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SPEECH TO BE DELIVERED BY  
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U. S. DEPARTMENT OF LABOR BEFORE THE  
COTTON TEXTILE INSTITUTE IN NEW YORK CITY,  
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The last annual meeting of the Cotton Textile Institute was held at a time of business recession. Industrial activity in all parts of the country was faltering and threatening another plunge to record lows.

Among the hardest hit was the cotton textile market. From retail store to factory the familiar cycle was repeating itself---goods failed to move from shelves, wholesale orders were cancelled, factory production was cut down.

The spectacle of a great basic industry---which employs over 500,000 workers---caught in the grip of depression was not an encouraging one.

Events abroad were responsible to a certain extent. The rise of authoritarian governments severely curtailed the foreign market. In their search for self sufficiency, Germany substituted man-made fibres for cotton and Italy experimented with synthetic yarns. Other nations altered their normal trade relations with the United States.

Before the Textile Fabrics Association last Spring, Dr. Claudius T. Murchison, Textile Institute president, called attention to the fact that the 1937 collapse came at a time when mill figures showed a sound statistical position with stocks on hand equal to less than three days' production and with unfilled orders equal to several months' output. He pointed out that a large percentage of the shipments went into inventories in the hands of converters or other processors.

Why did the demand from consumers, so confidently expected by wholesalers and retailers, fail to materialize? Certainly one of the principal reasons was because the buying power of the public had been decreased in comparison with that which had existed during the preceding year or more. It no longer permitted a normal absorption of industrial output.

As a matter of fact, an adequate distribution of national income has yet to be achieved. For example, the lower income group in the United States consumes only a meager portion of the cotton textile production. A recent survey made by your organization revealed a countless number of American families incapable of buying apparel and household cotton sufficient to maintain even the barest standard of decent living.

The National Resources Committee has reported that one-third of all American families and individual consumers had incomes of less than \$780 in the year 1935-36 and two-thirds had less than \$1450. Families with incomes barely above a subsistence level cannot keep the textile industry prosperous.

Equally regrettable is our failure to cope adequately with the technological forces, which every year make more pronounced the problem of unemployment. Since 1929 there has been an increase of about 20% in the productivity of the American worker.

In the textile industry alone mechanization has wiped out the need for thousands of workers. The increase in man-hour output in the 26 years between 1910 and 1936 ranges from approximately 50% in certain mills to over 150% in other mills.

I cite this for one reason. It emphasizes the need for giving balance to our national economy by placing purchasing power in the hands of the public. It also suggests a method by which this may be brought about----by assuring American labor a fair day's pay for a fair day's work.

As Doctor Murchison put it a year and a half ago before the Human Relations Institute in North Carolina:

"We will concentrate action with respect to improved wages, shorter working hours, elimination of child labor, establishment of a code of fair trade

practices, all of which look to the greater stability of the industry and a return to prosperity."

It is attitudes like that which encourage us in our present undertaking. In pledging his support to a program for improved labor conditions, Doctor Murchison made one prescription. He asked that the textile industry be given a hand in the solution of the problems which face it. I agree with him. What is more, I am glad to be able to say this afternoon that this has been accomplished under the Fair Labor Standards Act of 1938.

The first Industry Committee to be appointed under the Act has been one for textiles. Because of the ramifications of the industry and the many groups which deserve representation, 21 members were selected, 7 to represent employers, 7 to represent employees, and 7 to represent the public. The Chairman of the Committee, who is one of those representing the public is Mr. Donald Nelson of Chicago.

This Committee has already met in Washington and Mr. Nelson has appointed three sub-committees to inquire into various phases of the question to be studied by the Committee----that question is where the textile industry should establish a minimum wage exceeding 25 cents an hour. The Act, as you know, provides that an industry committee may recommend a wage minimum above 25 cents but not exceeding 40 cents an hour, and that the Administrator may put their recommendation into effect by issuing a wage order. The Textile Industry Committee is the pioneer.

It will show the Wage and Hour Division how the work of an industry committee ought to be done or how it ought not to be done.

Some of you may think that the double procedure which the statute calls for is cumbersome. The committee is required to go through all the economic

data with reference to the industry and take into consideration all the factors stated in the statute as the basis for making classifications and recommendations of the highest minimum wage which can be laid down without substantially curtailing opportunities for employment. And then, when the committee has made its recommendation, the Administrator must go through the whole process again, holding an independent hearing. It is the record made at the Administrator's hearing which will go into court, if there is a contest, and that record must be sufficient to sustain the wage recommendation accepted by the Administrator.

Perhaps Congress might have dispensed with the first step, but Congress was anxious that a Government "bureaucrat" should not have power to issue a wage order until industry and the public had been afforded an opportunity to make a recommendation. Thus it is that the Administrator is powerless to move in that direction until the committee, after careful study, tells him that the time is ripe and the need is present.

The conference committee report to Congress, dealing with the provisions of the Act said: "This carefully devised procedure has a double advantage; it insures, on the one hand, that no minimum wage rate will be put into effect by administrative action that has not been carefully worked out by the committee, drawn principally from the industry itself, and, on the other hand, that no minimum wage rate will be put into effect by administrative action which has not been found by an administrative official of the Government, exercising an independent judgment on the evidence, and responsible to Congress for his acts, to be in accordance with the law."

It is most important that the work of the committee be based upon very thorough examination of all available data and evidence, because the recommenda-

tions made by the committee must stand the "fire of an administrative hearing before the Administrator."

The Administrator cannot amend or revise the recommendation or put it into effect only so far as he thinks it is supported by the economic data, nor can he increase or diminish the recommendations as to the wage rate. The committee's report should be carefully reasoned and well documented, which, on its face, discloses the extent of the investigation, that all requirements of the statute have been taken into account, and that the recommendations have been based upon the data submitted.

All interested persons may submit their data in writing either to the Chairman of the committee or to the Administrator, and the committee itself may make a further investigation. The committee may hold public hearings as it sees fit, after having given formal notice of such hearing as prescribed in the Act. A stenographic record is not required, and persons appearing at a committee hearing need not always feel that they are talking for the record. The committee itself decides whether to record its proceedings.

Each committee will be assigned such help as it may need in the way of an attorney, an economist, an industrial expert and office assistance.

Perhaps the best way for you to get a clear idea of the problems which confront an industry committee, and the method which we believe the committee will use in attempting to solve those problems is for me to describe in considerable detail the work of the Textile Committee so far.

The process of arriving at a wage order is essentially a process of considering wage structures that are related to one another. Therefore, some early determination of the final area of jurisdiction of a committee is important.

The census classification of textile mill products embraces industries with slightly more than a million workers. Of this group of industries carpets and rugs, hats other than cloth hats, woolen and worsted products and hosiery are excluded.

This was done on the assumption that it was not necessary to include them to arrive at a wage order for the industries which have been assigned to the committee; whereas the industries which have been assigned, are so closely related that the wage order determined for one area will be intimately related to the wages which may be set in another area.

The finishing of outer wear and underwear garments has been excluded, but the process of knitting in the full process mills making outerwear and underwear has been included. Wool waste has also been excluded.

Therefore, at the present time, there is assigned for the consideration of the Textile Committee a group of industries with somewhat more than 650,000 workers.

This question of jurisdiction--that is, what industries are to be included under the textile definition-- is of such complexity and importance as to be occupying the attention of two of the subcommittees appointed by Mr. Nelson.

Subcommittee A has been asked to consider the inclusion of wool goods within the textile definition. That subcommittee has met informally, but has not reached a decision.

Subcommittee B has been asked to report on whether the further processing of goods included within the textile definition, should be brought within the committee's jurisdiction. The subcommittee has sent out letters to 35 trade associations, whose products might come within the jurisdiction of the committee. Representatives of these trade associations are expected to confer with members of the subcommittee in Washington next week.

The third sub-committee has been asked to concentrate on gathering and preparing technical information for the industry group. Its members are going over the data collected by the Bureau of Labor Statistics and they will recommend whether the committee will need any additional information. That sub-committee, incidently, is meeting in Washington today.

Soon after it took up the question of its jurisdiction, the Textile Committee decided that the industry embraced in the textile definition fell into 15 major groupings. The committee, therefore, has asked 57 trade associations to assist it in gathering wage information on these 15 branches of the industry. At the same time, labor organizations have been requested to contribute information.

When all the necessary information has been gathered, when the trade associations and the labor organizations and everyone else concerned, have presented their recommendations, the whole committee will meet and as quickly as possible arrive at a wage proposal. Mr. Nelson, I am told, expects the committee to make a recommendation around the first of the year.

And, while I think of it, I should like to say word about learners. The Wage and Hour Division is making a great effort to avoid hasty action either on this question or on any other. It does not wish to issue rules or interpretations until it has all the facts it can get.

The problem of learners differs in various industries. We want to allow, as much as possible, for those differences, but we also want to make sure that the purpose of the Fair Labor Standards Act is fulfilled. We, therefore, expect to hold hearings on the question of learners, industry by industry. That, for the textile industry, should be scheduled very soon.

I believe that what I have told you of the work of the Textile Committee is sufficient to give you an idea of how such committees will operate. Naturally,



the committees for various industries will adapt their procedure to their particular problems.

In conclusion, I suppose I should say something about how the Wage and Hour Law is working from the vantage point of two and a half days. There has been the feeling, I believe, that once the Fair Labor Standards Act went into effect, there would be all kinds of unnatural phenomena, making themselves evident in this country. As well as we can tell, however, the law has gone smoothly into effect, with unpleasant repercussions in what I think are only scattered instances. It is unfortunate that anyone should lose his job because of this law but, as every surgeon knows, there are few operations in which the patient does not lose some blood. The reports which we have from all over the country encourage us to believe that the operation has been a success and that the patient will from now on show permanent improvement.

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