

ADDRESS SCHEDULED FOR DELIVERY BY ELMER F. ANDREWS, ADMINISTRATOR
WAGE AND HOUR DIVISION, U. S. DEPARTMENT OF LABOR
Before The
COUNCIL FOR SOCIAL PROGRESS, PHILADELPHIA, PA.
APRIL 5, 1939 AT 12:30 P. M.

The man who invented the slogan was a benefactor of the human race.

Slogans help us over the conversational rough spots. As a form of linguistic shorthand they save us the trouble of thinking, and thinking is about the hardest work there is.

We "Remember the Maine." We know the young lady who has been "often a bridesmaid, but never a bride." We suspect, if we do not know, some of those unpleasant facts about ourselves which even our best friend "won't tell" us.

Our stock of useful slogans recently has been enriched by the addition of another: "What Helps Business Helps You."

That's a pretty good one, provided we are agreed as to what it means. What, for instance, is "business?" If business here means those fundamental processes of growing and processing, of digging and delving, of transporting and advertising, of buying and selling by which all of us must live, then what helps business helps you -- you being all of us.

But it doesn't necessarily follow, I think, that what any individual business man may for the moment consider a help to him in his business, necessarily helps you.

Certain business men, for example, seem to think that rigid enforcement of the Sherman anti-trust law would be a great help to them. Others are just positive that rigid enforcement of the Sherman law would impose unbearable hardships on business.

A majority of business men at one time were pretty sure that workmen's compensation laws would be ruinous to "business" and a few may still think that way.

I know some business men profoundly believe that taxes are ruining business, and who are eternally galloping about from state to state looking for lower and still lower taxes, and cheaper and cheaper human labor to exploit -- with a free factory building thrown in for good measure by the local chamber of commerce. But I am not sure that the repeal of all taxes that left these fellows without police and fire protection, and without good roads over which to transport their goods, and without customers with enough schooling to enable them to read their advertisements, would be good for "business". And if it were good for business, it doesn't necessarily follow that it would be good for you.

"What Helps Business Helps You." True enough -- provided we define our terms carefully enough and in an enlightened spirit. Yet here is another slogan which I think is just as good and just as true. This is it: What Helps Labor Helps Business. That proposition is easy to defend.

In the United States there are a few families able to live on inherited wealth or a return upon investments but they are not numerous enough to maintain a market for the nation's industrial output. These people already have about all the automobiles, houses, electric refrigerators and clothing they can use. American industry, now generally on a mass production basis, cannot look to them for an expanding market. Rather it will have to look for additional sales to the vast majority of us who have to work for our living.

We look back at 1929, before the stock market broke, as the peak year of our prosperity, but even in 1929 there were more than 19 million families with incomes of less than \$2,500, according to "America's Capacity to Consume," issued by the Brookings Institution at Washington in 1934. If all these families somehow could have been raised to incomes of no less than \$2,500 a year, they would have spent around four billion dollars more a year

for food, four billion dollars more for shelter, two billion dollars more for clothing and adornment, and about five billion dollars more for other consumer goods and services. That would have been a real help to business.

Until recently we haven't had to worry much about a market for our goods. The population was increasing rapidly. When one customer died there were two new ones to take his place. The population of the country just about doubled in the 30 years between 1870 and 1900. But the rate of population growth has declined steadily since then, and now it is estimated that the increase from 1940 to 1960 will be no more than one-half of one per cent a year. There won't be enough consumers to keep all the mass production industries running full blast if they don't have more money to spend, and the only hope of selling more goods is to create a market among those who would like to buy more goods and services but who, in present circumstances, can't buy more. Every business man sees this with some degree of clarity, but the trouble is that while Business Man A hopes that Business Men B, C, D, and E, will pay more to their workers so that they can buy more from Mr. A, Mr. A. himself would naturally prefer to keep his costs down by paying his own workers the lowest possible wages, which, of course, will not enable them to buy anything from Messrs. B, C, D, and E.

Well, it won't work. Only as we raise the incomes of all wage earners, and especially of those in the very lowest categories, can we maintain the purchasing power upon which all business depends.

Personally, I'd like to see all incomes increased to at least \$2,500 a year, the figure mentioned by the Brookings economists, but the objective of the Wage and Hour Law is much more modest than that. It requires that this year employees in interstate commerce be paid at least 25 cents an hour. An employee who works 44 hours a week for 52 weeks at this minimum only receives \$572 in a year. Even when the maximum rate of 40 cents an hour for a 40-hour week becomes effective in 1945 the minimum annual would represent earn-(88E

ings of but \$832. Not many families will be buying steam yachts and limousines on \$832 a year, but at least they will be in the market for more and better food, and more and better clothing, and better housing, and a thousand other goods and services that the mass production industries have to sell. Fill up the gap by supplying the necessities of life to the millions, and you won't need to worry much about the people above the line of mere subsistence who are the natural customers for the steam yachts and the pearl necklaces.

In no other country will you find so many working men with radios, and hot and cold running water, and electric refrigerators, and washing machines in their homes, and driving their own automobiles. Even those who have most bitterly fought unionization owe a debt of gratitude to it. Without the continuing effects of organized labor to raise wages and reduce working hours there would be little market for the goods turned out by the mass production industries. If we should return to the universal 10- or 12-hour day, which is unthinkable, few of us would have enough energy left at the end of the day's work to get out on the highways and wear out rubber tires and burn up gasoline, even if we could afford to do it.

But you will notice that labor by no means has concentrated all of its energies on the economic sector. From the very beginning of the country it has been busy on the legislative front as well, supporting almost every measure that has made life better for all of us, and winning legislative battles often against very tough opposition.

It was due to the agitation of the workers, and not to the beneficence of the "well born" privileged few, that the free public school system was established. We have labor to thank, more than anything else, for decent and safe building codes, for a state minimum wage laws for women and children, for workmen's compensation laws, for old age pensions, unemployment insurance, and a hundred other legislative devices from which everybody benefits. The Wage and Hour law is on the statute books today not because the United States Chamber of Commerce or the National Association of Manufacturers wanted it there but because labor wanted it there. The really powerful support came from the authorized spokesmen of the labor movement.

And why responsible labor leaders wanted a floor under wages and a ceiling over hours is fairly obvious. They know that no worker can be entirely safe, no matter how high his own hourly wage rate may be, so long as there is a vast reservoir of underpaid, half-starved, unorganized labor ready to compete with him for his job. They also know that unless the nation's mass buying power is increased to a point where it can move merchandise off the merchant's shelves, there can be little prosperity even for the skilled worker at the top, no matter how the union contract with his boss may read. What availeth a wage rate of even \$1.50 an hour if you aren't allowed to work more than three or four months a year?

The Fair Labor Standards Act fits into the scheme of organized labor. Labor is perfectly familiar with minimum wage and maximum hour legislation. It agitated for most of the state laws on the subject. As long ago as 1909 a minimum wage bill was introduced in the Nebraska legislature to prescribe a minimum of 20 cents an hour with 25 cents an hour for overtime work. Allowing for the increased price of ham and eggs and butter and shoes, a national minimum wage of 25 cents an hour 30 years later seems pretty conservative.

Occasionally, however, we find a good union man lukewarm on the subject of the Wage and Hour law. He says, "I don't see how it is going to benefit me. The standards aren't high enough to do me any good." I have tried to show that he does benefit indirectly when his neighbors have enough money in their pay envelopes to buy the goods he makes and the skills he has to sell. And I want to add that there is nothing in the Fair Labor Standards Act that conflicts in the slightest degree with organized labor's program. Quite otherwise. Collective bargaining contracts are protected at every point. Contracts calling for a better deal than those prescribed in the law are not affected. In no sense is labor released from

its historic obligation to organize and bargain collectively for the best terms it can get.

Within the last few days you have heard of proposals to amend the Act. These were worked out in collaboration between the House Committee on Labor and the Wage and Hour Division and are based upon five months of experience in administration. In my opinion they will not weaken the law in any essential particular, but on the contrary will greatly improve the administration of the Act, will provide needed flexibility, will assist in enforcement and will remove a substantial number of annoyances and hardships which the Administrator is at present powerless to avoid.

I shall not undertake to analyze the amendments in detail here, though I mention those which may be of particular interest to this audience: One would amend Section 11 of the Act to authorize the Administrator to make regulations necessary to carry out the provisions of the Act, including special authority with respect to industrial home work and voluntary constant wage plans, consistent with the time-and-a-half penalty provisions for overtime work. Employers who comply with the regulations of the Administrator would be given civil and criminal immunity. Another would exempt from both the wage and hour provisions all employees receiving a guaranteed monthly salary of \$200 or more. One of the major complaints of both employers and employees has resulted from the application of the overtime provisions to employees requiring flexibility in working time. Still another would exempt from both wage and hour provisions switchboard operators employed in public telephone exchanges with less than 350 stations. Application of the Act to operators of small rural stations, who spend only a part of their working time attending the switchboard, threatens to curtail telephone service in rural areas. And still another would authorize the Administrator to release goods produced in violation of the wage and hour standards from the prohibition against shipment or sale in interstate commerce where it is found that the person or persons having the goods acquired them without knowledge of the violation. This protects innocent purchasers of so-called "hot goods" but otherwise continues in force the prohibition against shipment of goods produced in violation of the law.

A statute consists of words written on paper by a legislative body. It is worth no more than any other words written on paper until it is enforced. Its social utility increases directly with the success of enforcement. There are some state labor laws that are worth even less than the paper they are written on because no effort is made to enforce them. So I am well aware that the value of the Fair Labor Standards Act of 1938 is going to depend upon the vigor with which it is enforced. And as to that, I want to say that we in the Wage and Hour Division started out cautiously back in October when the law went into effect. There were several reasons for this. One was that we didn't then have a completed and trained organization capable of coping with every complaint from every part of this vast country. We still haven't an adequate organization but we are making progress. Another was that we deliberately chose to move cautiously so that we could be sure of getting off on the right foot. A third was that we wanted to give business ample time to adjust itself to the new order of things. The fact that the vast majority of business men are now complying and that many of them have become enthusiastic supporters of the law, we believe, justifies our course.

But the honeymoon is over. Within the last few weeks we have gone to bat in a dozen cases of noncompliance, and still other cases are in the works. We are obtaining injunctions here and there to force compliance. Where circumstances seem to justify it, we have obtained consent decrees accompanied by the payment of back wages due. We are more interested in obtaining for the workers all the benefits to which they are entitled than in putting violators in jail.

We have proceeded in three cases that will be of particular interest to

this Philadelphia group. In one we charged in a suit for injunction that a Philadelphia concern was operating a hosiery mill in Tennessee in the guise of a trade school for the purpose of violating the wage provisions of the Act. The matter is still pending.

In two cases, one involving a paper box manufacturer and one a concern dealing in laundry and dry cleaning supplies, we obtained consent decrees. Negotiations are pending for the restitution of wages due in the first of these, and in the second \$205,87 has been paid to the employees from whom it had been illegally withheld.

Up in Massachusetts the other day a shoe manufacturer paid \$1,500 in court on a plea of guilty, a penalty which the presiding judge said he hoped would demonstrate to others the expensiveness of playing with fire.

When I was a boy in New York we had another homely metaphor: Don't monkey with the buzz saw. It meant that you just couldn't fool around certain dangerous things with impunity.

We are now filing down the teeth of this particular Wage and Hour buzz saw. They are big teeth and sharp. They mean trouble for the fellow who thinks that he can somehow outsmart Uncle Sam.

But just remember that a buzz saw doesn't become dangerous until you start to monkey with it. Rightly used it is an instrument for doing quickly and well a certain kind of work that needs doing. All of us, employers and employees, I hope, will cooperate to use this one in fashioning a better and happier order of things for the people of America.

#####