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OVERTIME WORK, EXTRA SHIFTS INCREASE PLANT PROFITS,
GENERAL FLEMING SAYS

General Philip B. Fleming, Administrator of the Wage and Hour Division of the United States Department of Labor, emphasized today in his address before the annual convention of the Textile Workers Union of America, the importance of making systematic inspections of all establishments subject to the Fair Labor Standards Act.

"I have believed from the first that we cannot hope to get complete compliance with the law until we are able to inspect every one of the quarter of a million establishments covered on a systematic basis," he said. "It isn't enough to sit back and wait for somebody to complain that he is being defrauded of his lawful wages and then dash out and make an inspection. That is unfair to the workers. They are entitled to the benefits Congress intended them to have without having first to make a protest.

"It is equally unfair to employers who are conscientiously complying with the law. For they are entitled to maximum protection from chiseling competitors, not once in a while, not on alternate Thursday afternoons, but all the time and every day in the week. If we were not to move until somebody has complained we certainly would be overlooking a good many violators."

The National Defense boom is revealing to industrial management in thousands of cases that the payment of time and a half for overtime work, as required by the law, has not handicapped industry, he said.

Management is also discovering, he said, that elimination of overtime and production by added shifts of men at straight time is the most profitable arrangement possible. General Fleming based his statements on a recent survey by the Bureau of Labor Statistics.

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General Fleming called attention also to the fact that the Division's continuously increasing inspection activities among the approximately 250,000 establishments covered by the Wage and Hour Law is revealing a mounting desire among employers for compliance. Ultimate aim of the Division, he said, is the establishment of "systematic inspections in every industry." He predicted: "The time will come when we will look with contempt upon the man who would wilfully taint the stream of interstate commerce with the poison of sweatshop wages and sweatshop hours."

In connection with the national defense effort, General Fleming stated:

"We are engaged in a great national defense program. Goods of all sorts are needed in greater quantities than ever before in our history. How are we going to get them? I think the way to get them is to utilize to full capacity every plant in the country, big or little, capable of producing the necessary articles. I think we ought to utilize our full potential man power.

"Sidney Hillman of the Office of Production Management recently reported that the unemployed have been going back to work in private industry at the rate of around 300,000 a month since last June. Yet there are still more than 6,000,000 unemployed in this country. They represent 240,000,000 potential man hours of labor a week--a billion man hours a month--not now being utilized. These people can be put to work when the factory now running with one shift adds a second shift, when the factory with two shifts adds a third and a fourth shift."

In answer to those whom he said claim "industry just simply can't afford to pay for overtime". General Fleming pointed to the findings of a study among some 70 companies recently made by the Department of Labor Bureau of Labor Statistics.

The companies studied were in copper producing and manufacturing; lead and zinc production and manufacturing; the manufacturing of motor vehicles, clothing, saw, file and hand tools; steel castings, engine, turbine, waterwheels and wind-mills, and boots and shoes.

"It was found," he said, "that every one of these industries could have worked its employees 48 hours a week each in 1939, paid the penalty for the overtime, and still have made more money than it did make. For example, the 1939 return on the investment in the boot and shoe industry was \$193,589,000, or 9.79 percent. That industry could have paid every one of its employees time and half for eight hours of overtime each week and made 13.70 percent--4 percent more--on the investment. And so it goes right down the line with every one of those industries.

"So I don't think we need to feel too sorry for these employers, especially in the leading defense industries, if they do occasionally have to pay somebody time and a half for overtime work. As the Bureau reports, 'the payment of overtime rates required by the Wage and Hour Law is more than counterbalanced by the increased utilization of plant facilities and the absorption of fixed overhead expenses in a larger volume of production.' However, if these companies had cut out all overtime work and hired more people to make up the extra man hours needed, they would have made still bigger profits."

With respect to the textile industry, General Fleming recalled that the second wage order issued by the Division was issued for textile workers. And, he added, "it brought wage increases to a larger group of employees than any wage order issued before or since." An industry committee, appointed by the Administrator as directed by the law, had made possible the textile industry minimum wage at $32\frac{1}{2}$ cents per hour. Only last week another committee representing this industry unanimously recommended that the minimum be raised to $37\frac{1}{2}$ cents per hour. General Fleming shortly will announce his decision on the latest recommendation.

In reciting the accomplishments of the Division, General Fleming expressed the hope that the complete field inspection staff will be certified by the Civil Service Commission by this July. Lack of eligible registers from which to appoint inspectors, he explained, has handicapped the Division since its establishment in 1938, although the Congress has appropriated sufficient funds for the purpose. Thus, the Division last year returned \$372,000 as unexpended funds for inspector salaries, unused because of lack of certified staff members, he said. This same situation will be repeated this July, when approximately \$750,000 will be returned, he pointed out since the Division's appropriation was based on a staff much larger than was obtainable.