that price brackets break down under drastic price fluctuations 86/ is not relevant to the small price changes here involved. I conclude, therefore, that these price brackets will tend to prevent any minor increases in wholesale prices which might result from a 32½-cent minimum wage rate from being carried over into retail prices.

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86/ Mr. Rieve testified: "I am not impressed by some of the testimony I have heard that there must be certain brackets. There is nothing holy about those brackets . . . Last week they all announced increases in prices of full-fashioned silk hosiery so all brackets are shot" (Record p. 679). For testimony relating to increases in prices of silk hose, see Record p. 513 and footnote 85 above.

Capacity of the consumer market to absorb variations in price and quality

The seamless hosiery branch holds, for the most part, a protected market.[87] The industry is not faced by any substantial competitive threat from substitute commodities. There was evidence that some competition exists between women's silk seamless hose and full-fashioned women's silk hose, but this touches, at most, a very small portion of the seamless branch.[88] Also, there was some testimony that hose imported from Japan has acted to cut prices of domestically produced

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87/ "The hosiery industry does not face the problem of competition arising from demand for substitute commodities, as do certain other industries such as coal mining or cigar manufacture. However, there is a certain amount of competition between the full-fashioned and seamless branches, as well as for different products within the seamless branch" ("Committee's Exhibit No. 4" at p. 29).

88/ In 1938 production of women's seamless hose accounted for approximately 16.5 percent of the total pairs of seamless hose produced by the industry. This 16.5 percent included approximately one-half cotton and rayon hose, which is not produced in any significant quantity by the full-fashioned industry, and only about 7,000,000 pairs of silk hose (See "Committee's Exhibit No. 4," p. 2, Table 1; and testimony of Mr. Constantine, Record p. 110). It is possible, therefore, that somewhat less than 10 percent of the seamless product competes with the full-fashioned product and this competition is limited still further by the differences of quality and price between the silk seamless and silk full-fashioned stockings. See footnote 51 above.

hose.[89] Since 1936, however, the volume of Japanese hose imported into this country has amounted to only a very small fraction of the hose sold in this country.[90] The total imports from Japan during 1938 totaled

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89/ Mr. Arthur offered to show that the main thing that causes cheap prices for domestic hose is Japanese competition and, moreover, that the threat of this competition has already been aggravated by the 25-cent minimum wage rate and will be further aggravated by a higher minimum wage rate. He introduced Foreign Trade Statistics Bulletins of the United States Department of Commerce which show that in January, 1938, there were imported from Japan 30,500 dozen pairs of cotton seamless hose and in January, 1939, 71,706 pairs, an increase of 135 percent. See "Mr. Arthur's Exhibit No. 6." "For the three months, January, February and March, 1938, the exhibit shows that 88,539 dozen pairs were imported against 181,647 dozen pairs for January, February and March of 1939, an increase of 105 percent" (Record p. 441).

90/ All imports of hosiery, both full-fashioned and seamless, amounted to approximately 1.23 percent of domestic production of seamless hosiery in 1935, 3.02 percent in 1936, 2.30 percent in 1937, and 1.12 percent in 1938. (See Appendix, Table J, in "Committee's Exhibit No. 4.") The largest quantity of this imported hose came from Japan. For instance, in 1936, the high year for imports, 2,144,455 dozen pairs of cotton hose were imported from Japan, while imports of all other types of hose from Japan and other countries amounted to 448,995 dozen pairs. However, the value of this cotton hose imported from Japan is estimated at $672,065, whereas the value of 267,170 dozen pairs of woolen hose imported that year from the United Kingdom is estimated at $739,904. (See Appendix, Table K, "Committee's Exhibit No. 4.") These figures were taken from a Special News Letter of the National Association of Hosiery Manufacturers, dated February 1, 1939. The Economic Section of this Division has concluded that "the importation of silk and rayon hosiery into the United States is so small as to give no concern to the domestic industry. Japan in cotton hosiery and Great Britain in wool are the only sources of foreign supply that provide any degree of competition for the American industry" (at p.33 of "Committee's Exhibit No. 4").

There is now a quota upon imports of hosiery from Japan (Record pp. 441, 671, 686). With respect to this quota and the total effect of Japanese imports, Mr. Hoffman testified as follows: "I was at the tariff hearings in 1936 on this particular question. At that time a quota was established, and since that time importations from Japan have decreased. Based on the first three months of 1939, I think the importations represent less than one percent

(continued on following page)

only 601,000 dozen pairs.[91] The seamless branch is not engaged to any significant degree in exporting hosiery.[92] Moreover, hosiery is a basic article of apparel and the volume of consumer demand is governed largely by population.[93] I conclude, therefore, that such variations in either the price or quality of domestic seamless hose as may be attributable to a 32½-cent minimum rate, if made effective, will not reduce the volume of

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90/ (continued)

of production in this country. The samples of Japanese hose, Mr. Arthur's Exhibits 17, 18 and 19 introduced here by Mr. Arthur yesterday are legitimate samples, and construction is very, very poor on those samples. Mr. Katz: Is it your opinion, then, that importations from Japan constitute no threat to the seamless hosiery branch of the industry? Mr. Hoffman:: Not at the present level of importation or within the quota limit" (Record pp. 671-672). Mr. Tolles testified that imports of hosiery from Japan have amounted to less than one-half of one percent of total consumption of hose in this country during every recent month with the one exception of January, 1939 (Record p. 686).

91/ See testimony of Mr. Tolles, Record p. 686.

92/ Since 1933, total exports of domestic hosiery have never exceeded 1 percent of domestic production and have averaged approximately .7 percent (See Appendix, Table J, "Committee's Exhibit No. 4).

93/ Mr. Tolles testified that population and income govern the consumption of hosiery (Record p. 23).

demand for that hose.[94]

Effect upon technological change

Some witnesses testified that raising the minimum to 32½ cents will stimulate many plants in the industry to install modern labor-saving devices and thus curtail employment.[95] Other witnesses

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94/ Mr. Dash testified that: "The very lowest of the low-priced hosiery will undoubtedly disappear from the market -- the existence of hosiery at prices of 5 cents, 6 cents and 7 cents per pair can only come about through the payment of ridiculously low wages for the manufacture of such hosiery. Perhaps the 25 cent wage minimum has already made it extremely problematical whether such hosiery can continue to be sold" (Record pp. 254-255). The 30-cent minimum wage rate automatically becoming effective in October will make even more problematical the production of this hose. No witness contended that the 32½-cent minimum wage rate as such would cause the disappearance of the 5-, 6- and 7-cent hosiery from the market. Also, it was not contended that the withdrawal of this low-priced hose from the market would curtail employment in the seamless branch as a whole or in any particular group of seamless plants and, consequently, it must be assumed that this 5-, 6- and 7-cent hose will be replaced by additional 10-cent hose.

95/ Mr. Arthur argued that the Committee should have recognized that the 32½-cent minimum rate would force many plants to install automatic machines in place of transfer-top machines - or would cause a shift in employment from mills operating transfer-top machines to mills operating automatic machines. In either case technological unemployment would follow (Record pp. 468-469).

The most important example of technological change in the seamless industry "is the substitution of automatic machinery for transfer-top knitting machinery. Mr. Administrator, on the more expensive socks the tops are knit separately on a rib machine, and the top is then cut off and transferred to a knitting machine which finishes. That involves the labor operation of transfer and two separate knitting operations as against the automatic machine which is not /now/ available, and is especially adapted for the making of cheaper socks" (Mr. Tolles, Record pp. 58-59).

With respect to the relative advantages of operating transfer-top and automatic machinery, conflicting testimony was given. Mr. Tolles stated that transfer-top machinery "is much more expensive to operate because of greater labor requirements as

(continued on following page)

denied that this would be the effect of the 32½-cent minimum wage

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95/ (continued)

compared with those on automatic machines" (Record p. 59) Mr. Maynard testified that, "when you figure the cost of machines and depreciation," it is not possible to say that it costs more to produce hosiery on the transfer-top machine (Record p. 189). Several witnesses testified that the transfer top sock is a better sock, particularly in appearance (Mr. Dash, Record p. 274; Mr. Arthur, p. 443; and Mr. Hoffman, pp. 651-652). But "when a man's sock retails at 10 cents a pair, style is not an element of sale. Utility and cheapness are the main factors of merchandising" (Mr. Hoffman, Record p. 652). In the production of this cheap hose, there is an undeniable trend toward use of automatic machinery (See footnote 98 below).

The use of automatic machinery in lieu of transfer-top machinery does involve a substantial labor saving. Mr. Arthur illustrated this fact by the example of the McPar Hosiery Mills in North Carolina which "recently installed automatic machines in place of transfer-top machines. Before the change, they were employing 140 people when running full time on two eight-hour shifts. Since the installation of automatic machines they now employ 90 people, having discharged 50 as a result of this technological improvement in this plant, being an exact 35 percent curtailment of employment in this one plant" (Record p. 449, and see "Mr. Arthur's Exhibit No. 8"). Mr. Brunson testified that he has changed his transfer-top machines into automatics and that as a result he discharged 75 percent of his knitters (Record pp. 599-600). Mr. Dash testified as follows: Mr. Dash: "Obviously, one knitter can handle a great many more automatic machines than transfer machines. Mr. Arthur: Can you tell what percentage of unemployment is caused by the installation of automatic machines? Mr. Dash: I don't think anybody can, because depending on the type of hosiery they produce, different numbers can be operated by one knitter. I would say, in the case of transfer, three to five machines can be operated by one knitter and in the case of automatic, perhaps ten or twenty-five machines (Record p. 292). Mr. Tolles testified: "On the production of 10 cent items, on the direct production, leaving out the overhead operations, indirect, clerical, and that sort of thing, that you might have a saving of labor ranging upwards from 50 percent" (Record p. 73).

Mr. Arthur, Record p. 468; Mr. Brunson, p. 599; Mr. Berry, p.364; and Mr. Gordon, but with particular reference to the full-fashioned industry, p. 487, all ruged that the increased minimum wage rate will increase technological unemployment.

rate.[96] One witness pointed to N.R.A. experience as indicating that it was not the Hosiery Code which stimulated technological changes but rather the going out of the Hosiery Code.[97] Figures show that the seamless branch has been making continuous and steady advances in the installation of labor-saving devices.[98] This technological progress cannot be attributed to minimum wage regulation. Yet despite this technological

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96/ Mr. Tolles testified: "The introduction of labor-saving machinery was considered in this sense, that this machinery is being introduced in any case. It sold /used/ on the cheaper grades of seamless hose. The greater efficiency of the automatic machinery is so great, and at the present rate, that there is a rapid substitution of labor-saving machinery going on. This is indicated among other things by the difference in percentage of operation and potential capacity among the transfer-top and the automatic machinery manufacturers. I have a percentage of 85 percent on the automatic and a much smaller percentage, around 56, on the transfer-top. There has been a trend in demand toward some lower-priced items. On those lower-priced items especially, the automatic machinery is enormously more efficient. Therefore, it is my opinion that a moderate increase in wage would not be a vital factor in determining the installation of labor-saving machinery ..." It does furnish "a slight additional stimulus" (Record pp. 72-73). Mr. Dash testified to the same effect, Record pp. 261-263. Mr. Hoffman was of the same opinion. He indicated further that "this automatic machine is not something of recent development. Some of the earliest type machinery for ladies' seamless hosiery was automatic. There has been evidence produced that a mill with transfer-top equipment is at a competitive disadvantage with mills having automatic equipment. The transfer-top machinery is definitely superior to the 'H.H.' (automatic), and during the N.R.A. days this problem was brought to the forefront by the 'H.H.' mills, who found themselves at a disadvantage with mills having transfer-top equipment" (Record p. 666).

97/ Mr. Hoffman stated: "The thing which accelerated the technolcgical change was not a minimum wage; it was the removal of a minimum wage when the N.R.A. went out. I know large amounts of money were spent by mills trying to maintain decent wages, due to the competition these mills were put to by the junking of these standards" (Record p. 666).

98/ According to a book entitled "Knitting Equipment, Seamless Hosiery Industry," on December 31, 1933, there were in place 115,000
(continued on following page)

progress, employment in the industry has remained reasonably constant.[99] I find, therefore, that a 32½-cent minimum wage rate will not accelerate technological change so as to cause substantial curtailment of employment.

* * * *

In conclusion, after considering all factors relating to the effect of a 32½-cent minimum wage rate upon aggregate employment in the seamless branch, I find that, having due regard to economic and competitive conditions, this rate will not substantially curtail aggregate employment in the seamless branch of the hosiery industry.

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98/ (continued)

knitting machines in the seamless industry. Of these, 28,000 were automatic, 43,000 were transfer, 10,000 were string work and the remainder were flat-bed and other miscellaneous types. In 1935 the Biennial Census of Manufactures showed an increase in the number of automatic machines and a decrease in the number of transfer machines. The 1937 census will show that "the industry has approximately the same number of automatic and transfer machines today" (Mr. Dash, Record p. 262)

99/ The record contains data on aggregate employment in the seamless industry for the years 1936, 1937 and 1938. In these years the seamless industry is estimated to have employed 62,396, 62,402 and 60,089 employees, respectively. These figures are computed from certain monthly data supplied by the National Association of Hosiery Manufacturers, Statistical Bulletins (See "Committee's Exhibit No. 4" at p. 9).

## II. Dislocation of Employment in the Seamless Branch

In examining the effect of the 32½-cent minimum wage rate upon those plants and groups of plants in the branch which are most likely to be forced to undergo substantial readjustments in order to accommodate their wage scales to the 32½-cent minimum wage rate, it must always be borne in mind that these low wage rate plants, even though the Committee's recommendation is disapproved, will be forced by the automatic provision of the statute to meet a 30-cent minimum wage rate in October of this year and consequently that some of these mills must prepare to make very substantial readjustments in production methods independently of this wage order.

### Increase in Production Cost in Lowest Wage Group of Plants

The group of plants in the seamless branch which will be most severely affected by the 32½-cent minimum wage rate consists of those plants in the branch which were paying prior to October 24, 1938, an average hourly wage of less than 25 cents an hour. This group of plants, located in the South, amounted to approximately 1/10 of the plants in the branch and these plants employed approximately 8 percent of the employees or approximately 4800 employees.[100/]

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100/ See testimony of Mr. Tolles, Record p. 48. Also Table 19, on p. 40, and Table 5 on p. 9 of "Committee's Exhibit No. 4" and Table 37, p. 81, of "Committee's Exhibit No. 2" These figures are computed from data taken from the Bureau of Labor Statistics Survey, "Committee's Exhibit No. 2." The Bureau of Labor Statistics' survey indicated that these plants were paying an average hourly wage of 20.1 cents an (Continued on next page)

It is possible on the facts placed in evidence to examine the effect of the 32½-cent minimum upon aggregate employment in this group of plants in the same manner as that used in examining the effect of the 32½-cent minimum upon employment in the entire industry. By this method I find that these plants must undergo at least a 25 percent labor cost increase as a result of the 32½-cent minimum wage rate.[101] One witness testified that these plants will be required to undergo a 60 percent increase in labor cost as a result of the minimum wage rate.[102] I con-

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100/ (continued)

hour prior to October 24, 1938. (See footnote 2 in Table 19 on p. 40 of "Committee's Exhibit No. 4."). Mr. Constantine was ready to assume for purposes of his testimony that these plants were paying average wages of approximately 22 cents an hour prior to October 24, 1938, Record, p. 97

With respect to the accuracy of the estimate as to the percentage of plants in this group, Mr. Tolles stated: "The Bureau (Bureau of Labor Statistics) knows methods by which they can get an even sample of employees in the industry. There may be some isolated plants, either of a small size or large size, high wages or low wages, which have been missed in a sample, so that I, myself, dislike the method of raising the sample of plants to 100 percent by multiplying, if you are taking a one-quarter sample, each of these numbers of plants by four, and saying that is the number of plants that will be affected. We don't know actually the number of plants that will be affected. We know with a high degree of accuracy the proportion of employment which will be affected." Record pp. 330-331.

101/ See testimony of Mr. Tolles, Record pp. 48 and 62. This estimate is based upon increases above the 25 cent an hour minimum.

102/ See testimony of Mr. Constantine at pp. 95 and 97 of the record. This estimate reflects increases fr m a period prior to October 24, 1938, when the 25 cent minimum became effective.

clude that the most accurate estimate lies somewhere between these two extremes. Assuming a labor cost increase falling within these estimates, an increase in manufacturing cost of approximately 10 to 20 percent may be anticiapted. 103/

Capacity of These Lowest-Wage Plants to Absorb Increased Manufacturing Costs

There is evidence that this increased manufacturing cost will burden some plants in this group which are operatin transfer-top machinery to produce 10 cent hose. 104/ For these

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103/ Mr. Constantine assumed that labor costs amounted to one-third of total manufacturing costs, so that his extreme estimate of a 60 percent increase in the wage bill would equal a 20 percent increase in total manufacturing costs. (Record pp. 95-96). The extreme 20 percent increase in manufacturing cost can only be arrived at by including all possible increases from a period prior to October 24, 1938. The increases which date from a period prior to October 24, 1938, may be a factor in some plants tending toward curtailment of employment when a second increase is added to the first. In this event all increases are relevant to the issue here, and consequently evidence of such increases has been considered in arriving at the findings in this opinion.

104/ Mr. Arthur testified with respect to his plant that he is paying an average wage of 26 cents an hour, is operating transfer-top machinery and producing largely hose which retails at 10 cents (Record pp. 462-463). He introduced an analysis of present manufacturing cost on his plant's principal item and an estimated analysis of cost on this same item under a 32½-cent minimum rate (Mr. Arthur's Exhibits 11 and 12). His present cost totals 76.58 cents per dozen and his estimated cost under the 32½-cent minimum 87.85 cents per dozen. However, this latter estimate is based upon operating one shift instead of the two shifts operating in the present estimate. This increases his per unit overhead cost and, therefore, per unit production cost. Mr. Arthur testified that the day that the 32½-cent minimum rate goes into effect "we shall immediately that same day discharge from our employ one entire shift--43 marginal and sub-marginal workers." (Record p.466).

plants this increased manufacturing cost may in some instances amount to as much as 9 to 12 cents per dozen on hose previously selling wholesale around 78 to 82 cents and retailing at 10 cents.[105] It was contended that plants undergoing such an increased manufacturing cost will be required to sell this hose to retail in the 15 cent price bracket,[106] whereupon such plants will be placed at a competitive disadvantage in the branch, and their production

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105/ Mr. Tolles estimated that his computations would result in an increased wholesale price of only eight-tenths of a cent a pair on 10 cent socks (Record p.48). Mr. Berry testified that his manufacturing cost on socks retailing at 10 cents, made on transfer machines, and wholesaling at approximately 82 cents, would be increased in the neighborhood of 9 cents a dozen. (Record p. 363).

106/ The inference can be drawn from Mr. Dash's testimony that a few manufacturers in this low-wage group producing cotton bundle goods and various kind of anklets now retailing at 10 cents may be forced into higher price brackets. (Record p. 254). Likewise Mr. Berry points to the possibility that some of these manufacturers will be forced into higher price brackets. (Record p. 371). Mr. Arthur took the same position. However, Mr. Constantine indicated that this very result would be in itself a solution of the employment problem in these low wage mills. "The way I would like to see it solved and I hope it will be solved, is that the product which they manufacture may be lifted out of its present bracket which is not necessarily sacrosanct and move into a higher bracket so that these plants may operate and may get a reasonable price for the product which they manufacture." (Record p.105).

and employment curtailed. 107/

This evidence relates to a situation which may be faced by particular plants in this low-wage group and demands consideration only to the extent that it appears that such plants are fairly representative of the low-wage group. No such showing was made. To the contrary, aside from the fact that plants in this group are characteristically somewhat smaller than plants in higher wage groups, 108/ many differences exist among these plants, most of which lead to differences in their capacity to absorb increased labor costs. There was testimony that some

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107/ Mr. Berry, Record p. 371, also Mr. Dash, p. 271.

108/ A majority of the mills in the seamless branch are small. Mr. Tolles testified that "three-quarters of the companies have less than 300 machines and operate less than one-third of the capacity" (Record p. 58). In 1934, approximately one-fifth of the plants in the industry had less than 50 machines, and approximately one-third had less than 100 machines (See p. 6 of "Committee's Exhibit No. 4"). Mr. Constantine testified that most of the plants in this low-wage group are "small sized plants, there are some exceptions, but most of them are small plants. Eighty transfer machines means nothing in terms of size in the seamless branch so if you will bear in mind the fact that these plants are small units and by that fact, they are in the weakest position to do a sound well-planned worthwhile merchandising job" (Record 117). The Unions' brief contains data on the size of mills in 1934, which is said to represent reasonably accurately the situation today. At that time one company was listed as having 6,000 machines, or 21.5 percent of the total machines in the branch. On the other hand, 62.4 percent of all mills have less than 200 machines apiece and together account for only 19.6 percent of the total machines in the branch. "Three hundred and ninety companies hold less than half of the total machines while 60 companies hold the balance." ("Union's Exhibit No. 1-A" at p. 1).

of these low wage plants are earning high profits, by virtue of the low wages that they are paying. 109/ Though most of these plants are probably engaged in manufacturing low-priced hose, either anklets or bundle goods, a substantial number of them are manufacturing higher priced hose. 110/ In the manufacture of this higher priced hose, labor costs account for a relatively smaller proportion of the total manufacturing cost. 111/ Though

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109/ Mr. Tolles stated that it is "Quite possible" that "some of these low-wage mills may have been earning profits above the average in consequence of their unusually low-wage scale" (Record p.66). Also Mr. Dash indicated that some of these low-wage mills are making profits sufficient to enable them to absorb an 18 percent increase in cost without any changes in production. (Record p. 272). No person challenged either statement.

110/ Mr. Hoffman testified: "We have had occasion to study the productivity and productive methods of more than 160 seamless hosiery mills, north and south, union and non-union. We have been forced to the conclusion that to a large measure, low wages are reflected in this industry because of alarmingly poor management and merchandising methods. We have found that a low average hourly wage does not necessarily mean a 10 cent retailer, does not necessarily mean a cheap product, but we find those distressingly low wages in mills selling a better class of merchandise and we find some of the mills producing the cheapest merchandise allowing reasonable and decent earnings" (Record pp. 653-654). Also, according to the Southern Hosiery and Knitwears Buyer's Guide 1939, placed in evidence by Mr. Arthur, the 41 low wage mills which he named as mills seriously threatened by the proposed minimum produce a variety of hose, presumably selling in various price brackets (see "Mr. Arthur's Exhibits No. 1 and No. 7.")

111/ See footnote 69 above.

many of these plants are operating antiquated types of transfer-top machinery, some have automatic types or have rehabilitated their transfer-top machinery with modern automatic attachments.[112] Also it appeared that in some locations plants with transfer-top machinery operate with a competitive advantage over plants with automatic machines.[113] The testimony indicated that some of these plants have inadequate financial resources, but that others are soundly financed, and that some of these plants have special channels for distributing their product which give them a peculiar competitive status in the industry.[114] Some of these plants are able to make technological changes in equipment or changes in the construction of their product either of which may provide the means by which the plant will be able to meet an increased wage level

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112/ Both Mr. Brunson and Mr. Berry testified that they had recently changed their transfer machinery by attaching automatic equipment (Record pp. 599, 364)

113/ See testimony of Mr. Hoffman with respect to transfer-top plants in western North Carolina (Record p. 667)

114/ For example, the principals controlling the Massachusetts Knitting Mills, control a chain of retail stores which handle quite a bit of the mill's production (Record p. 506). Also see testimony regarding Infants Socks, Incorporated, and Unique Knitting Company (Record p. 573). For a statement of the capital of some of these small mills see the "Southern Hosiery and Knitwear Buyer's Guide". ("Mr. Arthur's Exhibit No. 16").

and not curtail employment. 115/ I conclude, therefore, that the

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115/ Mr. Dash stated his opinion that in some of these low-wage mills "the machinery might possibly, without too much expense, be converted, for instance, into making some forms or rubber-top hosiery, they might be made into the operation on the string work basis, have the rib tops sewed on rather than having them transferred on the machine; and, finally, they might -- the machines themselves might be shifted to the manufacture of some other product in which they would fit more readily and in which there would be less of the competitive problem than would be true in the case of low-end 10 cent hosiery" (Record pp. 264-265). Mr. McIver felt that "any mill can organize itself to operate in any of the present prevailing price brackets at 32½ cents" (Record p. 203). Moreover this witness stated that in his opinion "the adoption of this minimum would tend to make those who were using the wrong type of equipment and the wrong price brackets to straighten out and get in the right type" (Record p. 216). More specifically with respect to the immediate problem facing operators of transfer-top machinery, Mr. McIver stated that "176-needle up to 200-needle transfer equipment is in great demand today for boys' and men's so-called slacks, and the prevailing retail price on those is from twenty-five to thirty-five cents" (Record p. 204). Mr. Hoffman stated that "there is no equipment that cannot be put back to use in some phase of production, and I make that statement from my own personal knowledge. I know of one mill that had machinery in storage for 25 years, and dusted it off, oiled it, and put in in productive shape a year ago making a type of hosiery very desirable and very profitable. Mr. McCoy stated that there is used in the production of cotton bundle goods a "V" type machine. I know of one mill in Philadelphia using that equipment today, and that is the original type of machinery introduced in the hosiery business. This equipment was used for nothing but work socks for many years, and it was suddenly put in use producing high-grade novelty hosiery, and that mill has increased its production from 75,000 to 175,000 dozen pairs" (Record pp. 668-669).

There are a great variety of attachments which can be placed upon knitting machines at comparatively low costs. According to a survey of knitting equipment made by Dr. Taylor, firms producing knitting machines have for sale about 200

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effect which a 32½-cent minimum rate will have upon employment in this group is not accurately reflected by applying to the entire group figures arrived at from an examination of the contitions existing in a particular type of plant producing a particular hose. Moreover, the evidence was not convincing that the 32½-cent minimum rate will result in substantial curtailment of employment even in the low wage plants which are attempting to produce 10 cent hose on transfer-top machinery. It is reasonable to assume, in light of the evidence, that many of even these lowest-wage plants will be able to accommodate their production to the increased labor cost.

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115/ (Continued)

different attachments for seamless hosiery (Record p. 656). The cost of these attachments vary widely, but run from approximately $25.00 to $100 (Record p. 290). Moreover, machines of low needleage need not be used only for production of low-end hosiery. It was testified that "Some of the most desirable and most satisfactorily priced hosiery is being made on machines of low needleage" (Record p. 665).

Number of employees in low wage plants whose employment is threatened by the increased labor cost.

The record contains a great deal of evidence on which to base a reasonably accurate estimate as to the extent of any curtailment of employment in this low wage group which might follow the 32½ rate. One witness testified that probably one-half of the low wage group of mill workers, or, according to his figures, approximately 4 percent of all seamless hosiery workers, about 2400 workers, may "run the risk" of losing employment if the 32½-cent minimum wage rate goes into effect.[116] Another witness, one who appeared in order to oppose the Committee's recommendation, had sent a questionnaire[117] to approximately 200 southern mills asking these mills to supply information badly needed "to support our fight" against the recommendation of the Committee.[118] Approximately 60 or 70 of the 200 mills replied and of these 60 or 70 replies this witness tabulated only 41, presumably

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116/ See Mr. Constantino's testimony, Record pp. 113 and 121-122

117/ This questionnaire is the basis of "Mr. Arthur's Exhibit No. 7."

118/ See Record p. 536. The National Association of Hosiery Manufacturers has reported that there were 338 seamless hosiery knitting mills in the South in December, 1938, so that Mr. Arthur's request and questionnaire was sent to approximately 60 percent of all southern mills (see p. 4 of Committee's Exhibit No. 4").

All that were favorable to his purpose.[119] Of these 41 only one reported that it would be required to shut down completely if the 32½-cent minimum wage rate went into effect.[120] Most reported that they would be forced to lay off approximately one-third of their present number of employees.[121] The actual number of employees involved was not stated. In weighing the accuracy of these estimates it must be borne in mind that these mills were attempting to supply data which could be used in attacking the hosiery committee's recommendation, and that the data was submitted informally and not under oath and that no effort was made to check its accuracy in any

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119/ See Record p. 536 and "Mr. Arthur's Exhibit No. 7." Mr. Arthur claimed that these responses which were not used in his exhibit came from mills producing "high wage goods on automatic machinery so far as we know" (Record p. 530). However, the great weight of testimony dispels the contention that there exist high and low wage goods and Mr. Arthur himself was not sure that all the mills included in his exhibit operated transfer-top machinery. (Record p. 531). It is fair to assume, therefore, that Mr. Arthur has used only the data helpful to his cause regardless of the type of mill involved.

120/ Question No. 10 on Mr. Arthur's questionnaire read "Approximately how many of your employees would be discharged as a result of the 32½-cent rate." Only one of the forty mills whose answers were tabulated by Mr. Arthur replied "All." (See "Mr. Arthur's Exhibit No. 7" and "Mr. Arthur's Exhibit No. 7-A.") This mill-owner reported that the 25 cent rate has already "about killed our business." (Mr. Arthur's Exhibit No. 7, report of Mt. Mitchell Hosiery Mills, Inc.)

121/ The answers to question No. 10 are tabulated in Mr. Arthur's Exhibit No. 7-A. These answers indicate that, according to their own estimates, on the average each of the 41 mills responding will drop approximately 30 workers. See also answers to question No. 9 in "Mr. Arthur's Exhibit No. 7."

instance.[122] However, even giving to this data full credence, I still am forced to find that in more than half of these low wage plants no employment will be endangered by the 32½-cent minimum wage rate. I also must conclude that even with respect to those plants in which employment may be endangered, most will not be forced to lay off any very substantial number of employees -- so that total curtailment of employment even in these mills will not be great. Furthermore, assuming resourceful management, much of even this curtailment of

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122/ Mr. Arthur testified: "I don't vouch for anything in those questionnaires" (Record p. 533, and see also the cross-examination of Mr. Arthur, pp. 530, 537.) The letter mailed by Mr. Arthur to approximately 60 percent of all southern mills in order to get the figures used in his Exhibit No. 7 reads as follows:

> "You are no doubt aware of the fact that a 32¢ per hour minimum wage rate has been recommended for the seamless hosiery industry to become effective July 1st. From information we have it now appears highly probably that this rate will go into effect then unless a vigorous fight is made to prevent it.
>
> "A group of small manufacturers producing seamless merchandise, mostly, are planning to fight this recommendation when a hearing is called, and we are badly in need of information to support our fight.
>
> "We are herewith enclosing a questionnaire which we urge you to fill out and return to us as quickly as possible; it can be filled out in just a few moments.
>
> "We further URGE YOU TO IMMEDIATELY write your senators, your congressmen, and the Wage and Hour administration protesting this proposed rate which will ruin so many small manufacturers and which will cause such WIDESPREAD unemployment. We further urge you to ask your banker and other prominent citizens in your town to write similar letters. We believe by concerted action we can win our fight to prevent this increase in the rate."
>
> (See "Mr. Arthur's Exhibit No. 8.")