

THE ARSENAL OF DEMOCRACY DROPS A STITCH: WWII
INDUSTRIAL MOBILIZATION AND THE REAL SILK HOSIERY
MILLS OF INDIANAPOLIS, INDIANA

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CIVILIAN AND MILITARY WAR ORGANIZATIONS

Army-Navy Munitions Board (ANMB): During WWII, the board was responsible for coordinating army and navy procurement of munitions and supplies, allocating machine tools, stockpiling critical materials, and purchasing military supplies from foreign suppliers. Established June 22, 1922.

Quartermaster Corps: Military organization responsible for procuring, storing, and transporting supplies to U.S. soldiers. Established in 1775.

National Defense Advisory Commission (NDAC): Consisted of committee members who oversaw industrial production, transportation, farm products, raw materials, employment, price stabilization, and consumer protection. Committee members advised the Council of National Defense on their respective areas of expertise as they related to national defense matters. Established in May 1940.

Office of Defense Transportation (ODT): Created to coordinate and increase efficiency of all domestic transportation in the U.S., including railways, motor vehicles, pipelines, inland and coastal waterways, and air transport. Established by Executive Order on December 18, 1941.

Office of Price Administration and Civilian Supply (OPACS): Created to check inflation, profiteering, and skyrocketing prices by rationing scarce items, controlling prices in stores, issuing ration cards to civilians, and freezing rent prices. Established April 1941. Replaced by the Office of Price Administration (OPA) in August 1941.

Office of Production Management (OPM): Coordinated the conversion of civilian industries to war production, regulated the production and supply of war matériel, and oversaw the federal procurement program. Established by Executive Order on January 7, 1941.

Office of War Mobilization (and Reconversion) (OWMR): Established by Executive Order on May 26, 1943. Originally named the Office of War Mobilization (OWM), OWM superseded the Office of Production Management. Oversaw all civilian war agencies and coordinated wartime economic planning. In October 1944, the agency assumed responsibility for postwar planning and was renamed the Office of War Mobilization and Reconversion.

Ordnance Department: Military organization established in 1812 to oversee supply of weapons and ammunition to the U.S. military.

Senate Special Committee to Investigate the National Defense Program (Truman Committee): A series of hearings held from 1941-1948 to investigate waste and corruption in national efforts to mobilize for war. The committee was nicknamed the Truman Committee after Harry S. Truman, the U.S. Senator and future President who chaired the committee from 1941-1944.

Smaller War Plants Corporation (SWPC): A division of the War Production Board created to help small businesses (fewer than 500 employees) obtain a larger share of war contracts and provide financial assistance to these businesses. Established June 1942.

Supply Priorities and Allocation Board (SPAB): Coordinated military procurement needs with the production goals of the Office of Production Management. Activities included curtailing non-essential civilian production, expanding industry output, and allocating materials for war and civilian production. Established in August 1941.

United States Employment Service (USES): Established as a federal organization in December 1941. Responsible for overseeing local employment services including labor registration, job placement programs, and gathering of employment statistics. Placed under the authority of the War Manpower Commission on September 17, 1942.

War Industries Board (WIB): Central federal agency responsible for mobilizing the U.S. economy in the event of war. Oversaw conversion of industries to war production, regulated production output, allocated raw materials, and regulated prices. Established July 28, 1917.

War Manpower Commission (WMC): Recruited labor for war industries and implemented plans to increase efficiency and maximum utilization of civilian manpower for war production. Established by Executive Order on April 18, 1942.

War Production Board (WPB): Replaced the Supply Priorities Allocation Board and the Office of Production Management to serve as the umbrella agency that oversaw the entire war mobilization and federal procurement programs. Established by Executive Order on January 16, 1942.

War Resources Board (WRB): Established August 1939. Advised the Army and Navy Munitions Board on matters of economic mobilization. Dissolved in November 1939.

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Introduction

As war raged across Europe in 1941, General Motors president Alfred Sloan aptly described the Second World War as “nothing more or less than a conflict between opposing technocracies.”¹ In this war, the outcome depended as much upon a nation’s resources and industrial capacity as it did upon the size of its armed forces. President Franklin D. Roosevelt laid out the important role the United States played in outfitting the Allied Forces for war in his 1942 State of the Union Address. In this speech he admonished critics of his industrial mobilization plan, citing 1941 U.S. production figures for combat vehicles, guns, and munitions as evidence that the “arsenal of democracy is making good.”² Later in this speech, Roosevelt referred to U.S. output as a “miracle of production” since U.S. manufacture of war materials dramatically increased at the same time that large numbers of young men were being drawn from the workforce to fight abroad.³ This pivotal speech planted the seeds of a national mythology about the American war effort in the Second World War. In the arena of war production, the United States undeniably excelled and out-produced its major allies in nearly every munitions category. This unprecedented feat ingrained the terms “Arsenal of Democracy” and “production miracle” in American popular memory and the terms appear in many books and articles written on the nation’s industrial mobilization efforts.⁴

¹ Quoted in David Farber, *Sloan Rules: Alfred P. Sloan and the Triumph of General Motors* (Chicago: University of Chicago Press, 2002), 227.

² Franklin Delano Roosevelt, “State of the Union Address,” January 6, 1942, *The American Presidency Project*, <http://www.presidency.ucsb.edu/ws/index.php?pid=16253> (accessed 28 October 2012).

³ Roosevelt, “State of the Union Address,” January 6, 1942.

⁴ See Paul A.C. Koistinen, “Warfare and Power Relations in America: Mobilizing the World War II Economy,” in *The Home Front and War in the Twentieth Century: The American Experience in Comparative Perspective: Proceedings of the Tenth Military History Symposium, 20-22 October 1982*, ed. James Titus (Washington, D.C.: U.S. Government Printing Office, 1984).

This rosy view of U.S. industrial mobilization efforts persists because many historical sources about World War II on the American home front focus on the production output of large businesses and high priority industries during the war. Yet, the glamour assigned to war production, such as the image of Rosie the Riveter and the thousands of airplanes rolling off the Ford production lines, often precludes discussion of the immense challenges and complexity of the industrial mobilization program. Businesses had to overcome a plethora of obstacles to fill the great “arsenal.” Additionally, while large corporations producing high-priority war materials prospered during the war, smaller businesses and those in low-priority industries did not necessarily achieve the same resounding success.

Home to many factories and companies, Indianapolis, Indiana, played a crucial role in the war effort, ranking among the top ten in the nation in terms of war material production.⁵ Among the approximately 421 businesses that produced war materials in the city, Allison Engineering, Curtiss-Wright, and Navistar represented some of the large, high-priority industries within the city, while the Real Silk Hosiery Mills is representative of the small and mid-sized companies that produced lower priority goods.⁶ Real Silk was a mid-size business in the lower-priority textile industry that produced parachutes, mosquito netting, and other military necessities during the war. Due to the important role of Indianapolis in the war production effort, coupled with the wide variety of industries located there during the war, the city’s businesses are excellent subjects for study as they mirror the successes and challenges experienced by businesses nationwide during WWII industrial mobilization. Although detailed records from individual companies during the

⁵ David J. Bodenhamer and Robert G. Barrows, eds., *Encyclopedia of Indianapolis*, s.v “World War II,” (Indianapolis: Indiana University Press, 1994), 1464.

⁶ Bodenhamer and Barrows, *Encyclopedia of Indianapolis*, 1410.

war years can be difficult to locate or access, extensive records from the Real Silk Hosiery Mills are extant and provide insight into how the WWII mobilization program affected businesses at a local level.

The decade leading up to WWII was a tumultuous one for Real Silk. The Great Depression contracted the market for the luxury items produced by the company, forcing Real Silk to the brink of bankruptcy in 1932. However, under new leadership the company slowly and steadily recovered, posting modest profits for the rest of the decade. By 1940, Real Silk felt the impact of the war that was raging abroad. The silk market destabilized and a dramatic rise in raw silk prices caused Real Silk to post a loss that year. Yet the company continued to adapt successfully to the changing conditions. Introducing a line of nylon stockings in the second half of 1940, the company mitigated its overall losses for 1940 and returned to profitability in 1941.

As the United States entered WWII, Real Silk faced a new set of challenges. Businesses nationwide struggled to meet the demands of the wartime economy. They had to adapt to a nebulous and ever-changing set of rules and increasing government regulation. Scarcities of materials, an overburdened transportation system, and labor shortages presented obstacles to efficiency at many factories. When Real Silk was forced to convert to war production, profits dropped precipitously in 1942. The company not only incurred great expense adapting its facilities to manufacture war matériel, but it also dealt with a plethora of labor problems such as training an inexperienced workforce and high absentee and turnover rates among women workers as they struggled with their newly defined roles in the wartime economy.

Although the Second World War undoubtedly reshaped the American economy, the economic boost often associated with the war did not occur across the board. While the war increased output, expanded production capacity, and led to post-war economic prosperity for some businesses and industries, it stifled other companies or forced them out of business. Through a case study of the Real Silk Hosiery Mills of Indianapolis, Indiana, I will examine a number of factors that impacted businesses' efficiency and profitability during the war. In 1943, the War Production Board (WPB), a civilian agency in charge of coordinating the national mobilization program, identified four major bottlenecks that inhibited the industrial war machine: critical raw materials, food products, transportation, and labor supply.⁷ Real Silk encountered many problems with material supply, transportation delays, and labor shortages, often caused or exacerbated by government regulations during the war. A case study of Real Silk's war experiences provides a detailed portrait of the new obstacles the war presented that impeded effective business operations.

Chapter 1 includes a historiography of the secondary literature on U.S. industrial mobilization during World War II and situates this case study within the broader literature. This chapter provides the framework for evaluating Real Silk's war time experiences with the mobilization program. Based upon the records of the Real Silk Hosiery Mills, Chapter 2 provides a brief history of the company. The company's financial position in the years leading up to WWII is explored. The chapter also discusses

⁷ Civilian Production Administration, Bureau of Demobilization, Meeting 69: January 22, 1943, "Comparative Study of War-Time Trends," *Minutes of the Planning Committee of the War Production Board, February 20, 1942 to April 1, 1943*, Historical Reports on War Administration: War Production Board Documentary Publication No. 5 (Washington, D.C.: U.S. Government Printing Office, 1946), 112 (hereafter cited as *WPBPC*.)

Real Silk's conversion to war production and the immediate effects the conversion had on the profitability of the company.

Chapter 3 examines how wartime government regulations and the unique circumstances of the war impeded normal, efficient operations at Real Silk. Obstacles faced by the company such as material shortages, transportation congestion, and bureaucratic red tape imposed by wartime government agencies are discussed. The evidence for this chapter was gleaned from meeting minutes of the central mobilization agencies during the war including the Office of Production Management, Supply Priorities and Allocation Board, and the War Production Board, as well as Real Silk's company records and annual reports.

The labor problems that were introduced by the war are the focus of Chapter 4. The discussion includes the impact of labor shortages, absenteeism, high turnover, and labor disputes on Real Silk's production capacity and potential for expansion. Statistics from the Employment Security Division's studies of the Indiana Labor Market Area 1941-1946, the Indiana War History Commission's report on the company, and Real Silk's company records are some of the sources utilized in this chapter.

Chapter 5 contains a summary of the findings presented in the previous chapters and discusses their significance. Broadly, this thesis will contribute to WWII home front literature as well as the literature on the WWII industrial mobilization program. It examines the problems faced by a small to mid-sized company in a low priority industry during the war and challenges the popularly-held belief that WWII pulled businesses out of the Great Depression and that the expansion of businesses during the war led to extended post-war prosperity.

Chapter 1

Historiography of U.S. Industrial Mobilization Literature

The literature on U.S. WWII industrial mobilization can be broken into three categories based upon the methodology employed to either support or challenge the traditional perception of U.S. wartime production as the miraculous “Arsenal of Democracy.”⁸ The first sources on the subject emerged in the late 1940s through the 1950s and included administrative histories and studies of the war mobilization agencies written by former employees of these agencies. After 1960, historians began studying distinct aspects of the industrial mobilization program, such as President Franklin Roosevelt’s mobilization plans and the role of corporate liberals in civilian war agencies. Historians evaluated these aspects from different perspectives such as economics, labor studies, and the political economy of warfare, which focused on business-government-military relations. A third, though less common, method historians have applied to the problem is case studies of state, local, or individual industries. Together, this literature illustrates the impact of the war mobilization program on local American businesses and workers who kept the wheels of the U.S. war machine in motion.

The earliest, and most prolific, studies of industrial mobilization focused on government and military war administration, as well as the civilian agencies that emerged during WWII to address mobilization issues. Shortly after the war’s end, former employees of the wartime government agencies and the War Department wrote histories and critical studies of the agencies for which they worked, beginning in 1947 with the

⁸ During a December 1940 radio broadcast, President Roosevelt coined the slogan “Arsenal of Democracy,” referring to the U.S. promise to provide supplies and weapons to the Allies before the U.S.’s entry into the war. In this view, patriotic Americans willingly united to mobilize industry and the economy for war. In James Burns, *Roosevelt: The Soldier of Freedom* (New York: Harcourt Brace Jovanovich, 1970), 27-29.

Civilian Production Administration's *Industrial Mobilization for War: History of the War Production Board and Predecessor Agencies, 1940-1945, Program and Administration*.

Additional studies were released through the 1950s. These early publications evaluated the successes and failures of the mobilization agencies in order to make recommendations for future war mobilization efforts should the need arise. The main agencies under scrutiny in these publications included the War Resources Board (WRB), the National Defense Advisory Commission (NDAC), the Office of Production Management (OPM), the War Production Board (WPB), and the Office of War Mobilization and Reconversion (OWMR). These administrative histories and assessments emerged so close to the actual events examined that they walk the line between primary and secondary sources.

However, the authors provided critical assessments of an historical event utilizing primary sources as evidence. Also, these sources are so widely cited in the subsequent literature on U.S. WWII mobilization that their influence cannot be overlooked in a historiography of the subject. Such early works include Herman Miles Somers's *Presidential Agency: The Office of War Mobilization and Reconversion* (1950), Eliot Janeway's *The Struggle for Survival: A Chronicle of Economic Mobilization in World War II* (1951), and Elberton Smith's *The Army and Economic Mobilization* (1959).⁹

⁹ Herman Miles Somers served as a senior economist on the National Resource Planning Board before the war and worked for the Office of War Mobilization and Reconversion in 1946. Eliot Janeway was a prominent American economist and economic advisor to President Franklin D. Roosevelt. Elberton Smith worked as an economist for the War Production Board during the war. U.S. Civilian Production Administration, *Industrial Mobilization for War, History of the War Production Board and Predecessor Agencies, 1940-1945. V. 1. Program and Administration*, Historical Reports on War Administration (Washington, D.C.: U.S. Government Printing Office, 1947); Herman Miles Somers, *Presidential Agency: The Office of War Mobilization and Reconversion* (Cambridge, MA: Harvard University Press, 1950); Eliot Janeway, *The Struggle for Survival: A Chronicle of Economic Mobilization in World War II* (New Haven: Yale University Press, 1951); Elberton R. Smith, *The Army and Economic Mobilization* (Washington, D.C.: Office of the Chief of Military History, United States Army, 1959).

While the majority of the 1940-50s literature offered complimentary, even glowing assessments of U.S. mobilization, two of the most significant early works on mobilization included constructive criticism of the civilian production agencies: Melvin Anshen, David Novick, and W.C. Truppner's *Wartime Production Controls* (1949) and Robert H. Connery's *The Navy and the Industrial Mobilization in World War II* (1951).¹⁰ In *Wartime Production Controls* (1949), the three authors, who were former employees of the WPB, focused on the administrative machinery of the agencies and critically appraised "the techniques of production control devised and administered by the War Production Board and its predecessor agencies...."¹¹ They argued that the U.S.'s WWII industrial mobilization program replicated many of the mistakes made by the War Industries Board in WWI because the WPB's predecessor agencies set policies before developing the proper administrative infrastructure to carry them forward.¹² Anshen, Novick, and Truppner asserted that U.S. success during WWII resulted from the nation's great economic wealth rather than the effectiveness of its mobilization program.

Providing an assessment of industrial mobilization from the War Department's perspective, Robert Connery wrote *The Navy and the Industrial Mobilization in World War II* at the request of Secretary of the Navy James Forrestal. Connery, a professor emeritus of political science at Duke University and a former commissioned officer in the Bureau of Naval Personnel during WWII, explored the complex relationship between the Navy, Army, and the war production and procurement agencies. He argued that the

¹⁰ Melvin Anshen, David Novick, and W.C. Truppner, *Wartime Production Controls* (New York, NY: Columbia University Press, 1949); Robert H. Connery, *The Navy and the Industrial Mobilization in World War II* (Princeton, NJ: Princeton University Press, 1951).

¹¹ Anshen, Novick, and Truppner, *Wartime Production Controls*, v.

¹² The War Production Board's predecessor agencies were the National Defense Advisory Commission, the Supply Priorities and Allocations Board, and the Office of Production Management.

achievements of the Navy were impressive in light of the nation's general unpreparedness for war. However, he criticized the lack of adequate infrastructure for materials procurement until the war's tail end in 1944-5 and the general disconnect between the Navy's military plans and its procurement plans. Connery recommended that in the future, the Navy make a greater effort to organize the necessary procurement and production agencies during the period of national emergency that often precedes a formal declaration of war.¹³

Building upon these early histories and studies of the war mobilization agencies, historians began assessing the success of industrial mobilization through other lenses. The political economy of warfare is perhaps the most popular lens through which historians have examined the problem. Historian Paul A.C. Koistinen defined the political economy of warfare as “the interrelations of political, economic, and military institutions in devising the means to mobilize resources for defense and to conduct war.”¹⁴ Several authors have examined industrial mobilization from this perspective—through the interrelation of power structures, especially military, industrial, economic, and political. Many of these sources address the origins of the military-industrial complex in World War II and add to the body of literature on the power struggles between big business and the government during the war.

One of the most prolific writers on industrial and economic mobilization in American wars, Koistinen has been publishing on the political economy of warfare since 1965 when he published his dissertation, *The Hammer and the Sword: Labor, the Military, and Industrial Mobilization, 1920-1945*. In addition to multiple articles,

¹³ Connery, *The Navy and the Industrial Mobilization*, ix, 4-5, 438-441, 443.

¹⁴ Paul A. C. Koistinen, *Arsenal of World War II: The Political Economy of American Warfare, 1940-1945* (Lawrence: University Press of Kansas, 2004), 2.

Koistinen has published a five-volume series that traces the political economy of American warfare from the American Revolution through 2011. His publications on WWII mobilization have served as a springboard and point of contention for many historians who have published on the subject.¹⁵

The contentious nature of Koistinen's arguments is particularly evident in the published proceedings of the Tenth Military History Symposium (1982) on "The Home Front and War in the Twentieth Century" sponsored by the United States Air Force Academy. Koistinen presented a paper titled "Warfare and Power Relations in America: Mobilizing the World War II Economy." In this paper, Koistinen argued against what he referred to as the "necessitarian" view of WWII mobilization—"a form of determinism" that he asserted many historians of general U.S. WWII literature at the time relied upon to explain the success of economic mobilization.¹⁶ In his notes, Koistinen traced this necessitarian view through many sources on the WWII home front, including such influential works as John Morton Blum's *V Was For Victory: Politics and American Culture During World War II* (1976), Alan Clive's *State of War: Michigan in World War II* (1979), and Richard Polenberg's *War and Society: The United States, 1941-1945*

¹⁵ Koistinen's books include *The Hammer and the Sword* (New York: Arno Press, 1965); *The Military-Industrial Complex: A Historical Perspective* (New York: Praeger Publishers, 1980); *Beating Ploughshares into Swords: The Political Economy of American Warfare, 1606-1865* (Lawrence: University Press of Kansas, 1996); *Mobilizing for Modern War: The Political Economy of American Warfare, 1865-1919* (Lawrence: University Press of Kansas, 1997); *Planning War, Pursuing Peace: The Political Economy of American Warfare, 1920-1939* (Lawrence: University Press of Kansas, 1998); *Arsenal of World War II: The Political Economy of American Warfare, 1940-1945* (Lawrence: University Press of Kansas, 2004); *State of War: The Political Economy of American Warfare, 1945-2011* (Lawrence: University Press of Kansas, 2012).

¹⁶ Paul A.C. Koistinen, "Warfare and Power Relations in America: Mobilizing the World War II Economy," in *The Home Front and War in the Twentieth Century: The American Experience in Comparative Perspective: Proceedings of the Tenth Military History Symposium, October 20-22, 1982*, ed. James Titus (Washington, D.C.: U.S. Government Printing Office, 1984), 91.

(1972).¹⁷ The necessitarian viewpoint argued that American citizens worked together willingly to achieve war goals out of the necessity for victory. Koistinen pointed out that the necessitarian thesis focused on the positive end-products of the war. However, when the *means* for carrying out war objectives are considered, Koistinen asserted that the necessitarian view crumbles. Certainly, Americans agreed that victory must be achieved, but they were divided in their opinions of how this victory could be accomplished.¹⁸

He also countered the “miracle of production” thesis that U.S. mobilization was exceptional by arguing that in comparison to other belligerents, U.S. production output was not as impressive as originally perceived.¹⁹ Koistinen asserted that “to approach the World War II record from such a narrow perspective not only limits our understanding of the event greatly, but also strengthens the concept of American Exceptionalism—a mode of thought that encourages parochialism on the part of both the general public and the scholar.”²⁰ He pointed out that the NDAC and OPM were ineffective in converting industry to war production and that most military procurement was accomplished through “normal civilian production” and newly-built factories.²¹ He concluded that “the clumsy mobilization structure got the job done, but only adequately, not exceptionally, so.”²² According to Koistinen, much of the blame rested with Franklin Roosevelt, whom he

¹⁷ John Morton Blum, *V Was For Victory: Politics and American Culture During World War II* (New York: Harcourt Brace & Company, 1976); Alan Clive, *State of War: Michigan in World War II* (Ann Arbor: The University of Michigan Press, 1979); Richard Polenberg, *War and Society: The United States, 1941-1945* (Philadelphia: Lippincott, 1972).

¹⁸ Koistinen, “Warfare and Power Relations in America,” 91, fn 1.

¹⁹ *Ibid.*, 101, fn 9.

²⁰ *Ibid.*, 101.

²¹ *Ibid.*, 93.

²² *Ibid.*, 92.

alleged failed to challenge traditional military and industrial power structures to overcome barriers to war production.²³

The designated commentator for Koistinen's session at the military symposium, historian Robert D. Cuff, challenged many of the ideas Koistinen set forth in his paper, and later, in his 2004 volume on the political economy of American warfare in WWII. First, Cuff countered Koistinen's criticism of the internal strife within the government mobilization agencies by arguing that other countries experienced the same problems in their mobilization efforts. He pointed out that American war production was all the more impressive in light of the chaotic environment in which the government agencies operated. He then defended Roosevelt's wartime policies by placing them in political context, arguing that the president refused to challenge traditional power structures during the war in order to preserve national unity in the war effort and to prevent alienation of his party's political support base. Finally, Cuff tempered Koistinen's criticism of the corporate-government partnership by asserting that industrial mobilization efforts could not have succeeded without such a partnership, as industrialists contributed the technical knowledge to make the program work, while the government possessed the authority to implement the recommendations of these experts.²⁴

In 1991, Gregory Hooks, a professor of sociology at the University of Wisconsin, applied sociological theory to the study of the military-industrial complex and business-government-military relations in *Forging the Military-Industrial Complex: World War II's Battle of the Potomac*. Hooks used a "state-centered" approach which asserted that

²³ Ibid., 103-108.

²⁴ Robert D. Cuff, "Commentary," in *The Home Front and War in the Twentieth Century: The American Experience in Comparative Perspective: Proceedings of the Tenth Military History Symposium, 20-22 October 1982*, ed. James Titus (Washington, D.C.: U.S. Government Printing Office, 1984), 111-118.

the government intervened in the economy via economic controls to achieve objectives determined by the state rather than by national interest groups. Hooks's three most important hypotheses were: 1) The federal government influenced the direction of the economic mobilization program through its investments of capital and distribution of war contracts; 2) Big-business gained greater autonomy from the federal government that it retained after the war; and 3) The military-industrial complex developed during WWII.²⁵

Like Koistinen, Hooks argued that the foundation of the military-industrial complex was built during World War II mobilization. However, Hook's assertions contrast those of Koistinen because he further argued that the military and federal government rather than big-business exercised the most power during the war. Hook demonstrated that while private businesses were an essential component of the military-industrial complex, "they were ultimately client firms of the state and dependent upon it."²⁶ The author reached several conclusions that contributed a new perspective on the study of U.S. war mobilization. Despite the claims of the 1940-50s sources that the civilian agencies directed the U.S. war production, Hooks concluded that the successful supply of munitions to American soldiers and the allies occurred "despite this chaotic administration—not because of it..."²⁷ Government regulations and programs failed to effectively mobilize war production. Instead, it was the government's direction of industrial mobilization through *financial* investments in military production that ultimately built the "arsenal of democracy." This extra capital was extracted from the nation through new taxes, war bonds, and other measures and then reinvested in military

²⁵ Gregory Hooks, *Forging the Military-Industrial Complex: World War II's Battle of the Potomac* (Urbana and Chicago, IL: University of Illinois Press, 1991), 5-7.

²⁶ Hooks, *Forging the Military-Industrial Complex*, 5.

²⁷ *Ibid.*, 125.

production. Such heightened military spending helped elevate the Pentagon to the powerful position it held in the military-industrial complex of the Cold War.²⁸

In a 1996 monograph titled *Mobilizing U.S. Industry in World War II: Myth and Reality*, Alan L. Gropman agreed with Koistinen that the “miracle” of WWII industrial mobilization and production was not any more impressive than that of its allies and enemies, considering that U.S. industries endured no losses from bombing or threat of invasion. Referring directly to Koistinen’s paper from the Military Symposium, Gropman concurred that partisan politics inhibited war production efficiency. He further argued that the government underestimated the needs of its allies in its material plans and that the military could have increased production efficiency if it had handed over control of the wartime economy to civilians earlier in the war.²⁹

Keith Eiler, a United States military historian and retired lieutenant colonel in the U.S. Army, employed a different approach to examining the power structures involved in WWII mobilization through a biography of Robert P. Patterson titled *Mobilizing America: Robert P. Patterson and the War Effort, 1940-1945* (1997). Through this biography of the former U.S. Under Secretary of War, Eiler provided insight into the *people* at the top of the U.S. power structures who clambered for influence during the war. Eiler focused on Patterson’s clashes with war mobilization heads such as Paul V. McNutt of the War Manpower Commission and Donald Nelson of the WPB. According to Eiler, war production officials fell into two camps based upon their approach to mobilization: officials like Patterson, who called for an all-out effort to bring the war to a swift end at any cost and officials who strove to avoid “needless” disruption of the

²⁸ Ibid., 1-7.

²⁹ Alan L. Gropman, *Mobilizing U.S. Industry in World War II: Myth and Reality* (Washington, D.C.: Institute for National Strategic Studies, National Defense University, 1996), 2-3, 139-140.

American home front life to win the war.³⁰ Based on the clashes between these two camps recounted in Patterson's personal papers, Eiler concluded that the U.S. mobilization program was poorly managed. He asserted that the "haphazardness of the Roosevelt administration" in its dealings with mobilization allowed the "business as usual" attitude of big-business to inhibit all-out mobilization. Eiler also pointed to manpower mobilization problems and public apathy as severe limits on war production capacity during WWII.³¹

In 2004, Koistinen published the fourth volume in his five-part series on the political economy of warfare titled *Arsenal of World War II: The Political Economy of American Warfare, 1940-1945*. In this volume, he built upon many of the points he made in his presentation at the 1982 Military History Symposium. Koistinen's main argument was that economic mobilization during WWII required an unprecedented level of partnership between military and industrial elites that allowed corporate leaders to regain much of the control over the American economy that they had lost during the Great Depression. He set the stage for this argument within his four-factor paradigm, asserting that big-business leaders eroded New Deal reforms (*political*) to regain power in the expanding wartime *economy* by building an alliance with the *military*, which depended upon industry to produce the rapidly advancing *technology* of warfare.³² In a semi-chronological history of numerous civilian and military mobilization agencies, he traced the growing alliance between corporate and military elites from the pre-war NDAC through reconversion to a peace-time economy under the OWMR, emphasizing how

³⁰ Keith E. Eiler, *Mobilizing America: Robert P. Patterson and the War Effort, 1940-1945* (Ithaca: Cornell University Press, 1997), 5-6.

³¹ *Ibid.*, 467.

³² Koistinen, *Arsenal of World War II*, 2, 9, 515-516.

industry leaders, with the support of the military, dominated the agencies and shaped their policies to benefit big-business interests.³³ However, Koistinen's most noteworthy contributions to the industrial mobilization scholarship appeared in his conclusion. Confronting the notion of the U.S. "miracle of production" set forth in Eliot Janeway's early work, Koistinen asserted that the American production record was not exceptional when compared to its war-torn European counterparts.³⁴ According to Koistinen, the U.S. had not reached its full productive capacity by the cessation of hostilities because industry held back mobilization to continue to exploit expanding civilian markets and prevent excess capacity in the tenuous circumstances of war. He also attributed the unfulfilled American industrial capacity to military leaders who failed to produce "reliable requirement figures" due to their mistaken belief that the economy was a "bottomless well" of productive capacity and their blind acceptance of industry's self-interested production plans.³⁵

Two more recent works, Richard E. Holl's *From the Boardroom to the War Room: America's Corporate Liberals and FDR's Preparedness Program* (2005) and Michael G. Carew's *Becoming the Arsenal: The American Industrial Mobilization for World War II, 1938-1942* (2010), presented a more positive perspective on the industrial mobilization program and government-business-military relations during the war. Richard Holl's monograph examined the influence of corporate liberals on the policies of the industrial mobilization agencies and the general shape of the mobilization program. Corporate liberals insisted upon industry control of the economy, yet also supported cooperation between government and business, with government playing a subordinate,

³³ Ibid., 493-495.

³⁴ Ibid., 498.

³⁵ Ibid., 98-99.

supportive role. They also supported welfare capitalist³⁶ initiatives.³⁷ Holl departed notably from previous scholarship on industrial mobilization in several ways. First, he praised the efforts of big-business representatives such as William Knudsen, Donald Nelson, and Edward Stettinius on the civilian mobilization boards. He painted corporate liberals as mobilization leaders caught between the agendas of all-outers like Patterson who pushed the WRB and NDAC to speed up mobilization and isolationists who criticized the early mobilization planning committees as warmongers. In light of these conflicting pressures, Holl considered corporate liberal achievements in war mobilization to be impressive.³⁸

While Holl praised corporate liberals' wartime achievements, he openly acknowledged that these businessmen sought to use the circumstances of the war to their advantage to preserve autonomy from government control. Holl also conceded that profit-making and the protection of "oligopolistic stability" served as huge motivators for corporate liberals to support the war effort. However, he argued that these self-interested motives were not in conflict with wartime national security goals. Instead, he asserted that corporate liberals were largely responsible for U.S. mobilization success and that "government-business cooperation" was the only suitable method for producing the powerhouse arsenal of democracy from America's languishing businesses.³⁹ According to Holl, corporate liberal service on early war preparedness boards helped push

³⁶ According to Richard Holl, welfare capitalism was a program in which firms provided "non-wage benefits" to employees to "maximize job satisfaction, regularize production, and insure the well-being of all persons with a stake in corporate capitalism." See Richard E. Holl, *From the Boardroom to the War Room: America's Corporate Liberals and FDR's Preparedness Program* (Rochester: University of Rochester Press, 2005), 3.

³⁷ Holl, *From the Boardroom to the War Room*, 3.

³⁸ *Ibid.*, 6-8. For discussion of corporate liberals' position between isolationists and all-outers, see pp. 93-98.

³⁹ Holl, *From the Boardroom to the War Room*, 48-9, 53.

unprepared U.S. industries into the high-yield production necessary to support the country in wartime. Corporate liberal gains for big business, such as amortization deductions, repeal of the severe profit-limits on airplane and ship manufacturers under the Vinson-Trammell Act, and the institution of manageable excess profits taxes sped up mobilization considerably.⁴⁰ In addition, unlike Gropman and Koistinen, Holl did not criticize the constant morphing of the industrial mobilization agencies, but argued that each organization served as a building block in the foundation of America's industrial war machine. He pointed out that while President Roosevelt initially rejected the original corporate liberal plan for integration of military and industry under a central War Resources Administration (WRA), each civilian mobilization agency from NDAC to the WPB became increasingly similar to the WRA. In fact, the WPB, which has traditionally been considered the most successful of the mobilization agencies, functioned in nearly the same manner as the WRA, which never materialized.⁴¹

In *Becoming the Arsenal*, Michael Carew, a professor of economics and finance at Baruch College, CUNY, took a more moderate approach in his counterargument to the harsh critics of the mobilization program. In a unique inter-disciplinary study of U.S. industrial mobilization, Carew drew upon scholarship from the fields of economics, politics, management, and history in this examination of what he considered one of the three most important events in twentieth-century American economic history. In addition to the Great Depression and "the New Deal abandonment of the gold standard," Carew considered U.S. industrial mobilization for the Second World War a crucial economic event because it "had permanent and fundamental consequences for the American

⁴⁰ Ibid., 91, 101-102.

⁴¹ Ibid., 66-71, 81, 130-134.

political economy.”⁴² Yet what really set Carew’s book apart from similar works was his focus on President Franklin Roosevelt as the champion of WWII mobilization.

He used contextual background to stress the complex challenges of mobilization and to underscore how impressive the arsenal of democracy was in light of these complexities. Carew also illuminated the powers allotted to the president in wartime to emphasize how much direct influence Roosevelt had over the successful U.S. mobilization program. The thesis Carew built throughout the book is that “Roosevelt’s rare set of skills proved vital in the process of defining and achieving the requisite economic mobilization” for World War II.⁴³ For example, due to his previous experience in the Navy, Roosevelt understood the amount of lead time necessary to build modern naval ships. This knowledge of the Navy prompted him to mobilize shipyards early in his plans. Roosevelt also maintained direct control of the mobilization program rather than delegating power and, through his political mastery, he built the consensus among Congress and the American people necessary to support the war effort. Carew ultimately concluded that only through Roosevelt’s strong commitment to mobilizing the American economy was the great arsenal built.⁴⁴

However, Carew’s most valuable contribution to the scholarship appeared in another of his conclusions. He engaged in the debate as to whether or not American wartime production output was as monumental as originally perceived. Carew argued against the “fallacy of projecting our current values on a prior period” and advocated measuring Gross National Product (GNP) according to the “technological appreciations”

⁴² Michael G. Carew, *Becoming the Arsenal: The American Industrial Mobilization for World War II, 1938-1942* (Lanham: University Press of America, 2010), 3.

⁴³ Carew, *Becoming the Arsenal*, 8.

⁴⁴ *Ibid.*, 7-8, 130-131, 220-221.

and “managerial processes” of the time.⁴⁵ Using one of the most convincing economic models in the mobilization literature, Carew quantified the value of production output using measures of the time period. His analysis revealed that the average annual growth rate for GNP between 1940-5 was 30 percent, which he considered monumental for a five-year period.⁴⁶ Both Carew’s arguments concerning Roosevelt and the measure of production output directly countered the thesis of Paul Koistinen, whom he boldly dismissed as a “military conspiracy theorist.”⁴⁷

Another common lens through which U.S. WWII mobilization has been examined is economics. Many economists and economic historians have placed industrial mobilization within the greater context of WWII economic mobilization and military logistics and used economic models to illustrate the accomplishments or failed potential of the U.S. mobilization program. Hugh Rockoff, an economist who was widely published and cited in the *Journal of Economic History*, published two significant articles that challenged conclusions other historians reached concerning aspects of the U.S. mobilization program.

The first article, “The Paradox of Planning in World War II” (1996), confronted the paradoxical problem that economists faced in explaining evidence that the WPB’s Controlled Materials Plan (CMP) solved the problem of allocating resources to their most productive uses in support of the war effort. As Rockoff explained, mainstream economists believed that markets will usually be more successful than central planners in allocating resources where needed. Rockoff outlined the explanations that economists have proffered for this economic anomaly of WWII planning, including the argument that

⁴⁵ Carew, *Becoming the Arsenal*, 283.

⁴⁶ *Ibid.*

⁴⁷ *Ibid.*, 102.

civilian patriotism made central planning workable, military necessity and not the market determined production goals, and markets could not respond fast enough to demands for military production in the uncertain conditions of wartime. While Rockoff acknowledged that all these explanations have merit, he argued that market competition was, in fact, largely responsible for successful allocation of materials and increased production. Rockoff used munitions production statistics to prove that the major production output increases during the war occurred before the CMP took effect. Instead, he asserted that pecuniary incentives played the greatest role in stimulating production output. As private businesses sought war contracts to reap profits, market competition for these contracts largely encouraged a shift of production and resources from the civilian to the military sector. Throughout the article, Rockoff provided convincing evidence that management of the economy by government agencies like the WPB was not as directly responsible for the success of industrial mobilization as ascribed in earlier sources in the literature.⁴⁸

In Rockoff's second article on U.S. war production, "From Plowshares to Swords: The American Economy in World War II" (1998), the economist argued that mobilization of the U.S. economy should be viewed as "an unfolding historical process" rather than "a single, undifferentiated event."⁴⁹ For example, he stated that while some historians attributed the success of U.S. mobilization to the utilization of unemployed resources, this factor was crucial in the national defense period, but not after the U.S. declaration of war. In a section on "The Factors of Production," Rockoff specifically

⁴⁸ Hugh Rockoff, "The Paradox of Planning in World War II," Historical Paper 83, NBER Working Papers Series on Historical Factors in Long Run Growth (Cambridge: National Bureau of Economic Research, 1996), 1-3, 19-22, 35, <http://www.nber.org/papers/h0083> (accessed 6 October 2013).

⁴⁹ Hugh Rockoff, "From Plowshares to Swords: The American Economy in World War II," in *Economic Mobilization for World War II: Six Great Powers in International Comparison*, ed. Mark Harrison (New York: Cambridge University Press, 1998), 81.

explored multiple factors that contributed to the monumental increases in industrial production during the war. He asserted that no individual factor explained the escalated output. Rather, Rockoff gave credit to increases in the stock of capital, the total factor productivity, labor force participation rates, average hours per work week, and curtailment of civilian goods production in addition to other factors.⁵⁰ In the first section of his essay, Rockoff addressed problems with various models used to calculate production growth and output during WWII. He pointed out distortions in the calculations of U.S. war production output rates because the years used as a basis for comparison were often too far out from the actual event. He proposed using a base year close to the war period “so that we see the war from the perspective of the generation that experienced it.”⁵¹ Additionally, Rockoff argued against the Keynesian perspective that government investment in the Lend-Lease program increased U.S. GNP. Rather, he pointed out that while unemployment was still high during the lend-lease period, the economy was already expanding before government controls came into effect.⁵² Rockoff also set his argument apart from those of other economists by employing a model called the “U.S. production possibilities curve.” This model revealed the considerable extent to which curtailment of civilian production allowed for increased military production capacity. The model supported Rockoff’s argument by illustrating that rather than having abundant resources, the U.S. had to pull resources from one sector to accommodate another.⁵³ Overall, this article provides a more complete picture of the factors that contributed to the success of the industrial mobilization program.

⁵⁰ Rockoff, “From Plowshares to Swords,” 98-106.

⁵¹ Rockoff, “From Plowshares to Swords,” 87.

⁵² *Ibid.*, 94-95.

⁵³ *Ibid.*, 95-97.

In his article, “The Impact of the Second World War on U.S. Productivity Growth” (2008), economic historian Alexander J. Field agreed with Rockoff that although conversion for war production reached its height in 1942, it did not reach this goal through the utilization of unemployed resources. Field specifically refuted the common argument that WWII industrial production from mobilization through demobilization (1941-1948) pulled the United States out of the Great Depression and paved the way for economic prosperity after the war. He argued that productivity data for the private non-farm economy demonstrated a slower total factor productivity⁵⁴ growth between 1941 and 1948 than before or after the war.⁵⁵ While Field acknowledged that the war initially delivered positive supply shocks, or sudden increases in supply of goods, he asserted that these were countered by negative economic disruptions from “rapid mobilization and demobilization.”⁵⁶ So much time, energy, and resources were diverted into retooling factories, developing new products, and retraining employees in both mobilization and demobilization that overall productivity growth during the Second World War was limited.

A recent monograph published on U.S. industrial and economic mobilization also examined war production from an economic perspective. In *Keep from All Thoughtful Men: How U.S. Economists Won World War II* (2011), Jim Lacey placed industrial mobilization within the context of military logistics and illuminated the role of key U.S. economists in the Great Feasibility Debate. This “debate” centered on the problem of

⁵⁴ According to economist Diego Comin, “Total Factor Productivity (TFP) is the portion of output not explained by the amount of inputs used in production. As such, its level is determined by how efficiently and intensely the inputs are utilized in production.” Diego Comin, “Total Factor Productivity,” New York University and National Bureau of Economic Research, August 2006, <http://www.people.hbs.edu/dcomin/def.pdf> (accessed 10 April 2013).

⁵⁵ Alexander J. Field, “The Impact of the Second World War on U.S. Productivity Growth,” *Economic History Review* 61, no. 3 (2008): 672-674.

⁵⁶ Field, “U.S. Productivity Growth,” 673.

balancing U.S. industrial capacity with the military's expectations for materials and supplies to support its campaigns. Lacey contended that military and economic historians have, for the most part, failed to explore "the economic decisions that drive war production or to relate them to the critical military choices of the war" in their studies.⁵⁷ Lacey reinterpreted the strategic history of the Second World War to challenge four myths that emerged in the extant literature on mobilization.

First, he disputed the myth that Lieutenant General Albert Wedemeyer's "Victory Program Report" became the foundation of the U.S. military logistical and procurement strategy. Second, Lacey refuted the common belief that British intransigence at the Casablanca Conference forced General George C. Marshall to postpone the Normandy invasion. In fact, Lacey proved that Marshall was aware of the impracticality of an invasion in 1943 based on munitions production statistics before he arrived at the conference. Third, Lacey challenged glowing reports of President Roosevelt's successful guidance of the mobilization program from historians like Cuff and Carew. He illustrated how the president's unrealistic production goals, inflexibility, and insistence on producing self-determined priority items nearly brought war production to a standstill. Finally, Lacey argued against the myth that Americans patriotically sacrificed consumer goods so that civilian industries could be fully converted to munitions production. He further explained how economists like Simon Kuznets of the WPB determined that the military's original demands for supplies were unrealistic. Kuznets presented the War Department with a feasibility study that demonstrated the impracticality of military production goals and called for reductions in these demands. Lacey concluded that

⁵⁷ Jim Lacey, *Keep from All Thoughtful Men: How U.S. Economists Won World War II* (Annapolis: Naval Institute Press, 2011), 3.

economists' feasibility reports had a direct influence on the length and outcome of the war, as well as the ultimate success of industrial mobilization efforts.⁵⁸

Several historians also examined industrial mobilization through the lens of labor history including George Q. Flynn's *The Mess in Washington: Manpower Mobilization in World War II* and James B. Atleson's *Labor and the Wartime State: Labor Relations and Law During World War II*. In *The Mess in Washington: Manpower Mobilization in World War II* (1979), Flynn provided a more positive assessment of the mobilization structure in his analysis of the War Manpower Commission (WMC) and its director, Paul McNutt. Flynn concluded that the absence of critical labor shortages in key war industries and the immense production output of American wartime industries stood as evidence that manpower mobilization was an overall success. However, he tempered this statement by pointing out that, despite the wartime rhetoric of politicians, the United States never truly mobilized for "total war." Total mobilization of manpower required a level of unity that never existed within the U.S. McNutt's efforts to achieve full mobilization of manpower resources were also hampered by the demands of interest groups, such as farmers and organized labor, social prejudice against women and African American workers, and regulations imposed by Congress, the War Department, and the Selective Service.⁵⁹ Flynn's exploration of complications with manpower mobilization such as absenteeism, labor shortages, and companies that enticed each other's employees away with higher wages, are helpful in an analysis of Real Silk's labor problems.

Approaching the topic from a labor law perspective, Atleson considered the effects of state regulations on organized labor's bargaining power during the war and the

⁵⁸ Lacey, *Keep From All Thoughtful Men*, 4-7, 133-136.

⁵⁹ George Q. Flynn, *The Mess in Washington: Manpower Mobilization in World War II* (Westport: Greenwood Press, 1979), 255-257.

lasting consequences in post-war labor law. In *Labor and the Wartime State: Labor Relations and Law during World War II* (1998), he stated that the extenuating circumstances of the war allowed the U.S. government to enact any labor policies necessary to keep American labor productive, without full regard as to the future costs. He concluded that the manpower mobilization program was ultimately detrimental to labor's interests because government labor policies during WWII created the framework for formalized and restrictive post-war labor laws, such as the Taft-Hartley Act.⁶⁰ Atleson's monograph provided an excellent overview of organized labor during the war that will inform a discussion of labor disputes with the American Federation of Hosiery Workers at Real Silk.

As indicated throughout this essay, a great deal of scholarly literature has been published studying broad patterns in U.S. wartime economic policy, business-military-government relations, and the administrative history of industrial mobilization. However, fewer local studies of war mobilization in individual states, cities, industries, or businesses exist in the literature. In his historiographical essay on WWII home front literature (2002), Allen Winkler cited only three significant local studies of wartime mobilization and economic policy, though others exist.⁶¹ Also, numerous state and city specific examinations of the *social* consequences of war production (race relations, women in the labor force, labor migration, and industrialization) have also been written. WWII home front histories of Evansville, South Bend, the Calumet Region, and the state

⁶⁰ James B. Atleson, *Labor and the Wartime State: Labor Relations and Law During World War II* (Chicago: University of Illinois Press, 1998), 1-2, 34-36, 214-216.

⁶¹ Allan M. Winkler, "World War II Homefront: A Historiography," *OAH Magazine of History* 16, no. 3 (Spring 2002): 5-6, 8.

of Indiana as a whole exist, but no sources specifically address Indianapolis.⁶² The few case studies that have emerged evaluate the mobilization program through the experiences of individual communities and industries.

An article by Jim F. Heath provides one of the only sources dedicated to examining the mobilization experience of small businesses. In “American War Mobilization and the Use of Small Manufacturers, 1939-1943” (1972), Heath examined changes in government plans for mobilizing small manufacturers before and during U.S. involvement in WWII including anti-trust legislation; the inclusion of dollar-a-year big business representatives on key mobilization boards; and small manufacturers’ competition with giant corporations for contracts, raw materials, and funding for factory conversions. He argued that despite government efforts to include small business in the Smaller War Plants Corporation, the industrial mobilization structure never effectively incorporated small business. Instead, the “lion’s share” of contracts and resources went to big business.⁶³ Although Real Silk was not technically a “small business” that had difficulty obtaining war contracts, the company did encounter many of the same problems as small plants, especially competition for conversion funds and raw materials.

Two notable studies have been written on Indiana’s industrial mobilization efforts that contribute greatly to local literature on the state’s mobilization experience. In 1957,

⁶² See Darrel E. Bigham, “The Evansville Economy and the Second World War,” *Traces of Indiana and Midwestern History* 3, no. 4 (Fall 1991): 26-29; Patrick J. Furlong, “Arsenal of Democracy: South Bend Factories During World War II,” *Indiana Military History Journal* 6 (October 1981): 15-21; Stephen G. McShane, “Boom! The World War II Home Front in the Calumet Region,” *Traces of Indiana and Midwestern History* 3, no. 4 (Fall 1991): 22-25; Lynn W. Turner, “The Urban Home Front: Indiana’s Mobilization for War,” *Indiana History: A Book of Readings*, ed. Ralph D. Gray (Indianapolis: Indiana University Press, 1994): 352-357; Bernard Friedman, *The Financial Role of Indiana in World War II* (Bloomington: Indiana University Press, 1965); Hugh Ayer, “Hoosier Labor in the Second World War,” *Indiana Magazine of History* 59, no. 2 (June 1963): 95-120; George M. Blackburn, “The Hoosier Arsenal,” Ph.D. diss., Indiana University, 1957; Max Parvin Cavnes, *The Hoosier Community at War* (Bloomington: Indiana University Press, 1961).

⁶³ Jim F. Heath, “American War Mobilization and the Use of Small Manufacturers, 1939-1943,” *Business History Review* 46, no. 3 (Autumn 1972): 295, 316-319.

George M. Blackburn completed a dissertation titled “The Hoosier Arsenal” which provides the most comprehensive overview of war production in the state. Echoing the early, national histories of industrial mobilization, Blackburn traced the effect of WWII on Indiana’s industries from the beginning of the war through reconversion to civilian production. Relying heavily on local newspaper articles and the in-house publications of Indiana businesses, he discussed “the history of Indiana manufacturing during WWII[,] how manufacturing in the state met wartime demands, the role Indiana played in the national scene, and what effect war exerted on the Hoosier industrial structure.”⁶⁴ Like many early histories of U.S. industrial mobilization, Blackburn sang the praises of Indiana industries’ contributions to the war effort, citing statistics of Indiana’s massive war production output gathered mainly from newspaper articles.⁶⁵

Writing from an economic perspective, Bernard Friedman placed Indiana’s industrial mobilization within the greater context of the state’s economic mobilization program in his 1965 monograph, *The Financial Role of Indiana in World War II*. Friedman provided a particularly useful study of the economic aspects of Indiana’s industrial conversion to war production, describing the finances and resources necessary to build new plants or convert old ones.⁶⁶ Additionally, the author addressed the dilemma faced by smaller Indiana companies that found themselves caught between government pressure to stop all consumer production and a lack of financial support to convert to war production.⁶⁷ Also, Indiana banks balked at investing in the defense program, and the government awarded most conversion funds to corporate giants that were best equipped

⁶⁴ Blackburn, “The Hoosier Arsenal,” iv.

⁶⁵ Blackburn, “The Hoosier Arsenal,” 482-493.

⁶⁶ See Chapter 2 of Friedman, *The Financial Role of Indiana in World War II*.

⁶⁷ Friedman, *The Financial Role of Indiana in World War II*, 25-26, 35-36

to handle vast orders of military supplies.⁶⁸ Using primary sources from the war production agencies and the Indiana War History Commission for support, Friedman concluded that despite increased employment and production in the state, the expenditures introduced by the war far outweighed the money brought in by war production in Indiana.⁶⁹

While Blackburn and Friedman provided valuable insight into Indiana's mobilization program as a whole, there is room in the literature for more industry and business-specific studies of companies like the Real Silk Hosiery Mills. An excellent model for such a study can be found in Mark Wilson's 2011 article "Making 'Goop' Out of Lemons: The Permanente Metals Corporation, Magnesium Incendiary Bombs, and the Struggle for Profits during World War II." Wilson drew upon the same types of wartime records available for Real Silk including annual reports, business correspondence, and production statistics to illustrate the company's interactions with wartime military, civilian, and government agencies and their struggles to remain profitable. Using the Permanente Metals Corporation's (PMC) experimental magnesium-asphalt (goop) incendiary bombs as a case study, Wilson asserted that special government loans and profit guarantees did not remove all the risks involved in converting to war production. Through the wartime records of the PMC, Wilson demonstrated that PMC's Hansgirk process for making magnesium was flawed and lost the company a great deal of money.⁷⁰ The company then turned its attention to the production of magnesium bombs to help

⁶⁸ Ibid., 26-38.

⁶⁹ Ibid., 199-212.

⁷⁰ Mark R. Wilson, "Making 'Goop' Out of Lemons: The Permanente Metals Corporation, Magnesium Incendiary Bombs, and the Struggle for Profits during World War II," *Enterprise & Society* 12, no. 1 (March 2011): 12-14, 23-24.

recover its losses. However, government price regulations and competition from napalm and other incendiary devices limited the company's profits and recovery.⁷¹

The company also experienced problems similar to those of Real Silk. For example, PMC began sustaining heavy losses when the Office of Price Administration (OPA) capped the price of magnesium. While this control was not a problem for larger corporations who possessed the resources necessary to produce magnesium at a lower price, PMC could not bring down production costs at its factory.⁷² Unlike Real Silk, however, PMC was able to limit its losses and make a recovery by the end of the war.⁷³

From the official histories of the government war production agencies to local case studies of specific industries, the literature delves into multiple perspectives on industrial mobilization including sociology, economics, the political economy of warfare, and local studies. While the national literature on industrial mobilization provides necessary context, local studies best illuminate the mobilization program's impact by connecting government and military policies with their effect on specific businesses and communities. Indiana's own literature on industrial mobilization illustrates how the local businesses and workforce adapted to the decisions and policies of government officials and the war production agencies. Analysis of industrial mobilization in the state as a whole and studies of several local communities have been completed. Yet no one has undertaken a comprehensive study of any of Indianapolis's businesses in WWII. Due to their large output of war materials during WWII, Indianapolis's industries provide an excellent subject for a case study that may help shed light on the WWII industrial mobilization experiences of Indianapolis businesses and the successes and failures of the

⁷¹ Wilson, "Struggle for Profits," 27-39.

⁷² *Ibid.*, 24.

⁷³ *Ibid.*, 42.

mobilization program at the local level. This thesis specifically builds on the work of Alexander Field and Jim Heath. Real Silk's struggle during WWII provides a specific example of what Heath observed in his article about the disadvantaged position of smaller business during the war. The company's WWII experience also provides support for Field's thesis that U.S. productivity growth was greater before the war than it was during it. The case study of Real Silk also more broadly contributes to the mobilization literature that offers a more critical view of the WWII mobilization program's success.

Chapter 2

Real Silk Hosiery Mills Company History, 1921-1941

On October 1, 1921, the Real Silk Hosiery Mills, Inc. (Real Silk) was incorporated in the State of Indiana. An outgrowth of a partnership founded in 1911, Real Silk re-incorporated under the same name two years later (1923) in Illinois to create the company that operated in Indianapolis into the 1950s.⁷³ The company specialized in luxury items, producing ladies' silk hosiery, ladies' silk and rayon apparel, and silk lingerie. For men, Real Silk produced silk hosiery, underwear, neckwear, and shirts, among other products. The company's silk stockings were one of the most popular items it produced. According to a company bulletin, Real Silk's hosiery was of better quality than most because it was manufactured with the most expensive grades of silk, stockings were enforced with more stitches per square inch, the costliest twist of thread was used to ensure that the silk fibers were strong enough to resist snags, and the hosiery was offered in a variety of sizes and lengths.⁷⁴ Distribution was accomplished primarily through door-to-door sales carried out by a force of nearly 10,000 salesmen in 250 district offices. The company also engaged in retail distribution and unbranded wholesale business.⁷⁵

Real Silk experienced a general period of prosperity in the 1920s. Its earnings increased rapidly from 1927 to 1930, and the company grew into the "world's largest silk

⁷³ "Real Silk Hosiery Mills, Inc.," Indiana War History Commission Report, p. 1, Box 76, Folder "Economic Changes—Manufacturing, Real Silk Hosiery Mills," 29-N-3, Records of the Indiana War History Commission, Indiana State Archives (hereafter cited as IWHC-ISA); "Poor's Industry and Investment Surveys: Apparel Industry," (Wellesley, Mass.: Poor's Publishing Co., 1939), A 4—24, Box 17, Folder 10, Real Silk Company (Indianapolis, Ind.) Records, 1920-1952, Manuscript and Visual Collection, William Henry Smith Memorial Library, Indiana Historical Society (hereafter cited as RSC-IHS.)

⁷⁴ G.A. Efrogmson to N.L. Carr, December 28, 1939, Box 17, Folder 10, RSC-IHS. See also "Real Silk's Customers' Research," Bulletin no. 1 (Fall 1939), Box 16, Folder 7, RSC-IHS.

⁷⁵ "Poor's Industry and Investment Surveys: Apparel Industry," (Wellesley, Mass.: Poor's Publishing Co., 1939), 4—24, Box 17, Folder 10, RSC-IHS.

hosiery concern.”⁷⁶ Eventually, the company expanded to include plants in Dalton, Georgia and Durant, Mississippi, although the Indianapolis plant remained the company’s largest factory and the site of its headquarters.⁷⁷ In early 1930, the company developed a new 5-story plant in Indianapolis, which increased the factory’s production capacity by 50 percent.⁷⁸ This mill building and six others were located in Indianapolis with headquarters at 611 North Park Avenue.⁷⁹

Like most companies, Real Silk’s sales suffered in the 1930s after the stock market crash. The company’s working capital declined rapidly from \$4,555,000 in 1929 to \$391,000 in 1931. Poor’s Industry and Investment Survey reported Real Silk’s earnings throughout the 1930s as “irregular,” in part due to unstable silk prices. The company did not fully feel the effects of the Depression until 1932, when its profits reached an all-time low.⁸⁰ When Evansville native Gustav Efroymsen joined the company in June 1932 and became its president, he minimized the damage and helped Real Silk recover gradually throughout the 1930s.⁸¹ Efroymsen had over 18 years of experience serving as the president and manager of H.P. Wasson & Co. and manager of

⁷⁶ “Poor’s Industry and Investment Surveys: Apparel Industry,” (Wellesley, Mass.: Poor’s Publishing Co., 1939), 4—24, Box 17, Folder 10, RSC-IHS.

⁷⁷ United States of America Smaller War Plants Corporation, “Report of Shipments, Orders and Other Data,” May 8, 1942, Box 30, Folder 9, RSC-IHS.

⁷⁸ “Real Silk Hosiery Mills, Inc.,” *Standard Corporation Records*, Standard Statistics Company, Inc., New York, NY [March 1939?], Box 20, Folder 25, RSC-IHS.

⁷⁹ “Real Silk Hosiery Mills, Inc.,” *Standard Corporation Records*, Standard Statistics Company, Inc., New York, NY [March 1939?], Box 20, Folder 25, RSC-IHS; War Department, Army Air Forces Material Center, “Industrial Survey,” September 23, 1942, p. 1, Box 29, Folder 3, RSC-IHS.

⁸⁰ George Goljenboom to G.A. Efroymsen, “C.O.D. Sales Analysis,” February 15, 1940, Box 28, Folder 4, RSC-IHS; Poor’s Industry and Investment Surveys: Apparel Industry,” (Wellesley, Mass.: Poor’s Publishing Co., 1939), A 4—24, Box 17, Folder 10, RSC-IHS.

⁸¹ Secretary to G.A. Efroymsen to Jackson Martindell, October 25, 1940, Box 21, Folder 9, RSC-IHS; “Poor’s Industry and Investment Surveys: Apparel Industry” (Wellesley, Mass.: Poor’s Publishing Co., 1939), p. 4—24, Box 17, Folder 10, RSC-IHS.

Efroymson & Wolf, both Indianapolis department stores.⁸² Under the guidance of Efroymson, the company slowly but steadily re-built its working capital throughout the 1930s and reached \$1,829,000 in 1938. While company profits dwindled throughout the Great Depression, Real Silk still managed to stay in business and post a modest profit each year.⁸³ Despite the negative effects of the Great Depression, the company's annual sales volume grew from \$5,000,000 to approximately \$12,000,000 between 1923 and 1939, and the company remained one of the nation's largest manufacturers of hosiery, employing as many as 3,700 workers at a time.⁸⁴

After overcoming the many obstacles presented by the Great Depression, Real Silk encountered new challenges in light of military conflicts between Japan and China, two of the world's top raw silk producers.⁸⁵ An article in the company records indicated that approximately four-fifths of the silk used in the American market came from Japan,

⁸² Secretary to G.A. Efroymson to Jackson Martindell, October 25, 1940, Box 21, Folder 9, RSC-IHS. See also G.A. Efroymson to National Credit Office, Inc., December 29, 1939, Box 17, Folder 3, RSC-IHS.

⁸³ "Poor's Industry and Investment Surveys: Apparel Industry" (Wellesley, Mass.: Poor's Publishing Co., 1939), 4—24, Box 17, Folder 10, RSC-IHS.

⁸⁴ An article in *The Pittsburgh Press* reported that Real Silk had 3,500 workers at the Indianapolis plant in 1930. According to a 1934 memo from the Employees Mutual Benefit Association, Real Silk had over 3,000 employees at various times in 1933 and 1934. In the week of April 6 1934 the company had 3,235 employees. A report from the Standard Statistics Company indicates that Real Silk had a total workforce of 13,700 in March 1935. Ten thousand of these employees were sales representatives, leaving 3,700 factory employees. "Real Silk Hosiery Sales Gain 15 P.C.," *The Pittsburgh Press*, May 6, 1930, p. 36, accessed <http://news.google.com/newspapers>; "Memorandum," [1934], p. 1-3, Box 9, Folder 1, RSC-IHS; "Real Silk Hosiery Mills, Inc.," *Standard Corporation Records*, Standard Statistics Company, Inc., New York, NY [March 1939?], Box 20, Folder 25, RSC-IHS; For Real Silk's international position in the silk market, see "Poor's Industry and Investment Surveys: Apparel Industry" (Wellesley, Mass.: Poor's Publishing Co., 1939), p. 4—24, Box 17, Folder 10, RSC-IHS.

⁸⁵ Real Silk used the highest quality or grades of silk, which came from Japan and China. Although the company purchased silk from Italy as well, Italian silk was of lower quality than Japanese or Chinese grades because it had more gum in it, which took more time to clean and reduced the overall weight per bale. W.L. Caldwell to G.A. Efroymson, February 27, 1940, Box 20, Folder 21, RSC-IHS. See also annotations in "Market Price in Dollars Per Pound Grade 'C' Raw," Year 1939, Box 22, Folder 11, RSC-IHS.

while the other fifth came from China and Italy.⁸⁶ Real Silk relied on a silk purchaser, W.L. Caldwell, to track prices on the silk market and to purchase silk stocks for the company from suppliers such as E. Gerli & Co., Ltd. (Italy) and Katakura Co. (Japan).⁸⁷

In 1937, Japan invaded China, beginning the Second Sino-Japanese War (1937-1945). As the Japanese took charge of areas in China, they also gained control of most of China's major industries, including the silk industry.⁸⁸ The U.S. hosiery industry headed into trouble in 1939, as silk prices rose sharply from \$1.84 per pound in December 1938 to \$4.325 in December 1939. Therefore, Real Silk invested a great deal more than usual in its raw silk inventories, weakening the company's profitability in 1940.⁸⁹

The silk market continued to worsen throughout 1940 for a variety of reasons. First, Japanese domestic consumption of silk increased, more than likely to cover the nation's expanded needs for raw materials for war production.⁹⁰ In a January 1940 report to Efroymson on the silk market, silk buyer Frederic Huntington indicated that increased volume of domestic consumption in Japan, whether real or speculative, would produce a shortage of Japanese-grade silk later that year. According to Huntington, the Japanese predicted that their consumption of silk would continue to increase.⁹¹ Second, Japanese dominance in silk production, coupled with its control of the Chinese silk industry, allowed the nation to set prices on the international market. In September 1940, the

⁸⁶ Thomas R. Henry, "Sheer Cotton Stocking Experiments Pushed as Silk Defense Needs Grow," November 2 [1940?], clipping, Box 20, Folder 24, RSC-IHS.

⁸⁷ See documents in Box 20, Folders 21-23, RSC-IHS.

⁸⁸ Jane Golley, *The Dynamics of Chinese Regional Development: Market Nature, State Nature* (Northampton: Edward Elgar Publishing Limited, 2007), 87; Parks M. Coble, *Chinese Capitalists in Japan's New Order: The Occupied Lower Yangzi, 1937-1945* (Berkeley: University of California Press, 2003), 42-45.

⁸⁹ "Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1939," Box 1, Folder 22, RSC-IHS. See also "Market Price in Dollars Per Pound Grade 'C' Raw," Year 1939, Box 22, Folder 11, RSC-IHS.

⁹⁰ Institute of Economic Timing, Inc., "Silk Report," April 27, 1940, Box 21, Folder 15, RSC-IHS.

⁹¹ F.D. Huntington to G.A. Efroymson, January 2, 1940, p. 1, Box 21, Folder 13, RSC-IHS.

Japanese government was poised to purchase the controlling amount of silk produced in the Far East and remove it from the market. Caldwell expressed concern about possible price fixing in the near future writing, “the purchase and removal from the market of 75,000 bales of silk by the Japanese Government could easily put them in a position to squeeze this market if such is their intention.” According to Caldwell, the Japanese could force the price of raw silk as high as \$3.50 per pound, compared to prices below \$3 in the previous months.⁹²

The escalation of European military conflicts in 1940 further destabilized the silk market and expanded competition for this increasingly scarce raw material. As Great Britain, Germany, and Italy mobilized for war, demands for silk to make parachutes and other war materials increased. For example, in June 1940, Caldwell reported that the Canadian Government purchased 400 bales of silk in a grade that Real Silk often purchased, leaving the market for this type of silk “fairly well picked over.” The Canadians purchased and reserved the silk to make parachutes for the British war effort.⁹³ Additionally, when Italy, the world’s third largest silk producer, entered the war on June 10, 1940, the nation effectively took its raw silk off the international market. Caldwell noted that elimination of Italian competition further empowered the Japanese government to raise silk prices. He wrote to Efrogmson:

Another factor which we must take into consideration is the fact that Italy will not be able to furnish any more silk and the Japanese realizing this condition and controlling the output from the Chinese filatures have seen to it that the China silk advanced to within approximately 15 [cents] of the Japan 20/22’s [a specific grade of raw silk]. Elimination of the

⁹² W.L. Caldwell to G.A. Efrogmson, September 5, 1940, p. 1, Box 20, Folder 23, RSC-IHS. See also Paolino Gerli to C. Walter Seidel, October 17, 1940, Box 21, Folder 11, RSC-IHS and W.L. Caldwell to G.A. Efrogmson, September 16, 1940, Box 20, Folder 23, RSC-IHS.

⁹³ W.L. Caldwell to G.A. Efrogmson, June 14, 1940, p. 1, Box 20, Folder 22, RSC-IHS.

competition heretofore offered by the Italian silk has made this move possible.⁹⁴

The turbulent conditions of the 1940 silk market were, in large part, responsible for company losses of \$482,329.86 in the first six months of the year.⁹⁵ In a letter to silk supplier Paolino Gerli, Efroymsen wrote, “I am a little ashamed to show my face, after the terrible results we showed for the first six months of this year. I hope things will be better the last half, but conditions do not seem to be any too favorable in the hosiery line.”⁹⁶ The situation did improve somewhat, as the factory managed to eke out a profit of \$140,374.18 in the last 6 months; however, the company ultimately finished in the red for the year, losing \$341,955.68.⁹⁷

In the face of an uncertain silk market, Real Silk looked to the future and sought substitutes for silk thread. Company records indicate that management considered a variety of new yarns developed by American chemical companies including vinalite, vinyon, and nylon.⁹⁸ The company already used a semi-synthetic fiber, rayon, in some of its products.⁹⁹ Nylon was perhaps the most promising synthetic on the market to replace silk. Manufactured by the DuPont chemical company, nylon yarn was marketed by DuPont as more durable than silk and just as comfortable. In the 1939 annual report, Efroymsen indicated that the company had begun experimenting with nylon hosiery and

⁹⁴ W.L. Caldwell to G.A. Efroymsen, June 14, 1940, p. 1, Box 20, Folder 22, RSC-IHS.

⁹⁵ “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1940,” Box 1, Folder 22, RSC-IHS.

⁹⁶ G.A. Efroymsen to Paolino Gerli, August 9, 1940, Box 21, Folder 10, RSC-IHS.

⁹⁷ “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1940,” Box 1, Folder 22, RSC-IHS.

⁹⁸ G.A. Efroymsen to J.L. Mueller, May 24, 1939, Box 14, Folder 6, RSC-IHS; G.A. Efroymsen to William Caldwell, April 25, 1940, Box 20, Folder 23, RSC-IHS; “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1939,” Box 1, Folder 22, RSC-IHS.

⁹⁹ “Poor’s Industry and Investment Surveys: Apparel Industry,” (Wellesley, Mass.: Poor’s Publishing Co., 1939), A 4—24, Box 17, Folder 10, RSC-IHS.

expected to have these products available for sale around May 15, 1940.¹⁰⁰ Women flocked to department stores to purchase the new nylon stockings, but many were disappointed by small stocks, as DuPont could not produce enough nylon to meet nationwide demand.¹⁰¹ Real Silk's production and sale of nylon stockings was not enough to erase the losses of early 1940. Nevertheless, Efroymsen assured stockholders in the 1940 annual report that the company continued to modernize the factory and install more equipment to produce nylon hosiery.¹⁰²

As war raged in Asia and Europe, the United States remained out of the "fighting war." However, as the government prepared for possible military mobilization in the near future, some companies converted all or part of their facilities to war production to fill educational orders that the military assigned to test production capacity. In March 1941, the United States entered into a Lend-Lease agreement with the allies, effectively ending American neutrality. The nation remained out of the conflict militarily, but agreed to supply the allies. As such, more American companies became involved in producing war materials that were shipped overseas.¹⁰³

However, Americans remained divided over the issue of U.S. intervention in the European conflict. Isolationists led by the America First Committee argued against American involvement in what they viewed to be a strictly European conflict. Interventionists, on the other hand, supported direct military involvement in the war. The

¹⁰⁰ "Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1939," Box 1, Folder 22, RSC-IHS.

¹⁰¹ Frederick Woltman, "Women Face Disappointment in Rush for Nylon Hose, on Counters Wednesday," *New York World Telegram*, May 13, 1940, p. 4, Box 20, Folder 24, RSC-IHS.

¹⁰² "Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1940," Box 1, Folder 22, RSC-IHS.

¹⁰³ The U.S. military placed educational orders with select companies such as General Motors and Packard as early as 1939 to test the productive capacity of U.S. industry. The automobile industry and other high priority industries took on increasing amounts of defense contracts throughout 1940 and began retooling some plants. Clive, *State of War*, 18-21.

state of Indiana, where Real Silk was headquartered, contained one of the most isolationist populations in the nation.¹⁰⁴ Real Silk president Gustav Efroymson stood somewhere between the interventionists and the isolationists. In 1939, he expressed his middle-ground stance in the war debate in a letter to Indiana U.S. Senator Frederic Van Nuys:

I am glad to see that you are in favor of revising the Neutrality Law and hope that Congress will soon pass the law revising the present Neutrality Law and allowing our country to sell arms and ammunitions and various war supplies to any country that can come and get them on a cash and carry plan. I am certainly in favor of doing everything possible to keep this country out of war. I feel however, that by revising the Neutrality Law and perhaps being of help to the Allies in this way, we will be helping ourselves and be much more likely to keep out of the war than if we refuse to sell war materials, etc., to the Allies who are undoubtedly much more our friends than the ones they are fighting.¹⁰⁵

Far from neutral, Efroymson was involved in various organizations that provided aid and relief to the Allies. For example, he was a member of the board directors of the Jewish Welfare Fund,¹⁰⁶ he served on the board of directors of the National Refugee Service, Inc.,¹⁰⁷ he donated money to the United Committee for French Relief,¹⁰⁸ and he was involved in the Fighting Fund for Finland in Indianapolis.¹⁰⁹ Efroymson was also an active member in Indianapolis's Jewish community. He received many requests from Jews in Germany to write affidavits financially supporting their immigration to the United States. He helped several Jews leave Germany, including some of his relatives.¹¹⁰

¹⁰⁴ Blackburn, "Hoosier Arsenal," 25-26.

¹⁰⁵ G.A. Efroymson to Senator Frederic VanNuys, October 25, 1939, Box 14, Folder 2, RSC-IHS.

¹⁰⁶ H. Joseph Hyman to G.A. Efroymson, March 29, 1940, Box 21, Folder 4, RSC-IHS.

¹⁰⁷ William Rosenwald to "Members of the board of directors of the National Refugee Service, Inc.," April 12, 1940, Box 21, Folder 4, RSC-IHS.

¹⁰⁸ Maurice G. Roux, June 17, 1940, with attached receipt for \$200.000 donation, Box 21, Folder 4, RSC-IHS.

¹⁰⁹ G.A. Efroymson to Elsie I. Sweeney, February 20, 1940, Box 21, Folder 4, RSC-IHS.

¹¹⁰ G.A. Efroymson, list of cable correspondence, May-June 1940, Box 21, Folder 4, RSC-IHS; J.L. Mueller to Morris Wilson, January 20, 1939, Box 16, Folder 10, RSC-IHS; List of affidavits signed by

Despite the company management's personal views of U.S. intervention in the war, Real Silk did not develop its war contracts department until February 1942.¹¹¹ The war increased foreign trade with Europe, especially after the U.S. government introduced Lend-Lease. The expansion of military spending not only increased war production, but also boosted average income levels in areas with high concentrations of war-related industries. Real Silk and many manufacturing organizations tracked the locations of new defense industries as they sprang up across the nation and looked to these cities as potential new markets due to increases in employment and disposable income.¹¹² The National Association of Direct Selling Companies¹¹³ and the National Association of Manufacturers, organizations to which Real Silk belonged, even advised their members on the new markets opening up. Efroymsen kept one finger on the pulse of the growing national defense market and put out feelers to potential markets for the company's traditional products. For example, he wrote to the Red Cross inquiring whether or not the organization bought hosiery for their nurses' uniforms.¹¹⁴ The company most likely did

Gustav and Robert Efroymsen for Jewish refugees, 1938-1939, Box 14, Folder 2, RSC-IHS; Jacob Juras to [G.A. Efroymsen], n.d., Box 14, Folder 1, RSC-IHS; Joseph Benno to [G.A. Efroymsen], copy and translation, Berlin, December 22, 1938, Box 14, Folder 1, RSC-IHS; G.A. Efroymsen to M.C. Tropper, September 30, 1940, Box 21, Folder 4, RSC-IHS; Dr. Julius Israel Seligsohn to G.A. Efroymsen, Berlin, September 2, 1940, Box 21, Folder 4, RSC-IHS.

¹¹¹ For Real Silk's conversion, see "Real Silk Hosiery Mills, Inc.," Indiana War History Commission Report, p. 4, Box 76, Folder "Economic Changes—Manufacturing, Real Silk Hosiery Mills," IWHC-ISA.

¹¹² G.C. Goljenboom to C.W. Price, "Re: National Defense Program" August 20, 1940, Box 28, Folder 1, RSC-IHS; J.M. George to Members, "General Bulletin No. 355: Business Indications in Direct Selling," National Association of Direct Selling Companies, November 15, 1939, Box 17, Folder 2, RSC-IHS.

¹¹³ One of the sessions offered at the National Association of Direct Selling Companies' Midwinter Conference was "The Effect of a World War on Direct Selling," in *Program: Midwinter Conference, National Association of Direct Selling Companies*, Hotel Gibson Ballroom, Cincinnati, OH, December 8, 1939, Box 17, Folder 2, RSC-IHS.

¹¹⁴ G.A. Efroymsen to Mary Beard, secretary copy, September 27, 1940, Box 20, Folder 13, RSC-IHS.

sell some of its traditional textile goods to the military, as a 1943 report indicates that the factory shipped \$873,922 of war goods in 1941 before the factory's conversion.¹¹⁵

Real Silk saw no reason to immediately convert to defense production, choosing instead to capitalize on the ancillary markets that sprung up around war industries. The company was not alone in its slow conversion. In 1942, the WPB surveyed 20 durable goods industries and found that by the end of March, while all of these industries had accepted war contracts, the bulk of their shipments remained civilian products.¹¹⁶

Sources suggest that the company was making a comeback in 1941 irrespective of the economic benefits of increased military spending. As historian Alexander Field points out in a 2008 article, military spending between 1939 and 1941 was not mainly responsible for the rise in Total Factor Productivity between those two years. Army and Navy spending in 1940 and 1941 combined amounted to only 3.2 percent of the total military spending from 1940-1946.¹¹⁷ In fact, military production in 1941 comprised less than one-fifth of total production for the year, while civilian production increased markedly.¹¹⁸ For Real Silk, war production accounted for even less of its 1941 output. Throughout the year, the company took in approximately \$9,598,648 worth of commercial contracts, which far outweighed the \$873,922 worth of war contracts shipped

¹¹⁵ United States of America Smaller War Plants Corporation, "Report of Shipments, Orders and Other Data," May 8, 1942, p. 1, Box 30, Folder 9, RSC-IHS.

¹¹⁶ Civilian Production Administration, Bureau of Demobilization, Meeting XVII: May 12, 1942, "Progress Report," *Minutes of the War Production Board, January 20, 1942, to October 9, 1945*, Historical Reports on War Administration: War Production Board Documentary Publication No. 4 (Washington, D.C.: United States Government Printing Office, 1946), 69-70 (hereafter cited as *WPB Minutes*.)

¹¹⁷ Field, "U.S. Productivity Growth," 677.

¹¹⁸ *Ibid.*, 679-680.

in the same year.¹¹⁹ By the end of the year, the company had pulled itself out of the losses of 1940 and managed to turn a net profit of \$501, 438.12.¹²⁰

For Real Silk, the first major push toward conversion came in early August 1941. On August 2, the Office of Production Management (OPM) and the Office of Price Administration and Civilian Supply (OPACS) froze all silk supplies across the nation and placed these supplies under their control.¹²¹ For Real Silk, this action meant that its entire stock of silk—422 bales—was purchased at ceiling prices and seized by the government.¹²² Additionally, the allotment of silk substitutes and other textile materials for war products restricted their availability for the civilian market, leaving few options open to the company. Blackburn points out that shortages of raw materials and government redirection of materials to war industry impelled many manufacturers to enter war production to receive priority ratings necessary to obtain raw materials. Government curtailment of civilian production and raw material shortages resulted in “priorities unemployment” for some businesses. Employment in these plants dropped as production stopped temporarily or plants shut down permanently. Blackburn specifically cites the silk freeze as an example of “priorities unemployment” in Indiana, as mills in both Indianapolis and Fort Wayne were forced to stop all production for a short time until they could obtain silk substitutes.¹²³ Before silk rationing began, Real Silk was among

¹¹⁹ “Real Silk Hosiery Mills, Inc.,” Indiana War History Commission Report, p. 1, IWHC-ISA; United States of America Smaller War Plants Corporation, Report of Shipments, Orders and Other Data, May 8, 1942, p. 1, Box 30, Folder 9, RSC-IHS.

¹²⁰ “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1941,” Box 1, Folder 22, RSC-IHS.

¹²¹ The Civilian Production Administration, Bureau of Demobilization, *Chronology of the War Production Board and Predecessor Agencies, August 1939 to November 1945*, Historical Reports on War Administration: War Production Board, Miscellaneous Publication No. 1, (June 20, 1946), 9.

¹²² G.A. Efrogmson, “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1941,” Box 1, Folder 22, RSC-IHS.

¹²³ Blackburn, “The Hoosier Arsenal,” 128-130.

the top five employers in Indianapolis with a workforce of approximately three thousand. After the order from OPACS and OPM in 1941, Real Silk was forced to scale back its operations until employment dropped below 2,000.¹²⁴ If the company wished to continue manufacturing, Real Silk had little choice but to jump on the bandwagon and convert part of its facilities to war production, as this was the only way to obtain the raw materials necessary to continue operating the factory.¹²⁵

In early September 1941, Efroymsen telephoned the Almar Manufacturing Company to seek advice on how to obtain war contracts and how to prepare the factory for such work. He explained:

We are anxious to know what be needed in the way of machinery equipment, etc., in fact [we] would like to get all the information we can. We are very anxious to get some of this defense work. I was told in Washington they are anxious to get people working on it. In addition, we have some silk, frozen by the government and we would like to have the government release it so we could have it thrown and woven and ma[d]e into parachutes.¹²⁶

Real Silk sold all the machinery in its throwing department, including over one hundred of its full-fashioned knitting machines to clear 51,300 square feet of floor space

¹²⁴ "Real Silk Hosiery Mills, Inc.," Report of the Indianapolis Area Director, War Manpower Commission, Labor Market Analysis, Appendix, p. x-6, Box 38, ISA.

¹²⁵ In a 1943 Executive Council Report to the Third Biennial Convention of the Textile Workers Union of America (TWUA), the Union observed that "[t]he scarcity of cotton, rayon, wool, and other fibers, as well as other considerations, has impelled manufacturers to concentrate on war products." Aside from silk manufacturers, other textile-related industries suffered under restrictions of raw materials as well. For example, in the dyeing and finishing industry, government restrictions on the use of anthraquinone dyes forced many plants to close for lack of adequate supplies. Rayon weaving, hard-fiber, and specialized weaving plants also experienced such extreme reductions in output and employment that the TWUA reported that "their very existence is endangered." The TWUA also predicted that those plants that remained on civilian production long after other industries had converted to war work were "likely to be war casualties." The report was later submitted as evidence in the Truman Committee Hearings investigating the National Defense Program. United States Senate Special Committee Investigating the National Defense Program. Part 27, Textile Industry-Manpower and Production; Disposal of Surplus Property-Surplus Liquidators, Inc. [electronic resource]: hearings before the United States Senate Special Committee To Investigate the National Defense Program, Seventy-Eighth Congress, second session and Seventy-Ninth Congress, first session, on Jan. 19, 31, Feb. 1, 2, 6-8, 14, 1945 (Washington: U.S. Government Printing Office, 1945), 12878 (hereafter cited as Truman Committee Hearing).

¹²⁶ "Report on telephone conversation between Mr. Efroymsen and Mr. Leon Herbst, Almar Manufacturing Company," September 8, 1941, Box 29, Folder 1, RSC-IHS.

that would become the company's new war production department.¹²⁷ The company began taking on war business in its new department in late January 1942, and its first contracts came from such agencies as the Philadelphia Quartermaster Division, the Jeffersonville Quartermaster Division, and the Army Air Forces at Wright Field in Dayton, Ohio.¹²⁸ By July 11, 1942, the company's Indianapolis plant had acquired \$2,187,803 worth of defense contracts.¹²⁹ Real Silk most often worked as a sub-contractor for war goods, with a few exceptions. The company balked at acting as the primary contractor for military contracts because payments from the government and the military often proved unreliable. Payment was much more prompt when they acted as a subcontractor on other companies' primary contracts.¹³⁰

Conversion to war production had immediate negative effects on Real Silk. The company's net profit dropped from over \$500,000 in 1941 to \$76,208.68 in 1942.¹³¹ War production delivered what historian Alexander Field called a "one-two punch" to individual companies and the American economy in general, as large amounts of resources and energy were diverted to first convert factories to war production and then to reconvert them to peace-time production after the war. Factories had to expand their facilities, retool existing ones, develop new manufacturing processes for unfamiliar

¹²⁷ "Real Silk Hosiery Mills, Inc.," Indiana War History Commission Report, p. 3, Box 76, Folder "Economic Changes—Manufacturing, Real Silk Hosiery Mills," p. 3, IWHC-ISA; "Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1942," Box 1, Folder 22, RSC-IHS.

¹²⁸ "Inter-Organization Correspondence," October 28, 1942, [p.1], Box 29, Folder 1, RSC-IHS; "Real Silk Hosiery Mills, Inc.," Indiana War History Commission Report, p. 3, Box 76, Folder labeled "Economic Changes—Manufacturing, Real Silk Hosiery Mills," pp. 1-2, 4, IWHC-ISA.

¹²⁹ R.W. Buhl to Jos. Givner, July 13, 1942, Box 29, Folder 2, RSC-IHS.

¹³⁰ Joseph Givner to G.A. Efrogmson, January 22, 1943, Box 29, Folder 2, RSC-IHS.

¹³¹ "Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1941," Box 1, Folder 22, RSC-IHS; "Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1942," Box 1, Folder 22, RSC-IHS.

product lines, and retrain their workforces. Conversion cost businesses a great deal of money and ground productivity to a near halt until factories had fully adapted.

In the company's 1942 annual report, Efroymsen told shareholders that in the past year, the company had expended large amounts of money on retooling the factory for new war products and training new employees to make these products. He also explained that a great deal of money had been lost on war contracts to date. However, Efroymsen expressed hope that profitable war contracts would make up for the losses of the previous year and offset the money spent on new machinery and employee training. Ultimately he placed his hope in war contracts to pull the company out of the hole; but for Real Silk, the war would bring neither immediate nor long-term economic prosperity. A slew of complications due to material shortages, wartime government regulations, and changes in the labor force stunted the company's growth.

Chapter 3

Material Shortages and Government Regulations

One of the greatest logistical undertakings in U.S. history, WWII industrial mobilization encompassed a vast array of complex relationships between government and military officials, local communities, and business owners. The circumstances of war required greater government regulation of the economy and industry to harness the nation's productive capacity. A plethora of new agencies and commissions were created to manage the nation's resources, including the National Defense Advisory Council (NDAC), Office of Production Management (OPM), War Production Board (WPB), the Supply Priorities and Allocations Board (SPAB), Office of Defense Transportation (ODT), and the Smaller War Plants Corporation (SWPC). These organizations continually created new policies that affected U.S. industries involved in war production, and despite their many attempts to create an effective system of regulations for the nation's industrial mobilization program, their policies often caused as many problems as they resolved for businesses. In 2008, historian Alexander Field perceptively noted:

Mobilization required that managers and workers pay attention not only to the wrenching tasks of re-orienting production within and between sectors, but also to a panoply of regulations associated with government contracting and resource allocation in what, within the military and much of the civilian sector, approached a command economy.¹³³

Records of the civilian mobilization agencies (OPM, SPAB, and WPB), provide an access point through which to connect the experience of local businesses to national developments. These agencies were responsible for overseeing the entire mobilization program, including the production of military supplies and equipment and the regulation

¹³³ Field, "U.S. Productivity Growth," 674.

of raw materials.¹³⁴ More importantly, the meeting minutes of these agencies discuss the flaws in other agencies' policies and the impact these complications had on U.S. industries. Together with Real Silk's wartime records, meeting minutes of the civilian agencies illustrate how the regulatory policies of wartime civilian and military agencies impeded effective operations in some businesses during the war.

In 1944, the Indiana War History Commission, a state organization created to record Indiana's contributions during World War II, conducted a survey of state industries and their war production efforts.¹³⁵ The survey asked businesses what war products they manufactured, what difficulties they encountered during conversion to war production and with actual production, and with whom they contracted, among other pertinent questions. When asked about problems with shortages of equipment, materials, and skilled labor, Real Silk optimistically reported "our overall picture as far as equipment materials and employees has been very satisfactory."¹³⁶ The report cited only two contracts as exceptions to this pleasant portrayal of the company's wartime experience. Furthermore, the report boasted "we have been very prompt on all of our schedules," with the exceptions mentioned above.¹³⁷ However, Real Silk's wartime records tell a different story and their statements to the Indiana War History Commission veil the many obstacles the company faced from start to finish during the war, particularly during the company's conversion and early months working on war contracts from 1942 to 1943. Unfortunately, existing records of the company's war business span

¹³⁴ Koistinen, *Arsenal of World War II*, 13-217.

¹³⁵ For more on the Indiana War History Commission see John D. Barnhart, "The Indiana War History Commission," *Indiana Magazine of History* 40, no. 3 (September 1944): 227-242.

¹³⁶ "Real Silk Hosiery Mills, Inc.," Indiana War History Commission Report, p. 3, Box 76, Folder "Economic Changes—Manufacturing, Real Silk Hosiery Mills," 29-N-3, Records of the Indiana War History Commission, Indiana State Archives (hereafter cited as IWHC-ISA).

¹³⁷ "Real Silk Hosiery Mills, Inc.," Indiana War History Commission Report, p. 4, Box 76, Folder "Economic Changes—Manufacturing, Real Silk Hosiery Mills," IWHC-ISA.

only from 1942 to 1943, but this small window into Real Silk's wartime experience provides a vivid picture of the new obstacles the war presented. Contract summaries in the company's records report difficulties encountered on approximately 46 percent of their war contracts in 1942 alone.¹³⁸ Though the war promised to bring increased production output and opportunities for profit, it turned out to be a veritable labyrinth of bureaucratic red tape, restrictive policies, and material shortages that prevented Real Silk from reaching its production and profit goals.

Throughout the war, Real Silk manufactured everyday necessities for soldiers such as bakers' coats and aprons, sandfly and mosquito bars (protective netting), mountain tents, and shelter halves. They also produced munitions-related items such as drag sleeves for flares, wing covers, and parachutes for cargo, aerial deliveries, M390 radios, and M-72 and M-40 fragmentation bombs.¹³⁹ Surprisingly, Real Silk rejected some offers to bid on clothing items including wool socks, slips, pajamas, twill trousers, cotton stockings, and bath robes, as either the factory's machines could not meet the construction specifications for the items or the company's bids were too high to be competitive.¹⁴⁰ The factory also continued to make civilian products, in reduced quantities, as government regulations permitted.¹⁴¹

¹³⁸ Calculated from existing records of Real Silk's war contracts for 1942. Company documents list 26 contracts and describe the status of each contract. Of the 26 contracts listed, the company encountered complications due to bottlenecks in the mobilization program on 12 of them. See "War Contracts," Inter-organization Correspondence, October 28, 1942, Box 29, Folder 1, Real Silk Company Records, Manuscript and Visual Collection, William Henry Smith Memorial Library, Indiana Historical Society (hereafter cited as RSC-IHS); "Inter-Organization Correspondence," October 30, 1942, Box 29, Folder 1, RSC-IHS.

¹³⁹ "Real Silk Hosiery Mills, Inc.," Indiana War History Commission Report, p. 2, Box 76, Folder "Economic Changes—Manufacturing, Real Silk Hosiery Mills," IWHC-ISA.

¹⁴⁰ See bid offers included in Box 29, Folder 14, Real Silk Company Records, RSC-IHS.

¹⁴¹ G.A. Efroymsen, "Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1942," Box 1, Folder 22, RSC-IHS.

Like most American companies, Real Silk highlighted its contributions to the war effort whenever possible. During the war, patriotism sold. In a letter to company shareholders, Efroymson proudly stated that, “In taking these large war contracts and doing everything in our power to supply needed products for the government we feel that our company has made a large contribution to the war effort. . .”¹⁴² Patriotism and war production also featured prominently in the company newsletter, *The Real News*, to boost employee morale and promote the company’s war work.¹⁴³ Real Silk was so exuberant in highlighting its war work that the company was chastised by the U.S. Ordnance Department Chief for attempting to display this information in a department store advertisement to promote civilian products. Publicizing such sensitive information about war products was considered a security risk.¹⁴⁴

Real Silk also received written commendations for their good work on several contracts.¹⁴⁵ However, the textile manufacturer fell short of earning the iconic army and navy “E” awards. Manufacturers earned “E” awards if their facilities were deemed “particularly outstanding in production for the War and Navy Departments.”¹⁴⁶ About five percent of eligible companies nationwide received the award, but many companies like Real Silk strove to earn this coveted award.¹⁴⁷ Due to circumstances largely beyond

¹⁴² G.A. Efroymson, “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1942,” March 9, 1943, Box 1, Folder 22, RSC-IHS.

¹⁴³ See Real Silk Hosiery Mills, Inc., *The Real News*, Indiana Book Collection, Indiana State Library (hereafter cited as IBC-ISL).

¹⁴⁴ A.C. Rasmussen to Mr. G.A. Efroymson, June 8, 1942, Box 29, Folder 3, RSC-IHS.

¹⁴⁵ O.P. Larson, “War Contracts,” Inter-organization Correspondence, October 28, 1942, p. 4, Box 29, Folder 1, RSC-IHS.

¹⁴⁶ “Circular No. 228, 1942,” in *Compilation of War Department General Orders, Bulletins, and Circulars*, by United States War Department (Washington, DC: U.S. Government Printing Office, 1943), http://www.history.navy.mil/library/online/e_award.htm (accessed 10 April 2013).

¹⁴⁷ War Employment Bureau of Public Relations, “Army-Navy ‘E’ Award Termination Sees Award Granted to 5% of Eligible Plants,” Press Release, December 5, 1945, in “Navy E Awards” file, Navy Department Library, http://www.history.navy.mil/library/online/e_award.htm (accessed 10 April 2013).

the managers' control, Real Silk failed to perform on several fronts including maintaining a low absentee rate, preventing work stoppages, and overcoming production obstacles.

Unfortunately, the few contracts for which the company did receive commendations were the exception, not the rule. In 1942, Real Silk was late in fulfilling many war contracts and lost money on the greater part of them.¹⁴⁸ The company's war contracts division simply could not stay on track in the face of wartime obstacles. Real Silk's records include a series of weekly reports that contain statistical information about the production output for each war contract. When one compares the scheduled vs. actual production for each week, it is apparent that the factory was not meeting its production goals for most of its contracts. While the company reached or exceeded its goals some weeks, in many cases production fell well below the weekly goal. This trend also carried over to the projected production to date vs. the actual production to date statistics. These statistics provide evidence that the company's Indianapolis factory was not producing at its predicted capacity.¹⁴⁹ Furthermore, in a report of the profits and losses on war contracts filled prior to August 15, 1942, Real Silk had lost money on 6 out of 8 contracts.¹⁵⁰ Additionally, 3 out of 5 contracts in the company's manufacturing

¹⁴⁸ "Conference between Representative of Real Silk Hosiery Mills, Inc., and American Federation of Hosiery Workers," February 4, 1943, p. 14 and 29, Box 9, Folder 12, RSC-IHS; "Conference between Real Silk Hosiery Mills, Inc., and the American Federation of Hosiery Workers," January 5, 1943, 22-23, Box 9, Folder 12, RSC-IHS; Also see Contract "C" in O.P. Larson to Mr. Givner, "War Contracts," Inter-organization Correspondence October 28, 1942, Box 29, Folder 1, RSC-IHS; "Sales and Profit and Loss Statement Period Ended November 28, 1942 (Contract G—M40 Parachute)," n.d., Box 29, Folder 2, RSC-IHS; "Summary of the profit and loss on War Contracts the manufacturing of which was completed prior to August 15, 1942," n.d., Box 30, Folder 10, RSC-IHS.

¹⁴⁹ "Weekly War Contract Status Reports," 1942, Box 29, Folder 7, RSC-IHS.

¹⁵⁰ "Summary of the profit and loss on War Contracts the manufacturing of which was completed prior to August 15, 1942," Box 30, Folder 10, RSC-IHS.

statements for the period ended November 21, 1942 showed losses on goods shipped.¹⁵¹ Other reports demonstrate losses on an additional 9 contracts in 1942.¹⁵²

The company's problems began with its position within the wartime economy as a mid-size company in a low-priority industry. Throughout WWII, big businesses had ample opportunity to gain a leg up on smaller businesses. The military preferred to work with larger companies who had the resources, experience, and capacity to produce essential military items quickly.¹⁵³ It is clear that larger corporations took on the lion's share of contract work during the war. In his article "American War Mobilization and the Use of Small Manufacturers, 1939-1943," Jim Heath points out that "[b]etween June 1940 and December 1941, the nation's 100 largest companies had received over three-fourths of all primary war supply contracts..."¹⁵⁴ Not only did these companies dominate the WWII manufacturing market, their wartime share of manufacturing contracts far exceeded their "share of prewar production."¹⁵⁵ The military was also more willing to dole out large amounts of money for conversion of existing facilities and the building of new facilities to large businesses, especially those that pursued high-priority industries such as petroleum, steel, metalworking, and aircraft.¹⁵⁶ Additionally, those who possessed the lion's share of contracts naturally received the lion's share of manufacturing materials controlled by the civilian agencies to fill their large contracts.

¹⁵¹ R.W. Buhl, "Manufacturing Statement, Period ended November 21, 1942," Contracts N, T-3, T-2, T-1, J&K, December 16, 1942, Box 29, Folder 2, RSC-IHS.

¹⁵² See "Comparison of Cost Per Unit" reports, 1942, in Box 30, Folder 11.

¹⁵³ James H. Madison, *Indiana Through Tradition and Change: A History of the Hoosier State and Its People, 1920-1945* (Indianapolis: Indiana Historical Society, 1982), 378 and 380; For full discussion of big business dominance in WWII, see Koistinen, *Arsenal of World War II*.

¹⁵⁴ Jim Heath, "American War Mobilization and the Use of Small Manufacturers, 1939-1943," *Business History Review* 46, no. 3 (Autumn, 1972): 307.

¹⁵⁵ Heath, "Small Manufacturers," 307.

¹⁵⁶ *Ibid.*; Madison, *Indiana Through Tradition and Change*, 378.

On the other hand, smaller manufacturers were either forced out of business as the government curtailed civilian production, or they struggled to compete with larger companies for contracts.¹⁵⁷ In Indiana, 2,455 businesses terminated between June 1940 and August 1942, a large portion of which were in the wholesale and retail and manufacturing sectors, which encompassed Real Silk's main sectors of operation.¹⁵⁸ Though 3,017 companies "became liable" during the same time period, the more than two thousand that did not survive offer evidence that the war changed the U.S. economy by shrinking some industries while expanding others.¹⁵⁹ The WPB's Planning Committee pushed the military to consider spreading the wealth by directly "farming out" contracts through district offices or forcing large companies to subcontract. The military was reluctant to pursue the former route, because it would have to "make necessary provision for increased tolerances, higher prices, and larger inspectional forces."¹⁶⁰

The WPB's Planning Committee further recommended that the government decentralize "authority to place contracts" as doing so was "essential if the smaller plants,

¹⁵⁷ For more on the struggles of small business during WWII see Koistinen, *Arsenal of World War II*, 350-355 and Alan Clive, *State of War*, 32. For more on small business and WWII in Indiana see Blackburn, "Hoosier Arsenal," 145-153.

¹⁵⁸ The largest portion of business terminations occurred in the wholesale and retail trades (950), followed by the service sector (419), and manufacturing (391). Real Silk's business fell into the first and third categories, as a manufacturer of silk and apparel items and a seller of items in both wholesale and retail. For more on Real Silk's sectors of business, see Chapter 1. For business terminations in Indiana during WWII, see Indiana Employment Security Division, "Table 1. Reason for Termination by Calendar Quarters," *Indiana at War: A preliminary study prepared for the first meeting of the Indiana Historical Commission*, December 15, 1943, p. 29, Indiana Pamphlet Collection, Indiana State Library (hereafter cited as IPC-ISL).

¹⁵⁹ Indiana Employment Security Division, "Business Failures: June 1940 through August 1942," *Indiana at War: A preliminary study prepared for the first meeting of the Indiana Historical Commission*, December 15, 1943, p. 28, IPC-ISL.

¹⁶⁰ Civilian Production Administration Bureau of Demobilization, Meeting III: February 26, 1942, "Utilization of Existing Productive Facilities," *Minutes of the Planning Committee of the War Production Board, February 20, 1942, to April 1, 1943*, Historical Reports on War Administration: War Production Board Documentary Publication No. 5 (Washington, D.C.: United States Government Printing Office, 1946), 7 (hereafter cited as *WPBPC*.)

less well-known to Washington officials, are to be fully utilized.”¹⁶¹ The government recognized to some extent the negative impact that wartime economic policies would have on smaller businesses across the nation, and attempted to address the problem. At a WPB meeting to discuss aid for small businesses, the agency acknowledged that, “[t]he War Production Board must realize the full implications of any decision it makes, the probable addition to the number of business casualties, and the personal economic tragedies already caused by its efforts to further the war production program.”¹⁶² The WPB considered multiple avenues that might aid small businesses. Several of WPB’s suggestions were enacted in Congress including the creation of a division dedicated to appropriating contracts and sub-contracts to small businesses, an organization that offered financing for small business conversions, and efforts to concentrate civilian production in a select number of factories to sustain them through the war.¹⁶³ If factories could not convert, then relief measures would be provided for some companies that were “adversely affected by the war” or forced out of business.¹⁶⁴

As the War Production Board struggled to maximize industrial output, it targeted smaller manufacturers as untapped sources of additional manufacturing capacity. On June 11, 1942, Congress enacted the Small Business Mobilization Act which created a Smaller War Plants Division (SWPD) of the WPB and a Smaller War Plants Corporation

¹⁶¹ Meeting III: February 26, 1942, “Utilization of Existing Productive Facilities,” *WPBPC*, 7.

¹⁶² Civilian Production Administration Bureau of Demobilization, Meeting XXV: July 21, 1942, “Concentration of Civilian Production,” *Minutes of the War Production Board*, Historical Reports and War Administration: War Production Board Documentary Publication No. 4 (Washington, D.C.: United States Government Printing Office, 1946), 101 (hereafter cited as *WPB Minutes*.)

¹⁶³ I.C.B. Dear and M.R.D. Foot, eds., *Oxford Companion to WWII*, s.v. “Smaller War Plants Corporation,” (Oxford University Press, 2001), www.oxfordreference.com, accessed 2 February 2013. For the establishment of the Smaller War Plants Corporation see Meeting XXXIX: June 9, 1942, “Small Business Establishments,” *WPBPC*, 62.

¹⁶⁴ Meeting XIV: April 21, 1942, “Proposed Relief for Business Organizations Adversely Affected by the War,” *WPB Minutes*, 54; Meeting XLI: June 26, 1942, “Relief to Manufacturers Forced to Cease Operations Because of the War,” *WPBPC*, 67; Heath, “Small Manufacturers,” 314.

(SWPC). SWPD was charged with the task to “promote the conversion of small plants to war production,”¹⁶⁵ while the SWPC was created to finance the conversions.¹⁶⁶ The aid program, which targeted manufacturers employing less than 500 workers, managed to allot 86,000 contracts to businesses with fewer than 100 workers or 35 percent of the total number of contracts awarded to all companies in the peak war production year of 1943. Yet these contracts accounted for only 3.5 percent of the total value of all war contracts for that year. The most lucrative contracts continued to be awarded to larger manufacturers. These contracts also did little to slow the attrition of smaller manufacturers. In 1939, small businesses which employed fewer than 100 workers “accounted for 26 percent of total U.S. manufacturing output,” but throughout the war years, this percentage decreased to 19 percent.¹⁶⁷

Real Silk’s size fell somewhere between the top 100 corporations and the small businesses represented by the SWPD. With between 2,000 and 3,000 employees at any given time, the textile company did not fall within the SWPD’s target size for aid (fewer than 500 employees). While the SWPC eventually did offer assistance to Real Silk, the offer came more than a year too late to assist with the factory’s conversion to war production. The division formed several months after Real Silk’s conversion, and the company did not receive a “request for aid” form from the SWPC until May 12, 1943.¹⁶⁸ Neither did the company receive any other kind of government financing to retool their factory, expand their existing facilities, or build new facilities, as many big corporations

¹⁶⁵ Meeting XXXIX: June 9, 1942, “Small Business Establishments,” *WPBPC*, 62.

¹⁶⁶ I.C.B. Dear and M.R.D. Foot, eds., *Oxford Companion to WWII*, s.v. “Smaller War Plants Corporation,” (Oxford University Press, 2001), www.oxfordreference.com (accessed 2 February 2013).

¹⁶⁷ I.C.B. Dear and M.R.D. Foot, eds., *Oxford Companion to WWII*, s.v. “Smaller War Plants Corporation,” (Oxford University Press, 2001), www.oxfordreference.com (accessed 2 February 2013).

¹⁶⁸ Robert W. Johnson to the Smaller Manufacturing Plants of the United States, May 15, 1943, Box 30, Folder 9, RSC-IHS; United States of America Smaller War Plants Corporation, Reports of Shipments, Orders and Other Data, May 8, 1943, Box 30, Folder 9, RSC-IHS.

did.¹⁶⁹ In Indianapolis, companies such as Curtiss Wright Corporation (Propeller Division), General Motors Corporation (Allison Division), and Bridgeport Brass Company received public funds to expand their facilities or purchase additional manufacturing equipment. However, Real Silk does not appear on the list of war industrial facilities publicly or privately funded.¹⁷⁰ Instead, the company funded its own conversion.¹⁷¹ In the annual report for 1942, Efroymson reported, “Your company has converted a large portion of its plant facilities to the production of war materiel under contracts with our government, and has expended a considerable sum of money for new machinery needed to manufacture such materiel.” He also expressed his hope that the coming year’s war production would offset these expenses.¹⁷² Efroymson would, however, be disappointed by the miniscule profits made on some contracts and the outright losses incurred on others. Essentially, the company fell through the cracks of the mobilization program.

Real Silk’s middle position in the wartime market also affected the company’s ability to compete for contracts. Larger concerns had greater resources at their command and with larger facilities, these companies could produce at larger volumes, and thus a lower price per piece.¹⁷³ Real Silk did not necessarily have an edge over its smaller counterparts either. For example, during the war, Real Silk became a leading

¹⁶⁹ According to Friedman acquiring funds for conversion was difficult for many smaller businesses in Indiana. Friedman, *The Financial Role of Indiana in World War II*, 25-26.

¹⁷⁰ War Production Board, *War Industrial Facilities Authorized by State and County as of September 30, 1943*, War Production Board: Statistics Division, Industry and Facilities Branch, February 2, 1944, 74-6.

¹⁷¹ According to the company annual reports, Real Silk lost \$34,261.16 in 1942 and \$17,867.35 in 1943 on expenses connected to the conversion of some plant facilities to war production. “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1942,” Box 1, Folder 22, RSC-IHS; “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1943,” Box 1, Folder 22, RSC-IHS.

¹⁷² “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1942,” Box 1, Folder 22, RSC-IHS.

¹⁷³ Madison, *Indiana Through Tradition and Change*, 378-380.

manufacturer of M-40 and M-26 parachutes and was successful enough in this endeavor that the WPB requested that the company allow smaller manufacturers to tour their M-40 production line. Such tours were intended to help manufacturers new to war work plan their own M-40 production. Yet in sharing their secrets with smaller companies, Real Silk created more competition for these contracts. O.P. Larson, the company's war contracts representative, expressed his concern about introducing multiple small manufacturers to M-40 chute production in a company letter. He wrote:

...[T]he government is asking any number of small manufacturers to begin making these M-40 Fragmentation Bomb chutes; that they will be getting a lot of new people into this work, small manufacturers, who will have practically no overhead. The War Production Board will probably give these people priorities for machines whereas they will not give us any priorities. This leads up to the fact that when the Ordnance people want some more of these M-40s they will have educated a lot of small people in the manufacture of them who can bid much lower than we can due to smaller overhead, lower piece rates, etc.¹⁷⁴

In effect, the WPB asked Real Silk to become complicit in creating its own competition with smaller companies that had lower overhead costs. Obtaining fair prices on contracts also presented a new challenge for the company. Sometimes they had to bid low on contracts knowing they would lose money because in order to obtain any work at all, they had to meet the demands of the military which constantly drove down prices.¹⁷⁵

Size was not the only issue facing companies like Real Silk. The type of industry and the war products a company manufactured affected its position in the wartime economy as well. Unlike airplanes, tanks, and guns, textile products, though essential in sustaining soldiers, were not high-priority, high-profit items prized by the military during the war. As the U.S. Director of Procurement in the Quartermaster Corps explained in a

¹⁷⁴ G.A. Efrogmson to Joseph Givner, February 18, 1943, Box 29, Folder 12, RSC-IHS.

¹⁷⁵ "Conference between Representative of Real Silk Hosiery Mills, Inc., and American Federation of Hosiery Workers," February 4, 1943, p. 14, Box 9, Folder 12, RSC-IHS.

letter to the company officials, “As there is no ‘glamour’ attached to the production of clothing and Equipage items, many people have a false impression of the re-relationship [sic] between the needle industry and the items required for War.”¹⁷⁶ Many of Real Silk’s contracts came from regional branches of the Quartermaster, and in general, the mobilization program accorded the Quartermaster Corps and its equipment a low priority status.¹⁷⁷ Additionally, the Textile Workers Union of America observed that the mobilization agencies, as well as military and government contractors, accorded the textile industry little attention and did not “[conceive] of the industry as a unit to be guided to the most economic production and greatest usefulness.”¹⁷⁸

Aside from their overall disadvantaged position in the war production market, Real Silk encountered obstacles to production in many stages of the manufacturing process from obtaining raw materials to transporting finished goods off the lot. Before the war, Real Silk was used to controlling the purchase of raw materials (especially silk), designing its own products, engineering the manufacturing process, conducting its own inspections, and overseeing the transportation and distribution of its own goods. However, under new wartime regulations, the textile manufacturer and other companies lost a great deal of autonomy over their operations.¹⁷⁹ In the prewar economy, Real Silk had control over purchasing, stocking, and allotting raw materials for its products. For example, the company had a silk buyer who monitored the international silk markets in Japan, China, and Italy and purchased silk at the lowest prices possible according to the

¹⁷⁶ Thos. W. Jones to Real Silk Hosiery Mills, Inc., October 24, 1942, Box 29, Folder 5, RSC-IHS; See also Thos. W. Jones, to Real Silk Hosiery Mills, Inc., September 14, 1942, Box 29, Folder 5, RSC-IHS.

¹⁷⁷ Erna Risch, *The Quartermaster Corps: Organization, Supply, and Services, Volume I* (Washington, D.C.: Center of Military History, United States Army, 1995), 59.

¹⁷⁸ Truman Committee Hearing, 12879.

¹⁷⁹ For more on how government regulations and bureaucratic red tape interfered with business operations, see Blackburn, “Hoosier Arsenal,” 373-376.

factory's estimated needs for the year.¹⁸⁰ However, after the United States entered the war, many of the materials that Real Silk used in its civilian products fell under new controls. Also, when the company took on war contracts, the factory's management had little control over the purchasing, allotment, or distribution of materials required for each contract. Control over many raw materials lay with the civilian mobilization agencies, the Army-Navy Munitions Board (ANMB),¹⁸¹ and individual military contractors such as the Ordnance Department or Quartermaster Corps Division. These organizations distributed materials based upon priority and allocation systems.

When the Army initiated its Munitions Program in the summer of 1940, material shortages quickly became apparent. Early shortages included cotton, linen, and flannel for uniforms, cotton duck and webbing for tents and other canvas items, and machine tools.¹⁸² To help manage such shortages, the ANMB set up a priorities system. This system ranked goals of the military mobilization program from the highest to the lowest priority according to the urgency of the military's need for certain materials to support the strategic plans of the Armed Forces. These priorities were "placed upon production orders to industry" and also on materials required for this production. The first priorities system, approved on August 12, 1940, ranked "military procurement objectives into ten degrees of urgency" with ratings from A-1 to A-10. For example the A-1 category encompassed all equipment for the Regular Army and National Guard forces, while the

¹⁸⁰ Real Silk's main silk buyer was W.L. Caldwell. See Box 20, Folders 21-23, in RSC-IHS for documents pertaining to the company's silk purchases.

¹⁸¹ The Army-Navy Munitions Board was a joint military board created in 1922. It served five major functions during WWII. It stockpiled raw, semi-finished, and finished goods to supply the American military; assigned priorities; "maximiz[ed] the availability of machine tools"; and regulated foreign purchases of American weapons and other military products. David M. Kennedy, ed., *The Library of Congress World War II Companion* (New York: Simon & Schuster, 2007), 212; Koistinen, *Arsenal of World War II*, 115.

¹⁸² R. Elberton Smith, *The Army and Economic Mobilization* (Washington, D.C.: U.S. Government Printing Office, 1959), 505-506.

A-7 rating encompassed the less-urgent expansion of existing industrial facilities and the construction of new ones that would produce Air Force and Army equipment. The system also included an AA rating for emergency procurement situations. However, the classifications were so vague that a disproportionate number of procurement orders received A-1 ratings, and priority inflation quickly plagued the system.¹⁸³

By November 1940, the situation was so critical that the ANMB had to separate the A-1 category into 10 sub-categories: A-1-a to A-1-j. Gradually, the civilian agencies, beginning with NDAC, took partial responsibility for overseeing the priorities system. ANMB and the civilian agencies recognized that military goals could not be achieved without balanced procurement goals. For example, resources could be heavily concentrated in the A-1 category to create much-needed planes, but unless sufficient materials were directed to make machine guns, a lower category item, the planes would be unarmed. Despite various attempts to create a more balanced procurement program, inflation persisted. In 1942, the military concentrated 56 percent of its procurement spending in the top A-1-a category. The rating just below it received only twelve percent of these military funds, and funding diminished even more greatly in the lower categories.¹⁸⁴ On June 12, 1942, the ANMB issued yet another addition to the rating system: AA-1 to AA-4. These new “superratings” created priorities above the A-1-a category. In this system, approximately 50 percent of the items procured by the military in 1942 fell into the AA-1 rating alone, spurring the WPB to vehemently oppose aspects of this new system.¹⁸⁵

¹⁸³ Smith, *The Army and Economic Mobilization*, 509-510, 519-522; “Revised Preference Ratings Proposed by the Army and Navy Munitions Board,” Meeting XXXVI: May 27, 1942, *WPBC*, 59.

¹⁸⁴ *Ibid.*, 521-523.

¹⁸⁵ Smith, *The Army and Economic Mobilization*, 524-5.

In May 1942, the WPB considered the revised Preference Ratings system proposed by the ANMB. The planning committee pointed out two major problems with the latest classifications. First, the new AA ratings excluded all essential civilian and indirect military production. However, as the ratings stood, the AA categories would consume most of the scarce raw materials. The WPB predicted that this change would hamper the maintenance of railroads, trucks, and public facilities and threaten the already dangerously low levels of civilian production that were sustaining the civilian economy, morale, and workforce.¹⁸⁶

Second, the loose definitions for each category left too much room for inflation.¹⁸⁷ Nearly the entire military program fell under the AA rating, which placed a huge strain on the U.S. economy and industry as it stood in 1942.¹⁸⁸ Despite the WPB's concerns, President Roosevelt approved the ANMB's new ratings system with the stipulation that essential civilian requirements must be incorporated into the higher ratings. While one of the WPB's criticisms was addressed, the chairman still expressed concern that the system would quickly exhaust available resources since the ratings were not "restricted to a small portion of total productive resources."¹⁸⁹ The procurement agencies and the military allocated materials based upon annual production objectives, but the WPB argued that such a strategy provided "no security against excessive and

¹⁸⁶ Meeting XVIII: May 26, 1942, "New Army and Navy Munitions Board Priority Ratings," *WPB Minutes*, 71.

¹⁸⁷ Meeting XXXVI: May 27, 1942, "Revised Preference Ratings Proposed by the Army and Navy Munitions Board," *WPBPC*, 59; Robert R. Nathan to Donald M. Nelson, Memo, Planning Committee Recommendation No. 7, Memorandum, "Subject: Proposed Rerating System of the ANMB," May 27, 1942, *WPBPC*, 138-9.

¹⁸⁸ Robert R. Nathan to Donald M. Nelson, Memo, Planning Committee Recommendation No. 7, Memorandum, "Subject: Proposed Rerating System of the ANMB," May 27, 1942, *WPBPC*, 138-9.

¹⁸⁹ Meeting XXXIX: June 9, 1942, "Revised Preference Ratings Proposed by the Army and Navy Munitions Board," *WPBPC*, 62.

unbalanced production in particular months.”¹⁹⁰ WPB predicted that shortages in materials would be the greatest contributing factor to delays in munitions production, and “[t]he imperfections of the priorities system were declared responsible for the present failure of raw materials to flow evenly into war production.”¹⁹¹

Shortages, inadequate flow of raw materials, and delays in material deliveries prevalent under the flawed priorities system caused numerous problems for Real Silk’s production lines.¹⁹² Real Silk began encountering military and government restrictions of their production materials as early as December 1941. For example, the Office of Production Management Director of Purchases sent a letter to all hosiery manufacturers requesting that they respond to shortages or threatened shortages in certain dyestuffs by reducing the number of color shades offered in their civilian products. OPM suggested that Real Silk and similar manufacturers simplify their color lines to preserve dyestuff that might be needed for national defense purposes.¹⁹³ Shortages of wool, another material used in some of the factory’s products, appeared in late 1941 as well.¹⁹⁴ At this point in time, conservation of scarce materials was a request, not a command. However, as the war dragged on, these requests turned into mandates.

¹⁹⁰ Meeting 61: November 5, 1942, “Program Scheduling and Production Control,” *WPBPC*, 98.

¹⁹¹ Meeting X: March 16, 1942, “War Munitions Program,” *WPBPC*, 20.

¹⁹² Problems with material flow were common in the textile industry. In a 1943 Executive Council Report to the Third Biennial Convention of the Textile Workers Union of America (TWUA), the Union identified several flaws in the mobilization program that made regular employment, and thus regular production output, difficult to maintain. Chief among these was the irregular flow of raw materials, machine parts, and orders, as well as disruptive swings in production demand from pressure production to complete lulls in production. *Truman Committee Hearing*, 12878.

¹⁹³ Douglas C. MacKeachie to “Each Hosiery Manufacturer,” December 29, 1941, Box 29, Folder 3, RSC-IHS.

¹⁹⁴ The Civilian Production Administration, Bureau of Demobilization, Meeting XIX—December 23, 1941, “Wool,” in *Minutes of the Supply Priorities and Allocations Board, September 2, 1941, to January 15, 1942*, Historical Reports and War Administration: War Production Board Documentary Publication No.3 (Washington, D.C.: United States Government Printing Office, 1946), 50; Risch, *Quartermaster Corps, Vol. I*, 69.

In 1942, the WPB froze all existing inventories of silk, rubber yarn, and elastic thread used in making textiles. The WPB informed textile companies that due to the rubber shortage, Conservation Order M-124 froze their stocks of rubber-based threads and required the companies to report all of their stocks to the WPB so that the agency could determine what should be appropriated for military and civilian purposes.¹⁹⁵ The same type of order applied to silk stocks. Although manufacturers sought substitutes (i.e., rayon and nylon) to alleviate the silk shortages, replacement materials soon became scarce as well.¹⁹⁶ These material shortages and restrictions, coupled with government curtailment of non-essential civilian production, forced Real Silk to convert to war production and become increasingly dependent upon war contracts to sustain the factory through wartime.¹⁹⁷

Delays in material deliveries to Real Silk caused setbacks in several of the company's war contracts. Perhaps one of the company's most problematic sub-contracts was with the McInerney Spring and Wire Company of Grand Rapids, Michigan, constructing parachutes for M-40 fragmentation bombs.¹⁹⁸ Real Silk was perpetually late with its shipments of M-40 parachutes, which in turn held up production for McInerney's

¹⁹⁵ War Production Board: Textile, Clothing, and Leather Branch, "Stocks of Rubber Yarn and Elastic Thread as of April 25, 1942," May 8, 1942, Box 30, Folder 7, RSC-IHS; J. Bruce McCullough, "To All Holders of Rubber Yarn and Elastic Thread," April 21, 1942, Box 30, Folder 7, RSC-IHS; J.R. Durham, Southern Hosiery Manufacturers' Association, "Extension of Rubber Freezing Order," April 29, 1942, Box 30, Folder 7, RSC-IHS.

¹⁹⁶ *Truman Committee Hearing*, 12877-12878.

¹⁹⁷ Real Silk's line of luxury items, including lingerie and custom-made shirts, were not considered "essential" to preserving civilian life. In a survey conducted by the Indiana War History Commission, the company reported that it reduced or discontinued production of men's underwear and pajamas, lingerie, and women's silk and nylon hosiery. See "Real Silk Hosiery Mills, Inc.," Indiana War History Commission Report, p. 1, Box 76, Folder "Economic Changes—Manufacturing, Real Silk Hosiery Mills," IWHC-ISA.

¹⁹⁸ Fragmentation bombs were used primarily in the Pacific Theater, and at one point, allied command praised the bombs for their effectiveness in a decisive battle against Japanese soldiers in New Guinea. Real Silk highlighted this commendation in its company newsletter. See "Production Flash Bulletin: How Our M-40 Chutes Helped Win Battles in Australia!," September 9, 1943, Box 29, Folder 9, RSC-IHS.

workers who could not finish assembling M-40 fragmentation bombs without the component parts supplied by Real Silk.¹⁹⁹ Many separate problems plagued this contract, but Real Silk's woes began with late shipments of cloth from McInerney, which had received raw materials late from other suppliers. The delay of raw materials forced McInerney to suspend the primary contract and all subcontracts.

Real Silk had been preparing for the contract for some time prior to beginning M-40 production. The company built up an experienced workforce by taking on contracts which it knew would lose money, just to ensure that it could have the workers on hand for M-40 work.²⁰⁰ However, when the contract was suspended, Real Silk had to lay off many of these workers. By the time the contract resumed, the labor market had changed. Although McInerney insisted that Real Silk deliver 30,000 parachutes per month, the factory could not produce this amount without more workers who had relevant experience and additional machines.²⁰¹ Real Silk applied to the government for compensation of losses caused by production delays on this contract. The company's application provides excellent insight into the shortages and other delays in contracts that negatively affected the factory's production. In the application, Real Silk argued that it should be reimbursed for the following expenses:

- Additional expense because of failure of supplier to deliver couplings to meet production on schedule.
- Idle plant expense incurred by Real Silk during the time that production was suspended (8/22/42-9/5/42).
- Costs of telegrams to employees, advising them of suspension of contract, and of resumption of contract.

¹⁹⁹ E.L. Jacobitz to Real Silk Hosiery Mills, Inc., October 28, 1942, Box 29, Folder 11, RSC-IHS; E.L. Jacobitz to O.P. Larson, "Postal Telegraph," October 13, 1942, copy, Box 29, Folder 5, RSC-IHS; Joseph Givner to O.P. Larson, December 30, 1942, Box 29, Folder 5, RSC-IHS.

²⁰⁰ J.C. Troyer to G.A. Efroymson, December 19, 1942, p. 2, Box 29, Folder 1, RSC-IHS.

²⁰¹ J.C. Troyer to G.A. Efroymson, December 19, 1942, p. 1-2, Box 29, Folder 1, RSC-IHS.

- Cost of taking a physical inventory at the time production on the contract was suspended.
- Expense of interviewer calling on operators who did not return to work when they were notified of resumption of contract.
- Expense incurred in training new people to take the place of the 132 operators who did not report back to work when production was resumed.
- Increase in costs due to lengthening of working hours per shift, resulting in additional overtime charges not included in the original bid.
- Additional expense incurred because of repairs, made at the insistence of the Government, and which were later determined to be unnecessary.
- Additional expense incurred due to holiday and Sunday work.
- Extra expense of knot tying due to change in size of shroud cords.²⁰²

Overall, the company estimated that the temporary closedown cost the factory approximately \$158,000.²⁰³

In mid-October 1943, the government also began regulating the amount of nylon and rayon that could be used per parachute and allocating these materials accordingly. Such restrictions left little room for error in production and Real Silk had to be especially careful not to use more than its allotted amount of fabric, as any nylon or rayon used above and beyond the specified amount had to be paid for out of the company's pocket.²⁰⁴ At a meeting of the Industry Integration Committee,²⁰⁵ a representative of the Ordnance Department reported that there was a shortage of rayon, and he recommended

²⁰² "Additional Costs Incurred by Real Silk Hosiery Mills, Inc., because of the suspension of the M-40 contract, which was not the fault of Real Silk, and for which Real Silk requests reimbursement," January 25, 1943, p. 1, Box 29, Folder 9, RSC-IHS; Untitled document which begins "Idle Plant Incurred by Real Silk..." n.d., Box 29, Folder 9, RSC-IHS.

²⁰³ Untitled document which begins "Idle Plant Incurred by Real Silk..." n.d., Box 29, Folder 9, RSC-IHS.

²⁰⁴ A.A. Zimmer to G.H. Morgan, "Subject: Eighth Meeting Industry Integration Committee," October 18, 1943, Box 30, Folder 8, RSC-IHS.

²⁰⁵ Various war industries were encouraged to form Industry Integration Committees to benefit from each others' experience with war work and to correct inefficiencies within the industry's war production. "Ordnance Procurement Instructions: Part 56—Ordnance Department Industry Integration Committees," December 1, 1942, pp. 56,003-56, 004 and 56A1, Box 29, Folder 13, RSC-IHS.

that no textile companies produce beyond their schedule, as the government had only enough supplies to meet current contract schedules. However, those who had worked ahead were bound to be idle for some time. Arthur Zimmer, a Real Silk representative who attended the meeting, criticized the Ordnance Department for placing orders with new manufacturers when it could barely guarantee the necessary materials to existing contracts held by companies like Real Silk.²⁰⁶

In another contract, for M-72 parachutes assigned to Real Silk's Dalton, Georgia, plant, Real Silk suffered losses due to a government error in estimating the amount of nylon that DuPont, a nylon thread manufacturer, would need to produce to fill orders of nylon. The WPB did not make provisions for the 200-300 lbs. of nylon required to load the factory's spinning equipment, and DuPont came up short on filling its orders until it could obtain an additional allotment of nylon. DuPont also received more orders than it could cover with the materials allocated to the company. To remedy the error, an order for more nylon had to slog its way through several channels of bureaucratic red tape. DuPont had to file a request for more nylon with the Ordnance Department, who in turn had to clear the additional nylon allocation with the WPB.²⁰⁷ As Real Silk awaited nylon materials, the Dalton plant stopped work on the M-72 contract and the managers were forced to take \$3,000 from the overhead budget to pay the factory's idle workers.²⁰⁸

Acute shortages of raw materials also curtailed Real Silk's ability to bid on more lucrative contracts. For example, Real Silk was not allowed to use raw silk to create

²⁰⁶ A.A. Zimmer to G.A. Efroymsen, "Subject: Eighth Meeting Industry Integration Committee," October 18, 1943, Box 30, Folder 8, RSC-IHS; O.P. Larson and A.A. Zimmer to G.A. Efroymsen and Joseph Givner, "Report of Integration Committee Meeting," June 12, 1943, Box 29, Folder 12, RSC-IHS.

²⁰⁷ O.P. Larson and A.A. Zimmer to G.A. Efroymsen and Joseph Givner, "Report of Integration Committee Meeting," June 12, 1943, Box 29, Folder 12, RSC-IHS.

²⁰⁸ R.W. Buhl to O.P. Larson, May 11, 1943, Box 29, Folder 12, RSC-IHS; O.P. Larson and A.A. Zimmer to G.A. Efroymsen and Joseph Givner, "Report of Integration Committee Meeting," June 12, 1943, Box 29, Folder 12, RSC-IHS.

sample parachutes and other war products to send to contractors as examples during a bid. Instead, they had to rely on rejected, or substandard, silk from another manufacturer.²⁰⁹ This regulation limited their competitiveness in the bidding process. Nor could the company always make test samples to help them plan their production set-up, another departure from the company's standard procedures.

The scarcity of machine tools also negatively affected Real Silk's production schedules. Metals, as well as factories capable of producing new machine tools were scarce, and the ANMB's pre-war planning for machine tool shortages was decidedly insufficient. Despite estimates that industry demand for machine tools would triple in 1942, available machine tools actually decreased at the end of 1941. Although machine tool production increased six fold by the end of 1942, supply never met astronomical demands and shortages existed throughout most of the war.²¹⁰ Both shortages and bureaucratic red tape made it nearly impossible for Real Silk to obtain new machines for its war production department. In a letter to WPB director, Donald M. Nelson, Real Silk's Vice President, Joseph Givner, expressed the company's frustration at being given the run-around by WPB and the Air Force, both of which failed to give Real Silk the priority necessary to obtain 30 new machines needed to finish a contract. He wrote, "...what does a fellow have to do to get these vital machines in order to get the job done—on time—and profitably?"²¹¹ Materials to repair machines were also difficult to obtain. By October 1942, the textile industry was operating at double the 1940 rate, yet it

²⁰⁹ F.B. Riechmann to G.A. Efroymsen, November 17, 1941, Box 29, Folder 1, RSC-IHS.

²¹⁰ Koistinen, *Arsenal of World War II*, 117-118.

²¹¹ Joseph Givner to Donald M. Nelson, March 3, 1943, Box 29, Folder 10, RSC-IHS.

received only 11.8 percent of the steel that it consumed in 1940 for maintenance and repair, and what machine parts it did receive were delivered irregularly.²¹²

After Real Silk obtained the raw materials necessary for its war contracts, more complications awaited the factory in the actual manufacturing process. In its prewar production, Real Silk was accustomed to controlling the purchase of raw materials (especially silk), designing its own products, engineering the manufacturing process, and conducting its own inspections of finished goods. The company had its own designer, Francis Gadis, and a design department dedicated to developing most of the products that the company distributed. In-house industrial engineers would then develop a method for mass-producing these designs in the factory. With war contracts, however, Real Silk had little to no control over the design of the products to be manufactured. Usually, the contractor sent out drawings of the items to be made to various bidders. Factories then made a sample of the product based on the drawing and sent both the sample and an estimated cost per piece to the contractor.²¹³ If Real Silk offered the lowest bid and the sample was satisfactory, the contractor would offer the job to Real Silk. The product dimensions, construction, and material specifications were set in advance and a manufacturer could only guarantee the price if the specifications remained consistent.

Unfortunately, war contractors often changed the specifications or size of the order mid-contract, and each modification interrupted the manufacturing process and made controlling the price per piece more difficult. According to the Ordnance Department's 'Ordnance Procurement Instructions,' "The contracting officer may at any time, by a written order, and without notice to the sureties, make changes in the drawings

²¹² Meeting XXXV: October 13, 1942, "Feasibility of the War Production Program," *WPB Minutes*, 144; Truman Committee Hearing, 12878.

²¹³ George H. Morgan to "Co-Worker," September 20, 1943, Box 30, Folder 9, RSC-IHS.

or specifications. Changes as to shipment and packing of all supplies may also be made as above provided.”²¹⁴ Essentially, government and military contractors could stop a contract at any point and change product and shipping specifications without any advanced notice.

Sudden changes in design wreaked havoc on Real Silk’s production process.²¹⁵ Changing specifications meant that production had to be stopped while the assembly line was modified. Further delays resulted as the factory waited to obtain new material, or spent time altering completed products to meet the new design specifications.²¹⁶ In 1942 alone, 7 out of 26 (over 25 percent) of the contracts Real Silk accepted experienced changes in order size or design specifications.²¹⁷ Real Silk’s subcontract with McInerney Spring & Wire Co. for M-40 parachutes provides a clear example of how deviations from the original design and construction materials introduced problems into the planned manufacturing process. The company’s war contracts representative complained that “There was continual changes coming through on this [contract] and there has been no end of difficulties encountered with this contract.”²¹⁸ First, the shroud cords issued for the contract were changed to rayon from the original material with which Real Silk experimented when bidding on the contract. The rayon cords were thicker than the

²¹⁴ “Ordnance Procurement Instructions: Part 56—Ordnance Department Industry Integration Committees,” December 1, 1942, p. 56,008, Box 29, Folder 13, RSC-IHS.

²¹⁵ In a 1943 survey for the Smaller War Plants Corporation, Real Silk identified “changes in specification” as one of two reasons why the company was running behind on scheduled delivery dates for war contracts. The other reason was labor supply, which will be discussed further in Chapter 4. United States of America Smaller War Plants Corporation, “Report of Shipments, Orders and Other Data,” May 8, 1942, p. 1, Box 30, Folder 9, RSC-IHS.

²¹⁶ The Michigan automobile industry experienced similar problems with relentless changes in war product design and abrupt transitions from production of one product to another. Despite the automobile industry’s extensive experience with changing automobile models annually, the extreme speed with which the industry had to modify designs and switch production to new items in wartime caused problems for even this high-priority industry. Clive, *State of War*, 30.

²¹⁷ “War Contracts,” Inter-Organization Correspondence, October 28, 1942, p. 2, Box 29, Folder 1, RSC-IHS; “Inter-Organization Correspondence,” October 30, 1942, n.p., Box 29, Folder 1, RSC-IHS.

²¹⁸ “Inter-Organization Correspondence,” October 28, 1942, p. 2, Box 29, Folder 1, RSC-IHS.

original variety and extra steps had to be added to the manufacturing process to connect the cords to couplings designed for a thinner cord. This, in turn, increased the man-hours and cost-per-item. Second, the contractor provided Real Silk with a different type of fabric than called for in the design, so extra stitching had to be applied to each piece to prevent the material from running. Thus extra man-hours were logged for each item.²¹⁹

In some cases, changes in specifications also meant the return and repair of many finished goods that the factory had already shipped. For example, in one M-26 parachute contract, the government approved a new method for attaching shroud lines to the parachutes mid-contract. A load of M-26 parachutes already assembled and shipped by Real Silk using the old method were returned for repairs. Faced with the possibility of having to shoulder the expense of repairing the parachutes, industrial engineer A.A. Zimmer argued in a memo that the company should not be held financially responsible for parachutes made correctly under the old specifications.²²⁰

At other times, rejected items were the result of what Real Silk's management deemed the impossible standards of government product inspections. For example, most experienced employees were used to working with one or two needle machines, but parachutes required the use of four-needle machines. Real Silk considered it satisfactory for three of the four threads to catch the fabric, but government testers at Wright Field for one of the parachute contracts considered this unacceptable.²²¹ This parachute contract demonstrates the variation between the government and the factory standards.²²²

²¹⁹ "Inter-Organization Correspondence," October 28, 1942, pp.1-2, Box 29, Folder 1, RSC-IHS.

²²⁰ A.A. Zimmer to G.E. Burke, "Subject: Repairing Returned M-26 Sleeves," November 13, 1942, Box 30, Folder 8, RSC-IHS.

²²¹ "Conference between Representative of Real Silk Hosiery Mills, Inc., and American Federation of Hosiery Workers," February 4, 1943, pp. 56-57, Box 9, Folder 12, RSC-IHS.

²²² A side-by-side comparison of the Government's inspection report on Real Silk's sample 2-S1 human parachute and the company's responses to the inspection points provide further examples of the

Throughout the war, different government contractors sent their own inspectors to factories across the nation to inspect products. One Army Air Force (AAF) inspector, referred to as “Mr. Griffin,” was particularly troublesome to Real Silk. In March 1943, the Army Air Force Inspection Section demoted Real Silk’s factory to a Class D rating on quality control, which constituted a non-approval rating. However, Joseph Givner asserted that the sub-standard quality was more due to the lack of quality specifications or standards from the Ordnance Department than the company’s Inspection Department. Since Ordnance Department inspector Griffin did not provide consistent standards, Real Silk’s in-house inspectors did not know what to look for. In addition, Real Silk employees accused Mr. Griffin of being “temperamental [*sic*], when anyone fails to agree with his way of thinking, he starts to penalize the company and United States Government by rejecting chutes for things that he had been approving the previous day.”²²³ Rejections of finished products happened so frequently, Joseph Givner complained that employees spent as much time fixing rejected chutes and waiting for broken machines to be repaired as they did in making new goods.²²⁴

Real Silk did not always falter under the pressure of sudden changes in war contract orders, however. On several occasions, the Philadelphia Quartermaster Corps contracted with Real Silk to produce mosquito bars, but abruptly requested that the factory stop production and switch to making sandfly bars out of the material supplied. In one rush order, Real Silk made 6,000 sandfly bars in five days. Each time the company

disconnect between Government inspection standards and those of the company. A.A. Zimmer to G.A. Efrogmson, October 12, 1942, Box 29, Folder 10, RSC-IHS.

²²³ Joseph Givner to Louis B. Vanderhorst, “Subject: Quality Control,” April 30 1943, Box 29, Folder 16, RSC-IHS; A.A. Zimmer to J. Givner, “Re: Meeting Tuesday with Mr. Nicholas, Lt. Nutter, and Mr. Vanderhorst,” March 8, 1943, Box 29, Folder 16, RSC-IHS.

²²⁴ “Conference between Representative of Real Silk Hosiery Mills, Inc., and American Federation of Hosiery Workers,” February 4, 1943, pp. 56-7, Box 9, Folder 12, RSC-IHS.

met the demanding deadlines, it received written commendations from the Quartermaster for doing such a good job on short notice.²²⁵

But more often, contract or design alterations were too monumental to avoid increased costs or delayed deliveries. For example, on another contract for sandfly bars, Real Silk's workers managed to produce twice as many bars as the company predicted in their bid to the Quartermaster. However, the company still lost money. And when the government requested that the company return to making mosquito bars again, the company lost more money in the transition.²²⁶ Unnecessarily high product standards, inconsistent inspections methods, and frequent changes in contract specifications resulted in production bottlenecks and an incredible waste of money on war contracts. In fact, the WPB estimated that changes in war material designs or specifications were responsible for over ninety-percent of cost overages on war contracts.²²⁷

Real Silk was also at the mercy of individual war contractors when it came to alterations in contract size and sudden cancellations. One of the greatest challenges the U.S. war mobilization program faced was trying to accurately predict supply needs for the Armed Forces. As circumstances on the battlefield changed, requirements also changed. Changes in military supply needs often trickled down to individual manufacturers in the form of contract reductions and cancellations.²²⁸

In one sub-contract with the Bunswick-Balke Collender Co. of Muskegon, Michigan, an order for 110,000 M-26 sleeves was cut in half, leaving Real Silk with only

²²⁵ Thos. W. Jones to Real Silk Hosiery Mills, Inc., September 14, 1942, Box 29, Folder 5, RSC-IHS; Thos. W. Jones to Real Silk Hosiery Mills, Inc., October 24, 1942, Box 29, Folder 5, RSC-IHS; "War Contracts," Inter-organization Correspondence, October 28, 1942, Box 29, Folder 1, RSC-IHS.

²²⁶ "Conference," January 7, 1943, p. 26, Box 29, Folder 13, RSC-IHS.

²²⁷ Meeting XXIX: May 2, 1942, "Cost Control and Contract Negotiation," *WPBC*, 52.

²²⁸ Smith, *The Army and Economic Mobilization*, 613-616.

55,000 sleeves to produce. The contract was changed again later on, which cut the order to 30,272 sleeves and reduced the value of the contract from \$77,000.00 to \$46,316.16. The Ordnance Department ordered too many flares and asked prime contractors to cut down the number of flares they made, and the reduced order passed on to the subcontractors like Real Silk as well. O.P. Larson reported that the change in contract order and specifications “caused a great deal of paper work, cancelling orders for materials and supplies due to this mandatory change.”²²⁹ Each time a procurement agency cut an order, the total value of the contract decreased, leaving Real Silk with less profit.

The military procurement agencies also reserved the right to cancel contracts.²³⁰ For example, in a parachute contract with Real Silk, the Army Air Corps included a provision allowing them to cancel the contract at any time. In this case, Real Silk would be reimbursed for the portion of the contract completed at the time of termination, as well as the expense for all supplies purchased for the uncompleted portion of the contract. In addition the government would pay a profit to Real Silk for the uncompleted portion by estimating the profit that would have been made on the uncompleted portion of the contract and multiplying it by the percentage already completed.²³¹ While this may seem fair, the company’s auditor, R.W. Buhl, pointed out that the profit-calculation system was not advantageous to Real Silk. He argued that it was detrimental for Real Silk to be judged and compensated based upon the little production completed before a contract’s

²²⁹ “Inter-Organization Correspondence,” October 30, 1942, Box 29, Folder 1, RSC-IHS.

²³⁰ For example, the government cancelled the remaining balance of a contract for hosiery. The factory still had approximately 1,000 pairs left to make out of an order for 3,360, or one-third of the contract left. Arthur J. Cobert, “Form for Indianapolis Reports on War Contracts for Hosiery, Week Ending August 28, 1943,” September 1, 1943, Box 29, Folder 4, RSC-IHS.

²³¹ “Excerpt from Cargo Chute Contract—Wright Field,” attached to Memorandum from Joseph Givner to C.E. Shrader, May 11, 1943, p. 1, Box 29, Folder 10, RSC-IHS.

termination, because production rates were at their lowest when a factory retooled and modified for new contracts. The production rate increased and the costs were reduced further into the contract, as new employees settled into the production rhythm and engineers perfected the production process for the new item.²³²

When the war products were finally finished and approved by the in-house and government inspectors, they awaited transportation from the factory to military destinations. In the pre-war economy, Real Silk had a great deal of control over the transport and distribution of its finished goods. As one of the largest direct-sellers of hosiery, Real Silk had a national network of district offices that oversaw the sale and distribution of the company's products. The mill relied heavily on transportation by itinerant or "gypsy" trucks.²³³ However, during the war, much of the company's transportation autonomy disappeared when a new government organization, the Office of Defense Transportation (ODT), began directing the national transportation system.

President Roosevelt created the Office of Defense Transportation by Executive Order on December 18, 1941. This wartime agency was responsible for ensuring the maximum utilization of the nation's domestic transportation facilities and managing transportation properties seized by the government during the war.²³⁴ ODT's oversight encompassed railroads, motor vehicles, pipelines, air transport, inland waterway and coastal and intercoastal traffic, and all other domestic transportation services. The agency also represented transportation concerns at the meetings of other government agencies.

²³² R.W. Buhl to C. Shrader, "RE: Cancelled Cargo Chute Contract," May 10, 1943, Box 29, Folder 10, RSC-IHS.

²³³ Real Silk received several notices of legislation backed by railroad interests that targeted truck transport. The information was sent to direct-selling companies as a warning of the threat railroads posed to these companies' distribution methods. This evidence suggests that Real Silk and other direct sellers relied on truck transportation. See Robert L. Smith to Philip Meyers, May 6, 1939, Box 17, Folder 9, RSC-IHS; Memorandum to Mr. Mueller, "Public Relations--(Railroads)," April 21, 1939, Box 17, Folder 9, RSC-IHS.

²³⁴ Kennedy, *World War II Companion*, s.v., "Office of Defense Transportation," 214.

ODT focused heavily on maximizing the efficiency of the railroad systems. In 1940, locomotives carried 61 percent of the nation's freight. By 1943 this percentage had increased to 72 percent. Unlike WWI, when the government seized control of the railroads and other forms of transportation, ODT relied on voluntary cooperation from industry executives and associations, producing better results in WWII.²³⁵

The ODT often clashed with WPB over allocation of resources and a debate over whether or not to institute a priorities system for defense transportation. While WPB permitted an adequate number of locomotive engines to be produced, the agency did not allow for the production of an adequate number of passenger and freight cars. Instead, ODT had to maximize use of existing railroad car capacity, putting greater stress on the existing railroad system. Steel and other repair materials were also scarce and the War Production Board supplied only a fraction of the material necessary for the upkeep of the railroad system. The Director of Defense Transportation issued public statements implying that if the railroads did not meet wartime requirements, the WPB's inadequate supply of materials to the railroad program were to blame.²³⁶

ODT had little success in managing waterborne traffic and motor vehicles, and neither of these transportation modes removed much burden from the railroads. Voluntary methods did not work as well for the millions of trucks, buses, and other motor vehicles scattered in decentralized systems throughout the nation. Eventually, ODT passed the responsibility for their regulation to the Office of Price Administration which

²³⁵ Koistinen, *Arsenal of World War II*, 250-2.

²³⁶ The Planning Committee to Donald M. Nelson, Memorandum, "Subject: Transportation," July 24, 1942, *WPBPC*, 149-151; Civilian Production Administration, Bureau of Demobilization, *Industrial Mobilization For War, History of the War Production Board and Predecessor Agencies, 1940-1945, Volume I: Program and Administration* (Washington, D.C.: United States Government Printing Office, 1947), 560-562; Koistinen, *Arsenal of WWII*, 250-251.

oversaw the rationing of vehicles, tires, and gasoline.²³⁷ Critical shortages of rubber limited the number of new domestic vehicles that could be produced and restricted repairs on existing vehicles. Overseas transportation needs also diverted a great deal of ships used for domestic waterborne commerce to ocean transportation.²³⁸

Throughout the war, the defense transportation system became increasingly congested. Beginning in May 1942, the Office of Defense Transportation required that Real Silk and 2,300 other industries send in reports tracking the amount of traffic leaving their factories to transport finished goods. This measure was intended to document regional transportation use and help the ODT to coordinate war industries' needs for railroad and automotive transportation of war supplies.²³⁹ For Real Silk, delayed transportation of goods and raw materials meant another clog in its production machine. In a memo to Efroymsen, Joseph Givner expressed concern about the delayed removal of finished goods from Real Silk's warehouses. The company's storage spaces filled to the brim as it awaited government freight cars to remove the goods and ship them overseas. With no further storage space for finished goods, factory workers could not begin on the next contract. There was nowhere to put the new textiles rolling off the assembly line.²⁴⁰

An even greater problem was the payment delay that the bogged down transportation system caused. According to Efroymsen's memo, Real Silk did not receive payment until the war materials actually shipped, forcing the company to shoulder production costs until a government check arrived. With no place to store newly produced items and no money to pay the workers, Real Silk had to lay off many workers

²³⁷ Koistinen, *Arsenal of World War II*, 250-253.

²³⁸ The Planning Committee to Donald M. Nelson, Memorandum, "Subject: Transportation," July 24, 1942, *WPBPC*, 149.

²³⁹ Joseph B. Eastman to Mr. G.A. Efraymsen [*sic*], May 14, 1942, Box 29, Folder 3, RSC-IHS.

²⁴⁰ Joseph Givner to G.A. Efroymsen, January 22, 1943, Box 29, Folder 2, RSC-IHS.

between contracts, impeding the company's ability to retain a trained labor force. The transportation problem is just one example of how the U.S. industrial mobilization program was plagued with chain reaction hindrances. In just this one case, inefficiencies in wartime transportation caused storage, financial, and labor problems for Real Silk.²⁴¹

Despite the many obstacles the company faced in 1942 and early 1943, it did eventually begin to adapt to wartime demands. Company reports in 1943 revealed that the majority of the war contracts in progress near the end of 1943 were on schedule.²⁴² Also, the company's net profit rose to \$700,285.46 in 1943 from the miniscule 1942 profit of \$76,208.68. Unfortunately, Real Silk's records on war contracts only cover 1942-1943. Annual reports for 1944 and 1945 provide the only insight, though limited, into how the company fared throughout the rest of the war. Although the factory's sales and operating profit rose each year from 1944-1945, the net profit dropped below the prewar 1941 level of over \$500,000. Net profit amounted to \$479,546.54 in 1944 and \$408,791.21 in 1945. Just as the factory started to adapt to war production and began making reasonable financial gains at the end of 1943, federal excess profits tax on war goods cancelled much of these financial gains.²⁴³ In 1944, excess profits taxes cancelled over \$1,080,000 of

²⁴¹ Joseph Givner to G.A. Efroymson, January 22, 1943, Box 29, Folder 2, RSC-IHS.

²⁴² "Weekly War Contract Status Report," August 23, 1943-December 27, 1943, Box 29, Folder 2, RSC-IHS.

²⁴³ Profiteering during WWI had been such a problem that the U.S. government introduced a corporate excess profits tax in 1940 to limit the rising wartime profits of some businesses in WWII. The Second Revenue Act of 1940 created the excess profits tax, with a top rate of 50 percent. The Revenue Act of 1941 increased the rate by ten percent. The rate continued to increase throughout the war to a high of 95 percent in 1943, until it was finally repealed on November 8, 1945 in the Revenue Act of 1945. Excess profit taxes did not affect the Real Silk's profits until 1944. The company lost so much money on war contracts in 1942 that it did not have excess profits to return that year. The losses in 1942 were so monumental, that the company received enough excess profit tax credits to cover the 1943 excess profit taxes, eliminating the effect of these taxes on profits that year. Koistinen, *Arsenal of World War II*, 433-434; Urban Institute and Brookings Institute, Tax Policy Center, "Major Enacted Tax Legislation, 1940-1949," <http://www.taxpolicycenter.org/legislation/1940.cfm#Revenue1940> (accessed 6 October 2013); "Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31,

company profits and in 1945 it removed \$475,000 in profits.²⁴⁴ Ultimately, the company's profits peaked briefly in 1943, but declined throughout the rest of the war.²⁴⁵

1942," Box 1, Folder 22, RSC-IHS; "Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1943," Box 1, Folder 22, RSC-IHS.

²⁴⁴ "Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1944," Box 1, Folder 22, RSC-IHS; "Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1945," Box 1, Folder 22, RSC-IHS.

²⁴⁵ According to Field, the entire U.S. mobilization program reached peak production in 1943. Field, "U.S. Productivity Growth," 680.

Chapter 4

Labor Problems

In January 1943, the War Production Board (WPB) identified four major bottlenecks that inhibited the industrial war machine: critical raw materials, food products, transportation, and labor supply.²⁴⁸ Two of these bottlenecks—critical raw materials and transportation—were discussed in the previous chapter. This chapter will focus on the last bottleneck—labor supply—which quickly developed into the most pressing issue in the national mobilization program and remained so until the end of the war. Unique circumstances presented by the war completely reshaped the labor market, affecting the quantity, quality, and composition of the workforce. The Armed Services pulled men from the American workforce at the same time that the nation required more industrial workers than ever before to meet production demands. In March 1942, the WPB estimated that “between the end of 1940 and the end of 1942 the number of defense workers will [have] increased by 15.8 million and the armed forces by 3.4 million.”²⁴⁹ As the Armed Services, industry, agriculture, and government competed for manpower, the labor supply began to run dry.

By May 1941, the supply of skilled labor essential to industry was nearly exhausted filling war supply orders both at home and abroad in such programs as Lend-

²⁴⁸ Civilian Production Administration, Bureau of Demobilization, Meeting 69: January 22, 1943, “Comparative Study of War-Time Trends,” *Minutes of the Planning Committee of the War Production Board, February 20, 1942 to April 1, 1943*, Historical Reports on War Administration: War Production Board Documentary Publication No. 5 (Washington, D.C.: U.S. Government Printing Office, 1946), 112 (hereafter cited as *WPBPC*.)

²⁴⁹ The Civilian Production Administration, Bureau of Demobilization, Meeting VII: March 3, 1942, “Labor Supply,” *Minutes of the War Production Board*, Historical Reports and War Administration: Documentary Publication No.4 (Washington, D.C.: United States Government Printing Office, 1946), 21 (hereafter cited as *WPB Minutes*.)

Lease.²⁵⁰ Employers looked to untapped sources of labor and recruited women and African American workers more heavily.²⁵¹ More importantly, the average skill level of the workforce decreased as skilled male workers left for war. Industries had to lower their employment standards and invest more time and energy into training workers. Unlike the Depression Era, when skilled workers were forced to take jobs wherever they could find them, the wartime labor market favored the individual worker who could have his or her pick of available jobs in the midst of crushing labor shortages.²⁵² Both labor shortages and changes in the composition of the local labor market affected Real Silk's business operations during the war, and limited the ability of the company to remain profitable and meet production demands.²⁵³

As manpower mobilization grew more complex, President Roosevelt created the War Manpower Commission (WMC) by executive order on April 18, 1942, "to assure

²⁵⁰ George Q. Flynn, *The Mess in Washington: Manpower Mobilization in World War II* (Westport: Greenwood Press, 1979), 38.

²⁵¹ For more on women workers in WWII see Chester W. Gregory, *Women in Defense Work During World War II: An Analysis of the Labor Problem and Women's Rights* (New York: Exposition Press, 1974); Nancy Felice Gabin, "Women Defense Workers in World War II: Views on Gender Equality in Indiana," in *The Home-Front War: World War II and American Society*, eds. Kenneth Paul O'Brien and Lynn Hudson Parsons (Westport: Greenwood Press, 1995): 107-118; Emily Yellin, *Our Mothers' War: American Women at Home and at the Front During World War II* (New York: Free Press, 2004); Flynn, *The Mess in Washington*, 172-186. For more on African American workers in World War II see Flynn, *The Mess in Washington*, 149-171; Karen Tucker Anderson, "Last Hired, First Fired: Black Women Workers During World War II," *The Journal of American History* 69, no.1 (June 1982): 82-97; Neil A. Wynn, *The African American Experience During WWII* (Lanham: Rowman & Littlefield, 2010); Cornelius L. Bynum, *A. Philip Randolph and the Struggle for Civil Rights* (Urbana: University of Illinois Press, 2010), Chapter 9.

²⁵² Indiana Employment Security Division, *Indiana at War: A preliminary study prepared for the first meeting of the Indiana Historical Commission*, December 15, 1943, pp. 8-9, Indiana Pamphlet Collection, Indiana State Library (hereafter cited as IPC-ISL); For more on the increased power of the individual worker see James B. Atleson, *Labor and the Wartime State: Labor Relations and Law during World War II* (Chicago: University of Illinois Press, 1998), 141.

²⁵³ In a 1943 survey for the SWPC, Real Silk identified "labor supply" as one of two reasons the company was behind on its scheduled deliveries for war contracts. United States of America Smaller War Plants Corporation, "Report of Shipments, Orders and Other Data," May 8, 1943, p. 1, Box 30, Folder 9, RSC-IHS.

the most effective mobilization and utilization of the nation's manpower for war."²⁵⁴ Roosevelt placed former Indiana governor Paul V. McNutt at its head. Unlike materials and products, human resources could not be managed through strict priority and allocation systems, so the WMC chairman relied heavily on localism and voluntarism to solve the manpower crisis.²⁵⁵ Although the Manpower Priorities Committee of the WMC attempted to prioritize labor resources according to greatest need per industry, workers could not be forced to accept a particular job or switch to a higher priority position. Individuals sought employment at businesses with the highest wages and the best working conditions.²⁵⁶ Also, according to a 1946 evaluation of the Indiana War Manpower Commission, the commission reported that the Manpower Priorities Committee for the Indianapolis area lost effectiveness because of inflation in priority ratings. The committee was too liberal in granting priorities to employers who requested them. Additionally, as rivalries emerged between government and military agencies that contracted with companies in Indianapolis, it became apparent that these agencies were more concerned with obtaining privileges than with solving the manpower problem in Indianapolis. The report stated, "[i]n the few instances in which the WMC attempted to enforce its regulations through withdrawal of priority, it was noticeable that the Priorities

²⁵⁴ Executive Order no. 9139 officially created the War Manpower Commission. U.S. War Manpower Commission, Indiana, *The War Manpower Commission in Indiana, 1943-1945*, May 1946, p. 6, IPC-ISL.

²⁵⁵ For more on McNutt's voluntaristic and localistic approach to manpower mobilization see Flynn's *The Mess in Washington*.

²⁵⁶ U.S. War Manpower Commission, Indiana, *The War Manpower Commission in Indiana, 1943-1945*, May 1946, pp. 51-55, IPC-ISL; Flynn, *The Mess in Washington*, 56.

Committee would still grant the priority requested.”²⁵⁷ A National Service Act (labor draft) was considered throughout the war, but it never became law.²⁵⁸

While the entire nation suffered from labor shortages, the nature of these shortages and the labor market were distinctive for each geographical area. As such, McNutt recognized that manpower resources would be best managed by local agencies and organizations.²⁵⁹ To support his localistic approach to manpower mobilization, McNutt enlisted the aid of the United States Employment Service (USES). The USES had an established network of employment offices throughout the nation and could supply the WMC with information on local labor situations and offer its existing employment placement services to aid manpower mobilization.²⁶⁰ On September 17, 1942, the WMC assumed control of the USES and added the organization’s networks and services to its resources.²⁶¹

The WMC divided the nation into service regions overseen by regional branches of the organization. Indiana was a part of Region VI, which encompassed Indiana, Illinois, and Wisconsin with a regional office in Chicago until the WMC opened a branch office in Indianapolis in 1943.²⁶²

²⁵⁷ U.S. War Manpower Commission, Indiana, *The War Manpower Commission in Indiana, 1943-1945*, May 1946, p. 57, IPC-ISL.

²⁵⁸ See Flynn, *The Mess in Washington*, Chapter 4.

²⁵⁹ *Ibid.*, 11.

²⁶⁰ Flynn, *The Mess in Washington*, 55-56.

²⁶¹ *Ibid.*, 17.

²⁶² U.S. War Manpower Commission, Indiana, *The War Manpower Commission in Indiana, 1943-1945*, May 1946, p. 6, IPC-ISL.

The Indiana labor market experienced severe shortages and “by the fall of 1943, the normal labor market throughout Indiana had been practically exhausted.”²⁶³ In fact, of the 2,455 businesses in the state that ceased operation from 1940 to 1942, 1,111 were forced to terminate because they had fewer employees than required to stay open, making this the number one reason for business termination in the early years of the war.²⁶⁴ The most severe and widespread shortages existed from the fall of 1943 to mid-1945.²⁶⁵ Indianapolis’s own shortages throughout this period were classified as “serious” to “critical,” the second and first most severe categories, respectively.²⁶⁶

To help alleviate the shortage of skilled labor and other labor problems that emerged, area offices of the Indiana WMC adopted a statewide Employment Stabilization Plan on October 14, 1943. Employment Stabilization Programs were instituted by the WMC in the most problematic labor areas throughout the nation.²⁶⁷ The objectives of this plan were:

²⁶³ At the outset of the war, the WMC divided Indiana into ten labor market areas, and all but one of these areas were initially identified as having serious labor shortages. In December 1942, the WMC introduced a classification system that illustrated the national labor distribution. Cities were grouped under four categories with a “Group IV” classification indicating a labor surplus and a “Group I” classification indicating a severe labor shortage. Those cities assigned “Group I” status were among those with the greatest labor shortages. Group I cities included many major U.S. industrial centers such as Buffalo, NY, Detroit, MI, San Francisco, CA, and Houston, TX. On October 1, 1943, Indianapolis was reclassified from a “Group II” city (expecting labor shortages) to a “Group I” city. Although the city reverted to Group II status in February 1944, the WMC returned the city to Group I from April 1945 to September 1945. U.S. War Manpower Commission, Indiana, *The War Manpower Commission in Indiana, 1943-1945*, May 1946, p. 8, IPC-ISL. For labor area reclassification, see Hugh M. Ayer, “Hoosier Labor in the Second World War,” *Indiana Magazine of History* 59, no. 2 (June 1963): 99-100; Flynn, *The Mess in Washington*, 39, 59-60; David J. Bodenhamer and Robert G. Barrows, eds., *The Encyclopedia of Indianapolis*, s.v. “War Manpower Commission,” (Indianapolis: Indiana University Press, 1994), 1410-1411.

²⁶⁴ Indiana Employment Security Division, “Table 1. Reason for Termination by Calendar Quarters,” *Indiana at War: A preliminary study prepared for the first meeting of the Indiana Historical Commission*, December 15, 1943, p. 29, IPC-ISL.

²⁶⁵ Hugh M. Ayer, “Hoosier Labor in the Second World War,” *Indiana Magazine of History* 59, no. 2 (June 1963): 100.

²⁶⁶ U.S. War Manpower Commission, Indiana, “Classification of Labor Market areas in Indiana,” *The War Manpower Commission in Indiana, 1943-1945*, May 1946, n.p., IPC-ISL.

²⁶⁷ Flynn, *The Mess in Washington*, 61-62.

- a. the elimination of the wasteful labor turnover in essential activities,
- b. the reduction of unnecessary labor migration,
- c. the direction of the flow of scarce labor where most needed in the war program,
- d. the maximum utilization of manpower resources,
- e. the establishment of procedures for the orderly transfer of essential workers.

Measures of the plan included the establishment of a 48-hour work week, a priority urgency rating program, a priority referral program, and the regulation of employee transfers from one business to another.²⁶⁸ However, a 1946 report on the Indiana WMC observed that the Employment Stabilization Program was entirely voluntary and “due to a lack of enforceable sanctions or any sort of penalty for violation, lost a certain amount of effectiveness.”²⁶⁹

In order to guide local labor programs, the Indiana Employment Security Division (ESD), an employee placement service, collected statistical data on local labor markets throughout the state. The division chose a select number of businesses in each labor area as subjects for study, and gathered statistics on labor turnover rates, numbers of female and African American employees, labor migration, and anticipated local labor supply, among other data. Real Silk was included in the ESD’s study of the Indianapolis Labor Market Area and the statistical data about the company in these reports, combined with the company’s own records, shed light on the textile manufacturer’s struggles to remain competitive in a tumultuous labor market.²⁷⁰

²⁶⁸ Indiana Employment Security Division, “Employment Stabilization Plan for Indiana,” in *Indiana at War: a preliminary study prepared for the first meeting of the Indiana Historical Commission*, pp. 33-38, IPC-ISL.

²⁶⁹ U.S. War Manpower Commission, Indiana, *The War Manpower Commission in Indiana, 1943-1945*, May 1946, p. 58, IPC-ISL.

²⁷⁰ See Employment Security Division, *Labor Market Developments Reports for Indianapolis, Indiana, Labor Market Area, 1941-1946*, 3 vols., Box 38-40, Indiana State Archives (hereafter cited as ISA.)

Like many other industries in the U.S., the textile industry experienced severe labor shortages. In fact, later in the war, the WPB identified the textile industry as among the most difficult for which to recruit “able-bodied male workers.”²⁷¹ Also, between VE and VJ day in 1945, labor shortages would persist in textile plants (as well as foundries, logging and lumbering, food processing plants, and railroad track labor) despite the fact that the nation was switching to a one-front war and many industries were facing fewer shortages.²⁷² The labor shortage was reflected on a more local level when power sewing machine operators, an essential type of textile employee, ranked among the top five critical labor shortages in a list compiled in the Indianapolis Labor Market Reports for July and September 1943.²⁷³ In fact, the silk and rayon goods industries, as well as the hosiery industry, were among the few industries in which the labor force contracted rather than expanded during the war. Nationwide employment of workers in silk and rayon goods manufacturing dropped from 108,000 workers in 1941 to 97,800 in 1943. Overall employment in the hosiery industry dropped from 150,000 in 1941 to 123,000 in 1943.²⁷⁴ According to a 1943 Textile Workers Union of America report, curtailment of certain civilian items and shortages of raw materials essential to the textile industry were largely responsible for the decrease in employees.²⁷⁵

²⁷¹ Meeting LXXXIII: June 13, 1944, “Manpower,” *WPB Minutes*, 339.

²⁷² Meeting XCVIII: May 22, 1945, “Manpower Outlook for a One-Front War,” *WPB Minutes*, 409.

²⁷³ Employment Security Division, “Table E-1. Recent Trends in Critical Shortages in Selected Establishments,” Labor Market Developments Report for Indianapolis, Indiana, Labor Market Area, October 1943, p. 16, Box 38, ISA.

²⁷⁴ Figures are for January of the reported years. See “Table I.—Employment in Textile Industry 1941-43,” in United States Senate Special Committee Investigating the National Defense Program. Part 27, Textile Industry-Manpower and Production; Disposal of Surplus Property - Surplus Liquidators, Inc [electronic resource]: hearings before the United States Senate Special Committee To Investigate the National Defense Program, Seventy-Eighth Congress, second session and Seventy-Ninth Congress, first session, on Jan. 19, 31, Feb. 1, 2, 6-8, 14, 1945 (Washington, D.C.: U.S. Government Printing Office, 1945), 12877, <http://www.lexisnexis.com/congcomp/> (hereafter cited as Truman Committee Hearing.)

²⁷⁵ Truman Committee Hearing, 12877.

Real Silk began hiring for its new War Contracts Department in February 1942. The department started out with approximately a dozen employees, but quickly expanded. In May 1942, the department consisted of 263 employees and by December this number had grown to 1,336, reversing the workforce reductions caused by “priorities unemployment” in 1941.²⁷⁶ The peak employment in Real Silk’s War Contracts Department occurred in March 1943, when the department included 1,503 members, approximately half of the company’s entire Indianapolis workforce. Initial hiring for the department quickly exhausted the supply of experienced power sewing machine operators and power sewing machine mechanics in the Indianapolis area. The company then applied to the USES to search for additional sources of employees statewide and in adjoining states.²⁷⁷

²⁷⁶ “Real Silk Hosiery Mills, Inc.,” Indiana War History Commission Report, p. 4, Box 76, folder labeled “Economic Changes—Manufacturing, Real Silk Hosiery Mills,” IWHC-ISA; Employment Security Division, “Real Silk Hosiery Mills, Inc.,” Report of the Indianapolis Area Director, War Manpower Commission Labor Market Analysis, Appendix, p. x-6, Box 38, ISA.

²⁷⁷ “Real Silk Hosiery Mills, Inc.,” Indiana War History Commission Report, p. 4, Box 76, folder labeled “Economic Changes—Manufacturing, Real Silk Hosiery Mills,” IWHC-ISA.

As the nation geared up for war, Real Silk not only lost skilled male workers to the military, but many of its experienced female workers as well. The company newsletter, *Real News*, contains several features on women employees who left to join the Women's Army Corps (WAC), Army Air Forces School of Applied Tactics (AAFSAT), Women Accepted for Volunteer Emergency Service (WAVES, Navy), and Nurse's Corps.²⁷⁸

Eventually, Real Silk had to seek untapped sources of labor for recruitment. Traditionally, the textile industry employed a large number of women,²⁷⁹ so the influx of women into the labor market did not catch Real Silk off guard, as it did many other businesses.²⁸⁰ Before the war, women comprised a little over half of the factory's

²⁷⁸ Competition between industry and the military for manpower was a nationwide problem. For example, in the fall of 1943, an advertising campaign from Women's Army Corps (WAC) presented serious competition to WMC recruitment of women to industry and divided recruitment efforts. Byron Fairchild and Jonathan Grossman, *United States Army in World War II: The Army and Industrial Manpower* (Washington, D.C.: U.S. Government Printing Office, 1959), 171-172. For articles on Real Silk's women workers in the military see Real Silk Hosiery Mills, "We're Proud of Her," *The Real News* 2, no. 1 (January 1, 1944): 2, Indiana Book Collection, Indiana State Library (hereafter cited as IBC-ISL); "Georgia Peach," *Real News* 2, no. 5 (May 1, 1944): 1, IBC-ISL; "Lingerie's WAC," *Real News* 2, no. 6 (June 1, 1944): 8, IBC-ISL; "Is it Still Wonderful Linda," *Real News* 3, no. 2 (February 1, 1945): 1, IBC-ISL; "Seamer Cadet Nurse," *Real News* 3, no. 7 (July 1, 1945): 1, IBC-ISL.

²⁷⁹ Nancy Gabin pointed out that 20 percent of the 11 million women employed in 1940 worked in manufacturing. Of these 20 percent, a large number were concentrated in low-paid industries including "textiles and garments." She also indicated that women comprised the dominant labor force in the textile and garment industry before and after the war, even after the industry's shift to defense contracts. Gabin, "Women Defense Workers in World War II," 107, 110.

²⁸⁰ Nationwide, the number of women workers rose from approximately 10,800,000 in 1940 to 19,000,000 at its peak in 1944-1945. According to Gabin, Indiana had an especially large influx of female workers to industry in WWII. Gabin stated that "[i]n 1940, women represented 18 percent of those employed in manufacturing in the state. By the end of 1943, more than one-third of all factory workers in Indiana were women." In previously male-dominated industries such as iron and steel mills, the number of female employees increased as much as 260 percent by 1944. The sudden increase in female employees required factories to adjust their facilities and assembly line tasks to accommodate women's needs. For example, traditionally male-dominated industries did not have adequate rest-rooms and other service facilities for women. Tools and assembly-line configurations were also more commonly designed for men and needed to be adjusted to accommodate the height and lifting capacity of women. While Real Silk did have to make some adjustments in factory setups to accommodate women filling positions once held by male employees, the factory accommodated large numbers of women workers both in service facilities and assembly line configurations before the war. Flynn, *The Mess in Washington*, 172, 177; Gabin, "Women Defense Workers," 108; Chester W. Gregory, *Women in Defense Work During World War II: An Analysis of the Labor Problem and Women's Rights* (New York: Exposition Press, 1974), 51-66.

workforce.²⁸¹ In fact, the ESD's report on Real Silk emphasized that the textile manufacturer was "considered about the best spot in the city for women workers."²⁸² However, the total number of women in the factory did rise considerably to approximately eighty percent during the war, while other companies' numbers remained well below this mark.²⁸³ For example, in a survey of trends in employment of women in Indianapolis for November 1943, Electronic Laboratories, R.C.A. Victor Division, and P.R. Mallory Company came closest to matching Real Silk's large female workforce with 75.1 percent, 54.3 percent, and 53.9 percent female employees, respectively. Depending on the industry, most of the remaining companies cited in the Indianapolis Labor Market Survey contained a workforce comprised of fewer than 40 percent female employees.²⁸⁴ Despite the reluctance of many businesses to hire African American workers, even during extreme labor shortages, Real Silk actively recruited workers from this segment of the labor market through advertisements in the city's African American newspaper, the *Indianapolis Recorder*.²⁸⁵

Once the supply of skilled workers ran dry, the company looked to other sources of labor, especially among individuals who had never held a factory position. The USES encouraged factories to "reduce job specifications" and "[lower] hiring standards" to tap

²⁸¹ "Employee Statistics as of Sept. 19, 1940," n.d., Box 9, Folder 10, RSC-IHS.

²⁸² Employment Security Division "Real Silk Hosiery Mills, Inc.," Report of the Indianapolis Area Director War Manpower Commission, Labor Market Analysis, 1941-1943, Appendix, p. x-6, Box 38, ISA.

²⁸³ See Indianapolis Labor Market Reports in Employment Security Division, Report of Labor Market Developments, Indianapolis, 1941-1946, 3 vols., Box 38-40, ISA.

²⁸⁴ Employment Security Division, "Table E-4. Recent Trends in the Ratio of Number of Women Employed to Total Employment in Selected Industries and Establishments," Labor Market Developments Report for Indianapolis, IN, December 1943, p. 30, Box 38, ISA.

²⁸⁵ An advertisement in the African-American newspaper, the *Indianapolis Recorder*, called for women 20-50 years old to work on sewing projects at Real Silk. The company's advertisement indicates that the company was interested in both white and "colored" employees. "Real Silk to Pay Trainees for Factory Work Here," *Indianapolis Recorder*, July 25, 1942, p. 1, accessed IUPUI Digital Scholarship. For more on discrimination against African American workers in WWII, see Flynn, *The Mess in Washington*, Chapter 7 and Bynum, A. *Philip Randolph*, Chapter 9.

into unused sources of unskilled labor. To accommodate these less skilled workers, employers were encouraged to break down complex jobs into simpler tasks.²⁸⁶

The average skill level among Real Silk employees significantly decreased, and many of the company's remaining experienced foremen and managers were reassigned to war work.²⁸⁷ Yet even these experienced employees faced a learning curve to deal with unfamiliar machinery and new product lines. After skilled employees had transferred to war work, the company's vice president, Joseph Givner, noted that quality and service for the factory's traditional products, such as lingerie, decreased significantly.²⁸⁸ Overall efficiency in the factory decreased as well, especially in the War Contracts Department. For example, for the fiscal year 1939-1940, just before U.S. entry into WWII, the company enjoyed an error rate of less than 3 percent on the finished products it shipped.²⁸⁹ However, concerns about employee efficiency and speed are apparent in company documents from 1942-1943. One 1943 status report on several war contracts

²⁸⁶ U.S. War Manpower Commission, Indiana, *The War Manpower Commission in Indiana, 1943-1945*, May 1946, p. 3, IPC- ISL.

²⁸⁷ According to a 1943 Indiana Employment Security Division report on Real Silk, the company hired "inexperienced women, both white and nonwhite" to train as power sewing machine operators for war work. The ESD predicted that "future expansion will be along similar lines." Employment Security Division, "Real Silk Hosiery Mills," Report of the Indianapolis Area Director War Manpower Commission Labor Market Analysis, Appendix, x-6, Box 38, ISA.

²⁸⁸ Joseph Givner to Real Silk company management, August 27, 1942, Box 30, Folder 9, RSC-IHS.

²⁸⁹ Company records of product shipments for the C.O.D. Division reported a "Loss on Imperfects" of less than three percent for each shipment in existing 1939 and 1940 reports. "Comparative Statement of C.O.D. Operating Results, Real Silk Hosiery Mills, Incorporated," in C.O.D. Division Operating Profit \$15,113.73—Schedule B-2, Year Accumulated 1940 vs. 1939, April 1939/1940, Box 28, Folder 11, RSC-IHS; "Comparative Statement of C.O.D. Operating Results, Real Silk Hosiery Mills, Incorporated," C.O.D. Division Operating Loss \$-71,903.25—Schedule B-2, January 1939/1940, Box 28, Folder 11, RSC-IHS; "Comparative Statement of C.O.D. Operating Results, Real Silk Hosiery Mills, Incorporated," June 1939/1940, Box 28, Folder 11, RSC-IHS; "Comparative Statement of C.O.D. Operating Results, Real Silk Hosiery Mills, Incorporated." C.O.D. Division Operating Loss \$30,864.32—Schedule B-2, Year Accumulated 1940 vs. 1939, Box 28, Folder 12, RSC-IHS; "Comparative Statement of C.O.D. Operating Results, Real Silk Hosiery Mills, Incorporated," in C.O.D. Division Operating Profit \$99,242.87 (Sch. 1B), Box 28, Folder 13, RSC-IHS; "Comparative Statement of C.O.D. Operating Results, Real Silk Hosiery Mills, Incorporated," C.O.D. Division Operating Loss \$40,919.39—Schedule B-2, Year Accumulated 1940 vs. 1939, Box 28, Folder 13, RSC-IHS; "Comparative Statement of C.O.D. Operating Results, Budget 40A," in C.O.D. Division, Box 28, Folder 13, RSC-IHS.

indicated that production was slow and behind schedule, largely due to the inexperience of new trainee workers.²⁹⁰ On some war contracts, entire shipments of goods were sent back to the factory for repairs.

To improve workers' skill levels and fill the gaps left by the departure of skilled workers, the factory provided extensive training for new hires, as well as in-plant training courses. Schools, universities, and trade schools throughout the nation offered free courses aimed at training workers for skilled positions in war industries as part of the federal Engineering Science, and Management War Training Program.²⁹¹ One notable Indiana partner in the federal program was Purdue University. In a recruitment pamphlet, the university boasted that its instructors had trained 50,000 workers for war work in 100 cities. The Indiana institution offered courses both on its campus and on-site at workplaces through partnerships with individual businesses.²⁹²

Real Silk encouraged its employees to take courses through Purdue to increase the numbers of skilled workers the company desperately needed. Notices in the company newsletter urged employees to consider taking courses in Fundamentals of Manufacturing Accounting, Advanced Industrial Accounting, Production Methods, Production Control,

²⁹⁰ For example on a contract for M-26 sleeves, slow operators, inexperienced workers, and trainees were among the top reasons given for slow production. In the majority of the weeks reported, many operators produced far less than the original standard set for them. Inefficient workers were a problem on a mosquito bar and M-40 parachute contract, as well, though to a lesser extent. Another report on parachute production for the week of January 2, 1943 demonstrated that workers on the majority of operations or tasks for the contract were producing below 85 percent of the efficiency necessary to stay on the production schedule. For one operation, efficiency was as low as 46 percent. See Weekly & Cumulative Production Reports for M 26 Sleeves, M-40 Chutes, and Mosquito Bars, 1942-1943, Box 29, Folders 6 and 7; Joseph Givner to G.M. Morgan, May 27, 1943, Box 30, Folder 9, RSC-IHS; "Comparison of Chutes per Hour as Required by Wage Schedule December 21, 1942 Versus Actual Week Ended January 2, 1943," Box 29, Folder 9, RSC-IHS.

²⁹¹ Max Parvin Cavnes, *The Hoosier Community at War* (Bloomington: Indiana University Press, 1961), 360-365; Flynn, *The Mess in Washington*, 58-59.

²⁹² Purdue University, War Training Office, *Purdue War Training: Engineering, Science, Management, Free War Training Courses Offered by Purdue University Under the Authority of the United States Office of Education*, [1943?], IPC-ISL.

Industrial Management, Industrial Personnel Management, and Industrial Safety.²⁹³ Real Silk hosted at least one on-site Purdue training course on Manufacturing Accounting.²⁹⁴ However, the company maintained its own training school for power sewing machine operators, sewing machine mechanics, time study engineers, and fixers, and shouldered most of the training costs.²⁹⁵ Instructors were also kept on-site to train machine and hand operators and to help increase efficiency and quality.²⁹⁶

Although internal documents do not specify how much money was spent on employee training, company president Gustav Efroymson stated in the 1942 annual report: “During the past year your company expended a considerable amount for the training of a large number of employees for the new type of work. . . .”²⁹⁷ Nulty & Hurst Mill in Reading, Pennsylvania, a similar business, reported investing an average of \$150-\$200 to train each new hire.²⁹⁸ The increased wartime expense of training employees was unavoidable and would have been acceptable had the majority of new hires and trainees actually remained at the factory throughout the rest of the war. However, Real Silk experienced high turnover rates that transformed this once occasional training expense into an ongoing financial burden.

Despite investing a great deal of time and money in the training of wartime employees, high turnover rates necessitated the expenditure of more money to locate,

²⁹³ “Purdue University Extension Offers Free Training to Realsilkers,” *The Real News* 2, no. 2 (February 1, 1944): 3, IBC-ISL; “Purdue Extension Offers College Credit Courses,” *The Real News* 2, no. 11 (November 1, 1944): 2, IBC-ISL.

²⁹⁴ “The Accounting Class,” *Real News* 2, no. 4 (April 1, 1944): 1, IBC-ISL.

²⁹⁵ A fixer is a person who sets up, adjusts, and calibrates machines in a factory.

²⁹⁶ “Real Silk Hosiery Mills, Inc.,” Indiana War History Commission Report, p. 2, Box 76, folder labeled “Economic Changes—Manufacturing, Real Silk Hosiery Mills,” IWHC-ISA.

²⁹⁷ “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1942,” Box 1, Folder 22, RSC-IHS.

²⁹⁸ “Conference between Representative of Real Silk Hosiery Mills, Inc., and American Federation of Hosiery Workers,” January 5, 1943, p. 24, Box 9, Folder 12, RSC-IHS.

hire, and train new workers. Before the war, Real Silk's employee turnover reports for January-September for the year 1940 demonstrated a turnover rate of less than 3 percent each month.²⁹⁹ By September 1943, the net turnover rate had increased to 20.31 percent.³⁰⁰ Additionally, labor turnover reports collected by the ESD in 1943 and 1944 revealed that Real Silk's turnover rate never dropped below 8.4 percent during these years.³⁰¹ Other businesses in Indianapolis experienced similarly high turnover rates, regardless of size. For example, in September 1943, the ESD's Labor Market Report shows that Allison Division of GM (22,739 employees) experienced a 12.09 net turnover rate, while Indianapolis Drop Forging Co. (287 employees) experienced a 13.59 percent turnover. The average turnover for all companies that month was 15.70 percent.³⁰² While labor turnover is a natural part of business, too much turnover can be detrimental. When an established employee is replaced by a new hire, the company experiences a

²⁹⁹ Irwin P. Egan, "Quarterly Turnover Report," April-June 1940, Box 28, Folder 2, RSC-IHS; Irwin P. Egan, "Quarterly Turnover Report," July-September, n.d., Box 9, Folder 10, RSC-IHS; Irwin P. Egan, "Quarterly Turnover Report," January-March, n.d., Box 9, Folder 10, RSC-IHS.

³⁰⁰ Real Silk submitted monthly employment turnover information to the Indiana Employment Security Division to be included in their Labor Market Reports. Each report contained accession rates, separation rates, and net turnover rates for select Indianapolis businesses. Separations included employees quitting, layoffs, dismissals, and retirement. "Accession" referred to the number of new hires in a given month. Monthly net turnover rates are calculated by dividing the number of separations by the average number of employees the previous month. Ashok Khurana et al., *Human Resource Management* (New Delhi: V.K. Enterprises, 2009), 165-169; Wayne Cascio and John Boudreau, *Investing in People: Financial Impact of Human Resource Initiatives, Second Edition* (Upper Saddle River: Pearson Education, Inc., 2011), 88; "Table E-2. Summary of Labor Turnover in Selected Industries and Establishments," Labor Market Developments Report for Indianapolis, IN, Labor Market Area, December 1943, p. 21, Box 38, ISA.

³⁰¹ Real Silk's turnover was often higher than the average for non-munitions industries. Non-munitions industries included lumber products, textile mill and finished textile products, leather products, and food products, among others. See chart in Fairchild and Grossman, *The Army and Industrial Manpower*, 141. For Real Silk's turnover rates in 1943 and 1944 see Labor Market Reports in Employment Security Division, Labor Market Developments Report for Indianapolis, IN, Labor Market Area, vol. 1941-1943 and vol. 1944, Box 38 and 39, ISA.

³⁰² "Table E-2. Summary of Labor Turnover in Selected Industries and Establishments," Labor Market Developments Report for Indianapolis, IN, Labor Market Area, December 1943, p. 21, Box 38, ISA.

productivity deficit, as the company loses the experience and skill of the old worker for a new worker who needs to be trained.³⁰³

One of the reasons businesses experienced higher turnover rates was the proliferation of job-hopping and “pirating.” The wartime labor market very much favored the individual worker. The competition for employees was so fierce that workers had considerable power to select the workplace that offered the highest wage and best working conditions. If the wages, hours, or type of work did not suit an employee, he or she had many more options available than in the previous decade. Thus, job-hopping burgeoned as workers continually sought greener pastures.³⁰⁴ The WMC and USES did not have the means to effectively enforce regulations against these practices.

Before the United States entered the war, businesses anticipated the labor shortages that would ensue if the nation joined the conflict overseas. To ward off shortages in their own factories, companies began “pirating” workers from other

³⁰³ Khurana et al., *Human Resource Management*, 166-167.

³⁰⁴ Increases in labor turnover were common during the war. A November 1943 study from the Bureau of Labor Statistics demonstrated that “the quit-rate among war-plant employees had reached a level where the plants had to hire seventeen workers to obtain a net increase of three for every 100 employed.” George Flynn asserted that the “lure of higher wages” created labor shortages in some industries and increased both job changing and worker migration to areas of the U.S. that promised high-wage positions such as shipbuilding on the coasts. Adding to this, Seidman asserted that increased congestion, insufficient housing, poor transportation and community services, and poor working conditions in industrial areas with high concentrations of war production bred worker dissatisfaction, which also contributed to turnover as workers sought better conditions. He stated that an “abundance of job opportunities translated this dissatisfaction into a high rate of labor turnover.”

According to Marc S. Miller, women in particular had increased employment mobility. Not only did more women enter the workforce who would not have normally done so, women already in the workforce had more options open to them with men away at war. Nationally, the textile industry experienced especially high turnover, as the rate of women textile workers who changed jobs rose to 89 of every 100 workers in 1943. Despite government attempts to regulate job movement, the voluntary manpower mobilization program lacked the resources and power to enforce regulations. An Indiana WMC report also stated of the Employment Stabilization Plan, “The main complaint of applicants was that we were trying to force them to go where they did not want to go. Some companies enjoyed higher wage scales and better working conditions than others, and the applicants would decide they wanted to work there, and all the sales talk in the world would not deter them.” Flynn, *The Mess in Washington*, 44, 60; Joel Seidman, *American Labor from Defense to Reconversion* (Chicago: The University of Chicago Press, 1953), 153; Marc S. Miller, *The Irony of Victory: World War II and Lowell, Massachusetts* (Urbana: University of Illinois Press, 1988), 63-67; U.S. War Manpower Commission, Indiana, “Employment Stabilization Plan for Indiana,” *The War Manpower Commission in Indiana, 1943-1945*, pp. 53-54, IPC-ISL.

companies by actively recruiting skilled workers who were already employed and offering them higher wages. These companies also hoarded more workers than were actually required to fill their shifts and inflated their requests for additional employees to the USES, putting further strain on the limited labor pool.³⁰⁵ Real Silk could be accused of hoarding to some degree. In one memo, the Vice President admitted that the company kept a small reserve force to cover absenteeism in the War Contracts Department.³⁰⁶

In April 1943, President Roosevelt issued an Executive Order that froze wages and prices to check inflation in the wartime economy, and in part, to help block pirating and hoarding. After the Executive Order went into effect, companies could not raise wages to compete with other firms and attract employees without first seeking approval from the USES. However, the order did not eliminate the normal discrepancies in pay grades between industries, so employees continued to be drawn from lower-paying industries to higher-paying ones.³⁰⁷ For example, a job as a turret lathe operator paid more than a power sewing machine operator.³⁰⁸ Therefore, it was difficult for Real Silk to compete with a higher paying industry for employees. Also, under the voluntaristic methods of the WMC, the USES had little real power to control wages. Therefore, pirating and job-hopping continued.³⁰⁹

³⁰⁵ Roosevelt's wage freeze attempted to equalize wages for comparable jobs in companies and labor areas across the country. The freeze did nothing to change the traditional differences in pay grades between different types of industries and jobs. Flynn, *The Mess in Washington*, 119; see also 43-44.

³⁰⁶ Joseph Givner to Major G.H. Tompkins, April 21, 1943, Box 30, Folder 7, RSC-IHS.

³⁰⁷ Flynn, *The Mess in Washington*, 43-44.

³⁰⁸ The base rate per hour for a power sewing machine operator was 50 cents per hour, while a turret lathe operator earned \$.90 to \$1.05 per hour. For power sewing machine operator wages, see "Conference between Representative of Real Silk Hosiery Mills, Inc., and American Federation of Hosiery Workers," February 4, 1943, p. 18, Box 9, Folder 12, RSC-IHS. For turret lathe operator wages, see United States Employment Service, "Table V. Wage Rates," Local Labor Market Survey for the Indianapolis Area, January 31, 1942, p. 18, ISA.

³⁰⁹ Flynn, *The Mess in Washington*, 43-44.

The local USES office took other measures as well to reduce the amount of job-hopping. Indiana's Employment Stabilization Plan included a measure that restricted the movement of employees in the labor market. A new employee who had already been employed in a position essential to the war effort for a 60-day period could only switch jobs if the USES referred them or the former employer provided a "statement of availability." An employer was required to issue a statement of availability to a worker if he or she was fired or laid off for a period lasting more than seven days, if the employee could not continue employment without "undue personal hardship," or if the employer's wage scale or working conditions did not meet federal standards as required under the Walsh-Healy Act.³¹⁰ The USES could also issue a statement of availability if the employer failed to do so, or could provide a referral if an employee was found to be under-utilized.³¹¹ However, the employee's new job had to be of equal or greater essentiality to the war effort. The provisions of the Employment Stabilization Plan prohibited an employer from hiring anyone who could not present proof of availability.³¹² Despite these precautions against job-hopping, many employers turned a blind eye and hired much-needed workers who had left their former employers without authorization.³¹³

Real Silk encountered some problems with job hopping. In one 1943 company study of voluntary separations, 10.23 percent of employees who left the company did so

³¹⁰ The Walsh-Healy Act "established minimum wages, maximum hours, and certain other conditions of employment for work performed on government contract" and "stipulated that government contracts must contain clauses binding the contractor to comply with the law." Fairchild and Grossman, *The Army and Industrial Manpower*, 35. For provisions of the "statement of availability" see Employment Security Division, "Employment Stabilization Plan for Indiana," in *Indiana at War: a preliminary study prepared for the first meeting of the Indiana Historical Commission*, 35, IPC-ISL.

³¹¹ U.S. War Manpower Commission, Indiana, "Employment Stabilization Plan for Indiana," *The War Manpower Commission in Indiana, 1943-1945*, 35-36, IPC-ISL.

³¹² *Ibid.*, 34-5.

³¹³ Flynn, *The Mess in Washington*, 65. See also Miller, *The Irony of Victory*, 65-66.

to pursue “other employment,” which was the fifth most common reason for voluntary separations.³¹⁴ For example, employee Violet Mason left the factory to work at the Schwitzer-Cummins Company. When company management discovered that she had left work without authorization, they requested that she be fired from her new position and encouraged to return to Real Silk.³¹⁵ Though it is unclear if she in fact returned to the mill, Real Silk and the WMC could only “request” that she return.

Another root cause of labor turnover at Real Silk was layoffs. Although the company records do not include any studies of involuntary separations (i.e., dismissals and layoffs) the company management identified unanticipated layoffs as a hindrance to maintaining Real Silk’s workforce.³¹⁶ At the factory, layoffs were often spurred by contract delays, gaps between contracts, or cancellations initiated by government and military contractors. As illustrated in Chapter 3, these contractors controlled the supply of raw materials to war production factories. When shortages occurred or transportation errors delayed delivery of raw materials, factories had to stop production. Idle workers were often laid off, and many did not return to work when the contract resumed. As previously stated, Real Silk was required to issue a certificate of availability to workers laid off for more than seven days, at which time they were free to seek employment elsewhere. For example, on one contract, the company had to lay off 60 workers because of a gap between contracts. Workers sat idle and the company could not guarantee work

³¹⁴ Joseph Givner to Frank H. Sparks, March 22, 1943, Box 30, Folder 7, RSC-IHS.

³¹⁵ Robert F. Wilson to Louis H. Schwitzer, “Re: Violet Mason,” May 25, 1943, Box 29, Folder 8, RSC-IHS; For the WMC’s policy on worker transfers see Ralph Bamberger to J. Givner, “RE: War Manpower Commission,” March 5, 1943, Box 29, Folder 8, RSC-IHS.

³¹⁶ Stoppages and gaps between government contracts resulted in lost workers on a Two-Man Mountain Tent contract at the Dalton, Georgia plant, a contract for M-40 parachutes with the McInerney Spring and Wire Co., and another unspecified contract. James F. Downey, “Industrial Engineering Dept. Summary of Claims for Shutdown at Dalton Plant on Two Man Mountain Tent,” February 22, 1943, Box 30, Folder 6, RSC-IHS; J.C. Troyer to G.A. Efroymsen, December 19, 1942, p. 2, Box 29, Folder 1, RSC-IHS; James F. Downey to J. Givner, April 15, 1943, Box 29, Folder 1, RSC-IHS.

for employees until management received approval to begin work on the next contract, the government delivered necessary materials, and the engineers laid out machinery for the new manufacturing process. As was common practice at the time, the company laid off 60 female African American workers.³¹⁷ In one report on the company's war contracts, two of the five contracts listed encountered work stoppages at the request of the government or primary contractor.³¹⁸ Each contract delay and change hampered Real Silk's ability to maintain a trained labor force.

Labor turnover also increased because of changes in the composition of the workforce during the war. As stated previously, Real Silk hired more workers with little or no previous experience working in a factory, especially women workers, in the face of labor shortages. The company's number of women workers increased from just over half to approximately eighty percent.³¹⁹ Labor turnover was generally higher among women workers, especially new factory employees.³²⁰ For example, one WMC survey of 16,000 factories revealed that "for every two women hired in October 1943, a third woman quit her job in a war plant."³²¹ As their husbands and other male family members left for military service, women took on greater responsibility at home at the same time the nation called upon them to fill the labor shortage left by soldiers. The war disrupted the stability of family units in countless households, and many women workers faced the

³¹⁷ James F. Downey to J. Givner, April 15, 1943, pp. 1-2, Box 29, Folder 1, RSC-IHS; Karen Tucker Anderson, "Last Hired, First Fired: Black Women Workers During World War II," *Journal of American History* 69, no.1 (June 1982): 95.

³¹⁸ J.C. Troyer to G.E. Burke, "Status of War Contracts," September 25, 1942, Box 29, Folder 2, RSC-IHS.

³¹⁹ See footnote 283.

³²⁰ According to Marc Miller, women quit their jobs twice as often as men did, largely because women did not face the threat of the draft if not employed in war production. Miller, *The Irony of Victory*, 64. See also Flynn, *The Mess in Washington*, 44, 178-179, Richard L. Pifer, *A City at War: Milwaukee Labor During World War II* (Madison: Wisconsin Historical Society Press, 2003), 142, and Fairchild and Grossman, *The Army and Industrial Manpower*, 173.

³²¹ Pifer, *A City at War*, 142.

challenge of holding their families together, while also contributing to the war effort.³²² The number of female employees at Real Silk far exceeded all other businesses the ESD surveyed, and thus, more of the company's workforce faced the challenge of juggling work and household responsibilities.³²³ The strain of balancing factory and home life is reflected in a 1943 report of voluntary separations from Real Silk. The company reported the top reasons that employees left their jobs. These included moving out of town (25.76%),³²⁴ long hours (15.14%), ill health (13.26%), and child care reasons (11.74%).³²⁵ Clearly focused on separations of women employees, the survey reveals that many Real Silk employees left the factory to preserve family stability or their own health. Women workers' dual responsibilities in the factory and at home also resulted in increased absenteeism, which presented an even greater problem for American businesses than labor turnover.

Throughout the war, absenteeism was the leading cause of wartime production inefficiency and certainly one of the leading causes of inefficiency for Real Silk.³²⁶ According to a newspaper article written by *Washington Post* reporter Raymond Clapper, an absentee rate of two percent was acceptable, while a rate of 10 percent or higher was

³²² For more on the dual roles of women during WWII see Cavnes, *Hoosier Community at War*, 228-245; Yellin, *Our Mother's War*, 59-61; Pifer, *A City at War*, 138-148; Flynn, *The Mess in Washington*, 177-178.

³²³ See footnote 284 above.

³²⁴ This category included four subcategories including "a) to be married, b) husband has employment elsewhere, c) moved near husband in Army camp, d) returning home because of sickness in family or change in household set-up." The "moving" category reveals that many women workers at Real Silk left work to preserve family stability. The survey does not specify whether or not the separations encompassed both men and women workers, so it is possible that some male employees left for reason "d." Joseph Givner to Frank H. Sparks, March 22, 1943, p. 2, Box 30, Folder 7, RSC-IHS.

³²⁵ Joseph Givner to Frank H. Sparks, March 22, 1943, pp. 2-3, Box 30, Folder 7, RSC-IHS.

³²⁶ In WWII, the rise in absenteeism was a nationwide phenomenon. As with labor turnover, absenteeism was more common among women workers than their male counterparts. Flynn also points to new workers and older workers as those most commonly absent from work during the war. See Flynn, *Mess in Washington*, 44-46; Fairchild and Grossman, *Army and Industrial Manpower*, 173; Pifer, *City At War*, 142.

considered detrimental.³²⁷ Real Silk's absentee rate exceeded the 10 percent mark most months and remained well above the average for Indianapolis businesses.³²⁸ The company's War Contracts Department regularly had a higher rate of absent workers per shift than the company as a whole. For example, a report of absentees on February 24, 1943, revealed that most of the war production shifts had an absentee rate of 20 percent or higher.³²⁹ Another 1943 memo even reported an astronomical absentee rate of 40 and 50 percent for first and second shift cargo parachute employees.³³⁰ Both changes in the wartime workforce and in the average workweek contributed to the rise in absenteeism during WWII.

At the request of the WMC, Real Silk conducted a one-week survey in its War Contracts Department to help discover the root causes of the company's high absentee rates. Management instructed factory timekeepers to remove the cards of any absent employees at the end of the day and turn them in to the Personnel Department. When an employee returned to work, he or she would report to the Personnel Department to retrieve the time card and be interviewed about the reason for the absence. Those citing illness as the reason were referred to the Medical Department before they were allowed to return to work.³³¹ At the end of the week (April 10, 1943), Irwin P. Egan, director of personnel, reported that a total of 8,237 man hours were lost due to absenteeism. Of these

³²⁷ "Raymond Clapper (1892-1944)," The Eleanor Roosevelt Papers Project, <http://www.gwu.edu/~erpapers/teaching/glossary/clapper-raymond.cfm>, (accessed 1 May 2013); Raymond Clapper, "Washington," February 12, unknown year, newspaper clipping, Box 30, Folder 7, RSC-IHS.

³²⁸ The Employment Security Division Labor Market Reports provide statistics for the average absentee rates only for 1943. These data show that the average absentee rate throughout 1943 remained between 4-7 percent for the major businesses surveyed in Indianapolis. Existing reports on the company's absentee rates for the year indicate an 8-12 percent rate. See Labor Market Reports in Employment Security Division, Report of Labor Market Developments, Indianapolis, 1941-1946, 3 vols., Box 38-40, ISA.

³²⁹ Four of six reported war production shifts had an absentee rate of 20 percent or higher on February 24, 1943. A.A. Zimmer to J. Givner, February 25, 1943, Box 30, Folder 7, RSC-IHS.

³³⁰ Joseph Givner to J.F. Downey, April 1, 1943, Box 30, Folder 7, RSC-IHS.

³³¹ Irwin P. Egan to Joseph Givner, February 19, 1943, Box 30, Folder 7, RSC-IHS.

hours lost, 57 percent were attributed to illness, 13.03 percent provided no reason at all, and 12.1 percent were due to illness in the family. Other reasons provided included death in the family, personal business, visiting relatives, transportation issues, and childcare. During the week, approximately 25 percent of lost man hours due to absenteeism occurred on Monday, and the instances of absenteeism decreased each day for the rest of the week, with the lowest incidence occurring on Saturday. At Real Silk, employees worked only a half day on Saturdays, so absences on these days accounted for just under six percent of man hours lost.³³²

The official excuses provided for absences are somewhat misleading, and an extended nine-month study of absenteeism shed greater light on the problem.³³³ Workers often used “illness” as a catch-all for any unexplained absences. As Clapper jokingly stated in his newspaper article on absenteeism, “The records may show illness given as the reason for a majority of absences, but who ever heard of a fellow coming back after taking Monday off and reporting that his absence was due to a hangover?”³³⁴ Although it is unlikely that many of Real Silk’s employees skipped work to nurse a hangover, the root cause of absenteeism at the factory was most likely not illness. Margaret Bruce, R.N. of the company’s Medical Department recognized a more likely culprit. She reported, “A good percent of our absenteeism is due directly to the fact that the mother has no one to care for her child and it is an underlying cause of much of the absenteeism due to

³³² For other reports of hours lost to absenteeism, see War Contract Absentee Reports in Box 30, Folder 7, RSC-IHS. Hours lost due to absenteeism reached as high as 15,118.25 or 21 percent for the week ending February 13, 1943. [illegible] Morris to Mr. Givner, “Report on Absentees for week ending Feb. 13, 1943 in War Contract Department,” February 19, 1943, Box 29, Folder 4, RSC-IHS; Irwin P. Egan to Mr. Troyer, Mr. Downey, Mr. Givner, and Mr. Zimmer, April 21, 1943, Box 30, Folder 7, RSC-IHS.

³³³ Joseph Givner to Donald M. Nelson, March 9, 1943, Box 30, Folder 7, RSC-IHS.

³³⁴ Clapper, “Washington,” Box 30, Folder 7, RSC-IHS.

illness.”³³⁵ Joseph Givner reached a similar conclusion at the end of the study. He wrote to the director of the WPB and the Indianapolis Area Office of the WMC:

Those men and women, the latter chiefly, whose working hours are different than normal, have the worst problem. They have normal family problems concerning food, school, medical, house cleaning and—still being normal—want to shop and go to the movies. These, together with fatigue, are the main reasons for absenteeism—not sprees.³³⁶

The “fatigue” to which Givner refers resulted, in part, from increased hours per work week. As production demands increased throughout the nation, many factories added shifts and extended work weeks.³³⁷ In Indianapolis, the Employment Stabilization Program, which went into effect on October 14, 1943, included a provision requiring war businesses to institute a 48-hour work week.³³⁸ Under pressure from the government to increase employee hours, Real Silk employees’ work weeks increased to as much as seventy hours a week during the war.³³⁹ However, before the increased work week was introduced in many war production areas, the WPB conducted a study of select factories that had increased their work week beyond the standard 40 hours. Some officials in the agency expressed doubt that an extension of work hours would increase production output.³⁴⁰ At a February 1942 meeting, one member of the War Production Board reported that the preliminary results of the study confirmed such fears. He stated,

³³⁵ Margaret Bruce, R.N., to Mr. Egan and Mr. Givner, February 12, 1943, Box 30, Folder 7, RSC-IHS.

³³⁶ Joseph Givner to Donald M. Nelson, March 9, 1943, Box 30, Folder 7, RSC-IHS.

³³⁷ On February 9, 1943, President Roosevelt issued Executive Order no. 9301, which in part, mandatorily extended minimum work week to 48-hours. As of October 1940, Real Silk’s factory operated on a standard 40-hour work week. Flynn, *The Mess in Washington*, 223-224; [J.L. Mueller] to Abner Raeburn, October 24, 1940, Box 22, Folder 15, RSC-IHS.

³³⁸ U.S. War Manpower Commission, Indiana, “Employment Stabilization Plan for Indiana,” *The War Manpower Commission in Indiana, 1943-1945* (May 1946), p. 38, IPC-ISL.

³³⁹ Prior to the war (1939-1940), Real Silk had a standard 40 hour work week. [J.L. Mueller] to Abner Raeburn, October 24, 1940, Box 22, Folder 15, RSC-IHS; G.C. Goljenboom to G.A. Efroymson, August 1, 1940, Box 28, Folder 2, RSC-IHS. For Real Silk’s increased wartime hours, see “Conference between Representative of Real Silk Hosiery Mills, Inc., and American Federation of Hosiery Workers,” January 7, 1943, p. 36, Box 29, Folder 13, RSC-IHS.

³⁴⁰ Meeting 61: November 5, 1942, “Manpower,” *WPBPC*, 99.

“Preliminary investigation shows that in the United States absenteeism begins to go up when the work week is lengthened to 48 and appears to increase progressively as hours are lengthened beyond that. The seven-day week, whether 56 or 70 hours appears invariably to result in a big increase in absences.”³⁴¹ Clapper agreed in his article on absenteeism, writing:

Nobody here expects less than 2 per cent of absenteeism in a plant, and perhaps more must be expected if hours are made longer under the new presidential order and the other drains on the civilian work force. When men and women are pushed more than 48 hours a week, they begin to feel the pressure for a frequent break and are apt to take a few days off every little while.³⁴²

As more mothers entered the workforce, childcare also became an increasingly significant problem for many women workers in Indiana.³⁴³ With husbands away at war, many mothers faced the pressures of single parenthood for the first time, having to take care of their families while also shouldering a new responsibility as main breadwinner.³⁴⁴ Some factories across the nation set up in-plant daycare to ease the burden on female employees.³⁴⁵ However, company records indicate that opening a day nursery at Real Silk was not feasible because mothers could not bring their children to the factory.³⁴⁶

³⁴¹ Meeting VI: February 24, 1942, “Labor Problems in Shipyards,” *WPB Minutes*, 19.

³⁴² Clapper, “Washington,” Box 30, Folder 7, RSC-IHS.

³⁴³ Cavnes, *Hoosier Community at War*, 228-229, 231-232, 233, fn 14.

³⁴⁴ According to a U.S. Women’s Bureau survey conducted in 1944 and 1945, “Eighty percent of the thirteen thousand women polled were living at home with their families, and 90 percent made weekly contributions to the household budget. Of the remaining women workers, one in six still provided some of her wages to support dependents.” Andrew E. Kersten, *Labor’s Home Front: The American Federation of Labor During World War II* (New York: New York University Press, 2006), 103. See also Cavnes, *Hoosier Community at War*, 229.

³⁴⁵ Most notably, the Kaiser shipyards in California and Oregon set up twenty-four-hour on-site child care centers. Other companies that set up or subsidized day care for children of employees included Grumman, Curtiss-Wright, Hudson, and Douglas. Yellin, *Our Mothers’ War*, 61.

³⁴⁶ Joseph Givner to Frank H. Sparks, March 22, 1943, p. 1, Box 30, Folder 7, RSC-IHS.

With the already-congested transportation system, workers had a hard enough time finding their own transportation to work, let alone bringing their children along.³⁴⁷

Yet as the company nurse pointed out, many female workers in the mill were responsible for pre-school or school-age children. The nearest day nursery at Lockerbie Street provided some factory workers with day care services, but only those who worked the first, day shift. Ironically, the nursery was only open from 6:30 a.m. to 6 p.m., while the factory day shift let out at 6 p.m. exactly. Also, increases in working mothers at the factory during the war overburdened this particular day care center.³⁴⁸

Inflexibility on the part of local stores, service providers, and even government agencies contributed greatly to increases in absenteeism. Many organizations failed to adequately accommodate the busy schedules of war workers, forcing employees to miss work to take care of everyday necessities.³⁴⁹ In a letter to the WPB director, Joseph Givner recommended a rearrangement of community services to meet the needs of workers and help reduce absenteeism. His suggestions included changing or extending the hours of grocery, drug, and department stores, doctor's offices, and recreational activities such as the movies. The extended hours would ensure that essential services

³⁴⁷ To help relieve labor shortages in industry-heavy areas such as Indianapolis, workers were recruited from surrounding areas to fill war-related jobs. The influx of new workers to cities strained both local housing and local transportation. Those workers who could not find local housing had to commute to work, placing greater strain on public transportation at the same time that the military required a reduction in public transportation use to accommodate increased military transportation needs. Real Silk and many other factories created transportation committees that attempted to set up car pools and other measures to relieve transportation congestion. See Ayer, "Hoosier Labor in the Second World War," 104-105. Real Silk's transportation committee appears in several company newsletters including, "Share the Ride," *The Real News* 2, no. 1 (January 1, 1944): 1, ISL.

³⁴⁸ Bruce to Egan and Givner, February 12, 1943, Box 30, Folder 7, RSC-IHS.

³⁴⁹ The level at which local service providers and store owners accommodated war workers varied by community. Indianapolis was not the only community that experienced a frustrating lack of accommodation in essential services for workers. This was especially problematic for women workers. For example, in Milwaukee, Pifer asserted that while a few stores and factories made adjustments to accommodate workers' needs, these institutions represented the exception rather than the norm. Pifer, *City at War*, 143. See also Yellin, *Our Mothers' War*, 61.

could be accessed by workers on all shifts. Local ration boards provided limited hours in which individuals could retrieve their ration books, coupons, and ration items. Givner recommended that the Indianapolis ration board provide special hours for employees who worked shifts in the middle of the board's open hours.³⁵⁰ It is unclear whether or not any of his suggestions were implemented.

Frustrated with the lack of adequate "community-labor relationships" to accommodate workers, Real Silk's management took many steps of their own toward reducing absenteeism in the factory. Such measures included reducing work hours on Saturdays to give workers time to shop, changing shift times to fit the local transportation schedule, incorporating two ten-minute breaks per shift to help reduce fatigue, increasing in-factory medical services for workers, providing a 24-hour cafeteria for meals, and providing a 5 percent bonus for night shifts.³⁵¹ Givner pointed out the disconnect between workers' changing needs and the willingness of community organizations and businesses to accommodate them. However, the factory did what it could to accommodate the needs of its workers.

The final major labor obstacle Real Silk faced was the renegotiation of union contracts to encompass the new War Contracts Department. During the Great Depression, labor organizations lost many of the gains made in the 1920s. The war placed unions in a position of greater bargaining power because workers were in high demand and could not

³⁵⁰ Joseph Givner to Donald M. Nelson, March 9, 1943, Box 30, Folder 7, RSC-IHS; Joseph Givner to the Indianapolis Area Office of the War Manpower Commission, March 16, 1943, Box 30, Folder 7, RSC-IHS.

³⁵¹ Many factories in Indiana took similar measures to accommodate worker needs including bonuses, onsite banking, and in-plant daycare. For example, see Indianapolis Area Office, War Manpower Commission, "Case Studies in the Prevention of Absenteeism," March 3, 1943, Case nos. 2, 4, and 5, Box 30, Folder 7, RSC-IHS. For Real Silk's measures to aid employees see Joseph Givner to Frank H. Sparks, pp. 1-2, March 22, 1943, Box 30, Folder 7, RSC-IHS.

be fired as readily for union activities.³⁵² Cooperation of organized labor was crucial to the success of the industrial mobilization program; and for the most part, unions cooperated with the government and the military to support wartime objectives. For example, shortly after U.S. entry into the war, labor and management joined in nationwide no-strike and no-lockout pledges that were instrumental in preventing work stoppages due to strikes.³⁵³

However, as U.S. involvement in the war loomed, unions feared that labor issues would take a back seat to the demands of war, and that the government and businesses would infringe on the rights of workers in the pursuit of total mobilization.³⁵⁴ The American Federation of Hosiery Workers anticipated this exact problem. In an October 1939 issue of the *Indianapolis Hosiery News*, Sidney Hillman, head of the Amalgamated Clothing Workers and chairman of the executive council of the Textile Workers Union, wrote:

The war abroad...makes it all the more imperative American workers guard their recently-won gains against those who would utilize the war issue to deprive them both of their organization rights and their wage standards.³⁵⁵

Throughout the war, unions continued to bargain for worker rights with individual companies and through the National War Labor Board (NWLB), which was responsible for mediating “labor disputes and voluntary wage and salary adjustment cases.”³⁵⁶

³⁵² Ayer, “Hoosier Labor in the Second World War,” 107-8.

³⁵³ Atleson, *Labor and the Wartime State*, 44-45; Ayer, “Hoosier Labor in the Second World War,” 110-111.

³⁵⁴ Flynn, *The Mess in Washington*, 107-109; Atleson, *Labor and the Wartime State*, 141. For more on union concerns in WWII see Atleson’s entire work.

³⁵⁵ American Federation of Hosiery Workers, “Hosiery Workers Warned of War ‘Scare’ Dangers,” *Indianapolis Hosiery News* 2, no. 9 (October 1, 1939): 3, Box 18, Folder 16, RSC-IHS.

³⁵⁶ Ayer, “Hoosier Labor in the Second World War,” 110-111.

According to an Employment Security Division report on Real Silk, two labor organizations represented workers in the factory: the American Federation of Hosiery Workers (CIO) and the International Ladies' Garment Workers' Union (AFL).³⁵⁷ After the company created its war contracts department, the American Federation of Hosiery Workers (AFHW) sought to renegotiate aspects of its contract to encompass most employees in the new department. The National Labor Relations Board recognized the War Contracts Department as a bargaining unit on November 14, 1942, allowing the AFHW to submit a new contract that included employees in this department.³⁵⁸ Initially, Real Silk rejected the contract submitted by the union, insisting that key protections be removed such as clauses for maintenance of membership, checkoff, closed shop, and increased wage rates.³⁵⁹ So, over the course of several days in January and February 1943, Real Silk met with representatives of the American Federation of Hosiery Workers, a union affiliated with the larger Textile Workers Union of America, to renegotiate the contract. At the conference, the union was represented by Alex McKeown, president of the AFHW, and D.L. Edison, president of local branch 35. Frank Dailey, Real Silk's attorney, represented the company, and President G.A. Efroymson and Vice President Joseph Givner also attended. Company and union representatives discussed two major points in the meetings: increasing base wages and establishing a closed shop in the War Contracts Department.³⁶⁰

³⁵⁷ "Real Silk Hosiery Mills, Inc.," Report of the Indianapolis Area Director War Manpower Commission, Labor Market Analysis, vol. 1941-1943, Appendix, p. x-6, Box 38, ISA.

³⁵⁸ United States of America Before the National Labor Relations Board, "In the Matter of Real Silk Hosiery Mills, Inc. and American Federation of Hosiery Workers, Branch 35, C.I.O.," Case No. R-4416, November 14, 1942, Box 9, Folder 11, RSC-IHS.

³⁵⁹ "RE: Union Negotiations," December 30, 1942, Box 30, Folder 2, RSC-IHS.

³⁶⁰ See "Conference between Real Silk Hosiery Mills, Inc., and the American Federation of Hosiery Workers," January 5, 1943, Box 9, Folder 12, RSC-IHS; "Conference between Representative of Real Silk Hosiery Mills, Inc., and American Federation of Hosiery Workers," February 4, 1943, Box 9,

On the first negotiating point, wages, the union requested that the company increase trainees' base wages to 50 cents per hour and regular employees' base wages to 60 cents per hour.³⁶¹ The minimum wage established by the NWLB for the type of workers in Real Silk's war contracts department was 40 cents per hour for trainees and 50 cents per hour for regular employees. Yet the company voluntarily paid five cents more per hour than the minimum wage required.³⁶² However, as the union representatives pointed out, Real Silk was unlikely to draw in workers by paying only five cents above the minimum wage. McKeown also argued that a wage of ten cents above the minimum would improve employee morale and increase production efficiency enough to cover the increased wage and possibly more.³⁶³

While this might have been the case, two major obstacles discouraged Real Silk from considering a general wage increase: a nationwide freeze on wages and company losses on war contracts. On October 3, 1943, President Roosevelt issued Executive Order 9250, establishing the Office of Economic Stabilization and effectively freezing wages and salaries. No employer could increase wages without first receiving approval from the NWLB.³⁶⁴ Finding the freeze too inflexible, the NWLB eventually adopted the "Little Steel Formula," which acted to stabilize wages rather than freeze them. This formula proposed that wage increases should correspond with rises in the cost of living, and that

Folder 12, RSC-IHS; "Conference between Real Silk Hosiery Mills, Inc., and American Federation of Hosiery Workers," February 8, 1943, Box 9, Folder 12, RSC-IHS.

³⁶¹ "Conference between Representative of Real Silk Hosiery Mills, Inc., and American Federation of Hosiery Workers," February 4, 1943, pp. 3-18, Box 9, Folder 12, RSC-IHS.

³⁶² "Conference between Real Silk Hosiery Mills, Inc., and the American Federation of Hosiery Workers," January 5, 1943, p. 19, Box 9, Folder 12, RSC-IHS.

³⁶³ "Conference between Representative of Real Silk Hosiery Mills, Inc., and American Federation of Hosiery Workers," February 4, 1943, pp. 14-16, Box 9, Folder 12, RSC-IHS; "Conference between Real Silk Hosiery Mills, Inc., and the American Federation of Hosiery Workers," January 5, 1943, p. 22, Box 9, Folder 12, RSC-IHS.

³⁶⁴ "Executive Order 9250 Establishing the Office of Economic Stabilization," October 3, 1942, *The American Presidency Project*, <http://www.presidency.ucsb.edu/ws/?pid=16171> (accessed May 1, 2013).

adjustments of wages should not exceed 15 percent of the wage rate that existed in January 1941.³⁶⁵

In *The Financial Role of Indiana in World War II*, Bernard Friedman points out that in the face of such wage controls “smaller firms often felt at a disadvantage in competing for labor, and made known their dissatisfaction by appealing to the War Labor Board for permission to increase wage rates and, occasionally, even by evading federal wage-regulations.”³⁶⁶ Some companies worked around the wage ceilings by offering fringe benefits and other incentives.³⁶⁷ However, Real Silk could not afford to offer wage increases, let alone extra benefits to war contract employees. The company was already losing substantial sums on war contracts.³⁶⁸ At the conference on February 4, Efroymsen summarized the company’s position:

I would like to inject this as to higher rates: we have lost a tremendous amount of money on employees; our bids have been too low. They were not bids that were based high enough; as far as I am concerned, if you are going to put anything in here that means higher cost to us, we might just as well stop right here...[W]e cannot afford to continue to lose money. When you speak of a sixty-cent rate, that means higher cost.³⁶⁹

Real Silk attorney Frank Dailey conceded that the company might consider increasing wages if contractors agreed to pay more for war products.³⁷⁰ However, price ceilings established by the Office of Price Administration limited the company’s

³⁶⁵ Friedman, *The Financial Role of Indiana in World War II*, 148.

³⁶⁶ *Ibid.*, 152-153.

³⁶⁷ Richard E. Schumann, “Compensation from World War II through the Great Society,” January 30, 2003, *Bureau of Labor Statistics*, <http://www.bls.gov/opub/cwc/cm20030124ar04p1.htm> (accessed 1 May 2013); Ayer, “Hoosier Labor in the Second World War,” 109.

³⁶⁸ “Conference between Representative of Real Silk Hosiery Mills, Inc., and American Federation of Hosiery Workers,” February 4, 1943, p. 29, Box 9, Folder 12, RSC-IHS; “Conference between Real Silk Hosiery Mills, Inc., and the American Federation of Hosiery Workers,” January 5, 1943, p. 29, Box 9, Folder 12, RSC-IHS.

³⁶⁹ *Ibid.*, 14.

³⁷⁰ “Conference between Real Silk Hosiery Mills, Inc., and the American Federation of Hosiery Workers,” January 5, 1943, p. 22, Box 9, Folder 12, RSC-IHS.

opportunity to make higher profits.³⁷¹ The military and government continually drove down contract prices on war products, and the company found it difficult to negotiate more money from contractors.³⁷² Due to fierce competition for war contracts, the company could not increase the price on its bids.

Evidence in the conference transcripts suggests that the company and the AFHW union agreed to keep the base wage the same for existing bids and increase wages at the rate established by the NWLB for cost of living increases on future contracts.³⁷³ The company attorney warned Efroymsen that wage increases “will interfere with your procuring business because there will be a lot of people doing this work now and they are doing that with cheaper labor.”³⁷⁴ Yet the company president seemed to concede defeat when he stated, “The future is a matter of bargaining. You folks think we can get business at any price and [maybe] you are right. If we don’t get it, then we have no work for the people.”³⁷⁵

The AFHW’s proposal to establish a closed shop in the War Contracts Department had the potential to exacerbate the company’s problem with labor shortages. Union representatives proposed that union membership become a requirement of hiring in the department. Alex McKeown argued that labor organization within the War Contracts Department would help prevent work stoppages, sabotage, and “laying down

³⁷¹ Friedman, *The Financial Role of Indiana*, 158-161.

³⁷² “Conference between Representative of Real Silk Hosiery Mills, Inc., and American Federation of Hosiery Workers,” February 4, 1943, pp. 73-74, Box 9, Folder 12, RSC-IHS; “Conference between Real Silk Hosiery Mills, Inc., and the American Federation of Hosiery Workers,” January 5, 1943, pp. 22-23, Box 9, Folder 12, RSC-IHS. See also Mark R. Wilson, “Making ‘Goop’ Out of Lemons: The Permanente Metals Corporation, Magnesium Incendiary Bombs, and the Struggle for Profits during World War II,” *Enterprise & Society* 12, no. 1 (March 2011): 35.

³⁷³ See discussion in “Conference between Real Silk Hosiery Mills, Inc., and American Federation of Hosiery Workers,” February 8, 1943, pp. 6-13, Box 9, Folder 12, RSC-IHS.

³⁷⁴ “Conference between Real Silk Hosiery Mills, Inc., and American Federation of Hosiery Workers,” February 8, 1943, p. 13, Box 9, Folder 12, RSC-IHS.

³⁷⁵ *Ibid.*, 14.

on the job” by holding workers more accountable.³⁷⁶ While the company did not actively oppose union activity among war workers, it was reluctant to accept any further barriers to employment in the face of Indianapolis’s critical labor shortages. Dailey outlined the company’s main arguments and concerns at the conference on January 5, 1943:

We have the Union and we have the closed shop with the lingerie workers. But there is all the difference in the world, I think, between the kind of employees you have always heretofore represented and these [war contracts] employees; you represent skilled, trained employees. These war workers aren’t skilled or trained employees. The kind of work they do never required the skill that is required in hosiery. Every one of those workers was trained by the company. Now we are urged constantly to get out more of the goods we have under contracts, and I don’t think, Mr. McKeown, that the Company should be asked to exclude from war work people that don’t want to belong to this or that organization. The Company has no objection at all to the employment of Union people but they believe in the lin[e] of work where they are pushed constantly for more production that they should not be required to hire a person unless he does belong to the Union. We have no objection if he joins.³⁷⁷

While McKeown asserted that no worker passed up union membership willingly, the fact remained that some might not accept union membership as a stipulation for employment.³⁷⁸ Real Silk’s war contracts employees were largely temporary workers, the majority of whom were female. Throughout the war, union membership increased greatly nationwide even among female workers. Female membership in organized labor rose from under one million to over three million from 1941 to 1944. Yet the male-dominated union leadership did not necessarily represent the interests of female workers. Some women did not want to pay union dues to an organization that did not adequately protect their rights, while others viewed unions as unpatriotic because of their focus on

³⁷⁶ Conference between Real Silk Hosiery Mills, Inc., and the American Federation of Hosiery Workers,” January 5, 1943, pp. 5-6, Box 9, Folder 12, RSC-IHS.

³⁷⁷ Ibid., 5.

³⁷⁸ “Conference between Real Silk Hosiery Mills, Inc., and American Federation of Hosiery Workers,” January 5, 1943, p. 7, Box 9, Folder 12, RSC-IHS.

traditional labor issues rather than wartime problems.³⁷⁹ In the union contract signed on February 9, 1943, Real Silk allowed the AFHW to add union membership as a hiring requirement. Existing employees in the War Contracts Department could choose whether or not to join, but new employees were required to do so after 30 days of employment, placing yet another potential barrier to hiring in the shrinking labor market.³⁸⁰

Though it is difficult to draw any direct connection between wartime union demands and Real Silk's labor and profit problems, the labor dispute further demonstrates the untenable position in which the company found itself during the war. In the midst of labor shortages and pressure from the military and government to produce matériel faster and cheaper, the company's management had to balance the interests of war contractors, employees, and unions, with the company's own need to make a profit.

As is the case with company records of war contracts, Real Silk's records pertaining to employment and labor issues during the war do not extend beyond 1943.

³⁷⁹ Flynn, *The Mess in Washington*, 180.

³⁸⁰ In the face of wage freezes and strike bans, unions sought guarantees of security through negotiations for union shops or closed shops. Union representatives argued that they could focus on their responsibility to increase war production only if businesses guaranteed that their membership would remain stable or increase and that members would pay the dues necessary to financially sustain the union. According to Joel Seidman, the common counterargument management representatives presented against union and closed shops was that such arrangements violated a worker's right to work by forcing him or her to join a union as a condition of employment. Union and closed shops also transferred more hiring power from management to union representatives. Although the number of union and closed shops increased during WWII, the War Labor Board's standard compromise in labor disputes over open and closed shops was the inclusion of a "membership maintenance clause." This clause required that union members who joined the union before or after the maintenance agreement maintain their membership in the union and continue to pay union dues for the duration of the agreement. At the conference, Real Silk ultimately agreed to include a membership maintenance clause. However, the AFHW's closed shop proposal extended beyond the usual compromise offered by the War Labor Board. Although Real Silk's representatives implied that a closed shop violated worker's rights, the company's argument against a closed shop focused more on the additional hiring barriers such an agreement would present. Joel Seidman, *American Labor from defense to Reconversion* (Chicago: University of Chicago Press, 1953), 92; Atleson, *Labor and the Wartime State*, 103-111; "Conference between Real Silk Hosiery Mills, Inc., and the American Federation of Hosiery Workers," January 5, 1943, pp.12-15, Box 9, Folder 12, RSC-IHS; "Conference between Real Silk Hosiery Mills, Inc., and the American Federation of Hosiery Workers," February 4, 1943, pp.30-33, 74-76, Box 9, Folder 12, RSC-IHS. For final agreement on the closed shop issue at Real Silk, see "Memorandum read at foremen meeting," February 9, 1943, Box 9, Folder 11, RSC-IHS.

However, the ESD's employment statistics cover Real Silk's employment record into 1946, providing insight into the trends of growth and decline in the company's workforce throughout the war. Employment increased during 1942 and early 1943, reaching a peak of 3,109 in March 1943. This seems to support the common perception that WWII pulled the U.S. economy from the Depression and expanded employment. Yet this expansion in Real Silk's workforce did not last long. Employment declined steadily throughout the remainder of 1943, and the company ended the year with a little over 2,200 employees. Interestingly, this wartime workforce was smaller than the company's workforce in certain years of the Depression Era. As stated in Chapter 1, Real Silk's labor force in 1930, 1934, and 1935 exceeded 3,000 employees.³⁸¹ The contraction of the company's labor force continued in 1944 and 1945 until it reached a low of 1,438 in November 1945. While employment increased slightly in 1946 to a peak of 1,638, the workforce remained at approximately half the Depression Era workforce as the company headed into the post-war era. Labor shortages persisted throughout the war and ultimately had a negative effect on Real Silk's labor force.³⁸² Far from expanding Real Silk's operations and productive capacity, the war reduced the company's workforce by nearly half.

³⁸¹ See Chapter 2, footnote 84.

³⁸² See Employment Security Division, Report of Labor Market Developments, Indianapolis, 1941-1946, Box 38-40, ISA.

Chapter 5

Conclusion

In his 2008 article on productivity growth in the U.S. economy during WWII, Alexander Field noted that “[c]onventional wisdom credits the war both with ‘bringing us out of the Depression’ and with ‘laying the foundations for postwar prosperity.’”³⁸³ When examining the overall picture of industrial mobilization within the state of Indiana, this is what appears to have happened in most industries. According to George Blackburn’s study of Indiana’s industries during the war, “the most obvious change from 1939 to 1947 was that Hoosier industry expanded tremendously.”³⁸⁴ For example, the number of production workers throughout the state increased 66.2 percent, while the value added by manufacturing increased by 208.8 percent overall in Indiana industries from 1939 to 1947.³⁸⁵

However, this “tremendous expansion” did not occur across the board. In a report from the Indiana Economic Council on the “Status and Trends in Indiana Manufacturers” from 1939-1947, “textile mill products” experienced the smallest amount of financial growth of all industry categories, with only a 77.5 percent increase in the value added to the industry throughout the war. More importantly, the textile industry had one of the only workforces in Indiana that shrank between 1939 and 1947.³⁸⁶ Employment in the “textile mill product” industry dropped 31.8 percent, and in the closely-related industry of “apparel and related products,” the workforce decreased by 13.9 percent. The only other industry to lose employees was “leather and leather products,” with a 7.7 percent

³⁸³ Field, “U.S. Productivity Growth,” 672.

³⁸⁴ Blackburn, “Hoosier Arsenal,” 489.

³⁸⁵ Blackburn, “Hoosier Arsenal,” 488-489.

³⁸⁶ This trend was observed nationwide by the TWUA in 1943. *Truman Committee Hearing*, 12876-12877.

decrease.³⁸⁷ In fact, Field demonstrated in his article that wartime economic expansion was almost exclusively limited to durable goods industries. Using industrial production data from the Federal Reserve Board, he illustrated that while durable goods production increased dramatically from 1941-1945, non-durable goods, such as textiles, leather goods, and paper products, experienced a comparatively small “spike.”³⁸⁸

As demonstrated in Chapters 1 and 3, Real Silk’s opportunities for industrial expansion throughout the war were limited by a plethora of obstacles. The factory’s conversion in 1942 set the company back both in terms of efficiency and financial stability, placing the mill on uneven footing at the start of its war production venture. Government regulations, shortages of materials, and transportation issues slowed production at every turn. Additionally, the company’s workforce shrank in the face of severe labor shortages. Combined with increased turnover rates, absenteeism, changes in the composition of the workforce, and the challenge of balancing union, company, and government requirements, war production became a maze of cumbersome obstacles that impeded effective production output.

Seeing little opportunity for expansion and financial success within war production, Efroymsen looked to civilian production and began planning for post-war expansion of the company’s civilian market as early as the end of 1943. In the 1943 annual report, Efroymsen indicated that the company intended to expand its manufacturing facilities for hosiery, lingerie, and other products after the war.³⁸⁹ Though the company continued to do a fair amount of civilian production in WWII, government

³⁸⁷ Blackburn, “Hoosier Arsenal,” 488.

³⁸⁸ Field, “U.S. Productivity Output,” 680-681.

³⁸⁹ “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1943,” Box 1, Folder 22, RSC-IHS.

regulations severely restricted the amount of civilian goods that could be produced. Little expansion of civilian production could be achieved in the wartime economy. However, Efroymsen recognized that material shortages could continue to limit company expansion in the post-war economy, as well. In the 1944 annual report, he wrote:

We are limited in the amount of hosiery, lingerie, dresses, etc., which we can manufacture, due to allocations and restrictions of materials needed for manufacturing purposes. We are giving careful consideration to our post-war operations and are planning to increase our production. This will depend upon our ability to get sufficient quantities of the needed materials for manufacturing and will also require the investment of considerable sums of money for needed manufacturing machinery and equipment.³⁹⁰

By the latter half of 1945, Real Silk had completed most of its war contracts, and the remainders were terminated by the government. While this ultimately left the company with a smaller volume of business for the year, Real Silk did manage to expand its civilian business in 1945. Yet, Efroymsen again noted in the annual report that further expansion of the company's civilian business depended on whether or not it would be able to obtain new machinery and required materials.³⁹¹

In 1946, the company entered the post-war era with a reduced workforce, considerably smaller wartime profits than many industries, an entire war contracts department that needed to be reconverted, and the prospect of continued material shortages. The war left the company with few competitive advantages in the post-war hosiery market. To complicate matters further, the company's president, Gustav Efroymsen, passed away on November 3, 1946, in the middle of the nation's difficult

³⁹⁰ "Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1944," Box 1, Folder 22, RSC-IHS.

³⁹¹ "Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1945," Box 1, Folder 22, RSC-IHS.

transition from wartime to a peacetime economy.³⁹² Efroymsen's son, Robert, took his father's place as president of Real Silk and shouldered the responsibility of navigating the company through the crucial transition. It is difficult to determine if the company would have fared better in the post-war economy had Gustav Efroymsen continued at the helm of the business; but under the direction of Robert Efroymsen, it is clear that the company began to decline.

Throughout the remainder of the 1940s, Real Silk experienced a small amount of the "post-war prosperity" to which Field referred in his 2008 article. In 1946, Real Silk expanded its civilian business enough to cover the lost volume in war contracts, and the company's net profits nearly doubled to \$843,431.01. Profits continued to rise until 1948, when the company reached an all-time high net profit of \$994,065.93. However, even this rapid expansion did not represent the company's full productive potential. Machine and tool shortages persisted into 1947, and while the company had large requirements for new machinery and other "capital assets" to expand its production, access to these items continued to be restricted by scarcity and competition. Also, throughout this short period of seeming prosperity, Robert Efroymsen anticipated an increase in competition as other wartime scarcities subsided; and in the 1947 annual report, Efroymsen accurately predicted that "strenuous times lay ahead."³⁹³

As the company entered what many macroeconomic historians call the golden age of the U.S. economy (1948-1973), hosiery prices weakened and Real Silk experienced

³⁹² "Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1946," Box 1, Folder 22, RSC-IHS.

³⁹³ "Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1946," Box 1, Folder 22, RSC-IHS; "Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1947," Box 1, Folder 22, RSC-IHS; "Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1948," Box 1, Folder 22, RSC-IHS; "Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1949," Box 1, Folder 22, RSC-IHS.

reductions in its sales volume.³⁹⁴ By 1954, it is clear that Real Silk was on the way out. The annual report for 1954 indicated that the company was “contracting its manufacturing operations” and was renting out part of the Indianapolis plant. In 1955, Efroymson sold off the plant in Durant, Mississippi, as well as much of the machinery in the other plants. He observed that “[d]uring the past several years we were faced with the alternative of either operating our hosiery machines at less than capacity or selling part of our production at a loss. Now we can purchase hosiery made to our quality standards and in only such quantities as we expect to sell profitably.”³⁹⁵ The company no longer found it economically feasible to produce its own hosiery. The post-war “golden age” was not so bright for Real Silk, and it was during this time of supposed widespread economic prosperity that the company was finally forced to cease its manufacturing operations. In 1957, Real Silk Inc. registered as an investment company with the Securities and Exchange Commission. While the company continued to sell hosiery and other textile products through nationwide door-to-door sales, it ceased to manufacture any of its own textiles.³⁹⁶

³⁹⁴ Field, “U.S. Productivity Growth, 672.

³⁹⁵ “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1948,” Box 1, Folder 22, RSC-IHS; “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1949,” Box 1, Folder 22, RSC-IHS; “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1950,” vol. 1946-1952, Research Collection, Herman B. Wells Library (hereafter cited as HBWL); “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1950,” vol. 1946-1952, HBWL; “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1951,” vol. 1946-1952, HBWL; “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1952,” vol. 1946-1952, HBWL; “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1954,” vol. 1954-1956, HBWL; “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1955,” vol. 1954-1956, HBWL; “Annual Report: Real Silk Hosiery Mills, Inc. and Subsidiary Companies for the Year Ended December 31, 1956,” vol. 1954-1956, HBWL.

³⁹⁶ See “Biographical Sketch,” in collection guide to Real Silk Company Records (Indianapolis, Ind.) Records, 1920-1952, RSC-IHS.

Real Silk was not alone in its post-war decline. The U.S. textile industry as a whole experienced rapid economic deterioration after the war, due in large part to the U.S. military's post-war policies in Japan. After the Japanese surrendered in 1945, the United States military occupied Japan, and under the direction of the Supreme Commander of the Allied Powers (SCAP), sought to restore economic stability in war-torn Japan by rebuilding some of the nation's industries. The textile industry was one of the largest and most profitable in Japan before the war, and SCAP recognized textiles as an industry that would boost the nation's economy without aiding future aggression. However, rebuilding the industry was not enough; trading relationships also had to be restored. Before the war, Japan mainly traded with China, Korea, Manchuria, and other nations in Southeast Asia. After the war, these countries, some of which suffered economic exploitation under Japanese occupation or colonization, were unwilling or unable to trade with Japan. Also, as the threat of communism grew in the post-war world, the United States was leery of reestablishing trade relationships between Japan and communist China. Instead, the U.S. government lowered trade barriers and opened the American market to Japanese textile goods. American manufacturers struggled to compete with these low-priced goods and many shut down or shipped their production overseas.³⁹⁷ While other U.S. industries benefitted from the loosening of government regulations after the war, the military's policies in Japan further damaged the U.S. textile industry in the post-war era.

In the "all-out" production effort for WWII, small, mid-size, and large companies in all industries were called upon to manufacture war matériel. Large companies like

³⁹⁷ Ellen Israel Rosen, *Making Sweatshops: The Globalization of the U.S. Apparel Industry* (Berkeley: University of California Press, 2002), 27-39.

Ford, General Motors, and U.S. Steel have featured prominently in WWII literature, however few studies have been conducted on the role and experience of smaller businesses in the conflict. Small to midsize businesses with less financial and political clout faced greater obstacles in the mobilization program. Additionally, companies in lower priority industries did not experience the rapid economic or productive expansion that higher priority industries enjoyed. For Real Silk, the war neither pulled it from the depths of the Great Depression nor set it on the path to post-war prosperity. While the company appeared to be making a gradual economic recovery from the Depression in 1941, forced conversion to war production counteracted many of these gains. For the many reasons discussed in this thesis, war production did not deliver the economic or employment boost promised, leaving Real Silk and many other companies in a tenuous position for the post-war market. Beneath the glimmer of Rosie the Riveter, patriotic war bond rallies, rolling production lines, and other poster children of the industrial mobilization effort lies the story of the thousands of businesses that struggled to stay afloat in the tumultuous wartime economy. They are as much a part of the WWII-era whirlwind of economic change as the large corporations in the war effort, and their story contributes to an understanding of the flaws in the industrial mobilization program of the Second World War.

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