

Labor Press:

Immediate Release

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U. S. DEPARTMENT OF LABOR
WAGE AND HOUR AND PUBLIC CONTRACTS DIVISIONS
165 West 46th Street
New York, New York

FAIR LABOR STANDARDS IN PEACE TIME

The Wage and Hour Act, in force five years on October 24, was under violent attack in the three sessions of Congress in which it was considered, and in the early days after its passage. Now that it has become an accepted part of the American industrial structure -- now outproducing the world in war materials, it is difficult to remember the dire predictions that were made. Some thought its modest minimum provisions -- even now they reach only to 40 cents an hour and time and one-half overtime after forty hours for the 21,000,000 covered workers -- would ruin the country.

It was said that industries would be obliged to shut down, men would be replaced by machines, jobs would be exported to foreign lands and unemployment would increase: the American worker would lose, not gain, and purchasing power would be cut, thereby lowering American standards of living.

In the early days a number of Senators assailed the Wage-Hour Act as a blow to the South, one of them declaring that the Act had "crucified Dixie". A Congressman announced that the law would "hamstring small business everywhere, stop industrial development in the South and bring all the activities of the people under Federal control."

Some businessmen expressed doubts that we could "improve the status of those who have the least by law;" a banker declared "we cannot contemplate with equanimity a 40 hour working week and a 50 percent increase in wages for all overtime for the great body of American industry coming within two years," and a professor of economics said, "It would be difficult to think of a law more unAmerican, more unjust, more antagonistic to the constitutional and fundamental human rights than the Wage-Hour Law."

What happened?

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When the Act went into effect business went on pretty much as usual, only large segments began to pay higher minimum wages. There were no great shut-downs, nor were workers thrown out of jobs wholesale. Industry adjusted itself to the gradually increasing minimum wage and lowering straight-time hours under the Act. Employers who had held to decent labor standards found they no longer had to meet cut-throat, wage-slashing competition.

It was found that a minimum decent living standard for hundreds of thousands of workers restored prosperity to community after community through increased purchasing power. This was particularly true of communities in the South which benefited from increased cotton consumption, not only in that region, but in the country-wide rise of sub-marginal incomes.

With the war came a new usefulness of the Act to be discussed in a subsequent article in this series. But the extent to which employers have come to accept the law is perhaps best summed up in a report published in the New York Times in May of this year of a survey by a labor relations consultant among companies of all sizes ranging from those with less than 50 workers to one company with 35,000 employees. This survey revealed that three out of five companies are opposed to repeal of the law, one executive going on record as believing that "repeal now or any time would wreck our industrial system."

Despite the fact that \$55,000,000 in restitution of illegally withheld wages has been agreed to or ordered in about 70,000 establishments in the five years that the Act has been in force, the vast majority of employers are today operating in loyal compliance. They agree that the floor under wages and ceiling over straight-time hours that has meant so much for labor has been beneficial also to industry itself.