

File
"Index"

FEDERAL RESERVE BANK
OF NEW YORK

March 26, 1937.

Dear Chairman Eccles:

Realizing your interest in the revival of the building industry - probably the best future outlet for unemployment - it occurred to me that you might want to read the enclosed memoranda which came across my desk the other day in another connection.

The yellow memorandum was written as a part of the usual follow-up work on one of our industrial loans. Both memoranda were prepared as a part of the regular routine of our Credit Department. They had not been requested for any particular purpose. It is only because of the data which they contain regarding the trend of wages in the building industry that I am sending them to you. It seems to me that if the trend of wages of labor in the building industry indicated in these memoranda should continue, it would likely result in seriously retarding the recovery in building.

We do not ordinarily circulate material of the kind gathered by our Credit Department in the enclosed documents, and I hope, therefore, that the Board will, for obvious reasons, consider it confidential.

Faithfully yours,

George L. Harrison
George L. Harrison,
President.

Hon. Marriner S. Eccles,
Chairman, Board of Governors
of the Federal Reserve System,
Washington, D. C.

FEDERAL RESERVE BANK
OF NEW YORK

OFFICE CORRESPONDENCE

DATE March 20, 1937.TO Mr. J. H. HartleySUBJECT: #1181FROM C. R. Bowman

The work of erecting partitions, furring, beading and lathing on the job is progressing smoothly. Figuring through March 17th, all of the needed materials had been delivered and 77% of the estimated labor performed. At the rate they have been operating, all of this work should be finished within two weeks. The actual cost of materials evidently is going to run very close to estimates, possibly a little lower.

This part of the job represents, however, only about one-third of the cost of the entire sub-contract. The remaining two-thirds represents the plastering operation, with the ratio of labor cost to materials estimated at about 50 to 18.

The plasterers were on the job only a few days when on March 4th the International Office of the Plasterers Union called a strike, which was directed against the P.W.A. because the specifications of several housing projects in a number of cities called for ceilings of smoothly finished concrete, eliminating the usual plaster, thus reducing costs. The strike is still in effect. It is the contention of the union officials that the procedure defeats one of the principal aims of the P.W.A., i.e., providing employment. As my informant is not a direct principal in the strike, he is not in on every move being made, and a good deal of his information is second-hand. He told me yesterday that the P.W.A. men came up from Washington last week, and before returning conceded that the extra plastering should have been included in the specifications, but they claimed they could not see what could be done about it because there was no money appropriated to cover the extra cost, which would be about \$100,000, and in this case the work has already progressed so far and the houses are scheduled to be finished in June or July, that they do not want to delay the opening to a later date, which would have to be done if an attempt were made now to get the money and have the work done. The P.W.A. people say that the Union delayed their protest too long. The Union officials feel that having obtained an admission from the P.W.A. that the ceilings should be plastered, they intend to press for further consideration, and it is their intention to try to obtain further consideration at Washington. My informant felt that probably the P.W.A. authorities would try very hard to get the whole matter settled before it is taken over their heads, and he was hopeful that the strike would be settled next week. As the Union realizes that a prolonged strike may create prejudice against their contentions in Washington, they may call off the strike under protest if a decision is not obtained next week, and have the plasterers go back to work while the Union officials continue negotiations.

The Mason Builders Section of the Building Trades Employers' Association of this city have been conferring for some time with the labor

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-2-

unions they come in contact with to negotiate a new working agreement, involving shorter hours and higher pay. My informant is a member of the Employers' Association Committee. He advised me recently that all important details have been agreed upon and that the formal contract will probably be signed very shortly. This will call for pay increases as high as 25% on hourly basis, to be effective June 1. While my informant was somewhat loath to give details before the contract is signed, I gathered that the plasterers who are now getting \$12.00 for an 8 hour day, or \$1.50 an hour, are to get \$14.00 for a 6 hour day, or \$2.33 1/3 an hour. The lathers, now getting \$11.20 for an 8 hour day or \$1.40 an hour will continue to work the same number of hours and will get \$13 per day or \$1.62 1/2 an hour. The laborers, who are now getting \$8.00 for an 8 hour day will also be raised in proportion, but I understand the details have not been completed, as there will have to be taken into consideration the fact that the plasterer's laborers will work 6 hours a day and the lather's laborers 8 hours.

As the present job is estimated at the old scale labor rates, it is necessary that the contract be completed before the new scale is effected on June 1, in order to protect the estimated profit. My informant gave me to understand that that can still be accomplished if the plasterers cease striking within the next week or so, but that he probably will have to work bigger crews than he had planned.

My informant also told me that while he was not conversant with the arrangements of the other building trades labor unions, he believes that during the year pay rises would be practically universal, and would result in an increase in aggregate building labor costs of about 25% over 1936.