

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date July 28, 1937

To Chairman Eccles

Subject: Changes in the Fair Labor

From Lauchlin Currie

Standards Act of 1937

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You may be interested in the accompanying brief statement of the major
changes in the Fair Labor Standards Bill.

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Office Correspondence

Date July 27, 1937.To Mr. CurrieSubject: Changes in the Fair LaborFrom V. Lewis Bassie
*VLB*Standards Act of 1937

The Fair Labor Standards Bill has been reported out in revised form, which incorporates a number of important changes from the original draft. These changes are for the most part designed to meet the criticisms of the original Bill which were raised at the hearings, particularly those directed against the broad discretionary powers of the Fair Labor Standards Board. The most important changes are the following:

The Insertion of a Definite Statement of Policy

The policy of this Act is "to maintain, so far as and as rapidly as is economically feasible, minimum-wage and maximum-hour standards, at levels consistent with health, efficiency, and general well-being of workers and the maximum productivity and profitable operation of American business."

Scope of the Act Restricted

The entirety of the original Part IV, "Elimination of Substandard Labor Conditions Directly Affecting Interstate Commerce", has been deleted. This means that the field has been narrowed considerably, and that many employments not in interstate commerce, which would previously have come within the scope of the Act are no longer affected.

Coverage Reduced

The new draft of the Bill excludes (1) executive, administrative, and professional employees, (2) local retailing employees, (3) seamen, (4) railroad employees, (5) fishermen, and (6) agricultural employees. It formerly excluded only (1) executive, administrative, supervisory, and professional employees, (2) farm laborers, and (3) employees of firms employing less than _____ workers (number to be established by Congress). Other discretionary exemptions, such as overtime at time and one-half, watchmen, handicapped persons, etc., remain unchanged.

Powers of Board Restricted Relative to Wages and Hours

The Board may establish for any occupation a minimum wage rate, as nearly adequate as is economically feasible but not in excess of 40 cents per hour, to the extent that such action will not curtail opportunities for employment and will not disturb and dislocate business and industry. The former maximum was 80 cents per hour or \$1,200 per year, to be established in occupations where collective bargaining was ineffective and substandard wages were being paid.

The Board may establish for any occupation a maximum workweek, as nearly adequate as is economically feasible but not less than 40 hours per week, to the extent that such action will not curtail earning power of employees and will not restrict production. The former minimum had not been decided but figures as low as 30 hours per week had been discussed, to be established in occupations where collective bargaining was ineffective and excessive hours were being worked.

Thus, the distinction in the original sections 4 and 5 between "fair" standards and "non-oppressive" standards has been eliminated, so that the Board can establish only a single set of standards for any occupation in any region, subject to the above limitations. The criteria to be used by the Board in determining the proper standard to be established in any occupation in any region remain unchanged.

Powers of Board Eliminated Relative to Labor Practices

All references to "labor organizations", "labor disputes", and "oppressive labor practices" have been deleted. All powers of the Board in conflict with those of the National Labor Relations Board have been eliminated, so that its sphere of action includes only labor standards, including wages, hours, and child labor.

Provision made for Tariff Increases

Section 8c provides that the United States Tariff Commission may investigate the differences resulting from the operation of this Act....., with a view to determining whether or not an increase should be made in the duty..... for the purpose of equalizing such differences."