

Ball proposed changes in annual report

INSERT A PAGE 30 BETWEEN 1st and 2nd pp.

One such means would be a clear and understandable government labor relations policy for the duration, written into law and administered through one single agency instead of the dozen or so now operating in this field. While strikes cannot be condoned, it must be stated in fairness to organized labor that government must share responsibility for work stoppages. The lack of clear policies, inexcusable delays in deciding cases and bungling in some others have worn the patience of unions thin.

INSERT B PAGE 30 -- SUB FOR 1st TWO SENTENCES OF 6th PG

Such percentages present as inaccurate a picture one way as the over-emphasis of production losses due to strikes do in the other direction. They do not reflect losses due to slowdowns, which have been all too frequent. Neither do the percentages reflect secondary losses due to strikes, when other work is halted because of lack of materials supplied by the struck plant. Such secondary production losses have been sizeable, both in the coal strike and due to strikes in small plants making critical components, which may slow down hundreds <sup>or</sup> thousands of workers although only a few score actually strike. Strikes must be eliminated, but the committee believes that far greater (etc. pick up rest of pg)

INSERT C AFTER 3rd PG ON PAGE 34

A possible method of eliminating speculative buying of surplus commodities would be to provide specifically for recapture by the government of speculative profits derived from dealing in such articles, <sup>above a specified percentage of</sup> say 20 or 25 percent of the purchase price.

COBA



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INSERT D AFTER PG NO. 12, pg 43

It should be stated that comparisons of net profits of war contractors with those of prior years do not always give a fair picture. Many contractors have increased their volume of production many times over, some as many as 20 or 25 times, and their gross sales and net profits show a corresponding, and in cases where the contractor has done an efficient job, an even greater increase.

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(3) What shall be done regarding unused inventory for the fixed price contractor, as compared to the contractor who operates on a cost-plus-fixed-fee basis, with the government owning his entire inventory.

The third problem may mean the difference between successful conversion to peacetime operation and bankruptcy for some smaller fixed price contractors who have expanded tremendously in war production. While such contractors have made substantial profits, even after renegotiation, these profits as well as very large additional sums are tied up in inventory, which is carried on their books at its cost, but most of which will be worth only scrap prices when the war ends and contracts are terminated because it consists of special items of use only for munitions. It is estimated that the sum tied up in such inventories totals many billions of dollars.

A possible solution, which the committee intends to study, would be to have the government buy the inventories of such contractors, or at least that portion of it which can be shown to be not excessive. That would place such fixed price contractors, many of whom have been the most efficient the government has had, on the same basis as cost-plus-fixed-fee contractors insofar as the inventory problem is concerned. The transfer to government ownership could be made easily in the renegotiation process.