

#### IV. Classifications within the Millinery Industry.

Representatives of millinery manufacturers in Buffalo, New York, <sup>52/</sup> St. Louis, Missouri, <sup>53/</sup> and Chicago, Illinois, <sup>54/</sup> urged at the hearing and in oral argument that unskilled or "non-productive" workers be classified apart from the skilled or "productive" workers and that a minimum wage of 30 cents be established for such "non-productive" employees. At the oral argument, Mr. Westmoreland, representing manufacturers in the South Atlantic and Texas areas, stated that they did not "oppose strenuously" a 40 cent minimum for "productive" workers but did "oppose strenuously" the payment of more than 30 cents to "non-productive" workers. This apparently a departure from the position taken by the South Atlantic manufacturers at the hearing wherein they contended for a separate classification for the South Atlantic area. I shall consider, however, both occupational and regional classifications.

<sup>52/</sup> There was no testimony in behalf of Buffalo manufacturers. However, certain of such manufacturers were represented by counsel who expressed their position.

<sup>53/</sup> R., pp. 339-340. Mr. George Sherman estimated the "non-productive" workers to constitute 10 to 15 percent of the employees in the St. Louis area.

<sup>54/</sup> R., p. 813. Mr. Raymond Merlander stated that about 12 $\frac{1}{2}$  percent of the employees were unskilled, that is, "non-productive."

A. Occupational Classification.

The contentions in behalf of a classification for "non-productive" workers were based upon two separate grounds:

(1) That a 40 cent minimum for "non-productive" workers would cause curtailment of employment among workers in the industry through its indirect effect on the wages of employees receiving more than 40 cents an hour, and

(2) That such a minimum would result in the curtailment of employment of "non-productive" workers through the substitution for, or elimination of, such workers.<sup>55/</sup>

I have found elsewhere herein that no substantial curtailment of employment, if any, among workers in the industry will result from either the direct or indirect effect of the proposed minimum or both.<sup>56/</sup>

That there will be no substantial curtailment of employment among "non-productive" workers through substitution or elimination is fully established by the record. "Non-productive" employees, constituting only about 20 percent of the total number of employees in the millinery industry,<sup>57/</sup> are present in plants of all sizes in

<sup>55/</sup> Mr. Merlander testified that "a 40 cent minimum on workers outside of the crafts would impose a terrific hardship on them; to such a point that it would curtail employment," R. p. 810

<sup>56/</sup> See Section 3A, *supra*.

<sup>57/</sup> "Productive" workers are classified generally as blockers, trimmers, and operators, and represent approximately 80 percent of the employees in the industry. See Industry Committee Exhibit 3, p. 49. Their wage rates are well above the recommended minimum. See R. p. 43.

all areas.<sup>58/</sup> The number of "non-productive" workers who would be affected by a 40 cent minimum, comprises only about 9 percent of the total number of employees in the industry.<sup>59/</sup> A great number of such employees receiving less than 40 cents an hour are shipping clerks and office employees, concerning whom there can be no substitution or elimination. The increase in the wage bill for "non-productive" workers resulting from a 40 cent minimum, would be 6.66 percent.<sup>60/</sup> This increase would raise the average wage for all employees in the industry only about 0.5 percent.<sup>61/</sup> The total increase in the wage bill for all workers in the industry, as heretofore stated, would amount to only 1.51 percent.

Furthermore, the group of employees sought to be classified as "non-productive" covers a variety of occupations. It is not conceivable that under the Act it was intended that the Administrator

<sup>57 cont'd/</sup> "Non-productive" employees constitute approximately the remaining 20 percent, a great portion of which is composed of persons receiving more than 40 cents an hour. See Industry Committee Exhibit 1, Table XXVII, p. 76. See also Industry Committee Exhibit 10.

<sup>58/</sup> See Industry Committee Exhibit 10.

<sup>59/</sup> Since 43.5 percent of the "non-productive" employees in the industry receive less than 40 cents an hour, and "non-productive" workers constitute approximately 20 percent of the total number of employees, it is apparent that only 9 percent of the total number of employees will be affected by the proposed minimum. See Industry Committee Exhibit 3, p. 12. At the time of the survey, 17.6 percent of the "non-productive" workers were receiving less than 30 cents and 31.2 percent were receiving less than 35 cents an hour.

<sup>60/</sup> See Industry Committee Exhibit 3, p. 13.

<sup>61/</sup> This percentage is calculated from data on pp. 10, 11 and 13 of Industry Committee Exhibit 3 by the method explained on p. 3 of the same exhibit.

survey each occupation to determine whether an employee engaged in any particular occupation will be eliminated by virtue of the increase in the wage bill. It is fair to infer, however, that where less than a widely scattered 9 percent of the employees in the industry will be affected, there will be no substantial, if any, curtailment of employment within any occupation comprising a component part of the group known as "non-productive" workers.

There is an additional factor which renders the provisions of 8(c) of the Act, insofar as they relate to classifications within an industry, inapplicable here. The 40 cent minimum was not recommended as the highest minimum wage possible without substantially curtailing employment. In fact, the record supports the view that a higher minimum wage could be absorbed without curtailment of employment. For example, approximately 84 percent of the workers in the industry receive in excess of 40 cents an hour, the average hourly wage for all employees is 81.2 cents, and the increase in operating cost resulting from a 40 cent minimum would be only 0.47 percent.<sup>62/</sup>

I find, therefore, that upon all the evidence, no substantial curtailment of employment in the millinery industry or among the industry's "non-productive" employees will result from the adoption of a 40 cent minimum, and that no separate classification for "non-productive" workers is justified.

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<sup>62/</sup> See Industry Committee Exhibit No. 3, pp. 21, 11 and 6.

## B. Regional Classification.

Since it has been found that the 40 cent minimum will not substantially curtail employment in the industry and will not cause substantial dislocation of employment in any definable group or region within the industry, the provisions of Section 8(c) of the Act relating to classifications within an industry are not applicable here. <sup>63/</sup> I am, however, reviewing the evidence on the factors set out in Section 8(c).

The report of the Economic Section, adduced in evidence, finds that only 16.3 percent of the workers in the millinery industry receive less than 40 cents an hour. <sup>64/</sup> The percentage of employees receiving less than 40 cents varies from 9 percent in New York City to 48 percent and 62.9 percent in the South Atlantic and Texas areas respectively. Expressed in terms of employees, it is estimated that there are 998 persons receiving less than 40 cents per hour in New York City and only 383 in the South Atlantic area. <sup>65/</sup> The wage increase in the South Atlantic area resulting from a 40 cent minimum would amount to 8.21 percent and the operating cost increase would range from 1.69 percent to 1.93 percent, depending upon the selling

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<sup>63/</sup> See matter of the Recommendation of Industry Committee No. 3 for Minimum Wage Rates in the Hosiery Industry, pp. 98-100.

<sup>64/</sup> Industry Committee Exhibit 3, Table II. See also R. p. 41 et seq. At the time of the survey 5.7 percent of the workers received less than 30 cents an hour, and 10.3 percent less than 35 cents an hour.

<sup>65/</sup> Industry Committee Exhibit 3, p. 28.

price of the hat.<sup>66/</sup> The average hourly wage in the South Atlantic area is 46.1 cents as compared to 97.5 cents for New York City, and 81.2 cents for the entire industry. A 40 cent minimum would raise the average hourly wage in the South Atlantic area to 49.9 cents for the whole industry. The average wage rates in the South Atlantic area under a 25 cent minimum were 43.2 percent lower than the average for the industry as a whole whereas average wage rates in New York City were 20.1 percent higher. The differential under a 40 cent minimum would be 39.4 percent in favor of the South Atlantic area as against an unfavorable differential of 19.2 percent for New York City.<sup>67/</sup>

It is apparent from the foregoing that operating costs in the South Atlantic area will not be substantially increased by a 40 cent minimum, and no serious disturbance of the differential favorable to the South Atlantic area will result.

It was contended by Mr. Thompson, without adducing supporting evidence, that the South Atlantic area operates under a transportation cost disadvantage and that living costs in this region are lower than such costs elsewhere. The record establishes that, as to transportation costs, any disadvantage, if it exists, will be small. As to inbound supplies, the evidence indicates that the disadvantage suffered by the South Atlantic area will not amount to more than one

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<sup>66/</sup> Ibid, pp. 23, 26a. See also Industry Committee Exhibit No. 9.

<sup>67/</sup> Industry Committee Exhibit No. 9.