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SPEECH TO BE DELIVERED BY ELMER F. ANDREWS, ADMINISTRATOR,

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

BEFORE THE CONVENTION OF THE AMERICAN FEDERATION OF LABOR

IN HOUSTON, TEXAS ON OCTOBER 13, 1938

For release upon delivery
at approximately 10 a.m. C.S.T.
in Houston, Tex., Oct. 13, 1938
Before the A.F. of L. Convention

When the American Federation of Labor was founded in 1881 the American workday extended in some employments to 18 hours. Today the A. F. of L., conscious of modern conditions and the Nation's requirements, seeks a workday of six hours.

The measure of that difference is the yardstick of our progress toward justice for the working man, toward decent living conditions for all people and toward a safer and happier America.

There are gentlemen—economists and others—who insist that shorter hours and higher wages are infeasible; that the way to prosperity is through 12-hour days and no more wage than "the labor supply" demands. Let them try their theories in other lands. The American standard of living calls for a workday in which a man may enjoy the fruits of our culture and a wage which will assure him and his family of security and happiness. It also calls for a job, for without employment a worker cannot share in the benefits of that standard.

Wages, as we know them, originated during the Industrial Revolution when penniless persons sold all that they had—their labor. What they received depended upon how badly the owners of tools and property wanted the services of an extra pair of hands. The general practice was for the employer to pay only what was necessary to keep his employee alive and fit to work—fit to work by the standards of that day and those standards with regard to health and efficiency were not very high. There are still in the United States many who would follow that practice—pay a bare living, no more.

But to a large extent the practice of paying only subsistence wages has disappeared from America, disappeared because working men with courage and foresight banded together in unions and wrested from their employers not only a living wage but a wage which enabled them to participate in building the highest standard of living the world knows. The A. F. of L. is still helping to build that standard.

The practice of requiring by law the payment of certain wages is not new. It is one of the earliest American practices of which we have any record.

When the colonists came to this new world there was much work to be done. Earning a livelihood required the effort of every person in the community—men, women and children. As the colonies grew, a division of labor developed. Certain men with special skills or training became identified in their communities as experts. Instead of doing their own work, they found it profitable to work for others and charge what the traffic would bear.

However, the employers began to complain, saying prices and wages were too high. They demanded that something be done about it. And what was done? They passed wage laws!

Ten years after the Mayflower touched at Plymouth Rock the colonists of Massachusetts enacted a law requiring that "carpenters, joiners, bricklayers, sawyers and thatchers shall not take above two shillings a day.." The wages of master mechanics and laborers were also regulated, and if "they have meate and drinks" the pay was to be proportionately less. Other colonies did likewise. Thus was established early in our history the principle that a man's wage is of interest to his community.

The fact that our first wage laws were intended to place a ceiling over wages and our present ones would place a floor under them leaves the principle undamaged. Americans, even in the heyday of their rugged individualism, used their legislative power to regulate wages. And I doubt if they would have paid much attention, back in those early days, to the high priests of the cult of "supply and demand," whose panacea for all our economic ills is the incantation of such homilies as, "the laborer is worthy of his hire."

A shortage of labor relative to the demand for it continued in this country for approximately the first century of our history. As the older communities became settled and their labor supply relative to the work to be done began to increase there was a continuous drain toward the frontiers. Building a continent kept all hands busy.

However, the frontier finally disappeared. Our rapidly increasing population, and the growth of our industrial areas, were accompanied by a shift in the status of the laborer. Labor found it had lost its buyers' market, and the supply of hands relative to the demand was so great that instead of employers bidding for employees, the reverse had become true. In the Eighties and Nineties, workers began to compete for jobs, and wages went lower and lower.

It was during this period that the earlier efforts of workers to organize successfully culminated in the establishment of the American Federation of Labor. Under the leadership of Samuel Gompers—who, incidentally, died down here in Texas, in San Antonio—and since then, under the leadership of William Green, the Federation has fought successfully for recognition, for shorter hours, for higher and higher wages, and for living standards which today are the envy of working men throughout the world. It was a hard fight. Its leaders suffered danger and privation; they were mocked and denounced and beaten. But today, many of those same leaders sit here prepared to carry on even further in the ceaseless fight for improvements in working conditions, for greater happiness among the people of our country, and for greater safety for our American institutions.

But the gains won by the federation were not enough by themselves. Those who benefited directly were largely the highly skilled, who could be organized and held in organizations. Other workers still received only subsistence wages, and their hours of employment were inhumanly long. Especially was this true of women and children workers, whose conditions of employment became so bad that Americans,

reverting to colonial methods, again sought a solution through legislative action. The States began to enact minimum wage and shorter workweek laws.

Massachusetts, acting in 1912, was the first to adopt a minimum wage law for women and children. A year later eight States--California, Colorado, Minnesota, Nebraska, Oregon, Utah, Washington and Wisconsin--followed suit. Then came Arkansas and Kansas and Arizona, and in 1918 Congress passed a minimum wage law for the District of Columbia. The Oregon law was taken to the United States Supreme Court, but the justices split evenly on the question. The doubt as to the legality of such laws seriously handicapped further advances, and in 1923 the Supreme Court invalidated the minimum wage law of the District of Columbia by its decision in the famous case of Adkins vs. Children's Hospital.

The Supreme Court's ruling practically suspended legislation of that kind until last year when the court upheld Washington State's minimum wage law, and reversed its decision on the District of Columbia measure.

Promptly new minimum wage laws sprouted up throughout the country, and now such legislation exists in 25 States. In addition, the scope of many of these laws has been enlarged, and the benefits have been extended to thousands who had been denied protection under the earlier laws.

But despite State minimum wage laws for women and children, and the gains made by labor organizations, there remained a further problem, a condition which imperilled all that had been won. Neither State laws nor labor gains were safe so long as gypsy employers, with no thought but cheap production, could move from State to State, always seeking one with no protective laws and a working population new to industrial methods and untrained in organization for their own protection and improvement. Like bad money driving out good, sweatshops in one region, could, and did, drive out of business competitors in other localities who

did maintain proper working standards. The poison of exploitation under substandard labor conditions spread like a plague across State lines. I speak here not only of wages and hours but of safety codes, workmen's compensation and the right to organize and bargain collectively.

This was especially true as women in larger and larger numbers left their homes to work in laundries, restaurants, and canning plants and to do work for wages which they had formerly done only for their own families. The extent of this feminine move into industry and trade has been revealed recently by Mr. John Biggers, who upon resigning as director of the unemployment census, reported to President Roosevelt that 2,700,000 more women entered the "labor market" during 1937 than had been estimated on the basis of population trends. Mr. Biggers added that the influx of women workers is probably a permanent phenomenon.

Many of these new employments were totally lacking in standards to protect the welfare of the women who entered them, and long hours and low pay were—and unfortunately still are—the rule. Much of this work into which women entered was, and is, wholly the concern of the States; probably most of it is a part of intrastate commerce. But the products of some of this labor are shipped from State to State, and the result has been that progressive States have been seriously handicapped in their efforts to improve working conditions within their borders. This is not only true in new industries and services employing both men and women, but also in many of our older employments.

Several years ago, it became apparent that there had to be some Federal action—some Nation-wide law which would give industry in every State certain common standards below which no one would be permitted to go if he wanted to ship his products across State lines. The NRA attempted to establish this basic level and succeeded for a while to a surprising extent.

For nearly two years, from 1933 to 1935, and for the first time in our history, a major portion of our industries experienced the order, the stabilization, and the improved morale which resulted from nation-wide labor standards. Approximately 25 million American workers enjoyed at least some of the benefits of the NRA codes. Employee's share of the national income, it has been estimated, rose from 64 percent in 1932 to 66.8 percent in 1934 and 67.3 percent in 1935 when the Supreme Court found the National Industrial Recovery Act unconstitutional.

Further, as Mr. Green has pointed out, the A. F. of L., through its support and assistance in establishing the codes and making them work, saw the establishment of the basis 40-hour week for most industries, some of which were accustomer to working their employees 70 and 80 hours a week.

"The story of industry since invalidation of the National Industrial Recovery Act," Mr. Green told a joint congressional committee last year, "is one of departure from the labor standards therein provided, in the direction of lengthened hours of employment."

"A nation-wide survey of such departures from June 1935, through March 1936, in 583 industries, reveals that 4,073,901 employees were affected by lengthened hours to the extent of 35,247,473 added man-hours beyond those specified in the codes... "Such added hours, if spread among the unemployed," Mr. Green pointed out, "would have permitted the re-employment by those industries along, for that period, of 839,123 employees. It is probably that the departures from the National Industrial Recovery Act coded hours of employment alone have accounted for upward of $2\frac{1}{2}$ million unemployed since its invalidation."

And, Mr. Green said further:

"Add to this situation the consideration that at the same time technological improvements and expension in the volume of output resulted in a 40 percentincreased productivity per worker per hour from 1929 to 1935, and you can readily see why employment has lagged behind production more and more and why industrial recovery alone cannot absorb the unemployed."

I should like to emphasize that simple fact; that even during the "prosperous twenties" the wage earners' share of the national income dropped from 40 percent in 1920 to 37.4 in 1928. Not only that--the proportion of "value added by manufacture" paid out in wages, or the workers' share in the value of their production, has steadily decreased. The proportion fell from 51.1 percent in 1849 to 40.2 percent in 1909 and to 36 percent in 1929. Since then, because of the increased productivity of labor, and the drop in wage earners' income during the depression, the proportion has fallen even lower.

It is this steady decrease in the proportion of national income received by workers which has been at the bottom of so much of the New Deal program. Behind most of President Roosevelt's proposals has been the realization that only by restoration and then maintenance of consumer purchasing power can this country's economic system continue operations.

The so-called "Pump-priming" measures, the expenditures through W.P.A. and P.W.A., the agricultural program, and the Social Security disbursements, are all designed to place purchasing power in the hands of those who would promptly use it to buy groceries, furniture, clothing and all the other things which farms and factories produce, and every family requires.

But despite the flow of financial nourishment into all parts of our country, something had to be done to help business back to sound health,

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a state of mind and body which would enable it to function in orderly fashion.

Obviously, none of the relief measures would be effective if working conditions were to be such that persons employed full-time did not earn enough to support themselves and their families. Obviously, these measures were mere "stop gaps" unless industry could be protected sufficiently from sweatshop competition to permit it to establish and maintain adequate working conditions.

It was evident, too, that something had to be done to safeguard and supplement the gains won through union contracts and State minimum wage laws. In response to that need President Roosevelt asked for Federal legislation to establish minimum wage and maximum workweek standards for employees engaged in interstate commerce.

"Our Nation,so richly endowed with natural resources and with a capable and industrious population," the President said, "should be able to devise ways and means of insuring to all our able-bodied working men and women a fair day's pay for a fair day's work. A self-supporting and self-respecting democracy can plead no justification for the existence of child labor, no economic reason for chiseling workers' wages or stretching workers' hours."

With the strong support of organized labor and despite sincere differences as to the method to be pursued, Congress enacted the Fair Labor Standards Act, and the President signed the measure last June.

As President Green has said, "The law contains every major feature and principle originally sponsored by the American Federation of Labor..."

And, if Mr. Green will permit me, I should like to use his description of what the law contains and his explanation of labor's role under that measure. I know of no better summary of the provisions of the act than that included in his foreword to the A. F. of L.'s pamphlet entitled "The Wage and Hour Law." Mr. Green said in that pamphlet:

"The law as enacted, establishes a rock-bottom universal minimum wage of 25 cents an hour for the first year. This minimum is to be raised to 30 cents an hour in the second year, and to 40 cents an hour at the end of six years, (after October 24, 1945, that is). In industries engaged in interstate commerce, the law will not permit wages to drop below these rates. In addition, the law provides a method whereby in separate industries minimum wages higher than the statutory minimum can be established. These industry minimum rates will be put into effect by wage orders issued by the Administrator when recommended to him by industry committees on which organized labor will be represented.

"The rates established under the law merely provide the absolute minimum below which the wages cannot be reduced. The law <u>does not</u> regulate wages above the minimum. <u>The determination and maintenance of wages above the minimum is left to collective bargaining between unions and employers</u>.

"The law also establishes a universal ceiling for hours of work. It provides a top 44-hour workweek for the first year, a 42-hour workweek for the second year, and a 40-hour workweek thereafter. Payment of time-and-a-half for overtime is required for work in excess of these weekly hours. Here again, it is the duty and responsibility of organized labor, through collective bargaining with employers, to secure further shortening of hours and to safeguard the workers' income by making sure the shortening of hours of work will not reduce the earnings. ...Thus the wage and hour law establishes a bottom limit for wages, provides a top limit for weekly hours, and eliminates child labor by Federal regulation..."

"The enactment of the law," Mr. Green continued, "places upon organized labor a three-fold responsibility. (1) It is vitally important to Labor that minimum wages, to be determined by Industry Committees and embodied in the wage orders of the Administrator, are set at rates as high as all available facts can justify... (2) It is equally important to Labor to make certain that all minimum standards prescribed under this act are being observed. Not only can employers, violating the Act, be prosecuted in the courts, heavily fined and imprisoned, but workers who are paid less than the minimum wage or whose overtime rates are not paid by employers, can collect, through court action, twice the amount withheld from them. The Act specifically provides that court action, to recover such wage loss, may be brought by designated representatives of workers concerned... (3) Most important of all is the duty of Labor to secure, through organization and collective bargaining, labor standards higher than the minimum standards."

I agree with Mr. Green, especially when he suggests that you help make certain that the Act's provisions are observed. For only through uniform compliance can the measure be made an effective aid to our economic and social system. It will be obviously impossible for the Wage and Hour Division which I head to check up on all the details of the law's operations. We are working night and day to get organized, and we expect to continue at top speed for months to come. But our limited appropriations, and the necessity of collecting a trained personnel, will make it impossible for us to administer the law in the first few months wholly as I would like to see it done.

We shall have to confine our industry committee activities to those groups which are already prepared for fair industry-wide action. We shall have to establish our first regional and State offices on the basis of immediate need.

Incidently, we have decided to establish twelve regions. The First, with a central office in Boston, includes all New England. The Second includes New York State with the main office in New York City. The Third covers Pennsylvania, New Jersey and Delaware with the principal office in Philadelphia. The Fourth includes Maryland, The District of Columbia, West Virginia, Virginia, North and South Carolina. The Regional office is in Richmond. The Fifth, whose principal office is in Cleveland, includes Ohio and Kentucky. The Sixth covers Indiana, Illinois, Wisconsin and Michigan, with the main office in Chicago. The Seventh includes Tennessee, Georgia, Florida, Alabama and Mississippi, with regional offices probably in Birmingham and Atlanta. The Eighth region includes Minnesota, Iowa, North and South Dakota and Nebraska. The principal office is to be in Minneapolis. The Ninth covers Missouri, Arkansas, Kansas and Oklahoma, with offices in Kansas City. The Tenth includes Louisiana and Texas. The main offices are to be here in Houston. Region Eleven covers Montana, Idaho, Wyoming, Colorado, Utah and New Mexico, with principal offices in Denver. Region Twelve includes Washington, Oregon, Nevada, Arizona and California, and the principal office is in San Francisco.

This is the tentative regional set up. We expect to supplement it by establishing offices in principal industrial areas throughout the country. We hope to arrange it so that anyone who wants information or who wants to discuss with us his problems under the Act may do so with reasonable convenience.

However, because of our limited appropriation and our incomplete staff, we expect to have at first only four general field offices to take care of the Northeast, the Southeast, the Middle West and the Far West.

Almost our first major task is to work out interpretations of the law which employers must have at once so that they may understand what is expected of them after October 24. Most of these will be ready very soon.

But, we have a staff of less than a hundred persons and a total appropriation of roughly $300,000, which was intended to last until the end of the fiscal year on June 30, 1939; so I welcome your cooperation and your patience in this great enterprise in which we all are so vitally involved.

I know I shall have your cooperation because I have worked with many of you. In New York State, as well as in Washington, it has been my privilege to receive your advice and your support. For example, President George Meany of the New York Federation has helped immensely the cause of progressive labor legislation and its practical enforcement. With the increasing growth of labor legislation in this country and the growing demand for able leaders to see that it is effectively applied, his is the type of leadership which we all want and upon which the welfare of this country depends. I am especially proud of the fact that under his guidance, the New York Federation was decisive in pushing through the recent State constitutional convention a proposed constitutional amendment to permit the adoption in New York of a State minimum wage for men as well as for women and children.

Incidentally, like millions of other Americans, I hope the present differences in organized labor can be settled soon. I have good friends on both sides of these arguments, and I want to be able to ask the advice of both of them without each fellow thinking I'm going to get the wrong idea. I am fully aware that men of principle, even when they are friends, often find it hard to reconcile their differences. But just look at the gains organized labor has made in this country in the last few years and think what it could do for itself and the nation if it were again one great united force!

As President Green has said, the Fair Labor Standards Act is not perfect. It is a beginning, a compromise, a foundation upon which we must build, an instrument we must learn to use with skill and helpfulness. You and I will probably have our friendly differences. But, I believe, those differences will be on relatively minor points. You and I agree on the purposes of this law and on the need for it. You and I know that the only way to get started with something like this is to set it up according to the best of our ability and see how it runs. You and I know that if it doesn't run right we can change it so that it will.

In this connection, I should like to say a word about fears that the Administrator of the Fair Labor Standards Act has been given "dictatorial powers" in the determination of wage rates. In a country as vast as ours, with its variety of industries and its complexity of operation, it would be manifestly impossible for Congress to set detailed wage rates. A wage rate established by Congress might be so high in some industries where unskilled labor is employed as to cause unemployment and so low relative to existing standards in other industries as to have no value as a minimum. Even if it were possible, we wouldn't want Congress to attempt any such job. The American Federation of Labor doesn't need to have the wages of its members established by law; its record throughout the years has shown that it can win and maintain wage rates for its members at a level higher than any provided by the Fair Labor Standards Act.

Organized labor has been on the whole popular in the United States because it has increased earnings of labor and thereby improved the standard of living for labor. At the same time, it must not be forgotten that it is equally popular today to lay special stress on raising the earnings and thereby the standards of those workers who are at the bottom of the ladder of pay and standards. If, therefore, organized labor lays particular emphasis on the low pay and long hours of the worst paid workers, it will gain additional hearty support from public opinion.

We need--and the A. F. of L. has battled for and helped win--a law to prevent the exploitation of workers who are unorganized and whose low working standards are an ever-present peril to decent wages and healthful standards of living for their neighbors. The 25 cents an hour and 44 hours a week provided for in the Fair Labor Standards Act are no doors to Utopia. It was a realization of this fact which caused Congress to provide for the issuance of wage orders upon the recommendation of industry committees.

Members of industry committees are chosen by the Administrator, but he must select an equal number of representatives of employees, of employers and of the public. These representatives of three groups will receive all available information on wages and economic conditions within the industry being considered, will conduct investigations, may hold hearings and will file with the Administrator a report recommending to him the highest minimum wage it has found justifiable. The Administrator then will notify all interested parties and give them an opportunity to be heard.

If, after all this, the Administrator approves the committee recommendations, he embodies them in a wage order setting the minimum recommended. If he does not agree with the committee's recommendations, he may ask the committee to make a further study or he may appoint a new committee. He is not required to accept the committee's recommendations, nor is he permitted to issue wage orders on his initiative.

Throughout this whole procedure labor, may and it is fully expected that it shall, interpose any objections it may have. It should present not only its objections, but its own recommendations.

As a final safeguard against injustice, Congress has provided that any person aggrieved by a wage order may petition a U. S. Circuit Court of Appeals to review the order, to modify it, or to set it aside in whole or in part. I trust

that members of the federation will never believe it necessary to appeal from a wage order, but if such an appeal appears to you to be the course of wisdom, it will be your duty to make it.

Mr. John Frey, who has done much for the cause of labor, and whose sincere interest in the welfare of his country cannot be questioned, has been quoted as saying in connection with the Administrator's power to appoint a new industry committee if his differences with the first one become irreconcilable:

"As I see it, that is similar to a judge telling a jury that its function is to pass on the facts, but if the verdict is not satisfactory to him, he may send the case back or impanel a new jury."

The essential difference is that when a judge sends a case back or impanels a new jury, the defendant remains in jail or the plaintiff must wait for his money, but when the Administrator differs with an industry committee and appoints a new one, there is no wage order. The Administrator cannot issue a wage order except as the result of a committee recommendation. He cannot change a committee recommendation. Neither the Administrator nor the committee can act without the consent of the other, just as neither house of Congress can enact a law by itself.

This authority to accept or reject recommendations of industry committees or boards has been given to all State administrators of minimum wage legislation and throughout the years there has never been a single charge that this power has been abused. State Administrators have sent orders back to committees for

reconsideration but there has been no case where a new committee was appointed. I had an experience bearing on that with a laundry committee in New York. It developed at open hearings that certain recommendations of a wage board would be harmful to workers and employers in that industry. The wage board was reconvened; it was acquainted with these additional facts, and on that basis a new recommendation was made and a wage order issued.

In England, where they have had a lot more experience with this type of legislation than we have had, they have the same procedure. There the Minister of Labor has on several occasions referred rate recommendations back to industry or trade boards, either because of legal complications in the wording of a proposal or because he doubted the wisdom of the recommendation.

As I have said frequently when the question came up, we have no intention of breaking up industries into a variety of wage classifications based on special demands of certain groups. We do intend to seek classifications which will permit the establishment and the maintenance of the highest rate justified for each general type of work under the law. No classification can permit a wage less than the statutory minimum for that year or more than 40 cents an hour.

"This," in the words of the A. F. of L. pamphlet on the law from which I have already quoted, "limits the minimum wage regulation to workers whose wages are less than 40 cents an hour, leaving the wage determination for workers who receive more than 40 cents to collective bargaining."

As to apprentices, the Wage and Hour Division expects to adopt exactly the definition of the Federal Committee on Apprenticeship, of which Mr. Frey is a member.

Another apprehension which has been expressed concerning minimum wage laws—I don't think you in the A. F. of L. have been bothered by it—arises from the unsupported allegation of minimum wage opponents that the minimum will become the maximum.

Let's look at the record, as a famous New Yorker used to say. In November 1935, two years after the minimum wage order for laundries was issued in New York State, 42 percent of the employees affected by the order were being paid wages above the prescribed minimum.

In an attempt to discover whether the wage rates of women who had been receiving more than the minimum were reduced after the wage order became effective in order to compensate for increased earnings among the lower-paid groups, a detailed study was made by the Division of Women in Industry and Minimum Wage of New York of the effect of the order on the earnings of 952 women for whom wage data were available both before and after the order was issued.

It was found that 81 percent of these women had higher hourly earnings in November 1933, one month after the order, than, in May 1933; 13 percent were earning the same amounts; and only 5 percent were earning less. The increases ranged as high as 22 cents per hour. In May only 89 of the 952 women had received wages which were higher than the minimum rates later established under the wage order, but of these 89 women, only 5 had had their rates reduced to the established minimum in November; 52 had higher hourly earnings in November than in May.

In Ohio, in October 1935, after the wage order for the cleaning and dyeing industry had been in effect a year, 63.2 percent of 114 establishments, for which wage data were available both before and after the order, were paying one-half of more of their women employees more than the minimum rate of 35 cents an hour; and 78.1 percent of the women employed in the 114 establishments were receiving more than the minimum.

In Massachusetts, the proportion of women engaged in druggists preparations who received $18.00 or more increased from 14.5 percent in 1924 to 26.7 percent in 1929. The minimum, which had been set by law in 1924, was $13.20.

In laundries during approximately the same period the proportion receiving $18.00 or more increased from 9.8 percent to 17.1 percent. The legal minimum for that employment was $13.20. The same trend was found in retail stores and in office cleaning.

Studies in California, Illinois, New Hampshire, and North Dakota showed similar results. They revealed that not only does the minimum not become the maximum, but that the establishment of a floor for wages tends to raise the entire wage structure. It stands to reason that if the prevailing wage rate in an industry is 10 cents an hour the more skilled workers in that industry will find it harder to win a union contract calling for 60 cents an hour than if the prevailing rate was 30 or 40 cents.

Finally, I should like to say a word or two about the argument of certain economists who warn us that if hours are shortened and wages are raised our living standard must be lowered. This warning, they present in the face of the fact that millions are unemployed; that our supply of workers is greater than ever before, and that the productivity of those workers has increased tremendously. Their argument is based on the theory that if hours are shortened and wages are raised the labor-costs of what we all must buy will be so high as to be out of the reach of most consumers. They also contend that our capacity to produce is not so great as to give each of us a decent living.

One might think that in demanding higher wages and shorter hours, labor was asking for more that its fair share in the goods it produces. As a matter of fact, labor asks nothing more, and the Government of the United States asks for labor nothing more, than a just proportion of the wealth which it has helped create. Throughout recent years, labor has been denied this share.

For example, in New York State, labor's share in value added by manufacture after increasing from 37.1 percent in 1919 to 39.7 percent in 1921, showed an uninterrupted decline during the following years, dropping to 31.4 percent in 1933. The net decline from 1921 to 1933 in the proportion of value added by manufacture which went to labor amounted to 21 percent. There, my friends, is the story of the depression—in a capsule.

The amount of value added by manufacture per wage earner in New York State factories showed a steady increase from $3,199. in 1919 to $4,497. in 1929, a gain of 40.6 percent. The annual money wage per wage earner also showed a gain for 1919 to 1929 but the increase, amounting to 25.6 percent, was not as great as in value added by manufacture. Moreover, the decline in average wages since 1929 has been greater than the decline in value added per wage earner.

The decline in value added by manufacture during the depression years has been to a large extent the result of decreases in the prices of the manufactured products. When economists warn of the peril of higher wages, arguing that higher wages inevitably mean higher costs of the goods produced. They ignore the fact that the labor cost in any article is a combination of two factors. It includes not only the money wages paid the worker, but it also must take into consideration--and this is most important--that worker's productivity.

With the tremendous increase in the productivity of the American worker during recent years, labor has a right to demand an increase in its real wages; that is, in its purchasing power.

That increase in productivity, together with the influx of women workers and other factors which have increased our labor supply in proportion to demand,

is the reason why the standard workweek in this country must be shortened. No matter what economic theory may evolve, the fact remains that we have already shortened our workweek in many industries, while at the same time increasing the production of those industries. Higher wages and shorter hours, it is becoming increasingly evident, pay for themselves in greater efficiency, better health and improved morale. Such benefits for all wage earners is the goal of the Fair Labor Standards Act of 1938.