

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

ADMINISTRATOR APPROVES HAT RECOMMENDATION

Wage Order to be Effective July 1

Approval of the recommended minimum wages for the hat industry, which will increase the hourly wage rates of some 5,500 workers, was announced today by Colonel Philip B. Fleming, Administrator of the Wage and Hour Division, United States Department of Labor.

The hat industry committee, under the chairmanship of Clyde O. Fisher, Professor of Economics at Wesleyan University, Middletown, Connecticut, recommended establishment of minimum wages of 40 cents an hour in the manufacture of hats except 35 cents an hour for straw and harvest hats, and 30 cents an hour for straw and harvest hats manufactured in Puerto Rico.

The industry, which is carried on principally in Danbury, Connecticut; Philadelphia, New York and Northern New Jersey, employs about 25,000 workers.

For the purposes of the wage order, the hat industry is defined as:

- "(a) The manufacture from any material of headwear for men or boys, except caps and cloth hats,
- "(b) The manufacture of felt hat bodies from fur or wool for men's, boys', women's or children's hats,
- "(c) The manufacture or processing of hatters' furs."

The findings and opinion of the Administrator, issued together with the wage order, noted that the industry as defined is really five separate and distinct industries--the processing of hatters' furs, the manufacture of fur felt hats and hat bodies, of wool felt hats and hat bodies, of silk and opera hats, of straw and harvest hats. It noted that the 40 cent recommendation for the hatters' fur processing industry had not been opposed at the public hearing held on the committee's recommendation.

"The fur-felt industry, the largest division of the hat industry," the opinion said, "comprised in 1937 140 establishments employing 15,491 wage-earners, and producing 1,715,000 dozen fur-felt hats valued at \$44,214,000 and 2,200,000 dozen hat bodies for sale as such, valued at \$20,833,000."

After citing economic data to indicate that the effect of a 40 cents minimum in the fur-felt industry would be slight, the findings continued, "The evidence showed that if the direct labor cost increase were passed on in full, the price of a hat retailing at \$2.85 would have to be increased only 1.7 cents; at \$5.00, only 3 cents. However, the findings indicated that the increased cost would not be passed on in full because "innumerable methods are available, most of them undiscernible by the consumer, for manipulating quality in order to meet rising costs without increasing retail prices, such as varying the quality of the fur, linings, sweatbands, and workmanship."

As for the 40 cent recommendation for wool-felt hats and bodies, the findings noted "No party has appeared in opposition to this recommendation."

Under the heading "Silk and Opera Hat Industry," the findings said, "This (40 cents an hour) recommendation was not opposed. The decline in popularity of the traditional 'silk' hat has reduced to negligible proportions the silk and opera hat division of the hat industry. In 1937, only 2,462 dozens were produced, having a value of \$230,000. The data revealed that the wages of workers in the silk and opera hat industry are in the same range as those of workers in the fur-felt hat industry with less than 25 percent receiving under 40 cents an hour."

Under the heading "Straw and Harvest Hat Industry" the findings said, "31.2 percent of the workers in the dress straw division, or 791 of the 2,533, were found to be earning less than 35 cents an hour (the recommended rate). In the harvest hat group 36.7 percent or 180 of the 491 workers, were earning less than 35 cents. To raise all of these workers from a minimum of 30 cents to a minimum of 35 cents would increase the wage bill 2.5 percent in the dress straw group and 3.5 percent in the

harvest hat group. Notwithstanding the difference in wages, and in wage bill increase, the effect on the operating cost of each group would be the same — an increase of only 0.7 percent."

In the matter of the 30 cent recommendation for the manufacture of straw hats in Puerto Rico, the findings noted that the principal item of Puerto Rican production is the sewed braid hat for men, and that in 1938 there was a precipitate drop in this production with only a slight recovery in 1939.

The findings concluded, "The proposed rates will leave the mainland industry in a substantially stronger position, with respect to Puerto Rico, than it has been at any time since 1930, while the Puerto Rican industry must adjust itself to one more in a rapid series of substantial wage increases and overcome the effects of the recent style trends which militate so strongly against it.

"On the basis of the foregoing facts, I find that the rates recommended for the two classifications in the straw hat division of the industry will not give a competitive advantage to any definable group in the industry."

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