

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

40 CENT MINIMUM WAGE ORDERED FOR PAPER INDUSTRY

A wage order calling for payment of at least 40 cents an hour in the manufacture of pulp and primary paper, effective September 16, 1940, (Federal Register, July 26, 1940) was issued today by Colonel Philip B. Fleming, Administrator of the Wage and Hour Division, United States Department of Labor. The 40 cents-an-hour minimum was recommended by a committee, comprised equally of representatives of the public, employers, and employees under the chairmanship of John A. Lapp, of Chicago, which investigated the economy of the industry.

Application of the 40 cent minimum wage to the industry as defined will increase the hourly wage rates of more than 8,000 wage earners. The total number of employees in the industry is about 150,000. The industry is carried on in 841 establishments in the north and south and on both coasts, and its annual value of product is \$1,000,000,000.

At the same time Colonel Fleming issued his Findings and Opinion based on the record of a public hearing on the recommendation held in Washington on May 20 and 21, 1940.

In connection with the definition of the industry the Administrator determined upon the entire record that the manufacture of "insulation board" is not within the scope of the definition. Employees engaged in the production of pulp for use in the manufacture of "insulation board" are covered by the Wage Order, Col. Fleming found.

The Findings note that economic data considered by the committee indicated that a 40 cent minimum would result in a direct increase in the total wage bill of the entire industry of approximately 0.45 percent. As labor costs in the industry range from 17.1 percent to 22.2 percent of operating costs, the 40 cent minimum would result in an increased operating cost of approximately 0.10 percent.

The findings further note:

"It was contended at the hearing before the Presiding Officer that the establishment of a 40 cent minimum would indirectly affect the entire wage structure of the industry by increasing the wages of those workers already earning more than the recommended minimum. There was a conflict among witnesses in their testimony concerning the effect of a 40 cent minimum on wages in excess of the minimum. The evidence establishes, however, that increases to workers receiving in excess of a 40 cent minimum depend upon a number of variable factors and occur only with respect to those workers receiving wages close to the minimum. Since only 17.9 percent of the pulp and paper workers and 19.9 percent of the paper-board workers comprise the group receiving wages close to the minimum, that is, ranging from 40 cents to 50 cents an hour, the estimated direct increase of 0.10 percent in the operating costs will be only slightly augmented by increases to wage earners receiving above the minimum. In view of the many factors upon which such wage increases depend and inasmuch as there is no legal compulsion to increase wages above the recommended minimum, it may reasonably be anticipated that such increases will not be made if the consequence would result in cessation or curtailment of operations. Accordingly, upon all the evidence, I find that the indirect effect of the recommended minimum upon workers already earning in excess of 40 cents will not cause any substantial increase in operating costs in the Pulp and Primary Paper Industry. . . . Upon the entire record, including those matters discussed in connection with the consideration of the effect of the recommended minimum on aggregate employment, I find that there will be no substantial dislocation of employment among low-wage firms in any region or definable group or in small mills in small communities in the Pulp and Primary Paper Industry.

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"Viewing, therefore, all the evidence adduced at the hearing relating to the effect which the proposed minimum will have upon the Pulp and Primary Paper Industry and upon the low-wage firms, the small mills located in small communities, and the areas in the industry, especially the evidence offered by those who opposed the Committee's recommendation at the hearing, I find that no substantial dislocation of employment in the industry will result from the establishment of a 40 cent minimum wage rate and that, having due regard to economic and competitive conditions, the proposed minimum will not substantially curtail employment in the Pulp and Primary Paper Industry or in any definable group of plants or regions within the industry."

The wage order requires the posting of a notice containing its provisions in every establishment manufacturing pulp or primary paper for interstate commerce.

The industry affected by the order is defined as:

"For the purpose of this order the term 'pulp and primary paper industry' means the manufacture of pulp, for any purpose, from fibrous material capable of yielding cellulose fibre and the manufacture of paper and of board from such pulp and from such fibrous material or either of them with or without addition of any non-cellulose fibre, colorant or filler.

"The term 'manufacture' as used in this order means all operations involved in the production of pulp, paper, and board, starting with the unloading of raw materials at the mill site and ending with the delivery of the finished paper or board to carriers for sale as such or to converting departments within the same mill or company. It includes finishing operations normally performed in the paper or board mill, such as packing, trimming, cutting to size, sorting, plating, sizing, supercalendering, and other processing, but does not include any treating, processing or refabrication of finished paper or board to produce converted paper or board products."

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