UNITED STATES DEPARTMENT OF LABOR
Frances Perkins, *Secretary*
BUREAU OF LABOR STATISTICS
Isador Lubin, *Commissioner* (on leave)
A. F. Hinrichs, *Acting Commissioner*

✦

Labor Laws and Their Administration

1940

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Proceedings of the Twenty-sixth Convention of the International Association of Governmental Labor Officials, New York City September 1940

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Letter of Transmittal

UNITED STATES DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington, D. C., April 18, 1941.

The SECRETARY OF LABOR:

I have the honor to transmit herewith a report on Labor Laws and Their Administration, 1940, embodying the proceedings of the Twenty-sixth Convention of the International Association of Governmental Labor Officials, which convened in New York City September 9, 1940.

A. F. HINRICHS, *Acting Commissioner.*

Hon. FRANCES PERKINS,
Secretary of Labor.

Bulletin No. 690 of the
United States Bureau of Labor Statistics

Labor Laws and Their Administration, 1940

The International Association of Governmental Labor Officials held its twenty-sixth annual convention at New York City, convening on Monday, September 9, 1940, and closing on Thursday, September 12, 1940. Representatives of 25 States, the District of Columbia, Puerto Rico, and 3 Provinces of Canada attended the convention.

At the opening session, addresses of welcome were made by the Hon. Charles Poletti, Lieutenant Governor of the State of New York, and Newbold Norris, acting mayor of the city of New York.

The president of the Association, Adam Bell (Department of Labor of British Columbia, Canada), in his opening address reviewed the legislative record of 1940 as regards labor. Only eight States had legislative sessions in 1940, but the Congress of the United States was in almost continuous session during the year. The Federal legislation was devoted in great measure to the defense program, and in consequence the extension and development of Federal labor legislation were overshadowed. The president reviewed the effect of the defense program on existing labor legislation and expressed satisfaction that in the carrying out of the defense program the leaders of the United States and Canada upheld the necessity of maintaining labor standards.

The operation of the Wage and Hour Act was considered at one session of the convention. Col. Philip Fleming, Administrator of the Wage and Hour Division of the United States Department of Labor, delivered an address on the Federal administration of the law. Various State aspects of the operation of this law were brought out in the discussion.

The subject of the national defense program and the relation of labor thereto was discussed at another session, addresses being made by Isador Lubin, Assistant to the Commissioner in Charge of Labor, Advisory Commission to the Council of National Defense, and Floyd W. Reeves, Executive Assistant for Labor Supply, Advisory Commission to the Council on National Defense. The general discussion centered around the part to be played by the various State agencies.

The progress achieved during the year preceding the convention in legislation and administration in the various fields of labor and social welfare was reported by the chairmen of the standing committees concerned with these subjects. The problem of industrial safety was emphasized in committee reports, and part of the last session was devoted to the subject of factory inspection.

The business of the Association was given consideration at the opening and closing sessions of the convention. The president presided at the opening session of the convention on September 9, and at both business sessions. The chairmen of the other sessions were as follows:

C. H. Gram, Oregon Bureau of Labor, afternoon session, September 9.
Morgan R. Mooney, Connecticut Department of Labor and Factory Inspection, morning session, September 10.
Frieda S. Miller, New York State Department of Labor, afternoon session, September 10.
Voyta Wrabetz, Wisconsin Industrial Commission, morning session, September 11.
Martin P. Durkin, Illinois Department of Labor, morning session, September 12.

The twenty-seventh annual convention of the Association will be held at St. Louis, Mo., in September 1941.

International Association of Governmental Labor Officials

Review of Labor Legislation in 1940

President's Address, by ADAM BELL

In the United States the legislatures of only eight States meet in regular session during the even-numbered years. Hence, in reviewing the legislative achievements since the last meeting of this Association in Tulsa 1 year ago, we are naturally limited in the scope of our coverage. During this period, however, the Congress of the United States has been in almost continuous session, with the possible exception of brief recess periods incident to the holding of the conventions of the two major political parties. A great deal of the time of the national legislative body has been devoted to the consideration of laws seeking to strengthen the American defenses. Supplementary to this legislation, serious thought and attention was given to matters of taxation, relief, housing, and military conscription. This program has, for the most part, overshadowed the extension and development of Federal labor legislation.

Special mention, however, should be made of concerted attempts to revise existing Federal legislation designed to benefit the worker. Extended hearings were held by congressional committees investigating the National Labor Relations Board, and strong pressure was exerted to change vitally many of the provisions of the Fair Labor Standards Act of 1938. The House of Representatives considered a series of bills to revise this act. By vote they were defeated. The House of Representatives adopted several drastic changes in the National Labor Relations Act. The amendatory legislation provided for a new board of three members and vested certain functions of the present board in an administrator. The powers of the board in the matter of review were curtailed and greater authority was placed in the courts. However, the Senate of the United States has not considered the amendments to the law, and there is probably little likelihood that any action will be taken at this session of the Congress.

In reference to what has been said concerning the attempts to amend the Federal wage and hour law, particular mention should be made, however, of the legislative enactment providing for a special proce-

dure for wage determination in Puerto Rico and the Virgin Islands. The Administrator of the law hereafter is empowered to appoint a special industry committee to recommend the minimum rates of wages in these jurisdictions. Special provisions were made also for the application of wage rates to home workers.

In connection with the national defense program, considerable interest has been created in the United States as to the effect of legislation regulating the hours of labor of employees. Congress in 1938 passed the Fair Labor Standards Act, which provides for a minimum wage and a maximum workweek for employees engaged in interstate commerce or in the production of goods for interstate commerce. By the provisions of the act, the maximum weekly hours of work are flexible. The present limitation is fixed at 42 hours and on next October 24th a 40-hour week will become effective. These limitations, however, do not prohibit the worker from working over the prescribed hours, provided payment is made at time and a half for all overtime work. There is no limitation of any kind on the working hours of the plant or establishment. In a recent address to representatives of the International Association of Garment Manufacturers in Cincinnati, Ohio, Colonel Fleming, Wage and Hour Administrator, made the following statement relative to the overtime provisions of the act: "It does not prevent the employer from working his employees 100 hours a week—if he can find that many hours—provided only that he pays for the excess hours over 42 at the rate of time and a half of the regular hourly rate of pay."

In the administration of the public contracts law, known as the Walsh-Healey Act, the Congress recently authorized the President to suspend the substantive provisions of the law when the public interest so required. However, to date there has been no suspension of these provisions. Again, the National Defense Act (Public, No. 671, 76th Cong.) has provided for the suspension of the law prohibiting more than 8 hours' labor in any 1 day for persons engaged on work covered by Army, Navy, or Coast Guard contracts. By a public act (No. 703) the present Congress has ordered the payment of overtime at time and one-half the regular rate of pay for hours worked in excess of the basic 40-hour week, for persons employed directly by the War Department in the production of war materials.

It is a source of satisfaction to know that in the prosecution of the national defense program the leaders of the United States and of the Dominion of Canada have taken cognizance of the necessity of maintaining labor standards. President Roosevelt has already publicly declared that it is not the intention of the Government to allow any break-down of labor standards in the prosecution of the defense program. The Dominion Government also has declared that the labor

policy during the emergency shall be to maintain fair and reasonable standards of wages, hours, and other working conditions.

In an effort to expedite the building of low-cost housing needed in connection with the defense program, Congress provided that the War and Navy Departments and the United States Housing Authority may cooperate in order to make necessary housing available for persons engaged in defense work. The War and Navy Departments were authorized to initiate projects to provide dwellings at or near military or naval reservations, posts, or bases, for rental to enlisted men with families, and to employees of these departments assigned to duty at these points.

Of particular interest and far-reaching importance was the enactment by Congress of the Alien Registration Act for 1940. This act requires the registration and fingerprinting of all aliens, and further strengthens the present law relating to their admission and deportation. In addition, the act makes it unlawful to interfere with the discipline of the Army, Navy, and Coast Guard. At the time President Roosevelt signed the law he observed that the legislation should be interpreted and administered as a "program designed not only for the protection of the country, but also for the protection of the loyal aliens who are its guests." He also remarked that "the registration and identification of approximately 3½ million aliens who are now within our borders does not carry with it any stigma or implication of hostility toward those who, while they may not be citizens, are loyal to this country and its institutions."

As a result of further legislation enacted during 1940, the employment of aliens has been considerably restricted. In the recently enacted defense program, for example, no alien may be employed by a contractor in the performance of secret, confidential, or restricted Government contracts, have access to the plans or specifications of the work under construction, or participate in the contract trials without the written consent of the Secretary of the Department concerned. In effect this law prohibits the employment of aliens by such contractors. Other restrictions on alien employment are found in a number of the appropriation acts passed by the Congress this year.

In reviewing other Federal legislation affecting labor, mention might be made of amendments to the Railroad Unemployment Insurance Act, and the extension of the so-called Davis-Bacon Act to the Territories of Alaska and Hawaii.

In the field of State legislation, Kentucky extended further the functions of the department of industrial relations. In this State an industrial safety board was authorized to be established and empowered to issue safety rules for places of employment, except mining operations. In addition, the department has been authorized

to inspect places of employment. The department may also enter into cooperative agreements with appropriate Federal agencies for the enforcement of Federal and State laws. The public policy of the State has recognized the right of employees to organize and bargain collectively, free from restraint and coercion, but failed to provide any method of enforcing the law. In this State the mediatory powers of the commissioner of industrial relations were considerably strengthened.

In New York, several changes were made in the labor relations act. The board may now obtain voluntary adjustments and compliance with the law. The legislation, however, does not authorize the board to handle cases which properly belong to the State board of mediation, but merely permits the board to dispose of many of its cases without the necessity of going through formal hearings in every case. The board is also required to investigate petitions, whether filed by employers or employees. Formerly the act provided that investigations were mandatory only in case of petitions filed by employees. Changes were made in the matter of procedure in employee elections, by permitting elections on the employer's property if required by the board. The bureau of mediation and arbitration was abolished and its functions and duties transferred to the State board of mediation.

In New York, labor organizations must not deny membership to any person nor deny to any of its members equal treatment on account of race, color, or creed. In Rhode Island, the legislature has decreed that persons advertising for employees during a strike or lock-out must explicitly mention the existence of a labor dispute.

In connection with the general subject of labor relations, the United States Supreme Court was called upon to decide several cases involving the National Labor Relations Act, as well as cases concerning picketing and the distribution of pamphlets. As appertaining to the Federal Labor Relations Act, the Supreme Court early in the year declared that the courts may not review rulings of the National Labor Relations Board affecting employee elections and certifications of unions, and further held that review by the courts is limited to questions of law. Again the Court decreed that only the Board is authorized to institute proceedings to enfore its orders. In several other decisions, the Supreme Court upheld rulings of the Board relating to its jurisdiction and power to invalidate individual employment contracts and to require the disestablishment of employer-dominated unions. Late in 1939 the Supreme Court held unconstitutional the municipal ordinances of Los Angeles, Milwaukee, and Worcester, Mass., which prohibited the distribution

of handbills, on the ground that they violated the rights of freedom of speech and of the press as guaranteed by the Constitution. Similarly, the Court held invalid an ordinance of Irvington, N. J., which required a person to obtain a permit before canvassing or distributing circulars. Again, in later decisions, the Supreme Court held unconstitutional an Alabama antipicketing statute and a similar ordinance of Shasta County, Calif., on the ground that the prohibition of peaceful picketing violated the fourteenth amendment to the Constitution guaranteeing free speech and a free press.

During 1940 no additional State ratified the Federal child-labor amendment. The count still stands at 28 States that have so far ratified this amendment. However, some progress was made in child-labor legislation in one State. An entirely new child-labor act was adopted in New Jersey. By virtue of this legislation the basic minimum age for employment was raised from 14 to 16, and an 8-hour day, 40-hour week, 6-day week, was established for minors under 18. While no changes were made this year in the Kentucky child-labor law, a program of voluntary apprenticeship was authorized to be established. In two States (New Jersey and New York) the industrial home-work laws were strengthened.

Rhode Island enacted legislation which permits the State department of labor to cooperate in the enforcement of the Federal Fair Labor Standards Act. In this regard it is of interest to note that three States (North Carolina, Connecticut, and Minnesota) have already entered into agreements with the Federal Wage and Hour Division and the Children's Bureau of the Department of Labor, which provide for investigations and inspections and enforcement of the Fair Labor Standards Act in their respective jurisdictions.

Other legislation especially noted includes the following: In Kentucky provision was made for the payment of the prevailing rates of wages by contractors engaged on public works. Employment has been limited to 8 hours a day and 40 hours a week, and time and a half must be paid for overtime. In this State a 1-day-rest-in-7 law was adopted, and employees who work 7 days a week must hereafter be paid time and a half for all work performed on the seventh day. Another Kentucky act makes it unlawful, in the case of a collective wage agreement, to withhold any part of the wages with intent to defraud. In Virginia the law requiring the payment of wages at specified times was strengthened. In this State and in Mississippi the law regulating the assignment of wages also was amended.

It is a source of gratification to learn that during the past 12 months numerous conferences of experts in the field of labor and social-insurance legislation have been held in various parts of the

Western Hemisphere. The first of such meetings took place in Washington, D. C., in November 1939, at the call of the Secretary of Labor. This was the sixth conference called to consider various problems of labor-law administration. In outlining the purposes of these meetings the Secretary of Labor once said:

> We aim to develop free, voluntary cooperation by means of the conference, in order to arrive at certain standards which we believe it would be desirable to see practiced in all of the States. We aim to stimulate those of us who live and have responsibilities in the particular States to return to those States and get the citizens who are interested in these subjects to bring to the attention of the legislatures and to the Governors of those States what are sound and desirable and practical principles of labor legislation.

Almost simultaneously, the Second Inter-American Labor Conference of the International Labor Organization assembled in Havana, Cuba. According to reliable reports this meeting produced a common understanding of mutual problems, resulting in the establishment of closer relationships, and also laid a basis for a fuller cooperation between the American governments.

Early this year the so-called White House Conference on Children in a Democracy took place in Washington. Of special interest to this association was the endorsement of child-labor standards long recommended and endorsed by this group.

Other meetings called for the purpose of furthering the interest of better labor-law administration and techniques and worthy of mention include the Four-State Conference on Migratory Labor held in Baltimore, Md., in early 1940, and the several meetings of groups interested in the subject matter of a congressional resolution (H. Res. No. 63) authorizing the investigation of the interstate migration of destitute citizens.

Twelve months ago, as we assembled for our convention at Tulsa, the dark clouds that had so long threatened the skies of Europe broke in all their fury, engulfing many nations of the world in a cataclysm of war. Canada became, and continues to be, a nation of war.

It would ill become me at this time and from this chair, a visitor from a country at war to a country not at war, to dwell upon aspects of the war situation that might readily become contentious and embarrassing.

It is inevitable, however, that the conflict in which Canada is engaged should have a pronounced effect upon the laws of the land, including labor legislation.

Any reference to the war that I may make will be confined to its effect upon labor legislation in the Dominion. At the session of Parliament preceding the war the right of freedom of association and collective bargaining was more firmly established.

A section was added to the Criminal Code of Canada declaring it a criminal offense, punishable on indictment or on summary conviction, for any employer to dismiss any person for the sole reason that he is a member of a lawful trade-union or association of workmen formed for the purpose of advancing their interests in a lawful manner, and organized for their protection in the regulation of wages and conditions of work, or to seek by intimidation or threat to compel an employee to abstain from belonging to a union or association, or to conspire or agree with any other employer to do any of these things.

The Dominion Youth Training Act was passed setting up a system of youth training that may be entered into jointly between the Dominion and the Provinces, the costs being shared between the two authorities.

At the outbreak of war the Government was prompt to clarify its position regarding labor, stating that while no measure would be allowed to stand in the way of a vigorous war program, achievements in the field of labor legislation would not be thrown into the discard.

It is significant that not only the declaration but also the application of this policy found immediate support from organized labor and labor leaders throughout the country.

Far-reaching powers, commensurate with the need of the hour, have been given to the Government by Parliament. Under the War Measures Act the provisions of the Industrial Disputes Investigation Act were made applicable to disputes between employers and employed in war industries, including munitions supplies and defense projects, thereby making conciliation and arbitration compulsory in these matters.

Measures were immediately adopted to check undue price increases and hoarding of foods, fuel, and other necessaries of life. A board known as the Wartime Prices and Trade Board has been created, and regulations clothing that board with wide powers of control have been enacted. A nation-wide registration of all persons over 16 years of age has been effected, and under the National Resources Mobilization Act compulsory military service for defense is now in effect and operation, but this does not include the right to require persons to serve in military, naval, or air forces outside of Canada and its territorial waters.

These are a few of the measures enacted by your good neighbor to the north to fulfill the words spoken by the Prime Minister of Canada when, on the fateful day of September 3, 1939, he said:

> The people of Canada will, I know, face the days of stress and strain which lie ahead with calm and resolute courage. There is no home in Canada, no family, and no individual whose fortunes and freedom are not bound up in the present struggle. I appeal to my fellow Canadians to unite in a national

effort to save from destruction all that makes life itself worth living and to preserve for future generations those liberties and institutions which others have bequeathed to us.

National unemployment insurance became a fact in Canada this year by act of Parliament, this long-looked-for legislation being at last made possible by active cooperation between the Dominion and the Provinces in surmounting the constitutional difficulties that hitherto have stood in its way.

Before concluding I should like to take this opportunity to express my profound appreciation of the honor this Association did me in electing me its president. I hope I may continue in future years to benefit from its helpful functions and to cement more firmly the many personal friendships I have formed.

Labor and the Defense Program

The Place of Labor in the National Defense Program

By ISADOR LUBIN, *Assistant to the Commissioner in Charge of Labor, Advisory Commission to the Council on National Defense*

It is not necessary to talk to this group about the requirements of a modern war. We have seen what a modern war can be like. We have seen the French Army—large, efficient, and among the best trained in the world—forced to yield to another army which had certain technical equipment such as tanks, antiaircraft guns, and the organizational ability to have things where they were needed when they were wanted.

We, in the United States, acting upon the experience of other countries, have apparently decided that we ought to take stock of what our Army and Navy are like and to make such provision for that Army and that Navy as will guarantee us protection against any aggressor. In taking stock of our resources certain decisions had to be made as to how big an army we ought to have to protect ourselves and what equipment such an army should have. All this means that an inventory of our needs had to be taken—an inventory in terms of airplanes, tanks, antiaircraft guns, ships, and other equipment essential to our protection.

To do the job that is required, namely, to defend the United States and this hemisphere against attack, will cost at the present estimates about $16,000,000,000; or, to be a little more specific, $125 for every man, woman, and child in the United States.

Under the present program, of this 16 billion dollars approximately 14 billion dollars goes for equipment. About 1 billion dollars goes for personnel; namely, civilian personnel for the Army and Navy. It is estimated that another billion will be required for training of people who will be inducted into the Army under the Selective Service Act.

Of the 14 billion dollars to be spent on equipment, a large part has already been appropriated, although a fairly significant amount has only been authorized.

The spending of this amount of money will require something like 4 years, due to the fact that some of the equipment, particularly

for the Navy, cannot be built in less time than that, the time required in building a battleship running in excess of 2 years and frequently 3. However, the bulk will be spent within the coming 2 years.

The primary requirement of a program such as ours is speed—not because we want to use this equipment but because it is generally believed, I think, that if we have the equipment we will not have to use it. In other words, those who are responsible for the program are definitely of the conviction that if we can get the equipment quickly enough and others know we have it, we will not have to use it. Speed is of the essence.

To get speedy construction of this equipment will involve the maximum efficient use of our existing resources. By this we mean not only plants, factories, and mines but also that other most essential factor—labor.

Secondly, it will mean the large expansion of the facilities that at present are not sufficiently large to meet our needs. Those facilities have already been mapped out. We know we do not have sufficient capacity in our airplane factories and we are building them as fast as we can. We know there is not sufficient capacity in our airplane-engine factories and we are expanding in that direction. We know that every way on every shipyard in the United States which can be used to build a naval vessel is filled right now and that you cannot build another vessel until you build new ways. We are expanding our shipyards to that end.

In an airplane or tank or engine plant, or a shipyard, machine tools are required and our present capacity in that industry is not sufficiently large to meet our needs. There again expansion of facilities is required.

As you all know, the President has reestablished the National Defense Council, consisting of Cabinet members. After reestablishing the Council, the President appointed an Advisory Commission. Their names are familiar to you.

Mr. Knudsen is responsible for production. It is his job to see that contracts move as fast as they can, that difficulties are ironed out, that specifications are simplified, and that everything is done to aid in getting production up to the fastest possible tempo.

Mr. Stettinius is in charge of raw materials. It is his job to be sure sufficient raw materials are available.

The third man is in charge of transportation. He is to see to it that things can move from where they are to where they are needed. That man is Mr. Budd.

The fourth man, Mr. Hillman, is in charge of labor. This division of the defense program is vitally concerned with labor and its relation to the program. It is concerned not only with labor

standards, but also with a sufficient supply of skilled, unskilled, and semiskilled labor as it may be needed, where it may be needed, at the time it may be needed.

The fifth Commissioner, Mr. Davis, represents the agricultural interests. As you know there are certain agricultural products basic to the program.

The sixth Commissioner, Mr. Henderson, is in charge of prices. We all know it is necessary to have someone to watch the price level so as to be sure the Government is getting its commodities at fair prices and the consumer is being protected so that prices will not rise and take away from him the real worth of his earnings.

Finally, we come to the seventh Commissioner, Miss Elliott, who represents the consumer and whose function it is to watch all the aspects of the consumption of the civilian population. She will see to it that the quality of the things that you and I buy is maintained and all of our needs looked after and not forgotten in this push for the maximum production of Army and Navy requirements.

As I see it, the problem facing us is how to maintain the standards of the American people as long as it is humanly possible and at the same time meet the needs of the Army and Navy in the most efficient and expeditious way. That is the problem facing the American people today.

Our industrial system is today operating at about 80 percent of its capacity. Personally, speaking not as an employee of the Defense Commission but rather as the Commissioner of Labor Statistics, I feel that the American people should be able to meet the needs of national defense and at the same time maintain their living standards.

There are idle resources in our economy which can be used without penalizing the civilian population. I am convinced that can be done. To do it will require proper organization of industry; the elimination of a lot of waste which we know now exists; efficient production and a lot of thinking ahead trying to find out what we are going to need 3 and 6 and 12 months from now, so that our machines will not be stalled because of lack of materials and men. I believe, if we make up our mind to do it, we can add enough to our national economy so that we can produce all the things the Army and Navy needs and at the same time enough to give all of us efficient standards of living—without pulling in our belts.

Now, what have we done in the Division of Labor in the Advisory Commission to see that these ends are attained? Our first job is to see to it that the defense program moves efficiently and with speed and that sufficient labor is available to meet the production needs of the Army and the Navy. Our second job, and in a sense it is part of the first job, is to see to it that standards of employment conform

with the requirements of efficiency. The more you see to it that good standards of employment are lived up to the surer you are to get what you want, quickly and efficiently.

Consequently, we have taken upon ourselves the task of seeing to it, insofar as it can be done through the Defense Commission, that the standards of hours be such as will be conducive to maximum efficiency; that wage rates, safe conditions of employment, and equitable labor relations be maintained on a level conducive to maximum efficiency and consequently conducive to speeding up production of the requirements of the Army and Navy.

In an interesting discussion of the British experience and the German experience,[1] you were told how they found that they had extended their hours too far and had to cut them down and by so doing actually got more production per man-hour. Similarly, we cannot expect workers to be efficient unless they are well fed, have decent housing facilities, and are healthy—all of which are related to wage rates. And so it is with safety. Accidents not only stop the work of the injured worker but also of entire departments. They interfere with the efficiency of production. They cause spoilage of goods. These factors of lost time affect that ultimate end of expeditions and efficient production.

Similarly, the worker who feels that his rights are being considered, that he is being justly treated, in all probability will be more efficient than the worker who feels otherwise—that he is not being given a square deal.

As far as the Labor Division of the Defense Council is involved, all of these factors are its main concern, namely, that sufficient labor be available in the quickest possible time.

In order to see to it that there is sufficient labor where it is needed, when it is needed, and of the quality needed, it has been necessary to make estimates of what the defense program is going to require. In making these estimates we have gone to the Army and we have asked them to tell us how many people they will need in arsenals. We have asked the Navy and Maritime Commission how many people will be required in the production of their ships. We have also gone to private industry as contracts are let, and made studies of how many people they will require in order to furnish requirements of national defense.

I want to give you some idea of the nature of the problem facing us. The arsenals of the United States—seven in the country—within the next 12 months are going to need 3,000 machinists in addition to their present labor force. They are on an 8-hour-shift basis, time and a half for overtime, three shifts. They need 436 lens grinders,

[1] See pp. 54 and 55.

and I need not tell you there is not one in the United States today who is unemployed.

The navy yards want 9,000 additional machinists, which, added to the demand of the Army, makes approximately 12,000 machinists. The records of the unions show that there are not that many machinists unemployed in the United States today. The navy yards, all in all, want 36,000 skilled workers.

In the airplane factories of this country, to meet present schedules of the defense program will mean the employment of approximately 350,000 people. The industry today employs around 80,000. The requirements for the defense program in this particular industry call for about 100,000 skilled workers.

These are a few examples of the types of demand that are going to be made upon the labor market of this country. I think all of those demands can be met. I do not think we shall have any serious problem if we make up our minds we are going to solve it and start working on it now.

Our first job then, as I said, is to determine what the requirements will be. The second job is to time those requirements to find out when these people will be needed, and to analyze them by occupation, so that we may be sure the necessary skilled labor, by occupational groups, will be available where they are needed, when they are needed.

We have already completed our break-down in several industries such as airplanes, construction, and ships. Having found out when these people will probably be needed and where they will probably be needed, is to find out what our labor resources are. What is the available supply of labor?

There are two reservoirs of labor in the United States today. First, there are the unemployed. Secondly, there are the skilled people who are today employed at unskilled jobs. The first group has been checked by an inventory made by the United States Employment Service.

The second we are attempting to check through the cooperation of the trade-unions. We have asked them to make an inventory not only of the unemployed but also of the employed, to see if the latter are available for higher-skilled jobs than those at which they are actually employed. We find many skilled workers in the automobile industry working at unskilled jobs. We do not know how widespread this is. We do know that back in 1932 and 1933 there were numbers of skilled mechanics out of work who took jobs wherever they could find them, and that when business picked up in 1934 many of them had a chance to go back to their skilled jobs. However, they did not go back to the old jobs. They had earned seniority rights. They knew they would be among the last to be fired and among the first to be rehired as employment fluctuated.

We all know many people in that position throughout the country. We know that thousands of them are running gas stations, working as clerks here and there, and doing a lot of things which have no relationship to their ability and the skill for which they were trained in the past. We expect to identify these people through a labor survey. The machinists, electrical workers, and automobile workers unions are now in the midst of a very careful survey of all of their employed and unemployed members to see who among them have had experience doing skilled work. We expect to find a large supply of people who can be moved, we hope, as the defense program may require; and we believe they will be glad to move voluntarily if and when they are convinced—and the rest of the country is convinced—that they are necessary for the defense program.

Complicated questions of seniority rights will be raised, but I do not believe that either the employers or the workers will fall down on the job when their cooperation is requested.

As far as the immediate future is concerned, I think that we can find sufficient people to meet our peak needs in various skills. However, we must look forward to the time when the unemployed have been absorbed and to the time when the people in unskilled jobs have moved to skilled jobs for which they are fitted. Looking forward into the future requires estimating requirements and training people now so that they will be available when we need them. (That is the job Mr. Reeves will talk about in his paper.) It means, first, apprentice training, which you heard discussed this morning.[2]

I think one thing will be made clear by Mr. Reeves' paper—that the Labor Division of the Defense Commission is not an administrative agency. It does not run anything. Its job is to see to it that somebody else gets things done. Even though its responsibility is an adequate labor supply, it is not the intention of the Commission, or Mr. Hillman, or anybody in his organization, to go out and train people or do the actual job of making the people available. That is the job of the United States Employment Service, of the United States Department of Labor Apprenticeship Division, of the United States Bureau of Education, of the W. P. A., of the C. C. C., and of the N. Y. A. These agencies have been doing the job for years. They know the problem. The idea is to coordinate their activities to see that they funnel toward the needs of defense.

The job is a large one, as you can easily see. Yet if it is going to be successfully done the Defense Commission can not do it by just deciding what is to be done and asking existing agencies to do it. If it is going to be done, it must be done with the cooperation of

[2] See p. 171.

the people who are going to be affected by it; namely, the workers and the employers. With that in view, one of the first acts of the Labor Division was to create an advisory board made up of trade-union international presidents to discuss with them the problems of labor as seen by the man who does the job and to recommend policies.

That board consists of six international presidents from the A. F. of L., six from the C. I. O., and four from the railroad brotherhoods. They meet every other Friday to recommend what they feel should be done toward securing the greatest efficiency in production and to report back the effects of such policies as have been adopted.

As a result of that committee's recommendations the National Defense Advisory Commission a week ago Sunday, September 1, issued a statement of labor policy. Some of you may have seen it. It is short and I am going to take the liberty to read it now. This is the official policy of the Defense Advisory Commission.

Primary among the objectives of the Advisory Commission to the Council of National Defense is the increase in production of materials required by our armed forces and the assurance of adequate future supply of such materials with the least possible disturbance to production of supplies for the civilian population. The scope of our present program entails bringing into production many of our unused resources of agriculture, manufacturing, and man power.

This program can be used in the public interest as a vehicle to reduce unemployment and otherwise strengthen the human fiber of our Nation. In the selection of plant locations for new production, in the interest of national defense, great weight must be given to this factor.

In order that surplus and unemployed labor may be absorbed in the defense program, all reasonable efforts should be made to avoid hours in excess of 40 per week. However, in emergencies or where the needs of the national defense cannot otherwise be met, exceptions to this standard should be permitted. When the requirements of the defense program make it necessary to work in excess of these hours, or where work is required on Saturdays, Sundays, or holidays, overtime should be paid in accordance with the local recognized practices.

All work carried on as part of the defense program should comply with Federal statutory provisions affecting labor wherever such provisions are applicable. This applies to the Walsh-Healey Act, Fair Labor Standards Act, the National Labor Relations Act, etc. There should also be compliance with State and local statutes affecting labor relations, hours of work, wages, workmen's compensation, safety, sanitation, etc.

Adequate provisions should be made for the health and safety of employees.

As far as possible, the local employment or other agencies designated by the United States Employment Service should be utilized.

Workers should not be discriminated against because of age, sex, race, or color.

Adequate housing facilities should be made available for employees.

The Commission reaffirms the principles enunciated by the Chief of Ordnance of the United States Army, during the World War, in his order of November 15, 1917, relative to the relation of labor standards to efficient production.

I shall not quote that, since Colonel Fleming mentions it in his address. I will just read the last sentence of that quotation:

But the pressing argument for maintaining industrial safeguards in the present emergency is that they actually contribute to efficiency.

One should also mention other aspects of the problems which affect labor in the defense program. There is the question of negotiated bids versus competitive bids. As you all know, until very recently the law provided that virtually all purchases by the Federal Government, as is the case in most States, could be made only on a competitive-bid basis. The lowest bidder got the order.

As far as legal requirements were concerned, the United States Government was interested in letting contracts to the lowest bidder who was financially responsible. The sole criterion of financial responsibility was ability to post a bond. It made no difference if the contractor failed in the middle of the contract. Nobody seemed to care if the goods were delivered or not.

The Congress, as well as the Army and Navy, now realize that if we are going to get goods quickly and efficiently we shall have to use other criteria than merely the lowest bidder. Authority has, therefore, been put into the defense appropriations to negotiate contracts; that is, to take other criteria into consideration—for example, is the employer in a community where there is a lot of unemployment; where there are sufficient plant facilities; and where there will be sufficient housing? Or will he have to build a new plant and bring in people from out of town and thereby create housing congestion? In other words, we feel certain criteria should be considered in placing Government orders so that there will be the greatest absorption of the unemployed possible in the most efficient manner and without unreasonably high costs.

There is also the question of industrial relations. The Labor Division of the Defense Council is definitely interested in labor relations. As I have said, labor relations are intimately tied up with productive capacity and efficiency on the part of labor, and the Labor Division is working toward the end that favorable and amicable labor conditions prevail in defense plants.

This is another instance where we use only the existing services of the Government. In the matter of threatened labor disputes the United States Bureau of Conciliation does the work. It is its job. Only when the Conciliation Bureau says, "We don't seem to be able to get these people together. Can you help?" does the Defense Commission come into the picture. Again, may I say that with the cooperation of the industrial groups on the Commission we have not failed in a single instance to get both parties together to settle their disputes around the table. In one instance we had to recommend arbitration. When we recommended that, both sides changed their minds and decided to come to an agreement.

If one were to sum up the picture, I think it would run something like this. The job we have to do is to meet the needs of the Army and Navy and at the same time meet the needs of the civilian population insofar as it can be done without interfering with the defense program. In concrete physical terms this means tanks, airplanes, ships, tractors, and a thousand and one other things. Those I am convinced we can produce and will produce. But what good are tanks? What good are ships? What good are airplanes without a proper morale in our population, a morale that leads us to defend something we think is worth while defending?

In producing our ships and tanks, let us never forget that the morale of our population is paramount. Let us never lose sight of the importance of a loyal people with a stake in democracy, and who think enough of their stake in freedom to be willing to make the sacrifices necessary to maintain that thing we call democracy.

I think we, as a democratic people, can and will succeed in our defense program if we remember at all times that the rank and file of our people must want to protect our institutions. They must at all times know what is being done and have a hand in doing what is being done.

I think a democratic people, in a democratic manner, can do what totalitarian countries have been able to do only by lowering the standards of living of their peoples, and suppressing their rights and their freedom. I think we can do the job without lowering our standards of living. I think we can prove to the world that ours is the best way of doing the job to be done, while at the same time we can maintain those rights and privileges that democracies are fighting to preserve.

Meeting the Defense Needs for Labor

By FLOYD W. REEVES, *Executive Assistant for Labor Supply, Advisory Commission to the Council on National Defense*

[Read by A. J. Sarre]

To all of us who are interested both in the defense of our country and in the welfare of labor, the defense program appears in two aspects. First, as a matter of military preparedness, where can we get the workers needed for the manufacture of tanks, airplanes, and ships? Second, from the point of view of labor, how soon can employment be provided for the millions who have long been suffering from the depression?

Workers for defense production and total national preparedness will be needed in the beginning stages by thousands, then, as the program develops, by hundreds of thousands, and later by millions. So

long as the present chaotic world situation continues, we are faced with the need for a vast training program. Military training is but one part of this total program, for every man in our military forces must be backed by many others in the field of supply, in transportation, in manufacture, in the production of machine tools, and in producing raw materials. Along with the military effort is the fundamental job of protecting the health and welfare of this Nation, and of maintaining and extending all of the civilian services, the resources, and the morals of the whole population.

In tackling this task of training for employment in a rapidly expanding national defense program, the Advisory Commission to the Council of National Defense has as one of its duties the coordination of public and private agencies for locating and training workers. No single line of action will do the job; we have to advance along many lines at the same time. It is important that use be made of all existing reservoirs of labor, as well as that new reservoirs be created through training.

One reservoir of labor will consist of men and women who will be trained in industry itself. Obviously this is the most efficient and expeditious method of supplying skilled workers. As shortages develop in any area, the training facilities in that area should be brought into play so that they will be ready to supply the deficiency. In working out the plant training program, a committee was formed under the chairmanship of Mr. Owen D. Young, with equal representation of labor and employers, to promote an extension of apprenticeship and plant training programs. The Federal Committee on Apprentice Training of the Department of Labor was authorized by Congress on August 16, 1937. This committee promotes the establishment of a systematic apprenticeship program based on a written agreement between the apprentice and the individual plant or employer. The apprenticeship program is being expanded to meet future demands for highly skilled workers. An encouraging indication of the spirit in which the labor supply and training program is being approached is the fact that the committee of employer and labor representatives, including in the latter leaders of both the A. F. of L. and the C. I. O. unions, was unanimous in its support of the development of a training program in industry.

A second labor reservoir will consist of those now enrolled in vocational schools. It is made up of both unemployed men taking refresher courses and employed men supplementing their plant training. Of major importance is the finding and bringing in of the skilled workers who are unemployed, who are in jobs unrelated to their past training, or who have been obliged to accept employment at work below their level of skill. For this tremendous responsibility of

finding these unemployed and employed workers, we are fortunate in having the United States Employment Service already established with some 1,500 offices throughout the country. This service has made an inventory of the more than 5 million unemployed workers registered in the local offices, showing their skill and occupational experiences and where they are located. The labor unions are also submitting lists of unemployed members, as a means of locating those who may have failed to register with the Employment Service. Through the unions and by a campaign of publicity, we are getting lists of skilled workers now employed on unrelated and lesser-skilled work, so that as quickly as possible these men may be given employment in their skilled trade or at their proper level of skill and pay. By these methods we are locating enough men to supply the present demand for labor in almost all lines of skilled work; during these first weeks of the expanding defense effort, we are sure that not many skilled workers will fail to learn of the opportunities that are now being opened up.

Many unemployed workers have had experience in occupations that do not fit into the defense program, but their skills are such that a short period of special training will prepare them for work essential to national defense. Others may have lost some of their skill through long unemployment or by employment in other lines of work. For these men the United States Office of Education, through the State and local public trade-school facilities, is offering special concentrated job-training courses and refresher courses. Enrollment in these courses is for workers on W. P. A. as well as other unemployed workers registered with the employment service offices, who are chosen for their ability to profit by intensive training. They are referred to the local vocational school officials by the local W. P. A. and employment service office for assignment to the refresher and intensive job-training courses which are being given in the locality. The vocational school authorities are finally responsible for the selection of the workers to be assigned to the classes. The W. P. A. workers are paid their regular W. P. A. wage while in training. The vocational schools are also providing supplementary courses to improve the skill and knowledge of workers in industry, thus preparing them for promotion. These employed workers are enrolled in the supplementary classes upon the endorsement of employers and representatives of their local unions. There are several hundred local advisory committees made up of representatives of employers and labor unions which assist the school officials in planning the defense training program.

When last reported there were 95,000 enrolled in training courses in 403 cities. Of this number 60,000 were in preemployment refresher courses and 30,000 were in supplementary courses. After only 7 weeks

of instruction, 6,000 placements of trainees had been made into employment in defense industries.

So far as possible, the Employment Service supplies requests from local plants for workers by referring to the employers men who are qualified for the particular job opening. When the supply of available labor in a locality is exhausted, the local employment service office sends out a call for the needed workers first in the State and then in neighboring States. Only as a last resort are demands sent to Washington to make a national search for men with certain special skills.

Although the first emphasis is placed on the training and retraining of older workers who can be prepared for immediate employment through short concentrated training courses, the younger ones are also receiving consideration in the plans for training. With the growing demand for labor, more and more young workers will be needed.

A third reservoir will consist of young men who are being initially trained in specific tasks. There are now in operation 1,053 public trade schools whose courses have been approved for Federal financial aid under existing vocational education acts. This regular program of day trade-preparatory classes and of evening trade-extension classes accommodates in all the branches of vocational education an enrollment of over 2,000,000. Last year in the regular trade and industrial education courses, there was an enrollment of over 715,000. Most of these trade and industrial students are between 16 and 20 years of age. This group of young people who are taking preemployment trade-training courses constitute a great source of labor supply for the future needs of defense preparation.

Other reservoirs consist of the National Youth Administration and the Civilian Conservation Corps. For these young people who are not in school or otherwise gainfully occupied, there should be opportunities for securing sound work experience with adequate related instruction. For young people, a useful occupation is especially necessary, as it is the major way whereby they become and feel themselves to be a vital, contributing part of society or of national preparedness.

The fundamental value of work experience and training for young people makes the C. C. C. and the N. Y. A. significant, since these two youth-serving agencies have as their principal objective providing useful work to boys and girls who have no jobs and who are out of school. To be sure, the expansion of the military service and of defense industries will take up a large number of young people, especially those graduating this year from trade schools, technical colleges, and apprenticeship courses. There are, however, some 4 million young people unemployed, and possibly as many more who are partially employed on farms, in small towns, and in our cities,

or, in other words, who are marking time. The potential skills of these young people should be made available to the Nation. Accordingly, there is a work of great responsibility to be performed by the youth-serving agencies.

The C. C. C. provides excellent experience for boys who will be employed in outdoor work. The C. C. C. can continue, with the general work experience and job training obtained through conservation work, as a means of affording young people the rudiments of occupational experience and at the same time raising the morale of the young people by offering them opportunities for participation in the national program. The camps of 200 enrollees each offer many forms of work experience of great value for either civilian or military service, such as truck and tractor operation, camp sanitation, cooking and baking, road and bridge building, and servicing and repair of automotive machinery. Some of the value of C. C. C. experience in the past has been lost because of the difficulty of finding jobs during the depression, a difficulty that is expected to be reduced by the preparedness program and with the increasing opportunities for employment. The actual productive work done by the C. C. C. can be counted as a clear gain to the Nation, and in many cases those who have been enrolled in the C. C. C. have found work at higher wages than they had been able to get before enrollment.

The N. Y. A. has two chief functions, one to keep students from having to leave school because of lack of money by giving them remuneration for work performed under the supervision of school officials; the other to give part-time employment to young people who are out of school and unemployed. As the President has stated, the national defense will not be promoted, at this state, if young people break off their education either to enlist in the armed forces or for any other reason, since the greatest demand will be for well-trained people to handle the complicated problems of our modern world. The N. Y. A. student work program is valuable in equalizing educational opportunity for some 375,000 needy school and college students who otherwise probably would be unable to continue their education.

For young people not in school, the N. Y. A. offers a program of part-time work on projects of value to the community. There are 230,000 young people working on local community projects, and another 30,000 in resident centers. These resident projects are primarily for young people in rural areas, where transportation becomes a prohibiting factor in setting up a local work project. By assembling a large group in one place, the young N. Y. A. workers are provided an opportunity for supervised work experience. The chief function of the N. Y. A. work is not to train skilled workers, but to provide elementary occupational experience, and to inculcate sound habits

of work, while at the same time providing useful community services and improvements. N. Y. A. workers are rotated from one job to another, enabling them to discover the type of work they are best fitted for. The high value of this work experience is indicated by the fact that more than 7 percent of the N. Y. A. enrollees—55,000 in the last 3 months—are leaving each month to accept jobs in private industry, even now in the early stages of the defense program.

An agreement between the N. Y. A. and the Office of Education makes provision for classes in vocational schools for N. Y. A. workers, so that they can receive special training while they are working on N. Y. A. projects. Through a similar arrangement, some of the C. C. C. enrollees will have regular courses in the nearest vocational school, substituting the school training for a part of their regular work schedule. The N. Y. A. is the one youth agency which employs girls as well as boys. Woman workers may ultimately be needed in large numbers for defense industries, in manufacturing plants, clerical and other subprofessional positions. The N. Y. A. is giving girls work experience in all those fields as well as in the fields of public health service, institutional work, domestic and home service.

In all the Government programs for national defense, it is planned to make special provision for adequate health care, since it is obvious that efficiency depends equally on health as well as on skill. The beneficial effects of C. C. C. experience on the health and stamina of the boys are well known. It is expected that funds will be available for extending health services to the participants in other Government programs.

The most serious bottleneck in labor supply during the next few months appears to be in the highly skilled trades—toolmakers, lens grinders, instrument makers, etc., and in certain engineering lines. Large numbers of aeronautical engineers, and draftsmen, airport engineers, meteorologists, naval architects, motor designers, and other technicians of professional and subprofessional grade will be needed before operations can be fully expanded. Arrangements are being made with technical colleges, that have suitable facilities, to give intensive courses of a few weeks or months, to engineering graduates and other qualified persons, in the special lines of work needed for defense.

A number of special features of the training program are worthy of mention. An effort is being made to provide access to vocational schools for rural young people, many thousands of whom are marking time on the farm, out of easy reach of the opportunities now opening up in industry. Special provision is also being made to insure that the training and employment of Negroes shall not be neglected, and that the defense program shall not discriminate against nor exclude any

American citizen because of race. It is of prime importance, from every standpoint, to support the morale of all sections of the population by including every American as an active participant in the effort to protect our institutions against aggression.

It is worth noting that the problems of mobilization in this crisis are far different from those that the Government had to face in 1917. We do not have to improvise a national employment service but can start with the one we have. We already have passed through many of the difficulties of establishing the principle of collective bargaining, so that the problems of labor relations are more easily solved than in the past. We already have a well-developed vocational-school system, the C. C. C., the N. Y. A., needing only to be coordinated, enlarged, and adapted to the new conditions of the defense crisis. Our public health service is far advanced as compared with that of 1917. In the interior of the country, much has been done to improve sanitary conditions, to develop water power, to provide paved highways and airports, all of which will set us ahead on our defense program. Our problems, therefore, are not so much the invention of new defense agencies as the expansion and coordination of agencies already well established.

The Advisory Commission to the Council of National Defense is, of course, immediately concerned in the total organization of the defense of the country. Mr. Hillman is the commissioner dealing with labor. This entails the coordination of all Government agencies concerned with labor which have a relationship to the national defense program. The agencies with which we are working are the Social Security Board, the National Youth Administration, the Civilian Conservation Corps, the United States Office of Education, the Work Projects Administration, the Committee on Apprenticeship, the Bureau of Labor Statistics, the Conciliation Division of the Department of Labor, the Veterans' Administration, the Civil Service Commission, the Civil Aeronautics Authority, and the War and Navy Departments. Each one of these agencies has given wholehearted assistance and cooperation in working out the immediate and future problems in connection with the necessary labor for an expanding defense program.

As you are well aware, the whole defense program necessarily takes time to develop to full activity. If the emergency continues for another year, there may still be some scarcity of workers in certain lines of skill, even though there may still remain some workers who are still unemployed. The most efficient and rapid methods of training cannot be fully utilized for lack of sufficient personnel qualified in their use, for the most modern methods in industry are confined to a comparatively few progressive corporations. Just as

full production has to await the production and installation of machine tools, full training also depends on training and placing a large number of instructors, as well as on the procurement of machinery and equipment. Nevertheless, we believe that the organization as now set up will prove effective in increasing the utilization of the equipment and personnel available, and that an impressive number of workers will be recruited and qualified for defense work during the coming months.

The fact must be kept in mind, as a background for all the procurement and training program, that full employment of the population is in itself an essential element in the national defense. Material production is only one side of national security. Two other factors—morale and general well-being—are equally vital. Both morale and general well-being can be assured only by giving every able-bodied worker a regular and self-respecting job to do, if not on military preparedness, then on internal improvements or on training for gainful occupations.

Discussion

[Mr. Sarre, in the course of reading Mr. Reeves' paper, made the following remarks:]

Mr. SARRE (Washington, D. C.). As regards the subject of refresher and supplementary courses, I have just read the statement that the final selection of trainees to be assigned to those courses was made by the school officials, and the workers were referred to them by the employment service offices and by the W. P. A. offices. The thing I am interested in is, how many commissioners in the 38 States represented here today are personally acquainted with the director of vocational education in their States. How many commissioners here are personally acquainted with the managers of the civil-service districts in which their States are located? I might put the same question to those of you who represent organized labor groups. How many of you know the representative of your civil-service commission? How many of you know personally—I imagine most of you do—the director of vocational education and the State administrator of W. P. A. in your State? Most of you, of course, know the State employment office director.

Actually, we may meet in Washington, we may discuss, confer, and do all those things that go with coordination, but finally and in the last analysis the job must be done in the State, and it must be done by individuals who have a mind to work together and who will work together because they know each other.

I cannot stress too much that the first emphasis should be placed on the training and retraining of older workers, because the first

emphasis on this whole program as it went from the President to Congress was that the older workers, the men and women on the employment service register and the men and women on W. P. A., are those who must be given first consideration. It would be most unfortunate, it seems to me, if, after this defense program has gone so far, or after we have invested the billions of dollars that have been made available through the Congress, we were to find ourselves with large unemployment registers and relief rolls. Therefore, it is essential somehow or other that we keep our sight properly leveled on the problem of the older worker.

Chairman MILLER. I am not sure whether Mr. Watt comes here as a member of the International Association of Governmental Labor Officials because of his long and valuable work as the United States representative in the International Labor Office or whether he comes only under his title as legislative representative of the American Federation of Labor. In any case, we welcome him and ask him to open the discussion.

Mr. WATT (Washington, D. C.). To begin with, I agree with Dr. Lubin that when we talk about statistics not only have we a hard job in pronouncing the word but we have a harder job understanding what the economists usually mean. We have difficulty in finding two of them who agree on the past, present, or future; and I have come to the conclusion that it is impossible to get two economists to agree on a post mortem case. On the other hand, I wholeheartedly agree with Dr. Lubin that there should be no retreat from our present standards and that we should aim to improve them as rapidly as possible but only as rapidly as our national economy permits.

Labor's viewpoint on the defense program might occupy a speaker a full minute or a full day. Realizing that the latter would exhaust both this audience and this speaker, let me try to condense into a brief summary what I believe to be the viewpoint of American labor on the defense program for America and the Americas.

The officers and members of the American Federation of Labor want full defense against attack upon American people, American possessions, and American institutions. We want that defense against possible assault from without by land, sea, or air, and we want that defense against subversion or sabotage from within, whether the agency wears the swastika of the Nazis, the black shirt of the Fascist, or the hammer and sickle of the Communists. We want that defense built so strong and so soon that it will defend us by its strength so obviously that no one will dare try to test its strength.

To make that defense strong and enduring it must be a democratic structure operated for the people by the people's representatives in

the economic, social, and political fields. Our defense must consist not only of airplanes, tanks, and warships, but of institutions and procedures which will bring forth the utmost devotion and loyalty of the whole people.

It must live with fidelity to the principles for which it is dedicated and never forsake the social, economic, and political procedures which are essential to the maintenance of these principles.

Democratic organization requires authority and responsibility of the group through representatives of their own choosing. Consultation in the planning of policy is as essential as agreement in the final program.

The more labor unions can participate in the making of policy, the more they can help in the accomplishment of the purpose of the policy. Full agreement of the labor representatives should be an essential before the adoption of any policy of vital concern to workers and before the policy is undertaken.

Labor representation should extend from Washington right down to the plant unit, or rather should stem up from the plant unit to Washington.

In Great Britain today the amazing unity and determination and accomplishment of the British people since the invasion of the low countries has been due in large part to the confidence created by the full partnership of labor representation in the undertaking. This partnership is not a formal, negotiating, artificial relationship, but a relationship which has become a driving force because labor was given its full share of participation in authority as well as responsibility.

I submit that the British people showed their mastery of dynamic democracy in evolving a self-discipline through representative leadership. When Ernest Bevin acts as leader of the Labor Department alongside Morrisson, Attlee, and others, he supplies a driving force of a democracy determined to spare no ounce of effort needed for successful defense.

He is not a subordinate of military bureaucrats. He is not a "yes, sir," partner under a big business executive. He is the man who protects the interests of labor by assuring them of defense from without through energetic and constructive cooperation in the making of that defense. But the reason he succeeds is not merely his energy nor his strength. It lies in the foundation of democratic processes from the bottom up.

A perfect illustration is to be found in the picture of defense precautions of the great industrial plants where maximum production must be accomplished despite air raids. In the sense of duty and fairness which the best of British traditions involves, the workers

in those plants elect an air-raid sentry who shares with management's representative the authority and responsibility of deciding when the safety of the workers requires them to leave their benches and duck into air-raid shelters.

In other words, the essence of collective bargaining exists even during air raids. There is a job to be done and there are lives to be protected. Labor and management decide together quickly and efficiently when the bombs are getting so close that the job must be suspended, so that the workers may protect their lives and be able to resume their jobs when the menace moves away.

Here in our country the opportunities for a similar unity exist. The fact that the United States is a representative democracy would in itself remove one of the major obstacles to labor confidence. But I am afraid there is real danger of our failing to take the trouble of creating the network of labor representation from the bottom up to the top.

In contrast with Britain, where the trade-union movement had a complete network up to but not including the cabinet, here in the United States our trade-unions have no adequate representation, authority, or responsibility outside of Washington, with the exception of industries where the closed shop or very strong labor organization affords a basis for acceptance or veto on policies after they have been formulated.

There would be a greater measure of industrial democracy if we had local, State, and national industry councils, in which the elected representatives of the workers involved could sit with the employer representatives in developing with the Government representatives the blueprints of our defense program and the program itself.

If we as a Nation believe in democracy as a way of life, democratic institutions are necessary to that way of life, whatever responsibility or crisis may confront the Nation. After all, the external forms of government mean nothing. Democracy does not live in the dusty paragraphs of legal volumes or in the ghostlike taboos of traditional fiction. Democratic procedure has power because it mobilizes the minds and wills of free citizens, making them responsible equally with their governments.

The American Federation of Labor has rallied loyally to the defense of our Nation, but it insists upon the full representation and participation in the development and operation of the defense program. This is particularly true in view of developments in apprenticeship training, the semiskilled production training, the dilution of skilled trades, and the speed-up or stretch-out which may be involved soon in the defense program.

I have found absolute confusion in the minds of workers throughout the country in what the National Advisory Defense Commission is trying to do about training workers for defense work. This confusion grows out of a failure to understand and follow the fundamentals underlying a work-training program.

Labor unions are committed to the fundamental principle that work training should be done on the job, with the tools to be used under actual work conditions, and the training given by a real worker with practical experience.

Control over work training in a specific plant should be in the hands of a joint committee representing equally management and workers. This committee should be responsible for the supervision of training of apprentices, machine operators, and other production workers.

The related and supplementary vocational education which helps trainees better to understand the job and to become good citizens should be the responsibility of the educators and the schools. The schools and educators particularly need advisory representative committees of management and labor actually participating in their planning and administrative work.

Responsibility for training workers as employed persons can best be assumed and administered by representative groups in conjunction with State departments of labor. The United States Department of Labor should be the clearing agency where general principles covering wages, hours of work, length of training period, proportion of apprentices to needs of industry, shortage or oversupply of skilled workers, dilution or use of substitute labor, and other questions should be determined.

Let me say that unless the United States Department of Labor, the State departments of labor, and the American labor movement wake up and stop being so smug and contented, the educators are going to walk away with this whole program of training for defense. As one worker I have no hesitation in saying that my respect for our system of education and for educators on the basis of the job they have done is not so high that I am willing to turn over our defense program to them. I will take my chances with the Department of Labor.

I say quite frankly I agree with what my friend Dr. Lubin said about going to the Army and Navy. Of course, that is where we ought to go. They are the people who understand our military and naval needs. But why should we go to the educators to discuss the training needs of workers when we have a democracy, a democracy of workers and employers, in this Nation who should be used and who should be given a stake and equity and responsibility in the defense of this Nation?

Wherever personal welfare is involved, individuals have a right to representatives of their own choosing, possible only through organizations controlled by their members. Representation exists only when the group concerned designates its spokesman for the specific task to be done.

The possibility of damaging the labor movement by manipulation of the defense program is not so imaginary as some well-meaning patriots may believe. President Green and Secretary Meany of the American Federation of Labor saw the dangers, and their forthright appeal to the millions of American workers to count the preservation of labor's gains as one of the bulwarks of national defense was one of the most courageous statements yet made.

I have been in many parts of the Nation recently, and there is no hesitation on the part of the outstanding men in industry when discussing the changes necessary as they see it in the Federal wage and hour law, and other labor legislation. I can sit rather patiently and hear them argue the points in favor of changing some of the other legislation, but to be quite frank about it, whether it is an employer, a worker, an economist, or an educator, I think he has a lot of crust to argue for wages less than $12 a week.

In war as well as in peace, labor makes and uses the tools of industry, and carries on all the processes that make industries going concerns. Labor has accumulated experience that enables it to distinguish between the practical and the impractical, the efficient and the wasteful. Labor's experience and counsel are a safeguard against inefficient and wasteful management, as well as against attempts to prevent balanced distribution of the gains from joint production.

Full and constant participation by freely chosen representatives in the economic and social life of our country is as fundamental a function in a representative democracy as our constitutional procedure of representative government.

While in each case they are necessary means to an end, they are likewise an objective in themselves. To defend democracy, we must have democracy in action, and to defend democracy we must make sure that the democracy is fulfilling the purposes and functions which make it the ideal we seek to promote. It must live as a motivating force and a functioning reality which makes the lives of all of us happier and more secure.

Workers will fight to protect in every way the magnificent heritage which is ours. They will fight to keep it free from unfair privilege or unjust discrimination. Working together under a rugged democratic system of representation, we can protect our freedom as workers and our liberties as citizens from a challenge from foreign lands which faces every American businessman as much as the poorest worker.

Working together we can protect the American standards and institutions from any sabotage or assault, and I know in my heart that we will.

Let me say if I have appeared critical, and I presume that was why I was asked to come here, there is a method in my madness. I have seen during the past 5 years the consequences and the tragedy of the failure of the peoples of other lands. I have said often, and I say it here again today, that we have a rich inheritance. It is the richest inheritance ever enjoyed by any people. Let us not squander that inheritance.

Mr. DINWIDDIE (New York). We have had able statements by Dr. Lubin and by Colonel Fleming, and now by Mr. Watt, on the need for preservation of labor standards and their importance to defense. I should like to ask just one question along that line. I have heard that there is an organized movement to break down the standards for apprenticeship training, which have been so carefully built up over recent years, on the ground that breaking down such standards is a contribution to national defense.

Some of us who have fought that fight against specious pleas to permit exploitation, pure and simple, under the guise of increasing efficiency, are very eager to see that we preserve sound safeguards, to encourage real apprenticeship, and to prohibit abuses. We do not want fake systems whereby employers can discharge employees of 20 years' standing and experience, telling them they can come back at lower wages if they will be apprentices, or whereby workers can be held down to a low wage scale when they are getting no bona fide training at all. I wish Mr. Sarre would tell us just what is being done to preserve apprenticeship standards.

Mr. SARRE. As regards the National Defense Advisory Commission, the Labor Supply Division has been concerned in its efforts to help meet these needs that have been pointed out by Dr. Lubin. There has never been a case where we have lost sight of the importance of standards. There is no question, as I see it, why in the development of a plant-training course we should sacrifice what has been so ably done by the apprenticeship committee. There probably will be, as I have encountered it already, some misunderstanding due to a rather loose use of terminology.

I placed unusual emphasis on the word "refresher" because when Congress wrote the enabling legislation it included the word "refresher," and it further said that that work should be done for individuals who are on the public employment registers. The President and Congress, I feel, realized the essential importance of bringing back, through refresher courses, those people who were already skilled. By no stretch of the imagination, as I see it, can you develop

the use of refresher courses for anybody except those individuals who are skilled and who, for some reason or other, may have found their way into other occupations.

In discussions with Mr. Dooley, who has taken over the work which was set up by Mr. Young and his committee, I find that he has recognized the essential importance of the apprenticeship program and, as a matter of fact, I think he has been working on this with Mrs. Beyer and Mr. Patterson in an attempt to further that program as an integral part of any plant-training program that might be evolved.

I come back to the comment just made by the previous speaker, that it was essential that this spirit come from the States to Washington rather than from Washington to the States. I attempted to point that out before by asking a question of those who were here concerning their contacts in the respective States—but I did not ask for the answer—and I also mentioned these committees that are made up of a certain number of employer and employee representatives. Somehow or other, as I see it, there is a job that the folks in the State or States have to do, and that is to see that these committees function. If they are just window dressing and are not performing, why not put in some new members. I think that is one way to meet the problem of maintaining community contacts.

Again let me say that in the Commission our Labor Supply Division has never given consideration to a plan that fails to provide for the maintenance of standards and that does not include all the important things you have just talked about.

Miss SCHNEIDERMAN (New York). What Mr. Sarre and Mr. Dinwiddie have said is true, but I believe they failed to tell the audience that in New York State, for instance, there is a movement on foot, emanating from the department of education, to cut the work standards of young people. The demand is that they be exempt from unemployment insurance; that they be exempt from minimum wages, from the Federal wage and hour law, and from the compensation law. Of course, if that happens, I do not know what the outcome will be. That movement is emanating from the department of education, and it is quite likely that in the next legislative session in New York State amendments to the existing laws will be introduced to put this program into effect.

It seems to me that the reason the Federal program for apprenticeship training is so important is because of our experience during the last war. We had rationalization—simplification of industry. Men and women were taken in to perform semiskilled operations. While that expedited production we know that in the end these hundreds of thousands of men and women knew nothing about their jobs and

that they were just as unskilled and helpless as when they started. Had work been offered them in any of the skilled industries, they would not have known how to go about the job. Therefore, while the training period may be longer under the Federal apprenticeship training program, we will know that the boys and girls who undertake learning on the job will be better equipped.

We all know that few vocational schools are equipped with the latest machinery that is being used in industry. Someone in the vocational training service told me that in one school watchmaking was being taught by a machinist, and the tools used were machine tools. We all know that watchmaking is a delicate process for which you have to have special tools, and that watchmaking could not possibly be handled in the manner in which the training was given. In this particular school the boys and girls were wasting their time.

I do hope the United States Office of Education will take a stand on this movement that is starting in New York because we all know if it succeeds in New York it will spread throughout the country. It is a very vicious attitude that the gentleman in this particular State is taking, and I think he ought to be told by the United States Office of Education—because after all the funds do come partially from the United States Office of Education—that it will not stand for any such maneuvering.

Mr. LUBIN. I can say, without any hesitation at all, as far as the coordinating activities of the Defense Commission are concerned (and I think that Mr. Sarre will agree with me), we would rather that there be no training at all if the price of training is to be to exempt people who are being trained from the workmen's compensation law or any other laws set up to protect labor. How absurd to say that a person who wants to get an education must forego the right of being protected against an accident.

In its relationship with the educational authorities both in the States and in Washington, as far as the Labor Division of the National Defense Commission is concerned, I am quite sure that you can expect every possible aid in fighting any attempt to make the price of training the sacrifice of the things that for a generation everybody has held essential to decent industrial conditions.

Chairman MILLER. Even in full recognition of the concern and the understanding which we know exists in the Labor Division, and in the Commission also, in Washington, I think we need to face the other aspect of this matter which Mr. Watt brought up; that is, that the understanding needs to extend far beyond Washington. It needs to extend to all places where the question of training, and of the possibilities of spending the money which has been provided for this training program, is an active and vital one. It needs

to tie up local responsibilities with Federal ones—for reasons supplied by Miss Schneiderman, who has explained to you what is happening in New York. To tie in with the purpose, the standards, and the intent of those who are responsible at a Federal level is a job that we, as State officials, not only are particularly cognizant of but also have particular responsibilities for.

Mr. DURKIN (Illinois). I believe this is a very serious matter—serious insofar as the ultimate success of the program for defense is concerned.

I wonder, when we consider the shortage, or claimed shortage, of skilled men, whether any thought has been given to the manner in which goods and machinery and equipment are to be produced. Is this production going to be carried on in the manner which industry has been using for the last 20 years, mass production, or is it going to be somewhat altered because our aviation plants are not ready at this time for mass production and some of our other plants are in the same situation? If we are going to train people, that is one of the things that it is absolutely necessary to know—what system we are to use in producing the things needed for defense.

I know everyone is anxious to do his part. When the people representing the State department of education went to Washington, they were willing and ready to throw open all the schools for training, without having any knowledge of what they were to give training in. We had governors jumping the gun and appointing defense committees. We find in the State of California that two defense committees were appointed, one by the governor and one by the legislature, and neither of them were able to point out to these State defense committees what their duties were or what tasks they were to perform.

As I have just stated, everyone wants to do his part. However, as things stand now, nobody knows where to go to get the information, and as a result there is no coordination whatever at the State levels. It is high time that something was done.

First, we should find out what the shortages are, or what they are claimed to be, and then we should find out if we are going to need those highly trained people some claim we need. We find that the Civil Service Commissioner of the Federal Government is requisitioning specifications that were probably pulled down from the archives and which had been there since the last war. They require 4 years of apprenticeship training. Now, you can ask the officials of any machinist organization in this country how many of their members have had 4 years of apprenticeship training. They will tell you that in the last 20 years or more, machinists have not been trained in that fashion. I heard of one machinist who was lacking 2 months of 4 years' appren-

ticeship training and the Commission turned him down, would not accept him.

I was talking with a machinist who made breechblocks during the last war. He and 11 other machinists were engaged in that work, and there were a number of other machinists in the shop. He told me it was necessary for him to wait until another machinist got through with the lathe because he wanted to make a bushing for the breechblock, which the other machinist was also making.

We should take an inventory as to the methods by which we are going to produce and then find out what our shortages are going to be. In that way, we can train in an intelligent way. I believe that everything said about the educational people here in New York and what they are going to do is true. However, I do not think they are trying to do anything that is detrimental. They are trying to do a good job, but they do not know anything about labor, labor shortages, or the supplies of labor in this country. That is why I think it is necessary that the labor department be the coordinating department within the State and that that coordination should be at the Federal level.

I have seen people trained in Illinois and I know something of what is going on. As I said before and will say again, we are all trying to do a good job, but in our eagerness we have all jumped the gun. Schools were opened. We had machines there, and the children were away from school—it was during the vacation period. The idea seemed to be to load up the schools without much thought for anything except how many they could get in the buildings. Some of the people were being given refresher courses when they really should have been receiving a real training course. For instance, some were being shown how to run a shaper who had never run one before—that was the manner of selection.

In these training courses, 50 percent of those selected should come from the W. P. A., according to the program set up. I really think 50 percent should come from the W. P. A., but I do not believe that the W. P. A. should select them, because I do not think it knows how.

In the Employment Service of this country we have paid millions of dollars to train people how to interview applicants and to find out what their skills are. I do not believe people who are engaged in the selection of persons for W. P. A. projects are of the type qualified to make this sort of selection.

To give you an idea, in Illinois—and I do not know how the figure was arrived at—237 found employment after leaving these schools. Out of this number who found jobs in industry, 227 had been referred by the Employment Service and 10 had been sent by W. P. A. There might have been good reasons for that. Ten were on the pay roll of the W. P. A. and the others had to get a job in order to exist. At the

same time, I want to call attention to the fact that the industrialists of Illinois made their selections without anyone telling them that those people were from the W. P. A.

There is a tendency, I think, on the part of educators to train people in refresher courses without any regard for placement. If that is the case, you will find that millions of dollars will be wasted in this training program, because you will have to inaugurate another refresher course whenever there is any chance of placing these people in employment.

There are other things besides just finding people for jobs that should be done at a State level. In the safety departments of the labor divisions in many States there are facilities for assisting both the Army and Navy to do a good job for defense. It will be necessary for inspections to be made—not the type of inspections that has been falling to our lot in the labor department—in order to see that contracts are complied with insofar as materials and the like are concerned. In the last war, materials were tested in public utility laboratories or wherever they possibly could be tested.

Another thing the labor departments can do is through their industrial hygiene divisions. It is true that some of these divisions are in the health departments. I hope that many here who are from the labor departments will visit tomorrow the Industrial Hygiene Division of the New York Department of Labor. I cannot see how any labor department can administer factory inspections properly without such a division, and let me say here, that division belongs properly in the department of labor.

I do not know how any inspector can find out whether the dusts or other conditions surrounding the workers in industry are detrimental or not without an industrial hygiene division. In order to make an employer put his plant in order you have to be able to prove to him that certain unhealthful conditions do exist in his plant. How are you going to do this unless you can properly test conditions, such as air to find lead dust and silica?

We can assist the Army and the Navy as well as any other department involved in defense production by putting at their disposal our facilities and some of our personnel. One instance I have just mentioned—our industrial hygiene divisions.

Too much emphasis cannot be placed upon coordination at State levels, and if we do not have this coordination through the department of labor there will be a lot that will not be done as labor would like to have it done in industry. We have the N. Y. A. in this training program, but if you should ever let it have its way you will have some apprenticeship training. The same can be said for the public-school training.

You know, of course, it is getting near election time in my State. Some people thought we ought to have a defense committee in Illinois, and they wanted to know who would be a good man to represent labor. Last week they called me on the telephone to get my opinion. As I did not think it wise to answer on the telephone, I attended the meeting. After they had appointed the committee, I asked them what they were going to do. They did not know, but they said that 26 other States had already appointed defense committees or appointed somebody to represent the State. They did not realize, however, that the committees of the 26 other States were for the most part set up on the same basis and did not know what they were going to do either.

It is a very serious matter, and I think it is high time that someone be given authority at State levels to see that this job is done properly. We are going to do our part in Illinois, and I think labor has enough influence in our State to see that the job is done properly. We are not going to let the educational department walk away with the program. In my home city, Chicago, labor has two representatives as members of the board of education, and I am sure that these gentlemen will always see that labor is given the proper consideration.

It is time that on the Federal level authority be given to the United States Department of Labor to set up coordinating agencies at State levels, because the departments of education do not know anything about the industrial needs.

Curricula for training apprentices in refresher programs cannot be used. The type of training that has been given up to date will not work. The educators have been filling up available shops in the public-school system without consideration being given to what particular training is necessary for defense industries. If they find they can place 250 in a machine shop, they put them in. Then if they find they have plenty of classroom space, they will fill this up and give training in drafting because for this they do not need any machines.

MR. WATT. That is exactly what I had in mind when I talked about the worker being confused. Just as Commissioner Durkin has said, there is no head nor tail to the program. Within the past 3 weeks I have been at a meeting and after I got through discussing the question of training with W. P. A. representatives, the N. Y. A., the C. C. C., the Office of Education, the Federal Apprenticeship Training Committee, and several others I think most of us left there talking to ourselves. None of us had the faintest idea of what this thing was all about. I know that what Commissioner Durkin has told you is true, because I went into several cities and I found that just as soon as that $15,000,000 was handed out it was a bonanza for unemployed teachers and teachers

on their vacations. It had no relation that I could find, either in the East or the West, with the needs of the defense program.

The classes were organized on the basis of what our schools had equipment for. I do not know what they are going to do when the regular school session opens. A lot of people have asked me that question.

The question of coordination, as I see it, is the heart of the problem. I cannot emphasize too much that you have to have control in the State department of labor and industry, with standards set for 48 States by the Federal Department of Labor. They should be standards which no State will go below, but which every State will support with the proper administration and coordination of State departments of labor, employers, and workers at the State level. The educators will play their part only when related training is necessary. I see no other function in a defense training program that they should fulfill, and I hope that this group will see the importance of the argument presented by Commissioner Durkin, because in the last analysis it is extremely important to labor.

Miss STITT (Washington, D. C.). I have been tremendously interested in this discussion. This morning someone asked Mr. Patterson how many opportunities there were in industry to place these apprentices, and he said the number was very limited. Though I am in sympathy with your plan of training young people on the job in industry, I am wondering how much opportunity there actually will be for training large numbers of young people in this way.

Mr. WATT. If I omitted to say it, I will state now that all training programs should certainly be determined on the basis of our needs. Until a determination of our needs is made and established, no intelligent defense training program can be developed.

Mr. SARRE. The points raised by Commissioner Durkin are sound. Certainly, there is need for understanding and the need for coordination. This is realized in the Defense Commission, but as I attempted to bring out when presenting Dr. Reeves' paper, it is a big job and it takes time to do these things. It has taken time to get all of them moving on all the fronts where it was necessary to have them move at one time.

The Commission has been aware of the need for that type of coordination, and is now attempting to work out a plan which will provide the necessary machinery, not complicated, but as simple as it can be made in a regional coordinating program. Then we hope to get this State coordinating program you have discussed here today.

May I also remind you of another fact? The vocational educational program, as provided under the Defense Commission, is

fundamentally a State program and not a Federal program. In its efforts to attempt to train such workers as have been needed, the Federal Government, while paying the bill, is using State property. In making our plans we have not neglected to remember that this is a democracy and a government of States—each State jealous of its own prerogatives.

As to the question of need, I think Mr. Lubin pointed out how we have been trying to determine carefully, over the period of time available, the number of workers who are needed in these various institutions. We are being pressed, on one side, by a realization on the part of the people throughout the country of the need for action in providing defense protection and, on the other side, by the realization that we are trying to analyze and break down the real need, and not the supposed needs based on hunches.

The money available for the defense program had to be provided by Congress, as all of you know if you keep track of the movements of Congress from day to day. There is still a deficiency bill in Congress to be acted on, and as I remember there is some money for the apprenticeship program in that bill.

All of these things have been going on for months. When it was determined that it would be desirable to open these schools and to make use of them while available during the summer, in order to meet what appeared, as far as we could determine through the Army and Navy and information from the Employment Service, to be the required needs, we endeavored to indicate generally those industries which might be considered, or were considered at that time, solely defense industries. We have tried to make it clear that because a school had woodworking equipment there was no reason on earth to open it and put on a course in furniture making. We have worked along the line of finding out if, for instance, welders were needed instead of machinists, and if this was the case, we trained welders.

Here again we are going down as far as we can onto a State level, and encouraging this group and that group to do those things which ought to be done to meet specific needs in that particular locality. This brings us back to the local committees in the various States, and in Commissioner Durkin's State, because apparently he got into that State picture. I think he is doing a good job and getting results. It comes back again to that question of State level.

We are endeavoring—and I want to make it clear that the plan has not been fully developed—to set up a program which will make it possible for the parties interested in the various States to go to some one individual and find out from him the right course to follow in order to get something done that needs to be done.

The Employment Service and the Army and Navy have developed a list of some 570 occupations, this being on the basis of a study made of work now being done, contracts to be let, and demands as they appear on the books of the Employment Service, the approximate number of occupations which it is felt will require some type of work training to be provided.

As soon as that list is checked we want to issue it to the Office of Education to be used as a basis for training. In this way we can eliminate sign painting and fine furniture making.

With regard to the Civil Service Commission, let me say that it is endeavoring to streamline its set-up as far as possible with reference to its specifications and requirements. There again, remember, there is pressure being brought on all sides. On one side you have people needed for navy yards and arsenals and on the other side there is the question of standards of workmanship. You can find men and women who have certain abilities, but they lack this or that which may be required under the particular specifications. Some will say we must maintain standards, but this rule, if followed, will not permit the employment of these people in a job where they undoubtedly can do the work.

I think what Commissioner Durkin wants is an intelligent consideration of the individual as an individual and his ability to meet the needs of the job. If there is a situation in your community such as that pointed out by Commissioner Durkin, I think that if you will call it to the attention of Commissioner Mitchell or Colonel Fleming in Washington something will be done to remedy that situation. The Civil Service Commission has gone a long way with us on the question of the older worker and changing the age limit. The sky is practically the limit. If the Commission could get a lens grinder, I believe it would take him today even if he was on a stretcher.

Mr. DURKIN. That bears out what I said. I do not know Colonel Fleming, but I think the people in the United States Department of Labor do. I think that in many States the department of labor is not in the picture because the department of education of that State probably took over that training.

One thing that has a place in the defense program and that has not been touched upon is the conciliation service for the prevention of labor disputes. Now I am sure that the department of education is not going to fare very well in that regard.

We have in our State, and other States also have, apprenticeship training committees. All that is necessary in order to have a good committee is to have it enlarged. We have the secretary of the machinists' district council, and of the metal trades, the head of the

building trades, and of the allied printing trades on this committee, and it is only necessary to put on a few others representing the C. I. O. and A. F. of L. to make the picture practically complete as far as labor is concerned. If this committee were to be kept informed as to what is going on in the defense program, and was to be given a hand, I am sure it could do some constructive work in training apprentices for defense work.

I happen to know that one of our large public utilities in Illinois has employed 300 first-class machinists. The requirements it imposes upon those who want a job are very rigid—not over 44 years of age, good medical examination, etc.—but it has been pirating the trained-machinist market in our city (Chicago). It has never trained one apprentice, but it has demanded the best that others have trained. I believe that when things like that are called to the attention of a good, sound, intelligent committee which you have at your command (and I believe you can get it in this day and age), things of that kind may be corrected.

I have talked to the leaders of the machinists of Chicago, and I know that they are willing and ready to do anything they can in order to extend the apprentice-training program in industry. I think we have a good chance now to bring about a good, sound apprentice program in every State in the Union, and especially so at this time when so many are interested in defense.

Dr. PATTON (New York). Irrespective of whether or not we agree with Mr. Durkin, the only way this convention can act on his suggestions is for him to draft them in the form of a resolution and turn it over to the resolutions committee. If you want to get this convention to do anything, whatever action it may be, submit it to the resolutions committee, who in turn will submit it to this body where it will be voted up or down.

MR. BELL (British Columbia). I have listened with keen interest to the discussions that have taken place on this very important and far-reaching subject. In the calamity of war which has descended upon my country—a calamity which I most firmly and strongly state will eventually be even more calamitous to some other people before we get through with them—it is inevitable that our industrial life should undergo great changes.

One must be very careful in speaking at a time like this. We hear so much about fifth columnists. Now, I am not suggesting for one moment that there are any fifth columnists at this convention of the International Association of Governmental Labor Officials, but if by the merest chance there should be I hope they will go away feeling more enlightened than comforted by what I have to say.

The industrial life of the Dominion of Canada has undergone a complete transformation during the last year. It is no easy job to transform the life of any country from a peacetime to a wartime basis; but that is what has actually happened in Canada during the last year.

Yesterday I made some reference, first of all, to the enunciation of the policy of the Government that nothing would be allowed to stand in the way of our war efforts. That is the main job in Canada today. However, at the same time it was clearly stated from the most influential Government source that there would be no unwarranted or unnecessary breaking down of labor conditions that had been already built up.

Apart from that as a declaration of policy, we have gathered enough from what has already been said today to realize that there is another important factor which works toward that very end. Mr. Lubin stressed it so ably this afternoon that I hardly need mention it.

So many of the labor laws were first instituted by way of reform, by way of doing something to improve conditions and to remove evils that should not be allowed to exist. For example, there was the 8-hour day. It was not long after reforms like the 8-hour day had been instituted that they found support from another and unexpected quarter—the employer and the industry itself, who realized from the standpoint of production that they were an economic advantage. It has been shown that up to a certain point the worker's effort is productive but that if you overstep that point his production falls down. That in itself will tend to keep things within reasonable limits, because it is economically advisable that they should be so kept.

The trend of the discussion this afternoon seems to have swung around apprenticeship, and I am not going to dwell on any other aspects of the program in Canada except to mention one incident about apprenticeship that happened in my own Province and might be of some interest, if not of some help, in connection with the matter that has received so much discussion this afternoon.

In British Columbia we have had an apprenticeship program working in full swing for a period of 5 years. Perhaps in that respect we are more fortunately placed than some other places. From what I have heard I surmise that some of the cause of the difficulty is that the foundations of apprenticeship have not been so firmly laid and established as they have in some other places, so that you could proceed from that point. Now, however, you are confronted with this difficulty. Funds have been appropriated and set aside for the purpose, and this $15,000,000 I have heard mentioned is apparently very attractive to the educators. I do not even dare to harbor the thought, let alone express it, that the same $15,000,000 might be equally attractive to other people as well as the educators.

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The sooner you get your program going, the better. We have a well-grounded apprenticeship program in British Columbia. All the building trades and practically all the other important trades are under that act and have been for some time. The act makes it an offense for any employer to employ a youth, a boy under 21 years of age, at a designated trade except as an apprentice, fully indentured under the act. The employee cannot use the tools of the trade unless he is duly apprenticed in the trade.

Recently we ran into a somewhat difficult situation, arising directly out of war-supply production, in connection with the machinist trade. It was pointed out to our apprenticeship committee that there was a certain kind of work, which was termed "repetition" work or specialized work, and which a boy could do well and quickly if he could be kept on it, doing nothing else. In order to do that work, however, he had to use the tools of the trade. Now the boy may work on that job 20 years and never be a tradesman, but in the need of the hour with which we are confronted we had to give the idea consideration.

We discussed this problem with representatives of organized labor, and they agreed some special provision should be made to take care of that particular situation. Fortunately, we had a provision in the act which allows the apprenticeship committee in control of the act to permit a youth to be employed for 3 months by way of preliminary training before he enters the apprenticeship contract. We decided, therefore, we would handle it in that way, but we still have control of the situation. It is not thrown right open. The employer has to get a permit and assent from the controlling authority.

As much as we would like to see all those boys employed as apprentices and gradually brought along to the standing of journeymen, we are in a tough spot right at the present time. We want to make these shells. We want to get them out, and it is not of such great importance whether or not they are made by apprentices. The important thing is how quickly you can get that shell out to fire at a certain person whose name and residence I will not mention at this time. That is the important thing we have to work on.

We are still adhering to the policy of fair wages in Dominion Government contracts. We may have to relax on some of the regulations that we have established and enforced up to this time. I am not so optimistic as Mr. Lubin that we are going to get through this job without tightening our belts. In fact, we have tightened them a little bit already. I know we are going to tighten them some more, but I can assure you that if and when we have to tighten them some more, we will do so even if our spine cracks, because we are going to finish this job.

Chairman MILLER. I should like to ask Mr. Lubin a question. I recognize quite keenly the necessity for local knowledge and local action about what needs to be done and the planning to do it. But when it comes to a determination of how many people are needed of a certain skill, or a determination as to training, I cannot see that a local decision by itself is effective. After all, if New York City were to choose to train 5,000 lens grinders, there probably would be no reason why anybody else in the United States should train them. If all you do is to urge New York City, Chicago, New Orleans, or any other place in the United States to make up its mind as to what it needs in the way of trained labor or in training, it seems to me the result is chaos. There will have to be an over-all picture and an over-all relationship that make the localities aware of what they are called upon to do and what other people are going to do. Where is that coming from and where is it going to work in?

Mr. LUBIN. One place I think we can stop this lack of planning in the States is by having the labor people in the States and local communities take an active part in the defense program by presentation of resolutions, organization of committees, and any other device which would aid in locating skilled, unskilled, or semiskilled labor, as well as plants and sites for defense projects. There are many ways the local committees can help the National Defense Committee.

Miss WOJCIESZAK (New York). We know how skilled workers during the depression went into unskilled work and they do not want to let go of their jobs for fear they cannot get skilled jobs. Can they go to the local employment office and register their skill?

Chairman MILLER. The employment service offices are reinterviewing applicants very largely in order to get a fuller history than they had on file, and in this way we hope to have detailed information as to skills and the relation of the present job to individual training. Mr. Lubin has indicated that the unions are also actively participating in this work, and are getting in touch with their members who are not at present active in their own trades.

Defense Activities of New York State Agencies

From address by HON. CHARLES POLETTI, *Lieutenant Governor of the State of New York*

I note that in your program considerable emphasis is placed upon the role of labor in the defense program. As New York State Defense Coordinator, I have had the opportunity of gaining an intimate knowledge of many of the ramifications of our defense activities, and, more particularly, of the important part that State agencies that

are well organized for normal times can play and must play in emergencies like the present.

In the immediate future, there will rest upon industry—labor and employers alike—a responsibility that will be heavier than ever in our history. The manufacture of equipment and supplies for our defense forces is a task that will call for unfailing ingenuity, untiring energy, and unflinching loyalty.

Our experience in the World War showed what chaos results from the lack of smooth functioning in normal times. For example, when we went into defense production then, we had no employment service to match men and jobs efficiently and quickly. We had to organize the United States Employment Service in the midst of the World War to keep our defense plants moving. But now, thanks to the advances that have been made since the World War, we are in an unusually favorable position to cooperate in the national defense program. As one of the great industrial States of the Union, we have developed a machinery to meet peace-time requirements which is now invaluable in the present emergency, because it has functioned smoothly in normal times. In our State we have found the detailed knowledge of all industry normally possessed by the department of labor under Commissioner Frieda Miller, to be of invaluable assistance in our defense activities.

Let me refer briefly to some of the data bearing on the State's industrial resources that have been turned to good use in the defense program.

Through the Industrial Directory, which the State department of labor has prepared for a number of years, the names, addresses, nature of business, and number of employees for manufacturing concerns have been collected. This year, in cooperation with the Ives Legislative Committee and the State Planning Council, the directory—which is nearing completion—has been broadened to include certain other types of business, such as construction, transportation and communications, mining, and certain service trades. This directory will give us a picture of New York industry as a whole—its character and diversity, its growth, and the rise and fall of concerns. It will furnish the distribution of establishments by type, size of firm, and geography.

Then also the department of labor's inspection force is constantly collecting information on the number and location of idle plants in the State, their size and general condition, what they were previously used for and when, and the types of manufacture for which they are adapted. This is now proving very useful.

Through the State department of labor's placement and unemployment insurance and other records, we are surveying trends among

the "gainfully occupied," breaking those figures down to exclude self-employed and agricultural workers who are outside the area of departmental authority. We can thus know the structure of the State's total labor supply—employed and unemployed—and trends in that field. Through our employment figures we know a good deal about the labor demand—its total volume by major groups. We can examine labor surplus and labor shortages in each locality.

Placement and unemployment insurance records give us the volume and distribution of unemployment and something about how elastic this is. We know the characteristics of the unemployed, by age, sex, occupation, geography, and industry. Executives and employers in search of trained workers for jobs requiring special skills can obtain invaluable assistance from this inventory of persons registered for jobs with the New York State Employment Service. There are more than 670,000 persons listed by this service. Among these are large numbers of skilled workers with experience in industries which have a part in the defense program.

There is, I believe, too much loose talk about scarcity of skilled labor. It is definitely established by the records at our command that New York State has no scarcity of labor, skilled and unskilled. Of course, we cannot expect to find a reservoir of unemployed men all ready at a moment's notice to jump into some of the most specialized skilled operations. But there is no doubt that all kinds of skilled workers can be supplied by proper training.

In New York State we have made great progress in training employed workers to perform more skilled tasks. This stepping up of skills is proceeding rapidly. We are doing this through night and day courses in the vocational schools of the State. In the period of 2 months, the State in its localities has trained 28,000 men for industries connected with defense. They include machinists, welders, sheet-metal workers, electricians, mechanics, and draftsmen. Plans are now in operation to make possible the training of a hundred thousand men in these vocational schools. In addition, many private businesses in our State have established their own training programs for skilled workers.

There has developed an unfortunate tendency on the part of a few employers to seek workers from other parts of the Nation. Why? Some believe it is because of the desire of the employer to obtain cheaper labor or, perhaps, nonunion labor. Yet the fact remains: Today we have considerable available skilled and unskilled labor in New York State.

Before tapping the labor resources of another State, I believe that the employers of every State should make complete use of the labor supply existing within its own State. As State defense coordinator,

I would urge all employers in New York State to exhaust our labor supply, and I believe the same policy should be followed by other States. The Nation as a whole does not gain by causing unnecessary translocations and dislocations in the various States. Nor will it be in the interests of the taxpayers of a State to saddle themselves with the burden of furnishing relief to workers from other States when an economic slow-up occurs in the defense industries.

In New York State, the State employment service stands ready to give to any employer all assistance to obtain available labor from within the State. The same, I am sure, is true in other States. I would urge the employers of New York to make full use of the State employment services. You representatives from other States, I know, will undertake to have employers of your own States capitalize the splendid facilities of your governmental employment services.

We must preserve our existing labor standards. The good labor standards that have been built up in New York and other States have created and safeguarded the things that make democracy worth preserving. Labor, industry, and government have worked together to reduce accidents and disease—thus assuring to workers better health and steadier income, and to industry an uninterrupted flow of production. Labor, industry, and government have worked together for shorter hours and better wages, knowing full well, out of our experence in the last war, how vital these are to a high level of efficient production.

It is most important that we preserve the social gains that we have already made. This Nation has carried on a vigorous offensive against social and economic inequalities. That is why you and I who have found America the land of opportunity—who have been able to enjoy the blessings of democracy—are all the more eager to stand shoulder to shoulder to preserve and defend the American way of life.

Unity and teamwork are necessary in the task of preparing our country for defense. We must all pull together if we are to play the part required of us for the preservation of our democratic institutions. Governmental agencies must work together; government and industry must work together; workers and employers must work together—with a common mind, a common impulse, and a common purpose—if we are to keep pace with the tramp, tramp, tramp of present-day world events.

Wage and Hour Legislation

Operation of the Wage and Hour Law

By Col. Philip B. Fleming, *Administrator of the Wage and Hour Division, United States Department of Labor*

I was delighted when my good friend, Dr. Lubin, asked me to come here today and told me that I could talk a little shop. Not that I face you with the confidence of an oracle. I could talk pontifically by the hour about building pontoon bridges and dams, because that is what I have been doing ever since I got out of West Point. But I am a newcomer in this field of labor law. I am just learning to toddle about and am in no position to talk down to my elders.

Nevertheless, I welcome this opportunity to talk to you. I have been eating, drinking, and sleeping "wage-hour" for almost a year now, and it is good to find several hundred other persons who have been on a somewhat similar diet. We have a lot of aches, pains, and little victories in common, and there is no audience I can think of before whom I could feel more comfortable talking freely and frankly about these things.

Before I am through, I should also like to say a few words about the role of labor legislation, both in total defense and in the new world into which we have been so rudely crowded by recent events in Europe. This, too, has been very much on my mind of recent weeks. But first, I should like to give you a progress report on the activities of the Wage and Hour Division since my assistant, Merle D. Vincent, talked with you last year.

Probably the most important development during the past 12 months, from the point of view of this group, has been the conclusion of cooperative agreements with three States and the District of Columbia to make inspections under the Fair Labor Standards Act. Since the first of these agreements was signed only last November, it is still too early to give you more than the most general indication that we believe they will prove successful.

Drawing up these State-Federal agreements is a slow process. They are a new thing and we want to proceed cautiously. It is important not to set any precedents which we may not later be able to follow. At the present moment we have four agreements in effect. The first one, with the State of North Carolina was signed last

November. The other three, with Connecticut, Minnesota, and the District of Columbia, were not put into effect until this summer. So, you see, we are moving ahead very slowly, and we shall continue to move slowly until such a time as we are convinced, and the States are convinced, that we have worked out a system of cooperation which is mutually satisfactory. Only time will tell this. However, I should like to state quite frankly that, when and if the time comes that we are sure of our ground, we will conclude agreements with any State as soon as it is legally empowered to take this step and as soon as it can show us that its standards of administration are equal to those required for fair, efficient, and complete enforcement of the act.

The reasons behind these agreements are fairly obvious. In the first place, though there is only one State which has a wage and hour law for men, many States for years have been enforcing wage and hour standards for women. In addition, most States have been enforcing other labor laws which, though they are not in the same field as wages and hours, still have served to make those responsible for their administration thoroughly familiar with local industrial conditions. This is a familiarity which our people could not hope to equal until they had been on the job for some considerable period of time. We want to take advantage of that experience because it would undoubtedly make for more efficient enforcement.

The second reason falls in the realm of public relations. The average businessman is no different from anyone else. He hates to be bothered. Any lack of coordination on the part of the Federal and State inspectors is bound to be blamed on both of them. To the employer, an inspector, whether State or Federal, is a Government man. It is a little difficult for him to understand the overlapping of our functions, of which there is plenty, and his tendency is to blame this on poor administration. This is particularly true when inspectors from both agencies invade his plant, either simultaneously or within a short time of each other. I know how I should feel if two insurance salesmen from the same company appeared at my office within a few hours of each other.

There are other ways of coordinating our work in addition to State-Federal cooperative agreements or State wage and hour laws. We took up that problem at a very helpful conference in Washington in April. At this conference, held under the auspices of the Division of Labor Standards in the Department of Labor, our officials sat down at a table with State labor administration representatives and we thrashed out our mutual problems. To us in the Wage and Hour Division this was an extremely helpful conference. Out of it came some concrete recommendations for cooperation in the future. I am glad

to say that these recommendations have since been put into effect in many of the States and the results have been more than satisfactory.

Briefly, these plans called for frequent conferences between State and Federal staffs, and for exchange of information on each other's laws, violations, complaints, prosecutions, and regulations. In other words, the committee, composed jointly of Federal and State officials who drew up these plans, felt that a great deal could be accomplished by voluntary cooperation between the two agencies and recommended several common-sense ways of obtaining this cooperation. I commend these plans to your attention. We could both profit enormously from following them. To this I should like to add a personal invitation. Whenever you have a complaint about the way we are doing things, please get in touch immediately with our nearest field man. We are all in the same boat. Let us not be complacent about sinking just because we can blame the other fellow for pulling the plug.

There are two goals towards which we should always be striving. One is the most complete possible Federal-State coordination, both of our activities and of our regulations and standards. The other is uniform laws. The latter are highly desirable, but realism forces me to conclude that it will be some time before we have adequate wage and hour laws in all States of the Union. We must not be discouraged by that fact. After all, it has taken several generations of good hard work to get as far as we already have.

While we are on this subject, let me say parenthetically that I believe that whatever success the wage and hour law has enjoyed to date or whatever success it will enjoy in the future has a direct bearing on the future of State labor legislation. The public has been finding out in the past 2 years that we can set a floor under wages and a ceiling over hours without any real dislocation in our economy. And this, I believe, will help break down opposition to similar legislation in the States.

Now I should like to summarize briefly the progress we in the Wage and Hour Division have been making during the past year. First, I think we can safely say that now, after less than 2 years of this law, we have permanently built the principle of a floor under wages into the structure of America. I do not believe that there are more than a handful of persons, speaking relatively, who would today want to repeal that section of the law. The minimum-wage provision was under fire in Congress this spring, and the spontaneous manner in which the press of America rose to defend it was largely responsible for its survival intact. By means of this provision we have raised the wages of nearly 700,000 workers up to the minimum of 30 cents an hour required by the law. Many of those who sprang to our defense this spring had told us 2 years ago that this could

not be done without wrecking the Nation's economy. But we have tried it and it works.

I have come to realize that the public is much farther ahead in its social thinking than many of us have understood. Most New Deal legislation, as you well know, had to go through a terrific barrage of fire from the courts before it could be safely considered enforceable. You all remember the trial period of the National Labor Relations Act, when for 2 years between its enactment in 1935 and its blessing by the Supreme Court in the summer of 1937, it was practically unenforceable. Every time the Board tried to move against an employer, it would be faced with a counter-injunction suit tying its hands. Well, we in the Wage and Hour Division naturally expected a similar, though less bitter, struggle. But the courts, with almost no exception, have treated cases we have brought before them as if they had been waiting for years to have a law they could enforce against the sweatshop employer who chiseled his profits from the pockets of his workers and competitors. Judges have even gone farther, in some instances, than we ourselves felt we should ask them to go.

The second noteworthy milestone during the past year has been the success of the 10 wage orders we have issued, setting minimum rates between 30 and 40 cents an hour, industry by industry. We have invited representatives of labor, employers, and the public around a conference table, provided them with the facts, and let them tell us the most practical minimum wage for their industry. In this democratic way we have raised the wages of over half a million workers in low-wage industries—notably in the textile and apparel fields. We have tried that and it works.

Finally, I should like to tell you about enforcement. Our inspection staff is now more than twice as big as it was when I took over last October. And since last winter, we have decentralized our operations, giving the men in the field about as much authority to make their own decisions as could be wisely done, instead of trying to settle everything from Washington. As a result, violations are being cleared up nearly 700 percent faster than they were a year ago. In addition, we have inaugurated a series of industry-wide drives. The drive in the lumber industry is nearing completion in some parts of the country, and we are now in the midst of drives in five additional industries—leather goods and luggage, boots and shoes, hosiery, furniture, and woolen goods. We are planning to go from industry to industry, publicizing the results of the drives as we bring employers into line with the law, either through voluntary restitution of back wages or through court action. As you all know, the best way to enforce a law is to enforce it. The morning after a good case gets into

the papers, employers invariably line up in front of our field offices, check books in hand.

In addition to these plans for industry-wide drives, we are planning to get our inspections on more and more of a routine basis, under which inspections are made without reference to complaints. Employers know we mean business and they are obeying this law. We used to be told that it was a good law but it could not possibly be enforced. Well, we have tried that too, and it works.

Now we come to the question of national defense and its relation to labor laws generally and to the Fair Labor Standards Act in particular. It used to be fashionable in cynical circles to say that, of course, when we would get bang up against the problem of girding the Nation for defense, social legislation would all go up the chimney. The wage and hour law would become, according to these people, a ceiling over wages and a floor under hours, instead of the reverse.

Well, that talk is just nonsense. It is based on the false premise that our social and labor laws are mere candy sticks to keep the Nation's workers from whimpering.

These same persons make a plausible-sounding argument which has been springing up here and there in newspaper editorials throughout the country, beginning with the defeat of France. France was licked, they say, by the 40-hour week. The Walsh-Healey Act sets a 40-hour week on Government contract work and the wage and hour law will have a 40-hour week this coming October 24. Beware, they glibly conclude, lest we fall into the same trap which engulfed France.

Let us look at the facts. In the first place, the argument that the 40-hour week defeated France is grossly misleading. The French 40-hour week was in effect only for about 2 years—during the Blum Popular Front Government, which lasted only until the spring of 1938. After that time, in the face of a growing international threat, the French workweek was gradually lengthened. By the end of that year French defense industries were allowed to work as long hours as the German. The Nazis did not abandon the 48-hour week themselves until January 1, 1939, 9 months before the invasion of Poland.

In the second place, there is a great deal of difference between the French law and ours. The French law placed rather rigid restrictions on the working of overtime. Neither the Walsh-Healey Act nor the wage and hour law limit the workweek. Overtime is permitted, provided that time and a half is paid.

The nub of the argument in these editorials is that the more you work, the more you produce. The National Industrial Conference

Board, a highly reputable research organization, even went so far as to issue a report which stated, and I quote:

> It requires no complicated mathematical computation to realize that if this restriction on working hours (meaning the wage and hour law and the Walsh-Healey Act) were relaxed for the duration of the emergency to allow a 50-hour week, the productive effectiveness of the existing supply of skilled labor would immediately be increased by 25 percent; a 60-hour week (would mean) an increase in effectiveness of 50 percent.

In other words, every increase in the working hours will boost production in direct proportion. I do not need to tell this audience that this is foolish talk. If we followed the logic of this Conference Board report to its conclusion, we would find that our workers could produce three times as much in 120 hours as they could in 40.

All our industrial history proves just the reverse. Let me quote from a general order issued by the Chief of Ordnance and the Quartermaster General of the United States Army in November 1917, 7 months after we had entered the last war and at a time when we were in as great need for increased armament production as we are today. They said:

> Industrial history proves that reasonable hours, fair working conditions, and a proper wage scale are essential to high production. The pressing argument for maintaining industrial safeguards in the present emergency is that they actually contribute to efficiency. To waive them would be a short-sighted policy leading gradually but inevitably toward lowered production. It might be expected that an individual working 10 hours a day, instead of 8, would turn out more goods. He can, for the first few days. But experience shows us that in a few weeks, or a few months, the output will be the same, or even less, than it was during the shorter day.

In issuing its labor policy last week, the National Defense Advisory Commission unanimously endorsed this 1917 statement. The Defense Commission's policy, a very important and progressive social document, stated:

> In order that surplus and other unemployed labor may be absorbed in the defense program, all reasonable efforts should be made to avoid hours in excess of 40 per week. However, in emergencies or where the needs of the national defense cannot otherwise be met, exceptions to this standard should be permitted. When the requirements of the defense program make it necessary to work in excess of these hours, or where work is required on Saturdays, Sundays, or holidays, overtime should be paid in accordance with the local recognized practices.

The British have found out during the present war that long hours of work are inefficient. After the invasion of Norway early this spring, the Ministers of Supply and Labor called upon British workers to stretch out the hours of work in order to catch up with German production. On July 17, Mr. Bevin, British Minister of Labor, announced that hours of work would have to be shortened. "All the

evidence," said Mr. Bevin, "goes to show that we have carried on with these long hours too long, and production is on the decline rather than increasing."

That is the acid test—when, in the face of a Nazi blitzkrieg, the British reduced their hours of work in order to increase production. In an editorial following the day of Mr. Bevin's announcement, one of the leading English papers, the Manchester Guardian, had this to say:

> There comes a time when the spirit of patriotic resolve can drive the tired body no farther. That time is here. This does not mean that armament production must fall still lower. Reduced hours, on the last war experience, should soon send it up again, besides preserving stores of energy and enthusiasm for future urgencies.

What the editorial writer was referring to when he mentioned the last war experience was a series of experiments with shortening the workweek tried in British munitions factories. It was found that by reducing the workweek from 66 to 45½ hours, production did not go down but increased about 9 percent.

This experience with long working hours during wartime was not confined to Great Britain and the United States. Even Germany found during the present war that it would have to cut the workweek, because long hours were causing such a lot of sickness and industrial stoppages as to be a serious threat to production. The fact is that no modern industrial nation, whether democratic, Fascist, Nazi, or Communist, can get along either in peace or in war without social and labor regulation.

The argument that a serious labor shortage in some of the skilled trades necessitates longer hours of work is likewise, to my way of thinking, misguided. There are today 8 or 10 million Americans unemployed and looking for work. Many of these do not have the proper skills to fill the jobs which have to be done. True, but what we must do is to train these people, not work those who are already trained longer hours and continue to support our unemployed in idleness.

To combat the threat of fascism, which is a threat of production as well as a threat of military force, we must call upon all the human resources of the Nation. We will need the brains and labor of all our people. Let us place our energies into training them so that we can use them when the time comes and not find ourselves in the position of England, which, faced with the greatest crisis in her history, had men standing idle while machines cried out for reinforcements of fresh, skilled workers to tend them. The penalty of time and a half for overtime contained in the wage and hour law is a worthwhile prod to employers to get them to train skilled workers now.

What about the future? What about the brave, new world into which the events of Europe are hurtling us? The picture is indeed black, but not completely so. To compete with the totalitarian nations we must make this economic machine work. Only by doing this can we hope to preserve our democracy. Freedom cannot be bought by arms alone. Its price is also measured in terms of human welfare.

The wage and hour law is one of our weapons in that fight. By it we are gradually raising the consuming power of those at the bottom of the economic ladder. It is among this group of our fellow citizens that there lies the greatest unexploited market for American goods. We need not go to Europe, China, or India to find outlets for our products. A third of the Nation's families have to live on less than $780 a year. Any nickels, dimes, or quarters added to the pay envelopes of the breadwinners in these families go right across a store counter for food, shelter, and clothing. Decent pay at reasonable hours—that is how to put America back to work. But, excluding agriculture and a few occupations specifically exempted by the law, our law covers only one out of three of these workers. The other two are engaged in pursuits which do not fall within the province of the Federal Government. They are your responsibility.

We must become a hard-hitting, economic machine, not of slaves, but of free men. We have known this for a long time, but we are a little slow in doing something about it. The present situation reminds me of a story told me recently by a member of the staff of the International Labor Office, who, at the time of the Nazi invasion of the Low Countries, was in Bournemouth, England, where the Labor Party was holding a convention. Early on the morning of the 10th of May my friend was rudely awakened by one of the leading members of the party who led him down the hall to his own room where half a dozen newspapers were spread out on the bed. The headlines told the story of Hitler's invasion of Belgium, Holland, and Luxembourg. The Englishman wasted no breath cursing the Nazis. He pointed to the headlines and said: "It's come. Now, at last, we in this country will get down to work."

America, too, is waking up. The threat from outside is doing it. As she girds herself for victory, she is taking stock of her assets and liabilities. Second only to her lack of armaments among the latter loom the unemployment, want, and hopelessness of a large body of her people, striking at the very heart of their faith in free government.

And so I say, now, at last, we will get down to work. The work we must do, besides the pressing job of turning out guns, airplanes, tanks, and battleships, is the work of making democracy mean some-

thing to the millions of Americans who will be called upon to give their utmost to defend it. It is a rude awakening. But it is releasing the tremendous energy of our Nation, which, if guided right, will make us a united, strong, and happy people.

Discussion

Chairman MOONEY. Mr. Forrest Shuford, of North Carolina, who is engaged in administering the law there, and Mr. Harvey Saul of the Department of Labor in Rhode Island, will lead the discussion on this subject.

Mr. SHUFORD (North Carolina). I feel that all of us while listening to Colonel Fleming must have been inspired. In the first place, I believe we all feel quite fortunate to have as Administrator of such a great piece of social labor legislation, at this time of crisis in our country, a man who has spent most of his life in defense work and who is a recognized authority on it. He will be listened to by those who are engaged in work necessary for the defense of this country. It is significant that as Administrator of this great piece of legislation he feels that our plan of work can be carried on within the social gains that have been made, and that those gains are an asset and not a liability. I think that is particularly important.

With respect to cooperation between States and the Federal Government in the enforcement of this legislation, there is of course much that can be said. Last year when this conference met in Tulsa, we in North Carolina had under consideration the matter of whether we wanted to be a guinea pig in this particular plan of work. Frankly, I was not sure whether I wanted my State to be one, because sometimes guinea pigs do not get along so well. Nevertheless, I thought it was very important to have State-Federal cooperation in the administration of this law if it could be worked out satisfactorily—as Colonel Fleming has expressed it, mutually satisfactory. There was considerable doubt in my mind at that time as to whether this could be done, for I knew there were a great many obstacles which would confront us in trying to work out such a program. However, as Colonel Fleming has pointed out, in November we did enter into an agreement with the Federal Government.

Although the agreement was actually signed in November it did not go into effect until the first part of 1940 so we have not had quite so long a time as would be indicated by the date of the signing of the agreement. It took some time to get the plan into operation. When we began operation in 1940 we had to train personnel and to learn the policies and procedures of the Wage and Hour Division

before we could actually get down to work. I think now, after about 8 months' experimentation, we have a feasible and practical plan of enforcement of the wage and hour law. I think it can be done to the mutual satisfaction and benefit of the State departments of labor and of the Federal Department of Labor.

Colonel Fleming has pointed out some of the obvious reasons why we should work cooperatively. He has not said a great deal about the difficulties. We have encountered them. His organization has encountered them during the past 6 or 8 months, but they are gradually being overcome. Sometimes it seems like a mighty slow process to me, and I believe to Colonel Fleming, but still I think the difficulties are gradually being overcome.

One thing which Colonel Fleming has done—and which he did not mention—is that he has appointed an assistant to aid in handling the problems which arise between the State departments and his Division. Frequently these problems are a bit different from the problems of the regional offices or branch offices. This assistant is to assist us with the problems which we have. Unfortunately, since this plan was inaugurated the assistant has had to be away from his office so much that we have not had access to him, or I might be able to comment a little more intelligently upon the progress which could be made with this particular plan. However, having this assistant administrator to consult on unusual types of problems and difficulties which arise should be of much value to us.

I think also that the conferences which Colonel Fleming mentioned are essential and of much importance. Such conferences are important to those States which have a cooperative agreement or those which may enter into a cooperative agreement, and they are highly important to those States which do not have a cooperative agreement. Colonel Fleming mentioned one such conference, which was held a few months ago, from which he said a great deal of good was derived by the Wage and Hour Division. I am sure that applies for the States also.

I should like to say just one other thing, a little bit foreign maybe to the subject which I am discussing. Probably some of us feel that the Wage and Hour Division has moved rather slowly with respect to getting our own agreement working smoothly, but being as closely associated with the administration of the law as I have in the past few months, and knowing something of the volume of work which has piled up and which had to be cleared away, I am of the opinion—and perhaps the colonel could enlighten us on this—that the greatest efforts of the Wage and Hour Division have been toward getting this backlog of work out of the way. That was the thing of most importance—the thing we were having complaints about all the time.

Why does not the Wage and Hour Division do this and that? I think perhaps that has been its objective although I have not been told so. If so, I am of the opinion that we are in a position, or will be during this year, to move more rapidly in our own State with this work, and perhaps the Wage and Hour Division will gain further information from its experience in dealing with us, which will enable it to work out better agreements with other States in the future, as outlined by Colonel Fleming in his address.

Mr. SAUL (Rhode Island). From my observation there is no Federal legislation or regulation that involves the State departments of labor as much as the Federal Wage and Hour Act. I have been following what has been said, of course, with a great deal of interest. I fully concur in what Colonel Fleming has said in respect to the policy of moving slowly in setting up Federal and State cooperation in a formal manner. I would much rather see it done slowly and well than see it done rapidly and poorly.

It happens that in the State of Rhode Island, at my instigation, legislation was passed at the last session which will permit us to enter into an agreement with the Federal Wage and Hour Division for State and Federal cooperation. We are now awaiting investigation from your Department, Colonel Fleming, to determine whether or not our standards are such that we can enter into cooperation with you.

There are two or three thoughts on my mind which are in the form of suggestions. I feel they are constructive, and I hope that they are.

In the meantime, while this formal State-Federal cooperation is being set up, it does impress me that there are certain things that could be done to help the States, inasmuch as we are so much involved in this—especially those States where we now have minimum wage laws.

I believe it is important enough to suggest to the Wage and Hour Division that it set up a special section to be devoted to State and Federal cooperation on the enforcement of this act, so that we will be prepared to give better interpretations than we are now able to give. We get releases, of course, from the Wage and Hour Division (the mimeographed releases), but I think one should be gotten out for the particular purpose of serving the State departments of labor. It should explain certain things that are not explained in the mimeographed copies; and, Colonel Fleming, I should like to offer that as one suggestion. I believe that it would be very helpful to us and to you in administering the act.

There is one thing that we have observed in New England—I do not know whether it applies throughout the country—and this may be

taken somewhat as a criticism. It is my impression from what I have observed that the desire for State and Federal cooperation in the enforcement of this act is not so enthusiastic on the part of the regional officers as it is at the headquarters in Washington.

I was very much interested in what you had to say regarding the economic advantages regarding the enforcement of this act. I should like to offer as a suggestion that these advantages be emphasized more throughout the country from your Division. In other words, it is not merely policing an act that has been passed, but there are certain virtues in the act that I think should be understood and emphasized.

I fully agree with you that the extension of hours does not extend production. I have had some experience of my own along that line, and I believe that if more educational work could be done to show the economic as well as social benefits of the act it would be much easier to enforce.

Mr. HINES (Pennsylvania). Briefly, I want to say, as one who has been identified with organized labor, that I am intensely interested in the practical administration of all labor laws. When I first became secretary of labor and industry in the Commonwealth of Pennsylvania, about a year and a half ago, the first thing I did was to visit Washington and confer with Mr. Andrews, seeking an opportunity to cooperate with the Federal administration in the enforcement of the minimum wage and hour law. At that time I was told that the machinery had not been set up, but that possibly in the near future something would be developed that would bring us into the picture.

Later on we again visited Washington and again offered our services on any basis that the Federal Government might set forth which would be mutually agreeable and desirable to both the State of Pennsylvania and the Federal Government. We were told that some representatives of the Department of Labor would visit Pennsylvania and make a survey, and they did. I do not know, Colonel, whether or not you ever saw that report, but I think you should see it.

In my opinion, a very sincere effort was put forth to cement relationship between Pennsylvania and the Federal Government. I do not think we have any reason to take second place to any State in the Nation so far as facilities and labor laws are concerned in this country. Yet the report was filled with nothing but trifling criticisms of the manner in which we conducted our affairs in Pennsylvania.

We were not seeking an appraisal from the Department of Labor of the Federal Government on how we do things. What we were seeking was an opportunity to cooperate. Not a word was said in that report, nor a suggestion put forth since, as to how arrangements can be worked out so that we in Pennsylvania can cooperate with the Federal Government.

I have a suggestion to make. I know, from reputation and from what I have seen of you today, that you are a practical person. I should like to have you designate someone to come into Pennsylvania to confer with me or some other responsible person, and I am sure, after we are through, we can find some basis to work out a cooperative arrangement.

Chairman MOONEY. Colonel Fleming, is there anything you wish to say?

Colonel FLEMING. I shall be very glad to send someone to Pennsylvania.

Mr. LUBIN. May I ask what might appear to be a similar question to that raised by Mr. Shuford—difficulties experienced in cooperative agreements? Could Mr. Shuford tell us of some of these difficulties? I think those who represent the various States, as the time arrives, will make cooperative agreements and will want to avoid those difficulties. If they know what to expect ahead of time they can perhaps save a lot of time and mistakes. In any event, I think we would all profit by finding out what it is, Mr. Shuford, you had to fight about and other difficulties you had to solve.

Mr. SHUFORD. Mr. Lubin, I think it would be a little bit difficult to enumerate the difficulties, because a lot of them are small. A lot of them are petty things which in due time can be ironed out. In different States you have different laws and different procedures. There is the matter of publicity, which created some difficulties in our State—not because it affected the work of our department but because of the way it affects relationships between the public and the department. There are various things of that kind—some of them trivial in themselves—but when you take a number of them together they become important, particularly in public relationships and public reaction.

As I see it, the thing that Colonel Fleming's office should try to do (and I believe they are trying) is to realize these difficulties and eliminate them when they can, so that these same difficulties will not confront them in the future. That is one of the results of carrying out an experimental plan rather than trying to enter into cooperative agreements with many States at the same time.

I think that one of the ways in which many of the difficulties can be straightened out is through the procedure Colonel Fleming told me he is adopting; that is, having some particular person on his staff to handle these things. I believe as this particular individual can devote more of his time to this work most of these minor things will be taken care of. To enumerate them would take a great deal of time.

Colonel FLEMING. I can tell you one. Our Division, during some litigation, was particularly anxious to get some information about a

concern in North Carolina and sent a man post haste to get this information. One of Mr. Shuford's men had been there the day before. He was not told we were sending a man down there. We corrected that and we would never do that again. We could have gotten the information from him, but it was just a result of moving too fast.

Chairman MOONEY. Connecticut has been in the same category as North Carolina, and, in fact, just a short while back such an agreement was concluded between the United States Department of Labor and Connecticut.

I think it might be well to say that the difficulties are mutual—not only on the side of the State in its encounters with the Federal Government, but also vice versa. One of those that we found in Connecticut is that a great number of people in the State government must be consulted and advised of what is going on. The approval of the legal division, of the governor, and of the fiscal officers must be obtained in the State. Likewise, on the side of the United States Department of Labor, the Wage and Hour Division, the Women's Bureau, and the Children's Bureau, and apparently a host of other people in the Federal Government must peruse the agreement, criticize it, modify it, and then send it back for changes.

I have found that Colonel Fleming and his staff have been very long-suffering, tolerant, and patient in our attempts to work out an agreement. Perhaps our agreement is typical of New England, as New England has always been reluctant to enter into agreements with the Federal Government.

We feel the difficulties are being worked out, and in my own opinion none of them is insuperable. The experiment is a vital one, not only to the future of the Fair Labor Standards Act, but also to the progress of State legislation and the attempts that all State labor departments are making to raise legal standards and labor standards throughout the country. I suspect the raising of those labor standards will in large measure depend upon the success of this cooperative effort.

Mr. DURKIN (Illinois). During the past year there have been great changes for the better in the administration of wage and hour law in Illinois. Of course, I cannot speak for the other States. I know that a great deal of the complaints that we had to offer before was because of centralization of administration in Washington.

The decentralization brought about a condition whereby, I believe, the administration has speeded up, as has been reported by Colonel Fleming. Now, I feel that in the administration of a law of this kind where you have complaints, whether they be from individuals, industry, or officials of labor organizations, if the administration is

centralized in Washington little information can be given to the people whose cases you are handling under such conditions.

We find in the administration of unemployment compensation, where complaints are made in local offices and the administration of the law in a central office within the State, that when people do not receive their checks they feel somewhat offended when the clerk in the local office cannot tell them the reason why. You can readily see the condition that would be imposed upon your State representatives unless they had something to do with the processing of complaints within their States.

I believe further steps in decentralization should be taken, and when that is done you will find that you will speed along much faster and that the States will be more ready to cooperate, because we in the States feel that we cannot have a lot of complaints registered against us as administrators when we do not know what answer to give.

Mr. GAMBS (Washington, D. C.). During the past few years I have been close to the European labor situation through membership in the United States permanent delegation to the International Labor Office. I wish to express admiration for the great accuracy with which Colonel Fleming has described the situation abroad and particularly to emphasize the truth of what Colonel Fleming has said about the situation in France. Early in 1938—and even before, I believe—French labor offered, through its leaders, to work longer hours in the defense industries if that became necessary or feasible. All during the last winter of quiescent warfare France worked excessive hours; England did not. We see today that resistance is not directly related to hours spent in labor.

Total warfare, far from creating general shortages of labor and therefore to demand generalized increases in hours, seems, indeed, to create unemployment—or, at least, occasional "pockets" of unemployment. Women are not being used overmuch in Great Britain today. The need for increased skilled workers has not yet become acute enough to induce employers to cooperate in a broad apprenticeship program. Recently Mr. Bevin, Minister of Labor, complained before the House that future productivity was being jeopardized as the result of current practice. We conclude that even today labor shortages do not seem very real to the British.

Colonel Fleming spoke of the relationship between social legislation and defense. Among all the belligerents and many of the former neutrals, the outbreak of war brought forth increased rather than diminished protection through social legislation. In England—to mention what comes first to mind—milk is being sold on the basis of

need; unemployment insurance has recently extended its coverage rather far up into the white-collar class; what 6 months ago was trade-union collaboration has recently become Labor Party participation in Government. Exciting things are being said in the House of Commons nowadays. To those who must admit that, in the nature of things, a period of warfare may not be an opportune time for the extension of political democracy, but who believe that such a period may be most opportune for the extension of industrial democracy—such persons will find that a reading of the current British Parliamentary Debates is of breathless interest.

Chairman MOONEY. In connection with the problem of training, I wonder if Mr. Patterson, who is chief of apprenticeship of the Division of Labor Standards would like to make any comments or give us any of his observations on that problem as it exists today.

Mr. PATTERSON (Washington, D. C.). Mr. Mooney, I was particularly interested in Colonel Fleming's statement that the retention of a limit on hours at the present time serves as a prod to employers to do more training. That is substantially correct. It has focused attention on training. I was particularly interested in what Mr. Gambs said about the employers of Great Britain being reluctant to spend the time and energy necessary to train workers during a period of intensive production.

In this country we are proceeding on the basis of defense training without dictatorial methods, without compelling the employer to subscribe to it. In our program and activities we have discovered one point worth mentioning here. As a result of surveys of national manufacturers, it has been indicated that certain employers feel that operation of the wage and hour law has deterred training. We know that this is not true. It is unfortunate that misinformation of this type is being circulated. I know Colonel Fleming has tried to correct this impression through press releases. This has done no end of good.

If these associations are really eager and anxious to see training increased throughout industry they could distribute information to their members that the wage and hour law allows exemptions of apprentices working under regular apprenticeship programs. The Walsh-Healey Act does the same thing. We can state emphatically that the operation of those two laws in no way tends to hold back training on the part of the employer. It is truer than we want to believe that employers have not taken hold of the training program or training problems as they should. They have not accepted their proper share of the burden. Some large employers have done excellently along this line, but a large number have not. Much less than half have systematic training programs of any type. It is still hit-or-miss. One thing that could be given further attention

is a systematic training program under standards that put efficiency first, especially at a time when we need to get quick production. With on-the-job programs there should be a careful mapping out of operations in advance and a rotation of work so that a person comes out a skilled craftsman, an all-round better worker than is developed by hit-or-miss methods.

On defense training we hear a great deal right now about the contribution to be made by the apprentice. We also hear that an apprentice has no place in defense training because it is not until the end of 4 years that he can be of any value. That is not a fact. Testimony of employers indicates the contrary. Within a matter of a few months, if the training of the apprentice is regularly, systematically, and properly rotated, and the employer starts the actual training at the beginning of the apprentice period, it is shown that the statement that apprenticeship training does not contribute materially to current needs is a fallacy. We should all feel, and I wish the country at large could feel this, that the wage and hour law, rather than serving as a block or obstacle, really serves as an encouragement.

We have had all kinds of committees—national committees, official committees, joint labor and management committees—for the past 18 months working on the problem. How can we provide a means whereby the apprenticeship institution of this country can be greatly increased? We have canvassed interested persons, and the consensus of opinion is: "We don't need that sort of thing. What we need is to provide the employer with some type of technical advisory service to help train men." That seems to be the answer.

There are many mild incentives working for the adoption of apprenticeship. One is the regulation of the wage and hour law whereby bona fide apprentices can be exempt from minimum-wage requirements. There was a great deal of misunderstanding on this last year. Some felt that after-work hours of schooling of apprentices should be paid for at overtime rate. That mistaken notion has been properly scotched by the Wage and Hour Division. I believe that the more information we can disseminate among employers along these lines, the more we can get their help in this situation.

Mr. DINWIDDIE (New York). I agree very heartily with Mr. Patterson. I was interested in what he said about there being difficulty about numbers. Do you mean that there are plenty of applicants and plenty of opportunities for apprenticeship training?

Mr. PATTERSON. There is no problem in getting apprentices. We have dozens of requests daily from youngsters asking us to find apprentice jobs for them, and from those working in plants under hit-or-miss training programs who are anxious to become apprentices.

Mr. DINWIDDIE. But you did not mean there are plenty of opportunities for training?

Mr. PATTERSON. No, I did not mean that. We do need an increase in the number of companies carrying on training of apprentices. That is the core of the problem we are facing.

Mr. DAVIE (New Hampshire). The State I represent has cooperated right down the line, even to enacting laws. I want to say that the district office (Boston) has cooperated with the State. I am more interested in what Mr. Patterson had to say. We seem to be running wild on this apprenticeship problem. Being an old trade-unionist, I have a few ideas on the problem.

We tried to give to the employers of this country the proper quota of apprentices to take the place of men who through age, etc., had to quit the business. Just now there seems to be an overemphasis on apprentices. I think perhaps the logical way to get at it is for our employment services throughout the country to pick out all the men who are already skilled and trained in different crafts, to be at least a nucleus for our defense program, and after we find how many are available (and I speak in particular of the man about 40) we will have a very good foundation on which to start this program. Then find out how many younger people we need and train them. I think we should pause and find out how many men in the industrial scrap heap can do this job.

We have gone down the line with the wage and hour law. We adopted a resolution to go along. We went into Tulsa with that frame of mind. We drew a model bill, and I think nearly all of the States introduced that bill for cooperation. I am still hoping that these little angles can be ironed out, and that when we go to another convention a great many more States will be cooperating with the Federal Wage and Hour Act.

Chairman MOONEY. Mr. Davie speaks out of accumulated wisdom as he has for 25 or 30 years been commissioner of labor in New Hampshire. Mr. Davie, my understanding is that Mr. Patterson and members of the Defense Commission are now working along the lines you mention.

Mr. DAVIE. They are not going along fast enough.

Mrs. BEYER (Washington, D. C.). Following up what Mr. Davie said, I think that we must face realistically this training of labor for the defense program.

We should use the unemployed and the people who have gone into lines where their skills are not used first, putting the latter group back into jobs that are important to defense. The refresher and supplemental training courses are essential to getting the utmost

possible out of our labor supply. At the same time, we must realize that for 10 years or more we have not been training young people for the skilled trades. There was no sense in training people for jobs in which the market was already overcrowded. It would have been foolish to train bricklayers, masons, and carpenters for nonexisting jobs. Now, with an expanding market, we find that our workers in skilled trades are mostly in the older age brackets and the unions themselves are coming to us, saying, "We want the apprenticeship program to expand and we will cooperate with you in every way possible to make it function."

One of the cardinal principles of apprenticeship is that the supply must meet the needs; that there must be a constant balance between these two elements. At the same time, we know that the defense program is going to require a great many more skilled mechanics than any situation that we, as a Nation, have ever faced.

Mechanized warfare requires armies of mechanics. We should be training those mechanics, and the only way to do that is within the framework of industry. There has been far too much talk about turning out skilled workers in 6 weeks. You cannot make a mechanic in 6 weeks. That is certain. There will be need for short-time training courses for certain types of skill, but you cannot turn out a skilled mechanic except after a long period of training on the job. There is need for a clear understanding of the different phases of training and for a recognition that for skilled trades training must be done on the job over a period of time according to a definite work schedule.

Yesterday, I was fortunate enough to visit the director of apprentice training of the American Airlines. We are very proud of that apprenticeship system, since it was the Federal Committee on Apprenticeship that was instrumental in getting the program set up. Those apprentices are put through a very rigorous course of training. They are moved up within the plant step by step so that at the end of a 4-year course they really know their stuff. In fact, they really know it better than the old-time mechanics, because they have the advantage of a well-developed program with related instruction.

I asked the director of apprenticeship whether he had difficulty in getting the mechanics on the job to cooperate in training apprentices. He stated that he had no trouble at all; that, on the contrary, the men want these boys to progress and become real mechanics.

An apprenticeship program should be worked out by the management and the unions together. The unions should never let it get entirely out of their hands. Because, if a lot of half-baked mechanics are produced, the unions of the future are going to suffer. They are the ones who have to take the "rap" for poor workmanship. In

view of this fact, I think we can safely count on having trade-union support in our efforts to promote apprenticeship.

Mr. GOLDY (Illinois). I do not want to digress from the topic under discussion, but I think it might be well to consider the way in which other legislation and policies impinge in effect on the ones we are discussing at the moment, i. e., wage and hour laws and vocational training.

A month or two ago the American Management Association issued a release which many of you may have seen. The release referred to the conflicting incentives which employers have as a result of wage and hour laws and the merit-rating provisions of unemployment compensation laws. An employer covered by the Fair Labor Standards Act, the provisions of which Colonel Fleming has clearly described, must pay his workers time and a half if he wishes to work them overtime. Consequently, the Fair Labor Standards Act provides an incentive to employers to hire additional workers when production must be increased, rather than to work them overtime. On the other hand, the majority of States have merit-rating provisions in their unemployment compensation laws which give employers a direct incentive to work men overtime rather than to hire new workers for peak periods of production. Many employers seem to prefer overtime work to hiring additional workers when the period of employment for which they are considering adding the additional workers is of indefinite length or is known to be impermanent. The employer utilizes this method to prevent a charge to his merit-rating account which occurs when workers are laid off and receive benefits.

The American Management Association release described these conflicting incentives and indicated that employers all over the country are discussing the problem. It appears that most employers have concluded thus far that it is to their advantage to work their employees overtime, and to pay the required time and a half, rather than to suffer the penalty of an increased contribution rate under the unemployment compensation laws.

If employers persist in this policy, it may have some effect on the problem of training skilled workers. At the present time thousands of workers, recruited by the State employment services and by W. P. A., are enrolled in "refresher" courses which are being given under the auspices of the Office of Education. The most recent figures indicate that 169,000 individuals are enrolled in these courses for the purpose of brushing up on skills which have been partially lost through lack of use.

If employers preferred to take on additional workers whenever their production load increased, rather than to work their current personnel overtime, it would provide frequent opportunities by way of

part-time and stop-gap jobs for skilled workers who were unemployed so that their skills would not deteriorate through nonuse. On the other hand, if the merit-rating incentive operates to stabilize employment so that certain workers are frozen out of jobs, while others are required to work not only full-time but overtime, we will, in every period of less than full employment, be confronted with a considerable loss of skill from nonuse. This practice will also make it difficult to effect a smooth transition from a condition of total unemployment to one of full employment for those individuals who have taken refresher training courses.

In determining the adequacy of the present penalty of time and a half for overtime in wage-hour laws, it is my opinion that the conflicting incentives just described should be taken into account. It may be that an incentive of double time for overtime is needed.

Chairman MOONEY. Mr. Goldy, I think, has brought out a very interesting and a very important apparent conflict in these laws which are under discussion this morning. I suspect Mr. Goldy has a solution by the gleam in his eye. Mr. Lubin suggests the solution should be double time for overtime. In order to avoid what might be a controversy on something which is slightly afield from the topic under discussion I will not ask him what his solution is at the moment unless there is sentiment for it in the audience.

Miss STITT (Washington, D. C.). I am wondering to what extent it is necessary to reduce the basic minimum wage of 30 cents an hour for beginners in the skilled trades for which apprentices are being trained. How many of them would begin at less than 30 cents, the basic minimum wage?

Colonel FLEMING. I think I can answer that to some extent. During the total time the wage and hour law has been in effect we have granted exemption to only a little over 100 apprentices.

Mr. PATTERSON. The exemption provision has been a fortunate one in that it has resulted in attracting a great deal of interest. A plant sends in a request for apprenticeship exemptions, and an apprenticeship representative visits the plant to investigate. As a result, the plant's whole training program is benefited. It has been an excellent incentive. The actual number of such cases is not significant. Attempts to follow up each request with a personal interview are made in order to look over the real situation. The feeling on the part of the employer is that he has received a valuable service and that there is nothing unreasonable about the attitude of the Government. At that only 1 percent of the apprentices are getting under 30 cents, and these are usually in isolated communities where wage-scale laws rarely find them.

Mr. BROWN (Colorado). I think that whenever possible we should utilize labor exemption under section 14 of the act. In Colorado we are granting exemptions to factories which are doing work for national defense. In the textile industry we have had many learner exemptions applied for.

Dr. PATTON (New York). There was one remark Mr. Patterson made that is of interest to me. According to his statement, the Walsh-Healey Act and other Federal acts need not serve as a deterrent to apprenticeship training. He pointed out that there was some rather widespread feeling that these laws did act as a deterrent.

I want to do a bit of reporting. I should like to call his attention to the fact that the current issue of Monitor, the organ of the Associated Industries of New York, makes a flat statement on the deterrent features of the Walsh-Healey Act which have caused the employers of this State not to apply for exemptions. According to this article, there is so much red tape involved, so much involved application and correspondence simply because of those laws, and despite the fact that there are provisions for exemptions, that employers are not applying for them. I do not know if that is true, but I know that has been widely published, and such statements have the backing of one of our State departments here in New York, which is actively sponsoring the passage of a bill in the New York State legislature to do something about it.

Chairman MOONEY. I assume the department is the department of education, Dr. Patton.

Dr. PATTON. I can put anyone in touch with the source.

Mr. MARTINEZ (Puerto Rico). I understand that organized labor is being somewhat disturbed with the activities of organized labor in Puerto Rico with reference to the amendment to the Fair Labor Standards Act signed by the President of the United States on June 26 of this year, and as a labor representative I think I ought to bring to you some explanation, because, besides being the Commissioner of Labor of Puerto Rico, I happen to be the president of the State federation of labor. Our organization has been affiliated with the A. F. of L. for 41 years and I have been serving in the position of first vice president of this body for the last 32 years.

This amendment to the Fair Labor Standards Act in Puerto Rico, in my opinion, went a little farther than organized labor asked of the administration; and when so speaking I refer to this provision of the piece-rate system. In 1937 the employers in Puerto Rico also claimed that it was impossible to enforce the insular minimum wage law for industrial home workers.

We have had a minimum wage law in Puerto Rico since 1919. It fixes a minimum wage of $6 a week for women over 18 years of age and $4 for women under 18 years. When that law was declared unconstitutional in 1923, there was nothing we could do to enforce it. But as soon as the Supreme Court of the United States revoked itself in 1937 in a similar case, I revived the insular law and notified all employers that the law was in full force and operation.

There were several actions instituted before the court against me as commissioner of labor. The employers got an injunction to prevent the enforcement of the law, based on the allegations that the law was unconstitutional and so declared in 1923 and that, no further action having been taken since by any court that might legalize my action or justify or warrant me in declaring the law in operation, I could not enforce it. They also contended that the law was not applicable to agriculture nor to agricultural industry; that tobacco stripping was incidental to agriculture, and that if it was any industry at all, it was an industry of agricultural character. Other employers claimed that the law was not applicable to home work. There was a hearing and a trial. All the evidence was submitted.

A decision was rendered by the District Court of San Juan to the effect that the law was constitutional and that it was in full force. However, the decision stated that it was not applicable to home work because there was no possibility of checking the hours that the women were supposed to work and no possibility of keeping records. The court also decided that the law was applicable to tobacco stripping as an industry.

The employers took an appeal to the Supreme Court against a part of the decision and I took an appeal myself against another part of the decision. In April of this year the Supreme Court of Puerto Rico upheld our contention and decided that the Government of Puerto Rico was right in making the law applicable to home work and to tobacco stripping, and that the law was constitutional.

The plan I submitted at that time, in order to make the law applicable to home work, was more or less this: that we should take, let us say, 50 woman workers in the shop and time them and find out how much time was needed to make a certain number of pieces. If any woman came in the morning and asked for work to be done in her home, and she was given a bundle of pieces (nightgowns, handkerchiefs, or whatever it was), it must be marked 8 hours if 8 hours were required to make that work in the shop; and if they give the time in the home to cooking or pressing or any other domestic work, it was still 8 hours' work whether it was finished in 2 days or a week. I thought it was a simple, practical, and enforceable plan. Therefore,

we never asked Congress for this provision as to the piece-rate system, because we had found out that it was not a problem to enforce the law on industrial home work based on the payment by the hour.

Now, if we did favor this change and demanded this amendment of June 26th, it was because we were under the impression that while there was the possibility of paying less than the fixed rate of the Fair Labor Standards Act for certain industries that were unable to pay, and were not in competition with mainland labor or industry, there was still the possibility of several industries getting the minimum fixed by law and more than the minimum fixed by the Fair Labor Standards Act.

A couple of months before the Fair Labor Standards Act became operative in Puerto Rico, we made a brief study of the law and found that out of nearly 600,000 employable workers in Puerto Rico a little over 100,000 workers were affected by the Fair Labor Standards Act. We claimed and are still claiming that the big problem in Puerto Rico is not taking care of this 100,000 workers but taking care, with decent wages and good working conditions, of over a half million workers who get practically nothing in different industries, and that legislative action on the part of the insular legislature was needed to take care of this problem. We have been submitting, with the aid of the Division of Labor Standards of the Department of Labor of the United States, different bills each year, but have always failed to get legislation providing minimum wages for the local industries—for those in intrastate commerce.

Those 100,000 or more workers affected by the Fair Labor Standards Act were, in round numbers, as follows: 14,000 tobacco strippers; 19,000 workshop needle workers; 50,000 home needle workers; 16,000 sugarmill workers; 5,000 transportation workers; 127 makers of hair nets; 600 makers of mother-of-pearl buttons; 650 workers in distilleries and rum manufacturing; 400 workers in the men's hat industry; 150 jewelry workers, diamond polishers, etc.

As to tobacco stripping we worked out an amendment to the definition of what constituted an area of production, and we succeeded in getting that new definition, which practically comprised all the farmers and even the tobacco dealers if they managed to create a first point of concentration. So tobacco stripping is not a problem now; it is only partially so as to the manufacturers. Manufacturers were not comprised in this new definition because they strip tobacco for manufacturing purposes.

As to the sugar mills, the sugar industry in Puerto Rico employs during the crop of the season from 120,000 to 130,000 people, including those in the sugar mills as well as those in the fields. Most of the latter are agricultural workers—cane cutters, etc. There are only

some 16,000 employed in the sugar mills, and since one-half of them were, when the law became operative in the first year, already getting the 25-cent minimum or more, then there were only some 8,000 people to be covered by the law. We claim that sugar is a very rich industry that must and can pay, and should get no exemptions or no special consideration out of the Fair Labor Standards Act.

In transportation we have people employed as dock workers, longshoremen, and those in express companies who are affected by the law, but they were getting more than the minimum fixed by law. There is still some discussion as to the railroads in the sugar mills, but the cases of these people are pending before the District Court of the United States for Puerto Rico for decision.

As to the other groups, the makers of hair nets and buttons had to pay the minimum wage set up. We also insisted that the distilleries and rum manufacturers should pay the minimum. Then in the jewelry and men's hat businesses we insisted that they pay the minimum wage.

The only big group we had was the needle workers, mostly women. There were 19,000 in the shops and 50,000 scattered up in the mountains and towns, working an unlimited number of hours and, of course, they need some protection. This industry has been operated for many years in Puerto Rico on the basis of contracts made with manufacturers on the mainland, in different lines that do not compete at all with continental industry, excepting children's dresses, ladies' dresses, and two or three other lines. The rest, in our opinion, do not compete with mainland labor or industry, and they should get some special consideration if this industry is to survive in Puerto Rico. That was our purpose in standing for this amendment.

Colonel Fleming did me the honor and gave me the privilege of serving as a member of the special industry committee for Puerto Rico, which is composed of Monsignor Francis J. Haas, chairman; Dr. José M. Gallardo, Commissioner of Education of Puerto Rico; Martin Travieso, Judge of the Supreme Court of the Island—the three representing the public; Mr. Dalrymple, Mr. Dubinsky, and myself, representing labor; Miss Maris Luisa Arcelay, Mr. Frank Mayfield, and Mr. P. J. Rosaly, representing the employers.

I want you to be sure that you have nothing to fear from unfair competition. This committee can do nothing but recommend to Colonel Fleming what its members think is fair. Colonel Fleming has the authority to decide, and as long as the fate of the workers of Puerto Rico and the industry of Puerto Rico are in the hands of Colonel Fleming, you have nothing to fear as to the application of this amendment to Puerto Rico. Besides, there is a provision in this amendment to prevent disadvantageous competition against continental industry.

I want to make it clear to you that the only objection or opposition to this amendment came from two concerns—the so-called radicals and the so-called Puerto Rico Needle Workers' Cooperative in Sabana Grande. This so-called cooperative, in which the workers are supposed to be the owners, is some sort of an organization to evade the law. While it says the law should not be amended it proves its insincerity by paying the women 1½ cents an hour and the real owner, called the manager, gets $10,000 a year. It distributes dividends of $1 a year to women getting 1½ cents an hour. I have always claimed that this cooperative is bringing its products to the same market as the regular employers who are required to pay the minimum, and this cooperative has no right to evade the law.

Minimum-Wage Legislation in the United States, September 1, 1939, to September 1, 1940

Report of the Committee on Minimum Wages, by FRIEDA S. MILLER *(New York Department of Labor), Chairman*

[Read by Louise Stitt]

Preservation of Existing Labor Standards

Twenty-two years ago a speaker addressing the fifth annual convention of the Association of Governmental Labor Officials said, "The mistakes made in England and France during the first 2 years of the war * * * should be a lesson to the members of this Association to insist that the safeguards that have been placed around the workers of this country are rigidly lived up to during this great stress in our industrial life." Probably few of the delegates who listened to the words of that speaker would have believed that by the time the twenty-sixth meeting of this Association rolled around the greater part of the world would again be at war and the United States would be engaged in a defense program that once more would challenge the unrelenting vigilance of the members of this group to preserve existing labor standards in the face of the urgent demand for rapid increase in production. Unhappily, the situation that seemed impossible 22 years ago is a reality today. The President of the United States and the Secretary of Labor, like the speaker of two decades ago, have urged that, in spite of the emergency, all existing labor safeguards be rigidly maintained. Fortunately, since that earlier war a body of labor legislation has been enacted that if enforced will do much to assure the preservation of fair working conditions for the millions of workers who may be engaged in production for defense.

Progress in Minimum-Wage Legislation Since the War of 1914–18

The progress made in the field of minimum-wage legislation is illustrative of the great development that has taken place in all social legislation in the past 20 years. In 1918 only 12 States[1] and the District of Columbia had passed minimum-wage laws for women. There was no Federal legislation whatever controlling wages in private industry. Today 26 States, the District of Columbia, Alaska, and Puerto Rico have minimum-wage laws for women. One of these, that of Connecticut, covers men as well. The potential coverage of these laws is four times as great as that of the laws of 1918. Activity under the State laws for women has greatly increased since the United States Supreme Court in 1937 removed all doubt as to the constitutionality of such legislation. One hundred and thirty-one (131) wage orders have been issued by the States, as compared with 38 that were in effect in 1918. Approximately a million and a quarter women are covered today by wage orders and flat-rate laws. In 1918 roughly a third of that number had similar protection.

There is no question about the increased protection of women today by State and Federal minimum-wage legislation, but coverage even of women still is far from complete. Hundreds of thousands of women, who comprise a large proportion of the workers in the service industries and who are not covered by Federal legislation, work in States that have no minimum-wage laws or are employed as household workers, a group usually exempt from such laws.

In 1918 probably only the most visionary members of this Association dreamed of the day when all workers, both men and women, would be covered by a Federal minimum-wage law. In October 1938 approximately 11,000,000 workers employed in production for interstate commerce were brought under the protection of the Fair Labor Standards Act. Quite appropriately the Congress, which required private employers to pay minimum wages, has provided also that goods sold to the United States Government shall be made under fair labor conditions. Under the Public Contracts Act, 31 wage determinations have been issued thus far by the Secretary of Labor, setting the rates that must be paid to workers on Government contracts. In the industries affected an estimated million and a half workers are employed.

One of the most important functions of this Association during the coming year will be to prevent attempts to undermine the effectiveness of this legislation by means of weakening amendments or

[1] Arkansas, Arizona, California, Colorado, Kansas, Massachusetts, Minnesota, Nebraska, Oregon, Utah, Washington, and Wisconsin.

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actual repeal. Already countless cries have been raised against the so-called restrictive labor regulations which, we are told, will hopelessly delay our defense program if not rescinded. We all remember that during the earlier war four States passed laws giving their governors power to suspend labor regulations. A fifth State placed similar power in the hands of a board representing employers and workers with the State labor commissioner as chairman.

An effective means of counteracting propaganda in favor of weakening amendments of the Fair Labor Standards Act and the Public Contracts Act is to emphasize on every occasion that these laws are in fact minimum-wage and not hour laws. Though scientific studies and experience have proved that very long hours are less productive than shorter hours, nothing in either of the Federal minimum-wage laws prohibits the employment of workers for any period found to be essential, and no absolute limit is placed by either act on the number of hours for which workers may be employed. Establishments producing defense materials or manufacturing for Government contracts may employ workers for as many hours as the necessity of the situation requires, provided only that the provisions are met that require at least time and one-half rates for all hours worked beyond the basic number stipulated in the respective acts.

The Public Contracts Act specifies 8 hours a day and 40 a week as the standard, but the Secretary of Labor is given power to permit longer hours on condition that overtime rates are paid, a power she exercised in September 1936, soon after the law was passed. Article 103 of Regulation 504 states that "Employees engaged in [producing goods for Government contracts] may be employed in excess of 8 hours in any 1 day or in excess of 40 hours in any 1 week, provided such persons shall be paid for any hours in excess of such limits the overtime rate of pay which has been set therefor by the Secretary of Labor." Obviously, amendment of these laws in order to facilitate increased production is not necessary.

Legislative Activities During 1940

Comparatively few State legislatures have been in session in 1940, and no legislation has been passed that changes the 1939 status of State minimum-wage laws. Bills to extend the coverage of existing laws were introduced in several States and efforts were made in Kentucky to weaken or repeal the present law. Wage and hour bills modeled after the Fair Labor Standards Act were introduced in the legislatures of Louisiana, New Jersey, New York, and South Carolina, but such of the bills as came to a vote were killed.

Scores of amendments to the Fair Labor Standards Act were offered during the recent session of Congress but only one was passed. This

pertains to setting minimum-wage rates for Puerto Rico and the Virgin Islands, and calls for special industry committees on which residents of the Islands are represented to recommend rates for workers in these Islands. If economic factors warrant, minimum-wage rates may be less than the 30-cent statutory minimum, provided such rates will not give industry in Puerto Rico or the Virgin Islands a competitive advantage over industry on the mainland. This amendment to the Fair Labor Standards Act is the second to be adopted. The first was approved August 9, 1939, and exempts from the wage and hour provisions of the act any switchboard operator employed in a public telephone exchange that has less than 500 stations.

Minimum-Wage Standards Raised in 1940

Though no new States were added in the year to the list of those with minimum-wage laws, 9 orders have been issued since August 1939 that extend the benefits of existing State laws to more than 75,000 women. Wage boards in Massachusetts, New York, Ohio, and Utah have submitted recommendations which, if adopted, will become the bases for wage orders covering additional thousands of women.

Wage standards have been raised strikingly under the Fair Labor Standards Act since this Association met last September. On October 24, 1939, the 30-cent statutory minimum wage, with overtime rates for hours over 42, became effective. The Wage and Hour Division estimated that more than 650,000 workers in Continental United States probably received wage increases when the new rate went into effect. Since September 1, 1939, 9 wage orders establishing rates higher than 30 cents on recommendation of industry committees have gone into effect, and a tenth order will become effective on September 16. The Wage and Hour Division estimates that more than 2 million workers are covered by these 10 wage orders, approximately a quarter of whom were entitled to direct wage increases as a result of the rates established. The highest minimum rate that can be set under the Fair Labor Standards Act is 40 cents an hour. This maximum standard has been established for approximately 462,000 workers. When orders have been issued for the additional six industries for which the Administrator has appointed committees, probably another million and a half workers will be entitled to minimum wages above 30 cents an hour.

Minimum-Wage Legislation and the Courts

Court cases, which all too successfully tied up minimum-wage activity in several States during 1938 and 1939, have not characterized the year 1940. This happy situation may be due to greater accept-

ance of minimum-wage regulation on the part of employers, or to the exercise of greater care in the administration of State laws, thus affording less opportunity for successful attacks through the courts. At any rate, no major court cases involving State minimum-wage laws have been filed since our last meeting.

States are endeavoring more and more to control through wage-order provisions not only the actual wage rates but other conditions of employment that tend to reduce earnings below a living level. An example of this is the guaranteed-weekly-wage provision, which is an attempt to regularize wages by giving employers an incentive to stabilize their businesses. The trend toward the establishment of a guaranteed wage by State orders was given an encouraging impetus when in March 1940 the New York Supreme Court, in an Erie County case, held that the State minimum-wage order for laundry occupations, which requires that a wage of $14 be paid for a week's work of 40 hours or less, is both valid and reasonable. The Board of Standards and Appeals of New York has taken a similar position in respect to a guaranteed-wage provision of the minimum-wage order for the confectionery industry.

During the 4 years in which the Public Contracts Act has been in operation, practically no litigation involving that law has developed. The one case that reached the United States Supreme Court was settled in favor of the Secretary of Labor in April of this year. Labor in the steel industry was deprived of the benefits of this act for more than a year as a result of this case, which was brought by seven steel companies. The contestants complained that the Department of Labor had been arbitrary in prescribing so large an area as 13 States, part of a fourteenth, and the District of Columbia as a "locality" for which a single minimum rate was established. The Supreme Court held that the companies had no standing to maintain a suit, and the United States Court of Appeals for the District of Columbia, acting on the mandate of the Supreme Court, dissolved the injunction which it previously had issued.

To say that almost every important provision of the Fair Labor Standards Act and interpretation issued by the Wage and Hour Division concerning it has been involved in court action is scarcely an exaggeration. The successful record of the Wage and Hour Division in these cases is extremely encouraging. In a recent report on litigation in which the act has been involved, Colonel Fleming said, "In almost every case the language of the act, as construed for enforcement by the Wage and Hour Division, has been sustained by the courts." Every Federal District Court, except one, before which the constitutionality of the act has been challenged has sustained it as

a valid regulation of interstate commerce. The one court held that the act did not apply to the circumstances of the case; but the court intimated that if it did apply the act was unconstitutional in such application. An appeal of this case has been filed with the United States Supreme Court. The action of the courts during the past year has had the effect of strengthening rather than weakening the position of minimum-wage legislation in this country. In view of the long legal struggle through which State minimum-wage laws have passed, the record of the year may be viewed with satisfaction.

Enforcement of Minimum-Wage Legislation

Minimum-wage legislation, like all other law, is effective only to the extent to which it is enforced. During the recent years of revived activity in minimum wage, many of the States have intensified their enforcement techniques. Increased appropriations have enabled some States in the past year to achieve regular periodic inspections of all firms covered by minimum-wage orders, but a great number, because of insufficient funds and staff, still are working toward that goal. This goal must be attained if workers are to enjoy the full benefits of the law and if law-abiding employers are to be protected against the competition of those who do not comply.

As an aid toward more uniform and adequate enforcement techniques a regional conference of State minimum-wage inspectors—the first of its kind to be held—was called by the Women's Bureau in February of this year. More than 40 inspectors, representing the minimum-wage divisions of 6 States and the District of Columbia, met for 2 days in New York City and discussed together their enforcement problems and methods. Similar conferences will be held in other parts of the country as opportunity permits. The States on the West coast already have requested that such a conference be arranged for the minimum-wage inspectors in that area.

The Wage and Hour Division has greatly increased its facilities for enforcement over those of last year. Today 472 field investigators, as contrasted with 107 a year ago, are on the staff of the Division. During the year authority for handling complaints has been decentralized, and the speed with which cases are settled has been correspondingly increased. Cooperative agreements under which State labor departments make inspections and investigations for the Wage and Hour Division and the Children's Bureau have been entered into during the year by three States, North Carolina, Connecticut, and Minnesota, and the District of Columbia. Though regular routine inspection of all firms covered by the act has not yet been achieved, the Division is gradually approaching that goal.

Efforts are being made to inspect an entire industry, not merely firms against which complaints have been filed, and to eliminate in this way competition based on underpayment of wages.

Since September 1, 1939, 465 civil suits have been instituted by the Division, and 88 criminal cases have been prosecuted. In all, this is 488 more cases brought to court this year than during the first year of the law.

The benefits that minimum-wage laws bring to workers are graphically illustrated by the amounts of underpayment collected by State and Federal authorities and restored to the workers who have earned them. Complete data are not available for the States, but during 1939 more than a half million dollars of underpayments was collected for woman workers covered by minimum-wage orders in nine States and the District of Columbia for which such information is available. The Public Contracts Division, since it began to function, has been responsible for the restoration of more than $300,000 to workers employed on Government contracts. Since the Fair Labor Standards Act went into effect, well over $5,000,000 has been found due, of which nearly $2,700,000 was actually disbursed to employees. The remainder is being paid in installments. Of the $2,700,000 which has been paid, over $2,600,000 was paid between September 1, 1939, and August 1, 1940. Thus the benefits of greater earnings have been obtained for workers not only through wage increases voluntarily paid but also through wage restitutions compelled by the Department.

Conclusion

The year's record in the field of minimum wages has been good. During the coming year most State legislatures as well as Congress will be in session. Efforts may be made in the name of patriotism to slacken some of the standards already established and to resist the extension of similar protection to additional workers. With production and employment on the increase, no plausible argument against minimum-wage legislation can be given, except employers' reluctance to submit to governmental regulation. If living costs should rise, the need for setting a bottom to all wages would become increasingly urgent. It is to be hoped, therefore, that more State laws will be passed and that agencies responsible for the administration of such laws will extend as rapidly as possible the protection to which workers are entitled by the issuance of additional and more effective wage orders. We in the United States have an opportunity to prove that a democracy can both meet the production demands that adequate defense of the country requires and preserve the well-being of its working citizens. The coming year will demonstrate the degree to which we succeed.

Minimum-Wage Legislation in Canada, 1939–40

Report of Committee on Minimum Wage

[Read by Adam Bell]

All the Provinces of Canada, with the exception of Prince Edward Island, have minimum wage acts, and they apply to men as well as women except in Nova Scotia. In New Brunswick, the Minimum Wage Act, 1930, for women has not been put in effect, and under the section of the Labor and Industrial Relations Act, 1938, permitting the fixing of minimum rates for both male and female workers, the only orders apply to certain establishments or to a group of establishments in one district. In Ontario, the only order directly affecting men is one in the textile industry; Alberta and British Columbia have separate statutes for men and women. In Alberta a general minimum applicable to most industries has been fixed, while in British Columbia minimum rates for men have been established only for a limited number of industries or occupations. In Manitoba, Quebec, and Saskatchewan the orders apply to men as well as women.

Except for a new minimum wage act in Quebec which, when proclaimed, will replace the Fair Wage Act, 1935, the principal changes in minimum-wage conditions in the past 12 months have been brought about by regulation rather than legislation.

The new Quebec statute makes more definite provision for minimum wage-fixing machinery than the old act and indicates a tendency to place the responsibility for the fixing of rates on representative bodies. The act stipulates that unless exceptional circumstances justify a speedier procedure, the minimum wage commission is to call a conference of an equal number of representatives of employers, employees, and the public, or, in the case of a particular industry, the Commission may appoint a board representing the employers and employed to hear interested parties and to make recommendations to the commission as to minimum rates and working conditions. The commission, however, is not bound by the recommendations of a conference or board but may amend or reject them.

Last year at this time there were two general orders under the Quebec Fair Wage Act, one applying outside cities and towns to female employees and males in the same occupations, with some exceptions, in factories and shops, and the other to all men and women employed in industrial and commercial establishments in cities and towns. Several special orders related to specified industries or occupations. The order for rural districts has been repealed and the general order covering cities has been applied throughout the Province. Under this order minimum rates vary in the four zones into which the Province is divided, and in the case of factory workers

and some others they apply to a 48-hour week, with time and a half for overtime. Several rules of interpretation have been issued designed to make the order more workable and effective. New special orders made during the year apply to the following industries, in some cases only within a certain district, in others throughout the Province: Canneries, laundries, dyeworks, manufacture of wooden boxes and shooks, mattresses and upholstered furniture, foundries, retail food stores, and tailoring and dressmaking.

The Saskatchewan Minimum Wage Act was revised this year to extend its industrial application somewhat and to apply it to male as well as female workers without the necessity of so applying it by order in council. The new orders, like those in force since January, 1938, cover all workers in cities and in the two largest towns who are employed in retail, wholesale, and mail-order establishments; factories, fuel, lumber, and building supply yards; places where warehousing, cartage, and delivery are carried on; hotels and boarding houses and restaurants catering to more than five persons; beauty parlors and barber shops, theaters, and dance halls. Rates for overtime after 48 hours have been increased for all classes except in hotels and restaurants, and there is no longer any distinction between the rates for minors and adults when inexperienced. Better protection is given, too, through a change in the definition of part-time work in all workplaces except hotels and restaurants. Formerly, the ordinary minimum applied to a workweek of from 43 to 48 hours and part-time rates applied to any period less than 43 hours. Now the ordinary minimum is payable for a maximum of 48 hours, or the normal workweek of the establishment if less than 48, and also for any workweek which is not reduced by 6 hours or more from the normal workweek.

In Alberta the learning period for women in restaurants has been reduced from 6 to 3 months, and the 30-cent hourly minimum for part-time workers is now payable to any woman working less than 8 hours a day, or 48 hours a week, instead of only to those working less than 40 hours.

In British Columbia, the 75-cent minimum for carpenters which was already in effect in Vancouver and district, and some other sections of the southern part of the Province, now applies in certain cities in Vancouver Island. The same minimum is fixed for painters, decorators, and paperhangers in the Vancouver district. The minimum rate for bus drivers on Vancouver Island was raised during the year, and a new order fixes an hourly minimum of 35 cents for guards not covered by other orders who watch or control the premises of more than one employer. For women employed in places of amusement the weekly minimum of $14.25 is now applied, regardless of the age of the worker, to a week of 40 hours or more, instead

of to one of more than 36 hours for those 18 years of age and over, with a lower rate for younger girls. The part-time rate is raised from 30 to 35 cents an hour.

In addition to the above changes in the legislation and regulations, there may be changes in actual conditions in some Provinces due to the demands of war industries that render the regulation of minimum wages not so effective in protecting the worker as under normal conditions. Where special concessions have been granted to permit increased production and the control of overtime is not exercised through direct limitation of hours or by the imposition of high punitive rates for overtime, there may be inadequate return to the worker in wages in proportion to the hours and effort spent as well as in proportion to his productivity.

It is impossible, however, to make a general statement at this time as to the effect of war demands. The Dominion Government in an order in council of June 19, 1940, made a formal declaration of what it considered labor policy should be during the war. It was declared "that every effort should be made to maintain fair and reasonable standards of wages and of other working conditions and that hours of work should not be unduly extended but that where increased output is desired, it should be secured by the adoption of a system of two or three shifts. Experience during the last war showed that an undue lengthening of working hours results in too great fatigue and in a diminution of output * * * that increases in the cost of living as ascertained by returns made to the Dominion Government should be offset by adjustments in remuneration at reasonable intervals."

Discussion

Mr. LUBIN. I should like to raise the question as to whether or not the various States are experiencing any tendency on the part of organized or unorganized labor to secure advance protection against rises in the cost of living through adjustments of the minimum-wage acts. In other words, in collective bargaining there has been a very definite evidence of organized labor insisting that their standard of living be protected if the cost of living should rise during the emergency. There is no doubt that it will. Rents have already started to go up in certain localities.

Is there any device available in these States for automatic changes, if and when it should become necessary?

Mr. MCKINLEY (Arkansas). In Arkansas it would be difficult, of course, to do it. In our State under the law the industrial welfare commission makes investigations in each industry. Therefore, under our general rule that would have to be done in each industry in each

locality. The expense of it is prohibitive with the appropriation given. We are asking the next legislature to so amend that law that we can make a State-wide adjustment according to population, but I do not know what is going to be the result of it. Within the last year or more there has been a revival of that idea that the minimum-wage law for women is discriminatory as to sex, and that is particularly true of women's professional clubs. I do not know if it will have any result in changing our present law, but unless we can get a change in the law we will be rather handicapped.

Hearings that were held in Little Rock and Fort Smith cost us about $500 and we have only $4,000 for maintenance. So if we had an amendment to that law we might have hearings such as the Wage and Hour Division has now, and include all industry and take into consideration the cost of living in smaller and less populated communities. We will ask the legislature to do that.

Mr. FLYNN (New Jersey). New Jersey has not had any request for such adjustment. Possibly we will have, and we think we have automatically taken care of the problem that the gentleman from Arkansas has raised. A couple of years ago, without an appropriation, the good women of New Jersey, sponsored by the Consumers' League, made a very comprehensive study. The department of agriculture keeps a constant check on the index of the cost of living. We have taken those two together and have arrived at the present cost-of-living figure for woman workers in New Jersey.

All of our wage orders have now passed their first-year stage. We have the model law. The wage board can be reconvened at any time, and although there has been no demand we have that in mind. We realize the possible necessity of an adjustment in the present cost-of-living figure, and we think, as far as statistics are concerned or anything else but the consideration of public hearings, we could handle it almost immediately.

Mr. LUBIN. Miss Stitt, do you know where we may find ourselves in situations where these minimum-wage laws would be dead letters under any radical change?

Miss STITT. I think it is possible some States would be affected in such a way. However, most of the State laws do provide for cost-of-living studies, and there seems to be an increased interest in such studies and more help in making them. The States are getting busy right now. In New York, for instance, the division of women in industry and minimum wage revises the cost-of-living study for single women every year, so it can keep abreast of changes in cost of living.

It is true that most of the States provide for calling of wage boards to recommend readjustment of rates. We made an analysis last year

as to what happened during the last World War, and we found adjustments were not made very quickly and boards were not set up as quickly as changes in the cost of living would seem to require. At the Ninth Minimum Wage Conference we talked about the desirability of getting wage boards into action quickly if there was a marked change in the cost of living. Some of the present wage rates will be too low if there is a marked change in the cost of living, and quick adjustment will be a problem confronting the minimum-wage administrators.

Social Security

Social Security Legislation and Administration

By ARTHUR ALTMEYER, *Chairman Social Security Board*

As I have said on previous occasions, I recognize fully that the social insurance features of the Social Security Act are a species of labor legislation. They partake of some of the characteristics of welfare legislation as well, and that of course makes it difficult to slice the administrative pie, so to speak. The question arises whether social insurance laws should be administered by the Federal Department of Labor or the Federal Security Agency, which includes welfare legislation. However, as in all things, not only in labor legislation but in all human activities, we have a seamless web and wherever you slice it you do some violence to the fabric. Going back to the analogy of slicing the administrative pie, I may say it is like slicing a custard pie where the edges all run together.

We do recognize the close affinity between the administration of these social insurance laws and the administration of labor laws, and we are doing everything in our power to maintain friendly constructive relations with the Federal Department of Labor; and I believe that the State unemployment agencies, when they are separate from the State departments of labor, are undertaking to do the same thing.

I should like to discuss the developments of the last 2 years since I spoke to this group in South Carolina. As you probably know in a general way, and some of you in a much more specific way, there has been a great development in the old-age insurance system and it has been converted into the old-age and survivors' insurance through amendments at the 1939 session of Congress. That represents a tremendous change in the character of that law which I do not believe is yet generally recognized. It is still thought of as old-age retirement, when as a matter of fact the survivors' benefits are fully as important. I mean the widows' and orphans' benefits of those insured workers who die before or after reaching retirement age.

We have today approximately 51 million social security accounts set up in our central office. When I spoke to you in South Carolina 2 years ago we had 41 million. That is an increase of 10 million due to new persons coming into the labor market and the unemployed obtaining employment. However, that does not mean that at any one

time there are 51 million workers in insured employment. There are about 32 million at any one time, but in the course of the years since this law has been in effect many more persons have been in and out of insured employment and have acquired some benefit rights.

I should like to sketch briefly the changes made by the 1939 Congress in this law. First, there was extension of coverage, not occupational so much, although banks and building and loan associations were included, but, most important of all, persons who already had reached the age of 65 when the law went into effect were brought into coverage. Under the law as originally written a person over 65 years of age could not possibly have developed any benefit rights, but now any person in an insured employment regardless of his age can develop the right to a retirement benefit and survivors' benefits.

So far as occupations are concerned, unfortunately there was retrogression rather than progress. There were excluded various types of semiagricultural undertakings—the sort it has been attempted to exclude from coverage under the Wages and Hours Act and from the jurisdiction of the National Labor Relations Board. The Board, of course, recommends expansion rather than limitation in the coverage of agricultural pursuits, at least to the extent that it includes large-scale industrial types of operation which someone has said partake of factory operations without a roof—factories in the field.

The benefits payable under the amended old age and survivors' program are larger in amount during the earlier years and somewhat smaller in later years for younger persons. A distinction is made between single and married persons. In the later years the benefits for married persons are as large as they would have been under the earlier law, but the benefits in the earlier years are much more liberal. Then there have been added these benefits for widows and orphans, and in some cases for dependent parents if they are eligible.

These benefits for survivors have been added and take the place of lump-sum payments under the original law. The original law provided for refund of contributions, and as the years progressed those refunds would grow larger and larger, but now these survivors' benefits have been substituted for those refunds, which in a great many cases would go to the estates of the deceased persons and have no social value so far as affording protection is concerned. The result of the amendment briefly then is this: You have a much greater insurance element and a much lesser savings-bank element in the Federal old age and survivors' insurance system; you have a much more liberal benefit allowance in the earlier years and less for the single person in later years; but over the whole period of de-

veloping maturity the total cost remains the same and the average cost remains the same, in fact somewhat less. As a result of these changes you do have a more socially protective law than you had before.

One great advantage aside from the great social advantages I have just mentioned (and I might say that these changes were made upon the recommendation of a representative advisory council consisting of employers, organized labor, and informed persons from the so-called public group) is that it has taken the Federal old age and survivors' insurance out of politics, at least up to today. Perhaps we should keep our fingers crossed, because in 1935 it was plunged into politics. You may recall the pay-envelope campaign which did a great deal to educate the people as to the advantages of old-age insurance. We have reason to believe that these changes have taken Federal old age and survivors' insurance pretty largely out of the realm of party politics, and I feel confident that the adherents of all parties are only too glad that is the case.

There is one great problem confronting us, it seems to me, in this field of old-age retirement, and that is the overlapping protection that results from the fact that you have various systems of Federal and State retirement plans and you also have other species of social insurance, so to speak, such as veterans' benefits and workmen's compensation. The result is that in some instances the same person will really be protected under two policies. Take for example the mine disaster which occurred in West Virginia and Ohio. A great many of those persons who were killed were insured not only under Federal but also under State workmen's compensation laws and in some cases the amount of benefits exceeded rather sizably the wage loss.

Fundamentally, of course, the principle of social insurance is that it is insurance against an economic loss. It is not a lottery where you can take out as many tickets as you want and if you win on two you are that much to the good. It is a system of social protection intended to furnish protection in proportion to the loss sustained.

The same result is possible in the case of a veteran. A veteran who dies may leave dependents who qualify under the veterans' laws and also under the Federal old age and survivors' laws. Likewise there is the case of those who come under both the Federal and State retirement systems.

You also have the reverse picture of persons qualifying for no system. A person may quit his job before he has acquired any vested rights under the system and go into private employment covered by the Federal old age and survivors' insurance but not be there long

enough to acquire any rights. In that case the individual falls between two stools.

There is, therefore, great need for coordination and integration of systems providing old age and survivors' insurance. It seems to me that what we should aim for is to have a basic insurance system. The Federal old age and survivors' insurance should operate as a basic protection for all workers, and superimposed on that system there should be these special retirement systems providing extra protection for the extra money paid by the insured or by his employer, or by unit of government if the person happened to be working for a local, State, or Federal unit of the government. In that way we would get the maximum amount of social protection at the minimum over-all cost.

I should like to speak briefly, too, about the developments in the field of unemployment compensation. There have been paid out by the 51 unemployment compensation agencies—48 States, the District of Columbia, Hawaii, and Alaska—$1,061,000,000. There is being paid out currently about $12,000,000 a week to approximately 1,200,000 unemployed persons. This year the total benefit payments probably will approximate $750,000,000. Therefore, this system of unemployment compensation that has been developed in this country has been paying sizable amounts and furnishing sizable protection against unemployment. I should like to come back to unemployment compensation a little later because I want to make some comments on the future of social security, but before doing so I want to say a word about the Employment Service.

As you know, payment of unemployment compensation benefits is made through the public employment office system, and necessarily so. In no country in the world has it ever been attempted, so far as I can recall, to pay benefits except through a public employment office system.

When the Social Security Act was passed, as you know, we had a United States Employment Service already in existence and which had been in existence more or less since 1917 but had gone into a period of not so innocuous desuetude from the last World War up to 1933. But beginning, in 1933, with the passage of the Wagner-Peyser Act and the development of the public works program there was a very great and significant development in the establishment of a Nation-wide employment service. When the Social Security Act was passed and the State laws were enacted under the stimulus of the Social Security Act, the very first question of policy that confronted the Board was whether or not it would permit the payment of benefits through facilities other than public employment offices,

and it ruled that it would not. The second question raised was whether it would permit payment through a public employment office not affiliated with the United States Employment Service; and the Board again ruled that it would not. Through the advent of the Unemployment Compensation Act there was new life infused into the United States Employment Service, under which is now included all of the affiliated State employment service offices, so that today there are 1,500 full-time public employment offices throughout this country and 3,000 points visited regularly by itinerant officials. So that we do have today, I think, a pretty effective Nation-wide public employment office system.

The United States Employment Service, as you know, was transferred from the Department of Labor to the Social Security Board a year ago last July. There was great fear at that time that the transfer might mean that the placement function would suffer because of the immediate and pressing demands for the payment of unemployment compensation benefits fully and promptly. I am happy to report to you that, far from that being the case, there has been an increased development in placement activity since the transfer has occurred. Not because of the transfer, I hasten to say, because we are not taking any credit for that. That would have come anyway, I think we will all agree. State and Federal officials recognized the necessity for placing emphasis on placement of the unemployed persons and finding jobs for them rather than paying compensation for unemployment. So in the last year there were 3½ million placements made through these public placement offices, and the volume has been greater month by month than ever before. This in some measure is due to the improved employment situation. However, the quality of placements has improved too.

Now 70 percent of the placements are made in private employment as contrasted with public employment. Furthermore, there is a greater proportion of placements of skilled workers. A third of a million skilled workers were placed during the last fiscal year. And, interestingly enough, in recent months, particularly with the development of the defense program, a greater proportion of older workers are being placed, because it has been found that there is a greater proportion of older workers (45 years and over) among the skilled workers registered at the public employment service offices. So these older workers who are all-round skilled workers are coming into their own at last, which fact I am sure is a great source of satisfaction to all of us.

I should like in that connection to say a word about the role of the Employment Service in the national defense program. Down to date, of course, the labor requirements involved in the defense

program are by no means fully operative. We still have the real test to meet as to whether we can properly organize and maintain an orderly labor market. I have confidence that we can.

In these initial stages the developments, so far as the Employment Service is concerned, have been somewhat as follows: The United States Civil Service Commission felt the first impact because of the fact that the civil-service law covered the operations at the navy yards, arsenals, and other Government institutions involved in the defense program. Their registers proved to be inadequate in most instances, and therefore it was necessary to ask the Employment Service to assist in the recruitment of workers. A very satisfactory working arrangement was developed, with the result that that first impact was met measurably well, although there are still shortages in highly specialized lines and unique fields, such as naval and army construction, but generally speaking no general labor shortage has developed in this country.

It is hoped that through the Employment Service the maximum utilization of the labor force of this country can be obtained with as little disruption to industry, to workers, and to their families as possible.

Last April an inventory was made of all of the active registrants, numbering over 5 millions. It was found necessary to reinterview a great many of those applicants because of the fact that incomplete interviews were had at the time of first application. The reason was that at that time there was such a glut in the labor market there was no advantage in taking a complete record of a person, particularly when it was a matter of what the Employment Service calls technically a mass lay-off, with the expectation of being taken back by the same employer.

It was necessary, then, to start a campaign of reinterviewing in order to make records more complete and available for accurate placement purposes. That is still in process although very largely completed.

Another development in the field of the Employment Service in its relationship to the defense program was that a study was made of the essential occupations, numbering about 268, that might become bottlenecks in the defense program. Special attention was given to the study by State agencies. They made a special effort to comb through their active files and to make contacts with local labor organizations, to the end of getting as complete a registration as possible of persons who were skilled in these so-called bottleneck occupations.

Furthermore, the job analyses that had been carried on previously by the Employment Service, and which resulted in an Occupational

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Dictionary, have been utilized for an analysis of these bottleneck occupations, so that employers can be served more effectively when a person not meeting all the requirements of a particular occupation, but only some of the requirements, is available. Putting it another way, through information obtained from the Occupational Dictionary the employer can adjust his occupations so as to make more effective utilization of the available fully skilled workers, using lesser skilled workers for attendant and subsidiary operations. That has been found very effective for meeting bottlenecks, rather than the importation of workers from other localities. A development occurred during the World War which was called dilution of skilled labor, and I think many times there was some misunderstanding. Today, however, any adjustments in the use of skilled workers and semiskilled workers have been worked out, so far, to the mutual satisfaction of employers and organized labor.

There has also been the necessity, of course, for developing a Nationwide clearance system, and that is not fully developed by any means. In the East there are four centers, and as the need develops Nationwide clearance will be extended. Of course, during a period of a great surplus of labor the need was not so great for this system, but as the labor market tightens up the necessity for clearance will increase.

Before I close, I should like to say a word, as I intimated a few minutes ago, about the future of social security. I do not presume to give you a blueprint on this subject, but rather a brief résumé of some of the things essential to a successful operation of the Social Security Act.

Naturally, I feel that under social insurance there should be protection for workers against economic losses sustained from all important causes, and we must include in that insurance workmen's compensation, unemployment compensation, old age and survivors' benefits, and health insurance.

Under workmen's compensation there has been progressive liberalization, and this will continue. However, I do not believe that we can really claim complete success or be completely complacent about the progress in the last 30 years since workmen's compensation was first set in operation.

There are only 10 State laws that have complete coverage of occupational diseases. If there is one thing that should be compensated, it is a disease arising inevitably out of the occupation of the person. In the case of an accident you might argue negligence on the part of the worker himself or some cause not connected with the industry, but you cannot argue that in the case of silicosis, for example. In fact, there are 24 laws that do not cover any occupational diseases whatsoever. Some States cover certain types, but they do not have all-inclusive coverage. They will list all sorts of strange occupa-

tional diseases and carefully avoid silicosis because that is the great occupational disease. So, I think there is room for increased liberalization.

In the case of death benefits in workmen's compensation, New York and perhaps one or two other States have what you might call reasonably adequate death benefits, but for the most part the States do not have adequate death benefits. In cases of permanent total disability and the more serious disabilities, most States do not provide adequate compensation. So, there again there is room for improvement in workmen's compensation.

With respect to old age and survivors' insurance, I think a great development will be an extension of coverage and an inclusion of permanent total disability not due to occupational causes.

In the case of unemployment compensation, I think there is room for great improvement. Today benefits in all States, without exception, are wholly inadequate to meet a significant portion of the social costs of unemployment. There is not a single State that can claim anywhere near adequacy so far as unemployment compensation is concerned. I mean by this, concretely, that the majority of the States have a 2 or 3 weeks' waiting period. There might have been at the beginning administrative reasons for having a 2 or 3 weeks' waiting period, but there is no excuse now to have as long a waiting period as that. It ought to be reduced to 1 week.

The minimum benefit provisions are so low in some States that a great proportion of the workers receive very insignificant benefits, not enough to maintain them during the period of unemployment. In one State, 66⅔ percent of the benefits were under $6 a week.

As regards duration of benefits, in some States it is geared to the amount of employment that the person had in the so-called base year and the maximum usually runs from 13 to 16 weeks. In one State in the Middle West, 75 percent of the workers exhaust their benefit rights before they find another job.

As regards the weekly rate of compensation I have mentioned that the minimum is inadequate, but I think the maximum is too. The maximum payment in most States is $15 a week. Under workmen's compensation it is considerably higher, and as you know, the percentage of wage loss is usually 66⅔ percent of the coverage, whereas in unemployment compensation it is 50 percent. Fortunately, we can well have more adequate benefits without any increased cost to the employer, because the current benefit payments average about 50 percent of the current contributions and because there has been built up already a reserve of $1,750,000,000 which will be $2,000,000,000 by January 1st of next year. Now, that money is being sterilized to some extent. Certainly it is not being used for the purpose levied, which is to provide adequate protection to unemployed workers.

It seems to me there is a golden opportunity now to provide more adequate benefits to the workers at no greater cost to the employers. In fact, it may very well be that more adequate benefits can be provided with some temporary reductions in cost to the employer because of the large reserve built up and the favorable employment experience that we may expect in the next 2 or 3 years.

However, I should like to emphasize that 2.7 percent is the net amount available for payment of benefits. The other 0.3 percent goes for administrative expenses of the Federal and State governments. I should like to say again that 2.7 percent is necessary for the payment of adequate benefits by and large. Now, there may be some States with exceptionally favorable employment experience where the cost would not be so great, but for the country as a whole I am convinced that we should not expect to provide adequate benefits at less than 2.7 percent over a long period of time.

In my opinion the primary purpose of unemployment compensation can be defeated if we do not provide adequate unemployment compensation to these persons for whom jobs cannot be found. I do not wish to be misunderstood, as has happened in the past, as saying that I am opposed to providing steady jobs for workers. I do not think anybody believes that. Of course, a job is better than unemployment, but I say for those persons for whom jobs cannot be found adequate unemployment compensation must be provided. That is the primary purpose of the unemployment compensation law, just as the primary purpose of the workmen's compensation law is to provide adequate compensation to those workers when all efforts at accident prevention have failed.

The one big gap that is left in the social insurance field is health. I am convinced that we will have some system of spreading the cost of ill health in this country. That cost breaks down into two parts—the wage loss and the cost of proper medical care. Sometimes those two features are confused. They can be distinguished and in our thinking should be distinguished.

When it comes to medical care, you know there is great fear that any system of spreading costs may interfere with the free choice of a physician and the personal relationship between the physician and the patient. In my opinion, the providing of a systematic plan for spreading the cost of medical care should be possible without interfering in any way, and in fact in such a way as to promote better medical care and closer personal relationship between the physician and the patient.

In all this discussion as to the future of social security, I should like to make it clear that what we are talking about, after all, is a minimum basic economic security for our people. We are not talking

of an ideal where no one any longer has to depend upon his individual efforts to provide security for himself and family. It is a very minimum basic security that we are talking about, upon which a person has a better opportunity to build a more ideal life through his own efforts. Therefore, rather than being a deterrent to individual initiative and thrift, it is a great incentive.

Furthermore, so far as the relationship of social security and national security is concerned, I think we all would agree that national security depends upon our people being well housed, well clothed, and well fed. We cannot have national security or prepare properly for national defense when our people are ill-housed, ill-clothed, and ill-fed. So to the extent that social security does provide these minimum essentials of human existence, to that extent it is a great promoter of national security.

Discussion

Chairman WRABETZ. Thank you, Mr. Altmeyer, for your very clear exposition of the present situation and what may occur in the future. To me it is very encouraging, because we in Wisconsin agree very heartily with most of your views, particularly in the liberalization of benefits. Laws must provide more adequate benefits, both per week and for a greater number of weeks, especially in the field of unemployment compensation.

This subject is to be discussed by some members of this organization. First of all, Mr. Thomas Morton, of Virginia, will discuss this paper.

Mr. MORTON. In Virginia, the commissioner of labor is a member of the unemployment compensation commission by virtue of his office. I do not know whether that is true in other States or not. On the basis of my experience from serving in this capacity, I wish to make a few observations on certain questions of Federal-State relationships in the administration of the unemployment compensation program. Also, I wish to make some observations on the coordination of unemployment compensation with the employment service.

Those instrumental in framing and securing the passage of the Federal Social Security Act recognized: First, that unemployment is a Nation-wide problem, and that Federal action was necessary to overcome competitive conditions as between States and to set up a Nation-wide program in a short period of time; second, that because of the wide variety of industrial conditions and economic problems in the various States, the most suitable type of system would be one that was Nation-wide but organized on a State basis; and third, that a certain amount of Federal supervision and control is desirable.

The three purposes outlined above were attained by a Federal tax on pay rolls of employers; a provision that employers could deduct from this tax, not to exceed 90 percent of its total, the taxes paid under State unemployment compensation acts that had been approved by the Federal Social Security Board; and a proviso that out of the 10 percent of the pay-roll tax retained in the Federal Treasury the Board would make grants to the States for the administration of their systems.

From the above it seems to me that it is clearly the intention of the Federal Social Security Act: First, that no benefits are to be paid by the Federal Government; second, that its administration shall be on a decentralized State basis; third, that there shall be a certain amount of Federal supervision and control for two basic reasons: (1) to secure some reasonable degree of uniformity in the provisions of the State laws and in their administration and standards of service; (2) to secure proper and efficient administration of State laws, to the end that eligible claimants shall receive full payment of compensation benefits when due.

The future of social security depends, I believe, very largely on the degree of perfection that can be attained by the Federal and State Governments in working out this problem. As a member of the unemployment compensation commission, I want to pay tribute to the personnel from the national office who contact us. If they were to act in an arbitrary manner we would be very much displeased. They are excellent in their manner. I call attention to this because it is essential, in my opinion, to the success of social security.

The question is just how much Federal control and supervision are necessary to attain these ends. I recognize that there is the problem of the expenditure of Federal funds by State officials, and that there has been a tendency to increase Federal control and supervision over the State administrative agencies. Federal control should be kept to a minimum, and the details of administration should be left to the State agencies. But the question still remains of how to determine at what point Federal control and supervision should stop. Of course, there are certain specific provisions of the law that must be carried out, but in the administration of these I think the fundamental purposes of the whole law must be kept in mind. If the point is reached where State action becomes so circumscribed by Federal regulations and control that the State officials are merely acting as agents of the Federal Social Security Board, then this would result essentially in the States acting for the Federal Government in the payment of benefits and this would be contrary to the fundamental premise of the Federal act that no benefits are to be paid by the Federal Government. It would also mean that, instead of having a national

system of unemployment compensation organized and administered on a decentralized State basis in accordance with the fundamental purpose of the law, we would have a national system administered by State officials acting as agents of the Federal Government.

The effective administration of any law or agency requires an efficient staff. Here again there are certain provisions of the law which must be met, but I submit that a civil service or merit system has its defects just as any other system, and that the States should be given a very wide latitude with respect to the type of merit system established. After all, from a Federal standpoint, the chief test to be applied here, and this is implicit in the very purpose of the whole system, is, Does the State so administer its act that eligible claimants receive full payment of benefits when due and at a minimum administrative cost? In other words, State agencies should be adequately staffed with efficient personnel as measured by actual results and administrative costs.

I do not think enough leeway has been left for the States to act. For instance, I refer to the merit plan in Virginia and in other States. I think decisions on those who should be required to take examinations and those who may be exempted should be left more largely to the States. I realize there are lots of different conditions which require special action, such as the case may be in any one of the States. What would apply in California may not apply in Virginia. I believe the States ought to have more to say, and in that particular respect I believe the Board has been too tight on them.

I take it that Mr. Altmeyer (or anybody else) in these discussions wants our opinions and does not want us to agree with him. I say that, even as big as the Social Security Board is, it can make mistakes.

Do not let us ever get it in our heads that civil service is a "cure-all" for everything. It has its defects, I say, just as any other system. I know we have to have certain national standards, and I think that is essential. However, within those standards I think we ought to have a little more leeway.

The question of the integration of unemployment compensation with the placement functions of the public employment service is very important. This integration on the Federal level was a very important development and furnished the initiative and the opportunity for the States to follow suit. Unemployment compensation is not a substitute for employment and never can be. The employment service not only must serve as the agency through which benefits are paid, but also must act as a placement agency to direct workers to jobs for which they are best fitted.

The future of unemployment compensation, I believe, to a very large extent depends upon its being administered fairly so that the

beneficiary gets everything that is coming to him, but the time has come when every honest man and woman should be very active to see that this law is not abused.

We have come in touch with cases where the law has been abused. We want the worker to get every cent coming to him, but we do not want workers who are not entitled to benefits to get them. There was one case where the sheriff deliberately let a man out of jail to report, then locked him up again. Let us enforce this law in the proper way. I think the future of it depends very largely on just that.

The placement functions of the public employment service must be further developed. I mean by that that there has been a tendency to use private employment agencies when the public agencies, that are costing the public a lot of money, are available without any cost to employee or employer.

In view of the European crisis and the increase of employment, the placement functions of the service will greatly increase in importance and the State and Federal Governments must cooperate to meet this opportunity. Every effort must be made to acquaint employers with the facilities existing in the various communities that can assist them in solving their problem of finding competent workers.

I was careful in making that observation, because we have not sold the employment service everywhere. Some of the people whom we are trying to serve do not seem to understand just what it is all about. We have had the hardest job in selling the employment service to our agricultural group, especially. They say, "For 30 years we have been dealing with these road bosses." We are agreed that this should be changed, but it has to be done gradually.

With the statistics available through unemployment compensation administration and the file of the employment service, State agencies have a complete bill of goods to sell employers.

The employment service of the future must become more and more a place where workers may go to receive counsel and intelligent advice that will help them to solve their problems in finding and keeping jobs. The system of intelligent counseling for youths who have graduated from high schools and colleges without any objective viewpoint as to future employment should be further developed and expanded. There are tremendous opportunities in this field. These functions should be coordinated with vocational education, apprentice training, and the activities of the National Youth Administration.

The future of this great movement that we are discussing this morning, I believe, Mr. Altmeyer, will depend very largely upon the success that we attain in the coordination of and the cooperation with all of these agencies, Federal and State.

Chairman WRABETZ. I am sorry Mr. Morton has not had successful experience with civil service. We in Wisconsin have been particularly fortunate in that respect. We have a very high type of employment system which eliminates political manipulation. We will conclude this phase of the program with further discussion by Mr. Adams of the Utah Industrial Commission.

Mr. ADAMS. I wish to discuss some of the salient factors that, in my opinion, are important at this time and should bear consideration in view of what is going on in the national defense program, and the possible repercussions that will inevitably follow after the party is over.

I should like to discuss with you the question (now under considerable discussion) of a reduction of tax rates for employers, of employer experience rating, as well as minimum benefit standards, protection of benefit rights of workers in the national defense program, and the employment service and its relationship to the over-all administration.

We have heard a great deal about the question of tax reduction for employers. That question was up before the Congress of the United States a little over a year ago, I believe, when I had the privilege of appearing before the Senate Finance Committee on that question.

General reduction of the tax, in my opinion, is a dangerous step at this time. I do not believe we have had sufficient benefit experience to move into such a general tax reduction and at the same time protect the benefit rights of workers. This so-called reduction may in many instances work a severe hardship on the larger groups of employers. It has a direct tie-in and relationship with employer experience rating.

However, in regard to the pay-roll tax on employers, I believe tremendous strides can be made if a system could be devised for the levying of one tax, and the collection of that tax by one agency, for both old-age insurance and unemployment compensation. It would eliminate a tremendous amount of duplication, in that there would not be a Federal agency and a State agency collecting similar taxes from the same employers.

One agency could collect combined State and Federal unemployment taxes and old-age insurance taxes for the same cost now required by one agency to collect its tax. It would also give employers considerable relief in that it would eliminate the necessity for their compiling two separate tax returns—one to the Bureau of Internal Revenue and the other to the State agency. As a matter of fact, it would eliminate three steps because the employer also pays the

Federal Government three-tenths of 1 percent. In that regard, in my opinion, we do have excessive duplication and annoyance to employers that surely could be eliminated.

Employer experience rating is now becoming a very much talked of subject. I believe experience rating is unfair to employers themselves. Personally, I am opposed to it in any form because I do not believe that large numbers of employers should be penalized for unemployment over which they have no control. There are, it is true, a large number of employers who possibly would be benefited through a reduction in their tax rate, but there must be a compensating influence if adequate benefits and standards are to be maintained. Where there is a reduction of tax on one employer, if it is a very great reduction there must be compensating influences at the other end.

As Mr. Altmeyer pointed out a minute ago, in order to maintain an adequate flow to guarantee benefits there must be a tax rate of 2.7 percent. This, he stated, would be the tax rate that would guarantee solvency of the funds. Now, if some employer's tax is reduced to 1 percent, then other employers are going to have to take up the slack. To me it does not quite add up, in view of the fact that there are industries in which employment cannot be stabilized and it is beyond the control of the employers to stabilize it regardless of what incentives may be given to them in the way of tax reductions for stabilized employment. The basic principle, as I see it, in unemployment insurance is to retain purchasing power by paying workers, who are eligible, benefits for unemployment, and to pay a few employers benefits at the expense of other employers.

The question of adequacy of benefits is also another very important point, and to me it definitely ties in with the so-called minimum benefit standard in the Federal act. There are sharp differences of opinion on that issue as to whether or not the Federal act should contain minimum standards for benefit payments, and possibly there are some dangers involved in that, for the reason that in many States their maximum benefits might be the Federal minimum. However, now that the program is in progress I do not believe that is a serious problem. I think it is more an illusion. Without minimum standards in the Federal act the tendency, I think, is going to be downward, particularly during this period when employment is on the upgrade as a result primarily of the national defense program. In my opinion, there is going to be a movement either to suspend benefits or to lower the standards. It is unfortunate, I think, that some States provide such a paltry sum for unemployment compensation as $2 or $2.50 per week. It is no wonder that many employers, as well

as the public, look upon benefits under such a set-up as an outright gift or dole and not as benefits based upon earnings in covered employment.

Minimum benefit standards—that is, a minimum amount below which benefits must not go—would also serve as an advantage to employers under the so-called experience-rating provision of many State laws. For example, in one section of the country we have laws providing for, we will say, $5 or $6 as a minimum benefit. In another section of the country there is no minimum benefit—benefits may go down as low as $1 a week. That, I believe, in itself is unfair competition among employers, because the employers in the area where the benefit may be as low as $1 a week have an advantage over employers where minimum benefits are $6 a week. This directly affects employer experience rating because there is a greater drain on the fund under the latter situation. Furthermore, this $2 or $3 benefit is, in my opinion, actually not an unemployment insurance benefit. It possibly costs that amount in administration—to process the claim, take the registration and the continued claim, write and make payment of the check. This process undoubtedly costs in many instances that amount to administer the benefits paid. Furthermore, it does not contribute in any degree to the economic stability of the community insofar as purchasing power for the family is concerned. I think that consideration should be given to a $5 or $6 minimum benefit amount and that the requirements should be in the Federal act.

I do not believe the duration of benefits in any State are of sufficient length at this time. It is 15 or 16 weeks in many States and in some States it goes down to 12. That is entirely inadequate. Duration should be at least for 20 weeks if we are thinking of unemployment insurance as an added purchasing power during periods of unemployment. I further believe that the maximum weekly benefit amount should be increased, to provide more adequate benefits. Most laws provide for the payment of benefits on the basis of 50 percent of the average weekly wage. In the case of a $20-a-week worker his benefits would be $10 a week. If he has a family, obviously those benefits are inadequate, and they should be increased. Moreover, it is my candid opinion that they will be increased.

Then there is the question of the waiting period. Before benefits are payable, most States, I believe, now provide for a 2-weeks waiting period—some 3 weeks. Under a 2-weeks waiting period it is actually 3 weeks before the first compensable week is paid. To me, that is too long for a worker to wait if he is otherwise eligible for benefits, and I believe that efforts should be made now, in view of

the experience had by all States in benefit payments, to reduce the waiting period to not to exceed 1 week. This would not present an administrative problem at this time if accomplished by State or Federal legislation, and, of course, if it came through minimum standards in the Federal act it would be obligatory upon the States to meet that requirement.

It is interesting to me to note that in many States, particularly in some of the western States, there is a desire to exempt certain groups of workers—write them out of coverage in the State law. I know in my own State (and I do not like to talk about my own State) there is a desire to make certain exemptions. How widespread that may become, of course, we do not know, but it is not the intent of unemployment insurance to exempt groups. It is actually the reverse—to cover as many groups and individual workers formally attached to the labor market as is possible. That, in my opinion, should be our objective—not to take out from coverage this group and that group, but to bring into coverage, where feasible and administratively possible, those groups not now covered by unemployment insurance.

The protection of the benefit rights of workers in the national defense program is a very important problem. In other words, these workers' rights in this program should be protected and the benefit credits built up under State unemployment compensation laws should be safeguarded, for when there is a tapering off of this hectic rush in the defense program there will be a day of reckoning when those benefits will be needed. It happened after the World War in Great Britain, as most of you know, when a tremendous drain was placed on the unemployment insurance fund by the thousands returned to the labor market upon demobilization. That is one danger possible in this defense program we should be cognizant of, and workers drawn from industrial posts into the armed forces certainly should have their benefit rights safeguarded and protected. It is hoped by all, I am sure, that after this heated preparation for this defense program the same thing will not happen to the Employment Service that happened after the World War. That is, Congress, through its desire to economize and balance the budget, eliminated the appropriations for the United States Employment Service and thereby practically eliminated a very important set-up in our social and economic structure.

The Employment Service has been reestablished and has operated over a number of years now. It has progressed tremendously in my opinion, and is on a fairly stable operating basis. I do not believe the surface has been scratched insofar as public employment activities are concerned. It is still in its infancy, but tremendous progress has been made and it would be regrettable, after we go into reverse action,

so to speak, if we sacrifice all the gains that have been made in the field of public employment service administration. When the defense program levels off, it will be most important for an agency to be in existence that can assist in finding unemployed workers jobs. When we reach the peak of employment under the defense program, an employment service of this nature perhaps could be gotten along without very well insofar as getting people on jobs is concerned. It would be after this turmoil is over and we hit that so-called tailspin that we will need public employment service. Of course, its importance at this time cannot be overstated. The statistical compilations, particularly with the additional information available through unemployment compensation are important now and will be more important in the future.

I should like to give an example of what happened recently in a State. There was a great desire on the part of the vocational education department of the State to ascertain in what particular skills training should be given. (We heard some very constructive discussions on that yesterday by Commissioner Durkin of Illinois.) It so happened that in this State a movement was immediately instituted to enroll large numbers of young people in classes, just classes set up for training them. After they were on the job, they began to take stock as to whether or not they might be employed in industry within the State.

The youth problem is a serious one, possibly because it is one that has not been given the attention it should have received some years back. There is a challenge to the employment service in the seeking out of employment for youth, and the employment service must accept that challenge. We heard yesterday there were approximately 4 million young people unemployed, which makes a good portion of the estimated number of unemployed in the United States. In a sense, it is a reflection upon our educational institutions.

In our consideration of our national security we must not overlook the fact that it is dependent upon the security of the workers within our own borders. We have glaring examples of that both in Italy and Germany, and in Russia too. Mussolini came to power as a result of the internal economic conditions in Italy after the World War and Hitler came into power about 1933 due to the very same internal economic conditions. It is something for us to think about at this time, and we must think of our social and economic defense program as not vulnerable to atack or destruction and that it must be maintained and strengthened through this hectic period of national defense.

Social Security

Report of the Committee on Social Security, by W. A. PAT MURPHY (*Oklahoma Department of Labor*), *Chairman*

[Submitted but not read]

Developments in the Old-Age and Survivors Insurance Program

Undoubtedly the most important single influence during the past year on the social security insurance program was the passage of comprehensive amendments to the Social Security Act. The revisions expanded the original program from a Federal retirement system to one embracing both benefits to aged wage earners and their dependents, and benefits to survivors.

The amendments were approved August 10, 1939, to become effective in all important respects on January 1, 1940. The most important changes were: (1) Advancement of the payment of monthly benefits to aged wage earners from January 1, 1942, as prescribed under the original act, to January 1, 1940; (2) provision for the payment of monthly benefits to the aged wife, children, widow with children, aged widow, or parents of the wage earner; (3) liberalization of the employment requirements to permit those who attained age of 65 prior to the enactment of the amendments to qualify for monthly benefits in 1940 or shortly thereafter; (4) immediate discontinuance of lump-sum payments awarded upon attainment of age 65 under the provisions of the original act; (5) discontinuance, by January 1, 1940, of lump-sum payments awarded upon the death of wage earners to their estates under the provisions of the original act; (6) provision for lump-sum payment upon death of an insured individual after December 31, 1939, where there is no surviving widow, child, or parent who would be immediately entitled to a monthly insurance benefit.

Altogether, six different types of monthly benefits were made available under the amended law. Primary insurance benefits are payable to the insured worker who has attained the age of 65. Such benefits are equal to 40 percent of the first $50 of the worker's average monthly wage, plus 10 percent of the next $200, plus 1 percent of the basic amount for each year in which the individual was paid at least $200 of wages. For example, the monthly insurance benefit for a worker who has averaged $100 a month ranges from $25 to $35 a month depending on how long he has been in the system. If the worker has an aged wife, the payment will be half again as much or between $38 and $52. Where there are dependent children, the total family payment will be proportionately increased to twice as much as the primary payment or $85 a month, whichever is least. Wife's insurance benefits, equal to one-half the primary insurance

benefit, are payable to wives aged 65 of insured individuals with whom they are living. Child's insurance benefits, equal to one-half the primary insurance benefit, are payable to unmarried dependent children under age of 18, of wage earners entitled to primary insurance benefits and to such children of deceased insured wage earners. Widow's insurance benefits, equal to three-fourths of the primary insurance benefits, are payable to widows aged 65 of insured individuals with whom they were living at the time of the deceased's death. Widow's current insurance benefits, equal to three-fourths the primary insurance benefit, are payable to widows who have one or more children of the deceased in their care and who have not remarried. Parent's insurance benefits, equal to one-half the primary insurance benefit, are payable to the aged parents of deceased workers who leave no surviving widow or child. As a special restriction, the parent is entitled to benefits at age of 65 only if he was wholly dependent upon and supported by the worker at the time of his death.

The new benefit formula results in higher benefits for low-paid workers and for steadily employed workers. Eligibility requirements for the aged worker were eased, especially in the early years.

Not only did the amendments add benefits, but certain types of work previously excluded were brought under the act. The most important services included are those for national banks, State banks which are members of the Federal Reserve System, building and loan associations, and services in fishing and maritime work. Those over the age of 65 excluded under the original act were brought under Federal social insurance. Altogether, the number protected was increased by over a million persons in new industry and age groups. Changes limiting coverage under the original act, it is estimated, affected from 500,000 to 750,000 individuals.

The financing of the social-insurance program was also modified by the amendments. The tax of 1 percent each on employer and employee was continued for the years 1940–42, instead of being increased in 1940 as scheduled under the original law. The old-age reserve account was replaced by a trust fund out of which administrative expenses as well as benefit costs may be paid, and to this fund there is to be appropriated regularly the equivalent of taxes collected.

In summary, it may be said that the amendments shifted emphasis from the protection of the individual to the protection of the family. They stress the adequacy of benefits to shield society from the evils of dependency, and provide greater adequacy through more emphasis on pooling of risks and less emphasis on each individual getting a full return on his contributions. They extended the scope of insurance to provide against death and family dependency as well as old age.

The amendments preserve the contributory principle which characterizes social insurance while maintaining a relationship between earnings and benefits.

The administration of the new old-age and survivors' insurance program was formulated to assume speedily and efficiently the new duties of paying of regular benefits. Up to 1940, the Social Security Board had awarded only lump-sum payments and had not developed a system of issuing benefits on a regular basis. Nor had it established controls as to the existence of beneficiaries, their continuing eligibility and changes in their status and location.

Because of the added functions directly and indirectly resulting from the amendments during the past year, the Board's responsibility was greatly expanded during the past year. In the Bureau of Old-Age and Survivors Insurance, responsible for administering monthly benefit payments, about a thousand additional individuals were employed during the fiscal year 1939–40. The greatest increase in personnel occurred in field and claims services. Over 900 field positions alone were added and 140 additional offices to service the public were opened, making a total of 467 field offices. Regularly scheduled itinerant service was established and maintained at some 1,400 points throughout the United States.

In order to start payment of monthly benefits on time and in order to acquaint prospective beneficiaries with their rights under the new program, the Social Security Board undertook a thorough search of existing wage accounts, including the accounts of those who had already been recipients of lump-sum payments under the original act, to determine how many had sufficient employment to qualify for monthly insurance benefits immediately or within a short time after January 1, 1940. Those who had received payments prior to January 1, 1940, were notified through the field offices nearest them of their possible eligibility for monthly benefits and were advised of the employment requirements. As a result of this program, approximately 5,000 claims were filed with the field offices even prior to January 1, 1940. The program advanced swiftly. By June 1940, there were over 108,000 awards of monthly benefit payments. Over half of these were for primary insurance benefits. Under the original act, only lump-sum payments were made. Altogether, as of June 1940, over 470,000 claims for lump sums were paid, totaling over $28,000,000.

Under the lump-sum payment program, adjudication of claims was, for the most part, a clerical task, involving the evaluation of proofs, analysis of applications, and supporting the documents. The amendments, chiefly in connection with benefits to dependents and to certain relatives, require investigation into personal status such as dependency, marital relationship, child care, feasibility of school attendance, and

return to employment. With respect to highly personal and individual considerations, the Bureau had to establish the adequacy of certain proofs and had to adopt techniques utilized by social-service and welfare workers. Emphasis was placed on public relations technique and particular stress was laid on the education of the public. In working out regulations and procedures, the Social Security Board carefully investigated the practices of Federal agencies and State workmen's compensation agencies, and of foreign social insurance systems.

One of the additional responsibilities not strictly connected with the payment of monthly insurance, imposed by the new law, required the creation of facilities for the hearing and review of claims determinations. The new law authorized an appeals procedure with final recourse to the United States District Courts. An independent appeals council was established with headquarters in Washington and with 12 traveling referees operating in each of the 12 administrative areas through which the Social Security Board operates. Before the establishment of the council, the Social Security Board adopted 14 basic provisions representing the culmination of considerable research into the social-insurance policy, specific problems arising out of claims payment and record keeping, and the requirements of administrative law for fair hearing.

By the close of the fiscal year the Bureau had experienced at least the initial stages of all processes and operations required for the payment of monthly benefits. Policies were determined and procedures were developed for practically all major problems which could be expected. Along with the payment of benefits analyses of the effects of the program were carried on. In addition, planning for new types of benefits and for the inclusion of additional groups for social insurance protection was undertaken. Attention was given during the past year to the extension of coverage to agricultural workers and to the self-employed. Both administrative and legal difficulties were carefully studied and separate plans were devised for tax collection in the case of workers to whom the pay-roll tax system could not be applied. Coverage of State and municipal employees was also considered and recommendations for their coverage were submitted.

Such planning and appraisal of the program remains a continuing function. Its importance was accentuated during the past year on account of the amendments and it was directed mainly toward understanding the new program. In the future, evaluation of the effectiveness and adequacy of benefits will be given greater weight in order that recommendations for improving and extending social insurance can be proposed to Congress.

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Major Developments in Unemployment Compensation, July 1939–July 1940

During the year great progress has been made in the unification of the administration of the complementary benefit-payment and job-finding tasks of the employment security program. The job of referring applicants to employers where employment opportunities exist and assistance in filing claims for unemployment compensation benefits when suitable employment is not available has been done more thoroughly and more economically. The technical task of ascertaining workers' experience and referring them to those jobs for which they are qualified has been facilitated by the distribution of a dictionary of occupational titles which defines 17,452 occupations, known by 29,744 job titles.

Under Reorganization Plan No. 1, authorized by the reorganization act of 1939, the functions of the United States Employment Service were transferred to the Bureau of Employment Security of the Social Security Board. Since the latter body exercises general control over the administration of unemployment compensation in the States, integration of the employment service and unemployment compensation functions at the Federal level has facilitated the similar integration of functions among the States.

The benefit-payment program became fully operative when Illinois and Montana began payments in July 1939. Over the period June 30, 1939–July 1, 1940, $482,000,000 was disbursed in benefits. In spite of the full operation of the benefit payment program, however, the amounts in the unemployment trust fund continued to rise. Whereas $1,139,000,000 was available for benefit payments on June 30, 1939, $1,707,000,000 was available on July 1, 1940. The net increase in reserves thus amounted to $568,000,000, but the accumulation of reserves did not proceed at a uniform rate among the States. In a few States with few covered workers and in a few States where covered workers are concentrated in a few industries, reserves increased by very small amounts. The accumulation of reserves in most States at a rate more rapid than seemed warranted by economic conditions directed attention towards the advisability of fundamental changes in the financial structure of unemployment compensation.

In certain quarters attention was centered on the possibility of decreasing the Federal and State unemployment taxes in order to obtain a closer correspondence between current income and current expenditure. An amendment to the Social Security Act designed to accomplish this purpose was proposed early in 1939. Among the States, the reduction of employers' taxes through the individual employer experience-rating clauses continues to be strongly advocated; experience rating is now in effect in 4 States and will be applied in 13 others during 1941.

During the later months of 1939 and 1940, however, the effect upon reserve accumulation of the volume of benefit payments was more closely examined. As reports of the weekly amounts granted to claimants, the number of weekly payments made, and the experience of claimants after exhaustion of their rights became available there was increasing realization that the scale of benefits established in the States was not adequate to carry workers over spells of short-time unemployment. In view of the failure of most State laws to fulfill this fundamental objective of unemployment compensation, increasing attention was paid, both in the States and in Congress, to the payment of more adequate benefits as a means of correcting the maladjustment between contribution collections and benefit payments. Early in 1940, bills establishing Federal benefit standards were introduced in both houses of Congress. These bills also took cognizance of the fact that the payment of adequate benefits may not be possible in every State on the basis of contributions collected within the State. They proposed the establishment of a central fund from which payments to such States would be made.

While the fundamental structure of the system was closely examined, no significant changes in the Federal-State system were made. Amendments to the Social Security Act passed in 1939 altered the unemployment compensation titles only in minor respects. Through a revised definition of agricultural workers the number of workers whose wages were subject to the Federal Unemployment Tax Act was somewhat reduced; by shifting the tax base from "wages payable" to "wages paid" a degree of administrative simplification was attained; the conditions under which individual employers could obtain reductions in unemployment taxes payable to States were somewhat revised.

Few State legislatures met during the past 12 months and in these general evaluation of the operation and objectives of the program was not accompanied by extensive revision of State laws. There was no general movement toward reducing the size of firms subject to State laws and thus bringing new workers into the system or increasing the rights of those workers who transfer between large and small firms. Nor has there been any tendency to bring excluded occupations under the laws. Indeed, a number of relatively minor occupations, such as certain agricultural workers, caddies, and insurance salesmen, were newly excluded.

The conditions to be fulfilled by covered workers as a prerequisite to receipt of benefits were not markedly altered among the States. Reduction in the length of the waiting period has continued to the extent that most States now require a 2-week waiting period in the course of a year. On the other hand, there has been a widespread

increase in the volume of earnings prior to unemployment which is required to establish a worker's attachment to the labor market and hence his rights to benefits. Under most laws, it is now difficult or impossible for workers to obtain any benefits unless they have had at least one quarter of employment in the preceding year. A desire to require a greater volume of earnings, and hence to provide a correspondingly larger volume of benefit rights to the smaller eligible group, was primarily responsible for this change. Experience showed that the group which barely qualified under previously existing lenient provisions was entitled to very small amounts per week for very few weeks. Some States extended the list of actions and conditions which disqualify workers from receipt of benefits, and in a few States denial of some or all benefits rather than postponement of benefits now follows a disqualifying act or condition.

Fifty percent of the full-time weekly wage, or a rough equivalent, remains the usual weekly benefit amount. Some States have increased the weekly amount above this level by various devices, and a few States have reduced the weekly payments below this level by relating weekly benefits to annual earnings. With respect to the minimum weekly benefit amount, there developed a tendency for States to adjust the lowest weekly payment to wage levels. In the South, for example, the minimum was generally lowered, while this amount was increased in the Mountain States. With respect to the duration of benefits, the most significant change among the States was the adoption of flat duration in place of duration limited by past wages in a number of States. In those States which retained variable duration, workers continued to be entitled to a total amount of benefits equal to a fraction of past earnings with an over-all limit of about 16 weeks.

More significant than changes in benefit rights was the general movement towards simplification of the benefit formula. The period of time over which wages might be accumulated to fix benefit rights was generally reduced, alternative provisions which introduced administrative complexities were dropped, and trouble-making definitions were clarified.

While the defense program occupies the center of the stage in mid-1940, attention is being directed toward means of meeting the future problems that will inevitably arise both in the placement and benefit-payment areas of the employment security program as a result of the maladjustments produced by the readjustment of the national economy to a defense status.

Adjustment of Industrial Disputes

Potentialities of the Labor Relations Board

By WILLIAM LEISERSON, *National Labor Relations Board*

I am asked to speak on the potentialities of the Labor Relations Board. The potentialities of this Board are for the Board to have less and less work to do, so that if it does a good job, it has to work itself out of a job.

The discussion of social security which you have heard this morning indicates that the potentialities of the Social Security Board lie in extending and deepening its work. It must undertake health insurance in time. It must include more people. It must increase benefits and all that. The potentialities of the Labor Relations Board, however, are in the opposite direction. In order to make that plain, we must know what the Labor Relations Act deals in.

The Labor Relations Board has just two duties. One is to enforce the right, freedom, and liberty of employees to organize so that they will be free from interference and may bargain collectively. There is another. In the exercise of the right to organize, disputes arise among the employees themselves as to whom they want to have as their representatives or what organizations they want. That is the second part of the duties of the Board. It has to conduct elections and certify the representatives of the employees. That is all there is to the act. It is very simple.

The potentialities of this Board lie in the direction of having less and less work to do with respect to complaints as to interference with the rights of the employee. If the Board has more and more complaints and more cases, that means that the act is not working. It means that the act is not being enforced.

On the other hand, for a time at least, there should be an increase in the number of representation cases. As soon as the Board gets the employers to feel this is the law and it has to be obeyed, then more and more workmen will come to them and ask to bargain collectively. All the employers have to say is, "Go to the National Labor Relations Board and get certification that you are the authorized representative; then we will bargain with you." That means more cases of representation or election will come to the Board.

After we have had a good number of elections and certifications of representatives the real potentialities will lie, not in the Board, but in the collective bargaining that results between the authorized representatives and the employers; and the real benefits of the act are to come not from what the Board does but from the results of this collective bargaining.

However, if every year we have to have more elections and representation changes there will be no industrial stability and no development of orderly labor relations. The potentialities must lie in the direction of more stability. Once we certify representatives and they start bargaining and make collective-bargaining contracts, the contracts develop a body of industrial law to regulate relations between employee and employer. This will not develop if workers keep changing representatives every year or even every few years.

The real potentialities lie in the development of the contracts; they do not lie in what the Board does. I have emphasized that because there is a tremendous amount of misconception of the work of the Board, not only on the part of the public generally but to a certain extent among ourselves on the Board as well.

People have a notion that the Board is making labor law. We do little of that, and to the extent that we are making labor law, much of it is not good. The real labor law—the real government of the relations of the employer and employee—has to be made by the employees and the employers through their representatives in their contracts. It is these collective-bargaining contracts that develop a body of industrial law which regulates rights, privileges, immunities, and duties. This Board needs to proceed on the idea that if we are going to have an efficient administration we will have less and less to do. Our duty is to get the act enforced, and then leave it to the unions and employers to settle their problems by bargaining.

Now let us understand a little more in detail what the Board has to do. The enactment of this law, the Labor Relations Act, can best be compared, I think, to the Emancipation Proclamation of Abraham Lincoln. This will perhaps indicate to you that I have been reading Carl Sandburg's "Lincoln" recently, and if you have not read it, you should by all means.

When Lincoln announced the proclamation, he was bitterly attacked. It was unconstitutional. There was no question about that because slavery was protected as a property right under the Constitution, and the President could not just abolish it. Lincoln understood that, but what did he do? He exercised his right as Commander in Chief of the Army and as such Commander in Chief he authorized generals where the war was going on to free the slaves

in their territory as part of the war campaign. However, he was careful not to apply the Emancipation Proclamation to those States which had not seceded, and there was slavery there. He did not free all slaves in the first proclamation. The border States had a lot of slaves.

What happened? He was attacked by the people who did not want emancipation, and he was attacked by the radical Republicans for not freeing all the slaves. He was attacked coming and going, and that is what is happening to the Labor Relations Board, too.

It is attacked by the employers who have their property rights taken away by this act. There is no question about that, and the employers are like you and me—they do not want rights taken away. The Board is being attacked on the other hand by unions that think we are not doing enough for them. According to them, we ought to do more and punish employers.

What do I mean by saying that the law takes away property rights from the employer? Until the Labor Relations Act was passed, it was part of the right of employers, of the property rights protected by the Constitution and by the Supreme Court of the United States, to hire and to fire employees for any or no reason. Nobody could question it. It was an integral part of the right to do business, of the freedom to engage in business enterprise. So, if I were an employer and a man came to me and said he belonged to a union, I could say: "I won't have anybody who belongs to a union." If a union came along to talk to me, I could say: "Nothing doing, I don't believe in my employees organizing, and if I find any of my employees joining the union I will fire them." And I had a right to try to destroy the union.

The Federal Congress and many of the States passed laws against blacklisting and against employers interfering with the rights of employees to organize, and those laws were taken to the Supreme Court of the United States. The Supreme Court said that the employers had the right to hire and fire people for any or no reason, and if the State or the Federal Government tries to interfere with that right it is taking property without due process of law, which is unconstitutional. The Federal action was held unconstitutional under the Fifth Amendment to the Constitution and the State acts under the Fourteenth Amendment. That was the law and the Constitution, and that defined the property rights of the employer. In other words, the employer was free because he had the economic opportunity in his hand to interfere with the freedom of the people who worked for him.

The Labor Relations Act took away that property right from the employer and handed it over to the employee. If you understand

that, then you know why we are having all this turmoil about the Labor Relations Board. It is not a simple thing, it is somewhat revolutionary, like the Emancipation Proclamation was. An important change like that is not accomplished simply by adopting a law. You have to change people's minds, habits, and ways of doing business; and that means that it takes years of transition to get the new property rights of employees recognized—the extension of their rights and the restriction of the rights of the employer.

It means also, when you come to the administration of an act of this kind, that you have to be very careful in administering it. We need to have the spirit of Lincoln. For instance, in 1864 some fellow in the North returned a slave who had escaped from one of the southern States. It was after the Emancipation Proclamation and the Army caught the fellow who returned the slave. The fellow was court-martialed by the Army and sentenced to be shot, or I think perhaps imprisoned.

The case was appealed to Lincoln, and he said, "There is no question but this man is guilty, but the change in duty was but recently made and the mind of the public hadn't entirely accepted it yet." Lincoln, realizing that, thought we should be careful in its enforcement. We must enforce it, but we must understand that the people do not feel like criminals yet for doing things that were perfectly legal up to a short time ago. He therefore commuted the sentence.

It is that spirit that is needed in the administration of the Labor Relations Act. The act itself requires it and states it; and that leads me to a description of it.

The act set up five so-called unfair labor practices. The first one is that employers must not interfere, coerce, or restrain employees in the exercise of their rights to organize and to bargain collectively. Second, they must not establish company-dominated unions or assist them. Third, the employer must not discriminate in hiring or in discharging employees. If he does, the Board may reinstate those employees and order the employer to give them back pay for time lost. The fourth is that there must be no discrimination in hiring and firing against employees for testifying against the employer. The fifth is that the employer must not refuse to bargain collectively.

Those are the five unfair labor practices. Remember that all those five unfair labor practices are in the Railroad Labor Act, which was adopted a year before the National Labor Relations Act. However, in the Railroad Labor Act those unfair practices are made misdemeanors, crimes, and they are punishable by fine or imprisonment, or both.

Why did not Congress make these same unfair labor practices in the Labor Relations Act punishable by fine, imprisonment, or both? It was for the same reason that Lincoln commuted the sentence of the fellow who returned the slave.

In the railroad industry the employers had been convinced for many years that they had no right to interfere with the rights of employees. They were convinced originally not by law, because when a similar law was passed in 1898 by Congress that law was declared unconstitutional. The decision of the courts told the employees that they could not get their rights by law but they would have to resort to industrial war. Then we had a series of big strikes, compared to which the sit-down strikes in 1937 were Sunday-school parties. They were really bitter strikes. The Army had to be called out, but the unions won. They were forced to resort to that method of industrial warfare because of the decision of the courts. As a result, they convinced the railroads that they would have to deal with unions and keep their hands off the rights the employees asserted.

There being merely a small, negligible number of employers in the railroad industry who still wanted to interfere, the mass sentiment was established. Railroad management generally knew it was wrong to interfere. Under those circumstances Congress could enact a law which would treat the few as criminals, because the principle was accepted by most employers and managements in the railroad industry as well as by the employees.

That principle, however, was not accepted throughout industry outside of the railroads. The employers asserted their own right to organize in associations, such as the Chamber of Commerce, employers' associations, manufacturers' associations, and a lot of others; but at the same time they asserted the right to destroy the organizations of the employees by firing people and hiring spies and all that sort of thing. The country supported them in that. We were all equally guilty. That was our view just the same as it was down to the Civil War that slavery was to be protected by the Constitution.

Congress learned her lesson from the prohibition amendment, that if the people of the country who are to be affected by a law do not feel that the prohibited conduct is wrong you cannot enforce that kind of a law. Therefore, Congress adopted an educational device in this Labor Relations Act instead of a criminal penalty.

Congress authorized the Board to investigate when a charge comes in from an employee or union that workers' rights have been interfered with. The Board is authorized to investigate, to get all the facts, write them down in a record, give all parties a chance to be heard and then to make a finding that there has been interference.

We do not put the employer in jail, we do not even punish him, but just say to him, "Now hereafter quit that." That is all. In legal language that means we issue a cease and desist order. When the Board finds that an employer has violated the rights of employees, it issues a cease-and-desist order; that is, we say to the employer, "Don't do this any more, and notify employees by posting notice that you won't."

If the issue involves discharge of people illegally, the Board does not punish the employer, but may reinstate the workers, and it can make him pay back wages for time lost or hold the employer for any loss the employee suffers through the violation. So, if the employee suffered a loss in wages, we can put him back and order back pay, but not if there is no loss in pay sustained by the worker because of the fact that he got work elsewhere.

Suppose as an employee I lost a thousand dollars by being illegally discharged. Then I went out and got another job earning a thousand dollars. When I go back, the employer does not have to pay me, because I have not lost anything. However, if I got a job where I earned $500, then the employer must pay me the $500 that I lost. There is no punishment for the employer. He merely gives back to the discharged employee the amount of wages lost by unemployment.

If the issue was refusal to bargain collectively, all we tell the employer is "Go and sin no more. Go and bargain collectively."

I think that is a wise law, because during this transition period we cannot impose penalties. That will not work. The reason is that people do not feel they are doing anything wrong when they continue to do what they have been doing for generations. However, after a period of issuing these orders and showing the employer what the law requires, we can swing into the position of imposing penalties, as in the railroad industry. If we had criminal penalties at the time the act was imposed, juries would refuse to convict, as they did with prohibition violators. The cease-and-desist orders are more effective in getting enforcement during the transition period.

You see then the Labor Relations Act is a very kindly act. In effect it says to employers, "Now up to this year, up to 1935, the policy of the United States was to give you a property right in interfering with the rights of employees. Congress has now changed that policy. You see all these facts we have here as a result of our investigation show that you are still pursuing the old policy. You can't do that any more. Now here is the policy that you are supposed to follow." So we tell the employer to quit what he has been doing and do what has been set down in the act.

After that goes on for a few years the employers of the country will be convinced that it is the right way. I think all of you know

that as a result of this 5 years of turmoil and attack on the Board we have reached the stage where vast numbers of employers—nobody can say whether it is the majority or not, but I think it is—are convinced that they have to do business this new way. It does not make any difference whether the Republicans or the Democrats come into power. This right is going to stay. More than that, the fact is that no employer nowadays dares to stand up and say, "I don't believe in collective bargaining or the rights of my employees to organize." Every employer now says, "I believe in the right of collective bargaining and I don't believe we have a right to interfere with the employees."

All this means that public sentiment created by what the Board has done with the act in the last 5 years has reached the point where those who in their hearts really do not believe in the act and think the old way was better no longer feel they can stand up against public sentiment. That, I think, is a great accomplishment in the short period of 5 years.

The potentialities of this development are that in another 5 years we may not need the Board to handle these problems any more. The number of deliberate violations should become so small that Congress can amend the act and make a violation a crime or misdemeanor as in the Railway Labor Act. Then the Board will not be having unfair labor practice cases any more. On the other hand, the election business would be increasing because that shows willingness to abide by the law.

There is room for improvement in our administration of the act, but, in my personal opinion, I think we have been forced, by the attitude of the lawyers who have fought us, to administer this act in too much of a legalistic way. We have had lawyers working for us who get $2,600, $3,000, and $3,500 a year. The lawyers who have represented the employers have earned that amount of money on each case. Those lawyers have forced our lawyers to be overlegally technical in the handling of these cases, until every time any problem comes up that needs to be handled in a sensible way, and I take it up with the lawyers, they say, "You can't handle it sensibly. You have got to settle this question of law." That is not the fault of our lawyers. It is the fault of the expensive lawyers who have forced us to this course.

For illustration I want to tell you about a predicament I got into on the National Mediation Board. I believe in letting everybody talk and putting down what each one says, and particularly I believe in letting myself talk as much as I want. We had a conference the way I had been used to in dealing with labor relations. That was

with everybody talking and talking themselves out. Then we knew where we were and as a result we issued a decision.

The lawyer for one of the parties in that dispute took the case to court and the lower court upheld our decision. Then the case was appealed to the circuit court of appeals, and the Department of Justice, which was handling our case, said, "You had better start over again. Withdraw your decision and hold a new hearing." I asked, "What is the matter?" and was told, "Ah, but they won't consider this a legal hearing that you held." Well, I said I thought it was the sensible thing that I had done and I would let the decision go before the circuit court of appeals, and if it was not right let the court tell us. "We believe in having our decisions reviewed," I said.

Well, the court heard and looked at the record. It did not have a lot of motions in it and was not filled with legal verbiage, and there were no immaterials, incompetents, and irrelevants. (Most lawyers, you know, have the notion that there is only one way of arriving at the truth when making investigations. There must be two lawyers, each one trying to keep as much out of the record as possible; then whatever gets by them into the record—that is the truth.)

We did not try to defend our procedures or our decision. We just told the court, at least told the Department of Justice to tell the court what had been done. The circuit court was very sympathetic. It said the decision can be the same, but the record did not indicate a hearing that gave everybody his rights under due process of law and therefore we would have to give them a different kind of a hearing.

We did not consider that a loss. We did not worry about this business of winning or losing in the courts, as if that has anything to do with the true or proper method.

We did what the court said. We called hearings and we let them have plenty of hearings. The parties had expensive lawyers and arguments went on for days and months, until finally the labor people came to us and said, "These blood-sucking lawyers are eating us up." We told them the court said this would have to be done, and it was done. Then we wrote findings of fact on those hearings and we made the same decision exactly as the previous decision. However, it cost the employer and the labor organization involved thousands and thousands of dollars.

If it really involved constitutional rights—somebody did not get justice—then it would be worth the money. If somebody's rights were really disregarded, I do not think it was too much to pay. But I do not think anybody's rights were disregarded. I think all that

unnecessary procedure was a result of this narrow, legalistic interpretation of what an investigation of fact is. I am glad to say that as a result of that experience neither the employer nor the unions asked for any more of those legalistic hearings. The Railway Board, until I left it last year, was running its hearings in the old way. Everybody was satisfied.

That, I believe, will illustrate to you some of the problems we have in administration of the Labor Relations Act. The Board is required to hold hearings in all types of cases. Lawyers representing unions and employers before the Board are trained in court procedures, and they expect the Board to follow court-like procedures; the lawyers on the Board's staff have fallen in line to such an extent that we now have become overly legalistic in our way of doing business.

I want to say in closing that I do not think there is any thing the matter with the law. I do not think it needs a single amendment to accomplish its two purposes. I do not mean by that to state that it is a perfect law, but I do not think it needs any important change at the present time in its provisions.

The law does require improvement in its administration. The administration has become legalistic because of the experience in those first years when every time the Board wanted to make a move it was stopped before it began. If we went to the employer to investigate, he said, "No, my lawyer has advised me to give you no facts." Then we would issue a subpoena and the employer would refuse to honor our subpoena. After all that, then there would be a lawsuit, not on the case but on the subpoena.

When we wanted to hold a hearing somebody would go and get an injunction. We had a hundred cases like that, and we had to fight out that question first, until the courts finally told the company lawyers, "You can't enjoin them before they have completed their investigation."

Under that system of procedure, do you think we could have a decent, sensible administration of the law? It made a lot of jobs for unemployed lawyers but it did not do much in the way of sensible administration. It was not the fault of the Board that it did not have sensible administration, but the situation was forced on it. When we tried to improve the administration we had the lawyers on the outside objecting to changes as well as our own lawyers, who were getting to like the way they were doing things, especially because it meant employing more lawyers.

I say that what we need in order to work ourselves out of a job, so we will have fewer and fewer cases and more and more compliance with the law, is improved administration with less legalism.

On the other side, the potentiality is that if we accomplish this there will be more and more collective bargaining between union and employer, and we will have less to do in that respect.

The unions and the employers may disagree, but as long as they are bargaining it is none of our business and should not be any of our business. There will be vast possibilities of disputes when the parties are equal in bargaining power and cannot agree on wages, hours, and other terms of employment; but that is not the job of the Labor Relations Board. That is the job of the mediation agency of the Government. The Conciliation Service of the Department of Labor handles that now. State labor departments also have mediation and conciliation services.

Personally, I think we ought to establish a national mediation board to expand vastly the work of the Conciliation Service of the United States Department of Labor to deal with those problems that will arise—those problems of differences between employers and employees when they are honestly bargaining and cannot agree—and to assist them in arriving at their agreements.

That is not the job of the National Labor Relations Board. That is the job of a mediation agency which should and must be separate and distinct from the Labor Relations Board. However, neither mediation nor collective bargaining can be effective unless this law is on the statute books and the rights of employees are not interfered with. Collective bargaining must be a right of the employees protected by law and acknowledged by the employer before there can be any effective bargaining, mediation, or conciliation.

The Labor Relations Board must have less work to do because this is accepted as basic. Then the mediation service will expand—that is the potentiality if this act is successful. If our law is enforced, complied with, we will have very little to do.

Discussion

Mr. HANEY (Minnesota). Mr. Leiserson has told you how easy it is to administer a law such as the National Labor Relations Act. At the present time I am the administrator of the Minnesota Labor Relations Act, and I ought to feel quite proud in telling you that our legislature evidently felt that the process of education, which Mr. Leiserson referred to as one which might eventually change the national act and take the enforcement out of the Board itself, has happened in our State. Our legislature has seen fit to delegate enforcement to the courts. It has, however, added to the Minnesota Labor Relations Act a conciliation service in the State.

Minnesota is the only State in the Union that has a 10-day waiting period before strikes, covering all industries. It is a new venture, as

new probably as the matter Dr. Leiserson talked about, namely, holding informal meetings. However, a year and a quarter of administration of this law has convinced me that it is a coming thing in America to get employer and employees to meet with representatives of the State government and discuss their problems in a friendly and intelligent manner.

I do not believe that I differ with Dr. Leiserson in his theory at all. I have had experience with the same kind of hearings that you have had, Dr. Leiserson. I have had people tell me they were not formal enough. We try to be informal and attempt to give everybody a chance to present his side of the case. Of course, in our conciliation meetings, which are arranged during the 10-day waiting period and often after this period, we encourage plenty of talking. As a matter of fact, anyone who has ever been connected with the administration of labor disputes knows the only way you get results is to let the people involved talk to their hearts' content. After they have accomplished that purpose, and you have heard all sides, then the settlement, as a general rule, becomes comparatively easy.

When the legislature enacted the 10-day waiting period as a statute law, labor threw up its hands and said, "We can't exist under a law like that. It is all for the employer. The employer will benefit by it. We are all done." Well, the employers shouted that the bill did not go far enough in regulating labor.

The fact was we had had a very violent labor situation for the last few years previous to the enactment of this law. However, the past year has shown to both the employers and labor that they can, if they want, get along very nicely under the 10-day waiting period. You will find that the number of employees on strike during the past year averages around 3,000, as compared to an average of about 15,500 for the 3 preceding years.

Labor organizations have cooperated, and unions in the State are stronger today than ever before. They have increased the benefits under their contracts. There has not been a backward step taken. Employers are more willing to talk today than ever before. They are more willing to discuss the problems that arise, because we have eliminated the "quickie" fellow who used to rush in and say, "Sign here," and if the employer did not sign, because he wanted a day or so to consider the proposed contract, the "quickie" fellow would say, "That is too long. Put up the banners. The strike is on." I tell you that this sort of labor organizing is just as detrimental to labor as some of the racketeering we have been reading about. After all in labor organization work the basic principle must not be lost sight of, and that is, What do the employees in this particular place of business want?

Our representation section is somewhat similar to that of the National Labor Relations Act, but I believe it solves one of the things that Dr. Leiserson has been fighting for for some time. That is the matter of declaring units. The employer unit is as far as the Minnesota Labor Relations Act lets the administrator go. We also have a section in our act that makes craft recognition within the particular plant compulsory. I think those of you who have been acquainted with labor administration know that representation problems are a headache even when they are very simple cases.

Chairman WRABETZ. Paul M. Herzog has been a member of the labor relations board in New York for quite a while. We will call on him now.

Mr. HERZOG (New York). I agree, and I think my two colleagues on the New York board, also agree, with everything Dr. Leiserson has said about the proper functions of a labor relations board. He said the first principle is the possibility of working ourselves out of a job. That, I think, is true. At prior meetings I have said just that, and I am still saying it. Of course, the job is still there.

I think the members of the New York State Labor Relations Board also agree completely as to the importance of not expecting this sort of thing to move too fast. We have been functioning a little over 3 years in New York. The Federal act has really been functioning not much longer, for during the first 2 years its constitutionality was still in issue. Anyone who knows that the statute has changed the law in the country and in the States as much as it has would be very foolish to expect it to be universally accepted at once. The people who administer the law, and likewise those who criticize the administration of it, would be unfair if they expected anyone to work out a perfect scheme of administration overnight.

A third thing Dr. Leiserson said I also want to comment on. I think I have also mentioned it at a prior meeting of the Association. That is the fact that in New York State we have a coexistent State board of mediation. This mediation board supplements the conciliation service which has long existed in the State. It is composed of four men and one woman. They are all people who devote most of their time to other things, but who, when a strike is called or threatened, stand by to offer their services to assist the parties in working out a reasonable adjustment.

I believe the problems of the New York State Labor Relations Board have been much eased by the existence of this mediation board. It has meant that we have gotten only the cases that are really within our jurisdiction. Cases involving disputes over hours and wages, for instance, have been sent directly to the mediation board, in whose

jurisdiction they belong. In the absence of a mediation board a great many disputes and strikes would come to the labor relations board because the parties had nowhere else to go. Consequently, the labor relations board would often be asked by labor to decide that what is really a dispute over the substantive terms of the collective bargain constitutes as a matter of law a refusal to bargain collectively.

Last year the Association heard Dr. Lubin read an address of mine at Tulsa. In 1939, I told you there had been no amendments to the New York State law. There have been a few since that time. They were passed by the legislature following certain recommendations by the Ives Committee in this State. It would involve no breach of confidence if I were to say that these recommendations were not disapproved by our Board in any way. Those changes in the New York State law which have been enacted in the past 8 months have been welcomed by us, and have assisted us in the administration of the statute.

Chairman WRABETZ. Mr. Adams, of Utah, made some rather positive statements as to what an unemployment compensation law ought to be. We do not know whether we have the proper unemployment compensation law in Wisconsin or not. We think our experience is too short to determine that question. As you know, we have a complete 100-percent rating plan, an employer reserve system, whereby when an employer reaches a certain reserve and has no benefits to pay, his contributions automatically cease. We think there are some interesting and encouraging signs that indicate one socially desirable thing that may develop out of our plan, because it does encourage the stabilization of employment in plants.

It appeals to us very much as it did in workmen's compensation years ago. If we say nothing can be done, we will not do anything. A defeatist attitude never brought anything anytime at any place. The problem of stabilization of employment is not going to be an easy one, but I think if energy, determination, investigation, and study are given to it, much can be accomplished.

In Wisconsin, for instance, we know this. In comparing two years, 1938 and 1939 (and not including any period involved in the present increase of employment), we know that whereas now about 900 of our employers are operating on a zero percentage of contributions, the year before there were only 400. Over 4,000 are operating on 1 percent and before there were 2,400. The number of employers who paid more than the normal 2.8 percent was reduced from 656 to just a couple over 600.

We know a good many companies are furnishing their employees, on an average, 49 weeks of full-time employment, and that because

of what they have done not only have they stabilized employment for regular employees but they have actually been able to put on more men.

It seems to me that with these encouraging signs we ought to be a little bit slow in condemning a plan when no other plan has been given enough time to demonstrate its worth. The experiment ought to continue, especially if the benefits under the law are reasonably adequate for a reasonable length of time. Just as the laws develop, I think the benefits ought to be made more liberal, and especially if the reserve is sufficient, so that no employee will go without his benefits.

Mr. LUBIN. In view of Mr. Altmeyer's remarks and particularly of what Mr. Adams had to say, I wonder if consideration should not be given to the question of additional compensation for workers in defense industries who may find themselves without employment due to a sudden slackening of work.

Hundreds of thousands, yes, millions, of people will be absorbed into industry within the next 2 years. Many people will have to go through training courses to adapt themselves to the new demands of industry; and apparently, enough thought is not being given as to what is going to happen to these people the day when the program starts tapering off, if and when it does.

We have taken it for granted that it is fair and just that those who put capital into industry to produce things for the Army and Navy shall be given special consideration, so that capital can be protected in the event the program comes to a sudden ending. We have changed our tax laws with a provision made to write off a plant in 5 years, but if an order should cease before that period is over, arrangements are made whereby negotiations can be started with the Government, under certain circumstances, for the Government to purchase the unused equity.

How about the millions of workers who may no longer be needed at the end of 2, 3, or 4 years, and who will have to have special training to readapt themselves to jobs in civilian life? It has occurred to me that perhaps the question might be raised by this association, or by us as individuals representing given constituencies, as to whether we should not amend the Unemployment Compensation Act, at least to the extent of having severance wages—dismissal wages—for those people added to industries in defense areas, so that after a given date their contribution is to be treated as a separate fund. In fact, some of us have been talking about, let us say, an additional contribution of 2, 3, 4, or 5 percent on the part of the employer. It has been suggested by some people who have looked into the problem, and know more about it than I do, that it operate on a 5-percent

contribution basis by both the employer and the worker, with a provision that if a person voluntarily leaves his job he can get his contributions back, but if he is dismissed because of no need for his services he can get the 5 percent he contributed and the 5 percent contributed by the employer.

If you work it out on a 10-percent basis, each side contributing 5 percent to build up a savings fund, a man who had been employed 2 years would have accumulated 20 percent of his annual earnings. This would be 10 weeks' additional compensation upon his dismissal. I throw the question out for discussion.

Few people seem to be sufficiently interested in acting on it, but to me it is vitally important that we maintain some sort of economic and social balance and stability. If our program ever comes to an end, it is equally as significant that we provide for the worker who will be without employment as it is now that we provide guns for the Army, for instance, and that we expand plants for immediate needs.

Mr. GOLDY (Illinois). If Dr. Lubin's statements were directed at Dr. Altmeyer, I should like to add a question along this line. There is, in addition to the problem of what would be done with workers who have been called into the defense program, if and when the defense program tapers off, another problem which concerns the unemployment compensation program. If the present limited emergency proclaimed by the President is replaced by a full-grown national emergency, it will undoubtedly lead to the imposition of labor-market controls. What role will unemployment compensation play in such labor-market controls? If workers are shifted from industry to industry, locality to locality, or from one area of the country to another, what provision will be made to finance this transference? Will unemployment compensation have any part to play in this financing? If the workers' families cannot be moved at the same time that the workers are transferred, because of a lack of adequate housing facilities around the plants in which they will be working, will additional income be provided to the workers to help them support their families and themselves in two localities at the same time? If so, will these funds come from unemployment compensation?

These examples are only illustrative of a great variety of situations which will occur, should the defense crisis deepen, in which an additional subsidy will have to be given to workers. The question is, what plans have been formulated to modify unemployment compensation so that it will tie in with our defense needs?

Miss SCHNEIDERMAN (New York). I had hoped that Mr. Altmeyer was going to say something about the groups of workers who are not yet under the act. He did mention the agricultural workers, but

how about the domestic workers who do not profit either by the Social Security Act, the workmen's compensation law, or the unemployment insurance law? They are a tremendous group and certainly ought to be protected just like anybody else.

There is need of giving consideration to seasonal employment. Wisconsin may be blessed by having industries that operate the greater part of the year, but we in New York State have many industries that operate only 20 to 25 weeks a year. Surely the question of seasonal employment ought to be given consideration and solution made prior to the establishment of merit rating.

Mr. ALTMEYER. On Dr. Lubin's suggestion, let me say, there has been some thought given to that, and at the moment I believe the thinking is along the lines of having that a requirement in the defense contracts that are issued. That would be a more flexible arrangement, since you could gear the fund and the benefits to actual defense workers. Even then you will have difficulty in a case, for instance, where an employer may devote only 10 percent of his work force to a defense contract. Then again you will have considerable labor turn-over and the question arises as to what will happen to this fund that is being built up for a particular worker when he quits one contract job and perhaps when he is transferred to a nondefense operation in the same plant or takes a job with another employer. However, I think the idea is good and I think we ought to push forward on it.

Mr. Goldy's question was "What about the payment of dependents' allowances in cases where persons are transported from their home community to another community?" It seems to me that this gets you into the whole question of control of the labor market. That has to be considered very carefully. It has a great many implications. It means you have to lay down priority defense industry occupations. It means you have to require employers, perhaps, to get all of their labor supply through public employment offices and require workers to get their jobs through public employment offices in order to control a situation where the Government would be actually paying for dependents' allowances. Therefore, you cannot consider a question like that just as an isolated proposition. Right now, I think we ought to go very slowly in interfering with the normal ways in which men get jobs and employers get workers. It ought to be an educational proposition to induce employers and workers to use the public employment service as much as possible so that we can retain a high degree of orderliness in the labor market.

On Miss Schneiderman's suggestion about coverage of domestic employees and seasonal workers under the Unemployment Compensation Act and the old-age insurance and survivors' benefits law,

let me say that we are fully cognizant of the need for some sort of a provision for these workers, and we are, of course, in hearty accord with Miss Schneiderman's feelings. We think that both the Unemployment Compensation Act and the old-age insurance and survivors' benefits law should be amended, and that there is no reason, from an administrative standpoint, why that could not be done, considering the 5 years of experience we have had back of us. Incidentally, domestic servants are not covered under the workmen's compensation laws. As a matter of fact, only 50 percent of the workers are covered under these laws 30 years after their enactment.

Dr. PATTON (New York). Mr. Altmeyer made another remark which seems to me to be of great importance. He spoke about the overlapping of social insurance agencies. I wonder if the problem which has been presented to me has not occurred in a number of other States.

In the early part of this year there was a man in my office who was getting $22.50 a week disability compensation for an injury he received back in March 1939. He was to get that $22.50 a week all through 1939 and on into 1940. In December of 1939 this man became 65 years of age and he wanted to know if there was any reason to prevent him from applying for old-age benefits. Well, I was not so sure about that and I said, "You just go down there and ask them." I told him he would have to make out an application. I said to him, "You will have to sign a statement that you have retired from business activities."

Then he wanted to know if the old-age insurance were paid him would he keep on getting his $22.50 a week disability. You know that with the $22.50 a week plus his old-age pension the combined income would be larger than that which he received before he was injured. I told him I would not attempt to answer that question for him. I could visualize some lawyer examining the case and saying, "This man was receiving $22.50 a week as a partial reimbursement for loss of wages, yet he also certified that he was not receiving wages when he applied for the old-age pension." So I said, "Far be it from me to advise you on that." I wonder if any of you in other States have met with this problem.

Mr. ANDREWS. I should like to ask Mr. Altmeyer a question. In the Wagner-Peyser Act, provision was specifically made for the States to participate in the administration of the Employment Service, partly through representative advisory councils. In New York State from the beginning we have had such a council. It has become increasingly useful in this State. It is active, it is effective, and it is exceedingly helpful, I am sure, to the State of New York, and I believe it will be to the Federal Government.

My question is, what is the attitude, the policy, of the Board at present in reference to these State advisory councils which are required by the Wagner-Peyser Act under the Employment Service?

Mr. ALTMEYER. We recently completed a study of the activities of these advisory councils and have within, I suppose, the last 10 days or 2 weeks sent out a letter to the State agencies calling to their attention the requirement in the Wagner-Peyser law (and the laws of most of the States as far as that is concerned) that there be an advisory council and the desirability of there being one.

There are many State councils that have been completely inactive over the last year or so, and that is because the State agencies do not see the need for them—as a matter of fact, see the disadvantage of having an advisory council. I am not saying I see it. They see it and you can, of course, as you know, drive a horse to water but you cannot make him drink; and that is the way it is with advisory councils. Of course, if they are going to serve a function in a particular situation, that means an understanding of what their function is by both the State agency and the advisory council.

In some States, the reverse has been true in that the advisory council has been too active, assumed administrative responsibility; and that is just as bad, if not worse, than an inactive advisory council. You then get confusion and duplication, which is bound to lead to misunderstandings, disorganization, and disruption of administrative processes.

Mr. ANDREWS. At the present time in the set-up of the Federal Board in Washington, is there a person whose duty it is to see that this part is carried out?

Mr. ALTMEYER. Mr. Fred C. Croxton has been assigned that particular task, but unfortunately his wife has been very ill and the matter has been handled pretty largely, so far as he is concerned, on a correspondence basis, although he has undertaken to stimulate our regional representatives in their contacts with the State agencies to discuss this matter and encourage the use of advisory councils. In some States, this has been very helpful.

We recommend a joint, not separate, advisory council at the State level. The special problems of placement and insurance can be handled through subcommittees of a general council.

Factory Inspection and Safety

Factory Inspection

Report of the Committee on Factory Inspection, by JOHN M. FALASZ (*Illinois Department of Labor*), *Chairman*

[Submitted but not read]

A review of activity of State legislatures shows that some progress has been reported in the field of factory inspection by the various States during the year 1939 and first half of 1940. Seven States have reported enactment of legislation affecting the administrative set-up of factory inspection divisions in their respective States. Important changes denoting progress were made in Alabama wherein was was created a department of industrial relations with broad inspection and rule-making powers. In Rhode Island, likewise, a department of labor, with a division for factory inspection service, was created. · Eleven States reported additions to the safety code and expansion of rule-making powers. Nine States reported an increase in civil-service personnel. Thirteen States participated in the training courses for factory inspectors under the direction and sponsorship of the Bureau of Labor Standards of the United States Department of Labor. In connection with this phase of factory inspection, it must be noted that a study of the system of training inspectors shows a lack on the part of the States of continuous training throughout the year. Only nine States reported systematic methods of instructions of factory inspectors. It is a known and accepted fact that industrial development from a viewpoint of safety requires constant study in order to cope with the ever-increasing hazards which are incident to its development. It is necessary, therefore, that factory inspectors meet regularly once each week, if circumstances permit, and not less than once a month under any conditions, in order to be apprised of the latest developments in industry, the hazards connected therewith, ways and means of coping with the hazard, and the reduction of accidents and disabilities from occupational diseases. Unless such a program is followed throughout the States, the efforts of the United States Bureau of Labor Standards in the promotion of safety schools will not have been of much value.

Since the last convention held at Tulsa, Okla., in 1939, the phase of industrial life in this country has undergone a rapid change due to

the war on continental Europe and its effect on our country. The national defense program is one of the consequences of this change. We who are engaged in the administration of laws affecting the lives, health, and safety of the employees in industry, are confronted with new and greater obligations and duties than ever before. It can be said without hesitation that the success of this program is dependent upon safety. It is the duty of every labor-law administrator to preserve to the utmost the health and safety of those employees engaged in the production of goods to be used for defense purposes. The factor of speed in the production of defense goods, though vital and necessary, does not simplify nor make easy the task of administration of health and safety laws. The fact is that we are confronted with a definite task to perform, and that is not to permit defense machinery already set up and functioning to bog down because of a lack of efficient safety laws, rules, or codes in the States.

Safety Codes and Rule-Making Powers

Experience in those States which have adopted health and safety laws providing for rule-making powers indicates that this method of enacting safety regulations is workable and provides the element of safety when new regulations are necessary to meet new conditions. This committee recommends the adoption of health and safety laws which provide for such rule-making powers. Keeping in mind the emergency which is present in the defense program, it may not be possible in all instances to change State statutes or adopt new laws in order to provide better or more efficient health and safety laws. It may be, therefore, necessary to utilize such Federal laws which are now in force or such advantages which are offered to the States by the United States Department of Labor to bring about safer working conditions in industry.

Walsh-Healey Act

Most Government contracts which are granted at the present time in contemplation of the national defense program are awarded under the terms of the Walsh-Healey Public Contracts Act. Subsection E of the first section of that act provides:

> That no part of such contract will be performed nor will any of the materials, supplies, articles, or equipment to be manufactured or furnished under said contract be manufactured or fabricated in any plants, factories, buildings, or surroundings or under working conditions which are insanitary or hazardous or dangerous to the health and safety of employees engaged in the performance of said contract. Compliance with the safety, sanitary, and factory inspection laws of the State in which the work or part thereof is to be performed shall be prima facie evidence of compliance with this subsection.

This provision places an obligation, not only upon the manufacturer who accepts the contract to produce the goods, but also upon the State wherein is located the plant in which these goods are to be manufactured. Responsibility of the State is clear under this law insofar as health and safety are concerned. If the State is equipped with the proper legislation to effectuate the purposes of this section, and, further, if such legislation is efficiently enforced, its part in the national defense program, insofar as Government contracts under this law are concerned, will have been discharged. In such States, however, in which there are no safety codes or statutes governing the health and safety of workers in industry, this committee desires to call the attention of the administrators to section 4 of that act in which it is provided that the Secretary of Labor shall have authority, from time to time, to make, amend, and rescind such rules and regulations as may be necessary to carry out the provisions of that act. This has been interpreted to mean that in the event a State does not possess sufficient or proper regulatory powers for industrial safety, then the Secretary of Labor may enact such rules and regulations as may be necessary to bring about safe working conditions in any plant engaged in the manufacture of goods under a contract awarded under this act. Although to the knowledge of this committee this power has not been exercised, it is not at all improbable that it will not be in the immediate future when, and if, conditions arise that may demand enactment and enforcement of such rules. In the same section, the Secretary of Labor is also empowered to call upon State officers to aid in the enforcement of such rules. This committee recognizes the fact that it is a broad power and should be exercised only when extremely necessary but should not be overlooked nor fail to be used wherever and whenever the lives and health of men and women may be endangered, or the success of the national defense program may be in jeopardy.

In view of the provisions of the Walsh-Healey Act, the administrators of safety laws in every State should, for the coming year, outline a definite and comprehensive program for the enactment of health and safety laws designed to cover every possible hazard, whether mechanical or occupational, and by that program obviate the necessity of being compelled to enforce Federal health and safety regulations. This committee, however, in order to insure protection to employees in those States where full coverage of health and safety laws is not afforded them, recommends that the Secretary of Labor draft rules and regulations under the Walsh-Healey Act which can be enforced by the Federal Government whenever it may be necessary to do so, or by the State officers empowered to do so under the act.

National Committee for Conservation of Manpower in Defense Industries

In the past few weeks a further step was taken to safeguard the productive manpower of the Nation in the emergency defense program by the establishment of the National Committee for Conservation of Manpower in Defense Industries. The Secretary of Labor, knowing that every local and State agency would do all within its power to insure protection to all those engaged in the production of defense goods, felt that the employer and manufacturer, likewise, should lend a helping hand in this phase of the program. As a consequence, after a series of conferences with well-known industrial safety engineers, a 24-man committee was appointed to formulate plans for the education in safety of all employers and employees engaged in the production of goods upon Government contracts. Such a plan is commendable and vitally necessary in order to bring to all persons concerned a full understanding of the accident problem and its consequences. Members of this committee have been appointed as regional representatives to educate and train both employers and employees in sound safety practices, promote and organize safety organizations, and, in general, carry on accident prevention in order to preserve the manpower engaged in the defense program. It is the earnest recommendation of the committee on factory inspection of the International Association of Governmental Labor Officials that all of its members, particularly administrators of health and safety laws throughout the States, cooperate in every respect with the members of the National Committee for Conservation of Manpower in Defense Industries, to insure full success to the purpose of that program. Full cooperation should be accorded to each regional representative through the service of factory inspectors, industrial hygiene engineers, chemists, and through other facilities available in the State labor departments.

Industrial Hygiene

Throughout the years a greater portion of efforts of accident prevention work have been devoted to the prevention of accidents caused by mechanical hazards. To a great extent this is true today. Although no comparative statistics are available covering the Nation as a whole, which would show the loss in manpower caused each year by mechanical hazards as against the loss caused by occupational diseases, yet if such figures were available they would indicate in all probability that one hazard is as serious as the other. Nevertheless, a study of the progress in the various States of the Union shows little advancement in the establishment of agencies for the prevention of occupational diseases in comparison with that in the prevention of mechanical hazards.

It must not be misunderstood that it is the intent of this committee to minimize the importance of accident prevention work insofar as it concerns elimination of accidents due to mechanical hazards, but, rather, its purpose is to stimulate progress in the field of industrial hygiene. Up to the present time only 3 State labor departments of the 48 States in the Union have created and established industrial hygiene units for the study and prevention of occupational disease in their respective States, yet it cannot be denied that the problem of occupational disease as a disabling factor in industry is present in every State in the Union and presents as great a problem as accident prevention.

As a comparison, with the exception of a small minority, practically every State in the Union has enacted laws in some form or other for the prevention of accidents due to mechanical hazards. It thus becomes very evident that this phase of industrial safety has been practically entirely overlooked by the States.

Industry in any form today in the production of its goods takes advantage of the most modern methods of production. Science by means of the latest developments in engineering, physics, and chemistry, has greatly aided industry in the production of its goods. It has introduced into industrial life many forms of chemicals, compounds, and substances heretofore unknown and not utilized by industry. It is an undisputed fact that the uncontrolled use of these substances in industry have been responsible for many types of occupational diseases which have not only been disabling but, in many instances, fatal as well. Even though the physical effects of silicosis and lead poisoning are well known because of the great amount of research work completed in this field and large amounts of data published on these two substances, yet little has been done to apply the knowledge which we possess to eliminate the effects which they produce upon industrial workers. Added to these two recognized causes of occupational diseases are the almost innumerable compounds, substances, and chemicals which are used in industry today about which little or nothing is known by the ordinary factory inspector. The need, then, for industrial hygiene units within State labor departments becomes very evident.

A study of the requirements and qualifications of a factory inspector as followed in most of the States in the Union shows that he is not required to possess a knowledge of chemistry or chemical engineering to such a degree as to enable him to detect occupational disease hazards which he may encounter in the course of his inspection work. Such qualifications were not contemplated by any State labor department in the selection of its factory inspectors. Therefore, in order to cope with an occupational-disease problem intelli-

gently, it is necessary for the factory inspector to secure the aid of technically trained men who are able to recognize occupational-disease hazards and to advise him as to how such hazards should be controlled or eliminated. In a properly organized factory inspection division the factory inspector acts as a liaison officer in the detection and reporting of occupational diseases in his respective district. Without the industrial hygiene unit he would be practically powerless to correct, control, or eliminate the many difficult types of hazards which are encountered in industry today. This phase of industrial safety, although it may have been inadvertently overlooked in the desire to produce industrial safety through the passage and enforcement of laws designed to eliminate mechanical hazards, must not be permitted to remain obscure any longer but must be developed to a point where workers subjected to occupational-disease hazards will be protected on an equal basis with those exposed to mechanical hazards. This committee points out that an industrial hygiene unit is indispensable if efficient and thorough factory inspection service is to be carried on in a State labor department.

It is, therefore, the recommendation of this committee that every State in the Union within the next year take steps to create and establish industrial hygiene divisions within the State labor departments for the prevention and control of occupational diseases.

The Need for Uniform Standards in Industrial Hygiene

Until recently the developments in the field of industrial hygiene have been the results of individual effort unrelated and without any semblance of uniformity. A physician, chemist, or engineer, would interest himself in some particular phase of industrial hygiene, conduct some experiment or research, give some study to the problem, and then publish his results. As a consequence, the informative literature on these subjects is composed of individual studies, results of which are not always comparable with those of other persons engaged in research in this field. Industrial hygienists today must devise their own methods of collecting samples and determining the amount of the contaminants. The field of industrial hygiene being comparatively new to other fields of scientific research, it is understandable that methods of taking samples, analysis, and determination of the contents of the contaminants are not well defined. There are at least three accepted methods of collecting dust samples. There are no less than six different methods of lead determination, and no less than five different methods for determination of benzol in air samples. Although individual effort of research is commendable, it is an accepted fact that much more can be accomplished in technical fields through cooperative research. With the expansion of industrial hygiene activities throughout the States, a great deal of confusion

can be avoided through the establishment of a central unit, the sole purpose of which will be the standardization of all the various functions which are carried on in industrial hygiene work. There is a great need for research on the effects of new industrial substances, or poisons, harmful concentrations, methods of sampling, and methods of analysis. It can be safely said that the groundwork in this field is done. The real need is for a coordinating agency which can direct and guide the work done by the individual units of the various States.

The benefits of such central unit would be many. Such unit would be in a most advantageous position to set up standards for the collection of dust samples, the determination of contaminants, and analysis of such samples. Duplication of effort could be avoided in States where a large number of industries use a common substance which is harmful to those persons exposed to it. A detailed study could be made of these substances in those States and the results of those studies could be forwarded to this central unit for distribution to other industrial hygiene units in other States. In this manner the necessity for similar work, in States where this common substance is used infrequently, would be unnecessary. Likewise, this central unit would be in a better position to do research work and conduct studies for the information and use of all the State industrial hygiene units. This method of exchange of information would bring about the desired result in the field of industrial hygiene and that is, standardization of the various functions of an industrial hygiene division. This central unit would also assist the various States in conducting surveys of newly discovered harmful processes in industry, and the results and effects of such compounds and processes on those persons who are exposed to them.

One of the most important functions of such a unit would be to set up what are known as threshold limits for various toxic substances used in industry. In order for an industrial hygiene division to function efficiently and to be able to issue orders which would be enforced through the division of factory inspection, there must be a known limit of concentration of a dust or industrial poison within which it is safe for a person to work, or, if exceeded, would cause injury to the persons exposed to such dust, fumes, or toxic substances. These are frequently referred to as threshold limits or permissible limits. As an example, it has been generally accepted by those persons engaged in industrial hygiene, that 0.15 mm. of lead per cubic meter of air is the permissible limit of concentration to which a person working with lead can be safely exposed under certain conditions. There have also been accepted limits for most of the known harmful substances used in industry today, such as metals, chlorinated compounds, and other like substances. These findings, however, have

been based upon the individual work of various scientists, physicians, and industrial hygienists who have interested themselves and conducted experiments in this field.

Industry, as well as industrial hygienists, in many instances have been slow in accepting these limits, yet in order to effectively enforce orders issued by the factory inspectors and industrial hygienists for the control and elimination of occupational disease, there must be an accepted standard of what constitutes a hazard whether it be in Maine, in Georgia, or in California. In other words, a substance that is harmful will produce the same disabling effect upon a worker exposed to it whether such exposure takes place in New York, in Illinois, or in any other State in the Union. It is, therefore, vitally necessary that standardization be effected in this particular phase of industrial hygiene work. This central unit, through cooperation, through coordination of effort, and through surveying and collection of information can bring about standardization of permissible limits, and thereby remove one of the great obstacles for the prevention, control, and elimination of occupational disease in industry.

Murray Bill

Since only 3 State labor departments of the 48 States in the Union have established industrial hygiene divisions, the immediate problem is to effect creation of such similar units within the other 45 States in the very near future. The question that will frequently be asked is, where and how to commence. The Division of Labor Standards, in June of 1939, published a pamphlet entitled: "The Work of an Industrial Hygiene Division in a State Department of Labor." This is a brief study of the functions of an industrial hygiene division and the manner in which it coordinates its work with factory inspections toward achieving the highest efficiency in eliminating and controlling occupational-disease hazards. It contains, also, some information as to equipment, personnel, and other details pertaining to the establishment of an industrial hygiene division. Information concerning type of personnel, laboratory equipment, and other like details required for the creation of such a unit, can be easily secured from the Bureau of Labor Standards, or from any of the 3 State labor departments wherein such divisions are now functioning.

In view of the possible financial difficulties which may confront any of the State labor departments in the establishment of such units, this committee desires to call the attention of all the administrators of health and safety laws in the various States to Senate bill No. 3461 now pending in the Senate of the United States, which has been commonly referred to as the Murray bill. Under provisions of this proposed law sums of money will be appropriated by Congress to be

allocated through the United States Department of Labor for industrial hygiene work to be conducted through State labor departments in their respective States. The requirements under which such funds will be allotted are comparatively simple. It will only be necessary to submit a plan of organization to the Secretary of Labor and to obtain the approval of such plans by the Secretary of Labor. The passage of this bill would greatly ease the financial burden which would be placed upon many States wherein industrial hygiene divisions are necessary for the protection of workers from occupational diseases. Under present conditions, this bill stands out in importance because by its scope it will enable each State to inaugurate an industrial hygiene program for the prevention of occupational disease in industry, and will in that manner contribute partially to the success of the national defense program. This committee stands in support of this bill and requests all members of this Association to take active steps to make the passage of this bill possible.

The committee recommends to the members of this conference for consideration, the following points in order to insure education in safety, reduction of accidents, control and elimination of occupational diseases, and, in general, to create a mutual interest between employer and employee toward the creation of a safer place in which to work.

1. The establishment of regular training courses for factory inspectors within the State or through cooperation with the United States Department of Labor.

2. Establishment of weekly or other similar periodical meetings or conferences for the purpose of training and educating factory inspectors as to the latest developments in industry and the resulting hazards created thereby.

3. Adoption of health and safety regulations or safety codes which will stand as a guide to manufacturers of industrial machines and equipment and as a practical set of rules for efficient enforcement by the factory inspector.

4. Promulgation and adoption of rules by the Secretary of Labor under the Walsh-Healey Act enforceable in all States wherein Government contracts are awarded, and in which no State codes or rules have been enacted.

5. Cooperation between State agencies or State labor departments, particularly the divisions of factory inspection and the National Committee for Conservation of Manpower in Defense Industries.

6. Creation and establishment of industrial hygiene units within State labor departments for the control and elimination of occupational diseases.

7. Creation and establishment within the Bureau of Labor Standards of the United States Department of Labor of a unit empowered to set up uniform procedures in the control and elimination of occupational-disease hazards. The adoption of standard methods of sample collection and analysis in the study and elimination of occupational disease. The drafting of uniform codes toward the elimination of occupational disease and the disseminaton of information on pertinent subjects relative to the cooperation of Federal and State agencies in the field of industrial hygiene.

8. Active support by all State labor departments and its administrators of Senate bill No. 3461 commonly known as the Murray bill.

Mr. FALASZ (Illinois). Without going into the preliminary part of the report on factory inspection, which has been covered in the report made, I should like to cover those subjects point by point which are pertinent to the work of factory inspection divisions.

The one important and basic principle of factory inspection is that a well-functioning division must have good rules or good laws to enforce. A study of the accomplishments in the States shows that a minority possess what are known as rule-making powers. Most of the States of the Union have their laws placed on the books through the legislatures, and these factory inspection acts define exactly what factory inspectors may and may not enforce. In this we are limited to a great degree in our latitude in making inspections. In other words, if changes should be desired due to changing conditions or experiences, it is necessary always to seek the aid of the legislature in securing such changes in the factory inspection laws. This, to a great extent, has been remedied through acts known as those providing for rule-making powers. We believe through experience that this form of legislation is best for the factory inspection service, inasmuch as it enables the commission that is empowered to draft these rules to meet from time to time, and to enact such rules and regulations for the safety of workers as may be necessary and as experience shows ought to be enacted. It gives greater elasticity to the system.

The factory inspection division itself may point out from time to time the necessity for new rules to meet such new conditions, and this committee, after looking over the situation in the various States, believes that this particular system of rule-making powers should be adopted more universally than it has been in the past.

Taking up the subject of rules and regulations and laws further, we come to that point in factory inspection which vitally concerns our present problems, those concerning the defense program. We know that within the last 6 months the Government has been awarding contracts to industry all over the United States. We know further from a study that many States in the Union do not possess any enforceable rules or laws pertaining to health and safety of workers. In view of this condition, we find that Government contracts have been awarded to many industrial concerns in localities where no protection is afforded to the people engaged in the manufacture of those goods under the Government contracts. These contracts are awarded under what is known as the Walsh-Healey Act, which you have heard discussed. Under this act, the Secretary of Labor is empowered to draft such regulations as may be necessary from time to time to enforce the provisions of the act.

One of the provisions of that act is that every person to whom a contract is awarded for the production of goods shall comply with the health and safety regulations of the particular State wherein the manufacturing is to be done. Now, if a State does not possess or have on its statute books enforceable rules or regulations pertaining to health and safety, you can readily see that there will not be very much protection afforded those people in that particular plant. Consequently, the only course that is open is that some other means of protection be afforded them and that is provided under the Walsh-Healey Act.

We believe that in order to provide proper protection to the people engaged on Walsh-Healey defense contracts who are now working in industries in States or other localities wherein no protection is afforded to them under the State powers, the Secretary of Labor should draft proper rules and regulations which may be enforceable by either the Federal Department of Labor or the State department of labor. I might mention that the act provides also that the State shall cooperate with the Federal Department of Labor in the enforcement of the various provisions of the act pertaining to health and safety.

Now, should the State not have any such State rules and regulations, then this Federal Department provides the rules, which the State department of labor can enforce. We believe that such protection should be afforded those people engaged in industries working upon contracts under the Walsh-Healey Act.

Within the last few months, the Secretary of Labor, realizing that in order for the defense program to function efficiently and smoothly and for the goods that are necessary for defense to be produced with regularity as demands provide, the defense program must not be hampered through a series of accidents or catastrophies in the various plants where goods are produced, has called together a committee known as the National Committee for Conservation of Manpower in Defense Industries. This committee has been called together for the sole purpose of organizing throughout the 48 States a safety organization. I shall not go into the details of this program, for one of the other members of the factory inspection committee will outline in detail its provisions, except to say that regional directors have been appointed under this plan who are at present located, I believe, in 8 districts throughout the United States. Each of these men has under his jurisdiction a number of States, and it is up to him to call private industry together for the purpose of securing cooperation in order to insure safety in those plants which are engaged in the production of goods for defense.

We feel that in view of the emergency and the large amount of production that is going on, the State departments of labor can lend a hand, insofar as cooperation with this National Committee for Con-

servation of Manpower is concerned. We feel that the State departments of labor can aid by offering the services of the factory inspection division, the hygiene division, and other units within the department to such regional directors as a means of cooperation to insure the purposes of this committee.

One of the most important functions in any labor department, of course, is factory inspection. We feel that no factory inspection unit can function efficiently without another unit designed solely for the investigation and inspection of plants wherein possible occupational-disease hazards may exist. No factory inspection division expects factory inspectors to be chemical engineers, chemists, ventilating engineers, or physicians. The civil-service requirements for factory inspectors do not provide for such requirements in any State. Consequently, the type of personnel selected for factory inspection is not such that these persons are able to detect technical hazards which exist in industry today. As a result, in those particular States where no industrial hygiene division exists these hazards are undoubtedly passed up. No factory inspection division can function efficiently without such a unit. You can readily understand that in order to detect a hazard due to the possible existence of lead, silica dust, or any of the other compounds or substances that are used in industry today, you must have persons who are trained technically in that particular field to detect these hazards. Samples of air must be taken. These samples must be analyzed in a laboratory. The contents of such samples must be known, and before an order can be issued which can be efficiently enforced, such knowledge must be in the hands of the factory inspection division in order to acquaint itself with the hazards existing in the plant.

We know that year after year industry is constantly progressing. This progress brings a more complex use of various substances which are necessary in the production of goods. We know industry avails itself of the latest developments of science in the production of goods. As a consequence, we find that industry today uses many substances and compounds which have not been known before and which have not been used. Those persons who are engaged in production of goods in which these substances are used, are exposed to hazards which must be controlled in some manner in order to protect those employees. Such control and protection cannot be afforded without the aid of a technical staff and a unit composed of the technically trained men which compose industrial hygiene divisions.

We find from an examination of the various States that only 3 out of the 48 State labor departments in the United States possess industrial hygiene divisions. I do not think that anyone can claim that there is a single State in the Union wherein, in some form or other,

there exists no occupational disease. This means that in 45 States people are working under hazardous conditions without any reasonable means of protection. Under the circumstances this committee feels that this conference should take definite steps for the coming year toward the establishment of industrial hygiene units in every State in the Union where such units are necessary.

Along with the expansion of industrial hygiene activities in the States, when and if such activities take place (and we hope they will), in the future there will come the necessity of standardizing processes, methods of analysis, methods of taking samples, and procedure pertaining to industrial hygiene work. Today most of this work is done individually. In other words, with the exception of the three industrial hygiene divisions in State labor departments, most of the industrial hygiene work that is carried on is done by independent endeavor. It is done either through experimentation, through surveys, or through studies in universities and medical centers. The people who are engaged in this particular phase of the work do so as independent units. In other words, whatever activity they are engaged in, their efforts in that particular field are dependent entirely upon themselves.

Consider, for example, the taking of samples of silica dust. There are today at least three known methods for taking samples of silica dust. Take, for example, the sampling of lead dust—there are five known methods; then let us get down to the analysis of these samples, going into the chemical laboratory. The only means open to the chemist are those contained in the text books, which have been developed through years of research by various chemists and other people engaged in that field. Consequently, there is a diversification of methods in use by these individuals wherever this work is carried on. In order to bring about uniformity as to these particular methods of taking samples and analysis, it is necessary now, and will be more so in the future, that standardization take place.

I should like to call to your attention an analogy in this particular field, and that is the system that is used in the Department of Agriculture. Let us take the methods that have been developed for the testing of butterfat. It is now known that there is one accepted method for testing butterfat, and after many years of practice in that particular method even the farmer can do it with proper equipment. That has not come about accidentally, but through many years of work and research, and the final result was standardized by the Department of Agriculture. That is only one example of the point I am bringing out insofar as industrial hygiene work is concerned. In order to secure the most efficient methods, foolproof methods if I may say so, we will have to standardize our methods

of doing work so that there will be no question as to how the man in California does it or the man in New York does it. We will know that if a sample of air is taken, the same procedure follows in New York as in Illinois or in California. We believe this is something absolutely necessary in order to carry out efficiently the work of an industrial hygiene unit.

We feel that it will (and may I point this out before going into some of the other advantages of standardization) also eliminate duplication of effort. Let us say, for instance, that in Illinois we have a specific problem of industrial hygiene. We may have a concentration of lead-battery plants, for example. Our industrial hygiene division can make a study and a survey of those plants, and secure certain definite knowledge concerning that occupation. We may go further and may, through many surveys, through many investigations, determine definite methods of taking samples and analyzing those samples; in order words, we may begin to standardize a method as to lead. Why then should another State unit located, let us say, in the West, in California or somewhere else, go through the same amount of work that has been done in Illinois on the same subject. We can save work and save effort by disseminating information collected in one State and applying it to conditions found to be alike in another State. That is the elimination of duplication of effort.

In order to bring about a possible standardization of methods or dissemination of information, we believe that it would be best if a unit were established in the United States Department of Labor for the purpose of standardizing such methods and disseminating such information as is useful to industrial hygiene work. We feel that through the establishment of a central unit of that kind the expansion of industrial hygiene work throughout the United States would be much more rapid.

We feel that much effort which has been expended in the past through individual efforts can be eliminated. We know that in our industrial hygiene division in Illinois when we come to some new problem we could perhaps save ourselves a lot of labor by going to the central unit and determining if any such experience has been recorded before. This would aid us and prevent us from stumbling in the dark. We believe such a unit should be established in the United States Department of Labor in order to promulgate and promote industrial hygiene work.

Further, as to the establishment of industrial hygiene units throughout the States there must be mentioned the financial aid that may be necessary in setting up such units. We know from experience what difficulties confront every State labor department in setting up a new unit. We know that it is not a simple task just to say we are going

to set up an industrial hygiene unit. We know funds must be secured, money must be appropriated, etc.

At the present time there is pending in the United States Senate a bill known as the "Murray bill." I think the number is 3461. The purpose of the provisions of that bill is to extend to the States through the United States Department of Labor aid in the promotion of industrial hygiene work—aid in the protection of people engaged in industries who are exposed to occupational-disease hazards. In other words, the Murray bill recognizes the need for expanded industrial hygiene activity. It recognizes the further fact that little or nothing has been done throughout the United States to further these activities. Consequently, under its provisions it allows any State labor department to apply to the Secretary of Labor for funds, upon the submission of a plan, which if approved will enable the Secretary of Labor to allocate such funds to carry on its industrial hygiene work. That, in our opinion, is a perfect plan for the establishment of industrial hygiene units, particularly in those States which have experienced financial difficulties in the past in securing funds for the promotion of this work. We believe that this bill should receive the backing of every State labor department and of every delegate to this convention. Not only should it receive verbal approval, but it should receive active approval, by securing the support of the various people in your State, getting their cooperation in whatever manner may be necessary to secure the passage of this bill.

As a résumé, we have drafted a resolution proposing to the resolutions committee that the various points which I have enumerated this morning be adopted in the form of a resolution. I am going to ask the chairman of this morning's session, Mr. Durkin, to turn this resolution over to the resolutions committee.

1. The establishment of regular training courses for factory inspectors within the State or through cooperation with the United States Department of Labor.

I did not cover that particular subject in my paper and, inasmuch as it has not been discussed, I should like to mention that the United States Department of Labor in offering its services to train factory inspectors is doing a very good service. We have taken advantage of it in the past on several occasions and have noticed the difference in the type of work produced by these inspectors. We find upon examination of the records of the various States that only one-third of the States in the Union have participated in such training programs. We believe this type of service offered through the United States Department of Labor should be availed of in the future more than it has been in the past.

2. Establishment of weekly or other similar periodical meetings or conferences for the purpose of training and educating factory inspectors as to the latest developments in industry and the resulting hazards created thereby.

3. The adoption of health and safety regulations or safety codes which will stand as a guide to manufacturers of industrial machines and equipment, and as a practical set of rules for efficient enforcement by the factory inspector.

4. The promulgation and adoption of rules by the Secretary of Labor under the Walsh-Healey Act enforceable in all States wherein Government contracts are awarded and in which no State codes or rules have been enacted.

5. Cooperation between State agencies or State labor departments, particularly the divisions of factory inspection and the National Committee for Conservation of Manpower in Defense Industries.

6. Creation and establishment of industrial hygiene units within State labor departments for the control and elimination of occupational diseases.

7. Creation and establishment within the Division of Labor Standards of the United States Department of Labor of a unit empowered to set up uniform procedures in the control and elimination of occupational-disease hazards; the adoption of standard methods of sample collection and analysis in the study and elimination of occupational disease; the drafting of uniform codes toward the elimination of occupational disease; and the dissemination of information on pertinent subjects relative to the cooperation of Federal and State agencies in the field of industrial hygiene.

8. Active support by all State labor departments and its administrators of Senate bill No. 3461 commonly known as the "Murray bill."

Mr. DURKIN. The resolution as read will be referred to the resolutions committee.

Mr. DANIELS (New York). When Mr. Lubin requested me to take part in panel discussion this morning, he asked me to discuss two specific questions: (1) What system do you find most effective in districting your inspectors? Include discussion of permanent assignment of districts versus assignment out of a central office; (2) What method do you use in insuring the most effective coverage of plants by inspection?

I have been very much interested in the report of the factory inspection committee of this organization, which was just presented by Mr. Falasz. There are numerous things in it by which every State department of labor can benefit, and that goes for the older, as well as the newer, departments. There are things in it which New York State needs to do very decidedly.

Inasmuch as I have been requested to discuss very briefly the two questions I read, the few remarks I have to make will necessarily be limited to our own department in the State of New York.

In order to tell you how our district inspectors function, it might be well to give you a very brief outline of our factory inspection bureau of the division of inspection. In New York State we inspect each year approximately 70,000 factories; last year it was about 70,500. We have for that work a field inspectors' force of 105 at the present time, with a supervisory force of 12. The State is di-

vided into two main districts. The metropolitan area and five outside counties constitute one, and the balance of the State, everything above Westchester, constitutes the second. Each of these is in charge of a chief inspector. The metropolitan district is divided into five supervisory districts and the up-State district into four, so that our unit for assignment of inspectors becomes the supervising district. The supervising inspector in each district is, of course, an experienced factory inspector. We have, as all of you probably know, a civil-service system in New York State. No one can enter the service except through the door of a civil-service examination and certification by the department of civil service, and promotions are also made through the same channels. Our supervising inspectors, therefore, are experienced men who have passed a competitive examination and having been through such examination have become eligible for promotion to the position of supervising inspector and supervisory work. They are primarily responsible for assignments of the local or field inspector to the district or subdistrict which he is to cover. As vacancies occur they are filled, as I have indicated, from civil-service lists. A new man may be assigned by the supervisor to the district covered by the man who has retired or resigned or left the service, or the supervisor may, if he wishes, shift other inspectors about and change his district assignments. Our assignments are also reviewed each year, so that at the beginning of any year the supervisor may, and frequently does, shift to some extent or even all the inspectors in his district if he sees fit.

The yardstick used in making assignments of inspectors consists of three or four different measures. First, of course, the supervisor must so subdivide his district that the work in it can be covered in the year for which he is making assignments; therefore, it is necessary that the districts be approximately equal in the amount of work they represent.

The convenience of access to the factories in the district must be given consideration; and while we do frequently request or require our inspectors to move their homes from one city or village to another, we do not do that unless there is very good reason for it. It is, however, done occasionally.

The principal thought in mind in assigning, however, is the capability of the inspector. We would not, for instance, assign a new man, one just appointed to the work, to inspect a large industrial center. We would break him in for the first few years in less important work, if possible, unless in his early service he develops quickly and shows that he has unusual ability.

Now, I said the first few years—that presupposes a permanent civil-service force. In the division of inspection quite a number

of years in service are represented for the 170 men who compose our factory inspection unit. I should not like to tell you just how long I have been in the department of labor; my bald head speaks for itself, perhaps. There are others in the division who have been there longer than I have. Personally, I cannot conceive how an inspection service can be built up on anything but a permanent civil-service basis. Some of the gentlemen with whom I have talked in these conventions about systems with no civil-service basis have told me that, whatever the period is, they expect a complete turnover of their force. That may be all right and it gets new blood in the work, of course, but I cannot quite conceive how it can be done. Our inspectors cover in each district assigned to them all types of factories. In one day a man may inspect 12 or 15 little tailor shops, dry-cleaning plants, hand laundries, etc., along one street, and the next day a large industrial plant where thousands of people are employed and every problem imaginable to a factory inspector is presented.

We have considered from time to time the matter of specializing; that is, assigning particularly capable inspectors along some line to that particular specialty. However, that has never been carried out.

Mr. Falasz in his report spoke of the rule-making authority. Probably there is no one here who does not know that New York has had that provision in its laws since 1913. When factory inspection was begun in New York State in 1886, the entire factory inspection law could be printed on one sheet the size of an ordinary letterhead. Now, we have a volume of statutory law comparing favorably with the family Bible in size, with 33 separate codes of rules. We still, however, require each of our factory inspectors to familiarize himself with all of that body of legislation and rules so as to be competent in the whole thing. Whether or not that is a good policy I am not debating this morning.

We do not rotate inspectors ordinarily. An inspector assigned to a local district remains in that district as long as he conducts himself properly and performs his work in accordance with our requirements, and in a satisfactory manner. I am well aware of the fact that there are good arguments for the other policy; that is, changing every year or 2 years or whatever period you wish and taking your inspectors from district to district. There are, I think, equally good reasons for leaving an inspector permanently or at least for a long period of years in the same district. If our work consisted entirely of policing for the enforcement of law and code requirements, the argument for rotation would be a little stronger than I think it is.

It is conceivable that the inspector in the same field year after year may overlook the same violations each time he goes to a plant.

That, however, does not happen under our system if the supervising inspector is on his job. We feel, however, that the most important work of a factory inspector is not law enforcement. Now, do not understand me to mean that I do not want our inspectors to enforce the law. We do and I think they do enforce it, but beyond that the important work, the most important work they have to do, is selling safety and educating the man in the shop, both the proprietor and the employee, in what factory inspection is all about; and the man who stays in the district for a considerable period of time is much better able to do that.

A short time ago I received a copy of a paper read before a certain safety congress by the man in charge of safety in one of the largest industrial concerns of the country. In that, I noted a paragraph in which he referred to inspector B, who had inspected their plant at a certain location for something over 20 years. Now, it just happens that that particular plant is in the State of New York and that I had been talking with inspector B about that plant. This gentleman went on to say that because of the close contacts between the organization and inspector B they were able to do much better safety work. In other words, they discuss their plans with inspector B. If inspector B sees in another plant a good method of accident prevention, he takes it to this plant.

The other question relates to our method of covering all the factories. In the State of New York we do not worry so much about the coverage from the point of view from which I think this question was worded, because we inspect each factory in the State each year. We do not feel that anything less than that is doing our work in a way which results in either proper enforcement or the extension of the type of service which I have tried to describe. We make one thorough inspection of each plant each year. Under our system a written order goes out to the plant covering each violation which necessitates a physical change, such as a machine guard, etc. A copy of that order, of course, goes to the inspectors as well as the supervisor's office. The inspector goes back to the plant as many times as is necessary to secure compliance with those orders. If some other type of violation is found, such as child labor, hours of labor, etc., those things for which prosecution is required, other visits, of course, are made from time to time because of those violations. So the way it works out is that the plant that is in compliance with the law and code (in other words, the plant that is cooperating) is inspected once a year. The other plant which does not comply, which is not prompt in compliance with orders, in which violations are found requiring prosecution or other action, may be visited from 6 to perhaps 15 or 20 times a year. Many of them are.

To answer the question specifically, we use an index card system with two duplicate cards, one of which is in the possession of the inspector and sent in with his inspection card, and the other in the supervisor's office, to which the record of each inspection is transferred, so that the supervisor has at all times in the file in his possession a card for each factory which has been inspected during the current year and in an adjoining file cards for those not inspected. He knows just what is going on.

The question also referred to the use of compensation records with respect to accident and health hazards. As I have indicated, we do not use compensation records along the line of coverage. We do use the accident reports which come through the division of workmen's compensation as a guide to the inspector, and those which represent machine accidents or accidents of such a character as to indicate a physical condition which can be changed or an industrial health hazard which can be corrected, are immediately sent to the inspector for his information and investigation. We have recently started sending to all inspectors periodically a brief summary of those accident investigations which have been made over the period covered. That is so inspector A may know what has happened in inspector B's plant and learn from it the thing for which he may have failed to watch in his own plant.

Mr. Falasz spoke of a division of industrial hygiene. We have had such a division for 25 years in New York. I do not know how we would inspect factories without it. It is of inestimable value to us in our work and it certainly is of very much greater value to industry as a whole.

Mr. IMMEL (Pennsylvania). I find it very interesting to follow Mr. Daniels on this program. The State which he represents applies civil service to appointment of factory inspectors. The State which I represent does not.

About 10 or 11 years ago, before this same group out in Louisville, Ky., I explained an educational program of our bureau whereby we contemplated and carried out a year-long industrial safety campaign, in the course of which every employee who could be reached signed a pledge card to do what he could to prevent accidents during that year. We had theaters, newspapers, and every possible agency cooperating in that campaign. I was scolded by Mr. Daniels' predecessor, who said that our job was enforcement and that we had no business monkeying with education. So perhaps we have been backward in one respect, but not so backward in another.

However, I do want to say quite definitely, from an experience of a good many years in direction of State factory inspection, that there

certainly should be a merit system established for the technical personnel and for the rank and file of inspection personnel. There is absolutely nothing to be said in defense of a patronage system in this service, and I say this to industrialists and others who criticize changes of inspectors and introduction of new people into their plants, who, they sometimes complain, are not fully trained and perhaps do not know the individual plant problems as well as men of experience. I tell them the matter is in their hands if they want a merit system in Pennsylvania; and I hope before this administration is through we will have it. Our present secretary of labor is definitely in favor of it.

Concerning training of factory inspectors, it should be interesting to consider how we cope with the problem of the turn-over we have under a patronage system. For a good many years in Pennsylvania we had Republican administrations follow each other with not much change of personnel. As a result, even without a merit system we had many men who, through years of experience and training, were as competent as anybody you could produce under any civil-service system. Those men, when a Democratic administration came into Pennsylvania 6 years ago, were thrown out and an almost entirely new force put in. When the Republicans came back about 2 years ago, most of the Democratic appointees were thrown out and again an almost completely new force of inspectors was put in. My problem of training that new force was, of course, a difficult one, but we had a certain nucleus of inspectors who were continued in the service and we were able to bring back quite a few of those men who had previously been with us and who had up to 15 or more years of experience. We were very careful in selecting new personnel to see that they had the proper background. We made a few mistakes, but our administration went right along with us in seeing that those men were not retained. We have had some dismissals because of men not being competent. Today I think we have a force in the making that will be quite creditable to Pennsylvania.

When we bring new men in we try to teach them, first of all, our laws and regulations. Pennsylvania also has laws that provide that an industrial board shall develop regulations to carry out details of what is covered in a broad way by the law. Our new men in Pennsylvania are put in with trained inspectors and stay with them until we feel they are competent to go out by themselves in the field. We have meetings at least once a month of the inspectors in our seven supervisory districts throughout the State. Meetings are usually in charge of the supervisor of inspectors of that district. Experts from the central office in Harrisburg assist in conducting these meetings. Programs are prepared. These meetings take up specific questions. We

often have written examinations in connection with these meetings. One or twice a year we have, at Harrisburg, a meeting of all of our inspectors, at which time we try to have speakers who can promote their education.

I am in entire sympathy with this Federal effort to promote the training of factory inspectors. I hope eventually to get it adapted to our force. I feel that the first step is to teach our men the rudiments of the work and have them thoroughly learn our procedure, and then polishing off is fine. I am all for that.

I should like to say something about our method of reporting by inspectors. We have a daily report form that every inspector must fill out, indicating time, expenses, places visited, etc. We have separate types of inspection reports for the separate types of inspections performed. The information obtained from each inspection is transmitted, in the case of building inspections, for example, to a building inspection report. We have a separate report for theater inspections because of the extreme importance of having all the details of safety given attention where the public assembles for amusement or entertainment. We have factory inspection reports. Those reports are made out daily, but they are transmitted weekly to our central office records, an effort being made to have inspectors spend Saturday morning making up reports. At the end of the month (with a 4-day limit) all reports must be in so that we may be able to make a report for the month to the secretary. Our use of reports is greatly facilitated by a visible index system. In each district office, by a glance at that index file, the inspector or supervisor is able to ascertain just when the last inspection was made and observe the complete history of that plant as maintained in the file.

We use the reports of accidents made to our bureau of workmen's compensation, but we have developed in Pennsylvania this year what I think is a distinct advance in undertaking to determine the trend of accidents, and to help intelligently the employer to do something about them. With the cooperation of the Federal Department of Labor we are soliciting accident reports from 30,000 employers in Pennsylvania, beginning this year, and to be continued annually. We got in return this year more than 12,000 reports giving us the accident records of each concern for 1938 and 1939 on a man-hour basis and in such a manner that we can get the comparable picture. We can determine accurately, with that big cross-section of our industries, whether we are gaining or losing ground in accident control. I know of no other method by which you can tell this. The information is transferred to a card which goes out to the supervising office, and every inspector, when he goes to a plant which has submitted a report, can sit down and discuss the situation intel-

ligently. Prior to this time we had similar reports, but they were made out from compensation accident reports and did not provide exposure data.

I feel that the old block system of inspection must be discarded. As far as we are concerned, it has been discarded. It is not possible to make an inspection in every plant in the district periodically. We do not have a large enough force, nor has any department. I find the most effective plan is to concentrate attention on concerns whose accident records indicate they most need help.

Mr. MILER (Wisconsin). My contribution to this discussion will be an explanation of our methods. I have learned much from the discussion of the experience of others here, but shall attempt to answer the questions asked by Mr. Lubin. The question asked was, What program has been worked out with respect to cooperation between your agency and other State and Federal agencies?

Our commission has the power to make rules. Mr. Falasz mentioned that subject in his report. Our safety and sanitation division, which is our factory inspection division, has no particular working agreement with the Federal agency. However, our departments gladly cooperate whenever requested to do so and relationships are very satisfactory. Mr. Falasz spoke of the safety committee appointed by the Secretary of Labor. We have cooperated with that committee.

Our factory inspection division has an understanding with that division of the industrial commission which administers the law governing women and children's hours of labor and wages. The woman deputies of the child labor department, in making their inspections, examine into the sanitary conditions of the factories which they are visiting. They check on the number of toilets, washing facilities, first aid, and rest rooms, as well as on the number of employees. Copies of their reports go to the factory inspection division. That division finds those reports useful, in that the efforts of the inspectors can be more intelligently directed.

In the Wisconsin Industrial Commission, the child labor and industrial home work regulations are administered by the same division and by the same deputies that enforce the law as to women and children's hours of labor and wages.

In reporting violations, our factory inspectors use a form which, in effect, is an order. Such an order is issued in triplicate; one goes to the employer, one goes to the department, and the third is filed in the records of the division. A full explanation of faulty conditions, as well as the remedy, are contained in this order. There is always a follow-up on every order to see if there is compliance.

In Wisconsin, we have a statute requiring cooperation between State departments. Under this statute, an agreement exists between the in-

dustrial commission and the State board of health covering the inspection of hotels and restaurants. Under that agreement, compliance with the building code and safety and sanitation orders can be more easily checked. The inspection is made by the board of health, and a copy of the inspector's report is sent to the industrial commission's factory inspection division. This avoids duplication of effort and at the same time makes for more efficient factory inspections. Incidentally, our factory inspection records are always available to the board of health.

Close connection and cooperation are maintained between the factory inspection department and the industrial hygiene unit of the State board of health. Whenever a factory inspector finds what he considers a hazardous condition, such as may be brought about by dust or harmful gases and fumes, he makes a note of this on the report which he sends to his superior. The industrial hygiene unit is then requested to make an analysis of the conditions reported. This system has a twofold advantage: First, these reports are admitted as evidence in workmen's compensation cases in connection with the statute requiring employers to provide a safe place of employment; second, the reports have a tendency to restrain factory inspectors from issuing orders merely because they are suspicious that a hazard exists. The system avoids guesswork.

There is a good reason why the industrial hygiene unit operates under the industrial commission rather than under the State board of health. The reason is that the department under the board of health has no enforcing powers. Its representatives can only make reports and recommendations. The industrial commission, on the other hand, can use these reports effectually and enforce the regulations.

Under the statute designed to encourage cooperation between State departments, the industrial commission has an agreement with the department of public instruction. The inspectors of that department inspect schoolhouses for the purpose of fire prevention, safety-code regulations, and sanitary health standards. The reports of these inspectors are available to our factory inspection department. Our safety department makes inspections of schoolhouses only on request, and then copies of the inspectors' reports are filed with both our department and that of public instruction. It might be added that our inspectors check manual training departments in the schools for the purpose of seeing that machines are properly guarded.

Our factory inspection department has made inspections for Federal authorities under the Walsh-Healey Act. It is true that not many have been made lately, inasmuch as factory conditions are such that in most cases a special inspection is not needed. As to our connection with the Public Contracts Division, our employment service

uses the reports on contracts awarded in contacting employers for placement of needed labor. The reports of the Public Contracts Division are useful also to the head of our factory inspection division in that he may compare such records with the records in his file.

I have been asked to say something concerning the following questions: What methods do we use for insuring the most effective inspection coverage of plants? Is our goal an annual inspection of every plant? Is any leeway allowed in the case of plants with a good safety record in order that inspectors might concentrate on those with bad records? In the case of safety and health inspections, what use is made of compensation records?

We use a form which is quite similar to the one described in the United States Department of Labor's inspection manual which, by the way, our chief engineer, Mr. Keown, helped to promulgate. This form calls to the attention of the inspector all phases of what constitutes a complete inspection, and at the same time it requires the inspector to file a more detailed report. It also enables the head of the department to check on such matters as the number of employees, dressing-room facilities, accident frequency, and other matters in which he is interested.

An annual inspection of every factory is the goal of our inspection division. However, this aim is not always possible, considering the limited number of inspectors available to us. It is of interest to note that those of our employers who have the best safety records are the ones who demand an annual inspection. They rely on our inspections to keep their accident frequency down. Such employers welcome visits by our inspectors, and depend on our men to act in the capacity of advisers on all matters pertaining to safety.

We constantly use our compensation records in connection with safety inspection. All accident reports are promptly sent from the compensation department to the safety division, and carefully examined by the head of that department. If an accident looks as though it might have been prevented, an inspector is immediately dispatched to make an investigation. Naturally, all fatal accidents are investigated. The itinerary of our inspectors is governed largely by the reports received from our compensation department. Investigations are always advisable in order to enforce the penalty clause in our workmen's compensation act and our safety orders.

Our factory inspection department uses a form similar to the one in the inspection manual when investigating new machines which are sold without the proper guards. This procedure has brought about extremely satisfactory results. Many manufacturers of machines confer with our safety division in the matter of properly

guarding new machines; thus their machines are delivered completely equipped with approved guards.

Our inspectors are provided with compensation division accident reports and photostatic copies of the accident record of employers covering a 2-year period. Armed with that information, the inspector is in a position intelligently to discuss with the management the best means of applying remedies and in preventing accidents. These records give the number of the case, the date of the accident, the name of the employee, the department, the particular operation, the cause of the injury, the nature of the injury, the cost of medical aid, and the compensation paid. Good results are bound to occur when the inspector analyzes these reports in conference with the management. I recall one particular case in which the inspector, upon explaining and analyzing the report, demonstrated that this particular employer's 2-year accident record involved largely eye injuries. In the past, this employer had made some attempts to correct eye hazards, but when he saw the inspector's report he thereafter fully complied with all our recommendations. This company has now the most complete eye protection of any industry in the State, and its injury record has decreased proportionally.

Mr. CAMERON (Washington, D. C.). I was very much interested in Mr. Falasz's request that you as labor commissioners and representatives of the States support and cooperate with the Secretary of Labor's National Committee for the Conservation of Manpower in Defense Industries.

Late in June, when the national defense program was getting under way, it was pointed out in Washington by the new National Defense Advisory Commission that our process of production must be an orderly one, that we cannot have hysteria and confusion which will result in delayed production, interrupted work schedules, and a retardation of the whole defense program. One small phase of that orderly production is safe production.

Even in normal times we kill in American industries about 16,000 workers annually, many of them skilled and trained workers. Millions of dollars are being spent for the training of workers. It is felt that we must also create an activity to protect the training and skill of workers already on the job.

The Secretary of Labor has had for a number of years an advisory committee on safety and health, made up of representatives of labor, of the organized safety movement, of the organized industrial health movement, and of the States. That group was expanded to a committee of 24 which met on June 21 to consider plans for increasing safety activities in the United States to safeguard the production in the emergency—in our national defense.

Based upon the duties and obligations of the Secretary under the Walsh-Healey Act, it was felt that close cooperation should be effected in bringing to industries under the Public Contracts Division a specialized, technical safety service. Now it is realized that the States are the first line of defense in safety.

In a recent analysis of 1,000 typical accidents and injuries causing disability or death, it was found that 20 percent of the accidents were due wholly to faulty environmental conditions; another 20 percent were due wholly to careless acts, failure of the worker to obey rules, failure of supervision properly to train and instruct man in hazards of job—not to mechanical hazards but to personal faults; and 60 percent were a combination of both causes. This brings us to the point that 80 percent of the accidents in this country can be prevented by the elimination of mechanical hazards and unsafe environmental working conditions.

That is the States' job through basic safety legislation, through the rule-making power, through the adoption of codes, rules, and regulations. It is the States' job to see that working conditions are safe. However, to handle the known 20 percent that were due purely to lack of instruction and lack of education of workers and the one-half of the remaining 60 percent of accidents which might have been prevented had either the place been made safe or the worker instructed, the concept of this present activity which is still in formative stages is to bring to industries acting on Government contracts safety promotional and organizational services which are beyond the scope of most State labor departments.

Setting up this national committee, the Secretary has appointed eight regional representatives. All are prominent safety technicians, several from private industry. The growth of the safety movement in this country, as you know, started as a voluntary movement. Under pressure of workmen's compensation, industry undertook to clean house and to prevent accidents. The enlightened segments of industry have done a good job. They have carried on safety educational campaigns within their industries, and it is from the progressive manufacturers, the best men in this country, that the Secretary is drawing safety promoters, advisers, and safety engineers to carry on a safety consultant service to industries, particularly the smaller units, working on national defense products.

In carrying out their work, these special agents of the Department of Labor, serving wholly on a voluntary basis, will clear with State labor departments and industrial commissions before actually getting into plants. In each State where there is an industrial center, such as Connecticut, there will be set up a State advisory committee, consisting of the industry representative on the national committee, the

labor commissioner or his representative, and representative or representatives of organized labor. There may be some special cases where health officials will be brought in and in some cases engineers from insurance companies will be brought in, to that advisory committee. Before a single plant is contacted all matters will be cleared with and through these State advisory committees.

I have with me a limited supply of circulars covering the organization and operation of the National Committee for Conservation of Manpower in Defense Industries, and a limited supply of the committee's first bulletin entitled Safeguarding Manpower for Greater Production. Both of those will be interesting to you. There are more copies available in Washington and I shall be very glad to supply any or all of you with extra copies.

You might be interested to know the personnel of the national committee. I think it is indicative of the kind of job that is going to be done when you realize the caliber of the men who are serving.

Cyril Ainsworth, assistant secretary, American Standards Association, New York, N. Y.

W. H. Cameron, managing director, National Safety Council, Chicago, Ill.

John P. Coyne, president, Building and Construction Trades Department, American Federation of Labor, Washington, D. C.

R. E. Donovan, chief safety engineer, Standard Oil Company of California, San Francisco, Calif.

John P. Frey, president, Metal Trades Department, American Federation of Labor, Washington, D. C.

Clinton S. Golden, director, northeastern region, Steel Workers Organizing Committee, Pittsburgh, Pa.

Harry Guilbert, director, Bureau of Safety and Compensation, The Pullman Co., Chicago, Ill.

Ralph Hetzel, research director, Congress of Industrial Organizations, Washington, D. C.

Thomas P. Kearns, superintendent, Division of Safety and Hygiene, Industrial Commission, Columbus, Ohio.

Lewis E. MacBrayne, general manager, Massachusetts Safety Council, Boston, Mass.

Charles A. Miller, assistant to manager, The Texas Co., Houston, Tex.

Herbert W. Payne, Textile Workers Union of America, New York, N. Y.

Eric Peterson, general vice president, International Association of Machinists, New York, N. Y.

John D. Petree, director, Alabama Department of Industrial Relations, Montgomery, Ala.

E. G. Quesnel, director of safety, The Bordon Co., New York, N. Y.

R. R. Sayers, M. D., director, Bureau of Mines, United States Department of the Interior, Washington, D. C.

Carl L. Smith, managing director, Cleveland Safety Council, Cleveland, Ohio.

L. Metcalfe Walling, director, Public Contracts Division, United States Department of Labor, Washington, D. C.

W. B. Weaver, manufacturing division, Marshall Field & Co., Spray, N. C.

Albert W. Whitney, consulting director, The National Conservation Bureau, New York, N. Y.

W. H. Winans, director, industrial relations department, Union Carbide Co., New York, N. Y.

V. A. Zimmer, director, Division of Labor Standards, United States Department of Labor, Washington, D. C.

A news release has just come from Canada which I think is a forecast of what we may expect in this country under our national defense program if the States, organized labor, organized safety as it is represented through industry in the safety movement, do not get together and effect some means of carrying out accident prevention. It is entitled "Speeding up of Industry":

The number of accidents reported to the Workmen's Compensation Board of Ontario for July was 7,902, compared with 5,242 during July 1939. This marked increase is attributed to the following causes resulting from the speeding up of industry: (1) New employees; (2) lack of proper instruction concerning work to which men were unaccustomed either on new or existing machines; (3) increased pressure of work on those already employed; (4) lack of adequate supervision.

It is up to us in this country to avoid a similar skyrocketing of industrial casualties.

Machinery Safety Requirements

Report of Committee on Machinery Safety Requirements, by ROLAND P. BLAKE *(U. S. Division of Labor Standards), Chairman*

I. The committee has, since its formation, been chiefly engaged in studying conditions, developing a plan of action, and making arrangements necessarily preliminary to the regional activities contemplated under the plan.

II. As envisaged to date, the purpose of the committee is to (*a*) analyze various State codes and their approval and inspection standards to discover conflicts and secure their elimination; (*b*) develop uniform requirements in sufficient detail to serve as a guide in the development of detailed specifications for use in the design, manufacture, and approval of safeguards; (*c*) develop uniform and adequate inspection standards.

III. It is intended to accomplish this through subcommittees representing States geographically grouped to facilitate committee meetings. Members of the main committee act as chairmen of the subcommittees in order to secure coordination and the necessary interchange of information. The organization of the subcommittees is well under way and active detailed work should go forward without further delay.

During the past several months assurances of willingness to cooperate in this program have been forthcoming so generously from the various State agencies concerned that it is not anticipated that any difficulties will arise in this respect. The chief problem faced is the

fact that all the officials concerned are already heavily loaded with work. However, encouraging progress has already been made, and steady, continued effort should be possible. The Pacific Coast States had (independently of this committee) already made quite an extensive study of their safety codes and regulations, and this material is available. Your committee will cooperate with this group in whatever way is mutually agreeable.

IV. Mr. Cyril Ainsworth, associate secretary of the American Standards Association, recently made an extensive trip through the western half of the country as a representative of the Division of Labor Standards and the American Standards Association, jointly. A major purpose of the trip was to promote the adoption of A. S. A. safety codes by the respective States, in the interest of uniformity, as being a vital part of the program of this committee.

V. Your committee is working closely with the committee of the American Society of Safety Engineers on Building Safe Machinery. The appended informational report, entitled "Built-in Machine Safeguarding," was prepared to present a brief picture of the situation insofar as the work of the two committees to date enables its presentation.

Built-in Machinery Safeguarding

(An informational report of existing conditions)

I. The American Society of Safety Engineers, operating as the Engineering Section of National Safety Council, maintains a committee charged with the duty of promoting the complete safeguarding of machinery in the process of its manufacture. While this committee finds that much progress has been made, it also finds that much more remains to be done. This is particularly true of the common wookworking and metal-working machinery. In the main these machines are guarded only by the user; largely afterthought guarding—after someone has been hurt or after a State or insurance inspector finds them unsafe. The seriousness of this condition becomes clear when it is realized that compensation statistics from leading industrial States reveal a very heavy toll of permanent disabilities continuously flowing from the operation of these point-of-operation machines. Particularly significant is the fact that the typical cause for such accidents is either "unsatisfactory guard," or "lack of guard." The committee reached the conclusion that not much improvement in this condition is to be expected unless—

(*a*) The present general practice with point-of-operation machines can be changed from afterthought guarding to the complete guarding of each and every machine as a part of its design and manufacture. This applies particularly to certain machines, an outstanding ex-

ample of which is the common circular table saw which cannot be satisfactorily guarded unless the guarding is provided for in the design;

(*b*) And unless the safeguarding of these machines is taken much more seriously by their manufacturers, by the employers who purchase and put them into use, and by the inspection agencies charged with the duty of preventing worker injury.

II. The difficulties in the way of correction are seen to be chiefly—

(*a*) Lack of consumer demand for fully safeguarded machines. Many purchasers do not specify safety in their orders, but the proportion of those who do so is not as yet great enough to stimulate machine manufacturers generally to pay adequate attention to user safety. The machine manufacturer who safeguards his products should have a sales advantage thereby, instead of having to compete with models lower priced because unguarded.

(*b*) Conflicting State requirements. While many States follow American Standards Association codes fairly closely, many do not, and some serious conflicts exist.

(*c*) Indefiniteness of State requirements. Few are definite enough to be of much value. For instance, the Massachusetts code on safeguarding circular rip saws says simply that each "should be guarded by (*a*) a spreader located at the rear of the saw, (*b*) a guard over the saw, (*c*) a guard under the table."

(*d*) Variation in acceptance standards and practices. This is an exceedingly serious situation. It includes both the work of the agencies which issue lists of approved devices (only a few States have these) and the standards the inspection services of the various States use as a guide in their orders and recommendations. A very few States issue fairly definite written instruction manuals to their inspectors; most do not, so that a machine or guard accepted in one State may require changing in a neighboring State. In some cases this is reported to have occurred in different districts of the same State.

(*e*) The lack of specifications to guide the manufacturers of the various machines in producing satisfactorily guarded models. It should be obvious that if a manufacturer is to offer for sale a fully safeguarded machine, he must have quite detailed specifications to guide him, and he must have assurance that if these are faithfully complied with, his product will meet with practically universal acceptance.

III. The chairman of the A. S. S. E. committee presented the situation to the International Association of Governmental Labor Officials at its conference at Tulsa, Okla., September 7–9, 1939. This conference appointed a committee entitled "The Committee on Machinery Safety Requirements." Its duty is to develop and prosecute a pro-

gram looking to the correction of the above conditions insofar as the State labor administrative agencies can do so. Its program as developed to date envisages (*a*) analysis of the various State codes and of their approval and inspection standards, to discover conflicts and secure their elimination; (*b*) the development of uniform requirements in sufficient detail to serve as a guide in the development of detailed specifications for use in the design, manufacture, and approval of safeguards; (*c*) the development of uniform and adequate inspection standards.

IV. The analysis, comparison, and development of State codes and inspection standards is being initiated and is to be carried on through subcommittees representing the New England States, the Middle Atlantic, the Middle Western, the South, the Rocky Mountain, and the Far West.

V. The development of specifications will obviously require close cooperation between State governmental authorities and manufacturers of machinery and safety equipment and will require the services of competent technicians. Since all the interests concerned have representation in the A. S. A. and membership on its sectional committees, and since a major purpose and activity of the A. S. A. is the drafting of national codes on safety (these have gained a wide measure of acceptance by the States, the Federal Government, and industrial employers generally) it became clear that if possible the needed specifications should be developed through A. S. A. Therefore, the A. S. S. E. committee formally requested A. S. A. to undertake the work. In response to this request the Safety Code Correlating Committee of A. S. A. passed the following resolutions:

Resolved, That it is the opinion of the Safety Code Correlating Committee that safety codes, in addition to containing requirements for the installation and use of guards and safety equipment, should also include detailed specifications for such guards and equipment, to be used by (*a*) manufacturers in designing such devices; (*b*) governmental agencies, laboratories, etc., in granting approvals; and (*c*) industry in purchasing devices.

Resolved, That all safety code sectional committees be instructed to include specifications for guards and safety equipment whenever codes under development or under revision are to contain requirements for the installation and use of such guards or safety devices.

VI. The resolutions were approved by the Standards Council of A. S. A. and instructions to this end have been issued to the various sectional committees charged with the drafting or revision of safety codes.

VII. In addition to the development and general acceptance of adequate safety codes and guarding specifications an agency of approval will be necessary. Underwriters Laboratories is the nationally accepted agency maintained by the National Board of Fire

Underwriters to test and measure the effectiveness of devices and products in the field of fire prevention and protection. They maintain a label service for approved products. They are considering offering a similar service in the safety field. Meetings of an exploratory nature have been held by Underwriters Laboratories with manufacturers of safety devices and with compensation insurance interests. No definite decisions have been announced, but the following conclusions appear to be warranted:

(*a*) The Underwriters Laboratories should by virtue of experience and attainments be well qualified to function as the approval agency in the safety field also.

(*b*) The response from the representatives of safety equipment indicated a promising attitude of willingness to submit their products to Underwriters Laboratories for examination and test.

(*c*) Insurance representatives attending were strongly favorable to the labeling of safety equipment and will undoubtedly promote the general acceptance of labeled products.

VIII. In conclusion, it appears reasonable to predict that good progress can be made, if—

(*a*) All the interests involved will cooperate with a reasonable degree of vigor in prosecuting the program; and particularly if

(*b*) Those primarily concerned with the reduction of the nationally serious toll of industrial accidents will actively and consistently promote the principles of adequate safeguarding of all machinery and equipment as a matter of forethought instead of afterthought.

IX. The agencies whose effective prosecution of this work is most vital to success are seen to be—

(*a*) State labor administrative agencies. Since the conflicts and inadequacies of safety requirements constitute a major obstacle, improvement of this condition can be had only through their active prosecution of a corrective program.

(*b*) State factory inspection agencies. Charged with the duty of enforcing requirements in the interest of worker safety, they are in the best possible position to promote the idea and practice of forethought safeguarding. A few State inspection departments are actively doing this, and report good progress, but unless its prosecution is made a major purpose throughout the Nation generally, satisfactory progress is not to be expected.

(*c*) Safety councils, through their manifold promotional activities.

(*d*) Insurance underwriters, primarily through the promotional effort their inspection forces carry on.

(*e*) Employer associations, through their conventions, their trade journals, and through committee work.

(*f*) American Standards Association.

X. Appended hereto is a tentative set of requirements for the safeguarding of a manual feed circular rip saw, which was compiled by the chairman of the A. S. S. E. committee from the suggestions of the various members of that committee. These requirements have not been formally acted upon by that comittee, but are presented here for consideration. Suggestions for their improvement are solicited. Comments should be addressed to the chairman.

SAFETY SPECIFICATIONS—CIRCULAR RIP SAWS

The saw machine

1. Table.—Height not less than 34 nor more than 36 inches.

2. Frame.—Substantially constructed to be free from sensible vibration when largest saw for which it is designed is run idle at full speed.

3. Arbor or mandrel.—Fit and design such as to have firm and secure bearing and be free from end play.

4. Arbor lock.—Must have means of locking arbor securely in fixed position when changing saw.

5. Mandrel collar.—Must have positive means of centering saws (and holding saw securely) in which the hole in the saw is too large to fit mandrel.

6. Limit of saw size.—Must have positive fixed means (as by lugs cast on the frame) of limiting size of saw than can be mounted so as to avoid overspeed due to mounting saw larger than intended.

7. Gage position on tilting tables, tilting arbors.—Gage (for ripping) must remain parallel with the saw regardless of angle of saw with saw table.

8. Gage construction.—Must be such that it can be positively secured to the table without changing its alinement with the saw.

9. Hinged table.—Must be so constructed that it can be positively secured in any position and in true alinement with the saw.

10. Gage should slide in grooves accurately machined to insure exact alinement with the saw for all positions of the guide.

11. Transmission guards.—Full enclosure of moving parts (if any) on machine frame and enclosure or provision for enclosure of drive belt.

The saw

Hood

12. Enclosure.—Complete enclosure of saw above table when saw not in use and above material being cut when saw in use.

13. Self-adjusting.—Must automatically adjust self to thickness of and remain in contact with material being cut. All hoods shall have a kick-back dog attached to rear of hood that will have equal and adequate holding power for all thicknesses of material being cut.

14. Ease of operation.—Must not offer any considerable resistance to insertion of material to saw or of passage of material being sawed.

15. Attachment.—Such as to insure its functioning to be positive and reliable and adequate in strength to resist any reasonable side thrust or other forces tending to throw it out of position.

16. Strength.—Adequate to resist blows and strains incidental to reasonable operation, adjusting, and handling.

17. Size relationship to saw.—To be definitely indicated and provided for.

18. Ease of attachment.—Such that correct position is as easy to secure as possible, and incorrect position difficult or not possible.

19. Material.—Soft enough to be unlikely to cause tooth breakage. Should not shatter.

20. Intereference with vision.—Must allow line of cut to be seen by operator in proper position to feed saw.

Spreader

21. Thickness.—Less than saw kerf, greater than saw stock.

22. Stiffness and rigidity.—Adequate to resist any reasonable side thrust or blows tending to bend or throw out of position. (Should give definite value for minimum stiffness.)

23. Position.—Less than ½″ from end of saw teeth, in line with saw.

24. Means of securing.—Such as to foster correct location.

25. Adjustable to size of saw.—Removable and readily replaceable correctly.

26. Shape.—Curved approximately to contour of saw.

27. On tables arranged for angle sawing spreader should be so mounted so that it will always maintain same relation with saw.

Part of saw under table

Must give complete protection against accidental contact with saw. Suggested a stiff sheet disk or its equivalent on each side of saw, spaced 1″ from saw and extending 1″ beyond largest saw that can be used on saw mounting, or a hood designed to facilitate exhaust attachment.

Women in Industry

Women in Industry, September 1939 to September 1940

Report of Committee on Women in Industry, by MARY ANDERSON (*United States Department of Labor*), *Chairman*

The most important development in the past year was the launching of the preparedness program, in which women must play such an important part. Designed to assure and to speed up production in certain fields, this program as it relates to women involves the training and the adequate protection of woman operatives called to work in defense industries. Though the undertaking is only a few months old, much has been done along these lines. High spots include:

1. The setting up of an advisory committee to the Women's Bureau of representatives of international unions that have active women members who are in the key defense industries, to recommend how women can best function in the emergency.

2. Two meetings of this committee with members of the Women's Bureau in Washington.

3. Making available material on the experiences during the World War of 1914–18 in securing increased output without sacrificing the efficiency and health of woman workers.

4. A report on the general types of work in the program of expanded production for which women are best fitted, on the need for special training, and on employment standards conducive to their welfare and most efficient production.

It is estimated conservatively that not far from 2 million women are immediately available to fit into defense work. Probably at least half a million more are now in part-time employment, and an additional large but undetermined number can fill jobs more skilled than those in which they are now engaged.

Forces and Events that are Bettering Conditions of Women's Work

In addition to the emphasis on national defense, conditions under which women are at work have been improved. Some of the most outstanding gains made are these:

In the field of Federal control or aid.

1. An estimated 4,000,000 women are covered by the Fair Labor Standards Act, which prescribes with certain exceptions 30 cents

an hour for a 42-hour workweek, with time and a half for overtime. Women's Bureau information on wage trends in the more important woman-employing industries shows definite gains in women's hourly earnings. Many women have had their wages raised further by the higher minimums set for the hosiery, textile, millinery, shoe, knitted underwear and commercial knitting, woolen, hat, knitted outerwear, apparel, and pulp and primary paper industries.

2. From July 1939, to June 30, 1940, approximately 31,000 man and woman workers were reinstated by the National Labor Relations Board after strikes and lock-outs and some 4,000 after discriminatory discharges. About 2,500 workers received back pay amounting to around $400,000.

3. Minimum-wage rates have been set for workers employed on Government contracts of $10,000 or over in paper and pulp, small-arms ammunition, explosives and related products, fertilizer, and cement industries. These rates undoubtedly have raised the wages of many woman workers in all but the last two mentioned industries, in which no women are employed.

4. Intensive studies have been made in certain fields which may point the way to the betterment of employment conditions for women. Some of the more important surveys made by the Women's Bureau include the following: (a) A survey of fruit and vegetable canning (to determine the effects of State minimum-wage regulations, and unemployment compensation, Public Contracts Act and the Federal Fair Labor Standards Act, not in effect when the 1938 survey was made); (b) Fish canning; (c) Women's employment and personal and family responsibility, in Cleveland and Salt Lake City; (d) Office workers' study; (e) Booth renting in colored beauty shops in the District of Columbia; (f) Maine service industries; (g) Studies of injuries to women, both accidents and occupational diseases, have been continued.

5. From September 1, 1939, to June 30, 1940, almost half a billion dollars was paid to man and woman workers as unemployment compensation under the provisions of the State unemployment insurance laws, established in accordance with the Social Security Act.

6. Over 14,000,000 women have had social security accounts established for them in which will be recorded their earnings that entitle them and members of their families to benefits under the old-age and survivors' insurance system of this act.

By the action of State authorities:

1. New minimum-wage orders in a number of industries and States have raised the wages of many women.

2. Some advances have been made in State legislation.

Little legislative activity is noted this year. This is explained in part by the fact that few of the legislatures were in regular session.

Advances in Women's Wages

In March 1940 women's hourly earnings in the major woman-employing manufacturing industries had increased 3 percent from March 1939 figures for the same firms, according to data reported twice a year by the Women's Bureau. Hourly earnings had increased in the great majority of the industries reported. These averages were above 35 cents in all the reported industries.

During the year the 30-cent minimum required under the Fair Labor Standards Act went into effect, and the resulting increases at the bottom of the wage scale had an important influence in pushing up the hourly averages. Most notable of the advances were the following: 10 percent, cotton dresses; 6 percent, cotton goods; hosiery; confectionery; women's undergarments; rubber boots and shoes; 5 percent, silk and rayon; woolen and worsted.

Average weekly earnings in these firms were not greatly different from those of a year ago, due to some extent to a decline of nearly 3 percent in hours worked. There were, however, decided changes in earnings in a number of industries. In March 1940 week's earnings of women in these manufacturing industries averaged $15.92, with an average of 34 hours worked in the week. Here again the wage picture varies widely with the industries, some having high, others quite low, averages.

State Labor Legislation and Legal Decisions

Appended to this report is a supplement giving certain details concerning State labor legislation and legal decisions. With only three legislatures in regular session in the second half of 1939 and nine in 1940, there was little opportunity for significant legislation. More activity is noted on the part of the various State wage boards, with four orders made mandatory and nine new orders issued.

Bills to limit hours of work and to extend the minimum-wage law to household workers were introduced, but not passed, in the State of New York. Four States considered, but failed to enact, wage and hour bills covering man and woman workers alike.

The effort to curtail the employment of married women in public service has abated somewhat. Mississippi considered but failed to pass such a measure. Louisiana passed but later repealed a law of this type. On the other hand, though a bill to safeguard the rights of married women was introduced in the New Jersey legislature it failed of enactment. It is hoped that the New Jersey example of attempting to enact a statutory defense against this insidious type of

class legislation will be followed by other State legislatures and with more success.

Woman Workers' Needs Considered at International Conference

The Second Conference of the American States Members of the International Labor Organization, held in Habana, Cuba, November 21 to December 2, 1939, adopted resolutions stressing, among other things, the need to evaluate women's skill on the same basis as men's and to develop means, such as vocational training, to improve women's output where it falls below men's in quantity or quality. The Conference recommended the abolition of industrial home work, and outlined strict regulations to control it as long as it exists and requiring the same minimum-wage rates as for similar work in factories.

Other resolutions called for a progressive program comprising application of social legislation to domestic and agricultural workers, legislation to prohibit the dismissal of married woman workers because of their marital status, the granting to women of all the rights necessary to enable them to function fully as responsible citizens, including the right to organize for collective bargaining, to have full representation in all bodies responsible for preparing and administering social and labor legislation, as well as the right to vote and hold office.

Summary and Future Needs

In looking ahead two problems loom large:

First, the months that lie ahead will increasingly throw into relief the role of the woman worker in defense industries. Every effort must be made to train her for her work, place her in occupations for which she is well qualified by reason of her natural endowments, and safeguard her health and well-being. Those of us who have had years of intimate contact with these problems must be prepared to take an active part in formulating standards and policies.

Second, and of equal importance, there must be no slackening in our struggle to secure for woman workers everywhere the benefits of reasonable labor regulation. There are still large groups of workers who are without the benefits of State laws or not covered by Federal law. Two groups in particular are agricultural workers and household employees.

It must be kept in mind that our inner defenses—defenses against exploitation, poverty, disease—are as important to our national existence as the military preparations we are making. No stronger weapon against aggression can be forged than the day-by-day demonstration that the American way of living is the best designed to meet the needs of mankind.

Supplement to Report of Women in Industry Committee

SUMMARY OF LAWS AND MAJOR EVENTS IMPROVING WORKING WOMEN'S STATUS, SEPTEMBER 1939 TO SEPTEMBER 1940

COURT ACTION

(Limited to statutes applying particularly to woman workers)

Connecticut.—Connecticut statute prohibiting night work held constitutionally applicable to woman entertainers in restaurants, notwithstanding their professional status. (*Doncourt* v. *Danaher*, Conn. Sup. Ct., June 13, 1940.)

Massachusetts.—Woman in charge of store of cleaning and dyeing corporation held to be employee of corporation, notwithstanding execution of lease of store and designation of woman as lessee. (*Commonwealth* v. *Weinfield's* (*Inc.*), Mass. Sup. Ct., January 30, 1940.)

New Jersey.—Interpretation of R. S. 34: 2–24, so-called women's 10-hour law. (*Toohey* v. *Abromowitz Dept. Store* (*Inc.*), New Jersey Sup. Ct., February 23, 1940.)

Washington.—Order fixing minimum wages of operators in beauty parlors or similar establishments held inapplicable to instructors in school for beauty operators. (*McDonald* v. *Goddard*, Wash. Sup. Ct., February 6, 1940.)

ATTORNEY GENERALS' OPINIONS

(Limited to opinions concerning matters of particular application to woman workers)

Connecticut.—A manicurist employed in a barber shop will not generally be considered as within the provisions of minimum wage directory order No. 5 for beauty shops. (Attorney General's Opinion, September 13, 1939.)

Delaware.—Beauty shops come under the law fixing hour limitations for females in any "mercantile, mechanical, or manufacturing establishments." (Letter of Attorney General, May 14, 1940.)

Kentucky.—Apprentices who work in beauty parlors are entitled to 18 cents an hour for 2,000 hours under apprentice certificates, at the end of which period the certificates are canceled, such persons then being entitled to 22½ cents an hour. (Letter of Assistant Attorney General, April 9, 1940.)

LEGISLATION IN THE STATES

Workweek.

Kentucky.—An act relating to employer-employee relationships and including a provision for a 6-day week for all employees (with certain exemptions, including all persons working not over 40 hours a week) unless time and a half is paid on the seventh day.

Coverage.

New York.—A law exempting from the 10 p. m.–7 a. m. night-work law women employed by florists at Easter and Christmas.

Regulation of home work.

New York.—A law requiring an employer to attach to materials for home manufacture a label with his name and address legibly written or printed in English.

Wage and hour bills.

Introduced into the following States, but none passed: Louisiana, New Jersey, New York, and South Carolina.

Household-worker bills.

New York.—Introduced, but not passed, bills to extend the minimum-wage law to household employees and to limit their workweek to 60 hours.

MINIMUM-WAGE ORDERS

Made mandatory within the year.

Massachusetts.—Beauty culture, June 1, 1940.
New Jersey.—Light manufacturing, July 15, 1940.
Wearing apparel and allied occupations, July 15, 1940.
Cleaning and dyeing, May 6, 1940.

New orders.

Colorado.—Beauty service, December 4, 1939.
Public housekeeping, June 16, 1940.
Connecticut.—Laundry, June 3, 1940.
Maine.—Packing fish and fish products in oil, mustard, and tomato sauce, April 11, 1940.
New Hampshire.—Dry cleaning, May 20, 1940.
New York.—Restaurant, June 3, 1940.
Pennsylvania.—Laundry, June 1, 1940.
Utah.—Retail, June 3, 1940.
Restaurant, August 5, 1940.

Discussion

Mr. LUBIN. I am wondering if there is any evidence in any of the areas as to the effect of increasing employment and actual extension of hours of employment upon safety experiences, accident rates, and similar matters. In other words, as in the case of minimum wages, is there a tendency to a higher accident rate with the pressure to increase the hours of employment in those areas, and is any provision being made in the law to meet this tendency?

Mr. MORLEY (Ontario). Insofar as it relates to our experience in Ontario, frequency is definitely up. We believe that it is up partly because of the new workers that are now employed, men who perhaps never worked before or men who have been out of employment and who have lost a certain amount of skill or who were perhaps undernourished because of being on relief.

Further, we think it is up because of the pressure that naturally is put on the men or women to get out production for war purposes, and we think it is up also because certain work is being done on Sunday. We have had sufficient experience already in Ontario to know that the old Mosaic law still holds. We have found large plants that had worked a certain number of hours on Sunday but

when Sunday work was dropped they had better results and greater production from the workers, as well as increased contentment.

I was in a plant in eastern Ontario lately, and in a discussion of the effect of fatigue on workers I said to the superintendent of the plant that I believed what was commonly or often called fatigue was more often hunger. He said that they had demonstrated that in their plant. At one time, he said, they had objected to men and women eating between times, but they had experimented with the idea and the success had been so great that they were extending facilities for the taking of nourishment both in the morning and in the afternoon. I mention that because I think it is bound to have an effect when you lengthen your hours of work. I believe, and this is based in part on my own experience and reading, that you will have to give the workers opportunity for taking extra nourishment. I also believe that as people settle down into these newer conditions there will be more control of the accident frequency rate. The committee that has lately been set up by the Department of Labor at Washington will, I believe, do a big job in this direction.

I have no definite figures; I cannot say the rate was such and such 9 months ago, and so and so 2 months ago, but our opinion is that frequency is up and severity is also up.

Apprenticeship

Apprentice Training

Report of Committee on Apprenticeship, by VOYTA WRABETZ (*Wisconsin Industrial Commission*), *Chairman*

[Read by Thomas B. Morton]

This is the third consecutive year I have had the privilege of giving the report of your committee on apprenticeship and it has afforded me an excellent opportunity to keep in touch with the developments in this field throughout the country. In reading over the first two reports I find that we covered reasonably well the apprenticeship trends and developments. This year I had hoped that we would be able to report in detail on many of the administrative problems encountered by the officers responsible for carrying on the apprenticeship programs of their respective States; but the problems of the Nation have vastly changed since the last report and your committee has decided that this report, to be useful, must be directed to those things most essential at this time.

It is not necessary to dwell on the gravity of the present national emergency, but it is essential to discuss the significance of apprenticeship and other work-training programs and the steps being taken to make them effective in connection with our vast defense program.

A release issued in June of this year by the Federal Committee on Apprenticeship, which as you know is made up of representatives of employers and labor and interested Government agencies, expresses so clearly the relationship of apprenticeship to the defense program that we quote the significant parts of it:

> Apprenticeship which calls for a relatively long period of training is a vital factor in the situation but must be considered in relation to the more immediate demand for large numbers of semiskilled workers. The two major needs in connection with the labor supply for national defense are: (a) Semiskilled "specialists," and (b) A comparatively smaller number of highly skilled men.

The mass of workers in modern production plants are semiskilled. The smooth flow of work depends on an adequate working force of skilled craftsmen who are the "lead men"—who are the "set-up men," and who know all of the operations in a particular trade.

The training of the semiskilled men can be carried on in a relatively short time within industry and in conjunction with the existing vocational educational facilities and with other available agencies capable of providing assistance. This training for such jobs can be immeasurably speeded up.

On the other hand, the time required for training of apprentices to become skilled mechanics cannot be shortened appreciably. This was proved by experience in the World War. Nevertheless, an integral part of the national defense program must be the immediate expansion of apprenticeship, particularly in the national defense industries.

Industry and labor are working with us on an agreed plan for the training of future skilled workers, not by any short-cut methods or by Government subsidies, but through carefully worked out standards of training. The active cooperation of employers and labor in a unified Nation-wide program of apprenticeship will make a significant contribution to the fulfillment of the preparedness program and will materially assist in meeting future "bottle necks" in production.

An expansion of the activities of the Federal Committee on Apprenticeship will—

1. Provide industry with an adequate supply of skilled mechanics and give to our youths an opportunity to become competent craftsmen.

2. Enable those already partially trained through employment in occupations requiring a narrow range of skills to secure an opportunity to complete an apprenticeship in the shortest possible time and become skilled workers.

3. Facilitate the orderly absorption of apprentices into industry.

It is recommended that there be expansion of the apprenticeship field staff to meet the emergency by the assignment of qualified apprenticeship technicians to the 33 major industrial areas of the country with emphasis on the training of skilled mechanics for the manufacturing industries. This cooperative procedure should be furthered through greater activity on the part of trade associations and unions working in cooperation with State and local apprenticeship committees and through action on the part of individual employers and local labor organizations.

The recommendation with respect to expansion of the apprenticeship field staff has already occurred. Five regional offices have been set up as follows:

Region 1.—Northeast: Headquarters, Boston, Mass.; Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York.

Region 2.—Central: Headquarters, Harrisburg, Pa.; Maryland, New Jersey, Pennsylvania, Delaware, Ohio, West Virginia.

Region 3.—Midwestern: Headquarters, Madison, Wis.; Michigan, Indiana, Wisconsin, Illinois, Minnesota, Iowa, Missouri.

Region 4.—Southern: Headquarters, Austin, Tex.; North Carolina, South Carolina, Georgia, Florida, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, Texas.

Region 5.—Western: Headquarters, Denver, Colo.; Montana, Wyoming, Colorado, New Mexico, Idaho, Utah, Arizona, Washington, Oregon, Nevada, California.

A total of 37 men are now available to provide assistance on training problems in those areas.

The Federal Committee reviewed its own procedures and standards in the light of experience and the urgency of the current situation. It decided to eliminate features which caused most resistance from employers and labor, and at the same time to maintain adequate standards to protect the interests of apprentices. It is recommended that other Federal agencies which have rules or regulations applicable to the employment of apprentices review them with the view of eliminating all detail and procedures not absolutely necessary.

Let us turn our attention now to another aspect of the training problem which is receiving attention. It was shown in the release of the Federal Committee that the majority of workers needed for the defense industries are semiskilled and can be trained in a relatively short period of time. In the course of time several different Federal agencies have been set up to deal with some specific problem relating to education and employment, and work training. Many of these overlap in some particulars and some are dependent on each other for support. For example: The United States Office of Education and State boards for vocational education carry on training programs for employed persons—which include apprentices—and for persons preparing for employment. The Apprenticeship Service of the United States Department of Labor and State apprenticeship councils assist employers and labor organizations with their job-training programs. The C. C. C. conducts work-training programs for its trainees and the N. Y. A. also carries on work-training projects. It is apparent that the work of these various agencies must be coordinated to be fully effective in a training effort as great as that now being undertaken. This is being done under the general direction of Mr. Sidney Hillman, member of the Defense Advisory Commission, and the more immediate direction of Mr. Owen D. Young and Dr. Floyd Reeves.

Upon the request of Mr. Young, a Committee on Industrial Training met in Washington July 24 to consider various aspects of the training problem and to work out a program which will assure the Nation of amply trained workers to produce the machines, goods, and equipment to be ordered. According to a release issued by Mr. Young following this Committee's meeting, preliminary plans were agreed to for obtaining information on the number of workers needed in the defense industries, and a program was formulated for aiding industry in training apprentices, retraining workers, refreshing their

skills where necessary, and generally stimulating the upgrading of those presently at work on key defense production processes.

Your committee is confident that everything will be done that can be done, considering the seriousness of the situation before us, to safeguard the interests of apprentices, the older workers, and those to be trained for semiskilled work. We are in no position at this time to make specific recommendations relative to the administration of State apprenticeship legislation, except that the procedures should be examined to see if unnecessary details can be eliminated; that provision be made for the establishment of local committees to handle local trade apprenticeship problems; and that apprenticeship directors be prepared to cooperate fully with the program to be announced by the National Defense Advisory Commission.

In our report last year we said that Virginia would probably appropriate money for a State director of apprenticeship and other necessary administrative expenses. This was done. A State director has been appointed. While the Virginia law does not expressly state how the director is to be appointed, this problem was solved by the commissioner of labor and the State apprenticeship council jointly interviewing the applicants and selecting the candidate best fitted for the job on his qualifications for it. One more State, Kentucky, has joined the ranks of States having enacted apprenticeship legislation. No details are available at this time with reference to the administration of this law; and two additional States, Vermont, and Alabama, have appointed apprenticeship councils.

The apprenticeship council of California has adopted a procedure in connection with its meetings which may be worth while considering by other councils. It considers its work to be largely promotional, and therefore the more leaders of management and labor who become familiar with it the better. It invites leaders from these groups and interested public agencies to sit in on many of its meetings, and if special reports are made the guests are given the opportunity to ask questions and participate in discussions.

The apprenticeship council of North Carolina has taken action in support of the national defense program which is worth considering in any State where organizations of employers and employees are limited to scattered areas. The council wished to place as much emphasis as possible on apprenticeship in the metal trades, but found little understanding of apprenticeship procedures and standards among the employers and employees. Under authority of the apprenticeship act, and after consultation with interested employers and labor representatives, it prepared and issued State-wide minimum apprenticeship standards for the metal trades. Insufficient time has

elapsed since the standards were promulgated for the State council to report on their effect.

Other State apprenticeship agencies are reviewing their procedures in the light of their own particular situations and that of the national emergency; but particulars with respect to changes were not available at the time this report was written.

In conclusion your committee recommends:

1. That State apprenticeship agencies make every reasonable effort to reinforce the efforts of the Federal Committee on Apprenticeship to carry out its responsibility in connection with the national defense program; and that they be prepared to cooperate with employers and employees on job-training programs for other classes of workers.

2. That encouragement be given to organizations of employers and employees interested in the establishment of State apprenticeship legislation.

3. That State labor commissioners who have not yet appointed State apprenticeship councils do so after consultation with the leading organizations of employers and of employees.

4. That unusual care be taken in appointing members to State apprenticeship councils so that the interests of employers and employees, geographically, as well as by industries, will receive consideration.

5. That careful records of apprentices employed and released be maintained.

6. That close relationships be maintained with all apprenticeship programs and with the Federal Committee on Apprenticeship.

Discussion

Mr. MORTON (Virginia). I noticed in reading over the names of the States under the regional offices that—and I am sure it was unintentional—Virginia was one of the few States left out. That might be complimentary because we have such a good apprenticeship council and have got off to a good start.

The law in Virginia went into effect under an act of the legislature of 1938. It provided that the Governor appoint six persons to serve on this apprenticeship council, three from the employer group and three from the employee group, with the director of vocational training of Virginia and the commissioner of labor serving ex officio, making a commission of eight.

We functioned for 2 years without any appropriation, except what little money I could get out of my own budget as commissioner of labor for correspondence. The members of the council attended meetings at their own expense.

This session of the legislature, 1940, included in the budget enough money for us to put a full-time director and secretary on the job and to pay traveling expenses of members of the board in attending meetings and the director for making his visits. He has been on the job just about 2 months. It was not plain as to who was going to appoint the man—the Governor, the commissioner of labor, or the council—but we did not have any trouble about that. We consulted among ourselves and interviewed candidates for the position and selected one who happens to be a practicing attorney but who has had a great deal of experience in the labor field. He is giving a good account of himself, and I am sure Virginia will be able to make a good record for itself in the future months.

There is one problem that has come up. That is over the question of authority in handling the apprentices in the shop after they have been properly indentured—as to where the authority of the vocational training department and of the apprenticeship council is to begin and end, respectively. I think we will be able to solve that because our director of vocational training is a member of this council and an active one. He takes a real interest in the work. In addition to that, the apprenticeship council has accepted the responsibility of serving in an advisory capacity to the vocational training department. We have already met in that capacity, and I think we will be able to work out a satisfactory arrangement along that line.

I might say that I have here a copy of the Virginia rules and standards which anyone can see who wishes to, and if anyone is interested I shall be glad to see that a copy is sent to you. Also, I have some copies of the law under which apprenticeship training is functioning in Virginia. If you are interested, I shall see that you get copies.

Dr. PATTON (New York). There is an effort on foot in New York State to amend the law so that wider provision may be made for apprentices and that the apprentices so brought in as a result of that proposed amendment will be exempt from the Federal wage-hour law and the double compensation feature of the New York workmen's compensation law.

That movement is being fostered by one of the State departments in this State, but not the labor department. I have been told by those chiefly responsible for fostering this amendment that they hope to get the bill adopted and before the Governor for signature. They are not confident about the Governor's signature but are confident of its passage in the legislature.

Briefly, the proposition is to have a board set up in each locality of the State, on which are members representing labor, employers, and the general public who will decide for that locality how many

apprentices are needed and in what industries; then they will permit so many children to enter as apprentices and the employers are to be relieved from double compensation, Federal wage-hour law, and minimum wage. I may say that is a very big bite, but I am quite confident there is a great deal of steam and pressure going to be put behind it.

Miss McCONNELL. It behooves all of us to keep our eyes open for similar movements which are likely to grow up in other States as well; certainly the protection of the young worker in industry is the last place where there could be any possible argument for the breaking down of standards of protection for these workers.

Chairman GRAM. I understand we have with us two gentlemen representing the Federal Apprenticeship Training Committee.

Mr. JENKINS (Washington, D. C.). We believe in the apprenticeship movement in order that there may not be another lost generation. During the other war we had concentration with intensity on short training, with very little emphasis on apprenticeship. In speaking of that short intensive training, if I may be pardoned for drawing a personal illustration, some few years ago I was asked to set up a training program for an agency in Washington. My immediate superior, who was a very active gentleman, had the policy and philosophy, if you please, that we should branch out and become very active before we found out what our problems were or what the solution of those problems would be. I had never worked that way. I like to find out what the problem is. He did not think so much of my slow methods.

At a public meeting, before several hundred people, he said, "Training is very much like the fire department. You can't train the firemen when there is a fire. You just send them." He gave me several knowing nods. When I got my chance I said the discussion about the firemen reminded me of a situation in New Bedford, Mass., where a salesman came into the mayor's office, and said, "Mr. Mayor, what kind of a fire department do you have?" The mayor said, "We have the best fire department in the Commonwealth of Massachusetts. As a matter of fact, I heard them going by the office a few minutes ago, driving to beat h—." The salesman said, "Well, Mr. Mayor, it may interest you to know that your fire department was going in the wrong direction when they went by your office. It may further interest you to know when they did get to the fire there wasn't a man who knew how to screw the hose on the hydrant; it blew off and now the threads are stripped and nobody can screw it on. Furthermore, it may interest you to know it is your own house that is on fire." I offer this to illustrate the importance of short, intensive

training. I offer it so that you may give apprenticeship training proper consideration.

Mr. Gallagher, who is the representative for New York City and its immediate suroundings, is with me and if you care to ask him or me any questions we will be glad to try to answer them.

Mr. GALLAGHER (New York). My position in the metropolitan area at present is confined exclusively to essential industries, and the greater part of my work is concentrated on most of these essential industries in greater New York.

The building trades industry has set up a committeé on apprenticeship training consisting of the Building and Construction Trades Council and the Building Trades Employers Association. It is getting along nicely.

We have set up at least 9 or 10 committees with standards on apprenticeship in these essential industries, which are small plants consisting probably of 10 to 60 men. We are getting along nicely in setting up individual indentures.

Dr. Patton has stated that one of the State departments is becoming very active in trying to eliminate all the laws on fair labor standards that this convention has been instrumental in setting up. Those responsible seem to think that this certain department should assume full and complete charge of apprenticship. In order to do so they want to eliminate double compensation laws and every other restriction in order to satisfy a few employers of New York State.

After all, this body has been responsible for apprenticeship programs for a good many years, and if one department is going to try to upset this whole program (and we have 22 States that have adopted the program) apprenticeship will be in a sorry plight. If this department is successful in forcing through its proposition, we will have a lot of trouble on our hands.

Mr. MILER (Wisconsin). Mr. Wrabetz asked me to contribute a little to the discussion on this subject. He cautioned me not to extol the Wisconsin apprenticeship program, but rather to show that over a period of years the plan has actually produced results. There are in Wisconsin at the present time slightly over 3,000 indentures in force. We average about 275 completions quarterly. The average term of training is 4 years. We are not entirely certain whether graduations offset the number of skilled workers who retire or drop out of the trades for various reasons. The number of new indentures is slightly lower than normal because industrial conditions are not yet so set as they usually are. However, the ratio of apprentices to skilled workers remains fairly constant, so that the greater the number of skilled workers employed, the larger will be the number of apprentices.

Under the industrial commission in Wisconsin, there is a director of apprenticeship who has two assistants. It is this department's responsibility to see that the terms of indentures are fulfilled, and that the interests of both apprentices and employers are fully protected. We feel that the program has been of benefit both to industry and to youth. Incidentally, most graduating apprentices remain with their employers.

A new undertaking this fall is that of indenturing, in certain factories which are picking up, apprentices in accounting, bookkeeping, and even office procedures, of the company. These indentures are written on the same basis as those for the mechanical skills and the indenture is for a year. We feel that our laws are fully justified.

Mr. MORTON. I should like to acknowledge here the very great assistance of Mr. W. J. Moore of the Federal Apprenticeship Committee, which meant a lot to us in Virginia. I do not think we could have gotten off to such a good start without him. He was really a great help to us.

Miss ANDERSON (Washington, D. C.). I want to say something in connection with apprenticeship training—not in regard to the report, however, but along with the report. We find that women are being employed to a greater extent in the defense industries and this will continue to be more true as the program develops. We find also that the training that is being given provides little for women. There are practically no women in the vocational classes now being set up, and while we know that the real training for the job will have to be done on the job, there are certain preliminaries that the vocational training schools and National Youth Administration give to the boys that should also be given to the girls.

We are not pushing the women's employment, although we know they have to work the same as everybody else has to work. At the same time, they are not being afforded the same training opportunities that the boys and men are getting and I feel that it is a very great error on the part of all of us throughout the Nation not to see that women get this training, because the women will be employed. They will go in as the very rawest recruits, and they will have to take what they can get because they are not trained. The low standards under which women work lower the standards of all workers. I hope that those of you who are in on the training program will insist that women get at least the preliminary training—the same as the men are getting.

Mr. FLYNN (New Jersey). I should like to say something in support of the men on training. I should like to speak, not as a representative of labor, but as an ex-employer who went through the last

war as a manufacturer in a vital industry and who also had a lot of experience after the war with the condition that resulted from this intensive semiskilled training. It left us after the war with thousands and thousands of men who were skilled in doing some job that lasted only while the war was going on, and as soon as the war ended they were neither flesh nor fowl and your relief rolls are filled with them today. I hope strong support will be given to the recommendations of the gentleman from the Federal Apprenticeship Committee.

Child Labor

Child Labor in 1940

Report of Committee on Child Labor, by BEATRICE MCCONNELL *(United States Children's Bureau), Chairman*

It is heartening today, in the midst of so many new and difficult problems confronting labor-law administrators, to realize that progress in the child-labor field has continued during the past year. The 12 months since the last meeting of this organization have witnessed real progress toward higher child-labor standards and the development of an increasing awareness of the need for, and improvement in, administrative techniques for the prevention of child labor. During the year the White House Conference on Children in a Democracy reconsidered aspects of child welfare in all their interrelationships, including child labor and education. This conference, the fourth in a series of conferences called by Presidents of the United States during the last 30 years, focused the Nation's attention on the needs of its children. The standards for child-labor legislation which it endorsed are, in general, in line with those which have been heretofore recommended by the International Association of Governmental Labor Officials. The White House Conference recommendations have served, therefore, to reenforce the concern which this Association has long had for adequate child-labor protection.

During the past year another conference was held that is of great significance from the point of view both of labor and of American relationships. The Second Inter-American Labor Conference of the International Labor Organization met in Habana, Cuba, in November 1939. The purpose of this conference was to consider common social and economic problems of the American States which are members of the International Labor Organization, and to review the action taken by these republics to make effective the recommendations of the first of these regional conferences of American States held in Santiago de Chile in 1936. Representatives from 19 American countries were present, including, as in the Geneva International Labor Organization conferences, representatives of government and of employers and workers. The subjects presented for discussion included the work of women and juveniles. The resolutions adopted

by the conference represent a great advance, particularly for the Latin republics. This conference, by affording a discussion of common problems, resulted not only in the establishment of closer relationships, but laid a basis for an expanding program of cooperation and understanding between the American governments.

In the United States during 1940 only eight State legislatures met in regular session, so that opportunity for legislative changes have been limited. The new child-labor and compulsory-school-attendance laws passed by New Jersey, effective September 1, 1940, stand out as the major legislative development affecting child workers passed this year. Basic child-labor standards are raised, and these in general meet the standards recommended by this organization.

The compulsory-school-attendance provisions are also amended and adjusted to dovetail with the new child-labor regulations, so that a child may not leave school under 16, unless he is physically or mentally incapacitated. These acts bring New Jersey well into the forefront in progressive child-labor standards. To summarize briefly: There is a basic minimum age of 16 years for employment. Employment certificates are required for minors up to 18 years. Age certificates will be issued on request for young persons 18 to 21. Hours of labor and night-work standards are improved, applying to minors up to 18 years of age. New Jersey becomes the second State with a maximum 40-hour week for minors under 18. Hazardous-occupations provisions are strengthened and street trades are regulated.

This new law also sets up special provisions regarding agriculture, excepting the work of children outside school hours on their parents' farms. For other agricultural work, the New Jersey law sets a minimum age of 16 during school hours and age of 12 outside school hours and during vacation. Special permits are required for the employment of children between 12 and 16. Daily hours are limited to 10, except on school days, when combined hours of work and school may not exceed 8. Protection of the migratory agricultural worker is sought through a provision prohibiting the employment of a nonresident child under 16 in New Jersey whenever the law of his State or residence requires his attendance at school, or during hours when the schools are in session in New Jersey in the district where he wishes to work. While this provision is not limited to employment in agriculture, the largest group affected will be the children from other States, particularly Pennsylvania, who come to New Jersey for work on truck farms, in cranberry bogs, and in other kinds of commercialized agriculture. Through the inclusion of regulations particularly adapted to employment in agriculture, New Jersey is pioneering in a difficult field. In attempting to meet the problems of the migrant child worker, it has taken a signal step in recognizing the responsibility of one State for the children of another.

This provision for the protection of migrant children represents the achievement of a program begun in New Jersey and Pennsylvania as long ago as 1927, when standards for legislation to meet the problems arising in connection with the influx into the State of migratory children were recommended and promoted by the first of a series of interstate conferences on the migrant child. Standards for such legislation were recommended and promoted by the Four-State Conferences on the Migrant Child. These conferences were made up of education, health, and labor officials, and representatives of organizations concerned with problems of the working child from the States of Pennsylvania, New Jersey, Maryland, and Delaware. Bills to prevent the employment of nonresident children during the time they would have been required to attend school in their own States, and to require them to attend school in the State where they were temporarily residing, were introduced in both the New Jersey and Pennsylvania legislatures for several successive years. The first significant step was taken in 1931, when Pennsylvania succeeded in passing legislation embodying the suggestions of the conference.

There has been practically no change in the field of Federal legislation. During the past year the child-labor provisions of the Fair Labor Standards Act have remained the same, although an amendment to the Fair Labor Standards Act was passed permitting the application of a lower minimum wage to certain or all interstate industries in Puerto Rico and the Virgin Islands.

Under the terms of the child-labor provisions of the Fair Labor Standards Act prohibiting employment of young workers 16 and 17 years of age in occupations determined particularly hazardous by the Chief of the Children's Bureau, two orders have been issued since last September. These in effect set an 18-year minimum age for the employment of children as drivers or helpers on motor vehicles and for employment in or about coal mines except in certain specified surface work. The first of these orders became effective January 1, 1940, the second, September 1, 1940. Altogether three orders have been issued relating to hazardous occupations. The first order, issued in 1939, declared all occupations in establishments manufacturing explosives to be hazardous for minors 16 and 17 years of age. The provision in the Fair Labor Standards Act placing on the Children's Bureau the responsibility for determining what occupations are hazardous for young workers was modeled on State law, and on experience which has demonstrated that this procedure is the most workable method of keeping protection of young workers from hazardous employment in line with changing industrial conditions. I am sure you will be interested to know that California, in issuing an order relating to hazardous occupations, has made use of the Federal experi-

ence. This State, under its power to prohibit occupations hazardous for children under 16, has issued an order prohibiting children under 16 from employment in plants manufacturing explosives, thereby applying to children under 16 the same prohibition as is applied to children under 18 by the Children's Bureau order relating to explosives. The California Department of Industrial Relations in its March Bulletin expresses regret at its inability to extend the California order up to 18, and thus to make uniform the regulation of employed minors in establishments engaging in intrastate and in interstate commerce.

In Canada no important legislative changes affecting child workers were made during 1940. In Manitoba, however, regulations governing the operation of mines were approved which supersede those of 1928. According to the Labor Gazette of June 1940, a significant change lies in the prohibition of employment of boys of less than 16 above ground or of those of less than 18 below ground. Girls and women are prohibited from work in or about any mine or metallurgical works except in a technical or clerical or domestic capacity. For the operation of elevators and cranes a minimum age of 18 is fixed; for the operation of hoisting machines, a minimum age of 21.

During the past year administration of both State and Federal child-labor legislation has been strengthened so as to give greater reality to the legal standards. As you know, the child-labor provisions of the Fair Labor Standards Act afford a basis for State and Federal cooperation by making it possible to tie the administration of that act into the State child-labor-law procedures. The act followed State experience in recognizing that effective administration was dependent on an employment-certificate system. It provides that certificates of age issued pursuant to regulations of the Chief of the Children's Bureau shall be accepted as conclusive evidence that the minor is of the age stated. The regulations issued by the Children's Bureau setting standards and procedures for the issuance of Federal certificates of age provide also for acceptance of State employment and age certificates in proving age in States in which certificates are issued substantially in accordance with the Federal regulations and which are designated by the Children's Bureau. At the present time, Federal certificates are issued only in 4 States, South Carolina, Mississippi, Texas, Idaho. In 42 of the remaining 44 States and in the District of Columbia and Hawaii, cooperative relationships have been established between the agency supervising certificate issuance in the State and the Children's Bureau, so that State certificates are accepted as proof of age under the Fair Labor Standards Act in 44 jurisdictions. In Louisiana, Nevada, Alaska, and Puerto Rico the Bureau is accepting birth or baptismal certificates as proof of age under a special regulation pending the develop-

ment of cooperative relationships or the issuance of Federal certificates. Bureau representatives are now in Alaska and Puerto Rico working on plans for certificate issuance. (I am happy to say that Puerto Rico has entered that group of 42 States. I have just returned today from Puerto Rico.) It is hoped that cooperative programs may be established shortly in these remaining jurisdictions. During the past year the Federal and State certificate-issuance programs have been further integrated through exchange of counsel and assistance. Over half the States have revised and improved certificate forms and issued new instructions relating to issuance of employment and age certificates for the guidance of issuing officers and to promote efficiency and uniformity in issuance. There has also been an interchange of information as to any violations found by either Federal or State inspectors.

During 1940, under an arrangement with the Department of Agriculture, which is charged with the administration of the Sugar Act of 1937, the cooperation of a number of States and the Children's Bureau was enlisted in making certificates of age available for children working in the production of sugar cane and sugar beets. Under the Sugar Act a producer, to receive benefits, must comply with certain conditions. One of these conditions is not to use a child under 14 nor permit a child between 14 and 16 years of age to work for more than 8 hours a day. In six States, Iowa, Michigan, Montana, Nebraska, Ohio, and Wyoming, local school officials, under the supervision of the State department of labor or State department of education, have agreed to issue proof-of-age cards this year. In one other State, Louisiana, such certificates of age are being issued by the Children's Bureau through its representatives who issue Federal certificates of age in Mississippi.

Viewing the child-labor situation as a whole, we can take courage from the advance made, but we must continue to work for improved child-labor-law administration, both State and Federal, for the improvement of basic child-labor standards, and for better adjustment of compulsory-school-attendance provisions to State child-labor requirements. Perhaps the most important and pressing problems at the present time, however, are those relating to the employment of children in street trades and in industrialized agriculture.

In these two fields your committee points out particularly the need for the establishment of adequate standards and for the development of special techniques of administration. An exchange of experience with respect to conditions affecting young workers in these fields and the particular difficulties you have encountered in the administration of existing legislation are prerequisite to accomplishing these

ends. It is my hope that we may have today some helpful discussion of these two problems.

As you know, there are real obstacles to adequate legal control of employment conditions of children engaged in street trades. These children generally work under contracts which are designedly drawn to put them in the position of independent contractors. In cases where the child works under such a written contract it has been difficult to apply laws directed at "employment." Also while the usual theory of child-labor legislation has been to direct the regulation at the employer, street-trades regulation has usually been directed at the child himself. With an increase in regulatory legislation defining the responsibility of employers, the tendency of publishers and distributors has been to place the child in the status of an independent contractor, with the result that responsibilities normally assumed by an employer have been shifted to the child.

Wisconsin in 1937 met this situation by declaring that such children were employees of the publisher or distributor from whom they sold or distributed papers. This placed the responsibility upon the business benefiting from the child's work. This State also extended its workmen's compensation act to cover street traders but exempted them from unemployment compensation. North Carolina in 1937 provided that the child's parent should be considered his employer in cases where he was not actually employed. This law, like the traditional method of street-trades regulation, relieves the person profiting from the child's employment of responsibility.

In 1939, by amendment to the Federal Social Security Act, minors under 18 engaged in the delivery or distribution of newspapers or shopping news were excluded from old-age insurance benefits. In this year also the Federal Social Security Act was amended to exempt wages paid for the services of such minors from tax for unemployment compensation. Since the amendment relieving work of street traders from tax under the unemployment-compensation title of the Social Security Act, 13 States and the District of Columbia have followed the Federal precedent by legislation which exempts such minors. Investigation of conditions of work of street traders, even those operating under contracts designed to place them in the position of independent contractors, is persuasive that they are really employees. Their duties and activities are usually as clearly subject to the employers' control both as to method and manner of work and in accomplishing the desired result as are those of employed children in industrial and commercial establishments. Should not these children be given the same protection as is given to a child who is not forced to work under a contract through which his employer avoids

responsibility under State labor laws? What should be our goal with respect to this problem? What steps should we take to reach it?

An equally difficult problem is involved in the use of children in industrialized agriculture. In this connection the growing public concern over migratory-labor problems is of special interest to this organization. Evidences of this interest include the Four-State Conference on Migratory Labor held in Baltimore in February with representatives from Maryland, Delaware, Virginia, and New Jersey; hearings held in May before the United States Senate Committee on Education and Labor to obtain information on labor conditions among migratory agricultural workers; and the hearings now being held in various localities by the United States House Committee on Interstate Migration of Destitute Citizens.

Aside from New Jersey, only 5 other States have any adequate legislation expressly regulating agricultural work. In fact, the child-labor laws in almost half the States (22) specifically exempt agriculture from minimum-age coverage. Nineteen States apply the minimum-age provisions to any occupations or to any business or service during school hours, and most of these 19 also require certificates for work in any gainful occupation during school hours. However, apparently these provisions have not been extensively applied to agriculture. These laws were obviously intended to implement compulsory-attendance laws. They were designed to prohibit employment during school hours so children may go to school. Since the laws are general in coverage and do not exempt agriculture, it would seem possible to interpret and apply them to agricultural work. To what extent have they or can they be applied to agriculture?

Compulsory-school-attendance laws aid in keeping children from work during school hours in agriculture and in street trades as well as in other work. These laws, however, contain numerous exemptions. Some of them specifically permit children to be excused from school for agricultural work. In some agricultural areas children are excused for farm work as a matter of course under some general authority. As you know, the Fair Labor Standards Act applies to children in agriculture only while they are legally required to attend school. It can be of help, however, in implementing State efforts to keep the rural child in school. Exemptions from school attendance now permitted in compulsory-school-attendance laws should be restricted. In addition your committee believes that it is fundamental that compulsory-school-attendance laws be dovetailed into child-labor laws, so that no child may leave school until he reaches the minimum age set for employment during school hours.

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These two fields of child employment constitute the last large areas of child labor that are the least regulated. This organization was among the earliest to recognize the needs in fields where we now have established and accepted standards. It should now press forward to the formulation and acceptance of equally definite goals in these two fields.

In a period of world stress such as we are facing now, matters of national defense are of great moment. There is no national defense more important than the safeguarding of our children. We must realize that coming events may bring increasing pressures for the relaxing of labor standards. The President has declared that it is not the intention of the Government to permit labor standards to be broken down as a result of the national defense program. As labor-law administrators we each have a personal responsibility to promote understanding of the need for protecting existing child-labor standards in times of urgency. It was never more true than now that the future of this Nation depends upon its youth and upon their morale and their devotion to the American way. We need now, as never before, not only to dedicate our efforts to holding the ground gained in the past but to give to the children and youth of this country every possible opportunity for their education and training and for their intellectual, moral, and physical development that they be equipped with the necessary ability and zeal to meet the great responsibilities of the coming years.

Discussion

Miss SWETT (Wisconsin). I promised Miss McConnell that I would say a word about our experience. You have to get the cooperation of the publishers—their willingness to accept the responsibility as the employer. Back in 1937 a majority of the daily newspapers in Wisconsin said they were ready to take that responsibility. If they take this responsibility, you must give those employers the help the right kind of a street-trades law well enforced will give them. It seemed to us that the definition in the law must clearly state what you mean by a street trade, and then it must be made clear that either the publisher or the agent, in the case of newspapers and magazines, or the one giving out the articles to be sold by children, is the employer.

You may run up against something like we did on bootblacks. Under the old law, the child was granted a permit to shine shoes and he went anywhere he pleased. Even under the present law, it is a little difficult to control him, because he goes to the 10-cent store and buys shoe blacking and a brush, makes himself a little box, starts out to shine shoes, and really has no employer. We have

insisted, however, that a boy cannot have a permit issued to himself as an employer and that the permit must be issued to somebody. So we said it would have to be issued to the parent, who would have to take the responsibility that the child attended school, was not out after 7 p. m., never went into taverns, etc. One youngster said, "My goodness, I couldn't ask my folks to take all this responsibility."

You must have, for effective administration, a centralized system. Issuing permits by isolated groups without centralization will not produce results. There must be a central authority, with power to designate the offices to issue permits who will be governed by a uniform policy, and provision must be made to remove them if they are not in sympathy with the policy which experience has shown will bring about the protection the law was designed to effect.

A paper boy no longer can pick some other boy to take his place. Now the publisher provides a certain number of substitutes. One of the newspapers in Milwaukee, where they have a certain number of substitutes for every so many boys who can be called in, has done much to avoid having boys who have no permits selling papers.

We have the help in our State of truant officers and police officers, who assist in street inspection by questioning these minors on the street and reporting to the department any found in violation of the requirements. I know the law has accomplished this and we do not any more see youngsters, 9 and 10 years old, peddling magazines in downtown sections at 9 o'clock or later. You may occasionally find them running from house to house selling them. But with the help of the police officers, who are very much interested in helping, we are doing much to keep the minors off the streets. We find the old badge that gives the youngster's number is not nearly so effective as the identification card we give the child. On that identification card there is his name, date of birth, his signature, and the signature of the person issuing the permit and the name of the employer for whom he is working.

It seems to me that we have passed the danger point of the publishers not wanting to take the responsibility of employers. Last year we had difficulty over insurance coverage, but that has been straightened out to the satisfaction of the publishers so that they have no objections to it now, and most of them tell us they would not go back to the old helter-skelter hit-or-miss system for anything.

Mr. MORTON (Virginia). The problem as presented in Virginia divides the boys into two groups—those who sell newspapers and those who shine shoes. The shoeshine problem has been awfully hard to handle. When our inspectors take boys into court for violation of the law, they are generally too young to put in jail and their parents or guardians are often not responsible people. We

have met this by organizing clubs under the supervision of representatives from the recreation associations, probational officers, and juvenile court officers. They present the boy with a badge which makes him a member of a social club. We can go into court with any of these boys who are violating the law, but we cannot take that State badge away from the boy so long as he meets the requirements. The social club, however, takes his club button away and the other boys ostracize him. He would rather lose the State badge than his social club button.

With reference to the newspaper boys, there is a different problem. The trouble in Virginia is that the larger boy who gets the permit employs three or four little fellows and he lets the small boy sell the papers, and so the newspaper officials have complained to our department. We have not satisfactorily solved the problem. The inspectors in checking up on the boys find they have used fictitious names and addresses, all of which adds to the confusion. When you finally follow through, the parent is sometimes cooperating and encouraging the boy. Then when you take the child into court, the judge will ask, "What are you going to do with that little fellow?" The newspaper boy on the street is a real problem.

Miss SWETT. I think the trouble there is with the type of law you have. Until you make the person actually benefiting by the child's work responsible—make the employer conscious of responsibility—you will never get anywhere with the old type of law.

When you give the permit to the youngster, he does these things, goes where he wants when he wants to; but when an employer is faced with the knowledge that if this boy takes another along he, as employer, is going to be held for double and triple compensation in case of injury, you will have a better situation. You have to center the responsibility on the people who profit by the work if you want results.

I should like to ask if any of you have found the newsboys are being let out at 18 now because of the social security provision relating to those under 18. Perhaps you would not be conscious of it if you were not enforcing the State law. You will find that some of the papers are letting the boys go when they get to be 18 and this is tough on the 18-year old.

Wage-Claim Collection

Wage-Claim Collection

Report of Committee on Wage-Claim Collection, by E. I. McKinley *(Arkansas Department of Labor), Chairman*

Since the selection of the wage-claim committee at a meeting of the International Association of Governmental Labor Officials in 1935, there has been, through the cooperation of Secretary Lubin, much interest manifested in this legislation in the various States.

Since 1937, wage-collection laws have been introduced in the legislatures of Connecticut, Missouri, New Hampshire, North Carolina, Kansas, Ohio, West Virginia, Wyoming, Rhode Island, Maryland, Indiana, Louisiana, Iowa, and Michigan, indicating that the attention of labor officials in these States has been directed toward this legislation.

Replies from 24 States show that a wage-collection law along the lines of the model wage-claim law is much desired.

In many of the States, the commissioner of labor accepts wage claims for collection, without specific authority. In Colorado for the year ending June 30, 1940, 1,293 claims were filed; of this number, 450 were collected in full, and several are now in the process of collection. The total amount collected was $17,242.77. Chairman Brannaman of the industrial commission makes the following comment: "The legislation to enforce the payment of wages is very necessary, not only from the viewpoint of the wage earner, but also from that of the grocer to whom he owes money, the competitor of his employer who pays wages promptly, and to innumerable other people."

In addition to the report of collections in the State of Colorado, Commissioner Charles W. Harness, of the Iowa Department of Labor, states that through the State department of labor, acting without specific authority, there has been collected, for the year ending July 1, 1940, $1,878 in claims, mostly from the vicinity of Des Moines. A bill was presented in the Iowa legislature at the last session, but failed of passage; however, Commissioner Harness is much encouraged that the bill will become law at the next legislature. He writes, "This is one piece of legislation necessary, I think, for every State to have."

Commissioner A. P. Harvey, of Louisiana, writes, "We have been unsuccessful in the regular session of the legislature to amend this act to provide legal appointment of legal services to claimants * * * I would suggest that the present (Louisiana) act be amended to have the court accept small wage claims for collection, without cost. * * * My opinion is that this legislation is important to wage earners." The Louisiana lower house passed the desired amendments, but the bill was defeated in the senate.

Commissioner H. R. Martinson, of North Dakota, writes, "I believe that legislation of this kind is very necessary, and we have tried for the past several sessions to enact legislation of this kind."

Mr. Wilbur Cummins, of the Nebraska Department of Labor, writes, "We sincerely hope that this committee of the International Association of Governmental Labor Officials can be of material help in this State and others in obtaining such legislation."

Commissioner Forrest H. Shuford, of the North Carolina Department of Labor, writes, "Legislation is highly desirable in this State. * * * If there were legislative provision for the State department of labor to act, it would give service to all workers, and in many instances would amount to actual dollars and cents."

Commissioner Thomas B. Morton, of Virginia, writes, "Soon after assuming this office, I realized the necessity for such legislation, and at the first session of the legislature, which was in January of this year, I prepared and had introduced a bill. Although we made a special effort, the bill was defeated."

Many such letters as the above have been received, indicating the interest being manifested in the passage of wage-claim legislation.

Reports from several States where the law is now in effect show that, where the commissioner of labor is given authority to take assignment of wage claims for collection, thousands of dollars have been collected and paid to the wage earner without cost.

From letters received in answer to the question as to the objections raised where the wage-collection bill has failed of passage in a number of legislatures, the members of the legal fraternity appear to be the main objectors. This objection is probably because of the belief that such law would be an encroachment upon the business of attorneys. In the State of Arkansas, this objection was raised when the law under which we now operate was before the legislature. It has been found by many attorneys in Arkansas that instead of taking business from the lawyers the operation of the law really gives them business they would never otherwise receive. In many cases where suits are brought, the defendant finds it is important to employ an attorney, although the amount involved may be small.

One case involving $1,400 in wages owed coal miners in Arkansas was fought through the supreme court and won by the department of labor. In this case attorneys appeared on both sides. However, the wages due the individual miner were not sufficient to warrant the employment of an attorney, if the State had not provided one. (An attachment of the property had been made before a judgment was obtained, as provided for in the model wage-claim law, and as incorporated in the lien laws of Arkansas.)

If proponents of the wage-claim legislation can be successful in convincing the legal fraternity that the existence and enforcement of the model wage-claim law will prove a benefit instead of an injury to them, it is probable that we may receive their support instead of their opposition.

In conclusion, we would recommend that an active effort be made after the adjournment of this convention to get in touch with State labor organizations and State labor commissioners, in an effort to interest them and obtain their active support in the presentation of this legislation to their legislatures, and thus make an effort to place on the statutes of more States the model wage-collection law.

Discussion

Mr. McKinley. It is evident from the letters that we have received since the writing of the report that it is practically the unanimous opinion of State officials throughout the United States that such a law is necessary.

In Arkansas we found from experience merely getting into court without paying costs was not all of it for the average worker. He was just about as helpless then as before if he did not have an attorney, so through our appropriation bill we tried to provide for an attorney. They would not give us an attorney, so we call him a statistician and use him as an attorney. Out of 126 cases we lost only 4 in the last year; those were cases that really involved more of an employer claim and it developed the claimants were contractors rather than workers.

For years I have seen the operation and benefit of this law in cases where I know that laborers would have been deprived of wages they had actually earned if it had not been for the existence of this law. The amounts were so small that they were not enough to interest an attorney.

Mr. Morton (Virginia). It is true that in Virginia we did make a desperate effort to get this law on the books, but the opposition did not come from the attorneys, because we fixed a maximum amount we

could go into court on and made that very small. The members of the legislature were friendly to the cause of labor in this, but said that if we undertook to collect wages not only would we be a collecting agency but it would take all of our time to settle individual disputes.

We have had a lot of complaints from people who had small amounts involved, and without any authority we have sent our inspectors around to employers. Nine out of ten times we are able to adjust the situation; when a representative of the State government comes around to see him the employer can generally be persuaded to pay. Our opposition was that it would take too much time.

Miss SCHNEIDERMAN (New York). The New York law does not leave it to the factory inspector to do the collecting of unpaid wages. The New York Department of Labor has a special division, called the division of labor welfare. This division acts on complaints of the wage earners. After investigating each case, the division tries to collect as much of the wages due to the workers by the employer as is possible. Sometimes wages are paid in full. Where the employer has gone out of business or has gone into bankruptcy, a compromise may have to be made as to the amount. There is a 5-percent service fee which is deducted from the money sent to the employee.

Mr. MCKINLEY. In explanation to Mr. Morton from Virginia, I wish to say that in our State inspectors do not call. We take the matter up through correspondence. Then under the law there is a hearing if there is dispute as to the claim. It is just like it is in court; there is nothing binding. Then the amount of the wage due is determined. If it is not paid by the employer we bring suit. There are no personal calls. Regardless of the amount, I feel it is just to get it for the worker if it is due him. No matter how small it is, it means just as much to the employee as it could mean to the employer to retain it.

In one instance we had a great deal of trouble in collecting 40 cents; it cost the employer $5 for costs. But if the employee was entitled to it he ought to have it, and that is the view we take. We had more trouble over that 40 cents than we have had on larger bills. There was not such a great amount of work involved, only correspondence.

Mr. MORTON. I should like to say again that our limit is on the maximum amount, not on the minimum.

Mr. MCKINLEY. We have $200 as our maximum.

Mr. FLYNN (New Jersey). After listening to this discussion of wage-claim collections, I want to say a word as to what New Jersey is doing and what can be done by the coordination of activities of the various divisions of the department of labor.

I feel that the collection of wages is perhaps as successfully carried on in New Jersey as in any State. We have a wage-collection law which is administered by the wage-collection division of the department of labor. This division has the power to accept wage claims and to take such action as will result in judgments for wages owing to workers. We have a minimum-wage division and we have our factory inspectors. Commissioner Toohey so directs the activities of all of the divisions under his supervision that they cooperate in securing law enforcement.

If our minimum-wage investigators, in the regular course of their duties, find employees who have not been paid and who wish to file wage claims, they assist the employees in filling out their claims. We have had a number of cases of employees subject to the provisions of directory wage orders being paid less than the rate established by such wage orders. In many instances the employers in such cases have, in informal hearings, made written statements to the effect that their failure to comply with the provisions of a directory order has been the result of error and not intent, and that they consider the provisions of a directory order as part of their agreement of employment. We take such statements in affidavit form as evidence of a verbal contract concerning wages and refer the case to the wage-collection division. I am glad to have the opportunity of calling attention to the results that Commissioner Toohey has been able to obtain by coordinating the functions of the bureaus having the administration of the various labor laws of New Jersey.

Miss SCHNEIDERMAN. This collection of wages due under the minimum-wage law is done by the division of women in industry and minimum wage and is a different set-up entirely from the division of labor welfare.

Mr. FLYNN. I was speaking on the same thing. When the commissioner gets communications from employees saying so and so owes me some money, he sends those memos to us to investigate, and we help the employees to fill out claims right away without the necessity of special investigators or lawyers.

Chairman GRAM. You will probably be interested in learning something of our experience in Oregon. Our wage-collection law was passed in 1933. We have developed it to a point where we have one man who devotes all of his time to investigating and adjusting wage claims. We have an attorney in the department who brings all legal actions on behalf of the workers for the collection of wages.

We have found a good many weaknesses in our law, and I think possibly our law is along the same line as those adopted in other States.

Our records show that during 1939 there were 2,031 wage claims filed with the department, which amounted to approximately $110,000. Suit was brought on 319 of these 2,031 claims. The amount involved and sued for was $34,800. After they were reduced to judgment, we found in a good many cases that the employer was insolvent and nothing could be recovered. Once in a while we find an employer who asks us to give him more time, as he wants to pay his bills. We have three such cases where employers are in arrears with their pay rolls and are trying to get back on their feet. They do not want to take advantage of the bankruptcy law, but pay small amounts from time to time on the wage claims and will eventually get paid up. On the other hand, most of the employers who are insolvent will take bankruptcy.

Under our law we are permitted to charge 5 percent of the amounts collected for the workers. We have made it a rule that on claims of $25 or less there is no deduction made. Claims over $25 are subject to the 5-percent deduction.

We find that most of the defaulting employers are lessees of mining operations or what we call "gyppo" contractors engaged in logging, log hauling, etc.

We have prepared two amendments to the wage-collection law to be introduced at the next session of the legislature, which provide that before a mining lessee can start operating he must file with the county clerk in the county in which he intends to operate, security in a sufficient amount to cover at least 2 months' pay rolls. The same applies to "gyppo" loggers and log haulers. Our first idea was to compel this type of operator to put up a surety bond guaranteeing payment of wages, but upon investigation we found that no bonding company will write that type of bond, so we turned to the other method to try to get relief. These bills are now in the hands of our attorney general to be put into constitutional form. Whether or not we will succeed in passing them remains to be seen.

Industrial Home Work

Industrial Home Work

Report of the Committee on Industrial Home Work, by MORGAN R. MOONEY *(Connecticut Department of Labor), Chairman*

[Read by Kate Papert]

Administrative Progress and Court Decisions

State.

During the past year, definite progress has been made in the control of industrial home work.

The experience of New York in connection with the control of home work in the artificial-flower and feather industry is of particular interest. One year's experience of home-work regulation in this industry led the Industrial Commissioner of New York to continue indefinitely the order prohibiting industrial home work. Most employers and workers had benefited by the order. An increase of a thousand women in the artificial-flower factories in New York City in the spring season was due to the restriction of home work. More than 80 percent of the employers found they could take care of these extra workers without enlarging space. Many employers were satisfied with the order because it did away with the old, inefficient, slipshod method of production. They found it easier to supervise work done under one roof than in hundreds of homes. Workers benefited because of shorter hours, better wages, and better working conditions. Child labor, which was frequently found under the old system, was eliminated. Special home-work permits may still be granted to employers and home workers if the industrial commissioner finds that home workers are unable to adjust to factory work because of age or physical or mental disability, or if they must stay at home to care for an invalid. Such home workers must be paid the factory piece rates.

The New York Bureau of Industrial Home Work, Division of Women in Industry and Minimum Wage, cooperated with the New York regional director of the Wage and Hour Division in making the investigation which led to the decree of a Federal court upholding the wage and hour law in its application to home workers in the knit-goods industry.

Restitution to the home-work employees of 11 of the country's largest knitted-garment manufacturers was estimated to be more than $250,000, to be distributed to more than 10,000 workers in a

wide range of States. Wages as low as 1½ cents an hour instead of the Fair Labor Standards Act minimum of 30 cents were found, as well as violations of child-labor laws and of sanitation. Various schemes of evading the law were unearthed by the investigation, including attempts to classify the workers as independent agents.

Illinois reports that the Fair Labor Standards Act aided in eliminating much home work in the State. Since the Federal Act has been in effect, the State has licensed 79 employers of home workers under the State law, which is not of the prohibitory type. Of these firms, 18 have discontinued home work because of the requirements of the Federal Act, or have been prosecuted, or have had to make wage restitutions.

Pennsylvania plans to make its home workers' handbooks coincide with those used by the Wage and Hour Division. The bureau of women and children and the bureau of inspection and enforcement of the department of labor and industry have joined in a strict enforcement of the State safety laws where machines are used in industrial home work, hoping thereby to eliminate the practice of home work.

The constitutionality of the section of the California law which prohibits home work on articles of wearing apparel for use of children 10 years of age or under was challenged. The court upheld the constitutionality of this specific section.

The right of the State Industrial Commissioner of New York to restrict the granting of permits and licenses for industrial home work after proper study and consideration was upheld as constitutional by the New York State Supreme Court in a decision supporting one previously given by the New York Board of Standards and Appeals.

Of further interest is a decision of a New York court in a case of subterfuge. The court held that a manufacturer who indirectly supplied wool to a woman for the making of hats in her home was guilty of violating the home-work law, which prohibits an employer from supplying materials for industrial home work to an unlicensed home worker. The court overruled the employer's contention that the woman was not a home worker, and that she sold the finished hats to him.

By another New York court decision, industrial home workers were held employees within the meaning of the unemployment insurance law.

Development of Control Under the Fair Labor Standards Act

The Wage and Hour Division has consistently held that home workers, as well as factory workers, are subject to the Fair Labor Standards Act. In March 1939, the Administrator issued a special regulation requiring employers of industrial home workers to keep

detailed employment records. In addition to these records, the employer must obtain from the Wage and Hour Division, and supply to each home worker, a separate handbook in which to record information about work done. These handbooks kept by the workers remain the property of the Wage and Hour Division. The Inspection Manual contains a special section on industrial home-work investigation. This includes the procedure used to determine the employer-employee relationship, the special examination of plant and other records in the case of home workers, home interviews, time studies to establish rates of pay, and the computation of back wages due under the act.

In States which exercise some control over industrial home work, a wide possibility of cooperation is opened between the Federal and State enforcing agencies. Representatives of both these agencies pointed out in a recent meeting that the variations between the Federal and State regulations call for a particularly close relationship between the two agencies. A special committee appointed from this group made the following report:

> The fact that the Federal law permits home work while a number of State laws prohibit it entirely in certain occupations is in itself cause for confusion. Where a Federal agency discovers a case of home work prohibited by State law, it should be immediately reported to the State office, regardless of any action the Federal agency may take to secure wage restitution, if one should be due. Occurrence of home work should be reported even though no State violation is evident.
>
> There should be clearance between State and Federal agencies upon new devices used by employers to evade existing laws, particularly in the field of home work.
>
> Where the State, as well as the Federal agency, requires the employer to keep a record of hours worked, work performed, and wages paid to an employee, every effort should be made to have the records identical, and careful consideration should be given to the possibility of having one record serve the use of both agencies.
>
> Exchange of information on firms which give out home work should be planned. In States in which there is State home-work regulation, such an exchange will build up the State as well as the Federal records for inspection purposes; where there is no such State regulation, information contributed by Federal inspectors may become the basis of an effort to obtain supplementary State legislation.

The Wage and Hour Division's experience in the enforcement of the law with respect to home workers is significant, since it gives a Nation-wide cross section of the problem which no single State can supply. It has begun and plans to continue a vigorous enforcement program. In addition to the knit-goods case already cited, it has collected large amounts of money for home workers—as much as $37,000, for example, for approximately 2,000 workers in 1 group of 25 closed cases. It has had outstanding success in the courts, which, without exception, have supported the application of wage-and-hour standards to home workers.

The Wage and Hour Division has made real progress under the authority of the Federal act. Its very activities, however, only emphasize the great task that is left to the States to do. The testimony of Federal investigators points up the facts with which every State administrator will agree. The home-work system is devised by manufacturers to cut labor costs through the payment of low wages and the elimination of factory overhead. It represents dangerous competition to employers who operate in their own plants. Home workers, intimidated by the employer, frequently falsify time records and refuse to give information to inspectors. Falsified or inadequate records cannot form a basis for complete wage restitution, and so, in spite of the law, the employer may still have a competitive advantage.

Legislative Activities

State.

During 1940, only eight legislatures were in regular session. Special sessions were held which did not deal with labor bills. No major industrial home-work legislation was introduced; however, progress was made in the passage of three bills which dealt with matters of administration. New York clarified the intention of its home-work law not to require separate licenses for owners of homes in which home work was carried on. The New York home-work employer must now attach to all materials delivered for home-work manufacture a label in English, bearing his name and address or place of business. New Jersey required all home workers and their employers in the hand-knitting industry to maintain for a 2-year period a daily record of work done by such home workers, and required employers to pay for completed work immediately upon delivery.

Federal.

Two amendments to the Fair Labor Standards Act which would have authorized the Administrator of the Wage and Hour Division to determine piece rates for all industrial home work and to permit the employment of rural home workers at less than the regular minimum wage provided by law, were pending and came up for consideration by Congress during the early part of 1940. They were the measures officially opposed by the home work committee of the International Association of Governmental Labor Officials when they were presented to Congress in 1939 and at that time were defeated. The bills were defeated again this year and referred back to the committee.

However, one amendment to the Fair Labor Standards Act relating to industrial home work which did become law embodied the principle of the defeated measures. Section 6 (a) which sets the minimum rates of pay was amended to provide special procedure for wage determination in Puerto Rico and the Virgin Islands. In those juris-

dictions, the Administrator is empowered to appoint special industry committees to recommend minimum rates of pay. Upon their recommendations, he may set piece rates for any operation or occupation in industrial home work or may require that any piece rate set by the employer shall yield the minimum hourly rate prescribed by any applicable regulation.

In view of this action, your committee is more than ever convinced that continued efforts will be made to amend the law generally as has been done with respect to Puerto Rico and the Virgin Islands. We urge the Association to be alert to this danger and to be prepared to protest any further effort to grant exceptions to existing regulations or to authorize the Administrator to set home-work piece rates or to provide for other administrative practices which in actual practice have been shown to be unsound.

Summary

Believing that the pooling of information and experience by practical administrators is the best basis for the consideration of legislative principles and administrative methods, your committee urges the Division of Labor Standards of the United States Department of Labor to continue the meetings called by it from time to time for this purpose. We strongly recommend that such meetings should include both State and Federal representation, since closer integration of Federal and State enforcement is mutually strengthening.

Since the authority of the Federal act is regulatory only, we urge that States, including those which do not at present have the home-work problem, move for legislation of the prohibitory type.

In the opinion of your committee, experience gained under the Federal act should be utilized by States which do not have a home-work law with prohibitory powers to move for such legislation, and by States which have such power, to exercise it as rapidly as the interest of good administration will permit. Continued experience under all types of regulation still leaves close and responsible observers of the problem convinced that, with the exception of a limited number of handicapped workers for whom special provision can be made, industrial home work as a system must be abolished.

Discussion

Miss PAPERT (New York). You will be interested to know we have another court test case. One manufacturer claims that our home-work law is defective in its wording, and the law and the orders issued thereunder apply to women and minors only and not to men. The decision is pending. Our artificial-flower manufacturers use litigation extensively.

Civil Service

Civil Service

Report of the Committee on Civil Service, by EUGENE B. PATTON (*New York Department of Labor*), *Chairman*

With the number of Federal employees reaching the million mark, far exceeding the World War peak, and with the State and local employees raising the total of our public employees to a probable 3,750,000, with an aggregate pay roll of over $5,000,000,000, it is gratifying to consider that since our last meeting several developments show that efforts are being made to put public personnel administration on a sounder basis.

The two Hatch laws have been enacted, one restricting political activity of Federal employees and the other that of State employees paid wholly or partially from Federal funds. These laws apply to all Federal workers (except a very few high policy-determining officials) and to between 200,000 and 250,000 State employees the same civil-service rules limiting political activity to which classified Federal employees have been subject for many years.

The President by Executive order has placed about 25,000 Federal positions, hitherto unclassified, under the civil service; and by revising the schedules of unclassified and noncompetitive positions has greatly decreased both classifications. The Ramspeck bill, which would give the President authority to extend the civil-service rules to the remaining non-policy-determining unclassified Federal positions—those put in the unclassified service by act of Congress—has been passed by the House of Representatives and is now on the Senate calendar.

Pursuant to an Executive order issued in 1938, personnel officers have been named for almost all the Federal departments and independent agencies. This action, it will be recalled, was recommended at our 1937 meeting.

Of great constructive importance is the establishment of the President's Committee on Civil Service Improvement, to study methods of improving the caliber of recruits to the Government service and extension of the competitive system to higher administrative positions. Also significant is the appointment of the Council of Personnel Administration to coordinate the personnel policies and activities of Federal establishments.

Civilian activities incidental to the national defense program have placed a heavy burden on the Civil Service Commission, to which has been given responsibility for recruiting the vast supply of skilled labor as well as clerical workers in various categories necessary to carry out defense preparations. The Commission is working in close cooperation with the State employment services and with representatives of the various trades and professions to secure the requisite number of qualified personnel with the greatest possible speed. It is reassuring that Congress has exempted only a few of the positions authorized under the defense legislation from civil-service requirements.

In 1939 three States—Alabama, Rhode Island, and Minnesota—and the Territory of Hawaii, adopted excellent civil-service laws. In July 1940 Louisiana followed suit, raising the number of "civil-service" States to 17. New Mexico adopted a civil-service law covering employees of State institutions and 2 departments. At the same time, however, Arkansas took a backward step by repeal of the law which had been enacted in 1937, and the Michigan law was greatly weakened by ill-advised amendments and its scope restricted to only half the 15,000 positions in the State service.

Almost 900 cities now have at least a portion of their employees under the merit system, an increase of 200 in the last 3 years. The two largest Canadian cities, Montreal and Toronto, are considering the adoption of municipal civil-service ordinances.

In addition to the States which have State-wide civil-service laws, all the States have now set up merit-system councils for selection and management of personnel who are to administer unemployment compensation, old-age pensions, relief, and other social security laws, in accordance with the provisions of the 1939 amendments to the Social Security Act. This required the States to establish personnel standards for social security personnel, and precluded the Social Security Board after July 1, 1941, from approving a grant of Federal funds to any State if the State law does not include "methods relating to the establishment and maintenance of personnel standards on a merit basis."

Some 15 State organizations of public-spirited citizens dedicated to extension and improvement of the merit system in those States have been formed, most of them affiliated with the National Civil Service Reform League. It is to be regretted that plans for the establishment of a Canadian civil service reform league had to be postponed because of the war. The league has secured endorsements of the merit system and pledges of assistance in extending its application in their particular fields from more than 30 other organizations of varying objectives—among them American Engineering Council, American Federation of Labor, Congress of Industrial Organizations,

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National Consumers' League, Chamber of Commerce of the United States, Junior Chamber of Commerce, American Bar Association, American Prison Association, and American Association of Social Workers.

Two States (Michigan and Louisiana) will vote this year on the amendment of their constitutions by inclusion of a merit-system clause. In Kansas and Texas constitutional amendments will be considered which eliminate the present limitation of term of office of public employees.

Both major political parties have pledged themselves in their recently adopted platforms to observance and extension of the merit system. Many of the State platforms contain similar planks. It is sincerely hoped that this may be one campaign pledge which will be redeemed by whichever party is victorious in the 1940 election. There can be no plank which is less partisan, and which would be more popular with the voters (88 percent of whom expressed themselves as in favor of the merit system in a Gallup poll 4 years ago), or which would be more in the public interest. Reduced cost of government through efficient administration and lessened labor turnover; nonpartisan as well as competent interpretation and administration of laws; opening of the opportunity for public employment to every qualified applicant, regardless of political backing; and a gradual purification of our political life, are some of the benefits which we may be optimistic enough to expect as the result of a thoroughgoing, well-administered civil-service system.

This committee is about to undertake a survey of the existing personnel practices in labor departments in the 48 States and in the Canadian Provinces, and has been able to obtain the cooperation in this project of H. Eliot Kaplan, executive secretary of the National Civil Service Reform League, who will conduct the study. It is hoped that the committee will be able to make a report on this survey at the next annual meeting.

Discussion

Dr. PATTON. At the meeting last year in Tulsa after the report on civil service had been made, the secretary expressed a wish that instead of the committee merely carrying out, as it was authorized to do by the resolution which appointed it, the function of making an annual report on the extent to which civil service had gained new States and new cities, together with any backward steps, that we might also make a study of civil service in several of the best States and Provinces where it was in operation, with the idea of finding out how civil service was administered. In this way it was

believed there might be discovered some weaknesses in the civil-service law in States which considered themselves good.

I had a talk with Mr. Kaplan, referred to here, who did a similar study for the American Bar Association recently, and because of his intense interest in the progress and development of civil service along proper lines he has very generously, as I see it, agreed that by the time this association meets next year he will make a study of the personnel practices and administrations of civil service which have been set up and in operation on this continent. He will not confine the study as our committee was originally authorized to do, merely to the extent of the growth of civil service, but will make an intensive study of how well it is doing in the States where we now have it. So I feel quite confident that the report next year will give all of us much more of an inside view of and acquaintance with the actual operation of civil service than we now have.

Mr. HANEY (Minnesota). I have a particularly interesting question—to myself at least—and that is, Why is an attempt being made to weaken civil-service laws? The question sounds innocent on the face of it. In labor departments we generally have the employer to contend with, but you do not have that peculiarity in civil service. What is the reason for the weakening of these laws. Dr. Patton, can you tell us anything in addition to your report?

Dr. PATTON. Well, the year we met in Topeka a reference was made in our report to the fact that Kansas had had a State civil-service law since 1915, but that in no single year had any appropriation whatsoever been made to carry it out. Something like that has occurred frequently at different times and places. To me the answer is perfectly apparent; I do not see that it needs answering. The slogan possibly attributable to William L. Marcy in 1829 seems to fit here, "To the victors belong the spoils."

The Commissioner of Labor of Tennessee pointed out that he came in brand new on the job and had to fire all existing factory inspectors. In 2 years these new inspectors will have learned something but they will have to go. The Governor of Oklahoma had to discover and make use of a rear entrance to his office in order to escape the horde of job seekers that came in after each election. I do not know why you asked that question. If anybody else thinks of a different answer, let us have it.

Mr. HANEY. No; that does not answer it. I am aware of that fact. Senators and representatives do like to get a few people on the pay roll from their particular districts. I have been wondering for some time whether civil-service departments, instead of just a little practical application at the time, do not adhere too much and too

often to a policy of absolute rule—this is the rule and it cannot be waived.

I say that for this reason. When a State enacts a civil-service law one must realize that it is changing the entire procedure under which the senators and representatives have been operating for a period of years. Many of them are veterans in the service and a few new ones come in each time. If a man has been in the senate for 20 years and all of a sudden a new law comes along which says he has nothing to do or say about who shall be hired in the State government, he immediately sits back and tries to devise a scheme whereby he does have something to say about it. I am wondering if the trouble is the fact that the politicians want to have something to say or because we have not educated the politicians over a number of years.

Dr. PATTON. I have never been a member of the legislature, but I would say that any man who has been in the senate 20 years, and uses that office as a device to bring pressure in such a way as you say, has been there 20 years too long.

I agree with you that the average member of the legislature—a senator, of course, is never the average member—is never in on any real legislation. That is drawn up and put forward by the powerful committees of either house; so the assemblyman feels about the biggest thing he can do to make himself solid is to raise Mary's salary or get John a job. I think the public needs to be educated not to elect that kind of a member to the legislature, and I think in a very large measure it is being so educated.

In practically all the States that have civil service the civil service commission is very seriously understaffed. It is not equipped to handle properly and expeditiously the volume of work which comes before it. At one time the great armory at Fourteenth Street was set aside for an entire week for physical examinations for one examination. It takes a large civil-service staff to handle that kind of a group properly and expeditiously.

Small Loans

Enforcement of Laws Against Loan Sharks

Report of the Special Committee on the Enforcement of Laws Against Loan Sharks, by EUGENE B. PATTON *(New York Department of Labor), Chairman*

[Submitted but not read]

At the annual convention of the International Association of Governmental Labor Officials held at Charleston, S. C., in September 1938, the following resolution was adopted:

Whereas, it is generally recognized that wage earners over the United States are being made victims of exorbitant money interest rates charged by associations and individuals commonly known as loan sharks; and

Whereas, the workers of the United States generally are looking to the several departments of labor for active assistance relating to their welfare: Therefore, be it *Resolved*, That this convention instruct the incoming Executive Board to appoint a committee for the investigation of this practice and to make its report to this body at its next annual convenion.

Pursuant to this resolution, a committee was appointed by the executive board to investigate the loan-shark problem and to present a report. The committee, through its chairman, made a preliminary verbal report to the 1939 convention. The report was accepted, and the committee was continued for the purpose of completing its work and rendering a written report, which is transmitted herewith.

PART I.—THE LOAN-SHARK PROBLEM AND ITS RELATION TO THE WORK OF GOVERNMENT LABOR OFFICIALS

Characteristics of the Loan Shark [1]

The term "loan shark" has been applied to money lenders who make higher charges than the law allows for loans to necessitous, ignorant, or gullible borrowers. The term has been associated in recent years almost exclusively with small loans to wage earners.

The loan-shark business, as it is known today, appears to have begun in cities of the Middle West somewhere around 1870. By virtue of its high profits and chain-office organization, it soon spread to all industrial cities throughout the United States. Even before

[1] The Association gratefully acknowledges the assistance of Rolf Nugent, director of the Department of Consumer Credit Studies of the Russell Sage Foundation, whose invaluable cooperation makes possible the presentation of this report.

the turn of the twentieth century, investigations of this business had been made in several communities. But it was not until 1909 and 1910, when the Russell Sage Foundation published The Salary Loan Business in New York City, by Clarence W. Wassam, and The Chattel Loan Business, by Arthur H. Ham, that there was general awareness of the prevalence and antisocial characteristics of loan-shark operations.

The Ham and Wassam reports revealed that rates of charge ranged generally from 60 to 480 percent a year. Salary loans in sums of $5 and $10 bore the highest rates, and the lowest rates usually applied to loans of $100 or more secured by chattel mortgages on household furniture. Since loans were usually made for short periods, these high rates of charge would not have been so disastrous for borrowers if loans had been repaid in full on maturity. However, lenders attempted to keep borrowers in debt either by encouraging renewals or by arranging terms of repayment so that it was difficult for borrowers to repay the principal. Also, a large proportion of borrowers became indebted to a number of lenders and under these circumstances charges became so heavy that many borrowers were hopelessly enmeshed.

Such loans were illegal under the usury statutes that were then, as now, in force in most jurisdictions. But the penalties were generally civil—ranging in severity from loss only of the amount of usurious interest to loss of the entire principal and interest. In order to invoke these penalties it was necessary for the borrower to prove the usurious character of the loan and few borrowers were able to do so. On one hand, the loan shark made proof of usury difficult by advancing cash without witnesses, by incorporating all charges in the note signed by the borrower, by requiring borrowers to sign notes in blank, and by refusing to give receipts. On the other hand, the borrower was usually either unaware of his legal rights or unable to exercise them because of his inability to obtain legal representation or to allow his wages to be held up pending adjudication.

These disclosures, and the many local investigations that followed, induced efforts by public officials, the press, social agencies, business men's associations, and labor organizations to eliminate the loan shark. Penalties for usury were strengthened and certain forms of security were outlawed in some jurisdictions; legitimate lending agencies were created to supply the needs upon which the loan shark thrived; and in some States stringent regulatory statutes were enacted to govern the lending of small sums.

Remedial efforts have been continued during the intervening years and substantial progress has been made toward the prevention of abusive practices and exorbitant charges in the small-loan field. Yet

the loan shark continues to operate on a very large scale in many areas.

Recent Loan-Shark Studies

The persistence of the loan shark is demonstrated by a number of recent reports concerning high-rate lending operations.

Salary Buying in Kansas City, Missouri, by Gisler and Birkhead (Conference on Personal Finance Law, New York, 1938) tells the story of a campaign conducted by the Kansas City Better Business Bureau and by the Bar and Lawyers' Associations of Kansas City to eliminate loan sharks who evaded the Missouri small-loan law by pretending to buy future wages. Over 1,500 victims were interviewed. Three hundred borrowers whose loans were tabulated had paid $16,128 for the use of $5,848 for an average period of about 14 months. Rates of charge on individual transactions ranged from 120 to 540 percent a year. The authors reported that the success of salary-buyers in collecting payments was attributable to borrowers' ignorance of their legal rights; fear of discharge if employers should be notified of the transaction; harassment by letters, collect telegrams, telephone calls, and personal visits to homes and places of employment; desire to pay their debts and to maintain credit standing; and in some cases, fear of personal violence.

In the same year, Finley Weaver, director of the University of Oklahoma's Bureau of Business Research, published the results of his study of money lending in Oklahoma (Oklahoma's Small Loan Problem, Oklahoma City, Bond Printing Co., 1938). Analyzing 520 loans made by a large number of lenders throughout the State, he reported rates of charges for various size-classes of loans as follows:

Amount of loan	*Average yearly rate of charge (percent)*
$10 or less	325
$11 to $20	324
$21 to $30	242
$31 to $40	193
$41 to $50	157
$51 to $75	108
$76 to $100	86
$101 to $150	58
Over $150	56

According to Dr. Weaver, there were approximately 300 unregulated loan offices in Oklahoma that advertised and openly offered their services to the public, in addition to which there were many lenders without established places of business. He concluded that "wage earners and salaried workers in Oklahoma are intolerably exploited by a system of unregulated loan companies."

Similar conditions were revealed by studies of money lending in

South Carolina and in the city of Minneapolis. In a pamphlet entitled "The Small Loan Problem in South Carolina" (bulletin of the University of South Carolina, March 1940), William Hays Simpson of Duke University reported average rates of charge for a sample of 1,042 loans made in South Carolina as follows:

Amount of loan	*Number of loans*	*Average yearly rate of charge (percent)*
$10 or less	672	463
$10.01 to $25.00	283	289
$25.01 to $50.00	74	197
Above $50.00	13	97

Three white and fifteen colored borrowers had paid rates in excess of 1,000 percent a year.

The results of the Minneapolis study were published in the Report of an Investigation of High-Rate Loan Companies in Minneapolis, by Charles W. Root (Better Business Bureau of Minneapolis, 1940). Mr. Root interviewed 414 borrowers from 84 high-rate loan companies. Interest rates ranged from 33 to 1,350 percent a year, averaging 218 percent, without considering the accelerating effect of renewals. More than half of these borrowers had been indebted to the same lender for at least 3 years, and 1 out of 20 had been indebted for 10 years or longer.

Extent of Loan-Shark Operations

Accurate information concerning the extent of loan-shark operations cannot be had. There are, of course, no official figures, and because illegal lenders naturally surround their business with as much secrecy as possible, estimates are exceedingly difficult. The most reliable pertinent figures are the estimates of loan balances of "unregulated lenders" developed by the Russell Sage Foundation on the basis of intensive investigations in certain areas and an enumeration of high-rate loan offices throughout the United States.

The Foundation used the term "unregulated lenders" to designate not only illegal lenders but also lenders operating with full legal sanction under enabling acts that permit what it considers to be excessive charges for small loans. The Foundation's estimates were, however, broken down by States; and if we exclude figures for States in which lending at very high rates was authorized by statute, the remaining figures represent loan balances of loan sharks as defined in this report. The following figures represent the Foundation's estimates of loan balances of loan sharks in the United States at the close of the years indicated.[2]

[2] Figures for 1923, 1929, 1933, and 1937 were adapted from figures given in Consumer Credit and Economic Stability, pp. 398, 401. Figures for 1939 were provided by the Department of Consumer Credit Studies of the Russell Sage Foundation.

Year	*Loan balance*
1923	$21,300,000
1929	49,500,000
1933	37,300,000
1937	69,000,000
1939	71,700,000

These figures indicate clearly that loan-shark operations have grown rapidly between the close of 1923 and the close of 1939. During this period loan sharks have been driven out of a number of States by the enactment and aggressive enforcement of stringent regulatory laws. But the very rapid growth of illegal lending in other areas has more than offset this loss of operating territory.

The total loan balance of loan sharks is small as compared with the total loan balance of legitimate agencies which lend to consumers. Personal loan departments of banks, credit unions, industrial banking companies, and regulated small-loan companies have supplanted loan sharks in many areas and have satisfied a major part of the demand for loans by wage-earners in other areas. However, the total charges assessed by loan sharks are still substantial as compared with the total charges of legitimate institutions. The figures given in table 1, supplied to your committee by Rolf Nugent of the Russell Sage Foundation, undertake to compare the loan balances and charges of the principal agencies which lend to wage earners.

TABLE 1.—*Loan balances and charges of certain consumer loan agencies in 1937*

Type of agency	Estimated outstanding loans at close of 1937		Estimated charges collected during 1937	
	Amount	Percentage of total	Amount	Percentage of total
Personal loan departments of banks	$216,000,000	22.7	$22,000,000	8.4
Credit unions	94,000,000	9.9	9,000,000	3.4
Industrial banking companies	221,000,000	23.2	34,000,000	12.9
Regulated small-loan companies	351,000,000	36.9	108,000,000	41.1
Loan sharks	69,000,000	7.3	90,000,000	34.2
Total	951,000,000	100.0	263,000,000	100.0

It will be noted that while loan sharks accounted for only slightly more than 7 percent of the total loan balance of the agencies covered, their charges constituted more than a third of the total charges of the same agencies. Since loan sharks deal almost exclusively with wage earners while legitimate consumer loan agencies lend not only to wage earners but to many other occupational classes, it is probably safe to conclude that the illegal charges collected from wage earners by loan sharks are about as great as the total charges collected from wage earners by the legitimate agencies covered by this table.

Geographic Distribution of the Loan-Shark Business

As already indicated, the extent of loan-shark operations differs materially in various jurisdictions. In some States, illegal lending has been eliminated or minimized by stringent regulatory legislation and vigilant administration. In other States, loan sharks continue their business with comparatively little restraint in spite of the illegality of their contracts. These differences make it desirable to supplement the national totals given heretofore with figures for individual States or groups of States.

Because important changes have occurred since 1937, the latest year for which loan-balance figures were published by the Russell Sage Foundation, we have obtained from the Foundation's Department of Consumer Credit Studies its previously unpublished State estimates for the close of the year 1939, which are given in the succeeding pages.

The bulk of the loan-shark business is carried on in 12 States which lack special regulatory laws governing the small-loan business. In these States restrictions upon interest charges are imposed only by the usury laws, which usually provide inadequate penalties and rely upon individual borrowers rather than public prosecutors to defend against the collection of usurious interest charges. Since borrowers are generally unaware of their legal rights, unable to secure adequate legal representation, or unable to have payment of their wages held up pending litigation, the effectiveness of the usury laws as a deterrent to extortionate charges is limited. Consequently in these States most loan sharks conduct their business openly and on a large scale, maintaining offices in prominent business locations and soliciting borrowers through the medium of the radio, billboards, handbills, and advertising in newspapers and telephone directories.

Estimates of the loan balance of loan sharks in these States are given in table 2.

TABLE 2.—*Estimated loan balances of loan sharks in States which lack special regulatory small-loan laws, at close of 1939*

State	Loan balance	Per capita loan balance—1930 urban population	State	Loan balance	Per capita loan balance—1930 urban population
Idaho	$700,000	$5.41	South Carolina	$1,800,000	$4.85
Kansas	3,000,000	4.11	South Dakota	700,000	5.35
Montana	1,200,000	6.63	Texas	23,000,000	9.63
Nevada	300,000	8.71	Washington	4,200,000	4.75
North Carolina	3,400,000	4.20	Wyoming	500,000	7.13
North Dakota	500,000	4.41			
Oklahoma	7,200,000	8.76	Total	46,500,000	6.98

A considerable part of the remainder of the loan-shark business is situated in nine jurisdictions that have regulatory small-loan laws which for various reasons are not fully effective. In these

areas illegal lenders operate by means of evasive devices, by virtue of legal loopholes, or in sheer defiance of the regulatory law and prosecuting authorities.[3] Estimated loan balances of loan sharks in these jurisdictions are given in table 3.

TABLE 3.—*Estimated loan balances of loan sharks in States which have partially effective regulatory small-loan laws, at close of 1939*

State	Loan balance	Per capita loan balance—1930 urban population	State	Loan balance	Per capita loan balance—1930 urban population
Alabama	$3,000,000	$4.03	Kentucky	$800,000	$1.00
Arkansas	500,000	1.31	Mississippi	500,000	1.48
Delaware	300,000	2.44	Nebraska	400,000	.82
District of Columbia	1,200,000	2.47	Tennessee	2,500,000	2.79
Florida	2,000,000	2.63			
Georgia	4,000,000	4.47	Total	15,200,000	2.57

In the remaining States, the small-loan business is subjected to effective regulatory legislation. Nevertheless, these areas are not completely free from loan-shark operations. In some jurisdictions, carelessness or lack of interest on the part of law-enforcement authorities has permitted illegal lenders to gain a foothold. And in others, legislative interpretations of evasive devices by the courts have prevented eradication of certain types of high-rate lenders by prosecuting officials. In large industrial cities, the job of protecting small borrowers from abusive loan contracts is a trying one even under the most favorable circumstances. Delays in obtaining information concerning illegal lending activities, difficulties of obtaining adequate evidence or testimony to support prosecutions, devices that give the color of legality to usurious contracts, and defense counsel skilled in obstructive tactics frequently handicap the most vigorous and persistent prosecutors. Consequently a fringe of illegal lending, which can be minimized but not completely eradicated, persists in most industrial metropolises.

A very large part of the total urban population of the United States falls in the jurisdictions which have effective regulatory statutes. Consequently, although the total amount of illegal lending is substantial, the per capita loan balance is very low. The Russell Sage Foundation estimates the outstanding loans of loan sharks in these jurisdictions roughly at 10 million dollars or 19 cents per capita of urban population.

Comparisons of the summary figures for these three classes of jurisdictions indicate the importance of carefully drawn regulatory

[3] In some instances, such operations are carried on in connivance with prosecuting officials. See, for instance, the recent exposures in Tennessee where a prosecutor was retained as counsel for loan sharks.

small-loan laws to the solution of the loan-shark problem. These summary figures are given in table 4.

TABLE 4.—*Estimated loan balances of loan sharks by classes of jurisdiction, at close of 1939*

Class of jurisdiction	Loan balance	Per capita loan balance—1930 urban population
States which have no regulatory small-loan laws	$46,500,000	$6.71
States which have partially effective small-loan laws	15,200,000	2.64
States which have effective small-loan laws	10,000,000	.19
Total	71,700,000	1.04

Legal Authorization To Charge Excessive Interest Rates

This report is concerned primarily with the operations of loan sharks, defined as lenders who charge more than the law allows. But this legal distinction is to some extent artificial. In several jurisdictions, as has been previously noted, money lenders may legally charge rates approaching those charged by lenders who operate elsewhere beyond the pale of the law.

The most notable instances of excessive charges made with full statutory authority occur in Colorado and New Mexico. Under the Colorado Money Lenders Act of 1935 a fee of $10 may be charged for a loan of $50 payable in 10 weekly installments, which represents an interest rate of 189 percent a year; and similar rates of charge are permissible on many other classes of loans. Under the Colorado Industrial Bank Act there is no restriction upon charges for secured loans, and contracts on which rates of charge exceed 200 percent a year have been common among some institutions operating under that act. A small-loan law enacted in New Mexico in 1939 permits charges approximating those of the Colorado Money Lenders Act.

Somewhat similar conditions exist in other States. In Oregon, the small-loan law permits licensed lenders to make a minimum charge of $1 for loans, and this provision has led several lenders to specialize in loans of $5 and $10 at rates of charge ranging from 120 to 240 percent a year. The Motor Vehicle Finance Act of Oregon and the Loan and Investment Act of Missouri permit lenders to charge fees for insurance on automobiles without issuing a policy to the borrower. When applied to small loans for short periods, these fees result in very high rates of charge. In California and Washington a few lenders operating under the Industrial Loan Company Acts[4] of these States have been able to manipulate fees per-

[4] These are not to be confused with statutes based upon the Uniform Small Loan Law. Washington has no regulatory small-loan law, but California has an excellent law.

mitted by these statutes to yield interest rates in excess of 75 percent a year for certain classes of loans.

Loan Sharks and the Work of Governmental Labor Officials

The purpose of the United States Department of Labor, as expressed in the act which created that Department in 1913, was threefold: (1) To promote the welfare of wage earners; (2) to improve their working conditions; and (3) to advance their opportunities for employment. The same general aims, if not the same phraseology, have been incorporated in the legislation creating labor departments in other jurisdictions, and the work of governmental labor officials may therefore be said to be directed generally toward the three objectives specified in the Federal act.

The first of these objectives—promotion of the welfare of wage earners—can be approached from two directions. The classical figure, which depicts the prices of farm products and prices of goods purchased by farmers as blades of a scissors, is as applicable to labor as to agriculture. Real incomes of wage earners, like real incomes of farmers, may be increased as effectively by a decrease in costs of living as by an increase in cash incomes. Nevertheless, both by statutory direction and administrative inclination, the work of governmental labor officials has in the past been devoted primarily toward protection and improvement of wage earners' money incomes.

This was a perfectly natural tendency. It was not that the problems of the worker as a consumer were overlooked. The cost-of-living studies of the United States Bureau of Labor Statistics are evidence of the general recognition of the importance of the price level of consumers' goods to the welfare of wage earners. Rather, the striking fact of the worker's unequal bargaining position in the labor market focused attention upon the problems which he faced in his capacity as a producer. Moreover, labor was defined in terms of its contribution to production. Thus, the problems of wage earners as producers were unique, while the problems of wage earners as consumers were in varying degrees common to other occupational classes.

The growth of the consumer movement during recent years has brought increased interest in labor's consumer problems, both within organized labor and among governmental labor officials. But most of the primary lines of attack upon these problems—such as elimination of monopolistic business practices, requirement of standard labeling, assurance of honest and informative advertising, and promotion of consumers' cooperatives—lead necessarily into fields that are not only highly controversial but also far beyond the immediate area of responsibility of public labor officials.

The loan-shark problem is equally a consumer problem. But it impinges more directly than any other consumer problem upon the area in which governmental labor officials have a specific interest and a special competence. First, the loan shark preys primarily upon wage earners; consequently, of all consumer groups, labor has the most vital interest in the loan-shark problem. Second, the loan shark relies heavily upon assignments and garnishments of wages to enforce collections. Thus, interest charges which have no legal validity are being collected from wage earners by means of pay-roll deductions—a process which governmental labor officials have zealously guarded against abuse. Finally, there is the obvious parallel between the unequal bargaining position of the worker in the labor market and in the market for small loans.

The wage earner seeking employment and the wage earner seeking loans are frequently driven by their necessity to accept whatever bargain is offered. For this reason laws have been enacted to protect the wage earner both in the labor market and in the small-loan market. But in each case protective legislation is not enough. The existence of public labor departments recognizes the need for administrative officials to enforce labor laws. Without such assistance the wage earner may be unable to assert his legal rights in the labor market. In the small-loan market, however, he is even more at a disadvantage. The wage-earner borrower is frequently unaware of his legal rights; and even if aware of them, he is generally prevented from asserting them by his inability to obtain adequate legal representation, by his fear of loss of employment if his wages are attached, by his fear of the lender's persistent collection efforts, or by his inability to have his wages held up pending litigation.

Here, then, is a field in which governmental labor officials could render a much-needed service toward the promotion of the welfare of wage earners.

Suggested Program for Protecting Wage-Earner Borrowers

It has been noted that the loan-shark problem differs in various jurisdictions. Loan-shark operations are extensive in States which lack general regulatory statutes governing the small-loan business, while such operations have been minimized or eliminated where adequate small-loan laws are in force. These observations point clearly to the need for the enactment of regulatory legislation in many jurisdictions and for the strengthening of existing small-loan statutes in others. Similarly, the present possibility of charging extremely high interest rates with full legal sanction calls for legislative remedies in some jurisdictions.

It would appear to be the clear duty of public officials charged with the promotion of the welfare of wage earners to support any move-

ment for the enactment of regulatory small-loan legislation which, on the basis of experience in other States, promised to be economically feasible and socially useful. Your committee believes, however, that members of this Association might for the present leave to others the work of initiating remedial legislation. The formulation of an adequate regulatory small-loan law involves controversial issues and technical questions upon which this Association will be poorly equipped to pass judgment until further experience has been accumulated.

Without denying the importance of legislative action, your committee believes that an even greater field of immediate usefulness for governmental labor officials lies in the defense of wage-earner borrowers against illegal claims—in other words, in the enforcement of existing statutes designed to protect the small borrower. This is an activity for which public labor departments are particularly well qualified. No one could question the propriety of such a program or its pertinence to the purposes for which public labor departments were established.

In States which lack general regulatory small-loan statutes, no public officer is specifically charged with the duty of defending small borrowers against illegal claims. It is true that in certain communities within these States legal aid societies, better business bureaus, bar associations, and other private agencies have rendered inestimable service in protecting small borrowers. But these services are rarely State-wide, and they are generally unable to maintain a sufficiently continuous or sufficiently broad service to have much effect upon the loan-shark business. As a result many wage-earners in these areas are mercilessly exploited by money lenders. Under such circumstances, the responsibility for the defense of wage-earner borrowers against illegal loan contracts would seem to fall directly upon public labor departments.

In States which have enacted general regulatory statutes, State banking-department officials are generally charged with their administration and enforcement. Nevertheless, these administrative officials, as well as the attorneys general and county prosecutors who enforce criminal statutes generally, must depend upon complaints from borrowers and evidence supplied by borrowers to put the law-enforcement machinery in action. Borrowers' ignorance of the law, their hesitation to testify in criminal actions, and their difficulty of supplying satisfactory evidence frequently delay prosecutions. Those delays permit illegal lenders to gain a strong foothold and to obtain a substantial income which can be diverted to legal defense or political protection.

Under these circumstances governmental labor officials could perform the important functions of calling illegal lending activities to the attention of the appropriate officials, of assisting in the accumulation of evidence, and of encouraging and supporting the energetic use by law-enforcement agencies of such remedies as are available against loan sharks. Your committee has been assured by representatives of the National Conference of State Small Loan Supervisors, an organization of State banking-department officials charged with the administration of small-loan laws, that the cooperation of public labor departments would not only be welcomed but would also be exceedingly useful. There is every reason to believe that attorneys general, local prosecutors, and the courts themselves would also welcome the cooperation of public labor departments in the enforcement of small-loan statutes.

Part II of this report, which is in the nature of a technical appendix, will deal with the legal weapons that are available in various States for defending wage-earner borrowers against claims for usurious loans.

PART II.—LEGAL WEAPONS FOR PROTECTING THE WAGE-EARNER BORROWER

In the absence of statutory limitations a money lender may enforce any loan contract, no matter how oppressive, if it is properly executed and delivered. Almost universally, however, statutes have been enacted which are designed to protect borrowers in general or specific classes of borrowers from excessive interest charges or from other forms of overreaching by the lender. The protections to borrowers provided by these laws fall into two general classes: (1) Remedies available to the borrower himself; (2) remedies available to the State.

Remedies Available to the Borrower

The principal types of laws which provide individual borrowers with legal remedies against oppressive loan contracts are: (1) The usury laws; (2) wage-assignment laws; (3) chattel-mortgage laws; (4) property and wage-exemption laws; and (5) regulatory small-loan laws. Within the United States, many jurisdictions lack one or another of these types of statutes, but every jurisdiction has enacted some of them, and in a large number of jurisdictions statutes of all five types are in force. Each of these types of laws will be described in turn, and citations will be given to existing statutes in each jurisdiction.

THE USURY LAWS

The usury laws, in general, fix a maximum lawful rate of interest for the loan or forbearance of money and prohibit the taking of

any interest in excess of this rate. Interest in excess of the lawful rate is known as usury. The usury statutes of various jurisdictions differ widely, however, with respect to remedies given to borrowers and the penalties for violation.

Some usury laws merely provide the borrower with a defense against a suit by the lender for the recovery of so much of the interest as is unlawful. Such statutes merely permit the borrower, when sued, to prevent the collection of interest beyond the lawful rate, but do not interfere with the lender's right to collect his principal with legal interest. Some usury laws provide a defense for the borrower against the recovery of any interest upon a usurious contract. And still others provide a defense against enforcement of either principal or interest, by declaring usurious contracts void.

The usury laws not only provide the borrower with defenses against suits initiated by the lender, but usually give him in addition certain rights where usurious interest has already been paid. Some statutes permit borrowers to apply the amount of usurious interest or the total amount of interest already paid, or multiples of these amounts, toward reduction of the principal sum due the lender. Some statutes permit borrowers to recover from the lender the amount of usurious interest or the total amount of usurious interest already paid, or multiples of these amounts. Still others permit the borrower to recover all previous payments whether for principal or interest.

Table 5 cites the usury laws of various jurisdictions in the United States and summarizes their provisions with respect to defenses against suits by lenders and recoveries of payments previously made by borrowers.

TABLE 5.—*Usury laws of various jurisdictions in the United States*

Jurisdiction	Citation	Defenses against suits by lender	Remedies where usurious interest has been paid
Alabama	Ann. Code 1928, (1936 Cum. Supp.), ch. 308, sec. 8567.	All interest is uncollectible.	All interest paid may be credited as payment on principal.
Arizona	Rev. Code (Courtright's Supp. 1936), ch. 37, secs. 1884, 1886.	do	All interest paid may be credited as payment on principal or recovered by borrower to extent such payment exceeds principal.
Arkansas	Pope's Digest of Stats., 1937, vol. 2, ch. 112, secs. 9401, 9402. See also Const., art. 19, sec. 13.	Principal and interest are uncollectible.	
California	Gen. L. 1937, vol. 1, act 3757, secs. 2, 3. See also Codes, Laws, and Const. Amends., 1935, Supp. (Const. Amends.), art. 20, sec. 22, p. 2146.	All interest is uncollectible.	Borrower may recover treble excess interest paid.
Colorado	No usury law		
Connecticut	Gen. Stats., 1930 Rev., vol. 2, tit. 46, ch. 241, sec. 4736.	Principal and interest are uncollectible.	
Delaware	Rev. Code 1935, ch. 77, art. 1, sec. 3101 (1).	Excess interest is uncollectible.	Borrower may recover excess interest paid.

TABLE 5.—*Usury laws of various jurisdictions in the United States*—Continued

Jurisdiction	Citation	Defenses against suits by lender	Remedies where usurious interest has been paid
District of Columbia	Code 1929, tit. 17, ch. 1, secs. 3, 4, 5.	All interest is uncollectible.	All interest paid may be credited as payment on principal or borrower may recover excess interest paid.
Florida	Comp. Gen. L. Ann. 1937, vol. 3, div. 4, tit. 5, ch. V, secs. 6939, 6942, 7903.	All interest is uncollectible; if interest rate exceeds 25 percent per annum, principal is also forfeited.	Borrower may recover double the interest taken or contracted for.
Georgia	Ann. Code 1935, bk. 17, tit. 57, ch. 57-1, secs. 57-112, 57-113.	All interest is uncollectible.	All interest paid may be credited as payment on principal, or borrower may recover all interest paid.
Hawaii	Rev. L. 1935, tit. 25, ch. 232, sec. 7053.	do	All interest paid may be credited as payment on principal.
Idaho	Ann. Code 1932, vol. 2, tit. 26, ch. 19, sec. 26-1907.	All interest is uncollectible and lender forfeits twice the excess interest contracted for.	Borrower may recover three times the interest paid.
Illinois	Smith-Hurd Ann. Stats. 1935, ch. 74, sec. 6.	All interest is uncollectible.	
Indiana	Burns, Ann. Stats. 1933, vol. 5, tit. 19, ch. 20, sec. 19-2004.	Excess interest is uncollectible.	All excess interest paid may be credited as payment on principal.
Iowa	Code 1935, tit. 23, ch. 418, sec. 9407.	All interest is uncollectible and 8 percent of any unpaid principal, balance is forfeited, but borrower must pay such forfeited amount to county school fund.	
Kansas	Ann. Gen. Stats. 1935, ch. 41, secs. 41-102, 41-103.	Excess interest is uncollectible and lender forfeits a sum, to be deducted from principal and lawful interest, equal to excess interest contracted for.	All excess interest paid may be deducted from principal and legal interest recoverable, and borrower may in some cases recover double the excess interest contracted for.
Kentucky	Carroll's Ky. Ann. Stats. Baldwin's 1936 Rev., ch. 72, sec. 2219.	Excess interest is uncollectible.	Borrower may recover excess interest paid.
Louisiana	Dart's Ann. Civ. Code 1932, bk. 3, tit. 12, ch. 3, art. 2924.	do	Do.
Maine	No usury law		
Maryland	Bagby's Ann. Code 1924, vol. 1, art. 49, sec. 4.	do	Do.
Massachusetts	Ann. Laws 1933, vol. 3, ch. 107, sec. 3, and vol. 4, ch. 140, sec. 90. See also same section in pocket supp. 1939.	do	Excess interest paid may be credited as payment on principal in certain types of loans.
Michigan	Ann. Stats. 1937, vol. 14, tit. 19, ch. 176, sec. 19.12.	All interest is uncollectible.	
Minnesota	Mason's Stats. 1927, vol. 2, ch. 51, secs. 7037, 7038.	Principal and interest are uncollectible.	Borrower may recover all interest paid, but half amount recovered must be paid to county for use of common schools.
Mississippi	Ann. Code 1930, vol. 1, ch. 37, secs. 1946, 1947.	All interest is uncollectible; if interest rate exceeds 20 percent a year principal is also uncollectible.	Borrower may recover all interest paid; if interest rate exceeds 20 percent a year he may also recover all principal paid.
Missouri	Ann. Stats. 1932, vol. 7, ch. 14, secs. 2842, 2843, pp. 4630, 4632. (Cum. Ann. pocket part, 1939).	Excess interest is uncollectible.	Excess interest paid may be credited against principal and legal interest recoverable, or may be recovered by borrower.
Montana	Ann. Rev. Code 1935, vol. 3, ch. 124, sec. 7727.	All interest is uncollectible and lender forfeits double the interest contracted for.	Borrower may recover double the interest paid.

TABLE 5.—*Usury laws of various jurisdictions in the United States*—Continued

Jurisdiction	Citation	Defenses against suits by lender	Remedies where usurious interest has been paid
Nebraska	Comp. Stats. 1929, ch. 45, art. 1, sec. 45–105.	All interest is uncollectible.	All interest paid may be credited as payment on principal.
Nevada	Ann. Comp. Laws 1929, vol. 2, sec. 4323.	Excess interest is uncollectible.	
New Hampshire	No usury law		
New Jersey	Rev. Stats. 1937, vol. 2, tit. 31, ch. 1, sec. 31–1–3.	All interest is uncollectible.	All excess interest paid may be credited as payment on principal.
New Mexico	Courtright's Ann. Stats. (Supp. 1938), ch. 89, sec. 89–110.	All interest is uncollectible and lender forfeits amount equal to accrued interest at rate contracted for.	Twice interest paid plus accrued and unpaid interest may be credited as payment on principal, or borrower may recover three times interest paid.
New York	McKinney's Ann. Consol. Laws, bk. 19, art. 25, secs. 372, 373.	Principal and interest are uncollectible.	Borrower may recover excess interest paid.
North Carolina	Ann. Code, 1939, ch. 44, sec. 2306.	All interest is uncollectible.	Double the interest paid may be recovered by borrower or credited as payment on principal.
North Dakota	Comp. L. 1913 (1913–1925 Supp.), ch. 60, art. 3, sec. 6076.	do	Borrower may recover double the interest paid.
Ohio	Page's Ann Gen. Code, bk. 5, sec. 8306.	Excess interest is uncollectible.	Excess interest paid may be credited as payment on principal.
Oklahoma	Ann. Stats. 1937, tit. 15, ch. 6, sec. 267. See also Const., art. 14, sec. 3.	All interest is uncollectible and lender forfeits twice interest contracted for.	Double the interest paid may be recovered by borrower or credited as payment on principal.
Oregon	Ann. Code 1930, vol. 3, tit. 57, ch. XII, sec. 57–1203.	Principal and interest are uncollectible but borrower must pay unpaid principal to county school fund.	Borrower may deduct sums paid lender from amount payable to school fund.
Pennsylvania	Purdon's Ann. Stats., tit. 41, sec. 4.	Excess interest is uncollectible.	Borrower may recover excess interest paid.
Rhode Island	Gen. L. 1938, ch. 485, sec. 4.	Principal and interest are uncollectible.	Borrower may recover principal and interest paid.
South Carolina	Code 1932, vol. 3, ch. 142, art. 1, sec. 6740.	All interest is uncollectible.	Double the interest paid may be recovered by borrower or offset against principal.
South Dakota	Code 1939, vol. 3, sec. 38.0111.	do	All interest paid may be recovered by borrower or offset against principal.
Tennessee	Williams' Ann. Code 1934, vol. 5, tit. 2, ch. 2, secs. 7310, 7315. See also Const., art. 11, sec. 7.	Excess interest is uncollectible.	Borrower may recover excess interest paid.
Texas	Vernon's Stats. 1936, tit. 79, arts. 5071, 5073. See also Const., art. 16, sec. 11.	All interest is uncollectible.	Borrower may recover double the interest paid.
Utah	Ann. Rev. Stats. 1933, tit. 44, secs. 44–0–6, 44–0–7.	Principal and interest are uncollectible.	Borrower may recover any payment for principal or interest.
Vermont	Pub. L. 1933, tit. 32, ch. 282, sec. 7133.	Excess interest is uncollectible.	Borrower may recover excess interest paid.
Virginia	Ann. Code 1936, tit. 54, ch. 230, secs. 5554, 5555.	All interest is uncollectible.	Do.
Washington	Remington's Ann. Rev. Stats., vol. 8, tit. 46, sec. 7304.	All interest is uncollectible and lender forfeits in addition interest accrued at rate contracted for.	Twice the interest paid plus accrued and unpaid interest may be credited as payment on principal.
West Virginia	Code 1937, ch. 47, art. 6, sec. 4628 (6), 4631 (9).	Excess interest is uncollectible.	Borrower may recover excess interest paid.
Wisconsin	Stats. 1937, tit. 14, ch. 115, secs. 115.06, 115.07.	All interest is uncollectible.	Borrower may recover treble the excess interest paid.
Wyoming	Ann. Rev. Stats. 1931, ch. 58, sec. 58–105.	do	All interest paid may be credited as payment on principal.

In addition to the foregoing remedies the usury laws sometimes authorize equitable relief at the instance of the borrower. The usury statutes of Kentucky, Minnesota, New York, Utah, Virginia, and West Virginia expressly give borrowers the right to have collections of usurious loans enjoined; and the usury statutes of Arkansas, Kentucky, Minnesota, New York, and Utah give borrowers the right to compel surrender and cancelation of usurious contracts. Equitable relief is probably available without express statutory authority where the borrower is able to show that the loan contract is unconscionable and that it should be revised.[5] It is probable also that under declaratory judgment statutes individual borrowers in practically all instances may secure affirmative relief from usury in the courts.[6] Indeed relief comparable to a declaratory judgment may be obtained under some usury laws.[7]

WAGE-ASSIGNMENT LAWS

To enable a lender to advance credit without being subject to the limitations imposed by interest laws or as a means of evading such laws, credit transactions are frequently cast in the form of a purchase of wages at a discount.[8] Also wage assignments are frequently taken to secure the repayment of usurious loans.[9] Abuses growing out of these practices have resulted in the enactment in most States of statutes which regulate wage assignments and render void all assignments that do not comply with the statute. Citations of the wage-assignment statutes in various jurisdictions are given in the following statement:

Statutes regulating the use of wage assignments in various jurisdictions in the United States

Alabama: Ann. Code 1928, ch. 322, secs. 9232, 9233 (semble).
Arkansas: Pope's Digest of Stats., vol. 2, ch. 108, secs. 9119, 9120.
California: Deering's Labor Code 1937, secs. 300–303.
Colorado: Ann. Stats. 1935, vol. 3, ch. 97, secs. 220–232 (semble).
Georgia: Ann. Code 1935, sec. 25:201–220.
Illinois: Smith-Hurd Ann. Stats. (pocket supp.), ch. 48, sec. 39:1–4.
Indiana: Burns' Ann. Stats. 1933, vol. 8, secs. 40:201–212.
Iowa: Code 1935, sec. 9454.
Kentucky: Carroll's Stats. (Baldwin's 1936 Rev.), sec. 4758a: 1–6.
Louisiana: Dart's Gen. Stats. 1932, vol. 2, secs. 4368, 4373–4379.
Maine: Rev. Stats. 1930, ch. 123, sec. 9, p. 1494.

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[5] 66 Corpus Juris 265 et seq. For a specific example, see *Horner* v. *Nitsch* (court of appeals, 1906), 103 Md. 498, 63 Atl. 1052.
[6] See Borchard, Declaratory Judgments, especially p. 334 et seq.
[7] See the usury statutes of Michigan, Minnesota, New York, and Utah.
[8] See Hubachek, F. B., Annotations on Small Loan Laws, Russell Sage Foundation, 1938, p. 157.
[9] See Gallert, Hilbor, and May, Small Loan Legislation, Russell Sage Foundation, 1932, pp. 16, 39, et seq.

Maryland: Bagby's Ann. Code 1924, vol. I, art. 8, secs. 11–16 (semble).
Massachusetts: Ann. Laws, vol. 5, ch. 154, secs. 2–6 (semble).
Minnesota: Mason's Stats. 1927, supp. 1938, vol. I, secs. 4135–4138.
Missouri: Ann. Stats., vol. 3, sec. 2969, p. 1858.
Montana: Ann. Rev. Code 1935, vol. 2, secs. 4173–4182.
Nebraska: Laws 1939, ch. 39, p. 195.
New Hampshire: Code 1926, vol. II, ch. 327, sec. 3 (semble).
New Jersey: Rev. Stats. 1937, sec. 34:11–25.
New Mexico: Ann. Stats. 1929, sec. 8–101.
New York: McKinney's Consol. Laws Ann., bk. 30, sec. 197; bk. 40, sec. 46.
North Carolina: Ann. Code 1939, sec. 6558a.
Pennsylvania: Purdon's Ann. Stats., tit. 43, secs. 271–274 (semble).
Rhode Island: Gen. Laws 1938, ch. 292, secs. 1–6.
Tennessee: Williams' Ann. Code, 1934, vol. 5, sec. 8562.
Texas: Vernon's Ann. Civ. Stats., tit. 107, art. 6165a.
Washington: Remington's Ann. Rev. Stats., vol. 8, secs. 7597, 7598.
West Virginia: Code 1937, sec. 2352 (3).
Wisconsin: Stats. 1937, sec. 241.09.
Wyoming: Ann. Rev. Stats., 1931, secs. 8:101–102.

These statutes generally contain in substance one or more of the following provisions:

1. A prohibition against the assignment of unearned wages or wages to be earned under a future contract of employment. (See the wage-assignment statutes of Alabama, Arkansas, California, Colorado, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Minnesota, Missouri, Montana, New York, Pennsylvania, and Wisconsin.)

2. A limitation of the amount recoverable out of any one wage payment.

(See the wage-assignment statutes of Colorado, Illinois, Kentucky, Massachusetts, New York, and West Virginia.)

3. A requirement that the consent of wife, spouse, or employer must be obtained to the assignment.

(See the wage-assignment statutes of Arkansas, California, Colorado, Indiana, Iowa, Kentucky, Louisiana, Maryland, Massachusetts, Minnesota, Montana, New Hampshire, North Carolina, Pennsylvania, Tennessee, Texas, Washington, West Virginia, Wisconsin, and Wyoming.)

4. A requirement that the assignment be recorded.

(See the wage-assignment statutes of Arkansas, Colorado, Maine, Maryland, Massachusetts, Minnesota, New Hampshire, New Mexico, Rhode Island, Washington, and Wyoming.)

5. A limitation as to the time within which the employer may be notified or served with the assignment if it is to be enforceable.

(See the wage-assignment statutes of Colorado, Illinois, Indiana, Maryland, Minnesota, and Montana.)

6. A requirement that the assignment be signed in person by the wage-earner and delivered at the time the consideration passes or the loan is made.

(See the wage-assignment statutes of Illinois, Kentucky, Maryland, Massachusetts, and Rhode Island.)

7. A limitation as to interest on loans secured by wage-assignments.

(See the wage-assignment statutes of Colorado, Georgia, Indiana, Louisiana, Maryland, Montana, New Jersey, and Texas.)

8. A requirement for the regulation and licensing of the business of making loans and wage assignments.

(See the wage-assignment statutes of Colorado, Georgia, Louisiana, Montana, and Texas.)

9. Requirements as to the form, the contents, and the delivery of contracts to assignor.

(See wage-assignment statutes of Colorado, Georgia, Illinois, Iowa, Kentucky, Maryland, Massachusetts, Minnesota, Missouri, Nebraska, New York, Rhode Island, Texas, and West Virginia.)

The principal means of enforcing these statutes is a provision that wage assignments which violate the provisions of the statute shall be void. Such a provision is included in the wage-assignment statutes of all States except Georgia, Maine, and Texas. In Colorado, Indiana, Louisiana, and Montana, a loan contract secured by an invalid assignment is made void and unenforceable. These provisions place a substantial responsibility upon employers to determine the validity of wage assignments before paying over the wages of employees to assignees.

The wage-assignment statutes referred to heretofore usually apply to the use of wage assignments in general. Similar regulations of wage assignments are also to be found as integral parts of regulatory small-loan laws which will be discussed in a later section.

In many States which lack wage-assignment statutes, the use of wage assignments has been restricted by the courts. Common-law decisions have generally invalidated assignments of unearned wages where no contract of employment was in existence on the ground that such assignments were contrary to public policy and that no assignable right could exist.[10]

PROPERTY AND WAGE-EXEMPTION LAWS

The wage earner also receives some protection under laws exempting from garnishment and attachment certain minimum amounts of wages per week and exempting from execution certain kinds and amounts of personal property. These statutes, which are cited below, differ greatly between various jurisdictions. They are generally enforceable only by the borrower, who must claim exemption in the manner provided by law.

Property and wage exemption statutes in various jurisdictions in the United States

Alabama: Code 1928, secs. 7807, 7882–7966; Cum. Supp. 1936, sec. 7883.
Arizona: Struckmeyer's Rev. Code 1928, secs. 1731–1739, 4274.
Arkansas: Pope's Digest of Stats., secs. 7162–7197; Const., art. 9, sec. 4.
California: Deering's Code Civ. Proc. 1937, secs. 690–690.24.
Colorado: Ann. Stats. 1935, vol. 3, ch. 93, art. 2, p. 1045.
Connecticut: Gen. Stats., Rev. of 1930, secs. 1038, 5042, 5043, 5791–5794; Supp. 1935, sec. 1672c; Supp. 1939, sec. 1414e (g).

[10] See Corpus Juris Secundum, p. 1062 et seq.

Delaware: Rev. Code 1935, secs. 4793–4804; 41 Del. L., p. 656.

District of Columbia: Code 1929, tit. 24, secs. 311–313.

Florida: Comp. Gen. L. 1927, secs. 5782–5788, 5792, 5793, 7062, 7065; Const., art. 10, secs. 1, 2.

Georgia: Ann. Code 1935, sec. 46–208, tit. 51, sec. 66–103.

Hawaii: Rev. L. 1935, secs. 4160–4162; Laws 1937, art. 44, p. 150.

Idaho: Ann. Code 1932, vol. 1, secs. 8–203, 8–204, 54–1004: Laws 1933, ch. 97, p. 154; Laws 1937, ch. 104, p. 154.

Illinois: Smith-Hurd Ann. Stats., ch. 52, 62, sec. 14.

Indiana: Burns' Ann. Stats. 1933, vol. 2, tit. 2, ch. 35, p. 556 et seq., sec. 3–505.

Iowa: Code 1935, secs. 11755–11771; Laws 1935, ch. 109, p. 154; Laws 1937, ch. 82, p. 99.

Kansas: Gen. Stats. 1935, secs. 60–3501—60–3309, 60–3495, 73–142; Supp. 1937, sec. 60–3504.

Kentucky: Carroll's Stats. (Baldwin's 1936 Rev.), secs 1697–1708; 1939 Supp., sec. 2896b–14.

Louisiana: Dart's Gen. Stats. 1932, vol. 2, secs. 3805–3809; Code Prac., art. 644; Const., art. 11.

Maine: Rev. Stats. 1930, ch. 60, sec. 173, p. 1009; ch. 95, secs. 67–71, p. 1319; ch. 100, sec. 55, p. 1380.

Maryland: Bagby's Code 1924, art. 83, secs. 8–14; art. 9, secs. 33, 34 (and see sec. 33 in Flack's 1935 Supp.).

Massachusetts: Ann. Laws, vol. 8, ch. 235, sec. 34; ch. 236, sec. 54; ch. 246, sec. 28 (pocket supp.). See also pocket supp., vol. 5, ch. 175, sec. 110A.

Michigan: Ann. Stats. vol. 22, secs. 27.1543 et seq. (and see secs. 27.1543 and 27.1544 in August 1939 supp. pamphlet), vol. 24, sec. 27.3399.

Minnesota: Mason's Stats. 1927, secs. 8336–8344, 9447, 9453; Supp. 1938, secs. 9447–1, 9447–2; Laws 1939, ch. 72, pp. 109, 263, 371.

Mississippi: Code 1930, vol. I, ch. 30, p. 860; Supp. 1938, ch. 30, p. 234.

Missouri: Ann. Stats. vol. 6, secs. 608–611, p. 4221 et seq.; vol. 2, secs. 1159–1167, p. 1422 et seq.; sec. 1398, p. 1613; secs. 1424, 1425, pp. 1631, 1632.

Montana: Rev. Code 1935, vol. 3, secs. 6945, 6948, 6949, 6965; vol. 4, secs. 9427–9430.2. (See also pocket supps., secs. 325.35, 1132.49, 1747.5, 3033.51.)

Nebraska: Comp. Stats. 1929, secs. 13–506, 20–1553—20–1564, 20–1574, 40–101—40–118; 1937 Cum. Supp., secs. 44–1130, 44–1252.

Nevada: Comp. L. 1929 (Hillyer), vol. 2, sec. 3315; vol. 4, secs. 8844, 9426–9428.

New Hampshire: Pub. Laws 1926, ch. 214, sec. 3; ch. 332, sec. 2; ch. 356, sec. 20; Laws 1927, ch. 30, p. 41; Laws 1935, ch. 99, sec. 51, p. 171; ch. 127, sec. 18, p. 289; ch. 137, sec. 16–g, p. 306.

New Jersey: Rev. Stats. 1937, secs. 2:26–99—2:26–121, 2:26–182—2:26–184, 2:42–6, 2:42–7, 17:18–12, 34:15–29; Supp. 1938,, secs. 2:26–187.1, 2:26–187.2.

New Mexico: Ann. Stats. 1929, ch. 48, sec. 59–126, p. 821; 1938 Supp. (Court-right), ch. 48, p. 289.

New York: Cahill's Civ. Prac. Act, art. 43, p. 389 et seq.

North Carolina: Code 1939, secs. 721, 728–751; Const., art. 10.

North Dakota: Comp. Stats. 1913, secs. 5605, 7729–7743; Supp. 1925, secs. 5605, 5607, 7731, 7739, 7741; Laws 1929, chs. 127, 188; Laws 1935, chs. 238, 239.

Ohio: Page's Ann. Gen. Code, vol. 7, sec. 10271 et seq; vol. 9, sec. 11721 et seq.

Oklahoma: Ann. Stats. 1937, tit. 12, secs. 850, 851; tit. 31; Const., art. 12, sec. 3.

Oregon: Ann. Code 1930, vol. 1, secs. 3–201—3–208; Supp. 1935, sec. 3–207; Laws 1935 (Sp. Sess.), ch. 55, sec. 8; ch. 60, sec. 12; ch. 70, sec. 12; Laws 1939, ch. 546.

Pennsylvania: Purdon's Ann. Stats., tit. 12, secs. 2161-2177, 2798; pocket supp., tit. 12, secs. 2178, 2179.

Rhode Island: Gen. Laws 1938, ch. 557, p. 1050.
South Carolina: Code 1932, vol. 3, secs. 9085-9096; Supp. 1936, idem.
South Dakota: Code 1939, vol. 3, secs. 51.17, 51.18.
Tennessee: Williams' Ann. Code, vol. 5, secs. 7701–7735.
Texas: Vernon's Ann. Civ. Stats., tit. 57 (vol. 12).
Utah: Rev. Stats. 1933, secs. 104–37–(13–16); tit. 38.
Vermont: Pub. L. 1933, secs. 1748, 1754–1759, 1808, 2250, 2272, 2559–2567, 3854, 6557, 6724, 6892; Laws 1935, p. 97; Laws 1937, p. 514 (act spec. sess. 1936).
Virginia: Michie's Code 1936, secs. 6531–6566; Const., secs. 190, 191; Supp. 1938, secs. 6555, 6564.
Washington: Remington's Rev. Stats. Ann., vol. 2, tit. 4, ch. 3, sec. 703; Const., art. 19, sec. 1, amend. 3.
West Virginia: Michie's Ann. Code, secs. 626 (103a), 2543, 3431, 3897–3910 (1); Const., art. 6, sec. 48; Supp. 1939, secs. 3834 (7), 3834 (25).
Wisconsin: Stats. 1937, secs. 272.18, 272.20; Laws 1939, ch. 331, sec. 2, p. 110.
Wyoming: Rev. Stats. 1931, secs. 89–2984—89–2993, 89–3125; Laws 1935, ch. 100, sec. 6; Laws 1937, ch. 115.

CHATTEL MORTGAGE LAWS

Laws relating to chattel mortgages are chiefly for protection of creditors of the mortgagor. However, in the case of mortgages of household goods the laws of some States have special regulations designed to protect the mortgagor. The following statutes require that the wife or spouse must join in a mortgage on household goods:

Colorado: Ann. Stats. 1935, vol. 2, ch. 32, sec. 7.
Illinois: Smith-Hurd Ann. Stats., ch. 95, sec. 25.
Nebraska: Comp. Stats. 1929, sec. 36–301.
New Hampshire: Pub. L. 1926, vol. 2, ch. 288, sec. 8.
New Jersey: Rev. Stats. 1937, sec. 46: 28–6.
North Carolina: Code 1939, sec. 2577.
North Dakota: Laws 1933, ch. 204.
Ohio: Page's Ann. Gen. Code, vol. 6, sec. 8565–1.

The following statutes permit foreclosure of mortgages on household goods only by court action:

Illinois: Smith-Hurd Ann. Stats., ch. 95, sec. 24.
Indiana: Burns' Ann. Stats. 1933, vol. 10, sec. 51–201.
Ohio: Page's Ann. Gen. Code, vol. 6, sec. 8566.

REGULATORY SMALL-LOAN LAWS

Several classes of statutes authorize certain types of lending or types of lending corporations; for instance, the banking laws, building and loan association laws, credit-union laws, and industrial banking company laws. These statutes, however, contain few if any additional express remedies which the borrower may invoke. If a particular loan does not conform to the requirements of the special law under which the lender purports to act, the loan merely fails to be protected from the operation of the general usury statute and the borrower is left to the remedies afforded by the usury statute.

Thirty-nine jurisdictions, however, have small-loan laws which regulate the business of lending money in small sums, generally of $300 or less at rates higher than those allowed by the usury laws. These statutes follow:

Regulatory Small-Loan Laws of Various Jurisdictions in the United States

Alabama: Gen. Acts 1932 (ex. sess.), No. 339, p. 331.

Arizona: Rev. Code 1928 (Struckmeyer), ch. 45, secs. 7989–2013, p. 481; Supp. (Courtright) 1936, ch. 45, sec. 2013, p. 270; Laws 1939, ch. 40, p. 114.

Arkansas: Pope's Digest of Stats. 1937, vol. 1, ch. 14, secs. 826–855, p. 477.

California: Stats. and Amends. to Codes 1939, ch. 1045, p. 2886. An identical act was also passed, containing in addition certain appropriation provisions. (See ch. 953, p. 2679.)

Colorado: Ann. Stats. 1935, vol. 3, ch. 88, art. 2, secs. 6–21; Laws 1939, ch. 121, p. 440.

Connecticut: Gen. Stats. (Rev. of 1930), vol. II, tit. 37, ch. 213, secs. 4066–4082, p. 1314; amend. Cum. Supp. 1931–33–35, tit. 37, ch. 213, secs. 1551c–1556c, p. 675, and Cum. Supp. 1937–39, tit. 37, ch. 213, secs. 1258e–1262e, p. 641.

Delaware: Rev. Code. 1935, ch. 100, art. 32, secs. 4045–4052, p. 857.

District of Columbia: Code 1929, tit. 17, ch. 2, secs. 21–31, p. 155.

Florida: Ann. Comp. Gen. Laws 1927, vol. 1, div. 1, tit. XI, ch. 71, secs. 3999–4017, p. 1431, vol. 4, div. 5, tit. II, ch. 10, sec. 7880, p. 3693; Laws 1939, ch. 19349 (Senate Bill No. 1145), p. 718, ch. 19517 (House Bill No. 1573), p. 1214.

Georgia: Ann. Code 1935, book 9, tit. 25, ch. 25–3, secs. 25–301—25–319, p. 352; ch. 25–99, sec. 25–9902, p. 361.

Hawaii: Laws 1937, series D–151, act 232, ch. 232A, p. 241.

Illinois: Smith-Hurd Ann. Stats. 1934, pocket supp., ch. 74, secs. 19–46.

Indiana: Burns' Ann. Stats. 1933, vol. 5, tit. 18, ch. 30, secs. 18 (3001–3005), p. 375.

Iowa: Code 1935, tit. 23, ch. 419f1, secs. 9438f1—9438f25, p. 1393.

Kentucky: Carroll's Ann. Stats. (Baldwin's 1936 Rev.), ch. 32, art. 16, secs. 883i1–883i32, p. 474.

Louisiana: Dart's Gen. Stats. 1932, vol. 1, tit. 8, ch. 13, secs. 768–787, p. 273.

Maine: Rev. Stats. 1930, ch. 57, secs. 143–161, p. 938; amend. Pub. L. 1939, ch. 286.

Maryland: Bagby's Ann. Code 1924, vol. 2, art. 58a, p. 2084; Bagby's 1929 Supp., art. 58A, p. 367; Flack's Supp. 1935, art. 58A, p. 810; Laws 1937, ch. 358, p. 713; Laws 1939, ch. 741.

Massachusetts: Ann. Laws 1933, vol. 4, tit. 20, ch. 140, secs. 96–114, p. 1729; 1939 Supp., tit. 20, ch. 140, sec. 96, p. 224.

Michigan: Ann. Stats., vol. 17, tit. 23, ch. 240, secs. 23.667 (1–27) (1939 pocket supp., p. 24 et. sec.).

Minnesota: Laws 1939, ch. 12, p. 21.

Mississippi: Ann. Code 1930, vol. 1, ch. 37, art. 2, secs. 1952–1972, p. 961; 1938 Supp., ch. 37, art. 2, sec. 1952, p. 267.

Missouri: Ann. Stats. 1932, vol. 11, ch. 34, art. 7, secs. 5544–5564, pp. 7704 et seq.; 1939 pocket supp., secs. 5556, 5559a, pp. 7708, 7709.

Nebraska: Comp. Stats. 1929, art. 1, ch. 45, secs. 45–112—45–123, p. 1103; 1937 Supp., ch. 45, secs. 45–124—45–127, p. 342.

New Hampshire: Pub. L. (Code 1926, vol. 2, ch. 269, secs. 1–29, p. 1063; Laws 1931, ch. 163, p. 188; Laws 1933, ch. 129, p. 185.

New Jersey: Rev. Stats. 1937, vol. 1, tit. 17, subtit. 2, pt. 2, ch. 10, secs. 17:10–1—17:10–26, p. 71.

New Mexico: Laws 1939, ch. 231, p. 551.

New York: McKinney's Consol. Laws Ann., bk. 4, art. 9, secs. 340–365, p. 93; 1939 Supp., sec. 365, p. 126.

Ohio: Page's Ann. Code 1926, vol. 4, pt. 2, tit. II, ch. 25a, secs. 6346 (1)–6346 (12), p. 802 (pocket supp., sec. 6346 (13)).

Oregon: Code 1930 (Supp. 1935), tit. 22, ch. 27, secs. 22–2701—22–2728, p. 487.

Pennsylvania: Purdon's Ann. Stats., tit. 7, ch. 27, secs. 751–761, p. 55.

Rhode Island: Gen. Laws 1938, tit. 17, ch. 149, p. 345.

Tennessee: Williams' Ann. Code 1934, vol. 4, tit. 14, ch. 33, secs. 6721–6743, p. 600; 1937 Supp., ch. 33, sec. 6733, p. 130.

Texas: Vernon's Stats. 1936, tit. 107, pt. 2, art. 6165a, secs. 2–9, p. 1132.

Utah: Ann. Rev. Stats. 1933, tit. 7, ch. 8, secs. 7–8–1—7–8–9, p. 199; Laws 1939, ch. 19.

Vermont: Acts 1937, No. 184, p. 206; Acts 1939, No. 198, p. 236.

Virginia: Ann. Code 1936, tit. 37, ch. 166c, secs. 4168(38)–4168(57), p. 1262.

West Virginia: Ann. Code 1937, ch. 47, art. 7A, secs. 4653(1)–4653(26), p. 1633.

Wisconsin: Stats. 1937, ch. 214, secs. 214.01–214.28, p. 2176.

Under these statutes the borrower of small sums generally has two classes of remedies for illegal charges—those under the small-loan law and those under the usury law. Except for the small-loan laws of Delaware, District of Columbia, Mississippi, New Mexico, and Texas these statutes declare void and unenforceable any loan contract, subject to the law, in which any of the provisions restricting charges or affecting the making or collecting of loans are violated. Most of these statutes, either by express provisions or by judicial construction,[11] apply to any loan contract whether made by nonlicensees or by those licensed under the law if the principal amount of the loan does not exceed $300. Therefore, even though the usury statute does not render loan contracts void where excessive interest has been charged, the borrower may under the small-loan law have a usurious contract declared void as to principal as well as to interest.

OTHER MISCELLANEOUS REMEDIES AVAILABLE TO THE BORROWER

Sometimes a loan shark may be subject to an action for fraud.[12] In such cases the borrower has a right to recover damages as in other cases of fraud. In many cases where suit has been wrongfully brought upon an account not legally due and garnishment of the borrower's wages has resulted in the loss of his job or similar injury, a suit for malicious prosecution or misuse of legal process may be maintained.[13]

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[11] See Hubachek, F. B., Annotations on Small Loan Laws, pp. 113–114.

[12] See Webb, J. A., Law of Usury, 1899, sec. 342.

[13] There have been several cases of this kind decided by appellate courts: *Hardy* v. *Lewis Automobile Co.* (Mo. 1927), 297 S. W. 169; *Adair* v. *James M. Peterson Bank*, 61 Utah, 159, 211 Pac. 683; *Liversage* v. *Gibson*, 222 Ala. 672, 133 So. 715.

Bankruptcy is also available to the borrower and many wage-earner borrowers are driven to this resort by the loan sharks.[14]

How State Labor Departments May Aid in Making Borrowers' Remedies More Effective

It has already been pointed out that borrowers are generally unable to take advantage of the defenses given them by law. Exercise of these remedies is limited by borrowers' ignorance of the existence of statutory defenses; by the harassment to which they are invariably subjected by the lender when legal defenses are raised; by the cost of legal process and adequate legal representation; by fear that their employment may be jeopardized through garnishment of wages or service of a wage assignment; by the impossibility of foregoing wages during the period of litigation; by inability to leave work to attend court; and by the difficulties of proving usury under the conditions imposed by the lender.

To these circumstances which handicap the exercise of borrowers' legal remedies may be added still others in certain jurisdictions. Money-lender suits are frequently brought in justice of the peace courts. In most cases the compensation of justices of the peace consists of the fees paid by plaintiffs. Since these courts are in competition with each other for business, judgment is frequently rendered for those initiating many suits regardless of the merits of the case in law or fact.

The Court of Appeals of Kentucky, in sustaining a law abolishing the fee system in justice courts, gave a good picture of the loan shark and the part played in that connection by justice courts in Jefferson County, in which Louisville, Ky., is situated. It recited that in that county, with a population of some 365,000 and between 50,000 and 60,000 wage earners, there were some 70 or 80 loan-shark offices making small loans exceeding a million dollars annually in the aggregate at interest rates ranging up to 200 percent per annum, and that in 1931 there were 73,000 actions commenced, tried, and judgments rendered in the courts of justices of the peace, and in 1932 approximately 2,000 garnishments in 1 month. (*Shaw* v. *Fox* (Ky. 1932), 55 S. W. (2d) 11, 15.) Justice for the wage-earner borrower in such courts is generally impossible.

A favorite trick of the loan shark is to bring actions in courts far removed from the residence of the borrower. Where the borrower's employer is a corporation doing business in several States the loan shark may and frequently does bring suit and garnishee the borrower's wages in another State.

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[14] See Robinson and Nugent, Regulation of the Small Loan Business, Russell Sage Foundation, 1935, p. 197.

It is easy, therefore, to understand why the wage-earner borrower is usually unable to defend himself against an oppressive loan contract. If left to his own resources, he is generally beaten from the start in any legal contest with a money lender. With sympathetic assistance and support, however, his position as a litigant could be substantially strengthened and the legal remedies available to him could be made far more important and effective.

One of the ways in which important assistance could be rendered would be to group borrowers together in making their defense. Proof of usury on the basis of unsupported oral testimony and fragmentary evidence is naturally difficult when attempted by an individual borrower. But when the court is confronted with similar testimony of many other borrowers and with many bits of evidence, the inference of the existence of usury may be overwhelming. Not only would the likelihood of a favorable outcome be enormously increased by such a "wholesale" defense, but the cost of obtaining legal representation could be substantially reduced. Private attorneys, who would be unwilling to represent an individual litigant for a fee commensurate with the benefit to the borrower could afford to handle a number of cases for smaller individual fees. Moreover, in most communities bar associations could easily be induced to defend a group of borrowers as a public service.

Another valuable service would be to encourage cooperation of employers in preventing enforcement of usurious claims against their employees. Many employers are unaware of the remedies available to wage earners against usurious loans, or of the statutes regulating wage assignments, or of the legal limitations upon garnishments of wages. Some employers even threaten to discharge employees whose wages are attached and this gives the loan shark an extremely effective club for enforcing collections. State labor departments could be extremely useful in informing employers of borrowers' legal remedies, in calling employers' attention to illegal lending activities among their employees, in interceding with employers on behalf of loan-shark victims and in notifying employers of the names and addresses of public officials charged with the responsibility of uniform laws for the protection of borrowers and of private agencies equipped to assist loan-shark victims.

State labor departments could render still another service by calling public attention to any failure in the administration of justice affecting wage-earner borrowers or in the enforcement of penal statutes for the protection of wage-earner borrowers. Conditions oppressive to wage-earner borrowers can frequently be speedily remedied by effective publicity, and the press will be found almost universally to be a powerful and effective ally.

Remedies Available to the State

Remedies available to the State for the protection of wage-earner borrowers are of three kinds—criminal, administrative, and civil. Each of these kinds of remedies will be discussed in turn.

CRIMINAL REMEDIES

Some usury laws expressly make the taking of usury a misdemeanor. Such a provision is contained in the usury statutes of the following 16 States:

California: Deering's Gen. Laws 1937, vol. 1, act 3757, sec. 3.
Connecticut: Gen. Stats. (Rev. of 1930), sec. 4735.
Florida: Comp. Gen. L. 1927, secs. 6942, 7903.
Georgia: Ann. Code 1935, sec. 57–9901.
Hawaii: Laws 1937, series D–150, act 222, sec. 7055, p. 240.
Iowa: Code 1935, sec. 9408.
Missouri: Ann. Stats., 1932, vol. 4, sec. 4421, p. 3042.
New Mexico: Ann. Stats. 1929, sec. 89–106.
North Carolina: Code 1939, sec. 4509.
North Dakota: Comp. Laws 1913, sec. 6076.
Rhode Island: Gen. Laws 1938, ch. 485, sec. 3.
South Carolina: Laws 1930, No. 830, p. 1836.
South Dakota: Code 1939, vol. 1, sec. 13, 1830.
Utah: Rev. Stats. 1933, sec. 44–0–5.
Wisconsin: Stats. 1937, sec. 115.07 (2).
Wyoming: Rev. Stats. 1931, ch. 58, sec. 58–113.

The general misdemeanor statute of some jurisdictions by making all violations of prohibitory laws misdemeanors where no penalty is otherwise provided, may be broad enough to supply a criminal penalty for violation of the usury law. See, for example, the following general misdemeanor statutes:

Arizona: Struckmeyer's Rev. Code 1928, sec. 4485.
Arkansas: Pope's Digest of Stats., vol. 1, secs. 4089, 4090.
Idaho: Ann. Code 1932, vol. 1, sec. 17–1026.
Illinois: Smith-Hurd Ann. Stats., ch. 38, sec. 586.
Michigan: Ann. Stats. 1937, vol. 24, sec. 28.199.
Minnesota: Mason's Stats. 1927, sec. 10047.
Montana: Rev. Code 1935, vol. 5, sec. 10951.
Nevada: Hillyer's Comp. Laws 1929, vol. 5, sec. 9972.
New York: McKinney's Ann. Consol. Laws, bk. 39, sec. 29.
Oklahoma: Ann. Stats., tit. 21, sec. 21.
Tennessee: Williams' Ann. Code, vol. 7, sec. 10755.
Washington: Remington's Ann. Rev. Stats., vol. 4, sec. 2269.

The wage-assignment laws of the following jurisdictions also expressly declare all violations thereof to be misdemeanors:

Colorado: Ann. Stats. 1935, vol. 3, ch. 97, art. 6, sec. 229.
Illinois: Smith-Hurd Ann. Stats., ch. 48, sec. 39.6.
Indiana: Burns' Ann. Stats. 1933, vol. 8, sec. 40–211.

Kentucky: Carroll's Stats. (Baldwin's 1936 Rev.), sec. 4758a–3.
Louisiana: Dart's Gen. Stats. 1932, vol. 2, sec. 4377.
Minnesota: Mason's Stats. 1927, sec. 4136.
Montana: Rev. Code 1935, sec. 4181.
Nebraska: Comp. Stats. 1929, sec. 20–1561; Laws 1939, ch. 39, p. 195.
New Jersey: Rev. Stats. 1937, sec. 34:11–26.
New York: McKinney's Ann. Consol. Laws, bk. 40, sec. 42.
North Carolina: Code 1935, sec. 4509.
Wisconsin: Stats. 1937, ch. 115, sec. 115.07 (3).

The regulatory small-loan laws cited on page 227 generally impose criminal penalties for engaging in the business of making small loans without a license at rates above those prescribed by the usury statutes, and they also impose criminal penalties on licensees who charge more than is permitted by the small-loan law under which they are licensed or who violate that law in any of numerous other ways. All but seven of these statutes—those of Alabama, Arizona, Massachusetts, Mississippi, Nebraska, Ohio, and Texas—impose criminal penalties for violation in connection with a single small-loan transaction without requiring proof that the lender is engaged in the business of making small loans.

In many States there will be found other criminal statutes relating to one phase or another of the loan shark's business. For example, loan sharks and other collection agencies frequently in their collection efforts send to the debtor so-called "bluff legal documents," headed "Notice of Garnishment" or "Notice of Summons" or some similar imitation of court process. The statutes of some States make this a misdemeanor. (See, for example, Smith-Hurd Ann. Ill. Stats., ch. 38, sec. 323.) In at least one case, sending somewhat similar documents and collection letters through the mails, for the purpose of collecting money which was not legally owing, was held to constitute using the mails to defraud. (*Lesselyoung* v. *United States*, 18 Fed. (2d) 472; certiorari denied, 275 U. S. 535.)

Sometimes also the loan shark will violate State securities laws, as where merchandise coupons are "purchased" by the borrower as a part of the loan shark's scheme to evade the usuary laws. (See, for example, action No. A–48, 786, in Court of Common Pleas, Hamilton County, Ohio.) In other cases the loan shark may violate the State insurance laws, as where, in attempting to evade the usury laws, the lender purports to enter into a contract with the borrower whereby the obligation to repay is canceled in the event of the death of the borrower, or in the event of loss of the borrower's household goods by fire, etc. The possibility was recognized, although the question was not decided, in *M. K. & T. Trust Co.* v. *McLachlan* (1894), 59 Minn. 468, 61 N. W. 560. (See also *Equity Service Corp.* v. *Agull* (Mun. Ct. 1935), 156 N. Y. Misc. R. 552, 281 N. Y. S. 292; reversed

(Sup. Ct. 1936), 158 N. Y. Misc. R. 780, 286 N. Y. S. 379, which was reversed (1937), 250 App. Div. 96, 293 N. Y. S. 872.

In *Attorney General ex rel. Monk* v. *C. E. Osgood Co.* (1924), 249 Mass. 473, 144 N. E. 371, it was held that an undertaking by a seller of furniture on the installment plan to cancel the obligation to pay the purchase price in the event of the death of the purchaser prior to the full payment thereof constituted insurance within the meaning of the statute providing for the regulation of the insurance business, and the seller was enjoined from continuing to make such contracts.

And in special cases, misrepresentations in connection with the solicitation, making, or collection of loans by loan sharks may indicate a violation of the Federal mail-fraud statutes, as in the Lesselyoung case, referred to above.

In two cases the New Jersey court has held that under a usury statute carrying civil but no criminal penalties the loan shark who engages in the business of taking exorbitant usury from needy borrowers is liable to criminal prosecution under statutes prohibiting the maintenance of disorderly houses. (*State* v. *Daimant* (1905), 73 N. J. L. 131, 62 Atl. 286; *State* v. *Martin*, 77 N. J. L. 652, 73 Atl. 548, 24 L. R. A. (N. S.) 507, 134 Am. St. Rep. 814, 18 Ann. Cas. 986, affirming (N. J. Sup. Ct. 1908), 76 N. J. L. 292, 69 Atl. 1091.)

Of perhaps even greater significance is the possibility that under the laws of some States the loan shark may be guilty of the common-law offense of criminal conspiracy. Under a usury statute which did not provide any criminal penalty but did provide civil penalties, the Court of Appeals of Kentucky, in *Commonwealth* v. *Donoghue* (1933), 250 Ky. 343, 63 S. W. (2d) 3, 89 A. L. R. 819, sustained an indictment charging the defendant with the common-law offense of conspiracy in that the defendants were conspiring to engage in the business of lending money in small amounts to poor, necessitous wage earners at excessive, exorbitant, and usurious rates of interest in violation of the usury act. The availability of this remedy in a particular State depends, of course, upon the somewhat technical legal question of whether this particular common-law offense is recognized by law in the particular State. The answer to this question may be affected to a large extent by the statutes with respect to criminal conspiracy. Indeed, the criminal conspiracy statute itself may be broad enough to support a prosecution of a loan shark. See the following statutes:

Alabama: Code 1928, sec. 3574.
Arizona: Struckmeyer's Rev. Code 1928, secs. 4581, 4582.
Arkansas: Pope's Digest of Stats., vol. 1, sec. 3573.
California: Deering's Pen. Code 1937, sec. 182.
Colorado: Ann. Stats. 1935, vol. 2, ch. 48, sec. 177.

Connecticut: Gen. Stats. 1930, Cum. Supp. 1937–39, sec. 1447e.
Florida: Comp. Gen. L. 1927, sec. 7541.
Hawaii: Rev. L. 1935, sec. 5720.
Idaho: Ann. Code 1932, vol. 1, sec. 17–1027.
Iowa: Code 1935, sec. 13162.
Maine: Pub. Acts 1937, ch. 12.
Minnesota: Mason's Stats. 1927, sec. 10055.
Mississippi: Code 1930, vol. 1, ch. 20, sec. 830.
Missouri: Ann. Stats., vol. 4, sec. 4243, p. 2963.
Montana: Rev. Code 1935, vol. 5, sec. 10898.
Nevada: Hillyer's Comp. Laws 1929, vol. 5, sec. 10061.
New Jersey: Rev. Stats. 1937, sec. 2:119–1.
New York: Penal Law, McKinney's Ann. Consol. Laws, bk. 39, sec. 580.
North Dakota: Comp. Stats. 1913, sec. 9441.
Oklahoma: Ann. Stats. tit. 21, sec. 421.
Pennsylvania: Purdon's Ann. Stats. tit. 18, sec. 2451.
South Dakota: Code 1939, vol. 1, sec. 13.0301.
Tennessee: Williams' Ann. Code, vol. 7, sec. 11064.
Washington: Remington's Ann. Rev. Stats., sec. 2382.
Wisconsin: Stats. 1937, sec. 348.40.

ADMINISTRATIVE ENFORCEMENT

It has already been noted that certain wage-assignment laws require those engaged in the business of lending money upon wage assignments to obtain a license. All of the small-loan laws cited on page 227 provide for a license for those engaged in the business of lending small sums at a greater rate of interest than that allowed by the usury laws. Thus, under these statutes the licensing official is given some degree of administrative authority. But the effectiveness of administrative enforcement of these licensing acts depends to a very considerable degree upon the licensing official's power to revoke licenses for violation of the law, and to conduct investigations, hold hearings, and make findings of fact upon the basis of which the power to revoke may be exercised.

Some of the small-loan laws, especially the older ones, empower the licensing official to revoke licenses for violation of the law but accompany this with no specific power to hold hearings, take evidence, and make findings of fact to support an order for revocation. Under such laws it is sometimes contended that the licensing official has no power to revoke a license except where the licensee has been convicted of a violation under the criminal provisions of the act and under these circumstances the licensing official's disciplinary power is circumscribed. Even under such laws, however, the licensing official has power to investigate the books and records of licensees. Consequently, he may at least ascertain the facts and turn the evidence over to the local prosecuting attorney. Moreover, such statutes usually require that the borrower be given a statement of the

terms of the loan transaction showing the actual amount of the loan and the agreed rate or charge, which facilitates prosecution for excessive charges.

Under most of the small-loan laws which have been enacted since 1932, wide discretionary powers have been granted to the official charged with administering the law not only with respect to the granting and revocation of licenses but also with respect to the promulgation of regulations to facilitate enforcement of the act. Under these statutes the administering official is usually given authority to examine all books and records of licensees, to investigate violations of the act by others than licensees, to require answer under oath to specific questions, to require annual or special reports from licensees, to make general rules and regulations for the conduct of the business under the law, and to suspend licenses upon a finding after hearing that the law has been violated.

How Labor Departments May Aid the State

CIVIL REMEDIES OF THE STATE

The civil remedies available to the State which are not based on statute are confined chiefly to injunctions against the carrying on of the offending businesses. Such injunction actions frequently may be supplemented by the appointment of a receiver of the business enjoined.

The Supreme Court of Kansas pioneered in this field in the case of *State* v. *McMahon* (1929), 128 Kan. 772, 280 Pac. 906, 66 A. L. R. 1072. There the court held that the State, in order to protect the public welfare and to abate a public nuisance, had a right to enjoin a loan shark from continuing his unlawful practices. In the subsequent case of *State ex. rel. Beck* v. *Basham* (1937), 146 Kan. 181, 70 Pac. (2d), 24, the same court reaffirmed the right of the State to an injunction against a loan shark and also directed the lower court to appoint a receiver for the loan shark's business. The purpose of the appointment of the receiver in such cases is to make the enforcement of the injunction certain and to provide a sure means of protecting all of the current borrowers from any further unlawful exactions. It enables the court to supervise in one proceeding a lawful adjustment of each borrower's account with the loan shark.

The Court of Appeals of Kentucky, in 1938, in the case of *Commonwealth* v. *Continental Co., Inc.*, 121 S. W. (2d) 49, has also affirmed the right of the State to enjoin a loan shark; and in the most recent case of *State* v. *O'Neil* (Minn., May 1939), the Supreme Court of Minnesota sustained an order of the District Court of Hennepin County (Minneapolis), temporarily enjoining the defendant loan

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shark and appointing a temporary receiver, pendente lite, for his business.

The two Kansas cases and the Minnesota case were decided under a usury statute which carried no criminal penalty and there was no small-loan law involved. The Kentucky case involved violation not only of the usury statute but also of the small-loan law. The procedure is available under any type of law which makes the taking of usury unlawful.

The Supreme Court of Nebraska in *State* v. *Central Purchasing Co.* (1929), 118 Neb. 383, 225 N. W. 46, in enjoining and ousting a foreign corporation from doing any business in the State because its business was that of a loan shark, in effect supports the decisions of the Kansas and Kentucky and Minnesota courts. The same is true of the case of *State* v. *Family Loan Co.* (1934), 167 Tenn. 654, 73 S. W. (2d) 167, where the Supreme Court of Tennessee, in quo warranto proceedings, ousted a foreign corporation from doing business in the State because of its loan-shark operations.

In 1930 the Circuit Court of Hendrick County, Indiana, in a case entitled, *State ex rel. Ogden and Stark* v. *Haynes et al., No. 13060*, also issued an injunction enjoining the defendants from loaning small sums at usurious rates of interest. The defendants did not appeal. There have probably been other cases in the lower courts.

Since the power of the district, county, or State's attorney to file such a bill on behalf of the State may be questioned, the cooperation of the attorney general of the State is generally essential in this type of case when carried on by the State. The practice sometimes followed is for the local prosecuting attorney and the attorney general of the State to join in initiating the proceeding.

COMPARISON OF REMEDIES AVAILABLE TO THE STATE

Any comparison of remedies available to the State other than that of revocation or suspension of licenses in connection with administrative enforcement of small-loan laws and wage assignment laws, necessarily must take into account variations between States in the form of their local statutes, local court decisions, and the conditions in the local courts as to juries and other matters. Under some conditions criminal prosecution for violation of the usury statutes, or of the wage assignment law, or of the small-loan law, or of any other criminal statute which appears to have been violated, is effective. No one, particularly the loan shark, relishes criminal prosecution with its penalties of fine and possible imprisonment.

The possibility of prosecution of the loan shark for criminal conspiracy either under the statute or the common law is a matter which the local prosecutor can, we believe, give his most serious

attention. The wide range of evidence available in such a prosecution is a matter of common knowledge among prosecuting officers and, since the offense is frequently a felony and not a mere misdemeanor, a few successful prosecutions should act as an efficient deterrent to others.

But after all, criminal prosecution does not reach directly into the office of the loan shark and place the staying hand of the law upon the existing and outstanding loans. It is from these that the borrowers need immediate and permanent relief.

Criminal prosecutions have their place and should never be neglected, but the laws sought to be enforced against loan sharks are not merely or primarily criminal laws. Usury, wage assignment, small loan, and other laws affecting the loan shark are essentially regulatory laws regulating the conduct of business in the interests of the public welfare. A remedy is also needed under which the State may act to prevent injuries to the public in the same way the State would abate a public nuisance or other public wrong of a continuing nature. Injunction and a receivership of the instrumentalities of the public wrong unquestionably fit the needs as to loan sharks, and where this remedy has been sustained by the courts, it has proven to be most effective.

HOW STATE LABOR DEPARTMENTS MAY AID

State labor departments are in touch with the three State agencies for enforcement of the laws protecting the wage-earner borrower—the attorney general of the State, the local prosecuting officers, and the State authority administering the regulatory and licensing laws, such as small-loan laws.

They are also in touch with sources from which evidence from the wage-earner borrowers may be secured. Many employers can put the department of labor in touch with borrowers they know to be enmeshed in trouble with loan sharks. Labor unions also should assist in securing evidence from borrowers. The various other social agencies, such as legal aid societies and better business bureaus, usually will cooperate with any State department manifesting an interest in the enforcement of laws against loan sharks. Newspapers generally evidence a keen desire to cooperate in any campaign against illegal lending to wage earners.

The attorney general of the State and the local prosecuting officials as well as the State licensing authority will be glad to receive support from the labor department. In States where there is no State-wide regulatory law the enforcement of which is committed to the State authorities, the attorney general without doubt will be especially grateful for the aid and support which the department of labor can

render him. Particularly is this so where loan-shark conditions in the State require resort to the proceeding of injunction and receivership which should be carried on by the attorney general. The procedure by injunction and receivership is drastic. It is possible for the attorney general to secure a temporary injunction and the appointment of a receiver even without notice to the loan shark if a proper showing be made to the court. And a temporary injunction and temporary receivership are almost essential if the court wants to be certain that the books and records and other evidences of unlawful contracts of the loan shark are to be kept within its jurisdiction for ultimate disposition by the court and the complete protection of the borrowers.

Not only the attorney general but the court itself needs all of the support which the law-enforcing agencies of the State can supply. The active support which commissioners of labor can render to the attorney general in requesting him to pursue energetically all available remedies against loan sharks and in cooperating with him in the securing of necessary evidence will greatly strengthen these officers and render substantial aid to wage earners who are entitled to the special aid of the labor department of the State.

Business Meetings—Reports and Resolutions

Report of the Secretary-Treasurer

Since the Tulsa convention six new members have joined the Association, viz, the California Department of Industrial Relations, the Florida Industrial Commission, the Montana Department of Agriculture, Labor and Industry, the Philippine Islands Department of Labor, the Washington Department of Labor and Industries, and the Nova Scotia Department of Labor. The membership is now as follows:

ACTIVE MEMBERS

United States Bureau of Labor Statistics.
United States Bureau of Mines.
United States Children's Bureau.
United States Employment Service.
United States Women's Bureau.
United States Division of Labor Standards.
United States Social Security Board.
National Labor Relations Board.
Alabama Department of Labor.
Arkansas Department of Labor.
California Department of Industrial Relations.
Connecticut Department of Labor and Factory Inspection.
Florida Industrial Commission.
Illinois Department of Labor.
Indiana Division of Labor.
Iowa Bureau of Labor.
Kansas Department of Labor.
Massachusetts Department of Labor and Industries.
Missouri Department of Labor and Industrial Inspection.
Montana Department of Agriculture, Labor and Industry.
New Jersey Department of Labor.
New York Department of Labor.
North Carolina Department of Labor.
Oklahoma Department of Labor.
Pennsylvania Department of Labor and Industry.
Philippine Islands Department of Labor.
Puerto Rico Department of Labor.
Rhode Island Department of Labor.
South Carolina Department of Labor.
Utah Industrial Commission.
Virginia Department of Labor and Industry.
Washington Department of Labor and Industries.
West Virginia Department of Labor.
Wisconsin Industrial Commission.
Department of Labor of Canada.
British Columbia Department of Labor.
Nova Scotia Department of Labor.

ASSOCIATE MEMBERS

Delaware Labor Commission.
Maryland Commission of Labor and Statistics.
New Hampshire Bureau of Labor.
North Dakota Department of Agriculture and Labor.
Oregon Bureau of Labor.
Alberta Department of Trade and Industry.

The proceedings of the Tulsa, Okla., convention have been printed as Bulletin No. 678 of the Bureau of Labor Statistics of the United States Department of Labor.

The committees which were continued from last year and which have prepared reports for presentation to this convention, are as follows:

Committee on apprenticeship.—Voyta Wrabetz, Industrial Commission of Wisconsin, chairman; Lewis G. Hines, Department of Labor and Industry of Pennsylvania; George G. Kidwell, Department of Industrial Relations of California; Thomas B. Morton, Department of Labor of Virginia; William F. Patterson, United States Department of Labor.

Committee on child labor.—Beatrice McConnell, United States Children's Bureau, chairman; Margaret F. Ackroyd, Department of Labor of Rhode Island; C. H. Gram, Bureau of Labor of Oregon; W. Rhett Harley, Department of Labor of South Carolina; Maud Swett, Industrial Commission of Wisconsin.

Committee on civil service.—Eugene B. Patton, Department of Labor of New York, chairman; Adam Bell, Department of Labor of British Columbia; John M. Pohlhaus, Commissioner of Labor and Statistics of Maryland; Harvey Saul, Department of Labor of Rhode Island; John J. Toohey, Jr., Department of Labor of New Jersey.

Committee on factory inspection.—John M. Falasz, Department of Labor of Illinois, chairman; William T. Cameron, United States Department of Labor; James T. Moriarty, Department of Labor and Industries of Massachusetts; John D. Petree, Department of Labor of Alabama; Forrest H. Shuford, Department of Labor of North Carolina; Frank W. Snyder, Department of Labor of West Virginia.

Committee on industrial home work.—Morgan R. Mooney, Department of Labor and Factory Inspection of Connecticut, chairman; P. Rivera Martinez, Department of Labor of Puerto Rico; Marian L. Mel, United States Department of Labor; Kate Papert, Department of Labor of New York; Earl H. Shackelford, Department of Labor and Industrial Inspection of Missouri; Harold C. Wall, Industrial Commission of Florida.

Committee on machinery requirements.—Roland P. Blake, United States Department of Labor, chairman; Joseph T. Faust, Department of Labor of Illinois; C. H. Gram, Bureau of Labor of Oregon; Forrest H. Shuford, Department of Labor of North Carolina.

Committee on minimum wage.—Frieda S. Miller, Department of Labor of New York, chairman; Mrs. Rex Eaton, Department of Labor of British Columbia; Morgan R. Mooney, Department of Labor and Factory Inspection of Connecticut; Lottie Shupe, Industrial Commission of Utah; Louise Stitt, United States Women's Bureau.

Committee on social security.—W. A. Pat Murphy, Department of Labor of Oklahoma, chairman; L. D. Currie, Department of Labor of Nova Scotia; Math Dahl, Department of Agriculture and Labor of North Dakota; Charles W. Harness, Bureau of Labor of Iowa; J. M. Reese, Labor Commission of Delaware; Jeff A. Robertson, Department of Labor of Kansas.

Committee on wage-claim collection.—E. I. McKinley, Department of Labor of Arkansas, chairman; John S. B. Davie, Bureau of Labor of New Hampshire; J. W. Hoover, Department of Labor and Industries of Washington; Thomas R. Hutson, Department of Commerce and Industry of Indiana; William M. Knerr, Industrial Commission of Utah; E. C. Manning, Department of Trade and Industry of Alberta.

Committee on women in industry.—Mary Anderson, United States Department of Labor, chairman; Nellie Kennedy, Department of Labor of Kansas; Margaret Mackintosh, Department of Labor of Canada; Frieda S. Miller, Department of Labor of New York; Mary Rice Morrow, Department of Labor and Industry of Pennsylvania.

FINANCIAL STATEMENT COVERING PERIOD SINCE TULSA CONVENTION

Receipts

1939				
Sept.	5	Balance in bank		$2,218.95
	13	Alabama Department of Labor, 1940 dues	$25.00	
	13	Oregon Department of Labor, 1940 dues	10.00	
	13	Kansas Department of Labor, 1940 dues	25.00	
	19	Nova Scotia Department of Labor, 1940 dues	25.00	
	19	Utah Industrial Commission, 1940 dues	25.00	
	19	Puerto Rico Department of Labor, 1940 dues	25.00	
	23	Delaware Labor Commission, 1940 dues	10.00	
	25	North Dakota Commission of Agriculture and Labor, 1940 dues	10.00	
	27	New York Department of Labor, 1940 dues	25.00	
	27	Indiana Division of Labor, 1940 dues	25.00	
Oct.	19	Rhode Island Department of Labor, 1940 dues	25.00	
	25	New Jersey Department of Labor, 1940 dues	25.00	
	26	Connecticut Department of Labor and Factory Inspection, 1940 dues	25.00	
1940				
Feb.	8	California Department of Industrial Relations, 1940 dues	25.00	
	21	Pennsylvania Department of Labor and Industry, 1940 dues	25.00	
May	16	Virginia Department of Labor and Industry, 1941 dues	25.00	
	20	Nova Scotia Department of Labor, 1941 dues	25.00	
	23	New Hampshire Department of Labor, 1941 dues	10.00	
	24	Illinois Department of Labor, 1941 dues	25.00	
	28	Connecticut Department of Labor and Factory Inspection, 1941 dues	25.00	
	28	Rhode Island Department of Labor, 1941 dues	25.00	
	28	Arkansas Bureau of Labor, 1941 dues	25.00	
	28	North Carolina Department of Labor, 1941 dues	25.00	
June	4	British Columbia Department of Labor, 1941 dues	25.00	
	10	California Department of Industrial Relations, 1941 dues	25.00	
	10	Kansas Department of Labor, 1941 dues	25.00	
	11	West Virginia Department of Labor, 1941 dues	25.00	
	13	Massachusetts Department of Labor, 1941 dues	25.00	
	13	Alberta Department of Trade and Industry, 1941 dues	10.00	
	15	Missouri Department of Labor, 1941 dues	25.00	
	18	Delaware Labor Commission, 1941 dues	10.00	
	19	Indiana Division of Labor, 1941 dues	25.00	
	26	Maryland Commission of Labor and Statistics, 1941 dues	10.00	
July	7	Utah Industrial Commission, 1941 dues	25.00	
	8	Oregon Bureau of Labor, 1941 dues	10.00	
	8	South Carolina Bureau of Labor, 1941 dues	25.00	
	15	North Dakota Commission of Agriculture and Labor, 1941 dues	10.00	
	23	Florida Industrial Commission, 1941 dues	25.00	
	24	Alabama Department of Industrial Relations, 1941 dues	25.00	
Aug.	4	Iowa Department of Labor, 1941 dues	25.00	
	5	Wisconsin Industrial Commission, 1941 dues	25.00	
	5	New York Industrial Commission, 1941 dues	25.00	
	12	Oklahoma Department of Labor, 1941 dues	25.00	
	15	Philippine Islands Department of Labor, 1941 dues	25.00	
				965.00
		Total receipts		3,183.95

Disbursements

1939			
Sept.	12	Bank charge	$0.10
	14	Cash, telegram, and porters, Tulsa convention	2.69
	18	Mrs. Linton Cofer, services at Tulsa convention	10.00
	18	Delle Davis, services at Tulsa convention	10.00
	18	Billie Hall, services at Tulsa convention	10.00
	18	Mrs. Elizabeth Langley, services at Tulsa convention	5.00
	18	Lucille G. McNeill, reporting Tulsa convention	100.00
	19	Caslon Press, 250 printed programs, Tulsa convention	29.75
	19	Postal Telegraph-Cable Co., telegrams	5.86
	19	Western Union, telegrams	8.51
	26	John B. Clark, secretary's bond	5.00
	26	Camera Shoppe, Tulsa, rental of sound projector	10.20
Nov.	22	Postal Telegraph-Cable Co., telegrams	2.52
	29	Cash, postage for secretary's office	5.00
Dec.	21	Western Union, telegrams	4.89
	27	Oil Capital Sales Corp., installation charge for broadcast of Dimock address, Tulsa	9.50
1940			
Jan.	25	Cash, postage for secretary's office	5.00
Apr.	29	Caslon Press, 500 letterheads, 250 billheads	14.00
May	10	Cash, postage for secretary's office	5.00
June	14	Cash, postage for secretary's office	5.00
July	18	Bank charge	.15
Aug.	6	Cash, postage for secretary's office	5.00
	6	Bank charge	.10
	22	Cash, postage for secretary's office	5.00
Sept.	4	Caslon Press, 100 badge holders, 250 badge cards	11.50
		Total disbursements	$269.77
Sept.	5	Net balance	2,914.18

ISADOR LUBIN,
Secretary-Treasurer.

Report and Recommendations of the Executive Board

Your executive board recommends to the Association that the consolidation of the United States Employment Service and the Unemployment Compensation Division of our Social Security Board makes more necessary than ever the continuation of our efforts to federate our Association with the Association of Unemployment Compensation Commissioners and the Association of Employment Office Executives. Although little progress has been made in this direction thus far, your board is of the opinion that since we may rightfully look forward to the ultimate consolidation of agencies dealing with unemployment compensation and the employment service, we may look forward to the success of our efforts in amalgamating those national associations concerned with the welfare of labor.

1. Your board further recommends that an appropriation of $500 may be available to your president and other officials designated by the executive board for travel expenses to attend meetings of State legislatures, upon the invitation of State labor commissioners, to present the official attitude of the Association toward proposed labor legislation, and to increase membership of the Association to include not only the agencies dealing with unemployment compensation and employment security, but all States, Territories, and Provinces of Canada not now affiliated with this Association.

2. Your board further recommends that an appropriation of $300 be made for travel expenses of members of the executive board for attendance at board meetings.

3. Your board further recommends that you authorize the payment of $100 to Miss Mary Carr for stenographic and transcription services for the minutes of this convention.

4. Your board further recommends the authorization of expenditure not to exceed $50 for gifts to such persons as helped our Association in a clerical and in other ways at this meeting.

[These recommendations of the executive board were adopted by the convention.]

Resolutions Adopted by the Convention

International Labor Organization

1. Whereas one of the purposes of the International Association of Governmental Labor Officials is "to maintain and promote the best possible standards of law enforcement and administrative method," and this purpose is in harmony with one of the principal functions of the International Labor Organization; and

Whereas, the International Labor Office is now, through the generous cooperation of the Canadian Government, transferring a large part of its personnel from Geneva to Montreal; and

Whereas the achievement of a democratic peace will involve the problem of reabsorbing into civilian activities the millions of workers throughout the world now under arms or engaged in the production of armaments; and

Whereas the maintenance of world peace must rest upon an economic basis which makes adequate provision for the welfare of all workers;

Therefore the International Association of Governmental Labor Officials:

(1) Welcomes to this continent the members of the staff of the International Labor Organization and records its pleasure that their coming will facilitate and encourage cooperation and the exchange of information between the International Labor Organization and the members of the International Association of Governmental Labor Officials.

(2) Affirms its conviction of the vital importance, at a time when democratic institutions are threatened throughout the world, of upholding the International Labor Organization as a link between the democratic forces of its member countries and as an agency for the maintenance and improvement of labor standards on the basis of free cooperation between employers, workers, and government.

(3) Recommends that the International Labor Organization put its best activity into working out a program for the maintenance of world peace based upon recognition of the underlying necessity for adequate provision for workers' welfare everywhere and offers its cooperation in working out such a program and securing its adoption here.

Factory Inspection

2. *Be it resolved*, That the recommendations of the committee on factory inspection as hereinafter set forth be and they are hereby adopted as the recommendations of the twenty-sixth annual convention of the International Association of Governmental Labor Officials.

(1) The establishment of regular training courses for factory inspectors within the State or through cooperation with the United States Department of Labor.

(2) Establishment of weekly or other similar periodical meetings or conferences for the purpose of training and educating factory inspectors as to the latest developments in industry and the resulting hazards created thereby.

(3) Adoption of health and safety regulations or safety codes which will stand as a guide to manufacturers of industrial machines and equipment and as a practical set of rules for efficient enforcement by the factory inspector.

(4) Promulgation and adoption of rules by the Secretary of Labor under the Walsh-Healey Act enforceable in all States wherein Government contracts are awarded, and in which no State codes or rules have been enacted and where inadequate coverage exists.

(5) Cooperation between State agencies or State labor departments, particularly the divisions of factory inspection and the National Committee for Conservation of Manpower in Defense Industries.

(6) Creation and establishment of industrial hygiene units within State labor departments for the control and elimination of occupational diseases.

(7) Creation and establishment within the Bureau of Labor Standards of the United States Department of Labor of a unit empowered to set up uniform procedures in the control and elimination of occupational disease hazards. The adoption of standard methods of sample collection and analysis in the study and elimination of occupational disease. The drafting of uniform codes toward the elimination of occupational disease and the dissemination of information on pertinent subjects relative to the cooperation of Federal and State agencies in the field of industrial hygiene.

(8) Active support by all State labor departments and its administrators of Senate bill No. 3461, commonly known as the Murray bill.

Minimum Wage

3. Whereas efforts are already being made in the name of patriotism to relax legal regulations that have been built up over a long period of years for the protection of labor; and

Whereas many millions of workers yet uncovered by either State or Federal minimum wage laws will be in dire need of such legal protection if living costs should rise as a result of the national defense program; and

Whereas the extension of the benefits of existing State minimum wage laws to additional workers, either through amendment of such laws or through the issuance of new wage orders under them, involves large financial outlays far beyond the present budgets of departments administering such laws; now therefore be it

Resolved, That the International Association of Governmental Labor Officials go on record as opposing any efforts to limit the protection of minimum wage laws, State or Federal, by weakening amendments during the coming legislative sessions; and be it further

Resolved, That the protection of minimum-wage legislation be extended as rapidly as is practical to all workers as yet uncovered by such laws; and be it further

Resolved, That the members of this Association from States now operating under State minimum-wage laws use every effort to secure such appropriations for the minimum-wage divisions of their States as will make possible the extension of minimum-wage benefits to additional workers through the issuance of new wage orders and through the proper enforcement of the same.

Youth Labor Standards

4. In a program of national defense it is of paramount importance to safeguard and promote the health, safety, and morale of its workers, in particular of its youthful workers, while they are being introduced to industry and seasoned in its processes.

This conference, therefore, emphatically urges, that at no point shall there be relaxation of the legal standards which have been built up for the protection of young workers, from too early or too hazardous employment or that otherwise safeguard them, on the job or in training.

Attention is called to the fact that experience has shown that such safeguards are not only for the good of the individual but tend to increase production.

We deplore the efforts of a bureau of the New York State Department of Education to break down legal safeguards for young workers. Such a move, we believe, to be based upon an unfortunate lack of information as to the facts and the more important issues involved.

Central and South American Representation

5. *Resolved* by this twenty-sixth annual convention of the International Association of Governmental Labor Officials:

That all the governmental labor agencies of the republics and politicial divisions and subdivisions of the territory comprised within the limits of the Bering Straits and Cape Horn, known as the "Americas," islands and possessions included, be invited, and they are hereby invited, to form a part of and affiliate with our Association to protect the mutual interests of all these states, and to make effective the cooperation which is so badly needed by all these governments not only for the advancement, liberalization, and extension of social and labor laws and its administration, wherever it exists, but at the same time to make more effective the cooperation and support that all these governments and the working people of all our countries need for the protection and defense of all our nations in the Western Hemisphere against political and social evils ruining Europe at the present.

That all these nations duly affiliated to our Association be invited by our Association to have representatives present at our next coming convention, and those not affiliated at the time we meet in convention next year, be invited to have fraternal delegates present to benefit by the discussion and resolutions adopted by our convention.

That in extending our cordial invitation to all these nations to join us in this task, copy of this resolution, in both English and Spanish, be furnished to them.

General

6. *Resolved*, That this convention extend its most sincere thanks to the Honorable Charles Poletti, Lieutenant Governor of the State of New York, the Honorable Newbold Morris, president of the City Council of the City of New York, Commissioner Frieda S. Miller, Dr. Eugene B. Patton, Howard E. Silberstein, and other members of the staff of the New York State Department of Labor, for the excellent hospitality accorded the delegates during our stay in New York City; and be it further

Resolved, That this convention extend its deep appreciation to Miss Lucille J. Buchanan for the splendid manner in which she has successfully organized the twenty-sixth annual meeting of this Association and her unbounded efforts to make all delegates and guests feel at home in the "big" city; and be it further

Resolved, That we extend our thanks to Mr. Garrison and other members of the staff of the Commodore Hotel who have contributed to our pleasure while guests in the city; and be it further

Resolved, That we extend our deepest appreciation to the International Ladies' Garment Workers' Union for making available to our membership copies of their fortieth anniversary souvenir books.

Discussion

[The following discussion on the resolution on factory inspection preceded its adoption:]

Mr. IMMEL. If I am all by myself I shall vote against that portion of the resolution which recommends the support of the Murray bill. I have not talked to Secretary Hines on this, but I regard it as a further effort to centralize power in Washington. Pennsylvania is one of the heavy Federal taxpayers. Money has to come from somewhere, and in our experience when the Federal Government helps to pay for a function we are performing it always dictates to a certain extent how that function shall be performed. I think that as far as Pennsylvania is concerned we would want to set up our own industrial hygiene unit. Certainly, there is right now a splendid field for Federal activity and help in systematizing and bringing to us expert information along these various lines, but that particular feature of the resolution I oppose.

Mr. DAVIE. I am going to stand with my brother. I agree with him heartily that the labor departments of the States are the people who should do that job, so I am against this particular resolution in that form.

Mr. DURKIN. I believe there must be some misunderstanding or lack of knowledge of the Murray bill. We have been discussing the failure of the aid to the departments of labor that was supposed to be extended by health departments of our States, because national legislation has given to the Public Health Service of the United States grants and it in turn gives grants to State departments of health to make surveys or studies supposed to be for the assistance of State labor departments. Now, the Murray bill does this. It grants money to the United States Department of Labor, which in turn will give grants to State departments of labor for the establishment within those departments of an industrial hygiene division. It was stated here, and we all know, that in only three labor departments in this country do we have an industrial hygiene division; and I believe those three departments will tell you that they cannot go much further than they have because they lack sufficient moneys to do the job they would like to do.

Now, are we going to stand here as officials of labor departments and state we do not need money to carry on industrial hygiene in

our own States? Are we going to say factory inspectors, by their sense of smell or sight, will be able to distinguish occupational diseases or the hazards of such diseases without any fund or any technicians or any equipment in order to find out whether or not they exist? Are we as labor officials going to say we do not need this or are not interested in the occupational hazards in our own States, and we do not care whether they continue now or forevermore? Are we going to say we are not interested in the protection of the health of workers?

I do not know. We have been unsuccessful in getting appropriations in our own States, and are we going to say now, when this opportunity is extended to us by a bill introduced in Congress, that Congress need not appropriate this kind of money, that we do not need it, and that we are not interested in protecting the health of the workers of our States. I, as a representative of labor in Illinois and head of the labor department, am heartily in favor of that section of the resolution above all others.

Miss MILLER. As we are one of the State departments which has been able to get some money for the furtherance of industrial hygiene work in our own State, I am heartily glad that Pennsylvania is interested in spending its money for a similar purpose. With a limited and inadequate amount of money to spend we have found serious reasons for carrying on this kind of work and are convinced that insofar as we have carried it on, it has been of great use and benefit directly to the worker and also directly to the economy of the State of New York.

Had you time, we should have liked nothing better than to take you out here north of New York City and have shown you the conditions under which there is being built one of the greatest underground structures in the world to bring water some 90 miles underground to New York City. Now the risks and physical dangers in the tunneling of that great channel were something we were well aware of, but could have done very little about without our small division of industrial hygiene and an inspection department ready and equipped to carry on with the knowledge that we could channel through industrial hygiene. The possibility of preventing that type of accident and disease requires a constructive knowledge of what needs to be done to the employers who carry on this kind of job, and requires the direct supervision of the enforcement agencies over the body of knowledge in this field of industrial hygiene. Where we as States are able and desire to carry that on completely, I see no reason why we as States should not; but let me add my bit to what has already been said; that as we get into that job it looks like too expensive a thing for each of us to carry alone and independently.

There are Nation-wide standards to be set up. There is work that we can do cooperatively, and let those of us who can see a way to do it cooperatively put their shoulders to the wheel and make it possible for that cooperative enterprise to get under way.

Mr. IMMEL. The answer to all that is that the money comes from somewhere, and it comes from the States. If we find these units are good things, and they certainly are, we ought to be able to convince the State to provide the money and do it without surrender of State rights and usurpation of authority by the Federal agencies. If the State is to be only an agency to carry out Federal regulations, certainly I do not think we are carrying out the intent of the Constitution itself.

Dr. GREENBURG (New York). At the present time money is being distributed to some 30 States for industrial hygiene work. This money at the present time is going to State departments of health in every case with one exception—Massachusetts. At the present time the State of Pennsylvania, to the best of my knowledge—the State department of health—is getting some sixty or seventy thousand dollars every year for industrial hygiene work. Now, the question arises, "Do you want to do industrial hygiene work in the health or labor department?" That is the crux of the whole situation. My own experience is that it should be done in the labor department. Commissioner Durkin feels the same way, I believe. Commissioner Bowditch feels the same way, and I think there is a growing body of men who feel that the more logical place to do industrial hygiene work is in the State department of labor. Just why that is so is a long story, too long to relate at this time.

At the present time it is practically impossible to get financial support for such work in departments of labor. The Murray bill will make that possible, and it is up to you to decide whether it should be in the labor departments. Nothing you do is going to remove the fact that the Federal Government at the present time is giving out approximately three or four or five million dollars for industrial hygiene work in some thirty-odd departments of health in the United States—health departments which are remote from the actual problem as seen and contacted by the labor departments.

Report of Auditing Committee

Your auditing committee has examined the books of the Association and found them to be in balance as reported by the secretary-treasurer.

The cash balance carried over was $2,218.95. Receipts for the year totaled $965; disbursements totaled $269.77, leaving a net gain of $695.23 for the year and a total cash balance of $2,914.18.

Report of Nominating Committee

The committee on nominations is prepared to make the following report as to officers for the ensuing year:

President.—Frieda S. Miller, of New York.

First vice president.—Voyta Wrabetz, of Wisconsin.

Second vice president.—E. I. McKinley, of Arkansas.

Third vice president.—C. H. Gram, of Oregon.

Fourth vice president.—Morgan R. Mooney, of Connecticut.

Fifth vice president.—L. D. Currie, of Nova Scotia.

Secretary treasurer.—Isador Lubin, of Washington, D. C.

The committee is unanimous in recommending to the convention the adoption of this list of candidates to serve as your officers the ensuing year.

[A motion, duly seconded, was carried that the retiring president, Adam Bell, and P. Rivera Martinez, of Puerto Rico, be added to the list of honorary members.]

[A motion, duly seconded, was carried that anyone wishing to do so be authorized to submit a resolution pertaining to apprenticeship to the incoming executive board and that the incoming executive board be accordingly empowered to deal with it.]

Appendixes

Appendix A.—Organization of International Association of Governmental Labor Officials

Officers, 1940–41

President.—Frieda S. Miller, New York City.
First vice president.—Voyta Wrabetz, Madison, Wis.
Second vice president.—E. I. McKinley, Little Rock, Ark.
Third vice president.—C. H. Gram, Salem, Oreg.
Fourth vice president.—Morgan R. Mooney, Hartford, Conn.
Fifth vice president.—L. D. Currie, Halifax, Nova Scotia.
Secretary-treasurer.—Isador Lubin, Washington, D. C.

Honorary Life Members

George P. Hambrecht, Wisconsin.
Frank E. Wood, Louisiana.
Linna Bresette, Illinois.
Dr. C. B. Connelley, Pennsylvania.
John H. Hall, Jr., Virginia.
Herman Witter, Ohio.
John S. B. Davie, New Hampshire.
R. H. Lansburgh, Pennsylvania.
Alice McFarland, Kansas.
H. M. Stanley, Georgia.
A. L. Ulrick, Iowa.
Dr. Andrew F. McBride, Minnesota.
Louise E. Schutz, Minnesota.
Maj. A. L. Fletcher, North Carolina.
Adam Bell, British Columbia.
P. Rivera Martinez, Puerto Rico.

Constitution

Adopted at Chicago, Ill., May 20, 1924; amended August 15, 1925; June 3, 1927; May 24, 1928; May 23, 1930; September 15, 1933; September 29, 1934; September 13, 1937

ARTICLE I

SECTION 1. *Name.*—This organization shall be known as the International Association of Governmental Labor Officials.

ARTICLE II

SECTION 1. *Objects.*—To encourage the cooperation of all branches of Federal, State, and Provincial Governments who are charged with the administration of laws and regulations for the protection of women and children, and the safety and welfare of all workers in industry; to maintain and promote the best possible standards of law enforcement and administrative method; to act as a medium for the interchange of information for and by the members of the association in all matters pertaining to the general welfare of men, women, and young workers in industry; to aid in securing the best possible education for minors which will enable them to adequately meet the constantly changing industrial and social changes; to promote the enactment of legislation that conforms to and deals with the ever-recurring changes that take place in industry, and in rendering more harmonious relations in industry between employers and employees, to assist in providing greater and better safeguards to life and limb of industrial workers, and to cooperate with other agencies in making the best and safest use of property devoted to industrial purposes; to secure by means of educational methods a greater degree of interstate and interprovincial uniformity in the enforcement of labor laws and regulations; to assist in the establishment of standards of industrial safety that will give adequate protection to workers; to encourage Federal, State, and Provincial labor departments to cooperate in compiling and disseminating statistics dealing with employment, unemployment, earnings, hours of labor, and other matters of interest to industrial workers and of importance to the welfare of women and children; to collaborate and cooperate with associations of employers and associations of employees in order that all of these matters may be given the most adequate consideration; and to promote national prosperity and international good will by correlating as far as possible the activities of the members of this association.

ARTICLE III

SECTION 1. *Membership.*—The active membership of this association shall consist of—

(*a*) The United States Department of Labor and subdivisions thereof, United States Bureau of Mines, and the Department of Labor of the Dominion of Canada.

(*b*) State and Provincial departments of labor and other State and Provincial organizations administering laws pertaining to labor.

(*c*) Federal, State, or Provincial employment services.

SEC. 2. *Honorary members.*—Any person who has rendered service while connected with any Federal, State, and Provincial department of labor, and the American representative of the International Labor Office, may be elected to honorary membership by a unanimous vote of the executive board.

SEC. 3. *Associate memberships.*—Any individual, organization, or corporation interested in and working along the lines of the object of this association may become an associate member of this association by the unanimous vote of the executive board.

ARTICLE IV

SECTION 1. *Officers.*—The officers of this association shall be a president, a first, second, third, fourth, and fifth vice president, and a secretary-treasurer. The executive board shall consist of these officers, together with the outgoing president, who shall serve as an ex-officio member of the board for 1 year.

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SEC. 2. *Election of officers.*—Such officers shall be elected from the members at the regular annual business meeting of the association by a majority ballot and shall hold office for 1 year, or until their successors are elected and qualified.

SEC. 3. The officers shall be elected from representatives of the active membership of the association.

ARTICLE V

SECTION 1. *Duties of the officers.*—The president shall preside at all meetings of the association and the executive board, preserve order during its deliberations, appoint all committees, and sign all records, vouchers, or other documents in connection with the work of the association. He shall fill all vacancies caused by death, resignation, or otherwise.

SEC. 2. The vice presidents, in order named, shall perform the duties of the president in his absence.

SEC. 3. The secretary-treasurer shall have charge of all books, papers, records and other documents of the association; shall receive and have charge of all dues and other moneys; shall keep a full and complete record of all receipts and disbursements; shall keep the minutes of all meetings of the association and the executive board; shall conduct all correspondence pertaining to the office; shall compile statistics and other data as may be required for the use of the members of the association; and shall perform such other duties as may be directed by the convention or the executive board. The secretary-treasurer shall present a detailed written report of receipts and expenditures to the convention. The secretary-treasurer shall be bonded for the sum of $500, the fee for such bond to be paid by the association. The secretary-treasurer shall publish the proceedings of the convention as promptly as possible, the issue to consist of such numbers of copies as the executive board may direct. The secretary-treasurer shall receive such salary as the executive board may decide, but not less than $300 per year.

SEC. 4. The business of the association between conventions shall be conducted by the executive board, and all questions coming before the board shall be decided by a majority vote, except that of the election of honorary members, which shall be by unanimous vote.

ARTICLE VI

SECTION 1. *Finances.*—With the exception of those organizations included under (*a*) of section 1 of article III each active member shall pay for the year ending June 30, 1936, and thereafter annual dues of $25, except that where the organization has no funds for the purpose, and an individual officer or member of the staff wishes to pay dues for the organization, the fee shall be $10 per annum for active membership of the organization in such cases.

The executive board may order an assessment levied upon affiliated departments not to exceed 1 year's dues.

SEC. 2. The annual dues of associate members shall be $10.

ARTICLE VII

SECTION 1. *Who entitled to vote.*—All active members shall be entitled to vote on all questions coming before the meeting of the association as hereinafter provided.

SEC. 2. In electing officers of the association, State departments of labor represented by several delegates shall only be entitled to one vote. The delegates from such departments must select one person from their representatives to cast the vote of the group.

The various bureaus of the United States Department of Labor and the Department of Labor of Canada may each be entitled to one vote.

The rule for electing officers shall apply to the vote for selecting the convention city.

ARTICLE VIII

SECTION 1. *Meetings.*—The association shall meet at least once annually at such time and place as the executive board may decide unless otherwise ordered by the convention.

ARTICLE IX

SECTION 1. *Program.*—The program committee shall consist of the president, the secretary-treasurer, and the head of the department of the State or Province within which the convention is to be held, and they shall prepare and publish the convention programs of the association as far in advance of the meeting as possible.

SEC. 2. The committee on program shall set aside at least one session of the convention as a business session, at which session the regular order of business, and election of officers, shall be taken up, and no other business shall be considered at that session until the "regular order" has been completed.

ARTICLE X

SECTION 1. *Rules of order.*—The deliberations of the convention shall be governed by "Cushing's Manual."

ARTICLE XI

SECTION 1. *Amendments.*—Amendments to the constitution must be filed with the secretary-treasurer in triplicate and referred to the committee on constitution and bylaws. A two-thirds vote of all delegates shall be required to adopt any amendment.

ARTICLE XII

SECTION 1. *Order of business.*—

1. Roll call of members by States and Provinces.
2. Appointment of committees:
   - (*a*) Committee of five on officers' reports.
   - (*b*) Committee of five on resolutions.
   - (*c*) Committee of three on constitution and bylaws.
   - (*d*) Special committees.
3. Reports of officers.
4. Reports of States and Provinces.
5. Reports of committees.
6. Unfinished business.
7. New business.
8. Election of officers.
9. Adjournment.

Development of the International Association of Governmental Labor Officials [1]

Association of Chiefs and Officials of Bureaus of Labor

No.	Date	Convention held at—	President	Secretary-treasurer
1	September 1883	Columbus, Ohio	H. A. Newman	Henry Luskey.
2	June 1884	St. Louis, Mo	do	Do.
3	June 1885	Boston, Mass	Carroll D. Wright	John S. Lord.
4	June 1886	Trenton, N. J	do	E. R. Hutchins.
5	June 1887	Madison, Wis	do	Do.
6	May 1888	Indianapolis, Ind	do	Do.
7	June 1889	Hartford, Conn	do	Do.
	1890 [2]	Des Moines, Iowa	do	Do.
8	May 1891	Philadelphia, Pa	do	Frank H. Betton.
9	May 1892	Denver, Colo	Charles F. Peck	Do.
	1893 [2]	Albany, N. Y	do	Do.
10	May 1894	Washington, D. C	Carroll D. Wright	L. G. Powers.
11	September 1895	Minneapolis, Minn	do	Do.
12	June 1896	Albany, N. Y	do	Samuel B. Horne.
13	May 1897	Nashville, Tenn	do	Do.
14	June 1898	Detroit, Mich	do	Do.
15	July 1899	Augusta, Maine	do	Do.
16	July 1900	Milwaukee, Wis	do	James M. Clark.
17	May 1901	St. Louis, Mo	do	Do.
18	April 1902	New Orleans, La	do	Do.
19	April 1903	Washington, D. C	do	Do.
20	July 1904	Concord, N. H	do	Do.
21	September 1905	San Francisco, Calif	do	W. L. A. Johnson.
22	July 1906	Boston, Mass	Charles P. Neill	Do.
23	July 1907	Norfolk, Va	do	Do.
24	August 1908	Detroit, Mich	do	Do.
25	June 1909	Rochester, N. Y	do	Do.

[1] Known as Association of Governmental Labor Officials, 1914–27; Association of Government Officials in Industry, 1928–33.
[2] No meeting.

International Association of Factory Inspectors

No.	Date	Convention held at—	President	Secretary-treasurer
1	June 1887	Philadelphia, Pa	Rufus Wade	Henry Dorn.
2	August 1888	Boston, Mass	do	Do.
3	August 1889	Trenton, N. J	do	Do.
4	August 1890	New York, N. Y	do	L. R. Campbell.
5	August 1891	Cleveland, Ohio	do	Isaac S. Mullen.
6	September 1892	Hartford, Conn	William Z. McDonald	Do.
7	September 1893	Chicago, Ill	John Franey	Mary O'Reilly.
8	September 1894	Philadelphia, Pa	do	Do.
9	September 1895	Providence, R. I	do	Evan H. Davis.
10	September 1896	Toronto, Canada	C. H. Morse	Do.
11	August and September 1897.	Detroit, Mich	Rufus R. Wade	Alzina P. Stevens.
12	September 1898	Boston, Mass	do	Joseph L. Cox.
13	August 1899	Quebec, Canada	do	Do.
14	October 1900	Indianapolis, Ind	James Campbell	Do.
15	September 1901	Niagara Falls, N. Y	do	R. M. Hull.
16	December 1902	Charleston, S. C	John Williams	Do.
17	August 1903	Montreal, Canada	James Mitchell	Davis F. Spees.
18	September 1904	St. Louis, Mo	Daniel H. McAbee	Do.
19	August 1905	Detroit, Mich	Edgar T. Davies	C. V. Hartsell.
20	June 1906	Columbus, Ohio	Malcolm J. McLead	Thomas Keity.
21	June 1907	Hartford, Conn	John H. Morgan	Do.
22	June 1908	Toronto, Canada	George L. McLean	Do.
23	June 1909	Rochester, N. Y	James T. Burke	Do.

Joint Meeting of the Association of Chiefs and Officials of Bureaus of Labor and International Association of Factory Inspectors

No.	Date	Convention held at—	President	Secretary-treasurer
24	August 1910	Hendersonville, N. C., and Columbia, S. C.	J. Ellerly Hudson	E. J. Watson.
25	September 1911	Lincoln, Nebr	Louis Guyon	W. W. Williams.
26	September 1912	Washington, D. C	Edgar T. Davies	Do.
27	May 1913	Chicago, Ill	A. L. Garrett	W. L. Mitchell.

International Association of Governmental Labor Officials [1]

[Resulting from amalgamation of the Association of Chiefs and Officials of Bureaus of Labor and the International Association of Factory Inspectors]

No.	Date	Convention held at—	President	Secretary-treasurer
1	June 1914	Nashville, Tenn	Barney Cohen	W. L. Mitchell.
2	June–July 1915	Detroit, Mich	do	John T. Fitzpatrick.
3	July 1916	Buffalo, N. Y	James V. Cunningham	Do.
4	September 1917	Asheville, N. C	Oscar Nelson	Do.
5	June 1918	Des Moines, Iowa	Edwin Mulready	Linna E. Bresette.
6	June 1919	Madison, Wis	C. H. Younger	Do.
7	July 1920	Seattle, Wash	Geo. P. Hambrecht	Do.
8	May 1921	New Orleans, La	Frank E. Hoffman	Do.
9	May 1922	Harrisburg, Pa	Frank E. Wood	Do.
10	May 1923	Richmond, Va	C. B. Connelley	Louise E. Schutz.
11	May 1924	Chicago, Ill	John Hopkins Hall, Jr	Do.
12	August 1925	Salt Lake City, Utah	George B. Arnold	Do.
13	June 1926	Columbus, Ohio	H. R. Witter	Do.
14	May–June 1927	Paterson, N. J	John S. B. Davie	Do.
15	May 1928	New Orleans, La	H. M. Stanley [2] / Andrew F. McBride	Do.
16	June 1929	Toronto, Canada	Andrew F. McBride [3] / Maud Swett	Do.
17	May 1930	Louisville, Ky	Maud Swett	Do.
18	May 1931	Boston, Mass	John H. H. Ballantyne [4] / W. A. Rooksbery	Do.
19	September 1933 [5]	Chicago, Ill	E. Leroy Sweetser [6] / E. R. Patton	Maud Swett.
20	September 1934	Boston, Mass	T. E. Whitaker	Isador Lubin.
21	October 1935	Asheville, N. C	Joseph M. Tone	Do.
22	September 1936	Topeka, Kans	A. W. Crawford	Do.
23	September 1937	Toronto, Canada	A. L. Fletcher	Do.
24	September 1938	Charleston, S. C	W. A. Pat Murphy	Do.
25	September 1939	Tulsa, Okla	Martin P. Durkin	Do.

[1] Known as Association of Governmental Labor Officials, 1914–27; Association of Government Officials in Industry, 1928–33.
[2] Mr. Stanley resigned in March 1928.
[3] Dr. McBride resigned in March 1929.
[4] Mr. Ballantyne resigned in January 1931.
[5] No convention was held in 1932, but a meeting of the executive committee and other members was held in Buffalo in June 1932 to discuss matters of interest to the Association.
[6] Mr. Sweetser served as president from May 1931 to the end of December 1932.

Appendix B.—Persons Attending the Twenty-sixth Convention of the International Association of Governmental Labor Officials

UNITED STATES

Arkansas

E. I. McKinley, commissioner of labor, Little Rock.
Mrs. Bess Proctor, department of labor, Little Rock.

Connecticut

Morgan Mooney, deputy commissioner of labor, Hartford.

Delaware

J. M. Reese, commissioner of labor, Wilmington.

District of Columbia

Arthur J. Altmeyer, Chairman, Social Security Board.
Miss Mary Anderson, Director, Women's Bureau, United States Department of Labor.
Mrs. Clara M. Beyer, Chairman, Federal Committee on Apprenticeship Training, United States Department of Labor.

R. P. Blake, Division of Labor Standards, United States Department of Labor.
Robert W. Bruere, Maritime Labor Board.
W. T. Cameron, Division of Labor Standards, United States Department of Labor.
Col. Philip B. Fleming, Administrator, Wage and Hour Division, United States Department of Labor.
John S. Gambs, United States Department of Labor.
Carl E. L. Gill, Conciliation Service, United States Department of Labor.
E. K. Jenkins, United States Department of Labor.
Ethel M. Johnson, Acting Director United States Office, International Labor Office.
William Leiserson, National Labor Relations Board.
Max D. Kossoris, Bureau of Labor Statistics, United States Department of Labor.
O. J. Libert, Wage and Hour Division, United States Department of Labor.
Isador Lubin, Commissioner of Labor Statistics, United States Department of Labor.
Beatrice McConnell, Children's Bureau, United States Department of Labor.
William F. Patterson, Federal Committee on Apprenticeship Training, United States Department of Labor.
Frances Perkins, Secretary of Labor, United States Department of Labor.
A. J. Sarre, Labor Division, Advisory Commission to the Council of National Defense.
Charles F. Sharkey, Bureau of Labor Statistics, United States Department of Labor.
Louise Stitt, Women's Bureau, United States Department of Labor.
Arthur G. Stevens, Bureau of Labor Statistics, United States Department of Labor.
Robert J. Watt, American Federation of Labor.
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