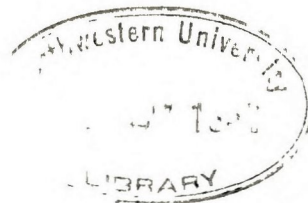


THE WORKS PROGRAM

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--Works Progress Administration--



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WPA Analyzes Coal Mining Wages, Supply Costs, Employment.

Analysis of wages, supply costs and employment in coal mining is contained in a report released today by Harry L. Hopkins, Works Progress Administrator. Findings cover both the bituminous coal industry, which the government has undertaken to regulate, and Pennsylvania anthracite.

The study is one of a series being conducted jointly by the W.P.A. National Research Project and the U. S. Bureau of Mines. The present report is entitled "Employment and Related Statistics of Mines and Quarries - Coal," and was prepared by F. G. Tryon and associates of the Bureau of Mines as one of the studies in the series on "Mineral Technology and Output per Man" being conducted under the supervision of O. E. Kiessling.

In discussing this study, Corrington Gill, Assistant WPA Administrator, pointed out that the total wage bill of the bituminous coal industry in 1935 was \$403,000,000, and that of the anthracite industry \$120,000,000. The total expenditures for supplies and materials in the two branches combined was slightly more than \$100,000,000.

Employment in both branches of the industry was found to be much below pre-depression levels. In the bituminous coal mines the net

decline in number on the payrolls between 1929 and 1935, as shown by the Bureau of Mines's record, was 41,000 men or 8 per cent. In the anthracite mines the decline was 50,000 men or 33 per cent. In both branches of the industry the decline in employment largely reflects the shrinkage of demand associated with more efficient combustion, competing fuels, and the business depression. But there has also been a notable development of mechanization reducing the man-hours required to mine a ton of coal. The composite effect of these influences upon the future requirements for man power in the industry will be treated in a forthcoming study, according to David Weintraub, Director of the National Research Project.

In the bituminous coal fields the average price obtained by all operators in 1935, f.o.b. mines, was found to be \$1.77 a ton, exclusive of selling expense. This amount was considerably less than the average freight charge incurred in shipping the coal to market. The average wage cost was \$1.08 per ton and the average expenditure for supplies was \$.20 a ton. Colliery fuel cost an average of 1.3 cents and purchased electricity, of which the industry is a heavy consumer, an average of 6.7 cents per ton of coal produced.

Labor and supply costs have both increased since the date of the census, through advances in wage scales and raw material prices, but the relative proportions of the principal elements of cost have undergone little change. The study finds that in 1935, wages constituted 61.2 per cent of the value of the product at the pit-head. In the long run, mechanization of mining operations has a tendency to increase

supply costs and to decrease the ratio of wages to total value, and thirty years ago wages constituted 70.3 per cent of total value. But despite the gradual decline, the proportion of wages to total value remains almost unique among major industries. (In manufacturing, for example, this ratio averages 23 per cent.) This very high ratio of labor costs helps to explain the pressure of unrestricted competition upon labor standards in coal mining, unless there is adequate provision for collective bargaining.

In the anthracite mines, both labor and supply costs are found by the study to be higher than in the bituminous mines, chiefly because of the more difficult natural conditions characteristic of the anthracite deposits. The average price of anthracite, including culm-bank and river dredge coal, was found to be \$4.03 a ton in 1935, f.o.b. the mines. The average wage cost was \$2.30 a ton and the average supply cost, including powder furnished to employees, was \$.52. Colliery fuel cost 8 cents and purchased electric power 13.8 cents per ton produced. The figures of cost include payments made by contractors who mine coal by stripping with power shovels for the account of the colliery operator.

The study points out, however, that the census returns do not cover certain other elements of cost, such as taxes, depreciation, insurance and overhead. It is therefore impossible to compute the total cost of production, or the margin of profit, if any, between sales realization and cost.

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