

For Release on Delivery  
at approximately 10:30 p.m.  
Monday, April 22, 1940

150  
R-743

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

SECRETARY OF AGRICULTURE WALLACE ENDORSES WAGE AND HOUR LAW

There are no indications that the Wage and Hour law has worked to the detriment of farmers, Secretary of Agriculture Henry A. Wallace declared tonight in a nation-wide broadcast over the NBC Blue network.

The program, in the form of an exchange of opinion between Secretary Wallace and Colonel Philip B. Fleming, Administrator of the Wage and Hour Division of the United States Department of Labor, was arranged by The Washington Star's Radio Forum.

Secretary Wallace expressed the opinion that some farmers, who have opposed the Wage and Hour law, have been "misled" by political spokesmen for "certain interests." He asserted that farm incomes and the incomes of industrial workers rise together, and pointed out that in 1939, when the Wage and Hour law was in effect, farmers received approximately 10 per cent more for their fruit and vegetables than in the crop season of 1938 before the law became effective.

The Secretary warned that farmers and industrial workers have a genuine community of interest, and asserted that each should work for the other's protection. He added:

"Farmers and wage earners are among the low income groups of our population. Both have benefited from the progressive legislation of the last few years. Recent legislation for the protection of farmers could not have been enacted had not Congressional representatives of the city workers joined in supporting it. For example, 63 per cent of the city representatives voted

for the original AAA legislation in 1933. Sixty-three per cent of them voted for the revised AAA program of 1938. I regret to say that the Congressmen from the rural areas seem less disposed to support measures for industrial workers. While 84 per cent of the urban Congressmen approved the Wage and Hour law in 1938, only 39 per cent of the rural Congressmen voted for it. I hope that farmers come to realize the necessity for increased co-operation with labor, so that labor will continue to cooperate with farmers. I do not like to think of the consequences if farmers and city workers were to pursue an independent course, determined to get all they could for themselves without regard to the effect on the other fellow."

Colonel Fleming added:

"Amendments to the Wage and Hour law are being proposed that would deprive about a million and a half workers of the protection which Congress obviously intended to extend to them. Regardless of what political spokesmen for certain interests may say, I cannot believe that the pitiless exploitation of any group of our people can work out to the advantage of another group."

The full text of the radio exchange follows:

For release on delivery  
at approximately 10:30 P. M.,  
Monday, April 22, 1940

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

DIALOGUE OF SECRETARY OF AGRICULTURE WALLACE  
AND WAGE AND HOUR ADMINISTRATOR FLEMING  
ON THE WASHINGTON STAR RADIO FORUM  
Over the Blue Network of the  
National Broadcasting Company

ANNOUNCER

Your government attempts on many fronts to assist the people of the country in finding a solution to their problems. The Department of Agriculture, for example, is concerned with the advancement of agriculture and the promotion of the economic welfare of the millions of farmers in the United States, and with the welfare of consumers. The Wage and Hour Division of the Department of Labor is equally concerned in advancing the welfare of America's millions of industrial workers. Today we are fortunate in having here together the heads of these two great agencies. Their presence here this evening symbolizes the important unity of interest between the nation's farmers and the nation's industrial workers. It is my great privilege to introduce to you two native sons of Iowa and farmer neighbors in that State, the Honorable Henry A. Wallace, Secretary of Agriculture, and Col. Philip B. Fleming, Administrator of the Wage and Hour Division. Colonel Fleming--

FLEMING

There is a community of interest between the farmer and the industrial worker. In our highly integrated society, the welfare of each of us is dependent in some degree upon the welfare of everyone else.

Thus, the merchant is dependent upon the welfare of his customers, and the manufacturer upon the prosperity of the merchant. I know, Mr. Wallace, you've been preaching this for a long time.

WALLACE

We are dependent upon each other more than is generally realized. When the dry skies and hot winds of 1934 seared the Corn Belt, few city people thought that of any concern to them. But without enough corn to feed, many farmers had to sacrifice their livestock. A year or two later city people paid higher prices for beef and pork--and, as a result, learned that the size of the corn crop did mean a lot to them. Since then we've developed our ever-normal granary, which has resulted in the storage of lots of corn on farms, against other possible bad years. This corn is just as much a protection to the city people as to the farmers who produce it.

FLEMING

Just as consumers are affected by farm happenings, farmers are affected by what happens to city labor. A young woman--let us say her name is Mary Smith--works in a New York garment factory. If she loses her job, she must be taken care of by friends or relatives or go on relief. She is no longer a good customer for farm products.

WALLACE

If only one person lost a job, it would make little difference, but when one Mary Smith is multiplied by millions of jobless workers, the effect of the reduced buying power upon everybody is very great. City workers are consumers of farm products. Farmers raise wheat and vegetables and fruit to feed them, and cotton and wool to clothe them.

The price the farmer receives for his products and the quantity he sells, is directly affected by the ability of city workers to buy. How much farmers would gain if city labor were more fully employed at better wages was shown recently by Milo Perkins, head of our Federal Surplus Commodities Corporation, in a speech on "The Challenge of Under-Consumption." He showed that two-fifths of our families live on less than \$100 a month. They spend, on the average, not much more than 5 cents a person a meal on food. If incomes were increased so these families had \$100 a month to spend, they could spend 10 cents a person a meal. This five cents per meal increase would add up to nearly a billion dollars more for farmers each year.

#### FLEMING

That level of \$100 a month is far above the minimum the Wage and Hour law sets. The present minimum--30 cents an hour for a 42-hour week--means only \$12.60 a week at full time, or \$650 a year--even if the worker is able to get employment clear through the year, which is not always the case.

#### WALLACE

The economic bond between farmers and city workers is shown also by the relationship between total incomes for all farmers and all city workers. Back in 1929, when payrolls were 12 billion dollars a year, farmers' incomes also were about 12 billion dollars. Then, during the depression, they went down together, until in 1932 both farmers' incomes and factory payrolls were down to about 5 billions a year. Now they have both climbed up again to where they're around 8 to 9 billion dollars. The farmer's welfare is dependent upon the ability of city people to buy

his products, just as the welfare of city people is dependent upon the ability of the farmers to buy their products.

FLEMING

It is evident then that the poorer the city worker, the poorer the farmer. As you know, the Fair Labor Standards Act of 1938--usually called the Wage and Hour law--is an effort to prevent people being employed at sweatshop wages. If Mary Smith had been paid \$6 a week, for example, her pay, under the Act, has been raised to \$12.60, if she works the full 42 hours a week. Do you think that would benefit farmers?

WALLACE

Certainly, I do, I think the Wage and Hour Act is a decided benefit to farmers. Not all farmers, unfortunately, understand how the law works. Certain groups have been able, apparently, to convince some farmers that the Wage and Hour law will injure them. For instance, reports came to me recently that some Corn Belt producers had been told they were going to have to pay more for plows, harrows, and other farm machinery because of higher labor costs under the Wage and Hour law. There are only three things wrong with those reports. First, there were practically no workers at all getting less than 30 cents an hour--the current minimum--in the farm machinery industry or in the steel industry, even before the law went into effect. Second, there were no significant changes in average pay per hour in either the steel industry or the farm machinery industry during the past 12 months, a period in which the Wage and Hour law was in effect. Third, the prices of farm machinery have not been increased in this period; in fact, the prices of some machines have come down slightly.

FLEMING

You are quite right, Mr. Secretary. In most industries, the payment of better wages to those poorly paid workers at the bottom has had no appreciable effect on the level of labor costs or on selling prices. But the attack of some farm organizations against the Act has been on the grounds that it might increase marketing or processing costs. Are those objections justified?

WALLACE

No, but I can see why farmers might be concerned. Some farmers object to higher wages or shorter hours for workers in creameries, canning plants, packing plants, and sometimes even in flour mills, bakeries, groceries, or other concerns engaged in processing or marketing farm products. They argue that higher wages will mean a larger merchandising spread between producer and consumer, and thus lower prices to farmers, or result in smaller demand at retail. This argument fails to recognize that the farmers' income from sales is affected not only by marketing and processing costs, but also by consumer demand. And they also fail to realize that changes in the ability of consumers to buy have much greater effects on farm prices than do marketing costs. For example, processing and marketing costs on the food bought by an average city workingman's family increased 12 per cent during the recovery from the depression, from \$172 in 1933 to \$193 in 1937. But over the same period, the income of the average city family increased by 40 per cent, and its expenditures for food at retail went up from \$264 to \$353. This increase in city buying power from 1933 to 1937 much more than offset the increase in marketing costs, and the farmer's income from the food products bought by this average family almost doubled, going up from \$92 in 1933 to \$160 in 1937.

FLEMING

How then do you account for the alarm of some farmers over the Wage and Hour law, which, of course, is designed to raise wages for the low-paid workers, thereby increasing consumer demand?

WALLACE

Many of these objectors, I think, are quite sincere, but they have simply been misled. Some of those who want cheap labor want to make their profits out of the hide of labor. If profits are increased at the expense of payrolls, farmers suffer along with labor. A very large share of the pay received by those with low incomes goes to buy food and clothing. Workers receiving 30 cents an hour or less spend almost half their income for food and clothing. If their pay is cut, half of that cut must come out of their expenditures for farm products. The will-to-do spend much less for food and clothing--only about one-eighth of their incomes. Every transfer of 10 dollars from wage payments to excessive profits reduces retail expenditures for food and clothing by 4 dollars.

FLEMING

Some business interests have gone pretty far in attacking the Wage and Hour Act. For example, some of them have recommended that all city workers engaged in marketing, transporting, or processing materials derived from farm products should be excluded from the Act. That means that not only people who handle foodstuffs, but all those who are handling fibers or any other farm products, would be excluded.



WALLACE

That would exclude workers in the packing plants of Chicago and Omaha, workers in the great flour mills of Minneapolis and Buffalo, workers handling cotton in tire factories or automobile plants and cotton mills, and workers manufacturing shoes. If every factory using farm products in any way were exempted, nearly half of all factory workers would be taken out from under the Wage and Hour Act.

FLEMING

Some persons argue that only "a few thousand" workers would be affected if all those engaged in processing farm products were eliminated. That is absurd. Our computations show that there are at least a million and a half men and women engaged at some stage in the processing or marketing of farm products.

WALLACE

And farmers would lose, rather than gain, if wages were cut in those industries. It seems to me the Wage and Hour Act is just an attempt to put a floor under wages in order to prevent exploitation of labor by paying such low wages that workers can hardly exist.

FLEMING

That's right. The Wage and Hour law is not concerned with the minimum wage of persons who are already getting high wages. Just as you, Mr. Secretary, through the farm programs, are attempting to put a floor under farmers' incomes, the Wage and Hour law is attempting to put a floor under the income of the poorest paid industrial workers.

You remember after NRA, some industries began to cut wage rates very sharply. In some industries, such as cotton clothing, the the wage cutters began to get most of the business. Other manufacturers had to cut wages in turn. This went on until wages in some areas were forced down to where mill hands were getting only \$5.00 a week. The wage floor established by the Wage and Hour law forces manufacturers to stop this kind of thing.

WALLACE

One fact you have just brought out is of particular interest to farmers. That is, the Wage and Hour law does not affect the minimum wages of workers already getting high pay, but aims at raising the pay for workers at the very bottom of the income scale. Unorganized workers, almost all of them. These city workers have had to pay city rents and city food and clothing costs from a few nickels a day. These are the workers who would buy more farm products if they could only get a little more money to buy with. That is one reason why many farmers should be interested in the success of the Wage and Hour Act.

FLEMING

Some of the recent agitation against the Wage and Hour Act originated either with the canning industry or with those large corporations who run packing plants and food distribution lines and call themselves farmers because they grow farm products which they pack or merchandise. The Department of Labor made a recent careful study of vegetable canning in seven important States. It showed that almost half of the employees were paid less than 30 cents an hour last season; 15 per cent were paid

less than 25 cents an hour. But the study also showed that if all these workers were brought up to the 30-cent minimum, the total labor costs would be increased only  $6\frac{1}{2}$  per cent. Labor is a relatively small item in running a cannery--under 12 per cent of the total cost--much less than the cost of the tin cans in which the fruit or vegetables are packed. So this  $6\frac{1}{2}$  per cent increase in labor cost would mean only three-fourths of one per cent increase in the canners' total cost--certainly not enough to injure, generally speaking, either farmers or consumers. And to the extent that inability to exploit cheap labor forced the managers to adopt more efficient methods of operation, as it always has done heretofore, the effect on costs would be even smaller.

WALLACE

Your facts there check pretty closely with our figures on farm income, especially of those farmers who produce fruits and vegetables--the very products where most of the Wage and Hour argument seems to center. Returns from fruits and vegetables were hardly affected by the Wage and Hour Act in 1938, as it was not until October 1938 that even the 25-cent minimum wage went into effect. In 1939, on the contrary, that minimum was in effect most of the year, and in October 1939 the 30-cent minimum became effective. Yet in 1938 farmers received 909 million dollars from the sale of fruits and vegetables, while in 1939 they received 995 million dollars--almost exactly 10 per cent more. With a rising level of employment and business activity, farmers gained much more from higher demand than they paid in higher marketing costs.

FLEMING

We are certain, Mr. Secretary, that the operation of the Wage and Hour law to date has not resulted in any general increase of farm marketing costs. We realize that most farmers and wage earners receive only small incomes, and that to help labor by taking money away from the farmer certainly is no gain in our economic situation as a whole. Labor costs in the canning industry are so small that 30 cents an hour would add only an imperceptible amount to the price of the product. However, right now we are reinvestigating to see whether any employees of canning factories and the like are receiving the 30-cents-an-hour minimum wage to the disadvantage of farmers.

WALLACE

I am sure that will be reassuring to farmers. But a good many of the complaints directed at the law seem to be concerned with the overtime provisions of the Act. The necessity of paying time-and-a-half for hours worked over 42 a week, they say, inflicts a real hardship, especially at harvest time, when processing and packing are at the seasonal peaks.

FLEMING

That argument is based on a misunderstanding of the way the Act works. It permits overtime work during seasonal operations without paying the extra time-and-a-half rate, and there is ample flexibility to make that apply in any case where farmers might be hurt by limiting the hours. As it now stands the act provides that operations in cheese factories (except process cheese), cotton gins and compresses, milk plants, and many similar industries, are completely exempt from the hours limitations. In addition,

packing and canning of perishable or seasonal fruits and vegetables, and slaughtering and handling of livestock and poultry, are exempted from the maximum hours for 14 weeks, during which time only the minimum wage per hour applies. The act also provides that any other industry can have its maximum hours raised up to 56 a week for a period of 14 weeks, if it shows that it is of a seasonal character. As a result of these provisions, either throughout the year for some industries, or in other industries during the 14-week period, which is long enough to take care of the harvest period, the hours provisions of the Act do not apply at all, or else permit the 56-hour work week maximum. I suspect that a good many people who are complaining that the Act makes it impossible for them to get enough labor, would find if they inquired that they are already allowed to have their people work a longer week than the 42-hour maximum without overtime pay, at least for the period of rush work at the peak of the harvest.

WALLACE

One other thing that worries some farmers, I believe, is the fear that wage and hour legislation either applies now, or will soon apply, to their own hired man. You know that farm income is so low that most farmers would find it impossible to pay city wages under anything like present economic conditions. Do you feel this fear is justified?

FLEMING

Neither the Wage and Hour Law, nor any of the amendments to it so far proposed, contemplate including farm labor in the Act. At no time has farm labor been included. I should like to emphasize that. Neither the farmer's hired man, nor his harvest hands, nor his berry pickers, nor anybody employed by the farmer to work on the farm, is in any way affected by

the Wage and Hour law.

WALLACE

This fact, together with your earlier statement of your present policy, indicates that the Wage and Hour law will not increase farmers' costs. But there are other reasons why farmers should support the law.

Farmers and wage earners are among the low income groups of our population. Both have benefited from the progressive legislation of the last few years. Recent legislation for the protection of farmers could not have been enacted had not congressional representatives of the city workers joined in supporting it. For example, 63 percent of the city representatives voted for the original AAA legislation in 1933. Sixty-three percent of them voted for the revised AAA program of 1938. I regret to say that the Congressmen from farm areas seem less disposed to support measures for industrial workers. While 84 percent of the urban Congressmen approved the Wage and Hour law in 1938, only 39 percent of the rural Congressmen voted for it. I hope that farmers come to realize the necessity for increased cooperation with labor, so that labor will continue to cooperate with farmers. I do not like to think of the consequences if farmers and city workers were to pursue an independent course, determined to get all they could for themselves without regard to the effect on the other fellow. Perhaps you would say this is a purely political consideration. Yet mere selfishness, if nothing more, urges that the farmer should support measures for the protection of labor, and cooperate with labor in social steps to the advantage of both.

FLEMING

I was interested in what you had to say about the efforts of those who are trying to bias farmers against the Wage and Hour law. Would you consider that attitude typical, or representative, of the nation's businessmen, in general?

WALLACE

No, I would not. I believe that most businessmen, as well as most farmers and most industrial laborers, recognize that real prosperity for all can come only from a steadily increasing and balanced production of goods, of the kinds people want both in cities and on farms. I believe also that we can continue such a steady rise in production and employment only if buying power of consumers will rise fast enough for sales to keep pace with the expanding output. While farm and labor programs try to put a floor under farm prices and city wages, they must not make us lose sight of the fact that in the end it is increased and balanced production that we must work for. There is always the danger that farmers will get so concerned with high prices per bushel, or labor with high wages per hour, or business with high profit per unit, that they will lose sight of the fact that what counts in income is not only how much you get per unit, but also how many units you sell. It is not prices or wage rates that are the real things, but men at work and useful goods and services produced and consumed.

Both farm groups and labor groups have urged repeatedly that an effort be made to get all economic groups together on a program of increased employment and increased production. When industrialists can see their way

clear to work with farmers and labor for increased and balanced output, that will prove the biggest single thing that can be done to increase the welfare of all.

FLEMING

I am sure that we in the Department of Labor are grateful to you, Mr. Secretary, for what you have contributed to this discussion. Amendments to the Wage and Hour law are being proposed that would deprive about a million and a half workers of the protection which Congress obviously intended to extend to them. Regardless of what political spokesmen for certain interests may say, I cannot believe that the pitiless exploitation of any group of our people can work out to the advantage of another group. We are still, all of us, citizens of America. We are all pretty much in the same boat. I am glad you feel that farmers and workers profit together and should stand together. And I hope the time will soon come when labor, agriculture, and business will all work together for more employment and more production as you have described.

#####