

# Executive Order Allows Code Prices Cut On Government Work

## Retail Lumber Prices Reduced Ten Per Cent Aim to Help Modernizing and Building Homes

Some confusion has resulted over code price cutting sanctioned by the President in an executive order issued under date of June 29 and a reduction in retail code prices for lumber authorized by the Lumber Code Authority, which became effective July 5. They are in no way related, the executive order being a permissive one allowing reductions of code prices up to a maximum of 15 per cent in bids on Government work. When such a price is disclosed in a bid it must immediately be filed with the code authority or other designated agency. There is nothing to prevent a code price thus reduced being increased in a subsequent bid providing it is properly filed.

The reduction in retail code prices for lumber are a straight percentage reduction for a definite period extending to March 1, 1935. The reduction is 10 per cent for Douglas fir and redwood, 4 per cent for Ponderosa pine and other softwoods, 4 per cent for stock sash and doors and 4 per cent for plywood, wallboard and insulation board. There is no reduction of prices on any other items. Pending the compilation of a new list local retail lumber prices will be figured on the allowable percentage reduction off the present published list of retail code prices.

Prices of lumber have been reduced by the Lumber Code Authority in furtherance of the Government's home modernizing and home building program under a recent Congressional Act with the expectation that it will stimulate home building and that the resulting increase in volume of business will be sufficient to justify operating costs based on the present low volume. No explanation accompanied the executive order permitting cutting of code prices on government work but it is believed in construction circles at Washington that it was prompted by objections to identical bids on materials received by various government agencies.

Following is the text of the executive order permitting cutting of code prices on government work:

"By virtue of and pursuant to the authority vested in me under Title I of the National Industrial Recovery Act of June 16, 1933 (ch. 90, 48 stat. 195) and in order to effectuate the purposes of said title, it is hereby ordered as follows:

"1. Any person submitting a bid to any agency or instrumentality of the United States, or any state, municipal or other public authority, to furnish goods or services at prices which, in accordance with the requirements of one or more approved codes of fair competition, must have been filed, prior to their quotation, with the code authority, or other designated agency, shall be held to have complied adequately with the requirements

of such code of fair competition: (a) if said bidder shall quote a price or prices not more than 15 per cent below his price or prices filed in accordance with the requirements of such code or codes; and (b) if, after the bids are opened, each bidder quoting a price or prices below his filed price or prices shall immediately file a copy of his bid with the code authority or other appropriate agency with which he is required to file prices.

"2. If, upon complaint made to the Administrator for Industrial Recovery, he shall find, after due investigation, that the tolerance of 15 per cent provided in this order is resulting in destructive price cutting in a particular trade or industry, he is hereby authorized to issue an administrative order reducing said tolerance of 15 per cent for such trade or industry to the extent he shall find necessary to prevent such destructive price cutting, but in no event to a tolerance of less than 5 per cent.

"3. The Administrator for Industrial Recovery is directed to cause a study to be made of the effects of this order upon the maintenance of standards of fair competition in sales to public and private customers and to report to the President thereon within six (6) months of the date of this order.

"All prior executive orders, including executive order No. 6646 of March 14, 1934, are hereby modified in so far as, and to such extent, as they may be in conflict or inconsistent with this order."

FRANKLIN D. ROOSEVELT.

The White House,  
June 29, 1934.