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Before The
SOUTHERN GARMENT MANUFACTURERS' ASSOCIATION
And The
ASSOCIATION OF SOUTHERN TEXTILE MILLS AND PIECE GOODS HOUSES
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WAGES AND THE SOUTH

I have come here today to talk to you about wages in the South.

I think I can do that with some propriety. I am myself a Southerner. I was born in North Carolina, where many generations of my ancestors had lived. With the exception of the last year, most of which I have had to spend in Washington, all my life has been lived in the South.

I come not as a stranger but as a neighbor who knows your problems. These are my problems, too. So I am sure we can talk these matters over among ourselves without running any risk of being misunderstood.

Now the wages paid to labor are pretty important; not merely to the laborer, but to the man who pays them. They are important to the community, to the county, to the State and to the Nation.

I can take you into towns in the South that are celebrated for the high wage levels their industries maintain, and in these towns you will find an interesting phenomenon. For one thing, you will find that the streets are well paved. The schools are good and plentiful. There is a pleasant park down by the river where the folks go to sit on summer evenings and listen to the band concert, and adequate provision is made for the children's play. Sanitary conditions are good. The people look healthy. There's a good sewer system, and an abundant supply of fresh, clear water. There is a good library in the town, flourishing service clubs, and a lively awareness of what's going on in the world. The women are well dressed, even by Park Avenue standards. Drop into the stores along Main Street and the merchants will tell you business is good. In short, this is a good town in which to live and work.

Old families have been living here for generations, proud of their homes, proud of their town, contributing to its prosperity and its culture, and you couldn't induce them to live anywhere else.

And then, perhaps over in the next county, I could show you a town notorious for low wages. There you would find much to make you sick of heart. You would notice, for example, that most of the streets are unpaved and poorly lighted. There is a frame school in need of repair and paint. The teachers are inadequately trained and poorly paid. Weeds grow along the banks of the river and the children play in the streets. The women are poorly dressed and aged before their time. The intellectual life of the town is at zero. Along the quiet, dusty Main Street a few loafers sit in the shade of the ramshackle store buildings whittling, chewing tobacco and planning devilment. When you go into those stores you are struck by the dowdy stocks of out-of-date goods. The merchants tell you business is bad, that there just simply isn't any demand for up-to-date merchandise of good quality. They can afford to stock only the cheapest of shoddy wares. The young folks complain that the town is dead, and every last one of them with a spark of ambition is planning to get away from there just as soon as they can. They know they must look elsewhere for a chance in life. There are two or three mills on the edge of town, but you'll find the people who own them don't live there. Why should they? Who would willingly live in such a place if he could possibly avoid it? You certainly can't blame them for preferring homes in places where living is a pleasure.

What makes the difference? To a very large extent wages make the difference.

In one case wages are high enough to maintain workers in comfortable homes, to keep the merchants' stocks turning over, to release the women from

back-breaking industrial toil so that they can make decent and comfortable homes for their husbands and their children, to create taxable wealth in the form of homes and stores and banks and mills adequate to support the common means of a happy and healthy community life.

But in the other case only a little of the wealth created is doled out niggardly to the workers while the bulk of it is siphoned off to maintain the owners of the mills in luxury in some remote place, or to be reinvested in industry elsewhere. Not enough is left behind properly to clothe and feed the people, to pave the streets, to provide parks, playground and adequate schools and to sustain even the most meagre cultural and intellectual life.

I have had to visit so many of these towns that I can see them in my sleep. I can see the abandoned homes and the broken windows. I can see the weed-grown door yards where flowers might have been. I can smell the hot dust stirred up by the unkempt children playing in the unpaved roads.

And I am not telling you anything you did not already know, when I say that there are altogether too many of such towns here in the South. Why?

Why? That question has troubled me for years. Ours is not a poor country. We have more wealth in the soil, in the earth, in the forests below the Ohio than you can find in half the countries of Europe. What would such a country as Italy--that poor, trouble-wracked nation--do if it had our cotton, our tobacco, our lumber, our oil, our iron, our corn and hogs?

Yes, we have the wealth, but somehow we don't seem to have used it wisely. While millions of our friends and neighbors in the South live in insanitary shacks, we have exported our lumber to build comfortable homes for other people. While so many of our own go illy-clad and poorly-shod, we have shipped our shoes and textiles and wearing apparel away to clothe other people.

I have heard all my life the stock explanations. I have heard that the South has been in bondage to the North. But does the explanation explain? Is it the whole answer? Are we the helpless victims of economic and political forces over which we never can hope to exercise control? Can we do nothing more constructive than grumble at our hard lot, meanwhile insisting upon special treatment, upon special privileges and exemptions?

Well, I think we can do a good deal for ourselves, and I think the way to start is to make a conscientious scrutiny of our payrolls. We know all the presumed disadvantages to ourselves as manufacturers and businessmen of high wages, but we seem never to have thought about the advantages. As one Southern editor has put it, "We want to make it cheap in the South and sell it high in the North." So long as we continue to "make it cheap," we can expect nothing better than a cheap economy in the South. We'd like to have industrialists in other regions pay high wages so that their workers can buy our cotton textiles, our cigarettes and our lumber, but we haven't been sufficiently concerned about paying high enough wages ourselves so that our own workers can buy our produce. And that means that with our own hands we have been strangling a big part of our potential market.

I have been fond of quoting a statement contributed by Lyle W. Motlow of Memphis. Many of you probably know Mr. Motlow. He is vice president of a big lumber company that has branches throughout the South. Each of these branches pays the prevailing wage for its own community, whether 25 cents an hour or whatever the figure may be. What makes this statement so pat for my purpose is that Mr. Motlow opposed enactment of the Fair Labor Standards Act. Maybe he's still against it. I haven't talked with him and I don't know. But anyway, this is what he wrote for the Southern Lumberman:

"We have noticed one very interesting fact in that we always sell a much

larger per cent. of lumber, flooring, cedar lining, etc., in the section where we pay 32 cents a minimum than we do in other sections having the lower prevailing wage rate, and this convinces us that there is a real possibility that with uniformly higher wages all over the South we will have a much greater market right here at home for our lumber and lumber products."

While I am about it, let me read you another quotation. This is from an editorial published in the Richmond (Virginia) News-Leader of July 20, some nine months after the Fair Labor Standards Act went into effect.

"In spite of the personnel troubles of the tobacco firms, particularly the small independents, the Federal Wage standards have had a gratifying effect in Richmond," this editor wrote. "The incomes of more than 2,000 families here have been substantially increased. Scores of slum tenements have been abandoned for better living quarters. If reports are to be credited, the quality of work of the average stemmer has improved to a point that largely has compensated for the boost in wages. Further trial of the Act among Southern low-wage industries may mean the same happy experience for other communities that Richmond has enjoyed for the past year."

That's an unsolicited, free gratis testimonial, my friends, and I could give you dozens like it right out of the South.

Well, some of you are going to tell me (if I don't tell you first) that the South is somehow different and very special. People can live a whole lot cheaper in the South. They don't have to pay out so much in coal bills, and they don't have to buy ear muffs. Naturally, therefore, it is perfectly logical to pay them lower wages.

Nobody appreciates the beautiful Southern climate more than I do. Nobody enjoys the warm sunshine more--although sometimes, especially in July and August, I am inclined to think we get a little too much of it. But is

there any particular reason why the economic advantages of our climate should be monopolized by one group in the community instead of being spread around for the benefit of all? Is there any justice in allocating all the benefits to the employer and none of them to the worker?

But I am inclined to think that some of us have talked about the climate for so long that it has become a mere rationalization. We have come to use it not as a valid argument for lower wages but as an opiate with which to dope our social conscience.

Anyhow, the argument isn't quite as good as many people seem to think. The Bureau of Labor Statistics recently made a study of regional differences in cost of living for Administrator Andrews, and I'd like to commend the report and conclusions of that study to your perusal.

Dr. Lubin, the Commissioner of Labor Statistics, took five cities in the South and matched them, city for city, with five cities of comparable population in the North. Then he studied the budgets of the families of industrial workers in all the cities--how much they had to pay for rent, and clothing, and fuel, and food, and so on. I am not going to give you all the statistics here. I can summarize by saying that he found the cost of living for these families was three per cent lower in the Southern cities as a whole than in the Northern cities as a whole. Three per cent is three cents on the dollar. That means a Southern worker would have to have an annual income of \$970 to live as well as a Northern worker lives on \$1,000 a year. Fuel costs are lower in the South, but clothing of comparable quality costs more. Food prices are just about the same, though, of course, there were some variations in diet. The food the Southern family eats would cost more if you bought it in the North, but, by the same token, the food a Northern family eats would cost more if you had to buy it in the South. So there you

are. It was especially interesting to note that there were greater differences in living costs among Northern cities than there were between North and South, greater variations among Southern cities than there were between North and South as geographical regions.

Now let's translate that three per cent difference in living costs into hourly wage rates and see what we get. If 30 cents an hour is a defensible minimum wage in the North, then the comparable minimum wage in the South (taking account of the three per cent differences in the cost of living) should be 29.1 cents. Or, put it another way, the Northern worker employed 42 hours a week at 30 cents would earn \$12.60, and the Southern worker would have to be paid \$12.22 cents a week--just 38 cents a week less--in order for him to live as well as his Northern brother. In view of these well attested facts scientifically arrived at, I think it would be just as well if we pipe down a little on this cost-of-living argument.

Now, I don't want to be accused of being unjust. I am well aware that most of you here are already paying good wages. And I know that some who were not could not, unaided, pay high wages. You can't very often lift yourself by your own bootstraps. Manufacturing is highly competitive, and only the exceptional fellow--the fellow who has some exceptional advantage in machine efficiency, or location, or proximity to the market, or in some other factor--can get out very far ahead of the procession. Nobody can be blamed for trying to stay out of the bankruptcy court by refusing to go hog wild on wages if the fellow over in the next county is going to keep on paying starvation wages.

That's the point in the argument at which the Fair Labor Standards Act steps in. The law says to you that you've got to pay a living wage. But it guarantees that while you are doing that, the other fellow is going to have

to pay a living wage, too. While you are being big hearted and generous and conscientious, your competitor isn't going to be allowed to sneak up and stab you in the back.

That's what the law says, but of course, laws aren't worth much until they are enforced. And I am here to tell you that we are going to enforce this one. You have a right to enforcement and we are going to give it to you. Thanks to new appropriations granted to the Wage and Hour Division at the last session of Congress, some of the old handicaps have been removed. We are mighty soon going to be open for business in a big way.

During the first eight months we did our best to bring about compliance with inspectors who at no time ever exceeded 114 in number. Just a hundred and fourteen to police all the chiselers, active and potential, in 48 states, Alaska, Hawaii, Puerto Rico and the Virgin Islands. I don't need to tell you that we were busier than the one-armed paper hanger with the hives. Yet we did make some pretty sizeable dents in the enforcement picture, as a number of chiselers found out to their sorrow.

Well, this year--I mean this fiscal year that started July 1--we are building up to some 500 inspectors. We already have a lot of these additional people in training on the job. Besides that, we are going to have more legal help. And we are decentralizing our activities, so far as we can, so that a good deal more of the work will be spread out over the country instead of having to funnel everything through the Washington headquarters.

Mr. Vereen says you are particularly anxious to know what our plans are for the South. Well, our plans for the South do not differ in any particular respect from our plans for the North or the West. We have divided the country into 16 regions. Six of these are in the South. From regional headquarters at Richmond, we will handle Maryland, Virginia, West Virginia and

the District of Columbia. From Charlotte we will handle North and South Carolina. From Atlanta, Georgia and Florida. From Birmingham, Louisiana, Mississippi and Alabama. From Nashville, Tennessee and Kentucky. And from Dallas, Texas, Oklahoma and Arkansas.

Our inspectors will be constantly in the field, and a good many of the lawyers will be too. We are going to catch up with the complaints on hand, sift every one of them, and prosecute in every case where we consider prosecution necessary. And then we are going to move on to routine enforcement. I mean that the time is coming when these inspectors will be coming around to your place at regular intervals, not merely because somebody has filed a complaint but in the ordinary course of duty, and make such periodic examinations as are necessary to discover whether you are complying with the law or not. I don't want you to worry too much about that. You'll find our inspectors a high class lot of fellows and they aren't going to annoy you unnecessarily. If you have complied with the law and kept payroll records adequate enough to prove compliance, it won't take long. And any inconvenience that may be occasioned by having to receive the inspector in your office will be more than offset by the assurance we can give you that your competitors also, in turn, must receive the inspector and give him the same proof of compliance with the law.

This is our program, and there is nothing secret about it. It is not a program that is going to produce any miracles within the next 48 hours, but I am confident that it will produce the desired results over the long haul.

I am no novice at this matter of labor law enforcement. For many years I was commissioner of labor for the State of North Carolina, as many of you know, charged with the enforcement of the state's labor laws. We got enforcement and it didn't take a standing army, either. We had a system, a

very simple system, and I don't mind telling you what it was. It lay in our policy of keeping everlastingly at it. Every violator knew that we would get him. Maybe not today, maybe not even this week or this month--but eventually. We propose to pursue exactly the same policy in the enforcement of the Wage and Hour law. Whoever the violator may be, he can write it down in his little book that the Wage and Hour Division is going to get him--eventually. And when that fact soaks in, there just aren't going to be very many violators.

I have repeatedly said that enactment of the Fair Labor Standards Act was the best thing that has happened to the South for a mighty long time. I say it again before this audience which, I presume, contains the customary number of Doubting Thomases. I say it as one who knows the South, knows Southern industry, knows the consequences that flow into the lives of the people from the decisions industry makes. And for the benefit of those who believe that the economic destiny of the South is inevitably tied up to low wages, that there is no other way to attract capital and develop our resources, I want to point out that low wages is an economic sword that cuts both ways. The ephemeral benefits low wages confer, low wages can also snatch away.

The editor of the Columbia (South Carolina) State made this point better, perhaps, than I can make it, in an editorial published August 2. Let me read it to you:

"The textile mills came southward years ago mainly because of low wages and other low manufacturing costs in the South," this editor wrote. "There was talk of 'cotton mills in the cotton fields,' and there were other sayings, no doubt, of equally logical sound. But low wages and costs were the determining factor.

"Now consider certain broad facts of today. Textile wages in the Southwest--this appears generally to be true--are lower than in the Southeast.

Perhaps other costs are also. And cotton, the crop, has been moving westward. To some degree, the Southwest now occupies a textile position with reference to the Southeast that the Southeast formerly occupied with reference to New England.

"If low wages and costs siphoned the textile industry from New England, cannot the same forces siphon it again, some years hence, from the Southeast to the Southwest?

"Last year The State heard a textile man, seeking a location in the South, say that wages would determine his decision. Also The State has heard, at times, talk of textile mills somewhere westward of here in which Negro labor would be hired at low wages.

"In the light of the conditions suggested in this discussion, The State wonders whether the Southeast is wise in opposing a uniform standard of wages in the textile industry."

The low wage game is one that two can play. If cheap labor is to be our stock in trade, it should be remembered that somewhere on the earth's surface labor can be had at a still cheaper price. What good can come at last from encouraging industry to roam about seeking always more and more human beings to exploit and debase? How can society profit from that? How can business itself gain in the long run? The Fair Labor Standards Act calls a halt. It builds up, it does not tear down. It provides a powerful incentive for every community to develop its own resources and make the most of them. Give us compliance and we will find more than one of our social and economic problems melting away and a better order of things emerging for all of us.

Let me close with one more quotation from a respectable Southern source. I read from a recent editorial in the Greensboro (N.C.) News,

"It has been our abiding contention that a worker should be paid for

what he does and not for where he happens to live. The South is hardly to increase its own purchasing power and thus further its own economic development through the setting of lower standards than obtain in other sections of the country and then freezing them into the law of the land. True, there are other factors than wages which enter into the Southern pattern and contribute to the region's retardation, as, for instance, discriminatory tariffs and freight rates; but the challenge is to tackle them concurrently and not play one against the other for the retention of all the handicaps."

I speak as a Southerner. I speak in behalf of millions of Southern workers who have no one else to speak for them. For them I ask a better chance in life, but it is in the faith that a better deal for them will be a better deal for you also. I bring to you as well the warning of another Southerner who has said: "The sooner our short-sighted industrial and political leaders recognize the facts of our situation and stop their opposition to increasing the incomes of Southerners, with which they can buy the products of Southern industries, the quicker the South will get out of the corner where it sits today like a red-haired step-child and take its rightful place in the sisterhood of States."

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