For Release Afternoon Papers,
Friday, August 23, 1940

R-969

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

WAGE-HOUR DIVISION ANNOUNCES PUBLIC HEARING ON MINIMUM WAGE RECOMMENDATIONS FOR RAILROADS

A public hearing on minimum wage recommendations for the Railroad Carrier Industry -- 36 cents per hour for trunk line railroads and 33 cents for short-lines -- will be held September 23, 1940, it was announced today by Colonel Philip B. Fleming, Administrator, Wage and Hour Division, U. S. Department of Labor. The hearing will begin at 10 a.m. in the New Willard Hotel, Washington, D. C. Henry T. Hunt, Principal Hearings Examiner of the Division, will preside.

Colonel Fleming at the same time made public the conflicting reports made by the majority and minority members of the Railroad Carrier Industry Committee.

If the recommendation is put into effect twenty trunk line railroads in the south and west will have to increase their wage payments by an estimated $4,500,000 a year.

A majority of the members of the Committee signed the recommendation. This majority consists of the four members representing the public and the four representing employers. A minority report has been made by the four members representing employees. They express the opinion that the minimum should be 40 cents per hour, at least for the Class I railroads. However, the minority report does not request that the recommendation of the committee be rejected.

At the public hearing September 23 all interested persons will have an opportunity to appear for or against the recommendations. Thereafter, the Administrator may approve the minimum wages recommended, and by Wage Order make them effective. Or he may disapprove, and refer the matter back to the Committee, or to another committee which he may appoint. The Act requires that the Administrator's approval or disapproval shall be based upon whether he finds the recommendations are made in accordance with law, are supported by the evidence adduced at the September 23 hearing and whether the recommendations will carry out the Wage Orders Section

(5300)

of the Act.

For definition purposes, the report recommends a classification within the Railroad Carrier Industry of (a) the trunk line division, and (b) the short line division. This is a traditional division of the industry between the railroads having annual operating revenues of more than $1,000,000 and employing more than 99% of railroad workers and the small railroad operations whose gross revenues do not reach the million mark.

It is estimated that more than 60,000 out of about 1,000,000 persons employed in the industry, will receive wage increases if the recommendations become effective. Representatives of Class I railroads told the Committee that a 36-cent minimum wage would cost them an additional $6,903,609 per year. For the short lines it was estimated that at a 33-cent minimum about 5,300 employees out of 17,000 would receive wage increases totaling about $280,000.

The great majority of railroad employees are paid much more than 36 or 33 cents an hour. Those who receive less are mostly section hands and other maintenance-of-way employees and unskilled labor. Railroads in the Southeast and Southwest, where wage scales have been lower than in other parts of the country will be affected most by a minimum wage increase.

The public hearings of the Railroad Carrier Industry Committee, upon which both majority and minority reports are based, continued longer than those of any Industry Committee so far appointed and produced the most extensive record of evidence and arguments -- some 4,000 pages. More than 50 witnesses appeared. In substance, the representatives of the carriers contended they are financially unable to stand any minimum wage increase, and if required to do so would have to dismiss low-paid workers, thereby increasing unemployment. Upon the contrary, labor union representatives of the employees insisted that the railroads are able to pay higher wages to low-bracket workers, and asked that the minimum be 40 cents per hour.

"The Committee feels that its investigation of conditions in the Railroad Industry has been thorough and wishes to express its appreciation to the Administrat the employees and the carriers for the vast amount of detailed information made available to it during its deliberations. The Committee also feels that it has made its recommendations with due regard to economic and competitive conditions." . . That no change be made in the definition of Industry as contained in Wage and Hour Administrative Order 34 . . . . That the Committee's classification of the Industry into the Trunk Line division and the Short Line division are reasonable classifications necessary for the purpose of fixing for each classification the highest minimum wage which will not substantially curtail employment in each classification and will not give a competitive advantage to any group in the Industry. . . . That the 36 and 33 cent minimum wages recommended are the highest which will not substantially curtail employment in the industry and not give a competitive advantage to any group in the Industry."

This majority report is signed by the Committee Chairman Frank P. Graham, President of the University of North Carolina, and the other public members: Charles S. Johnson, Director, Department of Social Science, Fisk University, Nashville, Tenn.; William Homer Spencer, Dean, School of Business, University of Chicago; George E. Osborne, School of Law, Stanford University, Palo Alto, Calif.

The members representing employers, who also signed the majority report, are:

C. D. Mackay, Assistant Vice-President, Southern Railway System, Washington, D. C.; Edward Murrin, Executive Secretary, Association of Western Railways, Chicago; J. H. Huntt, Secretary-Treasurer, American Short Line Railroad Association, Washington, D. C. (although Mr. Huntt signed the majority report he did so with the reservation that while he agrees with the 36-cent recommendation for the trunk lines he does not concur in the 33-cent recommendation for the short lines); H. E. Jones, Secretary, Bureau of Information of the Eastern Railways, New York.

The minority report, signed by the employee representatives, expresses the opinion that: "The evidence before the Committee, properly weighed, fairly supports a finding that employment in the industry would not have been substantially curtailed by the establishment of a 40-cent minimum. . . . The evidence shows that the

Class I railroads at the present time, as a group, are in a better position financially and economically than they have been at any time since the depression . and the prospects for the continuation and acceleration of their increased revenues and traffic are indeed bright. Collectively and individually the roads unquestionably have available funds with which to meet the small added cost of a 40-cent minimum, which except in a few cases would be scarcely felt."

The minority signers are: George Wright, Chicago, General Vice-President, International Brotherhood of Firemen and Oilers, Round House and Railway Shop Laborers; T. C. Carroll, Umatilla, Florida, Vice-Presidnet, Brotherhood of Maintenance of Way Employees; H. A. Bacus, Cincinnati, Research Director, Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees; James McNamara, Washington, D. C., Vice-President, Hotel and Restaurant Employees International Alliance..

The majority report contains evidence presented by the carriers that the total wage bill increase to all Class I railroads throughout the country, at a 36-cent minimum, would be $6,903,609. The carriers estimated that $6,203,000 of the increas would fall on roads in the South and West and that at least $4,444,794 would be borne by twenty roads, out of the 136 Class I Railroads in the country. These are listed as follows:

Seaboard Air Line; Atlantic Coast Line; Illinois Central (including the Yazoo and Mississippi Valley); Southern Railway; Texas and New Orleans; Atchison, Topeka and Santa Fe; Central of Georgia; Chicago, Rock Island and Pacific; Florida East Coast; Gulf Coast Lines; International and Great Northern; Louisiana and Arkansas; Louisville and Nashville; Missouri, Kansas and Texas; Missouri Pacific; Nashville, Chattanooga and St. Louis; St. Louis-San Francisco System; St. Louis Southwestern Lines; Southern Pacific; Texas and Pacific.

The majority report includes Committee estimates, based on statistics given by the Carriers, that the 55,805 employees of all Class I railroads receiving less than 36 cents per hour represent 6.42 percent of the total number of employees of these roads, and, accordingly, that about one out of every sixteen employees of Class I roads would receive a wage increase under a 36-cent minimum. Of these 55,805 employees, 23,727 are in the Southern District and 25,914 in the Western.

# # #