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U.S. DEPARTMENT OF LABOR
WAGE AND HOUR DIVISION
Washington

TEXTILE COMMITTEE FORWARDS 32½¢-WAGE RECOMMENDATION TO ADMINISTRATOR

Andrews Schedules Public Hearings on Recommended Minimum Wage

Industry Committee No. 1, under the Fair Labor Standards Act of 1938 authorized to recommend minimum wage rates for industries employing 650,000 wage earners in the manufacture of cotton, silk, rayon and other textiles, today forwarded to Administrator Elmer F. Andrews of the Wage and Hour Division, U.S. Department of Labor, a formal recommendation for a minimum wage of 32½¢ an hour.

The Committee asked that any wage order resulting from its recommendation be made effective July 1, 1939. The number whose wages would be increased by such a wage order is estimated at about 175,000. Of these some 125,000 are engaged in the manufacture of cotton textiles, the remainder in the other branches of the textile industry under the Committee's jurisdiction.

The report was signed by Donald M. Nelson, Chairman, and 13 members of the committee. A minority report signed by six members of the Committee was also forwarded to Mr. Andrews. The minority report dissented from the recommendation of the majority as one which would result in "substantial curtailment of employment" and asked that it be disapproved.

On receiving the reports, Administrator Andrews immediately scheduled a public hearing on the majority recommendation, as required by the Act, for June 19 at Washington and June 26 at Atlanta, Georgia.

Making the reports public was the first authorized revelation of how the committee had voted. The members signing the majority report (32½¢ an hour), in addition to the Chairman, were: Fred Lazarus, Jr., of Columbus, Ohio;

George Fort Milton of Chattanooga, Tennessee; and George W. Taylor, Philadelphia, Public Members, Paul Christopher of Charlotte, North Carolina; Francis P. Fenton of Boston, Sidney Hillman of New York, R. R. Lawrence of Atlanta, Georgia; Elizabet Nord of Manchester, Connecticut; Emil Rieve of Philadelphia, and H. A. Schrader of Washington, D.C., Employee Members, and Allan Barrows of New Bedford, Massachusetts; C. Edward Buxton of Providence, Rhode Island; and John Nickerson of New York, Employer Members, also signed the Majority recommendation.

Those signing the minority report were: P. O. Davis of Auburn, Alabama, and E. L. Foshee of Sherman, Texas, Public Members; Charles A. Cannon of Kannapolis, North Carolina; Robert Chapman of Spartanburg, South Carolina; John R. Cheatham of Griffin, Georgia, and R. R. West of Danville, Virginia, Employer Members.

A second dissenting statement was entered, by Mr. Foshee alone, asking that the Administrator refer the matter back to the Committee or to another committee because of the Committee's failure to recommend a 2½¢ wage differential in favor of Texas, Oklahoma and Arkansas.

"This Committee is convinced, on the basis of the evidence," the majority report said, "That price increases to consumers resulting from the introduction of a 32½¢ minimum wage in the Textile Industry will be too small to affect net employment appreciably. It is possible, indeed, that the very moderate increase occasioned by the 32½¢ minimum can be absorbed by the industry or by one or more of its marketing agencies. Small and non-essential changes in the manufacture of many textile products may obviate the necessity for price advances to consumers . . but even if the full increase in cost produced by the 32½¢ minimum rate is passed on to consumers, the advance in prices should be relatively slight."

Figures quoted in the report were largely from the Cotton Textile Industry, which, as the report pointed out, is the largest of the textile industries, both in number of wage earners and value of product. Wages in the Cotton Textile industry are slightly lower than wages in most other textile industries, the report said, and the Cotton Textile Industry would be affected to a greater extent by any basic minimum wage.

Changes in the Cotton Textile Industry caused by a 32½¢ minimum wage would occur almost entirely in the South, the report pointed out. While this minimum would increase the wage bill of the cotton textile Industry as a whole by four or five per cent, the report said, the wage bill increase in the South would be from six to nine per cent.

"These increases will not take place all at once," the report said, "because they include not only the increase necessary to raise the wages of workers now receiving less than 32½¢, but also the estimated increases for workers already earning more than the minimum. The Committee believes that the establishment of a minimum will cause some increase to workers earning more than this amount because of the pressure to retain customary occupational differentials. Increases in wages above the minimum may be expected to occur gradually, however, depending in part, on the financial condition of the various mills in the industry."

Pointing out that labor costs represented only a part of total manufacturing costs, the report estimated that the increase in manufacturing costs in the south would be from 2.23 to 3.24 per cent.

"Although most of the low wage establishments are located in the South," the report said, "the Committee was impressed by the fact that such establishments are not characteristic of the Southern branch of the industry. Many

Southern mills, employing slightly more than 85 per cent of the Southern workers, paid average hourly wages greater than paid in the low-wage fringe (mills with average hourly earnings of less than 30¢)."

As to the consideration of higher minima, the report said: "The Committee was impressed with the able case presented by witnesses representing the employees in the industry for a minimum wage rate higher than the recommended rate. In view of the total situation, however, the Committee could not see its way clear to recommend a rate in excess of 32½¢ at the present time."

As to area classifications or differentials, the report said, "There was no request for a differential for the Southeast where the bulk of the Cotton Textile Industry is located." There were two such requests, however, one from the Committee of Southwest Textile Manufacturers for mills located in the states of Arkansas, Oklahoma and Texas, and one by the Mississippi Textile Manufacturers' Association. The Fair Labor Standards Act rules that no classification shall be made solely on a regional basis, but that the Committee shall consider the effect of transportation costs, costs of living and other factors on competition.

A study of transportation figures revealed that the differences between shipments to the typical markets from Southeast points and shipments to the same markets from Texas points amount to from 15¢ to 0.25¢ per pound of cloth, not enough, in the judgment of the Committee to justify a wage differential.

As to the cost of living, the report cited an elaborate study made for it by the Works Progress Administration in collaboration with the Bureau of Labor Statistics. The Committee was faced with a demand of the Southwestern Textile region for a differential against the Southeastern region where the bulk of cotton manufactures is located.

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The cost of living difference between these two areas was 3.6 per cent in favor of the Southwestern area.

"Plainly," the report stated, "the average difference in costs in an equivalent standard of living in the two regions . . . was very slight."

The minority report attacked the composition of the Committee as failing to meet the requirements of the Act that "the Administrator shall give due regard to the geographical regions in which the industry is carried on."

"Four of the seven public members, five of the seven employee members and three of the seven employer members — a total of 12 of the 21 members of Industry Committee No. 1— were appointed from non-cotton-growing states," the minority report said. "In other words, while 75 to 80 per cent of the industry which would be directly affected by a wage order is located in the South, a majority of the Committee as a whole and an overwhelming majority of one of its groups (employees) was appointed from other sections."

The minority report further protested that the Committee "in arriving at its recommendations, failed to take into account factors required by the Act to be taken into account in making a recommendation for a wage order."

Under this heading the minority report said, "Among the 'economic' or 'competitive' single conditions or factors not considered by the Committee, or given wholly inadequate consideration, may be mentioned: freight rates; taxation; the economic consequences, in terms of increased purchasing power, of any given wage recommendation; the effect of reciprocal trade treaties; the probable effect of pending cotton export subsidies; the effect of Government loans on prices and the relationship of these artificial controls to the problems of the increasing use of substitutes and foreign competition."

The minority report further attacked the Committee action for alleged failure "to give adequate consideration to the possible desirability of a regional differential." This section of the minority report added "living costs" to the factors to which it alleged the Committee had not given "adequate consideration." The purpose of the Fair Labor Standards Act, it said at this point, "is not to perpetuate the punitive program of the carpet-baggers under the guise of 'equalizing' existing competitive conditions as such."

Should the Administrator approve the majority recommendation after holding the scheduled public hearing, he may legalize it with a wage order. He cannot amend a committee recommendation but must refer the matter back to the committee or to another committee for the industry, which he may appoint for such purpose.

A wage order based on the recommendation of this committee would mean a legal 32½¢ minimum wage for all workers engaged in the production of goods for interstate commerce in mills embraced by the following definition:

(a) The manufacturing or processing of yarn or thread and all processes preparatory thereto, and the manufacturing, bleaching, dyeing, printing and other finishing of woven fabrics (other than carpets and rugs) from cotton, silk, flax, jute or any synthetic fiber, or from mixtures of these fibers; or from such mixtures of these fibers with wool or animal fiber (other than silk) as are specified in clauses (g) and (h); except the chemical manufacturing of synthetic fiber and such related processing of yarn as is conducted in establishments manufacturing synthetic fiber;

(b) The manufacturing of batting, wadding or filling and the processing of waste from the fibers enumerated in clause (a);

(c) The manufacturing, bleaching, dyeing, or other finishing of pile fabrics (except carpets and rugs) from any fiber or yarn;

(d) The processing of any textile fabric, included in this definition of this industry, into any of the following products; bags; bandages and surgical gauze; bath mats and related articles; bedspreads; blankets; diapers; dish-cloths; scrubbing cloths and wash-cloths; sheets and pillow cases; table-cloths, lunch-cloths and napkins; towels; and window-curtains;

(e) The manufacturing or finishing of braid, net or lace from any fiber or yarn;

(f) The manufacturing of cordage, rope or twine from any fiber or yarn;

(g) The manufacturing or processing of yarn or thread by systems other than the woolen system from mixtures of wool or animal fiber (other than silk) with any of the fibers designated in clause (a), containing not more than 45 per cent by weight of wool or animal fiber (other than silk);

(h) The manufacturing, bleaching, dyeing, printing or other finishing of woven fabrics (other than carpets and rugs) from mixtures of wool or animal fiber (other than silk) containing not more than 25 per cent by weight of wool or animal fiber (other than silk), with any of the fibers designated in clause (a), with a margin of tolerance of 2 per cent to meet the exigencies of manufacture.