particular communities within these geographic regions.[171] Thus, the differences in cost of living among northern cities run as high as 22.9 percent, whereas the study indicates that the average difference in cost of living in the North compared with that

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170/ (Cont'd) Sumter (S.C.), and Thomasville (N.C.). (See pp. 2 and 3 of Committee's Exhibit No. 19").

171/ The Bureau of Labor Statistics found that the cost of living in the five southern cities studied averages 3.1 percent lower than in the five northern cities. The northern and southern cities were approximately the same size, each having a population between 10,000 and 20,000 population. The study concludes that "lower housing and fuel costs in the five southern cities are partially offset by higher prices for clothing, furniture, furnishings and equipment, and miscellaneous items, while food prices are virtually the same. This difference in average cost is very small particularly when it is considered in the light of the wider differences between costs within the same region. The lowest as well as the highest cost in the 10 cities surveyed was found among the northern group" (at page 1 of "Committee's Exhibit No. 18"). The study presented by the Economic Section of this Division reached a like conclusion. Variations in the cost of living between cities within the same region were much greater than those between the regions. Thus, for all the 17 cities of the North, the difference between the average cost of living in New York, N.Y., and Hanover, Pennsylvania, the highest and lowest cost cities, as found by the U. S. Bureau of Labor Statistics in the Spring of 1939, was $343 annually. For all the 15 cities of the South the differences between the average cost of living in Baltimore, Maryland, the highest cost city, and in Sherman, Texas, the lowest cost city, was $168 annually. As between the northern and southern groups of cities the average difference was only $63 annually (at p. 6 of "Committee's Exhibit No. 19"). See also testimony of Mr. Tolles, Record pp. 336-338.

in the South amounts to only 4.6 percent.[172] Moreover, seamless hosiery plants both in the North and in the South are located in high and low living cost areas in almost the same degree.[173] On the basis,

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172/ Almost no evidence was offered at the hearing to show that living costs in the South are a factor calling for a classification within the seamless branch. One witness offered fragmentary evidence to show differences in living costs in Union Point, Georgia, Augusta, Georgia, and New York City (Testimony of Mr. Lamb, Record pp. 393-394 and Mr. Lamb's Exhibit "B"). This evidence, however, provided no basis for measuring the cost of a comparable standard of living in these cities.

173/ The National Association of Hosiery Manufacturers made a study of the location of seamless hosiery mills by the size of mill towns for the year 1937, the results of which were published in the Association's "Statistical Bulletin" for October 1938 (Committee's Exhibit No. 4" p. 6). For the purposes of this study the population of mill towns was fixed by the boundaries of the corporate town or by city limits (Same, p. 6). Upon this basis approximately 50 percent of the production of northern mills, and approximately 77 percent of the production of southern mills, came in 1937 from plants located in towns of less than 25,000 population. But this study did not take into consideration the urban or rural character of the geographic area in which hosiery plants were located. (Appendix Table "E" in Committee's Exhibit No. 4"). For example, the southern hosiery centers of Burlington, High Point and Winston-Salem, as well as the City of Greensboro, are located within a radius of less than 25 miles. The smaller hosiery centers of Thomasville, Haw River, Gibsonville and Graham are all located within the same area (Same, pp. 7-8). The pattern of life within this area is predominantly urban or metropolitan. See Appendix Table "F", in Committee's Exhibit No. 4 showing by name the cities and towns which are the principal locations of seamless hosiery plants.

therefore, of the widely scattered distribution of seamless hosiery plants, and also on the basis of the evidence relating to living costs, I conclude that competitive conditions between any definable group or regions within the seamless branch are not appreciably affected by differences in cost of living.

Moreover, even assuming differences in living costs between definable regions greater than those established by this record, nevertheless, in view of the findings that production costs and transportation costs do not affect competitive conditions between any such regions, I conclude that these assumed differences in living costs could not alone be cause for a classification within the meaning of Section 8(c) of the Act.[174]

Therefore, considering transportation, living and production costs together, I find that these costs do not differ between any definable group or regions within the seamless branch so as to affect competitive conditions in that branch or make necessary a classification within the meaning of Section 8(c) of the Act.

174/ Compare the argument made in footnote 146 above.

Wages under collective labor agreements and under voluntarily maintained minimum wage standards in the seamless branch.

As already indicated, unionization has not penetrated far into the seamless branch.[175] The total number of collective labor agreements throughout the entire seamless branch is small.[176] I consequently conclude that collective labor agreements in the seamless branch are not a significant factor in the industry and are not, therefore, a basis for a classification within the branch according to the provisions of Section 8 of the Act.

Similarly, it does not appear from the record that any substantial groups of employers within the seamless branch are maintaining recognized minimum wage standards. There was some testimony to the effect that certain mills located in one southern hosiery center do maintain by agreement a relatively high wage standard,[177] but it did not

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175/ See footnote 55 above.

176/ "Union Exhibit 2-A" was introduced into evidence as "a chart showing the average hourly earnings under collective bargaining agreements in the seamless industry" (Record p. 639). The chart, however, shows only eight unionized mills and though this is not conclusive that there are no more agreements outstanding, it is an indication of the small number outstanding.

177/ Mr. Slane testified that in High Point, North Carolina, "each and every mill pays the same rate for each operation" (Record p. 312). The same may also be approximately true of the adjoining town of Burlington (same as above). This is because of a gentleman's agreement." "The rate is fixed and the other manufacturers meet it and that is that," (same as above). Mr. Slane pays an average hourly rate in his seamless plant of $43\frac{1}{2}$ cents (Record p. 146).

appear that this situation was typical of any large area in either the North or the South. Moreover, it is significant that prevailing average wages, apart from minimum wage standards, though somewhat lower in the South than in the North, are not uniformly lower in the South than the North.[178/] On these facts, therefore, I conclude that the maintenance of voluntary minimum wage standards by employers within this branch is not a basis for a classification within the branch in accordance with the provisions of Section 8 of the Act.

178/ Data prepared by the Industrial Research Department of the Wharton School of Finance and Commerce indicate that in 1937 average hourly wages in seamless plants in the North and West were 38½ cents, in the South 34½ cents. The Bureau of Labor Statistics' survey taken in September 1938, found the average hourly wage for all seamless workers in the North to be 41.2 cents and in the South 33.1 cents (Table 36, p. 79 of "Committee's Exhibit No. 2"). But the record, however, also discloses that average hourly wages in North Carolina in 1937 were 38.3 cents which is .7 of a cent higher than the average hourly wages paid in Pennsylvania for the same year. Indeed the same condition of higher average wages in North Carolina than in Pennsylvania has prevailed throughout 1933, 1934, 1935 and 1937 (Table 1 on p. 8 of "Union's Exhibit 1-A") and North Carolina and Pennsylvania are respectively the principal hosiery states in the South and North (see footnotes 36 and 37 above).

<u>No classification among seamless plants is necessary</u>

It follows, therefore, that upon consideration of all the factors specifically set forth in Section 8(c) of the Act, I must conclude that there is no need for a classification within the seamless branch for the purpose of fixing in that branch the highest minimum wage rate. Furthermore, in view of this weight of evidence against the necessity for a classification on the basis of factors expressly recited in the Act, it is inconceivable that Section 8(c) of the Act should be interpreted to require either the Committee or the Administrator to examine minutely every other possible factor which may be suggested as a basis for a classification. In addition, therefore, I conclude that the record developed at the hearing before me has abundantly established that all the provisions of Section 8(c) which relate to the necessity for a classification have been satisfied by the Committee's recommendation of a single minimum wage rate for the entire seamless branch.

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Upon these facts, therefore, I find that:

(a) the $32\frac{1}{2}$-cent minimum wage rate for the seamless branch is the highest minimum wage rate for the branch which, having due regard to economic and competitive conditions, will not substantially curtail employment in the branch; and

(b) it is not necessary to make separate minimum wage rates for any classification within the seamless branch for the purpose of fixing for each such classification the highest minimum wage rate (not in excess of 40 cents an hour) which (1) will not substantially curtail employment in such classification and (2) will not give a competitive advantage to any group in the branch; and

(c) in determining that no such classification within the seamless branch should be made consideration has been given to, among other relevant factors, the following:

(1) competitive conditions as affected by transportation, living, and production costs;

(2) the wages established for work of like or comparable character by collective labor agreements negotiated between employers and employees by representatives of their own choosing; and

(3) the wages paid for work of like or comparable character by employers who voluntarily maintain minimum-wage standards in the industry.

A FORTY-CENT MINIMUM WAGE FOR THE FULL-FASHIONED INDUSTRY

It is the object of the Act, and particularly of Section 8 of the Act, to reach as rapidly as is economically feasible without substantially curtailing employment a universal minimum wage of 40 cents an hour in each industry.[179/] The Committee's report on the full-fashioned branch concluded that this objective may be attained immediately in this branch and, therefore, the Committee has recommended

179/ See footnote 18 above.

a 40-cent minimum wage for the entire branch, the highest minimum possible under the terms of the Act.[180/]

I. Aggregate Employment in the Full Fashioned Branch as a Whole.

Aggregate increased manufacturing costs in the full-fashioned branch as a whole and the capacity of this branch as a whole to absorb the same.

It is estimated that the 40-cent minimum wage rate in the full-fashioned industry will have an almost negligible effect upon present wages being paid in the branch. Studies prepared for the Committee and placed in evidence at the hearing indicate that the 40-cent minimum wage may be expected to increase the total wage bill in the full-fashioned branch not more than 2.1 percent.[181/] It is also estimated that the ratio of labor cost to total manufacturing cost in this branch is somewhat less than 40 percent and consequently this 2.1 percent increase in labor cost throughout the branch would result in an average increase of manufacturing cost of less than 1 percent of total

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180/ See "Wage and Hour Division Exhibit C," pp. 32-49.

181/ See in particular Table 7 on p. 23 of "Committee's Exhibit No. 2" and Table 15 on p. 29 of "Committee's Exhibit No. 5" "Committee's Exhibit No. 5" is a "Report of the Full-fashioned Hosiery Industry" prepared by the Economic Section of this Division for the Committee and dated May 27, 1939. This data was reviewed and endorsed at the hearing by Mr. Dash, Record pp. 239, 240.

manufacturing cost.[182]

Though figures showing the profit in the full-fashioned branch as a whole are not available,[183] the volume of hose produced by the

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182/ Mr. Tolles estimated that there is a "38.5 percent ratio of labor costs to manufacturing costs" in the full-fashioned branch and that "even with a liberal allowance for indirect labor costs, the increased manufacturing costs in the full-fashioned branch would still average less than 1 percent" (Record p. 320). The Economic Section of this Division found that according to a recent study of the National Association of Hosiery Manufacturers the average ratio of direct labor costs to manufacturing costs are 38.4 percent for hose retailing at 59 cents a pair, 34.8 per cent for hose retailing at 69 cents, and 38.5 percent for hose retailing at 79 cents (p. 30 of "Committee's Exhibit No. 5"). According to statistics offered by the Full-Fashioned Hosiery Manufacturers of America, the 40-cent minimum rate will increase the cost per dozen of full-fashioned hose an average of .0261 cents in northern mills and .0666 cents in southern mills (See testimony of Mr. Joseph Haines, Record p. 223). Mr. Langley testified that in his mill upon the most representative item and on present prices of silk the ratio of labor costs to total manufacturing costs is roughly 40 percent (Record pp. 171-172).

183/ However, the Union introduced evidence relating to the profits and net worth of five large southern mills for the years 1930 through 1938 (pp. 32-34 of "Union's Exhibit No. 1"). The net worth of each of these mills has increased during this period and the average increase in net worth is shown to be 8.9 percent. Moreover, one of these mills paid out common stock dividends considerably in excess of one million dollars in a three-year period while the net worth of the company during the same period equaled approximately four million dollars and was increasing. Two of the other companies similarly paid substantial common stock dividends, one paying $15.25 per share ($8.75 book value) and the other $7.85 per share ($2.50 per share) since 1929 branch has been increasing from year to year.[184] New plants are being established and new capital is flowing into full-fashioned plants.[185] There is evidence that through changes in construction and improvements in managerial efficiency and production methods,[186] increased material and labor costs far exceeding the 1 percent increase which may be anticipated because of the 40-cent minimum wage rate can be absorbed by the manufacturer and I conclude, therefore, that the increased manufacturing cost which may result from the 40-cent minimum wage rate will be so absorbed.

184/ The full-fashioned industry produced 7.6 million dozen pair of hose in 1919, 31.8 million dozen in 1929, 29.5 million dozen in 1931, 35.5 million dozen in 1935, 36.7 million dozen in 1936, 40.2 million dozen in 1937, 42 million dozen in 1938 (See Appendix Table B in "Committee's Exhibit no. 5")

185/ Mr. Tolles testified that an outstanding authority has found that "capital continues to flow into the full-fashioned hosiery industry. In itself, this is adequate testimony of the fact that it is still a good industry" (Record p. 327). From January 1937 to December 1938, 88 new full-fashioned mills were established and 42 plants went out of business (See Table 2 on p. 5 of "Committee's Exhibit No. 5"). In 1937, 82,267 workers were employed in this industry; in 1938, 84,619 (See Table 4 on p. 9 of "Committee's Exhibit No. 5"). These tables were prepared from data compiled by the National Association of Hosiery Manufacturers.

186/ See footnote 199 below.

Capacity of wholesaler and retailer to absorb an increased wholesale price.

However, assuming in some instances particular plants are unable to, or do not, absorb the entire increase in manufacturing cost, it was shown that in the full-fashioned branch the spread between the wholesale price and retail price is substantial.[187] There were statistics introduced which indicate that in retail stores the full-fashioned women's hosiery departments are considerably more profitable to the retailer than any other departments.[188] Also, full-fashioned hose, like seamless hose, are sold in established price brackets.[189] I conclude,

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187/ Mr. Dash testified that "there is sufficient variation in the mill wholesale prices of full-fashioned hosiery to allow for a slight increase in the mill wholesale price without causing the hosiery to be taken out of the particular retail bracket in which it may be selling at the present time" (Record, p. 240). It was estimated that about 50 percent of full-fashioned production is sold under the manufacturer's brand. This branded product is sold for the most part directly to independent retailers and to shoe chains. "Branded merchandise characteristically commands a higher price both at wholesale and retail, and mill margins are understood to be substantially greater than for the unbranded product" (p. 16 of "Committee's Exhibit No. 5"). On the other hand, the rising importance of chain store purchases has tended to reduce wholesale price margins, particularly on hose sold in the grey (p. 15 of "Committee's Exhibit No. 5").

188/ See footnote 82 above.

189/ Mr. Tolles testified: "The retail prices of full-fashioned hose are standardized similarly to the seamless articles, except that the brackets are higher with a wider spread between each bracket. The cheapest volume sellers retail at 59, 69 and 79 cents. If the retailers should be faced with increased wholesale costs of half a cent to cover the average or as much as one and one-half cent to cover or more than cover, the increased costs of nine-tenths of the industry, I believe that they would hardly jump their retail prices by 10 cents from one bracket to another ..." (Record, p. 323). Mr. Dash testified to the same effect, Record, p. 242.

therefore, that, even assuming the manufacturer in some instances does pass on some of the increased costs which will result from this minimum wage rate, this increased cost will be absorbed by the wholesaler or retailer and not passed on to the consumer.

In conclusion, having considered all factors relating to the effect of a 40 cent minimum wage rate upon aggregate employment in the full-fashioned branch, I find that, having due regard to economic and competitive conditions, this rate will not substantially curtail aggregate employment in the full-fashioned branch of the hosiery industry.

II. Dislocation of Employment in the Full-Fashioned Branch

Distribution of the burden of the increased minimum among plants paying average wages well above the minimum.

Statistics placed in evidence indicate that the 40-cent minimum wage rate in the full-fashioned branch will increase the wages of approximately 19.4 percent of all the employees in the industry.190/ It was shown that the majority of these employees whose wages will be increased by the 40-cent minimum wage rate are now employed in plants now paying average wages well above the 40-cent minimum. Fifty percent of the total number of these employees work in plants paying average hourly wages in excess of 55 cents an hour.191/ In these plants the employees now earning less than 40 cents an hour are engaged normally in unskilled occupations.192/ Usually these plants will not be required to adjust

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190/ Same as footnote 181 above.

191/ See testimony of Mr. Tolles, Record, p. 331.

192/ The Bureau of Labor Statistics compiled wage data collected from its survey to show average hourly earnings for each occupation in the full-fashioned industry and classified the operations as skilled, semi-skilled, and unskilled. For skilled workers the average hourly earnings ranged from $1.12 to 49 cents, for semipiecework rates in order to conform with the 40-cent minimum.[193] Also, employees receiving less than 40 cents an hour in many of these plants include a substantial proportion of learners.[194] Section 14 of the Act provides that the Administrator shall permit the employment of learners at wages less than the minimum rate when necessary to prevent curtailment of opportunities for employment.[195] Consequently, a large portion of the burden resulting from the application of a 40-cent minimum wage rate in this branch will be distributed among plants in which the 40-cent minimum rate will have an almost negligible effect and cannot be the cause of any curtailment of employment.

192/ (Cont'd) skilled workers from 76 cents to 35 cents, and for unskilled workers, from 45 cents to 25 cents. This last classification includes learners. However, of the nineteen occupations classified as semi-skilled, only three earned average hourly wages less than 40 cents an hour. The unskilled employees who are paid less than 40 cents an hour include, not counting learners, cleaners, janitors, watchmen, work distributors, clippers, stampers, and labelers, folders, wrappers, and boxers (Table 14 on pp. 39-40 of "Committee's Exhibit No. 2").

193/ Mr. Langley testified that the imposition of the 40-cent minimum in his plants would not necessitate increasing wages of employees now receiving more than 40 cents an hour (Record, p. 171). See also testimony of Mr. Maynard, Record, p. 185.

194/ The Bureau of Labor Statistics' survey disclosed that about 15.7 percent of the workers covered in its survey are engaged in occupations which earn on the average less than 40 cents an hour. Approximately 62 percent of the workers in these occupations were learners or apprentices (Table 14 on pp. 39-40 of "Committee's Exhibit No. 2"). See also testimony of Mr. Langley and Mr. McIver.

195/ See the terms of Administrative Order No. 15, above.

Increased manufacturing costs in low-wage full-fashioned plants and capacity of these plants to absorb the same.

The group of plants in the full-fashioned branch which must undergo the greatest increase in labor cost if the 40-cent minimum wage rate is made effective are those plants which paid average hourly wages of less than 40 cents an hour in September 1938. This group consists of only 2 percent of all the full-fashioned plants and employs approximately the same percentage of the employees in the branch.[196/] Considering these plants as a group, they must undertake on the average a 28 percent increase in labor cost which is the equivalent of an increase in manufacturing cost slightly in excess of 10 percent.[197/] There is evidence, however, that even this increase in manufacturing cost may be absorbed by many, if not all, plants in this low wage group. Some of these low-wage plants may well be high profit plants.[198/]

196/ See Record p. 322 and "Committee's Exhibit No. 17." According to the Bureau of Labor Statistics' survey these plants employ 1.97 percent of the employees in the branch and pay average hourly wages of 33.1 cents (See Table 15 on p. 29 of Committee's Exhibit No. 5"). Also see testimony of Mr. Tolles, Record, p. 342.

197/ See Table 15 on p. 29 of "Committee's Exhibit No. 5."

198/ Mr. Dash testified: "It is highly probable that some of the mills paying the very lowest wages might at the present time be earning substantially higher profits because of the competitive advantages which come about from these low wage rates. If this is true, then it is probable that much of the increased labor cost which would come about from the recommended 40-cent minimum, could be absorbed by a reduction of such large profits" (Record pp. 241-242). Mr. Tolles gave similar testimony (Record p. 333). Mr. Gordon's testimony indicates that his plants pay wages considerably lower than the average paid in the branch and yet his profits "last year were to the extent of about 10 cents a dozen net profit," and he testified that his plants will be able to absorb the 40-cent minimum (Record p. 514, see also p. 498).

Some of these plants will be able by changes in construction of their hose, or in their manufacturing processes, or in their method of distribution to adjust their production and distribution to compensate for this increased labor cost.[199/] Also the record shows that among this low-wage group of plants, plant mortality causing certain temporary and local curtailment of employment is constantly imminent for reasons entirely apart from labor cost.[200/] Many of these plants operate

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199/ Mr. Tolles testified as to the possibilities of adjusting machinery, of making other types of construction changes and of making managerial and operating improvement (Record p. 344). Also see testimony of Mr. Dash, Record p. 242. On the other hand, Mr. Gordon testified that the "swift adoption of labor-saving devices" which will follow establishment of a 40-cent minimum will cause unemployment (Record pp. 487-488).

200/ From January 1937 to December 1938, forty-two full-fashioned plants closed down (see Table 2 on p. 5 of "Committee's Exhibit No. 5"). Mr. Tolles testified: "The possible exception to the general health of this industry is to be found chiefly among small mills recently established in isolated regions which have placed back in operation the obsolete equipment which the more efficient producers have abandoned. They have been able to compete in some instances, only by paying wages so low as to be highly exceptional in this branch of the industry . . . . Now, some of those [plants], according to the studies of Dr. Taylor and Mr. Dash and others [are] mills that have bought up machinery which the other mills have scrapped. Thus, instead of the inefficient machinery going out of operation, it is replaced at one point by efficient machinery, but the old machinery is purchased again by different operators and they may find, because of the untypical equipment which they are operating, that they cannot compete satisfactorily without paying low wages. That is the result of the technological development in the industry rather than the wage level, itself. Being undercapitalized, they have been forced to concentrate on the production of unbranded goods in the greige. These goods are then finished by independent dyeing and finishing plants which are sometimes operated by the purchasers of the unfinished hose. Altogether, these new, small undercapitalized mills are weak competitors, and some of them may be able to survive only by a combination of price cutting and low wages" (Record, pp. 328 and 329).

obsolete machinery on insufficient capital and manage to survive only temporarily by cutting prices as well as wages. As already indicated, it is clear, in view of the policy declared in Section 2 of the Act, that the provisions of Section 8 should not be interpreted so as to prolong employment in these plants, at the expense of a proper minimum wage rate for the industry. But without deciding this question, I find that the 40-cent minimum wage will not result in substantial curtailment of employment even among this group of plants and that such unemployment as does result in this group from the 40-cent minimum rate, if any, will affect an insignificant portion of the total number of employees in the full-fashioned branch.

There is another larger group of lower-than-average-wage full-fashioned plants which account for approximately $5\frac{1}{2}$ percent of the employment in the branch. 201/ In this group of plants, the average hourly wage prior to October 1938 ranged from 40 cents to 45 cents an hour. These plants will be required to undertake increases in total manufacturing costs seldom exceeding 3 percent and I find that no curtailment of employment can be anticipated from the application of the 40-cent minimum to this group. However, assuming that even in this

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201/ According to the Bureau of Labor Statistics' survey, plants paying average hourly wages between 40 and 45 cents employ 5.56 percent of the employees in the branch and according to the Economic Section's study these plants will be required to undertake an increase in the wage bill of 10.22 percent after the 40-cent minimum rate is made effective (see Table 15 on p. 29 of "Committee's Exhibit No. 5").

group some employment may be threatened in a small proportion of the plants, I still conclude that a 40-cent minimum wage rate will not result in any substantial curtailment of employment within this group. Both these low-wage groups together represent not more than 7½ percent of all employment in the full-fashioned branch and I conclude on the evidence adduced at the hearing that not more than an insignificant proportion of these employees run any risk of losing employment as a result of a 40-cent minimum wage rate.

I conclude, therefore, that, having due regard to economic and competitive conditions, the 40-cent minimum wage will not substantially curtail employment in the full-fashioned branch or in any definable group or region within the full-fashioned branch.

III. Classification within the Full-Fashioned Branch

As stated earlier, the 40 cent minimum wage rate for the full-fashioned industry was not recommended as the highest minimum wage possible without substantially curtailing employment in the industry, but rather as the highest minimum provided for in the Act. There is abundant evidence in the record that a higher minimum wage could be absorbed by this branch without curtailing employment. Approximately 54,000 of the 84,000 employees in the full-fashioned branch now work in plants maintaining wage levels with minimum rates fixed at 40 cents an hour or higher for the bulk of occupations.[202] No person representing this branch or any group within the branch has contended that this 40 cent minimum would curtail employment either throughout the branch or in any segment of the branch.[203]

Indeed the Finishers and Dyers Association urged before the Committee a 40 cent minimum wage rate for their segment of

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202/ Approximately 54,000 workers are employed in plants maintaining union standards of wages (Record p. 614 and footnote 53 above). Mr. Smith testified that "the prevailing wages and average hourly earnings under these agreements are sufficiently high so as not to be affected by the proposed 40 cents per hour minimum, except in such occupations which can be classed as apprentice or learner occupations." (Record pp. 617-618). The minimum rates prescribed in these agreements are set forth at Record pp. 618 and 619 and show only two classifications of employees for whom the minimum rate is 37.5 cents an hour, one classification of employees for whom the rate is 39 cents an hour, and for all other classifications, 40 cents an hour or above.

203/ Mr. Gordon was the only person at the hearing who opposed the 40 cent minimum wage rate for the full-fashioned branch. He represented only his own companies, see footnote 16 above.

the industry [204] and the record shows that average hourly wages in commercial finishing and dyeing plants are slightly lower than average wages in finishing departments of integrated mills. [205] Only a single witness appeared in opposition to the recommendation and this witness testified that his company could absorb the increased cost demanded by a 40 cent minimum in its plants and this even though the testimony also indicated that this company is pay-

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204/ Mr. Dash testified that the Finishers and Dyers Association had recommended to the Committee, adoption of a 40-cent minimum rate for their group (Record pp. 245-246 and the "Petition of the Commercial Hosiery Dyers and Finishers" addressed to the Committee, dated March 28, 1939, in "Wage and Hour Division's Exhibit 'B'," part entitled "Supplement to Hosiery Committee Hearings - March 28, 29 and 30, 1939"). Mr. Smith testified that in the commercial dyers and finishers section of the industry "the real effect of the 40 cent minimum will be so slightly felt that the employers of the industry are now in negotiation with the Union to change such individual piece rates as will not yield a proper earning under the proposed recommendation so as to be ready to establish such revised rates when this order shall become effective. By that I mean this that the minima covering the 37 cents per hour class of workers, the employers are now in negotiations with the union to establish a piece rate, a new piece rate for that group of workers to provide earnings higher than the 45 cents (Sic) per hour minima when the order goes into effect" (Record pp. 630-631). The union has a uniform agreement with employers producing 75 percent of the commercial finishing and dyeing. This agreement provides a basic minimum of 35 cents an hour and supplemental minima for special tasks running from 37.5 cents to 52.5 cents an hour (Record pp. 629-630).

205/ See footnotes 62 and 63 above.

ing wages lower than average in this branch of the industry.[206] In summary, all the evidence substantiates the conclusion that this 40 cent minimum rate can have at most an almost negligible effect in the full-fashioned branch.

I find, therefore, that this full-fashioned branch could undertake without substantially curtailing employment a minimum wage rate higher than the 40 cent minimum declared to be the objective of the Act, and, consequently, I conclude that the provisions of Section 8(c) of the Act insofar as they relate to classifications within an industry are not applicable to the recommendation that a 40 cent minimum wage rate be promulgated for the full-fashioned branch.[207]

206/ See footnote 198 above.

207/ Section 8(c) relates to the recommendation of classifications within an industry "necessary for the purpose of fixing for each classification within such industry the highest minimum wage rate" which will not substantially curtail employment and will not give a competitive advantage to any group in the industry (see Section 8(c) in footnote 18 above).