

U. S. DEPARTMENT OF LABOR
Wage and Hour Division
Washington

INACTIVE

NEEDLEWORK INDUSTRY TO BENEFIT FROM PUERTO RICO MASS COMPLIANCE

Diversion of needlework to Puerto Rico to avoid compliance with the Wage and Hour Law is at an end today, Colonel Philip B. Fleming, Administrator of the Wage and Hour Division, U. S. Department of Labor, declared in discussing the far-reaching effect of a permanent injunction signed by Judge Robert A. Cooper in U. S. District Court at San Juan yesterday.

Cabled advices informed the Administrator that the decree, covering 71 of the 91 employers in the needlework industry in Puerto Rico, embraces the employers of 65,000 factory and homeworkers engaged in the needlework industry in the Island. The stocks of finished work from these 71 shops will be tied up as "hot goods" until restitution due those who worked on the material has been paid. There are about 10,000 other needleworkers on the Island whose employers are being investigated to determine whether or not they are operating in compliance with the Act.

The action reported from San Juan is of considerable importance to the needlework industry in the continental United States, particularly to the New York area. As enforcement of the Fair Labor Standards Act proceeded on the mainland, additional work was diverted to the shops and homes in Puerto Rico where the economy of the Island rendered immediate enforcement of the wage standards provided by the Act impractical. Despite the fact that there was no increase shown in apparel production in the continental United States during the year following the enactment of the Fair Labor Standards Act, shipments of needlework from Puerto Rico to the mainland increased by some three million dollars or more than 25 per cent. Statistics published by the Puerto

Rican Department of Agriculture and Commerce show that shipments of needlework from the Island to the Mainland totaled \$11,519,280 during the fiscal year ended June 30, 1938, and \$14,479,041 during the fiscal year ended June 30, 1939. The Wage and Hour Law was signed by the President on June 25, 1938, and became effective October 24, 1938.

"The information contained in the cablegram received today from San Juan is most gratifying to the Division at this time because it indicates that the needlework industry in Puerto Rico is now prepared to cooperate fully with the Wage and Hour Division in the enforcement of the law in the Island," Colonel Fleming said.

"By consenting to the entry of this injunction, the 71 employers involved have simplified the enforcement of the law because they now are answerable to the Federal Court and Judge Cooper for strict compliance with the statute.

"The decree should do much to reassure the continental garment and needlework industry, which has been at a disadvantage because of the competition from goods processed in Puerto Rico which were sent there to circumvent the Wage and Hour Law. That is at an end.

"The decree signed by Judge Cooper clears the field for the action of the special industry committee, which I have appointed to make a recommendation for rates for the needlework industry in the Island, which will not result in giving the Island industry an unfair competitive advantage over the industry on the mainland. The decree marks

an important step in meeting one of the most difficult problems confronting the Division."

Under an amendment to the Fair Labor Standards Act passed at the present session of Congress, a special industry committee headed by Monsignor Francis Haas, will begin deliberations at San Juan on September 27 with a view to recommending a wage rate for the needlework industry in Puerto Rico. After the committee, on which labor and the employers are represented equally with the public, has made its recommendation, this will be the subject of separate hearings before the Administrator, after which a wage order will be issued if he finds the recommendation supported by the evidence.

Under the terms of the injunction obtained against the 71 employers, they must comply with the present minimum of 30 cents an hour until a new rate is fixed as a result of the industry committee action made possible under the amendment to the law. If a new rate is fixed as a result of this procedure, the employers must comply with it from its effective date. The order also requires that they pay overtime at a rate of time and one-half for all work in excess of 42 hours until October 24, and 40 hours per week after that date; and they are further required to comply with the record-keeping regulations of the Division.

Perhaps the most important phase of the injunction granted by Judge Cooper, however, was that enjoining them permanently from shipping from the Island any goods produced in violation of the Wage and Hour Law. Under the terms of the injunction, no goods on hand may be shipped unless and until they are "cooled off" by the payment of restitution to those workers who were engaged in the production of the articles. This will require the makeup of the difference between the wages paid these workers and the 30 cents an hour they should have received under the law.