

local wire facilities, total \$533,633, to be included in pending appropriation bills, and made available as soon as possible for the completion of the revised project.

WALTER C. SWOPE,
Lieutenant General, U. S. Army, Commanding.

True Copy.
Edward von Gilders,
EDWARD VON GILDERS,
Sed U. F. A.

[Exhibit 1F]

[1]

HEADQUARTERS HAWAIIAN DEPARTMENT,
OFFICE OF THE DEPARTMENT ENGINEER,
Fort Shafter, T. H., July 3, 1941.

Via Clipper Airmail
Engr. 523.07

Subject: Priorities and Preference Ratings.
To: The Adjutant General, Washington, D. C.

1. On 4 June 1941 I wrote a letter, file Engr. 523.07, subject: "Priority in Shipping Space for the Hawaiian Electric Company", in which the question of securing shipping space priorities for this company was discussed. A copy of this letter is inclosed for ready reference. At that time the main problem was the securing of shipping space; since then it has developed that difficulties are also arising concerning the procurement of materials. I have directed that an investigation be made of this priority question, and the results of this investigation indicate that some clarification and coordination is highly desirable.

2. At the present time priorities and preference ratings for Army activities are assigned by the various procurement agencies and contracting officers. There is now no coordination in the Department between these various agencies, each of which is dealing direct on priorities questions with its Chief in the War Department. This is satisfactory as long as only one procurement agency or contracting officer is involved. There are cases, however, in which more than one agency is involved, and the number of these will undoubtedly increase in the future; I believe it is advisable to have a coordinating agency in the Department to not only coordinate these cases locally, but also to bring to the attention of the War Department the advisability of similar coordination between the Chiefs of the respective agencies. Also there are many procurement problems on which the establishment of priorities and preference ratings is necessary which no agency is now handling. The 14th Naval District has already established a central priority office in the local bureau of supplies and accounts where priorities information is kept available, and where preference ratings on all Navy orders are issued.

3. The following outlines in greater detail some of the problems on which difficulty has already been encountered:

a. We have some projects in which more than one supply or construction branch is interested. While there is no complaint with the present system by which each agency handles priority matters with its Chief in the War Department there is a probability that desirable action by one agency may be overlooked with the result that the second agency might be held up in its work even thou it had taken all action necessary.

[2] b. Hawaii presents a special problem in procurement as do the other overseas departments, due to the shipping situation. The present priorities instructions are concerned with procurement; in this Department, however, priorities on shipping space are important. There are large quantities of essential materials transported on commercial shipping. These shipments involve not only government shipments but also shipments by private concerns of materials which are to be incorporated in defense installations.

c. Practically all construction materials must be imported into the island. The various constructing agencies are, of course, anticipating their needs and are having materials procured on the mainland and shipped to the department. It is impossible to anticipate every item needed, and in the past the various supply houses in the department, such as the Honolulu Iron Works, the Hawaiian Electric Company, and others, have maintained local stocks from which small items could be procured as they were needed. These local stocks are now becoming a matter of concern. For example, the mainland agents of the Hawaiian

Electric Company have advised the company that it can not expect to obtain replacements for its ordinary warehouse and operations stocks unless a preference rating is placed on this procurement. Practically all of our defense contracts demand electric power and unless the company's local stocks are maintained it will be impossible to install power connections without waiting for the arrival of necessary materials for each connection from the mainland. A specific example of this occurred recently where a sub-contractor on the Hickam Field low-cost housing had to import by Clipper air express at an expense of \$1,000.00, some plumbing items which under normal conditions could have been obtained from local stocks.

d. As stated above shipping priorities are also important. To our knowledge there is now no coordinated shipping priorities, although the Matson Navigation Company, which handles the bulk of the shipments, is granting unofficial priority to items on which a procurement priority has been obtained. As far as government bought and shipped materials are concerned there has been no great difficulty although considerable detail work has been involved in radioing about specific shipments. There are large quantities of materials, however, which are being ordered by private firms either for direct supply to government agencies or for incorporation in defense works directly or indirectly, and these private concerns are encountering great difficulties in securing shipping space for this material.

4. To meet this increasing problem I propose to set up an office in this department to be responsible for coordinating all priorities matters, and I have selected the Department Engineer's office as the section in which this control can best be established. Additional officers, not necessarily engineers, will be placed on duty in that office to furnish needed assistance. [3] The following is a preliminary outline of the duties of this section:

a. To establish an information bureau where request for information on priorities can be promptly filled.

b. To keep me informed of the priorities and preference ratings assigned by regular supply branches to their own procurement in order to insure that these are coordinated. In this work with the regular supply branches and construction agencies it is not intended that the coordinating office will assume any control over these agencies; it is intended, however, that the coordinating office keep informed of what action these agencies are taking in priority matters.

c. We assign preference ratings covering procurements which are essential to defense work and which are not now covered by existing instructions.

5. In the directive of the Priorities Committee of the Army and Navy Munitions Board, 27 November 1940, it is noted that all Panama Canal defense projects are placed in priority classification A-1-b. There is no similar blanket coverage for devents projects in this department; and the rating which can be assigned to any project in this department depends upon its classification as a general project under the other entries in this directive. The aircraft Warning Service project is the most important single project in the department, and under the general classification in this directive the highest priority which could be assigned to it would be A 1-f. It is believed that the conditions facing this department are similar to those in Panama and that a similar blanket priority classification for our defense projects should be authorized, and that this rating should be high. If this is done it would not be necessary to assign this high a rating to all projects and this department could reserve the high rating for the exceptional projects which were considered absolutely essential.

6. As stated above, the maintenance of adequate local stocks by local supply firms is essential. Existing instructions on the issuance of preference ratings are predicated on the fact that the firm to whom the rating is issued is a government contractor. The local supply firms who must obtain preference ratings to maintain stocks are not actually government contractors at the time they place their mainland orders. These firms become contractors, however, when a government agency orders materials from their stocks. The question involved here is one of time; and obviously we should not wait until the specific need for a stock item arises to issue a preference rating then delay the job while the item is being procured and shipped. It is believed that some authority should exist for us to give preference ratings for the procurement of any items which we, through experience and knowledge of future projects, select as essential.

[4] 7. The following is therefore recommended:

a. The establishment of a blanket priority for Hawaiian defense projects as has been done for Panama Canal defense projects, and authorization to this headquarters to apply this high rating to cases of exceptional importance.

b. Waiving of the requirement that preference ratings can be issued only to government contractors and authorization to this Headquarters to issue these ratings for the procurement of those items which we anticipate will be essential to the defense program.

c. Consideration of the establishment of a liaison with shipping agencies on the West Coast to insure that defense materials ordered by private firms receive proper priorities in shipping space.

It is further recommended that prompt consideration be given to subparagraphs a and b above and this headquarters advised by radio of the War Department's attitude.

WALTER C. SHORT,
Lieutenant General, U. S. Army, Commanding.

1 incl: C/Ltr. Engr 523.07 4 Jun 1941

Record copy Engineers

A true copy.

Edward Von Geldern,
EDWARD VON GELDERN,
2nd Lt., F. A.

114.14-18-C-32 RGC/amw
(8-18-41)

1st Indorsement

PRIORITIES COMMITTEE,
ARMY & NAVY MUNITIONS BOARD,
WAR DEPARTMENT BUILDING,
Washington, D. C., August 18, 1941.

To Commanding General, Headquarters Hawaiian Department, Office of the Department Engineer, Fort Shafter, T. H. (THRU: The Adjutant General, Washington, D. C.)

1. The following information is submitted in answer to the recommendations on page 4 of letter from Lieutenant General Walter C. Short:

2. The establishment of a blanket priority specifically to Hawaiian Defense Projects is not considered necessary inasmuch as the Directive, Priorities Committee, Army and Navy Munitions Board, established the preference rating A-1-c for "Construction, equipment, defense and development of outlying bases, not included in the Continental United States". This Directive is the cumulative result of an exhaustive study of the military importance of the various items required by the military and naval forces of the United States, and has received the approval of the Secretary of War and Secretary of the Navy.

3. Attention is invited to a copy of communication of July 31, 1941, from the Army and Navy Munitions Board to "Supply Arms and Services of the Army and Bureaus and Offices of the Navy", which explains the procedure covering the issuance of project rating orders to Army and Navy construction projects outside of the Continental United States. It will be noted that the project rating orders issued in accordance with these instructions will not be confined to items on the Critical List, but will include all items necessary to complete the construction of a particular project. These ratings may be extended in the usual way, and it is believed should cover the recommendation as made in paragraph 7 b.

4. Attention is invited to the "Defense Supply Rating Plan" recently inaugurated by the Office of Production Management. This is a plan developed whereby the manufacturers who supply so-called "Off the shelf" items to defense industries are permitted to get material with which to manufacture additional stock so as to make a supply available to defense customers. This plan may be of value to some of the concerns in the Hawaiian District and is mentioned for your consideration.

5. The establishment of a liaison with shipping agencies of the West Coast has been referred to the Division of Emergency Shipping, Maritime Commission. That Commission has a record of the situation as it exists and as it has been for some time. They are further checking into the situation, but definite decision to establish a liaison agency has not been made.

For the Priorities Committee:

ROBT. G. COOK,
Major, Ordnance, USA.

1 Incl. no change.

A True Copy:

Edward Von Geldern
EDWARD VON GELDERN,
2nd Lt., F. A.

[IMMEDIATE ACTION]

WAR DEPARTMENT
THE ADJUTANT GENERAL'S OFFICE
WASHINGTON

Via Air Mail
AG 523 Priority
(7-7-41) MB

2nd Ind.

JAU

WAR DEPARTMENT, A. G. O., August 26, 1941.
To: The Commanding General, Hawaiian Department.

Attention is invited to preceding Indorsement.
By order of the Secretary of War:

Brigadier General,
Acting The Adjutant General.

1 Incl. n/c.

A True Copy.

Edward von Geldern,
EDWARD VON GELDERN,
2nd Lt., F. A.

14 AUGUST 1941.

THE ADJUTANT GENERAL,
Washington, D. C.

Relet this headquarters third July file engr five two three point zero seven subject priorities and preference ratings stop. This question of priorities becoming more pressing and many local supply houses are now advised by mainland agents that no shipment can be made until priority is secured stop. Request radio advice as to action on recommendations paragraph seven of letter cited.

SHORT.

A True Copy:

Edward von Geldern,
EDWARD VON GELDERN,
2nd Lt., F. A.

HEADQUARTERS HAWAIIAN DEPARTMENT,
OFFICE OF THE DEPARTMENT COMMANDER,
Fort Shafter, T. H., Oct. 23, 1941.

In reply refer to:

Engr. 523.07

Subject: Office of Production Management Field Service.

To: The Adjutant General, Washington, D. C.

1. Reference is made to letter dated 13 August 1941 from the Army and Navy Munitions Board, a copy of which is inclosed. Reference is also made to letter from this headquarters, file Engr. 523.07, subject "Priorities and Preference Ratings," and 1st Indorsement from Priorities Committee, Army and Navy Munitions Board, 18 August 1941, file 114.14-18-C-32-RGC-amw (8-18-41).

2. The conditions as to securing priorities for materials needed in the Hawaiian Islands are growing worse steadily, and a large part of the difficulties encountered can be traced to lack of information and to failure of field offices, whose region includes this Territory, to make themselves known to local Federal officials and business men. The long distances involved in travel, the difference in time, and the high cost of telephonic communication, all make contact with any regional office difficult.

3. Governor Poindexter has already submitted a request to Washington for the establishment of a local office of the Priorities Division, OPM, and at his request I concurred in his suggested action. A copy of my letter of September 13, 1941 to the Governor is inclosed for your information.

4. It is therefore requested that the War Department propose the establishment in Honolulu of a field office of the Office of Production Management, to

include the Priorities Division, initially, with provision for adding representatives of other divisions later, if required.

(s) WALTER C. SHORT,
Lieutenant General, U. S. Army,
Commanding.

2 Incls: (1) Cy of ltr Army & Navy Munitions Board, 8/13/41; (2) Cy of ltr to Gov. Poindexter, 13 Sept 41.

A true copy:

Edward von Geldern,
EDWARD VON GELDERN,
2nd Lt., F. A.

AG 334.8 Production Management Board
(10-23-41) MB 1st Ind

IG/mm-1713

WAR DEPARTMENT, A. G. O.,
October 31, 1941.

To: The Under Secretary of War.

2 Incls. No change.

A true copy.

EDWARD VON GELDERN,
2nd Lt., F. A.

2d Indorsement

18-C-32 RGC/amw
(11-13-41)

PRIORITIES COMMITTEE
ARMY & NAVY MUNITIONS BOARD

WAR DEPARTMENT BUILDING,
Washington, D. C., November 13, 1941.

To Commanding General, Headquarters Hawaiian Department, Office of the Department Commander, Fort Shafter, T. H. (THRU: The Adjutant General, War Dept., Washington, D. C.)

1. Recommendation has been made to the Office of Production Management and a field office of the Office of Production Management be established in Hawaii at an early date. They have requested to advise this Committee as to the action contemplated or already accomplished in this direction. Such information will be forwarded when received.

For the Priorities Committee:

(/s/) ROBT. G. COOK,
Major, Ordnance, USA.

2 Incls. No change.

3rd Ind.

AG 334.8 Production Management Board (10-23-41) MB

IG:we-1713

WAR DEPARTMENT, A. G. O.,
November 17, 1941.

To: The Commanding General, Hawaiian Department.

Attention is invited to preceding Indorsement.

By order of the Secretary of War:

(/s/) E. L. ADAMS,
Major General,
The Adjutant General.

2 Incls. n/c.

A true copy.

EDWARD VON GELDERN,
2nd Lt., F. A.