

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

FLEMING ANSWERS SLOAN ON OVERTIME

Time and one-half for overtime after 40 hours should be continued, said Colonel Philip B. Fleming, Administrator of the Wage and Hour Division, last night (Wednesday, January 8) taking issue with Alfred P. Sloan, Jr., Chairman of General Motors. He said that the "floor for wages" would add more than \$100,000,000 to low wages in 1941 and that the "ceiling for hours" was enforcing the employment of America.

Manufacturers are not asking that the law requiring time and a half payments be repealed, said Colonel Fleming in speaking over the Blue Network of the National Broadcasting Company from Station WMAL, Washington.

"One industrialist," said Colonel Fleming, "whose success has been such that he cannot be ignored, has taken a different position. He is Alfred P. Sloan, Jr., Chairman of General Motors."

Colonel Fleming quoted from a letter the automobile manufacturer had written him explaining the latter's recommendation that "the penalty for overtime should be cancelled during the emergency to encourage a longer workweek." The portion of Sloan's letter read by Colonel Fleming said:

"Now, if we increase the work week and pay a penalty, the result is to increase wages about 8%. We get nothing for this 8% because efficiency, manifestly, is not increased, therefore the result is a step toward inflation. That, in part, is why I think the penalty should be waived during the emergency period. Frankly, I do not believe in 'something for nothing.' I am quite out of tune with the general thinking of the moment on this subject."

Colonel Fleming continued: "Mr. Sloan's opinion is important because he is former president and present chairman of America's eighth largest corporation. His stewardship of the stockholders' interest has been conducted so brilliantly that profits have been fantastic. General Motors' last annual statement shows a total payroll of \$386,000,000 and shows profits of \$183,000,000. For every dollar paid out in wages and salaries almost 50 cents was realized in profits.

"Which is the more inflationary," Colonel Fleming asked, "an eight percent increase for the workers or profits almost half as large as total payroll?"

"Many other business men have been expressing this fear that time and one-half payments for overtime will mean inflation. I wonder if that old inflation bugaboo looks in the window at business men when they are confronted with profits-- and scares them just as he does when they are confronted with wage increases.

"I called it a bugaboo because inflation does not begin until productive capacity, through a shortage of machines, raw materials or workers, cannot meet increased demand. We are a long way from that point.

Colonel Fleming said that the "ceiling for hours is now working just as it was intended when Congress enacted it. Congress wanted the next increase in production to be accompanied by a commensurate increase in employment.

"That is what we are going through now. And it is because the overtime rule is having a direct effect on the economy of the nation that we hear occasional protests.

"These protests would fall on deaf ears but for one thing. They are made in the name of national defense.

"Now I am a soldier, not a labor man. National defense is the function and the responsibility of the military. If I found that the overtime penalty was interfering with defense production, I would report my observation to the President just as fast as a sentry reports the presence of the enemy to his superior officer.

"I have found no such thing. Defense industries have not been asking to be relieved of the overtime penalty."

Colonel Fleming spoke about the "Friday night blackout" cited by Defense Director William S. Knudsen as one of the causes of currently disappointing production. Colonel Fleming said, "I spoke to him about it today and found we were of the same mind as to what should be done about it.

"Defense industries will have to learn to operate like continuous-operation industries such as steel or glass making. These industries have always operated on a seven-day basis and for years have done it with shifts of men working short hours, many of whom take their time off in the middle of the week instead of at the weekend.

"Where it cannot be avoided, the overtime rate must be paid. The machinery of production should be kept going on a six or seven-day basis and not left idle two days a week.

"Mr. Knudsen asked me to stress one thing.

"What the National Defense Commission wants', he told me, 'is more machine hours. Machines if properly cared for can work 168 hours a week. Men can't.

"I know from my own experience,' he said, 'that ten hours a day is too much. The man who works at a machine ten hours a day is good for about eight and one-half hours normal production.'

"That's what the man charged with the responsibility of defense production has to say.

"What your President wants, what the National Defense Commission wants, is the addition to production schedules of another shift, not another day. Your government wants another workweek added to the performances of production machines, not another eight hours added to the performance of workers."

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