William Heiber & Son, Rochester, N. Y. Five hundred pounds slab scrap.

Ramsey Shoe Co., New York City. Two thousand pounds slab scrap.

Kesslen Shoe Co., Biddeford, Maine. Two thousand pounds slab scrap.

Parkway Shoe Co., Chelsea, Mass. Eight thousand pounds slab scrap (60 days).

Wearbest Slipper Co., New York City. Four thousand pounds slab scrap.

Silver Slipper, New York City. One thousand pounds slab scrap.

Consolidated Slipper Co., Malone, N. Y. Two thousand pounds slab scrap.

In addition, why don't they contact the Chief of the Rubber Division of the Department of Commerce, Holt? Why don't they contact the A. A. A.? Why don't they contact Lessing J. Rosenwald, Chief of the Conservation Department? Why must I always do their work while they only do the things that hinder defense and hold back things the people want? Nevertheless, in order to cooperate with them, I

have asked my organization to send out a few thousand inquiries, and at the next hearing, will have a very large amount of scrap to offer to that official. Why don't they follow through on my industrial plans? They will find that thousands of people hold tremendous quantities of scrap that can be turned into reclaimed rubber for use in our war machine and our war effort.

Regarding Mr. Hunter's remarks as to my statement that rubber in Brazil is the best in the world, I have submitted here today an article from the India Rubber World by the great rubber authorities, proving conclusively that Para rubbers are better than the younger transplanted heaveia trees in the Far East.

Regarding facilities in the Amazon Valley being inadequate to handle large quantities; that is not so. It is just a matter of going after it as I have explained at previous hearings. Regarding my statement as to the chemist being able to produce every civilian requirement from scrap, which they say is misleading, I have previously told you that we, for a year and a half have produced soles and heels made out of scrap which were preferred against all the qualities of our competitors, and we make more soling of the sport type in color than any other firm in the trade. We use scrap alone, not crude rubber. It is more economical to use scrap rubber than it is to use crude for civilian products.

In some items you may not get as much wear but we don't find it so in soling, and you don't find it so in a great number of other products. We have made inner tubes out of all reclaim, and I will be happy to submit this tube to the committee.

Regarding his statement of the retreading compound, Mr. Hunter and his collaborators should be informed that we were the first to make an all-reclaim camelback. We made it in July 1941 and were making it at the time the War Production Board and the O. P. A. stopped the sale of all camelback for passenger tires. We submitted this compound months and months ago to the War Production Board. Then to the O. P. A. Even after the W. P. B. approved it and thought it was good and we took it to the O. P. A., they didn't allow any tires to be made for passenger cars. Now, we are the ones that said 2 ounces of crude rubber was required with 5 pounds of reclaim to make camelback for a retread tire. Let the Congressman and his eminent collaborators know that the 2 ounces of rubber is only for the cushion to cement the tread to the carcass and wasn't in the tread compound at all.

The tread which was relied on by the automobile contains no crude whatsoever, and the 2 ounces that are used has no bearing on the wear in any way. It is just that we wanted the 2 ounces to make a better vulcanization, although we can make the cushion out of all reclaimed rubber, and have it cement just as well as with the crude with our using a little more effort.

Regarding Mr. Hunter's statement in reference to equipment available, the Naugatuck Chemical Co. attempted in 1940 to enlarge their plant, taking them over a year to obtain the major part of their order. First, I have submitted this machinery of L. Albert & Sons. Second, I have submitted a telegram showing that they are set to supply the major part of 25 plants and they have told me, that with Government assistance up to 50 plants. Naugatuck Chemical Co. knows of the great number of rubber manufacturers that are out of

business and that this equipment is available for reclaiming plants. They know that there is a great deal of equipment in other second-hand dealers' hands which does not require high priorities or take anything needed for ships or guns. These plants can be started immediately. It, of course, would be unfortunate for Naugatuck Chemical Co., which is a subsidiary of the United States Rubber Co., and one of the four out of six reclaimers who control the bulk of the reclaiming business in the United States, if they were to find 50 other reclaiming plants in the country, for they would lose a lot of their profits. They would have competition. They would not have complete control of this important commodity, and of course they would not like to see any one else reclaiming and possibly that is what has caused them to have a different idea as to the erection of other reclaiming plants. They would compete with them.

Regarding the paragraph "If used equipment is available" as I claimed, why do the Texas bankers mentioned by Mr. Simpson have to wait for priorities to buy equipment to build a reclamation plant? You see, they are bankers. They thought you had to have new equipment and when I explained to them that second-hand equipment was available, they then stopped trying to obtain priorities and I understand they made application to one of the departments for a Federal loan to finance the contruction. I don't know what the status is today, but if the committee would like to know, I will ascertain it.

Regarding Mr. Hunter's statement that establishing reclamation plants and giving to them the millions of dollars worth of dies, tools, and machinery necessary to equip them, would deprive our Army and Navy of ships, that is not so. By supplying them with the second-hand equipment that no one wants and having these plants erected at once, we will turn millions of tons of scrap rubber into reclaimed rubber for immediate use for the war machine for ships, for tanks for battleships, for tractors and for the people to help them move fast and quick in their effort to handle quickly our war production.

It is astounding how they can ask Americans to sacrifice everything for the benefit of the Naugatuck Chemical Co. and a number of others.

Regarding Mr. Hunter putting in the record a schedule showing the world's total production in the past years, that means nothing. The propaganda that is being put out to the newspapers states that we received 1 percent of our rubber from Latin America and 1 percent from Africa in previous years. If they showed how much rubber was available in the areas of the Western Hemisphere as against that of the Far East, we would be astounded to find that many times the quantities of rubber are available in the Western Hemisphere than there are in the Far East. I am preparing this chart for the committee so they can see the difference between this wild propaganda and the facts as to where the mature trees are that are already developed.

Efforts should be made and made at once, instead of using obstructionist methods to get the rubber out of the Western Hemisphere. It can be done: It can be done: If they want to be shown, give me 60 days, and I will show them.

Mr. Albert E. Kahn, Department of Justice attorney, told the Senate Patents Committee on May 29 (?) that Goodyear, United

States Rubber and Firestone maintained Far East rubber plantations. United States Rubber made in 1938 30 percent profit on its cost of producing crude rubber. Mr. Kahn stated that assuming that the other companies were making the same large profits from the same kind of large estates, this may have tended to give them an interest in the maintenance in their status quo in the Far East and in the operation of restrictions tending to support the price of crude rubber.

This will of course give the committee and the American people a great deal to think about. It may indicate some of the causes of this apparent desire to confuse the figures on the amount of rubber that is right in this hemisphere, now.

I had the pleasure of introducing to this committee Dr. Francis Cella, an American citizen, a practicing physician in the city of New York, of eminent standing. Dr. Cella is probably the only American physician who has spent 5 years in the interior of the Amazon treating the natives running the rubber seringals. As he told you he is fully acquainted with the conditions of that area and he knows the medications necessary. He has told you about that as well as the shipping facilities that are available, and what we should do. I think the total of his knowledge and experience is vitally important to the people of the United States, and I believe with his cooperation we can get our program started quickly to obtain from Brazil all the rubber we require. It was in order that this committee of Congress, representing the people of the United States, may speak with one great authority on this situation, that I asked Dr. Cella to come before you today, with great hardship on him, because of the many patients dependent on his experienced treatments. He has addressed you and given you facts about the rubber situation in Brazil.

That concludes my statement, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Simpson. Have you anything else you wish to comment on?

Mr. SIMPSON. Mr. Chairman, I brought with me today Mr. Harold Sims, vice president of the South West Rubber Reclaiming Co., of Fort Worth, Tex., who has some vital information for this committee. Will you let him go on now?

The CHAIRMAN. Yes. You may proceed, Mr. Sims.

STATEMENT OF HAROLD SIMS, FORT WORTH, TEX.

The CHAIRMAN. Please state your name and address for the record.

Mr. SIMS. I am Harold Sims, of Fort Worth, Tex. I and two other associates, after Pearl Harbor, looked into the feasibility of putting a rubber-reclaiming plant in Texas. There is not a reclaiming plant in the whole Southwest. The nearest to Fort Worth are St. Louis, Denver, and over in Los Angeles.

One of my associates was closely identified with Jesse Jones, and called him, and Mr. Jones suggested that we come to Washington and lay our plans before the War Production Board.

At that time a Mr. Helburn was the head of the Rubber Division. We saw him, and he turned thumbs down and said, "There is no scrap available; we have closed reclaiming plants down, and we will not ask for facilities." So I went back to Fort Worth with that message. Then we spent $3,000 of our own money making a survey of the southwest part of the United States to ascertain whether or not sufficient

rubber scrap was available to maintain a rubber-reclaiming plant in operation. We took pictures of junk yards and piles of old tires, and I have all that data.

The CHAIRMAN. I wonder if you could submit that.

Mr. SIMS. I left my bag at the hotel——

The CHAIRMAN. You might mail it in.

Mr. SIMS. I have given Mr. Simpson practically all of that. We took pictures of very large piles of scrap in junk yards, and along the roadside, and in the hands of scrap dealers, who had no sale for it at all.

We also went down through the oil fields, where they use about 1,000,000 pounds of rubber a year, where it is used in belts, hose, sleeves, and various other things, and when they get through with it it is oil-soaked and they throw it off in a pile and burn it. I took a circular trip from Fort Worth, through Stephanville, St. Angelo, to Abilene, to Fort Worth, on January 14, and invariably we would see the Negroes working on those junked automobiles, where they were cutting them up with acetylene torches, and burning rubber to keep warm. I brought pictures with me that show that very thing, and I also have letters from various junk dealers that they would agree to furnish scrap rubber at the rate of 25 tons a day for a period of 3 years, and that it would consist of rubber tires we needed and various types of scrap rubber. I have brought those pictures and letters to Washington, and, by the way, this is my sixth trip here.

At that time Mr. Helburn had no information, and he was succeeded later by a Mr. Arthur B. Newhall as the head of the Rubber Division. We submitted all my data to Mr. Newhall, and he thought there was a definite need for a reclaiming plant in the southwest portion of the United States and that we had sufficient scrap there. Now, then, we took it up with a Mr. Holt, who had several compilations on the scrap situation, and his answer to the question was that there was much more scrap than we showed them. We showed at least 50,000 tons of scrap in Texas; we showed approximately 100,000 tons of scrap in Oklahoma; we showed at least 87,000 tons of scrap in Arizona; and we showd thousands of tons of scrap in New Mexico; and we have facts to support all this data.

I took that back to a Mr. Wieland, who at that time got in the picture in rubber and he said, "We will not put any rubber-reclaiming plant up there" and said it was all hokum to him, and he said that the present facilities were sufficient and he went to great lengths to explain to me that the present rubber-reclaiming facilities were shutting down and they just were not going to expand it.

On the fourth trip I saw Mr. Klossner, the adviser of Mr. Jones; he is the president of the Rubber Reserve. He went over it and said, "O. K.; we will finance the plant down there."

We had figured at that time a plant to produce 40,000 tons of reclaimed rubber a year, requiring about 65,000 tons of scrap and costing us $750,000, including buildings, new machinery, and working equipment.

The CHAIRMAN. That was a new building?

Mr. SIMS. All new material, that is right; then we run into Robert T. Williams, Chief of Priority Division, who said "I will not recommend anything; you go back and try to see what you can do with second-hand machinery." Now we were doing this at our own ex-

pense. I have two sons, one 18 and the other 21, in the Army, and we are trying to do something for defense. Mr. Williams said: "You go back and try to find a lot of used machinery and a building already fabricated, and then come back and I will talk to you." I said, "Don't have me go back to Fort Worth, Tex., which is quite a little jump," and I said "If I am up against a brick wall, tell me, and I will quit and I will never come back, and you will not see me for the duration." He said, "Well, if I were you I would find this used machinery and get it written up in a brochure like an engineer would have it and build it up and then bring it back."

I went back to Fort Worth, Tex., and put up $1,000 option on a building that had belonged to Swift & Co. It was an ideal situation. I had pictures made of the building inside and out. I went to New York and submitted it to an engineer, and he drew me plans showing the plant and how the machinery would fit and that we could turn out in this plant about 25,000 tons of reclaimed rubber a year. Then I went to Akron, Ohio, to L. Albert & Son. I went there and they showed me every piece of machinery we needed to produce 25,000 tons. All this machinery had been used, and some little of it perhaps had to be rebuilt, but it would all be used machinery. The total money requirement of building and equipment using old materials was $486,000; and, by the way, the building I bought for $50,000 and Swift & Co. had depreciated it as of January 1, 1941, to the amount of $220,000. That gives an idea of the value of the building, which contained a fine ice-manufacturing machine and other good material that could be thrown back in the machinery pool where they need that type of stuff.

I spent about a day with O. W. Jackson, who is the financial adviser for the War Defense Corporation. He made all the preliminary investigations as to the people connected with the plant, as to scrap availability, and as to whether or not we could operate successfully. I got advice from technical people about coming down to Fort Worth to run this plant. Mr. Jackson looked at the building, checked everything up, and advised Bradley March here in Washington, chief financial adviser in Washington, that our plan was solid and he would recommend it.

I went out to Mr. Robert T. Williams in the War Production Board. He took all this stuff and looked at it and said, "I will not handle it," and I said, "Why not?" and he said "It is full of dynamite." He said, "I will not worry about it"; and referred us to Dr. Rogers, who is president of the Brooklyn Polytechnic College of New York, to handle it. He said that Jesse and Fritz Lanham know about it, so he referred us to Dr. Rogers. I went to talk to Fritz Lanham and Fritz said, "Why not get this going. You men made six trips to Washington and spent $5,000 or $6,000." Well, Mr. Williams said, "I would rather have Dr. Rogers handle it."

I went to see Dr. Rogers and he said, "I will call in my industrial expert." I had this man here [indicating J. H. Davidson]. Dr. Rogers looked my stuff over. I thought it was beautifully compiled; I had some good lawyers, and he said, "Who fixed up that stuff?" I know that material had been compiled by some of the best people in this rubber-reclaiming business, who had been in that business all their lives; and so I told him I had gone to several places.

He said, "If I had anyone working for me do a job like that I would think they were screwy." Then I felt something was wrong.

The CHAIRMAN. I can understand your feeling.

Mr. SIMS. Well, I was so darn dumbfounded that I did not know what to say. I said, "Doctor, I do not believe I told you when I came here that I was an engineer and had engineering schooling, but will you just tell me how to fix it up if you will not bother to look at it, and I will get it done that way."

He said, "I will tell you how to fix it up, Mr. Sims. I will name three fellows, and you will take one of those three fellows who will be acceptable to me and you tender to him a fee for $50,000." I said, "Yes; after the $50,000, you are prepared then to see that I will get it."

The CHAIRMAN. Who is the man?

Mr. SIMS. This is the man: J. H. Davidson, who was there, and I picked this man up. This man was industrial expert to the War Production Board, and this man handled the thing over there. I was dumbfounded, and this man come over and he said, "You know I fixed the deal." He said he had written four letters before they would consent not to throw it out. I said I had proved that the scrap was there and we could acquire the machinery without taking it out of any vital defense plant; that we needed no materials of any kind that would help in the war picture; that we offered to put this plant up and take $1 a year until after the duration. All we wanted was $1 a year for the use of the plant until after the duration.

The CHAIRMAN. The committee will go in executive session.

(Thereupon the committee went into executive session.)

PROCUREMENT OF RAW NATURAL RUBBER, ETC.

FRIDAY, JUNE 5, 1942

COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES,
HOUSE OF REPRESENTATIVES,
Washington, D. C.

(The committee met, pursuant to notice, at 10:30 a. m., Hon. Andrew L. Somers, chairman, presiding, for further consideration of H. J. Res. 295.)

The CHAIRMAN. Well, gentlemen, I think the meeting of the committee will now be called. Those who were present at the last session will recall that we had Harold Sims of Texas here as a witness, who made a certain statement that we felt should be verified, and we have called on the department head to appear here this morning to give his side of the story. The other department head who is involved in this was not available during this week, because of a leave of absence that had been granted him by the Department. The witness this morning is Mr. Williams of the War Production Board.

Mr. WILLIAMS. Yes, sir.

STATEMENT OF ROBERT T. WILLIAMS, PRINCIPAL PRIORITIES SPECIALIST AND REPRESENTATIVE OF THE BUREAU OF PRIORITIES OF THE WAR PRODUCTION BOARD

The CHAIRMAN. Mr. Williams, would you mind giving for the record your position and history in connection with the rubber industry?

Mr. WILLIAMS. My position at the War Production Board is that of principal priorities specialist and representative of the Bureau of Priorities of the War Production Board, assigned to the rubber and the rubber products branch. My previous connection in the rubber industry is a period of approximately 10 months' service, with the Firestone Tire & Rubber Co.

Mr. SAUTHOFF. With what company, please?

Mr. WILLIAMS. The Firestone Tire & Rubber Co., beginning in July of 1929, and ending in April of 1930.

The CHAIRMAN. In what capacity did you serve?

Mr. WILLIAMS. I was a general line salesman.

The CHAIRMAN. In what section?

Mr. WILLIAMS. In Texas.

The CHAIRMAN. In Texas?

Mr. WILLIAMS. Yes.

Mr. ANDRESEN. Did you have any rubber experience before you went with the Firestone Tire & Rubber Co.?

Mr. WILLIAMS. I graduated from the University of Chicago in 1929, and at that time the Firestone Tire & Rubber Co. were selecting

from various colleges throughout the land graduates to go into their training school, and I went into their training school in July, and in December of 1929 I was assigned to that particular position in Houston as branch salesman and general line salesman.

The CHAIRMAN. After that you went with whom?

Mr. WILLIAMS. After leaving the Firestone Tire & Rubber Co.?

The CHAIRMAN. Yes.

Mr. WILLIAMS. I was with the Texas Co. in the capacity of an accountant.

Mr. MCGEHEE. How long were you with the Firestone Tire & Rubber Co.?

Mr. WILLIAMS. From July 1929 until April of 1930.

Mr. REED. Is the Texas Co. also a rubber company?

Mr. WILLIAMS. No, sir; the Texas Co. is a petroleum company. I was affiliated with them in the capacity of an accountant from April 1930 until October 1930 at which time I returned to the University of Chicago in the post-graduate school of business administration. I had a part-time job on the faculty.

The CHAIRMAN. In your present position are you in sole charge of priorities on rubber goods?

Mr. WILLIAMS. No, sir. May I explain how that operates in our branch as well as in the War Production Board. The Bureau of Priorities is supposed to establish policies and procedures with respect to the granting of priority assistance. In carrying out that function they assign to the various industrial branches one or more so-called priority specialists who serve as consultants to the branch on recommendations made by the industrial branches to the Bureau of Priorities with respect to individual applications as to priority assistance, as to policy, and as to the procedure to be followed.

The CHAIRMAN. Then you only establish policy, do you?

Mr. WILLIAMS. Pardon me?

The CHAIRMAN. Then you only establish policy?

Mr. WILLIAMS. No; I do not establish policy. The policies are established by the Chief of the Bureau of Priorities.

The CHAIRMAN. Who would that be?

Mr. WILLIAMS. Charles H. Mathison, Jr., who is Chief of the Bureau of Priorities. I work under directions and instructions which I receive from my superiors.

The CHAIRMAN. And you hand those down to the various consultants in the Bureau?

Mr. WILLIAMS. No; with the consultants in the branch of the various industries involved, and we have analysts in the branches who review applications for all priorities assistants and make recommendations on them, and they review them with me before they are transferred from the branch to the Bureau of Priorities for action on them.

Mr. MCGEHEE. With your recommendation as to whether the action should be favorable or unfavorable?

Mr. WILLIAMS. That is right.

The CHAIRMAN. All of these priorities do not pass through your hands, all of these requests for priorities?

Mr. WILLIAMS. No, sir; only those which involve rubber.

The CHAIRMAN. Only those which involve rubber?

Mr. WILLIAMS. Yes, sir.

Mr. McGEHEE. What other experience did you have in the rubber game except from July 1929 to April 1930?

Mr. WILLIAMS. I have had no other experience.

Mr. McGEHEE. You are a specialist in this Rubber Division with the War Production Board, or whatever you call it?

Mr. WILLIAMS. Yes.

Mr. McGEHEE. I just wanted to get your background.

The CHAIRMAN. Do you ever have requests to expedite priorities?

Mr. WILLIAMS. Oh, yes; we do have.

The CHAIRMAN. And they would come to you and you would decide whether they should be expedited or not?

Mr. WILLIAMS. I presume you refer to this sort of a situation, where a company wants to get priority assistance or a particular rating is needed in a hurry. It would come to the branch, and an industrial analyst would receive their application, and he would make an analysis and make a recommendation and it would go out over my signature and the signature of the branch chief as the recommendation from the branch.

The CHAIRMAN. So it would come before you?

Mr. WILLIAMS. Yes, sir.

The CHAIRMAN. Do you get many such requests?

Mr. WILLIAMS. Oh, yes.

The CHAIRMAN. How do you arrive at a decision as to whether one request is of more importance to our war effort than another?

Mr. WILLIAMS. That depends entirely upon the circumstances in the case. If a request is made for priority assistance for a conveyor belt to be used in an aluminum mine, the assignment of a rating to that would be more important than would a conveyor belt for a coalyard, and we would assign to it a higher rating.

The CHAIRMAN. Suppose this situation arose, that a rubber manufacturer wanted to build a kitchen in his plant, and asked for a priority on that, and at the same time a manufacturer of rubber goods which are used in hospitals asked for a priority, which would you consider more important, Mr. Williams?

Mr. WILLIAMS. The hospital, you say, wants rubber belting?

The CHAIRMAN. No, let us say they wanted it for making hot water bags.

Mr. WILLIAMS. Hot water bags?

The CHAIRMAN. Yes.

Mr. WILLIAMS. And you compare that with what now?

The CHAIRMAN. With a company which wanted to establish a kitchen in their factory, a rubber company?

Mr. WILLIAMS. In one case they are using rubber as a scarce material in respect to the kitchen when they might use metal or some other material.

The CHAIRMAN. Assume they might need rubber for their kitchen at the factory, does this question suggest any experience you have had recently?

Mr. WILLIAMS. No, sir.

The CHAIRMAN. Did the Firestone Co. ever ask you for a priority to complete certain work in a kitchen that they are building at their Philadelphia or Fall River plant?

Mr. WILLIAMS. Yes, sir.

The CHAIRMAN. A kitchen they were building in the Fall River plant, do you recall any such request?

Mr. WILLIAMS. No, sir, I do not. It is possible there may have been one. There are an average of 150 such requests coming in every day, and I do not pretend to remember them all, but you can go ahead with your question. Suppose it did come in, and I signed it, what next?

The CHAIRMAN. What I want to determine is: Do the principal rubber companies obtain priorities more rapidly than the small manufacturers?

Mr. WILLIAMS. No.

The CHAIRMAN. You would not say so?

Mr. WILLIAMS. No indeed.

The CHAIRMAN. Then you would not say you had instructions to rush through requests of any of the large companies, for instance, the Firestone Co.? Would you say that Firestone can get a request for priority through the day it is made, whereas the smaller companies must wait two or three weeks to get them through?

Mr. WILLIAMS. In direct reply to your question the answer is "No," capitalized and underlined, and to substantiate that you might call on the Firestone Co. and ask them if they have been able to get their priorities as quick and as many as they wanted. I am ordinarily known as a pretty tough guy to get things through.

The CHAIRMAN. All of these requests would be a matter of record?

Mr. WILLIAMS. Yes; indeed they would be.

The CHAIRMAN. I presume you stamp the request at the time it is made, and the time it is granted or denied?

Mr. WILLIAMS. Yes, sir.

The CHAIRMAN. That is a matter of record in your office and you feel quite confident that there is no evidence there that the larger companies have received greater consideration in their requests than the smaller companies?

Mr. WILLIAMS. That is right. May I comment on that one step further: It is considered as a matter of policy by the War Production Board, as I understand it, that it is most important that there be checks and double checks on any matters involving priorities, so that when any individual for one or more reasons goes out and alleges discrimination in favor of one company as against another company there are too many checks and double checks, so that that would be developed in a short matter of time. All we do in our branch is make a recommendation to the Bureau of Priorities. They have a Review and Approval Section, and they go over them, and the Priorities Committee of the Army and Navy Munition Board go over them.

Mr. MCGEHEE. Under that complicated system how long does it take a given person or corporation to get a priority, then, before its final approval?

Mr. WILLIAMS. I do not know the exact figures on the time it takes.

Mr. MCGEHEE. What is the average time?

Mr. WILLIAMS. I would say the average duration of time on what we call the PD-1 application, the individual application is about 7 days.

Mr. ANDRESEN. I might say that I have had a lot of experience in contacting the War Production Board the same as you gentlemen have where we sit at the telephone and go down there, and you are

just passed around from one person to the other, and there is a lot of stalling going on. Now, one objection that I have had to the activities of the Priority and Allocations Section is this, that they never give you a definite answer. They keep stalling from day to day, from week to week, and from month to month in the first instance, and then they finally say, "No," but they could have said "No" in the first instance.

Mr. McGEHEE. He names about four boards, and if I go down there and make an application for some rubber products, the first board does not have any absolute say-so; it has to go to another one, and they are fearful of each other.

Mr. ANDRESEN. There is one man that makes decisions. I would like to ash you a couple of questions along the lines of the Chairman's questions. Mr. Mathison is the one man, but was he ever connected with the rubber business?

Mr. WILLIAMS. No; not to my knowledge.

Mr. ANDRESEN. Are you the only man down there that has had actual experience in rubber manufacturing or who has been associated with rubber manufacturing?

Mr. WILLIAMS. No, sir; I consider that I am not a technical man, and I am not employed in that capacity. I am employed in an administrative capacity or matters of procedure, as a consultant.

Mr. ANDRESEN. As a consultant?

Mr. WILLIAMS. Yes.

Mr. ANDRESEN. Who are the men who make the actual decisions on questions involving rubber; who are the men who make those decisions?

Mr. WILLIAMS. A branch known as the Rubber Products Branch has on its staff industrial analysts, and these industrial analysts there have had personal experience for years in those problems, and they make recommendations insofar as they relate to priority actions.

Mr. ANDRESEN. Who is head man down there on the analysis board?

Mr. WILLIAMS. The chief of the branch is Dr. H. S. Rogers, and all of these men are under his supervision.

The CHAIRMAN. Where is Dr. Rogers from?

Mr. WILLIAMS. Dr. Rogers is president of Brooklyn Polytechnic Institute, an engineering school in Brooklyn, N. Y.

Mr. ANDRESEN. He is an administrator, and not a practical rubber man?

Mr. WILLIAMS. That is right.

Mr. ANDRESON. Who are the men there in high positions that come from the different rubber companies of the country and have that practical experience in the rubber business?

Mr. WILLIAMS. We have in the so-called Priority Section of our branch a representative from the United States Rubber Company.

Mr. ANDRESEN. Who is that?

Mr. WILLIAMS. James E. Hicks.

Mr. ANDRESEN. Hitz?

Mr. WILLIAMS. No; James E. Hicks. We have Mr. William Trew from the United States Rubber Co., and Mr. Lemaire Ross from the Lee Tire & Rubber Co., and Mr. Edward Shinock from various companies.

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Mr. ANDRESEN. Who is there from the Goodyear Co.?

Mr. WILLIAMS. From the Goodyear we have in the Priority Section that I am speaking of now, a man by the name of Ed Gehres.

Mr. ANDRESEN. What was his position with the Goodyear Co.?

Mr. WILLIAMS. He was a production man in their mechanical goods department.

Mr. ANDRESEN. He was one of the officers of the company?

Mr. WILLIAMS. No, sir.

Mr. ANDRESEN. And who from the other four or five big companies, Goodrich, for instance?

Mr. WILLIAMS. If you let me go out of the Priority Section and go into other sections of the branch, there is Al Freidlander. I think he is the president of the Dayton Tire & Rubber Co.—I think it is the Dayton Rubber Co., and Fred Lohman, from the Goodyear Co., and Lawrence Chinowith from the Goodrich Co., and Walter Juve. He is a technical man; I do not know which company he is from.

Mr. ANDRESEN. These men are the ones who really pass upon the qualities and merits of each application?

Mr. WILLIAMS. The Rubber Products Branch is generally divided up into three operating sections, the Technical Section, the Allocation Section, and the Priority Section. Now, as to the Technical Section, its primary responsibility is to establish production specifications for the manufacture of various rubber products; that is, they determine what they call the crude content and the reclaimed content in a product.

Mr. ANDRESEN. Do they also establish rubber policies?

Mr. WILLIAMS. They have a very important part in establishing rubber policies. The Priority Section of the branch receives and handles all individual applications for priority assistance and when a respective individual in that particular section is not familiar with the particular applications or use of the rubber, he goes over to the technical staff, and sometimes we have a man in our Priority Section who knows a great deal about, or is a specialist in, a particular line of goods, and we have people coming from the technical staff asking us questions. In other words, there is an exchange of information.

Mr. ANDRESEN. Would you say that the men who were formerly associated with Goodyear, Firestone, Goodrich, U. S., and Lee were the principal men down there who determine policies?

Mr. WILLIAMS. No, sir; I would say that the policies of the branch are established by Arthur B. Newhall, Coordinator of Rubber.

Mr. ANDRESEN. He was associated with whom prior to his connection down there?

Mr. WILLIAMS. Formerly with the Hood Rubber Co., and more recently, I think, vice president of Talon, Inc., in Pennsylvania. I do not know the exact city.

Mr. HOLLAND. I think he was also a director of Goodyear or Goodrich?

Mr. ANDRESEN. He is a director of Goodyear or Goodrich?

Mr. HOLLAND. He was, but resigned that position when he became Rubber Coordinator.

Mr. ANDRESEN. You do not know if he is still a director?

Mr. HOLLAND. I understand he resigned his directorship when he became Rubber Coordinator.

The CHAIRMAN. You do not know of your own knowledge anything about Newhall, whether he resigned or not, it is just hearsay?

Mr. HOLLAND. I understand it from authentic sources.

The CHAIRMAN. You do not know it of your own knowledge?

Mr. WILLIAMS. I do not know it either, Mr Chairman.

Mr. ANDRESEN. But you know this, that he was a director of the Goodyear Co.?

Mr. HOLLAND. On my part it is the same kind of hearsay that he resigned.

Mr. ANDRESEN. You said that Mr. Newhall is the man who really passes on and makes suggestions of policies?

Mr. WILLIAMS. He determines policies for the rubber branch. As I understand it it is Dr. Rogers' responsibility as chief of the branch to carry out and administer those policies.

The CHAIRMAN. Which one gives you your instructions—Mr. Newhall or Dr Rogers?

Mr. WILLIAMS. Both. I am in the peculiar position of being a member of the bureau of priorities staff assigned to the branch as a consultant.

Mr. ANDRESEN. Does Dr. Newhall formulate any policy with reference to the supply of rubber?

Mr. WILLIAMS. Oh, yes.

Mr. ANDRESEN. Mr. Chairman, I think that it would be rather beneficial to the committee if we could get some information on what they have done and what the picture is today as to our existing supply of rubber, of scrap, and sources of supply in the Western Hemisphere.

The CHAIRMAN. I quite agree with you, Mr. Andresen. I am endeavoring to ascertain answers to those questions. However, this rubber situation is so complicated. There are so many different things and questions in connection with it that the only way I think our committee can approach it is to try to work on up, and that is one reason why I asked this witness to come here and to give us the benefit of his experience so that we would understand exactly how he functions in the Bureau, and then it was the thought of several of the committee men to go back and find the next man and to find out how he functions, and that thus we might get the picture.

Mr. SAUTHOFF. If we live long enough.

The CHAIRMAN. Yes; if we live long enough.

Mr. ANDRESEN. You do not have anything to do with the source of supply and the quantity we have on hand, do you? You probably heard the President's statement in a press conference the other day where he held out strong hope that the civilian needs would be met in large measure.

The CHAIRMAN. Are you acquainted with Mr. Harold Sims of Fort Worth, Tex.?

Mr. WILLIAMS. Yes.

The CHAIRMAN. Under what circumstances did you meet him, do you recall?

Mr. WILLIAMS. Mr. Sims came to the Rubber Branch some months ago in connection with the possibility of buildngi a rubber-reclaiming plant in Fort Worth, Tex.

The CHAIRMAN. Do you recall who sent him to you, Mr. Williams?

Mr. WILLIAMS. I think he just came in. I subsequently learned, from conversations, that he was associated with, or that Congressman Lanham was interested in the matter.

The CHAIRMAN. Did you meet him on more than one occasion?

Mr. WILLIAMS. Yes; he came into the Branch on several occasions.

The CHAIRMAN. And he asked your advice, I suppose, as to how he could establish this reclaiming plant in Texas?

Mr. WILLIAMS. Yes, sir.

The CHAIRMAN. To whom did you send him?

Mr. WILLIAMS. I do not remember the exact dates I saw him, but it was prior to January, February, and March.

Mr. SAUTHOFF. Of what year?

Mr. WILLIAMS. This year. He came in on various occasions to discuss the possibility, and it was my understanding from the beginning as the result of conversations with him that he had the necessary financial assistance, through his sponsors or backers in Fort Worth, and that he was able to obtain second-hand machinery to establish a plant, and he wanted to know how we felt about it. I told him that I did not know that we had anything particular to say about it one way or the other, that if he did not need any financial assistance, and if he did not need any priority assistance to obtain used machinery we did not enter into the picture.

The CHAIRMAN. Previous to that had he contemplated constructing this plant and using new machinery?

Mr. WILLIAMS. No, sir.

The CHAIRMAN. He never made any such request; it was simply second-hand machinery?

Mr. WILLIAMS. That is the way it has been presented to me from the beginning.

The CHAIRMAN. You have no interest in the second-hand machinery?

Mr. WILLIAMS. Well, at that time we had no interest in second-hand machinery.

The CHAIRMAN. At that time you had no interest in second-hand machinery?

Mr. WILLIAMS. But as the situation becomes tighter and tighter, I think the situation is developing now where we might be interested in second-hand machinery.

The CHAIRMAN. Are you acquainted with an engineer named Davidson who was at that time an employee in your department?

Mr. WILLIAMS. Yes, sir.

The CHAIRMAN. Was he under you or under some other branch?

Mr. WILLIAMS. Yes, sir; under me.

The CHAIRMAN. In what position?

Mr. WILLIAMS. He was an industrial analyst in the Priority Section, and was a consultant for the branch in priorities; I supervise the operations of that particular section.

The CHAIRMAN. At the time you were talking to Mr. Sims did he show you the plans he had and the survey he had made?

Mr. WILLIAMS. Yes; he showed me his plans on several occasions. I think it was along about possibly the 15th of May or April that Mr. Sims came in and said that it had been decided by the sponsors of that project that they would like to obtain financial assistance from the Defense Plant Corporation. Prior to that time no conversations had been held on that point. They had not at any time previously mentioned the possible need of asking for assistance of the Defense Plant Corporation. I told them if that was their plan that they would then have to go to the Defense Plant Corporation, get together with their representatives and fill out the required forms that are required to be

filled out by the Corporation. As a matter of fact, I called on long distance to a representative of that organization in Chicago to find out where he could get in touch with them. So, a meeting was set for Mr. Sims in Fort Worth, and a representative of the Defense Plant Corporation assisted him in preparing the necessary papers, and he brought that plan back, and that was the plan I last saw, it was the only actual plan in black and white that I had seen. Before the only thing I had seen was some scrap prices that he had.

The CHAIRMAN. Who recommended this engineer you spoke about?

Mr. WILLIAMS. The Defense Plant Corporation has a representative in Houston——

The CHAIRMAN. He is a part of the Bureau?

Mr. WILLIAMS. Yes, he is a part of the Bureau, in the field service.

The CHAIRMAN. He worked this thing out with Mr. Sims?

Mr. WILLIAMS. He assisted hin in preparing the papers, and they were then sent to the Washington office of the Defense Plant Corporation, and then from the Defense Plant Corporation they were sent over to us for recommendation and consideration.

Mr. REED. Mr. Williams, just to refresh your memory, do you recall that originally Mr. Sims came to you with his plan for a new plant with new machinery, and that the estimated cost was about $750,000; do you recall that?

Mr. WILLIAMS. No, sir; I am afraid I do not recall that, and that is not according to my recollection.

Mr. REED. Do you recall that afterward when he came to you, before you, with the plans that you stated "I will not recommend anything; you go back and try to see what you can do with second-hand machinery," and then he went back and came back again with additional plans for second-hand machinery?

Mr. WILLIAMS. At this time, Congressman, the impression that I have is that the project was presented to me from the beginning on the basis of it being second-hand machinery.

Mr. REED. Just to further refresh your memory, do you recall telling Mr. Sims, "You go back and try to find a lot of used machinery and a building already fabricated and then come back and I will talk to you"; do you recall that?

Mr. WILLIAMS. No, sir.

Mr. REED. And when he did come back to you again he had plans for second-hand machinery, did he not?

Mr. WILLIAMS. Yes, sir.

Mr. REED. And he had an option on a building down there?

Mr. WILLIAMS. Yes, sir.

Mr. REED. At that time did you refer the matter to any of your subordinates for a report?

Mr. WILLIAMS. Yes, sir.

Mr. REED. Who was that?

Mr. WILLIAMS. Mr. Davidson.

Mr. REED. And Mr. Davidson made an investigation of it?

Mr. WILLIAMS. I gave him the file which had been sent to us by the Defense Plant Corporation, and asked him to study it over and write me a memorandum report on it.

Mr. REED. Did he do so?

Mr. WILLIAMS. Yes, sir.

Mr. REED. And when you received that report from Mr. Davidson, what did you do then?

Mr. WILLIAMS. I put the memorandum report with the file and took the matter into Dr. Rogers because the matter was particularly at that time not on the basis of needing priority assistance, but they wanted to get our recommendation so as to enable the Defense Plant Corporation to finance the matter. So, I took it to Dr. Rogers as chief of the branch, because it was not a priority matter, but a financial matter.

Mr. REED. When you turned it over to Dr. Rogers were you through with it, or what?

Mr. WILLIAMS. When I presented the file together with Mr. Davidson's memorandum, Dr. Rogers, Mr. Davidson, and myself, discussed the matter, and then I told him how I had gotten into the thing, that Mr. Sims had brought the matter to me asking financial assistance, because it was not priorities, and I gave it to him.

Mr. REED. Did you have anything to do with it after that?

Mr. WILLIAMS. After that I understand Mr. Sims, Dr. Rogers, and Mr. Davidson had a conference in Dr. Rogers' office, which I did not attend.

Mr. REED. Is it a fact that you sent it to Mr. Davidson more than once, and that you got four different reports from Mr. Davidson?

Mr. WILLIAMS. No, sir; it is not.

Mr. REED. How many reports did Mr. Davidson make to you?

Mr. WILLIAMS. Juse one.

Mr. REED. Just one?

Mr. WILLIAMS. Yes, sir.

Mr. REED. And only one?

Mr. WILLIAMS. And only one.

Mr. REED. You stated a little while ago that you had some knowledge of who was financially interested in the thing with Mr. Sims. Do you know who was financially interested in it with him?

Mr. WILLIAMS. Mr. Sims told me his sponsors or backers of Fort Worth, that they would provide, they were going to provide the necessary finances to build the project.

Mr. REED. When you referred the matter to Mr. Davidson did you give him any instructions as to what kind of a report you wanted from him?

Mr. WILLIAMS. No, sir; it was a routine assignment. We have many of those every day. We have 15 or 20 projects a week that clear through the branch of one kind or another where a report is called for, and I just pass those things on to the industrial analysts as a routine assignment, and ask for a report.

Mr. REED. This report you received from Mr. Davidson, you say that was a memorandum report?

Mr. WILLIAMS. Yes, sir.

Mr. REED. Were there also any letters from Mr. Davidson in regard to it?

Mr. WILLIAMS. No, sir; the only thing I received from him was one memorandum.

Mr. REED. One memorandum?

Mr. WILLIAMS. Yes, sir.

Mr. REED. And that was directed to you?

Mr. WILLIAMS. Yes, sir.

Mr. REED. And that you turned over to Dr. Rogers?

Mr. WILLIAMS. Yes, sir.

Mr. REED. From that time on you know nothing about it?

Mr. WILLIAMS. Yes, sir; that is right.

Mr. REED. Did you know anything about, or did you at that time know whether or not Congressman Fritz Lanham was interested in the matter?

Mr. WILLIAMS. Yes, sir.

Mr. REED. He had talked to you about it?

Mr. WILLIAMS. He had called me on the phone and told me he had a very deep interest in the matter.

Mr. REED. He is a friend of Mr. Sims?

Mr. WILLIAMS. Apparently; Mr. Sims has called me on several occasions from his office.

Mr. REED. Do you know anything about Secretary of Commerce Jones' interest in the matter?

Mr. WILLIAMS. I think at one time Mr. Sims said Mr. Jones had an interest in the matter.

Mr. REED. Who is this man McCurdy?

Mr. WILLIAMS. McCurdy?

Mr. REED. Is there a man by the name of McCurdy who is a friend of Mr. Jones that you know?

Mr. WILLIAMS. No, sir.

Mr. REED. Did you ever hear of him?

Mr. WILLIAMS. I never heard of him unless Mr. Sims told me at the time that he brought back the Defense Plant Corporation application, and at that time I think, as I recall, he said that Mr. Jones was interested in it and a Mr. McCurtle, or somebody in Forth Worth, who I think, he said was the father of President Roosevelt's daughter-in-law.

Mr. REED. What was the nature of Mr. Davidson's report to you?

Mr. WILLIAMS. Unfavorable.

Mr. MCGEHEE. Whose report was it that was unfavorable?

Mr. WILLIAMS. Mr. Davidson's report.

Mr. REED. Yes; Mr. Davidson's report. In his report did he go into detail?

Mr. WILLIAMS. Some detail.

Mr. REED. How long a report was it?

Mr. WILLIAMS. About two pages.

Mr. REED. Did you review that report at all yourself?

Mr. WILLIAMS. I read it over, yes, sir.

Mr. REED. Did you take any action on it other than turn it over to Dr. Rogers?

Mr. WILLIAMS. No, sir; there was no action I could take.

Mr. REED. Did you make any recommendation when you turned it over?

Mr. WILLIAMS. No.

Mr. REED. Is there any particular action that your duty calls upon you to take when an unfavorable report of that kind comes in?

Mr. WILLIAMS. Bear in mind what I said a moment ago, that the application filed on a Defense Plant Corporation form was asking for financial assistance, which is out of my province as a priority specialist.

Mr. REED. What I have in mind is this, Mr. Williams. Davidson was a subordinate to you, and you referred the matter to Davidson to make a report, and he makes a report to you and then, apparently, you do not have any jurisdiction to take any action upon that report. I was just wondering what the procedure is when one of your subordi-

nates makes a report, if a subordinate of yours makes a report and then you have no authority to act upon that report.

Mr. WILLIAMS. As I described to you a moment ago, we have three principal sections in the branch, the Technical Section, Priorities, and the Allocation Section. We do not have a construction section, and frequently matters arise which require the knowledge of so-called specialists who have some knowledge of what the problem is. For example, a priority man goes over to a technical man, or we will go over to Allocations, or they will come to us on a priority matter, or we will go to them on something that is down their alley, and Mr. Davidson knows a great deal about rubber machinery. He knows more about it probably than anybody in the branch, or as much as anybody in the branch, and I turned it over to him because he knew what the score was.

Mr. REED. After you turned it over to Dr. Rogers did Mr. Sims call upon you subsequently to find out the situation?

Mr. WILLIAMS. He did not call on me personally, but called me on the phone the next day, and said that he wanted to inform me that I was going to be investigated out of a job, that they were going to call for a congressional investigation, because I had turned down his project, and that call was made from Congressman Lanham's office, and the call was placed by his secretary.

Mr. REED. Did you tell him at the time or subsequent thereto, or prior thereto, that this deal was loaded with dynamite?

Mr. WILLIAMS. Did I tell who, sir?

Mr. REED. Did you tell Mr. Sims that?

Mr. WILLIAMS. No, sir.

Mr. REED. Did you tell that to Mr. Davidson?

Mr. WILLIAMS. Yes, sir.

Mr. REED. That it was loaded with dynamite?

Mr. WILLIAMS. Yes, sir.

Mr. REED. Is that the reason you turned it over to Dr. Rogers?

Mr. WILLIAMS. No, sir.

Mr. REED. What did you mean when you said, "It was loaded with dynamite"?

Mr. WILLIAMS. Because immediately prior to the presentation of this Mr. Sims had come to my desk and said President Roosevelt, Jesse Jones, and Congressman Lanham are going to see to it that this project shall go through in spite of hell or high water.

Mr. REED. For that reason you felt it was loaded with dynamite?

Mr. WILLIAMS. Yes, sir.

Mr. REED. You told that to Mr. Davidson at the time you presented it to him?

Mr. WILLIAMS. I told him to prepare a report on this, and the thing was loaded with dynamite, and to be sure we were on the right ground.

Mr. REED. You did not tell him to make an unfavorable report?

Mr. WILLIAMS. Certainly not.

Mr. REED. And did you suggest to him the kind of report he should make?

Mr. WILLIAMS. No, sir.

Mr. REED. Or that it had to be killed or anything like that, did you make any statement of that kind?

Mr. WILLIAMS. No, sir.

Mr. REED. Is it not a fact that Davidson made four reports?
Mr. WILLIAMS. That is not a fact; he did not make them to me.
Mr. REED. Or that he prepared four different letters on this?
Mr. WILLIAMS. No, sir.
Mr. REED. After he made his report did you ask him for any further information, or to secure for you any further data?
Mr. WILLIAMS. No, sir.
The CHAIRMAN. Do you know a Mr. Raish?
Mr. WILLIAMS. Paul Raish?
The CHAIRMAN. Paul?
Mr. WILLIAMS. Yes, sir.
The CHAIRMAN. What is his position?
Mr. WILLIAMS. I understand he is the Washington representative of the Firestone Tire & Rubber Co.
The CHAIRMAN. Does he ever come to your office?
Mr. WILLIAMS. Frequently.
The CHAIRMAN. Every day?
Mr. WILLIAMS. No, not every day.
The CHAIRMAN. Does he come in with priority requests by hand?
Mr. WILLIAMS. No, sir.
The CHAIRMAN. How does he send in his priority requests?
Mr. WILLIAMS. He sends them to the War Production Board as called for in the instructions.
The CHAIRMAN. Through the mails?
Mr. WILLIAMS. Yes, through the mails.
The CHAIRMAN. Always through the mails?
Mr. WILLIAMS. Yes.
The CHAIRMAN. Always through the mails, and never by hand?
Mr. WILLIAMS. I would not want to say never, but I can't recall having received one from him by hand for a long time, and we have very definite instructions not to take any action on cases that are presented in that fashion. The reason for that is a case comes in on a prescribed form and a number has to be assigned to it for control purposes and you cannot get any action on a thing until it gets into somebody's control records, so that you know where it is. So, whenever a case comes in in that way we send a messenger down to the Bureau of Priorities so that it comes to us in the regular way.
The CHAIRMAN. Do you recall the Firestone Co. making a request of you for the conversion of two boilers from oil to coal at any time?
Mr. WILLIAMS. Yes, sir.
The CHAIRMAN. How long ago was that request made?
Mr. WILLIAMS. Oh, I would say that was late in April 1942, early in May 1942.
The CHAIRMAN. Was that approved?
Mr. WILLIAMS. I think it was; yes, sir.
The CHAIRMAN. Did you approve it?
Mr. WILLIAMS. Yes, sir.
The CHAIRMAN. Did that come to you through Mr. Raish?
Mr. WILLIAMS. It was submitted as a project.
The CHAIRMAN. As a project?
Mr. WILLIAMS. Yes, sir. Mr. Raish did not bring it in; it came in in the regular way.
The CHAIRMAN. Did you make any investigation of the necessity of that change at that time?

Mr. WILLIAMS. Sure.

The CHAIRMAN. Did you send an engineer to Akron?

Mr. WILLIAMS. Oh, no, sir; we did not do that. It was at Fall River, as I recall it, where this particular application was made.

The CHAIRMAN. Or rather, to Fall River?

Mr. WILLIAMS. No, sir.

The CHAIRMAN. Did you have any other reports come to you in order to help you to decide whether this was a necessary project or not?

Mr. WILLIAMS. Well they made recommendations too, I think, we call it the general industrial machinery branch, and based on the information contained in the file it seemed to us it was a reasonable request. We did not make a plant site investigation.

The CHAIRMAN. You know Mr. Raish from coming into your office only?

Mr. WILLIAMS. Oh, yes, I never met him before.

The CHAIRMAN. You never met him on the outside, for instance.

Mr. WILLIAMS. No, sir.

The CHAIRMAN. You do not recall having met him outside of the office?

Mr. WILLIAMS. I had lunch with him one time.

The CHAIRMAN. You had lunch with him once?

Mr. WILLIAMS. Yes, sir.

The CHAIRMAN. Do you recall where that was?

Mr. WILLIAMS. Yes, sir; that was at the Mayflower Hotel, before Pearl Harbor, early in December.

The CHAIRMAN. Is he in the habit of inviting various Government officials to lunch, do you know?

Mr. WILLIAMS. Not to my knowledge.

The CHAIRMAN. You only had lunch with him on one occasion?

Mr. WILLIAMS. Yes, sir.

The CHAIRMAN. And you have never known of him inviting anybody else to lunch?

Mr. WILLIAMS. I would say yes.

The CHAIRMAN. And that time was at the Mayflower Hotel?

Mr. WILLIAMS. Yes, sir.

The CHAIRMAN. I assume it was along about noon, was it?

Mr. WILLIAMS. Yes, sir.

The CHAIRMAN. Do you remember a request for any kitchen equipment made by the Firestone Rubber Co. for their Akron restaurant?

Mr. WILLIAMS. I don't recall that. I recall the conversion matter from fuel oil to coal. It is possible I may have seen it, but I don't recall it.

The CHAIRMAN. Are there any further questions, gentlemen?

Mr. REED. I can't quite get clear in my head, Mr. Witness, one particular thing. When this proposition came to you and you said you referred it to Mr. Davidson for a report, was that report with regard to the jurisdiction that you had over the project?

Mr. WILLIAMS. No, sir.

Mr. REED. Is it the custom over there that one official can refer a project of that kind to a technical man for a report concerning which that official is not interested and over which he has no jurisdiction whatever?

Mr. WILLIAMS. As I attempted to explain several other times during the course of this meeting there is an overlapping of activities between sections of the branch, so that we can utilize the knowledge and the skills of various people in their particular assignments, whether they are in that particular section of the branch or not.

Mr. REED. I see. Then when the report came in in this particular case, the subject matter of the report, in your judgment, was a matter concerning which you as an official had not interest in and no jurisdiction over, is that right?

Mr. WILLIAMS. That is right.

Mr. REED. What was the particular reason why the report was rejected? It was a short report, you say, of about two pages?

Mr. WILLIAMS. Yes, sir.

Mr. REED. Can you recall that reason?

Mr. WILLIAMS. I do not remember the exact details, but the report, in substance, said that there was no evidence showing that the matter had been presented on sound engineering principles, and there were several discrepancies in the application.

Mr. REED. Discrepancies in the estimates of the engineers that Mr. Sims had employed?

Mr. WILLIAMS. Yes, sir.

Mr. REED. Was there anything in the report concerning the quantity of rubber to be reclaimed?

Mr. WILLIAMS. Yes, sir; the application filed by Mr. Sims, as I recall it, said that they proposed to manufacture 40,000 tons of reclaimed rubber a year. That would be the annual capacity of the plant.

Mr. REED. The plant was to be located at Fort Worth, was it not?

Mr. WILLIAMS. That is right; yes, sir.

Mr. REED. It was estimated, according to Mr. Sims' proposal, that they would have as a territory about three or four States in the vicinity of Fort Worth, in which to collect scrap?

Mr. WILLIAMS. As I recall it he said they proposed to collect scrap in the general southwest area.

Mr. REED. That is all.

The CHAIRMAN. On the conversion of the boilers, do you remember the Industrial Machinery Division's report on that project?

Mr. WILLIAMS. There was no formal report.

The CHAIRMAN. There was no formal report?

Mr. WILLIAMS. No; it was a matter of discretion. The way projects are handled when a company files an application for priority assistance to build a building or a project, they have prescribed forms for that purpose on which they file their applications. Those forms are filed in the original instance with the industrial branch having jurisdiction over the particular industry. Then, there are usually in these cases various kinds of metals and various kinds of industrial products involved. In order that there may be proper clearance obtained from the various industrial branches having jurisdiction of it, if iron and steel is involved, it clears through that industrial branch, or if copper is involved it clears through another branch. Those are usually hand processed by the particular branch involved. When a particular branch has particular questions about anything then they sometimes call in representatives of the plant for further information. I understand that is what happened in the case of this particular thing here,

that when they got over to the Industrial Machinery Division they wanted to know something else about it, so they called in Mr. Raish.

The CHAIRMAN. Did they get in touch with you during this discussion?

Mr. WILLIAMS. No, sir; but I knew the meeting was going on.

The CHAIRMAN. You knew the meeting was going on?

Mr. WILLIAMS. Yes sir; I knew the meeting was going on.

The CHAIRMAN. But at any time after that did anybody from the Industrial Machinery Division contact you?

Mr. WILLIAMS. No, sir.

The CHAIRMAN. Then nobody rejected that as an unsound project?

Mr. WILLIAMS. No, sir. We recommended that the Industrial Machinery Branch have jurisdiction, and accordingly the matter went down to the Review Branch, and they agreed and the project was approved.

The CHAIRMAN. But you did along with this other engineer, the Firestone Co.'s engineer, take part in this?

Mr. WILLIAMS. Usually the way that works out, a certain branch having some question about a particular project will say we want to talk to the engineer about this.

The CHAIRMAN. Did they say that at that time, do you recall?

Mr. WILLIAMS. Yes.

The CHAIRMAN. Then you sent for Mr. Raish?

Mr. WILLIAMS. I did not send for him. One of the other fellows in the branch did.

The CHAIRMAN. Under your direction?

Mr. WILLIAMS. No; I did not send for him. It is one of the normal things that is done, because that is done every day in hundreds of cases that come up.

The CHAIRMAN. But you did not go down to this Industrial Machinery Division at all and discuss this matter with them?

Mr. WILLIAMS. No, sir.

The CHAIRMAN. Are there any further questions?

Mr. ANDRESEN. You pass upon and make recommendations upon all reports involving rubber priorities that come across your desk?

Mr. WILLIAMS. If a person desires to obtain deliveries of finished rubber products which require an assignment of preference rating in order to establish its position on the production line, and such applications are filed, they would come across my desk.

Mr. ANDRESEN. You did not consider this company's application one that required your personal attention?

Mr. WILLIAMS. It was a request for financial assistance, not priorities assistance.

Mr. ANDRESEN. That was it?

Mr. WILLIAMS. Yes.

Mr. ANDRESEN. Did Dr. Newhall have anything to do with turning down this application of Mr. Sims?

Mr. WILLIAMS. No; not Mr. Newhall, Dr. Rogers. I think I can state this for the record as a matter of certainty, after Mr. Sims and some other gentlemen that were with him had talked with Dr. Rogers I think it was the next day or the day after that we discussed the matter with Dr. Newhall in his office.

Mr. ANDRESEN. And he also rejected it and approved the rejection?

Mr. WILLIAMS. Yes, sir.

Mr. ANDRESEN. If the application was only for financial assistance I do not assume that your division or Dr. Newhall had any jurisdiction over it whatsoever.

Mr. WILLIAMS. Oh, yes; we did, sir. The application was filed by Mr. Sims to obtain financial assistance from the Defense Plant Corporation. They will not act on matters of that kind until there is a recommendation from the War Production Board as to the essentiality of the particular project and as to the technical skill and ability of the people who want the financial assistance.

Mr. ANDRESEN. Now, the only ones that passed on the technical skill or voted on the rejection of the report were Dr. Rogers and Dr. Newhall?

Mr. WILLIAMS. Mr. Newhall.

Mr. ANDRESEN. Mr. Newhall?

Mr. WILLIAMS. That is right.

Mr. ANDRESEN. And you consider both of them technical rubber men?

Mr. WILLIAMS. I am not in a position, I think, to comment on their qualifications. I assume that they are highly qualified men. Otherwise Mr. Nelson would not have appointed Mr. Newhall as Coordinator of Rubber.

Mr. ANDRESEN. As I understand, Mr. Newhall, as you stated, was a director of the Goodyear Co.?

Mr. WILLIAMS. He, at one time, as I understand, was a director of the Goodrich Co.

Mr. ANDRESEN. The Goodrich Co.?

Mr. WILLIAMS. Yes; the Goodrich Co.

Mr. ANDRESEN. I beg your pardon. That is all, Mr. Chairman.

Mr. MCGEHEE. You were talking a moment ago about this kitchen equipment for the Firestone Rubber Co. Who is your industrial specialist under you?

Mr. WILLIAMS. The industrial specialist on kitchen equipment?

Mr. MCGEHEE. Yes; on kitchen equipment under you.

Mr. WILLIAMS. I do not have any.

Mr. MCGEHEE. Who is the industrial specialist on that?

Mr. WILLIAMS. In the Priorities Section we have about 18 so-called industrial specialists.

Mr. MCGEHEE. Did the industrial specialists turn down this application for the Firestone Co.?

Mr. WILLIAMS. As I said before to the chairman, I do not recall that application. I do not recall the action taken on it. It is a matter of record, and we can find out for you if you want to know the details of it.

Mr. MCGEHEE. Were you present in the conference of the employees in your division there when this came up?

Mr. WILLIAMS. No, sir; you mean the kitchen thing?

Mr. MCGEHEE. Yes.

Mr. WILLIAMS. No, sir.

Mr. MCGEHEE. How many priorities request applications are there in your department now from the Big Four rubber companies?

Mr. WILLIAMS. I have not any idea of the number. We have about, on the average, about 150 applications per day for priority assistance.

Mr. McGEHEE. When these applications are filed is it necessary in the application to state the amount of those materials that they have on hand, and so forth?

Mr. WILLIAMS. Under the present practice, or with respect to the PD–1–A application that is now being used there is no question on there as to the inventory of the materials. The reason that was deliberately eliminated is because the companies are subject to the so-called priorities regulations through which it makes it a violation of the law to have unreasonable inventories on hand.

Mr. McGEHEE. In those PD–1–A's it is not necessary for any person in making an application to file an inventory of these things they have on hand?

Mr. WILLIAMS. That is right.

Mr. McGEHEE. Between 1930, when you went back to the university to get a master's degree, up to the date of your employment here, what did you do?

Mr. WILLIAMS. After leaving the University of Chicago in June 1930, I was employed by the National Drug Store Survey as an economist. We were making a survey in St. Louis, and I was employed there for a period of approximately 2 months making a particular survey. Prior to that time I had made arrangements to teach school in Hawaii, but prior to the time I left, I was going to leave from Houston for Hawaii.

Mr. McGEHEE. You were in Houston in 1930?

Mr. WILLIAMS. After I left St. Louis on this particular job, my home was in Houston, and I went on down there before going to Hawaii, and while I was there I received an offer of employment from the Department of Commerce here, which I accepted, and was released from my contract in Hawaii. I was in the Department of Commerce as a business specialist for approximately 3 years, from 1931 until August 1934. At that time I went over to the N. R. A. as an economic adviser, and I was with the National Industrial Recovery Administration from 1934 to 1935, at which time I was employed by a business consulting firm in New York City as a business consultant. I was in that connection for approximately 1 year. I was employed by the Works Progress Administration to head up their regional office in Dallas. That was in July of 1935, and I was in Dallas for about 6 months, and I was recalled to Washington to act as administrative assistant in charge of 11 regional offices. I was with the Works Progress Administration from July 1935, until August of 1938, at which time I transferred to the Federal Housing Administration. I was with the Federal Housing Administration for a period of a year as Assistant Director of Personnel, and I was appointed as Chief of their Industries Section as liaison man between the Federal Housing Administration and the building industry.

Mr. McGEHEE. Your only experience in the rubber business at all was from July 1929 until April 1930?

Mr. WILLIAMS. That is right.

Mr. McGEHEE. So far as rubber or its manufacture is concerned, or the different means of reprocessing it, you would not know anything about that at all, would you?

Mr. WILLIAMS. No; I would only have a layman's knowledge. I am not a technical man.

Mr. McGEHEE. You would not know the difference between a rubber mill, a tuber or washer or cracker or bambury, or anything like that?

Mr. WILLIAMS. That is right.

Mr. McGEHEE. Dr. Rogers came into this picture since the War Production Board was established?

Mr. WILLIAMS. He served as Chief of the Rubber and Cork Branch last summer for a period of time.

Mr. McGEHEE. Where is this fellow Davidson, is he still with you too?

Mr. WILLIAMS. No, sir.

Mr. McGEHEE. Where is he?

Mr. WILLIAMS. I do not know. We have his resignation.

Mr. McGEHEE. Was his resignation asked for?

Mr. WILLIAMS. His resignation came in, I think, last week. It is undated, and it just says I submit my resignation.

Mr. McGEHEE. That meant he was asked for it no doubt. I do not know anything about it. I just saw his name in this testimony. Mr. Sims, in his testimony here said, and I guess you know nothing about it, it seems that Dr. Rogers is the one that said it, that he was doing whatever possible to try to get favorable recommendations on his application to construct this rubber plant, and Dr. Rogers said that if he had anyone in his school do a thing like that he would throw him out, looking at the different engineers' reports that he submitted to you.

Mr. WILLIAMS. You mean the reports submitted by Mr. Sims?

Mr. McGEHEE. Yes.

Mr. WILLIAMS. I glanced over it; I did not see any engineer's report.

Mr. McGEHEE. Was his application in proper form?

Mr. WILLIAMS. I am not a technical man, or an engineering man. I do not consider myself qualified to speak on that, I think.

Mr. McGEHEE. You are an economist?

Mr. WILLIAMS. That is right.

Mr. McGEHEE. And you hold a key position under Dr. Rogers; Dr. Rogers is over you, as I understand it?

Mr. WILLIAMS. My immediate superior is Mr. Mathieson, who is Chief of the Bureau of Priorities.

Mr. McGEHEE. Mathieson is your superior, you are next to Mathieson?

Mr. WILLIAMS. I am not next to Mathieson; there are some steps between me and Mr. Mathieson.

Mr. McGEHEE. I do not know of anything else I care to ask at this time, Mr. Chairman.

The CHAIRMAN. Mr. Williams, this committee would appreciate very much if you would cooperate with us in trying to establish these facts. It is not our intention to injure or destroy anybody in this thing, but we are entitled to certain facts which we are not receiving and we are quite determined that we are going to get them. Now, we would appreciate your cooperation, and so far you have indicated a spirit of cooperation which we compliment you on, and I hope that you will continue. There is another request that the committee would like to make. We would like to send a representative to your office to ascertain the number of priority requests applied for in any given day, by whom these were applied for, the time in which they were

approved and the number rejected. Would you have any objection to a committee representative doing that?

Mr. WILLIAMS. I personally would have no objection to that.

Mr. HOLLAND. I believe it is the practice for those requests to go first to the general counsel of the War Production Board, and they are passed down from him to whatever department has charge of the records which are requested.

The CHAIRMAN. There would be certain requests coming before your office. Have you any objection to us ascertaining on some given day the number of requests coming through your office?

Mr. WILLIAMS. I have no objection to it, subject to the approval of the general counsel of the War Production Board.

Mr. MCGEHEE. And I think a proper question would be how many Big Four applications have come in in proportion to the others, giving the date filed, and the date of approval and when these little fellows like Sims come in and are chased over the country hiring engineers, how many are turned down, and you know they do chase them around before they will approve any there, and how long the big fellows have to go chasing around before they got theirs through. I think this committee would want to know that. I see what the charges are, and things that do not look good from this testimony. Whether they are true or not I do not know, but they do not look good.

Mr. SAUTHOFF. I would like to ask Mr. Williams a few questions.

The CHAIRMAN. Yes, sir; Mr. Sauthoff.

Mr. MCGEHEE. I think this committee has the power to call on the War Production Board and to get out these records of Sims, and to have that whole file brought here before the committee.

Mr. STEVENSON. We could subpena it; we do not need to take the advice of any counsel.

The CHAIRMAN. I want these departments to cooperate with us. I acknowledge I can go on the floor and by reading this affidavit I have before me I can get any power I ask for. I do not want to do that, because that immediately implies in some degree manipulation that may or may not exist. It would not be entirely fair to these gentlemen.

Mr. REED. I think they will cooperate with the committee.

The CHAIRMAN. What is your attitude, Mr. Williams?

Mr. WILLIAMS. I do not think I can add anything. I am only one employee of the War Production Board, but this matter presents a particular application, or the channeling of a particular application. It involves, as I understand, a survey and an analysis of how we handle operations in the War Production Board, or matters involving priority assistance, in handling records on priority assistance.

The CHAIRMAN. Mr. Sauthoff, you had some questions.

Mr. SAUTHOFF. As I understand it, your education and experience has been in the economic field and in the rubber field?

Mr. WILLIAMS. That is right; yes, sir.

Mr. SAUTHOFF. Is that right?

Mr. WILLIAMS. Yes.

Mr. SAUTHOFF. Now, our joint resolution under which we are operating provides for the procurement of raw natural rubber from sources in the Western Hemisphere, and I have been wondering whether your department, as far as you know, has ever made a survey of raw rubber in the Western Hemisphere?

Mr. WILLIAMS. I understand that consideration has been given to that. but I am not informed as to the details of it.

Mr. SAUTHOFF. When was that consideration given?

Mr. WILLIAMS. Well, I think this consideration—I am not informed on studies of that kind.

Mr. SAUTHOFF. You did not sit in on any of the discussions of it?

Mr. WILLIAMS. No, sir.

Mr. SAUTHOFF. Whatever knowledge you would have of it would be purely hearsay?

Mr. WILLIAMS. That is right.

Mr. SAUTHOFF. How long has it been since you have heard of any such survey being under way?

Mr. WILLIAMS. If I might I would like to correct the record, if I did say there was a survey under way. I did not mean to say a survey was under way. As I recall it I said that there were considerations being given to it.

Mr. SAUTHOFF. Now, let us get this about as definite and certain as we can get it.

Mr. WILLIAMS. All right, sir.

Mr. SAUTHOFF. When were they begun, and by whom?

Mr. WILLIAMS. The matter of making studies involving sources of supply is one that is going on continuously in one degree or another.

Mr. SAUTHOFF. Yes; but I would assume that is part of the job?

Mr. WILLIAMS. That is right.

Mr. SAUTHOFF. But what I am trying to find out is to pin it down to something definite. Now, generalities do not do me any good. The raw-rubber supply in the Western Hemisphere is the thing that I am driving at, if it has been given any consideration to your knowledge, and when it was considered, and by whom.

Mr. WILLIAMS. I do not know that.

Mr. SAUTHOFF. All right, then, we will overlook that point. Now, the next question is: Do you know whether any survey has been made in the United States as to our scrap rubber?

Mr. WILLIAMS. That is all hearsay too.

Mr. SAUTHOFF. What information do you have on that?

Mr. WILLIAMS. I have none myself.

Mr. SAUTHOFF. So that, you do not know if any such survey has been made or is being made?

Mr. WILLIAMS. That is right.

Mr. MCGEHEE. Now, in your position you pass upon priority applications for the use of rubber particularly, you are in the rubber end of the division?

Mr. WILLIAMS. That is right.

Mr. MCGEHEE. To intelligently do so, would it not be necessary, and before you could do so, would it not be necessary to have figures outlining the available supply of materials that there is supposed to be available throughout the country, that that should be before you can intelligently act on any application?

Mr. WILLIAMS. We have some knowledge of our crude rubber supply, and I have some knowledge of our stock pile. I do not have, and I do not think anybody else does have a knowledge of how much scrap rubber there is in this country, or whether or not it is collectable. I know the reclaim capacity, I know the figures on that, I know something of that.

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Mr. SAUTHOFF. Are you through?
Mr. MCGEHEE. Yes.
Mr. SAUTHOFF. You say that nobody can tell us what the scrap supply in the country is. That is just why I wanted to know if a survey had been made or was being made.
Mr. WILLIAMS. I again repeat I am a priority specialist assigned to that branch. As to determining whether or not surveys should be made and by whom, I do not keep myself informed on the policies of Mr. Newhall and Dr. Rogers.
Mr. SAUTHOFF. I am just trying to find out whether you know of any being made.
Mr. WILLIAMS. I say no.
Mr. SAUTHOFF. That answers the question.
Mr. MCGEHEE. Did Dr. Rogers ever have any experience in the rubber game here, other than just a president of a college up there in Brooklyn?
Mr. WILLIAMS. I do not think he was ever associated with a rubber company.
Mr. SAUTHOFF. Now, Mr. Williams, you told Mr. McGehee a little while ago that you had some knowledge of the stock pile and the amount contained in it; how much have we in the stock pile?
Mr. WILLIAMS. The latest figures that I recall—is that a matter that I can speak on?
Mr. HOLLAND. If you know, yes; is not, no.
Mr. WILLIAMS. I do not know the exact figures but as of the 1st of January of this year it was reported that we had approximately 600,000 tons of crude rubber, including reserves and the stocks on hand with manufacturers. As to shipments since then I am not informed on those.
Mr. SAUTHOFF. You could not tell us what amount has been added to that stock pile since January 1st?
Mr. WILLIAMS. Those are matters between Mr. Jesse Jones and Mr. Newhall.
Mr. SAUTHOFF. Can you tell us how much has been used out of that stock pile?
Mr. WILLIAMS. I can by looking at the figures.
Mr. SAUTHOFF. You have the figures?
Mr. WILLIAMS. Yes.
Mr. SAUTHOFF. Thev are available to you?
Mr. WILLIAMS. Yes, indeed.
Mr. SAUTHOFF. All right, can you tell us approximately how much it is at the present time? I do not care for the exact figures, but approximately.
Mr. WILLIAMS. I would rather look at the records before I put anything down here.
Mr. SAUTHOFF. All right, offhand you do not know.
Mr. WILLIAMS. That is right.
Mr. SAUTHOFF. Now, can you give us any information as to how much, if any, synthetic rubber is being manufactured today?
Mr. WILLIAMS. As I understand it the capacity at the end of the year is expected to be 60,000 tons. At the present time I understand it is around 30,000 tons.
Mr. SAUTHOFF. That is what I wanted to know. So that, in the last analysis, whatever decisions you have to make on these priorities are based on the figures you have just given us as to what is on hand?

Mr. WILLIAMS. And the requirements. The War Production Board determines how much rubber shall be spent. They allocate, so to speak.

Mr. SAUTHOFF. For civilian use?

Mr. WILLIAMS. Yes; and all my job is is assignment of items on production lines in preference ratings.

Mr. SAUTHOFF. Any civilian amounts allocated for civilian use?

Mr. WILLIAMS. That is right.

The CHAIRMAN. Are there any further questions? Well, thank you, we appreciate your coming. Mr. Sims.

Mr. SIMS. Yes, sir

FURTHER STATEMENT OF HAROLD A. SIMS, EXECUTIVE VICE PRESIDENT, SOUTHWEST RUBBER RECLAIMING CORPORATION, FORT WORTH, TEX.

The CHAIRMAN. Gentlemen, Mr. Sims testified before this committee a week ago Wednesday, at which time he stated that he had made application for a reclaiming plant in Texas, and was obstructed on every move here in Washington. I called him in here this morning, following the testimony of Mr. Williams, to give us a more complete picture of his experiences here.

Mr. MCGEHEE. Do you have a prepared statement, Mr. Sims?

Mr. SIMS. Yes, sir; I have a prepared statement. It is quite lengthy and it covers about all of the ground from the time I started until I finished.

Realizing the seriousness of a real rubber shortage to the people of the United States, who for the past 20 years have been the leaders in the use of motor-driven vehicles, I with three associates made a survey of the scrap rubber situation in the southwest portion of the United States; namely, Texas, Oklahoma, Arizona, New Mexico, and Arkansas. Our purpose in making this survey was to establish by actual fact and figures what amount of rubber scrap was in this area, if it were being collected, and if not why. If what we thought was a true picture of the scrap availability we were of the opinion that an aggressive collection campaign for the collection of this scrap together with a reclaiming plant located in the area where most of the scrap was would help solve the impending rubber shortage scare. Therefore, we took the matter up with Mr. Jesse Jones, both by telephone and letter, to the end that I made a trip to Washington in the early part of January 1942.

I had an appointment with Mr. Helburn, who was then Chief of the Rubber Division of the O. P. M. He absolutely would not consider the expanding or adding to the present reclaiming facilities saying there was a shortage of scrap rubber and it was very doubtful if the present reclaiming facilities could be kept in operation with the present scrap pile.

We knew this picture was wrong so I called on Mr. Holt of the Department of Commerce who is conversant with the over-all scrap picture in the entire United States. According to his figures there was well over a million tons of scrap in the United States and 11 and a fraction percent of the total amount was in the area I had surveyed. Also Mr. Hicks, who is now on the War Production Board Rubber Division staff, estimated there was a total of 9,000,000 tons

of scrap available in the United States. However, Mr. Helburn was not interested in these figures as he classified them as guesses and also as slide rule calculations.

I was advised that a Mr. Arthur B. Newhall had succeeded Mr. Helburn as coordinator of rubber. I went back to Washington, was granted a hearing before Mr. Newhall at which time I gave him a thorough picture of the scrap situation in the Southwest. He seemed impressed and told me it was his opinion that there was a definite need for a reclaiming plant in that area. He advised me to see a Mr. Puckett in Temporary Building E and get from him a PD–200 form which is for a priority rating. I did this.

I then talked to Mr. Robert T. Williams. He then told me it would be best to locate used machinery as he knew there would not be a chance to set up a plant to produce 40,000 tons a year of reclaimed rubber using new machinery. I then proceeded to do the following: Bought an option on a factory in the city of Fort Worth, Tarrant County, Tex., from Swift & Co., after having reliable rubber engineers check the plans of this building to see that it would fit our needs. This site was to be purchased by us for $50,000. It has an actual replacement value of $220,000 plus machinery which was included in this price of the value of $41,000 depreciation as of January 1, 1942.

I compiled all the data I had on scrap together with pictures of same, also applications from men who had spent their whole life in the rubber industry and who are willing to accept employment in our plant.

I then went back to Washington to confer with Mr. Klosner who is president of the Rubber Reserve Corporation, R. F. C. Mr. Klosner and his associates were most kind to me. They listened to the details connected with the establishing of a rubber reclaiming plant at Fort Worth and were in favor of it. Mr. Klosner told me that with the approval of the W. P. B. he would be willing to finance the proposed plant on a dollar for dollar basis assuming the total cost would not exceed $75,000. I was told to make application for this loan at the Dallas office of the R. F. C. with Mr. Glidden.

We had already organized the Southwest Rubber Reclaiming Corporation, had a Texas charter, and a capital stock of $2,000 paid in.

The incorporators are B. B. Stone, a Fort Worth attorney, J. Wesley Smith, a Fort Worth businessman, and myself, Harold A. Sims of Fort Worth. Mr. J. Wesley Smith and I went to Dallas and conferred with Mr. Holliday who had charge of the office in Mr. Glidden's absence. At that conference it was decided that we would make application through the Defense Plant Corporation rather than the R. F. C. as we were not willing to put one-half of the $750,000 necessary to build the plant.

I came back to Washington and had a conference with Mr. Merritt, an assistant to Mr. Jesse Jones. He very carefully explained to me the various financing plans the R. F. C. had that would fit our project and suggested I go over to the W. P. B. to get started on our Defense Plant Corporation program. I again contacted Mr. Robert T. Williams who is priorities expert of the W. P. B. After thinking a while Mr. Williams sent me and an associate by the name of James J. Shea of Oklahoma City to see a Mr. Otis R. McClintock from Tulsa, Okla. Congressman Monroney of Oklahoma is a personal friend of both James J. Shea and Mr. McClintock, so he kindly ac-

companied us to Mr. McClintock's office. When we had explained our mission to Mr. McClintock, he said:

"Fellows, you are in the wrong department. I am in oil, not rubber. However, I will be glad to find out who you should talk to."

After making several calls he found out the man in whose jurisdiction our project was. It was Robert T. Williams, and we had just been given the old bum's rush by this Williams. Mr. Shea and myself then went back to Robert T. Williams and told him if he were sending us on these wild goose chases just to unload us, we would call it a day and forget the project. He said that was not the intent and advised us to go to Mr. Bradley Nash's office, ask for a Mr. Burland, and request an application blank for Defense Plant Corporation assistance. This we did. Mr. Burland gave us the applications which were an original and four copies. He instructed us to fill these out complete and confer with Mr. O. W. Jackson, of Houston, Tex., who is a financial adviser to the W. P. B. Defense Plant Corporation.

Mr. Shea and I went back to Fort Worth, called Mr. Jackson, who immediately came to Fort Worth from Houston and met with us in the offices of Bryant, Stone, Wade & Agerton, the law firm who was handling the legal affairs of the Southwest Rubber Reclaiming Corporation. We outlined our proposed project to Mr. Jackson in detail. He told us how to prepare it and asked us to send it to him at Houston, Tex., where he would analyze the proposition, make his recommendations, and forward it to Washington. The above was all done as outlined. It was then decided that Mr. James Shea and I, with Mr. Kintner, a rubber chemist, of Auburn, Ind., and Mr. C. A. Shoults, a rubber reclaimer, from Fremont, Ohio, would come to Washington to expedite the application and to be on hand to answer any questions that might arise. This we did. When we arrived at the office of Mr. Robert T. Williams in the Railroad Retirement Building where the Rubber Division of the W. P. B. had moved, Mr. Williams had our application on his desk, together with our full file.

He said, "Fellows, I am not going to handle this project. You will have to see Dr. Rogers."

We went in to see Dr. Rogers, who was or is the president of Brooklyn Polytechnic, an Engineering School. Mr. James J. Shea, Mr. C. A. Shoults, and I sat at Dr. Rogers' desk and he said:

"Fellows, I have your prospectus here but have not had time to look it over as I just came on the job this morning. Please bear with me to the extent that I will take it home tonight and study it thoroughly."

This we agreed to do and made an appointment with Dr. Rogers for the following day. The next day James J. Shea of 6501 Lennox Avenue, Oklahoma City, Okla., and I, Harold A. Sims, 611 West Fourth Street, Fort Worth, Tex., met with Dr. Rogers in his office which is in the Railroad Retirement Building on the fifth floor in the same section that the rubber and rubber products of the W. P. B. is located.

Dr. Rogers had our brochure on his desk and apparently was not in a happy frame of mind about it. His first remark which was addressed to me was, "Who made this up for you? What engineer compiled this? Why, if any student in my school would put a thing like this on my desk I would kick him out of school."

I said, "Doctor, were you under the impression that I was an engineer? I don't believe that I made any statement that would lead you to be of that opinion. This prospectus was compiled with the help and advice of people who have spent their entire lives in the rubber and rubber products business."

He made several more remarks to the effect that the prospectus was a child's play and was not acceptable to him at all. At this time he said he would call in the industrial expert of the W. P. B. to see what he thought of the project as he had analyzed it that day. He then introduced us to James H. Davidson with these words, "Mr. Davidson here is a very competent man and has set up some of the largest reclaiming plants in the United States, and I am going to be guided by his recommendations."

Well, Mr. Davidson did a real job of taking the prospectus apart, but he was not very sincere in his efforts and in some instances he was so wrong that even a layman like myself could detect it. After some more discussion by Dr. Rogers on how far we were out of line in our facts and figures, I said:

"Dr. Rogers, what can I do to present this prospectus to you so that you will be able to digest it?"

He then said in the presence of James H. Shea, J. H. Davidson, and myself, "I will name three men who are rubber engineers, men who have spent their lives in learning this type of engineering which is a specialty. You can have the services of any one of these men for a fee of $50,000. They will make you a prospectus that will be acceptable to me."

Mr. J. H. Davidson spoke up at this point and said to Dr. Rogers, "Boss, how about your giving me a leave of absence to handle this job at that fee?"

After a moment Dr. Rogers said, "Or you could pick Davidson here for your man. He is very good on reclaiming plants."

It is not my belief that there was any thought in Dr. Rogers' mind that we would pay any such an amount for engineering fees. I think it was just another hurdle put in front of us to discourage us. That ended our meeting with Dr. Rogers. We picked up our prospectus and left the office. We then went to the office of Congressman Fritz G. Lanham and told him what had transpired. He called Mr. Arthur B. Newhall and made an appointment for us, at which time Congressman Lanham went with Mr. Shea and me to Arthur B. Newhall's office. We told him what occurred at Dr. Rogers' office. He said he was opposed to establishing a reclaiming plant anywhere as it was his opinion that there was a definite shortage of scrap.

However, he said, "You fellows seem to know a good deal about the scrap availability in your section. I would like to see you get into the scrap collection angle down there and strip it in your plant ready to ship on to the reclaimers in the East."

He suggested that we see Miles Standish in Metals Reserve, R. F. C., whom he called and made an appointment for Mr. Shea and me. We had a nice talk with Mr. Standish, but apparently it was not in his jurisdiction to finance such a project. The next evening James J. Shea and I invited James H. Davidson, the industrial expert of the W. P. B., to have dinner with us. At this time he told us that the reason he turned our project down was because Robert T. Williams, priorities expert, W. P. B., and also his superior, had said:

"Davidson, here is a project that has to be killed. It is loaded with dynamite. Jesse Jones is interested in it. So are some Congressmen and the people behind it are O. K. and from Texas. So see that your letter is strong enough to kick it out."

Davidson continued and said that four letters were dictated by Williams before he got one that was in his opinion strong enough to offset the deal. When it was finally decided to use this letter, Williams, according to Mr. J. H. Davidson, had Davidson sign it and attach it to the prospectus of the Southwest Rubber Reclaiming Corporation's application and sent it in to Dr. Rogers.

We asked Mr. J. H. Davidson if he really thought our plans were so far out of line, and he replied, "No, your set-up is O. K. The only thing I would suggest is that with the machinery set-up you have, you would be better sized to turn out 25,000 tons per year than 40,000, but as I see it, it is a well-laid-out plant with plenty of room to expand it, but I could not say this as I was told to kill the deal and I did."

J. H. Davidson also said he was going to resign as the things he had to do under Robert T. Williams were bad. I then went back to Fort Worth and reported to my associates.

I wrote a letter to Mr. O. W. Jackson at Houston on the project that Mr. Newhall had suggested in the meeting where Congressman Lanham was present. He wrote me in return that it would be better if his superiors at Washington would advise him. I then wrote a letter to Mr. Arthur B. Newhall accepting the deal he had offered. A month has elapsed and I still have no answer from Mr. Newhall.

Now, to sum up, gentlemen.

It is our opinion the rubber shortage scare is ridiculous. Our survey shows that there is plenty of scrap of all kinds to keep several reclaiming plants of our size working for the next 5 years. I have pictures of this scrap and letters from junk dealers to substantiate this statement. We have ear-marked enough used machinery to set this plant up to turn out from 25,000 to 40,000 tons of reclaim per year. We have a plant already built and don't need any materials of any kind that are needed in defense. We have all the competent technical help we need to run this plant. Our total money requirement is $486,000. We can be producing rubber in 90 days.

I personally have spent in money over $5,000 and 6 months of time in the compiling of the necessary data pertaining to the scrap situation in the Southwest portion of the United States and in making six trips to Washington, D. C., to confer with officials of the O. P. M. and the W. P. B. My associates have added another $5,400 as their participation in this project plus 5 months of time. We know the need of a reclaiming plant here in the Southwest, the closest one being at East St. Louis. We have a building all ready to equip with the necessary machinery. We have all the machinery we need for this plant located in the hands of used machinery dealers and these machines cannot be used for any other purpose than to reclaim scrap rubber.

I have made trips to New York; Rhode Island; Akron, Ohio; Fremont, Ohio; Findlay, Ohio; and Auburn, Ind., to interview rubber experts and have applications from men who have spent their whole careers in rubber and know their business well.

Your Dr. Rogers of the W. P. B. says James H. Davidson is in his opinion one of the best reclaim engineers in the business. Mr. J. H. Davidson tells me our plant, plans, and so forth, are a perfect set-up.

We have been told by men who are now on the W. P. B. in the Rubber Division that the big rubber companies, namely, Firestone, Goodyear, Goodrich, and General will stop us from getting a plant under the Defense Plant Corporation. They do not want to have an independent operator in the field. I don't know whether this is true or not, but we certainly are running into some mighty strong interference and it just isn't happenstance.

In January I personally was told to keep an eye on H. Muchlstein & Co. who were the largest scrap collectors in the world as they would not take it kindly to have the supply of scrap that was known to be in the Southwest used by a plant in that area. I called on Mr. Muchlstein in his New York office. He spent 1 hour of his valuable time trying to discourage my starting a plant in Fort Worth.

We have the information on scrap first hand in the Southwest. The fellows here in Washington have it by hearsay.

Mr. Helburn in one breath in the presence of J. J. Shea and C. A. Shoults and myself says scrap is scarce, in the next he told Dr. Rogers still in our presence that a junk dealer in Yuma, Ariz., had 300 tons of scrap rubber on hand and no buyers.

The Texas State Highway Department burns their used tires because the last time they sold 300 used tires the advertising for bids cost them a dollar more than they got for the junk tires so they were more valuable as fuel.

Reclaim plants located where the scrap is will solve the so-called rubber shortage in 90 days after they are in operation. When the so-called paper shortage came about the State of Texas collected so much waste paper that a halt had to be called. We in Texas flooded the mills, the railroads, the warehouses, and so forth, very soon after a concentrated effort was started to collect waste paper. We will do the same thing with rubber scrap if given the opportunity. There must be a real effort, however, and not some indifferent agency of the Government with a politically appointed head or W. P. A. workers, but a group who have a plant that requires scrap rubber to keep its wheels turning over.

In the State of Oklahoma there are 1,000,000 pounds of rubber alone shipped into the oil-well industries. The scrap from this never gets into the hands of the reclaimer. It is either burned or it is dumped adjacent to the spot it is discarded in or, in other words, wears out in.

It takes 5 years for a new tire to finally get into the hands of a reclaimer. Therefore, we have the greatest backlog of scrap rubber in the history of the United States as we have imported and used more crude rubber in the last 5 years in the manufacture of tires and tubes than in any other period of our history. Life magazine had in one of their issues a picture of a large reclaimer's yard, junk tires 4 feet high covering a 40-acre space.

Arthur Newhall told J. J. Shea and me that Tom Welch came to his hotel in Washington crying about the shortage of scrap. Tom Welch is head of the Mid-west Rubber Reclaiming Corporation of East St. Louis, Ill. He also has a plant in the East. The plant in the East has been closed down for quite a while, but his plant at East St. Louis has a large supply of scrap, and I can tell him how to get a 3-year supply if he wants to buy it. I told this to A. B. Newhall and he agreed with me.

The St. Louis Terminal Railroad used tires and tubes on their baggage trucks in the Union Depot, and, according to the statement of one of their station employees, they have a 5-year supply on hand in their warehouses. These tires are of the size that fit two very popular cars.

There are in the United States over a hundred thousand trucks, some of them municipally owned, that are dual-tire equipped but they never go out of the city limits. Some have as many as 10 tires on them. Also there are street sweepers and any number of special trucks such as auxiliary fire equipment with big tires which are dual and are not used twice a year. If we really have a rubber shortage, why not strip these vehicles down to four tires and a spare using the balance for reclaiming or where the tires are in good condition turn them over to the Army for their equipment. The garbage trucks in New York and Chicago alone are carrying enough extra tires to be quite a fact or if this shortage is acute, and they travel a very few miles and in the case of tire trouble can be serviced quickly.

A taxi driver here in Washington told me it was a common practice for tire dealers to mount new tires, run them for a thousand miles, then sell them for used tires. I don't know whether or not this is true but he told me this unsolicited.

Practically every tire dealer in the United States has a good stock of new tires on hand. I understand that Ernest Allen, the Chevrolet dealer in Fort Worth, has a warehouse full of new tires. The rationing system is not depleting this stock very fast. These tires will deteriorate if not put in use.

Put on a campaign like is now in use on metal tubes for tooth paste, shaving cream, any rubber article sold, hot-water bottles, novelties, and so forth, or tire tubes, turn one in and place a penalty on seller if not done. Make no allowance for used articles turned in. You will soon see what our scrap rubber backlog amounts to.

Here in Washington you can walk down a business street, look in the store windows, and see hundreds of articles for sale made of rubber. This holds true for every city, village, and hamlet in the United States. Why not call this in and reclaim it?

I have made six trips from Fort Worth, Tex., to Washington, D. C., to further my campaign for a reclaim plant in the Southwest. I have observed that at every railroad division point the baggage trucks were rubber tired. All of the office buildings you go into have rubber runners, the spittoons have rubber mats to sit on. If you go into the Capitol Building in Washington, you walk on a heavy rubber runner. Why this talk of a rubber shortage when every building, store, office, home, and junk yard is loaded with rubber? Are the boys in the Rubber Division of the W. P. B. more intersted in their jobs or their affiliations with the big rubber comgnies at home than they are with winning a war of which rubber is going to be a big factor?

Well, here is how I stand. I am an ex-service man, Company C Forty-first Infantry, Tenth Division, A. E. F., member of the American Legion and Forty and Eight. My son, David B. Sims, 18 years old, Marine Corps, San Diego, Calif. My son, Harold A. Sims, Jr., Service Company 106, Infantry, A. I. A., Hilo Island, Hawaii. My father, David M. Sims, Spanish American War Veteran. Mr. grandfather, William B. Sims, Civil War veteran.

So let's go and get this job done by giving not only the Army but the civilians the rubber they need by reclaiming all the scrap and the nonessential rubber products on the shelves of stores and in the warehouses of the big rubber dealers.

Can one man through prejudice, ignorance, or loyalty to some big rubber interests upset a program as outlined by me here? Does he want to win a war or prolong a soft job? I don't know. It is beyond my comprehension. I am a peace-loving man and will be happy when my boys come home to me and my wife, who saw me go to the Army a week after we were married. Now, the only children she has, two sons, are in the armed forces of the United States.

The man I refer to here is Robert T. Williams, priorities specialist of the War Production Board, who, I understand from reliable authority, says no reclaim plant for Texas.

(Thereupon ensued informal discussion at the conclusion of which the following occurred:)

The CHAIRMAN. Now, Mr. Williams, in his testimony here this morning denied that he obstructed you in any way and indicated that he tried to be most helpful to you.

Mr. SIMS. What would you call this, Mr. Chairman, when a man is head of a department, or he is head of a bureau, when an associate from Oklahoma, Mr. Shea, and myself walked in and said, "Mr. Williams, to whom do we present this," and he said "You present it to Mr. Otis R. McClintock." Congressman Mike Monroney is a friend of Mr. McClintock, and also a friend of James J. Shea. He knows him very well, and we went over to Mr. McClintock, and he said, "Fellows, I am not in rubber, I am in oil. Somebody has misdirected you, but I will make some calls and find out whose hands you should be in at this time." He called Donald Nelson and found out that the man who should do the handling of our project was Robert T. Williams. We went back to Mr. Williams and said, "Do not send us all over Washington; you just have sent me around five or six times. Mike Monroney is sore about it. That man is in oil, and you are the man, according to Donald Nelson, to decide" and he said, "Well, I guess I am the fellow." There that man is in a position when he does not know what his job is, or else he sent us to the wrong person. If he does not know what his job is, then why should the Government pay him $5,600 a year? You gentlemen know you are a Congressman, and you are supposed to know what your job is. Your constituents pay you for being here as representatives of their part of the country. If that is not obstruction I do not know what is.

Mr. MCGEHEE. What was his attitude?

Mr. SIMS. Each time I would come over he would say, for instance, one time he could never O. K. that with new machinery, what can you do about used machinery. I went to Akron, Ohio, New York, Rhode Island, Freemont, Ohio, Findlay, Ohio, and Auburn, Ind., to interview rubber experts, and have earmarked enough used machinery that would be used for handling this reclamation plant. And I have letters from dealers saying that they could make delivery within a certain period of time, and they would make definite commitments on reclaiming machinery to turn out 40,000 tons a year. I was not in his office 1 hour until the War Production Board issued an order freezing all used machinery in the hands of dealers. Is that obstruction?

The CHAIRMAN. Of course, that looks bad, but that may be coincidental.

Mr. SIMS. O. K., we will pass that one. Then he had it in his jurisdiction to pass on this particular deal. It was up to him. He could have said, "O. K., I am going to give you a letter." We had our finances arranged, an arrangement made with the president of the Rubber Reserve and the Reconstruction Finance Corporation. He could have passed on that, but instead of that he sent us to Dr. Rogers. Mr. Shoults, Jim Shea, and I walked into Dr. Rogers' office. This was on a Monday, and he said, "Fellows I have got your prospectus here, but I just came back on the job here today. I have been away for a month, and I have just gotten back. I would like to take it home and study it." I said all right. We set a time for meeting him the next day. I go in and talk to Rogers with Mr. Shea, and his attitude was just as different as day from night. He took the thing and said "Who compiled this thing or made that up for you?" I said that was made by some of the best brains in this country as pertains to rubber. I have had various engineers, some of the best men in the country who have spent their whole lives in rubber, to build this thing up. He said, "If I had a student in college put this on my desk I would kick him out of school." He said the way this is compiled I would not even try to look at that thing. He said, "I am going to call in our Mr. J. H. Davidson, who is an industrial expert of the War Production Board." Mr. Davidson, came in, and Rogers said, "Gentlemen, this is Mr. J. H. Davidson, who, in my estimation, is one of the outstanding reclaim experts in this country. I think he is a good man. I am going to be guided by what he thinks of this thing and his recommendations." Davidson sat down and he did a pretty fair job of tearing the whole thing apart, but he was not sincere in that meeting there telling us how far off we were and that we could not make rubber. I said, "Doctor, how could I prepare a brochure so that you could digest it?" Three of us were sitting there with him, Jim Shea, myself, and Mr. Davidson. He said, "I will name three men, engineers competent to make a report, and they are specialists in their field, and you can have the services of any one of these three men for a fee of $50,000, and they will prepare one that I can digest, and I will know what your requirements are." To that Mr. Davidson spoke up and said, "Boss, how about me getting a leave of absence and taking the assignment myself at that fee," and the Doctor thought a minute and said, "Or Davidson here, he is a good man, you could pick him. He is very good on reclaiming plants." I picked my stuff up and left.

I made arrangements for Mr. Davidson to have dinner with me the next evening, and when he came to the hotel I said "What is wrong with this deal of ours; have we been hoodwinked that far; I am not a rubber man; are we that far off on this thing?" He said, "No, you have a good proposition there; you have a perfect set-up. I would make one suggestion, cut this from 40,000 tons a year to 25,000 tons a year, because the machinery would be sized up better for 25,000 tons a year than 40,000 tons." He said, "It is one of the nicest deals that has come over our desk." I said, "Why did you tear it apart?" He said Robert T. Williams came to him and said, "Davidson, here is a deal that come from Texas. The people behind it are O. K., and Jesse Jones is apparently interested in it.

You are going to have to kill this thing. There are not going to be any reclaiming plants put in." Davidson said Williams wrote four or five letters, and the fourth or fifth one was finally accepted. In it was the reason, he said, for kicking it out, that we were bums, and racketeers, and stock promoters. It was a steal on the face of things. We were getting money from the Reconstruction Finance Corporation, and that is why our deal was not allowed to pass, because of a letter from Williams saying it had to be killed. Do you call that obstruction?

Mr. Helburn who was Coordinator of Rubber told me that there was a terrific shortage of scrap in one breath, and in another breath he turned to his superior, Dr. Rogers, and said, "what am I going to do with this junk dealer in Yuma, Ariz.? He has 300,000 tons of rubber and needs to get his money back from it."

The CHAIRMAN. Did you ever say to Mr. Williams at any time that this thing ought to go through because the people behind it are powerful enough to demand a congressional investigation?

Mr. SIMS. No, sir; here is where this comes up. After Mr. Davidson and Rogers got through with it I went to Mr. Fritz Lanham's office, and he said let us go down and see Mr. Newhall, and he explained the whole thing to him, and he said, "You say there is a lot of scrap down there; why don't you go back home, strip it in your plant, and ship on East to the reclaimers, and if you show that there is more scrap than we need in the East we will probably consider a reclaiming plant?" He did send us over to Mr. Miles Standish, of the Reconstruction Finance Corporation, who was head of the Metals Reserve Section. He said it would have to be started over in the War Production Board and then bring it to us. After getting back to Fort Worth I sat down and wrote Arthur B. Newhall a letter and said I was ready to go ahead on the deal he suggested, but he never even answered the letter.

After Davidson told me these various things I went down to Mr. Lanham's office and said, "What can we do to get that through the War Production Board?" I talked to him, and I lost my temper a little bit, and said, "I am going down there." He said, "Do not do that; I do not want you to go over there at all." After trying for an hour we finally got Robert T. Williams on the phone. I said, "Williams, you have told me all along, you told me you would do everything to get a report out," and I said, "Why did you have Davidson do so and so?" He said, "That is one thing that I would welcome a congressional investigating committee acting on or a Senate investigating committee." I said, "Fellow, you are likely to get one, because when you attack people behind this project with the words that Davidson said you used about us, it will all come out in a congressional committee, because we are not bums, racketeers, or stock promoters at all. We are good people, and our record will stand up."

The CHAIRMAN. When you were first asked up to see Williams, who was with you?

Mr. SIMS. You mean pertaining to this?

The CHAIRMAN. Yes.

Mr. SIMS. James J. Shea.

The CHAIRMAN. James J. Shea?

Mr. SIMS. Yes, sir; James J. Shea. That is all in here, and his address and everything.

The CHAIRMAN. Was he with you on the visits you made thereafter?

Mr. SIMS. Yes, sir; he was there three times.

The CHAIRMAN. Every time you saw Williams?

Mr. SIMS. Yes, sir; every time I saw Williams.

The CHAIRMAN. Would he testify to Williams saying the same thing?

Mr. SIMS. Absolutely.

The CHAIRMAN. Is he available?

Mr. SIMS. I called him on long distance Monday evening. Jim is 36 years old and he has been trying to get a commission in the United States Naval Air Corps. Mike Maroney told him to go to Dallas about it and be there Thursday. So that he had to be there Thursday and could not make this trip, but he is willing to come any time. He is in Dallas today on this naval commission.

Mr. MCGEHEE. Davidson came to your hotel and had dinner with you?

Mr. SIMS. Yes, sir; Davidson came to my hotel and had dinner with me.

Mr. MCGEHEE. And you talked over this matter with him at that time, and he said it was O. K.?

Mr. SIMS. Yes, sir; it is all in this statement to verify it, the statement before the chairman, the way he would testify.

Mr. MCGEHEE. And that was just the opposite of the statement he made in the presence of Dr. Rogers?

Mr. SIMS. Positively, he took the thing apart before Dr. Rogers.

Mr. MCGEHEE. Davidson since has been let out?

Mr. SIMS. Davidson sent in his resignation. I have a statement from Davidson saying he was going to quit there because of things like this, that he had to pass up good deals and O. K. bad ones.

Mr. MCGEHEE. Whatever he did he could not excercise his own judgment, he had to take orders from Rogers and Williams?

Mr. SIMS. Williams is the kingpin over there.

Mr. MCGEHEE. He seems to have been with the Firestone people for a period of 7 months only, and then he had a W. P. A. connection, and was with the N. R. A., and had a few other governmental connections in the last 10 years as an economist.

Mr. SIMS. My family has always been with the Government, too, but we happen to be soldiers. I have two boys in the Army, and my father is a Spanish-American War veteran, my grandfather is a Civil War veteran, and I am a veteran of the World War.

Dr. REED. Did you have a meeting with Mr. Davidson and Dr. Rogers at the Washington Hotel?

Mr. SIMS. No; that was an error. I never said that in my testimony that I saw Dr. Rogers in the Washington Hotel. I invited Davidson to the Washington Hotel for dinner, but Rogers I only saw him twice; the first morning, and when I went in the second time on Tuesday.

(At this point there was informal discussion off the record, at the conclusion of which the following occurred:)

The CHAIRMAN. Mr. Simpson, as to the personnel of the various companies having to do with rubber. I understand that you have a list showing that most of the key positions are occupied by members of the Big Four in the rubber industry. Will you give the committee that information?

FURTHER STATEMENT OF ELLIOT E. SIMPSON, DIRECTOR OF L. DREXSAGE CO., NEW YORK, N. Y.

Mr. SIMPSON. I will be happy to do it.

The CHAIRMAN. Have you a copy of that list giving the background of these people?

Mr. SIMPSON. Yes, sir; I have.

The CHAIRMAN. Will you submit that for the record?

Mr. SIMPSON. Yes, sir; I will.

(The list referred to is as follows:)

Mr. SIMPSON. And I have a few observations to make in that connection.

The CHAIRMAN. What are your observations?

Mr. SIMPSON. That the Big Four companies—B. F. Goodrich, Firestone, Goodyear, and U. S. Rubber—have men in every key position in the governing bodies. For example, the Advisory Committee of the Rubber Reserves has the chairman of the board of the Goodyear Tire & Rubber Co. on it, Paul Litchfield; Mr. Collyer, president of B. F. Goodrich; Harvey Firestone, president of the Firestone Tire & Rubber Co.; Mr. Davis, chairman of the board of the U. S. Tire & Rubber Co.; and Mr. Johnson is connected with the Ford Motor Co., and closely allied with the Firestone Tire & Rubber Co. in rubber. In your Office for Emergency Management we have A. Edgar Viles, Chief of the Rubber Division, who handles all of the rubber and rubber reserve business, who is a $35,000 a year employee of the Rubber Manufacturers' Association, the dues of which are paid by the Big Four to the amount of 85 or 90 percent to maintain this association, and who govern, through the board of directors, the entire movement of this manufacturers' association. We have as executive assistant of Donald Nelson, Sidney Weinberg. He is on the executive committee of B. F. Goodrich, or on the board of directors and the executive committee of Sears, Roebuck Co., and the senior partner of the banking firm of Goldman-Sachs & Co. that finances Sears Roebuck & Co., B. F. Goodrich, Goodyear Tire Co., and so forth.

We have as the rubber czar and coordinator, Arthur B. Newhall, who claimed that he resigned from B. F. Goodrich in 1939 in all of his press statements, but he only resigned from B. F. Goodrich several weeks ago, from their executive committee and the board of directors. We have in charge of conservation of the War Production Board, Lessing Rosenwald, of Sears Roebuck & Co. and in charge of rubber conservation, Mr. Carpenter, loaned to the Government at $1 per year by B. F. Goodrich, where he is chief technical manager.

The CHAIRMAN. Have you a list there?

Mr. SIMPSON. Yes; I have a list showing these men in all of the departments.

The CHAIRMAN. If you can give us that list we will make a copy of it and return it to you, Mr. Simpson.

Mr. SIMPSON. Yes; I will submit it for the record.

The CHAIRMAN. How many are there on that list?

Mr. SIMPSON. On the list there are shown 58, but there are a number of others.

The CHAIRMAN. And on this list you give their positions?

Mr. SIMPSON. Yes; I give their positions in the Government service as well as their positions with the Big Four companies.

The CHAIRMAN. And it shows that all of the important positions in the Government service in connection with rubber are held by men formerly or presently connected with the Big Four?

Mr. SIMPSON. And their advisers and assistants are with the big companies.

Mr. SAUTHOFF. Can you tell us the rubber set-up in the War Production Board and in the various different bureaus and divisions?

Mr. SIMPSON. I can give you a general idea of it.

The CHAIRMAN. Is that not all in this list you are going to give us now?

Mr. SIMPSON. The names are but not the bureau set-up.

Mr. SAUTHOFF. No; not the bureau set-up, and that is what I would like to have.

The CHAIRMAN. Can you give us that more accurately other than just stating it; have you anybody who can make up a list of that kind?

Mr. SAUTHOFF. Yes; I would like to have that from the Coordinator down.

Mr. SIMPSON. Yes.

(The list referred to is as follows:)

Czar of War Production Board: Donald Nelson; Sidney Weinberg, assistant (B. F. Goodrich Co.-Goldman Sachs Co.).

Chief of War Production: Lieutenant General Knudsen; Lucius D. Tompkins, assistant (United States Rubber Co.).

Army: Rubber conservation program of Army Quartermaster Corps, Motor Transportation Division, S. P. Thatcher (United States Rubber Co.).

Lend-Lease: John L. Pratt (United States Rubber Co.).

Navy: Coordinator of Research and Development, Jerome C. Hunsorer (Goodyear Tire & Rubber Co.).

Rubber Reserve Advisory Committee: Jesse Jones, Director; John L. Collyer (Goodrich), Paul W. Litchfield (Goodyear), F. B. Davis (United States Rubber), Harvey Firestone, Jr. (Firestone), A. Johnston (Ford Motor Co.), Dr. Bicknell, Chief (United States Rubber Co.), Mr. McCoombs, assistant (United States Rubber Co.).

Department of Transportation: E. A. Roberts (Firestone Tire & Rubber Co.).

War Labor Board: Cyrus S. Ching (United States Rubber Co.), also on National Defense Mediation Board.

Office for Emergency Management: A. L. Viles, Rubber Chief (Rubber Manufacturers Association).

Panel of Arbitrators of American Arbitration Association: Col. David M. Goodrich (Goodrich).

Rubber Coordinator and Czar: Arthur B. Newhall (B. F. Goodrich Co.); Alden C. Brett, assistant (B. F. Goodrich Co.); H. C. Bugbee, statistician (B. F. Goodrich Co.).

Conservation: Lessing J. Rosenwald (Sears Roebuck), Arthur W. Carpenter (B. F. Goodrich Co.).

Purchasing: Ed. M. Martin (Goodrich); Charles Sheldon (Goodrich).

War Production Board Regional Labor Supply Commission, T. G. Graham (B. F. Goodrich Co.).

Priorities: Robert T. Williams, Chief (Firestone); Casper Wister, Deputy (Goodyear).

Division of Civilian Supplies: J. E. Hutchman (United States Rubber).

Bureau of Clearance of Industry Advisory Committee: T. Spencer Shore (General Tire).

Rubber Branch Chief: Dr. Harry S. Rogers; H. V. Browne, assistant (Goodrich).

Contract Division: Lee J. Borhofen (Goodyear).

Crude Rubber: Alden C. Brett, Chief (Goodrich); James C. Roberts (Firestone).

Technical Section: Arthur Nolan (United States Rubber).

Departmental Chief: M. J. Span (United States Rubber).

WAR PRODUCTION BOARD

Automotive Bureau of Industry Operations: D. J. Hutchins (Firestone).

Rubber Advisory Committee: A. L. Viles (Rubber Manufacturers Association); J. J. Newman (Goodrich); H. E. Smith (United States Rubber); J. W. Thomas (Firestone); Paul W. Litchfield (Goodyear); William O'Neil (General).

Consultant: T. Spencer Shore (General Tire).

Labor Problems: Fred W. Climer (Goodyear); H. B. Spencer (United States Rubber); Harold B. Leland (Goodrich).

Agent: Cyrus S. Ching (United States Rubber).

Mechanical Rubber Goods Industry Committee: D. E. Harpfer (Goodyear), Willard H. Cobb (United States Rubber).

War Production Board Miscellaneous: H. P. Protheroe (Goodyear), A. W. Phillips (Goodrich), Arthur B. Jones (Goodrich), Harold Gray (Goodrich), E. L. Schmock (Goodyear), L. H. Ross (Goodyear).

OFFICE OF PRICE ADMINISTRATION

Tire Rationing Board: H. R. Ryerson, in charge of Quota Division (Goodyear) (just committed suicide); P. E. Hanaver (Goodyear); E. L. Gell (Goodyear); William S. Richardson (Goodrich).

Divisional Quotas and Rationing Schedules: M. H. S. Jones (Goodrich), Foster O. Slutz (Goodrich), J. Chester Ray (United States Rubber).

Rubber Section, Division of Accounting Analysis and Review: Johns Bartlett, Chief (Firestone).

Chief of one of Office of Price Administration's divisions: Willis C. Behoteguy (Goodrich), E. C. Leach, assistant (General).

Tires and Tubes Price Unit of Rubber Products Section: Dr. Leigh; E. C. Leach, assistant (General).

Miscellaneous: Ralph Wolf (Goodrich).

(At this point the committee went into executive session, at the conclusion of which an adjournment was taken at 1 p. m., subject to the call of the Chair.)

PROCUREMENT OF RAW NATURAL RUBBER, ETC.

TUESDAY, JUNE 9, 1942

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE
COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES,
Washington, D. C.

The subcommittee met pursuant to call, at 11:15 a. m., in the committee room, the Honorable Andrew L. Somers (chairman) presiding.

Present: Congressmen Somers (chairman), Sauthoff, and Reed of Illinois.

The CHAIRMAN. The committee is called to order. Mr. Davidson is presented.

STATEMENT OF J. H. DAVIDSON, FORMER INDUSTRIAL SPECIALIST WITH THE WAR PRODUCTION BOARD

The CHAIRMAN. State your name and occupation for the record.

Mr. DAVIDSON. J. H. Davidson. I was industrial specialist for the War Production Board—the only one on the Board. I resigned as of last Monday from the War Production Board.

The CHAIRMAN. While you were industrial specialist for that Board, would you mind telling us just what your duties were, Mr. Davidson?

Mr. DAVIDSON. I was first hired to analyze all cases pertaining to any machinery required for the manufacture of rubber, with the understanding that I would probably be sent around the country to make sure that the various companies were using their equipment to the best advantage in behalf of defense. However, the job turned out mostly to be nothing but a glorified clerk. I was turned over these cases, probably averaging 80 to 100 a day, the PD–1–A's, at first. Those are the small individual cases, and I was then given the projects in addition to these PD–1–A's. A project was a request for the increase of plant facilities or additions to buildings or new buildings which run into several hundred thousand dollars usually in most cases, which required steel, copper, brass, and all different types of materials, and you have to break them down into the various divisions, and then it is your job to write up the story, give it a rating, and then go to the various divisions and get signatures of approval of the release of this material.

I was well advised—I was advised, at least—to never hold up any of the cases pertaining to Firestone, Goodrich, Goodyear, or United States Rubber Co. Those definitely had to be carried in my own hand and not left on the desk to anybody. In other words, that I should take them and get the signature and bring them back. Until I could

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do that I was to hold them in my hand constantly. Two signaures from each division were required—the priority specialist and the priority analyst.

Each day I was checked up on the major cases and the other smaller cases, the other cases for the smaller companies, which were just as important, they could go through the mail and take 5, 6, 8, or 10 weeks—lots of them went as long as 3 months.

The CHAIRMAN. Who was your immediate superior?

Mr. DAVIDSON. Robert T. Williams was my boss.

The CHAIRMAN. From whom did you get the directions to expedite the cases you referred to?

Mr. DAVIDSON. Robert T. Williams.

The CHAIRMAN. Would you mind telling us exactly what happens to the proposal that comes to your department, from the minute it comes, and by whom it comes, right on until you dispose of it, and would you bring us right down the line to show us what happened.

Mr. DAVIDSON. Well, Firestone maintain an office in town, operated or headed by Paul Raish, whom I have met on a number of occasions. He has a man by the name of Ragan. Mr. Ragan brings the cases in, presents them to Mr. Williams, who turned them over to me in order to get a priority number, which we have to go into the Priority Division to get a number so it can be tabulated.

I would bring it back for the girl to enter it and charge it against our division, and from then I had to expedite it and keep it right in my personal possession until it was cleared up.

The CHAIRMAN. Now, at the time you would give this to the girl; what does she do, stamp it?

Mr. DAVIDSON. Stamps the date of the arrival.

The CHAIRMAN. And she makes a record of that particular proposal having arrived?

Mr. DAVIDSON. Yes. And I even had to spend hours and hours and hours down in the Priority Clearance Division to get a final. You see, it has to go through us first and then priority clearance has to pass it out; and, where we did not do it in any other cases, I had to stay and sit with them for hours lots of times in order to wait for these gentlemen to analyze the case. After I had final signatures, I then had to get it out, and in some cases I even mailed them myself.

The CHAIRMAN. Why did you have to wait?

Mr. DAVIDSON. I had to stay with the cases.

The CHAIRMAN. Why?

Mr. DAVIDSON. Because I was told to.

The CHAIRMAN. By whom?

Mr. DAVIDSON. Mr. Williams.

The CHAIRMAN. Just what did he tell you?

Mr. DAVIDSON. Not to let that case out of my hands, and to stay with it, and lots of nights I was up there till 8 or 9 o'clock, if these departments were open, waiting for their final signature.

The CHAIRMAN. Do you mean to tell us that if a Firestone request came through, that Mr. Williams' instructions were that you were to remain there up until 8 or 9 o'clock?

Mr. DAVIDSON. I very seldom got out of there before 10 o'clock at any time at night.

The CHAIRMAN. You had to clear it that day?

Mr. DAVIDSON. I had to clear it as soon as possible. If I could not get signatures, I had to stay and wait and go right along on it the next morning. In the meantime I would have 75 or 80 cases waiting on my desk. They were minor cases, possibly. I mean some would run into $3,000 or $4,000, but they were the individual requests from smaller companies who used to put them in in that way, but on the major cases from the Big Four I had to stay right with them until I got them cleaned up, and that is why I would have to work until 8 or 9 o'clock at night cleaning up the smaller cases and expediting them, and in expediting them you only make your recommendation and do not have to carry them around. Those go through the regular routine of the mail and, as I say, the Hewitt Rubber Co., people like that, who had just as good major cases, new boiler plants, and so forth, those were just written up by me and put through the mail. They were not expedited personally.

The CHAIRMAN. But you were the man in charge of all the projects?

Mr. DAVIDSON. I had charge of all the projects.

The CHAIRMAN. And it was assumed to be your duty to approve or disapprove all of these projects?

Mr. DAVIDSON. Yes. I had to to write up the story as to whether they could be approved or whether they could not be.

The CHAIRMAN. How many other men were in that Division with the same authority?

Mr. DAVIDSON. I was the only one who handled projects after I was there the first month. Try to make sure that word is "project." There is a difference between "project" and "priority application." A "project" is a major expenditure.

The CHAIRMAN. Who handled the priority applications?

Mr. DAVIDSON. They had several. They had three other analysts.

The CHAIRMAN. They had three others?

Mr. DAVIDSON. Analysts on the smaller cases.

The CHAIRMAN. You did not get any of those; did you?

Mr. DAVIDSON. Oh, yes; I had 75 to 80 a day.

The CHAIRMAN. Along with the projects you described?

Mr. DAVIDSON. Along with the projects; that is right. That is why I very seldom got out of that place before 10 o'clock at night.

The CHAIRMAN. You were supposed to approve or disapprove these cases; were you?

Mr. DAVIDSON. Yes; on the small ones I could approve or disapprove; that is right; but all of them were signed by Mr. Williams, even though you approved or disapproved it. Some you were told to disapprove, and some you put through in your own regular manner, whether you thought it was just to grant it.

The CHAIRMAN. You were in the habit of taking certain ones and saying, "Approve that"?

Mr. DAVIDSON. Well, he would take exception to lots of your approvals on the smaller cases, and they would write a letter. Then you would have to write a letter of denial.

The CHAIRMAN. Did he ever tell you to approve one, against your judgment?

Mr. DAVIDSON. Yes; several.

The CHAIRMAN. Can you recall any particular one that he had you approve against your judgment?

Mr. DAVIDSON. Well, there is one, a Firestone, on that kitchen equipment for the Akron plant, increased the kitchen equipment. I went to him and told him that I definitely could not understand why we should put metals and materials of that nature into kitchen equipment at this time, when the Government was curtailing or when the Government required such vital materials as metal for their own use.

The CHAIRMAN. Where was this plant?

Mr. DAVIDSON. Firestone, Akron.

The CHAIRMAN. Firestone, Akron?

Mr. DAVIDSON. Akron; that is right; the Akron plant of Firestone.

The CHAIRMAN. The Akron plant?

Mr. DAVIDSON. They wanted to increase their kitchen equipment for feeding the help.

The CHAIRMAN. And that came into your Rubber Division, under what?

Mr. DAVIDSON. Because of the Firestone being a rubber plant. Anything pertaining to a rubber factory came through us regardless of what the material involved was.

The CHAIRMAN. In that particular case, you were able to clear it right away?

Mr. DAVIDSON. I denied it, but he said it was essential.

The CHAIRMAN. He said it was essential?

Mr. DAVIDSON. And checked the request as "essential" and sent it through, and that would go to the metals and the metal divisions—the Iron and Steel Division; but it went out of our Division as absolutely being essential.

The CHAIRMAN. Why did you think it was not essential?

Mr. DAVIDSON. Because I do not think that type of material should be used for an extension of a restaurant at this particular time. The Government needs materials of that nature for their own use.

The CHAIRMAN. Have you any other illustrations?

Mr. DAVIDSON. I do. If I had tabulated them, I would have plenty of them. I denied several cases, where I was ordered to reinstate them.

The CHAIRMAN. On this particular one, you withheld your recommendation?

Mr. DAVIDSON. I denied it. I even went so far as to write a letter of denial in the case. Of course all letters written are over his name.

The CHAIRMAN. You wrote a letter of denial?

Mr. DAVIDSON. Yes.

The CHAIRMAN. Did he sign that letter?

Mr. DAVIDSON. No; he tore the letter up.

The CHAIRMAN. He tore the letter up, and then he approved it?

Mr. DAVIDSON. He approved it.

The CHAIRMAN. You were in the habit of going around and getting certain approvals?

Mr. DAVIDSON. Not on that particular type of case, but on others. That was about thirty-three or thirty-four thousand dollars, and that came in just as an expansion, or just equipment.

Mr. REED of Illinois. May I ask a question?

The CHAIRMAN. Yes; I wish you would.

Mr. REED of Illinois. I understood you to say a little while ago that these cases required both your signature and Mr. Williams'.

Mr. DAVIDSON. What I have to do—if I only had one of these PD–1–A's here I could show you—I had to mark it "essential," "urgent," or "important." There is a string of notations. Now I check off, if I think it is essential, I check it; if I think it is urgent, I check it; and I had to sign my signature there, my initial, cross it off up here; and it goes to his desk, where he stamps his name. He puts a rubber stamp on it. It is a double rubber stamp, consisting of Newhall's name and Mr. Rogers' name, and one signs for Newhall, and one at the desk signs for Rogers, and by Wooster, and it is sent around, and a fellow by the name of Perry or Hicks signs it.

Mr. REED of Illinois. In this particular case of the Akron Firestone people, you say you denied it?

Mr. DAVIDSON. I denied it.

Mr. REED of Illinois. And then he tore up the letter?

Mr. DAVIDSON. He tore up the letter of denial.

Mr. REED of Illinois. Then these papers did not save your signature or your approval on it?

Mr. DAVIDSON. That is right; because my signature was crossed off, and it was marked "essential."

Mr. REED of Illinois. So that they went through with your signature scratched out?

Mr. DAVIDSON. That is right.

Mr. REED of Illinois. And marked by Mr. Williams?

Mr. DAVIDSON. "Essential."

Mr. REED of Illinois. That is all I wanted to get at.

Mr. DAVIDSON. And it was definitely not essential.

Well, the whole thing—I came down here very very much misled to begin with about my requirement, and then when I found out that I was working for a division which was headed by a man who knew absolutely nothing about the rubber game in any shape or manner——

The CHAIRMAN. Just at that point, what is your experience with rubber?

Mr. DAVIDSON. I have been 27 years with nothing but rubber and on rubber machinery, and we would sell rubber machinery. The Farrell-Birmingham Co., the largest manufacturers in the world of rubber machinery and other heavy machinery, demand that the man who was their sales representative on the road not only can sell the material but he can go out and help operate it, and operate it, and I could run, and can run, any mill or colander in the United States today, including improved strainer, and can go out and operate it.

The CHAIRMAN. Are you an engineer?

Mr. DAVIDSON. Not a graduate engineer; no.

The CHAIRMAN. But you have had considerable engineering experience?

Mr. DAVIDSON. I had studied very hard and spent a lot of time in night school at Yale when I was younger.

The CHAIRMAN. Have you ever done any construction work as an engineer?

Mr. DAVIDSON. That is all I had done.

The CHAIRMAN. Reclaiming plants?

Mr. DAVIDSON. Yes, sir.

The CHAIRMAN. A good many?

Mr. DAVIDSON. Yes, sir; I have started right from scratch and laid out a good many of the operating plants in the country that are now in operation. I can name them to you. Take the Cormack Rubber Co., which is the largest reclaimer, as far as quality is concerned and poundage, outside the United States Rubber, Noroton, Conn. I laid out that plant. They are the largest producers of poundage in the country. I laid out the Car Manufacturing plant in Rhode Island, rubber thread plant, from scratch, started with an open lot, and they are the largest rubber thread manufacturers in the world right now, if there could be any business. I was manager for that plant the last year before I came here, and that is why I came to Washington. The Government cut our rubber off, so I came in here to see what this was all about, at the request of Walter Juby, who worked for me as manager of the Akron Golf Ball Co., in Akron, Ohio, selling golf ball tape to the golf ball industry, and I think a check-up with anybody pertaining to the rubber industry will give you more about my ability and knowledge than I prefer to do myself.

The CHAIRMAN. Are you acquainted with Mr. Harold Sims?

Mr. DAVIDSON. Yes. He is the gentleman that caused a lot of grief as far as I was concerned. To a certain extent it was not grief. I was forced to do certain things that in my previous training were unethical as far as I was concerned.

The CHAIRMAN. Just how do you mean that, Mr. Davidson? How did you first meet Mr. Sims?

Mr. DAVIDSON. The first time I ever met Mr. Sims was in Mr. Rogers' office.

The CHAIRMAN. Mr. Rogers' office.

Mr. DAVIDSON. Mr. Rogers' office.

The CHAIRMAN. And who was Mr. Rogers?

Mr. DAVIDSON. Mr. Rogers is Mr. Williams' superior.

The CHAIRMAN. What was his title?

Mr. DAVIDSON. He is directional chief on rubber and rubber products.

The CHAIRMAN. And that is where you first met Mr. Sims?

Mr. DAVIDSON. That is right.

The CHAIRMAN. How did that meeting come about?

Mr. DAVIDSON. Well, I was handed a folder one day by Mr. Williams that contained quite a lot of paper, just had arrived apparently through the mail, and I was told that. Mr. Roberts or Mr. Williams handed me this folder. It was not a folder, it was an envelope, brown envelope, with a lot of papers, and so forth in it, blueprints, photographs. I do not think he had opened it. He said, "Here is a red hot case that is loaded with dynamite, and he sent us back to Jesse Jones and another bunch of racketeers from down at Forth Worth, Tex." He said "You analyze it and definitely kill it."

Well, I went through it. I could not see that it was quite as sour as it had been pointed out to me, but I went to Mr. Williams

and I said, "Were you fooling, or has this thing definitely got to be killed?" He says, "Definitely got to be killed."

The CHAIRMAN. You say it was not "as sour"?

Mr. DAVIDSON. I thought that I had something that was definitely sour, but the outline of the equipment as laid out and the amount of production and so forth, there were one or two slight discrepancies naturally—any survey will have that—but as far as the project itself was concerned, it was sour, yet I wrote a two and one-half page report and killed it; so after I wrote out my report and took three copies of it to Mr. Williams, with the project itself, he said, "These gentlemen will be in tomorrow," and I think that was going to be on a Wednesday, I am not sure, I do not remember that. He said, "You will probably get a call from Dr. Rogers to take them in." I said to him, "I think you are the boy that should handle this, inasmuch as you are the one that wants it killed," and he said, "Hands off! as far as I am concerned. There's too much dynamite in that."

So the following day I was called by Dr. Rogers to come into his office, and it was before these gentlemen from Fort Worth came in. There were two of them, Mr. Shea and Mr. Sims, whom I had never met before; and Dr. Rogers said, "I know nothing about this case. As a matter of fact, I know nothing about the report. You do the answering of the questions, and I will do the front-door work." And then shortly after, this Mr. Sims and Mr. Shea were admitted to the room.

The CHAIRMAN. And then what happened?

Mr. DAVIDSON. Well, he kind of ridiculed these two gentlemen for having such a silly proposal, that it was terribly put up, and made the statement that if he had any students in college that worked out a thing like that he would kick them out of school, or words to that effect; didn't use quite as good language. That is what he said. He then said that in order to get a proposition of this nature through it would be necessary for them to go through a real engineer. He said "in the United States there were four available engineers, of which I can name you three, that are the only competent engineers to put a job like this through, and if you get one of those three that I would name to work this thing up in the proper manner, I think you can probably get this thing cleared up."

The CHAIRMAN. That is the way he said it—"I think you can probably get it cleared up?"

Mr. DAVIDSON. "I think you can probably get it cleared up, but," he says, "it is going to cost you some money, because you can't get any one of these three men for less than $50,000 for their engineering knowledge." I said to him, "Well, why don't you give me a leave of absence, Boss, and I will take the job on for half the price?"

The CHAIRMAN. Do you consider $50,000 a fair fee?

Mr. DAVIDSON. Very, very high; very, very far out of the way.

The CHAIRMAN. Why would he suggest a $50,000 fee?

Mr. DAVIDSON. Well, Mr. Shea raised the question of the excessive amount that was requested for the fee, and he said, "Well, if you build a house for $15,000, you would expect to pay $1,500 for the engineering and the architect"; which is an entirely different proposition.

The CHAIRMAN. Now, you have had some experience you say in building reclaiming plants?

Mr. DAVIDSON. That is right.

The CHAIRMAN. As an engineer?

Mr. DAVIDSON. That is right.

The CHAIRMAN. What would you consider a satisfactory fee for the services?

Mr. DAVIDSON. Well, with the plant of this nature, the buildings all built, to begin with you haven't got to pay an architect or a man to do any designing of the building. In the second place it would take probably 6 weeks for one man to sit down and lay this plant out, and if I got $10,000 for the job I would be tickled pink, because I have laid them out for less.

The CHAIRMAN. Did you ever know of a fee of that size being paid for that sort of work?

Mr. DAVIDSON. No, never heard of it; never heard of it, for a plant of this nature. If you are building a large plant for Ford or something like that—yes; but a plant of this size, and this type, $10,000 would be a very fine salary, and I would take it on for $10,000 any day in the week.

Mr. REED of Illinois. Were the plans which he submitted drawn up by engineers, do you know?

Mr. DAVIDSON. Yes, they were.

Mr. REED of Illinois. Where are these engineers located?

Mr. DAVIDSON. I think they were located in New York City.

Mr. REED of Illinois. Do you know their reputation?

Mr. DAVIDSON. I am not too familiar with the particular engineers they had, but the plans as submitted were perfectly all right. I would say they must know their business.

Mr. REED of Illinois. What were the particular objections which you raised in your letter to Mr. Williams?

Mr. DAVIDSON. The inadequate amount of equipment involved, the plans as submitted were incomplete, and we would have to have a lot more information. Furthermore, they could not produce the amount of material with the equipment that they had requested. I made a mistake in not keeping a copy of that report.

Mr. REED of Illinois. How many reports did you submit to him?

Mr. DAVIDSON. Three; one for me, one for Rogers, and one for Newhall.

Mr. REED of Illinois. And when you first submitted your report, you gave it to Mr. Williams?

Mr. DAVIDSON. Gave everything we had to him. Nothing ever went out of there over our own signatures.

Mr. REED of Illinois. Was he satisfied with your report?

Mr. DAVIDSON. Very much. Not the first time, however.

Mr. REED of Illinois. You say "not the first time." What do you mean by that?

Mr. DAVIDSON. I had to rewrite it because it was not quite strong enough the first time.

Mr. REED of Illinois. Oh, I see. When you brought the first report to him, then, at whose request did you——

Mr. DAVIDSON (interposing). The first time, he asked me to rough out a report, you know; which was not adequate.

Mr. REED of Illinois. This was not a formal report?

Mr. DAVIDSON. That was not the final report, no.

Mr. REED of Illinois. Or formal report, I mean?

Mr. DAVIDSON. That is right; but the final was the 2½-page report.

Mr. REED of Illinois. When you roughed out the report, did you keep your notes or papers in regard to the report?

Mr. DAVIDSON. No.

Mr. REED of Illinois. Who has that?

Mr. DAVIDSON. "Miscellaneous" has everything.

Mr. REED of Illinois. So you made three altogether?

Mr. DAVIDSON. That is right.

Mr. REED of Illinois. And the third one was accepted?

Mr. DAVIDSON. Yes. I had made four.

Mr. REED of Illinois. Four?

Mr. DAVIDSON. The fourth one was accepted, and I gave him three copies of it; but he really wrote it, as far as that goes. After asking me to analyze the whole thing, he reworded and reworded and reworded to the point where it was——

Mr. REED of Illinois. After he had rewritten it and reworded it, did he submit it to you for you to sign it?

Mr. DAVIDSON. No. I never signed the report. He signed it.

Mr. REED of Illinois. Now, there is one other thing I would like to ask you, and that is: You mentioned earlier this morning concerning the fact that yu were called upon from time to time to follow these projects through.

Mr. DAVIDSON. Yes.

Mr. REED of Illinois. Did you have any general instructions in regard to following projects of that kind through?

Mr. DAVIDSON. I was told definitely.

Mr. REED of Illinois. Told definitely what, now?

Mr. DAVIDSON. The projects. Any project pertaining to the United States Rubber, Goodrich, Goodyear, or Firestone, to expedite personally. In other words, to stay with it "until you get the signatures." The other ones, after you write up the case, I give them to the girl. She clears them out of the department. Then they go through the regular routine of the mail, and they follow out the different divisions that are listed.

Mr. REED of Illinois. And who told you definitely to follow up the projects of these four?

Mr. DAVIDSON. Robert T. Williams.

Mr. SAUTHOFF. You stated a while ago that you could approve or disapprove the small cases?

Mr. DAVIDSON. That is right.

Mr. SAUTHOFF. If you had the authority to do that, then your time that you needed to spend on those was merely the time necessary to go over the application?

Mr. DAVIDSON. Yes; I could probably average 25 cases an hour on those, on the smaller cases.

Mr. SAUTHOFF. And that included both approval and disapproval?

Mr. DAVIDSON. That is right. Then they have letters of denial of different types of cases. In other words, they were form letters of denial. All you did was hand it to——

Mr. SAUTHOFF. Now I come to what I am driving at. If you could dispose of 25 cases both by approving and disapproving, then there could not be any delay in connection with them?

Mr. DAVIDSON. Not in the small cases. No. That is why they have the analysts, the men that they call "analysts" that handle the small cases and read all small cases pertaining to machinery and what they call the PD–1–A's form, which involved no real expansion other than repairs, maintenance, or a little increased capacity, but no real expansion.

Mr. SAUTHOFF. And these were projects that went up how high as to money expenditures?

Mr. DAVIDSON. Oh, some of them go up as high as $25,000.

Mr. SAUTHOFF. And those are classified as "small cases"?

Mr. DAVIDSON. That is right.

Mr. SAUTHOFF. Now, when it came to the large projects, was there any particular figure from which they came?

Mr. DAVIDSON. No.

Mr. SAUTHOFF. No minimum?

Mr. DAVIDSON. No; I mean there is no head nor tail to the beginning or starting of a project other than the fact that if you came in for a $100,000 or $150,000 request, on a PD–1–A, you would probably get a return through to you, asking you for a break-down and to list your materials.

Mr. SAUTHOFF. And that would be considered one of the large ones, so that it did not come under this routine of "small cases"?

Mr. DAVIDSON. That is right. They probably submitted on an average of 200 cases a day over there of the small cases.

Mr. SAUTHOFF. You referred to "analysts."

Mr. DAVIDSON. "Analysts," yes.

Mr. SAUTHOFF. If you received 80 or 100 cases, let us say, a day, would you sort them and parcel some of those out to the analysts?

Mr. DAVIDSON. I was considered, even though my title was "industrial specialist," I also did a lot of analyst work. I used to average, I would say, 75 cases a day myself; the small ones.

Mr. SAUTHOFF. Well, did you parcel any of this work to any of these other fellows?

Mr. DAVIDSON. No, no.

Mr. SAUTHOFF. How did they get their jobs?

Mr. DAVIDSON. Most all of them, I find, had been ex-salesmen for rubber companies, and who know nothing about construction or reclaiming characteristics of the rubber products that they are passing on.

Mr. SAUTHOFF. I understand that, but how did they get the cases that they analyzed?

Mr. DAVIDSON. They are classified; the mechanical cases—a man by the name of Span is supposed to be the mechanical man on packings, hose, and material of that nature. They have just given him three new assistants, and he was a salesman for the United States Rubber Co. Two of his assistants are ex-salesmen for Manhattan Rubber Co.

Mr. SAUTHOFF. Then the analysts were classified as to certain spheres of activity in the business?

Mr. DAVIDSON. That is right; like the tires. They have an ex-Goodrich man on tires.

Mr. SAUTHOFF. And they would be assigned these particular applications that came in under their division?

Mr. DAVIDSON. That is right; that is right.

Mr. SAUTHOFF. I see. All right. I am trying to get the workings of the office here.

Now you mentioned that you recalled this case of Firestone's kitchen application, and that you reported for rejection but were reversed on it?

Mr. DAVIDSON. That is right.

Mr. SAUTHOFF. Now, can you recall offhand any other cases of a similar nature that you reported for rejection and were reversed?

Mr. DAVIDSON. Well, there are enough of them; I passed through so many.

Mr. SAUTHOFF. Let me make this suggestion, Mr. Chairman: If some cases should come to him, let him write the Chair and give a reference to them, so that in the event we should want to examine the files we would know definitely what cases to look for.

The CHAIRMAN. Do you recall any boiler cases?

Mr. DAVIDSON. Yes; U. S. Rubber—Firestone Tire & Rubber, in Fall River, Mass., a plant that seemed very adequate. I found that so many times. They requested conversion of the two boilers from coal to oil—oil to coal; and that case came in, and I was told to expedite it immediately.

As a matter of fact, the Firestone man stayed right with me while I did it.

The CHAIRMAN. Who was that?

Mr. DAVIDSON. Mr. Redding. He works for Raish. I got as far as the Industrial Machinery Division, and they denied it on the basis that they did not want to have these various companies start to convert their boiler equipment, because of the consumption of metals, motors, and so forth, involved, in order to do it.

I came back to Mr. Williams, and he immediately called for Mr. Raish and had him call the Akron office and got an engineer down there the next day, and he spent 3½ to 4 hours of his own time with me.

The CHAIRMAN. Who—Williams?

Mr. DAVIDSON. Williams—Robert T. Williams did; went over with me to the Industrial Machinery Division.

The CHAIRMAN. Mr. Williams went over to the Industrial Machinery Division?

Mr. DAVIDSON. With me.

The CHAIRMAN. With you?

Mr. DAVIDSON. And spent 3½ or 4 hours.

The CHAIRMAN. You remember that definitely?

Mr. DAVIDSON. Definitely.

The CHAIRMAN. And he spent 3½ to 4 hours with you?

Mr. DAVIDSON. Yes; that is right, with this Mr. Williams—another Mr. Williams; I do not know his initials, here, who is priorities specialist in the Industrial Machinery Division; trying to persuade him to put a signature on this proposition; which he finally did.

Mr. SAUTHOFF. How long ago was that?

Mr. DAVIDSON. That is about 6 weeks ago. And then I had to sit with that case and get it typed up and written and cleaned up that night.

The CHAIRMAN. Mr. Williams' testimony, as I recall it, yesterday was very definite—at our last meeting—was very definite that he did not spend any time.

Mr. SAUTHOFF. Yes.

Mr. DAVIDSON. On what?

The CHAIRMAN. He did not spend any time in trying to prevail upon this Board to change its decision, nor did he contact that Board at any time. Does that change your testimony?

Mr. DAVIDSON. Not a bit; not a bit. He was right with me. He stayed right with me.

The CHAIRMAN. Who else was in your company at that time?

Mr. DAVIDSON. The engineer from Akron, Ohio—I do not know his name—that they sent in. He came down in the sleeper that night, the next night. Mr. Williams, myself, and the Mr. Williams that we were with, that finally, put his signature to it; he said, "Well, I am doing this against—under protest."

The CHAIRMAN. There are two Williamses; are there not?

Mr. DAVIDSON. Yes; the one that signed it in the Industrial Machinery, but not Robert T. Williams. He was with us.

The CHAIRMAN. What are his initials?

Mr. DAVIDSON. I really cannot tell you.

The CHAIRMAN. But he is in the Industrial Machinery Division?

Mr. DAVIDSON. He is priority specialist in the Industrial Machinery, and he is the one that held it up the previous day, and said that he just couldn't grant the conversion of equipment like that during this period, that the amount of materials involved he couldn't see were justified, so Robert T. Williams called up his superior that night to find out why a thing like that should be held up, and then we got in touch with the Akron office or the Washington office of Firestone and told them to have an engineer down here the following day; which they did have, and he came in; he did not even open up his brief case, because it was not a matter of engineering; it was a matter of decision, not engineering.

The CHAIRMAN. How was it finally decided?

Mr. DAVIDSON. They had it. They got it. I stated the case, and they mailed it out that night.

The CHAIRMAN. What argument did you use to prevail upon him to get the approval?

Mr. DAVIDSON. I did not use any argument. Robert T. Williams made the argument.

The CHAIRMAN. What arguments did he use?

Mr. DAVIDSON. That he thought it was a very just cause, because the Firestone Co. were working in behalf of Government requests to curtail on oil, and he thought it was well justified to let them use coal, and he thought it was a worthy project.

The CHAIRMAN. And that argument finally prevailed?

Mr. DAVIDSON. That is right.

The CHAIRMAN. But he made that argument personally?

Mr. DAVIDSON. That is right.

The CHAIRMAN. In your presence?

Mr. DAVIDSON. That is right.

The CHAIRMAN. To this Williams?

Mr. DAVIDSON. That is right.

The CHAIRMAN. And it was not in his office?

Mr. DAVIDSON. No.

The CHAIRMAN. What office was it?

Mr. DAVIDSON. Over in Mr. Williams' office, in Temporary E Building, eighth wing; Temporary E, third floor. That is where they were. They move in the night time. I do not know where they are now.

Mr. SAUTHOFF. To continue along that line, do you recall any other cases besides these two, the kitchen equipment and this conversion at Fall River, that you rejected, and he reversed you?

Mr. DAVIDSON. He reversed me on—give me a second, I think possibly I can dig one or two up.

Mr. SAUTHOFF. Let me make this suggestion, Mr. Chairman, that if others occur to Mr. Davidson, he will let us have them so that we can have them for the record.

The CHAIRMAN. Yes; that is a good suggestion, Mr. Sauthoff.

Did you ever have a case having to do with a project in Africa for Firestone?

Mr. DAVIDSON. Oh, yes. That was, also—that was for their plantation.

The CHAIRMAN. Would you give the details on that as you recall them?

Mr. DAVIDSON. Well, on the plantation, nothing was ever denied because it was agreed apparently somewhere along the line before it got to me that they could have anything they wanted.

The CHAIRMAN. What were they requesting?

Mr. DAVIDSON. They requested all types of mechanical equipment as well as a tremendous amount of kitchen equipment to go in their plantation, to a point where I said to Williams one day, "It looks as if they are going to feed the natives damned well down there with what they are asking." He said, "Well, they are living in a climate where they have got to be well fed."

The CHAIRMAN. How large a request was this in dollars and cents, would you tell us?

Dr. DAVIDSON. Oh, those African requests, every one of them—none of them would be under $100,000, none of them, and they were going through continuously.

The CHAIRMAN. And this particular request that you are talking about, do you remember the nature of that? What did they call that? Can you give us any of the details that you recall?

Mr. DAVIDSON. Well, it was all types of machinery. There was kitchen equipment there also, sticks out in my mind, because of the fact that I tried to deny it up here in Akron but could not, and that sticks out with me.

The CHAIRMAN. Who tried to deny it?

Mr. DAVIDSON. I did.

The CHAIRMAN. In Akron?

Mr. DAVIDSON. For the Akron. I tried to deny it for the Akron. Of course, fire hose and all such materials as that which probably are essential down there, I do not know, but I would say that we had put through for the African, for the Firestone plantations, in the 3 months that I was there 250 to 300 requests which had been approved.

The CHAIRMAN. How much money would be involved in those, have you any idea? Can you give us an estimate?

Mr. DAVIDSON. I would say at least $1,000,000.

The CHAIRMAN. What was there about these requests that struck you as being unreasonable?

Mr. DAVIDSON. Well, the various types of materials at this particular time. I wish I could—additions to toilet facilities, which involved $80,000 to $90,000; the type of construction of the buildings, which was questioned by the Steel Division, for the amouns of steel involved, to build buildings of that nature out there at this particular time. In other words, they could have, in the estimation of the steel people, constructed a building the same as we were doing here, in the cheapest form possible, to conserve materials, but apparently they all went through. They all went through our department. They all got definite approval in our Division.

The CHAIRMAN. You had nothing to do with the approval of those?

Mr. DAVIDSON. We have our recommendations.

The CHAIRMAN. You personally had nothing to do?

Mr. DAVIDSON. They all came through me.

The CHAIRMAN. Why did you approve them so quickly?

Mr. DAVIDSON. Because I was told to.

The CHAIRMAN. By whom?

Mr. DAVIDSON. Williams. Those were all marked "urgent." You will find that right on the cases themselves.

Mr. SAUTHOFF. Now, you have told us about cases where you disapproved and you were overruled. Can you give us some cases now where you approved and you were overruled and rejections were entered?

Mr. DAVIDSON. No; yes, I can; yes, I can. The little outfit by the name of Davidson Rubber wanted a pair of connecting gears for a mill, that ran $185. That was too much metal. That was disapproved. They are a little bit of an outfit up in Boston, Mass. I was called on the phone the other day by the representatives of Plymouth Rubber Co., to find out how to address a letter to the War Production Board, because they had just received a letter back saying that, in the estimation of this Division, another pair of connecting gears involving a Banbury mixer was not warranted at this time; so I dictated the letter that went in to the War Production Board over the telephone—and I know it is very essential up there because they are on Government work, making friction tape for the Government, for the Navy, and I know the life, the age of the machines, I know it is about time they had a pair of gears, and they only amount to about $300, but they are a little, insignificant outfit.

Mr. SAUTHOFF. That was one you had approved?

Mr. DAVIDSON. No; that came in after I was out of there.

Mr. SAUTHOFF. Well, I want to get back to this one that you had approved.

Mr. DAVIDSON. Davidson Rubber?

Mr. SAUTHOFF. Yes.

Mr. DAVIDSON. Yes; that was about 2 months ago.

Mr. SAUTHOFF. That was rejected?

Mr. DAVIDSON. That was rejected.

Mr. SAUTHOFF. On the ground that they were asking for too much metal?

Mr. DAVIDSON. That is it. "It wasn't justified."

Mr. SAUTHOFF. What were they making?

Mr. DAVIDSON. They make druggists' sundries and medical supplies.

Mr. SAUTHOFF. Anything for the Government?

Dr. DAVIDSON. Probably. Probably that is all they can make. I would say that most of those plants are working 100 percent for the Government on a depleted basis of production.

Mr. SAUTHOFF. Are there any others now that you approved that your judgment was overturned on, that you recall?

Mr. DAVIDSON. There were plenty of them.

Mr. SAUTHOFF. Well, if some of those should come to you, will you let us know?

Mr. DAVIDSON. Yes; I will be glad to. Yes; I will.

Mr. SAUTHOFF. All right.

Now, let me go ahead with this particular case of Mr. Sims. Who was it stated that Sims and Jesse Jones were "racketeers"?

Mr. DAVIDSON. Robert T. Williams.

Mr. SAUTHOFF. Was anyone else present when he made that statement?

Mr. DAVIDSON. No. I was right at his desk.

Mr. SAUTHOFF. You were the only one that heard that?

Mr. DAVIDSON. I was the only one that heard it.

Mr. SAUTHOFF. When you were in Mr. Rogers' office, who was present besides you and Rogers?

Mr. DAVIDSON. Mr. Shea and Mr. Sims.

Mr. SAUTHOFF. And Mr. Shea was associated with Mr. Sims?

Mr. DAVIDSON. That is right. It is the first time I had met even Mr. Rogers, including Mr. Sims and Mr. Shea.

Mr. SAUTHOFF. Had Rogers been a recent appointment?

Mr. DAVIDSON. He had been there some time before but I had never met him.

Mr. SAUTHOFF. And on this particular occasion when the recommendation was made to Mr. Sims to get one of these engineers, and you made the statement that you could resign and take it for half that much.

Mr. DAVIDSON. That if he would give me a leave of absence, I would take it for half the price.

Mr. SAUTHOFF. And what was his answer to that?

Mr. DAVIDSON. Well, he really did not give me much of a reply on that.

Mr. SAUTHOFF. He did not say to you——

Mr. DAVIDSON. He did make a statement that "Davidson would make a good man if you want to have him handle it."

Mr. SAUTHOFF. But he did not say whether he would give you a leave of absence?

Mr. DAVIDSON. No; he did not make any suggestion about the leave of absence.

Mr. SAUTHOFF. Who hired you?

Mr. DAVIDSON. Robert T. Williams.

Mr. SAUTHOFF. And when did you go to work in this particular——

Mr. DAVIDSON. February 19.

Mr. SAUTHOFF. Of this year?

Mr. DAVIDSON. That is right.

Mr. SAUTHOFF. At any time while you were there, was any survey made that you know of as to available crude rubber in the Western Hemisphere?

Mr. DAVIDSON. No.

Mr. SAUTHOFF. Was there any survey made that you know of, as to scrap rubber in the United States?

Mr. DAVIDSON. No; not that I know of.

Mr. SAUTHOFF. And did you ever sit in any conference where these matters were discussed as to surveys of crude and scrap?

Mr. DAVIDSON. No, sir.

Mr. SAUTHOFF. Were you present at any discussion as to the manufacture of synthetic rubber?

Mr. DAVIDSON. No, sir. I was supposed to have gone to work for Mr. Carmen in the Synthetic Division on synthetic rubber. I sent and got hold of the best chemist in the United States, bar none, for the purpose of having in our department, which we needed badly, a chemist who knew synthetic rubbers, because we had requests in so many instances for materials made from synthetic, and they would go from one to the other, and they would say, "Do you know what this material is? Do you know what that material is?" There wasn't one of us knew synthetic, including myself. When it comes to all the basic materials involved in the manufacture of synthetic, we had nobody. I sent and got a fellow by the name of Jecuso to come down.

Mr. SAUTHOFF. Wait a minute. Let us have that spelled.

Mr. DAVIDSON. J-e-c-u-s-c-o. He had an interview with Mr. Williams told him that if he wanted to work at his own expense for about 2 weeks until he could get him through the Civil Service he would be glad to put him on the pay roll at $3,800 a year. The fellow came to me naturally and said, "Is that all this job pays down here?" and I said, "Well, it don't pay too much." So he had a brother who worked over in Temporary E Building in the industrial machinery end of it. Fritz went over that morning, after getting through with Bob Williams, and gets a job working in the Industrial Machinery Division at $4,600 a year—a department he did not know anything about, and admits it—and put right to work that same day.

Mr. SAUTHOFF. Was that done because they wanted to hire him for his chemical knowledge?

Mr. DAVIDSON. No; because his knowledge did not require industrial machinery. We needed him. They still do need a good chemist badly in the Rubber Division.

Mr. SAUTHOFF. What I am driving at, Mr. Davidson, is this—that there may have been the possibility of a set-up in Williams' Division whereby he could not pay out any more than $3,800, and he therefore got this fellow taken on by another department so he could have the benefit of his knowledge.

Mr. DAVIDSON. No. Mr. Williams was very very much put out when he found out he had lost him, and he is still in the industrial—it is machinery conversion really, it is not industrial machinery It is machinery conversion, and Fritz will tell you right today that he has no business being in that Division. He belongs in the rubber game, but he is not coming back there for $3,800 a year, and I don't blame him.

Mr. SAUTHOFF. Now let me get back to this situation as to Mr. Sims' particular application. There has ben some testimony to the effect that Mr. Sims threatened Mr. Williams—threatened him with an investigation, getting him fired, and things of that kind. Did you ever hear any statement to that effect made by Mr. Sims?

Mr. DAVIDSON. No, sir.

Mr. SAUTHOFF. On any of these matters?

Mr. DAVIDSON. No, sir. I never was in Mr. Sims' presence only in Mr. Rogers' office.

Mr. SAUTHOFF. So that if Mr. Sims made any such statement over the phone, or otherwise, other than in Mr. Rogers' office, you would not have been present?

Mr. DAVIDSON. That is right.

Mr. SAUTHOFF. And would know nothing about it?

Mr. DAVIDSON. That is right.

Mr. SAUTHOFF. Now, you tell us that you resigned because of things that you were requested to do that you did not consider ethical.

Mr. DAVIDSON. That is right.

Mr. SAUTHOFF. Will you elaborate on that, please.

Mr. DAVIDSON. The following week, or the week that I submitted this report to Mr. Williams on Mr. Sims'. case, I left Friday night and went to New England, where I live. I came back Monday morning and came down Sunday night on the sleeper, got in Monday morning, around 8 or 8:30. My roommate, Mike Span, was also of course in this same Division, whom we roomed with, out in the Country Club, in Bethesda, Md. I called him, and he said, "You better hadn't show up." I said, "What's the matter?" He said, "You have let down the entire Rubber Division of the United States Government." I said, "In what respect?" "Well," he said, "you got yourself into a terrible mess on this Sims case, and Bob has asked me to ask for your resignation." I said, "I am not going to give my resignation," and I tried for several hours to get Mr. Williams on the phone, and you have to announce yourself. I wasn't going to go in the office, and he was always busy or couldn't talk, so I have not seen or talked to Bob Williams since. In the last couple of days he has been trying to get me on the phone, and even drove up to the club last night, so I had left the club and came up town to a hotel, because I just don't want to have to talk to that bird.

Mr. SAUTHOFF. Then your resignation was asked for?

Mr. DAVIDSON. That is right—as of last—but I didn't put it in until last Monday. I wrote out my resignation and sent it.

Mr. SAUTHOFF. Did Mr. Williams at any time ask you for your resignation?

Mr. DAVIDSON. No. He sent word through Mr. Span to have me send my resignation.

Mr. SAUTHOFF. And you said that this Mike Span said to you that "you let down the entire Rubber Division because of the Sims application?"

Mr. DAVIDSON. That is right.

Mr. SAUTHOFF. Well, what had you done on the Sims application that had "let down the entire Rubber Division"?

Mr. DAVIDSON. Mr. Sims and Mr. Shea asked me to come into the hotel the night after we had been in Mr. Rogers' office, to have dinner with them, that they would like to talk to me more about any refine-

ments required in a plant of this nature. I went in, I had dinner with them—I think it was the Hotel Washington, if I am not mistaken—and I went over their project, and they asked me point-blank what was wrong with it, and I said, "I can't see anything bad, as apparently was pointed out," and I did change a few figures on that in connection with production, but as far as the equipment concerned, and so forth, there was nothing I could do. And apparently that was found out, that I had gone into the hotel with Mr. Sims.

Mr. SAUTHOFF. And suggested the changes?

Mr. DAVIDSON. That is right.

Mr. SAUTHOFF. Well, what was wrong about that?

Mr. DAVIDSON. I don't see anything wrong, and apparently Mr. Sims had a conversation with Mr. Williams afterward, from what you say, and whatever took place at that meeting, I don't know.

Mr. SAUTHOFF. Mr. Davidson, what was the proposition that Sims put up to your department?

Mr. DAVIDSON. He put up a proposition for a Reclaim Division, reclaim plant, for Fort Worth, Tex., involving an expenditure of $400,000, and listed the equipment, which he had been quoted on; he had the quotations all available, he had photographs of the various stock piles, he had a full list of the stock available in the various sections of the country, and it was a pretty clean-cut story as far as I would be concerned personally.

Mr. SAUTHOFF. This was a plant to reclaim scrap rubber?

Mr. DAVIDSON. Scrap rubber. That is right—which the country definitely needs.

Mr. SAUTHOFF. How many tons a year capacity?

Mr. DAVIDSON. Twenty-five thousand-ton finished product.

Mr. SAUTHOFF. When you say "finished product" does that mean the finished crude out of the scrap?

Mr. DAVIDSON. That means the finished material that can be used in the manufacture of other rubber goods. In other words, they would have to start with that, with fifty to sixty thousand pounds of scrap tires, shoes, miscellaneous footwear, hose, and so forth. In other words, your yield is only a certain proportion of your gross scrap.

Mr. SAUTHOFF. And that would work down to about 25,000 tons?

Mr. DAVIDSON. That is right; and that plant as laid out would turn out 25,000 tons.

Mr. SAUTHOFF. Did his application specify as to the availability of scrap within a commercial area?

Mr. DAVIDSON. Yes, it did. They had it well listed as to the different sections.

Mr. SAUTHOFF. How many miles did they cover in their area?

Mr. DAVIDSON. Not being too familiar, I do not know distances down there, but I would say within a radius of 100 square miles.

Mr. SAUTHOFF. Now, to pursue this a little further, there is a plant at East St. Louis reclaiming scrap?

Mr. DAVIDSON. Mid West Rubber? Yes, sir.

Mr. SAUTHOFF. Do you know what their capacity is?

Mr. DAVIDSON. Mid West Rubber I would say would be good for 50,000,000 pounds a year.

Mr. SAUTHOFF. 50,000,000 pounds?

Mr. DAVIDSON. Yes.

Mr. SAUTHOFF. Has that been in operation for some time?

Mr. DAVIDSON. Yes.

Mr. SAUTHOFF. And do you know how much of a radius that covers?

Mr. DAVIDSON. No; I do not. I have been in the plant, but I do not know the radius, and I am very familiar with their equipment.

Mr. SAUTHOFF. You get what I am trying to find out, Mr. Davidson?

Mr. DAVIDSON. Yes.

Mr. SAUTHOFF. I judge that after you get out a certain distance, commercially it would not pay.

Mr. DAVIDSON. That is right.

(There was discussion off the record.)

Mr. SAUTHOFF. Coming back to this matter of Dr. Rogers: What attitude did Dr. Rogers take toward this application of Mr. Sims?

Mr. DAVIDSON. Well, he made very light of it, as far as I was concerned. He really laughed the subject off the map.

Mr. SAUTHOFF. Well, did he argue with you at all——

Mr. DAVIDSON. No.

Mr. SAUTHOFF. As to various phases of the application, and discuss any of them with you?

Mr. DAVIDSON. Not a bit.

Mr. SIMS. Pardon me. He made the statement that he didn't even look at it.

Mr. DAVIDSON. That is right; saying he knew nothing about the case.

Mr. SIMS. He was going to be guided by Mr. Davidson's testimony.

Mr. DAVIDSON. Not my testimony. It was purely my report.

Mr. SAUTHOFF. Well, if he was going to be guided by you, and the application looked all right to you, how could he laugh like that?

Mr. DAVIDSON. He was guided by my report to Mr. Williams—not by me.

Mr. SAUTHOFF. It was the report that had been doctored?

Mr. DAVIDSON. That is right. He was not guided by me at all.

Mr. SAUTHOFF. But before that doctored report went to Dr. Rogers, he had never discussed it with you?

Mr. DAVIDSON. Never. With me?

Mr. SAUTHOFF. Yes.

Mr. DAVIDSON. I had never met Dr. Rogers until I met him that morning, my first meeting with him. I had to introduce myself, as a matter of fact, when he sent for me.

Mr. SAUTHOFF. I think that is all, Mr. Chairman.

Mr. REED of Illinois. Mr. Davidson, are there any other instances that you can recall where Mr. Williams asked you to make out reports against your better judgment, to reject projects, which you complied with?

Mr. DAVIDSON. I wrote several letters on cases—of course they were over his signature, because we were not allowed to dictate over our own signature—where I had to deny cases which I thought in my own estimation were well justified.

Mr. REED of Illinois. Can you recall any of them?

The CHAIRMAN. Do you recall receiving a letter from anybody in regard to a project, wherein the writer offered you a thousand dollars?

Mr. DAVIDSON. Yes, sir; but I had no grounds to stand on. I was so afraid of the thing—I mean, I didn't even want to have it found on my person. I destroyed it.

The CHAIRMAN. Tell us the details of that.

Mr. DAVIDSON. That was in connection with the kitchen equipment.

The CHAIRMAN. The kitchen equipment for the Firestone Akron plant?

Mr. DAVIDSON. That is right.

The CHAIRMAN. And who wrote you that letter?

Mr. DAVIDSON. Paul Raish.

The CHAIRMAN. Paul Raish wrote you a letter? Just what did he say in that letter?

Mr. DAVIDSON. That if I could see that that—he was afraid of it, that it wouldn't go through, and that it would be a feather in his cap if he could get it through, and it would be worth a thousand dollars to me if I could promote it.

The CHAIRMAN. He said it would be worth a thousand dollars to you?

Mr. DAVIDSON. If I could promote it.

The CHAIRMAN. If you could promote it? He did not suggest how he would pay that?

Mr. DAVIDSON. No; he would get in touch with me by phone.

The CHAIRMAN. And did he?

Mr. DAVIDSON. Yes.

The CHAIRMAN. And what did he say?

Mr. DAVIDSON. He asked me if I got his letter.

The CHAIRMAN. And what did you say?

Mr. DAVIDSON. The letter came to the club.

The CHAIRMAN. Yes?

Mr. DAVIDSON. I told him that I couldn't touch it, that I would have to give the project the regular routine. That was right over the Government phone.

The CHAIRMAN. And you have destroyed that letter?

Mr. DAVIDSON. And I destroyed the letter.

The CHAIRMAN. Nobody else saw that letter?

Mr. DAVIDSON. No, sir. I didn't see it very long, either. It "smelled" to me. I wasn't too hot about having it on my person.

The CHAIRMAN. Do you recall any others at all?

Mr. DAVIDSON. That was not a typewritten letter. That was a handwritten letter, and it was Hotel Dodge stationery.

The CHAIRMAN. Have these representatives of the various rubber companies the "run" of those offices there?

Mr. DAVIDSON. You mean the War Production Board?

The CHAIRMAN. Yes.

Mr. DAVIDSON. In the Rubber Division?

The CHAIRMAN. Are they in and out of it frequently?

Mr. DAVIDSON. Oh, they live there half the time—two-thirds of the time.

The CHAIRMAN. They know everybody?

Mr. DAVIDSON. They know everybody.

The CHAIRMAN. They take them to lunch?

Mr. DAVIDSON. That is right.

The CHAIRMAN. They entertain them?

Mr. DAVIDSON. That is right.

The CHAIRMAN. Do you know that to be a certainty that they do?

Mr. DAVIDSON. I have been out with them.

The CHAIRMAN. Did they ever entertain Mr. Williams, to your knowledge?

Mr. DAVIDSON. Not in my presence.

The CHAIRMAN. Do you know of any entertainment?

Mr. DAVIDSON. For Mr. Williams?

The CHAIRMAN. For Mr. Williams.

Mr. DAVIDSON. No, I don't.

The CHAIRMAN. Or Mr. Rogers?

Mr. DAVIDSON. No, I do not. I never was in either one of the gentlemen's presence outside. I do know this: The entire group over there knew so little about footwear that I had to send to Hood Rubber Co. and get cross sections of shoes by types and run a school nights instructing them as to what an "outsole" was; an "upper," "insole," "fox," and "strip," and so forth, because there was nobody knew the construction of a piece of footwear, and yet we were passing cases out of there day in and day out permitting the use of materials and so forth for just such things. I sent to Farrell-Birmingham and got 48 photographs of mills, colanders, machines, and all types of machinery used by every manufacturer in the rubber business, because even Bob Williams himself admitted that he did not even know what a rubber mill looked like, and I wrote a story pertaining to each photograph, all of which is in the office now. Unfortunately, the book is supposed to have been lost, when I went to ask for it. It has not not been lost; it is still there. Wrote the history of the types of production used, the capacities, powers required. In other words, the whole history of each sized unit. They are all listed on these photographs—had to, in order to give the boys instruction over there, who are still passing on cases, never having, in 99 percent of the cases—I do not thing any one of them had ever seen a rubber mill or colander, and I was working for——

Mr. SAUTHOFF. How many of these men were you instructing?

Mr. DAVIDSON. How many? Well, at nights—when I first went there, there were only 8 of us. I understand since I have left they have taken on about 15 to 20 more.

Mr. REED of Illinois. There are a good many of them who are rubber men, are there not?

Mr. DAVIDSON. They are rubber salesmen mostly. I do not think there has been one—there isn't one production man in the Division.

Mr. SAUTHOFF. And they are mostly tire salesmen?

Mr. DAVIDSON. Tires and mechanical.

Mr. SAUTHOFF. Do you know how many reclaiming plants of scrap rubber there are in the United States?

Mr. DAVIDSON. I would say there are about eight, of which there are about four majors.

Mr. SAUTHOFF. How much rubber that can be used to make commodities out of can be produced by these eight reclaiming plants?

Mr. DAVIDSON. Well, of course the crude rubber condition right now has forced the manufacturer of rubber goods to increase his consumption, reclaiming probably 30 percent over what he has had to

do before. In other words, they are loading materials with reclaimed now, whereas they did not have to do it before, so your requirements for reclaimed today are 50 percent more than it has ever been.

Mr. SAUTHOFF. That is all right, but how much are they turning out?

Mr. SIMS. Let me answer that. We are turning out, as of the 1941 check-up, 371,000 tons per year. There are seven actual reclaimers. There is a very small group of fellows. The reclaimers are seven besides four major companies, who have what we call "captive" plants. In other words, they reclaim of necessity and use this reclaim themselves; 370,000 tons was the 1941 output, and it needs to be stepped up at least 50 percent.

Mr. DAVIDSON. That is right.

Mr. SIMS. To meet our requirement on the shut-off of crude.

Mr. DAVIDSON. Because your synthetic situation is purely—I had to write a long report on that to Mr. Newhall—your synthetic situation is not nearly as pretty a picture as your papers paint, and there is an awful lot more involved in the manufacture of synthetics and the application of synthetics to the finished goods than has been put before the public, and I doubt if you will see synthetics become a very big factor within a period of 5 years.

Furthermore, a plant in order to process the materials and synthetic, to make the same goods that you are now making, they have got to double the horsepower to begin with; they have got to change their complete line of processing, their chemical construction. Everything along the line will have to be changed in order to use synthetics. I have only played with three of them in the laboratory, but in all three cases the characteristics of synthetic are so far away from crude rubber in the initial stage that it is quite a ways off before it is going to be a big factor in industry, I will dare say. You read some nice stories in the paper about it, but that is all.

Mr. SAUTHOFF. Coming back to this reclaiming process, I do not want to leave that subject yet, because I have not exhausted it. If we build three or four or five more, would that step it up to what we ought to be producing on the reclamation program?

Mr. DAVIDSON. Well, with your present requirement it would certainly help, and I think you definitely need it.

Mr. SAUTHOFF. Yes.

Mr. SIMS. Nine plants will do what they want.

Mr. SAUTHOFF. What is it?

Mr. SIMS. You figure an ordinary plant that can turn out 40,000 tons per year. They want an additional 370,000 tons if they can get it. They must have, and it is a necessity to have, 50 percent of that, or one-half of 370; but 370,000 more tons of reclaim will wipe out this rubber shortage bugaboo right away—nine plants, sized like the plant that we set up.

Mr. SAUTHOFF. Costing about $500,000?

Mr. SIMS. About $486,000. That was our set-up, because we had bought a building at a good price.

Mr. SAUTHOFF. Does that include equipment?

Mr. SIMS. That included everything ready to turn rubber out in 90 days after they said "Go." In 90 days after they said "Go" we would be handling rubber back to the Rubber Reserve.

Mr. SAUTHOFF. Now, one more question. In order to make, let us say, tires out of reclaimed rubber, would you have to add crude?

Mr. DAVIDSON. I think you would have to add a small amount of crude in order to get the proper tensile strength of your fabric.

Mr. SAUTHOFF. What percentage of crude would have to be added?

Mr. DAVIDSON. You are going to get a short-mileage tire, but I think if you add 10-percent crude by total weight of your tire, you would have all that you require, and yet you probably would not get better than a 7,500-mile tire.

Mr. SIMS. The average automobile tire weighs about 23 pounds?

Mr. SAUTHOFF. Well, that is along the line of testimony we have had here, before. It ran as high as 10,000. I was a little skeptical about that.

Mr. DAVIDSON. I am, too.

Mr. SAUTHOFF. But nevertheless it could be done?

Mr. DAVIDSON. I think possibly it might be. Of course they have got to learn about compounding, too. They can improve the compounding of reclaim, that they haven't had. This thing has come on them so fast that they have not been prepared. I have talked to several chemists in the rubber game, and they say they have learned more about rubber in the last year than they ever knew before in their life, because they have been forced to make a study of this reclaim situation.

Mr. REED of Illinois. You say, Mr. Davidson, that this plant that was contemplated down at Fort Worth in your judgment would turn out about 25,000 tons?

Mr. DAVIDSON. Yes, sir.

Mr. REED of Illinois. That would be about the same capacity as the one at East St. Louis?

Mr. DAVIDSON. Yes.

Mr. REED of Illinois. Now, if nine other plants were located in different parts of the country, you also referred to plants that would turn out about the same amount?

Mr. DAVIDSON. I would build my plants to suit the resources of reclaim in that particular area, within a particular radius of that area. Some of them might be good for 10,000 tons. I mean, so they do not have to do much importing of rubber, crude or scrap. I would build my plant to suit my locality, with any given area.

Mr. REED of Illinois. That would make then about 15 or 16 plants altogether throughout the United States?

Mr. DAVIDSON. Yes; and I think definitely the scrap is available.

Mr. REED of Illinois. These 15 or 16 plants then, of course, would proceed immediately to take care of the present supply of scrap rubber?

Mr. DAVIDSON. That is right.

Mr. REED of Illinois. Now, after a while, that large supply of scrap rubber would be exhausted; would it not?

Mr. SIMS. Can I interrupt you there, Congressman?

Mr. REED of Illinois. Yes.

Mr. SIMS. We have in this country, and they have got it figured out, the greatest backlog of rubber the country has ever had. In other words, in the last 5 years we manufactured more automobiles with tires and tubes and so forth; and, just before this freeze order came on

rubber, all these tire manufacturers just jumped in and loaded their dealers, their warehouses, and everything, so we have got the greatest backlog of rubber that has ever been had in the history of the world. Now, it takes 5 years for your tire on your automobile to finally get into the hands of the reclaimer. For instance, you buy a Buick and drive it a year and a half, then you decide you will trade it in; so you trade it in to the new-car dealer, and he keeps it around, regrooves the tire, and so forth, but he keeps it around 6 months, so 2 years of your 5 years' span is already gone. Then it takes about 6 months' turn-over to get a good used automobile; then he sells it; the man drives it about a year; then you got 3½ years of your span gone. It goes back in to either a junkman or to a used-car dealer, which spends another 6 months, and your fourth year is gone; and from the time that it either gets from the junkman, lying in this big heap of junk, or from the used-car dealer, where he fits it up and dresses it to use it again, it is 5 years before that gets into the reclaimers. That information was given to me by the Department of Commerce. I was interested enough to follow it up, so I went and took photographs of piles of tires in reclaimers' yards. We found old clincher-type tires, then your red top Fisk tires—all tires that have been sold 6 or 7 years ago. New tires, you do not find. We didn't find any big truck tires, a tire that has got a big rip in it or a blow-out in the tire at all. All the rubber is 5 or 6 years back in manufacture.

We have taken the serial numbers and checked back through. We have found tires made by companies that I don't think have been in the manufacture of tires for 4 or 5 years, such as Gates—but they are old-type tires. In other words, that greatest backlog of rubber is there, so we know we can operate for the next 5 years, which is going to be the duration, in all our opinions; but after the 5 years we do not know whether we are going to operate, because maybe then, due to this period, a slack period, they are going to shut us off from the standpoint of scrap. That was our idea. We could get the money. We could get a million dollars in Fort Worth to put a plant in, but we thought this: We wanted to put the plant in at no profit, a dollar a year, but we thought the Government could do the financing of the plant, because at the end of 5 years maybe we have got something on our hands.

Now, we had no trouble with the Refinance Corporation, because the money has been allocated, but it requires a letter from this bunch over in the War Production Board, a letter of approval, to go there. That is where we were stopped. But there was no trouble about the scrap situation. We could get 100,000 tons of scrap in Texas alone, and we could get 100,000 tons in Oklahoma, and 75,000 in New Mexico.

Mr. REED of Illinois. Have you any figures about how many tons of rubber go into the scrap piles each year?

Mr. SIMS. We have got what you call a steady scrap pile in the United States of some 10,000,000 tons; 11½ percent of 10,000,000 tons lies in that Gulf area down there; that is, Texas, Oklahoma, New Mexico, Arizona, and Arkansas, 11½ percent, and those figures have been checked and rechecked and surveyed and everything else, and they come out the same way.

Mr. SAUTHOFF. Let me ask you this, Mr. Sims. I have heard these figures on scrap rubber given a number of times.

Mr. SIMS. Yes, sir.

Mr. SAUTHOFF. And there is the greatest possible variation in the estimates. How can anybody estimate within millions of tons how much scrap there is?

Mr. DAVIDSON. It is not an estimate, it is a "guesstimate."

Mr. SIMS. There is no guesswork. Here is the way the Department of Commerce measures that, through the consumption of gasoline: They measure road mileage. They measure the actual shipment of new rubber into a given area. Then they have a way of breaking down the "dissipation of rubber," the actual dissipation. Then they go to the railroads and all the carriers to find out from this area what was shipped out in the form of junk, and they arrive at a definite amount that is left in the given territory.

Now, we went along. We took a cameraman and went to junk shop after junk shop, and went out along the road, and the city dumps, and the State highway departments, and every place that rubber could accumulate, and we took actual pictures. Then we measured the piles and had an estimate made, and our survey in a given area was within a few hundred ton, in a 5-State area, a few hundred ton of what the Department of Commerce says is so; so we were right together on the thing.

Mr. SAUTHOFF. How many tons are there in that area?

Mr. SIMS. I haven't figured out. We had 11½ percent of 10,000,000 tons.

Mr. SAUTHOFF. Then you had over a million tons.

Mr. SIMS. Oh, yes—well over. And I sent pictures in to this War Production Board, a front page from the Fort Worth Press, where 300 tires were packed up ready to be burned as fuel, and they were questioning us, why they were burning those for fuel. They said, "Well, the last time we asked for bids on the rubber, the advertising of the bids cost us $1 more than we got for the rubber," but they have a definite value as fuel, so they are burned. If you go to a junk man down there and say, "We want to buy 100 tons of rubber," they will say right away, "Fine! but put the money in escrow. We don't want to be stuck with any 100 tons of rubber."

Mr. Halver, who used to be in charge of the Rubber Board over there at Newhall's Division, right in front of you, in Dr. Rogers' branch, tells me—I didn't want to discuss this matter with him because he doesn't know what he is talking about—Rogers said, "Halver says there is no scrap." I said, "I have heard Halver sing that song. I know that tune by heart, and I am not interested in taking either Halver's or my time in discussing something we can't get together on." Halver said, "I am of the same opinion."

(Discussion off the record.)

Mr. SAUTHOFF. What percentage does reclaiming produce?

Mr. SIMS. Why, let me explain that. There are various methods of reclaiming rubber. Now, in Europe they never had any great amount of crude; during this war they have been absolutely dependent on reclaim. They go in and they reclaim 100 percent.

Mr. SAUTHOFF. How much?

Mr. SIMS. One hundred percent. In other words, they take 100 pounds of junk rubber and add 5½ to 6 percent chemical solutions and so forth, but they bring out 100 pounds of reclaim. Now in

this country we do not do that. They make an ash out of their fabrics. It makes a very low-grade reclaim. In our country here it is possible to bring out a good reclaim, where they keep it down. A good grade of reclaim can be brought out 85 percent, under the Robinson system.

Mr. DAVIDSON. The Robinson patent.

Mr. SIMS. Yes. That will bring about 85 percent.

Mr. SAUTHOFF. Can they make tires out of it?

Mr. SIMS. Oh, sure.

Mr. SAUTHOFF. Will it stand up?

Mr. SIMS. Yes, sir. Your Truman committee I think has decided that 2 ounces to so many pounds will make a tire, and I think, Mr. Elliot. They have made some tires and have got them here running some place, made out of that formula. It takes some crude.

Dr. DAVIDSON. You have got to have a certain amount of crude to give you any tensile strength to support your fabrics in your tire.

Mr. SIMS. Gentlemen, I spent 10 months in this one place, studying it over and watching it, and these statements that you see in the paper are just funny; they seem silly to you. Then you run into a bunch like that. I don't know, I didn't look right, or didn't offer the man something. I made this statement cold to Mr. Robert T. Williams. I said, "I understand you have to 'see' somebody. If I have to see somebody, who is it? What do I do?"

The CHAIRMAN. Well, gentlemen, have we any more questions of the witness?

Mr. REED of Illinois. I do not believe I have any more.

Mr. SAUTHOFF. No; I haven't any more.

The CHAIRMAN. All right, the committee will adjourn subject to the call of the Chair.

(Whereupon, at 12:55 p. m., the committee adjourned subject to the call of the Chair.)

PROCUREMENT OF RAW NATURAL RUBBER, ETC.

THURSDAY, JUNE 11, 1942

COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES,
HOUSE OF REPRESENTATIVES,
Washington, D. C.

The committee met at 10:30 a. m., the Honorable Andrew L. Somers (chairman) presiding.

The CHAIRMAN. The committee will come to order. The witness this morning is Mr. Walter B. Hatch, of the Anglo-American Trading Corporation. Will you be seated, please.

STATEMENT OF WALTER B. HATCH, NEW YORK CITY, N. Y.

Mr. HATCH. Mr. Chairman, and members of the committee, I thank you for the opportunity of appearing before you——

The CHAIRMAN. Mr. Hatch, would you mind, for the record, giving us a brief history of your business experience, and how you became interested in this rubber situation?

Mr. HATCH. My name is Walter B. Hatch; I am a resident of Queens County, N. Y.; I do business at 90 Broad Street, New York City.

I wish at this time to correct a statement made by your chairman. I am associated with the Anglo-American Trading Corporation in a technical advisory capacity, and also with other large steel export concerns.

About a year and a half ago, due to the national state of affairs, we realized the probability, and it is now also a reality, that we would be prohibited from shipping steel to various parts of the world and we cast about for various necessary basic materials.

I contacted a Mr. Peter Hines, of Brownsville, Tex. Mr. Hines is a botanist of considerable standing, well known to the United States Department of Agriculture; he is also technical adviser to Mr. Eduardo Chavez, in charge of the Matamaros irrigation project in the State of Matamaros, Mexico, which irrigation project covers a million and a half acres. He is also park commissioner for the city of Brownsville.

Amongst various natural products which he presented to us was a most marvelous plant, a weed of the vine family. He had been experimenting with this plant for a considerable length of time, over a year and a half, and had made considerable headway. So much so that the Director General of Agriculture in Mexico had authorized trial plantings at various experimental farms in Mexico, specifically the experimental farm of the Matamaros irrigation project.

The most interesting part of this vine is that it grows to commercial maturity from seed in 90 days. Exhaustive studies were made, both of the growing and the producing of latex, and the qualities. The quality was tested by Mr. Castineado, who is connected

with the Matamaros project, at his laboratory in Victoria, and the results were most satisfactory.

The plant requires no extensive cultivation whatsoever, and is native to the lowlands of Mexico and will grow in any of our Gulf States from Florida to Texas.

Considerable correspondence changed hands, and I was in constant contact with the situation. The latter part of February, or early March, a Dr. McComb, who had been in charge of the Malayan plantations of the United States Rubber Co., appeared in Brownsville at the solicitation of my associate, Mr. Hines. He visited the experimental farm at Matamaros, where he saw the plant growing. He made tests on drawing latex from the plant and stated definitely that it was a most marvelous plant, that he would certainly have Dr. Bicknell come to Brownsville immediately to see this marvelous plant.

Dr. Bicknell, general manager of the United States Rubber Co., in charge of their plantations at Java and Malaya, came to Brownsville about the middle of March and made the same tests, saw the same plant, and went into great ecstacies over the qualities of this vine. He stated at that time that if the plant would produce one gram of this latex it would be a going commercial venture.

Dr. Bicknell was entertained and stayed at the home of my associate, Mr. Hines. Many topics were discussed relating to the haddling of the plantings, the processing, and so forth, in connection with this plant. During the conversations Dr. Bicknell advised my associate that he would recommend that the United States Rubber Co. get behind this at once. He also stated that the United States Rubber Co. would supply the necessary funds, counsel, and various matters pertaining to the general organization.

Dr. Bicknell stated that he would immediately upon his return to the home office recommend this marvelous plant—his own description of it.

However, before returning to the New York office of his company, he said he would have to stop in Washington to see an officer in the Chemical Warfare Department, which would probably take him a day or so, and he would then continue to New York.

At this point Dr. Bicknell departed from Brownsville, March 21, and this, gentlemen, was the end of the United States Rubber Co.'s movements in this matter, with the exception of two telephone calls to my associate in Brownsville, by an executive of the United States Rubber Co., requesting him to forward 100 pounds of the seed of this plant. This request was made 1 month after Dr. Bicknell's departure from Brownsville.

My associate requested that I come to Brownsville, which I did. I arrived in Brownsville April 17 and found that surveys had been completed as stated to you at this hearing, and was also advised by my associate that Dr. Bicknell and Dr. McComb both got as far as Washington, where they were removed from the United States Rubber Co.'s pay roll and placed in the employ of the United States Government in the Rubber Reserve Company. Dr. Bicknell was placed in charge of wild rubber growths in Central and South America. But, gentlemen, we have heard nothing further relative to our plant.

I thank you. If there are any questions I would be glad to answer them.

The CHAIRMAN. Would you please tell us something more about this plant, where it can be grown in the United States, how long, for instance, it would take to grow, and from the moment you planted it how soon could you produce rubber? Give us some idea of whether or not this has any quantity possibilities.

Mr. HATCH. Yes, sir; I will be glad to.

The CHAIRMAN. And in your conversations at any time with these people did you talk about the investments the United States Rubber Co. may have in the Far East?

Mr. HATCH. At no time did we discuss other than the wage angle in Mexico as against the costs in the Dutch East Indies.

I would like to elaborate a little on this plant. As I have stated, this plant is a wild vine, growing extensively in the State of Veracruz. The seed pods of this plant are forming at this time. This point was also taken up with the two gentlemen referred to, as to the necessity of gathering the seed at this time, that they were ripe. I also stated before that the vine grows to maturity, commercial maturity in 90 days from the planting of the seed without any extensive cultivation whatsoever. I also stated that the plant would grow in any of our Gulf States, from Florida to Texas, in the lowlands. The plant is now growing, strictly as an experiment, at the residence of my associate in Brownsville, but the adaptability of the plant is unquestionable as to the type of soil and requirements for its growth. We know definitely that if it will grow in Brownsville, in the Brownsville section of Texas, it will grow in Florida, Alabama, Mississippi, Louisiana.

The CHAIRMAN. As to quantity, how long would it require to obtain sufficient seed to produce this rubber or latex to the point where it might be beneficial to the country?

Mr. HATCH. The answer to that question is purely a mathematical problem. The gathering of the seed sufficient to plant the initial program would require only a very short time, depending upon the number of laborers who were placed in the field to gather the seed. My associate's official capacity as technical adviser to Eduardo Charez would certainly expedite the gathering of the seed. The fact that it grows to maturity in 90 days, bearing seed pods, only substantiates that which I stated, that it is purely mathematical. The more you plant, the more seed you will grow.

The CHAIRMAN. This plant grows wild in Mexico?

Mr. HATCH. That is correct.

The CHAIRMAN. And in large quantities at the present time?

Mr. HATCH. In great quantities; that is right.

The CHAIRMAN. So it would only be a matter of collecting these seeds?

Mr. HATCH. That is correct.

The CHAIRMAN. That is a matter of how many men were sent in there to do the collecting?

Mr. HATCH. Definitely.

The CHAIRMAN. Any farmer in the territory you mention could build up a small rubber plantation?

Mr. HATCH. That is correct.

The CHAIRMAN. And in that way the United States would have its own supply of rubber.

Mr. HATCH. That is right.

The CHAIRMAN. What effect would that have on the rubber of the Far East? Would it have any effect?

Mr. HATCH. Frankly, Mr. Chairman, that is the reason I am here. I would like to know myself.

The CHAIRMAN. You would like to know what?

Mr. HATCH. I would like to know the answer to that myself.

The CHAIRMAN. What is your conclusion in that respect?

Mr. HATCH. If we can produce rubber such as we have in this vine in this country and sufficient plantings are made throughout our Southern States, it naturally would affect the holdings of any of our large rubber plantations in the Dutch East Indies. Of that there would be no doubt.

The CHAIRMAN. And there would be no market in America, or at least a lessened market in America?

Mr. HATCH. A lessened market in America.

The CHAIRMAN. Did Dr. Bicknell tell you what his connections were with the United States Rubber Co.?

Mr. HATCH. He did not, but he did state to my associate his official capacity.

The CHAIRMAN. And that was what?

Mr. HATCH. General manager in charge of Java and Malaya rubber plantations for the United States Rubber Co.

The CHAIRMAN. And the other gentleman?

Mr. HATCH. Dr. McComb was Dr. Bicknell's assistant in charge of the rubber plantations in Malaya.

Mr. SAUTHOFF. May I ask a couple of questions?

The CHAIRMAN. Yes.

Mr. SAUTHOFF. Have you seen Dr. Bicknell since he left Brownsville on that occasion?

Mr. HATCH. I have not, sir.

Mr. SAUTHOFF. Have you written him or had any communication with him?

Mr. HATCH. No, sir.

Mr. SAUTHOFF. So you have no way of knowing why this matter was dropped so far as Dr. Bicknell is concerned?

Mr. HATCH. That is correct. I think at this point I had better inject the reason for the delay in my action between the time Dr. Bicknell left Brownsville and the present time. As stated at this hearing, I went to Brownsville, arriving on April 17.

Mr. SAUTHOFF. Nineteen forty-one?

Mr. HATCH. No, this year; 1942, sir.

Mr. SAUTHOFF. This year?

Mr. HATCH. This year. I found it necessary to continue on into Mexico to make further studies relative to rubber, and left Brownsville April 24, making visits at all of the Mexican cities. Upon my return to New York I verified the fact that Dr. Bicknell and Dr. McComb were employed by the Rubber Reserve Company, and undoubtedly the pressure of their positions prevented them from going further with us. But as stated before, two requests were made by the United States Rubber Co. for 100 pounds of seed, about April 23. That, I think, would answer your question.

Mr. SAUTHOFF. Now let me ask you, have you had any experience with any other type of plant that produces latex?

Mr. HATCH. Personally, I have not.

Mr. SAUTHOFF. Had your associate?

Mr. HATCH. Most assuredly.

Mr. SAUTHOFF. He was familiar with that field?

Mr. HATCH. Yes.

Mr. SAUTHOFF. And you discussed these matters with him?

Mr. HATCH. I did.

Mr. SAUTHOFF. So you had some understanding of the possibilities of guayule?

Mr. HATCH. The superiority of this vine as against guayule or any other of these plants which had been tested is unquestionable.

Mr. SAUTHOFF. What do you call this plant?

Mr. HATCH. I will attempt to spell it for you, but I am quite sure it will be the incorrect spelling. However, it is easily identifiable the way I will spell it to you. The name is the Chrysta stegea. I myself am not a botanist or an agricultural man and some of these terms do stump me.

Mr. SAUTHOFF. Let me ask you this; are you familiar with what is known as the Russian dandelion, the taraxacum?

Mr. HATCH. Undoubtedly my associate discussed all of the known latex bearing plants with both Dr. McComb and Dr. Bicknell. Also in his own exhaustive studies he has experimented with all types of these plants.

Mr. SAUTHOFF. There was testimony before the Agricultural Committee some time ago, perhaps 2 months ago, by two research chemists that the latex production of the Russian dandelion was superior to that of the guayule, and, secondly, that the plant grew readily and could be produced in 46 States of the Union, so that you could have commercial production——

Mr. HATCH. In 46 States?

Mr. SAUTHOFF. In 46 out of the 48—you could have commercial production in the firt year that it was grown, which I understand is not true of the guayule plant.

Mr. HATCH. Guayule takes 4 or 5 years.

Mr. SAUTHOFF. Well, that is the testimony we had, unless you forced it.

Mr. HATCH. The normal plantings of guayule will take 4 or 5 years.

Mr. SAUTHOFF. The testimony, as I recall it, before the Agriculture Committee, was that a 14 percent latex could be produced by this Russian plant, and that the Russians were producing 50,000 tons of rubber from that plant yearly.

Mr. HATCH. I would not be qualified to comment on this plant. I know nothing about it myself, but I will be glad to see that an official report is made to you on that subject.

Mr. SAUTHOFF. I will be glad to have it.

Mr. HATCH. I will see that you have it, sir.

(The matter referred to is as follows:)

CHEER UP, THERE'S RUBBER IN THOSE DANDELIONS

AN OVERGROWN RUSSIAN COUSIN OF OUR PESKY AMERICAN WEED EVENTUALLY MAY SOLVE THE PROBLEM OF HOW TO KEEP YOUR CAR ROLLING—ON NEW TIRES

(By Robert D. Potter, Science Editor, The American Weekly)

A plant most Americans never heard of may be the way out for hard-pressed civilians who see their rubber tires wearing thinner and thinner. Rubber from Russian dandelions, with the almost unpronounceable name of Kok-sagyz, is a reality in Russia and has been for the past 5 years.

Even back in 1939 Russia had 2½ million acres of this dandelion in cultivation and obtained a yield of from 150 to 200 pounds of rubber per acre.

Add that all up, do a bit of arithmetic, and you will see that the Union of Soviet Socialist Republics secured from 200,000 to 250,000 tons of rubber from this plant.

There are many growing plants that produce rubber besides the rubber trees of the Malay States and the Far East. But the truck is to get this rubber out, and make it pay.

Thomas Edison tried to tap goldenrod as a rubber source but the low yield of only 3 to 5 percent by weight had him licked.

The Mexican bush guayule does a lot better as a rubber source, and gives from 10 to 20 percent of rubber, but it takes 4 years to get a rubber crop from guayule. Even so, extensive plantings are now being made.

In contrast, the Russian dandelion yields 27 percent rubber.

And you can get your first crop in 2 years and every year thereafter.

The yield of 150 to 200 pounds of rubber per acre is what is done in Russia. In America, where fertilizers are more abundantly available, the yields might be higher still.

At the recent meeting of the National Farm Chemurgic Council in Chicago the leading advocate of the Russian dandelion, the Russian-born American chemist, Dr. Paul Kolachov, explained for the American Weekly just how the United States could solve its rubber shortage and bring a profitable crop to American farmers at the same time.

Dr. Kolachov, who came to the United States in 1929, is now an American citizen. He reads Russian like the native that he used to be. He has explored the entire scientific literature on rubber from dandelions. So well has he worked out his plan and presented it before congressional hearings that the United States State Department is arranging for shipment of seeds for experimental plantings in America.

Already an airplane shipment of about 100 pounds of seeds has arrived in the United States and is being distributed to some 20 agricultural experiment stations in the Northern States, Canada, and Alaska. An additional 400 pounds is on the way.

If this testing period can be speeded during the rest of this summer and fall, there is no good reason why a whole shipload of seed cannot come to the United States next winter. Certainly there is cargo space in some of the hundreds of vessels which are carrying arms and military supplies to Russia and returning with virtually empty bottoms.

With only an experimental shipment of 10 tons of dandelion seeds, 8,000 acres of the rubber-bearing plant could be cultivated. Since each acre can give 150 pounds of rubber this means 1,200,000 pounds of rubber in a year's time.

Also, this same 8,000 acres would produce 800,000 pounds of seed.

Planting these seeds over 320,000 acres in the spring would see, by next fall, the production of 48,000,000 pounds of rubber. After that the sky would be the limit and the program could be carried as far as the Nation decided to push it.

With 7,000,000 acres in cultivation the United States could obtain about 600,000 tons of rubber a year to supplement its vast synthetic rubber production.

The price? Dr. Kolachov has gone into cost estimates and figures that in America the rubber would be obtained for about 32 cents a pound. This compares favorably with the 30 cents a pound for synthetic rubber, from petroleum, which has been forecast when this industry gets rolling this year.

And the price compares favorably, too, with the 35 cents a pound for rubber from Malaya before Pearl Harbor.

In considering the rubber shortage for 1942 and 1943, experts estimate that the urgent needs of the armed forces of all the United Nations will consume all output of the synthetic-rubber industry. They also point out the United States is the only Nation whose production is great enough to supply the world.

Synthetic-rubber plants, backed by enormous appropriations from the Federal Government, are springing up all over the land. They will be turning out a lot of rubber, and good rubber, before this year is ended.

But—and this is the point—most civilians will never see this rubber.

Eventually, something will have to be done about the civilian situation for America's way of living and working is too closely linked to the motor car to allow it to go back to horse-and-buggy days.

Sunday rides and senseless joyriding are out of the picture—and rightly—for the duration. But there is a limit to how far rubber can be taken from workers in war plants who have to drive from 10 to 20 miles each way, each day to their

jobs. Something certainly will have to be done about them. And something will be done.

It can be argued that the synthetic-rubber program can be expanded still further, and doubled and redoubled, to meet vital civilian needs also.

But in many ways this is a most shortsighted policy, although it might be done.

Every pound of synthetic rubber that is created by the magic of American chemistry means just that much petroleum diverted from high-octane gasoline for bombing planes, and alcohol and other chemicals from the production of munitions.

Moreover, the vast amount of petroleum which the United States is pumping from the ground is irreplaceable. It is our heritage from the past and, obviously, we should make the most of it.

There is no sense in being maudlin about the conservation of oil in a nation at war. Saving oil for a rainy day is a good philosophy but if this is not "that rainy day," then one will never come.

Conservation of oil is fine in peacetime and wasting it, then, is a high crime against the future. But in wartime it must be used as needed.

Just the same this thinking cannot be carried too far. There is on sense in using precious oil to make rubber for civilians unless we have to. Give the armed forces everything they need and convert oil into rubber or anything they must have. Charge that up to the cost of pushing this war to a successful conclusion.

But follow also the policy of meeting civilian needs of rubber from growing crops that need only the soil and the sun and the rain and a farmer's care.

Rubber from dandelions appears to be one of the ways to achieve this goal. American farmers could grow their own tires, as it were.

Of course there are other ways to solve the rubber problem as some of the old patents, taken from the musty archives of the United States Patent Office, illustrate.

There is the ingenious "hair brush," or currycomb kind of tire patented in 1917, during the First World War, by Arthur Emil Molin of Rockford, Ill.

Mr. Molin simply substituted stiff wire brush fibers for the rubber of the tire. The springiness of the steel fibers was supposed to keep the car up off the road. This might have worked 25 years ago but you probably couldn't get priorities on steel for this purpose today.

A wheel with a wooden rim was the invention of Charles Francis Jenkins of Washington, D. C., as far back as 1912, but what it would do on hard modern roads is something else again.

Going back still further into the prehistory of a substitute for a rubber tire is the brain child of one Reinhart Victor Wagner of London, England, who obtained a United States patent in 1910 for a wheel whose rim consisted of flexible wooden sticks (like split bamboo) mounted endwise. The ends of the bamboo were to be covered with small connected pieces of steel that would take up the wear on the road.

Quite as ingenious was the 1927 patent of Dario Ferrari of Boston who attached a string of rubber balls to the rim of a wheel and covered the whole collection of balls with a winding of steel wire.

This list could be extended almost indefinitely. However, all these inventors were primarily concerned with an airless tire that would be puncture-proof. Today the situation is different. All anybody asks for is a tire, puncture-proof or not.

And that is why the government is now exploring the Russian dandelion.

According to Dr. Kolachov, the Russian dandelion will grow in 42 out of the 48 States in the Union. Over this vast area soil and rainfall conditions equal those regions of Russia where the plant is now raised.

Moreover, it is a most hardy perennial plant which comes up each year. It will withstand temperatures in winter of as low as 40 degrees below zero, and return the next spring.

Cultivation of the Russian dandelion resembles that of a common garden vegetable like beets. It needs fertilizer and must be kept free from weeds.

To get at the roots, where the rubber is stored, deep plowing is done in the fall. The roots are stored much as are sugar beets in a warehouse.

Processing to get the rubber latex is not difficult. The roots are crushed and mixed with a 2 percent caustic soda solution. The rubber latex of the plant is obtained by whirling the mixture in a centrifuge. Rubber refining and processing methods can be used after this stage.

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Arguing in favor of his dandelion rubber, Dr. Kolachov points out that in 1938 the Union of Soviet Socialist Republics had 170,000 acres of dandelions in cultivation for rubber purposes. He adds:

"At that time their plan was to increase this production to 2,500,000 acres in order to meet a sizable portion of their own demands. Certainly a program of this magnitude would not be considered unless it has definitely proved practical. If this is practical for Russia in peacetime, it is certainly practical for the United States now and in the future."

What can the farmer get out of it?

After adding all the costs, Dr. Kolachov estimates that farmers ought to obtain a profit of about $6 per acre for the crop.

If $6 per acre profit seems small to a city dweller let him realize that the farmer—over the Nation as a whole—receives only a profit of 27 cents an acre for growing corn. In Illinois and in Iowa corn yields a profit of $7 an acre.

What this all means is that potentially the raising of rubber-bearing dandelions could be as profitable as growing corn in the heart of the Corn Belt. No farmer would ask for more than that, and if he can get it, he can thank scientist, A. N. Bach who supervised the research of dandelion rubber in Russia.

Little is known about additional by-product uses of the dandelions after the rubber latex has been squeezed out, but Dr. Kolachov suggests that the rest of the root might be used for its chemical content and proteins, and that the blossoms might be used for wine, and the green part of the plant as a cattle fodder.

With tires rationed as they are today most of us would settle for the rubber alone.

Dr. Kolachov realizes that after the war the importation of rubber will probably come back and rubber will be cheap again. But with a home grown source of rubber available the price of imported rubber could never rise above the 32 cents a pound.

Moreover, the Nation could protect the farmers raising dandelions for rubber, to insure that the United States would always have the seeds needed for a quick expansion into enormous production in case any war of the future meant a repetition of what we are going through today.

If the United States had about 800,000 pounds of dandelion seeds in the ground, right now, the rubber problem could be solved.

Mr. SAUTHOFF. Thank you.

The CHAIRMAN. Do you remember Dr. Bicknell stating either to you or to your associate that if this plant produced even 1 gram it would be a commercial success?

Mr. HATCH. That is correct.

The CHAIRMAN. Did it produce 1 gram?

Mr. HATCH. This plant produced fifty to a hundred times that.

Mr. REED. You mentioned the fact that the seed was sent to the United States Rubber Co. the 23d of April of this year.

Mr. HATCH. I wish to correct that. The seed was not sent.

Mr. REED. It was not sent?

Mr. HATCH. No.

Mr. REED. Maybe I misunderstood that. Request was made for the seed, is that it?

Mr. HATCH. That is correct.

Mr. REED. But it was not sent?

Mr. HATCH. No, sir. There is one other point I would like to add. I stated that I continued on into Mexico on the general rubber situation. In the State of Vera Cruz there is one project of 1,200 acres containing 400,000 matured hevea rubber trees. This hacienda is rented to a tenant farmer and nothing is being done with this source of rubber. There are also other like developments in Mexico, and they are well known to anyone who has traveled the country in search of information on rubber.

Mr. HUNTER. What conclusion do you draw from the fact that there would be a 1,200-acre farm with rubber trees not being used?

Mr. HATCH. That also is a big question to me, sir. I cannot answer it. They are mature hevea rubber trees, the seed of which originally came from India. Why that source has not been tapped, I am at a total loss to understand.

The CHAIRMAN. How many years has that grove been in existence?

Mr. HATCH. I am sorry, I cannot answer that. I do not know.

Mr. HUNTER. Well, would you say the price offered did not warrant the tapping of the trees?

Mr. HATCH. That may be a contributing factor. However, since my visit to Mexico the complexion of the international state of affairs has changed somewhat. I think that may answer that. That is general in all of our commercial relationships with Mexico. We have in this country a price ceiling; Mexico has none, or did not have at the time of my visit.

Mr. HUNTER. Would you say that the possible ownership of those trees did not want them put to commercial use?

Mr. HATCH. I do not believe that is true. I think that the owner of the property would be glad to cooperate, and certainly the connections which my associate has along those lines would open up the field if anyone was sufficiently interested.

Mr. HUNTER. Answer me this, then; you mentioned yourself and your associate. Would you be in position financially to step into a situation of that sort and have it developed?

Mr. HATCH. I regret I am unable to go any further financially. I have gone the limit.

Mr. HUNTER. Getting back to the weed, which you mentioned could be produced in the southern part of the Gulf States. How much rubber would be produced per acre over this three month period you mention?

Mr. HATCH. The answer to that question, again, is purely mathematical. This plant, being a vine, would run along the ground, grow up trees, fences, or be trained on trellises. The fact that it could be harvested, practically on the same basis as mowing of hay is from a labor standpoint interesting insofar as the costs are thereby reduced. It may be cut with a mowing machine, scythe, or sickle.

Mr. HUNTER. I had more in mind, in order to produce any sizable quantity of rubber from this, what could be expected per acre, or how many acres of southern land would have to be used for that purpose. In other words, whether it would produce 100 pounds per acre, or a ton per acre, or several tons of rubber.

Mr. HATCH. We will say that if each plant produces 2 ounces of rubber, it becomes then a mathematical problem to figure out the number of plants in one acre. It grows very close toegther, as I said before, practically the same as hay.

The CHAIRMAN. How far apart would the plants be?

Mr. HATCH. For commercial planting it would be advisable to plant the rows approximately 3 feet apart. But as soon as the plant had started its growth the entire field would become a solid mat. The real answer to your question, Mr. Chairman, should be given by my associate, Mr. Hines, as to the proper planting, because he had charge of the plantings at the experimental farm in Matamoras.

The CHAIRMAN. Where is he now?

Mr. HATCH. Mr. Peter J. Hines is an American citizen; he resides at 855 West Washington Street, Brownsville, Tex.

The CHAIRMAN. I think the committee would be very much interested in having Mr. Hines come before us if he can give us some information as to his experiments on this plant.

Mr. HUNTER. You would not make any estimate as to the number of pounds of latex that could be produced per acre, would you?

Mr. HATCH. I would say, roughly, from 6 to 8 tons per acre.

Mr. HUNTER. That would be 6 to 8 tons of latex per acre?

Mr. HATCH. Yes, sir.

Mr. HUNTER. What process is it necessary for this weed to go through in order to produce the latex?

Mr. HATCH. The processing of this plant would be practically the same as the processing of the guayule plant, a digestive steam bath and chemical wash.

Mr. HUNTER. That is all, Mr. Chairman.

The CHAIRMAN. Would Mr. Hines appear before the committee?

Mr. HATCH. In answer to that question, Mr. Chairman, I feel quite sure Mr. Hines would be glad to appear before this committee to verify and elaborate on the information which I have given you.

The CHAIRMAN. Thank you.

Mr. HATCH. I thank you very much.

The CHAIRMAN. There being nothing further at this time the committee will adjourn to the call of the Chair.

(Whereupon, at 11:30 a. m. the committee adjourned.)

PROCUREMENT OF RAW NATURAL RUBBER, ETC.

THURSDAY, JUNE 18, 1942

COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES,
HOUSE OF REPRESENTATIVES,
Washington, D. C.

The committee met at 10:30 a. m., Hon. Andrew L. Somers (chairman) presiding.

The CHAIRMAN. The first witness this morning is Mr. Oscar J. Hauben, who was formerly with one of the largest scrap-rubber companies in the United States, and his testimony today will probably help us in determining the value of the present drive for the collection of scrap rubber. Mr. Hauben.

STATEMENT OF OSCAR J. HAUBEN, BROOKLYN, N. Y.

Mr. HAUBEN. My name is Oscar J. Hauben and I reside in Brooklyn, N. Y. I started in the scrap-rubber business in 1918, working for Gabriel Muehlstein, where I was employed for 2½ years. From January 1935 to January 1940 I worked for H. Muehlstein & Co., Inc., as superintendent of their Jersey City warehouse.

After leaving H. Muehlstein & Co. I was associated with M. Stavolo & Co., a scrap-rubber dealer of Danbury, Conn., where I was engaged in splitting tires and grading scrap rubber.

I would estimate that there are between 500 and 800 tons of scrap tires in the city of Danbury alone, being held by a few scrap dealers who do not care to dispose of same at the prevailing prices.

I have also made trips to Stanford, Waterbury, Bridgeport, and New Haven, and in these places have also found accumulations of tires that would run into the thousands of tons.

While in the Bronx, New York City, I called on Mr. A. Muller of the Rubber Waste Co., and during the course of our conversation mentioned the various statements appearing in the newspapers regarding Mr. Simpson's activities in Washington on the rubber situation. The estimate of 10,000,000 tons of scrap rubber made by Mr. Simpson was agreed upon by Mr. Muller. It was his opinion that throughout the country, there is a stock pile of from eight to ten million tons of scrap rubber. Mr. Muller has been in the scrap-rubber business for the past 35 to 40 years.

I asked Mr. Muller if he would appear before this committee and testify as to what he had told me. He told me he would like to but that his business and time would not permit him to do so.

Mr. SIMPSON. Who is the Rubber Waste Co.?

Mr. HAUBEN. The Rubber Waste Co. is a subsidiary of the H. Muehlstein & Co.

Mr. SIMPSON. In the standing of scrap-rubber dealers in the United States, how large are they?

Mr. HAUBEN. I believe one of the largest.

Mr. SIMPSON. Are they the largest in the United States?

Mr. HAUBEN. Yes, the largest in the country.

Mr. SIMPSON. Is Muller a relative of the Muehlstein's?

Mr. HAUBEN. He is.

Mr. SIMPSON. What is the relationship?

Mr. HAUBEN. He is a nephew of Gabriel Muehlstein. In other words, a cousin.

Mr. SIMPSON. And the H. Muehlstein Co. owns the Rubber Waste Co.?

Mr. HAUBEN. That is right.

However, he did suggest that the Government should take some steps to canvass the junkies and smaller-scrap dealers throughout the country and furnish monthly figures of their stock, keeping the proper figures from the proper authorities as they do not get any orders about their stocks on hand.

Mr. SIMPSON. What you mean is they didn't receive questionnaires from the Government to fill out as scrap-rubber dealers?

Mr. HAUBEN. That is right.

Mr. SIMPSON. And therefore the Government doesn't know what the thousands of scrap-rubber dealers have in their accumulations because they don't send questionnaires to them, is that correct?

Mr. HAUBEN. That is correct.

The CHAIRMAN. Have you ever received a questionnaire?

Mr. HAUBEN. Not to my knowledge.

Mr. SIMPSON. Go ahead.

Mr. HAUBEN. My experience with the smaller scrap dealer when we accumulated as much as 500 tons of various grades of scrap rubber was that it was impossible for them to sell direct to the reclaimers, and while we made shipments to reclaimers, it was only through a firm like H. Muehlstein & Co. for whose account we shipped and by whom we were paid.

Mr. SIMPSON. You could not sell direct then to the big reclaimers—you had to sell to the Big Four scrap dealers who in turn resold to the reclaimers, is that right?

Mr. HAUBEN. That is correct.

Mr. SIMPSON. Is there anything else you wanted to add to your statement, Mr. Hauben? Are there any details as to what junk dealers are doing with their scrap rubber today—how they sell tires for $375 a ton?

Mr. HAUBEN. Yes, sir; they do that. When they look their tires over first they sell their best scrap tires as used tires.

Mr. SIMPSON. In other words, the ordinary scrap-rubber dealer doesn't ship his scrap tires out today to the reclaimer but takes those tires and picks out the best ones and sells them as used tires for $375 a ton?

Mr. HAUBEN. That is right.

Mr. SIMPSON. After the tires have been picked over and the best sold for $375 a ton then what happens?

Mr. HAUBEN. Then there is another pick-over.

Mr. SIMPSON. What do they get for the second pick?

Mr. HAUBEN. Probably $200 a ton.

Mr. SIMPSON. And those tires are repaired and sold as repaired tires, is that right?

Mr. HAUBEN. That is right.

Mr. SIMPSON. They are not shipped as junk?

Mr. HAUBEN. No; they are not.

Mr. SIMPSON. And how many times would you say that these tires are picked over before they are shipped out as scrap?

Mr. HAUBEN. From four to six times.

Mr. SIMPSON. What happens with inner tubes that are found in these scrap accumulations?

Mr. HAUBEN. They pick out of the accumulations any tubes that are repairable and sell them as usable tubes.

Mr. SIMPSON. In other words the scrap that you really get is the scrap after it is fine-combed and the dealers find it more profitable to pick out usable tires today because they are allowed to sell used tires than it is to ship them to the reclaimers of scrap?

Mr. HAUBEN. Certainly.

Mr. SIMPSON. Now, concerning the scrap-rubber dealers: Have they always been able to sell their scrap rubber freely?

Mr. HAUBEN. No.

Mr. SIMPSON. What grades have they been able to sell?

Mr. HAUBEN. I will say tires and tubes.

Mr. SIMPSON. Have they been able to sell garden hose?

Mr. HAUBEN. No.

Mr. SIMPSON. Battery boxes?

Mr. HAUBEN. No.

Mr. SIMPSON. Matting?

Mr. HAUBEN. No.

Mr. SIMPSON. Have these scrap dealers had large quantities of scrap rubber in their warehouses and cellars for years?

Mr. HAUBEN. They have these materials that you just mentioned for over 10 years.

Mr. SIMPSON. If scrap rubber is held for 10 years, does anything happen to it?

Mr. HAUBEN. No; absolutely not; if it is kept in a cool place. The rubber on top of the pile may deteriorate just a little bit.

Mr. SIMPSON. Just that which is on top of the pile?

Mr. HAUBEN. Yes.

Mr. SIMPSON. And that would be to a depth of how far?

Mr. HAUBEN. Oh, less than 3 percent.

Mr. SIMPSON. And that is after storing it for 10 years?

Mr. HAUBEN. That is it exactly.

Mr. SIMPSON. In other words there is on deterioration?

Mr. HAUBEN. That is right.

Mr. SIMPSON. In your recent check-up of the scrap-rubber situation in the Bronx and other sections, did you take note of who was collecting rubber under the present rubber collection drive—the scrap dealers or gasoline stations?

Mr. HAUBEN. Dealers.

Mr. SIMPSON. And they are the dealers who don't report their stocks to the Government?

Mr. HAUBEN. That is correct.

Mr. SIMPSON. And they are out collecting scrap rubber now?

Mr. HAUBEN. That is right.

Mr. SIMPSON. They are collecting that scrap for $20 a ton, is that right?
Mr. HAUBEN. Yes, sir.
Mr. SIMPSON. What is the price of inner tubes?
Mr. HAUBEN. I believe they pay today 5¾ cents a pound.
Mr. SIMPSON. In other words, that is $115 a ton instead of $20 a ton?
Mr. HAUBEN. Yes, sir.
Mr. SIMPSON. And floating scrap?
Mr. HAUBEN. About 9 cents a pound.
Mr. SIMPSON. In other words, $180 a ton?
Mr. HAUBEN. That is right.
Mr. SIMPSON. That is all being delivered at 1 cent a pound?
Mr. HAUBEN. Yes, sir.
Mr. SIMPSON. The dealers pick it up at $20 a ton, put it in their warehouses, do not report it to the Government which puts them in competition with the present drive for scrap rubber.
Mr. HAUBEN. That is right.
Mr. SIMPSON. Is there anything else you want to say so far as your observations go about rubber in the hands of the reclaimers?
Mr. HAUBEN. Yes, sir; I was in Akron, Ohio, and saw the scrap rubber belonging to the Firestone Co.
Mr. SIMPSON. How many thousands ton did you see in their yard?
Mr. HAUBEN. I would say between four and five hundred thousand tons.
Mr. SIMPSON. In their yards alone?
Mr. HAUBEN. Yes, sir.
Mr. SIMPSON. What would you estimate is the scrap-rubber supply of the United States without considering that which is in the hands of households? What would a quick estimate be, an approximate estimate?
Mr. HAUBEN. I would say in the neighborhood of eight, nine, or ten million tons.
Mr. SIMPSON. And you are not figuring the scrap that is in finished goods in the hands of households?
Mr. HAUBEN. That is right.
Mr. SIMPSON. That is all.
Mr. SAUTHOFF. I want to ask, Mr. Chairman, what the witness means by "floating scrap"?
Mr. HAUBEN. It is pure gum—that is, the best rubber.
Mr. SAUTHOFF. Are there any stocks of pure gum around?
Mr. HAUBEN. There is plenty of it.
Mr. SAUTHOFF. Who is holding that?
Mr. HAUBEN. All these dealers.
Mr. SAUTHOFF. And by "dealers" you mean scrap dealers or rubber companies?
Mr. HAUBEN. Rubber companies and dealers.
Mr. SAUTHOFF. Both?
Mr. HAUBEN. Yes.
Mr. SAUTHOFF. Are those stocks stocks that they have set aside as a surplus to fall back upon in case of scarcity?
Mr. HAUBEN. That is possible.
Mr. SAUTHOFF. Is that a regular routine method of procedure in the business?

Mr. HAUBEN. Always has been.

Mr. SAUTHOFF. What would you say the stockpile of floating gum amounts to?

Mr. HAUBEN. The way to ascertain that is really to check it.

Mr. SAUTHOFF. The only way we could determine that would probably be through a questionnaire to all the dealers?

Mr. HAUBEN. That is correct; sir.

Mr. SAUTHOFF. And manufacturers?

Mr. HAUBEN. That is right.

Mr. SAUTHOFF. That is all, Mr. Chairman.

The CHAIRMAN. Why are the dealers not selling their scrap rubber today?

Mr. HAUBEN. What kind of scrap, sir?

The CHAIRMAN. Tires and tubes, for instance.

Mr. HAUBEN. Well, they can make more money than the Government will pay them.

The CHAIRMAN. Are they holding out for higher prices?

Mr. HAUBEN. Absolutely.

The CHAIRMAN. Any other questions?

Mr. REED. You estimated there is around eight to ten million tons of scrap rubber available in the United States; what percentage of that do you estimate is being held by private people in their homes?

Mr. HAUBEN. Very little.

Mr. REED. Would it be 10 percent or 1 percent?

Mr. HAUBEN. More than 1 percent.

Mr. REED. Would it be 10 percent?

Mr. HAUBEN. No. As an estimate——

Mr. SIMPSON. You mean scrap rubber in the homes?

Mr. HAUBEN. Yes.

Mr. SIMPSON. You don't mean finished goods and automobile tires that are on automobiles, and things like that?

Mr. HAUBEN. Finished goods such as hot-water bottles.

Mr. SIMPSON. What about tires? You are not figuring tires in your estimate?

Mr. HAUBEN. No.

Mr. SIMPSON. You haven't any figures on that?

Mr. HAUBEN. No, I have no figures on that.

Mr. SIMPSON. That is all, Mr. Chairman.

Mr. SAUTHOFF. Just one question: Has Mr. Henderson put any ceiling on these prices?

Mr. HAUBEN. Well, all I know is—yes, I believe he did.

Mr. SAUTHOFF. What is the ceiling?

Mr. HAUBEN. Well, it depends on the kind of scrap rubber it is.

Mr. SAUTHOFF. I presumed that, but has there been a regular written or printed classification with ceilings quoted, sent to dealers?

Mr. HAUBEN. I couldn't answer that.

Mr. SAUTHOFF. You haven't received any?

Mr. HAUBEN. No.

Mr. SIMPSON. I can answer that. There is a ceiling price and it has been sent to just a few dealers.

You see, there are 20,000 scrap dealers in the United States and very few of them have received questionnaires, so this gentleman wouldn't know whether there is a ceiling set other than from hearsay. He is stating here that he didn't get an official notification of a ceiling.

Mr. SAUTHOFF. Very well.

The CHAIRMAN. Are there any other questions of this witness?

Mr. HUNTER. Mr. Chairman, there was one point that Mr. Simpson brought out that he perhaps could better answer than the witness.

When you mentioned getting as high as $375 a ton—is that the figure you mentioned?

Mr. SIMPSON. That is correct.

Mr. HUNTER. Would you explain that to us further? In other words, who pays $375 a ton?

Mr. SIMPSON. The used tire dealer will go around to all the scrap rubber dealers of the Nation and they pick out the first tires, which means tires with one break or one repair job or one torn a bit that they can sell as a usable tire. They go through the scrap pile of the Nation and pick out all the usable tires that have one or two breaks. When they get through with the first pick they have taken the better tires. Then another dealer, who is more of a gyp used tire dealer, will pick out the tires that have two, three, or four breaks and for those he will probably pay $250 a ton. Then the fellow who is strictly illegitimate will pick out the stuff with five or six breaks and put boots and patches, and so forth, on them and sell them to the American people to put on their cars, tires which jeopardize the lives of all the people of the Nation who use them. Those tires are approved by the O. P. A. They do not restrict their sale. There is no restriction on the sale of such tires whatsoever, yet each and every one of those junk tires should be taken into a reclaiming plant and sufficient rubber could be reclaimed to make camelback for from 2 to 2½ tires, which would make a comparatively safe tire for the people of this country.

Mr. HUNTER. When a junk dealer accepts $375 a ton for second-hand tires or $200 a ton for second-hand tires, is he violating the price-fixing regulations in so accepting?

Mr. SIMPSON. Yes; he is.

Mr. HUNTER. You mean by that he is subject to prosecution?

Mr. SIMPSON. I would say this: If it is a usable tire, no. I would say no. I was just corrected by a glance from a scrap rubber dealer here in the room. If it is a usable tire which they sell there is a price ceiling up to $8, but on the junk tire there is a price ceiling—there was until this recent change, of from $12 to $18 a ton delivered to the factories.

That has been changed to allow you to ship it from any part of the United States with a net price of $8 a ton. Then they defined some scrap tires as "usable tires." Some of it they defined as "scrap rubber" and some "usable tires" so when the dealers are selling the pick of their tires they call them "usable tires" and not junk. In other words the scrap dealer is fitting himself within the letter of the price ceiling set by the O. P. A.

Mr. HUNTER. He stays within the order by selling them as used tires?

Mr. SIMPSON. Yes, sir; and they are sold as used tires.

Mr. HUNTER. In other words he gets around a violation of an order by the O. P. A. on that basis.

Mr. SIMPSON. I don't know whether it is a violation or not. I think the regulations would have to be much more clearly defined.

Mr. HUNTER. I simply wanted to understand what the $375 a ton was for.

Mr. SIMPSON. That is all, Mr. Chairman.

The CHAIRMAN. If there is nothing more from this witness we thank you, Mr. Hauben.

Our next witness is Mr. Harry Pryale, of the Baldwin Rubber Co., of Pontiac, Mich.

STATEMENT OF HARRY PRYALE, BALDWIN RUBBER CO., PONTIAC, MICH.

The CHAIRMAN. Mr. Pryale, you have a statement to make before this committee.

Mr. PRYALE. I haven't a prepared statement, Mr. Chairman, but I would be glad to answer any questions.

The CHAIRMAN. Would you mind giving the committee the benefit of knowing your history in the rubber business?

Mr. PRYALE. I have been with the Baldwin Rubber Co. for about 11 years.

The CHAIRMAN. Who is the Baldwin Rubber Co.?

Mr. PRYALE. They were at one time the chief manufacturers of automobile floor mats, and there is a mechanical department and several other departments.

The CHAIRMAN. How large were their operations?

Mr. PRYALE. Well, our ordinary usage of reclaimed rubber would run from 40 to 60 tons a day in top production, for the automobile industry.

The CHAIRMAN. In dollars how much business did you do in the course of a year?

Mr. PRYALE. About six or seven million dollars.

Mr. SIMPSON. With reference to compounding: How many pounds a day can you compound of rubber goods, Mr. Pryale?

Mr. PRYALE. About 200,000 pounds.

Mr. SIMPSON. In compounding in the United States you rank about, in what position would you say—roughly?

Mr. PRYALE. Oh, probably from sixth to eighth.

Mr. SIMPSON. From sixth to eighth in rubber compounding in your manufacturing plant in the United States?

Mr. PRYALE. I would say approximately that.

Mr. SIMPSON. Mr. Pryale, you had some conversations with Mr. Dingmon, president of the Xylos Rubber Co., which is a subsidiary of Firestone Tire & Rubber Co., sometime ago regarding the available scrap rubber in the United States. How many tons did he estimate there were available of tires at that time?

Mr. PRYALE. Please understand, Mr. Simpson, that I am not qualifying as a scrap or reclaim expert. My division in this business is sales. The only thing I can be an expert on is that it certainly has affected our business—the restrictions have. But what I might say in regard to that is just a repetition of a conversation which occurred.

Naturally we were very much interested at all times as to the availability of reclaim because our plant was so constituted that without reclaim we were practically out of business—the sheet business being the big end of it, and at various times, not only Mr. Dingmon but other reclaimers with whom we do business, stated that there was from 4 to 5 years definite supply of stocks available. I have heard various figures ranging all the way from 6,000,000 to 12,000,000

tons—rather fantastic figures and I haven't paid much attention to them because I can visualize 12,000,000 tons of rubber. But at least there was an adequate supply ahead of us to assure the continued operation of our business. And those statements were made not too long ago—a year ago or year and a quarter ago. And it was rather amazing to us to learn that within a short period of 6 or 8 months that this tremendous scrap pile of the country should suddenly drop to four or five hundred thousand tons, or whatever the tonnage they now claim available. As I say, the thing that I can be an expert on is that from the way these orders are written it has practically put us out of the sheet business.

I don't believe that an adequate survey of the scrap available in this country has ever been made and I hardly believe from the evidence that is developing as a result of this present scrap collection, that you are going to get the proper answer out of that.

Mr. SIMPSON. You had some further conversations with Xylos Rubber Co., Mr. Pryale, regarding a surplus of reclaim that they had in California in the subsidiary plant there last month.

Mr. PRYALE. That was several months ago, Mr. Simpson. At that particular time, when I was striving hard to get some reclaim for a purpose other than for the mat business——

Mr. SIMPSON. How much did they say they had?

Mr. PRYALE. They said they had 700,000 pounds available.

Mr. SIMPSON. They said they had 700,000 pounds available at that time?

Mr. PRYALE. Yes, sir; 700,000 pounds as I recall it.

Mr. SIMPSON. Were you the largest customer of the Xylos Rubber Co. for reclaim?

Mr. PRYALE. I believe so.

Mr. SIMPSON. The largest reclaim customer the Firestone Co. had?

Mr. PRYALE. I think that is true.

Mr. SIMPSON. You also had a conversation recently with the Monsanto Chemical Co. Will you tell us that conversation?

Mr. PRYALE. No, I was repeating to you the conversation that our chief chemist had with a representative of Monsanto, who had been down through the South and Southwest. While I can't repeat definitely his estimate of the scrap available, it was a tremendous figure for those areas.

Mr. SIMPSON. And was there something mentioned about a lot of low-grade accumulating which they didn't know what to do with in the reclaiming plant?

Mr. PRYALE. Yes, sir. I understand there is a so-called "victory" grade of reclaim that is a lower grade than tires and tubes; that there is a considerable volume of it, as I understand, that is piling up.

Mr. SIMPSON. In addition to that I understand you had a scrap dealer at Pontiac, Mich., make a check on scrap and scrap tires available in that area or that was available in one yard, and that was in the last week or so, was it not?

Mr. PRYALE. It was several weeks ago. We were being shut off from many sources of supply on reclaim and we were naturally threshing around to see what we could do about it. We have equipment for making a certain grade of reclaim—not a very high grade but we could make some, so we called on a local man who has been in the scrap business of various kinds for a great many years—Mr. Provinski of Pontiac.

We asked Mr. Provinski to make a check to see what would be available; whether there would be sufficient volume in our immediate territory to take care of our own emands.

I think he was gone about 6 or 8 hours and came back with the information he had, which was all we needed to indicate that if we did decide to do a little reclaiming of our own that there would be plenty of materials available.

This one scrap dealer that we got in touch withat that time had 1,000 tons available and could assure us of about 500 tons a month. That was just one dealer. I don't know how much would be available in the entire area.

The CHAIRMAN. Have you any questions, gentlemen?

Mr. HUNTER. Mr. Pryale, you say that the majority of your business is rubber mats for automobiles?

Mr. PRYALE. Yes, that was our biggest end of the business. During the peak of production we would run from eighteen to twenty or twenty-one thousand mats a day.

Mr. HUNTER. Are you still manufacturing mats?

Mr. PRYALE. No; it is entirely cut out now.

Mr. HUNTER. That is cut out?

Mr. PRYALE. Yes. Of course, with the closing down of the automobile business it was cut out and then the restrictions were placed which prohibited a rubber company from entering a field that they hadn't been in prior to some certain date last year. That absolutely excluded us from participating in any business.

Mr. HUNTER. Is your plant closed now?

Mr. PRYALE. No, we are doing quite a little mechanical work but the big department of our plant is closed down. Our big department was the sheet department and that is practically down, but we are getting started now on some civilian gas masks which fits the equipment we formerly used.

Mr. HUNTER. Were you equipped to make retreads?

Mr. PRYALE. No, that has never been a part of our business. We have never been in the tire business.

Mr. HUNTER. How much of your factory is in operation at the present time?

Mr. PRYALE. Well, basing it on mill-room capacity, I would say 20 percent.

Mr. HUNTER. Is your machinery adaptable—that is the machinery that made these mats, would that machinery be adaptable at all to making retreads?

Mr. PRYALE. No. They are largely retorts and you couldn't manufacture such articles in retorts. The only thing we could do with them until they were eliminated, was making the inner liners for tires.

Mr. HUNTER. Are you still operating the part of the plant that reclaims the rubber?

Mr. PRYALE. We have never been in the reclaiming business. It is our intention to see what we can do in a local way toward securing enough scrap to go into the reclaim business in the event it developed that companies could independently produce their own reclaim from scrap available.

Mr. HUNTER. In what form would you buy the rubber that you used?

Mr. PRYALE. Well, tires and tubes preferably but we can use lower grades of reclaim.

Mr. HUNTER. Well, if you bought tires and tubes, would you remove the rubber?

Mr. PRYALE. That is right.

Mr. HUNTER. That is what I meant. Then you are in a position to remove the rubber from the tires and tubes and use it?

Mr. PRYALE. Yes, sir; it is just a grinding job.

Mr. HUNTER. Well, is that part of your plant working today?

Mr. PRYALE. No. As I say, we have never been in that field. The attempt we were making was to see what was available in the event we would be permitted to manufacture our own reclaim for our own use.

Mr. HUNTER. That is all.

Mr. SIMPSON. Mr. Pryale, if you could make the reclaim rubber, the War Production Board would not allow you to use it, would they?

Mr. PRYALE. As I understand it, no.

Mr. SIMPSON. They restrict your use of the reclaim rubber?

Mr. PRYALE. That is right.

Mr. SIMPSON. And that is why if you make the reclaim you would have no place to put it?

Mr. HUNTER. We were hoping a change would be made.

Mr. SIMPSON. But such a change has not been made up to this time?

Mr. PRYALE. That is right.

Mr. SIMPSON. As I understand, your equipment consists of four Danbury mixers?

Mr. PRYALE. Yes.

Mr. SIMPSON. And they would mill all kinds of rubber goods—you could mill stock for most anything in the rubber business?

Mr. PRYALE. It is a customary piece of equipment.

Mr. SIMPSON. And you have some very unusually large equipment that makes press goods in a more modern way than most of the companies.

Mr. PRYALE. It is an open-heat cure which we developed.

Mr. SIMPSON. And there is a lot of sheet goods that is being sold to the Government that your company could turn out very rapidly?

Mr. PRYALE. Well, we are making some gasket material.

Mr. SIMPSON. But you could make a great deal more?

Mr. PRYALE. Yes, sir.

Mr. SIMPSON. And you could make a great deal more sheeting goods for those companies that have subdefense contracts in other lines that don't get their contracts exactly from the Government, but that do use sheeting—I mean companies such as tank manufacturing companies who use sheet goods or other people that get contracts that buy materials in sheets and discs—you could do more of that business, couldn't you?

Mr. PRYALE. We have plenty of capacity there.

Mr. SIMPSON. You have plenty of capacity for that?

Mr. PRYALE. Yes, sir.

Mr. SIMPSON. Has anybody in the War Production Board approached you with reference to a particular type of goods that you could make to fit that capacity?

Mr. PRYALE. No; that is my job.

Mr. SIMPSON. But they haven't come to you?

Mr. PRYALE. No, sir.

Mr. SIMPSON. If a rubber manufacturer had 2 years business ahead for the Government and needed a great deal of additional compounding facilities, your plant could compound a lot of goods for them, couldn't it?

Mr. PRYALE. Yes; but compounding is naturally the poorest end of our business.

Mr. SIMPSON. But you could do that?

Mr. PRYALE. Yes, sir.

Mr. SIMPSON. If anybody asked you to do it?

Mr. PRYALE. Yes, sir.

Mr. SIMPSON. Has anybody asked you to do that?

Mr. PRYALE. No. I think there is plenty of compounding plants in the country?

Mr. SIMPSON. You have a great number of presses, haven't you?

Mr. PRYALE. Mechanical presses?

Mr. SIMPSON. Yes.

Mr. PRYALE. They have about 60. They are pretty well occupied.

Mr. SIMPSON. Then the only presses available now are the big, large sheet presses?

Mr. PRYALE. That is right.

Mr. SIMPSON. That is all.

Mr. SAUTHOFF. I want to ask this question: How many people have been put out of employment because of this situation in your plant?

Mr. PRYALE. Well, up until last week, sir, we were down—not so many people out of employment, but we were operating at about one-third of our capacity. We were trying to hold as many people on short hours as we could possibly hold.

If we trimmed it down right to the number of people that are necessary to operate the plant, we could have eliminated two-thirds of our personnel.

Mr. SAUTHOFF. So there has been some hardship worked on the people that work for you?

Mr. PRYALE. A decided hardship, yes.

Mr. SAUTHOFF. How many hours are they working a week?

Mr. PRYALE. When we run our plant at all, we run it 24 hours on 8-hour shifts. At present we are rotating as many people as wish to stay with us until we can get sufficient business in to give them full-time employment. I would say we are using about 60 or 65 percent of our total personnel.

Mr. SAUTHOFF. In other words, you are trying to hold on to your personnel and help them out to whatever extent you find it possible?

Mr. PRYALE. That is our intention; yes, sir.

Mr. SAUTHOFF. Are you an independent company affiliated with one of the other companies?

Mr. PRYALE. Independent.

Mr. SAUTHOFF. That is all.

Mr. HUNTER. Where is your company located?

Mr. PRYALE. Pontiac, Mich.

The CHAIRMAN. Are there any other questions?

Mr. REED. The survey which you made as to the available scrap rubber covered how large an area around Pontiac?

Mr. PRYALE. Really it wasn't a survey. We called in one man whom I have known for a great many years there in Pontiac and

asked him how much scrap could we get in the event we went into the reclaiming business, and as I say, he was gone 5 or 6 or 7 hours and came back with this report and samples of the scrap that was available.

There was an immediate scrap volume in this one yard—I couldn't tell you even who the yard belonged to, but there was immediately available in that one yard at that time 1,000 tons and there was assurance of 500 tons a month steadily from then on.

Mr. REED. That was just from one yard?

Mr. PRYALE. Yes.

Mr. REED. That is all.

The CHAIRMAN. Thank you very much, Mr. Pryale.

The next witness is Mr. Kolodiz.

STATEMENT OF NAT KOLODIZ, CHELSEA, MASS.

Mr. KOLODIZ. My name is Nat Kolodiz. My place of business is Chelsea, Mass. My business is under my own name. I have been in business since 1915—27 years, always in the scrap rubber business. I have at the present time about 150 tons of various kinds of scrap rubber. Some of this scrap I have had for as long as 16 years—since 1926. Nothing happens to scrap rubber when kept for a long period of time. The rubber has the same qualities.

The Government has never sent me any questionnaire to find out how much scrap rubber I have, nor any scrap rubber dealers I know have received any questionnaires. Scrap rubber is not alone collected by scrap rubber dealers, but by junkies and small dealers. There are over 250 dealers who collect scrap from the people. These peddlers have all sorts of scrap from different places and they all have quantities lying around in cellars and warehouses in large amounts, that have not been reported. Garages and all collection points have tremendous quantities of scrap rubber and most of it has never been sold, because there rarely has been a market for most of the scrap rubber accumulated.

Some of the garages up to the present time have been dumping it and these are lying around in the dumps throughout New England.

In order to sell to the large reclaimers, you had to sell to the Big Four companies. They kept the price of scrap down so low on a few grades, that it was not even profitable to sell and most of the other grades they paid nothing for. There were a great number of grades they paid nothing for. There were a great number of grades that they wouldn't pay any price for which we have been unable to sell. Now, today, I understand that there is a price of $25 a ton but nobody is paying me $25 a ton on it for the scrap. I'd like to know where I could sell it for $25 a ton; but even if I did sell it at that amount it still would not be the price that must be paid.

The other day I was over to see a garageman in Athol, Mass., and he happens to be a Goodyear tire dealer. He has at least 10,000 pounds of scrap tires on hand, and he was telling me that he would rather burn it than sell it for the present prices. This is prevalent every place I go. If the Government would pay a price of $100 a ton for scrap rubber, I would guarantee to get them 300,000 tons in the six New England States of tires alone in a short period. The price is what is keeping the scrap rubber from being sold. The scrap-

rubber dealer should at least get a reasonable price for the scrap rubber that is useful for the country.

Last May I was in Aroostock, Maine, and through that country alone, I have seen at least, without any exaggeration, 75 tons of scrap rubber in a few of the places where I was, and that was only a few places. The only thing they could do is put the scrap rubber in a dump truck and carry it straight to the dumps.

I have seen a junk dealer at Caraboa, Maine, and this dealer has about 50 tons of tires which he says he would be willing to sell at any price, but the freight from there is so tremendous that he was not even able to sell for even $2 a ton.

The trouble with the scrap business has always been the control of the big dealers, and their sale to the reclaimers. I could not sell to the Philadelphia Reclaiming Works. I could not sell to Naugatuck. I had to sell to Muehlstein, Lowenthal, Berzen, and Schulman, in order to sell to these other companies. Therefore, to be able to sell the scrap, I had to sell at whatever price these companies would give for it.

Now, my suggestion is this: The present collection will get nowhere near the amount of scrap in the country because all they will get is the scrap that the people will give to the service stations. They will deliver the few pounds of rubber that they actually have in their hands. Garages, junk dealers, service stations will not bring in the rubber at the ridiculous low prices offered them.

If the service station gets from the householder a good tire that can be repaired, he will not sell it. They will do the same with tubes so that all you can expect on this collection is a very small part of the scrap—only a small part of the countless millions and millions of tons that are really available. They probably will get 5 to 10 percent of the scrap rubber of the households, but will not get the scrap rubber that is lying around in dumps. The only way they are going to get it, is by paying a price that pays the junk dealers to give up the tires and by doing this they will also stop the junk dealers from taking these tires and repairing them five or six times, thereby turning them back into junk rather than selling them as usable tires for the people.

I think that if we paid the right price that in 60 days we could collect at least 300,000 tons of rubber tires in New England without figuring other types of rubber scrap which are lying around in large quantities that have never been collected.

They never took floor tiling, they never took garden hose, they never took any of the mats, they never took bicycle tires, so you can realize what a tremendous amount of scrap rubber is laying all over. You take rag dealers in our vicinity. When they assorted rags and picked out hot-water bottles and articles which are also thrown into the mixed rags and sold to the junk collector, and that particular scrap rubber was thrown into the dump truck and carried straight to the dumps. Battery boxes were not taken at all and they don't take them today.

In the Government circular of January 31, 1942, they specified that no hard rubber batteries or hard rubber goods or any sort were to be accepted as scrap, even though this is scrap rubber that can be used in the manufacture of hard rubber goods. They would never take rubber sheeting; they would never take anything other than tires and tubes. The rest of the goods were never touched. We used to

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accumulate black rubber scrap, tops from carriages and solid tir that grade they would not buy for $2 a ton.

The situation is this: We can get millions of tons of scrap but w have got to want to get it and pay a reasonable price to the "junkies" pick it up.

Up to this month scrap iron, which is considered in the junk busine the lowest priced article, for the last 10 years sold for a higher pri than the price of scrap rubber. Therefore, when we take in all th figures of the scrap rubber that has been laying around, the quantiti that can be accumulated are large.

It would also have to be advertised through the press of the Unite States that these grades which they disregard completely now ar valuable and worth money and in that way you can collect it.

There is no question as to the countless number of millions of ton of scrap rubber lying all over the United States.

The CHAIRMAN. Gentlemen, do you have any questions of this witness?

Mr. SAUTHOFF. I just want to ask the witness why the dealers don't want hard rubber goods?

Mr. KOLODIZ. That is a question I cannot answer.

Mr. SAUTHOFF. Well, can hard rubber be reclaimed as well as any other rubber?

Mr. KOLODIZ. It could; yes. It could be used again to manufacture hard rubber goods.

Mr. SIMPSON. Mr. Kolodiz, when you said there were 300,000 tons of rubber available in the six New England States that you could collect——

Mr. KOLODIZ. That is right.

Mr. SIMPSON. What price would you say would enable you—you said you would guarantee to deliver 300,000 tons to the Government in 60 days—what price would you say would be necessary to deliver 300,000 tons of tires in 60 days to the Government?

Mr. KOLODIZ. At least $100 a ton for tires and $200 a ton for tubes.

Mr. SIMPSON. And you would guarantee that in 60 days out of New England alone you could get 300,000 tons of scrap tires and that doesn't include the hundreds of thousands of tons of other scrap?

Mr. KOLODIZ. That is right.

Mr. SCOTT. Will you explain to me just what you meant by saying that you could deal with certain dealers, whose names you mentioned, but are required to go through certain middlemen or brokers?

Mr. KOLODIZ. That is right.

Mr. SCOTT. Will you explain that system?

Mr. KOLODIZ. The system so operates that I can't go into any of the reclaimers and sell them 100 or 200 tons of scrap rubber. They won't buy it. I have to go to one of the Big Four. They in turn will sell it to the reclaimers. In fact many times they give me instructions to ship my scrap rubber direct to the reclaimer after the broker has purchased it—after one of the Big Four have purchased it.

Mr. SCOTT. Who do you mean by the "Big Four"?

Mr. KOLODIZ. Muehlstein, Berzen, Schulman, and Lowenthal.

Mr. SCOTT. And what does their business embrace—what does it include—the business of the Big Four?

Mr. KOLODIZ. They had no scrap rubber just as a brokerage firm.

Mr. SCOTT. Why are they called the Big Four?

Mr. KOLODIZ. Well, they are the biggest four in the United States handling scrap rubber.

Mr. SCOTT. Where is their place of business?

Mr. KOLODIZ. H. Muehlstein is at 122 East Forty-second Street, New York; Berzen is on Fifth Avenue in New York; and Schulman has a main office in Akron, Ohio, and has four or five offices throughout the United States; Lowenthal Co., I think, has only two offices, one in Chicago and one in Akron, Ohio.

Mr. SCOTT. Thank you, sir.

The CHAIRMAN. Who does this Big Four sell to?

Mr. KOLODIZ. They sell to all the large reclaimers throughout the United States.

The CHAIRMAN. How many of the large reclaimers are there?

Mr. KOLODIZ. There probably is around 12 or 14 large reclaimers.

The CHAIRMAN. Who owns those large reclaiming plants?

Mr. KOLODIZ. Well, you take the Rubber Regenerating Co. of Connecticut is owned by the United States Rubber Co. There is another big rubber reclaiming outfit in Akron, the Philadelphia Rubber Works—I think they are independent——

Mr. SIMPSON. No; that is owned by B. F. Goodrich.

Mr. KOLODIZ. Yes; that is right.

Mr. SIMPSON. And Xylos?

Mr. KOLODIZ. Xylos, I don't know.

Mr. SIMPSON. That is Firestone; and Goodyear also have their plant.

Mr. KOLODIZ. Goodyear Tire—they reclaim under their own name and have a big plant in Akron, Ohio. And we have smaller dealers—smaller reclaimers and manufacturers even in Massachusetts like the Panther Rubber Co. They manufacture rubber soles and heels and they buy a lot of tires and tubes which they reclaim and manufacture these goods, and even those small men won't buy from a small dealer of my type.

Mr. SIMPSON. Why not?

Mr. KOLODIZ. They go to one of the Big Four.

Mr. SIMPSON. Why won't they buy from men like you?

Mr. KOLODIZ. That is a question that I can't answer. They buy from the Big Four because the bid dealers cornered up the whole thing under their own control and if he wouldn't buy—if he will buy from me one time they will fix him the next time when he wants to buy something; he wouldn't be able to get it from them the next time he wanted to buy something.

They will come in and pay me $2 or $3 a ton more than a reclaimer would in order to get my business—in order to stop me from doing business with a reclaimer direct.

Mr. SIMPSON. So you have to work through the channel of these Big Four?

Mr. KOLODIZ. That is right.

Mr. SIMPSON. And the Big Four are controlled by the big rubber companies?

Mr. KOLODIZ. That is right.

Mr. SIMPSON. And you can't sell to the big rubber companies direct?

Mr. KOLODIZ. That is correct.

Mr. SCOTT. Has that situation ever been brought to the attention of the Rubber Coordinator or of anyone else in the War Production Board?

Mr. KOLODIZ. Not that I know of.

Mr. SCOTT. That is all.

The CHAIRMAN. Any other questions, gentlemen?

Mr. SIMPSON. The Panther Co. manufactures reclaimed rubber for its own use?

Mr. KOLODIZ. That is right.

Mr. SIMPSON. And that was the company you mentioned which was manufacturing reclaim for their own use which you could not sell to?

Mr. KOLDIZ. That is right.

The CHAIRMAN. And you could not sell to them even?

Mr. KOLODIZ. No; not for the last 6 or 7 years.

The CHAIRMAN. Any further questions? If not, we thank you very much.

Our next witness is Mr. Harold Sims.

STATEMENT OF HAROLD SIMS, FORT WORTH, TEX.

The CHAIRMAN. Mr. Sims, you have testified previously before this committee on certain matters with reference to the scrap-rubber situation in this country. I understand you would like to supplement your statement by telling us the results of a survey you made in connection with the proposed reclaiming plant that you offered to the Government.

Mr. SIMS. The result of the survey of the scrap situation in the Southwest; yes.

We made an actual survey which took about 60 days in the States of Texas, Oklahoma, New Mexico, and Arizona.

In the State of Texas alone, through the Marine Junk Co., which operates in the north and west portion of Texas, and in Pinto County and Cook County and Dallas County, and we went down as far as Houston and Corpus Christi and we actually found in the hands of dealers and places where dealers could immediately accumulate rubber to the extent of 150,000 tons of tires and tubes only.

There was an additional 100,000 tons, estimated, in the State of Texas which had to do with oil-well equipment like pipes and tubes that have absolutely no junk value insofar as the junk dealers of Texas are concerned.

Up until 1940, no junk dealer in the State of Texas had ever shipped as much as one carload of junk rubber out of the State. There was no call for it. The freight rate had something to do with that. It costs two-thirds again as much to ship it out and the nearest point of reclaim was East St. Louis, Ill.—the Midwest Reclaiming Corporation and from that point it had to go to Akron, Ohio, New Jersey, or Connecticut or New York State.

In 1941 they had some spasmodic orders for tires and tubes only. We have had our Mr. Shea from Oklahoma City follow up the people who have been buying the tires in 1941 and found these tires were purchased to be picked over and put back in the used-tire dealer's stock to resell to the public.

There is a system of picking once, twice, or three times, and then finally the residue went either into the junk pile or the dump. I

checked my figures with Mr. Holt in the Commerce Department, who said that there was an excess—this was in February—he said there was an excess of 1,000,000 tons of scrap available and 11½ percent of that scrap was in this general territory; 5½ percent of it was in the State of Texas alone.

Mr. Hicks in the War Production Board, Rubber Division—I think he is in carge of patches and has to do with scrap, estimated that there was somewhere between 9½ and 10 million tons of junk rubber in the United States, and he has authority there with which he proves his statement.

In the last 2 or 3 days I have been calling back and forth to the State of Texas in regards to the present rubber drive and we find out that the drive for scrap rubber in the State of Texas is taking on the proportions that the waste-paper drive took on down in that territory. In other words, getting back to the waste-paper thing, we gathered so much waste paper that they shut us off. We had the docks and railroads and mills and everything else flooded. They shut us off. They had no facilities to take it out of the country.

Now, as I understand from my associates back in Fort Worth this rubber thing is taking on the same proportions. I also understand that all scrap rubber in the hands of dealers or rubber that has been purchased by rubber junkies and accumulated in piles is not going to be figured in on this over-all picture. In other words, the scrap that is being collected now under the President's program is going to be weighed and that is the figure you are going to get from Texas, and when you get that figure, you are going to have about 250,000 tons light.

We have no shortage of rubber in the Southwest. But we have no facilities to gather it or ship it any place. Our freight situation in the State of Texas is splendid. We have five big trunk-line railroads but when you get to St. Louis you hit a bottleneck and there is no way to ship the stuff east.

The CHAIRMAN. Are there any questions, gentlemen?

Mr. SAUTHOFF. Mr. Chairman.

The CHAIRMAN. Mr. Sauthoff.

Mr. SAUTHOFF. Do you think sending out a questionnaire would help this situation?

Mr. SIMS. I think there is a very definite need to get the over-all picture of scrap and to get that picture you will have to send out questionnaires with a penalty. In other words, a man who is in the scrap business will have to actually give you figures as to how much scrap he has on hand and penalize him if he doesn't give you the right figure; we must have some system of checking his figures to see that they are correct. If that is done, you will get somewhere near the picture of the scrap that is available in the United States.

Mr. SAUTHOFF. And in order there might not be too much conniving on it, let him give the types of scrap that he has.

Mr. SIMS. Absolutely. I am not a rubber man but I have talked scrap and I have learned what I know about scrap by actual experience in going around and looking at it.

They tell me there are several kinds of rubber. I have been told by experts that there are some kinds of rubber composition that would not be defined as rubber at all, but nevertheless those compositions do contain rubber and that rubber is usable. I think question-

naires should go out with a penalty attached so as to find out what kind of rubber is available, whether it is scrap, crude or what not, and find out the amount of rubber you have in the United States.

Mr. SAUTHOFF. That is all, Mr. Chairman.

Mr. SCOTT. Do I understand what you need to get that rubber into tires is a reclaiming plant in Texas?

Mr. SIMS. That is what I mean.

Mr. SCOTT. Is that your need?

Mr. SIMS. Absolutely. We don't have any reclaiming facilities in Texas. The nearest reclaiming plant we have is the plant in California, which is owned by one of the Big Four rubber companies. Then we come up to Denver, Colo., and then over to East St. Louis, which is the Midwest. They also have one in the East. The next nearest plant is in Memphis, Tenn. I have been questioned several times as to the Memphis plant. I have never seen the plant. I get the information from the Department of Commerce that there is such a plant but I have been told by authorities that there is no plant there, but I do know those are three closest points to us.

Mr. SCOTT. That is the forgotten plant?

Mr. SIMS. I don't know. I am inclined to believe that there isn't a plant there.

Mr. SAUTHOFF. What is the capacity of the St. Louis plant?

Mr. SIMS. I think they turn out something like 25,000 tons a year.

Mr. SIMPSON. The total production in the two plants runs between forty and fifty thousand tons. That is a tremendous production. The biggest production of any one company is 60,000 tons a year.

Mr. SIMS. They have a tremendous scrap pile. But getting back to scrap piles, I was told by a member of the War Production Board that the Firestone Tire & Rubber Co., who owns Xylos in Akron, was running very short of scrap. I took a picture last January of their scrap pile—the Xylos reclaiming plant out there. Subsequent to my taking this picture, Life Magazine ran a picture showing a 40-acre field which was covered from 4 to 4½ feet high with scrap rubber. My picture in the shuffle over in the War Production Board got lost, but I had seen the same picture also in the Tribune, so I wrote the Tribune and asked if I could have a copy of their picutre, and they very kindly rerun the piece in their last Sunday issue, and if you will get last Sunday's issue of the Chicago Tribune, both on the commercial page and rotogravure section, you will see a picture of the big Firestone plant there with a 3½ year supply of scrap rubber on hand, and carloads of it still coming in. What do they want with a 3½ year supply? I don't know.

Then in your last night's paper, you see the Goodyear Tire & Rubber Co. with another 3-year supply of scrap on hand, so there is a 6½-year supply for one huge reclaiming plant.

I thought that we needed rubber at the present time and not 3½ years from now. Even with that picture before us our scrap rubber lies stagnant after we collect it. I don't know what we are going to do about it?

We are shipping munitions out of Texas too fast. We are using every carrier we have. I don't know whether we can get cars to ship that scrap to reclaiming plants. I don't know that scrap rubber can take precedence over the munition plants and airplane plants, and bomber plants, and other commodities we are shipping out of there.

Mr. HUNTER. Mr. Sims, the reclaiming plant that you have in mind establishing would have what capacity?

Mr. SIMS. A minimum of 20,000 tons and a maximum of 40,000 tons per year.

Mr. HUNTER. Since your last appearance before this committee, has anything new developed with reference to permitting you to organize or build that plant—have there been any new developments?

Mr. SIMS. No; it is pretty definitely felt that the boys at the head of the War Production Board are going to block this thing. They don't want a plant there.

They first told me there was no scrap. We put men in the field and we conclusively proved to them that the scrap was there. Then they told me there was no machinery to work the scrap. Following that I went to three different machinery companies in the East here—from Akron clear up into Connecticut and New York City—and I located all the machinery we needed—machinery already fabricated—used machinery that was in the hands of used-machinery dealers, machinery which was not working. I found enough machinery to put up a plant to produce 40,000 tons a year of reclaim rubber.

Our building is built. We don't require one bit of material in steel or anything else that is needed in the defense set-up at all. The machinery that we have selected is applicable to a reclaiming plant only It isn't good for any other type of manufacturing.

We have something like $41,000 worth of ice-making machinery and so forth, depreciated as of January 1, 1942, that we are willing to throw back into the machinery pool. That machinery can be used by several different types of manufacturers. We are willing to release that to them. But to further block us they have frozen the used machinery that we need for our plant.

We have been financed by the Reconstruction Finance Corporation. Our financing is all accomplished. Our only trouble now is with Mr. Williams and Dr. Rogers and Mr. Newhall.

Mr. HUNTER. Has your financing been approved?

Mr. SIMS. Yes.

Mr. HUNTER. Then what is to stop you from going into business?

Mr. SIMS. Because they will not release that money to us until we get a letter from the War Production Board, showing a wartime necessity for this plant.

You can't build a Chick Sale out there unless you get those fellows' permission.

Mr. HUNTER. But you say you have the plant?

Mr. SIMS. Yes.

The CHAIRMAN. Evidently your financing will be done through a government agency?

Mr. SIMS. Yes. But even if we took our own money they said they wouldn't let us build the plant.

Mr. HUNTER. You say you have the plant.

Mr. SIMS. Our building is built and the machinery is located.

Mr. HUNTER. You don't need priorities to buy that, do you?

Mr. SIMS. Yes; we do. During the time I was making my petition over there, right when I was in their office, they froze used machinery and required us to get a priority before we could purchase it.

Mr. HUNTER. In order to buy it?

Mr. SIMS. Yes; you can't buy that machinery. They won't allow it to be released. They say there is only enough used reclaiming

machinery in the United States today to expand existing plants or to replace facilities that might break down in the existing reclaiming plants, which is wrong, because there is plenty of machinery.

The CHAIRMAN. In view of your previous testimony and what you say here this morning, it occurs to me that it might be advisable if this subcommittee authorized me to take up with the War Production Board the possibility of giving you a new hearing to establish that plant.

Mr. SIMS. That is right.

The CHAIRMAN. Would you have any objection to that?

Mr. SIMS. I would like to have a rehearing with some unbiased people on that hearing board over there—people that don't have some outside interest, possibly, that would want to buck the thing.

The CHAIRMAN. What does the subcommittee think about such a suggestion?

Mr. HUNTER. I think the suggestion is very good. I don't think there should be any change in the men that are being dealt with in the War Production Board because they have gone over it before. I think it would be nice to have this subcommittee set in at the hearings so that we may get the actual picture.

The CHAIRMAN. That is a very good suggestion, and I may say too, that I don't think it would be practical to change the personnel of that board, because they are the only ones who would have the authority to grant this petition. They would have to be the ones before whom you would appear.

I don't think the subcommittee would care to sit as a body but we might select a representative of the subcommittee, one or more, and let them sit in as observers, with their permission.

Mr. SCOTT. Why not the chairman and counsel.

The CHAIRMAN. Off the record.

(Discussion off the record.)

Mr. HUNTER. I move, Mr. Chairman, that the chairman be instructed to request a rehearing of Mr. Sims' case and to ask that such members of the subcommittee who desire, may be permitted to sit in on this rehearing.

The CHAIRMAN. You have heard the motion, gentlemen. Is there any objection?

Mr. SCOTT. I second the motion.

The CHAIRMAN. Those in favor will please signify by saying "Aye"; opposed "No." Carried unanimously, and the chairman will address such a request to the War Production Board.

I think that is all, Mr. Sims.

Mr. SIMS. Thank you, gentlemen.

The CHAIRMAN. Our next witness is Mr. Hirschberger.

Mr. Hirschberger, do you have a statement to make?

Mr. HIRSCHBERGER. Yes.

STATEMENT OF JACOB HIRSCHBERGER, NEW YORK CITY, N. Y.

Mr. HIRSCHBERGER. My name is Jacob Hirschberger. My residence is in New York. I was born in Germany but expatriated by general decree in November 1941. I am manager of the Rotex Rubber Co., Inc., Newark, N. J., a corporation organized under the laws of the State of New Jersey.

We are wholesale dealers in scrap rubber.

I left Germany in January 1939. I was in London 1 year waiting my quota number to immigrate to this country, arriving here on January 10, 1940. I am in possession of my first papers since May 1940.

I have been in the rubber line for 33 years, having been a partner in one of the largest scrap rubber firms in Europe—Fiest-Strauss in Frankfort-on-Main, and Paris.

After the First World War in 1920, I started a rubber factory, the Gummiwerke Odenwald in Frankfort-on-Main. As a partner also of this firm, I had the technical management of the factory until October 1938. The total number of workmen employed was 600.

In the middle of 1935, we got the order from the chairman of the rubber manufacturing association to increase as much as possible our facilities in the reclaiming because the allotment of crude rubber already under control since 1935 by the Ueberwachungstelle, Berlin, and had to cut this supply more and more because of the lack of foreign currency.

After a long study, we decided on a new high pressure installation. The operating pressure was maintained at approximately 700 pounds per square inch. The heating temperature accordingly ranges at about 419° centigrade or around 950° Fahrenheit. Our process is based on the recognition that instead of machanical pretreating the waste articles, the introduction of high-pressure steam or other devulcanizing agents into the charge, must be controlled in such a manner as to provide excess to the entire surface of the rubber waste articles.

It is, therefore, the main object of our process to introduce the high pressure saturated steam into the reaction receptacle or autoclave, in such a manner that same is not only uniformly distributed throughout the entire charge, but also has an easy and free access to all parts of the same.

Another object is to control the supply of the autoclave of the uniformly distributed steam in accordance with the character of rubber waste under treatment. Some types of rubber scrap, such as sponge rubber scrap, pure rubber scrap or rubber scrap, which originates from energetic masticated rubber compounds, need another treatment, as for instance; heavily loaded carbon black compounds as peeling No. 1 and 2, and so on.

The time of treatment varies between 16 to 50 minutes. For instance, sole and heel trimmings about 16 minutes, water bottles, about 18 minutes, cycle tires 18 minutes, garden hose about 20 minutes, gas masks about 20 minutes, peelings No. 1 about 22 minutes, peelings No. 2 about 24 minutes, cycle tubes about 25 minutes, air bags about 25 minutes, motor tubes about 50 minutes.

All the scrap rubber will be charged into the treating receptacle not in ground form, but only in cut or shredded condition.

Owing to the technical facilities of my reclaiming equipment, it is possible to reclaim the smallest quantities of any speciality scrap rubber of only a few hundred pounds. It is of the utmost importance that small lots of scrap rubber of miscellaneous character, of which there are immense quantities available in this country, can be turned into reclaimed rubber immediately because practically all medium and big sized reclaimers are not in a position to reclaim small lots economically with view to their large equipment.

It is also a fact that big reclaimers refuse to accept any small amounts of small rubber and therefore speciality rubber items have to remain in warehouses for a period of many months, sometimes years, before they can be turned over to a reclaimer.

In regard to the quality of my finished product, I wish to say that I turned out approximately 10 to 12 tons daily and that my rubber was used by leading rubber and cable manufacturers.

The most advantageous points of my process as compared to those used in this country at the present time are as follows:

1. Time element: The time of reclamation is reduced to 16 minutes whereas the present laborious methods used here require anywhere from 8 to 20 hours.

2. Cost: My process requires less equipment than do the others that are now being used and therefore a complete plant can be installed at a much lower cost. It can also be run much cheaper.

It costs about $500,000 to equip a plant with a capacity of 100 tons per day with all new equipment. If priorities cannot be obtained for part of this equipment and second-hand equipment is used, the cost would be about $400,000.

3. Process: With my process debeaded tires cut in pieces can be reclaimed with actually only a small percent loss in weight which results in a lower grade reclaim. By using tubes, peelings, or higher grade scrap, I obtain a high quality reclaim.

Before I left the firm, I had ordered equipment to increase the capacity considerably.

In our factory during 1934 our quota of crude rubber was about 50 tons per month. In 1938 this was reduced to about 15 tons monthly; yet, with the increased use of scrap rubber and reclaimed rubber, we compounded twice as much material as in 1934. At this point we were using about 100 tons of reclaim, about 150 tons of scrap, and about 15 tons of crude rubber in our product monthly.

In the event that the American Government decides to build any reclaiming plants using my process, I will be only too happy to give it to them free of charge for the duration, and assist in every possible way by supervising the construction of same.

The CHAIRMAN. As I understand, you are willing to turn over to the United States Government, free of charge, the patent that you control?

Mr. HIRSCHBERGER. That is right.

The CHAIRMAN. Does anybody else have control of that patent?

Mr. HIRSCHBERGER. No; the patent is still pending.

The CHAIRMAN. Mr. Simpson has no interest in the patent?

Mr. HIRSCHBERGER. No interest at all.

The CHAIRMAN. And I have no interest in the patent?

Mr. HIRSCHBERGER. None at all.

The CHAIRMAN. Did you ever see me before?

Mr. HIRSCHBERGER. No; I never saw you before.

The CHAIRMAN. And you are willing to turn over to the Government, free of charge, your patent?

Mr. HIRSCHBERGER. Yes.

The CHAIRMAN. Now, we will go off the record.

(Discussion off the record.)

The CHAIRMAN. On the record.

Mr. SIMPSON. I have some questions to ask Mr. Hirschberger.

You stated that you are a scrap-rubber dealer. To whom do you sell your scrap?

Mr. HIRSCHBERGER. To dealers, rubber manufacturers, and to a few reclaimers.

Mr. SIMPSON. Do you sell to the so-called four or five big reclaimers?

Mr. HIRSCHBERGER. Not directly, but through another large scrap dealer.

Mr. SIMPSON. Why has it been impossible to sell to the big reclaimers direct?

Mr. HIRSCHBERGER. Because they have special suppliers.

Mr. SIMPSON. Do you find it necessary to do much traveling in your business?

Mr. HIRSCHBERGER. Yes.

Mr. SIMPSON. What States have you traveled through?

Mr. HIRSCHBERGER. New Jersey, Pennsylvania, Maryland, Connecticut, Massachusetts, and New York.

Mr. SIMPSON. What observations have you made of scrap-rubber stocks in the States that you have visited? Have you observed any large accumulations in factories, in scrap-dealer warehouses and in deserted places?

Mr. HIRSCHBERGER. Everywhere I found large stocks.

Mr. SIMPSON. You say "large stocks," and these you have seen in States nearby where reclaimers say the supply is practically exhausted?

Mr. HIRSCHBERGER. That is so.

Mr. SIMPSON. On this basis, what would you estimate our scrap pile accumulations throughout the country to be?

Mr. HIRSCHBERGER. As these States that I visited are in the vicinity of reclaimers, where scrap rubber is always being collected, it would be hard for me to judge. However, as these represent only one-eighth of the States in this country, and scrap, as I understand, has accumulated for years in some of these other States, a conservative estimate would be that there are about 5,000,000 tons.

Mr. SIMPSON. Does this estimate include scrap rubber of all descriptions that are in the households of the nation?

Mr. HIRSCHBERGER. It does not.

Mr. SIMPSON. When you stated you left Germany in 1939, what was Germany's production of buna at that time?

Mr. HIRSCHBERGER. The monthly output was about 2,000 or 2,500 tons monthly.

Mr. SIMPSON. Did Germany have much crude rubber at that time?

Mr. HIRSCHBERGER. Very little.

Mr. SIMPSON. What did they use in the manufacturing of their rubber products?

Mr. HIRSCHBERGER. What little crude rubber they had, some synthetic, but mostly scrap and reclaim.

Mr. SIMPSON. That is all.

The CHAIRMAN. Any other questions, gentlemen? If not, we thank you very much, Mr. Hirschberger.

We have one more witness.

STATEMENT OF SAMUEL BARON, SYNTHETIC RUBBER SAVER CORPORATION, NEW HAVEN, CONN.

Mr. Chairman and gentlemen of the committee, I was born in Russia and lived in Germany for about 26 years. I am a chemist and learned my profession in Russia.

I have been a chemist for 42 years and have specialized in research with respect to synthetic rubber and I can say from my experience and observations that we here in this country have no shortage of rubber. We have all the rubber we need in this country for the next 3 or 4 years. I don't want to mention figures or the amount we have in tons, but my estimate is based on my experience as a chemist, rubber manufacturer, and my observations during the war 1914–18.

In the war of 1914–18 I was a member of a committee established in Germany for the purpose of procuring scrap rubber, developing synthetic rubber and similar objectives. The chemists of Germany were enlisted with a single purpose in mind just the same as the soldiers of Germany. Scrap dealers and junk dealers were getting weekly wages to bring in scrap rubber wherever they find it; the more they brought in, the more they were paid. If they didn't do it they got prison terms of from 10 to 20 years or, maybe, in the neck.

As a result of the program Germany supplied itself with its rubber requirements for the war of 1914–18. Germany did not have 5 percent of the crude rubber that we have here in this country, not even 5 percent of the relaim rubber that we have in this country and possibly 10 percent of the scrap that we have available today in this country.

In Germany it made no difference who the chemists were—Russian, Polish, German—they were all working together to find a way to stretch Germany's rubber resources to the last stretch. They were seeking a ay to stretch the rubber resources to their utmost. They were seeking a process to combine it with other substances which would give them a good product, and the result was that during the 4 years of war Germany was not short in rubber.

To make our product we bought chemicals from the I. G. Farbenindustries. These chemicals were used to bind the rubber scrap together. The I. G. Farbenindustrie is comparable to the du Pont Co. in the United States of America. We paid as high as 30 and 40 cents a pound for this chemical which, in this country, can be purchased today for only 7 cents a pound.

We have here in the United States the best chemicals in the world to bind our scrap rubber for use in the articles now needed. We have the best chemicals in this country with which to give "stretch" to our rubber, and we have the best chemists here in the United States to do that work. We have in this country chemicals which will increase the stretch of rubber from 70 to 80 percent—that is, 20 or 30 percent of the crude rubber now used is sufficient to provide for our needs.

I have shown to representatives of the war department, a representative from U. S. Rubber, Mr. Richards, and Mr. Nolan what can be done. They brought to me 24 pounds of crude rubber. In 20 minutes I produced from those 24 pounds, 159 pounds of rubber through the use and application of my product. I have letters here which testify to that.

Before the United States entered the present ar I knew there was something up because of the number and character of Germans

coming to this country. I knew something was going on. Realizing that, I kept my eyes and ears open because I wanted to do for my country—because this is my country, my home, and I will do like a soldier whatever is necessary to win. Not with papers or writing letters but with rubber.

I bought machinery myself to prove what I say and I have proved it. I bought a machine which only cost $500 and in 7 months time that machine has produced 1,000,000 pounds of rubber. I have sold these synthetic rubber sheets for the same price as crude rubber—15 cents per pound, the price that prevailed then, and these sheets contained only 12 percent crude rubber.

I can prove my product to you. I can bring the machine here and show you gentlemen. It costs only 5 cents a pound to make it. I have a letter from the Olin's Laboratory, Akron, Ohio, who analyzed my product and they state it contains 50 to 60 percent of crude rubber, whereas I know there was only 10 percent crude in it. However, my product is equal in efficiency to rubber containing from 50 to 60 percent crude rubber. From tests made my WX159 and Rubado have proved better than Dupont's RPA which costs 62 cents per pound. In six months' time I have sold 1,000,000 pounds and three of the largest factories have bought it in addition to 50 or 60 smaller ones.

Mr. SIMPSON. May I interrupt so that the committee may understand. Mr. Baron can take 10 pounds of rubber and with a chemical which we call an extender, save two-thirds of the rubber that is now being used in the manufacture of rubber goods in the United States. What he is proving here is this: If we use 300 pounds of rubber under our present process, with his, Mr. Baron's, we would use only 100 pounds of rubber. He simply adds his chemical to the 100 pounds of rubber thus saving two-thirds of the rubber that we are using in this country today. Does that clear your point, Mr. Baron?

Mr. BARON. Yes.

Mr. SIMPSON. I would like to ask a few questions in connection with your testimony. You have made some tires for the Armstrong Rubber Co., have you not?

Mr. BARON. Yes. Without the use of any crude rubber I made six tires.

Mr. SIMPSON. And these tires were made with what?

Mr. BARON. From only scrap rubber and some a little percentage of reclaim rubber.

Mr. SIMPSON. And your extender?

Mr. BARON. Yes.

Mr. SIMPSON. And those tires are in service now, are they?

Mr. BARON. Yes.

Mr. SIMPSON. In other words, you can make tires by using scrap rubber and reclaim rubber and extender instead of using crude rubber or anything else?

Mr. BARON. Yes.

Mr. SIMPSON. And with your process you can use less rubber than if we had to use it without your chemical, is that right?

Mr. BARON. That is right.

Mr. SIMPSON. Your chemical, in other words, saves the use of crude rubber and saves the use of reclaim rubber in manufacturing operations?

Mr. BARON. Yes. I spent 2 days in the laboratory of one of the largest Akron factories to show my process for synthetic rubber and demonstrating how to make tires from old and reclaimed rubber.

The CHAIRMAN. As I understand you have presented your plan to the Government.

Mr. BARON. Yes, sir.

The CHAIRMAN. To the Government of the United States?

Mr. BARON. Yes, sir.

Mr. SIMPSON. As I understand during the last war when you were in Germany you handled scrap rubber and instead of reclaiming it you used a chemical with the rubber so that it kept its "nerve," is that right?

Mr. BARON. Yes.

Mr. SIMPSON. Will you explain to the committee how you did that?

Mr. BARON. There are two ways. I have the statement here. I have never been a dealer in scrap rubber, but I have bought tens of thousands of tons of scrap rubber in the United States of America and compounded it—I never make—I compound it. Compounding it is short work. If we have scrap rubber, I take the best scrap rubber and reclaim and cook it, it takes about 10 hours, but in my process —25 percent—gives best life. I require special acid which I couldn't get in Germany. I went to a druggist in this country to buy it and paid $5 per pound. I later found I could buy it from a large chemical house in New Jersey for 27 cents a pound.

And gentlemen, the most important discovery I made was, and, gentlemen, I don't want to mention any names, but a few weeks ago a banker and brokerage house offered me 100 tons of this wax which I need. The banker had a gentleman there from South America and he asked me what I could use. I told him I could use 100 tons— What will be the price? He said 65 cents. Well the banker talked to me and said he could get it for me for 64¾. I told him I would sell it to him for 11 cents. I can prove that because the wax doesn't come from South America but from New Jersey, with a South American label.

Gentlemen, we have here the best chemists, we have here the best chemicals, we have here the best goods—best equipment. It is better than all of Europe. We have here the best factories. We have here the best chemists in the world, too, as I told you, but our chemists here, you know, have only worked during the 20 years or 30 years with too much crude rubber. They take 80 percent crude rubber and take too little chemical.

I don't want to mention figures or names of dealers but I have information that we have hundreds of thousands of tons—I don't want to go into the millions, but whatever the amount is we will never get it because nobody will buy it.

I figure with reference to households only, and there being forty or fifty million of those homes in this country, there is an average of 5 pounds each of scrap rubber—hot-water bottles, overshoes, and so forth.

Mr. SCOTT. I checked that in my own home and that is exactly the amount we have—5 pounds.

Mr. SIMPSON. You brought out something in a conversation the other day about a certain dealer in New York who was a supplier of scrap rubber to Germany—a man by the name of Weber; do you remember that?

Mr. BARON. Yes.

Mr. SIMPSON. Will you explain that?

Mr. BARON. Yes.

Mr. SIMPSON. Weber, you said, sold all the scrap rubber to Germany and then after the war started he sold it to Belgium. He is a member of the Rubber Trade Association of New York.

Mr. BARON. Yes.

Mr. SIMPSON. Who is his partner in the scrap rubber business? What is the German's name?

Mr. BARON. His name is Wrent. It is Wrent here but in German it is Mete. When he came here he changed his name to Wrent.

This man Wrent who came here as a spy for Hitler to find out secrets was in all the factories. This man came to me and bought from me for $9,000 the rubber which I show him that was scorched—rubber which we had dumped. He bought it to make camelback—scorched rubber. The man was with me about 6 weeks. I didn't know the man was a spy. I call up Mr. Weber and I told him about Mr. Wrent or Mr. Mete who bought from me $9,000 worth of rubber and ask if he has a letter of credit. He told me yes. He talked about my process and other processes made in other places. I found out too late from Herman Weber and others that Mr. Wrent is a spy for Germany and he goes back to Germany. After he went back he was the representative of Mr. Weber in Berlin. Wrent got in touch with my brother-in-law who had taken over after me in my factories in Germany—I have three rubber factories. He wanted to become his partner and took away his business. They sent him, my brother-in law, to the concentration camp prison in Belgium as they have sent other Jewish people to concentration prisons. I cannot say more for fear of his safety. They have taken away the factories. They have even gone into Holland, gone into Belgium. I have got two sons. One of my sons was fighting in the French Army—born in Germany. They arrested my son, too.

Wrent told me the Government has in the navy yard at Brooklyn a lot of rubber shoes and boots to sell and he wanted me to take him in the navy yard. I told him the Government sells its rubber at auction. Then I find out he was a spy for Hitler.

Mr. SIMPSON. After Wrent went back to Germany who was the scrap rubber dealer that shipped all the scrap rubber to Germany?

Mr. BARON. Weber.

Mr. SIMPSON. After the war where did Weber export his scrap rubber to?

Mr. BARON. After the war?

Mr. SIMPSON. After the first war? This war, we were not in when it first started. When England, France, and Germany were at war?

Mr. BARON. To Belgium.

Mr. SIMPSON. Where did Mr. Wrent go?

Mr. BARON. Went to Belgium.

Mr. SIMPSON. Now, who is associated in partnership—in dealership with Herman Weber? You mentioned some transactions.

Mr. BARON. Wrent, he was the partner. I am 40 years in business I know there is no occasion for a rubber shortage here.

Mr. SCOTT. Mr. Baron, the tires you made for the Armstrong Rubber Co., how did they compare with new tires, ordinary new tires?

Mr. BARON. They are still running. You take tires on police cars like here in Washington, they don't need high-grade rubber for their tires. They have good roads to run on. Doctors in cities don't need high-grade rubber tires—they run on good roads. The same is true with fire departments and civilians who use small tires. But for truck tires they need a high grade made of high-quality scrap rubber like floating rubber and gloves from hospitals, and so forth, which can be made for them. In truck tires they have to have the best. We can shorten it with my process where we use only 50 percent of the crude rubber now going into truck tires and produce a tire just as good.

Mr. SCOTT. Did the tires you made for the Armstrong people run as long or half as long or a third as long as ordinary tires, tires of the same size and character.?

Mr. BARON. I cannot tell that because they are still running.

I use scrap rubber without removing from it foreign substances, such as cotton, and so forth. The cotton and fabric found in old rubber goods, binds it, to make a chain. That tire didn't look so nice, but it is serviceable.

If I had the machinery I could produce a tire from such scrap that would look nice. In Germany they ran out of wool and they substituted paper products for wool which were usable.

We are all working together, not for profit. We are working together to win the war. There is no rubber shortage. We have plenty of scrap rubber in the United States of America— we have the best scrap here.

Mr. SCOTT. Thank you.

The CHAIRMAN. If there are no further questions, gentlemen, we thank you very much, Mr. Baron.

The committee will stand adjourned.

(Whereupon at 12:30 p. m. the committee adjourned.)

PROCUREMENT OF RAW NATURAL RUBBER, ETC.

THURSDAY, JUNE 25, 1942

EXECUTIVE SESSION

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE COMMITTEE ON COINAGE,
WEIGHTS, AND MEASURES,
Washington, D. C.

The subcommittee convened at 10:30 a. m., Hon. Andrew L. Somers (chairman) presiding.

Present: Mr. Somers (chairman), Mr. McGehee, Mr. Hunter, Mr. Reed, Mr. Gale, and Mr. Sauthoff.

Present also: Mr. Simpson, counsel for the committee.

The CHAIRMAN. The subcommittee will come to order.

At my invitation Dr. Rogers, of the War Production Board, will appear this morning.

If Dr. Rogers is ready, would you come forward?

STATEMENTS OF DR. HARRY S. ROGERS, CHIEF OF THE RUBBER AND RUBBER PRODUCTS BRANCH, WAR PRODUCTION BOARD; S. C. SUFRIN, ECONOMIC ADVISER; AND B. P. HOLLAND, COUNSEL

The CHAIRMAN. Dr. Rogers, the subcommittee is investigating the possibilities of obtaining various supplies of rubber from South America, from such plants as may be developed, or through the utilization of the scrap rubber of the country.

Primarily all that we are looking for is information. In the course of our hearings certain witnesses made certain statements. They were made in executive session, and consequently it is felt that your testimony might also be in executive session.

No statement was ever made by this committee or any member of this committee to the press. Such reports as may have appeared in the press leaked out through channels over which we had no control whatsoever.

Dr. ROGERS. Thank you, Mr. Chairman.

The CHAIRMAN. Now, Doctor, you can be most helpful to the committee by supplying such information as we may require.

From my conversations with the members of the subcommittee I find that they are rather curious and wish to ask a lot of questions. If you do not mind—I do not want to impose upon you, but if you do not mind—it may not be possible to conclude this hearing this morning. If not, I would like to have you come back and give us as complete a picture as the subcommittee would like to have.

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Dr. ROGERS. I may be able to do that, Mr. Chairman, if it can be done within the day. Otherwise, if the committee wants to see me, it will have to go over until next week.

The CHAIRMAN. That is all right.

I do not know whether you came prepared to make a prepared statement. If so, you may present it now. If not, the chairman would be interested—and I am sure that the subcommittee would be—in hearing you give a brief description of yourself, a descrpition of your duties in the office at the present time, and to have you tell us as well as you can about the operations of that office and your associates.

Dr. ROGERS. Mr. Chairman, do you want me to go back and give you my life's history? Is that what you mean?

The CHAIRMAN. Just briefly; just so that the committee will understand the man who is talking.

Dr. ROGERS. All right.

I am a graduate engineer, who has been both practicing and teaching engineering.

I graduated from the University of Wyoming. I subsequently taught at the University of Iowa, at Lafayette College, at Washington University, and at the Oregon State College. Interspersed between these teaching assignments I have done practical engineering in the summertime in a consultant capacity.

At one time, after leaving Lafayette College in 1919, I was a special engineer in the Truscon Steel Co. In that capacity I designed many reinforced concrete buildings. Among them was the Maryland Color Printing Building, in Baltimore, Md., the largest reinforced concrete building of its kind. Also the International Grain Elevator in Lisbon.

Leaving the Truscon Steel Co. in the fall of 1920, I went to the Oregon State College as a professor in the civil engineering department. While there I built up a consulting practice along with my teaching, in the course of which I designed water supply and sewer systems for some of the cities of Oregon.

I was a registered professional engineer. I was president of the Oregon Society of Professional Enginers.

In my capacity there as dean of the engineering school, which I occupied for the last seven years, I developed the engineering experimental station of the State, and organized and carried out the Statewide sanitary surveys.

In 1933 I came to the Polytechnic Institute at Brooklyn as president of the institute, where I have been ever since.

Mr. MCGEHEE. Where did you say you have been since 1933?

Dr. ROGERS. At the Polytechnic Institute at Brooklyn.

I came to the O. P. M. last year about the middle of April as chief of the division of General Products, under the old priorities set-up, which was headed by Mr. Stettinius.

If you are familiar with that organization, you will recall that there were chiefs under him, one heading Minerals and Metals, one heading Machines, Tools, and Equipment, one heading Aircraft, and one Chemicals, and one General Products.

In setting up that organization it was evolved on the theory that we should have an impartial chairman on each of these divisions. So Mr. ———— was selected as chairman of the Minerals and Metals Division; Mr. ———— was selected as chairman of the

Machines, Tools, and Equipment Division; Harrison Howe, a publisher of a chemical magazine in the city here, was selected as chairman of the Chemical Division; and Arthur Whiteside was selected as chairman of the Aircraft Division, and originally William E. Wickendon, president of the Case School of Applied Science, was selected as chairman of the General Products.

Mr. Wickendon left after serving with the organization for a few weeks, and I was advised to communicate with the president. I did so about the middle of April.

Shortly thereafter the situation became so cumbersome in the many fields and the desirability of stock piling certain materials indicated that there should be a change in the organization, and that it should be divided into industrial branches, which we had never had in the W. P. B.

However, before that same to pass, under my general direction the restrictive orders, material orders, N15B, the rubber order, the synthetic order, the cork order, and the polyvinyl—chloride order—that is a plastice—were written by the General Products section.

When they changed the organization of O. P. M. and divided the functions of supervising various industries between Mr. Stattinius, Mr. Batt, and Mr. Hengren—the only one that I definitely recall is Mr. Stettinius, because he took about a third of it—the other two took about a third apiece—because in the reorganization of these four branches they were grouped together as one branch, which we called the rubber and cork branch; and I have administered that rubber and cork branch last year until about the middle of September.

By that time they were fairly well organized in the problems that were then presented, and each of them had a very efficient head; and I felt that I could go back to my institution without effecting any loss in the efficiency of the organization. So I went back to the Polytechnic Institute.

Then the industry branch, which was the branch which was divided into three groups, and the cork branch, which was associated with asbestos and now is in WPB, the synthetic branch, which was put under the Chemical Division, and the rubber branch, which was separated and put into OPACS at that time—the Civilian Supply——

Mr. McGehee. Prior to your going back to the Brooklyn Institute, what was your salary?

Dr. Rogers. My salary with the branch?

Mr. McGehee. Yes.

Dr. Rogers. I was a dollar-a-year man the whole time.

The Rubber Branch then operated for a few weeks, immediately after I left, under Dick May, as chief. Then Barton Murray was appointed chief. Barton Murray then left the branch and William Heburn was appointed chief. Mr. Heburn left and Arthur Newhall was appointed chief. Then about the end of March Arthur Newhall was appointed Coordinator, and I was requested by both Mr. Philip Reed and Arthur Newhall to come back to the branch as chief of the branch. Since that time I have been operating as chief of the branch.

Now, do you want me to go on and tell you about the branch?

The Chairman. Apparently you have a plan of presentation. I notice that you have a statement there or a series of notes.

Dr. Rogers. This has been developed, Mr. Chairman, with the thought that it was the basic purpose of this committee to inquire into the whole rubber picture.

The CHAIRMAN. That is right.

Dr. ROGERS. I have prepared a number of diagrams and exhibits here that might be of interest to you.

The CHAIRMAN. They could be brought out through our questions. Or are you prepared to present them?

Dr. ROGERS. The Rubber and Rubber Products Branch is organized with various advisory and administrative services of a functional nature, and with four principal divisions of an operating nature. Those Divisions are Research and Statistics, for the purpose of gathering data from the industry and making studies of the needs of the consumers of rubber, accumulating data upon processing, and all such general matters as are essential to a full statistical understanding of the rubber industry.

Second, the Priorities Division, which processes the preference rating certificate applications for preference ratings on the delivery of rubber products.

Then there are the Allocation Section, which allocates to manufacturers so many tons of rubber each month for processing in certain permitted products; and the Technical Section, in which we have a staff of scientists and engineers, who are people of long experience, for the purpose of advising us upon the specifications and compounding of rubber goods and all technical problems arising within the branch.

I have within my office an economic advisor, Mr. Sufrin, and an administrative office staff, which includes file clerks and mail clerks and the receptionist and so forth, and certain consultants, and the liaison, and certain labor and industry advisory committees.

Would you desire this chart in the record, Mr. Chairman?

The CHAIRMAN. You are the head of these offices that you have just mentioned?

Dr. ROGERS. I am the branch chief. The names are on there. I am the branch chief. Those four down below are the operating sections, and the chiefs of those sections are indicated there.

You will observe that the chief of the Research and Statistics is a man by the name of Flanick, a statistician of long years of experience, employed directly by Stacy May's department and assigned to us to carry on the work of research and statistics in the rubber industry.

Robert Williams is Chief of Priorities. Williams has been variously spoken of as a Firestone man. In 1929 he was a salesman for the Firestone Co. for 6 or 7 months.

The chief of the Allocation Section is Mr. Hengren, a master of arts in economica from Chicago University, who came to us from the S. E. C.

The head of the Technical Section is Mr. Reynolds, who was a graduate of the Harvard School of Business Administration. We got him directly from the Yeatman Rubber Manufacturing Co.

The CHAIRMAN. Do you know of any rubber connection that those three gentlemen may have had?

Dr. ROGERS. Mr. Flanick worked in the statistical department of the Goodyear Co.

So far as I know, with the exception of Williams, who had six or seven months in 1929 with the Firestone Co., none of the others had any rubber connections.

Mr. McGEHEE. Let me ask you this right there: What position in reference to your position does Mr. Williams have? Is he directly under you?

Dr. ROGERS. I supervise him. He is employed by the Priorities Division, and he is assigned to us. I think I could give you a general description of his relations to the whole W. P. B. organization.

Mr. McGEHEE. You are the head of this entire department?

Dr. ROGERS. The operating organization.

Mr. McGEHEE. And Williams is the Priorities? Does that mean that he is the keyman on rubber?

Dr. ROGERS. No. He is just rubber priorities.

Mr. McGEHEE. And his only experience with rubber was six or seven months with the Firestone Co., from July 1929, to April 1930?

Dr. ROGERS. Something like that.

Mr. McGEHEE. He is a priority specialist?

Dr. ROGERS. Yes.

Mr. McGEHEE. What does he term himself? Administrator, consultant, specialist, and economist, I believe it is, or something like that?

Dr. ROGERS. He is a master of art from Chicago University and a graduate from one of the departments of economics. He has always been associated in some way with economics studies.

Mr. McGEHEE. I think he told us that he had those 7 months experience with the Firestone and then went back with the W. P. A. and some other branch of the Department of Commerce or somewhere and then went to his present job.

Dr. ROGERS. The reason that these people, Flanick and Williams, are on other pay rolls is because those other divisions are responsible for the procedures.

Mr. McGEHEE. You mean they are on other Government pay rolls?

Dr. ROGERS. Yes; rather than in the Rubber Branch. They are not in our branch. They are on the budget of other branches.

For instance, Robert Williams is on the budget of the Priorities Division. He is not on our budget. He is responsible to them, because they have trained him in Government procedure and priority procedures. They take the responsibility for his procedure. He knows more about the details of processing reference-rate certificates than we do.

Mr. McGEHEE. When he approves any application that comes before him, it must be submitted to you for your approval also?

Dr. ROGERS. I do not approve them at all.

Mr. McGEHEE. You do not approve them at all? You have no connection with any determination of them at all?

Dr. ROGERS. I rarely see any of them. He processes them, and they ultimately go out to the Priority Division chiefs. They are cased, as they come in, and——

Mr. McGEHEE. When he approves an application, is that final? Or who approves it after him?

For instance, if I make an application, say that I am Smith & Co., and I make an application for certain machinery which has rubber in it or rubber connections and so forth, and it reaches Mr. Williams' desk and he approves it, is that final, or does somebody else have the eventual approval of it?

Mr. SUFRIN. May I interrupt to answer that question?

Mr. MCGEHEE. Yes.

Mr. SUFRIN. I am not a consultant to the Priorities Section, but in the particular case that you mentioned that priority would go to the Machinery Branch, since it involves machinery.

But let us take the case of a firm which wants priorities in mechanical goods. Under the system of allocating rubber the getting of a priority does not insure their getting the rubber for those mechanical goods. The priority only insures their getting the delivery of those mechanical goods, let us say belting.

Let us say that in the Priority Division they make a great showing. They will get a high priority rating. They can serve that priority rating on manufacturers, and they will have delivery of those rubber goods before they can deliver those rubber goods to people either with or without the priority certificate or people who have a lower priority certificate.

Mr. MCGEHEE. No one can get rubber at all without a priority certificate today, can they?

Dr. ROGERS. Mr. Masterson is the man to see with regard to the signing of priority rating certificates. Masterson is the Chief of the Division of Priorities.

The reason that I am unfamiliar with that is because I have not dug into that since I came back. Originally, when I was down here before, they went out under Mr. Stettinius' signature and my own. But I have not gone into the details since I have been back.

Now, to give you a picture of what happens in the rubber situation, I would like to have a look at this chart, because I realize that it is very confusing to understand why there are so many agencies associated with rubber.

The Rubber Branch at the present time has as its principal function the conservation of the stock pile because of the allocation of rubber from that. The stock pile, however, is held in the title of Rubber Reserve.

Rubber may, according to the special orders, be drawn from that stock pile in one of two channels, one for military orders and one for civilian orders.

As a general over-all guide as to how much can be used by the military and how much can be used by the civilian there has been set up this War Requirements Committee, of which William Batt is the chairman, and that is coordinated with the combined Raw Materials Board, of which he also is the chairman, and which he serves as his department.

Before Mr. Batt's committee allocates the rubber, we have a subcommittee, of which I am the chairman, in which there are included the Army and the Navy, the Lend-Lease, Canada, the Board of Economic Warfare, and the Civilian Supply. We study the requirements of these various branches for quarterly periods, and we make recommendations to Mr. Batt's committee, the War Requirements Committee, as to how much rubber supply shall be distributed, first of all recommending so much to be used each month until the end of 1943, when there will be a certain balance left.

And then, with regard to the uses between those various groups, each group is supposed to live within those allocations during the quarterly period.

Now, if you will look at this chart here, you will see that you have a stock pile of rubber at the left, with the rubber flowing out through pipes, which have certain valves in them.

The first valve check on the flow of rubber is Mr. Batt's committee, which is the War Requirements Committee. Then in the war orders there is another subsequent control, with the exception that in the processing of our specifications on the part of our general rubber order to tell how the various products which the Army and Navy want must be compounded, that is the only control that we have.

We have a Form PD330, however, which requires every industry to report to us the processing of rubber for war orders before they begin to use that rubber. That is so that we may know how much rubber goes into war orders; and so that we may, if possible, screen out some unnecessary uses.

If, for example, the Army should come in and want an order for a thousand rubber cafeteria trays, we attach to that the report, and we go over to the Army and ask them to cancel that order, because that is not a necessary use of rubber.

That illustration is just picked out of the air. A more factual illustration might be for rubber caps for jeep pedals, which they can get along without. That is the purpose of that screen.

Then in the general survey of statistics of processing we have another stop, PD49, upon which we gather reports from all companies that use or process rubber, as to what their inventories are and what they have processed during the current month. We get around 1,200 of those every month.

The war orders flow freely through that channel, so that there shall be no delay in the manufacturing of goods as needed by the Army and the Navy.

In the civilian supply, however, there are various other controls. The first one is the Department of Civilian Supply. Within the Civilian Supply Leon Henderson supplies us in the Rubber Branch with estimates of the number of product units needed for each month. They give us the schedule of so many tires and so many other things. Or in some cases, like rubber gaskets, where they cannot reduce it at the present time to units, they will give it to us in tonnages.

Then we, knowing the total tonnage of how much rubber should be used for these various things, distribute that rubber around to the various companies.

That distribution is made upon the basis of the economic history in large part. Originally it was made entirely upon the basis of the economic history.

We will say that one company had 1 percent of the rubber. It is a small tire company. It might have had 1 percent. In the allocation of the rubber for civilian supply they will get 1 percent of the total allocation if they had had that 1 percent during the year from April 1, 1940, to the end of March 1941. That period has been used in the main as the basis.

Mr. McGEHEE. The committee understands pretty well the set-up of the defense program and the allocation of whatever rubber we have on hand and whatever rubber may come into our possession. The principal object of this hearing is this resolution to investigate this rubber situation.

The CHAIRMAN. That is right.

Mr. McGEHEE. I think that what you are talking about now is a little off from what we are investigating.

Dr. ROGERS. I have no desire to continue. But may I finish what I was just saying?

The CHAIRMAN. You may continue with the understanding that this has to do with the functions of your division.

Dr. ROGERS. Continuing with our allocation in the Rubber Branch and the recommendations of the Civilian Supply, we again control the use of rubber for civilian products by the specifications which are written in the rubber order. That rubber order contained a provision describing what rubber may be used and how the rubber in those uses may be compounded. It becomes like a building guide.

As this rubber flows through the processing, it is met at the sales provision by the preference rating certificate. This preference rating certificate determines who is first on the line of receiving that product. That is true with the exception of tires. Tires pass around that feature of control and go to the O. P. A. for rationing. They do that by delegation of the W. P. B. written into our orders to the Office of Price Administration.

In that little basic diagram you have the stock pile, held by Rubber Reserve. You have the War Requirements Committee under Mr. Batt. You have here the Civilian Supply under Mr. Henderson. You have the Rubber Branch, with its Allocation Section.

At the points where we gather statistics you have the Research and Statistics Section of the Rubber Branch. At the point where rubber is distributed to customers you have the Priorities Division of the Rubber Branch. At the point where Specifications are written you have the Technical Section of the Rubber Research.

Now, obviously, the Office of Price Administration and other agencies outside of W. P. B. are not included on that diagram, But they all make an orderly control distributed functionally over the use of rubber by the American rubber industry.

The CHAIRMAN. So that, as I understand it, Doctor, you sit as chairman of a board that appraises the stock pile and assigns certain portions of it to military needs and so forth?

Dr. ROGERS. No; Mr. Batt does that.

The CHAIRMAN. Mr. Batt? Is not he the chairman of the Military Needs Committee?

Dr. ROGERS. He is the chairman of the War Requirements Board.

The CHAIRMAN. You assign in general the amount of the stock pile that is going to go to war requirements?

Dr. ROGERS. We make a recommendation to his Board. They can accept it or reject it as they see fit. At times they have changed the quantity.

The CHAIRMAN. Then theirs is the first responsibility?

Dr. ROGERS. Theirs is the first responsibility, as indicated on this diagram.

The CHAIRMAN. You recommend it and they determine it?

Dr. ROGERS. They determine it.

The CHAIRMAN. And their determination can override your recommendation?

Dr. ROGERS. Oh, yes. Their sources of information are more complete than ours.

The CHAIRMAN. From there it comes to this man Williams, is that it?

Dr. ROGERS. In the civilian supply it comes to the preference-rating certificate.

The CHAIRMAN. And that comes through Mr. Henderson?

Dr. ROGERS. If you will follow down this line on the diagram, you will see that this [indicating] is Mr. Batt authorizing it. This is Donald Longman, Chief of Civilian Supply, under Mr. Henderson, who determines how it shall be distributed. This is Mr. Hengren, who distributes it between the companies who process rubber. This is Mr. Williams down here. This is Mr. Flanick, who gets those data and studies them and brings them up in the form of summaries that we may need for controlling our operations. So you really have here Hengren and Flanick writing the specifications for the Technical Section, and Williams here on Priorities.

The CHAIRMAN. It is an ingenious method of distributing the responsibility.

Dr. ROGERS. I think that that is rather characteristic. In industry you do not put the engineering and planning department in charge of the shops.

The CHAIRMAN. Is there not one man on whom we can pin this responsibility in this matter of priorities?

Dr. ROGERS. I think that that is rather characteristic of Government organizations.

The CHAIRMAN. That might be, but in this particular case evidently you cannot pin the responsibility on one man.

Dr. ROGERS. You could probably pin the responsibility on one man for one particular act.

The CHAIRMAN. For instance, I think the committee would like very much to have Mr. Williams' responsibilities defined, if you could.

Dr. ROGERS. His responsibility is for processing these preference rate certificates.

Mr. GALE. You mean by "preference rate certificate" a request for priority on machinery?

Dr. ROGERS. That is for rubber. A request for machinery goes to the Machinery Section. It does not go to the Rubber Section.

Mr. MCGEHEE. Suppose that I asked for priority on machinery for a plant for reclaiming rubber, how would you pass on that?

Dr. ROGERS. The Machinery Section may sent it to whichever section is involved.

Mr. MCGEHEE. Suppose that Goodyear or some other large company wants to get some machinery, for instance, some boilers or some parts of machinery for the processing of rubber, some machinery that is worn out. Where would that application go?

Mr. ROGERS. That would to to the Machinery Section.

Mr. MCGEHEE. Of your division?

Dr. ROGERS. Mr. Sufrin has a broader view of that. I would like him to answer that question.

Mr. SUFRIN. Assuming that a firm wants to get some machinery that has to do with the manufacturing of rubber goods. The firm would go to the Machinery Section. The Machinery Section does not know the whole story on rubber; so they would ask the advice of Mr. Williams, who might ask the advice of other people. They would ask the advice of anybody who presumably is interested in that particular problem.

Mr. GALE. May I ask you there: Would the Machinery Division ordinarily follow the advice of Mr. Williams on a problem that was connected with the production of rubber?

Mr. SUFRIN. I have been closely enough connected with the work of priorities to answer that. I presume, however, that in a case where the rubber interest is extremely important, they would be inclined to listen attentively to his advice.

Mr. GALE. Then Williams perhaps would be the individual who had the authority to pass on a new process that was set up for the reclaiming of rubber? I mean, in essence.

Dr. ROGERS. No. Not by any means.

Mr. SUFRIN. It would be too important a decision to rest on any one man's shoulders.

I would like to point out that Mr. Williams has people under him who have specialized in particular phases of the rubber industry.

Mr. GALE. But I gathered from what you said that when an application for machinery came in, no matter what it was, when an application came in to the Machinery Division, if it had to do with the production of rubber or the reclaiming of scrap, it would be sent over to Williams in your department; is that correct?

Mr. SUFRIN. Yes.

Mr. GALE. Then if Williams had got this application and thought that it was essential and necessary, and he had marked it as urgent, or whatever you call it, then it would probably go through? Is that right?

Mr. SUFRIN. Of course, such a hypothetical question is difficult to answer.

Mr. Holland. If it took aluminum to make that machinery, it would go to the Aluminum Branch. If it required steel to make the machinery, it would go to the Steel Branch, or to the Copper Branch. All of them would pass on it.

Mr. GALE. What I am trying to find out is who has the eventual authority for the setting up of a scrap reclaiming plant.

Mr. SUFRIN. There is a Board of Review and Appeals. If anyone does not like the decision of any of these particular priority specialists, he can always appeal.

Mr. MCGEHEE. Let me ask you this specifically: It has been developed in the hearings here that, we will say, the Firestone Rubber Co. has made numerous applications for machinery to be used in Africa. Those have been approved by Dr. Rogers or Williams in your office.

Mr. HOLLAND. I happen to know that that decision was made by Mr. Nelson himself.

Mr. MCGEHEE. In connection with the manufacture of rubber. I do not remember who it was.

The CHAIRMAN. You know that it was he?

Mr. HOLLAND. I know in that particular case.

The CHAIRMAN. In the case of that particular application?

Mr. HOLLAND. Yes.

The CHAIRMAN. Mr. Nelson made that decision?

Mr. HOLLAND. Mr. Nelson made that decision.

The CHAIRMAN. To whom did he make his decision?

Mr. HOLLAND. He passed the orders on down.

The CHAIRMAN. Do you remember the steps that they went through?

Mr. HOLLAND. I am not sure. I think that it went to Mr. Williams first and then went to Nelson. The decision had been made. Williams asked for a good deal of information, which they had not supplied at the time they went to Nelson.

Mr. GALE. I gather, then, that no one particular individual has authority to pass on the setting up of a scrap reclaiming plant. It has to pass around to a dozen different people. Is that correct?

Dr. ROGERS. Any large request would undoubtedly be passed around by the individuals themselves. A routine request might be acted upon by an individual in the ordinary discharge of his duties. But any unusual project comes through the entire War Production Board and all interested parties are consulted.

Mr. MCGEHEE. Dr. Rogers, you are at the head of practically the entire rubber distribution under our defense program. The way that you have it marked here is "stock pile." That is, your division represents, you might say, the stock pile?

Dr. ROGERS. No; that is Rubber Reserve that represents the stock pile. We do not get hold of it until it comes into those points of control.

Mr. MCGEHEE. Then the Rubber Reserve. Then to whom does it come next? To you and your branch?

Dr. ROGERS. No; it goes just as indicated in that diagram. You can consider that as water coming through those pipes.

Mr. MCGEHEE. You have here "Rubber Allocation Subcommittee recommends distribution." Then what is next?

Dr. ROGERS. Mr. Batt's War Requirements Committee makes the distribution.

Mr. GALE. To get back to my question again: Assuming that this hypothetical scrap rubber reclaiming plant has been submitted and has gone the rounds. Who finally determines the decision?

Dr. ROGERS. Any decision can be taken right up to Mr. Nelson.

Mr. GALE. Then you think that Mr. Nelson would be the man? Is that correct?

Dr. ROGERS. It depends on how hard the decision is crowded.

Mr. MCGEHEE. How about this appeal? Under your set-up you say you have an appeal?

Dr. ROGERS. That appeal usually applies to little matters of allocation of rubber in small, routine amounts.

The CHAIRMAN. You say you did set up an appeal board?

Dr. ROGERS. There is an appeal board.

The CHAIRMAN. What is that appeal board?

Dr. ROGERS. It is connected with the Priorities Division.

Now, Mr. Sufrin had better take over, because I have only been down here a short time.

Mr. SUFRIN. There is an appeal board within the Rubber Branch. Suppose a firm is manufacturing, we will say, wire cable and its allotment is 100 tons. That is purely hypothetical. It discovers, however, that its daily orders are in excess of 100 tons.

They would write us a letter and say, "We need more than 100 tons to process the rubber for these very high-rate orders." If the opinion of the appeal board they thought that that was proper, they would give him an additional allocation over the signature of Mr. Nelson.

The CHAIRMAN. Who is this appeals board?

Mr. SUFRIN. It consists of people from the Rubber Branch as well as people from agencies, like Civilian Supply, who are interested in rubber. It is chaired by Mr. Hengren and has members from the Civilian Supply and the Bureau of Industrial Conservation. Every interested agency of the W. P. B. has a crack at it.

The CHAIRMAN. Do they meet regularly or are they just called informally?

Mr. SUFRIN. No. They are a group within the Rubber Branch which process these things. They are a single committee and they have regular meetings.

This form that comes out is signed by seven people, seven agencies, within the War Production Board in the event that it is to be allowed. The purpose obviously is the conservation of rubber.

The CHAIRMAN. If a man comes into your office with a proposal to build a reclaiming plant, and it is rejected, could he then go to this appeals board?

Mr. SUFRIN. Not to this appeals board. No.

The CHAIRMAN. Where could he go?

Mr. SUFRIN. He could go to a board within the War Production Board that is divorced from the Rubber Branch. It is called the Board of Review and Approval. They would obviously take it up with Mr. Nelson.

Mr. GALE. You indicate, then, that after all is said and done, Mr. Nelson is the man who basically determines this if there is any difficulty? If there is any difference of opinion and the matter has been switched around from one division to another, it eventually comes to Mr. Nelson?

Dr. ROGERS. Anything could be taken to Mr. Nelson.

Now, undoubtedly the reason that he set up Mr. Newhall to coordinate all these agencies is because there were so many complex problems arising that he wanted one man to handle them.

If anyone has a dispute with the Civilian Supply, or with the rubber section, they can take that to Mr. Newhall. Or if anyone has a dispute on the rationing of tires, they can take it up with Mr. Newhall.

The CHAIRMAN. Then the answer to my question is that they can take it up with Mr. Newhall?

Dr. ROGERS. That is one avenue. He could take it up with the Board of Review and Approval. Because of the overlapping organization established by the coordinating office, that is existing between the coordinating office through the Chairman of the W. P. B., he could take it up with any of the other channels.

The CHAIRMAN. Do you call that the Board of Review and Appeal?

Dr. ROGERS. The Board of Review and Approval.

The CHAIRMAN. And who is the chairman of that Board?

Dr. ROGERS. We have a thousand people down there——

The CHAIRMAN. I do not condemn you on this. I know that you cannot keep track of all these details.

Mr. SUFRIN. We would get in contact with Mr. Quinn or Mr. Gregg.

Mr. MCGEHEE. This Board of Appeals is in your branch, Doctor?

Mr. HOLLAND. No. This appeals board is not within the Rubber Branch. This is the Board of Review and Approval of the War Production Board.

Mr. REED. Doctor, Mr. McGehee a short time ago asked you as to who would be the person who would have to approve, for instance,

an additional boiler for one of these rubber plants. I do not remember that you answered him. Perhaps I was not paying attention at the time. Would you mind answering again?

Dr. ROGERS. That would go to the Machinery Section of the War Production Board. They would have to approve it.

Mr. REED. You said that that would not get to Mr. Williams unless he was called in in an advisory capacity or something like that?

Dr. ROGERS. It would not get to him at all unless somebody just happened to bring it up and ask him what he thought about it. If the normal channels of responsibility were followed, it would not get to him at all.

Mr. REED. Do you know instances in which he has been called in in an advisory capacity?

Dr. ROGERS. I do not think that he has.

Mr. REED. Or has the reverse been true? In a case involving priorities on rubber would he consult some person in the Machinery Section in regard to that?

Dr. ROGERS. If there were priorities on rubber, for example, for tires for these big ore-moving trucks, which they use in the mining industry, if he got an application for those, he would consult the Construction Machinery Division. They would have an inventory of the trucks in that industry and the companies that have them and how many they were using and how many tires they needed to produce the ore that was being mined, and so forth. After that consultation he would be able to determine the need for such equipment.

Mr. HOLLAND. This Review and Approval Section which was mentioned approves everything that goes out, as I understand it. And one of their functions is to see that every branch is consulted that should be consulted on the particular problem.

Mr. MCGEHEE. If an application comes in before Mr. Williams and he approves it and everybody is satisfied, where would it go then?

Mr. HOLLAND. He cannot approve it. He would just simply recommend it.

Mr. MCGEHEE. Well, if he recommends it.

Mr. HOLLAND. If he recommends it, it goes on to the section of review and approval, which goes over it and decides whether somebody else should be consulted, whether some other branch should have been consulted.

Mr. MCGEHEE. In the event that he turned it down or took unfavorable action on the application, then, of course, they could take an appeal to this other board of appeals that you mentioned?

Mr. HOLLAND. Yes. He can appeal the question to the Review and Approval Section. Then we ask them whether they have approved it or the contrary.

The CHAIRMAN. Coming back to this question of the boiler for this supposed plant, suppose that they have made application and this section has rejected it, then it would not go to the Rubber Section? It would stop right there?

Dr. ROGERS. If the people were convinced that they needed it and had a prior claim to it, they could go to this board.

The CHAIRMAN. They could then go to the Rubber Board or to this other board?

Dr. ROGERS. Not the general appeals board. The Board of Review and Approval.

The CHAIRMAN. That is another appeals board?

Dr. ROGERS. Yes.

The CHAIRMAN. They could not go to the Rubber Division?

Mr. MCGEHEE. Not unless it had something to do with the manufacturing process for rubber.

The CHAIRMAN. Suppose that it did. I am assuming that it did. Say that it is a boiler for a rubber plant. I do not happen to know one of them, but there might be one of them out at Akron. I think there must be two or three of them. Suppose that some one of those plants wanted a boiler, and this mechanical division thought that their application should be approved and some other division turned it down, to whom would they appeal?

Mr. SUFRIN. Normally I think you would expect that division to call someone from Mr. Williams' staff, unless it is extremely important, when the firm itself would probably go over to the Rubber Division.

The CHAIRMAN. What would Mr. Williams know about it?

Mr. SUFRIN. About what?

The CHAIRMAN. About the need of it.

Mr. SUFRIN. From the viewpoint of the rubber?

The CHAIRMAN. Yes.

Mr. SUFRIN. He has at his disposal the facilities of the Rubber Branch.

The CHAIRMAN. He could ask their recommendation on it?

Mr. SUFRIN. Yes.

The CHAIRMAN. And he could override it?

Mr. SUFRIN. He probably would get in touch with the proper division to see if this boiler is necessary because of the need for this particular product.

The CHAIRMAN. And under those circumstances these people would have to go to Mr. Williams and say, "Here, we think that this should be done"?

Mr. SUFRIN. I do not understand what you mean when you say that they would have to. They probably would, because it is a rubber problem.

The CHAIRMAN. I mean, according to your plan they would have to go to Williams and say, "Here, the necessity is thus and so," and then Williams would say to them, to the mechanical group, "I think you ought to approve it."

Mr. SUFRIN. Or else the mechanical group itself would call Williams in and get his opinion.

The CHAIRMAN. Unless they consulted Williams, it would die then in the mechanical section?

Mr. SUFRIN. There would be a rejection.

I should like to take a minute to point out some of the good features of this so-called split authority.

The CHAIRMAN. All right.

Mr. SUFRIN. Last year we were allowing rubber for the lining of tanks. Then they discovered a cheramic which could be used for the lining of tanks. So we immediately asked the rubber companies to instead of using rubber for lining, to use cheramic. That came about because of other companies than the rubber companies.

Mr. MCGEHEE. Dr. Rogers, you gave us your background of education and practical experience in engineering and in teaching. Were you ever an engineer on the construction of a rubber plant or retreading plant?

Dr. ROGERS. No. I have never been.

Mr. MCGEHEE. Would you kindly relate to the committee what experience you have had in that respect, in reference to the manufacturing or processing or reclaiming of rubber?

Dr. ROGERS. You would understand that if one were going to build a plant for reclaiming rubber, he would have to have more than a rubberman. You would have to have a structural engineer. You would have to have a mechanical engineer. You would have to have an electrical engineer. You would have to have a rubber machineryman to select the rubber machinery. No plant of that kind is ever built entirely by the knowledge in the possession of one man. It is built through an organization that coordinates all of the various technical and scientific knowledge that is necessary to build that plant.

Mr. MCGEHEE. You have never had any actual practical experience in the construction of a rubber plant at all?

Dr. ROGERS. Not in the selection of the equipment.

Mr. MCGEHEE. Have you had any in the construction of the plant?

Dr. ROGERS. I have designed industrial plants. I am a contributing author of a handbook on building construction. I have had considerable experience in building design.

Mr. MCGEHEE. I am talking specifically of a rubber plant or a processing or reclaiming plant.

Dr. ROGERS. I have never selected the units for a rubber plant for the processing of rubber.

Mr. MCGEHEE. In your background of practical experience have you ever had to pass on the construction of a rubber processing plant or reclaiming plant?

Dr. ROGERS. I never passed on the building, which included the rubber equipment in it.

Mr. MCGEHEE. That is the object of my question.

Mr. GALE. May I ask one question, Dr. Rogers. It might be a little different from some of the ones that you have been asked.

We are very much interested in the possibility of a scrap program as a means of solving the problem. In your opinion why is it that this scrap reclaiming program has not been developed further than it has?

Dr. ROGERS. There might be various reasons for that.

As the War Production Board organization is set up, particular functions are assigned to each one of these divisions. Mr. Rosenwald's division on conservation has been responsible for most of this scrap program. It has been their job to collect scrap and to put an organization in the field for such collection. That responsibility would fall entirely upon that division unless it were assigned to someone else, and unless someone would be called in to consult with them on it.

Now, why that division did not start to study the collection of scrap sooner than it did I cannot tell you, because I was not in touch with it; nor was I in Washington.

Mr. GALE. In your opinion is the amount of scrap available sufficient to warrant a large scale program of reclaiming? And, if so, why has it not been done?

Dr. ROGERS. Congressman, I would not trust my own opinion on that. The opinions of people are just guesses. Their opinions have varied hundredfold as to the amount of scrap available.

We have a measure of the amount of scrap that is flowing. We know how much scrap is in the possession of the reclaimers and how much they are reclaiming. At the present time it is about 20,000 tons a month.

The normal flow lies somewhere around 1,000 tons a day as a rough rule. Roughly a thousand tons of scrap a day has flowed through the reclaimers.

Mr. McGEHEE. Have you found out from rubber dealers and rubber manufacturers throughout the country how much scrap rubber is on hand? Do you have those figures, approximately?

Dr. ROGERS. We know how much scrap rubber the reclaimers have in their stock piles at the present time.

I have not seen these figures, and I would not want you to take them as accurate and use them. Will you please get this in the record. No one shall use these figures for the purpose of checking anyone else on figures.

There is something less than 2 months' supply of scrap available in the stock piles in the possession of reclaimers at the present time. Some of them have much less than that.

Mr. McGEHEE. Less than 2 months' supply for the reclamation of rubber in the hands of those who have the plants to do it?

Dr. ROGERS. The reclaimers.

That has probably all changed today, because the Rubber Reserve has been assigning scrap to these people within the past 7 days.

Mr. McGEHEE. Take the major companies. There was a man in the office yesterday who said that as to one of these plants at Akron there was an untold stack of scrap rubber around this plant.

Dr. ROGERS. I am not surprised at that, because if you take, for example, a company like this Gates Co. in Denver, Colo., they have a scrap pile that they have collected that looks big enough to supply the rubber for the United States. And yet it is about one-twentieth of 1 year's run of scrap in the United States.

They have a tremendous pile of scrap. If you were to look at it, you would say, "My goodness, that ought to supply the country."

Mr. HUNTER. Dr. Rogers, I talked to one man yesterday who is an advisor to the Rubber Reserves Committee. I won't mention his name. I brought up the question with him of the amount of supplies on hand in the large refiners. I told him that we had reports that they had from 3 to 4 years' supply on hand. He told me that they had from 12 to 18 months' supply on hand. He said that they never ran below 6 months' supply running at full capacity. That figure differs a lot from your figure of 2 months.

Mr. SUFRIN. Everybody was engaged in a guessing game on the scrap. My own indication was that before this present drive on scrap began we had in the country about 6 months' supply.

Mr. HUNTER. Six months' supply, you say. I do not think that this man would object to my mentioning his name. It is the Loenthal Co. at Akron.

Dr. ROGERS. He was speaking no doubt of the scrap rubber dealers.

Mr. HUNTER. No; he said positively not. He specifically mentioned some of these large companies that were refining for the big four rubber companies. His statement was that they did not have from 3 to 6 years' supply on hand, but that they had a minimum of 12 months' supply.

Mr. SUFRIN. I think he was probably balancing the holdings of scrap from one firm to another. We have heard of some firms that were short and we have heard of some of them that were long. So he probably arrived at that 6 or 7 months before the present scrap drive as a pretty fair estimate.

Mr. HUNTER. Doctor, you said "2 months."

Dr. ROGERS. I have not examined those figures. They have been in the hands of other people. You recall I very specifically cautioned you against taking them as accurate.

Mr. GALE. Doctor, in your opinion what are the reasons why this reclaiming program has not gone further, why there has not been more scrap collected, and why there has not been more reclaimed?

Dr. ROGERS. For the simple reason that until recently there has been no definite understanding of the needs of scrap. And the picture of the rubber industry has changed so rapidly and it takes so long to get a program that involves various divisions of the O. P. M. under operation that the drive has not been begun sooner.

We have been participating with the Division of Conservation in planning this scrap program by the special assignment of two of our men to work with that Division. In working out the plans they must of necessity get the approval of O. P. A. on the prices. They must get the approval of Rubber Reserves on buying. There are so many different agencies that come into it whose views must be coordinated that that all takes considerable time.

Mr. MCGEHEE. Doctor, you said that that was not realized until recently. What do you mean by "recently"? How far back?

Dr. ROGERS. "Recently" in getting a large program under way would be several months.

Mr. GALE. If the price ceiling on scrap had been raised, say it had been doubled or trebled or raised materially, do you think that that would have brought in an appreciable amount of rubber scrap?

Dr. ROGERS. That is such a controversial question that only a man in the field should answer it. That is entirely outside of my basis of sound judgment. Certainly if the industry learned that there was to be a raise, there would not be any flow of scrap rubber.

Mr. MCGEHEE. Doctor, in the construction of an ordinary tire how much crude rubber in its original state would be necessary with the reclaimed rubber? I have seen that statement in the papers a number of times, but there have been different amounts mentioned.

Mr. HOLLAND. I can answer that question. I was told that under our specifications for a passenger tire, the tire would weigh about 24 pounds. About 12 pounds of that is crude rubber. As I recall, he said that about 3 pounds was reclaimed rubber, and the rest of it would be fabric and metal and other things. But the crude would run considerably above that last year.

On a truck tire it would require 27 pounds of crude rubber and, I believe he said, 6 pounds of reclaimed. Of course, that is a much larger tire.

Dr. ROGERS. It has been hoped that we will be able to make very satisfactory tires out of almost exclusively reclaimed rubber. Of course, there is a lot of experimenting going on throughout the industry.

Mr. MCGEHEE. Doctor, you are not familiar with the different trees in South America or other countries that produce rubber?

Dr. ROGERS. I never saw a rubber tree in my life expect in the Botanical Gardens.

Mr. MCGEHEE. Or with the different grades of rubber?

Dr. ROGERS. No. I make no claim for that.

The CHAIRMAN. Doctor, have you ever had a survey made of the quantity of rubber in a given section—crude rubber? Was there ever brought to your attention any survey of the quantity of crude rubber?

Dr. ROGERS. Not to my personal attention.

The CHAIRMAN. Doctor, are you acquainted with a man named Harold Sims?

Dr. ROGERS. Yes, I met him.

The CHAIRMAN. Would you tell the committee the circumstances under which you met him?

Dr. ROGERS. About the last of April, I received a call from Congressman Fritz G. Lanham, asking if I woud grant an interview to Mr. Harold Sims and Mr. Shea, upon a matter relating to their application for a loan from the Defense Plant Corporation to develop a reclaiming plant in Fort Worth, Tex. Mr. Shea and Mr. Sims called at the office and in the presence of Mr. R. T. Williams, were told that we did not immediately need additional facilities for the reclaiming of scrap rubber, but that if they desired an examination of their proposal, I should be glad to look it over and discuss it with them on the afternoon of May 5.

At the appointed time, Mr. Sims and Mr. Shea appeared for a discussion of the proposal, and Mr. Davidson, then of the Rubber Branch, and I discussed it with them in the general office where six or eight other people were present, two of them being within 5 feet and in a position to overhear anything that was said. I could put my hand on Mr. Freedlander's shoulder.

Mr. Davidson discussed the proposal from the viewpoint of machines listed in it—that refers to your question, Congressman McGehee—for the separate operations in the manufacturing of reclaimed rubber, and I discussed it from the viewpoint of certain of its general engineering features. Mr. Davidson said that the machinery was entirely inadequate to process 40,000 tons per year and that the units planned were not in balance. I pointed out that the proposal was not presented as an engineering plan; that there was no general floor plan illustrating the layout of the equipment in the building which it was proposed to use; that there had been no adequate studies of the structural features of the building for the purpose of supporting the load, and of the sources of steam and power. In fact, the plan was in no respect an engineering plan and I could not pass upon it unless it was presented through proper studies and drawings describing all of its essential features.

That plan was referred to us by the Defense Plant Corporation, who asked for our opinion on it. They could take that opinion or they could leave it.

Mr. Sims or Mr. Shea said that they had spent several thousand dollars getting these data together and that they wondered what would be necessary in an adequate engineering plan.

I told them that there were no consulting engineers that I knew of who specialized in designing plants for reclaiming rubber as there are, on the other hand, consulting engineers who will supply engineering services in the planning, design, and construction of steel

mills. I said that there might be two, three, or four in the rubber industry, but that I didn't know who they were. Furthermore, they must anticipate spending a rather sizeable sum for complete engineering upon a reclaiming plant to produce 40,000 tons of rubber a year—perhaps as much as $50,000. After further general discussion upon the project, they left the office and I have not seen them since.

I did not at any time recommend Mr. Davidson to them for this job. I did, however, in introducing Mr. Davidson to them, tell them that he was qualified to pass upon the capacity of their mills, crackers, refiners, and other machinery. I am certain that I did not recommend Mr. Davidson to them as an engineer because the laws of the State of Texas stipulate that it shall be unlawful for any person to practice the profession of engineering in the State unless he has been duly registered or exempted under certain provisions of the act. It is also my understanding that Mr. Davidson is not a trained engineer and certainly not licensed to practice the profession in the State of Texas.

Furthermore, the secretary of Congressman Lanham called me a day or two following the conference and asked me if Mr. Davidson would prepare plans for the project. To this I replied that he most certainly could not while in the employ of the War Production Board.

My judgment upon the merit of the plan was made upon the basis that it contained no proper engineering lay-out, no study of the strength of the floors of the building in which the machinery was to be installed, or of the capacity of the facilities necessary to serve and to operate the plant.

It is furthermore a reasonable judgment that, were this plant to be reconstructed and equipped for the purpose of doing a $10,000,000 annual business in reclaimed rubber, adequate engineering services should be used in the study of the entire project and proper plans be submitted before any loan of funds be made from the Defense Plant Corporation.

In estimating the cost of reclaiming plants in the rubber industry, a rule of thumb which is frequently used is that the cost will range from $80 to $100 per ton year for the construction of a new plant. To reclaim or to produce 40,000 tons, the cost, applying this rule, would lie between $3,200,000 and $4,000,000. If we should estimate that a plant adequately equipped with second-hand machinery and reconstructed to carry the floor loads, supply the steam, power, and so forth, could be constructed for only one-quarter of this sum and use the normal fee for engineering costs covering design, specifications, and supervision of construction, at 5 percent, a reasonable estimate is about $50,000. This, it must be understood, is an engineering judgment which can be checked by competent administrators in the rubber industry.

The CHAIRMAN. In their applications did they specify any particular sums that they were going to employ in the construction of this plant?

Dr. ROGERS. We discussed that just as freely as we are discussing this whole question around the table here. They told me that they knew nothing about the rubber industry or about reclaiming plants.

I was aware of that, because I had Mr. Sims' business card, and he was designated upon that card as a sales promoter. And they said to me again that they had received this list of equipment from a second-hand dealer.

The CHAIRMAN. They only visited you the once?

Dr. ROGERS. They visited me twice, once on Thursday afternoon, when I was loaded with engagements, and I told them that I had not had time to look at their plan, and they would have to come back.

That was the day before it was recorded in other minutes here that I have been variously in and out of the city, going to Akron, and so forth. It was falsely recorded, I would say, and falsely testified.

The CHAIRMAN. I do not recall any testimony about your having been in Akron.

Dr. ROGERS. It was recorded in the Senate committee hearing.

The CHAIRMAN. I do not know what testimony is recorded there. I do not recall any such testimony here.

Dr. ROGERS. No. It was not recorded here. It is in the Senate committee hearing.

I have never been since that time any place except in Washington or in my institution in Brooklyn. According to the plan under which I came down here, I am here the first 4 days of the week and I go back to run my institution the other 3 days. And that is not a secret story. That is not hidden from anybody.

The CHAIRMAN. This Mr. Davidson was with the Bureau at the time? He was your technical engineer?

Dr. ROGERS. Mr. Chairman, it depends upon what you call an engineer. Those of us who are in the profession would not call him an engineer. We would call him a machinery specialist. I understood that he was a technical machine specialist, and I still presume that he is.

The CHAIRMAN. Can you state whether or not he had ever designed a rubber plant?

Dr. ROGERS. It is my understanding that he had laid out the machinery in a reclaiming plant for the Hood Co.

The CHAIRMAN. For whom?

Dr. ROGERS. For Hood. That is something that I know at second or third hand. Someone told me.

The CHAIRMAN. That is a good size company, the Hood Co.?

Dr. ROGERS. That is a good size company.

The CHAIRMAN. They would not take anybody except an expert, I suppose?

Dr. ROGERS. They certainly would not take a man who did not know rubber machinery.

The CHAIRMAN. So it is fair, then, to assume that this man Davidson knows something about erecting a reclamation plant?

Dr. ROGERS. It is fair to assume that. I would not say "erecting a reclaiming plant."

The CHAIRMAN. You seem to view the plant and the equipment a little differently. There is equipment that goes into any plant if it is properly designed?

Dr. ROGERS. It is very heavy equipment, and the floor loads that that building would have to stand would be very heavy loads.

A reclaiming plant requires a good deal of steam. The steam facilities of the building would have to be studied to see whether the boilers were of adequate capacity to supply the steam.

The power facilities would have to be studied. The amount of water available would have to be studied.

The CHAIRMAN. Davidson had designed such a plant at some time for the Hood Co.?

Dr. ROGERS. He may have. But not in my understanding, Mr. Chairman. I think that he did select the equipment. There is a big difference between selecting the equipment and designing the plant.

The CHAIRMAN. Do you know of your own knowledge of any other experience that he had along those lines?

Dr. ROGERS. My principal knowledge of Davidson is that he had been 12 years with the Farrell-Birmingham Co. as a heavy equipment man, principally in the field of sales, I believe, although I am not certain with regard to that right now.

The CHAIRMAN. Would you regard him as a capable, practical engineer?

Dr. ROGERS. Because he was in our staff and this was 2 days after I had been appointed, I took his credentials upon his basis as part of the personnel of the staff. I did not prior to my introduction to Davidson examine his credentials at all.

The CHAIRMAN. Did you know this man Davidson before you knew Mr. Sims?

Dr. ROGERS. I had met Sims the first time before I met Davidson. He was in my organization, and I passed through the organization and saw him there.

The CHAIRMAN. You asked Davidson for a report on this, did you, and he showed you these plans?

Dr. ROGERS. Mr. Williams asked Davidson for a report, and I have Mr. Davidson's report here.

The CHAIRMAN. That report came to you before that? There had been no other report to you?

Mr. MCGEHEE. Let me see that report.

Dr. ROGERS. May I read it into the record?

The CHAIRMAN. Yes.

Mr. MCGEHEE. Yes; because there is some statement in the record about that.

Dr. ROGERS (reading):

APRIL 30, 1942.

MEMORANDUM

To: Mr. Robert T. Williams.
From: J. H. Davidson.
Subject: Southwestern Rubber Reclaiming Corporation.

I have made a thorough check of this proposed project, and from the information as furnished I do not feel that the parties involved are, at the present time, in a position to ask for financial assistance for the following reasons.

First, the total estimate as submitted is much lower than the actual money that will be required for the completion of a project designed to process 40,000 tons scrap.

Furthermore, in their estimate of purchase of scrap against finished product they do not take into consideration any loss of material between the scrap and the finished product, and estimate their total sales accordingly.

It is clear from this, Mr. Congressman, that rubber is composed of the crude rubber and the extenders and the other things that they put into it, and that in the process of reclaiming you get less reclaimed rubber than you put in as scrap. So in this proposal they had used 40,000 tons as the estimate of the scrap to be consumed and not 40,000 tons as the estimate of the reclaimed rubber to be obtained.

Mr. SIMPSON. When you speak about losing weight, you lose that weight in the reclaiming of the rubber products by the loss of the fabric that is in the tire. If you have a pure rubber tube, you get 100 percent of the weight back. You say that there is a loss that

has to be taken into consideration if they reclaim tires. But if they reclaim rubber or anything that is all rubber, there will not be any loss, because all the rubber comes back. The only losses would be in the way of the fabric in the reclaiming process. Isn't that right?

Dr. ROGERS. It would depend upon what you wanted to do with the reclaimed rubber and how high you were reclaiming it. It would be possible, Mr. Simpson, to remove everything but the crude rubber if you wanted to do so.

Mr. SIMPSON. I know that when you reclaim rubber scrap, you get back all the rubber that is in it. It is not as if you were going to get that amount in crude rubber, but you get back the same amount of rubber that is in it.

Dr. ROGERS. What you do is determine what you want to do with the rubber afterwards, what you are going to use it for.

Mr. SIMPSON. The only thing that you lose is the fabric that is in it, in the relclaiming process.

Dr. ROGERS (continuing reading):

> Next, they do not furnish a proper figure for the necessary boiler equipment required for a reclaiming plant of this size. As you know, the reclaiming process requires a considerable amount of steam as well as water. They specify they have available a pump suitable for 500 gallons per minute, which is inadequate for a plant of this size.
>
> They have submitted nothing in the way of a finished plant showing general layout of equipment and the number of units involved which is quite essential before a finished estimate can be worked up. If they are basing their final estimate on the list of machinery as submitted by the various second-hand dealers and purchase only such equipment as is listed, this plant would not be in a position to process 10,000 tons of rubber per year.
>
> Furthermore, they have not taken into consideration the installation of any conveyors which are very essential in the processing of reclaim material, especially in the preparatory department. There is no mention made of a power-plant switchboard control.
>
> In other words, they have not broken down their estimate to a point where I would be willing to affix my signature as approval of a project of this nature.

The figures as submitted for equipment by the second-hand dealers are extremely high, and certainly way above the present market price of second-hand machinery, even though such machinery at the present time is selling at a good figure. The sizes of some of the machines as listed are not suitable for present-day operation in an up-to-date reclaiming plant, and until a definite lay-out is supplied, showing just how they plan to process their material and some idea as to the sequence of operation, I feel that we should hold up on this proposition.

Another item which I forgot to mention is that it is a well-known fact that any company which starts in operation using second-hand equipment must immediately establish a budget for repairs and maintenance, as second-hand equipment in the reclaiming industry never has worked out satisfactorily because the work on the heavy operating mills is of such a nature and requires such sturdy equipment that anything that is available on the market is of lighter construction and out of date and when subjected to present-day methods of operation it will not stand up, and consequently, replacement parts are in demand continually. For a plant of this size using second-hand equipment, the maintenance item alone for the first year would represent at least $25,000 as opposed to a zero figure if new equipment was installed.

I do not think we should permit a plant, financed by the Government to be of second rate and a drug on the hands of those involved. Definitely, the set-up as handed to me looks more like a stock promotion than a project designed in the interests of defense.

I have further checked with one of our major reclaiming plants here in the East and find the following to be actual as regards reclaimed production. This particular plant is equipped with 100 milles, crackers, and refiners, and produces a peak production of 59,800,000 pounds per year.

They advise that the yield on scrap tires runs from 55 to 60 percent finished product.

This does not agree with your statement, Mr. Simpson.

The yield on tubes runs about 90 percent finished product. The yield on shoe stocks and miscellaneous shows a yield from 80 to 85 percent. These figures definitely show that the estimated sales from 40,000 tons of scrap is far in excess of what the actual yield will be.

These people state that they are going to purchase the scrap at a figure of .05¼ cents, which may be right, and that they are going to sell the finished product at a figure of .12¼ cents per pound. This figure, however, is somewhat off as the present market shows the following: Tire reclaim, .07½ cents per pound, carload lots; tube reclaim, .12 to .15 cents per pound, carload lot; shoes and miscellaneous, .07 cents per pound, carload lot.

In view of the above figures and with a large proportion of their finished products made from tires, it is easily understood why their estimated sales of $10,000,000 is far from being correct.

They have listed the values of their machinery at $150,856. This figure is so far from being correct that it is hard to understand just how such an estimate could be arrived at. In order to process the amount of material, namely, 40,000 tons per year, it would be necessary for them to have approximately 125 mills, crackers, and refiners operating 24 hours a day, 7 days a week. Furthermore, this machinery would have to be of the latest type, properly designed for reclaimed work and not obsolete, second-hand machinery.

J. H. DAVIDSON.

I offer that for the record.

Mr. MCGEHEE. Do you know how many reports Mr. Davidson wrote before it was acceptable?

Dr. ROGERS. To my knowledge he wrote one report, the one which I have here.

Mr. MCGEHEE. The statement was made that he wrote four reports before they were acceptable to Mr. Williams.

Mr. HOLLAND. I made an investigation. Mr. Williams and I went to all the stenographers in the branch. We first went to Mr. Davidson's secretary, who had no recollection of ever writing the report. But we found another girl to whom Mr. Davidson had dictated a report. We had her type her notes up. I didn't bring them with me. I have them in my office. They are exactly like this report with one or two words changed, down to here [indicating].

The CHAIRMAN. Let us get the number of the paragraph. It is the tenth paragraph. So, up to the end of the tenth paragraph the report was practically identical?

Mr. HOLLAND. There was only one word changed. But the remaining paragraphs were not in there.

Now, apparently he wrote the rest of that in longhand after dictating it. We cannot find any stenographer in the branch that has any recollection of anything about that.

Mr. MCGEHEE. Dr. Rogers, you did not state in the presence of Mr. Sims and Mr. Shea and Mr. Davidson that you could not get competent engineers for less than $50,000 a year?

Dr. ROGERS. I made no statement of that kind. We were talking in a very general way back and forth, very friendly. No controversy at all. They did not even seem to be resentful of my decision. They seemed to accept it.

I said there might be two or three or four engineers. I meant by that that there would certainly not be a large number who would be qualified to take this whole job from start to finish and tell whether it was well done or do it themselves.

Mr. MCGEHEE. Did Davidson ask you for leave of absence so as to accept the employment with this man?

Dr. ROGERS. I have no recollection of such a request.

Mr. MCGEHEE. You, of course, do not know about any conversation held between Davidson and Williams or Williams' discussion with the Attorney General?

Dr. ROGERS. I know nothing of the transaction between Williams and Davidson——

Mr. MCGEHEE. And that Firestone and Goodrich and the big four rubber people, when they put in an application for priorities on something that was necessary for their different plants, their applications would be brought right in, probably by some representative of the company, and there usually was very quick action and approval, whereas when a little fellow would come in with his application, it would be carried over for a few days or weeks and in a large percentage of times rejected?

Dr. ROGERS. That is not the fact, Mr. Congressman. Every application for priority that comes into the branch does not originate in the branch. It cannot originate in the branch. It has to originate in the Bureau of Priorities. After they come in, they are cased and then they come in; and if those applications stay in our branch any length of time, we will get a notice from the head of the Division, "You are holding such and such a case number and"—not exactly these words—"why don't you take action on it?"

Mr. MCGEHEE. I suppose that in numerous applications there are mistakes made; and perhaps some are lost; are they not?

Dr. ROGERS. There have been some applications lost, but not many.

Mr. MCGEHEE. They were trying to find one a week ago and get approval of it.

Mr. SAUTHOFF. Mr. Chairman, I want to make a suggestion. It is very clear that we cannot conclude today, inasmuch as the House has already gone into session. May I suggest that we adjourn until such time as Dr. Rogers can meet with us next week?

Mr. MCGEHEE. I must leave now, also.

Mr. SAUTHOFF. What time would be convenient with you, Doctor?

Dr. ROGERS. Tuesday would be more convenient for me than earlier, because on Monday there is always a lot to be done.

The CHAIRMAN. When these plans were presented to you by Mr. Sims, were they presented as plans of any particular engineer?

Dr. ROGERS. They were not plans, Mr. Chairman. They were a list of second-hand equipment and some pictures of scrap rubber piles in the Southwest, and pictures of a plant of the Armour Co., which I believe they had an option on. I am not certain about that particular point. They were not what an engineer would call plans.

The CHAIRMAN. And there is not any engineer's name attached to any memorandum in connection with that?

Dr. ROGERS. There was a set of very small blueprints that they had got from the Armour Co., that showed buildings. But whether they had been reduced by the photographic process or not I do not know. It was impossible to read them. It was just something that the Armour people had had from the original construction. They were not plans for this reclaiming process.

Mr. GALE. There was nothing on those plans about the specific location of the machinery or anything of that sort?

Dr. ROGERS. There were no floor lay-outs of machinery or the kind of units that were to be placed and where they were to be placed and how many units. There was nothing of that kind whatsoever.

Mr. MCGEHEE. I suppose that you have that in your file?

Dr. ROGERS. It is not on file anywhere. It was returned——

The CHAIRMAN. He testified that he took back his plans.

Dr. ROGERS. He took back his plans, and he wrote Mr. Newhall a letter in which he said—I have this copy, which came from the Fort Worth (Tex) branch of the Defense Plant Corporation. He said:

Mr. ARTHUR B. NEWHALL.

DEAR SIR: In our conversation on May 7, 1942, between you and Congressman Lanham, J. J. Shea, and myself, we agreed to put in a plant here in Fort Worth to collect and strip scrap rubber with the idea in mind that, if there were the amount of scrap we tell you is available here in the Southwest, we will have your final approval of our plans to install a reclaiming plant here in Fort Worth under the Defense Plant Corporation.

We are now making application through the proper channels for funds to buy the building and machinery and also for working capital to purchase scrap and peel and strip.

Hoping this finds your health improved and with kindest personal regards, I am,

Yours sincerely,

HAROLD A. SIMS.

Mr. MCGEHEE. What is the letterhead? What does it say at the top?

Dr. ROGERS. The letterhead is "Southwest Rubber Reclaiming Corporation, Fort Worth, Tex."

Mr. REED. Mr. Chairman, unfortunately I will not be able to be here next week. I want to ask Dr. Rogers one question for the record that he might clear up at this time.

The report which you filed with the reporter, of course, is a copy of a report the original of which is in your files, I take, in your office?

Dr. ROGERS. I presume that Mr. Williams has it. I have never had in my possession anything but a carbon copy.

Mr. REED. Did you or anyone in your office compare this with the original, to your knowledge?

Dr. ROGERS. I did not compare this with the original.

Mr. HOLLAND. I compared it with the one that the girl transcribed from her notes.

Mr. REED. I note that it is signed by J. H. Davidson. Do you know whether it was signed by Mr. Davidson personally or not?

Mr. HOLLAND. I do not know.

Mr. REED. I note in the testimony of Mr. Davidson that he says that he never signed any report whatsoever. I think that that is a rather important thing. If he did not sign that report, we ought to know whether he did or not.

Dr. ROGERS. Put this in the record. I had that report in my hand lying on my desk through this entire conversation, and Mr. Davidson at no time took exception to it.

Mr. REED. I understand that. But I understand that he did not sign it; that the report was signed by Mr. Williams. I understand from his testimony that the report was signed by Mr. Williams. Apparently Mr. Williams signed Davidson's name, whether he got authority to or not.

Mr. HOLLAND. Davidson dictated this report, according to the girl.

Dr. ROGERS. It does not seem probable that a report addressed to Mr. Williams would be signed by Mr. Williams.

Mr. REED. Not signed by Williams, but Williams signed Davidson's name, as I understand it.

Dr. ROGERS. We will get that before the next meeting.

Mr. SAUTHOFF. Mr. Chairman, let me ask one thing. Is there any objection to meeting at 10 o'clock instead of 10:30?

The CHAIRMAN. I think it would be a good thing. I would suggest myself that we even meet at 9:30.

(Whereupon after informal discussion, an adjournment was taken until Thursday, July 2, 1942, at 9:30 a. m.)

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