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Address scheduled for delivery by Elmer F. Andrews, Administrator,
Wage and Hour Division, U. S. Department of Labor,
before the Washington Board of Trade
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The capital of any nation is its nerve center. If there is any doubt as to this, look at the vivid history of the last few weeks. In the humanity-packed thoroughfares of London, Paris, Prague and Berlin was recorded the anxious life-beat of the world abroad.

This is true of the relationship of Washington to the United States. More than once legislation has owed its final form to the democratic influences at work in this city. Street corner comments, individual opinions, congressional gallery applause, all have played an important role in indicating national opinion. This is due partly to the fact that most of the functions of government are centered here. It is also due to the fact that a large proportion of the population of Washington is personally concerned with government functions, either directly or indirectly.

Most of you gentlemen here tonight are representatives of some form of business or service in this city. As such you are vitally interested not only in the welfare of Washington, but of the United States, because any changed condition, good or bad, in California, in Minnesota, or in Georgia is reflected right here in the Capital--quickly and materially. Moreover, you represent industrial enterprise which largely escapes sectional bias and you believe in a common good, independent of geographical boundaries.

Frequently, I have been asked this question: Has industrial management ever come forward with the suggestion of shorter hours and better rates of minimum pay? I am glad to say that I have been able to answer in the affirmative. Business men like yourselves have attempted

to reach agreements concerning trade practices, and high among your considerations have been maximum hours of work and minimum wages.

In 1936, a number of business men from all over the nation known as the Council for Industrial Progress, gathered in Washington and went a step further. They declared that long working hours, inadequate wages, and employment of children in industry, created unfair competition in interstate commerce, and that Congress should regulate such practices.

It is not surprising that such a group, representing the employment of more than half the industrial workers in this country, should adopt such an attitude. There has long been growing the feeling that the chiseler with his sweat shop methods, has no place in modern economy.

I remember in May, 1933, that a representative of one of the largest men's clothing manufacturers in this country appeared before the House Committee on Labor and stated that his firm was facing elimination from the business picture because of the competition of employers who were paying very low wages and working long hours. He stated that his concern could do either of two things--go out of business or alter the established policy of quality merchandise and superior working conditions.

He was not alone in this stand. There were countless other industrialists just as helpless before the onslaught of cut-throat competitors. Fortunately, the ensuing years have brought a revival of business activity which has reduced the use of thumb-screw business tactics, but there still remains the essential need which induced those business men in 1933 to make public their distress.

There can be no observance of fair trade practices unless there is given the protection of some governmental device which provides a floor below which wages cannot go and a ceiling above which hours of work cannot rise.

State government alone cannot afford this protection. Our experience in this connection is filled with the failure to secure adequate regulations of wages and hours caused by the ease of over-the-line evasions and the threat to local industries of competition from unregulated areas.

Some years ago, Wisconsin established a Trade Practice Commission. This Commission administered the law which was designed to secure minimum wages and maximum hours and to prohibit sales below reasonable costs, and to eliminate other unfair methods of competition. It met with partial success but wherever it ran up against interstate competition, its effectiveness disappeared. In the cleaning and dyeing industry, operators from Illinois established Wisconsin agencies in the southeastern part of the state, collected garments, transported them for service to Illinois and took them back to Wisconsin. This undermined the state program and the Wisconsin Trade Practice Commission was helpless.

There is no fair-minded employer who would not willingly adopt a code of business ethics which would assure his employees adequate wages and decent working schedules, but he cannot be expected single-handedly to improve labor conditions. No one can ask him to step out of line and give himself into the hands of an irresponsible minority who admit only profit-taking as the guide to business conduct.

What then is the answer? It is federal regulation. Federal regulation not in the way of uncontrolled discretion and undesirable extent of authority, but federal regulation in the way of definite standards and a reasonable grant of power.

The Fair Labor Standards Act which becomes effective October 24th, as you know, sets forth a minimum hourly wage in employment covered by the law of 25 cents; at the end of one year this minimum advances to 30 cents; and, at the end of seven years, it advances to 40 cents. The law also provides for a forty-four hour maximum workweek at regular pay for a period of a year; for the next year a forty-two hour week; and, after October, 1940, a forty hour workweek. Overtime is to be compensated at the rate of time and one-half for all work above the maximum limit. In addition, oppressive child labor is prohibited.

Now the effect of this program on the country as a whole will be reflected here in Washington. Every increase in purchasing power to the wage earner will result in increased sales of goods and services in this city and every safeguard from cut-throat competition will aid the business man of this city in his fight for fair trade practices.

You have already a minimum wage law in the District of Columbia which applies to women and minors. It provides for wage conferences for local industries which guarantee a standard workweek at certain wage rates with special allowances for overtime. These wage conferences represent equally all elements in the business life of the District and are characterized by an extensive study of competitive conditions.

May I call attention to the fact that the essential structure of this law served as one of the models for the Fair Labor Standards Act of 1938? Congress has directed the Administrator of the Wage and Hour Division to appoint Industry Committees composed of an equal number of representatives of employers, employees and the public. Each Committee is to investigate conditions in its particular industry and to recommend wage rates above 25 cents per hour (or, not as the case may be) but not to exceed 40 cents an hour. These recommendations are in no way final. After the committee has reached an agreement, the findings are submitted to the Administrator. He must then give due notice and hold public hearings. Then, and only then, does the Administrator pass upon the reasonableness of the committee's recommendations and order wages to go into effect, or rejects the recommendations and either refers them to the committee for further study, or appoints a new committee.

The Textile Industry Committee is at present the only one to have been appointed. Just as soon as funds and an adequate staff are available, the membership of certain other industry committee will be announced.

No doubt you are more familiar than I with the work of the District minimum wage board, but I would like to take this opportunity to congratulate your able Secretary, Mr. Woodward, on the outstanding contribution he is making as a member of the group. May I also say that their emphasis has been on a careful approach to the problem? Every precaution has been taken to include at each wage conference only related employments. Although the program has been in effect a little

over a year, the major portion of its objectives has been realized and the soundness of approach has been demonstrated by the general satisfaction with which it has been received.

The Fair Labor Standards Act of 1938 is not intended to supplant the local program. Rather, it is designed to proceed from the point where, for constitutional reasons, the District statute must come to a halt.

The federal law applies only to employment in interstate commerce or for the production of goods in interstate commerce and industries preponderantly local in character are excluded by reason of this definition of scope, as well as by specific exemption.

However, the Act also is fashioned to plug those holes in local regulations which may be breached from time to time because of geographical restrictions. I know, for example, that a District Wage Conference recently made certain determinations regarding the laundry and dry cleaning industry. Immediately, difficulties arose. Certain firms with physical equipment in Maryland solicited trade in Washington, and, thus, offered competition which had completely escaped regulation. Fortunately, this situation can be corrected by the Fair Labor Standards Act of 1938, if it is found that the greater part of the servicing of these concerns is interstate commerce.

I have been talking to you about Washington. Let me hasten to assure you, however, that I have no intention of succumbing to what is facetiously and somewhat scathingly referred to outside the District as "the Washington viewpoint."

That term probably is greatly exaggerated but it is meant to

imply that government officials, newspapermen and others, after a brief sojourn in the Capital, arrogate to themselves a pontifical and brahmanesque outlook that is slightly out of focus with what is being thought and discussed in St. Louis or Seattle or Rochester.

This isn't true, of course. At least, of those who have lived their lives in the Washington influence, and certainly is not true of the great majority of Washington immigres. I am merely trying to say that I don't intend to join even the infinitesimal minority of which it might be true.

The Fair Labor Standards Act is a national law. It will be administered in that spirit. And the Administrator and his staff intend to keep in constant touch--physically whenever possible; mentally at all times--with the pulse of this great Nation.