

SUPPLEMENTAL STATEMENTS
on
REPORT AND RECOMMENDATIONS
of
INDUSTRY COMMITTEE NUMBER 6
for the
ESTABLISHMENT OF MINIMUM WAGE RATES
in the
SHOE MANUFACTURING AND ALLIED INDUSTRIES

By

1. Powers Hapgood, Employee Member
of the Committee
2. H. E. Jenkins, Employer Member
of the Committee

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UNITED SHOE WORKERS OF AMERICA
of the C.I.O.
Executive Offices: Edmonds Building, 917 15th St., N. W.,
Washington, D. C.

November 22, 1939

Acting Administrator Jacobs
Wage and Hour Division
U. S. Department of Labor
Washington, D. C.

Dear Mr. Jacobs:

I am submitting the attached supplemental statement in connection with my approval of the report of the Industry Committee #6 for Shoe Manufacturing and Allied Industries as noted in my statement of approval submitted to you last week.

While I approve the general conclusions and the major section of the report as written by the Subcommittee appointed for that purpose, I feel that I cannot concur with the following items which appear to me erroneous conclusions of fact.

On Page 10 of the report there appears a sentence reading as follows: "The growing style consciousness among shoe consumers and the increasing complexity of detail in footwear in recent years, particularly in women's shoes, have tended to decelerate the earlier increases in labor productivity in the industry".

This statement is not in accordance with the facts found in the study made by the Bureau of Labor Statistics printed in the Monthly Labor Review of February, 1939, entitled "Labor Productivity of the Boot and Shoe Industry." According to this study labor productivity is still on the increase.

On Page 11 appears the sentence "There is at present a trend toward more frequent purchase of less expensive shoes by the average consumer". I feel it is important in connection with this statement to point out that there is evidence in the record which shows that the price paid per pair by the average consumer increases with the consumer's income and as a result, therefore, the effect of the Fair Labor Standards Act in increasing income will be to increase the number and percentage of more expensive shoes sold than at the present time. In other words, when purchasing power is high the consumer tends to purchase more expensive shoes. It seems to me that it goes to the very purpose of the F.L.S.A., 1938.

A most erroneous conclusion contained in the report is that which relates to "productive capacity" of the Shoe Industry. On the end of Page 12 is the sentence "It is believed that there is little excess productive capacity in the industry as a whole". The obvious disproof of that statement is in the existence of large numbers of shoe factories operating on a part-time basis and even that with less than their full complement of workers. A further proof is in the wide variation in production on a seasonal basis. Factories which are used only part of the year or which can

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produce more in one part of the year than another certainly represent unused productive capacity.

I am also inclined to feel that the section relating to the effective date of the minimum wage leaves the wrong impression. A close study of the record of the executive session of Industry Committee #6, August 3, 1939, proves beyond a doubt that the dates mentioned frequently in the hearing, October 24 and May 24, were chosen not because of a close relationship to the seasonality factors of the industry but rather because they coincided with the effective date of legislative changes in the functioning of the F.L.S.A. and an arbitrary period of six months from the effective date of the increase in the minimum on October 24. I think the report errs in stressing the importance of the October and May dates in view of the fact that the Committee, on the suggestion of Mr. Norton a member thereof, agreed that seasonality is a factual matter which could be determined before the Administrator. This section of the report also fails to mention the fact which is discussed at some length on the record, that labor costs do vary during seasons and changes are made both up and down for reasons which are sufficiently strong to offset the difficulty of "refiguring labor costs after lines had been priced."

With these reservations I approve the report as it stands.

Sincerely yours,

/s/ Powers Hapgood

Powers Hapgood
Director

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PH:gvw

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H. E. Jenkins, employer member, appended to his signature of approval of the Report and Recommendation of Committee, a statement which reads as follows:

"Please Note:

'While I am not in accord with the "Conclusions" as stated on pages 28-29, I do approve the Recommendation as outlined on page 29.'

(Signed) H. E. Jenkins"