in the United States is produced for industrial and agricultural purposes, 20 percent for household use, and 40 percent for wearing apparel.[87/]

Russell Fisher, President of the National Association of Cotton Manufacturers, testified that in an ordinary year the variation in the price of raw cotton may be 8 or 10 times as great as the increased cost resulting from the increase of the minimum wage rate to $32\frac{1}{2}$ cents.[88/] It was his opinion that if the industry can continue in the face of cotton price fluctuations of 100 percent as was experienced from August, 1936, to the date of the hearing, it would not be seriously affected by the increased minimum wage.[89/]

Fisher endorsed the view that volume of sales is most satisfactory in the cotton textile industry when prices are moderate and that low prices do not make for high volume. A stable price structure is much more likely to result in increased volume.[90/] Paul E. Crocker, Vice-President and Controller of the Pepperell Manufacturing Company, stated that although the minimum wage rate will affect prices it will not affect sales adversely.[91/]

87/ R. 60. Recent studies by the Bureau of Labor Statistics have shown that "the most important single factor in determining cotton textile consumption for apparel and household furnishings is the amount of income of low-income groups." (Industry Committee No. 1, Exhibit No. 1, p. 62.) The quantity and quality of cotton goods bought by families with annual incomes of 500 to 1,000 dollars increases many times when the income of the family reaches 2,000 dollars. It is apparent that for this group of purchasers, family income, not the price of the article, measures the volume of purchases made. Ibid, pp. 62-64.

88/ R. 348.

89/ R. 349.

90/ R. 349-350. See R. 385.

91/ R. 477.

c. Competition of Substitute Fibers

Although demand may not decrease because of resistance to slight price increases, account must be taken of the possibility of substitution of competing products. These products compete with cotton at a number of points and have been increasing in volume of sales in recent years.

Rayon, which competes with cotton in the apparel and hosiery industries, has increased its world production from 18,000,000 pounds in 1911 to 2,000,000,000 pounds in 1938.[92/] Raw silk delivered to United States mills increased from 28,500,000 pounds in 1920 to 56,600,000 pounds in 1937.[93/] In 1932 less than 500,000,000 pounds of jute and jute products were imported by the United States in contrast to over 1,000,000,000 pounds in 1937.[94/] String manufactured from jute is competitive with cotton string.[95/] There have been significant increases in the use of paper which is competitive with cotton in the fields of bags, napkins, towels and similar fields. The value of paper bag production increased from $45,000,000 in 1921 to nearly $79,000,000 in 1937.[96/] Paper towels have increased in value from $3,800,000 in 1925 to $12,100,000 in 1937,[97/] and the value of paper napkins has increased from $2,200,000 in 1925 to $11,000,000 in 1937.[98/]

92/ R. 1820
93/ Industry Committee No. 1 Exhibit No. 1, p. 3.
94/ R. 1780
95/ R. 1775
96/ R. 1427
97/ Testimony of L. T. Barringer. Exhibit No. 11
98/ Ibid. Exhibit No. 12

Although there has been an increase in the use of competing products, the amount of cotton comsumption has not declined. In 1920 cotton consumption, which is the most accurate indication of textile activity, was 2,828,100,000 pounds; in 1938 it was 2,904,400,000 pounds.[99/] The 1937 consumption of 3,657,100,000 pounds was a record high and represented an increase of 829,000,000 pounds over 1920.[100/] It further appears that cotton consumption has in general varied with the movements of total industrial production in the United States.[101/] It, therefore, appears that the cotton textile industry, while sharing its place in the American market with competing products, has increased its total production.

The Bureau of Labor Statistics suggests that many of the competing products have expanded the market and that their rise has not been completely at the expense of cotton.[102/] In many cases the shift which has occurred has been due to the expression of consumer preference, which would be operative regardless of small price variations in the competing products. The most significant illustration of this preference is in the field of women's hosiery.[103/]

There is sufficient evidence to show that the competitive relations of cotton textiles and such products as rayon, silk, jute and paper is not in such a state of balance that small price varia-

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99/ Ibid. Exhibit No. 2
100/ Ibid.
101/ Textile Workers' Union of America. Exhibit No. 1. R. 3267.
102/ Industry Committee's Exhibit No. 1, p. 61
103/ See Exhibit No. 5, testimony of L. T. Barringer.

tions have a substantial effect on the sales of cotton textiles. Otherwise, the wide variations in the price of raw cotton would have completely destroyed those sections of the cotton textile industry which consider themselves subject to the competition of substitutes.

d. Competition with Imported Cotton Textiles

The possibility of substantial competition from imported cotton textiles is remote. According to Bulletin 663 of the Bureau of Labor Statistics the United States is on a net export basis in the cotton textile industry. The data for the Census Year 1935 shows imports of countable cloth amounting to approximately 62,100,000 yards as against a total domestic production of 6,596,000,000 yards and exports of 182,700,000 yards. Imports of yarn for 1935 amounting to 2,150,000 pounds were a fraction of total production and a small proportion of the exports amounting to 8,112,000 pounds. 104/ There was apparently some disturbance in particular divisions of the cotton textile industry as a result of Japanese competition, but this situation was remedied by the adoption of a quota agreement which limited Japanese exports to the United States to a maximum of 255,000,000 square yards for the years 1937 to 1939. Although Japan could export 180,000,000 square yards to the United States in 1937, it did not reach the quota but exported only 106,214,000 square yards. As of November 1938 exports from Japan were even less than for the year 1937. 105/

104/ Industry Committee No. 1 Exhibit No. 1, pp. 56-57
105/ Ibid. p. 59.

6. Experience Under NRA and under Collective Labor Agreements

The experience of the cotton textile industry and its branches under the national minimum wage regulations of the NRA and under collective bargaining agreements is indicative of the probable effect which the proposed minimum wage will have upon the industry and its branches.

a. Effect of NRA Minimum Wage Rates on Employment

There was no dissent expressed by any party at the hearing to the statement that the increases in wages resulting from the Cotton Textile Code did not curtail employment in the cotton textile industry or in the southern branch of the industry.[106/] It was stated, however, that the experience of this period is not relevant since the NRA caused a general increase in buying power throughout the country.[107/]

Although the conditions during the NRA period and the present are not completely comparable, it must be noted that the increase in wages resulting from the Code was much greater than the increase which will result from the imposition of the $32\frac{1}{2}$ cent rate. The following table shows the distribution of wages in the southern cotton textile industry prior to the adoption of the Code:

106/ R. 875, 1019, 1099, 1123.
107/ R. 430, 1431, 1479, 1515.

Average Hourly Earnings in the
Cotton Textile Industry in the South,
July, 1933 108/

Average Hourly Earnings (in cents)	Percent Employees
2.5 - 4.9	0.2
5.0 - 7.4	.9
7.5 - 9.9	2.7
10.0 -12.4	9.3
12.5 -14.9	15.8
15.0 -17.4	15.9
17.5 -19.9	15.7
20.0 -22.4	12.3
22.5 -24.9	8.2
25.0 -27.4	5.2
27.5 -29.9	3.3
30.0 -32.4	4.3
32.5 -and over	6.2
	100.0

These figures show that 89.5 percent of the cotton textile workers in the South received less than the 30 cent minimum prescribed by the Code. 72.8 percent received less than the 22½ cent minimum for "outside laborers and cleaners." 13.1 percent received less than 12½ cents per hour. Only 6.2 percent received 32½ cents per hour or more. In contrast to these figures, in August 1938, 55.8 percent of the cotton textile workers in the South received 32½ cents per hour or more and only 6.5 percent received less than 22½ cents per hour.

It has been estimated that the increase in average wages in the southern cotton textile industry resulting from the NRA was 73 percent or approximately twelve times as great an increase as the 6.25 percent estimate of increase for the South which will result from the 32½ cent minimum wage rate. 109/

108/ Industry Committee No. 1, Exhibit No. 1, pp. 119 and 84.
109/ R. 348, 685, 1197, 2032
110/ R. 680, 2196, 3039

It also appears that an additional increase of approximately 10 percent was made in wages during the NRA which brought the prevailing minimum wage in the South up to 33 cents an hour. 110/

The contention that NRA conditions are irrelevant cannot be accepted since it appears that many mills retained the Code minima after the invalidation of the NRA. Charles A. Cannon, President of the Cannon Mills, who appeared in opposition to the Industry Committee recommendation testified that:

> "In spite of the very unsatisfactory market conditions during the last year, a very large percentage of the textile employees are still above the NRA Code wages. With the 30 cent minimum effective in October, there will be more nearly a uniformity of wage scale than has ever existed in the textile industry." 111/

With due allowance made for the price boom during the NRA, it appears that the capacity of the Southern cotton textile mills to absorb the wage increases resulting from the Code and in many instances to maintain such wages after the termination of the NRA shows that it has the capacity to carry the small increase contemplated by the minimum wage recommendation.

111/ R. 1536. See R.1634. 24.2% of the employees in the Southern cotton textile industry received less than 30 cents an hour as of August, 1938 (Industry Committee No. 1 Exhibit No. 1, p. 84). Presumably, this percentage would have decreased as a result of the imposition of the 25-cent minimum in October, 1938.

Wage cutting, of course, occurred in many mills as a result of the decision invalidating the NRA. C. W. Mizell, President of the Opp Cotton Mills and the Micolas Cotton Mills, located in Opp, Alabama, testified that immediately after invalidation his mills reduced the minimum wage to $1.55 for a day of 10 to 12 hours (R. 2673). See R. 3069.

b. Minimum Wage Rates in Collective Labor Agreements

The Act permits the use of wage rates in union agreements in analogous industries as evidence from which to infer the validity of the fixing or denial of classifications in the industry which is being studied. In the present proceeding, union minimum wage rates have been submitted for a number of branches in the textile industry. It would seem clear that such rates can be considered under the statute as a basis for judgment of the validity of the minimum wage recommendation for the industry as a whole.

A table showing the rates applicable to various sections of the cotton textile branch is as follows:

Minimum Wage Rates Established in Various Sections of the Cotton Textile Industry By Collective Labor Agreements. 112/

Section of Industry	Minimum Wage Rate
Cotton Textiles 113/	34.4 cents in the North
Cotton Narrow Fabrics	Slightly higher than cotton textiles but not specified.
Cotton Padding 114/	48 to 60 cents.
Bags	40 cents for women; 50 cents for men.
Bandage and surgical gauge	35 cents - 40 cents
Dishcloth, scrubbing and wash cloths	35 cents

112/ R. 676 - 678

113/ See R. 277, 292, 332, 380, 394 and R. 1102, 1138, 1144, 1247.

114/ R. 306

It was the opinion of George Baldanzi, Executive Vice President of the Textile Workers Union of America, who placed a number of the collective agreement rates in evidence that "only the sub-standard employers paying wages far below those prevailing in their industry will have to raise wages." 115/

It would seem clear from the evidence in the record that there are collective labor agreements in the industry which specify minimum rates equal to or in excess of the recommendation.

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On the evidence relating to the experience under the NRA and under collective labor agreements, I find that there will be no substantial curtailment of employment in the cotton textile industry or the southern branch thereof.

115/ R. 678

7. Conclusion

It is apparent that no investigation of the effect of a minimum wage recommendation on employment can produce an exact numerical prediction of the level of employment which will exist during the period in which the minimum wage will be operative. Examination of the records of employment in previous years shows that average yearly employment in the cotton goods industry during the four year period 1933 to 1937 varied from 368,900 in 1935 to 422,100 in 1937, a range exceeding 50,000 employees. Average monthly employment during this period ranged from 306,200 in March 1933 to 445,800 in April 1937, excluding September 1934 when there was a general strike in the cotton textile industry which reduced employment to 215,200. 116/

116/ Industry Committee No. 1 Exhibit No. 1, Table 5. The complete record of employment in the cotton goods industry, 1933-1938, is as follows:

Month	1933	1934	1935	1936	1937	1938
			Employment			
January	319,400	410,900	402,900	377,700	433,000	364,900
February	316,800	430,800	403,400	376,400	440,000	361,400
March	306,200	443,600	397,200	376,900	443,100	364,000
April	312,400	443,600	379,900	372,400	445,800	350,300
May	337,100	434,300	362,300	372,400	445,300	340,600
June	390,500	401,600	349,000	373,800	434,300	335,800
July	432,100	391,900	336,700	384,400	429,900	345,500
August	441,400	375,500	333,600	396,300	425,000	359,200
September	432,500	215,200	347,700	402,500	414,400	366,700
October	437,800	398,500	361,400	409,100	395,400	- - -
November	421,000	395,900	372,900	417,100	383,900	- - -
December	408,200	402,900	379,500	425,000	374,600	- - -
Average	379,600	395,400	368,900	390,400	422,100	

(2108)

Furthermore, there may be wide variations in employment which are attributable to factors other than labor costs. For the period January 1937 to August 1938 when employers were not subject to any Federal minimum wage requirements, employment decreased from a high of 445,800 to a low of 335,800.

Upon consideration of all factors bearing on the effect of the $32\frac{1}{2}$ cents minimum wage recommendation on aggregate employment in the cotton textile industry and the Southern branch thereof and having due regard to economic and competitive conditions, I find that this rate will not substantially curtail aggregate employment in the cotton textile industry or in the Southern branch thereof.

B. Effect of the $32\frac{1}{2}$-Cent Rate Upon Low Wage Mills and Upon Small Mills in South

The evidence in the record shows that the minimum wage rate recommended by Industry Committee No. 1 will have its greatest effect on certain mills in the South which are at present paying low wages. In examining this effect it must be noted that even if the Committee's recommendation were disapproved, these low wage rate mills will be required to meet a 30-cent minimum wage rate on October 24 and consequently a number of them may be compelled to make readjustments in production methods independently of this wage order.

1. Increase in Labor and Manufacturing Costs in Group of Low Wage Southern Plants Paying Average Wages of Less than 30 Cents As of August, 1938.

The Economic Section of the Wage and Hour Division has calculated the cost increases resulting from the minimum wage recommendation for Southern mills classified in accordance with their average hourly wage rates. The effect of the $32\frac{1}{2}$ cent minimum wage rate on integrated mills is tabulated as follows:

Percentage Increases in the Wage Bills and Manufacturing Costs of Groups of Integrated Mills in the South (classified on the basis of their average hourly earnings) Resulting from the $32\frac{1}{2}$ cents Minimum Wage Recommendation 117/

Average Hourly Earnings in Cents	20.0 & under 25.0	25.0 & under 30.0	30.0 & under 32.5	32.5 & under 35.0	35.0 & under 37.5	37.5 & under 40.0	40.0 & under 42.5	42.5 & under 45.0	45.0 & under 50.0
Labor Cost	29.79%	18.21%	9.72%	5.97%	3.59%	2.02%	1.75%	.51%	.80%
Manufacturing Cost	10.72%	6.56%	3.50%	2.15%	1.29%	.73%	.63%	.18%	.29%

117/ Industry Committee No. 1, Exhibit No. 4, p. 7(a)

The cost increases in addition to those involved in meeting the 30 cents statutory minimum are estimated as follows: 118/

Average Hourly Earnings in Cents	20.0 & under 25.0	25.0 & under 30.0	30.0 & under 32.5	32.5 & under 35.0	35.0 & under 37.5	37.5 & under 40.0	40.0 & under 42.5	42.5 & under 45.0	45.0 & under 50.0
Labor Cost	10.42%	7.69%	5.38%	3.42%	2.15%	1.20%	.65%	.29%	.41%
Manufacturing Cost	3.75%	2.77%	1.94%	1.23%	.77%	.43%	.31%	.10%	.15%

The effect of the minimum on Southern spinning mills will be slightly less than the effect on Southern integrated mills. The following table shows the effect of the 32½ cent minimum wage on groups of Southern spinning and integrated mills combined:

COTTON-MANUFACTURING IN THE SOUTH: 119/
Percentage Distribution of Southern Workers by Groups of Plants and Percentage Increase in the Wage Bill for these Plants

Average Hourly Earnings Per Establishment August, 1938	Percentage of Southern Workers in each group, Spinning and Integrated Mills Combined	Estimated percentage increase in the Wage Bill resulting from the establishment of a 32.5-cent minimum
20-24.9 Cents	2.4%	29.57%
25.0-29.9 "	4.6	17.86
30.0-32.4 "	7.6	8.93
32.5-34.9 "	17.7	5.41
35.0-37.4 "	22.7	3.18
37.5-39.9 "	17.7	1.92
40.0-42.4 "	20.9	1.75
42.5-44.9 "	3.8	.51
45.0-49.9 "	2.4	.80

118/ The estimates are calculated from Table 9 on p. 116, Ibid.
119/ Industry Committee No. 1, Exhibit No. 7.

The distribution of the establishments and employees in the Southern branch of the cotton goods industry studied by the Bureau of Labor Statistics is as follows:

Average Hourly Earnings in the Southern Branch of the Cotton Goods Industry. August 1938 120/

Average Hourly Earnings in Cents	Number of Establishments	Number of Employees	Cumulative Percentage of Total Number of Employees
Less than 20.0	6	1,211	0.5
20.0 - 24.9	28	4,714	2.4
25.0 - 27.4	28	6,108	4.8
27.5 - 29.9	32	5,547	7.0
30.0 - 32.4	69	18,944	14.6
32.5 - 34.9	109	44,248	32.3
35.0 - 37.4	137	56,902	55.0
37.5 - 39.9	67	44,297	72.7
40.0 - 44.9	89	61.723	97.4
45.0 - 49.9	14	6,003	99.8
50.0 - 54.9	3	354	99.9
55.0 and over	2	134	100.0
Totals	584	250,185	

In view of the lesser effect of the minimum wage recommendation on spinning than on integrated mills, it is appropriate to apply the distribution of earnings in the entire cotton goods industry in the South, as shown in the above table, to the cost increases in integrated mills. Thus more than 93 percent of the employees in the

120/ Industry Committee No. 1, Exhibit No. 1, p. 74.

Southern branch of the cotton textile industry were working in mills which paid an average wage rate of 30 cents an hour or more and mills in this group will have their average labor costs increased by less than 10 percent as a result of the minimum wage recommendation. The increase in the average manufacturing cost of these mills will be 3.5 percent or less. If calculated on the basis of the increase resulting from the Industry Committee's recommendation over the 30 cent statutory minimum, these mills will have their labor costs increased by approximately 5.38 percent or less and their manufacturing costs by approximately 1.94 percent or less.

The mills paying an average wage of less than 30 cents an hour employ 7 percent of the Southern cotton textile workers, and will undergo average labor cost increases ranging from 18.21 percent to 29.79 percent. This group employs only 5 percent of the workers in the entire cotton textile industry. In terms of increases in costs of manufacture, the range will be from approximately 6.56 percent to 10.72 percent. Calculated on the basis of the 30 cent minimum as a comparative standard, the labor cost increase will range from approximately 7.69 percent to 10.42 percent and the increase in the cost of manufacture will range from approximately 2.77 percent to 3.75 percent.

Opponents of the recommendation have stressed the fact that as of August, 1938, 44.2 percent of all Southern employees in the cotton goods industry were paid wages of less than 32½ cents per hour.[121/] The study of the plant distribution of Southern cotton textile workers which is set out above shows, however, that only

121/ R. 2833

14.6 percent of the total number of workers in the industry were employed in mills paying average wage rates of less than $32\frac{1}{2}$ cents an hour and that more than half of this 14.6 percent were employed in establishments paying average wage rates from 30.0 to 32.4 cents per hour.

The determining factor of the effect of the minimum wage recommendation on employment will, of course, be the cost position of the establishments in the industry rather than the number of employees who may be receiving less than the minimum. Many of the employees receiving substandard wage rates are employed in mills which are relatively unaffected by the recommendation and can, therefore, increase wages without an effect on employment. It may also be noted that 45 percent of the Southern cotton textile workers receiving less than 32.5 cents per hour are paid wages of 30 cents or over. 122/

122/ Industry Committee No. 1, Exhibit No. 1, p. 84

(2108)

The fact that a mill has a low wage schedule does not necessarily mean that it has a low degree of efficiency. Tolles cited a study prepared by the Bureau of Labor Statistics from a special tabulation of the Census of Manufactures which showed that some low wage mills achieve an average or better than average output per hour and hence have extremely low labor costs. The lowest average labor cost per pound of carded cotton yarn was found in mills paying wages 22 percent lower than the average of the mills studied. 123/ This view was confirmed by Paul R. Christopher, a technical expert of the Textile Workers Union of America. 124/

It may also be noted that low wage mills on the whole have labor costs which are a smaller percentage of total manufacturing costs since they generally produce a coarser variety of goods. The significance of this factor is stated in Bulletin 663 of the Bureau of Labor Statistics as follows:

> "Any change in wage rates will more seriously affect manufacturing costs in those instances /products/ where labor costs are large. In this connection, it should be borne in mind that, in precisely those cases where labor costs are a large proportion of manufacturing costs, wages tend to be above minimum levels and fewer employees will be effected (sic) by the establishment of a minimum wage." 125/

Manufacturing costs of the low wage mill may be reduced, as in the case of the industry generally, by modernization of plant machinery and improvement of efficiency. The operation of technological improvement in the case of the Waverly mills which has been discussed previously in the

123/ R72

124/ R1330

125/ Industry Committee No. 1, Exhibit No. 1, p. 34

section on aggregate employment in the southern branch of the industry, shows that there is an available means for small low wage mills to meet cost rises.

Upon consideration of the extent of increase in the labor and manufacturing costs of the low wage group of mills in the South, the number of workers employed in such mills and all the factors bearing on the effect of the increase in costs on employment, I find that there will be no substantial curtailment of employment in this group of cotton textile mills, and that any unemployment which may result will not cause substantial dislocation of employment in the cotton textile industry.

2. Effect of the Minimum Wage on Employment in Small Southern Mills

A group of cotton textile mills in the South which operate plants containing less than 25,000 spindles entered objection on their own behalf to the approval of the Industry Committee's recommendation. Under the Act the consideration of the wage order must be made on an industry basis. Differential rates cannot be established for individual mills; nor is it permissible to disapprove a minimum wage recommendation because of the effect the recommended rate may have on particular mills.

The application of the small Southern mills is here considered from the standpoint of whether the minimum wage will result in any substantial dislocation of employment in the industry.

A small mill is not necessarily marginal. It has been contended, however, that mills of smaller capacity suffer disadvantages which would make the minimum wage rate more onerous for them. Discounts for volume utilization of power or carload shipments of supplies cannot be obtained. Marketing is done through other agencies which increases the cost of distribution. Investment cost per spindle is greater and the unit cost of supervisory personnel may be more than in large mills because smaller volumes are handled.[126/]

126/ R. 2733, 2840-2842

It was the opinion of Hyman L. Battle, Treasurer and Manager of the Rocky Mount Mills, Rocky Mount, North Carolina, that small mills would not suffer as a result of the minimum and that they can compete with large efficient mills if they have good management. [127]

There is apparently some confusion as to the point at which a mill can be termed small and therefore subject to the disadvantages claimed by the witnesses appearing at the hearing. A questionnaire was submitted to 483 mills in the South having less than 25,000 spindles by a committee which presented the case for such mills at the hearing. It appeared from the list of 98 mills which responded, however, that in a number of instances mills which responded to the questionnaire were owned by a single interest. The Alabama Mills, for example, accounted for 10 mills of less than 25,000 spindles, but the total spindlage was 110,000. [128] The Aponaug Manufacturing Company and J. W. Sanders Mills which are closely related have 110,696 spindles. [129] In such cases it would appear that some of the disadvantages claimed for small mills would not be present. A central clerical force or selling arrangement would be feasible for such mills and would place them in the same position with respect to these factors as single mills having their total spindlage.

The study made of the 98 mills by Mrs. Margaret Mager, research consultant to the Committee representing small Southern cotton

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127/ R. 419, 432, 433

128/ Textile Workers' Union of America, Exhibit No. 9

129/ R. 2979

textile mills, showed that the average wage rate of the reporting mills was 28.6 cents in August 1938 and 31 cents in May 1939.[130] According to Mrs. Mager's calculations, this represented a wage increase of 8.4 percent.[131] There was, however, no serious decline in employment, the reports showing a decrease of only nine-tenths of 1 percent.[132] Mrs. Mager's calculations also showed that a 32½-cent minimum wage rate would result in a 13.5 percent increase in the wage bill of May 1939.[133] Applying the highest labor cost percentage obtained from the questionnaire, which was 29.3 percent,[134] there would be an indicated increase of only 4 percent in total manufacturing costs over the May 1939 figures.

The returns from the questionnaire would appear to weight the results in the direction of lower wages. It may be expected that the 98 mills replying to the questionnaire sent to 483 plants would be the establishments most affected by the order. Furthermore, it appears that the largest percentage of returns was received from the lowest wage states. The following table shows the number of returns from the various Southern states and the cotton textile wage rates in those States:[135]

130/ R. 2782.

131/ R. 2781.

132/ Ibid.

133/ R. 2833.

134/ R. 2940.

135/ R. 110-111, 2913

(2108)

State	Number of small mills	Number of Replies	Average wage rate in the cotton goods manufacturing industry
Alabama	43	26	34.8
Georgia	67	26	36.7
Mississippi	7	7	30.9
North Carolina	112	31	37.6
South Carolina	43	5	36.8
Other States (Arkansas, Texas, Virginia)	--	3	--

It will be noted that the highest percentage of returns was received from the States of Mississippi and Alabama which have the lowest wage rates.

The reports of the Federal Trade Commission which distinguish between small and large mills on the basis of investment show mills with a small investment may make a high rate of return. In the period January to June 1936, for example, mills having textile investments between \$100,000 to \$199,999 obtained a return from total textile income of 9.20 percent while mills having an investment of \$12,800,000 or more showed a return of only 3.99 percent.136/

Witnesses who appeared at the hearing in opposition to the recommendation gave testimony which shows the probable effect of the 32½-cent minimum rate on employment in small textile mills as defined by the Southern group. In two instances, testimony was given with respect to marginal mills which, it developed on questioning, had found

136/ Industry Committee No. 1 Exhibit No. 27d, Appendix p. 13.