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U. S. DEPARTMENT OF LABOR
WAGE AND HOUR DIVISION
Washington

COLONEL FLEMING SIGNS KNIT UNDERWEAR WAGE ORDER

A wage order prescribing "wages at a rate not less than $33\frac{1}{2}$ cents an hour" on and after May 6, 1940 in the Knitted underwear and commercial knitting industry has been signed by Colonel Philip B. Fleming, Administrator, the Wage and Hour Division of the United States Department of Labor announced today.

The order will put into effect a minimum wage rate recommended by the unanimous vote of the 21 members of the Industry Committee present when action was taken last November 1. At a public hearing on the committee's recommendation, begun January 16, no appearance was entered in opposition to the recommendation. In announcing the wage order, Colonel Fleming made public his findings and opinion resulting from the public hearing. He said the Statistical Branch of the Wage and Hour Division has estimated that the order will increase the pay of 17,007 of the 61,736 persons employed in the knitted underwear mills, knitted cloth mills and the cut-and-sew shops comprising the industry under the Administrator's definition.

The present average (not minimum) hourly earnings in the three branches of the industry, the findings said, have been estimated at 39.9 cents in the knitted underwear mills, 56 cents in the knitted cloth mills and 40.7 cents in the cut-and-sew shops.

Drawing the conclusion that the wage order would not result in any substantial curtailment of employment, Colonel Fleming said:

"Assuming that the Industry has now absorbed the increase resulting from the shift to the 30 cent statutory minimum, the wage bill increase resulting from a $33\frac{1}{2}$ cent minimum will be only 1.8 percent; or 2.2 percent in the knitted underwear branch, .5 percent in the knitted cloth branch, and 2.1 percent in the cut-and-sew branch.

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"Labor costs are, of course, only one of the items making up manufacturers' operating costs; and, in this Industry, it is estimated that the wage bill amounts to between 18 percent and 25 percent of the manufacturers' total cost burden. Taking the outside figure * * * I conclude that a minimum wage rate of 33½ cents an hour will directly increase the manufacturers' operating costs of the Industry to the extent of only ½ cent for each dollar of the value of production; which will not result in any substantial curtailment of employment in the industry * * * "

The Administrator emphasized that while these estimates did not take account "of possible but uncertain increases above the minimum, so also they do not take account of probable cost decreases due to greater individual productivity."

The Administrator concluded that most of "even the lowest wage plants in the Industry will be able to make adjustments * * * for the increase in their operating costs, which in their case will amount to approximately 2 percent on the basis of the present statutory minimum. * * * It was not contended that any geographical region in which the Industry operates would be unable to absorb the effect of the 33½ cent minimum * * *.

"Even if the Industry should find it necessary to pass on increased costs by increased selling prices, the increase would not be substantial and it could hardly affect consumption of items so utilitarian as most of the products in this industry."

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