

U. S. DEPARTMENT OF LABOR
WAGE AND HOUR DIVISION
Washington, D. C.

LEARNERS' EXEMPTIONS DENIED FOR BOTH BRANCHES OF CIGAR-MAKING

Citing the tremendous inroads which the introduction of mechanized production has made upon employment in the cigar manufacturing industry, Merle D. Vincent, Director of the Hearings Branch, Wage and Hour Division, U. S. Department of Labor, today denied the application of the Cigar Manufacturers' Association of America, Inc., and a number of individual manufacturers for special certificates authorizing employment of learners at a rate less than the minimum wage prescribed by the Fair Labor Standards Act of 1938.

In the hearings held before Mr. Vincent in Washington, D. C., on November 1 and 2, several members of the National Association of Cigar Manufacturers, Inc., whose member firms manufacture about 70 percent of all cigars made, and approximately 90 percent of the Class A cigars which sell for 5 cents, or 2 for 5 cents, as well as other parties presented testimony.

On the testimony presented, Mr. Vincent found "that it is not necessary to issue special certificates authorizing the employment of learners at subminimum rates in either the hand or machine branch of the cigar industry to prevent curtailment of opportunities for employment."

Concerning the hand-made branch of the cigar industry, Mr. Vincent reported that representatives of trade unions had testified that there are now available in Tampa, Fla., where a large percentage of hand-made cigars are manufactured, 4,000 unemployed hand cigar-makers.

"They also testified," he continued, "that wherever hand cigar plants are located--in Pennsylvania, New Jersey, New York, and other sections of the country--an abundant supply of skilled hand cigar-makers is available and is seeking employment.

"There is no indication that there will be any substantial change in the current status for some years. It follows that a denial of the application of the hand-made branch of the industry cannot and will not curtail opportunities for employment in that branch of the cigar manufacturing industry."

In his Findings of Fact, Mr. Vincent reports that until 1919, occupations in the cigar manufacturing industry were unmechanized and cigar-making was highly skilled. Employment was reasonably regular from year to year.

"In the years following the introduction of machines," the Findings state, "mechanized production rose rapidly and employment declined rapidly from approximately 112,000 wage earners in 1921 to slightly less than 56,000 in 1937. Of these only an estimated 15,000 to 16,000 are now hand cigar-makers. The remaining number are machine operators, non-productive employees, and those engaged in stripping, cellophaning and packing occupations. As machine production increased, the volume of hand-made cigars diminished. At the same time total cigar production decreased from a total of approximately 8,000,000,000 cigars in 1920, the peak year, to 5,500,000,000 in 1937."

As employment declined and machine operators displaced hand workers, wage rates declined, Mr. Vincent found; the machine operator was paid less than the old hand worker and costs per 1,000 of cigars were cut in half.

During this period of declining production, emphasized by keen competition from cigarettes, Mr. Vincent found that the higher priced cigars diminished in volume, while Class A cigars (5 cents and less) rose from 30 percent of total cigar production in 1921 to approximately 88 percent in 1937.

The evidence before him indicated, Mr. Vincent said, that approximately 80 percent of all cigars and 87 percent of the Class A cigars are machine made, and that machine production is continuously rising, while the volume of hand-made cigars continues to diminish.

In the transition from a hand-made to a machine-made product, there was a change in the type of worker employed. The machine operator, unlike her predecessor, the hand cigar-maker, is invariably a woman, Mr. Vincent found. When employers attempted to establish that there are several highly skilled occupations in the machine cigar factory for which a substantial learning period is required, the Cigar Makers International Union of America introduced as witnesses, several young women operators with ten to fifteen years' experience, who testified that a young woman could learn each of the different machine operations in less than 13 weeks, and within a very short time becomes sufficiently trained to take her place on any operation.

Mr. Vincent found the evidence conclusive that in factories where the piece-rate is highest, the labor turnover is low, and where the labor turnover is high, the piece-rates are lower. The most insistent demand for a learner rate below the minimum came from the low rate plants, he discovered.

It is necessary, Mr. Vincent concluded, to place responsibility for high labor turnover in low-rate plants upon the management, and not on a lack of labor supply with which to maintain a working force of experienced operators.

"Training and maintaining an adequate working force is as much the responsibility of employers as other items that enter into manufacturing cost," Mr. Vincent stated in his Findings.

A notice of opportunity to petition for review (Federal Register, January 18, 1940) provides a period of fifteen days in which anyone desiring to do so may file objections to the Determination and Order. (2996)