

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

ADMINISTRATOR APPROVES 7 OF 8 PUERTO RICAN WAGE RECOMMENDATIONS

One recommendation for the establishment of a minimum wage in Puerto Rico at less than the 30 cents an hour minimum of the Wage and Hour Law was rejected and seven others approved today by General Philip B. Fleming, Administrator of the Wage and Hour Division, U. S. Department of Labor. The rates were recommended by the Puerto Rican Industry Committee under the chairmanship of Msgr. Francis J. Haas.

The rejected recommendation was for a minimum wage of 27-1/2 cents an hour in the making of pearl buttons.

General Fleming issued a wage order putting these recommended minimum wages into effect May 19:

The cigarette industry -- 25 cents an hour

The cigar industry -- 25 cents an hour

The full-fashioned hosiery industry -- 25 cents an hour

The hairnet industry -- 25 cents an hour

The mattress, quilt and pillow industry -- 25 cents an hour

The bay oil, bay rum and aromatic alcohol industry -- 25 cents an hour

The raffia handbag industry -- 12-1/2 cents an hour for hand-sewing operations; 20 cents an hour for other operations.

In disapproving the button recommendation, General Fleming stated: "On the basis of the evidence introduced in the record, I believe that the recommended minimum of 27-1/2 cents does not conform with the statutory requirement that any minimum so recommended must be the highest which will not substantially curtail employment in such industry.

"There was no dispute at the hearing respecting the accuracy of the data on the wage rates of employees in this industry on the island. For the week ending January 31, 1940, at a time when the 30 cent minimum was in effect, the average hourly rate was 33.4 cents. Only two percent of the 398 workers surveyed were paid less than 30 cents an hour. Forty percent of the workers earned 31 cents or more per hour; 6.3 percent earned between 35 and 36 cents. Almost 6 percent earned between 40 and 45 cents. According to the annual reports of the Commissioner of Labor of Puerto Rico, the average hourly earnings for the whole fiscal year 1938-39 were 29.9 cents. For the fiscal year 1939-40, the average was 33.1 cents.

"Despite the fact that the industry was complying with the 25 cent and 30 cent minima, and was in fact paying average hourly wages above the applicable minima, there was a large increase in Puerto Rican shipments to the mainland by both quantity and value. In 1937, 248,779 gross of buttons were shipped from Puerto Rico to the mainland, representing a total value of \$119,423. By 1938 these shipments increased to 464,350 gross, representing a value of \$172,518. In 1939 shipments increased 133 percent by quantity and 169 percent by value over 1938, or to 1,083,106 gross, representing a value of \$464,229. Figures for the first 11 months of 1940, during which 968,142 gross, valued at \$406,019 were shipped, indicate that the increase is being maintained. One of the two firms located in Puerto Rico ships 98 percent, and the other, 90 percent, of its production to the mainland. Increases in such shipments, therefore, represent increases in total production.

"It is true that there has been a decrease in employment in this industry on the island in the past several years, but it would seem clear that this decrease has not occurred because of the enactment of the Fair Labor Standards Act. It appeared from the testimony given at the hearing that the plants in this industry in Puerto Rico have become highly mechanized, and that this has been primarily responsible for the decline in employment figures.

"In view of the apparent ability of the Puerto Rican industry to continue operations under the Fair Labor Standards Act and taking into consideration other evidence regarding the nature and character of the industry, I conclude that the 27½ cent minimum wage rate, giving due regard to economic and competitive conditions in the industry, is not the highest minimum which will not substantially curtail employment in the industry on the island. On the contrary, I conclude that continued application of the regularly applicable 30 cent minimum will have no appreciable effect upon such employment. I am obliged, therefore, to disapprove the recommendation for this industry."

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