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October 27, 1939

R-474A

REPORT
AND
RECOMMENDATIONS
OF THE
MINORITY INDUSTRY COMMITTEE #7
FOR THE
ESTABLISHMENT OF A MINIMUM WAGE RATE
IN THE
KNITTED OUTERWEAR INDUSTRY

October 26, 1939

(2622)

REPORT AND RECOMMENDATIONS OF THE MINORITY

On September 18, 1939, the Administrator of the Wage and Hour Division of the United States Department of Labor appointed an Industry Committee #7 for the KNITTED OUTERWEAR INDUSTRY, consisting of six (6) members, representing the public, and a like number of members representing the employers and the employees in the industry, respectively:

1. Administrative Order #29.

The following persons comprised the Committee:

Charles Ray, CHAIRMAN: American Tissue Mills, Holyoke, Massachusetts. Former Chairman, Connecticut Minimum Wage Board for the Laundry Industry, Goodyear, Connecticut. (Also member of the Apparel Industry Committee.)

Paul F. Brissenden, Professor of Economics, COLUMBIA UNIVERSITY, New York City.

Jonathan Daniels, Editor, News and Observer, Raleigh, North Carolina. (Also member of Apparel Industry Committee.)

Harrold English, Chairman of California State Planning Board, Los Angeles, California. (Also member of Apparel Industry Committee.)

Fred Lazarus, Jr., Vice President and ALSO Treasurer, F. & R. Lazarus Co., Department Store, Columbus, Ohio. (Also member of Textile Industry Committee.)

John C. Evans, Professor of Economics, Albright College, Reading, Pennsylvania. (Also member of Hosiery Industry Committee.)

FOR THE EMPLOYEES

David Dubiński, President, International Ladies' Garment Workers' Union, New York City. (Also member of Apparel Industry Committee.)

Jacob Halpern, International Ladies' Garment Workers' Union, Boston, Massachusetts.

Abraham Katovsky, International Ladies' Garment Workers' Union, Cleveland, Ohio.

Jennie Matyas, International Ladies' Garment Workers' Union, San Francisco, California.

Louis Nelson, Manager, Knitgoods Workers' Union, Local 155, International Ladies' Garment Workers' Union, Brooklyn, New York.

Samuel Otto, International Ladies' Garment Workers' Union, Philadelphia, Pennsylvania.

FOR THE EMPLOYERS:

Ingram Bergman, President and Treasurer, Bergman Knitting Mills, Philadelphia, Pennsylvania.

I. B. Davies, Secretary and Treasurer, Bradley Knitting Company, Delavan, Wisconsin.

John Springthorpe, Pine State Knitwear Mills, Mount Airy, North Carolina.

FOR THE EMPLOYERS: (Cont'd)

Louis Sternberg, President Sternberg Knitting Company, New York City.

E. W. Stewart, President Pacific Knitting Mills, Los Angeles, California.

Roger W. Whitman, President American Hosiery Company, New Britain, Connecticut.

The Committee was directed to investigate conditions in the Knitted Outerwear Industry and to recommend to the Administrator minimum wage rates for employees in that Industry, in accordance with the provisions of the Fair Labor Standards Act of 1938 and rules and regulations promulgated thereunder.

The Committee met on October 25-6, 1939, to carry out the duties which had been assigned. The said Committee had previously been given an opportunity to study a survey of earnings and hours in the Industry, prepared by the United States Bureau of Labor Statistics, together with a report prepared by the Economic Section of the Wage and Hour Division on economic and competitive conditions, effects of various possible minimum wages on wage bills and operating costs, the transportation costs in the industry and a study of living cost in the various sections of the United States.

Further, during the course of its meeting on October 25-26, 1939, briefs were presented and testimony heard from Representatives of the National Knitted Outerwear Association and of the International Ladies Garment Workers Union.

Mr. Jonathan Daniels was unavoidably absent from these meetings.

After a careful consideration of all available evidence, including the testimony and briefs presented, there was a majority report submitted, recommending 35¢ as the highest minimum wage rate and recommendations were submitted therewith. From this report, MR. JOHN SPRINGTHORPE DISSENTED, AND PRESENTS THE FOLLOWING REPORT, to-wit:

IT IS RECOMMENDED by the Minority that a differential be allowed to the Southern Manufacturers, making the minimum rate in the North and the East 35¢ and in the South and South East Industry, a minimum of 32 $\frac{1}{2}$ ¢ for the following reasons:

1. It is set forth in regulations applicable to

the Industry Committees pursuant to Section 5 of the Fair Labor Standards Act of 1938, in Section 511.18 as follows:

"That competitive conditions by transportation, living and production costs shall be considered as--relevant factors in establishing the wage rate. It has been found as based on the manufacture and sale of plain men's sweaters as manufactured by the Southern and South East Industries that the cost of the average of 12 lbs. of gross weight in the transportation of wool from the East to the Southern Manufacturers, averages 2¢ per lb. freight weight. It has also been found that in order to ship this amount of manufactured material back to the Eastern Selling Agents, representing a dozen manufactured sweaters, that the freight rate thereon is 25¢, which it is necessary that the buyer pay. This would indicate that in order that the Southern Manufacturer and South Eastern Manufacturer may compete with the manufacturers in the North and East, where the freight rate does not enter into the sale of their goods, there is a difference of 50¢; which the Southern Manufacturer would have to lose in order that he might successfully compete with the manufacturers located near the Eastern selling points.

"The labor necessary to put out these sweaters represents \$1.50, as found by a careful study and losing 50¢ by virtue of freight rates, would show that it is a disadvantage to the manufacturers represented in this Minority Report of one-third (1/3)."

"It is further respectfully submitted under the Section above referred to of the Regulations,, that the living conditions as represented in the Industry reported in this Minority Report are much cheaper than they are in the Industry reported in the Majority Report in that housing conditions are cheaper and living as they do in the farming section, where the necessities of life and also some of the luxuries can be had at a much cheaper cost than they can in the Northern and Eastern Sections, this section of the Regulations should be given great consideration.

"It further states that in Section 511.18 of the Regulations that in allowing classifications and in determining the minimum wage rate, no minimum wage shall be fixed solely on a regional basis. This Section and the Sections above referred to would seem to be greatly and clearly contradictory in that--in considering transportation and production costs, it would be absolutely necessary to make a differentiation in regard to regions because it is evident upon the face of the situation that manufacturers within or adjoining the large Eastern selling agents would have a decided advantage were not the regions wherein the manufacturing establishments are located, taken into consideration.

This report of the Minority would respectfully set forth that it is not of the opinion that this statement should be strictly construed on a literal bases but, rather in connection with the Subsections as above set forth. This has been clearly indicated by the Federal Government in the establishment of its Wage Rates in regard to the payment of wages to skilled labor under which this work would come, in their establishment of their wage schedule under the Works Progress Administration. They have established there a wage schedule in which the Section represented in this Minority Report is paid a Wage Rate of $13\frac{1}{2}\%$ less than the Wage Rate paid in the Section reported in the Majority Report.

In the Majority Report, it is set forth that no Noticeable effect on the prices paid by the consumers for the Knitted Outerwear. Taking into consideration the above facts as set forth, it would show, upon the face of the matter, that the Industries represented by this Minority Report would necessarily have to cut down somewhere in order to compete with the manufacturers reported in the Majority Report who are in a much more favorable condition. The Minority Report would expressly deny the finding of the Majority Report that no increase of retail prices ought to be anticipated as a result of the proposed Amendment and therefore, no reduction in consumer demand will occur. And further, that no substantial curtailment of employment would occur as set forth in the Majority Report.

For these reasons, the Committee representing the Minority, finds that by reason of the increase to 35¢ with no differential for the Industries represented in the Minority Report, will substantially affect employment and would noticeably disturb existing competitive conditions within the Industry. And would further set forth that they strongly disagree with the Majority Report in its findings that no regional classification was needed or warranted under the Terms of the Act as hereinbefore set forth.

CONCLUSION:

After investigating the Industry, in accordance with the provisions of the Fair Labor Standards Act of 1938, the Minority Committee has concluded that 35¢ per hour is the highest minimum with a differential of $2\frac{1}{2}\%$ per hour, making $32\frac{1}{2}\%$ for the Industries represented in this report, will not substantially curtail employment in the KNITTED OUTERWEAR INDUSTRY and recommendations to the Administrator that this Wage be established as a minimum Wage for the entire Industry with the said classification and differential as herein set forth.

Respectfully submitted,
(Signed) John Springthorpe