

For Immediate Release
Friday, January 31, 1941

R-1263

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

40 CENTS AN HOUR RECOMMENDED FOR DRUG, MEDICINE
AND TOILET PREPARATIONS INDUSTRY

A minimum wage of 40 cents an hour for all employees engaged in the manufacture of drugs, medicines and toilet preparations was recommended today (Friday) in a report to Colonel Philip B. Fleming, Administrator of the Wage and Hour Division, signed by Sumner H. Slichter, Professor of Economics of the Graduate School of Business Administration, Harvard University.

The recommendation, if approved by the Administrator after a public hearing, will increase the wage rate of some 9,000 employees. Approximately 44,000 workers are employed in about 1500 establishments whose products bring them within the industry as defined for the purpose of establishing a minimum wage.

The recommendation was voted by a majority of the committee -- 12 to 6. The employer members of the committee voted against the recommendation after motions for a 35 cent and a 37-1/2 cent minimum wage proposed by members of the employer representatives had failed to carry.

The report:

(7123)

REPORT AND RECOMMENDATION

Industry Committee No. 19 1/ was appointed by Administrative Order No. 77 dated December 17, 1940 for the purpose of recommending to the Administrator the highest minimum wage rate (not in excess of 40 cents per hour) which will not substantially curtail employment in the Drug, Medicine, and Toilet Preparations Industry. The definition of the industry, as set forth in Administrative Order No. 77, is as follows:

1/ Composed of the following representatives; for the:

Public

Sumner H. Slichter, Professor of Business Economics, Graduate School of Business Administration, Harvard University, Cambridge, Massachusetts

Charles O. Gregory, Professor, The Law School, The University of Chicago, Chicago, Illinois

Jonathan Daniels, Editor, The News and Observer, Raleigh, North Carolina

Joseph A. McClain, Jr., Dean of the Law School, Washington University, St. Louis, Missouri

Stuart F. Heinritz, Editor, "Purchasing", 205 East 42nd Street, New York, New York

Egbert Harold van Delden, Assistant Professor, School of Commerce, Accounts, and Finance, New York University, New York, New York

Employees

Herman Edelsberg, District 50, United Mine Workers of America (CIO), United Mines Workers' Building, 15th and Eye Streets, N. W., Washington, D. C.

Irving Weiland, Chemical, Drug, & Cosmetic Workers, United Mine Workers of America (CIO), District 50, 10 Willow Street, Brooklyn, New York

Louis Weiner, District 50, United Mine Workers of America (CIO), Room 1123, 205 West Wacker Drive, Chicago, Illinois

Leonard J. Johnson, Cosmetic Makers Federal Labor Union No. 21159 (AFL), 1319 Valentine Road, Kansas City, Missouri

Boris Shishkin, American Federation of Labor, 901 Massachusetts Ave., N. W., Washington, D. C.

H. A. Bradley, President, International Council of Chemical and Allied Industries Unions, 543 First Central Tower Building, Akron, Ohio

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"1. The manufacture or packaging of any one or more of the following products:

"(a) Drugs or medicinal preparations (other than food) intended for internal or external use in the diagnosis, treatment, or prevention of disease in, or to affect the structure or any function of, the body of man or other animals, or

"(b) Dentrifices, cosmetics, perfume, or other preparations designed or intended for external application to the person for the purpose of cleansing, improving the appearance of, or refreshing the person,

"(c) Provided that this definition shall not include the manufacture or packaging of shaving cream, shampoo, essential (volatile) oils, glycerine, and soap, or the milling or packaging without further processing of crude botanical drugs.

"2. The definition of the drug, medicine, and toilet preparations industry covers all occupations in the industry which are necessary to the production of the articles specified in the definition including clerical, maintenance, shipping, and selling occupations, provided, however, that there shall not be included (a) in establishments, the greater part of whose sales are sales of articles purchased for resale,

1/ (Continued)

Employers

James M. Buck, Jr., Public Relations Director, Plough, Inc., Plough Building, Memphis, Tennessee

Melvin C. Eaton, Vice-President and General Manager, The Norwich Pharmacal Company, Norwich, New York

Alvin G. Brush, American Home Products Corporation, 257 Cornelison Avenue, Jersey City, New Jersey

Paul F. Vallee, Roger & Gallet, 500 Fifth Avenue, New York, New York

Edward Beardsley, Miles Laboratories, Inc., Myrtle & McNaughton Sts., Elkhart, Indiana

George R. Flint, Flint, Eaton and Company, 148 North Franklin Street, Decatur, Illinois

Subsequently, by Administrative Order No. 80, dated January 15, 1941, the Administrator accepted the resignation of Jonathan Daniels and appointed in his place Capus Waynick, Editor, High Point Enterprise, High Point, North Carolina, and by Administrative Order No. 81, dated January 27, 1941, the Administrator accepted the resignation of Alvin G. Brush and appointed in his place Herbert E. Carnes, Comptroller, American Home Products Corporation, 257 Cornelison Avenue, Jersey City, New Jersey.

employees other than those who are engaged directly in the manufacturing or the packaging in consumer packages of products covered by this definition, and (b) employees of a manufacturer who are engaged exclusively in marketing and distributing products of the industry which have been purchased for resale, and provided further, that where an employee covered by this definition is employed during the same workweek at two or more different minimum rates of pay, he shall be paid the highest of such rates for such workweek unless records with respect to his employment in segregable occupations are kept by his employer in accordance with applicable regulations of the Wage and Hour Division."

In accordance with Administrative Order No. 77 and pursuant to the provisions of the Fair Labor Standards Act of 1938 the Committee recommends a minimum wage rate of 40 cents per hour for all employees engaged in commerce or in the production of goods for commerce in the Drug, Medicine, and Toilet Preparations Industry as defined by such Administrative Order.

The Committee convened on January 29, 1941, organized and heard reports on the basic wage structure, employment, and other pertinent facts about the industry presented by representatives of the Wage and Hour Division and the Bureau of Labor Statistics.^{2/} Among other materials contained in these reports were a detailed description of the industry and the workers covered by the definition, general economic data relating to the industry and the various parts thereof, and information with respect to collective labor agreements, wages voluntarily maintained by employers, and competitive conditions as affected by production, transportation, and living costs. It also heard testimony of all persons requesting an opportunity to be heard,^{3/} and received and considered written materials which had been furnished the Committee by other interested persons.

The Committee again met on January 30, 1941 and, upon the basis of its investigation of conditions in the industry and after careful consideration of

^{2/} On January 4, 1941, there were mailed to members of the Committee for prior study the following documents:

Report of the Drug, Medicine, and Toilet Preparations Industry, January 1941, prepared by the Research and Statistics Branch of the Wage and Hour Division.

Average Hourly Earnings in the Drug, Medicine, and Toilet Preparations Industry, May 1940, prepared by the Division of Wage and Hour Statistics, of the Bureau of Labor Statistics, December 31, 1940.

Publication of the Bureau of Labor Statistics, Serial No. R-963, entitled, "Differences in Living Costs in Northern and Southern Cities."

^{3/} The following persons testified:

Samuel E. Hill, Research Assistant, American Federation of Labor, Washington, D. C.

A. J. Caldwell, Lightfoot-Schultz Company, Hoboken, New Jersey, representing the Toilet Goods Association.

all the factors involved, determined by a vote of 12 to 6 that 40 cents per hour is the highest minimum wage rate permitted by the Fair Labor Standards Act of 1938 which, having due regard to economic and competitive conditions, will not substantially curtail employment in the Drug, Medicine, and Toilet Preparations Industry. Although in the deliberations of the Committee some discussion was heard involving the propriety of product and other classifications, no motion was made to the Committee raising the question of classifications and the Committee is satisfied that no recommendation of classifications would have been warranted under the provisions of the Fair Labor Standards Act. It is also of the opinion that its recommendation will not give a competitive advantage to any group in the industry.

In support of its conclusions, the Committee feels that particular attention should be given to the contents of Tables 6(b), 6(c) and 7(a) of The Report of the Drug, Medicine, and Toilet Preparations Industry prepared for the Committee by the Wage and Hour Division of the Department of Labor from data gathered by the Bureau of Labor Statistics. These tables clearly reveal that in the Drug and Medicine Branch of the industry a 40 cent minimum wage will increase the wage bill of the branch as a whole only 1.6 per cent and in the Toilet Preparations Branch this minimum wage will increase the wage bill of that branch as a whole only 3 per cent. The Committee recognizes, of course, that certain regions and individual establishments will feel the burden of this or any minimum wage rate more than others. In 1,121 out of 1,441 establishments employing 93.1 per cent of the workers in the industry, a 40-cent minimum will increase the wage bill by less than 6 per cent. In 117 establishments, where the average hourly earnings are below 35 cents an hour, the increase in the wage bill resulting from a 40-cent minimum would be 23.3 per cent, but these establishments employ only 1.7 per cent of the wage earners in the industry. The Committee believes that the minimum wage rate of the industry as a whole should not be set below 40 cents per hour because of the wages paid by a fringe of establishments employing not more than 1.7 per cent of the total employment in the industry. The Committee is convinced that no substantial curtailment of employment will result from the establishment of a 40-cent minimum wage rate in the Drug, Medicine, and Toilet Preparations Industry.

Approved: