

U. S. DEPARTMENT OF LABOR
WAGE AND HOUR AND PUBLIC CONTRACTS DIVISIONS
165 West 46th Street
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WAGE-HOUR LAW ADMINISTRATOR COMMENTS INDUSTRY COMMITTEES ON FIFTH ANNIVERSARY

For all the 21,000,000 covered workers in 530,000 establishments under the Wage and Hour Law a minimum hourly rate of 40 cents will shortly become effective if, as seems likely, pending recommendations of Industry Committees are approved by L. Metcalfe Walling, Administrator of the Wage and Hour and Public Contracts Divisions of the U. S. Department of Labor. Action taken when the 69th and last of the Industry Committees provided under the Fair Labor Standards Act met in New York October 22, and recommended a 40 cent minimum for the communication, utilities, and miscellaneous industries would extend the minimum to the only group for which it was not yet in force or recommended.

Management, labor, and the public were equally represented on these committees, which were appointed by the Administrator under statutory direction, with regard to geographical representation. By Congressional mandate the 40 cent minimum was to become effective for all industry under the Act by October 1945, but the Administrator and Industry Committees were charged with the responsibility of accelerating that result by recommending such minima as rapidly as was economically feasible without substantially curtailing employment. Thus, through the democratic procedure authorized by the Act the deadline set by Congress has been anticipated by nearly two years.

"The advantage to be gained by industry in making the adjustment now at a time of peak employment and relatively high wages in contrast to conditions that may prevail in 1945 was pointed out repeatedly at these Industry Committee meetings," Mr. Walling said. "Should the war end in the interim, in 1945 the country might be facing an unemployment problem. Should that be true, establishment of the 40 cent minimum for such a large section of the Nation's industry would serve as a bulwark for employers against wage-slashing competition, and thus contribute to industrial stabilization.

"Completion of the work of the Industry Committees coincides with the fifth anniversary of the effective date of the Act -- October 24, 1938. Management and labor are to be commended for the cooperation they have given in the administration of this once controversial law. The industry committee procedure has proved itself as a means of dealing with problems of wage determination, and in the postwar period a greater use of this administrative device may well be made in other branches of government which deal with industry on a nationwide basis. In few instances was any opposition of consequence made to any of the Industry Committee recommendations. The legality of the Industry Committee procedure, when challenged, was unanimously upheld by the United States Supreme Court.

"Despite the predictions made at the time of the Act's passage and despite some public statements to the contrary, employers by and large have shown their approval of the Fair Labor Standards Act by the way they have brought their operations into accord with the wage and hour and child labor provisions of the Act. While it is true that the law did little more than codify standards which large sections of industry had already accepted, nevertheless for other groups a drastic adjustment was necessary. Yet, with relatively few exceptions that adjustment was made in good spirit, and in my opinion it is highly significant that through management's own action, in cooperation with labor, the Congressional deadline for the ultimate minimum was anticipated."

By way of illustration of the changed attitude frequently met in regard to the Wage and Hour Law, Mr. Walling cited what has happened in the pecan shelling industry. At the time of the Act's passage, wages of \$2.50 and \$3.00 a week were common, and even with several members of the family employed, some measure of public assistance was obviously necessary. When faced with the prospect of paying an hourly wage of 25 cents, the first minimum established under the Act, the protest was widespread, with many arguing that the industry would be forced to close, depriving thousands of a livelihood. On a recent trip to the Southwest, where the industry is concentrated, Mr. Walling met one of the employers who had been most vociferous in his attacks upon the law, but who on this occasion admitted that he had changed his mind and could only praise the Act, pointing out the much better conditions now generally prevailing, with the industry able to pay not only the 25 cent minimum but the higher wages subsequently established. Operations have been placed on a more efficient basis with benefit to both employer and worker.

The story with slight variations has been repeated in many instances where much of the early opposition to the Act changed to support with the realization that all except the "chiselers" profit from the establishment of decent wage and hour standards and the abolition of oppressive child labor, Mr. Walling concluded. In summation, the Administrator pointed out, not only have three great aims been generally realized, but the Act has been beneficial in other ways as well. Industrial homework, that ruthless form of competition, has been virtually abolished in those sections of industry in which it was most prevalent. The employment of learners and apprentices at substandard wages has been brought under control, protecting not only the workers, but also the employers from the unfair competition which such labor often represented. Moreover, wage differentials on a regional basis have been abolished at least as far as the minimum is concerned, checking the destructive shift of industry from one section to another, with a low-wage scale the sole advantage. In the process, all groups of the population, not only the employers and the employees directly concerned, but also the merchants and the professional groups, have had demonstrated to them that the well-being of one group is dependent upon the well-being of all others.

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