

UNITED STATES DEPARTMENT OF LABOR  
L. B. Schwellenbach, *Secretary*  
BUREAU OF LABOR STATISTICS  
Ewan Clague, *Commissioner*



# Labor in the South



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## Contents

	Page
Introduction.....	1
I.—The rise of industry in the South.....	3
Industry and the rise of cotton culture.....	4
The beginnings of modern industry.....	5
Growth of leading industries before 1940:	
Textile manufactures.....	8
Tobacco manufactures.....	9
The petroleum industry.....	11
Forest-products industries.....	12
The fertilizer industry.....	12
Cottonseed and its products.....	13
Miscellaneous industrial developments.....	13
Industrial developments during World War II.....	14
II.—Labor supply in the South.....	16
Migration.....	16
Population and labor-force characteristics.....	22
III.—Employment in southern manufactures.....	27
Position of the South in the Nation's economy.....	28
Major components of southern manufacturing.....	29
Major industry groups—South compared with the Nation.....	29
Trend of employment in the South, by industry group.....	31
Postwar highlight in southern employment.....	32
Postwar highlights—South and United States, by industry group.....	34
Employment in Southern States.....	34
IV.—Income in the South.....	40
Per capita income.....	41
Income status of the southern worker.....	43
Income payments and their composition, 1929–45.....	46
Aggregate income payments.....	49
V.—Regional wage differentials.....	56
Characteristic regional wage positions.....	57
Variations in wages at various skill levels.....	65
Some conditions affecting southern wages.....	69
VI.—Wages in specific industries in the South.....	70
Cotton textiles.....	70
Hosiery.....	78
Wood furniture.....	80
Tobacco products.....	81
Pulp, paper, and paperboard industry.....	83
Ferrous and nonferrous foundries.....	85
Southern electric light and power systems.....	86
Warehousing and storage.....	88
Retail stores.....	89
Coal mining.....	91
Railroad transportation.....	94

	Page
VII.—The Fair Labor Standards Act and the South.....	96
The provisions of the Fair Labor Standards Act.....	97
The importance of the wage and hour provisions to southern workers.....	98
Economic effect of the wage provisions on southern industries.....	101
Effect of the hours provisions on southern industries.....	105
VIII.—Living costs in large cities in the South.....	110
City-to-city comparisons.....	116
IX.—State labor legislation in the South.....	118
State labor departments.....	119
Hours of work.....	119
Minimum wage.....	121
Industrial home work.....	122
Wage payment and wage collection laws.....	123
Industrial safety and health.....	125
Workmen's compensation.....	126
Industrial relations.....	131
Unemployment insurance.....	134
Child labor.....	135
X.—Social security in the South.....	138
Operation of the old-age and survivors' insurance program.....	139
Adequacy of old-age and survivors' insurance in the South.....	141
Operation of unemployment compensation laws.....	143
Adequacy of unemployment compensation in the South.....	147
XI.—Development of trade-unionism in the South.....	149
The Knights of Labor in the South.....	149
Beginnings of permanent unionism under American Federation of Labor.....	151
Quiescent years, 1902-14.....	153
War boom and postwar collapse, 1914-22.....	154
Upsurge in textiles, 1922-29.....	160
The 1930 organizing campaign.....	164
Labor unrest in depression.....	165
The NRA period.....	167
National Labor Relations Act, union rivalry, and war years 1935-45.....	169
Organizing campaign of 1946.....	174
Some factors in southern unionism.....	174
XII.—Cooperatives in the South.....	177
Development in individual States.....	178

## Letter of Transmittal

UNITED STATES DEPARTMENT OF LABOR,  
BUREAU OF LABOR STATISTICS,  
*Washington, D. C., February 28, 1947.*

**The SECRETARY OF LABOR:**

I have the honor to transmit herewith a study of selected aspects of the status of labor in the South. The study incorporates, with minor revisions, material that first appeared in the October 1946 issue of the Monthly Labor Review and contains, in addition, a substantial amount of new material. This is one of a series of studies in regional labor conditions that the Bureau intends to undertake.

The present study was planned and directed by H. M. Douty, Chief of the Bureau's Labor Economics Staff. The work involved the cooperation of many parts of the Bureau and of the Division of Labor Standards. Appropriate acknowledgement for individual contributions will be found in the form of footnotes to each section of the report.

EWAN CLAGUE, *Commissioner.*

HON. L. B. SCHWELLENBACH,  
*Secretary of Labor.*



# LABOR IN THE SOUTH

## Introduction

The subject matter of this bulletin should contribute appreciably to our knowledge of southern labor conditions.<sup>1</sup> It does not, however, constitute an exhaustive analysis of the position of labor in the region. This is true even within the specific fields of inquiry. For example, it is quite impossible fully to explore trade-union development or wage differentials within the confines of single articles.

The definition of "South," as employed in this bulletin, is not entirely uniform. Except where a different coverage is specifically indicated, however, the term relates to 13 States. Nine of these States—Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, and Mississippi—are generally taken to comprise the Southeast; the remaining four—Arkansas, Louisiana, Oklahoma, and Texas—are in the Southwest. This tremendous region contains 843,812 square miles of territory; its population in July 1945 was estimated at 37,624,000, excluding armed forces overseas but including armed forces distributed by State of station. Civilian population was estimated at 35,416,000.

The South as thus defined is not a homogeneous area. There is great and rich diversity in the geography, economy, and culture of the region. It is necessary to emphasize this point because the analysis that follows deals largely, although by no means wholly, in aggregates and averages. This type of social arithmetic is an indispensable tool for many analytical and policy-making purposes, but by its very nature it conceals wide variations in social existence and experience.

If there is diversity in the South, there is also a measure of unity. This unity is partly historical and partly a reflection of the fact that from the colonial period to the present the South has remained predominantly agrarian. To agriculture must be added the economic activities that depend directly upon the forest resources of the region and upon the wealth, including petroleum, under the earth. The South has been primarily an exporter of raw and semifinished products; its industrial development began relatively late and under severe initial handicaps. The ante bellum South, for various reasons, did not encourage the growth of industrial enterprise; and even as late as 1930 a group of southern intellectuals could argue (in *I'll Take My Stand*) that the social cost of industrialism outweighed its benefits.

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<sup>1</sup> This report is based on seven articles that appeared in the October 1946 issue of the *Monthly Labor Review*; a substantial amount of material has been added, most of which covers entirely new subjects.

Industrialization, however, has increased significantly. In 1880, less than 8 percent of the wage earners employed in manufacturing in the United States were in the 13 Southern States. By 1939 this percentage had risen to 17.2. Moreover, while the absolute level of factory employment declined sharply in the country as a whole between 1929 and 1939, there was a small increase in the level of manufacturing employment in the southern region. An average of 1,362,027 wage earners were employed in manufacturing in the South in 1939. Manufacturing employment in the South increased sharply during the war years.

The manufacturing base in the South has been comparatively narrow, resting largely upon the textile industries (principally cotton textiles and hosiery), lumber, furniture, and tobacco, with petroleum refining in the Southwest. Other industries (iron and steel, machinery, apparel, and a host of others) have been rather thinly represented. However, the war apparently has strengthened a tendency for the industrial structure of the South to broaden, partly as a result of the rise of essentially new industries and partly from decentralizing tendencies elsewhere. Texas is a conspicuous example, and the Southeast is vibrant with new industrial undertakings.

This bulletin deals with some of the basic factors affecting labor in the South. The analysis of key population and labor force characteristics is essential to any broad understanding of the position of labor in the region. The sections on income trends and levels and on wages and wage differentials provide, in conjunction with the section on living costs, insight into the relative economic position of the southern industrial worker and of other segments of the southern population. They also provide a basic explanation for the great migratory movements discussed in the section on labor supply. Changes in manufacturing employment during the war and immediate postwar periods are also analyzed.

Two sections relate to efforts by workers to improve their economic well-being through organization. The first of these traces the development of the trade-union movement in the South; the second deals with the comparatively small consumers' cooperative movement. Finally, sections are devoted to legislation enacted by the Southern States for the protection of labor or relating to labor organizations and collective bargaining, to the impact of the Fair Labor Standards Act on the South, to old-age and survivors' insurance and unemployment compensation, and to the rise of industry in the region.

## I.—The Rise of Industry in the South <sup>1</sup>

Industrial enterprise has always been present in the South. During the colonial period a variety of relatively simple processing operations were performed on the products of southern fields and forests; various household industries supplied basic consumer needs; and by the time of the Revolution more complex forms of enterprise were beginning to emerge.

The colonial South had its grist mills for grinding corn and other grains and larger merchant mills to prepare flour for export and for sale in stores. Tobacco, the chief southern staple during the colonial period, had to be dried, sorted, and packed, and rice had to be cleaned and polished. A more complicated operation was the processing of indigo into marketable cakes. Sawmills became common throughout the South in the eighteenth century, and lumber, in addition to its local use, became a leading export item. The cooperage industry flourished. Potash and pearlash, obtained from the ashes of hardwoods and used for bleaching and in making soap and glass, were in great demand in both England and the Colonies. By 1700, naval stores—tar, pitch, rosin, and turpentine—had become the chief export of the Carolinas.

The household manufacture of such articles as shoes, clothing, kitchen utensils, farm tools, and furniture was widespread. Colonial textile manufactures were based primarily upon wool and to a more limited extent upon flax and hemp. Nearly every colonial home had its spinning wheel and hand loom. Fulling—a process of shrinking woolen fibers to produce a better fabric—gradually came to be done in local shops, the home weavers taking their cloth to the fulling mill just as they took their grain to the grist mill. Some planters employed their poorer neighbors to spin and weave; on the larger plantations slaves performed these tasks. In this way small surpluses of homespun were sometimes produced for local markets.

Iron works had been established in every colony except Georgia prior to the Revolution. Near the end of the colonial period, brick-making made its appearance. The first settlers of Georgia made some pottery, and other potteries were established in the Carolinas. Clearly industry was not extensive in the South during the colonial period, but its development probably coincided as well with the needs of the southern economy as the exigencies of British colonial policy would permit.

<sup>1</sup> Prepared by Edgar E. Poulton of the Bureau's Labor Economics Staff.

*Industry and the Rise of Cotton Culture*

In 1810 manufactures in the South comprised over 20 percent of the value of all manufactures in the United States—a proportion since unequaled. It has been pointed out that “in 1810 the value of textiles produced was greater in North Carolina than in Massachusetts, and the census for that year records more homespun cotton manufactured in Virginia, South Carolina, and Georgia than in the other 13 States and Territories combined. Also more flax was spun in Virginia than in any other State.”<sup>2</sup> As early as 1788 power spinning was carried on in South Carolina. To the considerable manufacture of textiles and iron in the South recorded in the census of 1810, such miscellaneous products as saltpeter, leather, rope, gunpowder, hemp, salt, distilled spirits, and maple sugar contributed a crude but important diversity.

This early industrial development ran up against a combination of factors in the southern economy that were to delay industrial growth for at least half a century. The invention of the cotton gin; an almost insatiable market for cotton fiber; the existence of vast areas of land suitable for cotton; and the institution of slavery—all of these factors conspired to foster cotton culture at the expense of other forms of enterprise. In 1826 southern cotton production exceeded 1 million bales; by 1850 production stood at over 2 million bales; and in 1860 about 5 million bales were raised.

Staple plantation agriculture tended to absorb the capital and managerial skill of the region. Capital was scarce, and such surpluses as arose went largely into the purchase of land or slaves; outside capital was, in general, neither sought nor attracted. White immigrants, who made up an appreciable proportion of the Nation's supply of skilled labor, generally avoided districts heavily populated by Negro slaves; in 1860 only 5 percent of the free population in the South was foreign-born, while immigrants made up 18 percent of the population of the rest of the country. Such factories as were established in the South typically depended upon the initiative and resources of one or a few individuals.

While cotton production was increasing fifteenfold between 1810 and 1860, southern industry failed to hold its own. However, there was progress in technology; new kinds of products were turned out, and household manufacture was steadily displaced by the growth of mills. Transportation barriers were lessened by the appearance of the river steamboat and by the introduction of railroads, in whose development the South pioneered. The abundant water power of the Piedmont was increasingly utilized, and coal production increased. But the relative decline in southern manufacturing was striking.

<sup>2</sup> Mary Anderson, *Women's Place in Industry in Ten Southern States*, Washington, Government Printing Office, 1931, (p. 2).

By 1860 the proportion of the value of the Nation's manufactures produced in the South was only half of its share in 1810, and no more than 10 percent of the Nation's wage earners were located in the region.

The manufactures started in the South during the 40 years before the Civil War were, by and large, a product of temporary depression in the cotton market. Even such depressions, however, did not effect a substantial realignment of resources, for the plantation system was insensitive to changes in economic demand, and small farmers reacted to lower cotton prices—if at all—by trying to increase production.

There was some development in textile manufacturing during the ante bellum period. The largest cotton mill in the South prior to the Civil War was established in 1847 by William Gregg at Graniteville, S. C. This mill contained 9,000 spindles and 300 looms, and employed 300 workers. The 1860 U. S. Census of Manufactures listed 603 textile mills of all types in the South, with an average employment of 25 workers. Of these establishments, 163 mills employing 10,187 workers were designated as cotton mills.

Next to textiles, iron manufacture was the leading southern industry during this period, differing from its colonial character in its substitution of magnetite for bog ore, in its occasional use of coal for smelting, and in the greater variety and refinement of its products. Between 1810 and 1860 the number of sawmills in Virginia increased from 112 to 779, and by 1855 Wilmington, N. C., and Mobile, Ala., were each exporting annually about 18,000,000 feet of lumber. Turpentine came to dominate naval stores production as distillation was simplified by introduction of the copper still, and a derivative—camphene—became popular as an illuminant. By 1860 Virginia was the leading flour manufacturing State in the South, possessing 1,383 flour mills and even an export market in Brazil. Tobacco manufacturing was stimulated about 1850 by discovery of the yellow tobacco leaf in North Carolina; its manufacture had started at Durham by 1858, but Louisville, Ky., and the James River area in Virginia remained the chief centers and pipe tobacco the chief product. Leather factories devoted largely to the manufacture of boots and shoes were common in the cattle-raising States; and in the grain areas there were small distilleries.

### *The Beginnings of Modern Industry*

The Civil War and its aftermath profoundly dislocated the economic structure of the South. By 1880, however, a number of factors favorable to industrialization began to converge, and that year is generally taken to mark the beginning of the South's modern industrial

era. One factor of very great importance was the change in public attitude toward industrial development. "Bring the mills to the cotton" became, in a sense, the slogan of a crusade. Falling cotton prices between 1866 and 1880 lent impetus to the movement. Capital for the early mills frequently was secured by community subscription from many small investors, supplemented by subscriptions from machinery manufacturers and advances from commission houses. Technical change was of tremendous importance in cotton manufacture. The ring spindle and the automatic loom greatly reduced the need for skilled labor, and the development of the humidifier and temperature regulator aided efficient cotton processing.

Between 1880 and 1900 the number of wage earners and the value of manufactures in the South increased about threefold (table 1). This represented a greater rate of industrialization than occurred throughout the country as a whole: the proportion of the Nation's wage earners in the South increased from 8 percent to 13 percent over the period, while the region's proportion of the value of manufactures rose from 6 percent to 8 percent (table 2).

The manufacture of cotton goods led the industrial advance. Significant support, however, came from the appearance or revitaliza-

**TABLE 1.—Trend of Manufacturing in the South, Southeast, and Southwest, as Measured by Employment and Value of Product, by Decades, 1850–1939**

[Source: U. S. Census of Manufactures]

Year	Wage earners			Value of product		
	South	South-east <sup>1</sup>	South-west <sup>2</sup>	South	Southeast <sup>1</sup>	Southwest <sup>2</sup>
1850.....	109,866	101,741	8,125	\$100,872,071	\$92,386,208	\$8,485,863
1860.....	131,979	117,864	14,115	193,462,521	168,417,268	25,045,253
1870.....	174,798	133,594	41,204	253,618,436	213,309,995	40,308,441
1880.....	209,065	180,182	28,883	315,924,772	264,243,502	51,681,270
1890.....	436,296	348,753	87,543	667,893,335	516,813,447	151,079,888
1899.....	594,973	481,585	113,388	953,370,000	701,056,000	252,314,000
1909.....	928,548	724,028	204,520	2,081,370,000	1,455,927,000	625,443,000
1919.....	1,168,787	883,543	285,244	6,795,589,215	4,517,727,922	2,277,861,293
1929.....	1,338,131	1,040,388	297,743	8,215,101,880	5,413,010,067	2,802,091,813
1939.....	1,362,027	1,069,447	292,580	8,253,143,880	5,685,322,458	2,567,821,432
Percentage change, by decade						
1850.....						
1860.....	+20.1	+15.8	+73.7	+91.8	+82.3	+195.1
1870.....	+32.4	+13.3	+191.9	+31.1	+26.7	+60.9
1880.....	+19.6	+34.9	-29.9	+24.6	+23.9	+28.2
1890.....	+108.7	+93.6	+203.1	+111.4	+96.6	+192.3
1899.....	+36.4	+38.1	+29.5	+42.7	+35.6	+67.0
1909.....	+56.1	+50.3	+80.4	+118.3	+107.7	+147.9
1919.....	+25.9	+22.0	+39.5	+226.5	+210.3	+264.2
1929.....	+14.5	+17.7	+4.2	+20.9	+19.8	+23.0
1939.....	+1.8	+5.7	-11.8	+5	+5.0	-8.4

<sup>1</sup> Southeast includes Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, and Mississippi.

<sup>2</sup> Southwest includes Arkansas, Louisiana, Oklahoma, and Texas.

**TABLE 2.—Proportion of Total United States Wage Earners and Value of Product in Manufacturing in the South, Southeast, and Southwest, Decennial Years 1850–1939**

[Source: U. S. Census of Manufactures]

Year	Percent of United States wage earners in manufacturing			Percent of United States value of manufactures		
	South	Southeast <sup>1</sup>	Southwest <sup>2</sup>	South	Southeast <sup>1</sup>	Southwest <sup>2</sup>
1850.....	11.4	10.6	0.8	9.9	9.1	0.8
1860.....	10.1	9.0	1.1	10.2	8.9	1.3
1870.....	8.5	6.5	2.0	6.0	5.0	1.0
1880.....	7.7	6.6	1.1	5.9	4.9	1.0
1890.....	9.3	7.4	1.9	7.1	5.5	1.6
1899.....	12.6	10.2	2.4	8.3	6.1	2.2
1909.....	14.0	10.9	3.1	10.0	7.0	3.0
1919.....	13.0	9.8	3.2	11.0	7.3	3.7
1929.....	15.2	11.8	3.4	11.7	7.7	4.0
1939.....	17.2	13.9	3.3	14.5	10.0	4.5

<sup>1</sup> Southeast includes Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, and Mississippi.<sup>2</sup> Southwest includes Arkansas, Louisiana, Oklahoma, and Texas.

tion of other industries founded upon new markets and technologies. It was during this period that the tobacco industry gave promise of its fabulous future, under the influence of the cigarette machine and North Carolina's popular yellow leaf. The important iron and steel industry concentrated around Birmingham, Ala., had its beginning in 1876 as the development of the open-hearth process permitted the utilization of local ore and coal. Lumbering took on added stature as the decline of northern timber sources stimulated cutting of southern yellow pine. In 1888 the manufacture of furniture began at High Point, N. C., now the second largest furniture center of the country. Local production of fertilizer, utilizing readily available raw materials, became increasingly important in order to maintain the fertility of soils steadily drained by the cultivation of cotton and tobacco. In cottonseed oil and cake, the cotton plant was found to have valuable subsidiary uses. And at the turn of the century discovery of the rich Spindletop field in Texas first brought the Southwest's phenomenal petroleum resources into view.

From the base established during the last two decades of the nineteenth century, southern industry expanded steadily. Between 1899 and 1919 the number of wage earners in manufacturing almost doubled, and the increase continued during the prosperous twenties and even (in face of a national decline in industrial employment) during the depressed thirties. By 1939 the value of southern manufactures exceeded \$8,000,000,000 (table 1). Continued industrialization during World War II raised southern manufacturing output to new heights.

This industrial advance has been based upon a number of factors. The southern labor supply has been large relative to industrial employment opportunities. Because of the character of the labor market,

industry in the South has been able, on the whole, to obtain labor at wage rates lower than those paid for comparable work in other parts of the country. A second factor has been the existence in the South of raw materials of various types to the fabrication of which the abundant labor supply has been adapted. Indeed, the industrialization of the South has involved chiefly the processing of southern raw materials for sale primarily outside the region—cotton textiles, pulp and paper products, tobacco, furniture, sugar, and petroleum products. Future development may include a greater variety of industries producing goods predominantly for local consumption and a larger representation of industries engaged in complex fabrication or assembly (e. g., machinery).

Industry itself is a great progenitor of industry. In the cotton mills, tobacco factories, blast furnaces, sawmills, furniture establishments, fertilizer plants, and oil refineries established in the South at the turn of the century there existed the germs of the subsequent rapid development. Tobacco profits were not only reinvested in the industry, but also found their way into the textile expansion and into the hydroelectric power development of the Piedmont. Railroads steadily displaced river traffic, and coal mining grew apace with the demand for steam power. In towns having both textile mills and furniture factories, the employment of women in the former and men in the latter boosted family income and at the same time helped to stabilize the local economy. The chemical revolution precipitated by World War I brought forth a myriad of new products from the South's store of cellulose (cotton and wood), hydrocarbons (petroleum, coal, and naval stores), and industrial elements (sulphur and fertilizer ingredients, particularly). The interaction of these and other developments produced markets, skills, profits, and attitudes propitious for the greater industrialization that was to come with World War II.

### *Growth of Leading Industries Before 1940*

#### TEXTILE MANUFACTURES

Cotton-goods manufactures in the South doubled and redoubled in importance in the early decades of this century. Between 1899 and 1939 the Southeast's share of the spindles in the industry increased from 22 percent to 73 percent of the Nation's total (table 3). The so-called migration of the industry to the South is shown by the decline in spindles in New England from 68 percent to 22 percent of the total during the same period. Over three-fifths of the spindles in the South in 1939 were in the Carolinas, reflecting the tendency of the mills to concentrate in the Piedmont while cotton cultivation moved steadily south and west. The growth of cotton textile manu-

TABLE 3.—*Spindles<sup>1</sup> in the Cotton-Goods Industry, in the United States, New England, and the Southeast, by States, for Decennial Years 1899–1939*

[Source: U. S. Census of Manufactures]

Region	1899 <sup>2</sup>	1909	1919	1929	1939 <sup>3</sup>
United States.....	19,463,984	27,395,800	33,718,953	31,583,588	425,396,695
New England.....	13,165,809	15,383,909	17,542,926	12,174,353	5,562,796
Southeast.....	4,234,398	10,065,288	14,274,270	17,843,852	18,552,202
Alabama.....	419,968	885,803	1,108,933	1,760,628	1,862,533
Georgia.....	832,321	1,747,483	2,459,143	3,053,154	3,553,841
Kentucky.....	66,663	72,956	85,836	71,480	(4)
Mississippi.....	78,146	153,804	158,802	123,000	157,576
North Carolina.....	1,137,328	2,908,383	4,622,714	6,020,134	6,475,426
South Carolina.....	1,436,969	3,754,251	4,949,225	5,580,589	5,320,498
Tennessee.....	130,296	225,638	329,337	556,316	542,916
Virginia.....	132,707	316,970	560,280	678,560	639,412
Percentage of total United States in New England.....	67.6	56.2	52.0	38.5	21.9
Percentage of total United States in the Southeast.....	21.8	36.7	42.3	56.5	73.0

<sup>1</sup> Classified as "active-producing" spindles for the years 1899 to 1929.

<sup>2</sup> Includes 413,032 spindles in other than cotton mills.

<sup>3</sup> Includes ring spinning, mule spinning, and doubling and twisting spindles in the cotton-goods industry; excludes those in other textile manufactures.

<sup>4</sup> Total includes 1,231,697 spindles (including some in Kentucky) which were not distributed by State or region.

factures in the South was characterized initially by production of the coarse and cheaper goods. Gradually, however, the southern industry turned more and more to the production of finer yarns and fabrics, and extended its operations to include dyeing and finishing.

Other textile industries developed (see tables 4 and 5). By 1939 one-half of all the wage earners in the country's hosiery industry were in the South, one-fourth in North Carolina alone. The South was quick to adapt its mills to the processing of synthetic fibers. Between 1929 and 1939 the number of workers engaged in the manufacture of silk and rayon in the Southeast increased fivefold; and in the latter year this region had one-fourth of the Nation's wage earners in the industry. The production of woolen and worsted goods, while still predominantly located in the North, exhibited a measure of growth in the South. In 1939 these branches of textile manufactures together accounted for 39 percent of the manufacturing wage earners and 22 percent of the value of manufactures in the Southeast, indicative of the preeminent position of the textile industry in this area. Textile manufacturing is relatively unimportant in the Southwest.

#### TOBACCO MANUFACTURES

Although the tobacco plant was cultivated at Jamestown as early as 1612, centuries passed before its local manufacture matched its role as an agricultural staple. Kentucky and the James River area of Virginia were early centers for the manufacture of pipe and chewing tobacco, and in Florida there appeared about 1850 an important cigar industry based on imports of Cuban leaf.

TABLE 4.—Number of Wage Earners and Value of Manufactures in Selected Industries in the South, Southeast, and Southwest, 1939

[Source: U. S. Census of Manufactures]

Industry	Wage earners			Value of manufactures (in thousands)		
	South	Southeast	Southwest	South	Southeast	Southwest
Cotton goods <sup>1</sup> .....	307,951	301,479	6,472	\$842,865	\$828,229	\$14,636
Hosiery <sup>2</sup> .....	78,328	78,328	.....	187,724	187,724	.....
Silk and rayon manufacturing.....	30,513	30,513	.....	117,943	117,943	.....
Dyeing and finishing of textiles <sup>3</sup> .....	13,080	13,080	.....	52,613	52,613	.....
Men's clothing <sup>4</sup> .....	48,224	40,122	8,102	137,952	114,280	23,672
Tobacco manufacturing.....	35,149	33,939	1,210	919,296	916,020	3,276
Lumber and timber products <sup>5</sup> .....	175,084	119,121	55,963	395,041	271,092	123,949
Furniture <sup>6</sup> .....	45,939	40,067	5,872	158,467	129,275	29,192
Printing and publishing.....	26,197	15,992	10,205	185,492	109,779	75,713
Fertilizers.....	12,054	11,219	835	110,692	102,737	7,955
Cottonseed products <sup>7</sup> .....	14,354	7,717	6,637	156,807	81,093	75,714
Naval stores <sup>8</sup> .....	3,324	.....	.....	31,476	.....	.....
Petroleum and coal products.....	29,297	2,524	26,773	977,840	43,945	933,895
Pulp and paper products <sup>9</sup> .....	18,194	12,603	5,591	158,791	110,245	48,546
Chemical products <sup>10</sup> .....	35,103	30,516	4,587	315,923	245,513	70,410
Stone products <sup>11</sup> .....	14,266	11,156	3,110	68,066	46,956	21,850
Cast-iron pipe and fittings.....	9,027	9,027	.....	33,986	33,986	.....
Food products.....	115,264	65,605	49,659	1,269,029	663,752	605,277
Total of selected industries.....	1,011,348	823,008	185,016	6,120,683	4,055,182	2,034,025
Total manufacturing in South <sup>8</sup> .....	1,362,027	1,099,447	262,580	8,253,143	5,685,322	2,567,821
Percentage these selected industries comprise of total manufacturing.....	74.3	74.9	70.5	74.2	71.3	79.2

<sup>1</sup> Includes cotton broad woven goods, cotton narrow fabrics, cotton yarn, and cotton thread.<sup>2</sup> Includes both full-fashioned and seamless hosiery.<sup>3</sup> Includes dyeing and finishing of cotton, rayon, silk, and linen; excludes such processing of woolen and worsted goods.<sup>4</sup> Includes tailored clothing, shirts, trousers, work clothing (not elsewhere classified), underwear, neckwear and hats and caps.<sup>5</sup> Includes products of logging camps, sawmills, planing mills, and plywood mills.<sup>6</sup> Includes upholstered furniture, other household furniture, office furniture, public building furniture, laboratory furniture, partitions, and mattresses.<sup>7</sup> Excludes processing of cottonseed in making cooking oils.<sup>8</sup> Although the data are not separately available by States, thus precluding a regional breakdown, all establishments covered by the Census were located in the South. Consequently the total of selected industries in the South is greater than the sum of Southeast and Southwest.<sup>9</sup> Includes products of pulp mills and paper and paperboard mills, and manufacture of paperboard containers and boxes, not elsewhere classified; excludes other converted paper products.<sup>10</sup> Includes all products so classified by the Census, except fertilizers, cottonseed products, and naval stores, given separately above.<sup>11</sup> Includes cement, lime, cut-stone, and concrete products.

It was not, however, until the discovery of the flue-cured North Carolina leaf and the introduction of cigarettes from Great Britain in the early 1860's that the foundation was laid for the industry's phenomenal expansion. The rapid growth of the industry culminated in 1904 in a trust which, after an adverse Supreme Court decision in 1911, was dissolved into the important companies which continue to dominate the industry.

The development of tobacco manufactures was highlighted by the steadily growing market for cigarettes. In 1939 nearly four-fifths of the value of tobacco manufactures in the United States, but fewer than one-third of the industry's wage earners, were associated with the cigarette branch of the industry. At the same time, 40 percent of the industry—in terms of value—was located in North Carolina, principally in large, highly mechanized cigarette-making factories

around Durham and Winston-Salem, while Richmond, Va., and Louisville, Ky., were secondary centers.

#### THE PETROLEUM INDUSTRY

In the first decade of the twentieth century, the Nation's oil center moved from the pioneering Pennsylvania fields to Oklahoma and Texas, thence to California in the early twenties, and back to Texas in the early thirties with the discovery of the rich East Texas field. Since then Texas has steadily extended its lead as the major oil-producing State, alone producing since 1930 about 40 percent of the Nation's crude petroleum. In recent years, Louisiana has overtaken Oklahoma's early lead; these two States, with Texas and California, comprise the four leading producers in the industry. Since 1883 Kentucky has maintained small but steady production from its extension of the Pennsylvania field. In 1920 Arkansas entered into production, to be joined by Mississippi in the late thirties, while wild-cattin continued in other southern States. The approximately 85,000 wage earners in the industry in the South in 1939 represented about half the workers in the industry.

This "black gold" is the hub of the Southwest's industrial life, providing income and employment for thousands not directly associated with the industry. Petroleum and its products not only supply about a third of the Nation's energy requirements; it is also a storehouse of organic compounds basic to a wide variety of chemical

TABLE 5.—*Proportion of Total United States Wage Earners and Value of Product in Manufacturing in Selected Industries Located in the South, 1939*

[Source: U. S. Census of Manufactures]

Industry	Wage earners			Value of manufactures (in thousands)		
	United States	South	Percentage of total United States in South	United States	South	Percentage of total United States in South
Cotton goods <sup>1</sup> .....	409,317	307,951	75.2	\$1,168,171	\$842,865	72.2
Hosiery <sup>2</sup> .....	159,052	78,328	49.2	415,836	187,724	45.1
Silk and rayon manufacturing.....	119,821	30,513	25.5	441,900	117,943	26.7
Dyeing and finishing of textiles <sup>3</sup> .....	60,237	13,080	21.7	271,167	52,613	19.4
Men's clothing <sup>4</sup> .....	318,214	48,224	15.2	1,150,898	137,952	12.0
Tobacco manufacturing.....	87,525	35,149	40.2	1,322,189	919,236	69.5
Lumber and timber products <sup>5</sup> .....	360,613	175,084	48.6	1,122,058	395,041	35.2
Furniture <sup>6</sup> .....	177,535	45,939	25.9	737,270	158,467	21.5
Printing and publishing.....	237,484	26,197	11.0	2,131,224	185,492	8.7
Fertilizers.....	18,744	12,054	64.3	185,684	110,692	59.6
Cottonseed products <sup>7</sup> .....	15,191	14,354	94.5	171,476	156,807	91.4
Naval stores <sup>8</sup> .....	3,324	3,324	100.0	31,476	31,476	100.0
Petroleum and coal products.....	105,428	29,297	27.8	2,953,973	977,840	33.1
Pulp and paper products <sup>9</sup> .....	199,975	18,194	9.1	1,542,578	158,791	10.3
Chemical products <sup>10</sup> .....	249,877	35,108	14.0	3,345,022	315,923	9.4
Stone products <sup>11</sup> .....	69,138	14,266	20.6	435,787	68,806	15.8
Cast-iron pipe and fittings.....	16,488	9,027	54.7	65,079	33,986	52.2
Food products.....	823,693	115,264	14.0	10,618,026	1,269,029	12.0

For footnotes see table 4, p. 10.

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manufactures. The character of the industry's development—its rapidity, its wealth, and advanced technology—injected a powerful dynamic into the southern economy.

#### FOREST-PRODUCTS INDUSTRIES

In the last half century the South has been, except for the Pacific Northwest, the major source of timber and wood products in this country. At the turn of the century the lumber and timber industry was the largest industry in the South. The industry reached its peak in terms of the regional economy about 1909, when it engaged one out of every three wage earners in the South and produced half of the country's lumber. In terms of the industry as a whole, the South increased its proportion of the country's wage earners in the industry from 35 percent in 1899 to 48 percent in 1939. Some assurance of the industry's future is implicit in the fact that in 1938 the South had about one-fifth of the Nation's timber stand and, of greater significance, about three-fifths of its relatively scarce hardwoods.

The South also plays an important role in three major branches of the forest-products industry—the production of naval stores, the manufacture of furniture, and the production of paper and pulp.

Since colonial times the South has kept a near-monopoly of the naval stores industry. Destruction of the long-leaf pine of the Carolinas had placed Georgia and Florida in the forefront of the industry by the turn of the century, to be succeeded by Mississippi, Louisiana, and Texas as the industry moved south and west along the coast. Although the industry has declined precipitously since World War I, the late adoption of conservation measures and planting of the prolific slash pine assures continued supplies at the same time that chemistry has progressively exploited the versatile pitch.

Until about 1900 the furniture industry was located largely near high-grade woods obtainable in the Northeast and from the virgin forests of the Middle West. As these supplies dwindled, the hardwoods of the southern Appalachians provided the basis for a furniture industry which has grown steadily in both size and quality of product. In 1939 the South possessed a fourth of the wage earners in the industry.

The realization that greater advantage could be secured by processing inferior woods into pulp and paper than by converting them into shoddy lumber gave rise, along with other factors, to the growth of a new industry. Although still in its initial phases in 1939, the pulp and paper mills of the South employed a fourth of the wage earners in the industry.

#### THE FERTILIZER INDUSTRY

For several decades the South has produced and consumed well over half of the Nation's fertilizer. Various factors account for the

regional concentration of this industry. The high cost of transporting the bulky, heavy product makes it advisable to locate near consuming areas; the light, sandy soil and heavy rainfall of much of the South, and cultivation of the same crop year after year, require heavy doses of chemical plant food; the necessary raw materials, particularly phosphates and sulphates, are readily available; and relatively small capital and simple skills are required to establish and operate a fertilizer plant.

#### COTTONSEED AND ITS PRODUCTS

The early disposal of cottonseed is epitomized in the words of one contemporary who remarked that cottonseed was garbage in 1860, fertilizer in 1870, cattle feed in 1880, and "table food and many things else in 1890." Subsequent development has further multiplied its uses to include products varying from margarine and smokeless powder to varnish and insulation board. The importance of such development is evident when it is realized that the cotton plant produces about 2 pounds of seed for each pound of lint. Since 1910 cottonseed has accounted for approximately a sixth of the farm value of the cotton plant, and is a strategic and often lone source of cash as a result of the practice of exempting cottonseed as security for crop loans. The industry has in general followed the westward course of cotton cultivation; in 1939 the Southeast had 51 percent and the Southwest 44 percent of the wage earners in the industry.

#### MISCELLANEOUS INDUSTRIAL DEVELOPMENTS

The preponderance in the South of the industries just described is witness to a want of variety in the region's manufactures. The existence of certain other industries making for diversification should, therefore, be noted.

Flour and grain mills are widely scattered throughout the Border States. Various food industries have developed to take care of the increasingly diversified agricultural products. Canning, baking, and beverages particularly deserve mention. Sugar refining is found in Louisiana; and in 1939 Kentucky's distilleries employed 40 percent of the wage earners in that industry.

At the turn of the century the South had about a fifth of the Nation's workers employed in blast furnaces, most of them in Alabama. Although the *relative* importance of the industry declined in the South with the increasing utilization of Lake ores, Birmingham became the center of a growing and progressive iron and steel industry. The iron furnaces not only supply modern steel works and rolling mills in the area, but also provide the basis for a substantial iron-fabrication industry; in 1939 Alabama produced about half of the Nation's cast-iron pipe. During World War II the expansion of Alabama's facilities to make iron and steel totaled about 68 million dollars.

The South's production of brick and tile has for several decades been roughly commensurate with its share of the Nation's total manufactures. For many years the quarries of Georgia and Tennessee have provided the basis for an important cut-stone industry. In this industry and in the production of lime and of cement and concrete products, the South had a fifth of the country's wage earners in 1939. The related manufacturer of pottery and glass products has not, however, made much headway.

The growth of the textile, petroleum, fertilizer, and other industries described above reflect in different ways and degrees the pervasive influence of chemical processes in the rapid development of southern industry. In the industries classified as "chemical" by the Census, the South had 22 percent of the wage earners in 1939. About a third of these were engaged in the manufacture of rayon and allied products, heavily concentrated in Tennessee and Virginia. The manufacture of paints, dyes, soaps, plastics, and industrial chemicals, established at various places, promoted the growth of those industries which best typify the advances being made by southern industry.

### *Industrial Developments During World War II*

About a fifth of the Nation's 20 billion dollar wartime expansion of manufacturing facilities was undertaken in the South. The specialized character of this expansion is indicated by the fact that 47 percent of the wartime investment was for the production of aircraft, ships, ordnance, and explosives. Whether such industrial expansion can or will be available for peacetime production is one of the most challenging postwar questions facing the South.

During the war various southern areas became scenes of feverish industrial activity. Plants for making explosives sprang up all over the region, often in rural areas, with notable concentrations at Choteau, Okla.; Minden, La.; Milan and Kingsport, Tenn.; Louisville and Paducah, Ky.; Aberdeen and Flora, Miss.; Pine Bluff, Ark.; Wilson Dam, Ala.; Texarkana and Waco-McGregor, Tex.; and in the Roanoke-Radford area of Virginia. One of the plants of the atomic bomb project was placed at Oak Ridge, Tenn.

An avalanche of ships came down the ways at Wilmington, N. C.; Hampton Roads, Va.; Charleston, S. C.; Tampa and Panama City, Fla.; Brunswick, Ga., and from the primary Gulf Coast areas around Mobile and Galveston Bays. Large aircraft factories appeared in the Dallas-Fort Worth area; at Marietta, Ga.; Louisville, Ky.; Oklahoma City and Tulsa, Okla.; and Memphis, Tenn. Synthetic rubber plants located near Texas oil at the Houston-Galveston and Amarillo-Borger areas, with secondary production at Louisville, Ky., and Eldorado, Ark. Southern facilities for producing aviation gasoline,

amounting to half the Nation's wartime expansion of such facilities, located at Houston-Galveston, Amarillo-Borger, and Beaumont-Port Arthur, Tex.; Ponca City and Beckett, Okla.; Baton Rouge, La., and other petroleum centers. Native bauxite ore fed the aluminum plant at Pine Bluff, Ark., and others in the heart of the TVA power region, while still other aluminum plants were built at Austin and Houston, Tex. The manufacture of various chemicals proceeded apace at scattered locations, and the region's production of textiles and tobacco products rose to new heights.

Despite remarkable achievements in war production, it is doubtful whether southern industry has advanced its prewar position in the national economy, when, with 28 percent of both the Nation's population and land area, it possessed 17 percent of the country's wage earners and accounted for 14 percent of the value of its manufactures. Over the past half century, however, the industrial growth of the region has been notable, and there is great promise for the future inherent in its ample power reserves, its forests and its variety of mineral resources, its kind climate and topography, and the aspirations and native ability of its people.

## II.—Labor Supply in the South<sup>1</sup>

The economic and social well-being of the South depends both upon its human resources and upon the quantity and quality of its physical resources. An examination of migration, population, and labor-force characteristics, which the war has affected but not fundamentally altered, is basic to any analysis of the economic position of labor in the South and of the outlook for economic development in the region.

### *Migration*

Perhaps the most striking aspect of the labor-supply situation in the South is that the region not only provides labor for its own factories and farms, but it also contributes substantially to the labor supply of other regions of the Nation. The natural rate of population increase is considerably greater in the South than in the remainder of the country, owing to the higher fertility in the predominantly rural South than in the North and West. The pressure of population on economic opportunities in the South has been such, however, that large outward migration has taken place. During the 1920-30 decade, the number of migrants leaving the South exceeded the number entering by an average of 130,000 a year.<sup>2</sup> During the depression of the 1930's, when job opportunities in northern and western cities were at low levels, the net out-migration continued but reached only 100,000 a year. With the growth of the defense program, and then of the war production program, the annual rate stepped up to the unprecedented figure of 300,000.

Perhaps the most important single factor in increasing the rate of out-migration was the growth of job opportunities in the North and West: in the 1940-43 period more than 80 percent of the contracts for war products were let in these regions, in the cities where industry has long been concentrated. The thousands of jobs which these contracts opened up had to be filled in part by drawing workers from the Southern States. Outward migration from the South continued, in spite of the letting of contracts and the building up of war facilities within the region.

Except for the fact that movements were accelerated and were over longer distances, wartime migration followed the same general pattern

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<sup>1</sup> Prepared by Sophia C. Mendelsohn and Lester M. Pearlman of the Bureau's Occupational Outlook Division.

<sup>2</sup> Except where noted, the term "South" as used in this section refers to the 13 States of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia.

that prevailed in peacetime years (table 6). If the 48 States and the District of Columbia are ranked according to percentage of net migration in 1935-40 and 1940-45, the 13 Southern States are found at approximately the same position for the later period as for the earlier. Thus, if we call the State with the greatest net in-migration number 1 and the State with the greatest net out-migration number 49, Arkansas is 44th on the list in 1935-40 and 45th in 1940-45. Most of the 13 States either maintained the same place on the list or dropped somewhat lower on the list because of net out-migration. Only 3 of the Southern States—Alabama, Tennessee, and Texas—moved up on the list in the direction of relatively less out-migration. The 13-State area—and every State in it, except only Florida and Virginia—continued to lose population to other areas.

TABLE 6.—*Net Interstate Migration in the United States, 1935-40 and 1940-45, by Region and State*<sup>1</sup>

Region and State	Net migration (in thousands)			
	1940-45 <sup>2</sup>	1935-40		
	Total	Total	Male	Female
North.....	-641	-615	-338	-277
West.....	1,915	887	460	427
South.....	-1,626	-338	-157	-181
Virginia.....	181	44	31	13
North Carolina.....	-307	-15	-6	-9
South Carolina.....	-162	-16	-5	-11
Georgia.....	-149	-33	-12	-21
Florida.....	219	147	73	74
Kentucky.....	-308	-55	-26	-29
Tennessee.....	-79	-39	-22	-17
Alabama.....	-134	-73	-37	-36
Mississippi.....	-230	-28	-13	-15
Arkansas.....	-265	-75	-36	-39
Louisiana.....	-19	9	5	4
Oklahoma.....	-356	-184	-97	-87
Texas.....	-17	-20	-12	-8

<sup>1</sup> Source: U. S. Bureau of the Census.

<sup>2</sup> Civilian migration only.

As before the war, the South had a net loss in its wartime population exchanges with other regions (table 6 and chart 1). Of the 1,600,000 migrants who left the South between Pearl Harbor and March 1945, about 1,000,000 went to the North and 600,000 to the West.<sup>3</sup> In return, however, the South received only 600,000 persons from the North and 100,000 from the West—a net loss of 400,000 to the North and 500,000 to the West.

Internal migration in the South during the war also reached record magnitudes. Gross intrastate migration<sup>4</sup> in the region amounted to 3,200,000 between December 1941 and March 1945, while movements

<sup>3</sup> Data for the South include West Virginia, Maryland, Delaware, and the District of Columbia. See Census release P-5, No. 5.

<sup>4</sup> Intrastate migration includes migrants whose place of residence was in a different county but in the same State as the place of residence in December 1941.

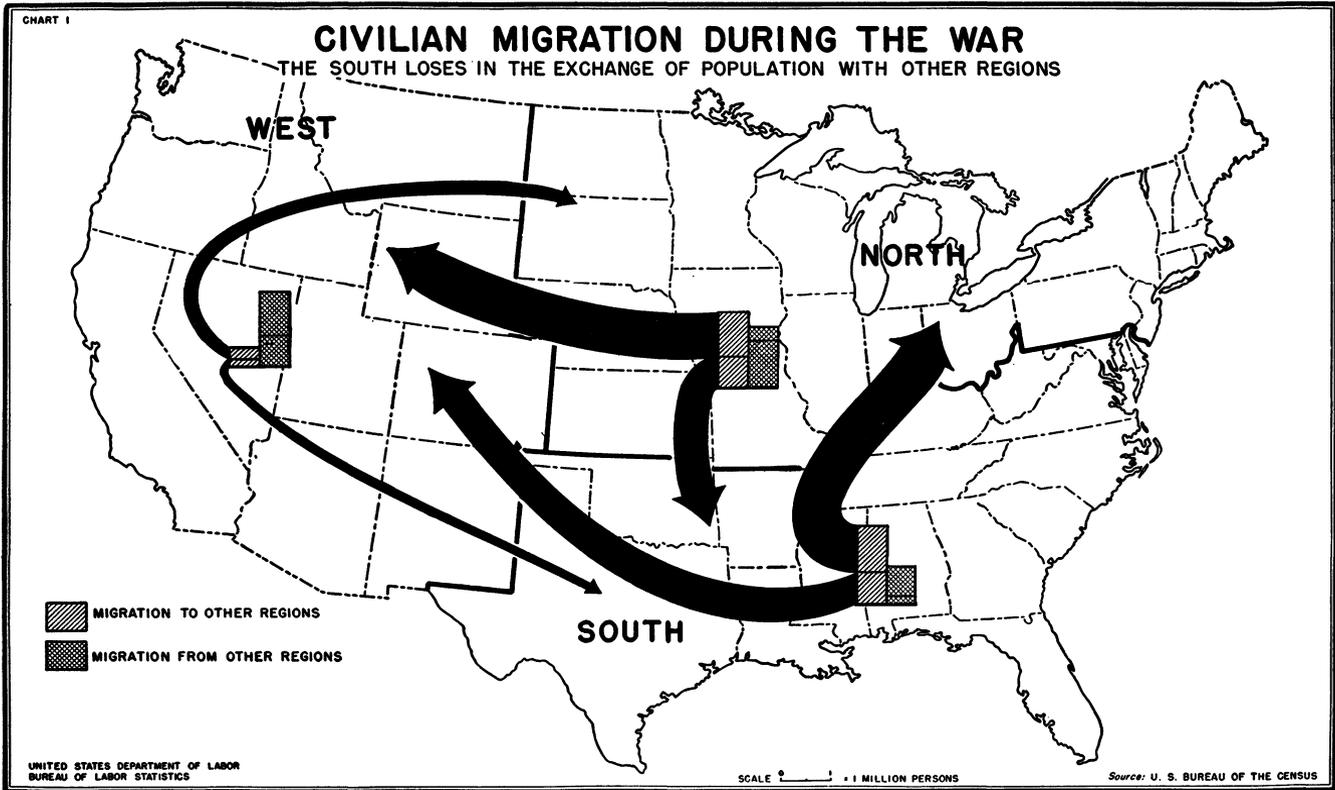


TABLE 7.—*Civilian Migration in the United States, December 1941 to March 1945 by Region*<sup>1</sup>

Item	Civilian migration (in thousands)			
	Total	North	South	West
Migration between regions:				
From North.....	1,550		640	910
From South.....	1,630	980		650
From West.....	400	280	140	
Interstate migration in a region.....	4,090	1,710	1,610	770
Intrastate migration in a region.....	7,540	3,370	3,220	950

<sup>1</sup> Source: U. S. Bureau of the Census.

between States within the region during this period totaled 1,600,000 (table 7). This reflects a movement from farms to cities during the war which is as striking as that from the South to other regions of the country. In fact, migration from the South was in large part a reflection of the shifts from rural to urban areas. For the United States as a whole, the net loss to the farm population through movement of civilians from farms averaged 900,000 per year in the period 1941 to 1945, compared with only 375,000 during the depression decade of the thirties and 630,000 in the twenties.<sup>5</sup> Evidence of the fact that migrants from the rural South not only went to cities in the North and West but also to southern cities is found in the large population gains registered in industrial areas such as Mobile and Houston.<sup>6</sup>

There is one particular implication in interregional migration to which attention should be called. The outward migration has provided other areas with workers who have been carried through the years of childhood, have been educated, and have in many cases received some work experience in the South (table 8 and chart 2.) After passing their early years in the South—unproductive ones in terms of their immediate contribution to the output of the region—they then move to other areas which can reap the fruit of this nurture and training. Data for the 1935–40 period indicate that of those who left the

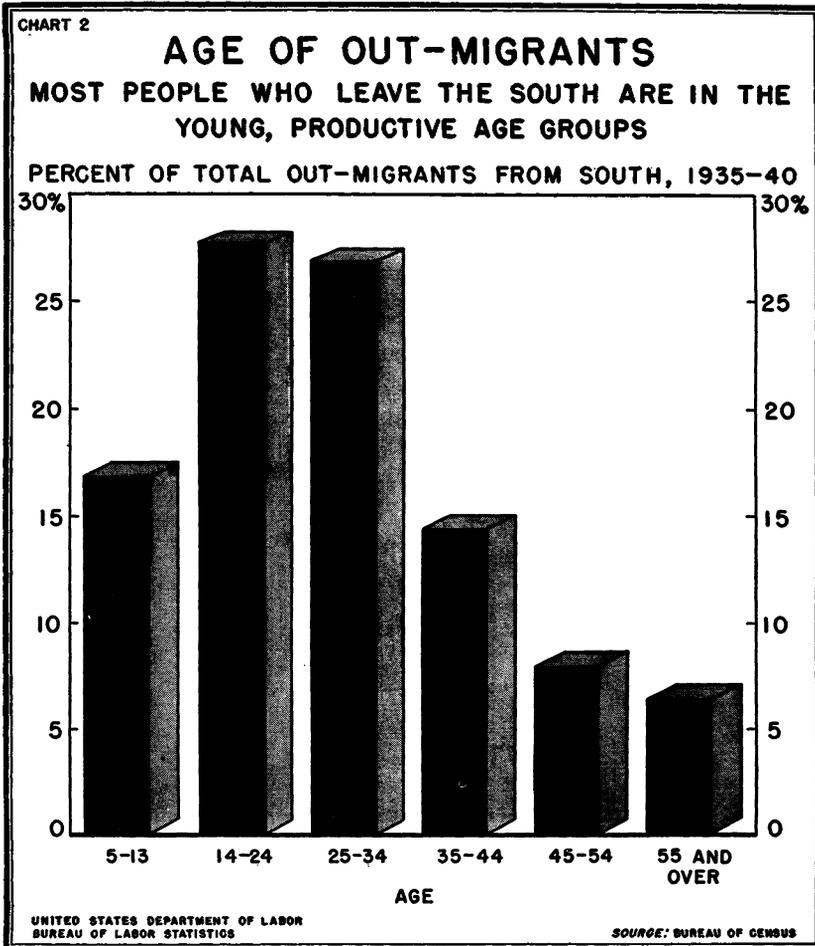
TABLE 8.—*Age Distribution of Out-Migrants from the South, 1935–40, by Sex*<sup>1</sup>

Age group	Percentage distribution		
	Total	Male	Female
Total, 5 years of age and over..	100.0	100.0	100.0
5–13 years of age.....	16.8	16.4	17.2
14–24 years of age.....	27.7	26.3	29.2
25–34 years of age.....	26.8	26.9	26.6
35–44 years of age.....	14.4	15.4	13.4
45–54 years of age.....	7.9	8.6	7.1
55 years of age and over.....	6.4	6.4	6.5

<sup>1</sup> Source: Based on the Sixteenth Census of Population, 1940, Internal Migration, Age of Migrants.

<sup>5</sup> See Census release P–S, No. 6.

<sup>6</sup> See Census release P–44, No. 3.



South in that period, about three-eighths in the 25-34 age group had a high-school education or better, and six-sevenths had an eighth-grade education or better. As has been indicated, this give and take between areas works both ways, with migrants and capital from other areas entering the South, but, on balance, the South has been making a contribution to the other richer parts of the country.

A smaller percentage of Negroes left the South for other regions than was the case among whites, but there were so few colored persons entering the South from other regions that the South lost proportionately more Negroes than whites in the give and take of population between 1935 and 1940. Thus, Negroes accounted for one-third of the *net* out-migration from the South even though they made up one-fourth of the total southern population. Information on the extent of

migration of nonwhites during the war is limited. Some evidence of migration of Negroes to the West, however, is found in the fact that the Negro population in five congested production areas on the West Coast more than doubled between 1940 and 1944.<sup>7</sup>

#### POSTWAR PROSPECTS FOR MIGRATION

What are the likely postwar trends with respect to migration of the South's population and labor supply? The answer to this question must necessarily be a conditional one. Migration will be heavily cut down if any large-scale industrialization program, drawing on the new war-built plants and on the skills of the wartime force of semi-skilled and skilled factory workers, should develop vigorously in the South. But even under this assumption it is likely that migration from the South will be larger than migration to the South. There has been a long-term stability in the geographic distribution of employment opportunities which even the war did not fundamentally alter. The fast-growing population in the South, confronted with relatively low job opportunities and security, will continue to provide workers not only for its own industries but for those in other areas. Under conditions of fairly high employment, for example, job opportunities in New England, in the East North Central areas, and in the Pacific region are likely to be more favorable than in the South, so that migration from the South to these areas is bound to occur. Under conditions of full employment, migration is likely to be even more pronounced, for migration is a necessary step to full employment, given the differences in birth rates and industrialization which now exist and will probably continue to exist between different regions in our country. Only if severe depression were to set in would there be much likelihood of a reversal in the pattern of prewar and wartime migration.<sup>8</sup>

It is not likely that this generalization will be contradicted by the movement of returning servicemen. Surveys made by the War Department in 1944<sup>9</sup> indicate that on the basis of their plans at that time, 15 in 100 of the soldiers who came from the South are likely to seek employment in the North or West after the war. This means that these States will be losing the potential services of many able-bodied and trained workers who could contribute effectively to the well-being of the Nation by developing the resources of the South. This trend forcibly suggests how essential is the study of the many plans and factors which relate to the greater industrialization of the South.

<sup>7</sup> U. S. Bureau of the Census, Population, Series CA-3, Nos. 2, 3, 5, 6, and 8.

<sup>8</sup> Detailed analysis of changes in the labor force and postwar prospects for each of the Southern States appears in the article State and Regional Variations in Prospective Labor Supply, in *Monthly Labor Review*, December 1946.

<sup>9</sup> See Postwar Migration Plans of Army Enlisted Men, in *The Annals of the American Academy of Political and Social Science*, May 1945.

Trained and able-bodied labor is just as much a productive asset as a mine, a stand of timber, or 40 acres of fertile farm land. One of the South's major problems is how best to utilize this immensely valuable productive asset.

### *Population and Labor-Force Characteristics*

In 1940, 37 million of the Nation's 132 million people lived in the 13 Southern States. Except for Texas, which accounted for over 6 million persons, and North Carolina, with 3½ million, each of the other 11 States had populations which ranged roughly between 2 and 3 million persons (table 9). The labor force or working population numbered some 14 million and, being drawn from the population 14 years of age and over, was distributed among the States in much the same fashion as the total population (table 10).

TABLE 9.—*Geographical Distribution of the South's Population, 1940, by Color and State*<sup>1</sup>

State	Population, 1940 (in thousands)			Percentage distribution		
	Total	White	Nonwhite	Total	White	Nonwhite
South.....	37, 013	27, 651	9, 362	100. 0	100. 0	100. 0
Virginia.....	2, 673	2, 016	662	7. 2	7. 3	7. 1
North Carolina.....	3, 572	2, 568	1, 004	9. 7	9. 3	10. 7
South Carolina.....	1, 900	1, 084	816	5. 1	3. 9	8. 7
Georgia.....	3, 124	2, 038	1, 086	8. 4	7. 4	11. 6
Florida.....	1, 897	1, 382	515	5. 1	5. 0	5. 5
Kentucky.....	2, 845	2, 631	214	7. 7	9. 5	2. 3
Tennessee.....	2, 916	2, 407	509	7. 9	8. 7	5. 4
Alabama.....	2, 833	1, 849	984	7. 7	6. 7	10. 5
Mississippi.....	2, 184	1, 106	1, 078	5. 9	4. 0	11. 5
Arkansas.....	1, 949	1, 466	483	5. 3	5. 3	5. 2
Louisiana.....	2, 364	1, 512	852	6. 4	5. 5	9. 1
Oklahoma.....	2, 336	2, 104	232	6. 3	7. 6	2. 5
Texas.....	6, 415	5, 488	927	17. 3	19. 8	9. 9

<sup>1</sup> Source: Sixteenth Census of Population, 1940.

TABLE 10.—*Geographical Distribution of the South's Labor Force, 1940, by Sex, Color, and State*<sup>1</sup>

State	Labor force (in thousands) <sup>2</sup>								
	Total			White			Nonwhite		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
South.....	13, 827	10, 579	3, 248	10, 035	8, 025	2, 010	3, 792	2, 554	1, 238
Virginia.....	1, 031	793	238	764	608	156	267	185	82
North Carolina.....	1, 334	984	350	950	724	226	384	260	124
South Carolina.....	731	516	215	415	310	105	316	206	110
Georgia.....	1, 226	890	336	773	598	175	453	292	161
Florida.....	787	560	227	534	403	131	253	157	96
Kentucky.....	999	820	179	905	757	148	94	63	31
Tennessee.....	1, 072	831	241	843	684	164	224	147	77
Alabama.....	1, 017	776	241	636	520	116	381	256	125
Mississippi.....	808	612	196	387	314	73	421	298	123
Arkansas.....	679	563	116	498	425	73	181	135	43
Louisiana.....	884	674	210	546	440	106	338	234	104
Oklahoma.....	804	648	156	725	592	133	79	56	23
Texas.....	2, 455	1, 912	543	2, 054	1, 650	404	401	262	139

<sup>1</sup> Source: Sixteenth Census of Population, 1940.

<sup>2</sup> Consists of persons 14 years of age and over either employed or unemployed.

POPULATION AND LABOR-FORCE GROWTH

Labor-force growth is in large measure a function of population growth. The rise of the American labor force from about 1 million in 1790 to 53½ million in 1940 is essentially an outcome of the increase in the population of working age—from about 2 million to 101 million over the 150-year period. Thus, between 1920 and 1940, population growth caused the southern labor force to expand at a greater rate than that of the North but at a lower rate than that of the West.

	Percent increase, 1920-40	
	Population	Labor force
South.....	20.2	25.0
North.....	16.3	20.0
West.....	35.9	36.7

In the absence of interstate migration, however, the South would have experienced by far the greatest rate of population growth, and, thereby, of labor-force growth. As the following tabulation indicates, the South has consistently been the region of highest fertility in the Nation:

	Net reproduction rate <sup>1</sup>	
	1905-10	1935-40
South.....	161	118
North.....	122	87
West.....	117	94

<sup>1</sup> Net reproduction rate of 100 means that each generation would just replace itself if birth and death rates of a given period were to continue indefinitely, and if there were no net migration.

This greater fertility is largely a reflection of the predominantly rural character of the South and of the fact that the proportion of non-white persons in its population is higher than in the North or West (table 11). High fertility is characteristic of rural residents and of nonwhites. More than 65 percent of the people in the South lived in rural areas in 1940; in the other regions of the country, the proportion was less than 40 percent. Similarly, 1 in every 4 persons in the South is nonwhite, in contrast to a ratio of less than 1 in 25 for the other

TABLE 11.—Regional Distribution of the Population, 1940, by Residence and Color<sup>1</sup>

Region	Residence				Color		
	Total	Urban	Rural nonfarm	Rural farm	All classes	White	Nonwhite
Number (in thousands)							
South.....	37,013	12,873	8,616	15,524	37,013	27,651	9,362
North.....	76,120	51,005	13,571	11,544	76,120	73,207	2,913
West.....	13,883	8,128	3,427	2,328	13,883	13,349	534
Percentage distribution							
South.....	100.0	34.8	23.3	41.9	100.0	74.7	25.3
North.....	100.0	67.0	17.8	15.2	100.0	96.2	3.8
West.....	100.0	58.5	24.7	16.8	100.0	96.2	3.8

<sup>1</sup> Source: Sixteenth Census of Population, 1940.

regions. It should be noted, however, that even within the same residence and color groups, fertility is higher in the South than in the rest of the country.

As shown earlier, a fast-growing population pressing upon relatively limited economic opportunity has resulted in large-scale migration from the South in periods of depression as well as prosperity. The South will continue to export labor as long as its abundance of labor supply is not matched by opportunities for employment.

#### POPULATION CHARACTERISTICS AFFECTING LABOR-MARKET PARTICIPATION

The effect of the South's higher fertility can be seen clearly in the fact that its population and labor force are comparatively young. This is the case in spite of heavy out-migration of young and middle-aged persons from the South. The median age of the population of the South in 1940 was 25 years in contrast to 31 years in both the North and West. Approximately 52 percent of the South's labor force was under 35 years of age compared to 46 percent in the North and 44 percent in the West.

In addition, there are significant regional differences with respect to labor-market participation within each age and sex group. Although nearly all able-bodied men aged 25-54 years are in the labor force in every region, the work force of the South has relatively more young boys and older men, as shown in table 12. In the case of the youngsters, this is a reflection of the fact that rural youths can more readily enter the labor force than urban youths and of the related fact that southern youngsters leave school at a relatively early age. Only one-third of the southern adult population in 1940 attended school beyond the eighth grade. This relatively low proportion might be expected because of the South's predominantly rural character and because of its large nonwhite population, but even in each separate residence and color group the educational level in the South is lower than in other regions.

Unpaid family work on farms draws large numbers of southern youth into the labor force. Nearly one-third of the teen-agers in the

TABLE 12.—*Age Composition of the Male Labor Force, 1940, by Region*<sup>1</sup>

Age group	Number (in thousands)			Proportion in the labor force <sup>2</sup>		
	South	North	West	South	North	West
All age groups.....	10, 579	23, 598	4, 379	80.0	78.9	77.5
14-19 years of age.....	975	1, 279	201	42.2	31.1	28.2
20-24 years of age.....	1, 469	2, 845	513	88.7	88.2	85.5
25-54 years of age.....	6, 613	15, 559	2, 937	93.9	94.4	93.4
55-64 years of age.....	1, 030	2, 821	542	85.4	83.9	81.2
65 years of age and over.....	492	1, 094	186	48.5	40.0	35.5

<sup>1</sup> Source: Sixteenth Census of Population, 1940.

<sup>2</sup> Labor force as a percentage of population in each age group.

South's 1940 labor force were unpaid family workers in contrast to one-eighth in the North and one-tenth in the West.

The main reason that southern men retire from work at a later age than other men is that a greater proportion of them are engaged in farming, which is typically a family enterprise. As a farmer reaches old age his children or hired help take over the heavier burdens while he continues to work around the farm. In industry, on the other hand, a worker is often forced out of the labor market when he reaches an age at which he cannot compete with younger men. Other factors causing men to work to later ages in the South are the generally lower income levels and the absence of social-security coverage in agriculture.

In the South, nearly one woman in four works or seeks work outside the home. This rate of labor-market participation is slightly lower than that in the North and on a par with that in the West.

Residence and family characteristics of southern women serve to reduce the number working outside the home. The fact that relatively more women in the South live in rural areas has acted to lower the proportion in the labor force. Women in rural areas do not participate in the labor force to the same extent as urban women, principally because there is not much opportunity for any work except farming, where women are employed for the most part only during the peak planting and harvesting seasons. Moreover, farm women generally have more household responsibilities and perform many chores of the type which do not occur in nonfarm households. One out of every three women in urban areas in 1940 worked or sought work outside the home, compared with corresponding ratios of one in five for rural-nonfarm districts and one in eight for rural-farm areas.

In addition, the fact that the South has proportionately more married women and more young children per family has a tendency to keep women out of the labor market. Most women do not continue to work outside the home after marriage, and most of those who do continue to work quit after they have children. For example, among women aged 18-34 in 1940, approximately 67 percent of the single women were in the labor force, compared with only 31 percent of the married women without children, and 8 percent of the married women with children under 10 years of age.

Color composition works in the opposite direction since nonwhite women work or seek work (mostly in domestic service) to a greater extent than do white women. Thus, when farm and nonfarm women are compared separately, it is found that the rates of labor-force participation for the South are higher than the rates for corresponding groups in other regions.

	<i>Percentage of female population 14 years of age and over in the labor force, 1940, in—</i>		
	<i>South</i>	<i>North</i>	<i>West</i>
All women.....	24. 2	26. 2	23. 8
Urban areas.....	35. 1	30. 5	28. 4
Rural nonfarm areas.....	22. 4	20. 0	18. 1
Rural farm areas.....	13. 2	10. 7	12. 0

Here, then, are the dominant characteristics of the South's labor force: (1) Except for the effect of migration, the South has the greatest potential rate of labor-force growth in the Nation. (2) Non-white workers comprise a relatively large proportion of the South's labor force. (3) There is a predominance of rural workers. (4) The proportion of the labor force concentrated in the younger age groups is greater than for other regions. (5) Southerners leave school earlier to go to work and retire from the labor force at later ages than people in the North and West. (6) In general, the South has relatively fewer women working outside the home than the North, as a result of rural residence and responsibility for the care of larger families. This is true despite the greater labor-market participation of nonwhite women.

### III.—Employment in Southern Manufactures<sup>1</sup>

World War II expansion and subsequent contraction of the number of persons employed in manufacturing industries in the South closely paralleled the movement of manufacturing employment in the United States as a whole.<sup>2</sup> In 1939, just as hostilities were beginning in Europe and before the effect of lend-lease production was felt in this country, factory employment in the South approximated 1,658,000 and in the United States as a whole, over 10,000,000 (tables 13 and 14).

By January 1943, at the end of 1 year of full-scale war production, employment in the Southern States had increased 60 percent as compared with about a 64-percent rise for the Nation. By November 1943—the wartime peak in manufacturing employment for both the Southern region and the United States—those employed in the South numbered 2,836,000. The gain was 71 percent as compared with a national increase of about 76 percent over the prewar period.

An even greater similarity of trend was apparent in the later war years. In August 1944, both the South and the United States as a whole had an employment level 68 percent above that of 1939. By VJ-day, in spite of cut-backs and contract cancellations, factory employment for both the United States and the Southern States was about 50 percent above the prewar level.

Immediate contraction of employment at the war's end was not as severe in the South as in the Nation as a whole. The 2,248,000 workers in the South in September 1945 represented a decrease of less than 9 percent between August and September compared with a national decline of over 12 percent. Also, at the time of the postwar low, in February 1946, the South's factory employment was 32 percent above prewar as compared with only 24 percent in the Nation.

Following the postwar low, the South did not gain as rapidly as the Nation. August 1946 manufacturing employment of 2,315,000 was 40 percent above the prewar level, whereas the national increase was 44 percent.

<sup>1</sup> Prepared in the Employment Statistics Division of the Bureau's Employment and Occupational Outlook Branch by Eleanora H. Barnes under the direction of Clara F. Schloss.

<sup>2</sup> In this section, "employment" is construed as total manufacturing employment; that is, covering all production and nonproduction workers in private manufacturing industries.

The term "South" refers to the 13 States of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia. Detailed estimates of factory employment by State and by industry are available on a monthly basis as part of the Bureau's expanded program in the field of employment statistics.

TABLE 13.—*Estimates of Total Manufacturing Employment in the South for Selected Months, by State*

[In thousands]

State	Prewar employment <sup>1</sup>	1943		1944		1945		
		January	November	August	September			
South: Total.....	1,657.5	2,656.3	2,836.1	2,462.8	2,247.9			
Alabama.....	144.2	259.9	256.1	221.3	199.0			
Florida.....	66.9	122.8	140.8	100.0	82.8			
Georgia.....	192.7	288.7	314.4	276.0	248.4			
Mississippi.....	56.7	94.2	96.4	83.0	79.9			
North Carolina.....	305.3	400.2	393.7	350.9	340.7			
South Carolina.....	139.6	190.7	189.1	169.4	165.5			
Tennessee.....	172.2	242.2	265.9	252.0	233.9			
Virginia.....	164.8	234.2	228.4	200.4	187.6			
Kentucky.....	79.9	122.4	137.8	127.8	115.5			
Arkansas.....	41.9	75.0	80.2	74.3	69.4			
Louisiana.....	88.7	151.3	153.1	153.5	143.2			
Oklahoma.....	38.2	84.9	107.5	86.2	62.0			
Texas.....	166.4	389.8	442.7	368.0	320.0			
1946								
	January	February	March	April	May	June	July	August
South: Total.....	2,207.7	2,183.8	2,226.6	2,263.3	2,238.0	2,260.9	2,280.2	2,315.3
Alabama.....	196.0	179.9	199.3	201.1	201.3	202.4	208.3	210.3
Florida.....	83.0	83.0	81.2	79.0	77.9	76.8	73.9	74.3
Georgia.....	243.8	244.3	242.6	244.0	245.7	247.1	253.4	259.5
Mississippi.....	82.6	81.8	81.0	81.7	81.4	83.4	83.7	87.0
North Carolina.....	346.3	352.1	359.3	358.5	357.5	360.9	358.1	358.9
South Carolina.....	171.8	175.1	175.8	176.6	178.4	179.8	180.0	183.9
Tennessee.....	226.3	220.8	226.0	229.7	232.1	235.0	240.2	244.8
Virginia.....	191.7	192.6	194.8	195.1	193.5	197.3	200.2	205.0
Kentucky.....	117.5	112.6	115.7	118.3	119.8	121.9	123.6	125.4
Arkansas.....	61.9	64.4	68.5	66.2	66.0	65.5	65.6	67.8
Louisiana.....	128.4	128.7	131.3	132.8	132.8	132.9	132.4	128.0
Oklahoma.....	56.4	54.5	54.1	52.7	51.7	52.8	52.5	54.7
Texas.....	302.0	294.0	297.9	297.0	299.8	305.1	308.3	315.7

<sup>1</sup> Prewar estimates for Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Virginia are based on unemployment compensation data of the Bureau of Employment Security of the Federal Security Agency, average for the third quarter of 1939. Prewar estimates for Kentucky are based on unemployment compensation data, annual average for 1939. Tennessee estimates are based on unemployment compensation data, average for the third quarter of 1940. Arkansas, Louisiana, Oklahoma, and Texas prewar estimates are based on Census Bureau data for 1939 and are not strictly comparable with data for later periods.

<sup>2</sup> Month of wartime peak employment in the South.

### *Position of the South in the Nation's Economy*

Despite the increase in industrialization during wartime, the relative position of the South in the Nation's economy remained approximately the same (table 15). During the period of peak wartime employment, southern industry expanded slightly less rapidly than in the United States as a whole, but by 1945 it had again returned to the prewar ratio where it remained. The South has not materially increased its share of the Nation's total employment. However, the anticipated 17-percent increase in the South's labor supply from 1940 to 1950, coupled with the war-induced greater diversification of industry, and larger reservoir of skilled workers, all give promise of a brighter industrial future.

### Major Components of Southern Manufacturing

In the prewar period, the nondurable goods group, heavily weighted by the textile industry, furnished over two-thirds of the employment in the South. Expansion in war industries—primarily shipbuilding and aircraft—increased the relative importance of employment in the durable-goods group to about 46 percent of total in 1943; but by 1946 the prewar ratio was again approached. While the relatively stable nondurable-goods industries employed more workers even during the war peak than the durable-goods industries, the more than doubling of durable-goods employment and subsequent deflation governed the over-all pattern of employment.

### Major Industry Groups—South Compared With the Nation

The similarity of industrial development in the South and the Nation during the war years tends to minimize the possibility that expansion of war facilities in the South resulted in a permanent relative gain in manufacturing employment. There has, however, been a broadening of the importance of southern industries in the Nation's

TABLE 14.—Estimated Employment<sup>1</sup> in Manufacturing Industries in the United States, by Industry, for Selected Periods

Industry	Employment (in thousands)					Percent of total				
	1939	1943	1944	1945	1946 <sup>2</sup>	1939	1943	1944	1945	1946 <sup>2</sup>
All manufacturing.....	10, 078	17, 381	17, 111	15, 060	13, 695	100.0	100.0	100.0	100.0	100.0
Iron and steel and their products.....	1, 171	2, 034	2, 015	1, 786	1, 528	11.6	11.7	11.8	11.9	11.2
Electrical machinery.....	355	914	967	815	608	3.5	5.0	5.7	5.4	4.4
Machinery, except electrical.....	690	1, 585	1, 553	1, 385	1, 259	6.8	9.1	9.1	9.2	9.2
Transportation equipment, except automobiles.....	193	2, 951	2, 899	1, 797	614	1.9	17.0	16.9	11.9	4.5
Automobiles.....	466	845	877	726	724	4.6	4.9	5.1	4.8	5.3
Nonferrous metals and their products.....	283	525	513	450	407	2.8	3.0	3.0	3.0	3.0
Lumber and timber basic products.....	465	589	599	562	627	4.6	3.4	3.3	3.7	4.6
Furniture and finished lumber products.....	385	429	413	396	439	3.8	2.5	2.4	2.6	3.2
Stone, clay, and glass products.....	349	422	395	381	438	3.5	2.4	2.3	2.5	3.2
Textile-mill products and other fiber manufactures.....	1, 235	1, 330	1, 228	1, 173	1, 281	12.3	7.7	7.2	7.8	9.4
Apparel and other finished products.....	894	1, 080	1, 055	1, 044	1, 149	8.9	6.2	6.2	6.9	8.4
Leather and leather products.....	383	378	356	353	391	3.8	2.2	2.1	2.3	2.8
Food.....	1, 192	1, 418	1, 455	1, 440	1, 451	11.8	8.2	8.5	9.6	10.6
Tobacco manufactures.....	105	103	96	95	97	1.0	0.6	0.6	0.6	0.7
Paper and allied products.....	320	389	388	387	431	3.2	2.2	2.3	2.6	3.1
Printing, publishing, and allied industries.....	561	549	551	555	619	5.6	3.2	3.2	3.7	4.5
Chemicals and allied products.....	421	873	810	769	638	4.2	5.0	4.7	5.1	4.6
Products of petroleum and coal.....	147	170	183	191	208	1.5	1.0	1.1	1.3	1.5
Rubber products.....	150	231	247	243	270	1.5	1.3	1.4	1.6	2.0
Miscellaneous industries.....	311	563	543	513	523	3.1	3.2	3.2	3.4	3.8

<sup>1</sup> Since January 1943, the Bureau has been receiving employer reports covering total employment as well as production workers. Nonproduction worker estimates for each group have been based on the monthly changes shown by the nonproduction worker segment of these reports. Before 1943, various estimating methods were used to obtain total employment from the production worker series. For this reason, the series, in some groups, may not be consistent prior to 1943. Both production and nonproduction worker series have been adjusted to employment data made available annually by the Federal Security Agency.

<sup>2</sup> 9-month average.

**TABLE 15.**—*Manufacturing Employment in the South as Percent of United States Total, by Industry Group, for Selected Periods*

Industry	Percent of United States total				
	1939 <sup>1</sup>	1943	1944	1945	1946 <sup>2</sup>
South: All manufacturing.....	16.4	15.9	16.1	16.4	16.4
Iron and steel and their products.....	7.2	9.1	10.2	9.3	7.1
Electrical machinery.....	.6	1.1	1.5	1.8	1.4
Machinery, except electrical.....	4.2	4.4	5.0	5.5	5.3
Transportation equipment, except automobiles.....	9.3	15.6	16.2	15.9	13.7
Automobiles.....	1.8	1.0	1.3	1.5	1.6
Nonferrous metals and their products.....	5.7	8.5	8.3	8.4	9.6
Lumber and timber basic products.....	47.2	55.0	52.8	49.9	47.2
Furniture and finished lumber products.....	25.2	28.1	28.3	28.5	27.9
Stone, clay, and glass products.....	14.8	13.5	12.8	12.9	12.9
Textile-mill products and other fiber manufactures.....	41.2	47.5	47.2	46.3	45.1
Apparel and other finished textile products.....	10.1	12.5	12.8	12.5	11.3
Leather and leather products.....	5.0	6.0	6.3	6.6	6.9
Food.....	17.1	19.2	19.4	19.3	19.0
Tobacco manufactures.....	44.7	47.3	49.9	51.2	50.7
Paper and allied products.....	12.4	15.8	15.7	15.0	15.0
Printing, publishing, and allied industries.....	9.9	10.5	10.6	10.7	10.8
Chemicals and allied products.....	23.9	19.7	23.1	24.7	24.2
Products of petroleum and coal.....	26.9	36.1	36.5	36.6	34.1
Rubber products.....	3.5	5.1	6.5	6.3	5.9
Miscellaneous industries.....	<sup>3</sup> 6.4	2.8	3.3	3.4	3.5

<sup>1</sup> See table 13, footnote 1, for date of 1939 regional estimates. See table 14, footnote 1, for basis of 1939 United States estimates.

<sup>2</sup> 8-month average.

<sup>3</sup> Not strictly comparable with later periods.

economy. In 1939, almost half of the workers in the lumber industry and over two-fifths of those in the tobacco and the textile-mill products groups were in the Southern States (tables 14 and 15). The southern sections of the petroleum, furniture, and chemical industries each employed about a fourth of the United States total for these industries. The only other really important industry was food processing which employed over a sixth of the United States total. At the 1943 peak, the South accounted for an even greater share of those employed in each of these outstanding groups with the exception of chemicals. In addition, such manufacturing groups as transportation equipment and paper also had over 15 percent of their employees located in the South and 8 of the remaining 11 smaller groups increased in importance.

Much of the diversification acquired during the war period was carried over into 1946. Whereas in 1939, 5 of the 20 major manufacturing groups had 5 percent or less of their employment in the South, only 3 were in this position in 1946. The southern industry groups that had always loomed large in the national economy continued to hold their own; the increased importance of many of the other industrial groups makes the South less vulnerable to economic disturbances. Such diversification makes for a healthier postwar situation.

*Trend of Employment in the South, by Industry Group*

War expansion caused many changes in the industry group pattern within the Southern Region. The largest group was textile-mill products which in 1939 furnished only slightly less than a third of all factory employment (table 16). The lumber and food-processing groups were next and together employed about a fourth of the total. Chemical products, furniture, apparel, and the iron and steel products groups accounted for another fourth.

By 1943, all groups showed aggregate increases in average employment varying from a few hundred in the automobile industry to a gain of 443,000 in the transportation-equipment group. The outstanding relative and aggregate increases occurred, of course, in transportation equipment; this group rose to second place in 1943 when it accounted for one-sixth of all workers. Because of the absorption of such a large part of the labor supply in transportation-equipment manufacture, the only other increases in this period were in such war-essential groups as iron and steel products,

TABLE 16.—*Manufacturing Employment in the South, by Major Industry Groups, for Selected Periods*

Industry	Employment (in thousands)					Percent of total				
	Pre-war <sup>1</sup>	1943	1944	1945	1946 <sup>2</sup>	Pre-war	1943	1944	1945	1946 <sup>3</sup>
All manufacturing .....	1,657.5	2,769.8	2,761.8	2,467.0	2,243.2	100.0	100.0	100.0	100.0	100.0
Durable goods .....	526.7	1,280.9	1,287.3	1,033.1	792.9	31.8	46.2	46.6	41.9	35.3
Nondurable goods .....	1,130.8	1,488.9	1,474.5	1,433.9	1,450.3	68.2	53.8	53.4	58.1	64.7
Iron and steel and their products.....	84.7	185.4	204.9	165.9	108.0	5.1	16.7	7.4	6.7	4.8
Electrical machinery .....	2.0	10.3	14.7	14.3	8.8	.1	.4	.5	.6	.4
Machinery, except electrical.....	29.3	69.2	78.3	76.2	66.1	1.8	2.4	2.8	3.1	2.9
Transportation equipment, except automobiles.....	18.0	461.0	468.4	285.5	83.9	1.1	16.6	17.0	11.6	3.8
Automobiles .....	8.5	8.8	11.2	11.1	11.4	.5	.3	.4	.4	.5
Nonferrous metals and their products.....	16.0	44.6	42.7	37.7	39.2	1.0	1.6	1.6	1.5	1.8
Lumber and timber basic products.....	219.5	323.9	300.7	280.3	296.1	13.2	11.7	10.9	11.4	13.2
Furniture and finished lumber products.....	97.1	120.5	116.8	112.8	122.7	5.9	4.4	4.2	4.6	5.5
Stone, clay, and glass products.....	51.5	87.1	80.5	49.3	56.6	3.1	2.1	1.8	2.0	2.5
Textile-mill products and other fiber manufactures.....	509.5	631.2	580.1	543.4	578.3	30.7	22.8	21.0	22.0	25.8
Apparel and other finished textile products.....	90.5	135.3	135.1	130.4	129.4	5.5	4.9	4.9	5.3	5.8
Leather and leather products.....	19.0	22.5	22.5	23.2	27.0	1.1	.8	.8	.9	1.2
Food .....	204.3	271.7	281.6	278.2	276.4	12.3	9.8	10.2	11.3	12.5
Tobacco manufactures.....	46.9	48.7	47.9	48.6	49.2	2.8	1.8	1.7	2.0	2.2
Paper and allied products.....	39.6	61.3	60.9	58.1	64.7	2.4	2.2	2.2	2.4	2.9
Printing, publishing, and allied industries.....	55.6	87.7	88.3	89.5	87.0	3.4	2.1	2.1	2.4	3.0
Chemicals and allied products.....	100.3	171.7	187.5	189.6	153.4	6.1	6.2	6.8	7.7	6.8
Products of petroleum and coal.....	39.6	61.3	66.8	70.0	70.0	2.4	2.2	2.4	2.8	3.1
Rubber products.....	5.3	11.8	16.0	15.3	15.9	.3	.4	.6	.6	.7
Miscellaneous industries.....	* 19.8	15.9	17.7	17.5	17.9	1.2	.6	.7	.7	.8

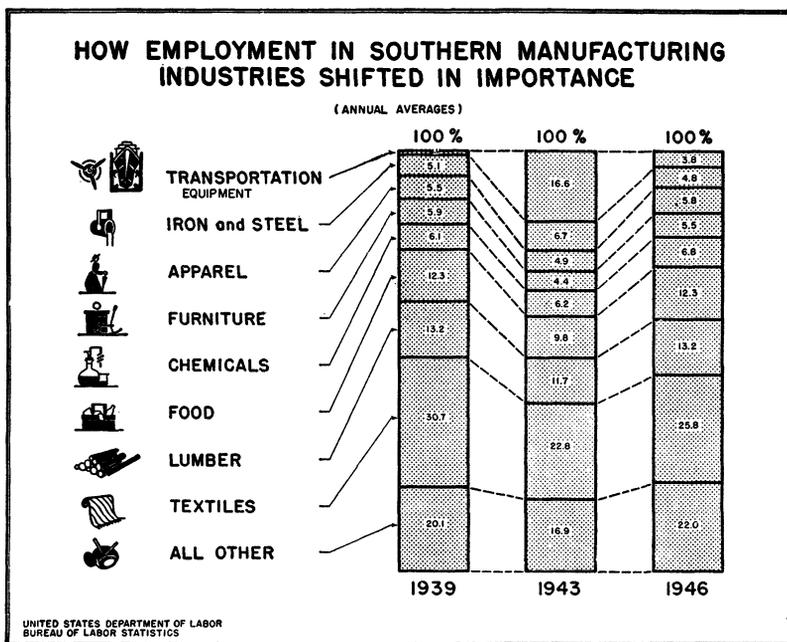
<sup>1</sup> See table 13, footnote 1, for date of prewar estimates.

<sup>2</sup> 8-month average.

<sup>3</sup> Not strictly comparable with later periods.

the machinery groups, nonferrous metals, and chemical and rubber products.

In 1946, the aggregate average employment in all industry groups, except miscellaneous industries, was above the prewar level and for 10 of the major groups was above the 1943 levels. As regards total regional employment, the largest relative decrease between 1939 and 1946 was in textile-mill products—from 31 to 26 percent (chart 2).



### *Postwar Highlight in Southern Employment*

A year after the war's end, the employment total of 2,315,000 for the South represented an over-all net decrease of 148,000 or 6 percent (table 17). Only six major groups—transportation equipment, electrical machinery, iron and steel, automobiles, chemical products, and machinery except electrical—employed fewer people in August 1946 than on VJ-day. Contractions in the shipbuilding and aircraft industries alone accounted for almost 70 percent of the gross decrease. Disregarding this expected sharp contraction in the transportation-equipment group, the employment rise for the year is about 3 percent.

Immediate reductions in employment in the 1 month following VJ-day amounted to an over-all loss of 215,000 workers, or 9 percent of all employment. The most severe cut occurred in the transportation-equipment group in which almost 40 percent were laid off.

TABLE 17.—*Estimates of Total Manufacturing Employment in the South for Selected Months, by Industry*<sup>1</sup>

[In thousands]

Industry	Prewar employment <sup>2</sup>	January 1943	November 1943 <sup>3</sup>	1946									
				January	February	March	April	May	June	July	August		
South: All manufacturing.....	1,657.5	2,656.3	2,836.1										
Durable goods.....	526.7	1,184.9	1,336.3										
Nondurable goods.....	1,130.8	1,471.4	1,499.8										
Iron and steel and their products.....	84.7	187.5	192.1										
Electrical machinery.....	2.1	8.5	12.3										
Machinery, except electrical.....	29.3	62.0	74.6										
Transportation equipment, except automobiles.....	18.0	365.4	508.7										
Automobiles.....	8.5	6.7	11.1										
Nonferrous metals and their products.....	16.0	42.5	46.7										
Lumber and timber basic products.....	219.5	333.5	319.7										
Furniture and finished lumber products.....	97.1	119.4	117.4										
Stone, clay, and glass products.....	51.5	59.4	53.7										
Textile-mill products and other fiber manufactures.....	509.5	641.0	615.6										
Apparel and other finished textile products.....	90.5	137.7	133.8										
Leather and leather products.....	19.0	22.6	22.2										
Food.....	204.3	248.8	282.9										
Tobacco manufactures.....	46.9	49.9	49.2										
Paper and allied products.....	39.6	60.1	62.9										
Printing, publishing, and allied industries.....	55.6	57.8	57.8										
Chemicals and allied products.....	100.8	170.8	182.4										
Products of petroleum and coal.....	39.6	59.7	60.7										
Rubber products.....	5.2	8.8	15.2										
Miscellaneous industries.....	419.8	14.2	17.1										
South: All manufacturing.....	2,207.7	2,183.8	2,226.6	2,233.3	2,238.0	2,260.9	2,280.2	2,315.3					
Durable goods.....	782.0	744.0	774.7	788.8	794.8	808.8	819.9	832.2					
Nondurable goods.....	1,425.7	1,439.8	1,451.9	1,446.5	1,443.2	1,452.1	1,460.3	1,483.1					
Iron and steel and their products.....	107.4	79.9	107.2	112.1	112.2	111.8	115.9	117.2					
Electrical machinery.....	8.4	8.5	8.3	8.8	8.6	8.9	9.2	9.6					
Machinery, except electrical.....	67.2	63.8	64.1	64.7	66.4	67.4	66.8	68.3					
Transportation equipment, except automobiles.....	99.7	91.4	83.3	81.7	81.8	78.8	78.2	77.1					
Automobiles.....	10.2	10.1	10.4	11.3	11.6	12.4	12.6	12.5					
Nonferrous metals and their products.....	35.4	30.3	37.2	38.6	39.9	42.8	44.6	45.0					
Lumber and timber basic products.....	281.9	285.4	287.3	291.1	295.6	303.4	309.8	314.2					
Furniture and finished lumber products.....	119.1	120.0	120.9	121.9	122.7	125.2	124.8	127.5					
Stone, clay, and glass products.....	52.7	54.6	56.0	56.6	56.0	58.1	58.0	60.8					
Textile-mill products and other fiber manufactures.....	559.8	570.9	576.6	578.1	578.8	585.4	585.1	591.6					
Apparel and other finished textile products.....	125.7	129.3	130.5	128.1	127.8	130.8	130.1	132.7					
Leather and leather products.....	25.5	26.5	26.8	27.5	27.4	27.5	27.7	27.5					
Food.....	277.8	274.9	276.9	273.3	274.1	272.3	278.1	284.4					
Tobacco manufactures.....	48.1	48.3	48.2	48.7	49.2	50.1	50.5	51.3					
Paper and allied products.....	61.8	62.3	63.4	64.5	64.8	65.8	66.9	67.5					
Printing, publishing, and allied industries.....	64.4	65.7	66.8	67.1	67.7	67.9	68.0	68.3					
Chemicals and allied products.....	159.3	158.0	159.0	155.1	148.5	147.3	147.9	152.5					
Products of petroleum and coal.....	69.9	70.1	69.8	70.5	71.2	71.4	72.1	72.5					
Rubber products.....	16.1	16.0	16.0	15.8	15.8	15.8	15.8	16.0					
Miscellaneous industries.....	17.3	17.8	17.9	17.8	17.9	17.8	18.1	18.8					

<sup>1</sup> Estimates for industry groups are adjusted to levels indicated by 1944 unemployment compensation data of the Bureau of Employment Security of the Federal Security Agency.

<sup>2</sup> See table 13, footnote 1, for date and source of prewar data.

<sup>3</sup> Month of wartime peak employment in the South.

<sup>4</sup> Not strictly comparable with later periods.

Employment was reduced by about one-third in the iron and steel, electrical machinery, and automobile groups; the chemical-products group declined by 15,000 or more than 8 percent. An offsetting seasonal gain of over 4 percent in the food processing industry and slight increases in the tobacco, paper, and printing industries were the only upward tendencies.

Owing to the Nation-wide steel strike, employment in the South, as in the Nation, reached a postwar low in February 1946 despite the fact that many industries were already well established in their reconversion adjustment. Only the iron and steel, machinery, transportation-equipment, automobiles, chemical products, tobacco, and the seasonally affected food groups continued at a lower employment level than in the September 1945 cut-back period.

From the February low to August 1946, declines were limited to the transportation-equipment and chemical-products groups. As the employment drop for the chemical products group was partially seasonal, the major single retarding factor in the recent employment upswing in the South was the continuing contraction in shipbuilding and aircraft.

### *Postwar Highlights—South and United States, by Industry Group*

The employment changes in industry groups in the South in the first year of peace were somewhat akin to those in the United States. For both the United States and the South, iron and steel, the machinery groups, transportation equipment, and chemicals showed employment losses. But most of the percentage decreases were less severe nationally than in the region. In nine groups, national gains were greater than those in the South. In five—nonferrous metals, leather, miscellaneous, paper, and printing and publishing—the South showed greater proportionate increases over the period than the Nation. Although the South's automobile industry was small, it was the one industry in the region which showed an opposite trend to that in the Nation.

### *Employment in Southern States*

The manufacturing economy of component States of the Southern Region was affected in varying ways by wartime expansion. Expansion of plant facilities in the less industrialized States brought later, and for the most part, proportionately greater peak employment. As the war ended, many of these shifts in importance and in industrial pattern were not maintained.

#### TRENDS—STATES COMPARED WITH REGION

In the prewar period, North Carolina—with an average employment accounting for about 18 percent of all manufacturing workers in the

Southern Region—was the most highly industrialized State. Georgia with nearly 12 percent and Tennessee with over 10 percent were next in importance. Texas with 10 percent was a close fourth (table 18).

TABLE 18.—*Manufacturing Employment in the Southern States by Region and by State, for Selected Periods*

Region and State	Employment (in thousands)					Percent of total				
	Pre-war <sup>1</sup>	1943	1944	1945	1946 <sup>2</sup>	Pre-war	1943	1944	1945	1946 <sup>2</sup>
Southern States.....	1,657.5	2,769.8	2,761.8	2,467.0	2,243.2	100.0	100.0	100.0	100.0	100.0
Southeastern States.....	1,322.3	2,002.5	1,980.8	1,790.7	1,690.4	79.8	72.3	71.7	72.6	75.4
Alabama.....	144.2	258.5	251.7	223.4	199.8	8.7	9.3	9.1	9.1	8.9
Florida.....	66.9	136.0	135.3	103.2	78.6	4.1	4.9	4.9	4.2	3.6
Georgia.....	192.7	302.9	307.4	271.7	247.5	11.6	10.9	11.1	11.0	11.0
Mississippi.....	56.7	95.1	95.6	85.1	82.8	3.5	3.5	3.5	3.4	3.7
North Carolina.....	305.3	399.9	383.2	353.0	356.5	18.4	14.4	13.9	14.3	15.9
South Carolina.....	139.6	191.8	180.0	170.5	177.7	8.4	6.9	6.6	6.9	7.9
Tennessee.....	172.2	255.9	271.1	255.5	231.9	10.4	9.2	9.8	10.4	10.3
Virginia.....	164.8	231.9	220.2	202.0	196.3	9.9	8.4	8.0	8.2	8.8
Kentucky.....	79.9	130.5	136.3	126.3	119.3	4.8	4.8	4.9	5.1	5.3
Southwestern States.....	335.2	767.3	781.0	676.3	552.8	20.2	27.7	28.3	27.4	24.6
Arkansas.....	41.9	76.7	77.0	71.3	65.8	2.5	2.8	2.8	2.9	2.9
Louisiana.....	88.7	166.1	177.1	153.9	130.8	5.4	6.0	6.4	6.2	5.8
Oklahoma.....	38.2	99.7	101.9	86.6	53.7	2.3	3.6	3.7	3.5	2.4
Texas.....	166.4	424.8	425.0	364.5	302.5	10.0	15.3	15.4	14.8	13.5

<sup>1</sup> See table 13, footnote 1, for date and source of prewar data.

<sup>2</sup> 8-month average.

By 1943, interstate relationships had changed. The average number of persons in manufacturing in Texas had more than doubled, and Texas was the leading manufacturing State in the region. With an aggregate gain of even less than a third, North Carolina dropped to second place. All States experienced some wartime expansion, but increases were proportionately smaller in Georgia, Tennessee, South Carolina, and Virginia (in addition to North Carolina) in the southeastern group of States than elsewhere. For all these States, the relative decrease in industrial importance was continued into the postwar period.

In addition to Texas, all of the other Southwestern States—Oklahoma, Louisiana, and Arkansas—and Florida and Alabama in the Southeast, had a greater share of regional employment in 1943 than in 1939. Further gains for Texas, Oklahoma, and Louisiana occurred in 1944, while in Arkansas the rise continued even in 1945; Kentucky and Mississippi had a greater proportional employment in 1946 than at any other time.

The States of the Southwest were less industrialized before the war than those in the Southeast. The influx of war facilities and contracts raised the proportion of regional employment in the Southwest from about 20 percent in 1939 to 28 percent in 1944. On the basis of the record for the first 8 months of 1946, the Southwestern

States have declined from this peak position, but they still employ a fourth of the South's factory workers.

Based on the same 8-month average in 1946, each of the States in the Southwest and Alabama, Mississippi, and Kentucky in the Southeast showed proportional increases over the 1939 relationship. It seems, therefore, that the Southwest and some of the smaller industrial States of the Southeast have maintained their increased share of southern manufacturing employment.

#### OUTSTANDING INDUSTRIES IN THE SOUTH

The considerable importance of the textile-mill products group in the manufacturing economy of the South is well known. Also important are lumber, food processing, chemicals, apparel, furniture, iron and steel, and—during the war and postwar period—transportation equipment. Contrary to a general impression, the tobacco industry in the South actually accounts for only about 2 percent of total manufacturing employment. However, this industry is significant in furnishing work in such States as North Carolina, Virginia, Florida, and Kentucky.

*Textile-mill products.*—The largest single industry group in the South—textile-mill products—employed about 30 percent of all factory workers in the prewar period and about 25 percent of all southern industrial workers in 1946 (based on an 8-month average). Employment in the group increased 24 percent from 1939 to the peak year of 1943 and, despite declines after 1943, rose over 13 percent between 1939 and 1946; most States participated in the increase.

Little change occurred in the relative standing of the States in the industry. In 1946, about 213,000 or well over one-third of the employment was located in North Carolina. South Carolina with 120,000 ranked second and Georgia with 103,000 ranked third.

Although textile-mill products (with cotton textiles as the primary industry) formed the largest single employing group in the entire southern region, 96 percent of the group employment was concentrated in only six States—Alabama, Georgia, North Carolina, South Carolina, Tennessee, and Virginia.

*Lumber and timber basic products.*—Lumber—the second largest industry group in the South—accounted for about an eighth of those employed in the region both in 1939 and after the war. Distribution was fairly even among 11 of the 13 Southern States in 1939; Oklahoma and Kentucky had only small numbers in the group. Alabama ranked first in 1939 with 27,000 workers or about an eighth of the industry total. North Carolina had 25,000 and Mississippi 23,000 persons so employed and the remaining 8 States had from 14,000 to 20,000.

The industry—comprising primarily logging camps and sawmills—increased almost a half in size by the peak year 1943 in spite of labor recruitment difficulties; 1946 employment still exceeded the prewar level by over a third. Only Florida and Oklahoma showed decreases for the entire period. Alabama alone of all the States showed a gain in 1946 over its war peak average. Employment in this State in the lumber group totaled 42,000 workers, a slight relative increase. Georgia, which ranked eighth in 1939, had more than doubled its employment and risen to second place in the industry in 1946. In the latter year, 11 percent of the total lumber group workers were in Georgia.

*Food.*—Food processing was the third outstanding industry of the South and a little over an eighth of all workers were in this group in both 1939 and 1946. The group was of considerable size in all States in the South. However, in 1939, one-fifth of its workers were concentrated in Texas and one-eighth in Louisiana.

Between 1939 and 1946, food-processing employment had increased one-third and all States shared in the gain. In Texas, the rise was over a half to 59,400 and in Louisiana more than a third to 34,500. Kentucky, Arkansas, and Louisiana each employed more food-processing workers on an average in 1946 than at any other time in the entire period.

*Chemicals and allied products.*—The chemical-products group accounted for 100,800 workers in 1939—slightly more than 6 percent of regional employment. With many industries within the group requiring new plant facilities for full war production, the peak of 189,600 did not occur until 1945. By 1946, employment had decreased but was still 52 percent above the prewar level.

Owing to the diversity of the industries in the group,<sup>3</sup> it is not practicable to generalize on the causes of regional changes. However, the changes in Tennessee and Virginia, which together comprised about 45 percent of the regional group employment in 1939 and 52 percent in 1946, strongly influenced the over-all pattern.

Employment in the chemical group in Tennessee rose from 23,400 in 1939 to a peak of 61,500 in 1945. In 1946, the number was almost double the prewar total for the State and had risen from 23 to 30 percent of the regional total for the group. The development of the Oak Ridge atomic bomb plant and increases in the production of industrial chemicals were mainly responsible.

In Virginia, the number rose to 34,000—about a 54-percent increase—between 1939 and 1946. Production of rayon fibers furnished the largest segment of employment in the group throughout

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<sup>3</sup> Fissionable materials, explosives, industrial chemicals, synthetic rubber, rayon fibers, animal and vegetable oils, and fertilizer make up the group.

the entire period, but its importance was reduced during wartime when the production of industrial chemicals increased.

*Apparel and other finished textile products.*—The fifth largest industrial group in the South was apparel, which employed 129,400 workers making up 6 percent of regional employment in 1946. The gain was 43 percent from the prewar level. Georgia accounted for about a fifth of the South's apparel workers in the prewar period, and only about a sixth by 1946. Texas had first place in 1946 with an employment total of 22,000, and Tennessee averaged 20,100 workers. These three States together accounted for approximately half of the total workers in the apparel group.

*Furniture and finished lumber products.*—The furniture products group averaged 122,700 workers in 1946—only slightly fewer workers than the apparel group. The 1946 level was about a fourth higher than before the war and was the peak for the entire period covered.

In 1946 furniture plants in North Carolina (producing primarily household furniture, mattresses, and bedsprings), with 28,300, employed 23 percent of the southern group total. Virginia and Tennessee ranked second and third in 1946 and with North Carolina comprised nearly half of the furniture group.

*Iron and steel products.*—The iron and steel products group accounted for about 5 percent of total manufacturing employment in the South in 1939; the percentage rose to 7 in 1944 when wartime expansions more than doubled such employment. After the war ended, iron and steel plants retained approximately the same proportion of workers as in the prewar period. The four States of Alabama, Tennessee, Texas, and Kentucky had over three-fourths of the regional total in the iron and steel group in 1946. Alabama ranked first, with almost 42 percent of the total, in 1939; but by 1946 the percentage had dropped to 34. In Texas, the number of persons so engaged more than doubled between 1939 and 1946, and the proportion increased from 7.7 to 14.5 percent of the regional group.

*Transportation equipment (except automobiles).*—Employment in the transportation-equipment group—primarily aircraft and shipbuilding industries—amounted to only 1 percent of the total for manufacturing in the South in 1939. Tremendous war expansion of these industries, from 18,000 in 1939 to 468,000 in 1944, raised the proportion to 17 percent. By 1946, the total had receded to less than 4 percent of regional employment.

In the prewar period, Virginia had the only sizable transportation-equipment group in the South, employing 9,700 or over half of such workers in the region. By 1944, the Virginia total had tripled, but because of the tremendous expansions in all but one of the Southern States, Virginia ranked seventh, following Texas, Florida, Georgia,

Louisiana, Alabama, and Oklahoma. But in 1946, only Texas—with 27 percent of the total in this group—outranked Virginia.

CONTINUED EMPLOYMENT EXPANSION

Continued expansion in southern manufacturing employment is indicated by estimates for both September and October 1946. Between August and October 1946, 20,000 workers were added. Florida, Virginia, and Alabama absorbed most of these workers by adding about 5,000 or more each in this 2-month interval. Only 4 of the 13 Southern States failed to share in the increase.

## IV.—Income in the South<sup>1</sup>

Variations in income among the States are due to differences in the natural resources, capital equipment, and productive abilities of the different populations. The possession of abundant capital and natural wealth in relation to population usually constitutes a basis for a high level of income and well-being. Where such resources exist, the States can support adequate programs of public education, health, and general welfare. All the people are the beneficiaries of such programs, particularly those in the lower-income groups. On the other hand, the level of income tends to be low where resources are naturally meager or have been depleted, where capital equipment is relatively small, and where the population is not generally skilled in industry. As a result, State revenues are low, and public functions are likely to be limited. In such areas, a change in the balance between population and resources will tend to occur. In the South,<sup>2</sup> this process has taken primarily the form of out-migration<sup>3</sup> and of industrialization through the use of capital accumulated in the region and brought in from the outside.

Human welfare cannot by any means be measured entirely in terms of money income. Estimates of aggregate income payments<sup>4</sup> and their components, however, can be used roughly to describe the economic status of the population as a whole, and per capita income<sup>5</sup> to indicate the average status of the individual. Such estimates are available for the individual States, and comparisons can therefore be made between the Southern States and the rest of the country. Comparisons are desirable, as the concept of "income level" is relative.

Differences in income level between the South and the remainder of the country reflect, in part, differences in the character of economic activity. Agriculture, of course, is relatively more important, and

<sup>1</sup> Prepared by Solomon Shapiro of the Bureau's Labor Economics Staff. The State income data used in this section have been published or made available by the National Income Division of the Office of Business Economics of the U. S. Department of Commerce. The cooperation of this Division is gratefully acknowledged.

<sup>2</sup> The "South" is used to mean the nine Southeastern States: Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, and Mississippi; and the four Southwestern States: Arkansas, Louisiana, Oklahoma, and Texas.

<sup>3</sup> See the article Labor Supply in the South, p. 16 of this bulletin.

<sup>4</sup> State income payments represent income received in the various States by individuals, from payers either within or outside the State. These payments include certain "nonproductive" receipts which are included in money income, such as social-security benefits and relief payments. They exclude certain items of income, like business savings, which accrue to, but are not received by, the population. Certain imputed items, such as products consumed on the farm, are also included.

<sup>5</sup> Per capita income payments are derived by division of total income payments by total population, excluding armed forces and civilians outside the continental United States.

manufacturing less important, in the South than elsewhere. Moreover, there are important differences between agriculture as carried on in the South and in other areas: farms in this region average fewer acres, capital equipment is smaller, and productivity per man is lower. The structure of manufacturing industry (kinds of industries, proportions of various labor skills employed, etc.) differs substantially in the southern and nonsouthern sectors of the economy. These variations in types of economic activity help to explain why the general level of per capita income in the South, even in 1945, was low relative to the national level.

While per capita income in the South is low compared with the average for the country, a definite and encouraging upward trend has, however, been evident in recent years. This trend reflects the changing structure of the southern economy resulting from a decline in the relative importance of agriculture, and as a counterpart, an increase in manufactures. Per capita income in the Southern States rose from 55 percent of the national average in 1929 to 69 percent in 1945. Between these dates income in the aggregate had more than doubled in the South, and the region's share of the country's total income had increased appreciably.

A portion of the gain in relative income position grew out of the war. In meeting its war needs, the Nation found in the Southern States a large pool of manpower and a convenient location for many military installations as well as war manufacturing plants. As a result, income payments to individuals in the South increased at a faster rate than in the other States during the war years. It is difficult to tell at this time to what extent the gains of the war years will be permanent.

This section presents estimates of per capita income, average annual wages, and aggregate income payments and their components in the South and the rest of the country. Changing relationships since 1929, and particularly during the war period, will be indicated.

### *Per Capita Income*

#### TOTAL POPULATION, INCLUDING MILITARY

The marked differential in incomes between the South and other regions of the country is being reduced. Since 1929 per capita income in the Southern States has steadily drawn nearer to the national average. The per capita income of \$371 in 1929 was only 55 percent of the national average. In 1940, the per capita income of \$340 was 59 percent of this average. In spite of a somewhat greater relative increase in population between 1940 and 1945, per capita income in the Southern States was \$797 in 1945, 69 percent of the national average (table 19).

TABLE 19.—*Per Capita Income Payments*<sup>1</sup> and *Percent of National Per Capita Income United States and by Region, 1929–45*<sup>2</sup>

Region	1929	1933	1939	1940	1941	1942	1943	1944	1945
	Per capita income payments								
United States.....	\$680	\$368	\$539	\$575	\$693	\$862	\$1,040	\$1,133	\$1,150
Southern States.....	371	210	323	340	421	555	693	778	797
Southeastern States.....	339	198	303	324	407	535	690	740	767
Virginia.....	422	266	402	450	565	738	833	888	903
North Carolina.....	309	205	308	316	397	521	610	702	732
South Carolina.....	252	167	261	286	354	473	575	652	663
Georgia.....	329	200	290	315	389	507	654	730	745
Florida.....	484	272	442	471	531	684	879	990	996
Kentucky.....	371	199	297	308	369	474	613	701	735
Tennessee.....	349	190	295	317	413	513	659	768	813
Alabama.....	305	154	242	268	359	482	602	677	700
Mississippi.....	273	123	201	202	283	396	493	541	556
Southwestern States.....	428	230	359	369	447	592	755	847	852
Arkansas.....	305	152	246	252	332	448	519	617	654
Louisiana.....	415	222	354	357	433	549	722	788	785
Oklahoma.....	455	226	340	356	417	590	728	860	889
Texas.....	465	257	401	413	497	655	840	925	917
All other States.....	795	429	624	667	802	985	1,180	1,275	1,290
	Percent of national per capita income								
United States.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Southern States.....	54.6	57.1	59.9	59.1	60.8	64.4	66.6	68.7	69.3
Southeastern States.....	49.9	53.8	56.2	56.3	58.7	62.1	63.5	65.3	66.7
Virginia.....	62.1	72.3	74.6	78.3	81.5	85.6	80.1	78.4	78.5
North Carolina.....	45.4	55.7	57.1	55.0	57.3	60.4	58.7	62.0	63.7
South Carolina.....	37.1	45.4	48.4	49.7	51.1	54.9	55.3	57.5	57.7
Georgia.....	48.4	54.3	53.8	54.8	56.1	58.8	62.9	64.4	64.8
Florida.....	71.2	73.9	82.0	81.9	76.6	79.4	84.5	83.8	86.6
Kentucky.....	54.6	54.1	55.1	53.6	53.2	55.0	58.9	61.9	63.9
Tennessee.....	51.3	51.6	54.7	55.1	59.6	59.5	63.4	67.8	70.7
Alabama.....	44.9	41.8	44.9	46.6	51.8	55.9	57.9	59.8	60.9
Mississippi.....	40.1	33.4	37.3	35.1	40.8	45.9	46.4	47.7	48.3
Southwestern States.....	62.9	62.5	66.4	64.2	64.5	68.7	72.6	74.8	74.1
Arkansas.....	44.9	41.3	45.6	43.8	47.9	52.0	49.9	54.5	56.9
Louisiana.....	61.0	60.3	65.7	62.1	62.5	63.7	69.4	69.5	68.3
Oklahoma.....	66.9	61.4	63.1	61.9	60.2	63.4	70.0	75.9	77.3
Texas.....	68.4	69.8	74.4	71.8	71.7	76.0	80.8	81.6	79.8
All other States.....	116.9	116.6	115.8	116.0	115.7	114.3	113.5	112.5	112.2

<sup>1</sup> Per capita income payments are derived by division of total income payments by total population (excluding armed forces and civilians outside continental United States). For residents of Virginia employed outside that State, income was transferred from the State of the recipients' employment.

<sup>2</sup> Source: U. S. Department of Commerce, Survey of Current Business, August 1946, and unpublished data.

Among the Southern States, the lowest per capita income has consistently been found in Mississippi, where in 1933 it was only \$123, 33 percent of the average income in the country. However, this amount has steadily increased until in 1945 it was 48 percent of the country's average. For a considerable period, Florida has come closest to the national average in per capita income payments—being 71 percent of this amount in 1929 and rising to 87 percent in 1945. During the war years, both Texas and Virginia were around the 80-percent level.

#### CIVILIAN POPULATION

The inclusion of military pay rolls in total income served to increase southern per capita income during the war years, as average military

pay was generally higher than per capita income to civilians in the South. It is desirable, therefore, to examine civilian per capita income by deducting wage payments to armed forces personnel (table 20).

TABLE 20.—*Per Capita Income Payments to Civilian Population, by Region, 1940-45*<sup>1</sup>

Region	1940	1941	1942	1943	1944	1945
	Civilian per capita income payments					
United States.....	\$573	\$694	\$860	\$1,050	\$1,143	\$1,158
Southern States.....	327	417	539	681	771	791
Southeastern States.....	321	402	517	644	730	761
Southwestern States.....	367	444	580	749	846	849
All other States.....	666	802	985	1,192	1,285	1,299
	Percent of national civilian per capita income					
United States.....	100.0	100.0	100.0	100.0	100.0	100.0
Southern States.....	58.8	60.1	62.7	64.9	67.5	68.3
Southeastern States.....	56.0	57.9	60.1	61.3	63.9	65.7
Southwestern States.....	64.0	64.0	67.4	71.3	74.0	73.3
All other States.....	116.2	115.6	114.5	113.5	112.4	112.2

<sup>1</sup> Source: U. S. Department of Commerce, Survey of Current Business, August 1946, and unpublished data.

This procedure somewhat reduces the per capita income in certain of the Southern States, particularly in the early years of the war, but in the other States where civilian average incomes were higher than military pay, per capita income was increased. The deduction of military pay lowered per capita income in the South from \$555 to \$539 in 1942, and from \$797 to 791 in 1945.

Clearly, there was not sufficient difference between the levels of military and civilian income payments to change any of the important generalizations with respect to the relationship of the South to the rest of the country. The change, however measured, in per capita incomes in the Southern States between 1940 and 1945 more than matched the doubling of incomes in the rest of the country. As a consequence, per capita incomes in the South were appreciably nearer the national average at the end of the period.

### *Income Status of the Southern Worker*

The per capita measures of income take cognizance of the changes in population and represent the income of the average individual—man, woman, or child. The aggregate measures of income, which will be presented later, are useful in showing the relationships of the various economic groups and the relative changes occurring in the economic position of these groups. Both measures fail to describe with any degree of precision the income status of the individual worker.

The ideal procedure for the purpose of describing earnings of typical workers would be to obtain average annual wages for all homogeneous groups of workers, broken down by State, industry division, occupation, sex, race, age, etc. It is unfortunate that data of this sort are not available. For most commercial and industrial workers, however, State unemployment-compensation tabulations can be used to show average annual wages and salaries in the major industries. The best available data for showing the status of farm workers in the various States are the farm wage rates compiled by the United States Bureau of Agricultural Economics.

## ANNUAL WAGES IN INDUSTRY

The average worker in southern industry improved his annual earnings during the war in absolute terms and in relation to the average worker in the country as a whole. In table 21, the average annual wage per job covered by State unemployment-compensation laws are shown for seven major industries from 1939 through 1944. These average wages rose steadily in the South, from \$1,016 in 1939

TABLE 21.—Average Annual Wage Per Job<sup>1</sup> Covered by Unemployment-Compensation Laws, United States and the South, by Major Industry Groups, 1939-44<sup>2</sup>

Year	All covered industries <sup>3</sup>			Mining <sup>4</sup>			Contract construction			Manufacturing		
	United States	South		United States	South		United States	South		United States	South	
		Average wage and salary	Per cent of national average		Average wage and salary	Per cent of national average		Average wage and salary	Per cent of national average		Average wage and salary	Per cent of national average
1939.....	\$1,360	\$1,016	74.7	\$1,379	\$1,343	97.4	\$1,315	\$892	67.8	\$1,357	\$941	69.3
1940.....	1,405	1,058	75.3	1,404	1,362	97.0	1,368	1,015	74.2	1,436	987	68.7
1941.....	1,572	1,186	75.4	1,597	1,516	94.9	1,680	1,366	81.3	1,658	1,123	67.7
1942.....	1,867	1,419	76.0	1,818	1,660	91.3	2,246	1,846	82.2	2,081	1,397	68.8
1943.....	2,145	1,641	76.5	2,188	1,999	91.4	2,599	2,169	83.5	2,356	1,691	71.8
1944.....	2,302	1,798	78.1	2,527	2,365	93.6	2,744	2,371	86.4	2,525	1,879	74.4
	Transportation, <sup>5</sup> communication, and other public utilities			Wholesale and retail trade			Finance, insurance, and real estate			Service		
1939.....	\$1,538	\$1,159	75.4	\$1,285	\$1,041	81.0	\$1,795	\$1,592	88.7	\$1,207	\$849	70.3
1940.....	1,560	1,197	76.7	1,307	1,067	81.6	1,749	1,577	90.2	1,213	861	71.0
1941.....	1,636	1,290	78.9	1,400	1,140	81.4	1,798	1,633	90.8	1,271	919	72.3
1942.....	1,803	1,450	80.4	1,524	1,232	80.8	1,901	1,735	91.3	1,396	1,040	74.5
1943.....	2,035	1,650	81.1	1,678	1,363	81.2	2,057	1,859	90.4	1,579	1,176	74.5
1944.....	2,214	1,839	83.1	1,825	1,497	82.0	2,208	1,998	90.5	1,745	1,275	73.1

<sup>1</sup> Obtained by dividing total wages and salaries paid in covered employment in the various industries by the average employment in these industries. The latter figures are averages of 12 monthly figures, each of which is a total of the number of workers in the industry in the last pay period of the month.

<sup>2</sup> Source: United States data and 1944 data for the South derived from Federal Security Agency, Employment Security Activities, May 1946. Other years for the South are derived from data in the Social Security Yearbooks of the Federal Security Agency.

<sup>3</sup> Includes data for covered workers in agriculture, forestry, fishing, and establishments not elsewhere classified.

<sup>4</sup> Includes crude petroleum and natural gas production.

<sup>5</sup> Excludes railroads and other allied groups subject to the Railroad Unemployment Insurance Act.

to \$1,798 in 1944, an increase of 77 percent. This compares with an increase of 69 percent for the country as a whole, from \$1,360 in 1939 to \$2,302 in 1944.

In 1939, average wage per job in the different industries in the South ranged from \$849 in service to \$1,592 in finance. By 1944, the averages had shifted in relative rank, but service was still lowest with \$1,275, while contract construction was highest with \$2,371. Averages in the Southwest were generally higher than in the Southeastern States. In mining, the presence of the high-wage petroleum industry raised average annual wages in the Southwest above the level of the country as a whole. In all the industries except mining, wages of the southern worker drew nearer to the national average between 1939 and 1944.

These estimates of annual earnings do not represent all workers, as in 1944 only about 70 percent of all wages and salaries in the country were paid to workers in industries covered by State unemployment-insurance laws. In the South, moreover, only about 55 percent of total wages and salaries were paid in covered industries. Among those excluded from coverage are farmers, farm workers, and domestic workers, and these groups form substantial proportions of the southern labor force. In addition, 10 of the 13 Southern States cover only firms employing 8 or more workers. Since average earnings of employees in the smallest firms tend to be relatively low, average annual wages of workers covered by unemployment compensation in the South are biased upward as compared with the rest of the country. Nevertheless, as a measure of wages in industrial and commercial establishments of other than very small size, such figures have significance.

It should be clear that the differentials in earnings measure variations in opportunity for employment as well as wage and salary differences, as more commonly understood. For example, average annual wages in southern manufacturing reflect the average return in wages to workers in those particular industries that happen to exist in the South. Similarly, average annual wages in manufacturing in the remainder of the country reflect the return to workers in a somewhat different industrial structure, utilizing, to some extent, other types of skills and other proportions of various grades of skill. Regional wage differentials as such are considered in a separate article.<sup>6</sup>

#### INCOME IN AGRICULTURE

Although agriculture has become relatively less important in the southern economy, the income status of the individual farmer and farm worker has considerably improved since the depression years. Migration of farm population has alleviated somewhat the pressure of

<sup>6</sup> See the article *Regional Wage Differentials*, p. 56 of this bulletin.

population on the land. It enabled those who remained to improve greatly their position when the demand for farm products and farm prices increased in the prewar and war years. Average net farm income per farm in the South increased from \$582 in 1940 to \$1,708 in 1944. The threefold increase in net farm income during this period, although about the same as in the rest of the country, is more significant for the South. In this region, the greater rate of decrease in the number of farms and farm population led to larger average-sized farms which, with increased productivity, placed agriculture on a somewhat better economic basis.

The monthly composite wage rate of farm workers in the South increased from \$21.20 in 1939 to \$53.20 in 1944. This composite wage represents an average of four rates—monthly rates with and without board, and daily rates with and without board—weighted by the estimated number of workers receiving each rate. It is useful in showing the relative changes in wage rates in the South, which can be compared with the relative change in the index of farm wage rates for the United States. The index of farm wage rates (1910-14=100) was 123 for the country in 1939 and 315 in 1944. The increase of 151 percent in the composite wage rate for the South compares with an increase of 156 percent for the country as a whole.

### *Income Payments and Their Composition, 1929-45*

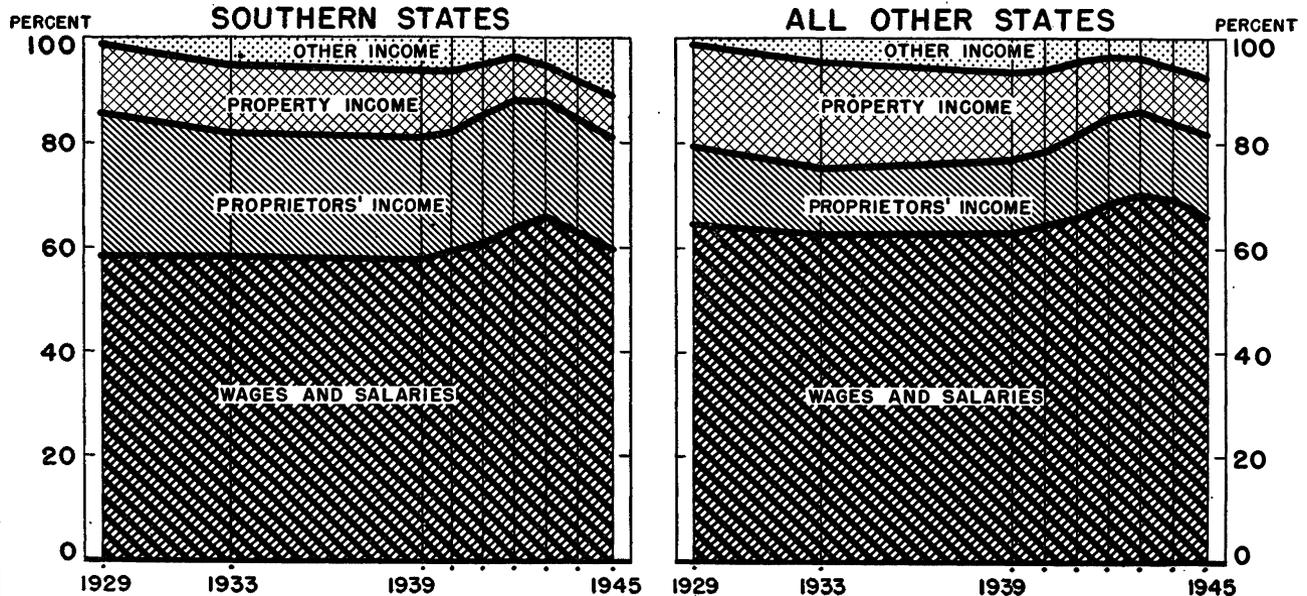
Some indication of the broad economic changes which have taken place within the country since the high level of business activity of the late 1920's is obtained from the changing proportions of the types of income which compose total income payments. Table 22 and chart 1 show four principal kinds of income and their relative importance in the South and the rest of the country for the period since 1929.

The discussion which follows deals with relative shares of income and not with total amounts. Thus, the absolute amount of property income in the South increased materially between 1929 and 1945, although property income, as a share of total income, declined. Similarly, wage and salary payments more than doubled during this period, despite the fact that the proportions of such payments in the income total showed little change.

In the years prior to World War II, wages and salaries in the South represented somewhat less than 60 percent of the total income of the population. During the war, the large volume of military pay rolls, together with increased earnings and greater employment in industry, brought wages and salaries to 66 percent of total income in 1943. Toward the end of the war, with the "shipping out" of military personnel and the increasing importance of family allotments and mustering-out pay, the proportion of wages and salaries was reduced to

CHART 1

# RELATIVE IMPORTANCE OF THE COMPONENTS OF INCOME PAYMENTS IN THE SOUTH AND REST OF THE COUNTRY



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BUREAU OF LABOR STATISTICS

its prewar relationship. In the other States, the proportion of income going to wage and salary earners has always been greater than in the South. This reflects the relatively greater number of industrial workers and smaller number of farmers and farm workers<sup>7</sup> in the States outside the South.

**TABLE 22.—Total Income Payments and Their Composition, the South and all Other States, 1929–45<sup>1</sup>**

Year	Southern States					All other States				
	Total income payments	Wages and salaries	Proprietors' income	Property income	Other income	Total income payments	Wages and salaries	Proprietors' income	Property income	Other income
Amount (in millions)										
1929.....	\$12,428	\$7,294	\$3,387	\$1,656	\$151	\$70,189	\$45,202	\$10,429	\$13,630	\$928
1932.....	7,225	4,200	710	935	380	39,048	24,366	4,922	7,793	1,967
1939.....	11,764	6,778	2,748	1,467	771	58,837	37,072	8,225	9,556	3,984
1940.....	12,524	7,416	2,852	1,447	509	63,328	40,579	8,996	9,888	3,865
1941.....	15,906	9,570	3,630	1,586	819	76,464	50,373	11,954	10,697	3,440
1942.....	21,114	13,429	5,113	1,760	812	94,187	64,519	15,259	11,030	3,379
1943.....	26,638	17,523	5,740	1,941	1,429	112,649	78,871	17,679	11,728	4,371
1944.....	29,160	18,367	6,190	2,110	2,493	126,500	83,303	17,859	12,553	6,785
1945.....	29,787	17,732	6,384	2,227	3,444	122,917	80,962	19,010	13,537	9,408
Percentage distribution										
1929.....	100.0	58.2	27.3	13.3	1.2	100.0	64.4	14.9	19.4	1.3
1932.....	100.0	58.1	23.7	12.9	5.3	100.0	62.4	12.6	20.0	5.0
1939.....	100.0	57.6	23.4	12.5	6.5	100.0	63.0	14.0	16.2	6.8
1940.....	100.0	59.2	22.8	11.5	6.5	100.0	64.1	14.2	15.6	6.1
1941.....	100.0	60.6	24.2	10.0	5.2	100.0	65.9	15.6	14.0	4.5
1942.....	100.0	63.6	24.2	8.3	3.9	100.0	68.5	16.2	11.7	3.6
1943.....	100.0	65.8	21.6	7.3	5.3	100.0	70.0	15.7	10.4	3.9
1944.....	100.0	63.0	21.2	7.2	8.6	100.0	69.1	14.8	10.4	5.7
1945.....	100.0	59.5	21.4	7.5	11.6	100.0	65.9	15.5	11.0	7.6

<sup>1</sup> Source: U. S. Department of Commerce, Survey of Current Business, August 1945 and August 1946.

The decreased importance of proprietors' income in the South which started in the depression years of the early 1930's continued throughout the war period. From 27 percent of total income payments in 1929, income to unincorporated business, including agriculture, declined to 23 percent in 1940 and to 21 percent in 1945. The relative increase in wages and salaries in the first part of the war and of "other income" toward its close, and the large decrease in the number of farm proprietors throughout the period, were important reasons for the smaller share of total income going to proprietors during the war. While this decline was taking place in the South, proprietors' income remained a much more stable component of the total in the rest of the country.

The proportion of income received from property, represented by net rents and royalties, interest, and dividends, has been decreasing throughout the country since 1929. The decrease received added impetus during the war with increased taxes, rent ceilings, and

<sup>7</sup> In 1940, farmers and farm workers represented 34 percent of the employed labor force in the Southern States, compared with only 12 percent in the rest of the country.

declining interest rates. In the South, income from property fell from 13 percent of total income in 1929 to 12 percent in 1940 and to 8 percent in 1945. The greater concentration of wealth in the rest of the country led to an even greater percentage decline in its proportion of property income.

The "other" type of income payments became substantially more important in all parts of the country after 1929. In the thirties, the increase resulted from the large volume of relief and work-relief payments and social-security benefits. The latter became significant toward the end of the decade. With many dependents of military personnel living in the Southern States during the war, the inclusion of family-allowance payments and allotments made the category of "other income" relatively more important in the South after 1942. The inclusion of mustering-out payments to veterans in 1944 and 1945 raised the proportion still higher in the Southern States.

### *Aggregate Income Payments*

Although per capita income in the South is still considerably below the national average, as indicated earlier in this section, income payments showed remarkable gains in these States during the immediate prewar and war years. Not only has the income level of the population been raised in absolute terms, but an increasing share of the Nation's total income has been going to these 13 States. In 1929, 15 percent of the country's total income payments went to the South. By 1940, this proportion had gone up to 17 percent, and by 1945 to 20 percent (table 23).

Each of the nine Southeastern States increased its proportion of total income payments between 1929 and 1945. To this group of

TABLE 23.—*Total Income Payments and Percentage Distribution, by Region, 1929-45*<sup>1</sup>

Region	1929	1933	1939	1940	1941	1942	1943	1944	1945
Total income payments (in millions)									
United States <sup>2</sup> .....	\$82,617	\$46,273	\$70,601	\$75,852	\$92,269	\$115,301	\$139,282	\$149,660	\$152,704
Southern States.....	12,423	7,225	11,764	12,524	15,805	21,114	26,633	29,160	29,787
Southeastern States.....	7,257	4,361	7,108	7,703	9,856	13,133	16,384	17,986	18,602
Southwestern States.....	5,171	2,864	4,656	4,821	5,949	7,981	10,249	11,174	11,185
All other States.....	70,189	39,048	58,837	63,328	76,464	94,187	112,649	120,500	122,917
Percent of total United States									
United States <sup>2</sup> .....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Southern States.....	15.0	15.6	16.7	16.5	17.1	18.3	19.1	19.5	19.5
Southeastern States.....	8.8	9.4	10.1	10.1	10.7	11.4	11.8	12.0	12.2
Southwestern States.....	6.2	6.2	6.6	6.4	6.4	6.9	7.3	7.5	7.3
All other States.....	85.0	84.4	83.3	83.5	82.9	81.7	80.9	80.5	80.5

<sup>1</sup> Source: U. S. Department of Commerce, Survey of Current Business, August 1946.

<sup>2</sup> Includes only payments to residents of the continental United States, therefore excluding pay of armed forces and Federal civilian employees stationed outside the country.

States in the aggregate went 9 percent of the country's total income payments in 1929, 10 percent in 1940, and 12 percent in 1945. The four Southwestern States raised their aggregate share of the Nation's income during the period after 1940 by about 1 percent.

The growth in the relative importance of the Southeast in manufacturing during the 1930's accounts largely for the increasing proportion of income payments going to the South in the years prior to the war. During the period of rearmament and war, the Southern States, with an important share of military establishments and other war activities, showed the tremendous gains indicated.

In dollar amounts of income, the South made more rapid progress than the rest of the country in recovering from the low point of the depression years. By 1940, the Southern States had recovered the 1929 level of income payments, whereas the remainder of the country was still 10 percent below that level. By 1945, southern income was 240 percent of the 1929 amount, compared with 175 percent for the rest of the country. The smallest relative increase among the Southern States was shown by Oklahoma—169 percent of the 1929 amount—the largest by Florida—343 percent of the 1929 amount.

#### WAGES AND SALARIES AND THEIR COMPOSITION

*Aggregate wages and salaries.*—The proportion of the country's total wages and salaries which were paid in the South increased steadily from 1929 to 1945—from 14 percent of the total in 1929 to 16 percent in 1940 and 18 percent in 1945 (table 24). The relationship of the South to the rest of the country, with respect to this most important component of income payments, paralleled very closely that of total income payments. The important changes in wages and salaries are reflected in total income.

TABLE 24.—*Wages and Salaries and Percentage Distribution, by Region, 1929–45*<sup>1</sup>

Region	1929	1933	1939	1940	1941	1942	1943	1944	1945
	Wages and salaries (in millions)								
United States.....	\$52,436	\$28,566	\$43,850	\$47,995	\$59,943	\$77,948	\$96,394	\$101,670	\$98,694
Southern States.....	7,234	4,200	6,778	7,416	9,570	13,429	17,523	18,367	17,732
Southeastern States.....	4,321	2,580	4,188	4,678	6,164	8,537	10,890	11,350	11,039
Southwestern States.....	2,913	1,620	2,590	2,738	3,406	4,892	6,633	6,987	6,693
All other States.....	45,202	24,366	37,072	40,579	50,373	64,519	78,871	83,303	80,962
	Percent of total United States								
United States.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Southern States.....	13.8	14.7	15.5	15.5	16.0	17.2	18.2	18.1	18.0
Southeastern States.....	8.2	9.0	9.6	9.7	10.3	10.9	11.3	11.2	11.2
Southwestern States.....	5.6	5.7	5.9	5.8	5.7	6.3	6.9	6.9	6.8
All other States.....	86.2	85.3	84.5	84.5	84.0	82.8	81.8	81.9	82.0

<sup>1</sup> Source: U. S. Department of Commerce, Survey of Current Business, August 1945 and August 1946.

Aggregate wages and salaries in the South rose from 7,234 million dollars in 1929 to 17,732 million dollars in 1945, an increase of 145 percent. This compares with an increase of only 79 percent for the rest of the country during the same period.

Changes in wages and salaries and their components from the period of rearmament to the end of the war are shown in tables 25 and 26 and chart 2. During this period all the important wage groups in the southern economy, except farm workers, increased their aggregate wage income faster than those in the rest of the country.

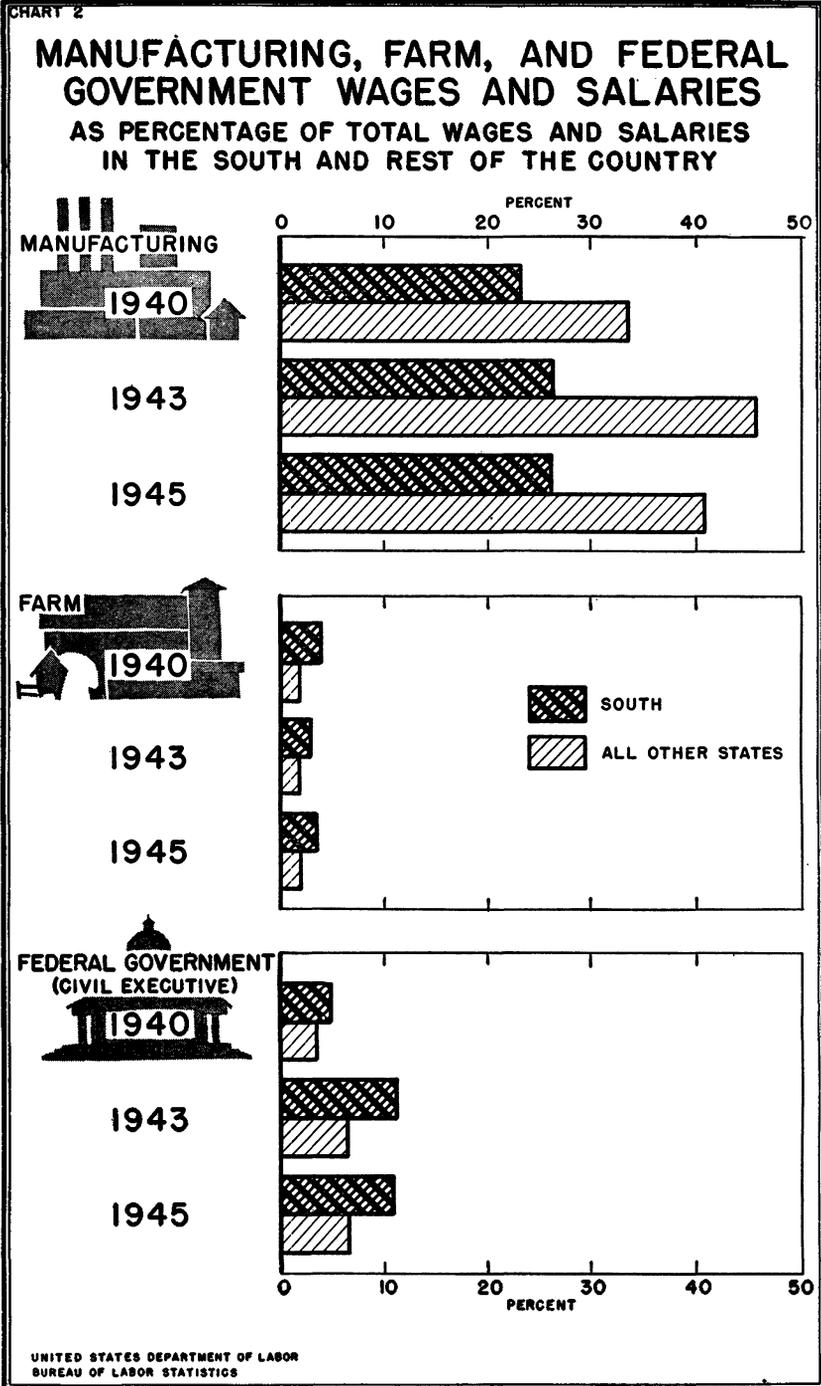
*Manufacturing wages and salaries.*—Manufacturing wages and salaries in the South increased from 1,562 million dollars in 1929, about 10 percent of total manufacturing pay rolls in the country, to 4,653 million dollars in 1945, 12 percent of the country's total (table 25). In general, the prewar gain is attributable to increased factory pay rolls in the Southeastern States. The gain during the war was largely caused by the growth of war manufacturing both in the Southeast and the Southwest.

The South responded to the Nation's need for war materials of all kinds by increasing the relative output of manufacturing in its economy (as measured by wages and salaries) from 23 percent of total pay rolls in 1940 to 28 percent in 1944, the year of greatest war production. While the increase in the Southeast was from 27 percent to 30 percent in 1944, the Southwestern States showed a remarkable change, from 16 to 26 percent. That these changes may not be entirely permanent is suggested by the fact that in 1945 manufacturing pay rolls declined to 29 percent of total wages and salaries in the Southeast and to 22 percent in the Southwest.

The States outside the South gave even greater emphasis to manufacturing during the war, increasing their proportion of manufacturing to total pay rolls from 34 percent in 1940 to 45 percent in 1944. The cessation of war production brought this proportion down to 41 percent in 1945.

*Farm wages.*—The rise in industrial activity and the decrease in agricultural employment, during the war years, resulted in a decline in the relative importance of farm wages in total wage and salary payments in the South, despite a substantial increase in agricultural wage rates. From 4.4 percent of total wages and salaries in the South in 1929, farm wages declined to 3.9 percent in 1940 and to 3.4 percent in 1945. Agriculture is a less important part of the economy in the rest of the country, and farm wages remained a fairly stable component of total wages—about 2 percent from 1929 to 1945.

Approximately half the country's farm workers are in the Southern States; these workers receive less than 30 percent of total national farm-wage payments. The 319 million dollars paid southern farm



workers in 1929 was about a fourth of the farm wages paid in the country in that year. In 1940, southern farm wages were 29 percent of the country's total, and in 1945 the 596 million dollars paid in farm wages was 27 percent of all farm wages. The explanation for the discrepancy between the proportions of total farm workers and total farm wages lies not only in the farm wage differential but also in the large number of unpaid family workers in agriculture in the South.

TABLE 25.—*Wages and Salaries and Their Composition, by Region, 1940 and 1945*<sup>1</sup>

Region	Total <sup>2</sup>		Manufacturing <sup>3</sup>		Farm		Federal <sup>4</sup> (civilian executive)		All other	
	1940	1945	1940	1945	1940	1945	1940	1945	1940	1945
Wages and salaries (in millions)										
United States.....	\$47,995	\$98,694	\$15,372	\$37,754	\$1,000	\$2,210	\$1,797	\$7,234	\$29,826	\$51,446
Southern States.....	7,416	17,732	1,717	4,653	288	596	353	1,935	5,053	10,548
Southeastern States.....	4,678	11,039	1,273	3,139	169	313	244	1,308	2,992	6,224
Southwestern States.....	2,738	6,693	445	1,464	119	277	114	627	2,060	4,325
All other States.....	40,579	80,962	13,655	33,101	712	1,615	1,439	5,349	24,773	40,897
Percentage distribution										
United States.....	100.0	100.0	32.0	38.3	2.2	2.2	3.7	7.4	62.1	52.1
Southern States.....	100.0	100.0	23.2	26.2	3.9	3.4	4.9	10.9	68.0	59.5
Southeastern States.....	100.0	100.0	27.2	28.9	3.6	2.9	5.2	11.8	64.0	56.4
Southwestern States.....	100.0	100.0	16.2	21.9	4.4	4.1	4.2	9.4	75.2	64.6
All other States.....	100.0	100.0	33.6	40.9	1.8	2.0	3.5	6.6	61.1	50.5

<sup>1</sup> Source: U. S. Department of Commerce, Survey of Current Business, August 1946 and unpublished data.

<sup>2</sup> After deduction of employees' contributions under social insurance programs.

<sup>3</sup> Before deduction of social insurance contributions.

<sup>4</sup> Before deduction of civil service retirement.

TABLE 26.—*Percentage Increase in Wages and Salaries and Their Components, by Region, 1940 to 1945*

Region	Percent increase in wages and salaries				
	Total	Manufacturing	Farm	Federal (civilian executive)	All other
United States.....	106	146	121	305	73
Southern States.....	139	171	107	441	109
Southeastern States.....	136	151	88	436	108
Southwestern States.....	144	229	133	450	110
All other States.....	100	142	127	272	65

*Federal civilian executive wages and salaries.*—Between January 1940 and June 1944, Federal employment of civilians had tripled in the States outside the South; in the South, on the latter date, there were about four times the earlier number. During the war, Government pay rolls for civilian employees became an important component of

the total wage bill in the Southern States. In 1940, 5 percent of all wages and salaries in this region were payments to Federal employees in the executive branch. This proportion more than doubled by 1945 and represented 11 percent of total wages and salaries in that year. Government pay rolls of civilian executive employees in the South were 358 million dollars in 1940 compared with 1,439 million in the States outside the South. By 1945, these pay rolls were 1,935 million dollars in the South and 5,349 million in the rest of the country. The increase of 441 percent in the South compares with an increase of 272 percent in the other States.

#### AGRICULTURAL INCOME

The Southern States, with half the farm population of the country, since the war have received less than a third of the country's agricultural income.<sup>8</sup> In 1929, agricultural income of 2,513 million dollars in these States was 36 percent of the total farm income of the country. By 1945, southern agricultural income was 4,821 million dollars, about 32 percent of the total (table 27).

TABLE 27.—*Agricultural Income Payments<sup>1</sup> and Percentage Distribution, by Region, 1929-45<sup>2</sup>*

Region	1929	1933	1939	1940	1941	1942	1943	1944	1945
Agricultural income payments (in millions)									
United States.....	\$6,965	\$2,962	\$5,302	\$5,438	\$7,718	\$11,494	\$14,211	\$14,418	\$15,091
Southern States.....	2,513	1,244	1,956	1,906	2,562	3,762	4,315	4,737	4,821
Southeastern States.....	1,448	757	1,186	1,138	1,472	2,249	2,612	2,917	3,129
Southwestern States.....	1,065	487	770	768	1,090	1,513	1,703	1,820	1,692
All other States.....	4,452	1,718	3,346	3,532	5,156	7,732	9,896	9,681	10,270
Percent of total United States									
United States.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Southern States.....	36.1	42.0	36.9	35.0	33.2	32.7	30.4	32.8	31.9
Southeastern States.....	20.8	25.6	22.4	20.9	19.1	19.6	18.4	20.2	20.7
Southwestern States.....	15.3	16.4	14.5	14.1	14.1	13.1	12.0	12.6	11.2
All other States.....	63.9	58.0	63.1	65.0	66.8	67.3	69.6	67.2	68.1

<sup>1</sup> Includes net income of farm proprietors, farm wages, and rents received by landlords living on farms.

<sup>2</sup> Source: U. S. Department of Commerce, unpublished data.

The greater dependence of this region upon agriculture is indicated by the considerably higher proportion of agricultural income to total income payments than in the rest of the country. Agricultural income was 20.2 percent of total income in the South in 1929, and 15.2 percent by 1940, as compared with 6.3 percent of total income in the remainder of the country in 1929 and 5.6 percent in 1940. In spite of the tremendously increased farm value of the South's principal crops—cotton and tobacco—the proportion did not rise much higher during

<sup>3</sup> Includes net income of farm proprietors, farm wages, and rents received by landlords living on farms.

the war years, being 16.2 percent in 1945 as compared with 8.4 percent in the other States.

#### MILITARY PAYMENTS

Military payments<sup>9</sup> during the war were a substantial part of total income payments in the Southern States. The presence in these States of many of the military training installations concentrated large numbers of military personnel and their families in the region. Since military pay is credited to the States in which the personnel are stationed, such payments considerably increased aggregate income in the South.

Military payments in the South rose from 142 million dollars in 1940 to 4,377 million in 1945. The importance of this type of payment is seen in its increasing percentage of total income in the South—from 1.1 percent in 1940 to 14.7 percent in 1945. These proportions were 0.3 percent and 6.8 percent, respectively, for the remainder of the country.

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<sup>9</sup> Include net pay of the armed forces, family allowance payments, voluntary allotment of pay to individuals, and mustering-out pay.

## V.—Regional Wage Differentials<sup>1</sup>

Interest in geographical wage differentials in the United States has centered mainly on North-South deviations. In part, this approach oversimplifies the problem, since it obscures the fact that substantial wage differences also exist within the North as well as within the South.<sup>2</sup> There are many reasons, of course, why the difference between northern and southern wages has been the focus of so much attention. Insofar as wage rates are a determinant of worker income, differences in rates contribute to regional inequalities in standards of living and welfare. In highly competitive industries, such as cotton textiles, the movement of industry to the South and the difficulties faced by trade-unions in maintaining and raising northern textile wages have historically been closely related to regional differences in industry wage levels. Similarly, in other competitive industries, especially those in which a large proportion of the labor force is composed of unskilled and semiskilled workers (as in wooden-nonupholstered furniture, lumber, and cotton garments), the spread between northern and southern wages has been of great economic significance. Moreover, in legislative deliberations on minimum wages it has been apparent that the setting of national levels in various industries is influenced by the level of wages in the lowest wage region.

While the special position of the South's wage level impinges on many problems regarding wage determination in the United States, this analysis does not deal with geographic wage differentials primarily in terms of the North versus the South. Instead, an effort has been made to throw light on significant wage differentials among eight major regions. The data available for this purpose were collected and processed under uniform procedures in 1945 and 1946, and for each of the selected industries nine regional groupings are usually provided—two in the South and seven in the remainder of the country. In view of the fact that the Mountain States contain few large manufacturing industries, comparisons of wages are confined to the following regions: New England, Middle Atlantic, Border States,

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<sup>1</sup> Prepared by Harry Ober and Carrie Glasser of the Bureau's Wage Analysis Branch. The statistical work for this article was prepared under the direction of Samuel E. Cohen. This section incorporates minor revisions in the material on wage differentials that originally appeared in the October 1946 Monthly Labor Review. It should be noted that all wage figures used in this section are preliminary; necessary changes will appear in the individual Wage Structure reports.

<sup>2</sup> Several studies have shown that the dispersion of wages within the South is considerably greater than within the North. See Carrie Glasser: *Wage Differentials, The Case of the Unskilled* (New York, Columbia University Press, 1940); and Richard A. Lester: *Diversity in North-South Wage Differentials and in Wage Rates within the South* (in *Southern Economic Journal*, January 1946, pp. 238-262).

Southeast, Southwest, Middle West, Great Lakes, and Pacific.<sup>3</sup> It should be observed that these groupings do not imply that wages are uniform within each region. It is believed, however, that the use of eight regions permits a more accurate reflection of regional wage variations than would be obtained from a comparison limited to the North and South.

### *Characteristic Regional Wage Positions*

For the purpose of determining what geographical wage differences are characteristic of the United States today, the data studied consist of straight-time average hourly earnings which exclude overtime payments and other forms of premium income. While these figures are not synonymous with hourly rates, they afford as close an approximation to rates as it is possible to secure with the available wage statistics. Although changes in straight-time hourly earnings owing to wage-rate increases have occurred throughout the country since 1945,<sup>4</sup> it is probable that, on the whole, the adjustments have had less effect on geographical differences than on the absolute level of wages in particular regions. However, to the extent that geographical relationships have been altered, the present findings deviate from the situation as it existed in August 1946.

The main groups of manufacturing and nonmanufacturing industries used in this analysis are shown in table 28. While the choice of industries was limited by the availability of recent information, it was also influenced by the desire to include as many important southern industries as possible, since the relative level of southern wages is a significant part of the present study. However, industries which are found almost entirely in the South, such as cigarette manufacturing, were excluded because meaningful comparisons with other regions were not possible. On the other hand, table 28 does not contain data for such important southern industries as lumber and bituminous-coal mining. For these industries the available wage statistics were not amenable to classification according to the eight broad economic regions. These industries are, however, treated separately in the following discussion. Despite the fact that the sample of industries used in table 28 gives major weight to industries typical of the South,

<sup>3</sup> The States included in these regions are as follows: *New England*—Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont; *Middle Atlantic*—New Jersey, New York, and Pennsylvania; *Border States*—Delaware, District of Columbia, Kentucky, Maryland, and West Virginia; *Southeast*—Virginia, Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Tennessee; *Southwest*—Arkansas, Louisiana, Oklahoma, and Texas; *Great Lakes*—Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin; *Middle West*—Iowa, Kansas, Missouri, Nebraska, North Dakota, and South Dakota; *Pacific*—California, Nevada, Oregon, and Washington.

Reference is made in footnote 6 to the wage level found in the Mountain States on the basis of such material as is available.

In the Wage Structure reports issued by the Bureau, Virginia was included in the Border States.

<sup>4</sup> The period covered by this analysis is from January 1945 to April 1946, except the railroad industry for which only 1944 data were available.

TABLE 28.—Regional Indexes of Straight-Time Average Hourly Earnings<sup>1</sup> of All Workers in Selected Manufacturing and Nonmanufacturing Industries

[United States industry average =100]

Industry <sup>2</sup> and date of survey	Average straight-time earnings, United States <sup>3</sup>	Regional indexes of straight-time hourly earnings							
		New England	Middle Atlantic	Border States	South-east	South-west	Great Lakes	Middle West	Pacific
<i>Manufacturing</i>									
Metalworking (January 1945):									
Fabricated structural steel.....	\$0.97	107.2	102.1	99.0	85.6	85.6	101.0	89.7	122.7
Iron and steel forgings.....	1.18	89.8	90.7	(4)	(4)		105.1	(4)	111.0
Ferrous foundries.....	1.00	91.0	99.0	87.0	69.0	76.0	104.0	85.0	109.0
Machinery, miscellaneous.....	.98	94.9	99.0	85.7	75.5	92.9	102.0	89.8	116.3
Nonferrous metal foundries.....	1.03	99.0	94.2	91.3	70.9	78.6	103.9	85.4	108.7
Power boilers and related products.....	.98	93.9	91.8	89.8	88.8	86.7	106.1	89.8	122.4
Sheet-metal work.....	1.06	100.9	117.0	(4)	65.1	83.0	93.4	80.2	127.4
Apparel (April 1945):									
Men's and boys' dress shirts.....	.68	107.4	104.4	91.2	82.4		98.5	85.3	126.5
Overalls and industrial garments.....	.64	109.4	112.5	103.1	84.4	96.9	109.4	100.0	131.3
Women's and misses' dresses.....	1.31	74.0	112.2	51.9	48.1	48.1	67.9	67.9	97.7
Work pants, cotton.....	.58	(4)	122.4	103.4	91.4	93.1	112.1	115.5	139.7
Work shirts.....	.52		117.3	105.8	96.2	(4)	117.3	(4)	
Paper and allied products (October 1945):									
Corrugated and fiber boxes.....	.78	102.6	105.1	87.2	80.8	87.2	102.6	100.0	121.8
Fiber cans, tubes and similar products.....	.71	90.1	119.7	100.0	(4)	(4)	101.4	100.0	
Folding paper boxes.....	.79	94.9	101.3	88.6	77.2	75.9	101.3	86.1	126.6
Paperboard mills.....	.83	95.2	102.4		92.8	(4)	107.2		120.4
Pulp and paper mills.....	.82	95.1	100.0	95.1	96.3	100.0	100.0		125.6
Set-up boxes.....	.68	91.2	105.9	80.9	79.4	77.9	100.0	92.6	120.6
Textiles, cotton (April 1946):									
Integrated spinning and weaving mills.....	.76	106.6	103.9	96.1	98.7	89.5			
Weaving mills.....	.98	104.1	108.2		77.6		86.7		
Yarn mills.....	.71	112.7	107.0		98.6				
Bread and other bakery products (July 1945).....	.76	100.0	107.9	93.4	75.0	81.6	101.3	96.1	126.3
Cigars (January 1946).....	.73	106.8	100.0	87.7	101.4	71.2	98.6		139.8
Footwear (October 1945).....	.83	112.0	114.5	86.7	78.3		86.7	79.5	139.8
Hosiery, full-fashioned (January 1946).....	.97	93.8	111.3	92.8	89.7	101.0	103.0		127.8
Hosiery, seamless (January 1946).....	.63	111.1	106.3	87.3	98.4	(4)	114.3		
Structural clay products (October 1945).....	.80	105.0	112.5	102.5	76.3	71.3	102.5	96.3	118.8
Furniture, other than upholstered (October 1945).....	.70	102.9	111.4	104.3	80.0	85.7	107.1	92.9	134.3
Furniture, upholstered (October 1945).....	.96	99.0	121.9	82.3	76.0	83.3	96.9	94.8	135.4
<i>Nonmanufacturing</i>									
Retail (April 1945):									
Clothing stores.....	.79	86.1	107.6	87.3	77.2	88.6	103.8	91.1	116.5
Department stores.....	.67	86.6	104.5	82.1	86.6	97.0	103.0	97.0	109.0
Limited-price variety stores.....	.41	104.9	102.4	92.7	80.5	82.9	104.9	95.1	134.1
Electric light and power (July 1945).....	1.03	101.9	101.0	(4)	84.5	84.5	102.9	87.4	107.8
Power laundries (July 1945).....	.52	111.5	119.2	98.1	71.2	75.0	113.5	90.4	132.7
Telephones (October 1945).....	.92	102.1	110.8	101.1	89.1	88.0	98.9	84.8	103.3

<sup>1</sup> Excludes premium pay for overtime and night work.<sup>2</sup> The national average included data for the Mountain region where coverage was obtained.<sup>3</sup> Source of data: For all industries except telephone, information based on Bureau of Labor Statistics wage survey. Telephone data taken from wage distributions shown in the annual reports of Bell Telephone Companies to the Federal Communications Commission. The regions for this industry are not exactly identical with those for other industries. Virginia was included in the Border States and part of Idaho is contained in the Pacific region. Other minor variations were also necessary because of the nature of the carrier's field of operations.<sup>4</sup> Insufficient coverage to warrant presentation of regional data. In assignment of ranks, however, the region's position in the industry was based on the small coverage.

and is therefore less representative of the industrial composition of other regions, the coverage in all regions is believed adequate for the purpose of determining the characteristic wage position of each area.

The national average of straight-time hourly earnings of all workers in each industry, shown in table 28, was used as the base (100) to convert the average straight-time hourly earnings for each region into relatives or indexes in order that percentage deviations from the base or national average can be seen easily. Differences in money terms can readily be computed from these figures. For example, the New England index of 99 for all workers in nonferrous foundries is 1 percent below the national average of \$1.03 per hour. The actual average rate for New England in this industry was, therefore, \$1.02.

With the exception of the Southeast and Pacific regions, table 1 shows that the position of each region in the national wage scale is not uniform from industry to industry. Indeed, it is somewhat difficult to judge, from examination of the table, where some of the regions fall. To assess how consistently a region maintained a certain position, all regions were ranked according to their level of straight-time average hourly earnings in each industry.<sup>5</sup>

The regional wage positions, based on straight-time average hourly earnings of all workers are shown below. Rank 1 represents the highest wage level.

<i>Rank</i>	<i>Region</i>	<i>Number of industries represented</i>
1.....	Pacific.....	29
2.....	Middle Atlantic.....	35
3.....	Great Lakes.....	33
4.....	New England.....	34
5.....	Middle West.....	27
6.....	Border States.....	32
7.....	Southwest.....	30
8.....	Southeast.....	35

The Pacific region with great consistency showed the highest wage level, while, with almost equal consistency, the Southeast had the lowest earnings in the country. In 25 out of 29 industries, the Pacific region came out highest; 4 other regions held top rank in a few cases—New England in 2 industries, Middle Atlantic in 4, Great Lakes in 1,

<sup>5</sup> The region with the highest average was assigned rank 1, second highest was called 2, and so on, with the lowest region bearing rank 8. Where 2 regions had the same average, the rank was split, e. g., if both were tied for highest place, each received the rank 1.5.

The next step involved the addition of all the ranks of a region; this sum was then divided by the number of industries represented in each region. The result obtained was then used to assign the 8 regions their average position in the national wage scale.

Regional data are not shown in table 28 where industrial coverage was too small or where no coverage was obtained. In some cases, a rank was assigned using the small coverage as a guide. Inequality in the number of industries covered in each region was taken into account by dividing the sum of the ranks of each region by the number of industries represented; the final rank was based on this average.

and the Middle West in 2 industries each. The indisputably low position of the Southeast is evidenced by the fact that it ranked lowest in 22 out of 35 industries. The Southwest was lowest in 12 industries, New England in 1 (pulp and paper mills), the Middle West in 1 (telephone), and the Border States in 3.

Only 1 of the 29 Pacific industries had average earnings lower than the national average, whereas in the Southeast only 1 of 35 industries came above the national average, in the Southwest only 1 out of 30, and in the Border States only 7 out of 32 industries (see table 28). New England's industries were almost equally divided (15 below and 18 above the national average) whereas more than two-thirds of the industries in the Middle Atlantic and Great Lakes States had average hourly earnings that exceeded the national average. It may also be noted that, in at least a third of their industries, New England, Great Lakes, Middle West, and the Border States were midway in the national wage scale.<sup>6</sup>

The actual size of the average wage differential between the South and other regions along with the relative importance of each industry in the South, as measured by employment, is shown in table 29, in which data for the Southeast and Southwest were combined. Following are what seem to be the major observations to be drawn from an analysis of these data.

(1) The wage spread between the South and other regions is quite different in various industries. In pulp and paper mills, for example, southern straight-time average hourly earnings in October 1945, exceeded earnings in the Border States and in New England and were exceeded by only 2.5 percent in the Middle Atlantic and Great Lakes States. An indication of an extremely wide differential is found in the women's dress industry where earnings in the Middle Atlantic States were more than double those in the South. In this industry differentiation with respect to product and types of labor utilized is undoubtedly in good part responsible for the great wage disparity. In the Middle Atlantic States, highly stylized and higher priced garments are produced, compared to the South (with approximately 3 percent of the workers) where house dresses and cotton garments predominate.<sup>7</sup> However, even within comparable price lines, a classification which helps to minimize product differences, the wage spread between northern and southern areas is wide.

(2) Pulp and paper mills have been cited as an industry in which southern average hourly earnings were above those in another region.

<sup>6</sup> On the basis of a small number of industries, the position of the Mountain States would fall between New England and the Middle West.

<sup>7</sup> While differences in products and character of the labor force make for regional wage variations, there are other important contributing factors such as degree of urbanization, unionization, and method of wage payment. Further study is needed to determine the specific influence of each of these factors on regional wage levels.

To this may be added cigar manufacturing in which the Great Lakes and Border States showed 1.4 percent and 12.3 percent lower wages, respectively. In seamless hosiery, average earnings in the Border States were 11.3 percent less than in the South, while workers in department stores averaged nearly 10 percent less per hour. New England department store workers showed nearly 5 percent lower hourly wages, on the average, than comparable southern workers. It will be observed that in the few industries where the South had a wage advantage, it was mainly with respect to the Border States, a region with the second lowest wage position (when the Southeast and Southwest are merged into one group).

(3) On the basis of the industry data presented in table 29, there appears to be a slight tendency for the wage differential between the South and other regions to be widest in industries which pay comparatively low wages everywhere in the country. Important exceptions include seamless hosiery in which industry-wide straight-time hourly earnings in January 1946 averaged 63 cents as against 62 cents for southern workers. In two relatively high wage industries, electric light and power and fabricated structural steel, the national averages were \$1.03 and 97 cents, respectively, compared with averages of 87 cents and 83 cents in the South.

(4) Where the South occupies a dominant position in an industry, the wage differential appears to be considerably less than in many other industries in which only a minor proportion of total employment is in the South. However, important exceptions are evident so that the relationship cannot be said to be consistent throughout. Thus, in cotton-textile yarn mills, wages in New England were 14.3 percent higher than in the South where nearly 92 percent of the workers were employed. In integrated spinning and weaving mills (83 percent of total employment in the South) wages were 2.7 percent lower in the Border States compared with the South and only 8 percent and 5 percent higher in New England and the Middle Atlantic States, respectively. In seamless hosiery the differential varied from 11 percent below the southern average to 16 percent above. On the other hand, in such leading southern industries as furniture (other than upholstered) and cotton garments, southern wages were surpassed by a considerably greater margin. Relatively unimportant southern industries, from the standpoint of employment (such as the metalworking group), showed differentials greatly in excess of those indicated above.

From the preceding analysis the low wage position of the southern regions is clear. This finding can be further supported by an examination of other leading southern industries such as lumber, railroads, bituminous-coal mining, and the building and printing trades.

TABLE 29.—*Straight-Time Average Hourly Earnings<sup>1</sup> of All Workers in Selected Industries in the South, Compared With Other Regions*

Industry and date of survey	South <sup>2</sup>		Percent by which given region exceeds South					
	Percent of total industry employment	Straight-time average hourly earnings	Border States	New England	Middle Atlantic	Great Lakes	Middle West	Pacific
<i>Manufacturing</i>								
Metalworking (January 1945):								
Fabricated structural steel.....	19.6	\$0.83	15.7	25.3	19.3	18.1	4.8	43.4
Ferrous foundries.....	3.7	.72	20.8	26.4	37.5	44.4	18.1	51.4
Machinery, miscellaneous.....	4.1	.83	1.2	12.0	16.9	20.5	6.0	37.3
Nonferrous foundries.....	1.7	.78	20.5	30.8	24.4	37.2	12.8	43.6
Power boilers and related products.....	17.9	.86	2.3	7.0	4.7	20.9	2.3	39.5
Sheet metal.....	17.7	.76	( <sup>3</sup> )	40.8	63.2	30.3	11.8	77.6
Apparel (April 1945):								
Men's and boys' dress shirts.....	18.7	.56	10.7	30.4	26.8	19.6	3.6	53.6
Overalls and industrial garments.....	34.0	.55	20.0	27.3	30.9	27.3	16.4	52.7
Women's and misses' dresses.....	2.6	.63	7.9	54.0	133.3	41.3	41.3	103.2
Work pants, cotton.....	63.1	.53	13.2	( <sup>3</sup> )	34.0	22.6	26.4	52.8
Work shirts.....	69.9	.50	10.0	-----	22.0	22.0	( <sup>3</sup> )	-----
Paper and allied products (October 1945):								
Corrugated and fiber boxes.....	12.1	.65	4.6	23.1	26.2	23.1	20.0	46.2
Fiber cans, tubes, and similar products.....	5.7	.61	16.4	4.9	39.3	18.0	16.4	-----
Folding paper boxes.....	9.2	.61	14.8	23.0	31.1	31.1	11.5	63.9
Paperboard mills.....	38.3	.75	( <sup>3</sup> )	5.3	13.3	18.7	-----	33.3
Pulp and paper mills.....	21.4	.80	-2.5	-2.5	2.5	2.5	-----	28.8
Set-up paper boxes.....	6.0	.54	1.9	14.8	33.3	25.9	16.7	51.9
Textiles, cotton (April 1946):								
Integrated spinning and weaving mills.....	82.6	.75	-2.7	8.0	5.3	-----	-----	-----
Weaving mills.....	18.1	.76	-----	34.2	39.5	11.8	-----	-----
Yarn mills.....	91.9	.70	-----	14.3	8.6	-----	-----	-----
Bread and other bakery products (July 1945).....	19.2	.59	20.3	28.8	39.0	30.5	23.7	62.7
Cigars (January 1946).....	47.4	.73	-12.3	6.8	0.0	1.4	-----	39.7
Footwear (October 1945).....	6.4	.65	10.8	43.1	46.2	10.8	1.5	78.5
Hosiery, full-fashioned (January 1946).....	43.5	.87	3.4	4.6	24.1	14.9	-----	42.5
Hosiery, seamless (January 1946).....	76.1	.62	-11.3	12.9	8.1	16.1	-----	-----
Structural clay products (October 1945).....	18.0	.60	36.7	40.0	50.0	36.7	28.3	58.3
Furniture, other than upholstered (October 1945).....	38.4	.56	30.4	28.6	39.3	33.9	16.1	67.9
Furniture, upholstered (October 1945).....	27.0	.74	6.8	28.4	58.1	25.7	23.0	75.7
<i>Nonmanufacturing</i>								
Retail (April 1945):								
Clothing stores.....	12.4	.65	6.2	4.6	30.8	26.2	10.8	41.5
Department stores.....	12.2	.61	-9.8	-4.9	14.8	13.1	6.6	19.7
Limited price variety stores.....	22.5	.33	15.2	30.3	27.3	30.3	18.2	66.7
Electric light and power (July 1945).....	14.3	.87	( <sup>3</sup> )	20.7	19.5	21.8	3.4	27.6
Power laundries (July 1945).....	31.2	.38	34.2	52.6	63.2	55.3	23.7	81.6
Telephones (October 1945).....	20.5	.81	14.8	16.0	25.9	12.3	-3.7	17.3

<sup>1</sup> Excludes premium pay for overtime and night work.<sup>2</sup> Includes Southeast and Southwest.<sup>3</sup> Insufficient number of workers to justify presentation of an average.

These industries, for the reason already indicated, were excluded from tables 28 and 29.

The significance of the lumber industry in the South can be gaged from the fact that in 1944 approximately a quarter of a million workers found employment in lumbering operations in that region; this represents over half of total employment in the entire industry. In August 1944, the most recent period for which regional data are

available, straight-time average hourly earnings of workers in logging camps, sawmills, veneer mills, plywood mills, and cooperage-stock mills were 13 to 53 percent higher in the North than in the South. In all branches except veneer and cooperage-stock mills, western wages were more than double those in the South (table 30).<sup>8</sup> This wide spread between the South and West is a reflection not only of differences in the general wage levels of the two regions but also of the fact that southern lumbering operations are smaller in scale, are less mechanized, and utilize a higher proportion of unskilled workers.

TABLE 30.—*Straight-Time Average Hourly Earnings of Workers in the Basic Lumber Industry, by Region, August 1944*<sup>1</sup>

Industry branch	West <sup>2</sup>	North <sup>3</sup>	South <sup>4</sup>	Percent South is of North
Basic lumber: Total.....	\$1.18	\$0.73	\$0.52	71
Logging camps.....	1.37	.81	.53	66
Sawmills.....	1.04	.69	.51	74
Veneer mills.....		.62	.49	79
Plywood mills.....	1.03	.62	.49	79
Cooperage-stock mills.....		.59	.52	88

<sup>1</sup> Based on selected occupations. See Bulletin No. 854—Wages in the Basic Lumber Industry.

<sup>2</sup> Includes 3 Pacific Coast States and 8 States in the Rocky Mountain area.

<sup>3</sup> Includes Midwest, Great Lakes, Middle Atlantic, and New England regions.

<sup>4</sup> Includes 9 Southeastern and 4 Southwestern States.

In underground bituminous-coal mines in the fall of 1945, straight-time hourly earnings in northern and southern coal production districts differed very little, contrary to the general pattern in many industries.<sup>9</sup> However, in both of these regions, earnings were on the whole lower than in the West, where less than 10 percent of the tonnage is produced. Table 31, which presents the wage data for this industry, does not show a single rate for each region because of the difficulty of subdividing coal production districts where boundaries crossed regional lines. For this reason the average earnings for each of the districts in the three regions are shown separately. It will be seen that, although the highest southern earnings (District 7) did not exceed the highest earnings in the North or West, several districts within the South had averages which equaled or exceeded those in the North.

In strip mines the spread in earnings between the North and South was noticeably greater than in underground mines. The highest southern strip mining earnings were 12 cents below the highest northern earnings, whereas in underground mines only a 1-cent difference separated the highest district in each of these regions. Strip mining, it may be noted, employs approximately 18,000 workers

<sup>8</sup> For a full report of wages in this industry, see Bureau of Labor Statistics, Bulletin No. 854—Wages in the Basic Lumber Industry, 1944.

<sup>9</sup> A comprehensive (mimeographed) report on wages in this industry is available from the Bureau upon request: Wage Structure of Bituminous-Coal Mines, 1945.

nationally as against more than 300,000 in underground bituminous mines.

In brief, the pattern of geographical wage differentials in bituminous-coal mining is similar to that observed earlier, to the extent that wages in the West are higher than in the North and South. However, this industry varies from the general pattern, in that differences between northern and southern underground mines are considerably less marked.

TABLE 31.—*Straight-Time Average Hourly Earnings in Bituminous-Coal Mining, by Coal Production Districts in Three Regions, Fall 1945*<sup>1</sup>

[Number in parentheses identifies Coal Production District]

Branch	North <sup>2</sup>	South <sup>3</sup>	West <sup>4</sup>	Branch	North <sup>2</sup>	South <sup>3</sup>
Underground mines.	\$1.12 (10)	\$1.11 (7)	\$1.21 (19)	Strip mines.....	\$1.29 (10)	\$1.17 (3)
	1.09 (11)	1.10 (3)	1.18 (20)		1.27 (2)	1.14 (7)
	1.08 (4)	1.07 (8)	1.15 (16)		1.26 (11)	1.12 (15)
	1.07 (2)	1.05 (6)	1.09 (17)		1.21 (4)	1.11 (9)
	1.05 (1)	.95 (14)	-----		1.07 (1)	.96 (13)
	.97 (12)	.91 (9)	-----		.78 (12)	-----
	-----	.81 (13)	-----		-----	-----
-----	.86 (15)	-----	-----	-----	-----	

<sup>1</sup> Average hourly earnings for each district based on a selected number of occupations.

<sup>2</sup> Coal Production Districts within the North include *District 1*—Eastern Pennsylvania, *District 2*—Western Pennsylvania, *District 4*—Ohio, *District 10*—Illinois, *District 11*—Indiana, *District 12*—Iowa.

<sup>3</sup> Southern Districts include *District 3*—Northern West Virginia, *District 6*—Panhandle of West Virginia, *District 7*—Southern West Virginia, *District 8*—Other West Virginia counties and parts of Virginia, Tennessee, and North Carolina, *District 9*—Counties in Kentucky, *District 13*—Alabama, *District 14*—parts of Oklahoma and Arkansas, *District 15*—Kansas and parts of Oklahoma.

<sup>4</sup> Western Districts include *District 16*—Northern Colorado, *District 17*—Southern Colorado, *District 18*—Wyoming and Idaho, *District 20*—Utah. For more exact delineation of district boundaries, see Wage Structure in Bituminous-Coal Mines, 1945.

Wages of southern railroad workers on class I line-haul steam railroads are also lower than elsewhere. Straight-time hourly earnings in 1944 averaged 93.5 cents in the Eastern District, 85.0 cents in the Southern District, and 87.5 cents in the Western District (for the 93 percent of all employees in the industry, on which the Interstate Commerce Commission gives hourly data).<sup>10</sup> It will be observed that unlike most other industries, workers on western railroads had lower hourly earnings than Eastern District workers; in fact the wage spread between the East and West was greater than that between the South and West.

For the building and printing trades regional wage comparisons are based on average union hourly rates of pay, since data are not available

<sup>10</sup> Based on Railway Statistics for 1944 (preliminary), Interstate Commerce Commission. The Eastern District comprises the Great Lakes, Central Eastern, and New England States; the Western District, the entire area west of the Mississippi, and the Southern District, all States east of the Mississippi and below the Eastern District.

With certain minor exceptions, the basic wage rates paid to train and engine service employees have been uniform throughout the United States since 1944. Among other railway employees, usually called the nonoperating employees, variations in rates do exist from region to region. Generally the differentials are less in the skilled occupations such as shop mechanics than they are in the unskilled jobs such as section-men and extra gangmen. In the former the regional differentials between the Eastern and Southern Districts are about 1 cent per hour while in the latter occupations the rates in the Southern District are 8 to 10 cents per hour less than in the Eastern District. The Western District tends to pay better rates to unskilled occupations in the Northwest than in the Southwest.

currently on wages paid on all types of jobs, both union and nonunion. In table 32 these rates are shown for only two broad geographic regions but with subdivisions within each region by size of city.

In all but the smallest cities, union rates in July 1945 were lower in the South than in the North. In the smaller cities (40,000 to 100,000 population) journeymen in the building trades averaged the same in both regions, while in book and job printing, union workers in the South had higher rates than workers in the North in cities of this size.

It will also be observed that the North-South differential for skilled journeymen in the building trades was considerably less than for the less skilled helpers and laborers. In the largest southern cities, journeymen's rates were 9 percent below the North while helpers and laborers' rates were 31 percent lower. The differentials for the least skilled jobs were less in the medium and smallest sized cities but even here they exceeded the wage spread for the skilled job.

TABLE 32.—Average Union Hourly Rates in the Building and Printing Trades by Population, Group, and Region, July 1945

Trade	Cities of 250,000-500,000 population			Cities of 100,000-250,000 population			Cities of 40,000-100,000 population		
	North and Pacific (13 cities)	South and Southwest (8 cities)	Percent South is of North	North and Pacific (18 cities)	South and Southwest (7 cities)	Percent South is of North	North and Pacific (7 cities) <sup>1</sup>	South and Southwest (6 cities) <sup>1</sup>	Percent South is of North
Building trades.....	\$1.49	\$1.30	87	\$1.28	\$1.26	91	\$1.31	\$1.19	91
Journeymen.....	1.58	1.44	91	1.48	1.33	90	1.37	1.37	100
Helpers and laborers....	1.02	.70	69	.98	.67	72	.89	.77	87
Printing trades.....	1.22	1.20	98	1.23	1.13	92	1.15	1.19	103
Book and job.....	1.10	1.08	98	1.14	.96	84	1.02	1.11	109
Newspapers.....	1.48	1.35	91	1.35	1.28	95	1.29	1.25	97

<sup>1</sup> In the printing trades 6 cities were covered in the North and Pacific and 5 cities in the South and Southwest.

### Variations in Wages at Various Skill Levels

To answer the question whether workers on the same general level of skill receive the same straight-time average hourly earnings in all regions or whether there are characteristic geographical differences, three occupations, believed to be fairly representative of the skilled, medium skilled, and least skilled jobs in each industry, were chosen for analysis.<sup>11</sup> For example, for the telephone industry the jobs selected were PBX installers, experienced switchboard operators, and cable splicers' helpers; for the work-shirt industry, the jobs included

<sup>11</sup> The choice of a single occupation to represent all skilled, semiskilled, or unskilled jobs in an industry, of course, limits the validity of the comparison. The margin of error would have been reduced if the selection of occupations had been based on a detailed study of occupational wage relationships in each industry. The Bureau of Labor Statistics (Wage Analysis Branch) has undertaken such studies, a few of which have already appeared in a series of mimeographed reports entitled, "Occupational Wage Relationships." These studies are now available for machinery, machine-tool accessories, foundries, and electric light and power. For purposes of the present analysis, it was necessary to choose occupations prior to a detailed study of each industry. For this reason, the chance of error cannot be entirely dismissed.

sewing-machine repairmen, sewing-machine operators, and work distributors; for full-fashioned hosiery, single-unit knitters, toppers, and janitors. This was done for most of the industries shown in table 28.<sup>12</sup> Some industries could not be covered in this manner because occupational data were not available.

Following the procedure used previously, the regions were ranked according to their relative level of straight-time average hourly earnings for each occupation in each industry. The final or average regional wage positions with respect to the three grades of labor are shown below. Rank 1 represents the highest wage level.

	<i>Skilled job</i>	<i>Semiskilled job</i>	<i>Unskilled job</i>
Pacific.....	1	1	1
Middle Atlantic.....	2	2	3
Great Lakes.....	3	3	2
New England.....	<sup>1</sup> 4	4	4
Border States.....	<sup>1</sup> 4	5	5
Southwest.....	6	<sup>1</sup> 7	7
Middle West.....	7	6	6
Southeast.....	8	<sup>1</sup> 7	8

<sup>1</sup> Tied with another region for same position.

The Pacific and Southeast rank highest and lowest, respectively, on this basis, just as they did in terms of the level of wages for all workers in each industry. The Southeast, however, was tied with the Southwest for last position in the case of semiskilled jobs, while New England and the Border States were found to be at the same level with respect to skilled jobs. At the upper end of the wage scale, the Middle Atlantic, Great Lakes, and New England also retained the places shown on the basis of all workers. The major change was for the Middle West; although it is fifth in terms of all workers, it has next to the lowest rates for skilled and semiskilled jobs and third lowest in the case of unskilled jobs. The shift indicated is not too significant since, in the ranking of regions on the basis of the over-all averages, the Middle West preceded the Border States by a very small margin.

The consistency with which the Southeast appeared in a low wage position is evidenced by the fact that in more than half of the industries represented it was lowest in skilled as well as in semiskilled and unskilled jobs.<sup>13</sup>

<sup>12</sup> Owing to space limitations, it is not possible to present the detailed tables containing occupational wage rates for the various industries in each region. This material is, however, available upon request.

<sup>13</sup> While in none of the industries covered did skilled workers in the Southeast show the highest wage rates in the country, in a few industries their rates were above those in New England. Thus, production machinists in the machinery industry earned \$1.06 per hour in the Southeast in January 1945 compared with \$1.02 in New England. Adjusters and fixers of seamless hosiery machinery had an hourly rate of 97 cents and 99 cents in New England and the Southeast, respectively.

It is clear from the above that there are characteristic regional wage differences, whether the analysis is made on the basis of all workers or in terms of various skill levels. The Southeast was the lowest wage area from the viewpoint of average wages of skilled and lesser skilled workers and, at the opposite extreme, was the Pacific region, with the highest wages for workers at comparable levels of skill.

#### WAGE SPREAD BETWEEN SKILLED AND UNSKILLED GRADES

The fact that each region has a characteristic wage position with respect to workers at different skill levels does not necessarily mean that the spread between wages for the highest and lowest grades of work is uniform for all regions even in a single industry. Intra-industry differences are affected not only by the peculiar regional conditions governing the supply of and demand for labor but also by the fact that products manufactured in a single industry are not uniform regionally, the organization of production varies in degree of mechanization and size of operation, and these, in turn, affect the character of the labor force. Within a single industry, also, differences in degree of unionization and methods of wage payment influence not only the general wage level but the relationship of wages among occupations as well.

An analysis of straight-time average hourly earnings of the selected skilled and unskilled job in each of the industries included in this study revealed the following:

(1) Although in all regions the skilled job paid more than the unskilled, the differential in each industry varied from region to region.

(2) On the whole, the wage spread was narrowest in the highest wage region, the Pacific, and widest in the lowest, the Southeast and Southwest.

(3) While the Great Lakes States and New England, two other high wage regions, also showed a narrower skilled-unskilled wage spread than the lowest wage regions, the Middle Atlantic States, second highest in the national wage scale, appeared to have, on the average, as wide a differential as the southern regions but for different reasons.

(4) In the Pacific region the comparatively narrow spread was more the result of the relatively high level of unskilled wages than of the position of skilled wages.

(5) In the Middle Atlantic, the opposite situation seemed to prevail, with earnings of skilled workers (compared to the national average in each industry) considerably higher than those of unskilled workers.

(6) In the Southeast, the wages of both groups varied considerably from the national average for each industry, with a somewhat larger

difference indicated by the wages of unskilled workers. It is interesting to observe the opposite tendencies in cotton textiles and lumber, the two most important industries in this region. In lumber in 1944 the differential against the South among unskilled workers was considerably greater than among skilled jobs. For example, skilled headrig sawyers in the North had only a 16-percent wage advantage over southern workers in this group; among semiskilled edgemen, the northern differential was 37 percent and for unskilled off-bearers the spread was 43 percent. In cotton textiles, according to a Bureau survey made in April-May 1946, the differentials against the South in straight-time average hourly earnings for the least skilled jobs were decidedly smaller than differentials among the skilled jobs. For example, loom fixers, maintenance carpenters, and maintenance electricians earned from 13 to 31 percent more per hour in New England than in the Southeast, whereas among unskilled filling hands, battery hands, and scrubbers and sweepers, the New England advantage did not exceed 8 percent and in some jobs average rates in both regions were identical.

Among the 26 other industries examined in the Southeast, 14 showed that the differential between average hourly earnings in this region and the national average was greater for the unskilled than for the skilled job; for the remaining 12 industries the opposite relationship seemed to prevail. It will be observed from table 33 that all 5 garment industries had a larger differential for skilled workers, whereas in the metalworking industries the spread was greatest for the unskilled. The two branches of the hosiery industry showed different relationships. In the full-fashioned branch the differential was larger for skilled workers, while in seamless hosiery the national average was equaled for the skilled job but fell short by 2 percent in the case of the unskilled job.

In brief, although the difference between skilled and unskilled wages in the Southeast was in general affected to a greater extent by

TABLE 33.—Percent Southeast Average Straight-time Hourly Earnings Are of United States Averages for Selected Skilled and Unskilled Jobs in 26 Industries

Industry	Skilled job	Unskilled job	Industry	Skilled job	Unskilled job
Ferrous foundries.....	70	63	Women's and misses dresses...	43	72
Nonferrous foundries.....	71	70	Men's and boys' dress shirts.....	73	86
Power laundries.....	85	79	Overall and industrial garments.....	83	85
Footwear, other than rubber.....	86	85	Work pants.....	85	91
Electric light and power.....	87	81	Work shirts.....	87	96
Limited price variety stores.....	89	88	Sheet metal.....	87	89
Clothing stores.....	78	73	Structural clay products.....	69	74
Machinery, miscellaneous.....	89	69	Bakeries.....	71	78
Paperboard mills.....	92	79	Telephone.....	72	99
Fabricated structural steel.....	93	72	Wood furniture, not upholstered.....	82	91
Upholstered wood furniture.....	92	88	Cigars.....	82	94
Department stores.....	96	77	Full-fashioned hosiery.....	86	92
Power boilers.....	98	74			
Seamless hosiery.....	100	98			

the low wages of unskilled workers, in a significant number of industries skilled wages showed a greater deviation from the national average than did unskilled wages. It is highly probable that the situation observed in 1945-46 represents a considerable change from the prewar situation because of the fact that wages of the lowest paid workers in many industries during the war tended to rise faster than those of the more highly skilled.

### *Some Conditions Affecting Southern Wages*

The low-wage level of the South is accounted for in large measure by the predominance of agriculture and the relatively large supply of unskilled labor competing for jobs in comparatively few industries. Other important factors include a large population relative to employment opportunities, decentralization of industry, comparative lack of unionization, and limited degree of protective-labor legislation by the States.

Changes in these underlying conditions act to alter the southern wage level. The growth of industry, which received considerable impetus during the war, exerts an upward pull on wages, depending upon the interaction of such factors as the natural rate of population increase in the South, labor displacement in agriculture, migration out of the region, and the rapidity of southern industrial development. The extension of unionization and the raising of the legal minimum wage also contribute toward the establishment of a higher wage level. The prewar 40-cent minimum wage has already been rendered obsolete in many industries by war and postwar wage changes, bringing rates above this minimum.

A strong downward pull on the southern wage level may be exerted as a result of an accelerated growth in the number of workers looking for industrial jobs. This could be effected, for example, by a great displacement of agricultural workers if cotton harvesting and other farm operations were generally more mechanized.<sup>14</sup> If such a revolutionary technological development is not accompanied by a large increase in the industrial and related demand for labor, the pressure on the southern nonagricultural wage level could be considerable. One offsetting factor, of course, would be the extent to which the size of the southern labor force was affected by out-migration.

This brief indication of a few of the many elements that enter into wage determination is sufficient to reveal the complexities of the problem and the difficulties involved in anticipating what the southern wage level—or that of any region—is likely to be in the future in relation to other areas.

<sup>14</sup> See Peter F. Drucker: *Exit King Cotton* (in *Harper's Magazine*, May 1946, pp. 473-480).

## VI.—Wages in Specific Industries in the South<sup>1</sup>

This section contains relatively brief accounts of wages in an important group of southern industries.<sup>2</sup>

The detailed wage surveys on which these analyses are based were made at various times during 1945 and 1946.<sup>3</sup> Hence the data in most cases are not strictly current. Nevertheless, they provide valuable insight into the structure of wages in the South and therefore supplement the discussion of regional wage differentials, which dealt mainly with wage levels.

### *Cotton Textiles*

The manufacture of cotton textiles (woven goods and yarn) is the most important single industry in the South. Although most of the industry is concentrated in an irregular belt extending from southern Virginia through North and South Carolina and Georgia to central Alabama, scattered textile mills are found in all Southern States<sup>4</sup> except Florida.

The South has approximately 50 percent of the total employment in the manufacture of all textile-mill products, including woolens, rayon and other synthetics, and knit fabrics and hosiery, but has a larger proportion in cotton textiles (80 percent) than in the related industries.

Although the manufacture of textile products requires many clearly differentiated operations, it is convenient to make a complete break in the operations at only two points: At the conclusion of the spinning process, at which time the yarn is wound on cones or spools and can be transported easily; or at the conclusion of the weaving or knitting process, at which time the cloth can be transported, if necessary, to a

<sup>1</sup> The analysis of cotton-textile wages in this section was prepared by Alan Ritter of the Bureau's regional office in Atlanta, Ga.; except for coal mining and railroad transportation, the remaining parts of the section were contributed by various members of the Bureau's Wage Analysis Branch.

<sup>2</sup> For each of the industries summarized in the following pages (except railroad transportation), further detail and basic tables with a description of the methods used and information for numerous other industries, is available in a series of wage-structure bulletins. In addition, the Bureau publishes separate tabulations by industry for the more important cities in which each industry is located. Except where otherwise indicated, the Southeast includes Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Tennessee; and the Southwest includes Arkansas, Louisiana, Oklahoma, and Texas. Virginia, which was included in the Southeast in the section on regional wage differentials (see p. 1) is not normally included in the data summarized in these notes.

<sup>3</sup> These same surveys provided much of the basic data for the analysis of wage differentials in the preceding section.

<sup>4</sup> For the purposes of this analysis, the Southeast includes Virginia, North Carolina, South Carolina, Georgia, Florida, Tennessee, and Alabama; the Southwest includes Mississippi, Oklahoma, Arkansas, Louisiana, and Texas.

separate plant for dyeing and finishing. Individual mills may, therefore, consist of any of these three general divisions alone or in combination. The typical southern cotton-textile mill is an integrated establishment, combining the spinning and weaving departments. Some of these integrated mills also have finishing departments, and others do a limited amount of simple dyeing. The typical plant produces a relatively standard type of cloth, such as sheetings, twills, drills, duck, or print cloth. In lesser quantities there appear other fabrics, such as gingham, chambray, napped goods, gauze, or toweling. Although some large establishments produce a variety of goods, most mills have found it advantageous to limit their output to only a few related items. A number of cotton mills are also producing fabrics composed wholly or in part of spun rayon.

Somewhat smaller in total employment but still important are the region's cotton yarn (spinning) mills. These mills sell yarn to weaving mills or to plants knitting seamless hosiery or underwear fabrics. Some of the yarn mills produce combed yarn, which has gone through an additional preparatory process that removes the shorter fibers, making the yarn stronger and of better appearance. Combed yarns are desirable for knit goods.

Independent weaving mills are not found in large number in the South, being more important in certain Northern States. Such mills usually produce the less common types of cloth, such as plush or upholstery fabrics which may require several varieties of yarn.

There are deviations, of course, from these general classifications. Some integrated mills do not maintain an exact balance between spinning and weaving departments and may sell or buy yarn as a result. The tendency toward the operation of multiple plants under one management has resulted in the increased integration of production under a given company, though separate processes may still be carried on in individual establishments.

For a number of years the Bureau of Labor Statistics has made periodic studies of wage rates and wage practices in the cotton-textile industry. The results of the latest study, based upon an April-May 1946 pay-roll period, form the basis for this summary analysis.<sup>5</sup>

Data are provided in this report for three types of mills—integrated establishments and independent yarn and independent weaving mills. Dyeing and finishing departments connected with integrated establishments are included, but independent dyeing and finishing plants are not included.<sup>6</sup>

<sup>5</sup> Earlier reports covering pay-roll periods in 1941, 1943, and 1944 may be obtained from the Bureau of Labor Statistics on request.

<sup>6</sup> A separate study of dyeing and finishing plants was made in July 1946 and copies of the report based upon this study may be obtained from the Bureau of Labor Statistics on request.

The 1946 survey included about one-third of the cotton-textile mills in the South and about the same proportion of the total employment. However, since the various establishments in each of the local areas were not sampled in the same proportion, it was necessary in combining the data for the region as a whole to assign proper weights in proportion to each area's importance in the industry. All of the figures in the tables in this report represent results after such weighting.

#### AVERAGE HOURLY EARNINGS

Average straight-time earnings of southern cotton-mill workers in April-May 1946 were 74 cents an hour, 27 percent above those for April 1944, and 83 percent above the April 1941 earnings.<sup>7</sup>

The average earnings of all workers were dominated by the integrated mills, where earnings averaged 75 cents an hour. Earnings in southeastern weaving mills were slightly above the general average and those in yarn mills throughout the South were below it, but the number of workers in these two types of mills was not large enough to have an appreciable effect on the general average. Most of the occupations related to the initial preparation and spinning of cotton require less skill and are paid at lower rates than those related to weaving. The varying proportions of higher- and lower-skilled workers among spinning mills, weaving mills, and integrated mills account, therefore, for most of the differences in average earnings. However, workers in the spinning departments of integrated mills frequently earn more than employees in the same jobs in spinning mills.

Average earnings were higher in southeastern mills than in those in the Southwest, owing partly to differences in products manufactured and partly to the fact that recent wage increases had reached fewer southwestern mills. The over-all earnings of men workers exceeded those of women by about 5 cents an hour. Proportionately, more men are employed in the higher-skilled jobs, but, again, men frequently receive more than women workers in the same jobs in all types of mills.

Some operations in cotton-textile mills require relatively little skill and often may be handled satisfactorily by beginners. As a result, large numbers of workers employed in such occupations as scrubbers and sweepers, hand truckers, roving haulers, filling haulers, and battery hands receive rates at or only slightly above the base or minimum rate.

During the past few years, wage adjustments have centered about the minimum rate. The Fair Labor Standards Act, which went into effect in October 1938, originally set 25 cents an hour as the

<sup>7</sup> Earnings in Cotton-Goods Manufacture During the War Years, in *Monthly Labor Review*, October 1944 (p. 823); and Hours and Earnings in Manufacture of Cotton Goods, September 1940 and April 1941, in *Monthly Labor Review*, December 1941 (p. 1490).

minimum rate for the cotton-textile industry and provided for gradual increases to 40 cents an hour in 1944. However, successive increases recommended by the Textile Industry Committee established under the act, and approved by the Administrator, raised the minimum rate to 32.5 cents an hour in October 1939, to 37.5 cents in June 1941, and to the 40-cent level by April 1942. During the period in which the National War Labor Board was in operation, additional increases in the minimum rate occurred. The rulings of the National War Labor Board affecting the cotton-textile industry took the form of general increases raising the minimum rate to a specified level, with equal or graduated increases in cents to all workers above the minimum. These rulings usually applied directly to only small segments of the industry, but most of the other plants soon adjusted wages in accordance with the rulings. This Board and its successor, the National Wage Stabilization Board, approved increases in the minimum rate to 47.5 cents<sup>8</sup> an hour in August 1942, to 50 cents an hour in February 1944, to 55 cents in February 1945, and to 65 cents in January 1946. Although slightly less than half of the southeastern mills studied reported a 65-cent minimum rate in April-May 1946, this group included most of the larger mills and represented much more than half of the workers.

The distribution of earnings reflects the importance of the minimum rate. In the Southeast only 14 percent of the plant workers received less than 65 cents, but the hourly earnings of almost 50 percent of the workers fell within the 10-cent range from 65 cents to 74.9 cents, and two-fifths of this group were at the 65-cent rate or not more than 2.5 cents above it. A number of southwestern mills reported 55- and 62-cent minimum rates, however, so that about 45 percent of the workers in the Southwest were receiving less than 65 cents an hour in April-May 1946; 17 percent were at the 65-cent rate or slightly above; and only about 30 percent of the workers received rates between 65 and 75 cents an hour. The effects of the lower minimum in the Southwest are also noted in the higher wage brackets. In the Southeast 62.5 percent of the workers received less than 75 cents an hour compared with 77.6 percent in the Southwest; and, similarly, 81.2 percent of the southeastern workers received less than 85 cents an hour, but 91.3 percent of those in the Southwest received less than that amount. An hourly rate of \$1 constituted the practical upper limit for both sections, with only 4.3 percent of the

<sup>8</sup> The 47.5-cent minimum was not as generally effective as the others and many southern mills gave increases of more than 2.5 cents in order to attain the 50-cent level of the next increase. See *Average Hourly Earnings of Selected Occupations in Cotton Textile Mills, Before and After Wage Increases Granted by the Fourth Regional War Labor Board, February 3 to November 15, 1944, Atlanta Regional Office, Bureau of Labor Statistics, Serial No. IV-22.*

southeastern workers and 2.1 percent of the southwestern workers receiving \$1 or more.

A larger proportion of women than men workers were found at or just above the minimum rate. In the Southeast, for example, 16 percent of the women workers received less than 65 cents an hour, and 70.7 percent received less than 75 cents; but 13.2 percent of the men received less than 65 cents and only 57.1 percent received less than 75 cents an hour. To continue up the scale, only 0.9 percent of the women received \$1 or more, but 6.6 percent of the men exceeded this rate.

#### OCCUPATIONAL WAGE STRUCTURE

Average earnings of workers in key occupations in southern cotton-textile mills were obtained in the course of the 1946 wage survey.<sup>9</sup> On the basis of general levels of skill and earnings, these occupations may be grouped as follows:

(1) Higher-skilled maintenance workers, including those with general skills such as electricians, and those with particular skills such as loom fixers. This group, whose occupational earnings averaged more than 90 cents an hour in April-May 1946, is composed exclusively of men workers.

(2) The lower-skilled maintenance workers such as carpenters and card grinders, and the higher-skilled processing workers such as weavers, slasher tenders, and certain dye-house employees, whose occupational average rates ranged between 89 and 80 cents an hour. A large number of women, employed as weavers, appear in this group.

(3) Semiskilled processing workers, illustrated by doffers, spinners, and winders, whose occupational earnings ranged from 79 cents down to 69 to 70 cents.

(4) Relatively unskilled processing workers such as battery hands, custodial workers, and the great number of workers who are engaged in transferring goods in process,<sup>10</sup> whose rates of pay approximated or were slightly above the minimum rate and whose average earnings did not rise above 67 to 68 cents.

As suggested above, southeastern workers generally were paid higher rates than southwestern workers in the same occupations. Men workers also received higher average earnings than women in the same occupations. The average differences were not great, however, and for several occupations in the Southwest women workers received more than men workers.

<sup>9</sup> Detailed reports showing occupational earnings for individual areas may be obtained from the Bureau of Labor Statistics on request.

<sup>10</sup> Truckers, filling hands, and roving men.

Regional averages, of course, conceal the usual and significant differences in occupational rates among individual mills, even within the same labor market area.

In addition to differences in the rates paid to individual workers and minor differences among mills in equipment and processes, certain broad factors are generally considered to influence earnings in various mills. The effects of three such factors—method of wage payment, unionization, and size of establishment—may be discussed briefly in terms of selected occupations.<sup>11</sup> Although there are some exceptions, incentive workers, within the occupations compared, received higher average rates than time workers; union plants paid higher rates than nonunion plants; and larger establishments paid higher rates than smaller establishments. Moreover, integrated mills paid higher rates than yarn mills in the occupations for which comparison was made.

Incentive wage plans (predominantly piece rates) appeared in more than three-fourths of the mills visited and affected 36 percent of the total number of workers. Plant-wide incentive plans are rare in the textile industry, but certain occupations are paid almost exclusively on a time basis and other occupations are predominantly incentive.

#### OCCUPATIONAL WAGE RELATIONSHIPS

In preparing material for table 34, the average earnings for each occupation in each mill were expressed as a percentage of the average earnings of male janitors in the respective mills. Separate computations were made for men and women workers and for time and incentive workers in each occupation. Thus, the pattern of rates in each mill was related to an appropriate base within the mill's own rate structure, and variations in wage levels among mills were eliminated. The average (median) of the relatives for the key occupations studied in the southeastern mills are presented, together with the range within which half of the establishment relatives fell.<sup>12</sup> No attempt was made to adjust these averages to take account of differences in size among the mills, but each establishment was given an equal weight in the positional average. The use of the median also tends to eliminate extreme variations caused by peculiarities in certain mills which would tend to distort the general pattern of occupational relationships.<sup>13</sup>

<sup>11</sup> The selected occupations are battery hands, card tenders, ring frame spinners, plain automatic loom weavers, and box loom weavers.

<sup>12</sup> Some occupations which appeared in only a few plants were omitted from this analysis. It was not possible to present a similar tabulation for the Southwest because the small number of plants studied in that region, as well as variations in product, introduced considerable instability into the occupational data.

<sup>13</sup> A detailed discussion of occupational wage relationships will appear in a forthcoming bulletin.

TABLE 34.—*Indexes of Wage Rates*<sup>1</sup> for Selected Occupations in the Cotton-Textile Industry,<sup>2</sup> Southeast, April–May 1946

[Wage rates for male janitors=100]

Occupation, method of wage payment, <sup>3</sup> and sex	Number of establishments	Wage-rate indexes	
		Median	Middle range within which half of the establishments fell
<i>Men</i>			
Battery hands, T.....	34	105	102-106
Card grinders, T.....	183	137	128-141
Card tenders, T.....	180	108	104-111
Carpenters, maintenance, T.....	148	128	117-145
Doffers, spinning frame, T.....	94	112	105-119
Doffers, spinning frame, I.....	113	128	122-135
Electricians, maintenance, T.....	106	147	137-150
Filling hands, T.....	109	103	100-107
Inspectors, cloth, hand, T.....	33	112	106-116
Inspectors, cloth, machine, T.....	37	110	105-114
Loom fixers, other than jacquard, T.....	107	153	146-157
Machinists, maintenance, T.....	114	147	138-157
Maintenance men, general utility, T.....	54	131	115-143
Mechanics, maintenance, T.....	130	140	132-148
Roving men, T.....	179	103	100-105
Second hands, T.....	145	159	142-171
Slasher tenders, T.....	120	129	120-137
Slubber tenders, T.....	47	111	105-120
Slubber tenders, I.....	140	129	123-135
Spinners, ring frame, I.....	27	117	113-123
Stock clerks, T.....	97	123	110-134
Truckers, hand, general, including bobbin boys, T.....	151	102	100-105
Twister tenders, T.....	70	111	105-116
Twister tenders, I.....	32	126	120-134
Watchmen, T.....	187	103	100-108
Weavers, plain automatic loom, T.....	20	126	118-131
Weavers, plain automatic loom, I.....	103	133	126-138
Weavers, dobby loom, I.....	25	140	129-148
Winders, yarn, T.....	28	106	102-109
Winders, yarn, I.....	19	110	105-120
<i>Women</i>			
Battery hands, T.....	96	105	102-107
Battery hands, I.....	27	108	106-110
Doffers, spinning frames, T.....	19	107	104-114
Doffers, spinning frames, I.....	21	121	114-126
Inspectors, cloth, hand, T.....	64	106	105-109
Inspectors, cloth, machine, T.....	62	105	103-111
Janitors, T.....	87	100	98-100
Roving men, T.....	20	103	102-105
Slubber tenders, I.....	36	125	115-132
Spinners, ring frame, T.....	68	108	103-115
Spinners, ring frame, I.....	137	115	109-121
Stock clerks, T.....	19	112	108-117
Twister tenders, T.....	37	107	105-113
Twister tenders, I.....	18	122	111-132
Weavers, plain automatic loom, I.....	105	129	123-136
Weavers, dobby loom, I.....	25	134	126-142
Winders, yarn, T.....	109	106	101-108
Winders, yarn, I.....	137	115	109-121

<sup>1</sup> Excluding premium pay for overtime and shift work.<sup>2</sup> Including integrated, yarn, and specialized weaving mills—200 establishments.<sup>3</sup> T=time, and I=incentive, method of wage payment.

## WAGE PRACTICES

Increasing attention has been paid during recent years to certain practices which affect gross income of the workers but which do not appear in the wage scales. At the time of this study 151 of the 222

establishments visited in the South reported paid vacations of 1 week after 1 year of service. Similarly, 101 plants reported insurance or pension plans applicable to plant workers. About nine-tenths of the plans included life insurance and about one-half included some form of health insurance. In addition to the average hourly earnings presented in this report, approximately one-fourth of the plants visited reported the payment of some type of nonproduction bonus, predominantly Christmas bonuses. If the total amount of such nonproduction bonuses was averaged over all plant workers in the industry, approximately 0.3 cent would be added to the average earnings.

TABLE 35.—*General Wage Increases in Cotton Textiles, in Southeastern Areas,<sup>1</sup> April-May 1946 to Aug. 15, 1946, Averaged Over All Workers Studied*

Area	Hourly wage increase		Area	Hourly wage increase	
	Average amount	Percentage		Average amount	Percentage
	<i>Cents</i>			<i>Cents</i>	
Charlotte, N. C.....	7.8	10.5	Augusta, Ga.-Aiken, S. C.....	7.3	9.9
Statesville, N. C.....	8.1	10.8	Gainesville-Athens, Ga.....	7.6	10.4
Winston-Salem, N. C.....	6.6	8.5	Northwest Georgia.....	7.1	9.9
Other areas, North Carolina.....	5.3	7.3	West Central Georgia.....	8.1	11.3
Greenville-Spartanburg, S. C.....	8.1	10.9	Other areas, Georgia.....	7.4	10.1
Laurens-Greenwood-Newberry, S. C.....	7.9	10.5	Anniston-Talladega-Gadsden, Ala.....	3.8	5.0
Gaffney-York-Chester-Union, S. C.....	8.2	11.9	East Central Alabama.....	8.0	10.7
Other areas, South Carolina.....	7.4	10.3	Other areas, Alabama.....	7.9	11.0

<sup>1</sup> Similar information is not available for the Southwest.

#### RECENT WAGE CHANGES

Subsequent to the April-May 1946 pay-roll period covered in the Bureau's last complete survey of the cotton-textile industry, a large proportion of the textile mills granted wage increases. Most of these adjustments were in the form of a general increase of 8 cents an hour, raising the minimum rate to 73 cents. A large number of these increases became effective in late July or early August. A brief resurvey of the mills included in the original survey was made to determine the increases that had occurred between April-May and August 15 (table 35).

Adjustments of the occupational wage data by the factor presented in this table will not normally result in the same average hourly earnings as would be obtained by a completely new field survey since it does not take into account other factors affecting earnings. Such factors as changes in output of incentive workers, different rates of turn-over, and employment shifts among plants are not included in the general wage changes.

Additional plants have made wage adjustments since August. Average hourly earnings (including overtime) for the United States as a whole for the cotton-textile industry rose from 80.3 cents in July 1946 to 87.5 cents in August, reflecting the general increase of 8 cents. These average earnings rose further to 88.8 cents an hour in September and to 89.2 cents in October 1946. These latter changes indicate that the general increase has been extended to other plants, rather than imply continued increases in plants which had reported raises prior to August 15.

### *Hosiery*

The hosiery industry is composed broadly of two branches—full-fashioned and seamless. A relatively wide differential in wage level exists between these two branches of the industry, reflecting dissimilarities in manufacturing processes, skill requirements of the labor force, location, unionization, and other factors.

Women's full-fashioned hosiery, produced on costly and complicated knitting machines, was made principally from silk before the war. Rayon was the wartime substitute. Since September 1945, nylon has been available in increasing quantities and three-fifths of the full-fashioned mills studied by the Bureau of Labor Statistics in January 1946 reported nylon hosiery as their major product. This proportion probably will increase and, to some extent, affect wage levels.

Seamless (circular knit) hosiery mills use cotton yarns predominantly, and are engaged largely in the manufacture of men's and children's hosiery, although some women's hosiery is also produced.

#### FULL-FASHIONED HOSIERY

In January 1946, plant workers in full-fashioned hosiery mills in the Southeast averaged 88 cents an hour, exclusive of premium pay for overtime and night work. The corresponding average for workers in the Middle Atlantic States was \$1.08; plant workers nationally averaged 97 cents. Approximately a third of the southeastern workers had straight-time average hourly earnings of less than 65 cents as compared with approximately 16 percent in the Middle Atlantic States.

Occupational earnings of men in the Southeast ranged from 56 cents an hour (straight time) for watchmen to \$1.58 for one category of knitters. The largest group of knitters numerically (single-unit and backrack<sup>14</sup>) averaged \$1.28. Men's earnings in the Middle Atlantic States ranged from a straight-time average of 59 cents for watchmen to \$2.06 for a comparatively small group of footers.

<sup>14</sup> Backrack knitter operates a legger machine with a backrack attachment that permits, knitting the complete stocking in one operation.

Single-unit and backrack knitters in the Middle Atlantic States averaged \$1.62.

Among women employees in the Southeast, earnings ranged from 48 cents for inexperienced loopers, toe and heel, to \$1.06 for single-unit knitters; the corresponding averages in the Middle Atlantic States were 61 cents and \$1.44. In terms of employment, the most important occupations for women were seamers and toppers. Women averaged 73 cents and 70 cents, respectively, in these occupations in the Southeast and 92 cents and 94 cents in the Middle Atlantic States.

Wages were slightly higher, on the whole, in union as compared with nonunion mills. More striking differences were apparent, however, when mills were grouped by size and by size of community; wages tended to vary directly with size of plant and size of community.

The most usual weekly work schedule in January 1946 was 40 hours. Extra-shift operation was reported by a majority of the mills; a differential generally of 5 cents was paid to second-shift workers in about half the mills operating on a multishift basis. Insurance and pension plans were more prevalent in the Southeast than in the Middle Atlantic region, while paid vacations were more common in the latter area.

#### SEAMLESS HOSIERY

In the seamless branch of the industry, the straight-time average hourly earnings of plant workers in the Southeast were 62 cents in January 1946. This figure compares with 67 cents in the Middle Atlantic States, 57 cents in the Border States,<sup>15</sup> and 63 cents in the Nation as a whole. About 63 percent of the workers in the Southeast received less than 65 cents an hour; the corresponding percentages for the Middle Atlantic and Border States were 52 and 78, respectively. In contrast with the full-fashioned branch, a comparatively small proportion of the workers in seamless hosiery had straight-time earnings of \$1 or more.

Women predominate in the seamless industry. Their average earnings by occupation in the Southeast in January 1946 ranged from 44 cents an hour for loopers with less than 1 year of experience and 46 cents for janitors to 65 cents for automatic knitters. Occupational earnings were generally somewhat lower in the Border States and somewhat higher in the Middle Atlantic. For men in the Southeast, earnings by occupation ranged from 53 cents for watchmen to 99 cents for knitting machine adjusters and fixers with more than 4 years of experience.

Union organization was considerably less extensive in seamless than in full-fashioned hosiery, but the wage advantage of union

<sup>15</sup> Includes Delaware, Kentucky, Maryland, and West Virginia.

workers was somewhat greater. Earnings for both men and women tended to be highest in the largest mills and in the medium-sized cities.

The workweek in seamless hosiery in January 1946 was typically 40 hours. Although a majority of the mills operated more than one shift at this time, shift differential pay was infrequent. Less than half of the seamless mills granted vacations with pay to plant workers or had instituted sickness- or life-insurance benefit plans.

### *Wood Furniture*

Straight-time hourly earnings of plant workers in establishments making wood and upholstered furniture in October 1945 averaged 60 cents in the Southeast region and 64 cents in the Southwest, compared with the national average of 76 cents an hour. In those plants primarily manufacturing wood furniture, hourly earnings of plant workers were 56 and 60 cents in the Southeast and Southwest, respectively, while the earnings of upholstered furniture workers in these regions averaged 73 and 80 cents hourly.

While the earnings of plant workers ranged upward from under 40 cents to more than \$1.80 in wood furniture plants, and to more than \$2.80 in upholstered furniture plants, the majority of the workers had comparatively low hourly earnings. In wood furniture plants, nearly 80 percent of the workers in the Southeast and over 70 percent of those in the Southwest earned less than 65 cents an hour; in upholstered furniture the corresponding proportions in these regions were over 50 percent and over 33 percent of the plant force. Minimum entrance and job rates in these regions were mainly 40 to 50 cents an hour.

The earnings of men frequently were substantially higher than those of women with comparable work duties. In upholstered furniture, for example, a study of seven jobs in which both men and women were employed in the Southeast in important numbers showed that men's earnings exceeded those of women in the same jobs by 5 to 125 percent.

Hourly earnings of men plant workers in those southern cities in which wood furniture production was most important, Winston-Salem-High Point, Morganton-Lenoir, and Hickory-Statesville, were 60, 66, and 59 cents, respectively; the corresponding averages for upholstered furniture in Winston-Salem-High Point and Hickory-Statesville were 83 and 72 cents an hour. The earnings of women in these areas were significantly below those of men.

In southern wood furniture the higher earnings were generally found in plants with 51 or more employees, but in upholstered furniture small plants reported the higher pay levels. Considering size of community, upholstered furniture plants in areas with 100,000 or

more population paid rates about 10 percent higher; in wood furniture manufacture, workers in smaller communities enjoyed an advantage of about 5 percent. No differences in hourly earnings attributable to unionization were found in either region or in either type of furniture manufacture. In the Southeast, incentive workers whose pay varied with individual or group output earned about 9 and 64 percent more, respectively, than time workers in wood and upholstered furniture establishments. In wood furniture the proportions of the labor force paid on an incentive basis were 8 percent in the Southeast and 15 percent in the Southwest; in upholstered furniture in these regions the corresponding proportions were 42 and 36 percent. Most of the plans provided for individual piece rates.

The majority of the Southeast wood furniture plants and Southwest upholstered furniture plants provided for determination of wage rates on an individual basis, the majority in the remaining groups had formal rate structures providing for single rates or a range of rates for each job.

Except for upholstered furniture in the Southeast, the greater number of plants scheduled 44 or more hours per week for first-shift workers. However, very few workers were employed on later shifts and few of these received extra pay for such work. None of the establishments studied reported paid lunch periods for first-shift workers.

Nonproduction bonuses, usually granted at Christmas, were comparatively frequently reported in the Southeast but added only a half cent to the average hourly earnings of plant workers; such bonuses were less common in the Southwest.

Formal provisions for paid vacations, though commonly granted to office workers, were infrequent for plant workers. The most usual provisions offered 1 week's vacation with pay. Only one upholstered furniture plant offered paid sick leave, and only office workers benefited. About a third of the plants in the Southeast had life- or health-insurance provisions, such plans were infrequent in the Southwest. No retirement pension plans were reported.

### *Tobacco Products*

Cigar manufacturing workers in the Southeast, constituting about 40 percent of the Nation's cigar employment, averaged 75 cents per hour in January 1946. The corresponding figure for the country as a whole was 2 cents less. Southern women, who outnumbered men 2 to 1 in the industry, exactly equaled the 69-cent national average for their sex. These favorable comparisons, insofar as the region is concerned, were primarily attributable to the relatively large proportion of workers engaged in making cigars by hand as contrasted

to the proportion in other regions where machine methods were predominant. Hand workers require a greater degree of skill than those working on machines and consequently command higher wage scales. Illustrative of the interplay of wages and method of production are the "hand" occupations of bunch making and rolling, which included well over half of the male labor force in the South and whose average earnings of \$1.00 and 82 cents, respectively, influenced the southern over-all average for men to a great degree. Nationally, men workers in these two occupations amounted to only about a third of their total in the industry. Because of the large proportion of workers in these occupations in the Southeast, the averages for the country as a whole were the same as those quoted for the region. In most of the other selected occupations studied, the national averages exceeded those of the Southeast. The Southwest region, which had only about 3 percent of the industry's workers, had the lowest regional average in the country—52 cents. Differences in quality of product, combined with a very small proportion of men workers, probably accounted for a great deal of this variation.

Tampa, Fla., is not only the leading southern cigar manufacturing center, insofar as employment is concerned, but also exceeds every other city in the country in this respect. The over-all average earnings for Tampa cigar workers (86 cents) exceeded the regional average for the Southeast by 11 cents and the national average by 13 cents. Tampa women, as a group, bettered the regional and national figures for their sex by 13 cents. Furthermore, on an occupational basis, the averages for Tampa women exceeded the corresponding national averages in most of the cases.

The cigarette industry is concentrated almost exclusively in the States of Virginia, North Carolina, and Kentucky. Plant workers in this industry, numbering somewhat less than 30,000, earned approximately 80 cents an hour on the average, with men averaging about 85 cents and women, slightly more numerous, 75 cents. Two of the main centers of production, Richmond, Va., and Louisville, Ky., had respective over-all average earnings for plant workers of 83 and 74 cents. Richmond men exceeded those in Louisville by only 4 cents but there was a 10-cent difference in the over-all earnings for women.

The third and least important tobacco industry, measured by employment, is the production of chewing and smoking tobacco and snuff. Slightly less than a third of the industry's total estimated employment of about 7,200 workers is located in the Southern States. These southern workers earned about 63 cents an hour, on the average, in January 1946, or about 8 cents an hour less than the national average. Men in the South received 66 cents and women 60 cents.

The respective averages for the country as a whole were 77 and 66 cents. In only 1 of the 12 jobs for which comparisons were made did the earnings of southern men exceed the respective national average. Women's earnings in the South equaled the figure for the country as a whole in but 1 out of 10 jobs.

Workers engaged in the manufacture of tobacco products received specific benefits which supplemented their wages. Four out of every 7 cigar manufacturing establishments, 10 of the 12 cigarette plants, and 6 of the 7 chewing and smoking tobacco plants in the South granted vacations with pay to their employees. One week's vacation was typical in the cigar industry, a two-week's vacation was awarded in all but one cigarette plant, while the chewing and smoking tobacco establishments were equally divided between the two vacation periods. Two-thirds of the cigarette plants had health insurance and/or pension plans. However, only a small proportion of the plants in the other two branches granted this type of benefit to their workers.

### *Pulp, Paper, and Paperboard Industry*

More than one-fifth of the pulp, paper, and paperboard workers in the United States were employed in southeastern and southwestern mills during 1945. The two regions combined produced over 4 million tons of wood pulp and about 4 million tons of paper and paperboard, which represented 42 percent of the pulp and 23 percent of the paper and paperboard produced in the United States for the year.<sup>16</sup> While data for 1946 are not complete, indications are that both production and employment will be substantially higher than for 1945, and it is anticipated that the industry in the South will continue to expand as rapidly as equipment becomes available.

Straight-time hourly earnings for all workers in pulp and paper mills averaged 82 cents in the Southwest and 80 cents in the Southeast region, according to a wage survey conducted by the Bureau in October 1945. These averages were in line with the 82-cent average for the United States as a whole and with those for the Middle Atlantic and Great Lakes regions. Both southern regions exceeded the average of 78 cents in New England and of 73 cents in the Border States, but were surpassed by the Pacific region with \$1.03. The proportion of workers in pulp and paper mills earning below 65 cents and \$1.00 or above were 37 and 21 percent in the Southeast and 31 and 22 percent in the Southwest, respectively, compared with 15 and 17 percent for the country as a whole. Hourly averages for paperboard mill workers in the Southeast region<sup>17</sup> were 77 cents, with 45 percent

<sup>16</sup> Source: U. S. Bureau of the Census.

<sup>17</sup> The Southwest is omitted because of insufficient paperboard mills to justify presentation of averages, but is included in the averages for the country as a whole.

of the workers earning less than 65 cents and 17 percent \$1.00 or more, compared with 18 and 19 percent earning below and above these amounts for the country as a whole; the national average was 83 cents an hour. Some regional variations not measured by the survey may be attributable to type of paper or paperboard produced.

Earnings of workers in skilled maintenance and in a number of skilled processing occupations tended to be slightly higher for the Southeast and Southwest regions than for the United States as a whole in pulp and paper mills. In the various skilled maintenance occupations, for example, hourly earnings ranged from \$1.13 to \$1.25 in the Southeast and \$1.22 to \$1.32 in the Southwest, compared with a range of 99 cents to \$1.11 in national averages. Skilled stock preparers averaged \$1.17 and \$1.16 for the Southeast and Southwest and \$1.15 for the United States. Working foremen in processing departments earned \$1.15 and \$1.22, respectively, in the two southern regions and \$1.06 in the country as a whole.

A comparison of earnings in skilled occupations in the two southern regions with those in New England, where earnings were generally considerably lower, clearly reflects the more recent development of the industry in the South with the advantage of modern, wider and higher-speed machines. While these demand greater skill and responsibility of the machine tending and maintenance crews, they also result in higher productivity per worker. Differences in machines are apparent from a comparison of New England paper machine tenders with those of the Southeast and Southwest by machine widths and speeds. In the former region only about one-seventh were tending machines with screens over 150 inches in width and/or operating more than 700 feet per minute, while in the latter two regions combined over two-thirds were tending machines of this type. In all regions, hourly rates of machine crews appeared to be related to machine width and speed in the pulp and paper branch; the same relationship did not exist in the paperboard segment.

Women in the industry in the southern region represented about the same proportion as the 1 out of 8 plant workers reported for the country as a whole. Differences in earnings of men plant workers compared with women workers were somewhat wider than the 29-percent favorable differential for men in pulp and paper mills of the United States, but corresponded closely to the national picture of 22 percent for paperboard mills. As was true for the industry as a whole only a few women were found in skilled occupations and these were confined almost entirely to such work as inspection and paper testing.

Weekly pay of many workers was supplemented by overtime earnings and by shift differential payments. A scheduled workweek of 48 hours for both men and women was reported by about three-

fourths of both the pulp and paper mills and the paperboard mills of the two southern regions at the time of the survey. Furthermore, approximately two-thirds of the establishments studied in these two regions paid shift differentials, generally 4 cents to second-shift and 6 cents to third-shift workers in addition to the first-shift hourly rates.

About six-sevenths of the pulp and paper mills and two-thirds of the paperboard mills studied in the two southern regions had union agreements, which were somewhat higher than the national average proportion for pulp and paper mills and about the same as that for paperboard mills. In general, however, unionization was more prevalent in the larger mills, which had a high representation in the southern regions.

Nearly all mills studied in the two southern regions granted paid vacations of 1 week to plant workers and generally 2 weeks to office workers. Almost all plants also had some type of insurance plan for both plant and office workers. Life insurance plans were most common, though some type of health insurance plan was also provided by half the establishments studied in these two regions.

### *Ferrous and Nonferrous Foundries*

Workers in independent foundries comprised one of the largest groups of metalworking employees in the South. In January 1945 these foundry workers numbered about 8,300 and their straight-time hourly earnings averaged 74 cents, compared with \$1.01 for the country as a whole.

Average hourly earnings tended to be higher in the Southwest—where three-fifths of these southern foundry workers were employed in January 1945—than in the Southeast. About a third of the ferrous foundry workers and about a fifth of the nonferrous foundry workers earned less than 65 cents in the Southwest, whereas about half of the foundry employees in the Southeast earned less than this amount. The minimum entrance rate for common labor in foundries was most frequently reported as 50 cents in the Southeast and 50 to 60 cents in the Southwest.

Some of the widest variations in average rates among the two regions occurred in molders' earnings. In ferrous foundries, rates of bench molders were \$1.05 in the Southwest, about 35 percent higher than the corresponding rates in the Southeast, and the average for floor molders was \$1.07 in the former region and 93 cents in the latter. Most of the molders in nonferrous foundries were producing castings by machine; the average for machine molders for the Southwest was about a fifth above that for the Southeast—\$1.27 compared with \$1.06. Among the lower-paid jobs, the averages for shake-out men

in the Southeast were 55 cents in ferrous and 58 cents in nonferrous foundries; comparable averages in the Southwest were 60 and 66 cents, respectively.

In general, workers on nonferrous metals, who accounted for only 1 out of every 8 foundry workers in the South, received higher average hourly rates than employees in establishments casting ferrous metals.

Approximately a third of the ferrous foundries and half of the nonferrous foundries were unionized. Workers in these unionized plants averaged 5 to 10 percent higher than those in nonunionized foundries. Practically all workers in southern foundries were paid on a time basis, although in the country as a whole over a fifth of the workers worked under incentive systems.

At the time of the survey, straight-time hourly earnings of southern foundry workers were appreciably supplemented by premium pay for overtime but not by extra pay for night work. More than three-fifths of the foundries had scheduled workweeks of 48 hours or more. One-third of the ferrous foundries in the Southwest and one-fourth of those in the Southeast operated two or more shifts but less than half of these establishments provided extra pay (typically 5 cents an hour) for this late-shift work. Extra-shift operations were uncommon in nonferrous foundries.

Bonus payments, such as Christmas bonuses, not directly related to the output of individual workers or groups of workers were important in individual plants, but when averaged over all foundry workers in the region, they had little effect on average hourly earnings. In southwestern ferrous foundries, where they were highest, these payments increased the average plant worker's hourly earnings by only a half cent.

Paid vacations for plant workers with a year of service, typically 1 week in length, were provided by one-third of the foundries in the South. Provision for insurance or pensions were fairly common although not as widespread as paid vacation plans; practically all such plans provided for life insurance.

### *Southern Electric Light and Power Systems*

In July 1945, over 60 privately owned light and power systems supplied electric power and transportation, gas, or other allied services to consumers in the Southeast and Southwest. The production and distribution of electricity engaged approximately 24,000 workers in plant and office; about 10,000 more were employed in the subsidiary operations, largely in the Southeast. Southeast systems, although fewer in number, were considerably larger on the average than those in the Southwest and, in total, employed more workers.

A study in July 1945 of electric light and power workers in representative systems showed that men<sup>18</sup> in maintenance, operating, and custodial jobs averaged 87 cents an hour in the Southeast and 89 cents in the Southwest, as compared with an industry average of \$1.04. About a fifth of the men in each region earned less than 65 cents an hour, but a greater proportion of Southwest light and power workers earned \$1.20 or more (13 percent of the men in the Southwest as against 5 percent in the Southeast).

Occupation by occupation, men generally averaged higher earnings in the Southwest than in the Southeast. For example, journeymen linemen earned \$1.09 an hour in the former region as against \$1.04 in the latter, district representatives \$1.07 and 93 cents, boiler operators 96 and 93 cents. In a few occupations, however, the advantage was in favor of the Southeast.

On the other hand, wage rates of women office workers were higher in the Southeast than in the Southwest. General clerks earned 71 cents an hour in the Southeast and 59 cents in the Southwest; the averages for accounting clerks were 81 and 73 cents, respectively; and those for class A stenographers, 87 and 81 cents.

An examination of system wage scales to determine the prevailing ranking of occupations and the differentials between occupations, percentagewise rather than in terms of cents per hour, showed that the wage pattern of the southern systems differed significantly from that for the industry as a whole. The spread between occupational rates was considerably wider in the South than nationally. The lesser-skilled jobs occupied lower positions, relative to other occupations, in Southern wage scales when compared with the industry-wide pattern; the higher-skilled, on the other hand, held a greater percentage advantage over other occupations in the South than was found nationally. A simplified but representative illustration of these significant features of southern wage scales is afforded by contrasting the spread between selected occupations at distinctly different wage levels. Thus, in the South, maintenance electricians, a high-wage group, were paid approximately 23 percent more than substation operators; for the industry as a whole, the advantage amounted to 16 percent. Groundmen, a relatively low-wage group, were paid only 70 percent of the rates for substation operators in southern light and power systems, as against 79 percent nationally. Illustrating another significant aspect of southern wage practices is the fact that office occupations were rated markedly higher, relative to nonoffice jobs, in southern wage scales than in the industry-wide pattern.

The practices of southern light and power systems with regard to related or fringe wage issues can be briefly summarized. Although

<sup>18</sup> Few women were employed in nonoffice jobs.

round-the-clock operation is an industry-wide characteristic, none of the southern systems—and only about a fourth of all systems studied—paid premiums for night work. In about half of the Southern systems studied, the scheduled workweek for first-shift workers was 40 hours; in the rest, more than 40 hours of work was scheduled. Although paid vacations were almost universally offered to light and power plant and office workers, vacation policy of southern systems was more liberal than general industry practice; four out of every five southern systems granted 2-week vacations to their labor force. Formal provisions for paid sick leave were found in almost all the southeastern systems and in less than half of the southwestern systems. Insurance or pension plans paid for in whole or in part by the company were set up in almost all southern systems; nonproduction bonuses, on the other hand, were not common.

### *Warehousing and Storage*

Plant workers in warehousing and storage establishments in southeastern cities of at least 100,000 population averaged 57 cents an hour on a straight-time basis in July 1945, 30 cents below the national level for the industry but only 3 cents less than plant workers earned in southwestern cities at that time. Miami, Fla., with an average of 78 cents for all plant occupations ranked highest among nine southeastern cities and Charlotte, N. C., the lowest (51 cents). In six southwestern cities, earnings ranged from 56 cents in San Antonio, Tex., to 72 cents in Oklahoma City and Tulsa, Okla.

In each group of cities, 90 percent of the plant workers received less than 75 cents an hour in contrast to 22 percent for the country as a whole. The relatively few higher-paid southern workers included maintenance mechanics, checkers, and working foremen. Handlers and stackers, who accounted for a third of all plant workers in southeastern cities, averaged 53 cents an hour. In the next two numerically important occupations studied by the Bureau, truck drivers' helpers received the same earnings as handlers and stackers, whereas truck drivers earned 60 cents. For comparable work, wage earners in southwestern cities had only a 1- or 2-cent advantage in hourly pay over the southeastern workers.

Undoubtedly, unionization has had a more direct effect on wage levels in the southwestern cities, where 44 percent of the plant workers as compared to 26 percent in the Southeast were employed in union establishments in July 1945. Earnings of union workers in the Southwest either matched nonunion pay levels or bettered them by 1 to 11 cents per hour in 11 key occupations that could be compared. In southeastern cities, however, nonunion workers received higher hourly rates (4 or 7 cents more per hour) in 3 out of 7 comparable jobs.

Because of the heavy nature of work involved in moving and storing goods, men dominate the plant labor force. Their typical workweek exceeded 40 hours; in southeastern cities 35 out of 67 plants had a workweek of 44 to 48 hours, but in southwestern cities 25 out of 53 establishments surveyed scheduled men to work over 52 hours a week.

Paid vacations have become a fairly widespread practice in recent years and in both the southeastern and southwestern cities two-fifths of the establishments had such a policy, offering usually 1 week with pay after 1 year of service. Insurance or pension plans for plant workers were less prevalent in the Southeast, where only 5 plants had such provisions; but 21 out of 53 southwestern establishments had some type of plan, most frequently life insurance. Over two-fifths of the southeastern plants as compared to about one-third of those located in southwestern cities gave their workers a nonproduction bonus, usually at Christmas.

### *Retail Stores*

In April 1945, large southern cities of 100,000 or more population employed some 52,000 (or over 10 percent) of the country's department and men's and women's clothing store employees, and maintained more than 15 percent of all such establishments (with 8 or more workers) in communities of comparable size. The Southeast and Southwest regions combined, including all cities regardless of size, accounted for almost twice this proportion (20 percent) of the limited-price variety store workers, who were employed in almost 30 percent of the country's 5- and 10-cent stores over the minimum size, many of which are affiliated with national chains.

Although none of the characteristic features of these retail establishments is peculiar to the South, interesting variations in wage structure were disclosed within that broad economic area. Unionization, while not extensive in any of these industries throughout the country, was particularly rare in the South. Here, as elsewhere in the Nation, department, clothing, and limited-price variety store workers were predominately women, who, for the most part, were employed in selling jobs that require little or no training or experience. Owing to seasonal factors, part-time work assumes an importance equaled in few other industries.

According to the Bureau's studies, department and clothing store workers (excluding office and executive personnel) in large southern cities earned, on the average, 57 and 61 cents an hour, respectively, in the Southeast and 65 and 70 cents in the Southwest in April 1945. Limited-price variety store employees (in all-sized cities) averaged 33 and 34 cents in the respective regions, with over one-third of the

workers receiving less than 30 cents an hour and only 1 percent earning 65 cents or more.

Percentage distribution of department and clothing store workers' earnings disclosed a wide rate range—less than 25 cents an hour to over \$2—with proportionately more clothing than department store workers at the high earnings levels. Moreover, 18 to 39 percent of the men in both branches as against 5 to 9 percent of the women earned at least \$1 an hour; in department and clothing stores, respectively, men earned over one-third and about one-half more per hour than women.

In general, occupational earnings varied between the two regions in the same manner as over-all earnings did; however, in several important jobs, workers in the Southeast earned more. Notable among these were furniture salesmen who, as the highest-paid men in department stores, averaged \$1.65 an hour in the Southeast and \$1.34 in the Southwest. Similarly, men selling men's suits, coats, and pants in clothing stores, the most important men's job numerically, as well as the highest-paying, averaged \$1.53 in the Southeast and 9 percent less in the Southwest. Women in the two types of stores were most numerous in departments selling women's dresses and coats, averaging from 84 to 90 cents an hour in the South as a whole; a few relatively unimportant selling departments among those studied paid more. Part-time saleswomen in dress and coat departments averaged substantially less than the full-time clerks; in one instance—clothing stores in the Southeast—they earned just half as much. Nationally, the earnings difference in part-time and full-time work was roughly 20 percent in favor of the latter.

Variety store salesgirls, most numerous and perhaps least skilled of all retail clerks studied, averaged 34 and 35 cents for full-time work in the Southeast and Southwest, respectively. Part-time workers, accounting for over half of the total in this job, earned 5 to 6 cents an hour less. Section supervisors averaged the most.

Non-selling workers in the three types of stores were most numerous, in janitorial, stockwork, and cashiering jobs and earned somewhat less than other store workers, including office personnel.

Among 9 large southern cities (100,000 or more population), the level of earnings for department store employees (excluding office and executive personnel) in the highest-wage city was about 20 cents greater than in the lowest-wage city; the range in wage level, by city, in clothing stores was 26 cents and in limited price variety stores 7 cents. Dallas and Houston were, with one exception, the highest paying. The former paid workers in department stores an hourly average of 70 cents; in clothing stores, 68 cents; and in limited-price variety stores, 42 cents. In like order, Houston retail store workers received 65 (Birmingham paid 66), 75, and 42 cents an hour. Tampa

and Knoxville were lowest. Among the smaller cities where 5- and 10-cent stores were covered, Miami paid the most—44 cents—and Nashville the least—33 cents an hour.

The Bureau's study further revealed that among limited-price variety stores, earnings were higher in the larger communities than in the medium- or small-sized cities, and in the three groups of stores the size of the establishment (as measured by employment) showed a similar relationship to wage levels. Extreme variations in earnings by method of wage payment were apparent in many selling occupations in department and clothing stores, but were less evident in limited-price variety stores where less than 5 percent of the store workers were paid on an incentive basis as compared to over a third in the other two branches. Nationally, incentive workers' earnings in the latter establishments were estimated to be about 35 to 40 percent higher than those of time workers.

The lowest rates paid to qualified workers in each establishment varied little from minimum entrance rates, and in department and clothing stores were concentrated for the most part between 30 and 45 cents an hour; most of the variety stores with established minima had rates falling between 25 and 40 cents. Forty-eight hours per week was the most frequently reported work schedule; however, longer or shorter hours were fairly common. A substantial number of variety stores scheduled men to work 54 hours and over, particularly in the Southwest.

Nonproduction bonuses (generally paid at Christmas) were paid to department store workers in a majority of the establishments studied. The practice was equally widespread among clothing and limited-price variety stores but the bonus tended to be somewhat smaller.

Most of the southern stores provided vacations with pay after 1 year of service; 1 week was most common, with office workers occasionally receiving 2 weeks. Paid sick leave was uncommon among department and clothing stores, but was frequently reported by limited-price variety stores. Two weeks was the most common period allowed in the Southwest variety stores, and 3 weeks in the Southeast.

Of all the establishments, department stores participated most extensively in plans for insurance or pensions for their employees; life insurance was the plan most widely adopted in these as well as in the clothing and variety stores providing such benefits.

### *Coal Mining*

The Southern States produce all types of coal except anthracite and subbituminous. Semianthracite is mined in Virginia and Arkansas; low-volatile bituminous, or semibituminous or smokeless coal, in Virginia, Alabama, Arkansas, and Oklahoma; and high-volatile

bituminous, in nearly all of the southern coal-producing States. Lignite, the lowest grade of coal, is produced mainly outside of the Southern States, although the Texas seams are mainly lignite.

The wide distribution of coal resources in the South, combined with the wide range of types of coal, gives to the Southern States a favorable basis for industrial development. The proximity of coking coal in Alabama to abundant iron ores and fluxing materials gives to the Birmingham area an advantage enjoyed by no other region in the country. The down-grade haul of coal to tidewater and cheap coastal transportation facilities vastly broaden the marketing area of southern Appalachian coals. There are exceptional possibilities of by-product industries from the volatile coals of the South.

United States Bureau of Mines figures indicate that the Southern States (excluding West Virginia and Maryland) produced about 18 percent of all coal, including anthracite, in 1944, the proportion rising from about 17 percent in 1939. The States producing more than 1 percent were Kentucky (10.4 percent), Virginia (2.9), Alabama (2.7), and Tennessee (1.1). Output in Texas, which produces lignite, fell from 826,000 tons in 1939 to 109,000 tons in 1944.

The output per man per day, as computed by the United States Bureau of Mines for bituminous-coal for the country as a whole, averaged 5.67 tons in 1944. The average for Kentucky was 5.08 tons; for Oklahoma, 4.92; for Virginia, 4.08; for Tennessee, 4.02; for Arkansas, 3.53; and for Alabama, 3.03. The average for the country as a whole is raised somewhat by the relatively high averages for strip mines and for lignite. There is relatively little strip mining in the South, and southern lignite is limited mainly to Texas. Recent advances in mechanization have placed the South on a basis not radically different from other mining areas. In Kentucky, for example, only 3.2 percent of underground production was mined by hand in 1944, in Virginia 2.6 percent, in Alabama 2.1 percent, and in Tennessee 6.6 percent, as compared with 5 percent in the country as a whole.

Employment in bituminous-coal mining in the South (as defined in this connection) averaged more than 100,000 production workers in 1944. Approximately half of these were in Kentucky; Alabama employed about 22,000; Virginia, about 16,000; Tennessee, about 7,000; and Arkansas and Oklahoma each, between 2,000 and 3,000.

The wages of bituminous-coal miners, as of other groups, have traditionally been lower in the South than in the country as a whole. In 1936, the national average of hourly earnings was \$0.733, in contrast to \$0.543 in Alabama. The following tabulation shows the averages of leading Southern States in descending order, together

with those of West Virginia, Pennsylvania, Utah (which had the highest average), and the national average:

	<i>Average hourly earnings, 1936</i>		<i>Average hourly earnings, 1936</i>
Kentucky.....	\$0. 719	Alabama.....	\$0. 543
Virginia.....	. 679	West Virginia.....	. 801
Oklahoma.....	. 659	Pennsylvania.....	. 799
Arkansas.....	. 635	Utah.....	. 955
Tennessee.....	. 631	United States.....	. 733

Average hourly earnings, even when there is little premium pay for overtime, reflect imperfectly the regional differences in basic occupational rates. The occupational differentials were narrowed from time to time and notably by the wage agreement of 1941. Under that agreement, certain basic day occupations, such as drivers, brakemen, trackmen, and timbermen, received \$1.00 per hour in both the Northern and the Southern Appalachian districts of the UMWA and in several other districts. In a few of the western districts the rate was higher; in southern districts outside of the Appalachian territories, as defined for collective bargaining, the rate was lower: in Tennessee, \$0.945; in western Kentucky, Arkansas, and Oklahoma, \$0.857; in Alabama, \$0.821. Rates below \$1.00 were also paid in Iowa and Missouri. The removal of the wage differentials between the Northern and Southern Appalachian districts in 1941 applied only to day rates; tonnage differentials remained.

Differences in straight-time hourly earnings of certain occupational groups in the fall of 1945 are shown in table 36. The figures are available only for producing districts as defined by the Bituminous Coal Act of 1937, but they indicate approximately the averages in the South as compared with those of western Pennsylvania, a high-wage Western district (Utah), and the country as a whole.

The averages as given in the table were raised by the increase of 18.5 cents in basic rates made by the 1946 agreement. On a percentage basis, the relatively low southern averages were raised more than the higher averages in other areas.

The averages in the accompanying table include unorganized as well as union mines. The extent of unionization declined in the twenties, especially in the South, but under the National Industrial Recovery Act and the National Labor Relations Act, most of the workers were organized and the unions (primarily the UMWA) obtained collective agreements for substantially all of the workers except in some of the smaller mines. Late in 1941 the union shop was extended to "captive" mines—mines operated by companies, such as steel corporations, which use most of the coal instead of marketing it. Operators of "commercial" mines had earlier accepted the union shop.

**TABLE 36.—Straight-Time Hourly Earnings in Selected Occupations in Bituminous-Coal Mining, Fall 1945**

[Source: U. S. Bureau of Labor Statistics, Wage Structure Series 2, No. 12, Bituminous Coal Mines, 1945, table 6]

Occupation	United States	District number (under Bituminous Coal Act)					
		2 (Western Pennsylvania)	8 (Eastern Kentucky, southeastern West Virginia, and adjacent areas) <sup>1</sup>	9 (Western Kentucky)	13 (Alabama, Georgia, and southeastern Tennessee)	14 (Arkansas and part of Oklahoma)	20 (Utah)
<i>Underground mines</i>							
Car dumpers, outside.....	\$0.99	\$1.03	\$1.01	\$0.83	\$0.82	\$0.91	\$1.13
Electricians, maintenance:							
Inside.....	1.21	1.28	1.22	1.04	1.06		
Outside.....	1.17	1.27	1.17	1.01	1.02		
Loaders, hand, inside, incentive	1.06	1.04	1.08	.84	1.07	1.00	1.30
Miners, pick, inside, incentive	1.03	1.14	.91	.99	.88		
Slate pickers, outside.....	.95	.98	.96	.83	.80	.91	1.02
Trackmen, inside.....	1.00	1.00	1.00	.87	.87	.91	
<i>Strip mines</i>							
Power-shovel operators.....	1.64	1.82		1.51	1.38		
Slate pickers.....	.97	.97		.88			
Truck and tractor operators.....	1.03	1.05		.99	.84		

<sup>1</sup> District 8 includes southeastern West Virginia but wage rates were substantially uniform throughout the district and for day workers were for the most part the same as in Districts 1 to 7 (the other Appalachian areas). The average earnings, especially of incentive workers, vary with local conditions. The tonnage rates of loaders, for example, are higher in district 2 than in district 8, but straight-time hourly earnings are somewhat higher in district 8 because of conditions which make possible the loading of more coal per hour.

### Railroad Transportation

More than 300,000 employees were engaged in the provision of railroad transportation in the 13 southern States in September 1945.<sup>19</sup>

Railway employees are divided into two broad groups, operating and nonoperating. The so-called operating employees include those who actually man and run the trains, such as conductors, engineers, and brakemen. The nonoperating employees embrace all other workers in the railway industry, such as sectionmen, clerks, shopmen, signalmen, and telegraphers. About three out of every four railway workers fall in this nonoperating group.

Prior to 1943 there were slight differentials between the basic daily wage rates paid to operating employees in the East and in the South.<sup>20</sup> The rates in the South were 4 to 7 cents less than those paid in the East; the West usually paid about the same as the South. Through

<sup>19</sup> Monthly Labor Review, May 1946 (p. 754).

<sup>20</sup> As defined by the Interstate Commerce Commission, the Southern District is the area south of the Potomac and Ohio Rivers and east of the Mississippi River. The Eastern District is set off from the Western District by a line drawn from Chicago to St. Louis and then down the Mississippi River to the point where it is joined by the Ohio River.

agreements signed during 1943 and 1944 between the carriers and the railway labor organizations, the basic daily wage rates for operating employees were almost completely standardized throughout the United States. As a consequence, the rates in the South today are the same as they are in the East.

An illustration of the change which took place during the 1943-44 period may be found in the case of an engineer handling an engine with 200,000 to 250,000 pounds weight on drivers in passenger service. As of April 1, 1943, this engineer received a basic daily wage rate of \$8.49 in the East and \$8.42 in the South and West. By December 1, 1944, this 7-cent differential had been eliminated and wage rates had been adjusted upward so that the same engineer received the same basic daily wage rate (\$8.89) anywhere in the United States. Since that time all operating employees have received an increase of \$1.48 in their basic daily wage rates under agreements signed on May 25, 1946. Thus, today the engineer used in the above example would be receiving \$10.37 per basic day.

As regards the nonoperating employees, there is far less standardization of wage rates throughout the United States. This group of workers are paid on the basis of hourly rates, while the operating employees are paid on a dual basis of pay (i. e., they earn their basic daily wage whenever they work a certain number of hours or run a certain number of miles, whichever occurs first).

For the most part, there is a tendency for the wage rates paid to the skilled occupations within the non-operating group to be closer to uniformity than is the case in the less-skilled categories. As a consequence, between the South and the East there are greater differentials in wage rates paid the less-skilled workers. For example, the predominant rate in the South and West paid to extra gangmen is 75½ cents per hour, whereas in the East the predominant rate is 83½ cents per hour. The term "predominant rate" means the rate paid to the largest percentage of workers.

Section men also fall in the less-skilled class of nonoperating employees. Their predominant rate in the South and West is 75½ cents per hour, as compared with 85½ cents in the East.

By contrast there is very little variation in the hourly rates paid to shop mechanics, who are members of highly skilled crafts. Shop mechanics include blacksmiths, boilermakers, electricians, machinists, sheetmetal workers, and carmen. The predominant rate for shop mechanics in the South is \$1.22½ cents per hour as compared with \$1.23½ in the East and the West. Thus, in this skilled group there is only a 1-cent differential but in the less-skilled categories, the differential between the South or West and the East is 8 to 10 cents per hour.

## VII.—The Fair Labor Standards Act and the South<sup>1</sup>

The Fair Labor Standards Act of 1938 has as its objective the elimination "in industries engaged in commerce or in the production of goods for commerce, of labor conditions detrimental to the maintenance of the minimum standard of living necessary for health, efficiency, and general well-being of workers . . . without substantially curtailing employment or earning power." Specifically, the act seeks to protect workers engaged in interstate commerce by fixing a minimum level of wages, and establishing a maximum work-week beyond which overtime compensation is required. In addition, provision is made for the elimination of oppressive child-labor conditions.

With adoption of this legislation the Nation endorsed the general principle that there are minimum labor standards to which workers are entitled as a matter of social policy. Today the bitter controversy which preceded the passage of the act is history and there is widespread agreement on the desirability of minimum-wage and maximum-hours requirements. Currently, attention centers on proposals to liberalize the minimum wage provisions of the act and to extend its coverage. That a minimum-wage for workers should be guaranteed by law is no longer seriously questioned.

Because wages in the South at the time of the passage of the act were relatively low, as compared with wages in other geographical regions, southern workers as a group benefited particularly from the wage provisions of the act. At the same time, the economic impact of the act, at the outset, was felt particularly by southern industries.

Information is not available to appraise in precise terms the effect of the act upon workers and industry in the South. Long before the time specified by the act for the implementation of the 40-cent minimum wage, other factors were exercising an upward pull on the general wage level. The effect of defense and war production upon employment and wage levels after the spring of 1941 substantially minimized the economic significance of the legally established minimum. For most covered industries in the South, as elsewhere, minimum rates substantially above the level required by law were voluntarily established. On the basis of available information, however, an effort is made to appraise the significance of the act for the South, following a review of its major provisions.

<sup>1</sup> Prepared by Mary N. Hilton of the Bureau's Labor Economics Staff.

### *The Provisions of the Fair Labor Standards Act*

The Fair Labor Standards Act, as approved on June 25, 1938, established minimum-wage and maximum-hours requirements applicable to all employees engaged in interstate commerce or in the production of goods for interstate commerce, with certain specific exemptions. To implement these provisions, the act provided for the creation within the Department of Labor of a Wage and Hour Division which is under the direction of an Administrator appointed by the President, by and with the consent of the Senate.

The act established a legal minimum wage of 40 cents an hour after October 23, 1945, and set up a basic schedule for the gradual achievement of this goal. This schedule required payment of 25 cents an hour from October 24, 1938, to October 23, 1939, and 30 cents an hour from October 24, 1939, to October 23, 1945.

The basic schedule for the implementation of the 40-cent minimum over a period of 7 years represented, in effect, the minimum statutory requirement. With a view to achieving the 40-cent objective as rapidly as was economically feasible, provision was made for the appointment of tripartite industry committees who could recommend for individual industries a minimum higher than that specified in the schedule, but not in excess of 40 cents.<sup>2</sup> The effect of this provision was to make the institution in any industry of a minimum rate in excess of 30 cents during the period from October 1939 to October 1945 contingent upon the recommendation of an industry committee representing labor, industry, and the public. Actually, through the action of industry committees the 40-cent minimum wage for all covered employees in the continental United States was achieved late in July 1944, over a year in advance of the date when it would have become effective automatically under the act.

The hours provisions of the act establish a maximum workweek beyond which payment at time and a half the regular rate is required. The maximum workweek schedule set up by the act provided for a 44-hour workweek from October 24, 1938, to October 23, 1939, a 42-hour workweek from October 24, 1939, to October 23, 1940, and a 40-hour workweek thereafter.

The child labor provisions of the act make it illegal to ship or deliver for shipment in commerce any goods produced in an establishment employing "oppressive child labor." Oppressive child labor is defined as the employment of any person under the age of 16, or between the ages of 16 and 18 in any occupation found and by order declared to be particularly hazardous for the employment of children

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<sup>2</sup> For a discussion of the working of the industry committees see Minimum Wage Fixing Under the United States Fair Labor Standards Act, by Harry Weiss, in *International Labour Review*, January 1945.

between such ages or detrimental to their health or well-being. The administration of the child labor provisions of the act rests with the chief of the U. S. Children's Bureau.

### *The Importance of the Wage and Hour Provisions to Southern Workers*

The economic situation has undergone marked changes since the Fair Labor Standards Act was enacted over 8 years ago. The wage provisions of the act do not have the same economic significance today that they had in 1938. During the war years the hours provisions took on a new meaning. Consequently, the act needs to be viewed in historical perspective.

At the time the act was passed a substantial proportion of the Nation's labor force was unemployed and the earnings of many who were employed stood at low levels. Viewed against this background the broad social objectives of the Fair Labor Standards Act at the time of its passage are clear. Its most important purpose was to assure workers engaged in interstate commerce a reasonable minimum level of wages and to protect workers from excessively long hours of labor. At the same time, it sought through the minimum wage provisions to increase purchasing power and through the overtime pay requirement to create additional employment opportunities.

The minimum wage provisions had immediate importance in terms of higher wage rates for many workers. In view of the fact that a substantially greater proportion of southern workers were earning less than the minimum wage than were workers in any other part of the Nation, the act had particular significance for southern workers in terms of the immediate wage increases which it required.

The only available estimate regarding the total number of workers whose wages were immediately affected by the act relates to April 1939 and the probable impact of the 30-cent minimum.<sup>3</sup> This information indicates that a total of 411,200 workers, or 18 percent of all southern workers covered by the act, were receiving less than 30 cents in the spring of 1939 (6 months prior to the effective date for the establishment of the 30-cent statutory minimum) as compared with approximately 3 percent for the remainder of the country. The 13 Southern States accounted for over 50 percent of all covered workers receiving less than 30 cents per hour as of that date.

Data affording some indication of the immediate significance of the 25- and 30-cent minima to unskilled workers in the South and

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<sup>3</sup> Bureau of Labor Statistics: Estimated Number of Workers in April 1939, Subject to Provisions of the Fair Labor Standards Act Effective October 24, 1939. (Mimeographed report.) Washington, 1939.

**TABLE 37.—Distribution of Workers Receiving Less Than 30 Cents an Hour, All Industries, April 1939**

[Source: Department of Labor, Report of the Administrator of the Wage and Hour Division for 1939]

Region or State	Estimated number of workers subject to FLSA	Workers receiving less than 30 cents an hour	
		Estimated number	Percent of covered employees
Total, all States.....	1 12, 652, 700	2 690, 000	5.5
All States except Southern States.....	10, 367, 300	278, 800	2.7
Total, Southern States.....	2, 285, 400	411, 200	18.0
Alabama.....	173, 300	28, 200	22.0
Arkansas.....	66, 600	17, 100	25.7
Florida.....	102, 700	23, 800	23.2
Georgia.....	215, 000	57, 000	26.5
Kentucky.....	181, 500	13, 500	7.4
Louisiana.....	136, 500	22, 600	16.6
Mississippi.....	71, 400	26, 000	36.4
North Carolina.....	322, 200	60, 600	18.8
Oklahoma.....	104, 600	5, 700	5.4
South Carolina.....	156, 200	41, 400	26.5
Tennessee.....	212, 000	43, 200	20.4
Texas.....	330, 000	35, 500	10.8
Virginia.....	213, 400	26, 600	12.5

<sup>1</sup> The United States total includes 41,000 covered employees of mail-order houses. These employees are not included in the State figures. The United States total also includes a roughly estimated total of 11,000 covered employees in the Territories of Alaska and Hawaii.

<sup>2</sup> Does not include homeworkers, longshoremen, and employees of mail-order houses.

Southwest<sup>4</sup> are also available. This information, which relates to average hourly entrance rates for adult male common laborers in July 1938 and July 1939, shows that in July 1938 the average hourly entrance rate for 13 percent of the adult male common laborers in the South and Southwest was under 25 cents as compared to less than a tenth of 1 percent for the North and West.

By July 1939, following the establishment of the 25-cent minimum, the percentage below 25 cents for the South and Southwest amounted to less than a half of 1 percent while 34.6 percent were receiving less than 30 cents an hour.<sup>5</sup>

The information summarized above provides an indication of the importance, in terms of the number of workers affected, of the 25-cent minimum wage of 1938 and the 30-cent minimum of 1939 to wage earners in the South. Comparable information is not available regarding the number of workers who received direct pay increases as a result of wage orders establishing minimum wages above 30 cents an hour. The 40-cent minimum was reached at varying times in different industries and in some instances involved a succession of

<sup>4</sup> The South and Southwest region includes the following States: Alabama, Arizona, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia.

<sup>5</sup> Entrance Rates of Common Laborers in July 1939, in *Monthly Labor Review*, December 1939.

intermediate steps. In the case of cotton textiles, for example, three steps were required. For the Nation as a whole, an estimated 1,600,000 workers received direct pay increases as a result of 40-cent wage orders, while the total number of all wage increases resulting directly from the issuance of wage orders is estimated at nearly 2,700,000.<sup>6</sup> In addition, many other workers who were earning more than the established minimum received indirect pay increases as a result of the wage orders.

Today the 40-cent legal minimum applies to all workers covered by the minimum wage provisions of the act, except, in some industries, to workers classified as learners, apprentices, or handicapped. Indeed, as has been pointed out, this goal was achieved more than a year in advance of the October 24, 1945, deadline set by the act. In marked contrast with the early years of the act, the legal minimum is presently of relatively minor significance as a positive factor in the determination of wage rates. For most industries and areas, prevailing minimum rates are well above the 40-cent hourly rate required by law.

In this connection it is of interest to consider the experience of the National War Labor Board, the agency which administered the wage stabilization program during the war years. One of the few grounds on which the Board could approve or order wage increases was the elimination of substandards of living. The Board at the outset approached the question of the rate that could be approved on the substandard criterion on a case by case basis. As experience accumulated, however, the Board found it desirable to establish a definite substandard rate up to which increases could be made without Board approval. The details of the development of this policy will not be traced here. The significant fact to be noted is that during the period from 1943 through 1945 the Board gradually raised its substandard minimum from 40 cents per hour to 55 cents per hour. Subsequently, the National Wage Stabilization Board<sup>7</sup> early in 1946 increased the substandard minimum to 65 cents.

The substandard minima established by the War Labor Board must be carefully distinguished from the minimum wage provisions of the Fair Labor Standards Act. The payment of the 40-cent minimum set forth in the act is now compulsory for the employees covered; the substandard minima established by the War Labor Board were permissive. Employers could raise wages up to the substandard level but were not required to do so. In dispute cases involving substandards of living, the Board proceeded largely on a case-by-case basis in determining the appropriate minimum rate.

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<sup>6</sup> U. S. Department of Labor, Wage and Hour and Public Contracts Divisions, Annual Report for the Fiscal Year Ended June 30, 1944.

<sup>7</sup> Successor agency to the National War Labor Board.

The practical result of the War Labor Board's substandard policy was a widespread upward movement in prevailing minimum rates in industries and areas where existing rates were below the substandard minimum established by the Board. In the Board's southern region,<sup>8</sup> in particular, the substandard criteria provided an important basis for wage increases. In many plants the common labor rate was raised from the neighborhood of 40 cents an hour to 55 cents or more under the stabilization program.

The history of the substandard policy of the War Labor Board contributes to an understanding of the waning significance of the legal minimum during the period when stabilization of wages was the established Government policy. The increases permitted under the Board's substandard policy, together with post VJ-day wage-rate advances, have greatly reduced the importance of the legal minimum as an economic factor influencing the minimum wage level.

As indicated earlier, Congress in enacting the Fair Labor Standards Act sought to protect workers from wage rates so low that they would not provide a reasonable minimum standard of living. The 40-cent minimum which would provide an annual wage of \$832 at full time—40 hours a week for 52 weeks—was considered the best approximation to this goal that was practicable in the light of economic conditions in 1938. Even if this amount were considered adequate to meet the minimum cost of living at prices which existed at that time, it is clear that the statutory minimum does not at the present time serve to protect workers from substandards of living. The rise in the cost of living alone as measured by the Bureau's consumers' price index would require a minimum of approximately 60 cents as of November 1946 as the equivalent of the 1938 objective.

As early as 1944 the Administrator of the Wage and Hour and Public Contracts Divisions of the United States Department of Labor recommended "that the Congress consider raising the limit of the wage which the industry committee may recommend to some higher figure than 40 cents."<sup>9</sup> When Congress in 1945 had under consideration a bill to amend the Fair Labor Standards Act to permit an immediate upward revision of the statutory minimum to 65 cents, with an ultimate adjustment to 75 cents, the Department of Labor favored the adoption of these provisions.

### *Economic Effect of the Wage Provisions on Southern Industries*

In the foregoing section attention was focused upon the importance of the Fair Labor Standards Act to southern workers in terms of the

<sup>8</sup> The region included the following States: Alabama, Florida, Georgia, North Carolina, Mississippi, South Carolina, Tennessee, and Virginia.

<sup>9</sup> U. S. Department of Labor, Wage and Hour and Public Contracts Divisions, Annual Report for the Fiscal Year Ended June 30, 1944 (p. 9.).

number who benefited as a result of the establishment of a legal minimum wage. A question of equal importance concerns the economic consequences of the wage provisions of the act to southern industries.

The establishment of a legal minimum wage represents both a social and an economic judgment concerning the lowest wage for which labor should be hired. An economically sound minimum wage level benefits not only employees but industry and the economy as a whole. Experience reveals that a properly established minimum wage tends to increase the productive capacity of workers as a result of the improvements in physical well-being and morale that higher wages make possible. Moreover, the imposition of a legal minimum wage may serve to stimulate improvements in managerial efficiency and to give impetus to the introduction of technological improvements that serve to enhance labor output. Substantial increases in productivity thus may result from lifting the wages of the workers at the low end of the wage scale. From the standpoint of the economy as a whole, the establishment of a minimum wage level is also beneficial to the extent that aggregate purchasing power in the hands of employees is increased.

An indication of the economic impact of the Fair Labor Standards Act on wages and employment in the South for the period 1938-41—that is, for the period prior to the great changes in wage and employment levels caused by the demands of the defense program and of the war—is provided by studies which have been made of particular industries.

Early wage orders under the Fair Labor Standards Act established a minimum rate of 32½ cents an hour for a number of relatively low-wage industries, including seamless hosiery, cotton textiles, and men's cotton garments.<sup>10</sup> Table 38 is designed to throw light on what happened to the general level of wages and the wage structures of these industries in the South following the effective date of these orders.

The earnings data presented in table 38 for each of the two periods shown relate to identical plants in the seamless hosiery and men's cotton garment industries, and the data for the two periods in the cotton goods industry are generally comparable. For both cotton textiles and seamless hosiery, wage studies were made by the Bureau of Labor Statistics just prior to the effective date of the Fair Labor Standards Act, and again in the fall of 1940, approximately a year after the 32½-cent wage orders had been issued.<sup>11</sup> For men's cotton garments, detailed wage data are available for the spring of 1939, when

<sup>10</sup> The term "men's cotton garment industries" as used in this discussion includes two industry groups: dress and sport shirts, collars and nightwear; and cotton pants, overalls, and work shirts.

<sup>11</sup> See Monthly Labor Review, June 1941, Earnings in Seamless-Hosiery Industry Under 32.5-Cent Minimum Wage; and December 1941, Hours and Earnings in Manufacture of Cotton Goods, September 1940 and April 1941.

TABLE 38.—Percentage Distribution of Workers in Specified Industries in the South, by Average Hourly Earnings for Selected Periods

[Source: U. S. Bureau of Labor Statistics]

Average hourly earnings	Seamless hosiery		Cotton goods		Men's cotton garments	
	September 1938	September 1940	August 1938	September 1940	Spring 1939	Spring 1941
Under 32.5 cents.....	57.4	3.9	44.2	1.3	73.6	2.9
32.5 and under 35.0 cents.....	8.4	35.7	14.5	47.4	6.0	48.8
35.0 and under 37.5 cents.....	7.4	14.3	10.3	12.6	5.2	8.5
37.5 and under 40.0 cents.....	5.5	10.6	7.1	9.1	5.2	20.9
40.0 and under 42.5 cents.....	4.9	8.5	5.7	6.9	2.5	4.8
42.5 and under 47.5 cents.....	6.0	11.1	8.4	9.7	3.5	6.6
47.5 and under 52.5 cents.....	3.5	6.5	5.5	6.6	1.8	2.9
52.5 and under 57.5 cents.....	2.0	3.4	2.6	3.6	.8	1.3
57.5 and under 62.5 cents.....	1.2	1.5	.9	1.6	.5	1.1
62.5 and under 67.5 cents.....	1.2	1.5	.4	.6	.3	.7
67.5 and under 72.5 cents.....	.7	.7	.2	.2	.3	.5
72.5 and under 77.5 cents.....	.6	.7	.1	.2	.1	.4
77.5 and under 82.5 cents.....	.4	.4	.1	.1	.1	.1
82.5 and under 87.5 cents.....	.1	.2	(1)	.1	(1)	.1
87.5 and under 92.5 cents.....	.3	.5	(1)	(1)	.1	.2
92.5 and under 100.0 cents.....	.2	.2	(1)	(1)	(1)	.1
100.0 cents and over.....	.2	.3	(1)	(1)	(1)	.1
Total.....	100.0	100.0	100.0	100.0	100.0	100.0
Average hourly earnings.....	\$0.331	\$0.402	\$0.348	\$0.385	\$0.307	\$0.372

<sup>1</sup> Less than a tenth of 1 percent.

the 25-cent statutory rate was in effect, and for the spring of 1941, about 9 months after 32½-cent wage orders were made effective in these industries.<sup>12</sup>

It is clear that the establishment of the 32½-cent minimum exercised a decisive influence on the wage structures of these industries. Immediately prior to the effective date of the Fair Labor Standards Act considerably over half (57.4 percent) of the seamless hosiery workers in the South and over two-fifths (44.2 percent) of the cotton goods workers were earning less than 32½ cents an hour. In the spring of 1939 with the 25-cent statutory rate in effect, almost three-fourths (73.6 percent) of the men's cotton garment employees had averaged hourly earnings of less than 32½ cents.

The effect of the wage orders was to compress the lower segments of the old wage structures, with the result that customary differentials in the lower wage brackets often were not maintained. Thus, in the seamless-hosiery industry in September 1940 over a third of the workers were earning between 32½ and 35 cents an hour, while almost half of the cotton-goods workers were found in the same interval. Similarly, in the men's cotton garment industries about half of the

<sup>12</sup> See Monthly Labor Review, August 1942, Earnings in the Men's Cotton-Garment Industries, 1939 and 1941.

workers were in this wage bracket in the spring of 1941. Small proportions of the workers in each industry were earning less than 32½ cents an hour. Most of these workers were employed at subminimum rates under the terms of learner or handicapped worker certificates.

At the same time the wage adjustments which occurred were more extensive than can be accounted for solely by the raising of the lowest paid workers to 32½ cents. For example, in each of the industries the proportion of workers earning 40 cents an hour or more increased appreciably after the introduction of the 32½-cent minimum. In seamless hosiery, the proportion of workers earning 40 cents an hour or more increased from 21.3 percent in September 1938 to 35.5 percent after the introduction of the 32½-cent minimum.

By September 1940, average hourly earnings in the seamless hosiery industry had increased by 21 percent and in cotton goods by 11 percent over the levels prevailing just prior to the effective date of the act. By the spring of 1941, wages in the men's cotton-garment industries were 21 percent above the average for the spring of 1939 when the 25-cent minimum was in effect. The extent of this latter increase is partially accounted for by the fact that over the 2-year period the volume of public contracts, for which a 37½-cent or 40-cent minimum wage was fixed, increased substantially.

Some information is also available on the employment experience in these industries in the South, following the establishment of the 32½-cent minimum, and is summarized in table 39.

TABLE 39.—*Changes in Employment in Identical Plants in Specified Industries in the South for Selected Periods*

[Source: U. S. Bureau of Labor Statistics]

Industry	Number of workers		Changes in employment	
	1938	1940	Number	Percent
			1938 to 1940	
Seamless hosiery.....	13,431	12,689	-742	-5.52
	1939	1941	1939 to 1941	
Men's cotton garments.....	8,597	9,741	+1,144	+13.3
Dress and sport shirts, collars, and neckwear.....	2,901	2,890	-11	-.4
Cotton pants, overalls, and work shirts.....	5,696	6,851	+1,155	+20.3

Employment in 61 identical seamless-hosiery establishments in the South surveyed in both 1938 and 1940 fell from 13,431 to 12,689. Analysis of changes in employment by plant wage groups indicates that it was among the low-wage plants (those with plant average hourly earnings of less than 32½ cents prior to the effective date of

the Fair Labor Standards Act) that worker displacement occurred. Such plants were apparently forced to make the most drastic changes in machinery and methods in adjusting to the legal minimum. On the other hand, those plants in the South with plant average hourly earnings of more than 32½ cents in 1938 employed 1.1 percent more workers in 1940.<sup>13</sup>

In the men's cotton garment industries, employment in 14 identical plants in the dress-shirt industry in the South remained practically unchanged between the spring of 1939 and the spring of 1941. In the work-clothing industry, employment in the South increased by 20 percent during the same period. In both of these industries, the stimulus of the defense program was being widely felt by the spring of 1941.

A study of separations of subminimum workers in the cotton-garment industry in the South between March 1939 and March 1941 indicates that for the 2-year period 29.7 percent of the workers earning less than 30 cents an hour in the spring of 1939 were separated as compared to 26.4 percent of the workers earning over 30 cents. The conclusion is that "the earnings of the workers exercised a constant though moderate influence on separations."<sup>14</sup>

In the cotton-goods industry no data on employment changes in identical establishments have been tabulated for this period.

In general, the available evidence regarding the impact of the 32½-cent minimum on wages and employment in the seamless-hosiery, the cotton-goods, and the men's cotton-garment industries in the South indicates that wage adjustments somewhat more extensive than those required to raise subminimum wages to the minimum were made without any substantial adverse effect on employment.

There were, of course, other types of adjustments concerning which little information is obtainable. Undoubtedly the establishment of minimum wage standards resulted, in many firms, in managerial effort to increase labor efficiency and in the introduction of technological improvements.

### *Effect of the Hours Provisions on Southern Industries*

The hours provisions of the Fair Labor Standards Act, by requiring the payment of time and a half for covered employees for weekly hours in excess of 44 during the first year of the act, 42 during the second year, and 40 hours thereafter, were designed to discourage the existence of a longer workweek. The act reflected the generally accepted

<sup>13</sup> U. S. Department of Labor, Wage and Hour Division, *Minimum Wages in the Seamless-Hosiery Industry* (mimeographed, April 1941).

<sup>14</sup> *Effects of a Minimum Wage in Cotton-Garment Industry 1939-41*, in *Monthly Labor Review*, February 1942 (p. 327). Reprinted as Serial No. R. 1415.

view that a maximum workweek of not more than 40 hours was socially desirable, and that its widespread adoption would tend to increase employment.

Available information regarding the impact of the hours provisions upon southern industry is very limited. As of April 1939, 6 months prior to the effective date for the 42-hour workweek, it was estimated that of the 2,285,400 southern workers subject to the provisions of the Fair Labor Standards Act, 560,100 or 24.5 percent were working more than 42 hours per week. Of those persons who were working more than 42 hours, 420,400 workers or 75.1 percent were receiving less than time and a half for hours worked in excess of 42.

TABLE 40.—*Distribution of Workers Covered by FLSA Working More Than 42 Hours, and Workers Not Receiving Time and a Half for Hours Worked Over 42, April 1939*

[Source: First Annual Report of the Administrator of the Wage and Hour Division, 1939]

Region and State	Estimated number of workers subject to FLSA	Workers with workweek of over 42 hours		Workers receiving less than time and a half for hours worked over 42	
		Estimated number	Percent of total subject to FLSA	Estimated number	Percent of total working over 42 hours
Total, all States.....	12,652,700	2,382,500	18.8	1,663,500	69.8
All States except Southern States.....	10,367,300	1,822,400	17.6	1,243,100	68.2
Total, Southern States.....	2,285,400	560,100	24.5	420,400	75.1
Alabama.....	173,300	45,100	26.0	38,000	84.3
Arkansas.....	66,600	20,500	30.8	14,500	70.7
Florida.....	102,700	33,600	32.7	23,800	70.8
Georgia.....	215,000	55,700	25.9	46,700	83.8
Kentucky.....	181,500	28,700	15.8	22,200	77.4
Louisiana.....	136,500	31,600	23.2	22,300	70.6
Mississippi.....	71,400	22,700	31.8	19,100	84.1
North Carolina.....	322,200	71,100	22.1	56,000	78.8
Oklahoma.....	104,600	20,500	19.6	11,800	57.6
South Carolina.....	156,200	25,700	16.5	19,600	76.3
Tennessee.....	212,000	59,400	28.0	49,500	83.3
Texas.....	330,000	102,100	30.9	66,500	65.1
Virginia.....	213,400	43,400	20.3	30,400	70.0

<sup>1</sup> Includes 41,000 covered employees in mail-order houses, not included in State figures, and a roughly estimated total of 11,000 covered employees in the Territories of Alaska and Hawaii.

<sup>2</sup> Does not include homeworkers, longshoremen, or covered employees in the Territories.

<sup>3</sup> Does not include homeworkers, longshoremen, and covered employees in mail-order houses and in the Territories.

It will be noted from table 40 that the impact of the overtime requirement in relation to the 42-hour week was not markedly greater in the South than in all other States combined.

With the coming of the war and the urgent necessity for the production of war goods, the overtime provisions of the act ceased to serve their peacetime purpose of discouraging work beyond 40 hours a week and operated instead to enable war industries, in which production needs required the establishment of a longer scheduled workweek, to attract the needed manpower without making undue increases in

basic rates. On this point the Wage and Hour Division has pointed out:

The constructive part played by the Fair Labor Standards Act itself in the shift over to war production has not been generally understood. In the first place, as has been said, in the 4 years that the act has been in force, it led to the use of new workers, providing a larger number of skilled hands than would otherwise have been available when our war need for industrial expansion came upon us. Industry committees under the act, bringing together employers, labor, and the public with equal representation, charged with setting the highest minimum wage up to 40 cents that would not substantially decrease employment, have over the years helped to develop in leadership and mutual confidence many of those who now have emerged to guide the national industrial effort. But the greatest contribution has been made by the overtime provisions of the act in attracting labor in a democratic way, without compulsion, to the war industries where it was needed.<sup>15</sup>

#### ENFORCEMENT

Between October 1938 and June 1946, over \$18,000,000 in restitution of wages illegally withheld under the Fair Labor Standards Act had been agreed to or ordered paid to over 570,000 workers in 28,070 establishments in the 13 Southern States. Over half of these cases involved failure to pay the appropriate minimum wage.

Column 1 of table 41 summarizes the combined results of inspections under the Fair Labor Standards Act from its enactment in 1938 and under the Public Contracts Act<sup>16</sup> during the period from October 1942, when the Wage and Hour and Public Contracts Divisions were consolidated to June 1946. Comparable information broken down for three separate time periods is shown in columns 2, 3, and 4. It should be noted that the information presented does not relate exclusively to the enforcement of the Fair Labor Standards Act although that act, in view of its much broader coverage, accounts for the bulk of the enforcement work.

During the period since the enactment of the Fair Labor Standards Act the percentage of inspected establishments found to be in violation of the minimum wage and/or overtime provisions was 45 percent for the Southern States as compared with 49 percent for all other States combined. For the most recent period for which information is available, July 1945 to June 1946, the comparable percentages were 51 for the Southern States and 47 for all other States combined. It is to be noted that violations of the minimum wage provisions are

<sup>15</sup> U. S. Department of Labor, Wage and Hour and Public Contracts Division, Annual Report for the fiscal year ended June 30, 1942, (pp. 3-4).

<sup>16</sup> The Public Contracts Act applies to all contracts made by the Government for the manufacture or the furnishing of materials, etc., in the amount of more than \$10,000. Certain prescribed labor standards must be maintained by the contractor, including a basic 8-hour day and 40-hour week (overtime is permitted provided time and a half the workers' regular rate is paid for daily or weekly overtime, whichever results in the greater compensation), and the maintenance of the prevailing minimum rate of wages in the locality where the work is to be performed where such a minimum wage determination has been issued by the Secretary of labor.

TABLE 41.—Results of Inspection Under the Fair Labor Standards Act, October 1938–June 30, 1946, and Under the Public Contracts Act, October 1942–June 30, 1946<sup>1</sup>

[Source: Wage and Hour and Public Contracts Divisions, Economics Branch]

Results of inspection	(1)		(2)		(3)		(4)	
	October 1938–June 1946 <sup>2</sup>		October 1938–June 1943		July 1943–June 1945		July 1945–June 1946	
	Southern States	Other States	Southern States	Other States	Southern States	Other States	Southern States	Other States
Estimated number of covered establishments, April 1946	114,350	442,680	114,350	442,680	114,350	442,680	114,350	442,680
Total number of establishments inspected	90,704	245,415	56,909	136,676	25,020	73,682	8,775	35,057
Inspected covered establishments: <sup>3</sup>								
Number	81,217	226,381	49,359	122,386	23,469	70,322	8,389	33,673
Percent of total covered			43	28	21	16	7	8
Total establishments in violation of one or more provisions	64,408	175,268	38,293	94,688	18,560	51,089	7,555	20,491
Establishments in violation of minimum wage and/or overtime provisions:								
Number	40,904	119,521	25,065	67,222	11,376	35,711	4,463	16,588
Percent of total inspected establishments	45	49	44	49	45	48	51	47
In violation of minimum wage provisions:								
Number	(4)	(4)	(4)	(4)	4,963	8,396	1,470	3,206
Percent of total inspected establishments	(4)	(4)	(4)	(4)	20	11	17	9
Establishments agreeing or ordered to pay restitution:								
Number	28,070	99,915	15,513	55,704	9,128	30,558	3,429	13,653
Percent of total in monetary violation	69	84	62	83	80	86	77	82
In violation of minimum wage provisions:								
Number	15,030	35,662	9,988	25,666	3,892	7,243	1,150	2,753
Percent of establishments paying restitution	54	36	64	46	43	24	34	20
Employees underpaid: Total number	570,444	2,099,715	348,554	1,073,189	172,282	804,656	49,608	221,870
Underpaid under minimum wage provisions:								
Number	(4)	(4)	(4)	(4)	58,379	125,137	11,401	26,633
Percent of total	(4)	(4)	(4)	(4)	34	16	23	12
Amount of restitution:								
Average per establishment agreeing or ordered to pay	\$653	\$806	\$695	\$723	\$607	\$946	\$583	\$832
Average per underpaid employee	\$32	\$38	\$31	\$38	\$32	\$36	\$40	\$51

<sup>1</sup> The statistics include information on 35,000 establishments inspected under the Public Contracts Act since the consolidation of the Wage and Hour and Public Contracts Divisions. Most of these were inspected concurrently under both acts. The figures on violations and restitution represent the compliance record of these establishments under either or both acts.

<sup>2</sup> Since some of the establishments were inspected more than once, the 336,119 establishments inspected represent a somewhat smaller number of separate establishments.

<sup>3</sup> Excludes establishments out of business or with no covered employees. Some of the inspected establishments are not represented in the estimates of total coverage, since many have gone out of business since inspection.

<sup>4</sup> Not available.

more widespread in the Southern States than elsewhere. Thus, for the year ending July 1946, 17 percent of the establishments inspected in the Southern States were found to be in violation of the minimum wage provisions as compared with 9 percent for all other States combined.

Of the establishments found to be in violation of the minimum wage and/or hours provisions of the act during the period October 1938 to June 1946, 69 percent of the establishment in the Southern States agreed (or were ordered by the court in a few cases) to pay restitution compared with 84 percent in other States. Comparable figures for the year ending June 1946 show that 77 percent of the southern establishments and 82 percent of the establishments in other States found to be in monetary violation agreed or were ordered to pay restitution. Thus, over the whole period there has been a marked increase in the proportion of southern firms in monetary violation that have agreed to restitution. This is important, since many employees cannot risk or afford to bring suit against their employers for back wages in accordance with their rights under the Act.<sup>17</sup>

In considering the information presented in table 41 it should be emphasized that there is no reason to believe that the compliance conditions found upon inspection are representative of compliance conditions generally, or that the inspected establishments are equally representative of all establishments in a particular area. It should be noted, in particular, that many inspections are made on specific complaint and hence the proportion of violations to total inspections does not accurately reflect compliance conditions in an industry or area.

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<sup>17</sup> The Administrator of the Wage and Hour and Public Contracts Divisions recommended to Congress in his Annual Report for the fiscal year ended June 1946 that he be granted the power to bring suit on behalf of underpaid employees.

## VIII.—Living Costs in Large Cities in the South<sup>1</sup>

From the outbreak of war in Europe until June 1946, retail prices of goods and services used by moderate-income families rose more rapidly in most large cities in the South<sup>2</sup> than the national average for large cities in the United States. Increased industrial activity and concentrations of military establishments in the South during the war gave rise to sharp advances in consumers' prices in southern cities, large and small. Living costs are still somewhat lower in southern cities, however, than costs in a number of northern cities, but the differences are not as great as they were before the war.

Long before the United States entered World War II, the South was beginning to assume a new role in the American economy. It became evident after the beginning of the war that the South was to become an important training center for the armies of the United States and to contribute mightily to the rearming of the Nation. As large military installations were established and production facilities were multiplied many times over, families of soldiers and war workers flocked into many southern cities. Population increases were tremendous. Between 1940 and 1944, 313,000 additional residents settled in the Hampton Roads area in Virginia, an increase of 91 percent over 1940; Mobile's population increased by 68 percent; and Charleston's, 57 percent. Communities that had but small excess capacity to accommodate additional population found their normal population increase of 10 years appearing overnight. Housing shortages immediately became severe, vacancies disappeared, and the pressures for higher rentals and prices of scarce goods accumulated week by week. New residents had to have housing and household goods, food, clothing, hospital care, dental services, and many other living essentials. As areas became more congested<sup>3</sup> the prices of living essentials rose sharply in both large and small southern cities.

Between August 1939 and June 1946, consumers' prices of goods and services used by moderate-income city families advanced more rapidly in 7 of the 10 largest cities in the South than the national average for the 34 large cities usually surveyed for this purpose by the Bureau of Labor Statistics. Savannah, Jacksonville, New Orleans,

<sup>1</sup> Prepared by Floyd C. Mann, of the Bureau's Prices and Cost of Living Branch.

<sup>2</sup> The South is defined here as including Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Kentucky, Tennessee, Arkansas, Louisiana, Oklahoma, and Texas.

<sup>3</sup> One measure of the impact of the war on southern cities is the number of southern cities designated as "congested areas" by the President's Committee for Congested Production Areas. Eight of the 15 production areas defined as congested were in the South. These were Charleston, S. C.; Mobile, Ala.; Brunswick, Ga.; Key West, Fla.; Hampton Roads, Va.; Knoxville, Tenn.; Pascagoula, Miss.; and Beaumont, Tex.

and Norfolk—heavy shipbuilding centers—and Birmingham—the steel city of the South—were among the cities showing the largest increases. In Savannah and Jacksonville, consumers' prices rose more between the outset of war in Europe and June 1946 than in any other city surveyed, 41.6 and 40.5 percent, respectively. Retail prices in Memphis and Atlanta also advanced more rapidly than the national average; prices in Mobile increased only slightly less than the 34-city average. In Houston and Richmond—two cities on the edge of the South—the rises in prices were among the smallest for all large cities in the United States between August 1939 and June 1946. Table 42 shows the rise in consumers' prices in 34 large cities ranked by percentage change between August 1939 and June 1946. There is a difference of 12 percentage points between the southern city having the largest rise during this period and the southern city having the smallest rise.

TABLE 42.—*Rise in Consumers' Prices in Large Cities, Ranked by Percentage Change Between August 1939 and June 1946*

City	Percent increase, August 1939 to June 1946	City	Percent increase, August 1939 to June 1946
Savannah, Ga.	41.6	Philadelphia, Pa.	35.5
Jacksonville, Fla.	40.5	Los Angeles, Calif.	35.4
Portland, Oreg.	40.2	Milwaukee, Wis.	35.3
San Francisco, Calif.	38.3	Average of 34 large cities:	35.2
Birmingham, Ala.	38.6	Mobile, Ala.	34.8
Detroit, Mich.	38.6	Buffalo, N. Y.	34.6
New Orleans, La.	38.2	Indianapolis, Ind.	34.6
Norfolk, Va.	37.7	St. Louis, Mo.	33.7
Manchester, N. H.	37.7	Denver, Colo.	32.6
Scranton, Pa.	37.5	Chicago, Ill.	32.6
Memphis, Tenn.	37.4	Portland, Maine.	32.5
Baltimore, Md.	37.4	Boston, Mass.	31.7
New York, N. Y.	37.2	Kansas City, Mo.	31.2
Pittsburgh, Pa.	36.9	Richmond, Va.	30.8
Seattle, Wash.	36.6	Minneapolis, Minn.	29.8
Atlanta, Ga.	36.5	Houston, Tex.	29.6
Cincinnati, Ohio.	35.9		
Cleveland, Ohio.	35.7		
Washington, D. C.	35.7		

Consumers' prices have risen less in Houston than in other large cities because of a smaller rise in the costs of food and clothing and a decline of almost 7 percent in fuel, electricity, and ice costs. Gas and electricity rates have dropped sharply in Houston since the fall of 1939. Meat prices have not risen as rapidly in Richmond as in most other large cities. This, combined with a less than average rise in residential rents, has resulted in Richmond being 1 of the 3 cities with smallest increases during the period.

Further evidence of the rapid rise of consumers' prices in the South as compared with other areas can be obtained from special surveys of prices in 13 small southern cities and war production centers conducted by the Bureau of Labor Statistics during the war

period. Between mid-1940 and early 1945, the earliest and latest dates for which indexes are available for all 13 cities, prices advanced more rapidly than the national average in all but 1, and in 8, prices rose from 6 to 13 percentage points more than the average for the 34 large cities. Increases ranged from 25 percent in Stillwater, Okla., to 39 percent in Vicksburg, Miss., while during the same period—June 15, 1940, to March 15, 1945—consumers' prices rose only 26 percent on the average in 34 large cities throughout the United States. The second part of table 43 shows percentage changes in consumers' prices in selected southern cities for all items combined and each major group from mid-1940 to the spring of 1945.

Food prices, which represent approximately two-fifths of the moderate-income city families' budget, increased more rapidly in most southern cities than the national average for 34 large cities. Seven of the 10 largest cities had increases greater than the national average for the 7-year period August 1939 to June 1946; in 12 of the 13 selected southern cities and war production centers the increase in food prices between 1940 and 1945 was more than the average rise for all large cities.

Food prices in the South rose rapidly during the fall of 1941 and the early months of 1942 prior to the establishment of the General Maximum Price Regulation in May 1942. After that, further increases in the prices of uncontrolled items pushed the level of food prices to a wartime high in May 1940, before the President's "hold-the-line" order checked the advance. From that date through June 1946 food prices on the average remained stable. With the temporary removal of subsidies and price controls in mid-1946, food prices rose more in Atlanta and New Orleans between June 15 and July 15 than the national advance of 13.8 percent. For the other 8 large southern cities, the advance ranged from 9.3 percent in Mobile to 13.7 percent in Memphis.

Food shortages became progressively more severe in all large cities in the fall of 1944, and in the spring months of 1945 and 1946, but supplies in large southern cities were consistently smaller than in other regions. To some extent these shortages reflected the failure of distributors to alter their distribution of supplies in accordance with the shifts in population. From February 1943 through November 1945, the Bureau of Labor Statistics made surveys of food supplies in independent stores in 56 large cities. Throughout most of this period, food supplies were less adequate in the large cities in the Southeastern States than in any other region in the United States. In the spring of 1945, it was not uncommon to find 85 to 90 percent or more of the independent stores regularly visited without any meat.

The increase in clothing prices in southern cities, large and small, was less than the average rise for 34 large cities during the war. In-

creases ranged from 49 percent in Houston to 56 percent in New Orleans between August 1939 and June 1946, as compared with a national average of 57 percent. Between June 1940 and March 1945, clothing costs in Vicksburg and Goldsboro advanced almost as much as the national average (41 percent). In all other selected southern cities and war production centers, clothing prices rose less rapidly. About two-thirds of the rise in clothing prices in the South occurred before May 1943. However, continued shortages and the disappearance of lower price lines have been reflected in the steady advances in clothing costs since May 1943.

TABLE 43.—Consumers' Price Changes in Large and Small Southern Cities and War Production Centers, August 1939 to June 1946 and June 1940 to March 1945

City	All items	Food	Clothing	Rent	Fuel, electric-ity, and ice	House-furnish-ings	Miscella-neous
Percent change, August 15, 1939, to June 15, 1946							
<b>Large southern cities:</b>							
Savannah, Ga.-----	+41.6	+63.9	+54.9	+11.3	+11.8	+71.8	+33.6
Jacksonville, Fla.-----	+40.5	+57.4	+49.5	+10.5	+22.6	+51.5	+40.0
Birmingham, Ala.-----	+38.6	+62.8	+53.1	+10.0	+21.7	+60.0	+28.0
New Orleans, La.-----	+38.4	+61.5	+56.2	+4.8	+7.7	+41.2	+24.7
Norfolk, Va.-----	+38.2	+56.0	+52.0	+7.7	+23.8	+55.5	+33.6
Memphis, Tenn.-----	+37.5	+71.2	+53.5	+10.5	+12.1	+38.9	+20.2
Atlanta, Ga.-----	+36.5	+52.4	+53.5	+3.2	+19.8	+68.6	+37.5
Mobile, Ala.-----	+34.8	+56.9	+52.6	+9.8	+9.6	+43.4	+20.8
Richmond, Va.-----	+30.8	+50.1	+50.9	+1.5	+13.4	+52.8	+22.1
Houston, Tex.-----	+29.6	+47.2	+48.9	+2.2	-6.8	+46.9	+26.4
Average of 34 large cities.....	+35.2	+55.7	+56.7	+4.0	+13.3	+55.2	+27.4
Percent change, June 15, 1940, to March 15, 1945							
<b>Other selected southern cities and war production centers:</b>							
Vicksburg, Miss.-----	+38.8	+73.4	+40.4	+6.8	+12.7	+24.1	+30.3
Gadsden, Ala. <sup>1</sup> -----	+37.6	+65.4	+38.0	+10.2	+27.1	+35.7	+29.0
Corpus Christi, Tex. <sup>2</sup> -----	+36.5	+61.0	+34.9	+6.8	-3.5	+46.2	+35.8
Jonesboro, Ark.-----	+36.3	+70.2	+33.3	+5.1	+8.0	+43.7	+30.1
Knoxville, Tenn. <sup>3</sup> -----	+34.0	+62.8	-----	+3.5	+13.6	-----	-----
Chester, S. C.-----	+33.5	+67.0	+35.7	+7.4	+5.6	+37.2	+15.8
Goldsboro, N. C.-----	+32.8	+47.3	+40.9	+5.1	+5.6	+52.1	+24.7
Newport News, Va. <sup>4</sup> -----	+31.9	+56.6	+32.4	+4.9	+11.4	+30.2	+24.3
Little Rock, Ark. <sup>4</sup> -----	+28.3	+42.8	-----	+12.4	+15.5	-----	-----
Dallas, Tex. <sup>4</sup> -----	+27.9	+46.7	-----	+3.1	-1.5	-----	-----
Louisville, Ky. <sup>4</sup> -----	+27.0	+37.2	-----	+8.4	+9.0	-----	-----
Charleston, S. C. <sup>5</sup> -----	+26.5	+39.4	+27.0	+12.7	+11.8	+16.4	+28.7
Stillwater, Okla.-----	+25.0	+47.3	+37.0	-1.4	0	+37.8	+19.8
Average of 34 large cities.....	+26.2	+38.3	+41.3	+3.5	+11.6	+44.4	+22.9

<sup>1</sup> Change to March 1946.

<sup>2</sup> Change to May 1946.

<sup>3</sup> Changes from June 15, 1940, to April 15, 1945.

<sup>4</sup> Estimated, based on changes in food, rent, gas, and electricity costs in this city, and on changes in other costs in large cities in U. S.

<sup>5</sup> Changes from October 15, 1940, to March 15, 1945.

<sup>6</sup> Changes from September 15, 1940, to March 15, 1945.

Residential rents rose more sharply in most large and small cities in the South than in all large cities in the Nation. Rents in 34 large cities combined advanced 4 percent on the average between the outset of war in Europe and June 1945; increases were greater than this in 7 of the 10 large southern cities, and in the heavy industry cities of Birmingham, Jacksonville, Memphis, and Savannah they advanced more than 10 percent. In Atlanta, Houston, and Richmond the in-

creases in rents were less than the national average. Ten of the thirteen selected southern cities and war production centers had increases in residential rents greater than the national average from mid-1940 to March 1945. In Charleston, one of the most important shipbuilding centers of the South, rents jumped 12.7 percent during the 5-year period 1940 to 1945.

At the outset of war in Europe, southern cities in comparison with many large northern cities had a relatively small reserve of housing to accommodate additional population. The tremendous influx of war workers and their families in a wartime boom of employment quickly exhausted the small excess capacity that was available and augmented the pressures on already heavily strained facilities. The characteristics of the population increase in southern cities during the war were also significantly different from what would be expected under normal conditions, and these differences tended to intensify the congestion problem. Heavy Negro migration into urban areas that lacked adequate housing accommodations in 1940 compounded the overcrowding. A marked increase in the proportion of women in the southern cities also caused a greater strain than would otherwise have been the case. The range of housing accommodations acceptable to women is narrower than it is for men.

Residential rents rose rapidly in the early part of the war until rent controls were imposed and rents were rolled back to their 1941 or 1942 maximum rent dates. Birmingham, Jacksonville, Mobile, and the Norfolk area—all shipbuilding centers—were among the first cities in the Nation for which controls were established. Prior to the date at which the areas were brought under control, rents rose sharply for all types of housing, but the greatest increases were for those renting to whites at less than \$30 per month and for those occupied by non-white tenants.

One measure of the severity of the housing shortage in the South during the war was the amount of public and private construction of housing for war workers that was allowed by a Nation conserving building materials for only the most essential needs. Between July 1, 1940, and September 30, 1945, Mobile and Norfolk increased their total dwellings by about 45 and 37 percent, respectively. During the same period, the total number of family accommodations completed with priority assistance in Savannah and Jacksonville amounted to 19 and 13 percent of their prewar housing facilities. Relatively large numbers of dwellings were also added in Atlanta, Houston, and New Orleans.

Contract monthly rents for tenant-occupied, privately financed residential dwellings rose sharply in many southern cities between the Census of Housing in April 1940 and the National Housing Agency dwelling surveys in 1945. The following tabulation shows the per-

centage increase in average monthly contract rents between 1940 and 1945 for a selected list of southern cities.<sup>4</sup>

	<i>Survey date</i>	<i>Percent increase, April 1940 to survey date</i>
Pine Bluff, Ark.....	May 1945.....	136
Charleston, S. C.....	April 1946.....	131
Brownsville, Tex.....	August 1945.....	130
Mobile, Ala.....	May 1945.....	66
Little Rock, Ark.....	April 1946.....	46
Newport News, Va.....	December 1945.....	46
Portsmouth, Va.....	December 1945.....	38
Louisville, Ky.....	November 1945.....	33
Knoxville, Tenn.....	November 1945.....	28
Dallas, Tex.....	May 1945.....	24
Norfolk, Va.....	December 1945.....	22
New Orleans, La.....	June-July 1945.....	17
Houston, Tex.....	November 1945.....	16

These percentage changes are based on the average contract monthly rent for rental dwellings at the time of each survey. They reflect in addition to changes in rents shown in the consumers' price index, changes in the size and type of dwellings, and changes in the services and household equipment included in the contract rent.

Statistics on the number of evictions from tenant dwellings show that there was no significant difference between the South and North in 1944 and June 1946. In spite of this fact, however, the problem was more acute in the South because of the intensity of the congestion in southern cities.

There were great increases in the number of dwellings occupied by owners throughout the United States during the war but the largest change in the proportion of owner-occupied dwellings between April 1940 and early 1945 occurred in the Southeastern States where the increase was 34 percent compared with 28 percent for 122 cities throughout the United States.

Changes in fuel, electricity, and ice costs varied sharply among the large and small southern cities during the war. In general, gas and electricity rates declined throughout the country and the South was no exception. Gas and electricity costs, which have more than usual importance in the budgets of families living in Houston, Corpus Christi, and Dallas, declined enough to cause an average decrease for the fuel, electricity, and ice group in these cities since the beginning of the war. These costs, taken as a group, rose on the average for all other cities surveyed except for Stillwater, Okla., where they remained unchanged.

<sup>4</sup> The rental data presented in this tabulation are not comparable with the figures on changes in rents given in table 43 of this section. The figures given in table 43 are based on the Bureau of Labor Statistics consumers' price index which reflects changes in rent charged for the same dwelling with the same services and facilities.

On the average, the cost of housefurnishings in the southern cities have risen less than the national average during the war, but the cost of miscellaneous goods and services in the South increased more than the average rise for 34 large cities combined.

### *City-to-City Comparisons*

The over-all costs of equivalent goods, rents, and services important in the budgets of moderate-income families are slightly lower on the average in the large cities of the South than in other large cities throughout the country. The differences, however, are not great. Variations in costs among cities of the same size within the same region are greater than any differences found between regions. Relative differences in the cost of equivalent goods and services in the 33 large cities for which comparable figures are available for March 1945 are shown in table 44.

Living costs in the large cities in the South ranged from 88 to 95 percent as great as in Washington, D. C. (taken as the base or 100). Food prices were generally higher in southern cities than in Washington, but the cost of clothing, miscellaneous goods and services, and particularly housing was considerably lower in the southern cities than in Washington. Variations in requirements owing to climate were taken into account in making these comparisons. Thus, lower housing costs in southern cities are attributable in part to the smaller quantities of fuel needed for house heating and differences in requirements of heavy and light clothing also have some effect on comparative clothing costs.

Comparisons of March 1945 and prewar living costs show that the relative differences in the costs of equivalent goods, rents, and services in large cities in the South and in other large cities of the United States have been reduced.

The March 1945 comparisons show smaller percentage differences in costs among individual cities than indicated by estimates for the prewar years. Costs in nearly all of the large southern cities have moved up in relation to costs in Washington during this period. In the 8 southern cities for which data are available costs were 5 to 12 percent lower than in Washington; whereas in 1939 costs in these cities were from 10 to 15 percent below Washington. This tendency toward equalizing differences in costs is consistent with the greater rise in wartime prices in cities—particularly in the South—where costs were relatively low before the war.

The cost of identical food items in southern cities ranged from 98 percent of the Washington cost in Houston to 104 percent in Jacksonville and New Orleans. With the exception of Houston, where food costs were 2 percent lower, retail prices of identical foods were higher in all of the southern cities surveyed than in Washington in March

**TABLE 44.—Relative Differences in Cost of Equivalent Goods, Rents, and Services in Large Cities in the South and Other Selected Large Cities, March 1945**

[Costs in Washington, D. C.=100]

City	Total	Identical foods	Equivalent clothing	Housing: Average rental for 4- and 5-room dwellings with standard facilities; fuel, utilities, and housefurnishings <sup>1</sup>	Other
Washington, D. C.....	100	100	100	100	100
<b>Large cities in the South:</b>					
Houston, Tex.....	88	98	86	68	94
New Orleans, La.....	91	104	89	66	101
Savannah, Ga.....	92	106	90	73	96
Birmingham, Ala.....	92	102	89	75	96
Norfolk, Va.....	93	102	94	73	99
Memphis, Tenn.....	93	101	91	80	97
Jacksonville, Fla.....	93	104	90	76	96
Atlanta, Ga.....	93	101	92	78	95
Richmond, Va.....	95	100	93	87	94
<b>Other large cities surveyed:</b>					
Scranton, Pa.....	90	100	97	67	97
Kansas City, Mo.....	91	102	97	71	97
Buffalo, N. Y.....	92	102	95	71	97
Indianapolis, Ind.....	92	99	87	79	94
Baltimore, Md.....	93	103	97	76	96
Cincinnati, Ohio.....	93	100	99	74	99
Denver, Colo.....	93	102	93	76	98
Manchester, N. H.....	93	103	96	73	98
Los Angeles, Calif.....	94	102	90	71	107
Minneapolis, Minn.....	94	101	96	81	96
Philadelphia, Pa.....	94	103	96	77	98
Cleveland, Ohio.....	95	101	100	75	103
St. Louis, Mo.....	95	102	89	83	98
Boston, Mass.....	96	104	91	84	98
Detroit, Mich.....	97	102	96	79	105
Milwaukee, Wis.....	97	100	93	85	104
Pittsburgh, Pa.....	97	102	104	81	102
Portland, Maine.....	97	103	95	83	101
Portland, Oreg.....	97	103	90	75	111
Chicago, Ill.....	98	103	96	84	104
San Francisco, Calif.....	100	105	97	80	112
New York, N. Y.....	102	104	97	93	106
Seattle, Wash.....	103	109	96	83	117

<sup>1</sup> Includes rents for 4- and 5-room dwellings with standard facilities—kitchen with sink, hot and cold running water, private bath, electric lighting, and installed heating equipment—and relative costs of fuel, utilities, and housefurnishings. Dwellings reported as needing major repairs or located in neighborhoods containing specified hazards or nuisances were not included in the comparisons. This concept of comparable rental costs does not take account of differences in the supply of rental housing that would meet these standard specifications or in the availability of such housing for rent. Thus, in some cities there are many homes without indoor plumbing, and the proportion of homes with standard facilities is small. No account is taken of this fact.

<sup>2</sup> Medical care, personal care, recreation, transportation, automobiles, and durable goods. The effect of differences in prices of automobiles, mechanical refrigerators, and other durable equipment not available for pricing in March 1945 is estimated by assuming a continuation of prewar differentials in costs of these items.

1945. Costs of equivalent clothing, however, ranged from 6 to 14 percent lower in the cities in the South than in Washington.

Housing costs, which are based on average rents for dwellings with standard facilities and relative costs of fuel, utilities, and housefurnishings, were below the Washington level in all southern cities surveyed. Housing costs were lowest in New Orleans, where they were 34 percent below Washington in March 1945; they were 32 percent lower in Houston, and 23 percent lower in Savannah and Norfolk.

Other costs, which include medical care, personal care, recreation, transportation, automobiles, and durable goods, were below those in Washington in practically all southern cities.

## IX.—State Labor Legislation in the South<sup>1</sup>

The purpose of this summary is to give briefly the principal provisions of labor laws now on the statute books of 13 Southern States.<sup>2</sup> No effort has been made to trace historically the development of labor legislation in the South. However, State action in this field did not become a vital issue in the region until about 1900, when interest in child labor legislation began to develop. The first child labor laws in the South were passed in 1903. Laws limiting the hours of labor of women in industry date, roughly, from 1909, and the beginnings of workmen's compensation legislation are found a few years later.

For many years, private organizations, groups of officials charged with administration of labor laws, and trade-unions have worked toward securing agreement on what constitutes adequate protection under labor laws. One of these groups is the International Association of Governmental Labor Officials—an organization of State administrators of labor law. A second is the International Association of Industrial Accident Boards and Commissions, which gives consideration to problems in the field of workmen's compensation. A third group, composed of labor law administrators and representatives of labor organizations appointed by the Governors of the States, called into annual conference by the United States Secretary of Labor for the past 12 years, has reached agreement on matters of policy and administration of labor laws.

The general thinking of these various groups is represented in a declaration of the Fifth National Conference on Labor Legislation. Every State, according to the recommendation of the conference, should have a department of labor under a full-time commissioner or commission to enforce its labor laws properly. The administration of all laws relating to labor should be centralized in such a department; its administrator should have authority to protect the safety and health of workers. The labor department should be provided with an adequate appropriation and with a trained and competent inspection staff selected on a merit basis to administer all its laws. The report further recommended that the labor laws of every State should make provision for at least the following: For all workers, compulsory workmen's compensation for accidents and occupational

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<sup>1</sup> Prepared by Charles F. Sharkey and Marian L. Mel, of the Division of Labor Standards, U. S. Department of Labor.

<sup>2</sup> The States are Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia.

diseases; unemployment insurance; wage and hour standards; provision for prompt and regular wage payment and for the collection of unpaid wages by the labor department; and adequate child labor standards. In addition, the suggested labor code should make provision for public employment agencies and for the regulation of private employment agencies; for the control of industrial home work; and for machinery to handle industrial disputes by State mediation and voluntary arbitration boards and by State labor relations boards.

No State fully meets these recommendations. Over the entire country there is the widest possible variation in the number and effectiveness of the labor laws which have been adopted. The recommended standards are here included because they provide, in a sense, a model code against which the actual development of labor legislation in these or in any other States may be examined.

### *State Labor Departments*

All the Southern States, except Mississippi, have labor departments. In most of these States, however, some labor laws are administered by agencies outside such departments. In Alabama and Louisiana, for example, the workmen's compensation acts are administered by the courts. Agencies separate from the labor departments also administer workmen's compensation in Arkansas, North Carolina, Oklahoma, South Carolina, Texas, and Virginia. In this same group of States and in Tennessee, unemployment compensation is administered by separate agencies. The employment service is within the departments of labor only in Alabama, Arkansas, Florida, Georgia, Kentucky, and Louisiana. Coordination of administrative activity in the field of labor legislation clearly has not been fully achieved in the group of States under consideration.

No picture of the protection offered workers is complete without including the facts as to the size of the labor department appropriations, the extent of its staff, and other matters concerning administration which are not included in this article. Nevertheless, as the enactment of laws is basic in the protection of workers, a general picture of the status of labor legislation in any State may be gained by the following discussion of specific types of labor laws.

### *Hours of Work*

The National Conferences on Labor Legislation recommend that all workers be protected as to working hours, suggesting, as a reasonable standard, an 8-hour day and a 40-hour week. Even in the war period of urgently needed production, nine Government agencies, including the War and Navy Departments, recommended that hours of work be kept as far as possible to 8 a day, 48 a week, and 6 days a week, as a

means of insuring maximum efficiency. Limiting hours of work by requiring that increased hourly rates be paid after a basic number (daily and weekly) is the method employed not only in the Fair Labor Standards (Wage and Hour) Act and in the Public Contracts (Walsh-Healey) Act, but also in some State laws and in orders issued under authority of minimum wage acts.

None of the 13 Southern States has legislation for an 8-hour day, 48-hour, 6-day week with a broad coverage. Here, as in other sections of the country, limitations of hours for men are applied most commonly to occupations in which danger either to the worker or to the public is involved, as in the case of miners, railroad employees, or motorbus drivers. The employment of women is more generally covered.

Alabama does not regulate the hours of adults. An Arkansas law fixes a basic 8-hour day and 6-day week, with a requirement for overtime pay for women over 16 in practically all occupations. In Florida, any employee, in the absence of a written contract, is entitled to extra pay for all hours in excess of 10 a day. A Georgia law limits the hours of employees in cotton and woolen manufacturing establishments to 10 a day and 60 a week, with the exception of specific occupations. In Kentucky, a 10-hour day, 60-hour week applies to females in a fairly comprehensive list of employments, and the same standard covers all females under 21 in any gainful occupation except domestic service and nursing. A basic 8-hour day, 40-hour week on public works, with time and a half the prevailing wage rate for overtime, is the only regulation of hours applying to men. A Louisiana act of 1942 has an 8-hour day, 48-hour, 6-day week for females in a comprehensive list of industries; women in occupations not covered by this act are limited to a 9-hour day, 54-hour week.

In Mississippi, a 10-hour day, 60-hour week is the standard for females in any occupation, and the same provision exists for persons 16 years of age and over in mills and factories; in both cases overtime is permitted in case of emergency. A limit of 9 hours in 12, 48 hours a week, and 6 days a week in North Carolina protects only female workers of employers of more than 8 persons in any occupation; specifically exempted, however, are a large number of employments. Men are quite comprehensively covered by a 10-hour day, 56-hour week.

In Oklahoma, a 9-hour day, 54-hour week is limited to females in a comprehensive list of employments, with exemption of establishments employing less than 5 such workers in towns of less than 5,000.

South Carolina limits hours of females in mercantile establishments to 12 a day, 60 a week. Employees of cotton, silk, rayon, or woolen textile mills (with a number of exceptions) are covered by an 8-hour day, 40-hour, 5-day week. Enforcement of this law was at one time

enjoined; but according to the commissioner of labor, the injunction has been dissolved. Tennessee limits women's hours in a number of occupations to 57 a week; Texas, to 9 a day, 54 a week. In Virginia, a 9-hour day, 48-hour week is limited to women in laundries, restaurants, and mercantile and manufacturing establishments.

#### DAY OF REST

Louisiana and North Carolina have laws requiring a weekly day of rest limited to women in enumerated industries. The South Carolina act establishes a 5-day week for employees in textile mills, and in Arkansas a permit must be obtained from the labor commissioner to work on the seventh day. Meal or rest periods of varying lengths are found in Arkansas, Kentucky, Louisiana, and North Carolina, applying generally to women or to women and minors.

#### *Minimum Wage*

Since the first minimum wage law was passed 34 years ago (1912), State minimum wage legislation has been enacted in 26 States, Alaska, the District of Columbia, Hawaii, and Puerto Rico. In only 4 States (Connecticut, Massachusetts, New York, and Rhode Island) and in Hawaii and Puerto Rico does the legislation cover men.

Minimum wage laws are of three types. One authorizes the department of labor, or a specified agency within it, to establish minimum wage rates recommended by wage boards. The second type establishes a minimum wage in the law itself. A third kind, an example of which is the law of Hawaii, follows the pattern of the Fair Labor Standards Act; the law establishes a specific minimum hourly rate and basic hours, with provision for increased hourly overtime rates, and provides for subsequent increases of the statutory minimum, based on wage-board action.

Traditionally, workers in service industries have been among the lower paid groups. As these are intrastate employments, no relief is offered by the Fair Labor Standards Act. On this situation, the Commissioner of Labor and Industry of Virginia commented in the biennial report issued in 1944:

The adoption of minimum wage legislation on State level will prove of untold benefit in the postwar period to workers who do not have the protection of the Federal Fair Labor Standards Act. The responsibility for the protection of workers in intrastate occupations is with the State, and if this responsibility is not assumed through State legislation their well-being will be seriously jeopardized. By neglecting to provide this protection for its citizens who are working without any protective wage contracts, the State will retard its social and economic progress, as employment under substandard remuneration reduces the standards of living and tends to involve the entire commonwealth in a downward spiral. Employees of industries engaged in interstate commerce have Federal legisla-

tive protection which prevents their wages being cut below a certain minimum standard. Why should not intrastate occupations be covered by wage orders? It can be expected that the transition from a war to a peace economy will be accompanied by a critical unemployment figure which will reduce the standard of living and decrease the demands for consumer goods. When this economic calamity attacks our wage structure, the States with minimum wage laws will be able to throw a life preserver to the marginal workers and will thus prevent wage cutting below health subsistence. Virginia should have a minimum wage law of general coverage.

Four, among the Southern States studied—Arkansas, Kentucky, Louisiana, and Oklahoma—have enacted minimum wage laws, and they apply to women or to women and minors. The Arkansas law, passed in 1915, applicable to women only, with specific industry coverage, establishes a statutory minimum wage of \$1.25 a day for experienced workers. The minimum rate for workers with less than 6 months' experience is \$1.00 a day. Time and a half pay is required after a basic 8-hour day and basic 6-day week.

In Kentucky, a minimum wage law of the wage-board type applies to women and minors. Under this authority a blanket order, covering all industries except laundry and dry cleaning and dyeing, provides for minimum wage rates ranging from 20 to 25 cents an hour, according to zone. A separate laundry, dry cleaning, and dyeing order establishes rates ranging, according to zone, from 20 to 28 cents an hour. A hotel and restaurant order passed subsequently to the blanket order provides for rates ranging from 20 to 30 cents an hour. Each order provides for payment of overtime rates.

The Louisiana law, which is also of the wage-board type, applies to women and girls. Although the legislation was enacted in 1938, no minimum wage orders have been issued to put the law into effect.

The Oklahoma law, also of the wage-board type, was written to cover men, women, and minors. The law has been declared unconstitutional as to its coverage of men and boys, owing to a defect in the title. Enforcement of the orders for women is prevented by injunction, so that the law is inoperative.

All four laws exclude agriculture; the Kentucky and Louisiana laws exclude domestic service. In Kentucky, persons subject to regulation by the public service commission, and in Louisiana, municipalities having a population of 10,000 or less, are not covered by the minimum wage acts.

### *Industrial Home Work*

Only two States—Tennessee and Texas—in this group have home-work laws.

Tennessee's law neither prohibits home work nor authorizes the department of labor to do so. Homes where specified kinds of work

are performed must be reported to the board of health. Certain requirements are established with respect to cleanliness, light, and ventilation, and workplaces are subject to the supervision of the bureau of workshop and factory inspection. No licensing of employers is required, nor of home workers except in the case of minors under 16 years. Without licensing, enforcement is impossible.

Texas has a home-work law, though not under the jurisdiction of the department of labor. Authority is given to the State Board of Health to investigate any industry, and upon finding that industrial home work cannot be continued without injuring the health and welfare of the home workers, the board may prohibit home work in the industry. This law was passed in 1937, but by September 1946 no steps had been taken by the health department to put it into effect.

Under the home-work system, goods are given out by an employer to workers who perform one or more processes in their own homes and return the finished goods to the employer. The home worker usually furnishes the sewing machine or other equipment, collects and returns the materials, and is sometimes even charged for spoilage. The piece-rate method of payment prevails and low wages are universal. Long hours, night work, and the use of children of all ages are characteristic of industrial home work. Under these conditions, wage and hour and child labor laws become meaningless. Home work, therefore, represents an unfair type of competition to be met by the enlightened employer who has all his work performed in the factory, meets the obligations of law, and pays all overhead costs of production.

Conferences of home-work administrators have repeatedly recommended one of two courses of action: First, that States which do not have home work should, by law, make it impossible for the system to be introduced; in other States, legislation should empower the department of labor to prohibit home work, industry by industry. The few workers who, on account of age or disability, could never adjust themselves to factory work, may be permitted to continue working under certification by the proper administrative agency.

### *Wage Payment and Wage Collection Laws*

Florida and Mississippi have no wage payment laws. A semi-monthly pay day in Alabama applies only to employees of public service corporations engaged in transportation and employing 50 or more persons.

An Arkansas law requires a semimonthly pay day for employees of corporations; a second law forbids use of scrip or other token not payable on the next regular pay day; a third statute provides that employees of every company and corporation shall be paid on the day of discharge.

In Georgia, wages must be paid semimonthly in lawful money or check; excepted from the law are farming and sawmill and turpentine industries. The Kentucky semimonthly pay-day law applies to employees of corporations organized for profit; wages must be paid within 3 days to workers who are discharged or who quit. Another law requires employers of 20 or more persons to redeem scrip or other evidence of debt in legal tender at face value at least once a month on a regular pay day. A third measure, requiring payment in lawful money, applies only to wage earners employed by corporations or in factories, mines, or workshops.

In Louisiana, a semimonthly pay day is required for all employees (except the clerical and sales force) in manufacturing, mining, and oil boring, where 10 or more are employed, and in public service corporations. A second law, applying to all workers, requires that checks or other tokens be redeemed at face value, on demand, on the pay day following issuance; those employees discharged and quitting must be paid within 24 hours; if not, their wages continue until paid or payment is tendered.

In North Carolina, a law applying only to railroad-shop and round-house employees requires a semimonthly pay day and payment in lawful money or check. In Oklahoma, compulsory payment in lawful money is required for employees in mining, quarrying, manufacturing, and transmission and transportation of passengers or freight and, if demanded, a semimonthly pay day. In South Carolina, a weekly pay requirement applies to textile manufacturing and a semimonthly one to shop employees of certain railroads; nonnegotiable pay orders are prohibited except for agricultural employees under contract. Tennessee private employers of 20 or more must pay semimonthly in lawful money or check. A Texas law with broad but by no means complete coverage requires a semimonthly pay day, and payment within 6 days after demand for discharged or quitting workers and those absent on pay day. In Virginia, certain railroad employees and employees in mining and manufacturing are entitled to a semimonthly pay day and payment in lawful money or check or cash order. Employees of sawmills and excelsior mills must be paid monthly.

In the States covered, as in many others, the absence of a protective law on wage payment or the existence of a poor one makes workers the victims of financially irresponsible or careless or, in some cases, dishonest employers. The recognized standard for wage payment and wage collection laws includes the following guarantees: The worker must be able to count on the payment of his wages in full, in actual money (not scrip or other substitute), on regular pay days. The pay period should be short enough so that living expenses can be met on

a cash, not a credit, basis. Prompt payment of wages due should be guaranteed to a worker who is separated from the pay roll. The State labor department should be authorized to help a worker collect wages due, if his employer fails or refuses to pay him.

### *Industrial Safety and Health*

At conferences dealing with labor legislation it has been agreed that safety of workers is the responsibility of the employer and it has been recommended that he should be required by law to furnish a safe workplace. For many years, labor laws attempted to spell out the specific standards which would safeguard workers against industrial accidents and diseases. It is now generally agreed that because changing methods of production bring about changing hazards, a different approach is needed.

The Second National Conference on Labor Legislation, held in North Carolina more than 10 years ago, advocated that "the State department administering the labor laws should have authority to formulate industrial rules or codes, preferably with the assistance of advisory committees, including representatives of employers, employees, and experts, for the protection of the health and safety of employees. Such rules or codes should conform substantially to nationally approved standards."

Many States in preparing safety and health standards have adopted in whole or in part the safety codes promulgated by the American Standards Association.

#### STATUTES AND REGULATIONS

In all the States covered in this article, except Mississippi, the departments of labor have definite responsibility under law for insuring the safety of workers. The labor departments of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, North Carolina, and Oklahoma have statutory authority to issue regulations for the safety and health of workers. In Tennessee, the department has such authority for industrial safety only. In South Carolina, as in Mississippi, rule-making authority is given to the department of health. In Texas and Virginia, although limited statutory standards exist, no general power to issue safety and health regulations exists in any agency.

As of 1946, action had been taken under such authority as follows:

The Alabama Department of Industrial Relations has issued a basic safety manual which includes, together with rules dealing with common accident hazards, basic information on accident prevention. In addition, other rules cover mine safety and open pits and quarries.

The Arkansas Commissioner of Labor has issued a basic safety manual, covering practically the same subjects as those in the Ala-

bama manual, and five additional codes dealing with special subjects. The Alabama and Arkansas codes follow the American Standards codes very closely.

Under the authority of the Florida Industrial Commission, five codes dealing with various branches of the lumber and woodworking industries and also with boiler safety have been adopted.

In addition to the adoption of certain safety rules by the Kentucky Department of Industrial Relations, a comprehensive list of safety codes promulgated by the American Standards Association has been recommended to employers.

No rules have been issued in Georgia or in Louisiana under the authority of the commissioners of labor.

Under authority of the commissioner of labor, North Carolina has issued a basic safety code and 10 or more special codes. Oklahoma has adopted safety rules on 15 subjects.

The Tennessee Division of Factory Inspection, in carrying out its authority to prescribe safety devices and safeguards, has issued more than 40 rules covering various subjects. A 1945 act of the State Legislature transferred the functions of the department of labor, with respect to conditions injurious to the health of industrial workers, to the department of public health.

In Mississippi and South Carolina, rule-making authority is vested in the State Board of Health.

### *Workmen's Compensation*

Workmen's compensation laws are designed to assure prompt payment of benefits to injured employees or to the dependents of those killed in industry, regardless of fault. In the early days, if an injured worker sued his employer for damages, he had to prove that the employer was negligent. Under the compensation law the question of fault or blame for the accident is not raised, as the cost of work injuries is considered part of production costs.

Workmen's compensation laws are of two types—compulsory and elective. A compulsory statute is one whereby every employer within the scope of the compensation law is required to accept the act and pay the compensation specified. An elective act is one in which the employer has the option of either accepting or rejecting the act, but in case he rejects it he loses the customary common law defenses—assumed risk of the employment, negligence of fellow servants, and contributory negligence. The compulsory type of law has been recommended by the several National Conferences on Labor Legislation.

All the States in the group considered, with the exception of Mississippi, have enacted workmen's compensation laws. Of these

States, only four—Arkansas, Kentucky, Oklahoma, and Virginia have compulsory laws; however, the Kentucky and Oklahoma laws cover only hazardous employments. The laws of the other States are elective. In Georgia, North Carolina, and South Carolina the laws are compulsory for public employees, and in Texas for operators of motorbusses.

The employer is required in each of these States to obtain insurance with private insurance companies, or to give proof of his ability to carry his own risk (self-insurance). In Oklahoma, employers may insure their risks in the State insurance fund or with private carriers.

#### COVERAGE

None of the 47 States conform entirely to the suggested standards with respect to coverage as recommended by the National Conferences on Labor Legislation.

The suggested standards for workmen's compensation acts include total coverage of workers regardless of the type of industry or the number of employees and require the payment of benefits not only in the case of an accidental injury, but also for disabilities resulting from an occupational disease.

All of this group (except Louisiana) provide that employers of fewer than a stipulated number of employees are exempted from compensation-coverage requirements. Although the Louisiana act does not have a numerical exemption, coverage is limited in this State because the law applies mainly to listed "hazardous" or "extra-hazardous" employments. None of these States covers agricultural or domestic service. However, most of the acts permit voluntary acceptance by the employer in these fields, and also in instances in which there is a numerical exemption or in which the law applies only to hazardous employments.

#### OCCUPATIONAL DISEASE

The National Conference on Labor Legislation has frequently recommended "general" coverage of occupational disease instead of "schedule" coverage under which compensation is paid only for specifically listed diseases. A similar recommendation was made by the International Association of Accident Boards and Commissions in 1944. Occupational disease legislation has been enacted in six of the States in this group—Arkansas, Florida, Georgia, Kentucky, North Carolina, and Virginia—but only Florida provides general coverage. The Kentucky law is limited to silicosis and injuries or death by gas or smoke in mines and by poisonous gas in any occupation.

#### BENEFITS

The compensation benefits are based on proportion of wages received by the injured worker. In death cases, these percentages

sometimes vary and depend on the number of children. The suggested standard as recommended by the National Conference on Labor Legislation proposes that in disability cases not less than 66% percent of the employee's wages should be paid as compensation, and that the maximum weekly compensation should be based on a standard of living above the subsistence level. In the group of 13 States the maximum percentage of wages in disabilities ranges from 50 to 66% percent, although in recent years there has been some improvement in the maximum weekly payments permitted by these laws. These payments still do not take into consideration the higher wages now paid. The maximum weekly payments vary from \$18 in Alabama, Kentucky, and Tennessee to \$25 in South Carolina. In Arkansas, Georgia, Louisiana, Texas, and Virginia the maximum is \$20, in North Carolina and Oklahoma \$21, and in Florida \$22.

The National Conferences on Labor Legislation have recommended that death benefits be paid to the widow for life, (or until remarriage), and to children until they reach the age of 18. However, none of the listed States has such provisions. In all these States the death benefits are limited to payments for a specified period ranging from 300 to 450 weeks. Oklahoma pays no death benefits. Some of these States also fix a total maximum for death benefits ranging from \$5,000 to \$7,200. With respect to permanent total disability, it has been recommended that benefits be paid during the period of disability, but in the States under consideration, such benefits are limited as to time and amount, or both. The time periods range from 350 to 550 weeks, and the money limits from \$5,000 to \$10,500.

Permanent partial disabilities are classified as specific or schedule injuries, such as the loss or loss of use of a member, and "nonschedule" injuries, which are those of a more general nature, as, for example, disability caused by injury to the head or back. The measure of such compensation is usually a stated number of weeks. In Arkansas, Florida, Georgia, and North Carolina, the compensation for permanent partial disability is in addition to the period of total disability or healing period. In Alabama, Kentucky, Louisiana, Oklahoma, South Carolina, Tennessee, Texas, and Virginia, on the other hand, the schedule payments are exclusive; in other words, the temporary total benefit payments are subtracted from the amount due from permanent partial disability. In either event, there may be money or period limitations.

#### MEDICAL CARE

In all workmen's compensation acts, medical care is required to be furnished to injured employees. In early legislation the provision

for medical aid was narrowly restricted as to monetary cost, period of treatment, or both. In the later development of the acts such absolute restrictions have been changed in many cases either by providing for unlimited benefits or by authorizing benefits in addition to the initial maximum upon the approval of the administrative authority. In Arkansas, Florida, Georgia, North Carolina, Oklahoma, and South Carolina, medical benefits are virtually unlimited because the administrative agency can extend such services indefinitely. In Arkansas, however, there are arbitrary limitations upon the medical aid for occupational diseases. In Alabama, Kentucky, Louisiana, Tennessee, Texas, and Virginia, there are period or cost limitations. Extensions are permitted in Tennessee, Texas, and Virginia, but these are restricted to specified periods or amounts, or both.

#### WAITING PERIOD

All the States in this group provide for a specified waiting period immediately following the injury during which compensation shall not be paid. This "waiting time" is 3 days in South Carolina, 4 in Florida, 5 in Oklahoma, and 7 days in the other States. The justification for the waiting period is the cost and administrative burden of bookkeeping in setting up claim files and accounts where but a few dollars are involved. The waiting period relates only to compensation. Medical and hospital care are provided immediately, regardless of the fact that compensation is not paid for a specified period. Most of the laws provide that if the disability continues for a certain number of weeks the payment of compensation is retroactive to the date of injury. In Arkansas, Kentucky, North Carolina, Tennessee, and Texas, if the disability lasts for 4 weeks, compensation is paid from the date of disability. In South Carolina, the retroactive period is 2 weeks; in Louisiana and in Virginia it is 6 weeks. There is no retroactive period in Alabama, Florida, Georgia, and Oklahoma.

#### SECOND-INJURY FUNDS

In recent years, a new type of provision establishing "second-injury funds" has been included in workmen's compensation laws. When an employee has sustained an injury involving the loss of a member of the body and then loses another as a result of an industrial injury, he may become permanently and totally disabled. If the total cost of compensation is imposed on the latest employer, physically handicapped persons are apt to be refused employment. To meet such problems second-injury funds were created, so that when a second injury occurs the employer has to pay only for the last injury, yet the employee is compensated for the disability resulting from the combined injuries, the remainder of the award being paid from the fund.

State workmen's compensation commissioners, employer and employee groups, and veterans' organizations have agreed that second-injury funds offer the best means of facilitating the employment of disabled veterans and other handicapped persons. The International Association of Industrial Accident Boards and Commissions, at its meeting in September 1944, recommended a draft bill relating to second injuries and the establishment of a second-injury fund. The draft bill provides that, if an employee who has sustained one of certain specified losses (i. e., the loss, or loss of use, of one hand, one arm, one foot, one leg, or one eye) becomes permanently and totally incapacitated through the loss, or loss of use, of another member or organ, the employer shall be liable only for the compensation payable for the second injury, and the balance of the compensation shall be paid out of the second-injury fund. The fund is financed by payments of \$500 by the employer in each case of death if there are no dependents.

Second-injury funds have been established in Arkansas, Kentucky, North Carolina, Oklahoma, South Carolina, and Tennessee. The laws of Arkansas, North Carolina, South Carolina, and Tennessee conform to the standards proposed by the draft bill with respect to the injuries covered, although differences exist in the methods of financing the fund. The Kentucky law applies in the case of an employee who previously was permanently partially disabled, and who receives a second injury whereby the combined disabilities are greater than that which would have resulted from the second injury alone. In Oklahoma, the law applies to "physically impaired persons" who receive a second injury which results in additional permanent disability.

#### MINORS

All workmen's compensation laws cover minors legally employed. In Arkansas, Georgia, Kentucky, North Carolina, South Carolina, Texas, and Virginia, compensation is paid to minors illegally employed on the same basis as if they were legally employed. In Alabama and Florida, the laws provide extra compensation in such cases. On the other hand, the laws of Louisiana, Oklahoma, and Tennessee do not cover minors illegally employed.

#### ADMINISTRATION

In establishing the workmen's compensation system the principal objective was to provide a simple, convenient, and inexpensive method of settling the claims of injured workers. Both the National Conferences on Labor Legislation and the International Association of Industrial Accident Boards and Commissions have recommended administration by a commission or board rather than by the courts. In most of the Southern States having workmen's compensation laws,

special agencies have been formed to administer the acts. However, in Alabama, Louisiana, and Tennessee, court procedure remains as a survival of early practice.

### *Industrial Relations*

Industrial-relations legislation in the group of Southern States has been limited generally to the fields of conciliation, mediation, and arbitration of industrial disputes, and to the regulation of unions and labor-organization activity.

#### CONCILIATION, MEDIATION, AND ARBITRATION

Most of the Southern States are authorized by law to endeavor to settle disputes through the use of conciliation, mediation, or arbitration machinery.

*Conciliation and mediation* services are provided through special permanent agencies in two State labor departments—in North Carolina, the division of conciliation, and in Oklahoma, the board of arbitration and conciliation.

In six other States, authority to mediate or to promote voluntary conciliation or mediation is vested in a designated government official. This official is the labor commissioner in Arkansas, Georgia, Louisiana, and South Carolina, and the commissioner of industrial relations in Kentucky. In Alabama, the Governor is empowered to appoint mediation boards, and the department of industrial relations is also authorized to promote mediation.

Five States—Florida, Mississippi, Tennessee, Texas, and Virginia—have no machinery for conciliation and mediation of labor disputes.

*Arbitration* under special procedures for labor disputes is provided for in Alabama, Arkansas, Georgia, Louisiana, North Carolina, Oklahoma, South Carolina, and Texas. Permanent arbitration agencies are established in the labor departments of two of these States—the North Carolina Arbitration Service and the Oklahoma Board of Arbitration and Conciliation.

#### PROTECTION OF LABOR'S RIGHTS

There is a limited amount of legislation, in these 13 States, protecting labor's right to organize and bargain collectively.

The right of organization and collective bargaining is recognized by law in Alabama, Florida, and Kentucky. The Alabama law, however, also specifies the right of employees to refrain from such activities. One State, Louisiana, has an anti-injunction law modeled after the Federal Norris-LaGuardia Act, and an Oklahoma law places limited restrictions on the courts in labor disputes.

Blacklisting of employees is forbidden by law in seven States—Alabama, Arkansas, Florida, North Carolina, Oklahoma, Texas, and Virginia; and “yellow dog” contracts are outlawed in Louisiana.

#### UNION REGULATION

Over the past 5 or 6 years, there has been a decided increase in State legislation restricting or regulating union activity. At present, all these States except five—Kentucky, North Carolina, Oklahoma, South Carolina, and Tennessee—have union regulatory laws. Many of these laws have been held invalid, and others are in process of appeal in the courts, so that the constitutionality of much of this legislation is still in doubt. The main provisions of those laws still in effect are summarized as follows.

#### *Internal Union Organization*

Alabama, Florida, and Texas adopted legislation in 1943 which regulates internal union organization. The Alabama act requires every labor organization to file with the State department of labor copies of its constitution and bylaws, and the secretary and business agent of every local union with 25 members to make annual verified reports to its members and to the labor department, containing data on its officers, membership, elections, and property holdings, and a complete financial statement. It also prohibits membership of professional or supervisory employees in labor organizations which admit or are affiliated with unions admitting nonsupervisory employees, and forbids collection by a labor union of any fee for a work permit.

The Florida Union Regulatory Act prohibits interference with the right of franchise of any union member and solicitation of membership without authority of that organization. With regard to union finances, the law limits union initiation fees not in effect in 1940 to \$15, requires unions to keep itemized financial accounts open to the membership, and prohibits unions from requiring payment of back dues of returning servicemen.

The Texas Union Regulatory Act requires every union to file with the secretary of state copies of its constitution and organization records and to make annual verified reports to the secretary of state containing data on the organization, its affiliates and locals, its local officials, its property holdings, and a complete financial statement.

The Texas law also establishes citizenship requirement for union officials, provides that union members may be expelled only for good cause and after public hearing, and directs the courts to intervene to reinstate any member expelled in violation of these provisions.

Unions are forbidden to collect fees for work permits, to make political contributions, or to require returning servicemen to pay back dues, and are required to keep itemized financial accounts open to the membership and to legal proceedings. The legal requirement that union organizers secure a registration card from the secretary of state was held unconstitutional in a case appealed to the United States Supreme Court.

#### *Right to Work*

So-called "right to work" constitutional amendments have been adopted in Arkansas and Florida. The Florida amendment makes unlawful the denial of the "right to work" on account of membership or nonmembership in any labor organization. The Arkansas amendment authorizes legislation of this type.

#### *Strike, Picketing, and Organization Activity*

Eight States—Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Texas, and Virginia—have laws directly regulating unions during strikes, picketing, or other organizational activity.

Participation in "wildcat" strikes is outlawed in Alabama. Florida forbids strikes unless authorized by majority vote in a secret ballot and prohibits seizure or unlawful occupation of property during a labor dispute. It also forbids strikes caused by jurisdictional disputes. A Georgia law requires 30 days' written strike notice of all employees except seasonal and railroad workers. Louisiana in 1946 adopted legislation providing that "wildcat" strikes in violation of collective-bargaining agreements are against public policy.

So-called "anti-violence" legislation, recently adopted in Alabama, Arkansas, Mississippi, and Texas, outlaws assemblage near the place where a labor dispute exists and forbids the use or threat of force to prevent any person from engaging in a lawful vocation. The Alabama law also outlaws the use of threats, force, or coercion to prevent an employer's use of materials, equipment, or service. Violation of this legislation in Arkansas, Mississippi, and Texas is made a felony.

A Florida law outlaws picketing the home of an employee, picketing beyond the area of the industry in which a dispute arises, picketing by force or violence or in such manner as to prevent entrance to or exit from any premises, or picketing "other than in a reasonable and peaceable manner."

The following acts are prohibited by Virginia law: Interference with the right of another to work; use of force, threats or intimidation, or insulting language to induce any person to quit his employment or to refrain from seeking employment; picketing by force or violence; picketing so as to interfere with the entrance or exit of any premises

or of the free use of public streets; and picketing by any person not employed by the business picketed, either at that time or immediately prior to the strike.

### *Unemployment Insurance*

In the Southern States studied the unemployment-insurance laws differ considerably as to coverage and amount of benefits, the duration of unemployment, and other factors. Ten States—Alabama, Florida, Georgia, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia—provide that employers of 8 or more employees in 20 weeks are covered by the legislation. Arkansas specifies 1 or more employees in 10 days, Kentucky 4 or more employees in 3 quarters of a preceding year, and Louisiana 4 or more employees in 20 weeks.

After an unemployed worker has filed a claim and before benefit payments begin, a waiting period of 1 or 2 weeks is usually required. All the States in this group have 1-week waiting periods except Georgia and Mississippi, which require a 2-week period before benefits begin.

In order to be entitled to benefits, a worker must have earned a specified amount in covered employments. The amount of the benefit to be paid is determined by the worker's wages or employment during a "base period." This period, generally 1 of the 4 quarters of the year (13 weeks), is used to determine a worker's earnings for eligibility, weekly benefits, and the duration of benefits. Under most laws the worker receives approximately 50 percent of his full-time weekly wage. All States limit the maximum and the minimum amount of weekly benefits.

In this group, the top limit on benefit payments ranges from \$15 to \$20 a week. Alabama, North Carolina, and South Carolina pay a maximum of \$20; Georgia, Louisiana, Oklahoma, and Texas, \$18; Kentucky, \$16; and in Arkansas, Florida, Mississippi, Tennessee, and Virginia, the maximum is fixed at \$15 a week. Minimum payments range from \$3 to \$6 a week. The maximum number of weeks in which unemployment-compensation benefits are paid ranges from 14 to 20. Benefits are limited to 14 weeks in Mississippi, to 16 in Arkansas, Florida, Georgia, North Carolina, South Carolina, Tennessee, and Virginia; and to 20 weeks in Alabama, Kentucky, Louisiana, and Oklahoma. Texas alone has specified that instead of a definite number of weeks the payment should be 9 times the benefit allowed for a 2-week period.

### *Child Labor*

The following review of the major provisions of the child labor laws shows the existing standards.

#### MINIMUM AGE

North and South Carolina, in 1937, became the first of the Southern States to incorporate a 16-year minimum age standard in their child labor laws. Florida followed in 1941, Louisiana in 1942, and Georgia in 1946. Four of these five States—Georgia, Louisiana, North Carolina, and South Carolina—have a 16-year minimum age for employment in factories at any time and for any employment during school hours except in agriculture and domestic service. The fifth State—Florida—also has a 16-year minimum age for factory employment at any time, but requires a minimum age of 14 for all other employment during school hours.

A 15-year minimum age requirement obtains in factory and related employment in Texas. A 14-year minimum age standard applies to factory employment at any time in the remaining seven States (in Kentucky only during school hours), and to all other work during school hours, except in Mississippi, Oklahoma, and Virginia. In Virginia, work in agriculture and, in Mississippi and Oklahoma, work in agriculture and certain other occupations are not covered.

For work outside school hours most of these States set a minimum age of 14 but usually exempt agriculture and domestic service, and some permit employment at the age of 12 in certain other occupations. A few establish no minimum age for nonfactory employment outside school hours or cover no work outside school hours.

#### EMPLOYMENT CERTIFICATES

Because the employment certificate shows that the minor for whom it is issued has reached the minimum age for work and has met the other requirements fixed by law for his protection, an employment certificate system is a safeguard against illegal employment and an essential support of child labor standards. Ten States in this group require employment certificates as a condition for the employment of minors under 16 years of age, and seven States require either employment certificates or age certificates for minors above this age (Alabama to 17, and to 19 for work in certain hazardous employments; Florida, Georgia, Louisiana, and North Carolina to 18; Oklahoma to 18 where continuation schools are established; and Tennessee to 18 in certain hazardous occupations).

The child labor laws of three of the States, however, do not provide for an employment certificate system (Mississippi, South Carolina,

and Texas). To supply the need for proof of legal employment under the child labor provisions of the Fair Labor Standards Act in these States, certificates of age are issued by the U. S. Department of Labor in cooperation with State and local officials. Moreover, in all 13 States, age certificates are issued for minors who have passed the age when certificates are required, on request of the minor or the employer.

#### HAZARDOUS OCCUPATIONS

In general,<sup>1</sup> the protection from hazardous employment afforded minors under age 18 in the listed States is inadequate, particularly as to minors 16 and 17 years of age. Only three States (Louisiana, North Carolina, and Virginia) now prohibit employment of minors of 16 and 17 in any considerable number of dangerous occupations. Greater protection is afforded children under 16 from hazardous work, more than half the States prohibiting their employment in many hazardous occupations. Little or no such protection, however, is given in several States.

#### MAXIMUM HOURS AND NIGHT WORK

None of the 13 States protects minors up to 18 years of age from excessive hours of work to the extent recommended by the International Association of Governmental Labor Officials—a maximum 8-hour day, 40-hour week, and 6-day week. Louisiana, which has an 8-hour day, 44-hour week, and 6-day week for minors under 18, comes nearest. Few of the other States have limited maximum hours for both boys and girls of 16 and 17.

Five States, in addition to Louisiana, have adopted for children under age 16 a maximum workweek standard of less than 48 hours. These are Florida, Georgia, and North Carolina, with an 8-hour day, 40-hour week for children under 16, and Mississippi and Virginia with an 8-hour day, 44-hour week, for such children. Except for South Carolina, the remaining States have an 8-hour day, 48-hour week, applicable to children under 16 (in Texas to children under 15). South Carolina has no maximum hours of work provisions applicable to minors only, but has an 8-hour day, 40-hour week, 5-day week<sup>2</sup> for most employees of any age in silk, rayon, cotton, and woolen mills. For girls in stores the maximum is a 12-hour day, 60-hour week.

All 13 States have prohibited night work of minors under 16 years of age, but only 4 (Arkansas, Florida, Louisiana, and North Carolina) have such a prohibition for both boys and girls 16 and 17 years of age.

<sup>1</sup> See comment under Hours of Work (p. 119).

## STANDARDS AND ACCOMPLISHMENTS

Looking at the child labor laws in the States analyzed as a whole, the most serious weaknesses are the frequent exemptions of agriculture and domestic-service occupations, in which large numbers of children are employed; the lack of protection afforded minors 16 and 17 years of age, both in respect to hours of employment and to hazardous work; the limited coverage of some of the older laws; and the lack of certificate systems in three of the States.

In the South, as in the entire country, war labor needs brought about an unprecedented demand for the employment of young workers. This demand is reflected in the large increases in the number of employment and age certificates issued for children between 14 and 18 years of age during the war years, although these certificates do not tell the whole story. They do not cover children going to work in all industries, they are not required for all young workers of these ages, and they do not, of course, reflect illegal employment.

Even with these limitations, the figures are striking. In 11 of this group of States for which reports are available for both 1940 and 1945, the number of young persons between 14 and 18 years of age obtaining employment or age certificates for work (full time or part time) increased more than sevenfold. About 17 percent of these boys and girls going to work in 1945 were 14 or 15 years of age. Available figures for 1946 indicate a decided drop, as would be expected with the cessation of war demands, but in general the totals for the first 5 months of 1946 are considerably above those for the entire year 1940.

Although child labor legislation has developed slowly in this region, noteworthy advances have been made in the past decade in the laws of a number of the Southern States. These gains meet or approach standards urged as desirable for the employment of young persons by the International Association of Governmental Labor Officials and other groups interested in the protection of young workers from harmful child labor and reflect a sincere recognition of the needs of the young people of this region. The standards recommended by the International Association of Governmental Labor Officials are a 16-year minimum age for factory employment at any time, 16 for all employment during school hours, 14 outside school hours for all nonfactory employment, and for minors under 18 years of age a maximum 8-hour day, 40-hour week, and 6-day week; prohibition of night work; a requirement of employment certificates; and prohibition of work in hazardous occupations.

## X.—Social Security in the South<sup>1</sup>

Social security, in the broad sense, has become a recognized responsibility of the Federal Government. The tremendous number of persons in need during the depression following 1929 demonstrated the inability of the average individual to provide against prolonged economic adversity, as well as the inability of most States to meet adequately the situation created by the depression. Under the Social Security Act, passed in 1935, two general systems of benefit payments were authorized, one based on insurance contributions and the other on the need of the beneficiaries.

Insurance against certain economic hazards can be based on past earnings in industry. Monthly benefits (as well as lump-sum payments) were provided under the act and the 1939 amendments thereto by the Old-Age and Survivors Insurance program for persons 65 years of age or over (and for certain of their dependents) who have worked in covered industry and have qualified for the payments. This is a wholly federally operated undertaking. An unemployment insurance system was set up as a joint Federal-State program providing unemployment benefits to those workers who have qualified while working in covered employment. There are other government operated or supervised social insurance systems, as well as staff retirement programs which are not operated under the Federal Social Security Act. These include the retirement systems of the Federal, State, and local governments, the workmen's compensation laws of the Federal and State governments, and the various insurance programs for railroad workers administered by the Railroad Retirement Board.

The programs of public aid in which the Federal Government participates are based on the need of the recipients and are administered by the States with grants-in-aid from the Federal Government for three types of needy persons: (1) Those over 65 who pass the State tests of need; (2) children, living with relatives, deprived of parental support as a result of death or incapacity of one or both parents; and (3) the needy blind. Other types of needy persons must be cared for wholly by State or local funds.

While present programs of social security are limited in terms of benefits provided and coverage, a genuine beginning has been made in giving some protection to substantial segments of the population against important economic dangers in modern industrial society. This is perhaps particularly noteworthy with respect to the Southern

<sup>1</sup> Prepared by Solomon Shapiro of the Bureau's Labor Economics Staff. The social security data used in this article have been previously published or were made available by the Social Security Administration of the Federal Security Agency. The cooperation of this Agency is gratefully acknowledged.

States, where per capita incomes are relatively low and the social security increment has been a significant addition. It is the purpose of this section to describe the operation in the South of the two insurance programs established under the Social Security Act.

### *Operation of the Old-Age and Survivors Insurance Program*

#### COVERAGE

Under the Old-Age and Survivors Insurance program persons aged 65 or over, who have qualified by working for certain periods in employment covered by the law, may retire and receive monthly benefits. The worker's wife if aged 65 or over and/or his dependent children under age 18 may also receive monthly benefits. Lump-sum payments or monthly benefits are also provided for certain dependent survivors of insured workers. Generally, persons working for wages or salaries are covered by the act, with a number of important exceptions. The major exceptions are agricultural labor; domestic service; casual labor not in the course of the employer's business; service performed for the worker's child, spouse, or parent; certain maritime service performed on vessels of foreign countries; employment for Federal, State, and local governments; employment for religious, charitable, and certain other nonprofit organizations; railroad employment; and self-employment.

From its inception until June 1945, over 82 million persons, representing 62 percent of the population on July 1, 1945, had established accounts with the Bureau of Old Age and Survivors Insurance of the Federal Security Agency. Of this number, about 21 million, or approximately 55 percent of the population, were in the Southern States. The following tabulation shows the number of accounts established by employees under old-age and survivors insurance, cumulative from November 1936 through June 1945, and the percentage these employees formed (July 1, 1945) of the total population of the United States and of the southern regions.

	<i>Accounts established<sup>1</sup> (in thousands)</i>	<i>Percent of population<sup>2</sup></i>
Total, United States.....	82, 229	62. 3
Southern States.....	20, 701	55. 2
Southeastern States.....	13, 205	54. 1
Southwestern States.....	7, 496	57. 4
All other States.....	61, 528	65. 1

<sup>1</sup> Federal Security Agency, Social Security Bulletin, August 1945 (p. 33).

<sup>2</sup> Population data from Bureau of Census, Special Reports, Series P-46, No. 3. These percentages are somewhat overstated because the data do not eliminate duplicate account numbers, nor have adjustments been made for deaths of account holders. These percentages are not the proportions of the population covered by the act at any particular time because account numbers are issued to all workers who apply, regardless of whether their employment is covered under the act. As a result, the number of persons actually covered is considerably less than the number of accounts, since many workers with account numbers and at some time in covered employment are not presently so engaged, while others with account numbers have never worked in covered employment.

Of the 46.3 million persons who worked in covered employment at some time during 1944, 9.5 million were in the South (table 45). The South's proportion of covered workers was therefore considerably smaller than its share of the country's population. This relatively smaller coverage of workers is a reflection of the greater proportions of persons in noncovered employments—agriculture, domestic service, and self-employment, including farming.

During 1940, the first year that monthly benefits were awarded, 43,338 persons in the Southern States and 211,646 in the remainder of the country were awarded benefits. As of June 30, 1946, there were 1,700,696 monthly beneficiaries in the whole country, of whom 300,228 were in the South. The southern proportion of the total number of beneficiaries (17 percent in 1940 and 18 percent in 1946) was somewhat smaller than that of workers in covered employment. This reflects, partly, the younger median age of the population in these States,<sup>2</sup> but, to a greater extent, the fact that in these States covered employment constitutes a smaller proportion of total employment and consequently relatively fewer workers are insured.

TABLE 45.—*Old-Age and Survivors Insurance: Workers in Covered Employment, United States and Southern Regions*<sup>1</sup>

Region	Number of workers (thousands) <sup>2</sup>					
	1939	1940	1941	1942	1943	1944
United States.....	33,751	35,393	40,976	46,363	47,656	46,296
Southern States.....	6,651	7,018	8,423	9,624	9,659	9,480
Southeastern States.....	4,318	4,603	5,594	6,214	6,190	6,083
Virginia.....	559	612	776	865	778	738
North Carolina.....	720	751	876	954	880	905
South Carolina.....	352	375	467	490	478	451
Georgia.....	598	647	789	853	891	855
Florida.....	475	504	569	641	697	696
Kentucky.....	420	432	502	567	551	568
Tennessee.....	519	568	686	765	841	844
Alabama.....	439	484	619	734	739	705
Mississippi.....	237	232	309	345	336	321
Southwestern States.....	2,333	2,415	2,830	3,410	3,469	3,397
Arkansas.....	226	240	288	403	340	329
Louisiana.....	454	482	565	637	634	636
Oklahoma.....	351	353	402	485	528	522
Texas.....	1,303	1,340	1,576	1,885	1,967	1,910
All other States.....	27,100	28,375	32,553	36,739	37,997	36,816

<sup>1</sup> Source: Federal Security Agency, Social Security Administration. Workers are reported by State of last employment in year.

<sup>2</sup> Figures do not necessarily add to totals because of rounding.

#### BENEFITS

To be eligible for benefits a worker must have worked in covered employment for certain periods, with earnings of at least \$50 in each

<sup>2</sup> In 1940, 7.4 percent of the population of the non-Southern States were 65 years or older, while only 5.4 percent of the people of the 13 Southern States were that old.

period, prior to his death or his attaining the age of 65.<sup>3</sup> Under certain conditions of eligibility the wife and children of an insured worker and certain surviving dependents may draw benefits. The amount of each type of benefit<sup>4</sup> is obtained by applying appropriate fractions to the wage earner's primary benefit amount. This latter amount is based on the worker's wage history and is derived by using a single benefit formula.

In measuring the regional differentials in average benefits each type of benefit should be studied separately, since the difference in average total benefits is distorted by the dissimilarity between the South and the rest of the country in the proportions of the various types of benefits. The greater prevalence of large families in the Southern States leads to a much higher proportion of child's benefits in this region than in the rest of the country. On the other hand, primary benefits are considerably less important in relation to total benefits than in the other States.

The average monthly amount of benefits in force in the South, June 30, 1946, ranged from \$10.62 for a child to \$21.63 for the primary beneficiary. At that date the average child's benefit in the rest of the country was \$13.15 and the average primary benefit was \$24.94. (See table 46.) There have been no marked changes in the differentials in types of benefit payments during the past few years.

### *Adequacy of Old-Age and Survivors Insurance in the South*

The benefits paid out under the old-age and survivors insurance program have brought real economic relief to aged workers and their families and to surviving dependents. This is particularly true in areas where incomes are meager and the old-age benefit is often the only source of income. Nevertheless, the operation of the program

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<sup>3</sup> In general, a worker is fully insured if he has received \$50 or more in wages for covered employment in half the quarters elapsing after 1936 (or his twenty-first birthday if it is later) and up to the quarter in which he reaches age 65 or dies. A minimum of 6 quarters is necessary. After a worker has 40 quarters of coverage he is permanently fully insured, regardless of whether he is in covered employment thereafter. Prior to 1947 a worker was currently insured if he had wage credits of not less than \$50 for each of not less than 6 of the 12 quarters immediately preceding the quarter in which he died. For claims applications filed after 1946, a worker is currently insured if he received \$50 or more in wages for covered employment in 6 quarters of the period consisting of the quarter of death and the 12 preceding quarters.

<sup>4</sup> The primary benefit is paid to a fully insured retired wage earner aged 65 or over. The wife's benefit, equal to one-half the primary benefit amount, is paid under certain conditions to the wife, aged 65 or over, of a primary beneficiary.

The child's benefit, equal to one-half the primary benefit amount, is paid under certain conditions to the child of a primary beneficiary or a fully or currently insured deceased worker.

The widow's benefit, equal to three-fourths the primary benefit amount, is paid under certain conditions to the widow, aged 65 or over, of a fully insured worker.

The widow's current benefit, equal to three-fourths the primary benefit amount, is paid under certain conditions to the widow of a fully or currently insured worker, provided she has in her care a child of her deceased husband entitled to child's benefits.

The parent's benefit, equal to one-half the primary benefit amount, is paid under certain conditions to the dependent parent of a fully insured deceased worker.

TABLE 46.—*Old-Age and Survivors Insurance: Average Monthly Amount of Benefits in Force,<sup>1</sup> by Type of Benefit, June 30, 1946<sup>2</sup>*

Region	Average monthly amount of benefits in force						
	Total	Primary	Wife's	Child's	Widow's	Widow's current	Parent's
United States.....	\$18.97	\$24.48	\$12.92	\$12.49	\$20.20	\$19.93	\$13.05
Southern States.....	15.59	21.63	11.30	10.62	18.40	17.40	11.76
Southeastern States.....	15.42	21.56	11.33	10.47	18.30	17.13	11.51
Southwestern States.....	15.97	21.78	11.21	10.96	18.65	17.98	12.48
All other States <sup>3</sup> .....	19.70	24.94	13.15	13.15	20.43	20.63	13.45

<sup>1</sup> Represents total benefits awarded after adjustment for subsequent changes in number and amount of benefits and terminations, cumulative from January 1940.

<sup>2</sup> Source: Federal Security Agency, Social Security Administration.

<sup>3</sup> Includes Alaska, Hawaii, and Foreign.

falls far short of the good it could accomplish if its benefits were increased and its coverage extended. Such extensions would have particular significance in the Southern States, where State and local finances are often insufficient to care adequately for aged workers and their dependents.

In 1940 the number of beneficiaries under OASI represented 0.12 percent of the total population in the South as compared with 0.22 percent in the rest of the country. As of June 30, 1945, 0.61 percent of the population in the South were monthly beneficiaries, compared with 1.12 percent in the rest of the country. Conceivably, with an increasingly older population, about 8 to 12 percent of the population of the non-Southern States may become recipients of benefits under OASI. Without an extension of coverage, however, not much more than about 4 to 6 percent will receive benefits in the South.

Only about 1.2 percent of the people aged 65 or over in the South were beneficiaries in 1940. This compared with 1.9 percent in the country as a whole. As of June 30, 1946, the aged beneficiaries in the Southern States were 6.3 percent of the population aged 65 and over as compared with 10.4 percent for the country as a whole. If no extension of coverage is enacted, eventually, when at least half the aged population in the country is receiving benefits, perhaps a fourth in the South may be doing so.

Even though the average wage benefit formula has been devised to give greater relative benefits to those whose wages during employment were in the lower brackets, primary benefit amounts are lower in the South than in the rest of the country. This is so not only because wage rates are lower but also because a greater proportion of all covered workers have worked part of the time in noncovered employment and thus cannot have all their earnings counted in the computations of their benefits.

An extension of coverage to farm workers, domestic servants, and the self-employed (the latter would cover the numerous farm owners

or tenants in the South) would go far to remove the differential in coverage between the South and the other States.<sup>5</sup> The differential in benefits due to lower earnings will not change as long as earnings are lower in the South. There is sufficient justification, however, for increasing the level for the whole country. The increase in cost of living has made the problem one of pressing importance.

### *Operation of Unemployment Compensation Laws*

#### COVERAGE

The Social Security Act imposed a national pay-roll tax of 3.0 percent on most commercial and industrial employers, but it permitted 90 percent of the tax to be offset by employers who paid an unemployment compensation tax to a State with an approved unemployment compensation law. The Federal tax encouraged the passage of State laws which are the basis for the administration of unemployment compensation. All States but one have set the tax on employers at 2.7 percent—90 percent of the Federal tax—while a few States have a tax on the wages of employees. Forty-five States have adopted experience ratings which reduce the tax for many employers, chiefly on the basis of their experience in payments of benefits to former employees. Since 1939 the Federal tax has been applied only to the first \$3,000 paid by an employer to any one individual, and the States have also limited their tax to this amount.

The Federal unemployment tax applies to employers of 8 or more persons in at least 20 weeks during a calendar year, and does not cover certain categories of workers—those engaged in agriculture, domestic service, government, nonprofit organizations, and railroads.<sup>6</sup> Many of the State laws exclude the same employers as the Federal law; but more than half the States cover smaller business, and some cover a few kinds of work not subject to the Federal tax.

The cost of administering the various unemployment laws is borne by the Federal Government and is covered by the excess of the pay-roll tax above the credit allowed the States. Under the provisions of the Federal law the States have had wide latitude in the administration of the unemployment compensation laws. They determine the coverage of the laws, the amounts of benefits to be paid, the conditions for the payment of benefits, and the general policies of administration. The Federal law imposes certain responsibilities on the Federal Government and sets forth certain requirements which the State systems must meet.

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<sup>5</sup> In 1940, 36.5 percent of the labor force in the South were farmers, farm workers, or domestic servants. In the other States only 14.1 percent were in these occupations.

<sup>6</sup> Unemployment compensation for railroad employees is administered separately under the Railroad Retirement Act.

During 1945, 42.5 million persons worked at some time in employment covered by State unemployment laws; for the 13 Southern States combined the comparable total was 9.1 million (but this latter figure includes some duplication because of persons earning wages in more than one Southern State during the year). This coverage, for the country as a whole, increased from 31.9 million in 1940, with 6.7 million (including duplication) in the South (table 47). These figures, however, include many persons who worked for only short periods in covered employment and failed to earn sufficient wages to qualify for benefits.

The figures on average employment covered by State unemployment laws are somewhat closer to the number of persons who would qualify for unemployment compensation by reason of meeting the requirements with respect to the amount of earnings. (In the United States as a whole, average covered employment is estimated to be about 10 percent below the number of "insured" workers.) Average monthly employment in covered industry in the United States rose from 23.1 million in 1940 to a peak of 30.0 million in 1944. The proportion of this employment in the Southern States remained fairly constant, about 17 percent, over the period, rising from 3.9 million in 1940 to 5.3 million in 1944 (table 48).

Considerably fewer persons qualify as eligible for unemployment benefits because of failure to meet all the State eligibility and qualifying requirements. The number of beneficiaries depends not only on the number who earn sufficient wages in covered employment in the base period, but also on the workers being actually fully or partially

TABLE 47.—*Unemployment Compensation: Workers With Wage Credits, United States and Southern Regions, 1940-45*<sup>1</sup>

Region and State	Number of workers with wage credits (thousands)					
	1940	1941	1942	1943	1944	1945
United States <sup>2</sup> .....	31,900	37,600	43,000	44,000	43,000	42,500
Southern States.....	6,658	8,147	9,939	9,935	9,387	9,128
Southeastern States.....	4,346	5,516	6,566	6,444	6,036	5,940
Virginia.....	597	811	950	870	787	766
North Carolina.....	714	859	1,061	929	777	779
South Carolina.....	346	445	496	471	433	444
Georgia.....	570	745	866	892	864	830
Florida.....	508	589	684	718	679	710
Kentucky.....	428	506	571	560	529	501
Tennessee.....	489	646	761	872	880	807
Alabama.....	449	609	769	775	738	714
Mississippi.....	245	306	408	357	349	329
Southwestern States.....	2,312	2,631	3,373	3,491	3,351	3,198
Arkansas.....	272	334	430	377	370	359
Louisiana.....	547	577	680	700	672	619
Oklahoma.....	308	368	491	521	489	495
Texas.....	1,185	1,352	1,772	1,893	1,820	1,715
All other States.....	25,242	29,453	33,061	34,065	33,613	33,372

<sup>1</sup> Source: Federal Security Agency, Social Security Yearbooks, and unpublished data. Estimated number of different workers in each State who have earned wages in covered employment during some period of year.

<sup>2</sup> Total adjusted to eliminate duplication due to shifting of workers between States during year.

**TABLE 48.—Unemployment Compensation: Average Monthly Employment<sup>1</sup> in Industries Covered by State Unemployment Compensation Laws, United States and Southern Regions, 1940-46<sup>2</sup>**

Region	Average monthly employment (thousands)						
	1940	1941	1942	1943	1944	1945 <sup>3</sup>	1946 (first 6 months) <sup>3</sup>
Total, United States.....	23,096	26,814	29,350	30,818	30,026	27,994	28,046
Southern States.....	3,941	4,705	5,308	5,478	5,334	5,030	4,993
Southeastern States.....	2,649	3,188	3,523	3,559	3,468	3,281	3,275
Southwestern States.....	1,292	1,517	1,785	1,919	1,866	1,749	1,719
All other States.....	19,155	22,109	24,042	25,340	24,692	22,964	23,053

<sup>1</sup> Source: From data in Social Security Yearbooks for 1940-44; Employment Security Activities, March 1946, for preliminary estimates for 1945; and September 1946, for preliminary estimates for the first 6 months of 1946.

<sup>2</sup> Average number of workers in covered employment in last pay period of each type (weekly, semi-monthly, etc.) ended in month for 1940-44. For 1945 and 1946 the pay period ending nearest the 15th of the month was used.

<sup>3</sup> Preliminary.

unemployed, being "able and available for work," registering for work, filing a claim for benefits, and serving the required waiting period. The number of beneficiaries will, of course, fluctuate with the volume of unemployment. Table 49 shows the number of beneficiaries in the United States and in the Southern States in the week ended December 14, 1946, and the number and month of highest and of lowest number from the beginning of the program until December 1946.

**TABLE 49.—Unemployment Compensation: Beneficiaries in Week Ended Dec. 14, 1946, and in High and Low Month Since Beginning of the Program to December 1946, United States and Southern States<sup>1</sup>**

Region and State	Number of beneficiaries in—				
	Week ended Dec. 14, 1946	High month <sup>1</sup>		Low month <sup>1</sup>	
		Number	Date	Number	Date
Total, United States.....	2,798,000	1,641,732	Jan. 1946	56,354	Nov. 1943
Southeastern States.....	56,310				
Virginia.....	3,982	31,359	July 1938	212	Nov. 1944
North Carolina.....	6,900	37,072	June 1938	466	Dec. 1944
South Carolina.....	2,400	10,465	Mar. 1939	268	Oct. 1944
Georgia.....	5,231	19,109	Aug. 1940	405	Oct. 1944
Florida.....	4,401	20,656	Aug. 1940	532	Apr. 1944
Kentucky.....	6,264	20,858	May 1939	946	Aug. 1944
Tennessee.....	13,055	33,194	Feb. 1946	1,218	May 1945
Alabama.....	11,513	32,814	May 1938	649	May 1944
Mississippi.....	2,564	11,023	Mar. 1940	212	Nov. 1944
Southwestern States.....	27,339				
Arkansas.....	4,378	12,628	May 1940	180	July 1944
Louisiana.....	8,237	24,178	Feb. 1946	526	Nov. 1943
Oklahoma.....	5,286	19,133	Feb. 1946	220	Apr. 1945
Texas.....	9,428	30,911	Mar. 1939	592	July 1944

<sup>1</sup> Source: Federal Security Agency, Social Security Administration. For years prior to 1940, data are average weekly number of payments during month. For the years 1940 through June 1946, data are average weekly number of beneficiaries. From July 1946 through December 1946, data are average number of beneficiaries during weeks ended in month.

<sup>2</sup> Includes estimates for California and South Dakota.

Benefit rights may be canceled or reduced by certain disqualifications for workers who might otherwise be eligible to receive them. For voluntarily quitting, for discharge for misconduct, for refusal to accept suitable work, and for stoppage of work due to labor disputes, benefits may be denied from 1 week to the duration of the unemployment, or they may be reduced for all or part of the duration.

The various eligibility and qualification requirements result in the disapproval of a considerable number of claims. Many other claimants return to work before receiving a single benefit payment. While only 63.8 percent of new claimants in 1946 ever became beneficiaries, the 13 States in the South show a still stricter record: with 11 of these States below the national average, 5 had less than 50 percent of the new claims approved (table 50).

TABLE 50.—*Unemployment Compensation: Proportion of New Claimants Who Became Beneficiaries, 1946, United States and Southern States*<sup>1</sup>

State	New claimants, total	Beneficiaries receiving first payment	
		Number	Percent of new claimants
United States.....	7,003,924	4,468,300	63.8
Virginia.....	68,366	48,711	71.3
North Carolina.....	59,605	33,392	56.0
South Carolina.....	31,243	12,184	39.0
Georgia.....	53,351	29,064	54.5
Florida.....	71,852	36,444	50.7
Kentucky.....	86,138	35,317	41.0
Tennessee.....	101,452	66,789	65.8
Alabama.....	95,173	54,961	57.7
Mississippi.....	32,809	12,919	39.4
Arkansas.....	70,525	35,770	50.7
Louisiana.....	98,754	45,480	46.1
Oklahoma.....	77,256	40,385	52.3
Texas.....	166,939	77,408	46.4

<sup>1</sup> Source: Federal Security Agency, Social Security Administration.

#### BENEFITS

By December 31, 1946, over 10 billion dollars had been paid into the State accounts of the unemployment trust fund held by the Federal Treasury, representing contributions collected and interest accumulated. Of the total fund, 1,383 million dollars was in the accounts of the 13 Southern States. By that date 3,716 million dollars had been paid out in benefits of which 406 million was for the 13 Southern States. In these States the ratio of benefits to collections plus interest was 29.3, while in the other States it was 36.0. The somewhat smaller ratio of benefits to collections and interest in the Southern States reflects the fact that these States generally have greater restrictions in the payment of benefits and that the average benefit is smaller in amount and duration.

The conditions under which workers may receive benefits and the amounts they may receive are specified by the various State laws.<sup>7</sup> A worker's eligibility for benefits and the amount which he may receive in a 12-month period is determined by his record of employment and wages during a past period. Table 51 shows, for the Southern States, the maximum duration and maximum amount of benefits in effect at the end of 1945 as well as the average weekly benefit for total unemployment in 1940 and in September 1946. In no case does the average benefit equal that for the country as a whole. Increases in benefits during the period were roughly equivalent to increased earnings.

### *Adequacy of Unemployment Compensation in the South*

Only 10.7 percent of the civilian population in the South was employed in covered industry in an average week in 1940, compared with 20.2 percent in the rest of the country. By 1944 these proportions had increased to 15.5 percent and 26.6 percent, respectively. The greater relative increase in the South results from the greater relative increase in manufacturing employment in that area, along with a greater decrease in farm population.

TABLE 51.—*Unemployment Compensation: Selected Data on Benefits, United States and Southern States*<sup>1</sup>

Region and State	Statutory minimum number of workers for employer coverage <sup>2</sup>	Maximum benefits <sup>2</sup>		Average weekly benefit for total unemployment	
		Duration in weeks	Weekly benefit amount	1940	September 1946
United States.....				\$10.56	\$18.27
<b>Southeastern States:</b>					
Virginia.....	8 or more in 20 weeks.....	16	\$15	7.68	13.42
North Carolina.....	8 or more in 20 weeks.....	<sup>3</sup> 16	20	4.68	12.41
South Carolina.....	8 or more in 20 weeks.....	<sup>3</sup> 16	20	6.71	14.16
Georgia.....	8 or more in 20 weeks.....	<sup>3</sup> 16	18	6.56	13.63
Florida.....	8 or more in 20 weeks or \$5,000 quarterly pay roll.	16	15	9.72	13.62
Kentucky.....	4 or more in 3 quarters of preceding year to each of whom \$50 is payable in each such quarter; or 8 or more in 20 weeks.	<sup>3</sup> 20	16	7.88	11.46
Tennessee.....	8 or more in 20 weeks.....	<sup>3</sup> 16	15	7.48	12.81
Alabama.....	8 or more in 20 weeks.....	20	20	6.52	15.75
Mississippi.....	8 or more in 20 weeks.....	<sup>3</sup> 14	15	6.03	12.39
<b>Southwestern States:</b>					
Arkansas.....	1 or more in 10 days.....	16	15	6.36	13.12
Louisiana.....	4 or more in 20 weeks.....	20	18	8.02	15.29
Oklahoma.....	8 or more in 20 weeks.....	20	18	9.84	16.37
Texas.....	8 or more in 20 weeks.....	18	18	8.07	14.81

<sup>1</sup> Source: Federal Security Agency, Social Security Bulletin, August 1945 and November 1946.

<sup>2</sup> Coverage in effect on June 30, 1945. An employer becomes subject to the State unemployment insurance law when he has employed the specified minimum number of workers on at least 1 day in each of the specified number of weeks within the current or preceding calendar year.

<sup>3</sup> Uniform duration of benefits.

<sup>7</sup> See Unemployment Insurance in section on State Labor Legislation in the South, p. 134 of this bulletin.

The exclusion of farmers and workers in agriculture as well as domestic service from the State unemployment compensation laws is the most important reason for the relatively smaller coverage in the South. Other exclusions (principally railroad workers, employees of the various governments, maritime workers, and employees of small employers) brought the percentage of the total labor force covered by unemployment compensation to 31.6 in the South in 1940 as compared with 49.0 for the country as a whole.<sup>8</sup>

An estimated 2 million workers were excluded from coverage in the country in 1944 owing to the exclusion of small employers.<sup>9</sup> This restriction was particularly important in the South, where 10 of the 13 States covered only firms with 8 or more workers. Only 13 of the remaining 35 States have such a high size-of-firm requirement. The presence of numerous firms of fewer than 8 employees complicates the administration of the law in the cases of workers who change from employers who are not covered to those who are.

Of the 27 States which provide maximum benefits of \$20 or more per week, only 3 are in the South, while of the 22 States which provide a minimum of \$6 or more per week, only 1 is in the South. Likewise, as to the duration of benefits, 32 States provide duration of benefits for 20 weeks or more, but only 4 are in the South. Only 3 of the Southern States had average benefits in September 1946 of \$15 or more, while 29 of the remaining 38 States had average benefits of this amount.

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<sup>8</sup> Federal Security Agency, *Social Security Bulletin*, July 1945, p. 7.

<sup>9</sup> *Issues in Social Security*, A report to the Committee on Ways and Means of the House of Representatives, 1946 (p. 397).

## XI.—Development of Trade-Unionism in the South<sup>1</sup>

There has been a measure of trade-union activity in the South since the 1880's, and there were isolated instances of the existence of labor organizations prior to that time. During the past 60 years, union organization and membership in the South has risen with every major upsurge of organized labor activity nationally. Since 1900 a continuous labor movement, confined during much of the time to certain of the skilled crafts, has functioned in the region. After more than a decade of effort beginning with the NRA period, union organization has established itself in the southern iron and steel, coal mining, shipbuilding, petroleum refining, pulp and paper, and tobacco industries, and has penetrated cotton textiles, hosiery, and furniture. Lumber workers remain largely unorganized. The more traditional areas of organization, in construction, printing, railroading, longshore work, and the like, have been materially strengthened.

No complete account of the development of the labor movement in the South has been written; indeed, much basic research remains to be done before a definitive history can be prepared. The purpose of this section is to present the main outline of the story as an aid to perspective in viewing current developments in labor organization in the region.

### *The Knights of Labor in the South*

The Noble Order of the Knights of Labor was founded in Philadelphia in 1869 by an obscure group of garment workers. Its membership climbed slowly to 71,000 in 1884 and skyrocketed to 730,000 two years later. The organization became, for a brief period, the chief vehicle of labor protest against the conditions that attended the rapid spread of industrial capitalism in the United States during the latter part of the nineteenth century.

Assemblies<sup>2</sup> of the Knights were organized in Alabama and Kentucky as early as 1879, but membership was not appreciable in the region until 1884.<sup>3</sup> During the next 4 years, the movement spread rapidly. The first assembly in North Carolina was formed in June 1884;<sup>4</sup> by 1887 assemblies had been organized in most of the counties

<sup>1</sup> Prepared by H. M. Douty, Chief of the Bureau's Labor Economics Staff.

<sup>2</sup> The "assembly" was the unit of organization. Assemblies were composed of workers in one calling or else were "mixed"; i. e., composed of workers in various occupations and industries. Most of the assemblies in the South were of the latter type.

<sup>3</sup> Frederic Meyers: *The Knights of Labor in the South* (in *Southern Economic Journal*, April 1940, p. 483).

<sup>4</sup> H. M. Douty: *Early Labor Organization in North Carolina, 1880-1900* (in *South Atlantic Quarterly*, July 1935).

of the State.<sup>5</sup> Incomplete data for 1888 show 487 assemblies in 10 Southern States, including 101 in North Carolina, 65 in Louisiana, 64 in Alabama, 56 in Kentucky, and 54 in Virginia.<sup>6</sup> Meyers estimates that the membership of the Knights in 10 Southern States was about 30,000 in 1886.<sup>7</sup>

Although the strength of the organization was most pronounced in the larger cities, local assemblies were scattered throughout the region. The poorer farmers contributed substantially to the membership of the Knights. Mitchell writes that of "112 assemblies in Alabama, Georgia, North and South Carolina which wrote in to the weekly journal [of the Knights] in 1888, 47 said their members were mainly farmers, 3 had mostly cotton mill hands, and 62 either had a mixture of farmers and artisans or did not state the composition."<sup>8</sup> Some effort was made to reach colored workers: there were a number of Negro assemblies in the South and some assemblies included both Negroes and whites. The Order was officially opposed to race discrimination.

According to its minute book,<sup>9</sup> Local Assembly No. 3606 in Raleigh, N. C., agitated for the 10-hour day, helped to conduct national boycotts, brought in speakers on labor subjects, encouraged study among its members, aided financially distressed brothers, and attempted to influence legislation. The movement touched many people with its message of the worth and dignity of labor and of the benefits of solidarity.

In a number of communities, cotton-mill operatives were organized. A long work stoppage took place at Augusta, Ga., where some 4,000 mill workers were out for about 2 months in an unsuccessful wage dispute. Other disputes involving cotton-mill workers occurred at Cottondale, Ala., Greenville, S. C., Maryville, Tenn., and Roswell, Ga. There were coal strikes in 1888 at Whiteside, Tenn., and at Pratt Mines, Ala. Sugar workers struck at Schriever, La., in 1887 and lumber workers at Ray, Ala., in 1890. The Knights also started many cooperative enterprises<sup>10</sup> in the South and participated actively in politics in some areas.

The Knights of Labor reached its greatest strength nationally in 1886, and thereafter declined rapidly. The peak in the South came a year or so later, but the decline was equally sharp. The town elements drifted away, and the remnants of the farm membership were attracted by the great Populist movement that developed in the region during the 1890's.

<sup>5</sup> North Carolina Bureau of Labor Statistics, Annual Report, 1887 (p. 224).

<sup>6</sup> Meyers, *op. cit.* The 10 States are Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, and Virginia.

<sup>7</sup> See footnote 6.

<sup>8</sup> George S. Mitchell: *Textile Unionism and the South* (Chapel Hill, University of North Carolina Press, 1931) pp. 23-24.

<sup>9</sup> This minute book has been preserved in the North Carolina Historical Commission Library in Raleigh.

<sup>10</sup> Most of these enterprises were short-lived, but some lasted for a number of years.

### *Beginnings of Permanent Unionism Under American Federation of Labor*

Almost a decade passed between the flurry of organization under the Knights of Labor and the second period of active union effort in the South. The American Federation of Labor, completely overshadowed by the Knights in the 1880's, managed to survive the deep depression of the nineties. Its membership was about 272,000 in 1897; under the stimulus of rising prices and generally prosperous business conditions, membership expanded to 1,556,000 in 1903. During this period, the Federation established a narrow base in the South.

Samuel Gompers became interested in the organization of southern workers as early as 1894.<sup>11</sup> At the American Federation of Labor convention in 1898, the executive council was instructed to place organizers in the southern area. Mr. Gompers was able to report to the 1899 convention that the "workers of the South are manifesting their appreciation of our efforts by forming unions, and uniting with our fellow workers in all parts of the country."<sup>12</sup> The convention instructed the executive council to take additional measures to stimulate organization in the South.<sup>13</sup>

For 3 or 4 years following 1898 labor activity was substantial in the South. Many groups of skilled workers formed local unions and affiliated with the national union of their craft.<sup>14</sup> The movement on the railroads, among the building trades, and in printing was highly significant. Some of these locals survived the decline in activity that occurred after 1902, combined into State federations of labor, and formed a permanent base for the labor movement in the region.

While skilled workers were rapidly forming unions, organization reached the factory employees and the Alabama coal miners. Little headway was made in the tobacco manufacturing industry. Locals of the International Tobacco Workers' Union were formed in North Carolina, Kentucky, and perhaps elsewhere in the South, but most of these locals quickly disintegrated. The union complained bitterly of the opposition of the "Tobacco Trust."<sup>15</sup>

The movement in cotton textiles was more vigorous and appeared first in Augusta, Ga., where the mills, late in 1898, announced a wage cut. The workers formed local unions and affiliated with the National Union of Textile Workers. This union had so few northern members

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<sup>11</sup> Samuel Gompers: *Seventy Years of Life and Labor* (New York, Dutton, 1925), I (p. 419).

<sup>12</sup> A. F. of L. Proceedings, 1899 (p. 9).

<sup>13</sup> *Idem* (p. 65).

<sup>14</sup> In North Carolina in 1901, for example, there were 26 locals of building trades workers, 13 of railroad workers, 8 in printing, and 11 locals of other types of skilled workers. See North Carolina Bureau of Labor and Printing, *Annual Report, 1901* (pp. 386 ff.).

<sup>15</sup> E. Lewis Evans: *Tobacco Workers* (in *American Federationist*, September 1908).

that the southern workers found themselves in a majority. Prince Greene of Columbus, Ga., was president from 1898 to 1900, and secretary-treasurer from 1900 until the next year, when the United Textile Workers' Union was formed.

When the wage cut was made effective in Augusta, the operatives in 8 mills struck. The workers eventually returned at the lower rate, but on the basis of no discrimination against the strike leadership and with several minor concessions from the employers. Moreover, the union was able to maintain itself in the Augusta area.<sup>16</sup>

In the meantime, textile locals appeared in North and South Carolina, with the employers resorting to lock-outs to destroy union organization.<sup>17</sup> The decisive test in North Carolina occurred in the fall of 1900, when a strike lasting more than a month affected all of the mills in Alamance County. The strike, which had its origin in a minor incident, developed into a major fight for the right to organize. Evictions, the lack of adequate relief, and a slow market for cotton goods caused the strike to collapse.<sup>18</sup> The defeat broke the back of cotton-mill unionism in the Carolinas.

On April 1, 1901, President Gompers of the American Federation of Labor arrived in Danville, Va. The textile local there had decided to attempt to gain the 10-hour day.<sup>19</sup> When shorter hours were refused, the operatives walked out. The strike lasted for a number of weeks, but ended in defeat for the men. After the Danville defeat, union membership in the South was again confined to the Augusta district. In the fall of 1901, the Augusta locals attempted to obtain a 10-percent wage increase. Ultimately, about 7,000 operatives were directly involved. The newly organized United Textile Workers contributed funds for the relief of the strikers and aided in other ways. The strike was unsuccessful, the Augusta locals were broken, and thus ended the first substantial movement for cotton-mill unionism in the South.

The United Mine Workers entered the Alabama coal fields not long after its formation in 1890. By 1902, some 65 percent of the Alabama miners were organized. Many of the operators entered into collective-bargaining agreements with the union. A strike occurred in 1904 when some of the companies refused to deal with the union.

The real test of union strength came 4 years later, when the remainder of the operators refused to renew the union agreement.

<sup>16</sup> Mitchell, *op. cit.* (pp. 27 ff.).

<sup>17</sup> It is known that lock-outs occurred in Greenwood, Abbeville, and Bath, S. C., and at Greensboro and Fayetteville, N. C.

<sup>18</sup> Holland Thompson: *From Cotton Field to Cotton Mill* (New York, Macmillan Co., 1906) pp. 193-195.

<sup>19</sup> Apparently as a result of union agitation, the mill, which had been operating 12 hours daily, had announced late in 1900 that from January 1 to April 1 the schedule would be 10 hours, with 11 hours for the remainder of the year. The workers wanted a flat 10-hour schedule.

The union struck on July 6, 1908, and the stoppage lasted for about 2 months. Negro miners made up a substantial proportion of union membership in Alabama. White and colored miners exhibited marked solidarity during the struggle, but the race issue, raised by the companies, contributed greatly to the defeat of the strike.<sup>20</sup>

### *Quiescent Years, 1902-14*

Union activity in the South between 1902 and the World War I period was confined largely, although not entirely, to the skilled trades. The period was not spectacular. There were many minor victories and numerous minor defeats for the skilled workers in unions. No major disputes occurred. Tangible improvement in economic position was secured in many situations as the result of persuasion or strike.

An indication of what happened may be furnished by random instances in North Carolina in 1906 and 1907. In the former year, the clerks of Salisbury organized and secured the earlier closing of stores; tanners in Charlotte won the 9-hour day; the printers in Wilmington gained an 8-hour day; a wage increase of 10 percent was secured by the machinists of Goldsboro. In 1907, the Asheville plumbers struck for the 8-hour day and compromised on 9 hours; the carpenters in Canton won the 9-hour day; in Wilmington, a cotton mill reduced hours from 11 to 10 when the employees, with the support of the local craft unions, asked for the reduction; the carpenters in Raleigh struck unsuccessfully for the 9-hour day.

These instances of union effort could be multiplied many times for the South as a whole. Taken together, their effect was not inconsiderable in the gradual improvement in labor standards that occurred in the region and in the remainder of the country during the decade preceding World War I.<sup>21</sup> There are no reliable estimates of union membership in the South during this period. It is certain that membership was relatively small.

A short but dramatic union episode during this period involved the lumber workers of the Southwest. The Brotherhood of Timber Workers, an independent union, was formed in 1910.<sup>22</sup> At the peak of its activity, this union had a membership of about 35,000 in the lumber industry of Texas, Louisiana, and Arkansas. About half of the members were Negroes. In 1912 the union affiliated with the

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<sup>20</sup> Sterling D. Spero and Abram L. Harris: *The Black Worker* (New York, Columbia University Press, 1931), pp. 355-359.

<sup>21</sup> The improvement reflected gains made through collective bargaining and through State labor legislation. Between 1903 and 1909, for example, every State in the South passed child labor laws.

<sup>22</sup> The formation of the Brotherhood of Timber Workers had been preceded by a largely spontaneous strike over wages in 1907 among the timber workers of Louisiana and eastern Texas. *Industrial Workers of the World, The Lumber Industry and Its Workers* (p. 76).

Industrial Workers of the World. Employer opposition was bitter, and the efforts of the union to secure improvements in wages and working conditions were punctuated by lock-outs, strikes, and violence against union members. Jensen writes: "The union began to crack when some of the most obnoxious causes of dissatisfaction, such as payment in scrip and forced use of company stores and monthly payment of wages, were modified and small wage increases and shorter hours were granted. At the same time, the strain of blacklisting, discrimination, and fomenting of racial conflict had an effect. After 3 years of struggle, the union had been completely destroyed."<sup>23</sup>

There was also a measure of organization during this period; some desperate strikes occurred among the cigar workers of Tampa; and, toward the end of the period, signs of restiveness among the textile workers began to appear. In 1912, the American Federation of Labor held its convention at Atlanta, which had the effect of stimulating interest in unionism in the South. In cotton textiles, locals were formed during 1912 at Danville and Lynchburg, Va., and at Knoxville, Tenn. A long stoppage in Atlanta in 1914 gave the movement valuable publicity, and an excursion during the same year by the IWW into the industry at Greenville, S. C., served to point up the workers' grievances.<sup>24</sup>

### *War Boom and Postwar Collapse, 1914-22*

During World War I, manpower shortages, rising prices, and a governmental policy favorable, on the whole, to the labor movement lent impetus to the growth of union organization. Conditions were generally conducive to the extension of unionism until the sharp depression beginning in mid-1920.

The economic impact of the war upon the United States was felt long before the country entered the conflict. Unionization, especially among skilled workers, increased at a rapid rate from 1915 onward. The movement among factory workers did not get under way significantly in the South until a year or two later.

The marked increase in organization among craft groups in the South was accompanied by numerous strikes. Most of these stoppages were on a small scale, but some, as in the case of the street-railway employees in Charlotte and Winston-Salem, N. C., and Greenville, S. C., developed into long and bitter struggles. Many of the strikes during the early part of the period were over the 8-hour day issue; later, as living costs began to rise, wage disputes were frequent. Union recognition was often one of the points at issue.

<sup>23</sup> Vernon H. Jensen: *Lumber and Labor* (New York, Farrar & Rinehart, 1945), p. 91. See also Spero and Harris, *op. cit.* (pp. 332-333).

<sup>24</sup> Mitchell, *op. cit.* (pp. 32-35).

Aside from lumber and furniture, which remained relatively untouched, union activity penetrated deeply into the industrial life of the South during the First World War. Organization was extensive in tobacco, textiles, iron and steel, coal mining, and other industries.

#### TOBACCO INDUSTRY

In 1915, 3,245 members voted in a referendum to elect officers of the International Tobacco Workers' Union.<sup>25</sup> The only strength possessed by the union at this time was in a number of small factories (some of which were located in Kentucky) that catered to the union-label trade. The union had no influence among the workers in the major companies. Indeed, the union at this time was completely dependent upon the union label for tobacco products for its existence.

Beginning in 1916, locals of the union were formed in plants of the major companies, largely in the metropolitan New York area. Some of these locals were established during the course of unorganized strikes for wage increases and shorter hours.<sup>26</sup> Successful strikes and increased membership affected the character of the union. The use of the union label as an organizing device was largely discarded in favor of direct appeals to the workers to organize to improve their living standards.

In 1918, a number of short, spontaneous strikes occurred at the Durham, N. C., plants of the American Tobacco Co. and Liggett & Myers. A few of the workers sent for a union organizer. As a result, "a union was formed for the first time among the tobacco workers of Durham."<sup>27</sup> The companies resisted vigorously, however, and the union local was short-lived.

In Winston-Salem, N. C., the union met with greater success. In March 1919, the employees of the R. J. Reynolds Tobacco Co. began to organize. Membership increased rapidly. Despite some opposition from the Negro middle class of the community, colored workers joined in large numbers. By early summer, six large locals of tobacco workers had been established. On August 4, 1919, after much negotiation and the threat of a strike, R. J. Reynolds, Brown & Williamson, Bailey Bros., and Taylor Bros. signed an agreement providing for the 48-hour week, a 20-percent wage increase, and time and a half for overtime.<sup>28</sup> This union agreement represented the first ever signed by a major tobacco company in the South.

On the basis of its Winston-Salem success, the union reentered Durham and reached into Reidsville, where the American Tobacco Co. had a plant. In both cities, an appreciable membership was built up. Organizing activity was carried on for brief periods in other

<sup>25</sup> Tobacco Worker, November 1915.

<sup>26</sup> Idem, October 1916.

<sup>27</sup> Idem, March 1918.

<sup>28</sup> Idem, August 1919.

southern communities. The Winston-Salem victory was not repeated, however, and even in Winston-Salem the union's efforts to hold its membership were ineffective. By 1922, the membership of the union had been reduced to its prewar level.

#### COTTON-TEXTILE INDUSTRY

During the war and postwar boom, a very substantial union movement developed in the cotton-textile industry. Large numbers of workers were recruited and many strikes and some lock-outs occurred. The union was able to secure concessions at some mills and undoubtedly exerted material influence on conditions of work within the industry during this period. The vigorous unionism that developed, however, failed to survive the sharp collapse in business activity in 1920-21.

The United Textile Workers was active among the South Carolina cotton-mill operatives during 1915 and 1916. Mills in Greenville County were especially well organized and an appreciable membership was built up at other points in the State. The discharge of union members was the immediate point at issue in some of the disputes that took place at Greenville, Anderson, Columbia, and Westminster during this period. In 1917, major activity shifted to Georgia. The most noteworthy event was the organization of the industry in Columbus. A strike in this city resulted in a partial victory for the union in a settlement finally effected through the War Labor Board.

Mitchell writes of the period 1913-18:

Early in 1919 the union's [United Textile Workers] activity in the South underwent so many changes that it is well to regard the years from 1913 to the end of 1918 as forming a distinct period in the development of the movement. Perhaps the chief characteristic of these 5 years was the confinement of unionism to the immediate vicinity of the places in which disputes concentrated the union's forces. The union did not have enough outside financial assistance to enable it to throw a network of organizers through the region. Possibly its strategy was to give its entire attention to each strike situation, in the hope that one substantial victory would make the union's position stronger than many quick failures. As for membership, it signed the workers by hundreds, and sometimes, as at Greenville and Anderson and Columbus, by thousands in the particular places in which it happened to be engaged; but at no time did the movement show a disposition to extend beyond the areas within easy reach of the organizers who were leading strikes.<sup>29</sup>

In the sense that textile union activity penetrated wider areas, 1919 appears to differ from 1918 and earlier years. Organization reached North Carolina and spread rapidly there, and South Carolina and Georgia continued to be centers of union activity. The 48-hour week had become a crucial demand. Early in 1919, strikes over the 48-hour issue took place at widely scattered points in the South; in

<sup>29</sup> Mitchell, *op. cit.* (pp. 40-41). During the 1913-18 period, according to Mitchell, the United Textile Workers chartered about 40 locals in the South.

several of these cases the workweek was reduced from 60 hours to 55 hours and other mills made this same reduction voluntarily.

Union membership increased rapidly in North Carolina during 1919. At the convention of the State Federation of Labor in August, the claim was made that 30,000 workers had joined the union during the preceding few months.<sup>30</sup> By September, 43 locals had been chartered by the United Textile Workers in North Carolina.<sup>31</sup> The impetus to organization in North Carolina apparently came from a relatively successful strike growing out of local issues in Charlotte. In February 1919, a number of North Charlotte mills removed a wartime bonus of 35 percent of wages. Operatives in the weave room of one of the mills walked out and called in union organizers.<sup>32</sup> The strike spread. Finally, a settlement was negotiated which provided for the reinstatement of all workers without discrimination as to union affiliation; the 55-hour week; incorporation of the bonus in the wage bill; and free house rent for the duration of the strike. Union recognition was not achieved. A similar settlement was made after a lock-out of 1,500 workers in East Charlotte.<sup>33</sup>

The settlement made in Charlotte was satisfactory enough to those involved to enable the union to hold its membership. Indeed, the union obtained members at other mills in the Charlotte area not affected by the dispute, and the gains made in Charlotte were broadcast in mill communities throughout the State. The growth of the movement in North Carolina was accompanied by a whole series of strikes, many of which resulted in improved conditions for the strikers. Organization flowed over into the hosiery industry in High Point. In addition to Charlotte, stoppages occurred in cotton mills in Concord, McAdenville, Albemarle, Mooresville, Salisbury, Raleigh, Gastonia, and elsewhere in the State during 1919.

It was during this period that the United Textile Workers, for the first time, was able to point to substantial achievements in the form of reductions in hours, increases in wages, and some improvements in working conditions. Had the prosperity of the textile industry continued for a period of years, the union might possibly have entrenched itself strongly in the South. However, it is not at all certain that this would have happened, even if prosperous conditions had continued, because employer opposition was vigorous and many of the workers, who rushed into the union under the spur of specific grievances, tended to lose interest when these grievances were adjusted. In North Carolina, for example, the declining vitality of the movement was apparent in 1920. Membership slowly dropped away, despite

<sup>30</sup> News and Observer (Raleigh, N. C.), August 12, 1919.

<sup>31</sup> Mitchell, *op. cit.* (p. 47).

<sup>32</sup> Observer (Charlotte, N. C.), February 26-28, 1919.

<sup>33</sup> *Idem*, May 31, 1919.

the persistent efforts of a corps of organizers. The sharp depression beginning in 1920 and continuing through 1921 provided the occasion for the virtual disappearance of union strength.

The union in the South did not break before a final struggle centering in and around Charlotte, N. C., where the union had retained a considerable membership. With the advent of the business depression in 1920, the mills began to reduce wages. By the spring of 1921, daily wages had been cut between 30 and 50 percent and the mills were running part time. The national officials of the United Textile Workers were extremely reluctant to sanction a strike, as requested by the North Carolina locals. Business conditions made a successful outcome doubtful; moreover, union funds were so low as to preclude the payment of strike benefits. However, a conference of representatives of 40 North Carolina locals was held at Concord on April 30, 1921. At this conference, the United Textile Workers agreed to lead the strike, and the representatives of the local unions agreed to waive their right to strike benefits. The national union promised such financial assistance as its funds would permit.<sup>34</sup>

About 9,000 workers answered the strike call on June 1, 1921. Mills in Charlotte, Rock Hill, Huntersville, Concord, and Kannapolis were affected. The mills were under no pressure to reopen. After the strike had continued for some weeks, an antiunion publicity campaign was inaugurated. For over 2 months, however, the strikers stood firm. Then the Governor dispatched troops to Concord and Kannapolis to restrain picketing, although no violence had occurred. The workers drifted back to the struck mills. By the end of August the strike was completely over. The workers went back under the wage rates prevailing when the strike was called. The union lost most of its membership. Thus ended the war and postwar boom period of textile unionism in the South.

#### COAL MINING, STEEL, AND OTHER INDUSTRIES

The World War I period provided a fresh opportunity for the United Mine Workers in the Alabama coal fields. In 1917, the union reentered the district. After building an appreciable membership, the union secured wage increases through strike action. Union recognition was not obtained.

Alabama miners participated in the national coal strike that began on November 1, 1919. A commission, appointed by President Wilson to study the situation and make an award, granted an increase in wages and urged the Alabama operators to "arrange to meet with representatives of the miners and put into effect the award." Apparently, most of the operators were willing to grant the wage increase,

<sup>34</sup> Mitchell, *op. cit.* (pp. 51-52).

but they were not willing to establish contractual relations with the union. The United Mine Workers, however, insisted upon the creation of joint machinery for the settlement of disputes. The national officers of the union ordered a State-wide strike for September 7, 1920.

About 12,000 of the 27,000 coal miners in Alabama at that time walked out. About three-fourths of the strikers were Negroes. There was a good deal of disorder, and the National Guard was sent into the fields shortly after the dispute began. "The Alabama scene," according to Spero and Harris, "was as primitive and brutal as any of the earlier coal tragedies in which white men had been the sole participants."<sup>35</sup>

After 5 months, the strike began to weaken, although most of the men still held out. At this point, the union and the operators agreed to arbitrate the issues in dispute: (1) union recognition; (2) abolition of subcontract system; (3) reemployment of strikers; (4) readjustment of the day wage rate; (5) machinery for the settlement of disputes. The Governor of Alabama, who served as sole arbitrator, ruled against the union on every point. He held that the operators were under no obligation to reemploy striking miners. This award spelled temporarily the end of organization among the Alabama coal miners. After having spent 3 million dollars in Alabama, the United Mine Workers found itself with only a handful of determined unionists retaining membership cards.

Unionism also appeared during this period in the Alabama iron and steel industry. Unions of skilled craftsmen—machinists, sheet-metal workers, electricians, and others—entered the steel mills and metal working shops of the Birmingham district, and obtained a substantial membership. The International Union of Mine, Mill, and Smelter Workers organized the ore mines and also enrolled those workers in the mills who were not included in the various metal-trades unions.

When the companies refused the 8-hour day and other demands put forward by the workers, a general metal-trades strike was called. The strike was not successful. As a result of this defeat, Birmingham took little part in the great steel strike of 1919.<sup>36</sup>

In 1919, two American Federation of Labor unions—the International Timber Workers Union and the United Brotherhood of Carpenters and Joiners—recruited members among southern logging and sawmill workers. Union activity centered in Bogalusa, La., which was then among the largest lumber centers in the world. The Timber Workers were active at other points as well. Company opposition was bitter, and union members, both white and Negro, were

<sup>35</sup> Spero and Harris, *op. cit.* (p. 361).

<sup>36</sup> *Idem* (pp. 247-249).

subject to discrimination. A vigilante group was formed by the anti-union forces. On November 22, 1919, this group entered the union office in Bogalusa, killing Lum Williams of Mississippi, leader of the lumber workers in the Bogalusa area, and two other union men.<sup>37</sup> The episode effectively ended organizing efforts in the lumber industry in the South at that time.

Clearly, a fairly extensive labor movement existed in the South during the World War I period. By 1922 or earlier, however, unionism had been liquidated in many of the industries in which substantial strength had been built up during the preceding 6 or 7 years. Cotton textiles, tobacco, iron and steel, and coal mining could muster, at best, a mere handful of union members, and unionism as a positive force had ceased to be of any importance in these industries. A measure of organization which had been built up in the petroleum industry in Texas had evaporated. Furniture and lumber had scarcely been touched by the wartime development. The southern labor movement by 1922 was again composed overwhelmingly of locals of skilled workers, although a residue of influence of factory unionism remained.

### *Upsurge in Textiles, 1922-29*

Union activity in the southern textile industry did not entirely cease after the collapse of the movement in 1921. In a number of places in the South, local labor people managed to keep the spark of unionism alive in the cotton industry. Some help was obtained from the American Federation of Hosiery Workers.<sup>38</sup> This union became concerned about 1925 with the development of the full-fashioned hosiery industry in the South.<sup>39</sup> After that year, "the union has kept organizers in the South continuously, meeting the industry as it expanded in that section. It has not been content with sending organizers from the North, but has developed a southern leadership which now [1938] makes up the great majority of the southern organizing staff of the Federation."<sup>40</sup>

The textile industry in the South, in contrast with the New England industry, was relatively prosperous during the years following 1922. Union activity reappeared on a small scale in North Carolina. Textile locals were reorganized in Charlotte, Salisbury, and a number of other towns during 1922 and 1923. Several small strikes occurred in the Charlotte area and in the spring of 1923 many mills raised

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<sup>37</sup> Jensen, *op. cit.* (pp. 91-94).

<sup>38</sup> Prior to 1933, when it assumed jurisdiction over seamless hosiery workers, this union was known as the American Federation of Full-Fashioned Hosiery Workers.

<sup>39</sup> George W. Taylor: *The Full-Fashioned Hosiery Worker* (Philadelphia, University of Pennsylvania Press, 1931), p. 83.

<sup>40</sup> Laurence Rogin: *Making History in Hosiery* (Philadelphia, American Federation of Hosiery Workers, 1938), p. 15.

wages 10 percent or more.<sup>41</sup> In the fall of 1924 the workers in a Lexington, N. C., mill conducted a successful 1-week strike against a wage reduction.<sup>42</sup> Some gains were made through a strike of unorganized workers in the spring of 1925 at a cotton mill in Wilmington, N. C.<sup>43</sup> There were several other small strikes in North Carolina in 1925 and 1926.

An important dispute began on August 4, 1927, when the unorganized employees of a cotton mill in Henderson, N. C., walked out. These workers were attempting to obtain restoration of a wage cut made in 1924; they complained also about the condition of the mill houses and other matters. The strikers were aided by an organizer for the hosiery workers, and aroused the interest of officials of the State Federation of Labor. The walk-out lasted for about a month. Under threat of eviction from company houses, the workers returned to their jobs.<sup>44</sup> The dispute revived the whole question of textile unionism in the Upper Piedmont, and led to the formation late in 1927 of the Piedmont Organizing Council under the leadership of Alfred Hoffman of the hosiery workers. This group, in cooperation with local unions and city central bodies, conducted general union propaganda. Southern delegates to the 1928 convention of the American Federation of Labor laid plans for a union drive. Thus, toward the end of the decade, signs pointed to an expansion of union activity.

In the meantime, a new grievance had developed. In New England, industrial rationalization was being utilized in an effort to arrest the decline in cotton manufacturing in that area.<sup>45</sup> Southern mill management could not be indifferent to this new development. Consequently, the installation of efficiency systems in the South became widespread. The new production methods frequently were introduced quite abruptly, often without adequate technical preparation. Little effort was made to enlist the cooperation of the mill workers. The operatives themselves called the new techniques the "stretch-out" and added another grievance to the list that included low wages and long hours. The "stretch-out" was a contributing factor of considerable importance in the series of explosive strikes in 1929.

In 1929 cotton-mill strikes occurred in Gastonia and Marion, N. C., and at a number of places in South Carolina—Ware Shoals, Greenville, Woodruff, Central, Anderson, and Union. In addition, a bitter dispute in the rayon industry took place at Elizabethton, Tenn.

<sup>41</sup> American Federationist, July 1923 (p. 593); Mitchell, op. cit. (pp. 57-58).

<sup>42</sup> Idem, December 1924 (p. 1001).

<sup>43</sup> Idem, April 1925 (pp. 268-269).

<sup>44</sup> News and Observer (Raleigh, N. C.), August 11-September 10, 1927; Mitchell, op. cit. (pp. 61-62).

<sup>45</sup> During the 1920's, the cotton manufacturing industry in New England was cut down by bankruptcy and voluntary liquidation. On the other hand, well over a million spindles, with a proportionate amount of complementary machinery, were added to southern equipment between 1923 and 1929. During the latter year, southern mills accounted for 76.3 percent of total cotton consumption in the United States.

These stoppages cannot be described in detail, owing to space limitations, but their chief characteristics should be briefly noted.

The Loray mill in Gastonia, N. C., was selected by the National Textile Workers' Union, a Communist-controlled organization affiliated with the Trade Union Unity League,<sup>46</sup> as the first objective in a drive for southern membership. Organization work began in January 1929. In this mill, an intensive drive to lower production costs had begun in 1927, with the result that "although expenses decreased and production mounted, to the great satisfaction of the board of directors, the operatives reacted violently against the new system and the man who inaugurated it."<sup>47</sup> Worker discontent became so great that the company in late 1928 replaced its resident manager and promised to lessen the intensity of the efficiency program.

The National Textile Workers' Union apparently was able to recruit membership rapidly in this situation. On March 25, 1929, five active unionists were discharged. The strike began on April 1, when approximately 1,800 of the 2,000 workers left the mill. The strike did not last effectively for much more than 2 weeks. After the first few days, the workers began to drift back to the mill, although the mill remained somewhat handicapped in its operations until the latter part of May.

The economic demands of the strikers received no consideration.<sup>48</sup> The political beliefs of the strike leadership were made the central issue and the State militia was sent into the community. Strikers were roughly handled, union headquarters were wrecked, workers were evicted from company-owned houses, and the dispute ended in a paroxysm of violence.

In Marion, N. C., another bitter dispute occurred, under the leadership of the United Textile Workers of the American Federation of Labor.<sup>49</sup> The strike began on July 11, when 650 operatives of the East Marion Manufacturing Co. walked out. For a time, the workers of the nearby Clinchfield Manufacturing Co. were also involved. This strike was related directly to the "stretch-out." When the superintendent of the East Marion mill added 20 minutes to the 10-hour work-shift to recoup installation losses for which the management was responsible, a committee of operatives sought union assistance. As in Gastonia, the strike was called when the mill began

<sup>46</sup> The Trade Union Unity League and the unions affiliated with it were later disbanded after a change in Communist Party lines on trade-union tactics.

<sup>47</sup> Robin Hood: The Loray Mill Strike (unpublished M. A. thesis, University of North Carolina, 1932, p. 25). This thesis contains perhaps the best account of the Gastonia strike. See also B. U. Ratchford: Economic Aspects of the Gastonia Situation (in *Social Forces*, March 1930); Tom Tippet: *When Southern Labor Stirs* (New York, Jonathan Cape and Harrison Smith, 1931), chapter 6; and Mitchell, *op. cit.* (pp. 70-75).

<sup>48</sup> The union demands included (1) a minimum wage of \$20 per week, (2) the 40-hour week, (3) better working conditions, (4) the addition of screens and bathrooms to the company houses, and (5) union recognition.

<sup>49</sup> See Tippet, *op. cit.*, chapters 7-8.

discharging active unionists. A month later, workers at the two Clinchfield mills were locked out. The lock-out was converted into a strike.

The strike lasted for 3 months. It was called off after troops had stopped all forms of union activity and after a conference had been arranged to work out a settlement. A "gentlemen's agreement" was reached at the conference for (1) a trial reduction in the length of the workweek (to 55 hours); (2) the reemployment of all but a few of the strikers; and (3) the election of worker committees to deal with management. The reemployment provisions of this agreement were not kept. The situation was particularly bad at the East Marion plant. On October 1, the night shift walked out. When the day shift appeared, armed deputies inside the mill released tear gas and fired at the workers. Six strikers were killed and 30 wounded. Seven deputies were tried for murder; all were acquitted; four union men, on the basis of an earlier minor incident, were subsequently convicted of rioting. This ended the union effort at Marion.<sup>50</sup>

The 1929 stoppages in South Carolina were largely spontaneous and in some instances the workers indicated that they did not desire union participation. About 1,200 workers quit successfully at Ware Shoals in March in protest against a recently installed efficiency system. A short strike at Pelzer was settled at a conference of the strike committee and the mill management. A long dispute in four plants of the same company in Greenville and Woodruff ended without substantial gain for the workers. A 1-day strike against the "stretch-out" was settled favorably at Central. Other strikes occurred at Anderson and Union.

There were no union organizers on the scene on March 12, 1929, when 5,000 employees of the Bemberg-Glanzstoff rayon companies in the mountain town of Elizabethton, Tenn., began their walk-out. Not until the dispute got under way were requests for organizers sent to the American Federation of Labor. Low wages, long hours,<sup>51</sup> and the stretch-out were among the causes of discontent. The strikers demanded a 25-percent wage increase and union recognition. Injunctions were issued against the strikers and troops were sent in.

The strike ended after 11 days. The companies agreed to equalize the wages of men in the two plants, to raise the wages of women by about 20 percent, and to meet with employee committees over grievances. The union was not recognized.

Shortly after the end of the strike, many active unionists were discharged. On April 3, two union men, including the personal representative of President Green of the American Federation of Labor,

<sup>50</sup> As a result of the strike, hours were reduced. A sewer system and plumbing were installed in the East Marion village. The Clinchfield mills granted a small wage increase.

<sup>51</sup> Average weekly wages were about \$15 for males and \$10 to \$11 for females for a 56-hour week.

were kidnapped in Elizabethton and carried from the State. They returned several days later accompanied by President Green. A mass discharge of unionists occurred on April 15 and 4,000 workers walked out in a second strike. Again troops were brought in and a considerable amount of violence developed. The union's funds were not adequate for the relief problem created by the strike. The strikers began drifting back to work and on May 25 a settlement was negotiated. This settlement again did not include union recognition.

After the strike, a company union was installed and an elaborate company welfare program inaugurated. The United Textile Workers tried unsuccessfully to hold its membership. An abortive strike took place in March 1930, marking the final collapse of the union in Elizabethton.

### *The 1930 Organizing Campaign*

Tremendous enthusiasm for a southern organizing campaign was displayed at the 1929 convention of the American Federation of Labor.<sup>52</sup> The executive council of the Federation reported: "These workers in the South are poor and they have suffered much by the recent strikes. It will take time to develop self-supporting unions. Responsibility for establishing higher wages and better conditions of employment must rest with the national and international unions."<sup>53</sup> A resolution for an organizing campaign introduced by the United Textile Workers was adopted.

The drive got under way on January 6, 1930, at a large conference in Charlotte, N. C. Among those at the conference were 229 delegates from southern unions, organizers from 26 national unions and the Federation, delegates from seven State federations and from a number of city central bodies, and local workers from 95 different crafts. It was decided to establish headquarters at Birmingham, and a coordinating committee of three was selected. At the height of the drive, more than 50 organizers were in the field.<sup>54</sup>

Part of the initial strategy of the campaign was to convince employers of the advantages of trade-unionism. During the years of relative economic stability following 1922, the labor movement had become increasingly interested in union-management cooperation and in production problems. The United Textile Workers itself had participated in a union-management cooperation effort since 1924 in the Naumkeag Steam Cotton Mills at Salem, Mass.<sup>55</sup>

<sup>52</sup> A. F. of L. Proceedings, 1929 (pp. 225-233).

<sup>53</sup> *Idem* (p. 60).

<sup>54</sup> *Idem*, 1930 (pp. 85-86).

<sup>55</sup> See Richmond C. Nyman and Elliott Dunlap Smith: *Union-Management Cooperation in the "Stretch-Out"* (New Haven, Yale University Press, 1934) for a detailed account of the Naumkeag experiment.

At least at this time the union-management cooperation idea failed to appeal to either employers or workers in the South.<sup>56</sup> Therefore, a more militant approach was adopted. Two factors served as barriers to success. The first was the general business depression beginning in the fall of 1929. In the second place, the union resources available for the campaign were not large. Despite these obstacles, 112 new local unions had been organized in the South by September 1930; 81 of these locals were in industries other than textiles.<sup>57</sup> The 31 new locals of the United Textile Workers were found in Virginia, North and South Carolina, Georgia, Alabama, and Tennessee.

The strength of cotton unionism was in the upper Piedmont. In North Carolina, the union signed up large numbers of workers at the Marshall Field mills in Leaksville-Spray and Draper, and at the great Cone mills in Greensboro. In Danville, Va., the union built up a substantial membership at the Riverside and Dan River Cotton Mills.

The test came at Danville, where the unqualified refusal of the company to deal with the union made a stoppage almost inevitable. For months, the mill refused to meet with union representatives; during the same period active union workers were being discharged. The national convention of the United Textile Workers authorized a strike and 95 percent of the union members in Danville voted for a walk-out. The strike of 4,000 workers began on September 29, 1930.

The strike had substantial support from the community at large. All offers of mediation were refused by the company. Injunctions restrained effective picketing. Strikebreakers were imported. Minor acts of violence occurred and State troops were sent in. Eviction notices were issued. The relief problem faced by the union increased in seriousness as the months passed.

The strike was broken after 5 months. The Danville defeat marked the end of the southern organizing campaign.<sup>58</sup> Textile-union membership elsewhere in the South melted away, although the United Textile Workers retained a small following in the region.<sup>59</sup> The deepening economic depression provided poor soil for new union growth.

### *Labor Unrest in Depression*

The depression did provide the occasion for two instances of largely unorganized labor revolt in the South. During the summer and fall

<sup>56</sup> Jean Carol Trepp: *Union-Management Cooperation and the Southern Organizing Campaign* (in *Journal of Political Economy*, October 1933).

<sup>57</sup> A. F. of L. *Proceedings*, 1930 (p. 86).

<sup>58</sup> See Tippet, *op. cit.*, chapter 10; Herbert J. Lahne: *The Cotton Mill Worker* (New York, Farrar & Rinehart, 1944, pp. 221-224.)

<sup>59</sup> See reports in the *Textile Worker*, 1932.

of 1932, a series of strikes swept over North Carolina.<sup>60</sup> The ranks of the strikers were composed of seamless-hosiery workers, full-fashioned hosiery workers, silk workers, cotton-mill operatives, and furniture workers.

On July 18, 1932, a few hundred stocking boarders walked out of six hosiery mills at High Point, N. C. The walk-out was in protest against a drastic wage reduction, the second of the year. The movement spread until 24 hosiery mills employing 5,000 seamless-hosiery workers were closed.<sup>61</sup> After 10 days, the dispute was settled by the restoration of the wage cut and certain other concessions.

On August 23, workers in three cotton mills in Rockingham walked out. The demands included restoration of two wage cuts made during the year, the 10-hour day, and a reduction in the rent of company-owned houses. Railroad union locals in Spencer and Hamlet, textile workers in Salisbury, and farmers from the surrounding countryside provided food for the strikers. The stoppage lasted for almost 2 months. None of the strikers' objectives were gained except the reinstatement of all employees. Other North Carolina strikes during this period involved 600 full-fashioned hosiery workers in High Point, about the same number of cotton-mill workers in a mill village near High Point, 500 employees of a silk works in High Point, and a thousand furniture workers in Thomasville.

Walk-outs during 1932 were largely spontaneous. The seamless-hosiery workers in High Point formed an independent union during their strike; this unaffiliated union had a checkered career for several years and then expired. In Rockingham, an independent union was formed just prior to the strike and collapsed when the walk-out failed. Some workers in High Point joined the American Federation of Full-Fashioned Hosiery Workers and the American Federation of Silk Workers.

In the Kentucky coal country, where unionism had never developed, revolt also flared over the conditions produced by wage cuts and part-time work during the depression. Discharges for union activity accompanied the beginnings of unionization. In April 1931, 18,000 miners walked out under the leadership of the United Mine Workers. After a gun battle between miners and deputies at Evarts, the militia was sent into Harlan County. The leadership of the strike shifted to the Industrial Workers of the World. The strike was broken. An attempt by the Communist National Miners' Union to call a strike in neighboring Bell County on January 1, 1932, failed.

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<sup>60</sup> For a detailed account of these stoppages see H. M. Douty: *Labor Unrest in North Carolina, 1932* (in *Social Forces*, May 1933).

<sup>61</sup> Owing mainly to the action of roving bands of unemployed workers, over 150 industrial plants in and around High Point were closed for a few days.

### *The NRA Period*

These labor disputes, and others of lesser significance, revealed the existence of deep unrest. With the passage in 1933 of the National Industrial Recovery Act, which guaranteed to labor in section 7 (a), the right to bargain collectively through representatives of its own choosing, large numbers of workers in the South and elsewhere crowded into unions. As it turned out, the labor provisions of the Recovery Act were not highly effective because of the lack of adequate enforcement machinery. However, the collective-bargaining clause of the act, together with a measure of industrial recovery, unquestionably gave rise to a great upsurge of union activity.

Some unions were more active during the NRA period than others. The United Mine Workers, for example, sent a corps of organizers into the coal country. The third major attempt to organize the Alabama field began in the summer of 1933. By 1935 the union had more than 23,000 members in Alabama, more than half of whom were colored. On May 26, 1937, the United Mine Workers signed contracts with every mine in the State.<sup>63</sup> The miners' union also obtained a large membership in Tennessee. In August 1938, the Harlan County Coal Operators' Association signed the standard Appalachian agreement, thus ending an era in the history of "bloody Harlan."<sup>63</sup>

The tobacco workers' union extended its influence during this period. As early as November 1933, the union reported that 90 per cent of the white workers in the cigarette department of the American Tobacco Co. in Durham, N. C., had joined the organization.<sup>64</sup> By the summer of 1934, the white employees of Liggett and Myers in Durham had also organized, and there was union membership in Reidsville and Winston-Salem. The union also established locals in Virginia. Negro tobacco workers were drawn into the movement, but were not at this time effectively integrated into the union. By the end of the NRA period, the union had a contract with the Brown and Williamson Tobacco Co. and with a number of smaller firms,<sup>65</sup> and apparently exerted some influence on the major companies.

Although some unionism developed in the southern iron and steel industry during the NRA period, the movement was not strong enough to exert much influence on labor relations. Some union locals were formed among Alabama ore miners. The petroleum industry in the Southwest was penetrated for the first time since the World

<sup>63</sup> United Mine Workers Journal, June and July 1937.

<sup>64</sup> *Idem*, October 1933.

<sup>65</sup> Union Herald (Raleigh, N. C.), November 2, 1933.

<sup>66</sup> Herbert R. Northrup: *The Tobacco Workers International Union* (Quarterly Journal of Economics, August 1942). This article contains an excellent account of the development of the union, including an analysis of the internal struggle that resulted in a change in national leadership in 1939.

War I period. Union activity in the southern lumber and furniture industries was meager. On the other hand, many of the workers in the semiskilled and skilled trades were organized in most of the southern cities, some for the first time. Many city central bodies were revived, some new ones organized, and functioning city centrals greatly strengthened.

The most spectacular development in southern unionism during the NRA period occurred in cotton textiles. The United Textile Workers quickly gained a substantial membership in cotton mills throughout the region; the hosiery workers' union also was active. Discharges for union activity and other violations of the labor provisions of the NRA were numerous. The "stretch-out" problem was intensified by the efforts of mill managements to cut costs in face of the minimum-wage and maximum-hour provisions of the cotton-textile code. Scattered local strikes did not prove effective in improving conditions in the industry. At the union convention in August 1934, delegates from the South joined with delegates from New England in calling for a general strike. The convention fixed September 1 as the date for the stoppage.

Unsuccessful efforts were made to forestall the strike. On September 1, about 100,000 cotton operatives in the South walked out. At its peak, the workers on strike in the South numbered about 170,000.<sup>66</sup> Shortly after the beginning of the strike, President Roosevelt appointed a board of inquiry. This board recommended: (1) that a new textile labor relations board be appointed; (2) that the Federal Trade Commission investigate the ability of the industry to support a higher wage structure; (3) that the cotton, wool, and silk codes be amended to permit the functioning of a special committee to regulate the "stretch-out"; (4) that a study be made by the U. S. Department of Labor of occupational wage rates in the industry.

On the basis of these recommendations, the United Textile Workers called off the strike on September 22. Subsequently, President Roosevelt appointed a textile labor relations board to investigate alleged violations of section 7 (a) of the NRA, to arbitrate questions voluntarily submitted, and to exercise such functions as might be granted by code provision. This board appointed a special committee to investigate the subject of the "stretch-out." The Bureau of Labor Statistics initiated a survey of hours and earnings in the principal textile industries and the Federal Trade Commission began a survey of the financial condition of textile enterprises.

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<sup>66</sup> The vast majority of those on strike in the South were cotton-textile workers. The strike was extended to the wool and worsted, silk, hosiery, and miscellaneous textile industries, but these industries (except hosiery) were very thinly represented in the South.

This greatest of all textile strikes brought few tangible or immediate gains to the workers. The companies did not recognize the union, wages remained unchanged, and, as it turned out, the new textile board was no more effective than the old in protecting the right of workers to organize and bargain collectively. The use of the "stretch out" was apparently tempered. The workers themselves interpreted the result as a defeat. Many were refused employment at the end of the strike, and union membership declined sharply during the months that followed.

The textile strike marked the high tide of unionism in the South during the NRA period. Loss of the strike had unfavorable repercussions upon union organization in other industries. In textiles, however, the union retained part of its membership, and gains in other industries by no means disappeared. When the NRA (in May 1935) was declared unconstitutional, the labor movement in the South was considerably stronger than it had been 2 years earlier.<sup>67</sup>

### *National Labor Relations Act, Union Rivalry, and War Years 1935-45*<sup>68</sup>

Two developments in 1935 were to have great significance for the labor movement in the South and elsewhere.

Less than 2 months after the invalidation of NRA, the National Labor Relations Act became law. One of the purposes of this act was to continue and strengthen the collective-bargaining provisions of section 7 (a) of the National Recovery Act. The act asserted that employees in industries under its jurisdiction had the right to self-organization, and employers were forbidden to engage in certain "unfair labor practices" that tended to discourage union membership. The act also placed upon employers the duty to bargain collectively with representatives freely chosen by their employees. The effective administration of the act was initially hampered by the question of constitutionality; this question was resolved in April 1937.<sup>69</sup>

Shortly after the 1935 convention of the American Federation of Labor, a group of union leaders formed the Committee for Industrial Organization (CIO). This action represented almost the last stage

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<sup>67</sup> Labor organization in southern agriculture is not covered in this article. It should be noted, however, that the Southern Tenant Farmers Union (now the National Farm Labor Union affiliated with the American Federation of Labor) was formed in 1934. For an exhaustive account of farm labor unionism in the South see Bureau of Labor Statistics Bulletin No. 836, *Labor Unionism in American Agriculture* (pp. 256-355).

<sup>68</sup> The writer is indebted to the Union and Management Research Division of the Bureau's Industrial Relations Branch for assistance with this section.

<sup>69</sup> *Associated Press v. National Labor Relations Board*, 301 U. S. 103; *National Labor Relations Board v. Jones F. Laughlin Steel Corp.*, 301 U. S. 1; *National Labor Relations Board v. Fruehauf, Trailer Co.*, 301 U. S. 49; *National Labor Relations Board v. Friedman-Harry Marks Clothing Co.*, 301 U. S. 58; *Washington, Virginia & Maryland Coach Co. v. National Labor Relations Board*, 301 U. S. 142.

in a long conflict within the Federation over the appropriate form of union organization for the mass-production industries. Involved were the jurisdictional claims of the craft unions in the steel, automotive, rubber, and similar industries. A substantial minority opinion within the Federation held that such industries could only be effectively organized on an industrial basis.

Almost immediately after the organization of the Committee, requests for organizing assistance began to pour in from workers in many industries, and the Committee was soon carrying on a tremendous organizing campaign. In 1938, the Committee became the Congress of Industrial Organizations, thus creating a rival to the existing labor federation.<sup>70</sup>

In terms of the southern labor movement, the most outstanding action of the CIO was the creation, in March 1937, of the Textile Workers Organizing Committee in agreement with the United Textile Workers.<sup>71</sup> In the organizing campaign that followed, the TWOC proceeded cautiously, utilizing fully the procedures of the National Labor Relations Act. Strikes were avoided wherever possible. A recession in business activity, beginning in the fall of 1937 and lasting into 1938, tended to slow the drive.

As of May 31, 1941, the Textile Workers Union (CIO), which had grown out of the Organizing Committee,<sup>72</sup> had won National Labor Relations Board representation elections in 46 southern cotton mills employing over 32,000 workers; in addition, the union had been certified without elections as collective-bargaining agent in five southern mills. In these 51 mills, however, the union had been able to secure actual collective-bargaining agreements in only 29. As of May 31, 1941, the union had 23 collective agreements covering over 17,000 workers with southern cotton mills.<sup>73</sup>

After 1941, the union advance continued slowly. Contracts were signed with a number of the larger mills, including the Erwin Cotton Mills and the Kendall Mills. An important election, and subsequently an agreement, was won at the Riverside and Dan River Cotton Mills.<sup>74</sup> The tempo of the union's activity in the South during 1943-46 can be gaged from the report of its executive council to the fourth biennial

<sup>70</sup> An excellent brief account of the formation of the CIO may be found in Harry A. Millis and Royal E. Montgomery: *The Economics of Labor: Organized Labor* (New York, McGraw-Hill Book Co., 1945), III (pp. 201-242).

<sup>71</sup> In 1939, a group of locals of the United Textile Workers was reinvested with the charter of that organization by the American Federation of Labor. In the same year the Textile Workers Organization Committee and the majority group in the United Textile Workers united to form the Textile Workers Union of America (CIO). Thus, at the present time both the AFL and the CIO have unions competing for membership in the textile industry. See Herbert J. Lahne: *The Cotton Mill Worker* (New York, Farrar & Rinehart, 1944), pp. 262-269, 273-277.

<sup>72</sup> See preceding footnote.

<sup>73</sup> Lahne, *op. cit.* (pp. 270-271).

<sup>74</sup> Textile Workers Union of America, Third Biennial Convention, 1943, *Proceedings* (pp. 121-122).

convention: "The union's organizational progress in the South continued slowly but certainly. From Virginia to Alabama we picked up mill after mill during the 3 years, all but a few of them cotton mills. TWUA also invaded Texas for the first time, winning elections in 11 mills in the eastern part of the State. . . . In point of numbers, workers organized during the 3 years in the South were principally concentrated in North Carolina and Georgia."<sup>75</sup> It was stated that 20 percent of the southern cotton and rayon workers were represented by the Textile Workers Union.<sup>76</sup>

Meantime, the United Textile Workers (AFL), which was reconstituted in 1939, also made some progress in the South. By September 30, 1942, the UTW had won bargaining rights in nine southern cotton mills employing almost 6,000 workers<sup>77</sup> and additional gains were made later.<sup>78</sup> Membership in the United Textile Workers nationally has increased rapidly from a very small number in 1939.<sup>79</sup> The bulk of the membership in both AFL and CIO unions at present is in branches of the industry other than cotton.

With respect to the South, the existing situation is different from any existing in the past. Cotton unionism is functioning in the South; a number of mills, including some very large units, are under contract.<sup>80</sup> Nationally, textile unionism has never been stronger. However, the bulk of the industry in the South remains unorganized.

As previously stated, the Tobacco Workers International Union (AFL) concluded collective-bargaining agreements with a number of companies in the industry during the NRA period. In 1937, after the validation of the National Labor Relations Act by the Supreme Court, the union negotiated agreements with Liggett and Myers, American Tobacco Co., and Philip Morris covering workers in their North Carolina and Virginia plants. In 1940, after a hard fight, agreements were signed with P. Lorillard Co. for employees in Louisville, Ky., and in New Jersey.<sup>81</sup> The Food, Tobacco, Agricultural and Allied Workers Union (CIO) has some membership in the industry, notably at the large Winston-Salem, N. C., plant of the R. J. Reynolds Tobacco Co.

<sup>75</sup> *Idem*, Fourth Biennial Convention, 1946, Executive Council Report (pp. 46-47).

<sup>76</sup> *Idem* (p. 49).

<sup>77</sup> Lahne, *op. cit.* (p. 275).

<sup>78</sup> See the Textile Challenger, official organ of the union.

<sup>79</sup> When rechartered in 1939 by the American Federation of Labor, membership in the United Textile Workers was only 1,500. See Anthony Valente: Let's Talk About Textiles (in *American Federationist*, April 1946, pp. 16-17).

<sup>80</sup> For an analysis of union agreements in cotton manufacturing in 1945, see Rose Theodore: Union Agreements in the Cotton Textile Industry (in *Monthly Labor Review*, March 1946, pp. 413-423).

<sup>81</sup> John O'Hare: The Tobacco Worker (in *American Federationist*, June 1946, p. 22). See also Herbert R. Northrup: Tobacco Workers International Union (in *Quarterly Journal of Economics*, August 1942, pp. 615-616).

By the close of 1944, approximately 90 percent of the workers in the industry (cigarettes, chewing and smoking tobacco, and snuff) were employed in plants which had trade-union agreements. Agreements negotiated by the Tobacco Workers International Union covered almost three-fourths of the organized workers. In the cigar industry, about half the workers were organized in 1944. The Cigar Makers' International Union (AFL) had its major strength in the Florida area; most of the cigar workers under agreement with the Food, Tobacco, Agricultural and Allied Workers (CIO) were employed outside the region.<sup>82</sup>

Possibly the most dramatic of all the CIO organizing campaigns—in the steel industry<sup>83</sup>—started in 1936. In March 1937, a formal agreement was signed between the Steel Workers Organizing Committee and various subsidiaries of the United States Steel Corp., including the Tennessee Coal, Iron and Railroad Co. in Birmingham. By this agreement the union was recognized as the collective-bargaining agent only for those employees who were its members. In Birmingham, about 5 years elapsed before the union, in a series of representation elections under the National Labor Relations Act, obtained sole bargaining rights. By 1943, however, steel unionism was well established in Birmingham. In addition to Tennessee Coal and Iron, the union (now the United Steel Workers) has won bargaining rights in other iron and steel plants in Alabama and in metal fabricating plants, as well. Iron-ore miners in the Birmingham area are represented by the International Union of Mine, Mill and Smelter Workers (CIO).

The union situation in other industries is briefly noted. A very substantial organization has been built up in the southern pulp and paper industry by the Pulp, Sulphite and Paper Mill Workers (AFL). Most employees of the Tennessee Valley Authority work under agreements negotiated with the Authority by various unions affiliated with the AFL.<sup>84</sup> In 1944, the United Rubber Workers (CIO) had 11 agreements and 9 locals in the South.<sup>85</sup> The locals were situated in Alabama, Georgia, Tennessee, Virginia, North Carolina, and Kentucky. By 1942, the Oil Workers International Union (CIO) had 28 working agreements in the petroleum industry in Louisiana and Texas.<sup>86</sup> In 1943, the organizing work of the union was revital-

<sup>82</sup> Eleanor T. Royer: *Union Agreements in the Tobacco Industry* (U. S. Bureau of Labor Statistics, Bulletin No. 847, 1945), pp. 1-2, 13-14.

<sup>83</sup> A good account of the organizing campaign in steel may be found in Frederick H. Harbison's "Steel," in Harry A. Millis (ed.): *How Collective Bargaining Works* (New York, Twentieth Century Fund, 1942), pp. 510-534.

<sup>84</sup> *American Federationist*, January 1943 (p. 21).

<sup>85</sup> *United Rubber Workers, Officers' Report, Ninth Annual Convention, 1944* (pp. 29-31, 40-43).

<sup>86</sup> *Oil Workers' International Union, Reports of the Executive Council, Thirteenth Convention, 1942* (pp. 16-17).

ized, and material progress was reported at subsequent conventions. It is now (1946) estimated that over 60 percent of the workers in the refining branch of the industry are working under the terms of collective bargaining agreements, largely with the Oil Workers International Union.

The National Federation of Telephone Workers (independent) had more than 13,000 members in 1944 in its Southern Federation of Telephone Workers (covering the territory of Southern Bell in 9 Southeastern States, including Louisiana).<sup>87</sup> The union also had members in Texas. For a decade, the Amalgamated Clothing Workers (CIO) has conducted active organizational work in the men's clothing industry, primarily cotton garments, in the South, and has built up an appreciable membership. The United Garment Workers (AFL) also has membership in the region. The International Ladies Garment Workers Union (AFL) reported more than 11,000 members in some 60 locals in its Southwestern District in 1944.<sup>88</sup> Apparently, this district covers part of Illinois and Missouri, in addition to Texas, Arkansas, and Tennessee. Locals of the union are also found at Atlanta, Knoxville, and elsewhere in the Southeast. As of 1944, the United Automobile Workers (CIO) had 31 plants under contract in the South.<sup>89</sup> Most of these plants were engaged in turning out war materials, including aircraft. The enormous expansion of the southern shipbuilding industry during the war was accompanied by extensive organization, by both AFL and CIO affiliates. Longshore organization also increased.

It is clear that union organization in the South is substantial in character and is no longer restricted to its traditional spheres in railroading, printing, and a few other industries. Much of the present organization, of course, has developed during very recent years, and its stability, in many cases, has yet to be tested. The existing position has been reached, as this article in very summary terms has attempted to show, after a comparatively long period marked by many sacrifices on the part of labor and in spite of bitter defeats. The persistence of the efforts of workers in the South to organize reflects the importance attached by workers to the role that trade-unionism can play in modern industrial society.

Even during World War II years, the great lumber industry in the South remained virtually untouched by union organization. The bulk of the southern textile industry is unorganized. In the furniture

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<sup>87</sup> National Federation of Telephone Workers, Executive Board Report, Tenth National Assembly, 1944, Appendix A.

<sup>88</sup> International Ladies Garment Workers Union, Report of General Executive Board, Twenty-fifth Convention, 1944 (p. 115).

<sup>89</sup> United Automobile Workers, Report entitled "Automobile Unionism" submitted to 1944 convention by R. J. Thomas (pp. 29c, 30c).

and chemical industries unionism is weak. Food-processing has been largely untouched, together with a great variety of service trades and many miscellaneous manufacturing industries.

### *Organizing Campaign of 1946*

A new chapter in the history of southern trade-unionism began in the spring of 1946, when both the CIO and the AFL announced plans for major organizing campaigns in the South.<sup>90</sup> Both organizations reported progress by late summer, but no appraisal is yet possible of the results of these efforts to extend labor organization in the region.

### *Some Factors in Southern Unionism*

Historically, unionism in the South has reflected the strength and weakness of organized labor in the country as a whole. The relative size of the southern movement, its scope, and its structure have been determined, in part, by the size, scope, and structure of the labor movement nationally. In 1929, for example, southern organization was comparatively meager. In that year, however, only 10.9 percent of the employed wage earners in manufacturing in the country as a whole were organized, and this figure includes the railroad shop crafts.<sup>91</sup> Moreover, 71.5 percent of all trade-union members in 1929 were in five industry groups—mining, building, transportation, clothing, and paper and printing.<sup>92</sup>

Unquestionably unionism in the South has had—and to some extent still has—greater obstacles to overcome than unionism in most other parts of the country. The retarding factors listed below, however, are not to be regarded as characteristic exclusively of the South. They exist in some measure elsewhere in the Nation.

(1) Industrialism on a substantial scale in the South is comparatively recent. Many of those who now compose the industrial working force have come direct from farms; many others are only one generation removed from the land. Strong unionism requires sustained collective action, and the habits and attitudes that promote such action grow in part out of the discipline that industry itself imposes. As urban-industrial behavior patterns more and more supplant agrarian behavior patterns among southern workers, cohesive unionization may more easily be achieved.

(2) Many groups of southern workers occupy an exposed position and are difficult to organize because of the pressure on industrial-job

<sup>90</sup> A convenient statement of CIO objectives may be found in the May 1946 issue of its *Economic Outlook*. The AFL drive was opened at a large conference in Asheville, N. C., in May 1946. See Report, Third Biennial Southern Labor Conference.

<sup>91</sup> Leo Wolman: *Ebb and Flow in Trade Unionism* (New York, National Bureau of Economic Research, 1936), p. 123.

<sup>92</sup> *Idem* (p. 87).

opportunities of large numbers of desperately poor people from the agricultural areas. The labor market has rarely been firm in the South except in time of war. During the next decade or two, the competition for industrial jobs may increase depending upon (a) the rate at which agricultural labor is displaced because of technological and market factors; (b) the rate at which job opportunities in southern industry are created; (c) the rate at which migration out of the South takes place.<sup>93</sup>

(3) Historically, the company-owned town has been another obstacle to union advance. This factor has been highly important in the textile industries; it has been important also in coal mining and some other industries. The significance of the company-owned town as a barrier to unionism was reduced substantially with the passage of the National Labor Relations Act.

Another locational factor is the extent to which industry in the South is dispersed over a wide geographic area. Southern industry characteristically is located in small and medium-sized communities. As southern industry continues to develop, this locational pattern undoubtedly will tend to persist. There is much to be said in human terms for the avoidance of huge urban concentrations; the only point being made here is that the scattered nature of southern industry makes the process of union organization more difficult.

(4) The biracial character of the southern labor supply also presents problems in the growth of unionism. Race prejudice has been used to break strikes in the South (and elsewhere) and to keep workers divided along racial lines. There is membership discrimination against Negroes by some unions.

The Negro constitutes a relatively large and permanent part of the southern industrial labor force in such industries as tobacco, lumber, and iron and steel. Successful unionization of such industries will require the organization of colored workers. There is evidence to the effect that workers among both races are beginning to realize that economic cooperation is not only possible, but desirable. As this feeling grows, general racial understanding also tends to increase. Some unions—the United Mine Workers is an example—have done a magnificent job in cementing union bonds among members of the two races.

A number of factors tend to favor union growth: (1) That elusive but important factor, public opinion, is changing. Beginning about 1900, sentiment grew slowly in the South for various forms of labor legislation.<sup>94</sup> During the 1920's, some southern ministers, editors, and teachers began to voice publicly the belief that workers should have the right to join unions if they wished to. After 1929, the reex-

<sup>93</sup> See the section *Labor Supply in the South*, p. 16 of this bulletin.

<sup>94</sup> See the section *State Labor Legislation in the South*, p. 118 of this bulletin.

amination of attitudes on many social problems among large sections of the population accelerated the growth of general tolerance toward union organization. This change in public opinion is more pronounced in some parts of the South than in others. In general, opposition to unions tends to vary inversely with the degree of industrialization.

(2) The southern working class is becoming more mature, in the sense of having more confidence in itself as a group. The nature of unionism is better understood, owing partly to the accumulation of past experience with labor organization and to the growth of union organization during the past decade; partly to the persistence of a general union propaganda in the region coupled with the development of a more favorable public attitude; and partly to the fact that mere participation in industry affords lessons in collective action.

(3) Undoubtedly, a factor of great importance in the South (and elsewhere) is the existence of the National Labor Relations Act. For a long time workers in this country have had the unquestioned legal right to seek collective bargaining by legal means. But until the passage of the National Labor Relations Act in 1935, employers did not have placed upon them the reciprocal duty to enter into collective-bargaining relations. Moreover, through its definition of "unfair labor practices," the act deprived employers of powerful weapons they formerly were able to use to discourage unionization.

(4) A final favorable factor at present is the existence nationally of a stronger trade-union movement than at any time in our history and of greater organization within the South itself than at any previous time. The AFL alone has at least doubled its membership during the past decade, and the CIO has emerged as a powerful trade-union center. The structure of the labor movement has altered profoundly with the rise of industrial unions in the great mass-production industries. As a result, any general organizing campaign in the South is likely now to be better staffed and better financed, and to take advantage of more flexible organizational forms, than any of the earlier campaigns. The assistance that can be expected from those unions already firmly established in the region is also a consideration of material importance.

## XII.—Cooperatives in the South <sup>1</sup>

With certain exceptions, the South <sup>2</sup> has shown comparatively little development in the field of consumers' cooperation. The exceptions are cooperative credit associations (credit unions), students' cooperatives, electricity associations formed under the Rural Electrification Administration program, farmers' associations dealing in petroleum products and home and farm supplies, and medical care. There are, of course, a great many farmers' cooperatives in the South which market their members' farm products or purchase farm supplies (producer goods) for them; such associations are not, however, dealt with in this review unless they also handle consumer goods.

At the end of 1945, the latest date for which information is available, the 13 Southern States under consideration had a total of 1,494 credit unions, or 17 percent of all such associations in the United States; they accounted for nearly 13 percent of the membership and 11 percent of the total credit union assets. Texas alone had 334 credit cooperatives, and Florida, Georgia, Kentucky, Louisiana, North Carolina, and Tennessee had over 100 each.

The great majority of these credit unions were urban associations with membership largely drawn from industrial and other employees. Considerable numbers of the student cooperatives were also in the cities and large towns. With the exception of these two groups and the relatively small number of urban or nonfarm stores and buying clubs, practically all of the development in these States is in rural areas, among the farmers. As far as the records of the Bureau of Labor Statistics show, in these States 4 cooperatives have been organized by labor unionists. These include two cooperative store associations started by members of a textile union in Alabama in 1936 and 1937, respectively, and two formed by union oil-field workers in Texas in 1946.

In the cooperative provision of medical and hospital care, the South has shown the way to the other sections of the country. This has been due to several circumstances: the need of a group of Cuban cigar makers in Florida for protection against the health hazards of their trade in a community in which they were alien in tongue and customs, which led to the formation of their own medical facilities many years ago; the efforts of a single physician to improve the health

<sup>1</sup> Prepared by Florence E. Parker of the Bureau's Labor Economics Staff.

<sup>2</sup> The term "South" relates to Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia.

of his former patients, which resulted in the building of a cooperative hospital in Oklahoma; and the recent passage of a law in Texas authorizing cooperative hospitals in rural communities, which has led to the formation of a score of hospitals during the past year.

During the subsistence-homesteads program, many homesteads projects were established in the South. A common accompaniment was the formation of a cooperative association which marketed the members' produce or ran a store for supplying groceries and other household goods, or both. Altogether some 50 distributive cooperatives handling consumer goods were formed. As of January 1, 1947 the homesteaders had bought the store property from the Government in 21 cases and were continuing its operation cooperatively. In the remaining cases the cooperative association had been liquidated; in most instances the Government loan had been paid in full.

### *Development in Individual States*

In addition to nearly 80 credit unions and about 20 electricity associations formed under the Rural Electrification Administration program, *Alabama* has a number of farmers' purchasing associations—one of these among sharecroppers—and several students' cooperatives (including 2 at Tuskegee Institute). Under the Farm Security Administration's subsistence-homesteads program, also, several purchasing associations and health cooperatives were formed among the homesteaders in this State. In 6 of these the homesteaders had bought the store, and were operating it cooperatively at the end of 1946 (one of these is a Negro association).

As *Arkansas* had an even larger part than *Alabama* in the FSA program, a considerable number of its cooperatives were those of subsistence homesteaders. Most of these cooperatives carried on the marketing of their members' produce in addition to their consumer activities. At the end of 1946, 6 of these (4 Negro) were still in operation. Of the 4 Negro associations, 2 were land-leasing associations which also purchased consumer goods. Both had been conspicuously successful in farming the land, so much so that in one case the owner refused to renew the lease except at a prohibitive price, so that the association has no future unless it can obtain other land; the lease of the other association still has several years to run. The other 6 FSA cooperatives in this State had either been liquidated or were in process of liquidation at the end of 1946. The State's other consumers' associations included several students' cooperatives and farmers' purchasing associations, 18 REA cooperatives providing electric power, and 25 credit unions.

*Florida* associations include 160 credit unions, 12 electricity cooperatives, and a small number of retail distributive associations.

This last group contained (in addition to several farmers' purchasing associations) 2 students' cooperatives (one of veterans), a store at a migratory workers' camp, and one of the oldest Negro cooperatives in the United States. Florida also has a number of associations, formed by cigar makers of Cuban descent, which provide medical and hospital care in their own clinics and hospitals; several of these date from the 1890's and early 1900's. One of the Florida credit unions is reported to have taken a step unusual for such organizations, by buying land on which it is planning to build some 400 houses. All of the subsistence-homesteads cooperatives had gone out of existence by the end of 1946.

*Georgia* has 132 credit unions and 44 electricity cooperatives, a unique association dealing only in religious films, and cooperatives in at least five institutions of higher education. Among its retail cooperatives are several formed by residents in low-cost housing projects, and one is in an entirely cooperative community. A good deal of organizing work is going on—especially among labor and veteran groups—which is expected to result in some new cooperatives during 1947.

The consumers' cooperatives in *Kentucky* consist mainly of credit unions (104 in number) and REA cooperatives (26). The few distributive associations are those on college-campuses (including two in settlement schools) and a few farmers' cooperatives handling petroleum products and/or farm and household supplies.

The consumers' cooperative movement in *Louisiana* includes several cold-storage associations, a few buying clubs and stores, 13 electricity associations, and 131 credit unions. None of the cooperatives at subsistence-homesteads projects was in operation at the end of 1946.

Cooperatives are few in *Mississippi*. Even the credit unions numbered only 26 in 1945—the lowest of the 13 States here considered. Electricity cooperatives totaled 23 in 1942. Other types include 2 cold-storage associations, one surviving homesteads cooperative (of 5) and a few stores; one of the latter is a students' cooperative at a Negro college.

Credit unions are numerous in *North Carolina* (195 in 1945); REA associations (30), students' associations (6), and farmers' purchasing cooperatives (12) have also had a moderate development. One of the farmers' associations is in a community where, with the assistance of a local "folk school," many activities have been organized on a cooperative basis. Perhaps the greatest relative achievement has been among the Negroes; their 3 associations, although not large, have been well supported and have rendered valuable service to their members. At least one of the farmers' purchasing groups and one of the Negro associations have a credit union in connection. Of 4 stores

started in connection with FSA homesteads, 2 (1 Indian and 1 Negro) remain.

In *Oklahoma* nearly all the farmers' purchasing cooperatives handle petroleum products and many deal in groceries; these are, with credit unions, the outstanding types of cooperation, numbering 60 and 71 each. The State also has the one cooperative funeral association in the South, 2 cooperative hospitals, several campus cooperatives and cold-storage associations, and 23 electricity cooperatives.

*South Carolina* has had comparatively little cooperative development, the representation there consisting of 35 credit unions, 24 REA cooperatives, a few store associations (including one whose members are colored), and several students' associations (2 Negro). The same situation exists in *Tennessee* where, with the exception of 117 credit unions and 19 electricity associations, the consumers' cooperative development consists of several urban or nonfarm buying clubs and stores, one or two campus cooperatives, a few cold-storage associations, and a medical association in a cooperative community.

Among the 13 States here considered, *Texas* is easily preeminent as regards cooperatives. At the end of 1945 it had 334 credit unions, or over twice as many as any of the other 12 States, and 72 REA cooperatives. It also showed an extensive distributive development among the farmers. There were in the State some 50 petroleum associations, in addition to many farmers' marketing or purchasing associations which also dealt in petroleum products. It is the only Southern State with a cooperative wholesale of the federated type (i. e., in which the members are retail cooperatives). The wholesale, at Amarillo, has been operating since 1931, and until a few years ago dealt almost wholly in petroleum products. Within the past few years it had been adding new lines, has opened up two branch warehouses in order to serve its large territory better, and has expanded into production. It now owns an oil-compounding plant, a feed mill and grain elevator, and a petroleum refinery. It is affiliated with National Cooperatives, the central purchasing agency of the consumers' cooperative movement in this country. Under the guidance of the wholesale, the affiliated retail associations in Texas have been diversifying their activities; many now handle groceries and various other merchandise. Consumers' cooperation has only recently begun to take hold among nonfarm groups. The very few nonfarm cooperatives started thus far include two formed in 1946 by members of an oil-field workers' union.

As already noted, Texas now leads the United States in number of cooperative hospital associations. By June 1946 there were at least 20 of these. Although one of these associations was organized in 1940 and opened its hospital in 1942, the rest have been formed during

the past year. This is the result of an act passed by the Texas Legislature in 1945, which authorized the formation of cooperative hospitals in places of 2,500 or less. Most of the associations thus far formed plan to extend their service over the entire county in which the headquarters is located.

In addition to the above types, Texas also has some 10 students' cooperatives, the greatest development of which is at Texas A & M College where one association operates 25 rooming and boarding houses for students. Another students' association operates a flying (aviation) service. In the State there are also perhaps a score of cold-storage associations, in addition to a number of locker plants operated by associations whose main line of activity is marketing or purchasing. Texas also has a unique recreation cooperative—an association which purchased land and built an arena where the members practice the roping of steers.

*Virginia* has 86 credit unions and 15 REA cooperatives, some half dozen urban stores or buying clubs, and a number of farmers' cooperatives handling petroleum products and farm and home supplies. These include several Negro store cooperatives, one of which has been operating since 1937 and has three branch stores. The most active recent development has been the erection of cold-storage locker plants—a development which has been fostered by the Southern States Cooperative, at Richmond. Until the war put a stop to civilian flying, the State also had 5 flying clubs which owned one or more airplanes which the members flew for pleasure.