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

RAILROAD COMMITTEE RECOMMENDS 36 CENTS FOR CLASS ONE RAILROADS; 33 CENTS FOR SHORTLINES

The Railroad Carrier Industry Committee under the Fair Labor Standards Act (Federal Wage and Hour Law) today reported it had voted to recommend a minimum wage rate of 36 cents an hour for the bulk of American railway employees and 33 cents an hour for the shortline railroads with less than $1,000,000 in annual revenue.

The decision of the committee was contained in a letter from Frank P. Graham, President of the University of North Carolina who served as a public member and chairman of the committee, to Colonel Philip B. Fleming, Administrator of the Wage and Hour Division.

The letter follows:

Colonel Philip B. Fleming
Administrator
Wage and Hour Division
United States Department of Labor
Washington, D. C.

Dear Colonel Fleming:

Industry Committee No. 9 for the Railroad Carrier Industry under the Fair Labor Standards Act today by a majority vote decided to recommend a minimum wage of 36 cents an hour for employees of all carriers and related industries as covered by the definition for the railroad carrier industry, except employees of those carriers having annual revenue of less than $1,000,000. For these the committee decided to recommend a minimum wage of 33 cents an hour.

The related industries mentioned, for which a 36 cent minimum wage is recommended, include express, sleeping car, switching and terminal companies and companies owned or controlled by carriers performing services in connection with the transportation of passengers or property by railroad.

Economists of the Wage and Hour Division inform us that the 36 cent rate for the Class One railroads and other employers in the industry will mean an hourly wage rate increase for more than 60,000 workers. A total of about 1,000,000 workers are employed by these companies. The 33 cent rate for those railroads with less than $1,000,000 in annual revenue will mean an increase for about 5,300 workers of a total of 17,000 employed by these shortlines. The primary concern of the committee was the effect of changes in the wage rates on the volume of employment. The committee studied the pattern of changing wage rates and volumes of employment in the lower wage classifications of all American railroads over a number of years. The committee concluded that the minimum wage rates named were the highest ones which would not result in substantial curtailment of employment.

This recommendation was voted Wednesday evening (May 8) at the close of a six-day session. This session was devoted to discussion of the evidence received by the committee at a public hearing, extending over four weeks in March and April, at which some 50 witnesses were heard and a record of more than 4,000 pages was compiled.

All the members of the committee attended the final meetings. They are:

For the Public -- George E. Osborne, Palo Alto, California; Charles S. Johnson, Nashville, Tennessee; and William H. Spencer, Chicago, Illinois.

For the Employees -- George Wright, Chicago; T. C. Carroll, Umatilla, Florida; H. A. Bacus, Cincinnati; and James McNamara, Washington, D. C.

For the Employers -- H. E. Jones, New York City; C. D. Mackay, Washington, D. C. Edward Murrin, Chicago; and J. H. Huntt, Washington, D. C.

Sincerely yours,

/s/ Frank P. Graham
Chairman

During the hearings, representatives of the railroads testified that it would cost the Class One railroads $6,903,609 a year to increase the minimum wage to 36 cents.

This wage-order recommendation, one of the most important yet made under the Fair Labor Standards Act and affecting one of the country's largest industries, was made after the longest hearings any industry committee has conducted. Evidence and arguments were very extensive. Employers contended that the railroads are not able financially to stand an increased wage bill at this time, and that any increase will force them to dismiss low-paid workers and thus increase unemployment. Spokesmen for labor unions representing employees insisted that the railroads are able to pay the low-bracket workers more money, and that the

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Committee should fix a 40 cent minimum. They contended that a minimum wage increase would not accelerate mechanization.

The first session of the committee was held on February 12. After spending two days in executive session, the committee began public hearings which concluded on March 7.

The members of the committee reconvened May 3 for executive sessions during which the evidence presented at the public hearing was reviewed and various angles of the issue were discussed by committee members before they voted on the recommendation.

Representatives of the Association of American Railroads, the American Short Line Railroad Association, the Railway Labor Executives Association (representing 21 labor unions of railroad employees) and other organizations, as well as individuals, testified before the committee at the public hearing.

Colonel Fleming will soon schedule a separate hearing on the committee recommendation at which any interested person may appear. At the close of this hearing the Administrator can either approve or disapprove the recommendation. If he approves he will issue a wage order having the force of law.

The Railroad Industry Committee is the twelfth reporting a recommendation under that provision of the Fair Labor Standards Act intended to advance whole industries toward the 40-cent minimum goal of the law where this can be done without substantially curtailing employment.

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