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DIVISION OF REVIEW

SOME ASPECTS OF THE WOMEN'S APPAREL INDUSTRY

By

Sherman Trowbridge

WORK MATERIALS NO. 44

INDUSTRY STUDIES SECTION

March, 1936

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FOREWORD

This study on "Some Aspects of the Women's Apparel Industry" was written by Mr. Sherman Trowbridge, of the Industry Studies Section, Mr. H. D. Vincent in charge.

The author wishes acknowledgement made of the assistance of Mr. Alex Thomson, whose work as former Administration Member on the Dress, Cotton Garment, and Coat and Suit Code Authorities provided a valuable background upon which to build the analyses of the code overlapping controversy and of the problem of delegated power which, respectively, form Parts B and C of the study. Acknowledgement is also due the individuals and organizations who have contributed valuable material to this study. The statistical data submitted by the International Association of Garment Manufacturers and by the National Coat and Suit Industry Recovery Board deserve special mention. It is unfortunate that the restricted scope of the study, due to reductions of personnel, prevented treatment of certain topics to which much of this material applies, and full development of other topics. The value of the material, and the cooperation of those responsible for its compilation, are not diminished or measured by the extent of its use in this study.

At the back of this report will be found a brief statement of the studies undertaken by the Division of Review.

L. C. MARSHALL
Director, Division of Review

March 6, 1936

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SUMMARY TO PART A

The normal competitive pressures in the Women's Apparel Industry, caused by structural weaknesses and seasonal variations in demand for its products, are aggravated and intensified by mal-adjustments in the mechanism of the contract system employed for a large part of its production. (*)

The functions of wholesale distribution are performed by two principal types of establishment, - "inside" shops or manufacturers, who perform all the operations of production on their own premises, and jobbers, who rely upon "outside" shops, contractors or sub-manufacturers, for the greater part of their production. The jobbers differ from wholesalers in other industries, in that they do not buy finished merchandise from the stock of manufacturers, but consign piece goods, usually cut into patterns by the jobbers, to the "outside" shops to be made into finished garments on a contract basis. Sub-manufacturers differ from contractors primarily in the technical details of their relationships with their principals, and in the fact that they normally perform the cutting operation, whereas contractors do not. "Inside" shops often employ contractors for part of their production, and jobbers sometimes own or control one or more "inside" shop units. (**).

Work is awarded to "outside" shops on the basis of competitive bidding, the "auction system", and the powers of resistance of the "outside" shops are insufficient to withstand the pressures brought to bear upon them. Destructive competition among "outside" shops spreads throughout the Industry, affecting the welfare of all elements. (***)

The growth of the Women's Apparel Industry from the introduction of the sewing machine in 1846 to the present day has been a matter of progressive displacement of garment making in the home or by seamstresses, and normal expansion due to the growth in population and purchasing power in the United States. The contract system originated some time during the twenty-year period from 1859 to 1879, when a few independent "outside" shops of various types were organized. By 1882 the system was a recognized, established part of the Industry. (****)

The first major growth of the contract system occurred during the decade of 1880 to 1890, when a wide expansion of general business, together with a large influx of Jewish immigrants from Eastern Europe, took place. The background of these immigrants had fitted them for the individual, artisan type of operation, but had not prepared them for more elaborate forms of industrial endeavor. The "inside" shops absorbed a share of the incoming supply of labor, but the rapidly increasing demands of the market were greater than the productive capacity of the "inside" shops, and the newly formed "outside" shops found

(*) See pp. 1 to 2.

(**) See pp. 2 to 4.

(***) See pp. 4 to 5.

(****) See pp. 5 to 6.

a ready market for their services. (*)

The union movement in the Industry was placed on a firm basis for the first time in 1900 when the International Ladies Garment Workers Union was issued a charter by the American Federation of Labor. The growing strength of the labor movement bore its first major fruit in the form of the Protocol of 1910. (**)

The difficulty of controlling "outside" shops led to wage and labor cost differentials between organized and unorganized establishments. Violations of the Protocol conditions became widespread, and the first efforts at regulating contractor-jobber relationships were made between 1911 and 1913. The Union was unsuccessful, however, in obtaining agreement with the employers on their proposals. (***)

The contract system and its evils continued to grow through the war and post-war periods, and by 1924 conditions had become so bad that under the threat of a general strike in the Coat and Suit Industry, and after failure to negotiate new agreements, Governor Alfred E. Smith of New York, intervened and appointed a special advisory commission to investigate and make recommendations to the Industry. A comprehensive study was prepared under the commission, and its final recommendations were issued in May, 1926. The most important of the commission's recommendations was endorsement of the proposal to require limitation of contractors, or the designation of specific troupes of contractors with whom each jobber was required to deal exclusively. (****)

Between 1926 and 1933 very little was accomplished in the stabilization of relations between contractors and jobbers, due largely to temporary disorganization and decline of strength of the Union. In 1929, Governor Franklin D. Roosevelt of New York intervened to prevent a threatened strike. New collective agreements were signed, but no new developments were recorded in the regulation of contractor-jobber relationships, and the issue of week-work remained unsettled. Week-work had been established by collective agreement since 1919, but piece-work prevailed as a bootleg method in the large body of unregulated, small "outside" shops. The distressed business conditions which followed the collapse of 1929 paved the way for the adoption of regulatory programs under NRA more complete and far-reaching than had previously been attempted. (*****)

(*) See pp. 6 to 7

(**) See p. 7

(***) See pp. 7 to 9

(****) See pp. 9 to 14

(*****) See pp. 4 to 17



The continued growth of the Industry, the ease of establishing a small contract shop, and the small penalties of failure, have prevented the elimination of the unfit and the concentration of work in the hands of the strong. Various explanations, including the alleged ambition of the Jewish Race for economic independence and their willingness to speculate, union restrictions, and the week-work system, have been advanced to explain the continued existence and growth of the contract system, but in the last analysis, its survival has been due to certain technical and business conditions which have found the contract method of production peculiarly fitted to the needs of the Industry. (*)

The conditions which would appear to be most responsible for the survival of the contract system are the necessity for flexibility in supplying the rapidly changing demands of style and seasonality, the dominance of merchandising over manufacturing considerations, and the lack of development of the technique of production and distribution, and, above all, the fact that under the contract system lower costs have been obtainable than under the "inside" shop system. In spite of the competitive advantages of the contract system, its economic wastes outweigh its economic advantages, measured by the sum total of general industry welfare. The losses caused by destructive competition are augmented by the wastes due to duplications of effort in the performance of the productive processes by a multiplicity of small shops. (**)

Under the Coat and Suit Code, members of the Industry who employed "outside" shops were required to designate the contractors actually needed, to confine and distribute work equitably among such contractors, and to pay them amounts sufficient to cover code wages plus an allowance for the contractors' overhead. This provision was interpreted and administered by the code authority as a requirement for strict "limitation of contractors", and both contractors and principals were limited to doing business with the concerns allotted by designation. (***)

The Dress Code provisions on contractor-jobber relationships differed from the Coat and Suit provisions chiefly in that strict limitation was not specified or implied. From earliest negotiations to the end of the code period, the question of limitation of contractors was the focal point of heated controversy. A special commission was appointed by General Johnson to investigate and recommend remedial measures, and the contractors presented a proposed amendment, after failing to obtain approval of their program from the code authority. A public hearing was held on this proposed amendment on February 27, 1935. In the following three months before the Schechter decision, the Recovery Administration attempted to compose the differences of the parties by mediation, but lacking powers of arbitration, failed to accomplish this objective. (****)

(*) See pp. 17 to 19.

(**) See pp. 19 to 21.

(***) See pp. 22 to 26.

(****) See pp. 26 to 33.

During the code period there was little controversy over the establishment of price floors, the equitable distribution of work, or the principle of determining prices by scientific estimate, though there were practical difficulties in administering certain phases of these provisions. The proposal that prices should be settled on the premises of the jobber was opposed apparently because the jobbers feared union domination in price negotiations. The greatest differences of opinion occurred over the form and extent of the limitation of contractors adopted under the Coat and Suit Code, and proposed as an amendment under the Dress Code. The jobbers feared that strict limitation would place a possibly excessive restriction on their necessary flexibility and freedom of action. They feared that limitation would give rise to abuses, that it was illegal and unnecessary, that large contractors could not be kept supplied with work when limited to one jobber, and that limitation would not correct the basic evils of weak financial structure and seasonal unemployment. The proponents of limitation believed that stringent measures were necessary to control the evil conditions arising from the contract system, and that if there were any loopholes in the program, its effectiveness would be nullified. They believed that looseness of limitation would permit wholesale discharge of contractors and would result in subsidiary evils, such as kickbacks and other collusive violations of the agreements and codes. (*)

Under NRA certain deadlocks which had existed for many years were broken, and for the first time comprehensive programs of regulation of contractor-jobber relationships were adopted. NRA contributed nothing new to the underlying principles of specific provisions adopted under the codes with respect to the contract problem, but served primarily as a central agency for the administration of measures on behalf of the Industry as a whole, as a forum for the continuous discussion of industry problems, and as a vehicle through which the organized objectives of an industry could be given expression and put into effect with the sponsorship of federal law. (**)

Even though the obstacles of partisan interest were not entirely removed under the Coat and Suit Code, the Industry accomplished a significant gain in having subordinated these obstacles to the general industry objectives as expressed in the code. It is difficult to explain satisfactorily why a similar unity of purpose was not obtained under the Dress Code. The explanation may lie in the existing state of evolutionary development of the two Industries, in the intangible factors determining the strength of weakness of industry organization, or in the different degrees of pressure under which the two Industries operated. It is possible that the demands of style and the rapidity of style turnover, are greater in the Dress Industry than in the Coat and Suit Industry. The Dress Industry also labored under

(*) See pp. 33 to 42

(**) See pp. 43 to 44

great difficulties under the code because of the involved problem of overlapping with the Cotton Garment Industry. In addition, the Dress Industry had a considerably larger number and proportion of contractors to deal with than the Coat and Suit Industry, and its problem was therefore of greater magnitude and perhaps also of greater intensity than the problem of the Coat and Suit Industry. (*)

The adoption and effective administration of regulatory measures calculated to stabilize contractor-jobber relationships and diminish their ill effects are impeded by the partisan aspects of the nature and procedure of collective bargaining; by the uncertainties and honest differences of opinion on proposed but untried remedies; by the status of organization and the psychological attitude of particular branches of the Industry toward regulation; and by the operation of general economic influences beyond the control of the Industry. (**)

The fact that relationships existing in the contract system are influenced by certain basic governing factors, including style, seasonality, and the technique of production and distribution, makes it desirable that at least part of the broad program of regulation be directed at these basic factors in so far as they are subject to control. (***)

There is no magic formula which of itself may be expected to eliminate or mitigate the destructive forces and practices responsible for the difficulties of the Women's Apparel Industry. The contract problem is an integral part of the broader industry problem, and its solution lies partly in the field of regulation and partly in the field of evolution. The evolutionary process is subject in some measure to guidance. While problems of the Industry are of long standing, the organized attack upon these problems has been confined to a relatively short period of time. The present period is one of testing remedial measures recently adopted. The measurement of accomplishment must await the development of further evidence. (****)

(*) See pp. 44 to 45.

(**) See pp. 45 to 47.

(***) See pp. 47 to 48.

(****) See pp. 48 to 49.

SUMMARY

PART B

While it is possible to make rough distinctions between the major groupings and subdivisions of the Apparel Industry, the lines of demarcation are seldom distinct. Definitions based on products, markets, methods of production, or other factors, may be accurate as to the factors themselves, but do not necessarily apply to the manufacturers composing specific groups, whose exact methods vary with the individual. Product definitions are often difficult or impossible to draft, in view of the infinite variety of garment types produced, and the many borderline hybrids which defy exact classification. (*)

Jurisdictional problems had existed prior to NIRA, but the scope of the codes, the differentials established, and the opportunity afforded for the voicing of complaints, focussed attention upon them and brought about organized opposition by groups who considered that the codes were operating to their disadvantage. (**)

Code differentials were based upon the necessity of recognizing the pre-code status of low-wage groups by limiting increases to the extent practicable, to avoid the imposition of too great a burden, and upon the belief that the classified craft wage principle existing in other higher-wage groups should be continued in the codes to avoid the possibility of causing the minimum to become the maximum. (***)

In accordance with the provisions of the National Industrial Recovery Act, code boundaries were largely determined by industry, and in general these boundaries followed the lines of trade association organization. While the immediate determining factors responsible for groupings under trade associations were usually other than the factor of common product, product generally determines the conditions of production, which in turn determines other factors such as geographic location and union or non-union organization. Also, "fair competition" implies regulatory measures applicable to competitors grouped by product. Imperfect as they were, product definitions, therefore, provided the most reasonable basis for distinction between codified groups. They failed, however, to include all competitors on given products, and large groups of individual manufacturers could not be accurately classified by specific product divisions. (****)

(*) See pp. 90 - 91

(**) See p. 91.

(***) See pp. 91 - 93.

(****) See pp. 94 - 95.

Some years ago the dividing lines between the Dress and the Wash Dress Industry were more distinct than they are today. The reapprochement and overlapping of the two Industries was caused by the elaboration of the wash dress from its early utilitarian form to an article of attractiveness and style, coincident with a tendency in the Dress Industry toward volume production in the lower price ranges, and a revival of the fashion importance of cotton. The Wash Dress Industry, by the general nature of its production requirements, is decentralized, whereas the Dress Industry is heavily concentrated in and around New York City. As union organization is most easily effected in concentrated production areas, the Dress Industry is largely unionized and the Wash Dress Industry is generally non-union. Distinctions between the two Industries on lines of production methods, product, price ranges, and channels of distribution, are correct in the broadest sense only, and must be qualified in a large number of specific instances. (*)

In order to avoid needless duplication of effort, the chronological account of developments in the controversy between the two codes, which is adequately covered in the History of the Dress Code, is omitted from this study. A compilation of records bearing upon the subject is also included in the Dress Code History as a supplemental appendix. The subject is treated here in broad perspective only, for the purpose of obtaining guidance in the formulation of policy on possible future regulation through federal law.

Efforts to differentiate between the two Industries by definition, or by locating the zone of least conflict, resulted in failure. The subsequent history of the controversy is one of repeated unsuccessful attempts to establish a basis upon which exemptions could be granted to manufacturers for whom hardship had been created by code definitions and by previous exemptions granted.

Due to the lack of reliable statistical information, the zone of least conflict was never satisfactorily determined, but even if it had been, it is doubtful if any price line distinction would have been satisfactory. No matter where the attempt was made to establish a boundary, large groups of manufacturers on either side of the line were effected. (**)

The principle of a weighted wage scale in proportion to the amount of production in each individual shop represented by different price ranges or other factors, is theoretically sound, but presupposes an industry-wide knowledge of cost accounting which does not exist. It is possible that if the NRA had adopted this principle and had insisted upon its application, the Industry might have been educated in the elements of cost accounting through necessity. But the decentralized nature of the Wash Dress Industry, and certain other considerations, would have made an extremely complex administrative problem. (***)

(*) See pp. 95 - 97.

(**) See pp. 97 - 98.

(***) See pp. 98 - 99.

The proposal to include both Industries under one code might have simplified administrative treatment to some extent, but this advantage would have been counter-balanced by the inherent diversity of interest and the antagonism between the two Industries, making such an arrangement practically impossible of effective and smooth operation. Moreover, the fundamental difficulty of establishing equitable wage rates for different types of production would not have been solved. (*)

It is evident that the principles and policies which gave rise to the overlapping problems under NRA should be modified in certain particulars if these same difficulties are to be avoided in any future similar regulatory program. Such modifications involve changed conceptions of the extent to which federal law may operate in the regulation of industry without introducing complications inimicable to effective administration, and of the role to be played by industry in the formulation and administration of the provisions of the law.

A proposal to adopt the principle of simple, uniform basic wage minima for broad divisions of industry, such as the needle trades, would have been opposed during the code period, but there are evidences that this principle would now receive support from unexpected quarters. Under the operation of such a principle, there would be no need for the narrow division of industry on trade association lines as established by the codes. The administrative advantages and economies of such a simplified structure are obvious. It is by no means proven, moreover, that the result of such a program would inevitably be a net reduction in wages and purchasing power, or that it would create unfair competition. The unions would continue to protect classified craft wages and there is a somewhat automatic check on minimum wages becoming the maximum in the necessity for maintaining plant productivity. The factor of productivity also tends to equalize the unit costs of similar competitive garments produced in different areas where there are recognized differences in the productive ability of the average workers. While there would be exceptions, it is doubtful if the unfair competition resulting from such instances would cause as much damage to the respect and confidence of industry in the federal program as was caused by the overlapping situation under NRA, and some measure of protection against the worse type of sweat shop competition would certainly be gained. Perhaps it is a choice of evils, but as between following a formula whose weaknesses are known, and adopting a policy which reasonably may be expected to yield substantial benefits, and which at the same time is obviously more workable in practice and application, there would seem to be no question as to which course would be followed. (**)

(*) See pp. 99 - 100.

(**) See pp. 100 - 103.

PART C

SUMMARY

In certain branches of the women's apparel industry a highly developed form of self-government through collective agreements had been in existence for many years prior to the advent of NRA. The basic principle upon which the effectiveness of the system rests is that of solidarity, and a united front against outsiders is presented in the form of interlocking, reciprocal collective agreements which require exclusive or preferential treatment of signatory parties. The coat and suit industry provides an example of this type of organization in fully developed form. (*)

Sections 4 (a) and 7 (b) of the National Industrial Recovery Act implied that the type of regulation to be adopted might be based upon previously established forms of control as contained in existing collective agreements, and while for a number of reasons the coat and suit industry did not attempt to have their collective agreements approved in place of a code, the collective agreements and the code were synchronized as a practical expedient to avoid duplication of effort. Many identical provisions were adopted under both code and agreements, and much of the administrative machinery of the established agencies was incorporated bodily into the code authority structure. The working partnership thus established proved decidedly effective, but it had many complications. (**)

The concentration of the major branches of the apparel industry in the New York metropolitan area had the general effect of giving the New York groups preponderant majorities on the code authorities in many cases, and the conflict of interests between the New York and the out-of-town groups, roughly representing the union and non-union elements respectively, created an atmosphere of distrust of the motives and impartiality of the code authorities. Resistance was greatest in those industries whose code authorities were most efficient and aggressive in their efforts to enforce the code, and the very success of the Coat and Suit Code Authority was largely responsible for the many complaints registered against it. Moreover, the atmosphere of code authority compliance hearings, under the best of circumstances, was often far from that which is expected of an impartial, judicial hearing. The situation was further complicated by the fact that illegal acts of violence and intimidation were allegedly committed in the name of industry regulation. The integration of the Code Authority with the established agencies implied that the NRA and the Code Authority were responsible for such alleged illegal acts, and that powers delegated under the code were being misused for the purpose of furthering the separate objectives of the industry organizations. (***)

(*) See pp. 105 to 106.

(**) See pp. 106 to 107.

(***) See pp. 107 to 109.

The charges against the Coat and Suit Code Authority arose largely through investigations conducted by special agents of the New York IIRA Regional Office. The greater part of them are included in the transcript of the Senate Finance Committee hearings held in April, 1935. Pertinent extracts are quoted in this study, and supplementary data is contained in the Appendix to Part C. (*)

Investigation failed to establish the allegations of impropriety in the misuse of delegated power, but the defects of the system established by the coordination of the industry's agencies of self-government with the code authority structure were clearly revealed. The issue was confused by the looseness of certain condemnatory terms applied to recognized and specifically authorized forms and methods of regulation. Such terms as "monopoly", "oppression", and "discrimination" are not accurately descriptive of any cooperative action taken to enforce the law on all elements of industry by an organization which happens to represent the preponderant majority of the industry. The interlocking, preferential agreements could be considered discriminatory only if opportunity were denied to outsiders to join, or if inequitable restrictions to admission were set up by the signatory associations. As a practical matter, the associations wanted all the members they could get, and no conceivable purpose would have been served by establishing conditions to membership that could not be met by applicants. Nevertheless, it was necessary that a positive finding be made on this point in connection with the approval of the code authority by-laws and the recognition of a code authority member selected to fill a vacancy. Shortly before the invalidation of the codes, the Legal Division officially absolved the associations of the charge of inequitable restrictions on admission. (**)

The fact that the specific allegations of misuse of power were not sustained by investigation is of less present importance than the potentialities of abuse inherent in the system established. In this connection it is to be noted that the report of Special Agent Heward, (which was the chief compilation of charges against the code authority), boils down in its conclusions to recommendations for revision of the method of selecting code authority representatives, and for the selection of a new code authority in view of the alleged misconduct of the incumbents. The first recommendation was recognized as valid, and was being worked out at the time of the Schechter decision. There was a small minority of members of the industry who were denied code authority representation because they were not members of any association. By no concept of the term "true representation", however, would the balance of power have been changed by a revised method of selection. As to the second recommendation, even if the charges had been supported by investigation, the basic weaknesses of the system would not have been corrected by merely dismissing one group of individuals. (***)

(*) See pp. 109 to 116.

(**) See pp. 107 to 119.

(***) See pp. 119 to 120.

In the event that future attempts are made at industrial regulation under federal auspices, the form of a remodeled system would depend upon the type and scope of control provided by law. If the NRA code structure were renewed on its previous lines, there would again be the necessity of working out an integration of the existing agencies of self-government with the federal administrative agency, but even under such circumstances the judicial function should be vested solely in responsible officials of the government, if the implication of partiality is to be removed from all acts under the law, however impartial the actual performance may be. If a simplified law were passed, providing basic minimum wage and maximum hour standards only, the functions and fields of activity of the government and industry agencies would be more clearly distinguishable. Cooperation could be obtained without integration, without delegation of power, and without limiting the legitimate powers of industry through collective agreements. Violence, oppression, combinations in restraint of trade, or other illegal acts would not be prevented, but the fact would be made clear that such matters are not an integral part of the federal program, but that they are under the jurisdiction of the criminal courts, the police, the anti-trust laws, and the Federal Trade Commission. Finally, the limitation of delegated power would serve the all-important purpose of obtaining the respect and confidence of all elements of industry in the impartiality of judicial determinations and other actions under the law. (*)

(*) See pp. 120 to 122.

PART A

THE CONTRACT SYSTEM

-XX-

CHAPTER I

DESCRIPTION AND HISTORY OF THE DEVELOPMENT OF THE CONTRACT SYSTEM (*)

GENERAL CHARACTERISTICS OF THE WOMEN'S APPAREL INDUSTRY

The Women's Apparel Industry is composed of a large number of small units, with a small amount of invested capital in proportion to sales volume, and extremely simple and flexible technological equipment. Its products and methods of operation are influenced by the constantly fluctuating demands of style and seasonality. During slack seasons, a large part of the Industry and its workers are unemployed, or working at a small portion of peak capacity. Competitive pressures within the Industry under these circumstances are normally and perennially intense.

To a large extent the Industry employs a system whereby most of the processes of production are performed by contractors or sub-manufacturers who are supplied with cut or uncut piece goods by their "principals". Sometimes these "principals" are "inside" shop manufacturers; more often they are jobbers.

(*) Historical material on the growth of the contract system up to the year 1926 is drawn primarily from two sources: Levine, Louis, The Women's Garment Workers, (B. W. Teubsch, Inc., 1924; and publications issued by the Governor's Advisory Commission, to the Cloak, Suit and Skirt Industry, (New York City), including Preliminary Recommendations, dated July 8, 1924, Report of an Investigation, by John Dickinson and Morris Kolchin, dated March 10, 1925, and the Commission's Final Recommendations, dated May 20, 1926. Descriptive material and interpretation of forces responsible for the origin and growth of the contract system are obtained partly from the above two sources, and partly from the author's knowledge of the garment trades, gained through several years of work in the Textile Industry, and through having had charge as Assistant Deputy Administrator, of a number of the apparel codes, including Dress, Coat and Suit, and Blouse and Skirt. While there may be academic differences of opinion as to the evaluation of the exact importance to be attached to specific factors in the contract problem, it is felt that in general there is very little controversy over the essential elements of the problem, and that in spite of a certain lack of substantiating material, no qualifications need be made as to the authenticity of the description of the contract system contained in this Chapter. The brevity of this summary makes it undesirable to complicate the presentation by excessive use of footnotes and page references. Where sources other than those mentioned above are drawn upon, or where for any reason it appears desirable to give additional or more specific references, footnotes are indicated by the (*) designation.

The relationships between contractors and jobbers have been of such a nature that the normal competitive pressures within the Industry, sufficiently acute in themselves to create an abnormally high rate of business mortality, have been aggravated and intensified to an alarming extent. (*)

DESCRIPTION OF THE CONTRACT METHOD OF PRODUCTION

Comparison With Other Industries and Typical Contractor-Jobber Relationship. The separation of the functions of production and distribution by means of job-contracting is not peculiar to the Women's Apparel Industry. In certain particulars, however, the system employed in this Industry is unique. The position of the jobber as wholesale distributor to the retail trade is similar to that of the wholesaler in many related industries, but differs with respect to the source of his goods. The wholesaler of women's apparel performs the dual functions of manufacturer and distributor, buying a minor portion of his stock, if any, from manufacturers in completed form. His procedure is to purchase raw materials in the form of uncut piece goods, to select the styles which he wants made for his stock, and to give out to contractors the work of manufacturing piece goods into the desired articles of apparel. Ordinarily, the jobber cuts the merchandise into patterns and ships the cut goods to the contractor in bundles for sewing and finishing. (**)

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- (*) The compilation of statistical material on the Women's Apparel Industry has been sporadic and the results are fragmentary. A complete, consecutive, authentic picture cannot be assembled. The type of information gathered at one time often differs in vital respects from similar data gathered at a later date, so that accurate comparisons and measurement of trends are limited to relatively short periods of time and small samples. Such tests as have been made, however, have indicated a general uniformity in the conditions revealed at different times and in different branches of the Industry. When the available statistical data is considered in connection with the informed testimony of those who have been in close contact with the Industry, it is evident that the essential elements and factors in the contract system and its effects upon the Industry are commonly understood and fairly well substantiated. Appendix to Part One, pp. 52 to 88, contains tables and other material selected on the basis of the author's opinion as to its validity and value as evidence pertinent to the problems of the Industry, with particular reference to the problems arising directly or indirectly from the mal-adjustments of the contract system.
- (**) In some cases general dry goods wholesalers carry lines of women's wear, purchased from manufacturers or jobber-manufacturers, but in ordinary usage in the garment trades, the term "jobber" applies to the type of operator described above.

Sub-Manufacturing. A variation of this process, known as sub-manufacturing, closely parallels the usual manufacturer-wholesaler relationship of other industries. The similarity is more technical than actual, however, in that what appears to be a bona fide sale of finished garments by the sub-manufacturer to the jobber, is in reality a bookkeeping transaction whereby the original owner of the piece goods has them returned to him in finished garment form. To all intents and purposes the same process has been followed as though the sub-manufacturer had been called a contractor, except that the sub-manufacturer normally performs all the operations of production, including cutting. The bookkeeping starts with a "sale" of piece goods by the jobber to the sub-manufacturer, as compared to the consignment of goods to the contractor. When the garments are finished, they are re-sold to the jobber.

The sub-manufacturer's status in the productive mechanism of the Industry is analogous, in all essential particulars to that of a contractor. He is in no sense an independent producer who sells his wares in the open market. They are not actually his wares at any time, even though he has "bought" them from the jobber, and a sensation of no small proportions would be created if he tried to sell to anyone but the jobber. In fact, the jobber protects himself against such unorthodox practices by selling to the sub-manufacturer at a price considerably above the market. For practical purposes, in discussing the problems arising from contractor-jobber relationships, no distinctions need be drawn between contractors and sub-manufacturers, and the terms may be used interchangeably. (*)

Various Relationships. Various combinations of "inside" shop-jobber - contractor of sub-manufacturer relationships exist. There are straight "inside" shops that produce all or their own garments, "inside" shops that give out small amounts of work to contractors in peak seasons; jobbers who maintain their own "inside" shops for a part of their production, and sub-jobbers who obtain orders from jobbers, cut the goods on their own premises, and have the cut goods made up by contractors.

The Corporation Shop. There is also another type of shop differing in structure and occasionally in function from the usual type of "outside" shop. This type is known as the "social" or "corporation" shop

(*) Governor's Advisory Commission, Report of Investigation, pages 7 and 8, loc. cit. note p. 1 supra, stated in effect that the jobber usually deals with sub-manufacturers, whereas the contractors are normally employed by "inside" shops, thus separating the Industry into two systems; "inside" shop - contractor, and jobber - sub-manufacturer. No such distinction was made, to the author's personal recollection, during the NRA period. Sub-manufacturers are mentioned in Article VII of the Coat and Suit Code, but the heading of this Article is simply "Contractors". Sub-manufacturers are not mentioned in the Dress Code, nor in the Blouse and Skirt Code. No doubt the distinction once existed, but the term "contractor" today in common usage is generally meant to include all "outside" shops.

(The term "corporation shop" is a corruption of "cooperative shop". The term "social shop" originated from the fact that in such shops the workers are often drawn from the immediate family or from a circle of near relatives or friends.) The "corporation" shop is usually a profit-sharing arrangement among a few workers, who own and operate their own shop, sometimes employing additional workers not members of the "corporation". Ordinarily they act as contractors or sub-manufacturers, and in rare instances they take work from contractors or sub-manufacturers.

The Trading Relationship and the Contractors' Weaknesses. Work is awarded to "outside" shops on the basis of competitive bidding. In slack seasons competitive pressures are acute. If there are weak links in the chain they will yield to these pressures. In every way, structurally, financially, and strategically, the contractors are weak. Structurally, they are too numerous and too small. A stronger structure would provide larger and fewer units for the same amount of production. They rarely have adequate financial backing. Strategically, they are in no position to combat the pressures brought to bear upon them. (*) They are the petitioners "with hat in hand like beggars". The jobbers are in the saddle, having the power to give or deny work, and having a wide field of desperately competing contractors from which to select.

Levine gives a graphic description of the trading process.(**) He pictures the procession of sub-manufacturers to the jobber's office, where they are interviewed by the production manager, or "buyer", whose vocabulary is reported in the following terms: "you do not know what you are talking about"; "You are crazy"; "I am not interested in what it costs you"; "Your labor is too high"; "Do what the next man is doing"; "I have not time to argue"; "Get busy, or do not come here, if you cannot take the price". This method of transacting business has been variously characterized as the auction block system, the juggling of contractors, or the playing off of one contractor against another.

The condition described above has been typical in many branches of the industry at one time or another, varying in accordance with circumstances and the degree of regulation. The focal point of the contract problem is contained in the inability of the contractors to withstand the pressures brought to bear upon them, and the result has been a general disorganization of industrial stability through the spreading of the auction block competition between contractors throughout the industry, endangering or destroying way standards and merchandise values.

(*) Governor's Advisory Commission, Final Recommendations, page 5, loc. cit. note p. 1 supra.

(**) Levine, pages 404 and 405, loc. cit. note p. 1 supra.

ORIGIN OF THE CONTRACT SYSTEM

Early Days of the Industry. The Women's Apparel Industry is of comparatively recent origin. Its growth from the introduction of the sewing machine in 1846 to the present day has been largely a matter of progressive displacement of garment making in the home or by seamstresses, and normal expansion due to the growth of population and purchasing power in the United States. In its early phases, prior to 1849, when the first Census Report on the Industry was issued, hoop-skirt manufacturing was the most important branch of the Industry. Some time prior to 1859, a few manufacturers began sending out cut garments into the country towns and villages to be made up at home and returned to the dealers in the city. While this was essentially a homework method of operation, and cannot be considered the beginning of the contract system as it became known in later years, it nevertheless marked the first change from the "inside" shop method of production and foreshadowed the development of the contract system.

1859 to 1879. In the twenty years from 1859 to 1879, the new Industry grew rapidly and steadily, the Census figures indicating that in terms of annual volume and workers employed, it had increased almost five-fold. (*) The first major growth of the branch of the Industry later known as the Coat and Suit Industry, occurred at this time, largely in the production of cloaks and mantillas. During this period, a number of independent "outside" shops of various types were organized, and by 1882, the distinction between "inside" and "outside" shops was clearly established.

(*) See Table No. XXII, Appendix to Part A., p. 81.

Expansion of Business and Immigration 1880 to 1890. During the decade from 1880 to 1890, ladies suits and skirts became important in the Industry for the first time, and a few dress shops were opened. In addition to the stimulation given by the production of these new items, the decade was characterized by a wide expansion of general business throughout the country, an increase in the demand for ready-made garments, and a large influx of Jewish immigrants from Eastern Europe.

Background of the Immigrants. Many of the newly arrived immigrants came from Roumania, Austria, and Poland. These countries had taken little or no part in the industrial revolution which had been gathering momentum since the Civil War period. The immigrants were equipped with a knowledge of the small, individual, artisan type of operation, but their background had not provided an understanding of factory methods of production, or other more highly developed types of industrial endeavor. They congregated in localities where their fellow countrymen and co-religionists lived. Speaking no English, they found it difficult, if not impossible, to obtain work except when sought out by employers. The existing "inside" shops absorbed a share of the incoming supply of labor, but the increase in the productive facilities of the Industry, created by the expansion of "inside" shops, was inadequate to meet the demands of the growing market. The organization of contract shops, whose workers were drawn from the ranks of the newly arrived immigrants, took place on an increasing scale, and the "outside" shops found a ready market for their services.

The contractors made a practice of seeking employees by going directly to certain districts where they knew the immigrants could be found. A sort of labor exchange was established in New York City around Essex and Hester Streets, which became known as the "pig market," and where the contractors were able to obtain all of the "hands" necessary to their type of operation.

The Sweat Shop. The conditions existing in contract shops of this period were almost uniformly bad. The "sweat shop," with all of its bad social and sanitary implications, was the natural development of a system which brought about the installation of sewing machines, run by foot power, in the rooms of tenements, often the same rooms occupied by the family of the worker or employee. "Wages were small, hours were long, and the great white plague of tuberculosis was rife among the workers and a menace to society as a whole." (*)

Exploitation of Labor. In addition to the sweat shop evil, the major problems of contractor-jobber relationships with respect to the exploitation of labor and its influences upon the stability of the Industry, soon began to assume tangible and disturbing form. The contractor made his profit in proportion to the amount of the difference he was able to establish between the total price paid to him by the jobber-manufacturer,

(*) See Testimony of Raymond V. Ingersoll, Supreme Court, Kings County, New York, Suit of Brooklyn Ladies Garment Manufacturers Association, Inc., July 10, 1930, page 4. (NRA Cont and Suit File, General Folder.)

and the amount paid by him to the workers. The workers were unorganized, and ignorant of working conditions in their new surroundings. The contractor took advantage of this situation, not only by paying the barest minimum wages, but even by charging a fee to the worker for the privilege of working, and by requiring workers to buy or rent their own machines and to supply their own needles and thread.

Extent of Contract System in 1895. There is comparatively little evidence as to the actual extent of the contract system in the various branches of the Industry at this time, but some indication of its importance is given by the report of the New York State Bureau of Labor in 1893, which stated that there were probably 100 wholesale cloak houses in New York City, but not over a half-dozen "inside" shops. A similar situation existed in Chicago, but development of the contract system in other major centers, such as Philadelphia, Baltimore, and Cleveland, was of no great importance for the next decade or so.

GROWTH OF UNIONISM

Labor unions had appeared in the early eighties. The first unions were local or shop organizations, for the most part in the Cloak Industry. One craft union, the "Gotham Knife Cutters Association", had maintained a continuous existence since its organization in 1883, but most of the unions were short-lived, being active only at the beginning of each season when it was the more or less usual custom to fix piece rates by "seasonal strikes". It was not until 1900, when a charter was issued to the International Ladies Garment Workers Union by the American Federation of Labor, that the union movement was placed upon a firm basis.

The International grew rapidly, and in spite of internal dissension and set-backs attributable to the economic depression of 1907, became a factor of increasing importance in the Industry during the decade of 1900 to 1910. Two big strikes in the latter part of this decade, the first known as the "Uprising of the Twenty Thousand", a general strike of shirtwaist makers in New York City, and the second a general strike of the New York cloak makers, solidified the organization of the International, and paved the way for the adoption of the first large scale collective agreement, in the form of the Protocol of 1910. (*)

FIRST ATTEMPTS AT REGULATION OF CONTRACTOR-JOBBER RELATIONSHIPS

Contractors were not mentioned in the Protocol. Violations of Protocol provisions as to minimum wages and the settlement of piece rates became prevalent, often by collusive arrangements between workers and employers, primarily because the conditions of the Protocol could not be effectively enforced in the unorganized contract shops in and around New York. The employment of non-union and out-of-town contractors created a competitive situation which undermined the stability of the

(*) Levine, Chapters XXIV, XXIII, and XXV, loc. cit. note p. 1 supra, Governor's Advisory Commission, Report of Investigation, Section II, pages 15 to 17, loc. cit. note p. 1 supra.

whole market.

In March, 1911, the Board of Arbitration, established by the Protocol, ruled that the practice of sending work to out-of-town contractors was against the spirit of the Protocol, and in 1912 the Board of Grievances ruled that all contractors working for members of the Protective Association (*) should be registered with the Union for the purpose of enabling the Union to supervise all contract shops and to see that Union wages plus a definite allowance for the contractor's management fee were paid. These rules constituted the first definite moves, of which there is any record, toward the regulation of contractor-jobber relationships.

Development of Sub-Manufacturing. These regulations and their administration were insufficiently effective to relieve the pressures caused by continued differentials in labor costs between "inside" and "outside" shops. They served, however, at least in part, to foster the development of sub-manufacturing. In an effort to escape the responsibilities of maintaining Protocol conditions in registered contract shops under Union supervision, attempts were made to establish sub-manufacturing shops as separate organizations, independent of the jobbers or manufacturers from whom work was obtained. On technical grounds it was possible for a short period of time to avoid the registration of sub-manufacturers and to deny responsibility for labor conditions in sub-manufacturing shops. In this manner the inequalities of wages and labor costs between "inside" and "outside" shops were continued and it soon became apparent that contractor-jobber relationships required a more comprehensive type of control than had hitherto been adopted.

THE FIRST PROPOSALS FOR COMPREHENSIVE PROGRAM OF REGULATION

In 1913 the Union established as its platform a group of proposals, among which were the following:

1. Registration of contractors
2. No work to be given to contractors maintaining non-Protocol shop conditions
3. An expert price commission on piece rates
4. No work to be given to a contractor unless he had at least ten machines with electric power and unless his shop was approved by the Joint Board of Sanitary Control
5. Sub-manufacturers were to be considered contractors (This was later changed to the prohibition of sending out uncut goods)
6. Out-of-town shops were to be organized under the Protocol
7. Certain disciplinary measures were contemplated
8. The idea of adopting a label as an indication of the conditions of manufacture was also taken up at this time.

(*) Predecessor of the Industrial Council of Cloak, Suit, and Shirt Manufacturers, Inc. See Appendix to Part A, p. 82 Data on Trade Associations.

On May 17, 1913, the Joint Board of the Union submitted "Fifteen Points" as the basis for negotiations with the manufacturers. Among these points were the following specifically related to the contractor-jobber problem:

1. Prices to be settled by Joint Price Committees of "inside" and "outside" shops
2. "Inside" and "outside" shops working in any contractual or sub-manufacturing relationship were to be considered departments of same firm
3. Registration of contractors
4. A jobber-manufacturer was to be forbidden to take on new contractors so long as his existing registered contractors were not working full-time
5. Sub-manufacturers were to be considered in the same category as contractors for the purposes of regulation.

A conference with the employers was held, lasting from July 8, to July 30, 1913, but no agreement was reached on the regulation of contractor-jobber relationships proposed by the Union, although considerable progress was made on other proposals contained in the "Fifteen Points".

THE WAR PERIOD

The rapid advance in the price of piece goods during the war period - 1914 to 1918 - stimulated the growth of the contract system, primarily because of the change which took place in retail buying and merchandising methods. Retailers found it desirable to abandon their previous policy of purchasing relatively large stocks of goods in advance. The "had-to-mouth" buying practices of the retailers placed the jobber, who was able to carry large stocks of goods for immediate delivery, in an advantageous position as compared to the "inside" shop, whose practice was to carry relatively little stock and to manufacture against orders on hand. In addition, the general prosperity which followed the entrance of the United States into the War increased consumer demand for a wide variety of styles. The jobber, who was able to employ the services of a large number of small sub-manufacturing or contract shops, was best fitted to supply this demand.

THE POST-WAR BOOM

The general inflation of business which followed the close of the War continued the expansion of the contract system and brought prosperity to the industry. Demands for merchandise outstripped the productive capacity of the market. Surplus labor was absorbed. The demands of the Union for adjustment of wages and hours in keeping with rising prices and increased cost of living were obtained with relative ease.

In 1919 a strike in the Coat and Suit Industry secured several far-reaching concessions from the employers. Chief among these were the granting of a Forty-Four hour week, and the abolition of the piece-work system in favor of week-work. (*) The collective agreements resulting from this strike were noteworthy also in that contractual relations were established for the first time with the newly formed contractors' association, The American Cloak and Suit Manufacturers Association. Among the provisions of the agreement, were the following:

1. Equal distribution of work among "outside" shops
2. Registration of contractors and responsibility of jobber for wages paid in contract shops
3. Employment of contractors having a minimum of ten machines
4. Prohibition of giving work to new contractors unless contractors already engaged are supplied with work sufficient to keep ten machines fully employed
5. Prohibition of employment of non-union contractors

DEPRESSION OF 1921

Then the business trend was reversed by the depression of 1921 to 1924, competitive pressures within the Industry militated against satisfactory compliance with the provisions of the collective agreements. The contracts of the Union with the associations representing manufacturers, jobbers, and contractors, were renewed in 1922. (**)

(*) Governor's Advisory Commission, Report of Investigation, Section II, pages 27 to 29, loc. cit. note p. 1 supra.

(**) Governor's Advisory Commission, Report of Investigation, Section II, pages 30 and 31, loc. cit. note p. 1 supra.

NEGOTIATIONS OF 1923 - 1924

In the summer of 1923 the American Association, (*) discontented with the terms on which the jobbers were dealing with them, voted to cease work for the jobbers until certain abuses were recognized and a guarantee given that they would be corrected. A general stoppage of the entire industry was threatened, and a conference was held which resulted in a somewhat inadequate statement of principles, upon which the parties at interest agreed, but which did not serve to alleviate the situation. During the spring of 1924, the different groups in the industry attempted to negotiate new agreements. The old agreements were about to expire.

THE FIRST PROPOSAL FOR LIMITATION ON CONTRACTORS

The Union advanced certain proposals for the regulation of contractor-jobber relationships, among which the most noteworthy provision was one which was essentially a requirement for strict limitation of contractors. It was proposed that a group of sub-manufacturers, to be known as "steady manufacturers", equal to the number of members of the Merchants Association multiplied by five, were to be apportioned among the members of the Association on the basis of volume. No work was to be given to "outside" shops other than "steady manufacturers" unless the "steady manufacturers" were employed at full capacity. Each "steady manufacturer" was to be designated by one jobber only. Several other subsidiary provisions were proposed, such as equitable distribution of work among "outside" shops employed by a jobber, and prohibition of discharge of registered "steady manufacturers" without cause or review.

THE GOVERNOR'S ADVISORY COMMISSION

Negotiations continued from March to June, 1924, without agreement being reached by the different factions. Again a general stoppage was threatened, and Governor Alfred E. Smith of New York intervened and appointed a special advisory commission of five members, consisting of George Gordon Battle, Bernard L. Shiketa, Herbert H. Lehman, Arthur D. Wolf, and Lindsay Rogers. Public hearings were held from June 17 to June 20, and from June 25 to June 26, 1924. On June 27, the Commission submitted its preliminary recommendations, which were substantially accepted as the basis for new agreements. The Merchants Ladies Garment Workers Association, (jobbers), refused to accept the Commission's recommendations until threatened with a strike, but finally, on July 7, 1924, signed the agreement.

(*) See Appendix to Part A, p. 82 Data on Trade Associations.

Preliminary Recommendations of the Commission. On July 8, the Commission submitted its written recommendations to Governor Smith. These recommendations are briefly outlined as follows: (*)

1. The principle of the assumption of mutual obligations by all groups in the Industry is necessary to the establishment of stable relationships
2. The principle of reduction of the number of shops in the Industry is recognized, and it is recommended that this be accomplished by a process of consolidation by means of recognizing only those shops having a minimum of fourteen machines
3. It is recommended that work be confined to Union shops
4. The Union label is not recommended, but it is recommended that a label be adopted and issued by the Joint Board of Sanitary Control, signifying the labor and sanitary conditions under which garments are produced
5. It is recommended that all factories in the Industry be represented on the Joint Board of Sanitary Control and pay expenses thereof
6. It is recommended that an unemployment insurance fund be established for the benefit of the workers
7. It is recommended that jobbers shall be responsible for the payment of wages to contractor employees, such liability limited to one full week's wages in each instance
8. Reduction of hours of labor from forty-four to forty, not recommended
9. The Commission is in full sympathy with the demands of the Union for limitation of sub-manufacturers, but in view of the complicated nature of the problems, it is recommended that investigation and report be made by January 1, 1925
10. Establishment of impartial machinery for the settling of intra-industry disputes
11. The American Association should be recognized by other factors, and the uniform order blank should be adopted. Further recommended that an impartial committee be designated to formulate a code of trade practices on jobber-manufacturer relationships
12. It is recommended that the terms of present contract be for a period of one year in order that the Commission may

(*) Governor's Advisory Commission, Report of Investigation, Appendix, pages 157 to 164, loc.cit. note p. 1 supra.

have opportunity to conduct and act upon the investigation recommended.

13. Questions of interpretation of above recommendations to be referred to the Commission, whose decision shall be final.

Following the issuance of these recommendations, supplemental recommendations were made by the Commission on July 15, and August 1, 1924, and February 8, 1925, these supplemental recommendations being largely developments and interpretations of the original recommendations.

On August 28, 1924, the Commission appointed Mr. Raymond V. Ingersoll as Impartial Chairman of the Industry.

The Dickinson-Kolchin Investigation. The investigation recommended by the Commission was conducted under the direction of John Dickinson and Morris Kolchin, and was transmitted to the Governor's Advisory Commission on March 10, 1925, the text of the investigation covers 163 pages, and furnishes a most comprehensive analysis of the contractor-jobber problem, supported by evidence in the form of statistical tables on the extent, growth, and trend of the contract system, and the comparison of employment and earnings of workers as between "inside" and "outside" shops. The attitudes of the different parties at interest were fully presented, but no conclusions were attempted.

Final Recommendations. The final recommendations of the Governor's Advisory Commission were issued under date of May 20, 1926, after extended hearings upon the report of the investigation. They included a summary of the salient historical and existing conditions as revealed by the report of investigation. They reviewed the steps taken as a result of the Commission's preliminary report, and made certain recommendations, the most important of which from the point of view of this study, was a recommendation for the adoption of limitation of sub-manufactures. The exact language of the Commission's recommendation is worth repeating at this point, in view of subsequent developments and interpretations of the principle and purposes of limitation. (*)

***Bearing this in mind the Commission recommends that there be such structural modifications in the existing jobbing - sub-manufacturing system as would tend to regularize the flow of work into sub-manufacturing shops, raise the level of competition between sub-manufacturers, cause closer relations between jobbers and sub-manufacturers, and stabilize working conditions in the shops.

(*) Governor's Advisory Commission, Final Recommendations, pages 6 and 7, loc. cit. note p. 1. supra.

"With this in view, we recommend that the parties adopt a system of limitation of sub-manufacturers with whom a jobber may do business. At definite intervals every jobber shall, in accordance with a standard to be agreed upon between the parties, select and designate the sub-manufacturers he needs to handle his production, leaving him the necessary freedom in securing samples and in changing sub-manufacturers for cause shown; he shall not give work to other sub-manufacturers when his designated sub-manufacturers are not busy, and shall adhere, so far as practicable, to a policy of equitable distribution of work among the sub-manufacturers designated by him. The administration of such a system would, as cases arise, be subject to equitable interpretation through the impartial machinery."

Basis of Commission's Recommendations. Aside from the evidence compiled by the Dickinson-Kolchin Investigation of 1933, respecting the differences in employment conditions between "inside" and "outside" shops, the principal basis for the Commission's recommendations was the fact which had been established that whereas individual jobbers normally concentrated the greater part of their work in the hands of a few contractors, they usually dealt with a far greater number than necessary during the course of each season. The Commission expressed its findings on this subject as follows: (*)

"It should be remembered that while in this market there are only slightly more than 200 jobbers, they do a yearly business of about 250,000,000, and have approximately 1200 shops working for them. While there are, on an average, only six sub-manufacturing shops for each jobber, even the smallest jobber deals with many more. Large jobbers often deal with 100 or more sub-manufacturers each. These surprising figures are partly due to a great discursiveness in the purchase of samples. They are further accounted for by the scattering of small orders.***

"The investigation showed that in the case of jobbers whose records were examined, an average of 84.3% of the work for each jobber was turned out by an average of 18.9% of the number of sub-manufacturers doing work for him during the year. This shows that even at present individual jobbers rely upon a comparatively small number of sub-manufacturers for the bulk of their output."

THE 1934 - 1939 PERIOD

The final recommendations of the Governor's Advisory Commission, supported by the material compiled by the Dickinson - Kolchin Investigation of 1933, might reasonably have been expected through collective agreements. It is possible that such developments might have taken place if it had not been for circumstances that temporarily disrupted the organization of the industry between 1934 and 1939.

(*) Governor's Advisory Commission, Final Recommendations, Page 7, loc. cit. note 3, l. supra.

The depression of 1921 - 1924 was over. The mounting tide of prosperity that culminated in the boom years of 1928 - 29 was gathering momentum. Prices were rising. The demand for goods was growing. As in the post-war boom, the demand for quick deliveries stimulated the growth of the contract method of production. More and more of the "inside" shops took up jobbing, thus spreading production among more units rather than less. At this time, when a strong union might have been instrumental in stabilizing the Industry and in building upon the Commission's recommendations, the Union was weakened by troubles from within. In 1926, when the agreements of 1924 were about to expire, the Union was temporarily in the hands of the Communist element. (*) A presettlement strike was called and the agreements were renewed substantially unchanged, but the Industry was badly out of control.

Membership in the International Ladies Garment Workers Union declined from 91,000 in 1924 to a low point of 32,300 in 1929. (**) The cause of this decline is probably the seemingly contradictory combination of increasing prosperity with the general demoralization of the organized elements of the Industry. Prosperity was more a state of accelerated motion than of increased well-being. Employment increased, and brought increased earnings to individual workers without the necessity of Union membership; but uncontrolled and destructive competition, due in no small part to the expansion of the contract system, more than offset the temporary gains of individuals, and the Industry as a whole was unable to reap the benefits obtained during the boom period by other industries.

By 1929 this internal warfare had so weakened the Industry that "For the first time in fifteen years the representatives of all branches of the Industry were unanimous in their diagnosis of the ills that beset it. Even the jobbers' representatives who, up to that time, had clung to the theory that the jobbers were not interested in labor standards because they did not directly employ labor, were now willing to join in an arrangement to combat the growing menace of the sweat shop". (***)

MEDIATION BY GOVERNOR ROOSEVELT AND LIEUT.-GOVERNOR LELIAN

A strike was called by the Union, primarily for organization purposes, and Governor Franklin D. Roosevelt intervened. Representatives of the Union and the associations were invited to a conference in the Governor's chambers in Albany on July 2, 1928. With Lieut.-

(*) Ingersoll, page 9, loc.cit note p. 6 supra

(**) Lorwin, Lewis, The American Federation of Labor, (The Brookings Institution, Washington, D. C., 1933), p.p.521 to 523.

(***) Ingersoll, page 10, loc.cit note l.p. 6 supra.

Governor Herbert Lehman acting as mediator, the positions of the respective parties were presented, and the basis laid for new agreements.

The spirit of willingness to cooperate for the betterment of conditions in the industry was perhaps greater than the actual gain in terms of remedial provisions in the new agreements. The principal new development on the jobbing situation was the establishment of a Trade Council for the settlement of minimum prices to be paid to contractors. (*) The limitation of contractors as recommended by the Governor's Advisory Commission in its final reports, was not adopted, nor was anything done to settle the issue of week-work, which had been established by collective agreement since 1919, (*) as against piece-work, which prevailed as a bootleg method in the large body of unregulated, small "outside" shops.

(*) See Transcript of Hearing, Coat and Suit Code, (July 30, 1933). page 25, Samuel Klein.

(**) Klein, page 26, loc. cit. note p. 16 supra.
Governor's Advisory Commission, Report of Investigation, pages 37 to 39, loc. cit. note p. 1 supra.

THE FACT-FINDING COMMISSION

The agreements of 1929 also provided for a continuing commission, appointed by the Governor, for fact-finding and recommendations. (*) Lieut.-Governor Lehman appointed George W. Alger, a prominent attorney and subsequently Impartial Chairman of the Coat and Suit Industry and Chairman of the Coat and Suit Code Authority, Dr. Sigismund S. Goldwater, former Commissioner of Health, New York City, and Mrs. Florence G. Whitney, prominent philanthropist and civic worker, as members of the commission. The organizations of the Industry elected two representatives each, and Raymond V. Ingersoll, Impartial Chairman of the Industry, was appointed Executive Secretary.

The Commission undertook to investigate conditions in the "outside" shops, and developed evidence of practically universal employment of the piece-work method of compensation and disregard of other provisions of the collective agreements. (**)

1929 - 1933. The general business collapse of 1929 made it difficult if not impossible for the new agreements or the new machinery created under them to better conditions in the Industry. The demand for merchandise fell off, unemployment increased, and the scramble for the small amount of available remaining business accentuated still further the competitive ills of the Industry. The organization activities of the International Ladies Garment Workers Union were stimulated, however, and membership had increased to 40,000 by 1932. (***) Conditions were ripe for the adoption of a program of regulation under the National Industrial Recovery Act, more complete and far-reaching than had previously been attempted in the Coat and Suit Industry. The Union took the opportunity implied in the Act to push its organization campaign vigorously. No data is available on membership in 1933, but by 1934 the membership had grown to almost five times the 1932 figure, to a new high point of 198,131. (****)

APPRAISAL OF FACTORS RESPONSIBLE FOR CONTINUED EXISTENCE AND GROWTH OF THE CONTRACT SYSTEM

Why Have Economic Processes Failed to Make Corrections?

(*) Ingersoll, page 12, loc. cit. note p. 6 supra.

(**) Ingersoll, pages 16 and 17, loc. cit. note p. 6 supra.

(***) Lorwin, loc. cit. note p. 15 supra.

(****) International Ladies Garment Workers Union, Membership Census, (Feb. 1934)

In view of the manifest weaknesses of the contract system, it might reasonably have been expected that after its early period of growth, when the contract system furnished the Industry with a simple means of rapidly expanding production, the processes of economic law might have brought about structural changes favoring the relatively more stable "inside" shop system.

The Factor of Continued Growth. The assumption upon which the above hypotheses is based is that the Industry grew rapidly only in its early stages, and that the influence of expansion diminished as the curve of growth levelled off. This assumption is not borne out by the facts. According to U. S. Census figures, (*) the Industry grew even more rapidly after the close of the century than it had during its earlier years, and its most spectacular growth occurred in the war and post-war periods. Sales volume in 1899 is given as \$159,000,000, in 1909 as \$385,000,000, and in 1914 as \$474,000,000. Five years later it had risen to \$1,209,000,000, and it reached a peak of \$1,710,000,000 in 1929. It is evident that very little time has been available for the free play of normal economic forces.

The law of the elimination of the unfit and the survival of the fittest has not worked in the Women's Apparel Industry, or rather, its working has been counterbalanced by a repeated replacement of the marginal units that have been forced out of business. Year after year and season after season, heavy casualties have occurred in the ranks of the weaker establishments, but this elimination has not been permanent. New groups of weak units have always sprung up to fill the gaps. This phenomenon requires explanation other than that of the continued growth of the Industry.

Racial Factors. Various explanations have been advanced from time to time that do not provide entirely acceptable answers to the problem. For example, it is sometimes stated that one of the dominant characteristics of the Jewish Race is the ambition for economic independence, - the desire of a worker to boss his own shop. Even if this generalization is true, ambition is hardly an exclusively Jewish trait. The workers of other races and in other industries are equally ambitious. To say that the Jewish Race has a propensity for gambling, for taking chances at long odds, is equally inadequate, and for the same reason. Of course, the element of gambling plays a large part in the annual turnover of concerns in the Industry. A small contract shop can be established on a very ragged shoe string. A minimum of capital is required. Machines can be rented and paid for out of current revenue. Workers are likewise compensated from receipts. If the landlord must be paid in advance, and often this is unnecessary, that much capital is required, but that is all. When the small shop is forced out of business there is a loss of money, and it is by no means suggested that this loss is inconsiderable in the eyes of the loser; but it is often the case that the contractor returns to his former craft without having lost more than he was willing to gamble on the venture, or, through bankruptcy proceedings, he manages to shift

(*) See Table No. XXII, Appendix to Part A, p. 81..

the burden of debt to his creditors. The ease of entering business and the comparatively small penalties of failure are responsible for supplying replacements for the industrial units eliminated by the warfare of attrition, rather than any presumed racial characteristics of Industry members.

"Union Restrictions". It is sometimes implied that some of the blame for continuation of the contract system may be ascribed to "union restrictions", the implication being that Union wage levels and other requirements have been unnecessarily high and have provided a "tent" under which it was possible for non-conformists to operate advantageously. This explanation would appeal to be a case of misplaced emphasis. Unquestionable the growth of the contract system may be traced in part to wage differentials existing between union and non-union shops, and where such a differential exists, a drift of business toward lower wage levels is to be expected. The essential fact, however, is that the large number of small, scattered "outside" shops have been less easily organized and controlled by the Union than the establishments of the "inside" shop system. The responsibility of the Union is therefore not so much a matter of "restrictions" as of compliance and organization difficulties.

Week-Work vs. Piece-Work. The week-work system in the Coat and Suit Industry remained in force from its adoption in 1919 to its abolition in 1933. During this period non-compliance with the week-work provision was widespread, thus maintaining and increasing the differentials in cost between "inside" shops and their "outside" competitors. Week-work must be considered a factor in the spread of the contract system, but it must be noted that as in the case of "union restrictions" the basic difficulty was one of enforcement and control. Regardless of the merits or demerits of the week-work system, the fact that uniform and complete control was not obtained throughout the Industry, and that regulation was less successful in "outside" than in "inside" shops, was responsible for the differentials. Under uniform control in both types of shops, no advantage would have been created.

The Jobbers' Responsibility. The explanation that the jobbers are responsible for stimulating the growth of the contract system and maintaining its evils for short-sighted and selfish purposes, cannot be accepted as a basic reason for the survival of the contract system. Even if in some instances it may be true that workers have been encouraged to open new shops on promises of work which could not be fulfilled, and even if the jobbers' desire to stimulate competition and beat down prices may have been a determining influence in such cases, it is too much to assume that such practices could have been sufficiently widespread to have played a substantial part in the growth of the contract system.

In the last analysis the survival of the contract system has been due to certain technical and business conditions which have found the contract method of production capable of supplying the regular needs of the Industry.

The Necessity for Flexibility. A market dominated by the exacting requirements of style and seasonality demands a mechanism sufficiently flexible to expand, contract, and vary its production with great rapidity. Throughout the history of the Industry the rate of style change and the demand for style variety have shown a steady increase. In recent years more and more demands have been made upon the Industry for flexibility in the productive mechanism. Not many years ago it was possible to dispose of outmoded styles by distributing them through retail outlets in country towns and villages which were some distance from the larger metropolitan shopping centers. The development of automobiles and roads, moving pictures and magazines, has not only tended to concentrate retail selling in the larger centers, but has also had the effect of informing the consumers of style goods in the remote areas quickly and accurately on the latest variations in style.

The contract system has given the necessary flexibility to the Industry, but it is nevertheless wrong to assume that adequate flexibility can be obtained through the contract system only, and it is possible that if it had not been for certain other factors, an entirely different industrial structure might have developed.

Dominance of Merchandising vs. Manufacturing Considerations. Levine believes that the fundamental reason for the continued existence of the contract system lies in the peculiar relationship between marketing and technical evolution in the Industry. (*) Production is dominated by market consideration to a degree unusual in other industries. To be successful or to survive in this Industry, a man must be a stylist and a salesman. He must interpret style trends (or copy the "hot" numbers of his competitors) accurately and quickly. He must dispose of his stock immediately to meet the weekly payroll if his capital is small, and to save his inventory from style obsolescence in any case. The technique of production is a secondary matter.

It is possible that there is little room for technological development. The vagaries of style require small unit production by small unit machines. Perhaps the existing machinery has already reached its peak of development. It is also possible that factory management developed to the highest degree of efficiency, might not result in sufficient economies to give pronounced advantages to well-managed shops. In any event, the fact is that such advantages have not been created. The attention of the Industry has been concentrated on other matters, and development in technology and management have been more or less neglected.

Without minimizing the importance of this factor, it should at least be noted that the above deduction is negative rather than positive. In other words, the failure or inability of the Industry to produce management economies cannot be considered an active, motivating force for maintenance of the contract system, but is rather a contributing circumstance in preventing the development of some other

(*) Levine, page 409, loc.cit. note p. 1 supra.

more stable system. Taking the "inside" and the "outside" shop systems as they are, with the existing state of technological development, it is evident that there have been positive advantages in favor of the contract system. Even if revolutionary advances had been made in the technique of production, it does not necessarily follow that such developments would have favored exclusively the "inside" shop system.

The Competitive Advantage. The most satisfactory explanation of the contract system's continued existence and growth would seem to lie in the differentials in costs obtainable through the contract system in competition with the "inside" shop system on a dollar and cents basis. In the narrow sense, the Industry has found the contract system economically advantageous. It produced goods more cheaply. It is unnecessary to repeat the reasons why this has been possible, but the fact is inescapable that a manufacturer or jobber, unwilling or unable to maintain an "inside" shop equipped for peak season production, has been able through the contract system not only to conduct his operations at a minimum financial risk, to know his exact production costs by settling contract prices in advance, to avoid the carrying charges on equipment which most necessarily remain idle for a large part of the year, but also, under the unregulated conditions which have prevailed, to obtain measurable savings in labor costs through the operation of the "juggling" of contractors.

ECONOMIC WASTES

In spite of the manner in which the contract system has met the peculiar requirements of the Industry and given competitive advantages to those who employed it, evaluation of its effects indicates that the economic wastes outweigh the economic advantages.

The Governor's Advisory Commission in its Final Recommendations, makes the following comment: (*)

"This outside system of production is fraught with waste to all concerned. Counting all of the partners in the sub-manufacturing shops, there are several thousand men whose energies are mostly spent in going from one jobber to another in search of orders. Their shops are, for the most part, too small for well-organized, systematic production methods. Yet in the aggregate they occupy an enormous amount of floor space which is in active use for only about six months of the year".

True economy must be measured by the sum total of general industry welfare, rather than by advantages gained by individuals or groups. By this standard, it is evident that the contract system has failed to give true economy. The economic wastes due to the duplications of effort in the performance of the productive processes by a multiplicity of small shops are perhaps less in actual importance than the immeasurable losses caused by destructive competition.

(*) Governor's Advisory Commission, Final Recommendations, pages 4 and 5, loc.cit. note p. 1 supra.

CHAPTER II

REGULATION OF CONTRACTOR-JOBBER RELATIONSHIPS UNDER NRA (*)

THE COAT AND SUIT CODE

The Code of Fair Competition for the Coat and Suit Industry was submitted on July 13, 1933, and approved on August 4, 1933, being the fifth code to receive the President's approval. Under the threat of an industry-wide strike, (*) new collective agreements had been signed, whose provisions were substantially the same as the provisions of the proposed code. In the transcript of the hearing for consideration of the code, held on July 20, 1933, the general impression given is that the negotiations had been conducted in a spirit of amicable cooperation, and that there had been little difficulty in reaching agreement. On page 42, Mr. Samuel Blumberg, Counsel for the Mercants Ladies Garment Association (jobbers), makes the following statement:

(*) While the contract system is employed to some extent in nearly all of the branches of the Women's Apparel Industry, the NRA experience developed very little pertinent information on the subject except under the Dress and the Coat and Suit Codes. Table XII, Appendix to Part A, p. 80, indicates the provisions for regulation of the contractor-jobber relationships as adopted under the five principal women's apparel codes. While this Table would seem to indicate that the program adopted by the Blouse and Skirt Industry was fairly comprehensive, and while in fact the problems of the contract system were somewhat active issues in the Blouse and Skirt Industry during the code period, the state of organization of this branch of the Women's Apparel Industry, and the fact that its natural boundaries were not clearly marked with respect to the contractors with whom it dealt, made it impossible to develop information of value to this study. A similar situation existed under the Infants' and Children's Wear Code. The Cotton Garment Industry, of which the Housedress Division is the only branch connected with the Women's Apparel Industry, is known to employ contractors to some extent. The geographic diffusion of the Housedress Industry, however, and the relatively large-volume, section-work method of operation normally employed, does not fit it for a wide use of the contract method of production. It is therefore under the Dress and the Coat and Suit Industries alone that important developments in the regulation of the contractor-jobber relationships occurred under the codes, and this Chapter is limited to the recounting of the experiences of these two codes.

(**) The NRA File record is incomplete on this point. Alex Thomson, Administration Member on the Coat and Suit Code Authority, confirms the writer's impression given here.

"It is significant**that for the first time in the history of this industry, the three important factors *** have voluntarily collaborated and have found a way to solve their difficulties. They have, through this code, agreed upon a formula, disregarding completely their individual preference, and have considered this formula industry-wise only".

The fact that relinquishing the principle of week-work had not been obtained by the manufacturers without opposition from the Union, however, is borne out of the objections of the Union placed into the record, pages 77 to 98, signed by David Dubinsky, President, International Ladies Garment Workers Union, Isidore Nagler, General Manager, Joint Board of the Cloak, Suit, Skirt and Reefer Manufacturers Union, and Morris Hillquit, Counsel. This is an argument on principle rather than an attempt to alter the provision of the code or of the collective agreement, which is demonstrated by the expression of the Union's attitude through Mr. Dubinsky's statement, page 340:

"I want to say to you gentlemen that I am ready to tell you that the workers consider the piece-work system as a terrible bugaboo, but if there is a fair minimum guaranty of wages, and if there is the short work-week provided, then some of the dangerous teeth of this devil are being taken out, but it remains a devil anyhow". (Applause)

The Bargain, - Piece-Work for Limitation of Contractors. It is evident from statements subsequently made by Harry Uviller, representing the contractors, and Isidore Nagler, of the Union, (*) that the introduction of the piece-work system was obtained over the opposition of the Union only because limitation of contractors was provided. The original provisions appear as the Ninth Article of the approved code, and are identical with the provisions as finally adopted in the amended code, approved August 30, 1934, except that the final version contained the second paragraph requiring net no discount, net yardage, and no charges against contractors except for materials furnished. Article VII of the amended code reads as follows:

"ARTICLE VII---CONTRACTORS

"All members of the Industry who cause their garments to be made by contractors and sub-manufacturers shall designate the contractors actually required, shall confine and distribute their work equitably to and among them, and shall adhere to the payment of rates for such production in an amount sufficient to enable the contractor or sub-manufacturer to pay the employees the wages and earnings provided for in this Code, together with an allowance for the contractor's overhead.

(*) See Transcript of Hearing, Coat and Suit Code, (May 4, 1934), pages 43 and 64.

"Transactions with contractors and/or sub-manufacturers shall be on a net basis subject to no discount. No charges shall be made to the contractors and/or sub-manufacturers or against their account except for materials furnished. Contractors and/or sub-manufacturers when charged will be charged for the net yardage of materials furnished them.

"To insure the observance of this provision, the Code Authority named in this Code, together with the Administrator, shall formulate provisions to carry into effect the purpose and intent hereof."

The Interpretation of Article VII Re Limitation of Contractors.

The true intent of these provisions with respect to the limitation of contractors is not apparent from the language of Article VII. There was never any question, however, as to the interpretation and intent placed upon these provisions by all elements of the Industry. In the hearing held May 4, 1934, there is abundant testimony to indicate that Article VII was interpreted and applied as a requirement for strict limitation. Objections were raised by the members of the New Jersey Coat and Suit Industry (*) to "the interpretation * * * which limits wholesaler or manufacturer to the contractor or sub-manufacturer so designated, and does not allow any change in * * * designation, * * *".

Proposed Modifications. An attempt was made by Mr. Samuel Blumberg, representing the jobbers' association, to introduce qualifications to Article VII. Substantially the purpose of this proposal was to give flexibility of the provision to permit additions, subtractions, or changes in designated contractors for cause, in accordance with the business requirements, changes in type of production, financial condition, and increase or decrease in business of the jobber, and the ability of his contractors to satisfactorily perform specific types of work.

Mr. Uviller, representing the contractors' association, objected emphatically to these proposals, stating that looseness of limitation would permit wholesale discharge of contractors in slack seasons, and cause kickbacks and other violations of the code and the agreement. (**) He further stated that before drafting Article VII in its present form, the question of making qualifications as suggested by Mr. Blumberg had been considered, but that at the suggestion of Deputy Administrator Howard, and Messrs. Hillman and Rogers, the qualifications had been omitted and the language of the provision simplified, with latitude being provided for necessary exceptions by the general clause requiring the code authority and the Administrator to formulate provisions to carry into effect the purpose and intent of the provision. He further stated

(*) See Transcript of Hearing, Coat and Suit Code, (May 4, 1934), pages 4 and 5.

(**) See Transcript of Hearing, Coat and Suit Code, (May 4, 1934), page 44.

for the American Association that if qualifications of Article VII were permitted, he would propose that all of Article VII be eliminated from the Code. (*)

The Legal Status of Article VII on Limitation. From a strictly legal standpoint, the issue as to whether or not the language of the code could be so interpreted as to require absolute limitation was never formally decided. It is the writer's recollection that shortly before the Schechter Decision, this question was raised informally with the Deputy's office, and that in discussion with Division Administrator M. D. Vincent, and Mr. R. E. Elwell, Legal Advisor, it was determined that in order to clarify the intent of the code provision on this point, an amendment would be necessary. (**) It is probable that no action was taken toward the submission of this amendment, due to the expected re-submission of the code as a whole under legislation to succeed the National Industrial Recovery Act.

Regardless of the legal strength of Article VII, with respect to limitation, the essential fact is that under the operation of the Coat and Suit Code a jobber was limited to a specific number of contractors allocated to him on the basis of production quotas, and that he could neither change nor reduce the number of his contractors without undergoing a rigid investigation; likewise, contractors were prevented from accepting work from any but the jobber who had designated them.

Proposal of the Contractors to Abolish Limitation. No amendments or changes in the original provisions of Article VII were submitted to or acted upon by the Administration during the code period. A curious situation developed, however, in the spring of 1934. The contractors in the Coat and Suit Industry, who for twelve years or more had been fighting for the limitation of contractors, apparently decided that limitation under the Coat and Suit Code had been more of an evil than a benefit from their viewpoint.

At a meeting of the Coat and Suit Code Authority, held on February 7, 1935, the American (contractors) Coat and Suit Manufacturers Association, Inc., through its representatives, Harry Uviller and Joseph Schwartz, proposed that an amendment to the Code be adopted which would delete from the first paragraph of Article VII that portion which referred to the designation of contractors actually required. (***)

(*) Transcript of Hearing, Coat and Suit Code, (May 4, 1934), page 64 et. seq.

For further evidence on the manner in which the Coat and Suit Code Authority interpreted and administered Article VII as a requirement for strict limitation, see Proposed Manual for Deputy Directors, page 26, (NRA Coat and Suit Code File); also Code Authority Minutes, dated Sept. 6, 1933, Jan. 4, and July 25, 1934, and Feb. 7, 1935. (NRA Coat and Suit Code File, Code Authority Minutes Folder.)

(**) Messrs. Vincent and Elwell confirm the impression given here.

(***) See Code Authority Minutes, Coat and Suit Code, Feb. 7, 1935. (NRA Coat and Suit Code Files, Code Authority Minutes Folder)

Accompanying the proposal is a letter outlining the position of the American Association. (*) In substance this letter states that the one and one-half year's experience with limitation of contractors had encouraged rather than diminished the forces of discrimination and the powers of the jobbers against the contractors to whom they were "wedded".

It is difficult to draw from the many allegations made in this letter any specific complaint which would tend to condemn the limitation of contractors as such. It may even be inferred by reading between the lines that the objection of the contractors was not so much against limitation as against the manner in which code provisions in general, and contractor regulations in particular, had been enforced. This letter states that contractors had not received their equitable share of work or adequate payment for the work distributed, and that "with but one door open to him and in constant fear that that too may be closed, his resistance to pressure was far lower than prior to the installation of the new system". Further statements are made to the effect that the code authority had not effectively regulated the giving of work to undesignated sources, or the equitable distribution of work, particularly in cases where "inside" shops were involved.

The seemingly inexplicable statements and attitudes of the representatives of different factions within the apparel trades could sometimes be traced to the existing strategic and political situation between the elements comprising the Industry. To what extent, if at all, the move of the coat and suit contractors to do away with limitation may be attributed to some such strategic or political situation, there is no means of telling. Whatever the real reason may have been, this reversal of position on the part of the contractors must be considered a significant commentary upon a program of strict limitation strictly enforced. It serves particularly to emphasize the necessity originally noted by the Governor's Advisory Commission for a certain degree of flexibility in the administration of any restrictive regulation. The principle of limitation may be entirely sound, but time and experience are necessary to the development of administrative policy and procedure, if the benefits to be derived from limitation are not to be counterbalanced by the evils of too great inflexibility.

THE DRESS CODE

Negotiations on the provisions to be contained in the Dress Code were commenced immediately following the passage of the Act. (**)

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- (*) Letter signed by Harry Uviller and Joseph Schwartz, Representatives of the American Coat and Suit Manufacturers Association, Inc. (NRA Coat and Suit Code File, General Code Authority Folder)
- (**) Simon, Walter, History of the Code of Fair Competition for the Dress Industry, (Sept. 23, 1915, pages 14 to 16. (In NRA Files, Dress Code)

The first public hearing on the proposed code was held on August 23, 1933. A week or so prior to this hearing, the Union had called an industry-wide strike, the primary purpose of which was to consolidate the organization of the Industry in the New York Area, but which also had as its objective the revision of collective agreements. The strike was successful in the accomplishment of both of these objectives. Certain matters were left open to be determined by the result of the final negotiations for the code. Among these were the provisions relating to contractor-jobber relationships. It was understood that the code provisions to be adopted on this subject would automatically become a part of the collective agreements. (*)

At the hearing of August 23, 1933, (**) the chief point of controversy was on the question of the degree of limitation of contractors to be provided for in the code. This question was the chief bone of contention throughout all negotiations prior to the adoption of the code and continuing until the Schechter Decision.

(*) See Transcript of Hearing, Dress Code, (Feb. 17, 23, 1933), pages 13 and 14, E. H. Gitchell.

(**) See Transcript of Hearing, Dress Code, (Aug. 23, 1933), pages 111 - 138.

Difficulties in Obtaining Agreement on Code. When the Code was submitted in final form for approval by NRA it was returned for the purpose of having representatives of the sponsoring associations initial the submitted draft. The contractors refused to accept the provisions as they stood, and a stoppage was called by the United Association in the early part of October, 1933. No authentic records of negotiations conducted during this stoppage are available. It is known that Grover Whalen, NRA Administrator for New York City, acted as mediator, and that the contractors were finally persuaded to call off the stoppage and to accept the code provisions as proposed. (*)

Subsequent developments indicate that the contractors had yielded in the belief that changes could be made at a later date if the provisions as adopted proved unsatisfactory.

Mr. William Davis, Counsel to the United Association, made the following statement on behalf of his Association in a brief submitted in connection with the proposed amendment to Article VI, Section 2 (d), on the keeping of uniform time and payroll records: (**)

"In spite of an alleged understanding and appreciation of our difficulties with the jobbers, the Administration, by repeated compromise upon compromise, and patch-work provisions-- in their attempt to reconcile the opposition of the jobbers to our proposed remedy of limitation of contractors-- brutally emasculated the remedies we proposed to cure the ills of the industry. We realized at the time of their adoption the utter futility and ineffectiveness of the provisions of Article VII of the Code to fix responsibility upon the jobbers to eliminate the evils prevailing in the industry. We were urged to adopt same as an experimental measure, with the assurance that the provisions could and would be amended in the light of experience if they did not accomplish their purpose".

Approval of the Code. The Code of Fair Competition for the Dress Manufacturing Industry was approved on October 31, 1933.

Provision for Regulation of Contractor-Jobber Relationships.

Article VII of the code, under the heading of "Regulations Between Manufacturers and Contractors", reads as follows:

1. (a) All manufacturers and/or jobbers who cause their garments to be made by contractors shall adhere to the payment

(*) Letter dated Oct. 5, 1933, from Sylvan Gotshal, Counsel, National Dress Manufacturers Association, to General Hugh S. Johnson, Administrator, NRA.
(In NRA Files, Dress Code)

(**) Memorandum, submitted by The United Association of Dress Manufacturers, Inc., page 2, (In NRA Files, Dress Code, General Amendment folder)

of rates for such production, in an amount sufficient to enable the contractor to pay the employees the wages and earnings provided in this Code and in addition a reasonable payment to the contractors to cover overhead.

"Where a contractor establishes that there has been an underpayment made by any manufacturer and/or jobber under the provisions of this Article, such manufacturer and/or jobber shall be liable for such underpayment, provided that claim for such underpayment shall have been made within two weeks of the next following customary accounting settlement period. When any such claim for underpayment has been made by a contractor, such contractor shall open his books of account bearing on such claim for inspection. This clause shall not be construed as diminishing the rights of any employee to any claim for underpayment against the parties who caused the underpayment.

"(b) Manufacturers and jobbers who cause their garments to be made by contractors shall immediately designate the number of contractors to meet their business requirements. Within one week of the effective date of this Code the manufacturers and jobbers shall register the contractors so designated with the Code Authority, and thereafter register any and all subsequent changes.

"(c) This does not abridge the right of the manufacturers or jobbers to add to, subtract from, or change their contractors, provided that such additions, subtractions, or changes conform to the business requirements of the manufacturers or jobbers, and is not intended to discriminate against the contractors or workers; and provided further, that such changes or additions, are not made for the purpose of evading the established wage scale provided for in this Code plus the contractor's overhead.

"(d) The Code Authority, subject to veto by the Administrator, shall have the power to prevent a practice on the part of a jobber or manufacturer of unjustly or unreasonably discriminating in the distribution of work between contractors which might unfairly deprive groups of workers of an opportunity to work.

"(e) In the distribution of work, manufacturers and jobbers shall have the right to employ contractors on the basis of type and the equality of the work performed; on a competitive price basis, provided the price is sufficient to pay the minimum wages provided for in this Code and a reasonable overhead to the contractor; and according to experience in obtaining deliveries on schedule; but this shall not be exercised as a device to evade the purpose of this Article.

"(f) After further study the Code Authority, with the approval of the Administrator, shall make rules and regulations

to further effectuate the purpose of this Article as stated herein.

"2. It shall be unfair competition for any manufacturer and/or jobber except by use of the uniform order blank to be promulgated by the Code Authority after being approved by the Administrator."

Comparison with Coat and Suit Provisions. The essential difference between the provisions adopted under the Dress Code and those which had previously been adopted under the Coat and Suit Code, was that the Dress Code did not require that work should be confined to designated contractors, and that there were a number of qualifications introduced whose effect was to permit considerable latitude and discretion on the part of the jobbers in the changing of contractors.

If the majority of the Industry as represented by the Code Authority had wished to interpret Article VII more strictly than the language of its provisions implied, a degree of limitation similar to that which was obtained under the Coat and Suit Code might have been established. The fact is, however, that a majority of the Code Authority was antagonistic to the idea of strict limitation. In actual application, Article VII of the Dress Code on designation resulted in no more than registration of contractors with no restrictions on changes of designation. The provision was a compromise which never satisfied the contractors or the Union, and which led to continued controversy throughout the life of the code. It was alleged by the contractors that: (*)

"Contractors were taken on and discarded by jobbers indiscriminately. The Code provisions for registration of contractors were openly violated. The jobbers employed as many contractors as they felt would serve their purposes. The old system of juggling of contractors for the purpose of beating down prices continued as in the pre-Code days. New contractors were set up in business by the jobbers while old contractors and their workers were starving. Jobbers through connivance with favored contractors set up sham inside shops for the purpose of circumventing their obligations under the Collective Agreement and the Code.

"The reprehensible practice of "kick backs" (secret rebates) crept into the industry, a premium was placed on cheating and the highest reward went to the most unscrupulous. Neither the impartial machinery set up in our collective agreements nor the adjustment agency of the Code Authority could check or alleviate these growing evils. The number of cases investigated

(*) Memorandum submitted by United Association of Dress Manufacturers, Inc., page 3.
(In NRA Files, Dress Code, General Amendment Folder.)

was insignificant in contrast to the number of violators; the few thousand dollars refunded by the jobbers both to the workers and contractors for underpayments barely scratched the surface. Only one jobber was prosecuted criminally for code violations and that case is still pending undetermined."

The Stoppage of April, 1934, and Appointment of Commission.

During the Fall season following the adoption of the code, the Dress Industry enjoyed a temporary and short-lived period of prosperity, but the operation of the provisions adopted under Article VII was unsatisfactory to the contractors. When no progress in the adjustment of the conflict was made through conferences with the jobbers' association, the contractors attempted to gain their ends by direct action, and on April 16, 1934, called a stoppage of all work for jobbers. On April 21, 1934, General Johnson telegraphed to Samuel Oxhorn of the United Association, requesting that in the interest of Industry harmony, the stoppage be terminated, that a commission consisting of Byres H. Gitchell and Adolph Feldblum be appointed to make investigation and recommendations for remedial action within fifteen days, and stating that "you may count on the full support of the National Recovery Administration in giving full effect to any proper determination." (*)

The United Association accepted General Johnson's proposal, the Commission was appointed, and the stoppage was ended on April 23, 1934. (**) Under date of April 10, 1934, the United Association had published an advertisement in the Women's Wear Daily, under the heading, "IN THE COURT OF PUBLIC OPINION." A copy of this advertisement is included in the Appendix. (***) Aside from the charges made against the National Association in this advertisement, which complain of wholesale violations of the code and the collective agreement, certain remedial suggestions are included which are substantially the recommendations later proposed by the contractors as an amendment to the code, upon which a public hearing was held on February 27 and 28, 1935. It is interesting to note that these proposals are reported as having been first presented on March 12, 1934, and that nearly a year had elapsed before they were formally submitted to the National Recovery Administration.

Recommendations of the Special Commission. The first report of the Commission was issued under date of May 15, 1934. It included recommendations for strengthening the enforcement machinery, for the use

(*) Telegram from Gen. Hugh S. Johnson, N. R. A. Administrator, to Samuel Oxhorn, Representative of United Association of Dress Manufacturers, (dated April 21, 1934). (In NRA Files, Dress Code)

(**) Telegram dated April 23, 1934, Samuel Oxhorn to Gen. Hugh S. Johnson. (Accepting proposal).

Telegram dated April 23, 1934, from Byres H. Gitchell to Sol A. Rosenblatt, N. R. A. Division Administrator. (Reporting United's acceptance of proposal, and requesting official appointment).

Telegram dated April 23, 1934, from Gen. Hugh S. Johnson to Byres H. Gitchell and Adolph Feldblum. (Appointing them as Special Commission).

Memorandum dated Oct. 9, 1934, submitted by William Davis, Counsel to the United Association, in connection with proposed amendment to Article VI, Section 2(d), pages 5 and 6. (In NRA Files, Dress Code)

of uniform records and uniform order blanks, and for certain specifications as to procedure. The Commission submitted these preliminary recommendations to the Code Authority, but the contractors refused to participate in the meetings of the Code Authority without having more definite recommendations on the basic controversial question of limitation of contractors.

A final report of the Commission was presented at a meeting of the Code Authority on September 20, 1934, but again failed to make definite recommendations on the specific matters contained in the contractors' proposals. (*)

From May, 1934, until February, 1935, all activities of the Dress Code Authority were overshadowed in importance by the bitter conflict over the contractors' proposals and the Commission's recommendations. Meetings were held again and again to consider this subject, but a complete deadlock was the only result. It was finally decided by the contractors that they would submit the proposals to the Recovery Administration in the form of a request for an amendment to the code. A public hearing was held on February 27 and 28, 1935. (**)

The hearing was called for the consideration not only of the contractors' proposals, but also of certain rules and regulations which had received the Code Authority's approval, and which related to the procedure to be adopted in the registration of contractors. (***)

It is to be noted that these regulations were more than rules of procedure, in that they prohibited the giving of work to a contractor or the acceptance of work by a contractor until registration had been approved. This constituted a concession on the part of the majority element of the Code Authority, in that it implied a degree of limitation not contained in the provisions of Article VII.

(***) See Appendix to Part A , p. 83.

(*) NRA Deputy's Dress Code File contains copy of the first, but not of the final report of the Commission. Transcript of Hearing, Dress Code, (Feb. 27 and 28, 1935), however, contains complete testimony on the Commission's recommendations. Pages 1 - 53, Byres H. Gitchell. Final Recommendations are reported on pages 17 and 18 of this Transcript.

(**) See Appendix to Part A , pp. 87 - 88 for specific proposals at this hearing.

(***) See Appendix to part A , p. 88 (Schedule B.)

The contractors assumed that the NRA had the power of arbitration and of imposing such provisions as in its judgment were desirable in the interests of the Industry as a whole. This impression may have been created by the active part played by NRA officials in persuading the contractors to accept Article VII in the first place, and by the assurance given in General Johnson's telegram of April 21, 1934, as to the support to be given by the NRA in giving full effect to any proper determinations of the Special Commission. (*) In the opinion of the Legal Division of NRA, however, the NRA did not have such power. (**)

Following the hearing of February 27 and 28, 1935, a number of conferences were held by the Deputy's office with representatives of the contractors, jobbers, and the Union, for the purpose of attempting to obtain agreement, with the NRA acting as mediator. These conferences failed in all respects except to emphasize the apparently irreconcilable differences of the conflicting groups.

Some time prior to the Supreme Court Decision in the Schechter Case, instructions were issued to the Deputy's office to take no further action on pending matters which were not of the utmost immediate importance in the public interest. Unless the position of the Legal Division had changed, it is doubtful if any action could have been taken by the Administration on the contractor-jobber situation. It was decided that this question should be left in abeyance until the expected new legislation might afford an opportunity for the National Recovery Administration to take an active and influential part through its power to accept or reject the provisions of a new code.

BASIC ELEMENTS OF THE PROGRAM OF REGULATION.

Under both the Dress and the Coat and Suit Codes, there were certain basic issues or proposals which formed the framework of the general program of regulation. Some of these proposals were adopted under the codes, others were put into effect without specific code provisions, and others remained in an unsettled state of controversy.

(*) Telegram, Johnson, loc. cit. note p. 30 supra.

(**) No final ruling was obtained on this point, but many conferences were held during the spring of 1935, between the Deputy's office and representatives of the Legal Division, at which Legal Division upheld the position that the NRA was limited to the powers of mediation only, and that the policy of industrial self-government through majority action of the Code Authority governed the adoption of amendments.

There were also a number of procedural, qualifying, administrative, and supplementary proposals and provisions, particularly under the Dress Code. This latter group included such questions as the limitation of the jobbers' liability to a two-weeks period, the registration of contractors, the requirement for uniform order blanks, the submission of payroll records, provision for trial periods, and review by the impartial machinery of contested requests for designation or cancellation of contractors. No implication is intended that these proposals were unimportant. A large part of the controversy over the program as a whole, in fact, hinged on the acceptance or rejection of these subordinate proposals. There was often substantial unanimity on the underlying principles of the general program, but agreement was blocked on questions of the exact form and manner in which the principles were to be applied. The basic elements of the program of regulation, representing the development of thought if not of action under both of the codes, may be condensed to the following five proposals:

1. Limitation of contractors.
2. The establishment of price floors.
3. The determination of prices by scientific estimate, or "unit system" basis, rather than by competitive bidding.
4. The settlement of prices on the premises of the jobber.
5. Equitable distribution of work.

The objectives of these proposals may be classified under three headings:

1. The objective of remedying the structural weakness of the system whereby the available work is insufficient to supply the large number of small, weak units competing for the business
2. The objective of limiting the extent of competition
3. The objective of distributing the burden and minimizing the pressures of seasonality.

General Attitudes of the Interested Parties. (*) While generalities on the attitudes of the different Industry elements may seem to imply that one element or another is at fault, no such implication is intended, but it is necessary to report as clearly as possible the relative positions occupied by the conflicting groups.

In general, the major proposals of the program of regulation have been sponsored by the combined forces of the Union and the contractors, and opposed by the jobbers. The "inside" shop manufacturers have occupied an interested neutral position, their general attitude having been constructive and sympathetic to the establishment of regulation calculated to stabilize conditions for the Industry as a whole, and to relieve them of the competition of unregulated "outside" shops. Regardless of the charges sometimes made against the jobbers, which imply that they have occupied a wilfully obstructive attitude to industry stabilization, in fairness it must be said that the natural instincts of self-preservation and of the desire to conduct one's business venture on a profitable basis, under the difficult conditions imposed by style and seasonal requirements, will inevitably sharpen competitive practices to the degree permitted by the relative powers of competing groups, and to the degree to which competitive practices are regulated and policed. It happens that the interests of the jobbers as they see them have been generally opposed to the interests of other groups, and the sincerity of their attitude on certain matters is beyond question.

LIMITATION OF CONTRACTORS

The Jobbers' Point of View. While it is difficult to describe in concrete terms the intangible factors which enter into the success

(*) The unsettled status and continuous discussion of the problem under the Dress Code tended to produce relatively more testimony on the attitudes of the interested parties than was developed in the adoption and administration of the Coat and Suit Code. The similarity of all essential elements of the problem in both branches of the Industry, however, permits discussion of this subject in general terms applicable to either branch and to the Industry as a whole.

or failure of negotiations between groups having conflicting points of view, it is nevertheless relatively easy to understand why the negotiations on limitation of contractors were prolonged over a considerable length of time, and why the jobbers were reluctant to accept a strict form of limitation. In general, they may be said to have accepted the principle of limitation, but feared a possibly excessive restriction on their necessary freedom of action. (*) The controversy was over the form, not the substance of the proposal for limitation. The jobbers' point of view may be summarized as follows: (**)

(*) Transcript of Hearing, Coat and Suit Code, (July 20, 1933), pages 187 and 188, Maxwell Copelof.

(**) In order to present the composite viewpoint of the jobbers, it is desirable to draw upon several different sources of information, many of which duplicate specific points. Rather than complicate the summary by repeating a large number of references, attention is called to the following material on this subject:

1. Letter dated Oct. 5, 1933, from Sylvan Gotshal, Counsel, National Association of Dress Manufacturers, to General Hugh S. Johnson, NRA Administrator. (In NRA Deputy's File)
(Dress Code)
2. Report of Max Meyer, Industrial Advisor, on Proposed Dress Code Hearing, August 23 and 24, 1933. (NRA Files, Dress Code)
3. Letter dated October 7, 1933, from C. H. D. Robbins, Acting Chairman of the National Association of Dress Manufacturers, to General Hugh S. Johnson, NRA Administrator. (Enclosing memorandum on limitation) (NRA Files
Dress Code)
4. Transcript of Hearing, Coat and Suit Code, (July 20, 1933), pages 187 and 188, Maxwell Copelof.
5. Transcript of Hearing, Coat and Suit Code, (May 2, 1934), Supplement - Brief of Members of New Jersey Coat and Suit Industry, on the Code and Its Administration, pages 23 to 25.
6. Transcript of Hearing, Coat and Suit Code, (May 4, 1934), pages 34 et seq., Blumberg.
7. Transcript of Hearing, Dress Code, (February 27, 1935)-
pages 54 - 80, Mintz
" 81 -150, Davis
" 201 -230, Rubenstein
" 231 -249, Lanzit
" 249 -262, Rubin

Necessity for Flexibility. The jobber believes that there are legitimate and necessary reasons for changing contractors in accordance with production schedules and specific types of garments required at different times. He refers to the Governor's Advisory Commission's recommendation as to the "necessary freedom in securing samples and in changing sub-manufacturers for cause shown." He states that there is a wide difference in the comparative abilities of contractors in the production of specific types of garment. A jobber may be operating on a silk line in the Fall and a cotton line in the Spring. Some of his contractors may be unable to work on both types. Style changes also require flexibility in the selection of contractors. When a jobber is under the necessity of experimenting with a large number of styles, he feels that his ability to operate in the market would be seriously curtailed by confining his work to a limited number of outside shops. It is also undoubtedly the fact, even though it is not advanced as an argument, that the jobber fears that too close a tie-up with a small group of limited contractors may place him at a competitive disadvantage due to unforeseen or unknown differentials in efficiency between his contract shops and the shops of his competitors. .

Potential Abuses. The jobber fears that if he is made responsible for the conditions existing in his designated contract shops, and is unable to effect reasonable changes for cause, the trading position of the contractors will be so strengthened as to permit the contractors to dictate terms to the manufacturer. He also feels that inefficiency and laxity are encouraged if the contractor has nothing to fear from the possibility of dismissal. He points to the difficulty encountered in establishing the necessity for discharging incompetent workers as an indication of what may happen under strict limitation. Under the codes it was also stated that exercising the judicial function with respect to the regulation of limitation would place in the code authority a power of discrimination antagonistic to the interests of individual shops, and that this power might be abused by the code authority in enforcing the provisions of collective agreements not contained in the codes.

Locality. It was alleged by the jobbers that the prohibition contained in the National Industrial Recovery Act against provisions tending to the establishment of monopolies, made the inclusion of provisions for limitation in the codes unlawful.

Limitation Unnecessary. The jobbers maintained that the existing collective agreements and other provisions in the codes, if properly enforced, would make it unnecessary that limitation be adopted.

The Contractors' Opportunities. The allegation was made that contractors, particularly when they had in their shops a large number of machines and workers, would not be kept supplied with work by being limited to one jobber as the source of all work. It is interesting to note that the Women's Wear Daily (apparel trade paper) of November 5, 1935, (page 9), contains editorial comment to the effect that in preparation of negotiations on agreements in the Dress Industry, expiring January 31, 1936, the contractors are apparently divided in opinion on the subject of limitation. They are

reported to favor limitation of the jobber to a specified group of contractors, but want the contractors to be free to take work from other sources.

Mortality Cannot be Blamed on Auction System. The Jobbers maintain that the excessively high rate of business mortality existing in the Industry is a natural product of the weak financial condition of the contractors, combined with the competitive pressures created by seasonality and the rate of style change. The implication is that limitation would not correct the basic evil.

The Viewpoint of the Proponents. Those in favor of a strict degree of limitation, in addition to the logic of the recommendations presented by the Governor's Advisory Commission on the general theoretical benefits to be obtained from limitation, state that evil conditions arising from the contract system require stringent measures of control, and that if there are any loopholes in the program, its effectiveness will be nullified. They allege bad faith on the part of the jobbers, stating that the jobber desires to promote and continue the juggling of contractors as a short-sighted policy calculated to yield benefits to the jobber at the expense of the Industry as a whole. They believe that looseness of limitation will permit and cause wholesale discharge of contractors and will result in subsidiary evils such as kickbacks and other collusive violations of the agreements and codes. (*) They state that the normal relationship is in actual fact a limited and steady relationship between a jobber and a specific small group of contractors, and that "no decent jobber will stand for anything else". (**) They believe that the marginal contractor should be eliminated and that the marginal contractor is the one who works for more than one jobber. They state that the fear psychology created by unregulated powers of discharge is a basic source of instability and competitive pressures.

PRICE FLOORS

In general, the principle of establishing a price floor at which competition was to be checked has not been a matter of controversy. The provisions in the various codes for the payment of an amount to contractors sufficient to cover labor costs and additional amounts for contractors' overhead, constituted the usual method of handling this problem. There were difficulties of administration and compliance, particularly on the question of a fixed percentage allowance for the contractors' overhead. It is obvious that an

(*) Transcript of Hearing, Coat and Suit Code, (May 4, 1934), page 44, Harry Uviller.

(**) Transcript of Hearing, Dress Code, (February 27, 1935), page 176, Julius Hochman.

arbitrary percentage applicable to all orders and all shops, regardless of the size of the order or the efficiency of the shop, is not an accurate or equitable method of establishing a fair overhead. As a practical expedient, however, substantial agreement was obtained between the parties on this method. Shortly before the Schechter Decision, the writer discussed with M. D. Vincent, then Division Administrator, NRA, the possibility of establishing a sliding scale basis for determination of contractors' overhead, different percentages being determined in accordance with the size of individual orders or the amount of production time represented by these orders. It is possible that further study along these lines might develop a method which would be more satisfactory than the method of single percentage adopted by the Dress Industry under the code.

Another form of price floor which was adopted under collective agreement, but not under the code, was the establishment of flat prices for given price ranges of garments. Following a stoppage which occurred in the Dress Industry in February, 1934, specific schedules of flat prices were agreed upon for price lines from \$2.25 to \$4.75. (*) The flat prices were intended to include labor costs plus 35% overhead. The rigidity of these prices and their incapability of being adjusted to the variations in style and workmanship existing in a given price range, soon led to the development of widespread "kick-back" practices. The flat prices were no more than a temporary expedient, introduced as a stop-gap pending agreement on the "Unit system". (**)

THE UNIT SYSTEM

While the settlement of prices by a scientific system of expert analysis was now contained in either the Coat and Suit or the Dress Code, the Coat and Suit Code provisions requiring classified average hourly earnings on a piece rate basis made it necessary that such a system be developed. In principle, the system placed into effect by the Coat and Suit Code Authority, corresponded to the unit system proposed by the Union for adoption as a part of the Dress Industry program. (***)

The evidence at hand is insufficient for the formulation of

(*) Report of Special Commission (Byres H. Gitchell and Adolph Feldblum), dated May 15, 1934, pages 18 - 20.
(NRA Files, Dress Code)

(**) Transcript of Hearing, Dress Code, (February 27, 1934), page 35.

(***) It is interesting to note that as this is being written negotiations are under way between the Union and the National Association of Dress Manufacturers, looking toward a renewal of agreements which expire on January 31, 1936, and that the three subjects receiving immediate attention are the limitation of contractors, the unit system, and the figuring of prices on the jobbers' premises. (Women's Wear Daily, October 30, 1935, under heading "ILGWU ASKS NEW PACTS IN DRESS TRADE.")

definite conclusions as to the practicability of applying a unit system formula to a wide variety of styles, produced by varying methods and under varying conditions of productivity for each shop and each individual work-r. The Coat and Suit experience indicates that if sufficient money is available for the necessary investigations and time studies, standards may be established whereby garments may be analyzed in terms of the productive capacities of average workers, and that the formulae by which estimates are made are relatively fool-proof in the hands of trained investigators. That is, the margin of error in the analysis of a particular garment is negligible as to the definiteness of result obtained by different investigators. It has not been conclusively demonstrated, however, that these definite, uniform rate-measurements are necessarily uniformly equitable in application. The limited period in which the unit system has been tested can hardly be expected to have produced an infallible technique, and further time and experimentation are necessary before a true evaluation of the unit system can be made. (*)

(*) The unsettled status of this problem is indicated by developments in the Coat and Suit Industry since the Code. In the Fall of 1935, Dr. H. I. Stone was appointed by the National Coat and Suit Industry Recovery Board to make a study and recommendations on the methods of settling prices in various grades. His report was based on the time studies made by the former code authority, and its publication on November 20, 1935, raised a heated controversy between the labor and management groups of the Industry. No opportunity has been afforded for investigating the contentions of the opposing factions, and it is not believed advisable to attempt to analyze the situation from a study of trade paper articles only. Attention is called, however, to articles in Women's Wear Daily, dated November 20, 21, and December 5, 1935.

SETTLEMENT OF PRICES ON PREMISES OF JOBER

The proposal of the Union that piece prices should be settled on the premises of the jobber is closely bound to the proposal for the scientific unit system of settling prices. Its purpose is to further limit the scope of competition by practically eliminating competitive bidding between contractors on a given order. While no exact procedure is described in NRA records, it is the writer's impression that negotiations would be conducted substantially as follows:

Representatives of the Union, accompanied by one or more expert unit system analysts, would call upon the jobber. The contractors or their representatives would also be present. After appraisal of a specific garment had been made and translated in terms of unit piece rates, negotiations would be conducted for the determination of a proper amount in addition to labor costs to be included in the total garment price as compensation for the contractors' overhead.

The field of negotiations would be thereby limited to the amount to be allowed to the contractors for overhead. Of course if the overhead item were determined on some basis other than bargaining, such as the flat 35% agreed upon in the Dress Industry, there would be no part of the total price open for negotiation, and variations in total cost would be limited to the cost of material and the jobber's distribution expenses. Competitive bidding among contractors was to be eliminated by preliminary agreement upon the price applicable to any one of the contractors in the jobber's designated group.

Due to the fact that the negotiations on the question of settlement of prices on the jobber's premises were conducted outside of NRA auspices, NRA records do not contain much information as to the reasons why the jobbers were willing to accept the unit system, but refused to accept the settlement of prices on the jobber's premises. The impression gathered from conferences and discussions of the question during the period of code administration, is that the jobbers feared possibly excessive domination of their operations by the Union in negotiations on the jobber's premises in which the Union would take a leading part. (*)

EQUITABLE DISTRIBUTION OF WORK

The principle of equitable distribution of work among "outside" shops working for an individual jobber was recognized by all parties, and only in its practical application were there any particular difficulties. Jobbers select contractors often on the basis of the particular type of

(*) Transcript of Hearing, Dress Code, (February 27, 1935), page 36, - Byres H. Gitchell says, " * * there is an agreement in principle on the unit prices * * *, except as to the important detail of where it should be fixed * * *, and the jobbers feel their rights are seriously jeopardized by such an agreement, and that is the issue on which negotiations broke."

work which the individual contractor can produce. Sometimes the type of work in production may not be fitted to the capabilities of all the designated contractors of a particular jobber. The technique of establishing quotas and assignment of definite portions of these quotas to individual contractors is still in the process of development. The Coat and Suit Code Authority made a study of the variations which occurred from the quotas established for equitable distribution of work based on 68 manufacturing firms and 166 contractors, during the year February 5, 1934, to February 2, 1935. (*) The chief fact disclosed by this study is that the over and under quota deviations represent very small percentages of quota totals in most instances. Expressed in terms of numbers of garments, the percentage of deviation, including both over and under quotas, was shown to be 19.1%.

The demand of the dress contractors that the equitable distribution of work should extend also to include any "inside" shop owned or controlled by the jobber or manufacturer giving out work, and their further request for a provision forbidding the increase of "inside" shop facilities or the change of status from "outside" to "inside" shop during the life of the code, was caused by what the contractors alleged to have been a fairly prevalent practice of establishing "subterfuge" or "camouflage" shops. The camouflage shops were alleged to have been started by jobbers for the purpose of avoiding responsibility both as to equitable distribution of work and as to the payment of the required 35% overhead. The jobbers maintained that the opening of "inside" shops is a matter of economy and to escape the possible penalties of having to deal with shops over which no direct control was exercised.

Mr. Jack Mintz, of the National Association (jobbers), stated at the hearing on February 27, 1935, (**) that in addition to the reasons given above, the jobbers felt that the 35% overhead requirement was excessive and that a better cost could be obtained in an "inside" shop, and also that a more uniform production was obtainable in an "inside" shop.

The possibilities of obtaining agreement on provisions forbidding the opening of "inside" shops or change of status, would seem to be remote in view of the Union's traditional attitude toward favoring the growth of the "inside" shop system. As a matter of federal regulation, it is doubtful if policy would permit such a restriction upon the freedom of action of an individual manufacturer. This was a particularly sore point with the contractors, who felt throughout the negotiations that unless their proposed program were adopted in toto it was bound to be ineffective.

(*) Coat and Suit Code Authority Table No. 31, "A Study of Equal Distribution of Work." (NRA Files, Coat and Suit Code)

(**) Transcript of Hearing, Dress Code, (February 27, 1935), Pages 78 and 79.

CHAPTER III

APPRAISAL

APPRAISAL OF DEVELOPMENTS UNDER NRA

Viewing the history of the contract system in broad perspective, it is evident that the NRA period marked the culmination of a development toward regulation on the basis of comprehensive programs. This development toward regulation on the basis of comprehensive programs. This development had covered a considerable period of time. The first efforts at stabilization had been made some twenty-two years before the codes, in the form of more or less isolated measures calculated to cure or relieve specific phases of the problem. The application of these local remedies to the surface ills of the system, however, failed to cure the deep-rooted organic maladies, and as time passed it became apparent that a stronger and broader program of regulation was necessary. Ideas developed slowly, and for years were debated, rejected, fought over, and finally accepted by increasing numbers of the Industry's members. The framework of the programs adopted under the codes had been proposed nine years earlier, and had been given the stamp of approval by the Governor's Advisory Commission in 1926. It was not until the adoption of the codes, however, that thought was transformed into action, and the Commission's recommendations were tested in practical application.

It is, of course, a tenable hypothesis that the crystallization of issues might have occurred if there had been no NRA. It is possible that the disorganized state of the Industry in the early years of the depression might have forced the adoption of regulation through the established channels of collective bargaining. There would seem to be good reason to believe, however, that the passage of the National Industrial Recovery Act created a situation under which the traditional conflicts between Industry groups were at least temporarily relegated to the background, thus facilitating cooperative efforts on a broader scale than had previously been possible.

There is no means of accurately evaluating the effect of the NIRA on the growth of Union strength, nor is it possible to appraise the general attitude of hopefulness and confidence with which the Women's Apparel Industry viewed the NRA program. It cannot be denied, however, that in some measure, the prospect of a new era in stabilization of industrial relations was responsible for the breaking of certain deadlock which had existed for many years, and for producing in the codes the first joint expression of the composite mutual objectives of all elements of the Industry.

No particular contributions were made by NRA to the underlying principles or specific provisions adopted under the codes with respect to the contract problem. The NIRA served primarily as a new element in the mechanism of industrial self-government. It provided a central agency for the administration of measures on behalf of the Industry as a whole, rather than of partisan groups. It served as a forum for the discussion of Industry problems on a continuous basis, as against the situation existing prior to NRA, wherein issues were raised only during negotiations

for new collective agreements. To some extent also, the role of supervisors and mediators played by officials of the National Recovery Administration, and the atmosphere created by Federal sponsorship of the measures adopted, were undoubtedly responsible for a more orderly treatment of controversial questions than might have resulted under other circumstances.

It cannot be said that NRA abolished the traditional partisan aspects of negotiations between groups in the apparel industries, - far from it. NRA was no more than a vehicle through which the organized objectives of an industry could be given expression and put into effect. The codes were essentially a new form of collective agreement, and were formulated largely as a result of collective bargaining. In certain branches of the industry, the inability of opposing factions to agree upon the type of regulation desired acted as a deterrent to the adoption and administration of programs calculated to yield the most effective degree of stabilization.

Comparison of Accomplishment Under the Codes - Coat and Suit - Dress.

In spite of the controversial atmosphere that surrounded the administration of the Coat and Suit Code, the essential fact is that the conflicting viewpoints and interests of the different elements within the industry were merged into a definite expression of industry objectives, and administered with efficiency and unity of purpose. Questions of the social or economic justification of the regulations adopted, of the measurement of their effectiveness, or of the means by which the end was accomplished, are of relatively less historical importance than the fact of accomplishment itself. The program adopted under the Coat and Suit Code, and the administration of this program, marked a new and significant development in the field of industry regulation. Even though the obstacles of partisan interests continued to exist, the industry, through its code authority, managed to the general industry objectives as expressed in the code.

It is difficult to explain satisfactorily why a similar unity of purpose was not obtained under the Dress Code.

The Coat and Suit Industry is older than the Dress Industry. Perhaps the existing state of evolutionary development in the two industries may provide part of the answer to the question of their differing capabilities for cooperative action. Perhaps the failure of the Coat and Suit Industry to act upon the recommendations of the Governor's Advisory Commission in 1926, may be compared to the failure of the Dress Industry under the Code, to overcome the obstacles of partisan interests. Perhaps the years of thought and debate on the question of regulation in the Coat and Suit Industry had developed the psychological attitude of the industry to a logical appreciation of the necessity for joint action in the handling of mutual problems. Some part of the explanation may lie in the intangible factors determining the strength or weakness of industry organization. There may have existed in the Coat and Suit Industry a balance of power which made it impossible for one group to checkmate the constructive proposals of opposing groups, or a preponderance of power in the hands of the elements sponsoring the program as expressed in the code. Perhaps all of these factors played a part.

It cannot be said that the essential elements of the contract problem differ in any marked degree in the two industries. It is possible,

however, that the pressures under which the Dress Industry operated during the code period may have been stronger and more difficult to combat than the pressures under which the Coat and Suit Industry operated. While there is no tangible evidence which would support a definite conclusion on this point, it is at least a possibility that the demands of style and the rapidity of style turnover may be greater in the Dress Industry than in the Coat and Suit Industry. In addition, the Dress Industry labored under great difficulties during the code period because of the unsolved problem of overlapping with the low-wage Cotton Garment Industry. The Dress Industry also had a considerably larger number and proportion of contractors to deal with than the Coat and Suit Industry. Table II, Appendix to Part I, page 53 gives the estimated number of contractors in the Dress Industry in the New York Metropolitan Market in 1935 as 2250, employing 82,000 workers, who represented 78% of the total number of workers in that Market. Table III and IV Appendix to Part I, pp. 54 and 55, give the number of "outside" shops in the Coat and Suit Industry in the New York Metropolitan Market on February 2, 1935, and 924; for the fiscal year February 5, 1934, to February 3, 1935, the average number of workers in "outside" shops in this Market is given as 24,710, or 54% of the total. It is evident from these figures that the problem of the Dress Industry was of considerable greater magnitude and perhaps also of greater intensity than the problem of the Coat and Suit Industry.

Supplementary Functions of NRA. The codes covered areas over which the established agencies of industrial self-government had little or no control. While the associations and the Union in many instances exercise an effective measure of control over all but a very small part of an industry, the remaining small percentage of unorganized and uncontrolled shops is "a source of constant pressure against the upholding of the prescribed labor and trade practice conditions". (*)

The control of the "recalcitrant 10%" is not directly the objective of regulation of contractor-jobber relationships, but it is evident that so far as this was accomplished under the codes, the effect was to diminish the competitive pressures under which the Industry operated, and thus indirectly to influence the degree of stability attained under the contract system.

DIFFICULTIES FACING THE PROBLEM OF REGULATION

There are a number of difficulties caused by the state of development of organization in the Industry, and by the practices which are common to the negotiating relationships between the various factions, which act as obstacles to the adoption and effective administration of regulatory measures, where issues are as sharply drawn as those of the contract system. The accomplishments and the failures of the code period, and the many years of protracted negotiations preceding the codes, are more readily understood when the nature of these difficulties is considered.

The Trading Atmosphere. The different elements in the Women's Apparel Industry are organized for one purpose that transcends all others, - the purpose of collective bargaining. The trade associations and the

(*) Printz, Alexander, Chairman, National Coat and Suit Industry Recovery Board, New York Herald Tribune, (November 1, 1935), under hearing "U.S. MUST HELP RULE INDUSTRY? PRINTZ ASSERTS".

Union are openly partisan bodies whose spokesmen are charged with the duty of representing their particular groups as partisan advocates. For many years they have met with the representatives of the other groups, for the negotiation of collective agreements. No matter how conscious an individual or a group may be the necessity for cooperative action for the welfare of the industry as a whole, the negotiating relationships between the associations and the Union are dominated by trading considerations. A bargain is a trade. A good bargain is one in which maximum value has been obtained at minimum cost. A good bargainer is one who negotiates a good bargain. It is easy to understand why the official political trading position taken by individuals often varies materially from their personal "off the record" position, and why the development of industry regulation through collective bargaining has been slow and halting. As Morris Kolchin said at the Dress Code Hearing, February 27, 1935: (*)

"The trouble is this, Mr. Chairman, we all have to bring home certain victories. We are associations, we are managers. I have to make good before my association, and I try my darndest -- not I, because I am lazy by nature, but others do, and they have to bring home the bacon".

In other words, the position of the leaders of each group is that of having to uphold an uncompromising, partisan attitude, to "bring home the bacon" in the form of advantageous bargains, rather than to make concessions for which only indirect returns may be foreseen in the nebulous form of industry welfare. It is one thing for an impartial commission to propound a formula for regulation. Even if the industry may be substantially unanimous, ("off the record"), on the proposed formula, it may be entirely another matter to get the formula into an agreement or a code. It is still another matter to enforce it once it is in.

Trial and Error. It is not inferred that the reluctance of any particular group to accept a specific recommendation is necessarily always a question of trading. There are perfectly understandable, natural, and often entirely honest, differences of opinion and doubts as to the effect of a proposed regulation. The short period in which regulation has been applied in actual practice gives very little guidance or information as to what may happen upon the adoption of a particular program. Under these circumstances, the development of regulation is normally a matter of trial and error. It is easy to understand why a group may hesitate to adopt the trial for fear that the experiment may prove to have been in error.

Necessity for Effective Administration and Popular Acceptance. A further difficulty facing the program of stability through regulation, is the fact that as in laws of any kind, the degree of success is measured more by the popular acceptance of the laws and of the principles behind them, and by the effectiveness of administration, than by the laws themselves. Certain situations exist wherein the psychological attitude of the members of the industry affected by proposed or adopted regulations, may be of such nature that effective administration is impossible. Substantial acceptance

(*) Transcript of Hearing, Dress Code, (February 27, 1935), Volume I, Part 2, pages 269 and 270.

of the necessity for regulation must exist in the minds of those affected, and an organization capable of efficiently administering the program is essential. Regulations adopted without organization and general acceptance by the industry are foredoomed to failure.

REGULATION DIRECTED AT BASIC SOURCES

The extent to which the relationships existing in the contract system are influenced by certain basic governing factors, not strictly confined to the contract ^{system} alone, makes it desirable to examine the possibilities of directing at least part of the board program of regulation at these basic factors. To the extent that pressures may be relieved at the source, subsidiary resulting pressures will be relieved, and the task of regulating them will be simplified.

Style Regulation. To some extent there may be possibilities, through regulation, of relieving the intensity of pressure caused by the influence of style. The rapidity of style change, rather than any basic characteristic of style itself, is the primary factor to be considered in connection with the effect of style on the productive mechanism of the Women's Apparel Industry. If the development of general style trends were to be depicted in the form of a graph, the curve representing these trends would be spread over considerable periods of time. In other words, changes in general style trends take place relatively slowly. Roughly speaking, it may be said that the consumer's actual requirements for style change likewise cover fairly long periods of time. On the other hand, the merchandising methods which have developed in style industries during the past few years have greatly accelerated the rate of style change. Competition for consumer's attention has developed practices which cause retail stocks of style goods to be in a more or less constant state of change. In addition, where style piracy exists the rate of style change is further accelerated. The tendency is for the "pirate" to copy a given style, producing the same, or almost the same article in a lower price range. The original is forced from the market before it is "out of style", or before its normal term of consumer acceptance has run its course. This process is repeated again and again, values of unsold inventories are depreciated, and new styles must be created to replace the old. In addition to the broad curves of the basic style trend line, a theoretical graph of style changes would have to contain a subsidiary line to trace the many constant, high frequency variations which take place because of the factors just mentioned. This line would follow the general direction of the trend line, but would be a series of sharp angles rather than broad curves.

In the apparel industries very little has been done up to the present time in the way of actual accomplishment in the regulation of style piracy. It is impossible to give a full discussion of this subject at the present time, but it is evident that one effect of such regulation would be to greatly reduce the rate of style turnover. Under such conditions the need for flexibility in the producing mechanism of the industry would be greatly reduced. In addition, and perhaps of greater importance, is the probability that if style piracy were eliminated or curbed it would be far less simple to enter the apparel industry and stay there. Production would tend to be confined to established and well-organized houses whose primary strength would lie in their ability to

originate styles. To some degree also the competitive pressures within the Industry would be relieved by diminishing the losses of style obsolescence. This would have the effect of indirectly decreasing the acuteness of competition between inside and outside establishments.

Seasonality. As in the case of style, so also is seasonality partly the result of necessity as measured by consumer demand, and partly an artificial structure created by merchandising practices. There would seem to be no reason why efforts directed at spreading the seasonality curve should not, in the long run, be effective to some degree. The interlocking nature of style and seasonality makes it probable that the control of seasonality depends to a large extent upon the control of style. If the Industry is eventually able to evolve means of decreasing the rate of style turnover, the problem of spreading the seasons will be simplified.

Control Through Improving Technique of Production and Distribution. To the extent that style turnover and seasonality are artificially created as by-products of the technique of production and merchandising, they may be subjected to some degree of control by improvements in technique. The merchandising theory that the consumer's attention must be constantly stimulated by variety and change in the articles presented for sale, is relative rather than absolute. Possibly a little less variety, a few less frequent changes, would prove just as acceptable to the consumer.

The technique of merchandise control has had a wide development in recent years, particularly in the retail market. There is no reason to suppose that this development is now complete, or that a similar development should not take place in the wholesale field. The spread of the production curve over a relatively wide period of time is partly a matter of the technique employed by the manufacturer, with particular reference to his selling technique. Standardization of production may not be feasible to any appreciable extent in a style industry, but it is possible that the field of experiment and investigation on this subject has not been completely explored.

BROAD ASPECTS OF THE PROBLEM OF REGULATION

The strength or weakness of any system of regulation, however perfectly conceived and conscientiously administered, is determined by a number of inter-dependent factors which, taken together, form the composite structure, mechanism, and character of the Industry as a whole, and affect its welfare. Some of these factors are subject to control; others are not. Some originate outside of the Industry; others are of the Industry's own making. General economic influences, increasing or decreasing national purchasing power and the flow of credit and merchandise, play a part in accentuating or lessening internal pressures; and within the Industry itself there are a number of forces, some measurable and concrete, others incalculable and intangible, which contribute to the success or failure of a specific program of regulation. Under these circumstances it is obvious that absolute stabilization of contractor-jobber relationships would not necessarily create a Utopian condition. The weakness of the financial structure of the Industry,

combined with seasonality, style risks, and pressure from retail buyers, would probably maintain plenty of sharp or even destructive competition, and would continue to take annual toll of the shoe string capitalists.

There is no magic formula which of itself may be expected to eliminate or mitigate the socially and economically destructive forces and practices responsible for the difficulties of the Women's Apparel Industry. The contract problem is an integral part of the broader Industry problem, and its solution lies partly in the field of laws, collective agreements, codes, or other instruments, and partly in the field of evolution. Evolution implies changes in structure and method, brought by the operation of economic forces and improvement in the operating technique of the Industry, and changes in the attitudes of the partisan groups within the Industry toward increasing consciousness of the mutual inter-dependence of the different factions.

The evolutionary process, however, is more than the blind working of fate. In some measure the course of evolution is subject to guidance, and its development may be speeded by self-imposed industry adjustments. If any feeling of discouragement exists as to the tasks still ahead of the Women's Apparel Industry in bringing order to its distressed internal relationships, it is important to bear in mind that while the problems are of long standing, the organized attack upon these problems in the form of a comprehensive program, under capable central administration, has been confined to a relatively short period of time. In some respects, it may be said to have been confined to only one branch of the Industry. Evidence developed by the recent experiences of the Industry is inconclusive as to the effects of the specific regulatory measures adopted. The significant fact for consideration in the present period of the Industry's history, however, is that remedial measures have been adopted and placed into effect. The measurement of accomplishment must await the development of further evidence.

APPENDIX TO PART A

NUMBER OF SHOPS AND NUMBER OF WORKERS CLASSIFIED BY TYPE OF ESTABLISHMENT. The U. S. Census figures for number of regular and contract shops in the United States in all branches of the women's clothing industry from 1909 to 1931, which appear in the following table, No. I, indicate that 35% of all shops in 1931 were contract shops. This represents an increase of 192% between 1909 and 1931. These figures are not available for the Dress or the Coat and Suit Industry separately.

TABLE NO. I

NUMBER OF REGULAR AND CONTRACT SHOPS
U.S. - ALL WOMEN'S CLOTHING

1909 - 1931

YEAR	TOTAL NO. OF SHOPS	CONTRACT SHOPS		REGULAR SHOPS	
		Number	% of Total	Number	% of Total
1909	4,588	848	12	3,709	88
1914	5,564	1,084	18	4,470	82
1919	7,711	2,195	27	5,516	73
1921	7,061	1,590	23	5,471	77
1923	7,046	1,590	23	5,456	77
1925	6,127	1,897	31	4,230	69
1927	7,588	2,660	35	4,928	65
1929	8,082	2,906	35	5,176	65
1931	7,041	2,487	35	4,554	65

Incl. 1909 - 1931 192%

(U. S. Census)

DRESS INDUSTRY - NUMBER OF SHOPS AND NUMBER OF WORKERS CLASSIFIED ACCORDING TO TYPE OF ESTABLISHMENT - 1932 and 1935. The Union Census of 1932 indicates that in the Dress Industry 63% of the number of shops were contract shops, employing 54% of the number of workers in the industry.

The composite estimate made by Mr. Alex Thomson, former Administration Member on the Dress Code Authority, based on opinions of Union and association officials, indicates that in 1935, 69% of the shops were contract shops, and 78% of the workers were employed in these shops. While there is some doubt as to the absolute authenticity of these figures, they are assumed to be sufficiently accurate to indicate the decline of inside shop manufacturing and the increase of the contract method of production during this short period. The number of inside shop establishments declined from 650 in 1932 to 250 in 1935, and their employees declined from 17,000 to 12,000. Jobbing shops increased from 750 to 800, and the employees of the jobbers from 6,000 to 12,000. This increase does not readily explain itself, and is probably accounted for by the existence of a large number of inside shops controlled by jobbing establishments. It is unfortunate that we have no means of measuring the number of contractors included in the 1932 estimate who were located in New Jersey and Connecticut. In the opinion of the industry leaders, a large part of the increase in the contract method of production during this period was caused by the sending of work to out-of-town contractors. (See Table No. II immediately following for detailed information on this subject.)

COAT AND SUIT INDUSTRY - NUMBER OF SHOPS CLASSIFIED ACCORDING TO TYPE OF ESTABLISHMENT. The Statistical Department established by the Coat and Suit Code Authority, through the analysis of payroll reports, label sales, etc., submits the following information on the number of shops in the Coat and Suit Industry on February 5, 1934, and February 2, 1935.

This table indicates that whereas the outside shops in the New York Metropolitan Market represented 61.6% and 60% respectively on the dates covered, the percentages in markets outside of New York were only 26.8% and 24.4% respectively. The manner in which changes took place between 1934 and 1935, as indicated by the table (No. III), will be discussed in a subsequent part of this appendix. (See pages 73 to 82).

TABLE NO. II

NUMBER OF SHOPS AND NUMBER OF WORKERS

CLASSIFIED ACCORDING TO TYPE OF ESTABLISHMENT

DRESS INDUSTRY - NEW YORK MARKET
1932 and 1935

TYPE OF ESTABLISHMENT	1932		1935	
	No. shops	No. workers	No. shops	No. workers
Manufacturers	550	17,000	34	250
Jobbers	750	6,000	12	800
Contractors	2350	27,500	54	2250
Total	3750	50,500	100	5500

1/ Union Census 1932

2/ Composite estimate made by Alex. Thomson, Administration Member, based on opinions of Union and Association officials.

3/ Includes 45 Connecticut and 205 New Jersey contractors.

4/ Includes 4000 Connecticut and 18,000 New Jersey employees.

TABLE NO. III
 NUMBER OF CONCERNS CLASSIFIED BY TYPE
 OF ESTABLISHMENT

COAT AND SUIT INDUSTRY

FEB. 5, 1934, and FEB. 2, 1935 1/

	2/5/34	% of Total	2/2/35	% of Total
U. S. MARKET				
Inside Shops	902	44.9	934	47.7
Outside Shops	1106	55.1	1025	52.3
Total	2008	100	1959	100
N. Y. MET. MARKET				
Inside Shops	626	38.4	622	40
Outside Shops	1005	61.6	324	60
Total	1631	100	1546	100
MARKETS OUTSIDE OF N. Y.				
Inside Shops	275	73.2	312	75.6
Outside Shops	101	26.8	101	24.4
Total	377	100	413	100

1/ Figures compiled from Coat and Suit Code Authority Table No. 12.2. Composite figures for markets outside of New York obtained by deducting New York Metropolitan Market Figures from U. S. Market Figures. Code Authority Table No. 12.2 gives additional breakdown on markets outside of New York.

TABLE NO. IV

AVERAGE AND MAXIMUM NUMBER OF WORKERS - NUMBER OF MAN HOURS, PAYROLL DOLLARS AND PRODUCTION UNITS, CLASSIFIED ACCORDING TO TYPE OF ESTABLISHMENT 1/

COAT AND SUIT INDUSTRY

FEBRUARY 5, 1934, to FEBRUARY 2, 1935

	Average No. of Workers	Maximum No. of Workers	Number of Man-Hours	Payroll Dollars	Production Units
U.S. MARKET					
Inside Shops	29,598	34,657	31,836,085	35,343,088	9,783,152
Outside Shops	27,365	30,968	20,710,827	23,753,167	12,131,930
Total	57,063	65,625	52,546,912	59,096,255	21,915,062
N.Y. MET. AREA MARKET					
Inside Shops	20,832	No.	22,732,050	27,189,324	7,287,850
Outside Shops	24,710	Data	15,458,205	21,737,300	11,253,358
Total	45,542		41,200,255	48,926,624	18,541,208

1/ Information compiled from Code Authority Tables numbered as follows:

U. S. Market - Average Number of Workers, Man Hours, and Payroll Dollars, Table No. 1
 Maximum Number of Workers, Table No. 7
 Production Units, Table No. 10

N. Y. Met.
 Area Market - Average Number of Workers, Man Hours, and Payroll Dollars, Table No. 21
 Production Units, Table No. 30

COAT AND SUIT INDUSTRY - AVERAGE AND MAXIMUM NUMBER OF WORKERS - NUMBER OF MAN HOURS, PAYROLL DOLLARS AND PRODUCTION UNITS, CLASSIFIED ACCORDING TO TYPE OF ESTABLISHMENT. Code authority tabulations indicate that the extent of the contract system in the Coat and Suit Industry as measured by the number of workers is not as great as in the Dress Industry. Table No. IV was compiled from several separate code authority tables as described in the footnote under that table.

SIZE OF SHOPS - DRESS AND WAIST INDUSTRY - 1925. The Joint Board of Sanitary Control conducted an investigation in 1926 which revealed that 61 percent of the dress and waist shops in the New York Market employed from one to fifteen workers, and 45 percent employed ten or less workers in that year. See Table No. V.

COMPARISONS - AVERAGE NUMBER OF WORKERS - INSIDE AND OUTSIDE SHOPS. Data supplied in Tables Nos. II, III, and IV, make it possible for rough figures to be compiled as to the average numbers of workers in inside and outside shops for the Dress and the Coat and Suit Industries. (See Table No. VI). It is not felt that these figures are reliable except as an indication that in general the outside shops are smaller than the inside shops.

TABLE NO. V

CLASSIFICATION OF SUITS ACCORDING TO
NUMBER OF WORKERS IN THE DRESS AND
HAIRST INDUSTRY - 1945 - NEW YORK MARKET

(From Report of the Joint Board of
Sanitary Control)

WORKERS	SUITS
1 - 5	386
6 - 10	530
11 - 15	513
16 - 20	265
21 - 25	115
26 - 50	119
51 - 75	18
76 - 100	3
100 - 150	1
150 - 200	-
Over 200	55
<hr/>	
TOTAL SUITS -	2,006
<hr/>	
1 - 10 Workers -	45%
1 - 15 "	61%

TABLE NO. VI

COMPARISONS, AVERAGE NUMBER OF WORKERS, INSIDE AND
OUTSIDE SHOPS 1/

DRESS INDUSTRY

YEAR	MANUFACTURERS	JOBBERS	CONTRACTORS
1932	26	8	12
1935	48	15	36

COAT AND SUIT INDUSTRY

YEAR	INSIDE	OUTSIDE
2/5/34 - 2/2/35	32	26

1/ Figures compiled from data in Table No. II, Dress Industry, Number of Shops and Number of Workers, Classified According to type of Establishment; and from Tables Nos. III and IV, Coat and Suit Industry, Number of Concerns, and Average Number of Workers.

CLASSIFICATION OF SHOPS ACCORDING TO NUMBER OF WORKERS, UNITED STATES MARKET AREA - COAT AND SUIT INDUSTRY. Table No. VII shows that 85% of the shops in the Coat and Suit Industry employ from one to thirty-nine workers, and that 33% of the shops employ from one to nineteen workers.

SEASONALITY IN WOMEN'S APPAREL INDUSTRY COMPARED TO SEASONALITY IN OTHER INDUSTRIES. Table No. VIII shows that the women's apparel industry was by a wide margin the most seasonal of the twenty-four industries reported during the period of 1923 to 1931, inclusive, measured in terms of seasonal variations in payrolls. The range of seasonality, measured by the difference between the index for the high point of the season, compared to the index for the low point of the season, is 55 points in the women's apparel industry. The next most seasonal industry was automobile manufacturing, with a range of 35 points, and the third most seasonal was cement manufacturing with a range of 25 points.

Measured in terms of production and employment, (see Table No. IX), the women's apparel industry is one of the most seasonal of all industries, although not in the same degree as indicated by payrolls. It should be noted that employment fluctuations are typically more narrow, and production fluctuations wider, than payroll fluctuations. On the basis of production only fruits and vegetables and cotton seed oil show a wider seasonal range. On the basis of employment, fruits and vegetables, cotton seed oil, butter, and ice cream, are the only industries showing a greater degree of seasonality than women's clothing.

TABLE NO. VII

 CLASSIFICATION OF SHOPS ACCORDING TO NUMBER OF WORKERS
 COAT AND SUIT INDUSTRY, U. S. MARKET AREA 1/

Number of Workers	Number of Firms 2/5/1934	Number of Firms 2/2/1935
1 - 19	664	656
20 - 39	1038	990
40 - 59	164	167
60 - 79	80	82
80 - 99	31	32
100 and Over	31	32
Total Manufacturing	2008	1959
Non-Manufacturing	251	395
No Data	93	69
Grand Total	2352	2423
1 - 19 Workers	33.6	33.6
1 - 39 Workers	85.6	84.6

1/ Coat and Suit Code Authority Table No. 12.

TABLE NO. VIII

INDICES OF SEASONAL VARIATIONS IN THE PAYROLL
OF TWENTY-FOUR SELECTED MANUFACTURING INDUSTRIES FOR THE
PERIOD OF 1923 - 1931 ^{1/}

	Average Number Employed in 1929	High Point of the Seasonal Index for the Year	Low Point of the Seasonal Index for the year	Range of Season- ality (Points)	Rank
Women's Clothing	187,500	128	73	55	1
Automobiles	226,116	116	81	35	2
Cement	33,368	107	85	25	3
Boots and Shoes	205,640	112	89	23	4
Automobile Tires and Tubes	83,263	110	87	23	5
Men's Clothing	149,868	109	88	21	6
Clay Products	128,743	107	87	20	7
Steamfitting	39,621	110	91	19	8
Furniture (Lumber)	193,399	109	90	19	9
Cigars & Cigarettes	105,308	109	92	17	10
Hosiery & Knit Goods	208,488	105	89	16	11
Dyeing and Finishing Textiles	79,327	106	91	15	12
Lumber, Sawmills	419,084	105	90	15	13
Steel Works and Roll- ing Mills, etc.	394,574	107	93	14	14
Cane Sugar Refining	13,912	105	91	14	15
Flour	27,028	107	94	13	16
Cotton Goods	424,916	105	92	13	17
Silk Manufacturers	130,467	105	92	13	18
Glass	67,527	104	92	12	19
Structural Iron Works	54,947	105	94	11	20
Woolen & Worsted Manufacturers	146,969	105	94	11	21
Slaughtering and Meat Packing	122,505	105	95	10	22
Petroleum Refining	80,596	102	97	5	23
Leather	40,932	103	98	5	24

Source: Simon Kuznetz, "Seasonal Variations in Industry and Trade",
published by the National Bureau of Economic Research, 1933.

^{1/} In this table the smaller the range the steadier the work; the larger
the range the greater the amount of seasonal unemployment.

TABLE NO. IX

COMPARISON OF WOMEN'S CLOTHING WITH OTHER
INDUSTRIES IN AMPLITUDE OF SEASONAL VARIATIONS IN PRODUCTION
AND EMPLOYMENT

1920 - 1931

Range from High to Low Index

INDUSTRY	PRODUCTION (POINTS)	EMPLOYMENT (POINTS)
Women's Clothing	151	29
Flour	29	12
Meat	33	10
Sugar	40	17
Tobacco	30	12
Butter	74	32
Ice cream	150	35
Fruits and Vegetables	359	212
Cotton Seed Oil	165	126
Cotton	31	9
Finishing & Dyeing	34	7
Knit Goods	27	25
Woolen Goods	10	6
Worsted Goods	22	7
Silk	12	5
Leather	13	6
Shoes	43	10
Men's clothing	106	8
Automobiles	31	18
Tires	36	9
Glass	24	10
Gasoline	12	4
Lumber	21	8
Cement	69	16
Structural Steel	23	6
Steel Ingots	23	4
Furniture	13	11

Source: Simon Kuznetz, "Seasonal Variations in
Industry and Trade", 1933, pp. 209-11.

DRESS INDUSTRY - SEASONAL VARIATIONS IN EMPLOYMENT AND PAYROLLS
IN NEW YORK STATE - 1929-1932.

Table No. X shows the fluctuations in employment and payrolls in dress shops for the years 1929 and 1932, the indices being based on the average for the years 1926 to 1932. In 1929, the peak year, employment fluctuated from 85.2% to 117.1%, a range of 25.9 points. In 1932, employment fluctuated from 49.9% to 98.2%, a range of 48.3 points. Payrolls fluctuated in 1929 from 126.0% to 83.8%, a range of 42.2 points; and in 1932, from 85.0% to 36.8%, a range of 48.2 points. It should be noted that the establishments investigated represent the more stable units in the industry as it would be impossible to obtain adequate comparative data from shops in which records had not been kept over a sufficient number of years.

SEASONAL VARIATIONS IN EMPLOYMENT - WOMEN'S APPAREL INDUSTRY.

The New York State Department of Labor gives figures which differ from U. S. Department of Labor figures on the fluctuations in employment in the women's apparel industry for the year 1932. The deviation from peak to slump as reported by the New York State Department of Labor was 41.7 points, and as reported by the U.S. Department of Labor, 32.1 points. (See Tables XI and XII.)

The difference may be due to the bases used, the New York State Department of Labor using the average, 1925-1927, and the U. S. Department of Labor using the average, 1926.

SEASONALITY IN COAT AND SUIT INDUSTRY.

The Coat and Suit Code Authority Table No. 2, entitled "Weekly Fluctuations in Numbers of Workers, Man Hours, Payrolls, and Production, Total U. S. Market Area, for the year Feb. 5, 1934, to Feb. 2, 1935", shows that employment as measured by number of workers fluctuated from a high of 60,519 in the week ending Oct. 13, 1934, to a low of 19,416 in the week ending June 2, 1934.

As measured by man hours, the high point was 1,794,974, in the week ending March 24, and the low point was 368,749, in the week ending June 2. The high point in payrolls was \$2,137,679, in the week ending March 24, and the low point was \$395,154, in the week ending June 2.

Production units were highest at 727,620 in the week ending March 24, and lowest at 152,289, in the week ending July 7.

Percentages of averages under each heading are as follows:

	<u>High</u>	<u>Low</u>	<u>Variation</u>
Number Workers	148.0	47.5	100.5
Man Hours	177.0	36.5	141.5
Payrolls	167.0	34.7	153.3
Production	172.0	36.2	136.8

TABLE NO. X

SEASONAL VARIATIONS IN EMPLOYMENT AND PAYROLLS IN NEW YORK STATE
DRESS INDUSTRY - 1929 - 1932

(N. Y. State Dept. of Labor, 1926-1932 = 100)

MONTH	EMPLOYMENT		PAYROLLS	
	1929	1932	1929	1932
January	105.4	95.9	112.2	80.3
February	117.1	91.9	121.3	74.3
March	116.0	97.2	120.6	85.0
April	115.1	98.2	119.5	81.4
May	109.5	91.4	107.3	69.7
June	102.1	75.3	98.3	54.6
July	88.2	49.9	83.8	36.8
August	96.2	75.4	100.9	58.2
September	111.7	89.8	126.0	72.8
October	113.2	94.2	121.8	74.0
November	107.1	80.3	103.0	56.7
December	101.6	85.1	105.4	60.4

VARIATION

High to Low	EMPLOYMENT	PAYROLLS
	1929 - 117.1 to 88.2	126.0 - 83.8
Deviation	28.9 Points	42.2 Points
	1932 - 96.2 to 49.9	85.0 - 36.8
Deviation	46.3	48.2

TABLE NO. XI

INDEX NUMBERS OF EMPLOYMENT

WOMEN'S CLOTHING - NEW YORK STATE

Average 1925-1927 = 100

(N. Y. Dept. of Labor)

MONTH	1932 EMPLOYMENT
January	68.7
February	72.1
March	79.8
April	74.7
May	67.4
June	53.1
July	38.1
August	55.6
September	71.9
October	78.6
November	66.8
December	62.3
Average for Year	65.4
$100 - 65.4 = 34.6$	
High Point	79.8
Low Point	38.1
Deviation from Peak to Slump	41.7

TABLE NO. XII
 INDEX NUMBERS OF EMPLOYMENT
 ALL WOMEN'S CLOTHING
 Average of 1926 = 100
 (U.S. Department of Labor)

MONTH	1932 EMPLOYMENT
January	71.5
February	74.4
March	77.5
April	76.2
May	71.6
June	64.8
July	45.4
August	53.4
September	66.8
October	70.6
November	64.8
December	58.3
High Point	77.5
Low Point	45.4
Deviation from Peak to Slump	32.1 Points

Table No. 2 of the Coat and Suit Code Authority is not reproduced here as it is very voluminous, and we have outlined above the essential points for our purpose.

Other tables and charts prepared by the Code Authority show seasonal fluctuations for individual markets. (*)

COMPARISONS OF WAGES BETWEEN INSIDE AND OUTSIDE SHOPS - WOMEN'S APPAREL INDUSTRY. The U. S. Census for the years 1909 to 1931, as shown in Table No. XIII, indicates that in 1909 and 1914 wages in contract shops were considerably below those in regular (inside) shops. From 1919 to 1927 they were about the same. In 1931, average annual earnings in regular and contract shops were \$1139 and \$964 respectively.

COMPARISONS OF EMPLOYMENT BETWEEN INSIDE AND OUTSIDE SHOPS. While it seems to be a generally accepted fact that in the apparel industry the continuity of employment and the total number of weeks worked per year is less in the outside than in the inside shops, no statistical data is available except that which was prepared by the Governor's Advisory Commission in 1925. For the analysis made by the Bureau of Research from records of the Unemployment Insurance Fund, for the Governor's Advisory Commission, it appears that during 1925 the workers in sub-manufacturing shops had an average of 26.8 full weeks of employment, as against an average for the inside shops of 37.4 full weeks. (**) The studies conducted by the Governor's Advisory Commission developed the following: (***)

"It appears that during only a part of the spring season (1924) were there employed more workers than the full complement in any of the shops. At no time during the fall season were all of the workers employed. When the percentages of full complements of workers employed each week in the three groups of shops (American, Industrial, and Independent) are compared, it appears that the

(*) Coat and Suit Code Authority Tables Nos. 22, 42, 62, 82, 102, 122, 142, 162, 182, 202.1, and 202.2. (WPA Coat and Suit Code File)

(**) Governor's Advisory Commission, Report of Special Investigation, p. 6, loc. cit. note p. 1 supra.

(***) Governor's Advisory Commission, Report on "Employment and Earnings of Workers, 1925", Part III, p. 25.

TABLE NO. XIII
 WAGES - ALL WOMEN'S CLOTHING - 1909-1931
 (U.S. Census)

YEAR	A L L S H O P S			R E G U L A R S H O P S			C O N T R A C T S H O P S		
	Aver. # of Earners	Total Wages Paid	Aver. # of Wage Earners	Total Wages Paid	Aver. # of Wage Earners	Total Wages Paid	Aver. # of Wage Earners	Total Wages Paid	Aver. # of Wage Earners
1909	153,743	78,568,261	511	139,721	71,578,317	512	14,022	6,989,944	499
1914	168,907	92,573,642	548	151,950	85,865,447	565	16,957	6,705,195	394
1919	165,649	195,295,874	1179	139,097	162,973,102	1172	26,552	32,322,732	1215
1921	144,865	185,082,108	1278	124,503	160,665,724	1290	20,362	24,416,384	1197
1923	133,195	176,445,518	1325	112,132	150,769,366	1345	21,063	25,656,152	1216
1925	126,466	175,044,511	1354	99,525	138,092,124	1388	26,941	36,952,387	1374
1927	154,459	211,349,759	1368	116,932	158,371,562	1355	37,527	52,978,197	1413
1929	187,500	243,851,143	1500	139,393	181,606,287	1303	43,107	62,244,856	1294
1931	173,514	188,976,754	1089	123,569	140,858,059	1139	49,945	48,120,695	964

PERCENTAGE INCREASE OR DECREASE

1909-									
1919	+ 7.7	+ 145.6	+ 130.7	- .4	+ 127.7	+ 128.9	+ 89.4	+ 362.4	+ 143.5
1919-									
1929	+ 13.2	+ 24.6	+ 10.3	+ .2	+ 11.4	+ 11.2	+ 81.2	+ 92.6	+ 6.5
1921-									
1931	+ 19.8	+ 2.1	- 14.3	- .8	- 12.3	- 11.7	+ 145.3	+ 97.1	- 11.1

fluctuation is greatest in American shops. During the second week in June, the American shops show employment of only 13% of the full complement of workers; the lowest percentage in the other two groups is 42.3***. A comparison of the employment of workers in the Industrial Council and American shops shows that the former had about 22% more regularity of employment than the latter".

A letter of transmittal from Lindsay Rogers to the Governor's Advisory Commission, (dated Nov. 15, 1926), attached to a report on "Employment and Earnings of Workers, 1926", indicates that between 1924 and 1925 there had been a trend toward more unemployment, as the average number of full weeks of employment per year in 1924 was 40 for the inside shops and 31½ for the sub-manufacturing shops, as compared to the figures for 1925 of 37.4 and 26.8, respectively, as given above.

This same letter of transmittal states further that in 1924 the inside shops gave 20%, and in 1925 they gave 28% more employment than the outside shops.

Mr. David Dubinsky stated at the Coat and Suit Hearing of July 20, 1933, that at that time the season (presumably meaning the total period of work) in outside shops lasted in many instances only eight to twelve weeks per year. (*) He further stated that the average employment for the industry in 1933 had dropped to not more than 22 weeks per year, or 43% of the total available working time. (**)

It is possible that the Statistical Department of the Coat and Suit Code Authority may have made compilations of man hours, and other pertinent data as between inside and outside shops during the code period, but no such brochures were submitted to us with the other code authority tables, and no additional information on this subject is apparently available. (See Table No. XIV)

COMPARISON OF EARNINGS AND EMPLOYMENT IN CONTRACT AND INSIDE SHOPS - DRESS INDUSTRY. In 1928 the Union made a study of sixty representative shops, (35 contracting and 24 manufacturing). Even though the sample cannot be considered adequate as conclusive evidence, the information obtained by this study, (see Table No. XIV), tends to support other testimony to the effect that workers in contract shops earn less and are employed less than workers in inside shops.

(*) Transcript of Hearing, Coat and Suit Industry, July 20, 1933. Vol. II, p. 82.

(**) Transcript of Hearing, Coat and Suit Industry, July 20, 1933. Vol. I, p. 97.

A further study by the Union in 1932, covering 27 contract and 32 manufacturing shops, shows a differential of \$2.15 per week in average peak earnings between the two classes of shops. (See Table No. XV.)

TABLE NO. XIV
 COMPARISON OF EARNINGS AND EMPLOYMENT
 IN CONTRACT AND MANUFACTURING SHOPS

DRESS INDUSTRY - 1932

	CONTRACT SHOPS	MANUFACTURING SHOPS
Average Weekly Earnings	\$ 17.49	\$ 22.66
Average Annual Earnings	791.80	945.60
Average Peak Earnings	32.49	34.64
Number of Weeks Worked At Peak Rate	26.7	34.9
Unemployed Time	25.3	17.1

Union Investigation

TABLE NO. IV
 COMPARATIVE SCALE SHOWING AVERAGE PEAK
 EARNINGS BY CRAFTS AND GRADES

DRESS INDUSTRY - 1952

M A N U F A C T U R E R S (32 SHOPS)				
GRADE	OPERATORS	PRESSERS	FINISHERS	AVERAGE PEAK 3 Crafts
\$ 6.75	\$38.61	\$ 46.31	\$ 22.18	\$ 36.70
10.75	32.98	54.24	21.79	36.33
16.75 - up	27.11	48.91	19.89	31.97
Average all Grades	32.87	49.82	21.09	34.64
C O N T R A C T O R S (27 SHOPS)				
\$ 6.75	\$ 30.17	\$ 46.28	\$ 19.90	\$ 32.11
10.75	31.75	42.69	20.07	31.56
16.75	31.50	47.34	19.37	32.74
Average all Grades	31.14	45.43	19.78	32.49
Average Manufacturing Shops			\$ 34.64	
Average Contract Shops			<u>32.49</u>	
Differential			\$ 2.15	

(Union Investigation)

COMPARISON BASED ON COAT AND SUIT CODE AUTHORITY DATA

By combining figures contained in Tables III and IV, certain ratios may be obtained which are indicative but not conclusive as to the competitive positions of inside and outside shops. In Table XVI are shown comparisons between inside and outside shops as to payroll dollar per worker and per garment, man hours per garment, and production units per worker.

The differentials shown in payroll per worker between inside and outside shops cannot be considered accurate in that they are not broken down by crafts. (The inside shop employs cutters, one of the high wage crafts, whereas outside shops in most instances do not employ cutters.)

The other items in Table XVI, indicating that less payroll dollars and less man hours go into the production of a garment in outside than in inside shops, and that there is less production per worker in inside than in outside shops, cannot be taken as evidence of underpayment or speed-up in outside shops. The figures are merely interesting as indications that the outside shops in general are apparently engaged in the production of garments in the comparatively low price ranges. These figures might also be erroneously interpreted to indicate greater efficiency per worker in the outside shops as compared to the inside shops.

MORTALITY. Data on discontinuation of firms in the apparel industry is generally inadequate as a measure of distress mortality, as the reasons for discontinuation of business are not usually given. That there is an abnormally high rate of turnover for one reason or another, however, cannot be denied, even though available evidence is fragmentary.

Table No. XVII shows that in 1929 and 1930, 24% and 24.3% respectively, of firms in the Dress Industry, of which records were kept by the National Credit Office, discontinued business.

Table No. XVIII shows that of an original group of 1687 dress manufacturers in 1925, 22.2% discontinued in the year 1927-28; between 1925 and 1929, 53.9% had discontinued; and between 1925 and 1933, 83.6% had discontinued, leaving only 16.4% of the group in business after eight years of operation.

Table XIX shows the results of a Union investigation of 927 dress contract shops from 1926 to 1937, and indicates that in three years 68-1/6% had discontinued; in seven years 81-2/3%. Comparison between inside and outside shops is not obtainable between Tables XVIII and XIX because the latter covers a period of one less year.

Table No. XX shows that in the year from Feb. 5, 1934, to Feb. 2, 1935, 20.7% of inside shops and 16.0% of outside shops discontinued business in the industry as a whole; for the New York Metropolitan Market the figures were 21.1% and 14.6% respectively, and for markets outside of New York, 19.9% and 50.0%, respectively. Incoming concerns replaced outgoing to the extent that in the market as a whole there was a net increase of 3.5% in inside shops, and a net decrease of 7.3% in

outside shops; in the New York Metropolitan Market, inside and outside shops decreased 0.8% and 8.0%, respectively; and in the markets outside of New York inside shops increased 13%, while the number of outside shops remained unchanged.

While there is an apparent trend indicated by these figures in favor of the inside shop, the evidence is insufficient in time covered to warrant conclusions other than as to turnover, and caution must be exercised against drawing deductions as to the apparently greater stability of the outside shops in the New York market. In February, 1935, the code had been in operation for some time. Unfortunately, we have no data as to what immediate effect the code provisions had on the two types of shops. No explanation is offered as to the high turnover in outside shops in markets outside of New York, or as to the increase of inside shops in these markets.

TABLE NO. XVI

COMPARISONS BETWEEN INSIDE AND OUTSIDE SHOPS
AS TO PAYROLL DOLLAR PER WORKER AND PER GARMENT, MAN HOURS
PER GARMENT, AND PRODUCTION UNITS PER WORKER

1/

	PAYROLL \$ PER WORKER	PAYROLL \$ PER GARMENT.	MAN-HRS. PER GARMENT.	PRODUCTION UNITS PER WRKR.
U. S. MARKET				
Inside Shops	\$ 1193	\$ 3.31	3.25	329
Outside Shops	868	1.96	1.71	384
N.Y. MET. AREA MARKET				
Inside Shops	1305	3.73	3.12	350
Outside Shops	880	2.64	1.64	456

1/ Compiled from data in Tables III and IV.

TABLE NO. XVII
 TURNOVER IN THE DRESS INDUSTRY - 1929-1930

	<u>1929</u>		<u>1930</u>	
	Number	Percent	Number	Percent
Total Concerns	1,991	100 %	2,072	100 %
Concerns Dis-continued	478	24	504	24.3
Started in Business	709	35.6	621	29.6
Moved	347	17.4	353	17.0
Changed Price Range	389	19.5	683	33.0

(National Credit Office)

TABLE NO. XVIII
 TURNOVER AMONG DRESS MANUFACTURERS - 1925-1933

YEAR	ORIGINAL NUMBER	DISCONTINUED	STILL IN BUSINESS
Spring 1927 to Spring 1928	1,621	360	1,261
		$.22 \frac{1}{5}\%$	$.77 \frac{4}{5}\%$
Spring 1925 to Spring 1928	1,687	994	693
		$.58 \frac{9}{10}\%$	$.41 \frac{1}{10}\%$
Spring 1925 to Spring 1933	1,687	1,411	276
		$.83 \frac{3}{5}\%$	$.16 \frac{2}{3}\%$

(Fairchild's Women's Wear Directory)

TABLE XIX
 TURNOVER AMONG DRESS CONTRACTORS - 1926-1933 1/

YEAR	ORIGINAL NUMBER	DISCONTINUED	§	STILL IN BUSINESS	%
July 1926	927	332	68 1/3	295	31 5/6%
July 1929					
July 1926	927	757	81 2/3	170	18 1/3
Jan. 1933					

1/ Submitted by I.L.P.W. in support of Labor Provisions to be embodied in Dress Code.

TABLE NO. IX
 INCOMING AND OUTGOING CONCERNS DURING PERIOD FEB. 5, 1934, to FEB. 2, 1935
 COAT AND SUIT INDUSTRY ^{1/}

	OUTGOING	INCOMING	INCREASE	DECREASE
	Concerns % of 1934	Concerns % of 1934	Concerns % of 1934	Concerns % of 1934
U. S. MARKET				
Inside Shops	187	219	32	3.5
Outside Shops	177	96	81	7.3
Total	364	315	49	2.4
N. Y. MET. MKT.				
Inside Shops	132	128	4	.6
Outside Shops	147	66	81	8.0
Total	279	194	85	5.2
MARKETS OUTSIDE N.Y.				
Inside Shops	55	91	36	13
Outside Shops	30	30		
Total	85	121	36	9.5

^{1/} Data compiled from Coat and Suit Code Authority Tables as follows: U. S. Market - Table No. 12
 N. Y. Metropolitan and
 Markets Outside of N. Y. -
 Table No. 12.1

WOMEN'S APPAREL INDUSTRY

Table XXI

COMPARISON OF PRINCIPAL CONTRACTOR-JOBBER PROVISIONS

CODE	'BLOUSE & COAT & SKIRT'		'DRESS SUIT MFG.'		'INFANTS' & CHILDREN'S'		'COTTON' & 'GARMENT'	
	(Page of Code 13 Amend. 2)	(Code 13 Amend. Code 2)	(93-94 Code)	(Code)	(621 Code)	(1 Reprint)	(Code)	(Code)
PROVISION	ARTICLE AND SECTION (OR PARAGRAPH)							
Manufacturer/jobber pay contractor amount sufficient to cover code wages	III 8'	VII 1	VII 1(a)		VI 4			
Manufacturer/Jobber pay contractor amount sufficient to cover code wages, plus overhead	III 8'	VII 1	VII 1 (a)					
Designation of contractors		VII 1	VII 1 (b)					
Confine work to designated contractors		VII 1						
Equitable distribution of work		VII 1	VII 1 *	(d) (e)				
Limitation of manufacturer/jobber liability, claim by contractor must be made within (2 weeks (3 weeks	III 9'		VII 1 (a)					
Registration of contractor with Code Authority			VII 1 (b)		VI 2			
Contractor shall open books re claims	III 9'		VII 1 (a)					
Rights of employees not limited hereby	III 9'		VII 1 (a)					
Obligatory uniform order blank			VII 2					
No work to contractor held in violation b Code Authy.					VI 3			
No uncut materials to contractor								XI A
No charges against contractor except for materials.								
Net no discount. Net yardage		VII 2						
Provision for further investigation and/or regulations to be adopted		VII 3	VII 1 (f)		VI 5			XIX

*Implied, but obligatory by inference only. Code Authority given power to prevent discrimination.

TABLE NO. XXII

WOMEN'S APPAREL INDUSTRY

Number of Establishments, Value of Product, Number of Wage Earners, Average Annual Wage, 1859-1933*

Year	Number of Establishments	Value of Product (000 omitted)	Number of Wage Earners	Average Annual Wage
1859	188	\$ 7,000	5,739	\$ 208
1869	1,847 #	13,000	11,696	215
1879	562	32,000	25,192	264
1889	1,224	68,000	39,149	394
1899	2,701	159,000	83,739	389
1904	3,351	248,000	115,705	442
1909	4,558	335,000	153,743	511
1914	5,564	474,000	158,907	548
1919	7,711	1,209,000	165,649	1,179
1921	7,061	1,023,000	144,835	1,280
1923	7,046	1,407,000	133,195	1,325
1925	6,127	1,294,000	126,466	1,384
1927	7,588	1,494,000	154,459	1,359
1929	8,082	1,710,000	187,500	1,301
1931	7,046	1,292,000	173,890	1,088
1933	5,351	846,000	159,825	797

* Source: U. S. Census Reports. The 1933 data came from the Preliminary Census Report.

This figure is exaggerated, since it includes all establishments which manufacture women's garments, even though the bulk of their product consists of men's clothing or other articles.

PRINCIPAL TRADE ASSOCIATIONS OF THE DRESS AND THE
COAT AND SUIT INDUSTRIES, TOGETHER WITH INDUSTRY
ELEMENTS OF WHICH MEMBERSHIP IS CHIEFLY COMPOSED

NAME OF ASSOCIATION	INDUSTRY ELEMENT REPRESENTED
The Affiliated Dress Manu- facturers, Inc.	Inside Shop Dress Manufacturers
The National Wholesale Dress Manufacturers Association, Inc.	Dress Jobbers
The United Association of Dress Manufacturers, Inc.	Dress Contractors
The Industrial Council of Cloak, Suit and Skirt Manufacturers, Inc.	Inside Shop Coat and Suit Manufacturers
Merchants Ladies Garment Asso- ciation, Inc.	Coat and Suit Jobbers
American Cloak and Suit Manufac- turers Association, Inc.	Coat and Suit Contractors

(WOMEN'S WEAR DAILY
APRIL 18, 1934)

IN THE COURT OF PUBLIC OPINION

UNITED ASSOCIATION OF DRESS MANUFACTURERS, INC.

for and on behalf of all dress contractors, COMPLAINANT,

-AGAINST-

THE NATIONAL DRESS MANUFACTURERS' ASSOCIATION, Inc.,

representing dress jobbers and manufacturers, DEFENDANT.

We charge the National Dress Manufacturers Association, Inc., and the jobbers:

1. That the jobbers are wilfully and selfishly, to the detriment and loss of all the contractors and workers, violating the collective agreements between the jobbers and contractors, in that
 - A. They are not registering their contractors either with the United Association or the Code Authority, in violation of the first paragraph of Article V of our collective agreement.
 1. Each Jobber is employing as many new contractors as he feels will serve his purposes.
 2. To check up and prosecute these violations pursuant to Article V would require the police force of New York City --an army of clerks to adjust them, -- and a number of Impartial Chairmen to fully dispose of them.
 3. The old system of juggling of contractors to beat down prices has been revived.
 - B. They are not confining work to members of the United Association, in violation of Article I of our collective agreement.
 1. New contractors are set up in business by the jobbers to beat down standards.
 2. Jobbers are establishing their own factories.
 3. A favored few contractors -- "regular fellows" -- are being financed to extend their plants to starve out groups of contractors.
 - C. No uniform order blank has been put into practice as yet -- eight months after the collective agreements were adopted in August, 1933.

D. Price calculations on orders as provided in Article IV of the collective agreement are not carried out by any jobbers.

1. Impossible to ascertain what price was figured by the jobber for labor and for overhead.
2. Jobbers changing the price range of dresses in order to get the benefit of lower wage scales and lower flat prices fixed by the Union with the jobbers.

E. Contractors are not paid thirty-five (35%) for overhead.

1. In very many instances, there is no allowance to the contractor for his overhead.
2. Thirty-five (35%) insufficient for contractors making dresses selling for \$10.75 and up.

F. Secret rebates (popularly called "kick-backs") are obtained from contractors by any number of ingenious devices.

1. Some jobbers cash checks and refund only part in cash, retaining the difference.
2. Contractors in certain instances are compelled to bring back the rebate in cash.
3. Charges are made by some jobbers for materials and trimmings which are never supplied.
4. Charges are made by some jobbers for return of dresses never delivered.
5. Premium is placed upon dishonesty.
6. Some jobbers keep separate sets of books to hide these reprehensible practices.
7. Effect is to reduce the payments by the jobber for overhead -- to vice out claims for non-payment of minimum labor costs -- to get refunds on Impartial Chairman decisions.

G. Jobbers are discriminating against contractors by placing orders with contractors who are the "regular fellows". No equitable distribution of work in violation of Article V.

H. Contractors are discarded by jobbers for refusing to give "kick-backs" and for filing complaints.

I. The machinery for the adjustment of complaints has completely collapsed. Several weeks and in some cases even months, are required to dispose of complaints.

J. Jobbers are wilfully delaying and hindering the hearing and determination of cases before the Impartial Chairman.

II. Standards have collapsed in all branches of the dress industry, making it necessary to reorganize.

1. No control of cost of production.
2. Inside manufacturers and many contractors working more than thirty-five (35) hours per week, including Saturdays and Sundays.
3. See I.

III. Impartial Chairman machinery clogged with mass of complaints. Justice delayed is no justice.

IV. Label distribution is ineffective, useless.

1. Labels being distributed by jobbers to contractors irrespective of whether said contractors are complying with the requirements of the Code or not.
2. Violations of wage scales and hours of work are legion in outlying districts.
3. Label merely certifies that dress has been manufactured by a preferred contractor, (preferred by the jobber).

BOARD OF DIRECTORS

UNITED ASSOCIATION OF DRESS MANUFACTURERS, INC.

CONTRACTORS REMEDIAL SUGGESTIONS

At a conference with the Committee of Jobbers as long ago as March 12th, 1934, we proposed remedies to improve the present impossible conditions for contractors, and to eliminate some of the flagrant violations by jobbers as follows:

1. That jobbers and manufacturers shall not change, or add to or reduce their contractors before approval is obtained from the impartial machinery.
2. Provisions to be added to the collective agreement for penalties for violations of its terms.
3. Jobbers shall not open inside factories during the life of the agreement; inside manufacturers employing contractors shall not increase their plants during the life of the agreement.

4. Work shall be distributed by jobbers equitably to and among the contractors and between the inside shop and the contractors at all times.
5. The adoption of a scientific system of settlement of piece prices for all price ranges.
6. Improvement of our adjustment machinery so that complaints may be more efficiently and speedily adjusted.
7. The immediate use of the uniform order blank by jobbers.
8. That labels be distributed to contractors directly by the Code Authority, upon certified orders from jobbers.

The said Committee promised to give us an answer in ten days, but no answer was received.

At a membership meeting held on April 3rd, our members voted to shut down their factories not later than April 15th, in the event that we could not get together with the jobbers to work out a constructive program to improve conditions in the industry.

On April 6th, we again wrote to the jobbers asking them to meet us in conference on or before Tuesday, April 10th, to dispose of this matter. This letter was ignored.

On Tuesday, April 10th, at a membership meeting, the then existing status of negotiations was reported to our members and the unanimous sentiment expressed was that the jobbers were resorting to their customary dilatory tactics to continue the present deplorable condition of affairs. There was no alternative left to the leaders of the United Association but to follow out the mandate of the members.

After the telegrams calling for the stoppage had been sent out to the members, the jobbers prevailed upon the Impartial Chairman to render a decision branding the stoppage a violation of the collective agreement. As indicated, the jobbers have violated practically every term of this same agreement.

They have not come to the Impartial Chairman with clean hands.

They have no moral right to seek relief when they themselves have flouted every provision of the agreement.

United Association of Dress Manufacturers, Inc.

By SAM OXFORD,

President

SCHEDULE "A"

PROPOSED AMENDMENTS TO ARTICLE VII OF THE
CODE OF FAIR COMPETITION FOR THE DRESS MANUFACTURING INDUSTRY

1. Strike out the following words in the second paragraph of Section 1, subdivision "a" of Article VII:

"provided that claim for such underpayment shall have been made within two weeks of the next following customary accounting settlement period."

2. Strike out present paragraphs "b", "c", "d" and "e" and insert new paragraph "b" reading as follows:

"Manufacturers and jobbers who cause their garments to be made by contractors shall immediately designate the number of contractors to meet their business requirements, shall confine and distribute their work equitably to and amongst the said contractors and/or amongst the said contractors and the inside factories where such inside factories are being operated. All contractors designated as herein provided must be immediately registered by the jobber and/or manufacturer with the Dress Code Authority."

3. Add new paragraph "c" reading as follows:

"When a jobber or manufacturer desires to cancel a registered contractor or register a new contractor and before he gives work to the new contractor, he must file a notice of such proposed cancellation or registration with the Dress Code Authority and the recognized Association of contractors for the particular area, if there be any, with a statement showing the reason or cause for the requested cancellation or registration. Unless an objection to such cancellation or registration shall be filed with the Dress Code Authority within 48 hours after the receipt of said notice, the requested cancellation or registration shall be deemed confirmed. If such objection is filed, the issue shall be heard and determined by such person as may be designated for that purpose by the Dress Code Authority, within three days from the filing of the objection, either approving or rejecting the contested registration."

4. Change the designation of paragraph "f" to "d".

5. Insert a new paragraph "e" under Section 1 of Article VII reading as follows:

"Jobbers and outside manufacturers who manufacture garments exclusively through contractors shall not change their system for the period of the existence of this Code. Inside or outside manufacturers operating inside factories and employing contractors shall not increase their present inside facilities for a like period of time."

SCHEDULE "B"

REGISTRATION OF CONTRACTORS

1. When a jobber or manufacturer desires to register a contractor and before work is given by the jobber or manufacturer to the contractor (not including bona fide duplicates), the jobber or manufacturer must file a notice of such proposed registration with the Dress Code Authority and the Association of the contractor, if there be any, on forms prescribed by the Dress Code Authority, stating the ground for the application. In case the contractor is not a member of any Association, then the notice of the proposed registration shall be sent to all of the contractors of the jobber or manufacturer intending to register the contractor. Unless an objection to such registration shall be filed with the Dress Code Authority by the Association of the contractor, if there be any (or by the individual contractors where there is no such Association), within forty-eight (48) hours thereof, the registration shall be deemed approved. If such objection is filed, the issue shall be heard and determined by such person as may be designated for that purpose by the Dress Code Authority within three (3) days from the filing of the objection, either approving or rejecting the contested registration, subject to paragraph "3" of these Rules and Regulations.

2. No work shall be given by a jobber or manufacturer to a contractor, or accepted by a contractor from a jobber or manufacturer until registration has been approved, except that a contractor may make bona fide duplicates for a jobber or manufacturer.

3. After the approval of the registration, as hereinabove set forth, copies of the first three regular orders shall be filed by the jobber or manufacturer with the Dress Code Authority and the Association of the contractor, if there be any. Before delivery of the third regular order to the contractor, the jobber may cancel the registration without cause. After the third regular order has been given by the jobber or manufacturer to the contractor, the registration cannot be cancelled except for cause as set forth in the Code of Fair Competition for the Dress Manufacturing Industry.

4. The term "regular order" as used herein means that quantity of work given to a contractor by a jobber or manufacturer as is usual in the established conduct of the manufacturer's or jobber's business at that time and season.

(Notice of Hearing: No. 20-1
February 2, 1935, Dress Manufacturing Industry
Approval of Rules and Regulations)

PART B

OVERLAPPING BETWEEN THE DRESS AND THE COTTON GARMENT CODES

IMPORTANCE OF THE DRESS - COTTON GARMENT CONTROVERSY

The overlapping between the Dress Code and the Cotton Wash Dress Division of the Cotton Garment Code was only one of a number of such problems which arose in the administration of the apparel codes under NRA, but it assumed a position of great importance in view of its disturbing effects upon both of the Industries involved, the acrimonious nature of the controversy, and the continued, strenuous, but ineffective attempts made at solving the problem. At the time the codes were formulated it was recognized that the definitions adopted were inadequate in determining the absolute dividing lines between the two Industries, but it is doubtful if there existed any realization of the extent of overlapping which was soon to be revealed, or of the difficulty or impossibility of devising sufficiently flexible and practical administrative policy and procedure to deal with all of its ramifications. It is impossible to evaluate the actual damage done by the conflict to either of the participants, but the psychological atmosphere created by the belief that the various solutions attempted were discriminatory and damaging to one side or the other, threatened to undermine the whole NRA program under both codes.

ROOTS OF THE PROBLEM

The Apparel Industry is roughly divided into major groupings and subdivisions in accordance with the markets covered, the types of garments produced, the production and distribution methods followed, and the degree of specialization practiced by individual establishments and groups. While there is sufficient uniformity of practice and community of interest to identify the general areas covered by the different groups, the lines of demarcation are seldom, if ever, distinct.

Sometimes it is possible to formulate accurate definitions of one or more of the factors which determine general industry groupings, but the boundaries so established are not necessarily followed by individual manufacturers. The Men's Clothing Industry, for example, is distinguishable from the Women's Apparel Industry on the basis of consumer markets served, but this does not furnish an absolute formula for the classifications of all manufacturers in the two Industries. There are makers of coats, belts, garters, hats, and many other articles, who produce lines of apparel for both men and women. Then too, it is the practice of many manufacturers to change their type of product seasonally, or during a season, in order to utilize their equipment to best advantage, or to follow sudden developments of fashion. In this manner, a shop making silk or cotton dresses in the spring may shift to tweed suits or cotton blouses in the fall.

More often, it is difficult or impossible to define clearly the basis of classification. There is common understanding of certain descriptive terms applying to general functional types of garments, such as coats, suits, dresses, blouses, or skirts, but it is not always easy to make written definitions of these articles, and in the infinite variety of garment types produced there are many borderline

hybrids which defy exact classification. The essential fact is that product definitions apply to products, and not to the individual manufacturers who compose the industry groups, and whose freedom of choice is relatively unlimited in determining the exact nature of work to be performed. General groups may be loosely bound together by certain common denominators, but there are individuals in each group whose interests or practices coincide in some measure with those of individuals in other groups on the basis of other common denominators, and clear-cut boundaries cannot be located by definition if they do not exist in fact.

CRYSTALLIZATION OF ISSUES UNDER NRA

Jurisdictional disputes and difficulty in the administration of collective agreements, caused by overlapping between organized branches of the Women's Apparel Industry, had existed prior to NRA. These problems were normally local matters to be settled by the regular processes of adjustment between unions and employers. The NRA not only widened the scope of industry control and embraced segments of industry whose activities had previously been without regulation, but also gave official recognition to each group that was able to make a showing of homogeneity, and, most important of all, NRA established differentials between codified groups in wages, hours, terms of sale, and other operating factors. Even though certain of these differentials had existed in previous years, they had been more or less hidden from general view, and their publication, together with the opportunity for general discussion and the voicing of complaints at code authority meetings and hearings, focussed the attention of industry upon them, and brought about organized opposition by groups who considered that the codes were operating to their disadvantage.

THE BASIS OF CODE DIFFERENTIALS

In the adoption of wage scales for a particular code, there were a number of considerations to which due weight had to be given. Two of the primary purposes of the National Industrial Recovery Act, of increasing purchasing power and spreading employment, implied that wages be raised and hours decreased, but too large an increase in wages or decrease in hours would have endangered the possibility of successfully accomplishing the third primary purpose of the Act, - that of stabilizing industry. It was necessary to recognize in some manner the status of each industry to pre-code wages and hours in order to avoid the imposition of too great a burden. The increase of wages and the decrease in hours in each instance had to be limited to the extent practicable.

Then, too, certain unionized industries had operated for years under collective agreements which had provided elaborate, graduated wage schedules at various levels for the different crafts. The principle of classified wages was continued under the codes. This did not apply to industries whose wages in pre-code days had been unclassified and on generally lower levels. In the case of the Wash Dress Division of the Cotton Garment Code, the average hourly wages in March, 1933, are reported as 19.1¢, the weekly wage as \$8.86, and weekly hours as 46.3. It is easy to see that the simple basis minima established by the code, (\$13 per week in the North and \$12 in the South, or 36.1¢

and 33.3¢ respectively per hour on a 36 hour week), and the code maximum hours of 40 and later 56, represented a very considerable increase in rates of pay and decrease in hours. The actual accomplishment was even more striking. In February, 1935, under code conditions, the average hourly wage is reported as 41.3¢, the weekly wage as \$13.50, and the weekly hours as 32.8. It should also be noted that the pre-code figures are averages. It is stated that "many individual plants submitted records to the Cotton Garment Code Authority admitting payrolls as low as 8¢ an hour on a 54 hour week". (*)

No exactly comparable data is available on the "regular" Dress Industry, but Table No. XXIII (See p. 144), obtained from unpublished data secured by the Bureau of Labor Statistics in cooperation with the Division of Research and Planning, IIRA, serves to indicate that the pre-code hourly wages were about 2.87 times, and weekly wages about 2.2 times as high as in the Wash Dress Industry, while hours were about 25% less.

The wage differentials between codes were the result of attempts to adjust each code to the capacities of its industry group. Too wide upward adjustments in wages would have endangered the stability of large bodies of industry, and perhaps unsettled the economic structure by causing violent shifts in the sources of goods and the channels of distribution. Equally, it was felt that high wage industries should not run the risk of breaking down existing wage rates by simplifying code schedules on the principle of basic minima.

(*) Data submitted by Statistical Service Bureau, International Association of Garment Manufacturers, April 19, 1935, compiled from reports of 155 identical Wash Dress Plants representing two-thirds of the workers in the Industry. (In IIRA Files, Cotton Garment Code, Overlapping Folder)

TABLE NO. XXIII

DRESS INDUSTRY

Average Hourly Wage Rate, Average Weekly Earnings,
and Average Weekly Hours, 1933 and 1934 a/

Item	1933	1934
Average Hourly Wage Rate b/	\$.549	\$.728
Average Weekly Earnings c/	19.51	21.08
Average Weekly Hours b/	34.9	27.3

a/ Reporting establishments considered to be almost completely covered by the Dress Code. Data reported for week ending nearest 15th of the month.

b/ Based upon a representative sample covering an average of the establishments and nearly 650 employees in 1933, and a much larger group in 1934.

c/ Based upon a representative sample covering an average of 76 establishments and about 3500 employees in 1933, and a much larger group in 1934.

This Table is quoted from "History of the Code of Fair Competition for the Dress Manufacturing Industry", by Walter A. Simon, p. 65.

THE BASIS OF INDUSTRY GROUPING UNDER THE CODES

In retrospect it is easy to understand the combination of circumstances that permitted the codes to establish more or less artificially exact or arbitrary dividing lines between so-called "industries", whose actual boundaries were indefinite.

Fundamentally, the explanation lies in the principle of autonomous industrial self-government established by the National Industrial Recovery Act. Section 3 (a) of Title I of the Act provided that, "Upon the application to the President by one or more trade or industrial associations or groups, the President may approve a code or codes of fair competition for the industry or industries or subdivisions thereof, represented by the applicant or applicants * * *", with provision that such applicants should impose no inequitable restrictions on membership and should be truly representative of the industries whose codes they sponsored, and further provision against the operation of codes in a monopolistic or discriminatory manner. Simply stated, this meant that industry was to determine the dividing lines between its subdivisions, and that in the majority of cases these boundaries would follow the lines of trade association organization.

The factors responsible for the organization of trade associations were often other than those by which an industry could be identified under a code definition. At the time the codes were written, there were sponsoring trade associations whose membership was determined perhaps basically by similarity of product, but the more immediate determining factors, the factors responsible for divergence of interest or active antagonism between groups, were geographic location, union or non-union affiliations, general differences in wage levels or other operating factors, or similarity of functions performed, such as "inside" shop manufacturing, jobbing, or contracting. Of course the specific nature of a given product has a lot to do with the conditions under which it is made. The production of certain articles requires a higher degree of skilled workmanship than others. Manufacturers of such articles find it necessary to be located in a community where an adequate supply of skilled workers can be obtained at all times. On other articles, the influence of style and the rapidity of style change make it necessary or advantageous to be located in a central market where the latest patterns will be submitted to manufacturers by designers, and where the latest developments in the fabric field will be seen as soon as they are brought out. If a manufacturer lives by copying the successful creations of his competitors, and this is a very prevalent practice, it is essential that he be on hand to do his copying. Geographic location and methods of production are therefore determined by product, and as union organization and control are most easily effected in concentrated production areas, union affiliations are largely determined by geographic location. The establishment of dividing lines between groups on the basis of product was therefore perhaps as logical as any other conceivable basis. Moreover, one of the fundamental purposes of the codes was to establish equality of competitive opportunities as between manufacturers of specific products. In a manufacturing industry the basic unit of competition is the article produced and sold. "Fair competition" implied uniformity of such regulatory provisions as might be adopted

affecting the conditions of operation in the production or distribution of each type of product. Imperfect as were the industry definitions based upon product, no other basis could reasonably have been expected to classify related groups of competing manufacturers under the codes. The difficulty arose from the fact that whatever definitions were adopted, they failed to include all the competitors on a given type of product. At best, the definitions were no more than generalizations, and when they attempted to make specific distinctions, it was found that they did not apply to large and vociferous groups of manufacturers whose operations overlapped the boundaries so established.

DISTINCTIONS BETWEEN THE "REGULAR" DRESS INDUSTRY AND THE WASH DRESS INDUSTRY

Some years ago the dividing lines between the Dress Industry and the Wash Dress Industry were more distinct than they are today. The Wash Dress Industry is an outgrowth of the production of cotton house wrappers or aprons whose function was primarily utilitarian. Style was of little importance in the sale of these garments. Their simple construction and their freedom from the risks of style obsolescence permitted standardization, volume production methods, and the spreading of production schedules over relatively long seasons, and made it unnecessary to employ skilled labor in their production. Manufacturers were therefore able to take advantage of the lower operating costs to be obtained in the smaller towns and villages throughout the country. The result was that the Wash Dress Industry, from its earliest days, has been decentralized, and as a corollary result there has been very little unionization of its membership.

The Dress Industry, on the other hand, is heavily concentrated in and around New York City, and the great majority of its members are in contractual relations with the International Ladies Garment Workers Union. The Dress Code Authority estimated that in 1934 over 77% of the dollar volume of the Industry was produced in New York. (*) Comparable data for 1934 is not obtainable on the Wash Dress Industry, but it is reported that in 1935, establishments of this Industry were located in 39 states, and that only 3% of the production originated in New York. (**) There was little or no competition between the early products of the Wash Dress Industry and the more highly styled garments produced by the "regular" Dress Industry. In recent years, however, the development of style consciousness on the part of women throughout the country, through improvements in transportation, moving pictures, advertising, and the publication of fashion magazines, created a demand for a more highly developed type of house dress which was attractive as well as useful. House dresses "moved out of the kitchen", and not only became acceptable as informal daytime costumes, but also entered higher price ranges than had applied to their more simple predecessors.

(*) NRA Division of Review Evidence Study No. 9, "The Dress Manufacturing Industry", by W. A. Gill, July, 1935, Table XV, p. 15.

(**) Statistical Service Bureau, International Association of Garment Manufacturers,

This development was coincident with a growing tendency in the "regular" Dress Industry toward the volume production of dresses in the lower price ranges. The development of low-priced synthetic fabrics, and the revival of the fashion importance of cotton in the middle 'twenties, tended to bring the two Industries into closer competitive relationship. Competition for the consumer's dollar grew not only between silk dresses and cotton dresses in the same price category, but also between identical cotton, linen, or synthetic dress types produced by manufacturers in both industries. New types of garments were developed, particularly in the sports field, and special departments were established in retail stores for the distribution of cotton and linen dresses in the higher price brackets.

Textile men and garment manufacturers will recall that the re-approachment of the two Industries developed in two converging movements. The elaboration of the wash dress antedated the introduction of the high-style cotton or linen frock. It is reported that as early as 1911 the Wash Dress Industry had branched out into the production of better-quality garments. (*) About 1930, as a result of this development, converters of cotton goods began to pay a great deal of attention to the styling, the selection of patterns and colors, for printed goods in the medium and lower priced ranges which had previously been considered more or less staple items with little style importance, such as the 30 x 30 percales and the combined yarn print cloths, pongees, and broadcloths. If memory serves, the first really high style cotton dresses were introduced about 1934. Miss Mary Lewis, Vice-President of Best & Co., a department store in New York, launched a series of successful annual promotions of cotton dresses of imported shirtings, gingham, "Liberty Lawns", and blues. These dresses retailed for as much as \$19, \$25, or \$35 each. (**) Manufacturers promptly followed up these promotions by developing a volume business in cottons of the lower price ranges. In a very short time fashion had run its usual downward course, and the \$22.50 per dozen wholesale cotton dresses, (retailing for about \$2.95 each) were considered high priced in a large part of the Industry! Manufacturers of "regular" dresses, house dresses, blouses, coats and suits, and even men's shirts, all entered into the production of cotton dresses, and the dividing lines between the different groups became more and more nebulous.

When it is said, therefore, that the products of the "regular" Dress Industry are normally made of silk, and the products of the Wash Dress Industry of cotton or linen, that the former are in generally higher price ranges than the latter, that "regular" dresses are usually made by the dressmaker or unit method, whereas wash dresses are made by the section work method, (whereby the various sewing operations are divided among a number of workers), and that the two types are generally sold in different departments of retail stores, these generalizations are correct in the broadest sense only, and must be qualified in a large number of specific instances.

(*) Transcript of Hearing, Cotton Garment Code, August 2, 1935, Testimony of Wm. J. Schminke, p. 466.

(**) No opportunity has been afforded to check the author's recollections of the developments of this period, but they are believed to be accurate.

APPRAISAL OF DEVELOPMENTS UNDER HRA

A full chronological account of the attempts to distinguish between the two Industries by definition, and failing that, to establish principles, machinery, and technique through which equitable adjustments might be made by exemption and administrative order, together with a compilation of records bearing upon the subject, are included in the History of the Dress Code. (*)

No particular purpose is served by repeating here the fruitless moves and countermoves that were made, or the detailed arguments of the opposing groups. It is more important that the issues involved be viewed in the light of broad perspective, to the end that the experience may provide the foundation for a more workable plan, if at any time in the future the regulation of industry is again attempted through federal law administered by a federal agency.

(*) See "History of the Code of Fair Competition for the Dress Manufacturing Industry", by Walter A. Simon, pp. 52-59, and its Supplemental Appendix, a Compilation of Records Concerning the Controversy between the Dress and the Cotton Garment Codes.

The Principle of Product and Price Line Definitions.

As indicated above, the first efforts to differentiate between the two Industries by definition resulted in complete failure, in the sense that no formula could be devised that did more than state the very general characteristics of garment types produced. Wash dresses and silk dresses could be separated by definition, but not their manufacturers.

On the assumption that the actual zone of overlapping was confined to comparatively narrow limits above and below certain price ranges, the next efforts were directed at determining the location of the line or area of least conflict in terms of price. After classifying a number of manufacturers under the Cotton Garment Code, and providing that they be permitted to manufacture dresses of chief content cotton or linen up to \$45 per dozen wholesale, and after a long period of continuous discussion in hearings and conferences, the two codes were finally amended, establishing the dividing line at \$22.50 per dozen wholesale. The problem was by no means settled by these amendments, however, and the remaining history of the controversy is one of repeated unsuccessful attempts to establish a basis upon which exemptions could be granted to those manufacturers for whom undue hardship had been created by the amended code definitions and by previous exemptions granted.

Exemption. By the nature of the situation, exemptions usually took the form of permits to manufacture dresses under Cotton Garment wage provisions, in price ranges higher than the \$22.50 line established by code definitions, and therefore represented an encroachment upon Dress Code territory, and raised immediate protests, both from the Dress Code Authority and from individual manufacturers in either Industry who believed themselves equally eligible for exemption.

One of the difficulties was the lack of statistical information which could be considered either comprehensive or reliable on the types of garments and price ranges produced throughout both Industries. The zone of least conflict was never satisfactorily determined. Even if complete data had been available, however, it is doubtful if any price-line distinction would have gone unchallenged, due to the fear that large groups of manufacturers who perhaps had not previously operated in certain price ranges would change their price status, or in any case, that individuals in either group would be discriminated against. If the dividing line had been set at, say, \$15.75 per dozen, perhaps the majority of the Dress Industry might have been satisfied, but the Wash Dress Industry would naturally have protested even more loudly than they did at the \$22.50 boundary. A division at \$45 would merely have reversed the positions of the contending factions.

The National Recovery Administration was in the unenviable position of having endorsed, by the original acceptance of codes, a fundamentally unsound basis of distinction between overlapping industries. Its subsequent efforts at compromise took the unfortunate but more or less inescapable form of grasping first one and then the other horn of the dilemma.

The Theory of Weighted Averages. As an academic thesis, it is entirely reasonable to visualize a successful method of adjustment by

means of weighted average wage scales by which the schedule paid in each shop would depend upon the proportions of production represented by different price ranges or other factors. The principle of the weighted average was applied successfully, in fact, in a number of individual exemptions, with the approval of the Dress Code Authority. Such a principle, however, presupposes an industry-wide knowledge of cost accounting which does not exist. To a manufacturer whose costing system is in any sense accurate, it is a simple matter to allocate labor costs to the different grades of his product. If 40% of his production is of a quality upon which he must pay 80¢ per hour for operators, and 60% is in a lower grade that requires only 35¢ per hour, his weighted average is 53¢ per hour, and he pays all his operators on this basis; but in figuring costs, he knows that he can charge 80¢ and 40¢ respectively for operating on his two types of production without losing money.

The unfortunate lack of even elementary understanding of costing practice which exists in large sections of the apparel industries makes it improbable that even a simple formula such as has been described could be used in general practice. The manufacturer who figures costs and prices on the wall of his shop or on old scraps of wrapping paper, is totally incapable of understanding the allocation of labor costs on different levels in accordance with grades of product. In the above example, if he paid his operators 53¢ per hour, he would feel that the cost of his lower grade line would have to be calculated at 53¢ for operating, and that he was placed at a competitive disadvantage as compared to a manufacturer whose total production was in the lower grade, and who paid his operators a flat 35¢ per hour. Or even if he may understand the principals of costing, he balks at the possible expense and complication of maintaining additional books of account.

It is possible of course that the picture of ignorance of costing theory and practice may have been somewhat overdrawn, for the purpose of obtaining the benefits of the simple basic minimum wage of the Cotton Garment Code, and that if the National Recovery Administration had adopted the principle of weighted averages in the beginning, and had insisted upon adherence to this principle, it might have been more easily applied than was apparent, and the really ignorant members of industry might have been educated in the elements of cost accounting through necessity. The decentralized nature of the Wash Dress Industry, however, and the difficulties which would have been caused by attempting to enforce a principle to which a large part of the Industry was antagonistic because of lack of understanding or other reasons, would have added complications to an already complex administrative problem.

Proposed Inclusion of Both Industries Under One Code.

In the letter of transmittal, dated November 7, 1933, from General Hugh S. Johnson, Administrator, to the President, and accompanying the proposed code for the Cotton Garment Industry, appears the following statement bearing upon the already recognized conflict between the Dress and the Cotton Garment Codes: (*)

(*) Approved Code No. 113, Cotton Garment Industry, Reprint, Including Amendments 1 to 8, inclusive, p. 81

"This difficulty will have to be dealt with later by putting all dresses under the same code with appropriate wage differentials covering the manufacture of wash dresses which requires less skill than does the manufacture of more dressy dresses."

This suggestion continued to be advanced from time to time throughout the code period. While a certain amount of simplification of administrative treatment might be accomplished through the inclusion of both Industries under one code, it is doubtful if the traditional and inherent diversity of interest between the unionized, metropolitan Dress Industry, and the non-union, decentralized Wash Dress Industry, would be conducive to the smooth functioning of a central code authority. Such an arrangement would do no more than to place the conflicting elements under the same roof, and nothing would be accomplished toward solution of the fundamental difficulty of differentiating equitably between the wage rates paid for the production of different types of garments under different conditions and in different parts of the country.

While many codes contained area, craft, and price-line differentials, the unending strife that arose over these differentials bears witness to the fact that they were seldom if ever based upon absolutely sound considerations. Where they were apparently successful, in the sense that little protest was heard, any number of reasons could be advanced in explanation other than that they were infallably accurate. The state of organization of certain groups, their size, location, and the economic pressures under which they operated, may have prevented organized opposition to differentials in many instances. To have placed the Dress and the Wash Dress Industries under one code, retaining anything like the wage schedules of the two Industries, would have merely changed the name of the battle-field, and created another intra-code civil war between union and non-union, New York and out-of-town, high wage and low wage forces. To those who had any part in the administration of either code, it is only too evident that the clash of interests and the emotional intensity of the controversy would have prevented any sort of effective industrial self-government through an amalgamated code authority. It is a mild simile to compare the situation to the impossibility of mixing oil and water. A more explosive comparison, such as gunpowder and fire, would be more accurate.

Conclusion, - Solution via Basic, Uniform Standards.

The National Industrial Recovery Act was an emergency Act. While its basic principles and much of its specific content had their roots in earlier developments of thought and practice, its exact form was determined by existing circumstances, and it was largely a venture into territory that had had only theoretical exploration. As previously indicated, it appeared desirable that the wishes of industry should be respected as to not only the areas to be covered by the codes, but also so far as possible, as to the type of wage structure to be established under each code. It could not be foreseen that this entirely reasonable approach to codification would have the unfortunate result of creating a hopeless tangle of overlapping, quarreling, divisions of industry, or that practical administrative measures would fail to effect adjustments of such overlapping situations as might arise.

Now, however, bitter experience has been gained. It is possible to look back upon the code experience analytically and objectively, and to weigh in the balance the theoretical value of the principles and policies which governed the structure and procedure of NRA, against the convincingly demonstrated practical disadvantages caused by certain of these principles and policies. In a remodelled act for industry regulation there would be, or should be, changes. The exact nature of these changes would again depend upon existing circumstances and the prevailing attitudes of industry, labor, and the government, but it is inconceivable that past experience should be disregarded, and that specifically, the overlapping problem should again be permitted to foment strife of such intensity that the success of the general program would be endangered.

As a practical matter it would seem that the basic necessary modification of policy involves changed conceptions of, first, the scope and extent to which federal law may operate in the regulation of industry without introducing complications inimicable to effective administration; and, second, the role to be played by and the authority delegated to industry in the formulation and administration of the provisions of the law.

The policy of protecting wage rates above the minimum by means of elaborately classified wage schedules in one segment of the industry, and of coincidentally recognizing the low-wage status of a competitive industry group by adopting a simple basic minimum wage, and the policy of segregating the two groups on the indefinite basis of self-determination, trade association organization, and entirely inadequate product distinctions, have proven unworkable. If a recurrence of the unhappy experience of overlapping codes is to be avoided in future, these policies must be modified, even at the expense of abandoning some of the potential gains, and of restricting the objectives of regulation to a limited but attainable area.

It is recognized that a proposal to adopt simple, uniform wage and hour provisions for broad divisions of industry such as the needle trades, would be opposed by those elements whose established wages are high and hours low, or at least such a proposal would have been strenuously opposed under NRA. There have been evidences in recent months, however, that support of the simple basic wage and hour principle would now be found in unexpected quarters. The author has heard directly and at second hand from certain influential individuals that a change of attitude has taken place. (*)

The administrative advantages of such a simplified program are obvious. In the first place, there would be no necessity for attempting to draw narrow distinctions between allied industry groups. Broad group definitions might not eliminate all conflict between the needle trades and the knitting trades, for example, but even in that instance, if the basic wage and hour requirements were the same, there would be only minor questions of jurisdiction

(*) The confidential nature of these expressions, and the possibility that future circumstances might necessitate reversals of official attitudes, makes it impossible to state their origin.

to be settled. So far as wages and hours are concerned, in fact, there would be no need for codes or code authorities, except to the extent that the code authorities might act as statistical and compliance agencies. As to compliance, there is good reason to question the desirability of again delegating police and judicial powers to industry, in view of the potentialities or actualities of abuse when these powers are placed in the hands of individuals or groups who by the force of circumstance cannot be considered impartial in their attitude toward other individuals or groups. Such functions as might be added to those performed by the federal agency charged with administration of the law, would be counter-balanced by practically eliminating the heavy load carried by the National Recovery Administration in handling exemptions, overlapping problems, and controversies over differentials. It is no exaggeration to say that if these three tasks had been eliminated, the work of the Deputy's office in the Apparel Section would have been reduced by three-quarters, perhaps by nine-tenths, with a consequent reduction in personnel required, and that opportunity would have been afforded for other and perhaps more constructive work.

It is by no means a proven hypothesis, moreover, that the result of such a simplified program would inevitably be a net reduction in wages and purchasing power, or that it would create unfair competition. It is at least tenable, on reasonable grounds, to assert that in general, classified craft wages would continue to be protected by the unions, and further, that there is a somewhat automatic check on minimum wages becoming the maximum, in the necessity for maintaining productivity in each plant. If a manufacturer fails to recognize this necessity and makes no provision for regarding the productivity of individual workers by piece rates, task and bonus, or other device, his production falls, his unit costs rise, and he is placed at a disadvantage in comparison to his competitors, of course, there will always be exceptions, but some evidence of the way this works is indicated by the data on Wash Dress Industry wages under the code, when the minimum of about 34.7¢ per hour, (un-weighted average between 36.1¢ in the North and 33.3¢ in the South, resulted in an average wage of 41.2¢ per hour. (*)

The factor of productivity also has a general equalizing effect upon unit costs of similar competitive garments produced in metropolitan, unionized shops at higher wages and in out-of-town, non-union shops at lower wages. In so far as the two wage levels represent the productive abilities of two classes of workers, and there is abundant evidence to indicate that metropolitan workers are more productive than workers in the less thickly populated areas, the labor costs of garments produced by both classes of workers will tend to be equal. Naturally, this does not mean that any particular area differentials apply uniformly and equitably to all establishments in either area, but it implies that in terms of competitive costs, assuming a basic minimum wage except where union agreements have created higher wages, the differentials so established are in some measure diminished by the unit production per worker in the different areas. In any event, it is doubtful if the unfair

competition resulting from such instances of disproportionate differentials as might exist would cause as much damage to the morale of the industries and to their respect and confidence in the federal program as was caused by the overlapping situation as it existed under NRA; and some measure of protection against the worst type of sweat-shop competition would certainly be gained.

The importance of having the approval, support, and confidence of industry can hardly be over-stressed, as no law is effective without the essential element of public acceptance.

In plotting a future course, the potential gains and losses must be weighed. Perhaps it is a compromise; perhaps it is a choice of evils; but as between following a formula whose weaknesses are known through past experience, and adopting a policy which may reasonably be expected to yield substantial benefits, and which at the same time is obviously far more workable in practical application, there would seem to be no question as to which course should be followed.

PART C
DELEGATION OF POWER UNDER THE COAT AND SUIT CODE

PART C
DELEGATION OF POWER UNDER THE COAT AND SUIT CODE

THE ESTABLISHED AGENCIES OF SELF-GOVERNMENT IN THE
WOMEN'S APPAREL INDUSTRY

Geographic Concentration. In certain branches of the women's apparel industry a highly developed form of self-government had been in existence for many years prior to the advent of the National Recovery Administration. Due to the heavy concentration of the major divisions of the industry in the New York Metropolitan Area, and to the fact that organization is more readily effected in concentrated production areas, the structure established for regulation through collective agreements between the different chartered subdivisions of the International Ladies Garment Workers Union and the trade associations representing various employer groups, is largely, though not entirely, confined geographically to the area in and immediately surrounding New York City.

Mechanism of the Established Agencies. Collective agreements between organized elements are administered by an elaborate mechanism, including impartial machinery for the exercise of the judicial function in the adjustment of intra-industry differences, and a field force of investigators, organizers, statisticians, and adjusters, who perform the functions of enforcing compliance with the provisions of the agreements, and of strengthening and expanding the organization. Infractions of the provisions of collective agreements are punishable by penalties in the shape of fines, dismissals, or suspensions, provided in the by-laws of the union and the association, and by the direct action of strikes and lock-outs.

The Principle of Solidarity. - The United Front. The underlying principle upon which the effectiveness of this machinery depends is that of solidarity. If the majority of industrial units are parties to collective agreements which impose restrictive provisions with respect to labor conditions and other operating factors, a minority of non-conformists naturally constitutes a threat against the successful realization of the majority program. The principle of the united front against outsiders is therefore openly recognized. Interlocking provisions in collective agreements between related elements of industry, require exclusive or preferential treatment by each group of the members of the other signatory groups. In this manner, manufacturers and jobbers agree to deal only with contractors employing union labor, contractors agree to accept work only from manufacturers or jobbers who are in contractual relationships with the union, and the union agrees that its members shall be permitted to work only for those concerns who are recognized members in good standing of the various employers' associations. The common objective of all elements is to extend the boundaries of organization as far as possible, so that a minimum of competitive disadvantages will be experienced by those who are operating under the collective agreements.

As has been noted in another part of this study, the coat and suit industry is the oldest branch of the women's apparel industry, and provides an example of the type of organization described above in fully developed form.

THE WORKING PARTNERSHIP BETWEEN NIRA AND THE ESTABLISHED AGENCIES

Sections 4 (a) and 7 (b) of the NIRA. The National Industrial Recovery Act provided an alternative procedure to that of codification, which, however, was seldom adopted. Section 4 (a) of Title I stated that:

"The President is authorized to enter into agreements with, and to approve voluntary agreements between and among, persons engaged in a trade or industry, labor organizations, and trade or industrial organizations, associations, or groups, relating to any trade or industry, if in his judgment such agreements will aid in effectuating the policy of this Title* * *".

Section 7 (b) of Title I provided that:

"The President shall, so far as practicable, afford every opportunity to employers and employees* * * to establish by mutual agreement, the standards as to the maximum hours of labor, minimum rates of pay, and such other conditions of employment as may be necessary* * * to effectuate the policy of this Title; and the standards established in such agreement, when approved by the President, shall have the same effect as a code of fair competition* * *".

If the coat and suit industry had so desired, the existing collective agreements of the industry, or the labor sections thereof, might have been submitted for approval instead of the code. There is no evidence, however, that this was either proposed or given serious consideration during the period in which the coat and suit code was being drafted, or at any time thereafter. The reasons for this are obvious. Codes and collective agreements naturally differed in certain respects as to content. Certain provisions in the trade practice field, for example, might apply to a code, but would have no place in a collective agreement between contractors and the union. On the other hand, collective agreements contained administrative and penalty provisions applicable to the mechanism and practices of the established agencies, which naturally differed from the administrative and penalty provisions of codes. It may also have been felt that the code was a more direct instrument, with greater authority, or greater semblance of authority, and with a greater chance of being supported in the courts than an approved labor contract, the provisions of which might be challenged on the basis of their origin in one group only, even though it was the majority group of the industry. In any case, and for whatever reasons, it appeared more desirable that regulation be effected through a code than through the alternative method of an approved agreement. The significance of Sections 4 (a) and 7 (b) of the Act lies in the implication that the type of regulation to be adopted might be broad, where practicable, upon previously established forms of industry control as contained in existing collective agreements.

Synchronization of Agreements and Code. Moreover, it was entirely logical, practical, and apparently desirable, that the codes and the collective agreements be synchronized, so far as possible, in order that

duplication of effort might be avoided, and that the existing agencies of the industry might supplement the work of the national code authorities. In several branches of the apparel trades, therefore, and particularly in the coat and suit branch, not only were a large number of identical provisions adopted in codes and collective agreements, but also much of the administrative and judicial machinery of the established agencies was incorporated bodily into the structure of the code authority, retaining its identity only to the extent necessary to permit action to be taken either under the codes or the collective agreements as might be determined by circumstances in each instance. The impartial chairmanship machinery of the coat and suit industry became the adjustment agency of the code authority. The Union and the associations maintained their own field forces, and the code authority sent out its own corps of investigators to supplement their work. Complaints and charges of violations were referred sometimes to the code authority and sometimes to the industry organizations, depending upon the nature of the violation and the type of disciplinary action or further investigation which seemed to fit each particular case. It is no exaggeration to say that without the assistance of the established agencies, the code authorities would have faced an overwhelming task in attempting to obtain compliance, and conversely the code authorities fulfilled the necessary function of extending the areas of control beyond the boundaries established by collective agreements.

The working partnership thus established proved decidedly effective, but it had many complications.

PROBLEMS OF THE WORKING PARTNERSHIP

Dominance of the New York Element. Under many of the apparel codes, the code authorities were sharply divided into two antagonistic groups, representing the New York and the out-of-town elements. The concentration of the major branches of the apparel trades in the New York area had the general effect of giving the New York groups preponderant majorities of representatives on the code authorities, as no other division would have provided "true representation". The conflict of interests between the New York and the out-of-town groups was the natural result of the efforts of the unionized element to organize the non-union element, or at least to reduce competitive pressures by raising labor standards in unorganized shops to levels approaching the levels established by collective agreements.

In many cases manufacturers had left New York to escape the control of the Union. Others had established and built up their businesses in communities where regulation was unknown and unwanted. In such an atmosphere interference was resented and resisted. Even if an individual manufacturer might understand and approve of the NRA program, and be willing to cooperate with the federal government in the observance of code standards, he might not be so willing to work with the representatives of a New York code authority, whose motives he distrusted, because of his conviction that the dominance of the New York element on the code authority constituted in itself a barrier to impartiality.

The Penalties of Efficiency. Resistance and resentment were strongest in those industries whose code authorities were most efficient in their attempts to enforce the codes. Aggressive action brought aggressive opposi-

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tion. The greater the effectiveness of the compliance campaign, the more difficulties encountered. The very success of the coat and suit code administration through its code authority was responsible in no small measure for the large number of complaints registered against it.

The Partisan Atmosphere of Code Authority Hearings. The traditional attitude of the organized elements of the apparel industry toward recalcitrants is not conducive to calm, orderly procedure. The "chiseler" is considered an outlaw and a menace to the industry as a whole. This attitude, together with the emotional intensity which characterizes much of the procedure on controversial matters in the apparel industry, combined to create an atmosphere in code authority compliance hearings which was far from that which is expected of an impartial, judicial hearing. Even in comparatively well-conducted hearings, where the presiding officer was a paid official who conscientiously attempted to maintain a semblance of order, the atmosphere was often neither calm nor orderly. It is not hard to understand how an out-of-town respondent, after one experience, might have misgivings as to the impartiality with which such a court would treat his case.

The Gorillas. Finally, the intensity of the warfare between the organized and unorganized elements of the industry has led to the use of drastic disciplinary and persuasive methods. When negotiations fail, force is applied. Strikes and lockouts are of course the major weapons of the contending organized groups, and these stoppages are often marked by violence. Now is the violence merely a matter of clashes between workers who are on strike and workers who are not. The use of hired strong-arm men as strike-breakers, pickets, and "organizers" is an established custom, even though it may not be officially recognized. Even in times of general industrial peace, the underworld is called upon to supply persuasive and disciplinary action by violence and threats of violence. The racketeers are used not only to bring unwilling manufacturers into line, but also for "protection" against Union interference and other real or threatened difficulties.

The methods of the gun-men and "gorillas" include intimidation of manufacturers and employees, the throwing of "stink bombs", which permeate merchandise, furs, and the furnishings of sales rooms and factories with an ineradicable and decidedly unpleasant odor, the prevention of transportation, and destruction of goods in transit, and personal violence of all sorts from brass knuckles and acid throwing to dynamite.

No authentic data is available on the extent of the alliance with the underworld. Of course it is officially disavowed, and the responsible officials of the associations and the Union are probably subject to much embarrassment and unjust criticism for the acts of irresponsible subordinates; but no informed observer can deny its existence, and the implication of organization responsibility is inescapable so long as violence and intimidation are used in the accomplishment of organization objectives.

The Implication of the Misuse of Power. When a manufacturer was in trouble with the Union for violation of the wage or hour provisions of a collective agreement, the chances were that he was also in trouble with

the code authority for the sale of wool. At the same time perhaps he was marked by the Union and a trade association as a prospect for membership. He might be visited by trade investigators in the morning, by the representatives of the trade association at noon, and by code authority agents in the afternoon. If violations were uncovered, or if he refused to cooperate, perhaps he would receive a notice of violation and summons to a hearing from the code authority the next day, and if shortly thereafter he or his employees were attacked by unidentified thugs, the chain of circumstances naturally tended to indicate that the code authority, the union, and the associations were not only working together closely for the accomplishment of their common objectives, but also that all objectives were common, and all activities originated from the same general source. If in the course of his negotiations the manufacturer had to deal directly with the higher officials of the Union or of an association, he discovered that these officials were also members of the code authority. Under these circumstances, regardless of the fact that an investigation might reveal that the code authority agents and officials had conducted themselves entirely within the bounds of law and propriety, their vindication could not be received by the complainant as a just settlement of the case. Furthermore, these instances of extra-legal violence or intimidation were brought to light, the National Recovery Administration was placed in an embarrassing position of having to accept an implied responsibility for the illegal and indefensible acts of its working partners or their subordinates.

THE CHARGES AGAINST THE COAT AND SUIT CODE AUTHORITY

The greater part of the story of the charges against the Coat and Suit Code Authority is contained in a compilation of documents submitted to the Committee on Finance of the U. S. Senate, and included in the printed transcript of proceedings of the committee in its investigation of the National Recovery Administration, conducted in April, 1935. (*) In addition to this material, WPA Files contain several other general and specific complaints, extracts of which are contained in the Appendix. (**) A brief resume of the story revealed by the material submitted to the Senate Finance Committee follows:

Under date of June 29, 1934, an anonymous letter was directed to General Hugh S. Johnson, WPA Administrator, alleging that certain concerns in New York, through having formed an alliance with racketeers, had been able to obtain concessions, or to refrain from paying union or code wages to their employees, with the result that these concerns were underbidding the market on certain types of product.

As a result of this complaint, special agents for the New York Regional Office of WPA were assigned to investigate the situation. Their investigation soon developed into an inquiry into all of the operations of the coat and suit code authority, and further charges were made by these agents against the code authority because of evidence which was developed.

(*) See Investigation of the National Recovery Administration, Hearings before the Committee on Finance, United States Senate, 74th Congress, First Session, Pursuant to S. Res. 79, Part 6, pp. 2520 to 2537, and 2591 to 2597.

(**) See Appendix to Part 6, pp. 195 to 238. Particular attention is called to the contradictory affidavits of the complainant and the code authority agents in the Colonial Kidie case, pp. 232 to 238, Exhibits B to G, app. This is only one of many such cases of directly conflicting

The report of Special Agent Addison Smith, covering the period from July 26 to August 15, 1934, is prefaced by the following statement: (*)

"Preliminary investigation made in this matter prior to interruption by trip to St. Louis tends to show that this code authority is entirely dominated by the union and Mr. Nathan Wolfe. That labels are being withheld from many jobbers and contractors without definitely establishing violations of the code. That labels are used in the place of stink bombs to force men into associations and to unionize them. That unless a contractor belongs to an association, he is unable to secure designations. That when violations of the hour and wages provision are found, an arbitrary amount must be paid by the respondent whether it be fair or not before he can again do business. That these arbitrary amounts can be changed and reduced by joining the association. That when restitution is made by firms, there is no evidence of the workers ever securing back pay out there is considerable evidence that they do not. That gorilla methods are used in examining books and employees of firms by code authority investigators. That small firms are actually put out of business at the will of certain members of the code authority."

Under date of October 25, 1934, Special Agent John C. Howard submitted a report covering the period from August 15 to October 15, 1934, which expresses the complaint as follows: (**)

"The complaint is that the above-named associations, the union, and the code authority is a monopoly in the restraint of trade in violation of the Sherman Act and of the National Industrial Recovery Act, and is using this monopolistic power (1) to discriminate against small enterprises and nonunion manufacturers, jobbers, and contractors; (2) to coerce said employers to join one of these associations by withholding labels, delay in furnishing labels, threats of strikes, and by strikes; (3) that employees are being forced to join the union to obtain work; (4) that in some cases, the code authority has compromised labor-violation cases by allowing employers to pay less than the labor violations assessed against them on condition that the manufacturer or jobber join the Industrial Council of Merchants' Association and the contractor join the American Association, and that all nonunion help be unionized.

"That the code authority does not represent the industry as a whole, but the dominant associations in the industry. That members of these associations receive preferential treatment in the adjustment of labor violations because of the majority representation of these associations in the code authority,

(*) Senate Investigation Transcript, p. 2523, loc. cit. note p. 109 supra.

(**) Senate Investigation Transcript, p. 2537, loc. cit. note p. 109 supra.

and because many complaints against association members are turned over to the associations and the union for adjustment.

"The charges, if true, constitute not only a violation of the National Industrial Recovery Act but of the Sherman Antitrust Law Act as well."

The following is taken from the conclusion and recommendations of the Howard Report: (*)

"The code authority is enforcing not the code, but a series of interlocking contracts entered into by the manufacturers, jobbers, and contractors associations and the union with the following results:

"The code authority has denied to manufacturers and jobbers the right to choose their own contractors and the right of contractors to choose their jobbers and manufacturers.

"The code authority has withheld the issuance of labels to coerce manufacturers, jobbers, and contractors to enter into contracts. Manufacturers, jobbers, and contractors in some instances have been put out of business.

"Manufacturers, jobbers, and contractors not members of these associations and not employing union labor have been coerced by the code authority and the union into joining these associations, and employees likewise have been coerced into joining the union.

"The extent of the domination and control of the union and the code authority can best be realized from the fact that many contractors have been forced to employ ex-union employees, and non racketeers, to protect them from the union.

"In view of the above, it appears that the code authority is not fairly representative of the industry. The members of the code authority have two interests: Dealing impartially with all members of the industry; promoting the interests of these associations and looking after the welfare of the members. This makes it impossible for the code authority to give the same fair consideration to complaints instituted against non-association and nonunion employers as is given to association and union employers. The method of electing the code authority should, therefore, be changed and some method devised which will be truly representative of the industry, and not of the dominant associations which control the industry.

"The code authority, in enforcing the contracts between the associations and the union, set out in the exhibits in this case,

(*) Senate Investigation Transcript, pp. 2548, 2549, loc. cit. note p. 109 supra.

instead of the code of fair competition, is a combination in restraint of trade, as prohibited by the Sherman Antitrust Act. This is another reason for the election of another code authority to take the place of the present one. The National Recovery Administration should not be in a position of countenancing the violation of the Sherman Act, which is the very cornerstone of the National Recovery Administration set-up and without which we would have a government of industry by force imposed either by capital or labor; in other words, fascism or communism, such as prevails in many of the countries of Europe."

On page 2545 of the printed transcript (the Howard Report), reference is made to "Exhibit F 2", a statement in affidavit form of Benjamin Seldin of the Seldin Coat Company. This exhibit is omitted from the transcript of the Senate Committee Hearings, and is therefore included in Appendix to Part C, for the dual purpose of completing the record and of providing a striking example of the type of charges which were made relative to the use of racketeers. (*).

A letter dated September 12, 1934, from Alex Thomson, Administration Member, to Dean G. Edwards, Deputy Administrator, Division Five, N.R.A., reports Mr. Thomson's first efforts to determine the accuracy of charges made against the Code and Suit Code Authority. The following is quoted from Mr. Thomson's letter as indicating the impression created by his first visits to the Code Authority: (**)

"In general, the position that Mr. Wolfe takes, and I may say it is the position held by all members of the Code Authority with whom I have talked, is that in this matter, and in all similar matters relating to these violators or 'chiselers,' the Code is the law and the Code Authority proposes to enforce it 100%. They feel that they have the cooperation of the Administration in this. They further feel that nothing can swerve them from this determination neither political pull, pressure from unions or associations, unofficial pressures from government agencies, nor threats of personal violence."

A memorandum dated October 22, 1934, from Mr. Thomson to Deputy Edwards gives light on Mr. Thomson's subsequent deductions after further investigation of specific charges contained in the Howard Report. The following is quoted from this memorandum: (***)

"I do not, of my own knowledge, know much about the cases referred to above as they were under consideration before my appointment to this code. I may say, however, that wherever I have investigated these, or similar cases, I have been unable to find that the

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- (*) See Appendix to Part C Exhibit A pages 124 to 129.
(**) Senate Investigation Transcript, p. 2580, loc. cit. note page 109 supra.
(***) Senate Investigation Transcript, page 2581, loc. cit. note page 109 supra.

respondents have been able to support such statements as are set forth in this report.

"If you can take the time to read the minutes of the Lo-Rane Coat Co. hearing, held before Acting State Director Anna M. Rosenberg in New York City on October 11, 1934 (which I regard as a typical case as far as my own observations go), you will, I think, have a clear idea of how most of these accusations and statements disappear when subjected to an impartial hearing at which both sides have the opportunity to present their case.

"I am very willing to go on record as holding that if the statements made by the individuals mentioned in Mr. Howard's report are true, that the situation confronting the Coat and Suit Code Authority is serious and that a further investigation should be made. This would, of course, mean that the code authority should be informed of the charges against them and also that they be given adequate time to prepare an answer to such charges.

"I believe that in reading Mr. Howard's report, you should note that it is essentially an indictment such as a grand jury would hand down, in that it presents but one side of the case and I feel, therefore, that Mr. Howard is not entitled to draw any such conclusions as he has made in ending his report."

The following is quoted from a letter dated December 1, 1934, of Mr. Thomson's to E. D. Vincent, Deputy Administrator: (*).

"May I at this time call your attention to my report of September 12, 1934, to Mr. Dean G. Edwards, and my memorandum of October 22, 1934, also addressed to him, which are on file in your office. These communications, together with this letter cover I feel the situation I was asked to investigate in this code.

"I believe that the members of the Coat and Suit Code Authority, as at present constituted, are earnestly trying to do a very difficult job, and in my opinion succeeding to a very large extent. Without exception they are earnest, capable gentlemen with whom it has been a pleasure for me to associate. I have found nothing to indicate that their acts have been influenced by anything more than a determination to enforce the provisions of their code to the limit, which they felt was necessary for the good of the industry.

"May I say, as I have stated verbally to Major Gitchell, that I believe it is wise that investigation into the claims of abuse of power in the past by the code authority should cease at this time."

The data submitted to the Senate Finance Committee concludes with a statement made to Special Agent Addison Smith by certain officers of the Ellis Coat Company. This case involved a tie-up between the truckmen's

(*) Senate Investigation Transcript, p. 2582, loc. cit. note p. 109 supra.

union and the International Ladies Garment Workers Union, wherein the complainant's truckmen refused to deliver merchandise for him because he was not associated with the International Ladies Garment Workers Union. (*)

In transmitting the material to the Senate Finance Committee, Mr. W. A. Harriman, N.R.A. Administrative Officer, had stated that the Committee would not obtain an accurate insight into the situation unless Mr. M. D. Vincent, Acting Division Administrator, and formerly Deputy Administrator in charge of the coat and suit code, were given an opportunity to present his entire experience in the administration of this code. As Mr. Vincent's testimony before the Senate Finance Committee was curtailed before it was possible for him to comment upon the Howard Report, and the coat and suit situation in general, a memorandum was subsequently forwarded by Mr. Harriman to the Senate Finance Committee, outlining Mr. Vincent's attitude. In view of the importance of Mr. Vincent's conclusions on this matter, his memorandum to Mr. Harriman is reproduced here in full: (**).

MEMORANDUM

April 15, 1935.

To: W. A. Harriman, Administrative Officer

From: M. D. Vincent, Acting Division Administrator,
Textile Division

Subject: John C. Howard, report on Coat and Suit Code Authority.

"There are perhaps but two points that call for a statement.

"The first is the following finding by Mr. Howard:

"The code authority is enforcing not the code, but a series of interlocking contracts entered into by the manufacturers, jobbers and contractors associations, and the union with the following results:

"Obviously Mr. Howard failed to obtain an understanding of the collective agreement between the manufacturers, jobbers, contractors, and the union. The agreement adopts the provisions of the code relating to hours, wages, etc.

"It is sufficient to say that the code authority is not enforcing this agreement but when it enforces code provisions which have been adopted as part of the agreement the latter is, in consequence, made effective. The code authority is, however, enforcing code provisions and not the agreement.

"The other finding in the report to which attention is directed is as follows:

"The extent of the domination and control of the union and the code authority can best be realized from the fact that many contractors

(*) Senate Investigation Transcript, pp. 2584 to 2587, loc. cit. note p. 109 supra.

(**) Senate Investigation Transcript, p. 2592, loc. cit. note page 109 supra.

have been forced to employ ex-union employees, and now racketeers, to protect them from the union.'

"Striped of needless implications, Mr. Howard finds that some members of the industry are employing racketeers to resist code administration. This is the actual fact and the code authority has resolutely refused to submit to such tactics.

"Following payment inspections of some of these resisting members, the home of Mr. Nathan Wolf, code compliance director, was bombed. Proof that this bombing was the work of racketeers, employed by resisting industry members, is not available but I believe the deduction can be left to the facts and circumstances.

"Attached is the first page of the Brooklyn Daily Eagle of August 23, 1934, reporting Mr. Wolf's experience. Attached also is the New York Journal of the same date containing an account of the bombing of Mr. Wolf's house.

"This is a highly organized and very much stabilized industry. It has made gratifying progress in code administration. There is a small resisting minority. With something like 2,800 members, however, the issuance of labels has been suspended in only 91 cases. In most instances the noncompliance consisted in under-payment of wages or violations of both wage and hour provisions of the code.

"The code authority has been exceptionally successful in maintaining code standards, and is aided by a voluntary cooperation on the part of a large majority of the industry. There has occurred a very substantial spread in employment, an increase of approximately 20 percent in volume of business during 1934, and a substantial increase in total pay rolls.

"I am entirely justified in saying that code authority officials of this industry are men of integrity and have courageously carried their responsibility for code enforcement in the face of a small but determined and dangerous group.

"I can understand Mr. Howard's report only upon the theory that he is quite unacquainted with the organization of the industry, its nature and problems; otherwise, he would not have attempted to justify the racketeering opposition to the code authority, which he evidently found and recognized.

"Attached is a photostat copy of an article in the New York Times of August 12, 1934, and an editorial which quite fully and graphically pictures the code authority administration of this industry.

"Inasmuch as this report has been laid before the Senate Finance Committee I believe the facts above briefly stated, should also be placed in the committee's hands."

As mentioned in the above memorandum, the hearing transcript also contains an article from the New York Times of August 12, 1934, entitled,

"Coat and Suit Industry is at Best Under Code"; and also newspaper reports from the New York Journal, and the Brooklyn Eagle, both of August 23, 1934, reporting the bombing of the home of F. Nathan Wolf, Secretary of the coat and suit code authority.

APPRAISAL AND CONCLUSIONS

Exoneration of the Code Authority. From the time the first charges were forwarded to Washington to the end of the codes, the offices of the Code Administration Director, the Division Administrator, the Deputy, and the Regional Office in New York were engaged jointly and separately in more or less constant efforts to determine the justice or injustice of the charges. Officials of the code authority and of the industry organizations were examined in detail with respect to each charge. The responsibility of investigation and evaluation of evidence rested largely upon Mr. M. D. Vincent, as Deputy Administrator and later as Acting Division Administrator, on Mr. Alex Thomson, Administration Member of the coat and suit code authority, and on the author of this study, who as Assistant Deputy Administrator had charge of the code from November, 1934 until its invalidation.

The findings of the investigation were necessarily based upon their knowledge of the circumstances and their judgment in the evaluation of evidence. The absolute truth is difficult to determine in any instance where directly contradictory evidence is introduced, and in almost every case there was more or less flat contradiction of important testimony. Nevertheless, an examiner is able to formulate general impressions as to the validity of the testimony submitted by each witness, and on this basis it was the conclusion of the investigating officials that the individuals charged with improper exercise of their delegated powers were innocent of these charges. Moreover, their exoneration was more than a dismissal of the charges for lack of conclusive evidence of guilt. It was the unanimous opinion of the three officials named that the officers of the coat and suit code authority were conscientiously attempting to render service to the industry fearlessly and impartially, under extraordinarily difficult circumstances that could not fail to inject an implication of partiality to any action taken.

Indictment of the System. Though the evidence did not support the charges that the code authority or its officials were at fault, it revealed clearly the defects of the system established by the coordination of the industry's agencies of self-government with the code authority structure. The weakness of the system lay in its potentialities for abuse, rather than in any actual abuses which were uncovered.

The issue was confused by the looseness of certain condemnatory terms applied to recognized and specifically authorized forms and methods of regulation. The principle of solidarity and the united front which governs the activities of the established agencies of industry was essentially the same as the principle of controlling the "recalcitrant 10%" through the codes. The penalties provided for non-compliance with the provisions of collective agreements differed from those provided for code violations, but there was nothing hidden or sinister about the fact that both codes and collective agreements contemplated enforcing cooperation through the application of penalties. It was no secret that the coat and suit code authority was most effectively organized for nation-wide code enforcement, and that it was doing everything in its power to make all establishments in the industry live up to the code. If that was monopoly, then the test of monopoly was the

extent and efficiency of code administration. If the harsh terms of discrimination and oppression apply to any action taken against violators of law, then the whole system of civilized law and order is oppressive and discriminatory. Majority rule under certain circumstances may conflict with minority interests, but this does not mean that majority rule is necessarily monopolistic, oppressive, or discriminatory.

Quite frankly, the interlocking preferential agreements between the trade associations and the Union forbade dealing with outsiders. This could be considered discriminatory only if opportunity were denied to outsiders to join one or another of the associations and to subscribe to the standards established by the agreements, or if barriers to membership were set up in the form of inequitable restrictions on admission. As a practical matter, of course, the principle of solidarity implied that the associations would only defeat their major objective if they imposed barriers to membership. For every natural reason they wanted all the members they could get, and no conceivable purpose would have been served by establishing conditions to admission which could not be met by applicants. Nevertheless, in view of certain questions raised by the Legal Division of NRA in connection with, first, approval of the code authority by-laws, and, later, with the recognition of a member of the code authority who had been selected to fill a vacancy, it was necessary that a positive finding be made on the question of inequitable restrictions. (*)

(*) The following documents tell the story of the investigation of the by-laws of the code authority and of the trade associations. These documents are found in NRA Legal Division Files, Coat and Suit Code, Miscellaneous Folder.

Memorandum dated February 1, 1935, from R. E. Elwell, Assistant Counsel to J. G. Scott, Managing Attorney, NRA.

Memorandum dated February 21, 1935, from J. G. Latimer, Division Counsel, to P. L. Coanley, Division Administrator.

Letter dated May 2, 1935, from M. D. Vincent, Acting Division Administrator, to George W. Alger, Director of the Coat and Suit Code Authority.

Memorandum dated May 9, 1935, reporting conference between members of the Legal Division and representatives of the Deputy's Office and of the Coat and Suit Industry.

Memorandum dated May 10, 1935, reporting conference of representatives of Legal Division, at which final determination of question was made.

Memorandum of May 15, 1935, from R. E. Elwell, Division Counsel, to Sherman Trowbridge, Assistant Deputy Administrator, in connection with Order No. 5-32, recognizing Samuel L. Deitsch vice Leo Del Monte, resigned as representative of the Industrial Council on the Code Authority.

Mr. Vincent's letter of May 3, 1935, to Mr. Alger, in brief stated that the Legal Division questioned certain provisions of by-laws of the Industrial Council, that this did not mean that the provisions were necessarily inequitable, but that it was incumbent upon the Council to show that they did not in fact constitute inequitable restrictions on membership. The letter further requested that a convenient day be selected for an informal conference on the subject.

Mr. Alger advised Mr. Vincent by telephone that in his opinion it would be unfair to single out the Industrial Council for questioning, and that it would be more desirable to treat the matter as a general question applying to all of the coat and suit associations. This suggestion was followed, and on May 9, 1935, a conference was held in the author's office, at which Messrs. Trowbridge and Peibel for the Deputy's Office, Elwell and McConnell for the Legal Division, and Milton Levy and Bertram Reinerts for the coat and suit industry, were present. Mr. Vincent also attended this conference for a short time near its conclusion.

The representatives of the Industry explained in detail that the by-laws of associations and of the code authority had not been used in a discriminatory manner and were necessary to the functioning of the collective bargaining system.

On the following day, May 10, 1935, a conference was held by Messrs. Scott, McConnell, Ansell, and Elwell, the result of which is reported in the memorandum referred to in the footnote on page 118 from which the following is quoted:

"The facts presented were that as a condition of membership in this association a member obligates himself to contracts providing for a 'closed shop'; further, the board of governors can expel members for any cause. The constitution for the code authority does not provide for representation of non-association members of the industry.

"After discussion it was determined that if the constitution of the code authority is changed to provide for representation of non-association members of the industry, then such restrictions of the association are not inequitable for the reasons that: 1. there is no obligation on a member of industry to join the association in order to have voice in the activities of the code; 2. to prevent the improper expulsion of members of such association, a decision by the board of governors expelling such members should be subject to review by the F.I.R.B."

The subsequent approval of the Legal Division of the recognition of Mr. Deitsch as a member of the code authority constitutes the final evidence that the Industrial Council was cleared of the implied charges as to inequitable restrictions on membership.

Of course the charges against the Coat and Suit Code Authority were more than mere generalizations of alleged monopoly, discrimination, and oppression. They contained detailed, specific allegations of individual acts which, if true, constituted evidence of serious misuse of delegated power. The fact that these allegations were not sustained by investigation is of less present importance than the fact that there was a possibility that they might have been true. Under the circumstances, the dismissal of the charges against the code authority officials is an extraordinary tribute to the impression of personal integrity which they presented, but it is no vindication of the system under which they operated.

In this connection it is interesting to note that the voluminous report of Special Agent Howard boils down in its conclusions to a recommendation for revision of the method of selecting code authority representatives, and to a further recommendation for the selection of a new code authority in view of the alleged misuse of power exercised by the incumbents.

The soundness of the first recommendation was recognized by the Deputy's Office and by the code authority. The code was deficient in that no representation was provided for a small minority of members of the industry who had no connection with either the New York trade associations or the Western Council. A revision of the code for the correction of this defect had been under discussion for a long time, and was being worked out at the time of the Schochter decision. By no concept of the term "true representation", however, would it have been possible to establish equal representation for union and non-union elements in an industry approximately 90% of whose members are in the former group, or to make any important change in the balance of power on the code authority.

To have dismissed the existing code authority, filling the vacancies with other representatives of the different industry elements, even if they had been found flagrantly guilty of the charges, would have done nothing to correct the basic weakness of the system by which, regardless of the integrity of individual officers and members of the code authority, the implication of possible partiality and misuse of delegated powers would necessarily always be present.

Remedy Through Limiting Delegated Power. The most carefully drawn legislation cannot provide impartiality to an atmosphere that is naturally, traditionally, and openly characterized by the cross-currents of partisan interest. Interested parties do not make impartial judges, and a system that allows them to exercise any powers other than the right to be heard on cases involving the interests of opposing parties is not likely to result in judicial determinations free from taint. No amount of strict supervision can correct the basic weakness of such a system. Regardless of the practical advantages of coordinating the functions of regulation between governmental and industrial agencies, and regardless of the theoretically praiseworthy principle of industrial self-government as a basic policy in the administration of federal law, experience indicates that the working partnership between NRA and the established agencies of the Coat and Suit Industry contained

dangers and difficulties that make certain changes necessary in any future efforts at federal industrial regulation.

It is perhaps too broad an assumption to conclude from the coat and suit code experience alone that revised general policies may be or should be established which would apply to all industries alike, but it appears that there is justifiable doubt of the advisability of permitting industry in certain instances to exercise the degree of delegated power permitted under NRA.

There is a natural feeling among many business men that the less control exercised over their operations by government employees, who through lack of experience may have little understanding of the intricate problems of the industry, the better for all concerned. Mr. Alexander Printz, Chairman of the National Coat and Suit Industry Recovery Board, expresses this thought as follows: (*)

"In many respects the governing of the industry by the business men themselves, free of control by 'theoreticians' and the like, is infinitely more efficient. If some formal authority could be vested in those directing the voluntary trade pacts, the set-up would be ideal".

This attitude is thoroughly understandable, and entitled to respect. It does not necessarily follow, however, that the form of federal control adopted need include action by "theoreticians" on matters that are best handled by industry. Moreover, experience has indicated that there are certain functions for whose performance government officials are perhaps no better fitted in terms of personal ability than industry members, but which cannot be performed by industry without implications of partiality.

The exact form of a remodeled system would depend, of course, upon the type and scope of control provided by law. If the NRA code structure were renewed on its previous lines, with its narrow code divisions and complex wage coverage, there would obviously be the necessity of again working out an integration of the existing agencies of self-government with the federal administrative agency, if effective operation were to be obtained without unnecessary expense and duplication of effort. Even under such circumstances, however, one important change would appear to be desirable and practical, namely, that the judicial function in so far as it is exercised in connection with compliance cases under federal law, be vested solely and directly in responsible officials or agencies of the federal government.

If, on the other hand, a more simplified law were passed, providing basic minimum wage and maximum hour standards only, covering

(*) See New York Herald Tribune, November 6, 1935, under heading, "U.S. Must Help Rule Industry, Printz Asserts".

broader divisions of industry than those established by the NRA codes, the functions and fields of activity of the government and the industry agencies would be more clearly distinguishable. Under such circumstances it would be possible to have cooperation between industry and government without integration, without delegation of federal power to individuals or groups whose position in the structure of industry implies a natural partiality toward other individuals or groups, and without limiting in any way the legitimate powers of the established agencies of industrial self-government. Collective agreements would operate in their recognized sphere without conflicting with and overlapping the area covered by the basic federal law. The Union and the association could bring complaints of violations of the federal law; they could take an active part in the presentation of evidence of violations; and they could conduct their organization activities without the possibility that their motives would be misconstrued, or that irresponsible subordinates could bring disrepute upon them for improper use of delegated power.

To limit the delegation of power to that of initiating and proposing such regulation as might be necessary in the different branches of industry for the maintenance of fair trade practices, or for such variations or exceptions in the basic law as might be necessary on labor standards in particular instances, would not prevent violence, oppression, combinations in restraint of trade, or other indefensible and illegal acts, but it would clarify the fact that such matters are under the jurisdiction of the criminal courts, the police, the anti-trust laws, and the Federal Trade Commission, and not an integral part of a system of national industrial regulation.

Finally, such a limitation of delegated power would serve the all-important purpose of obtaining the respect and confidence of all elements of industry in the impartiality of judicial determinations and other actions under the law.

APPENDIX TO PART C

EXHIBIT "A"

AFFIDAVIT OF BENJAMIN SELDIN OF THE SELDIN COAT CO
Introduced as Exhibit F -2 of the report of
special agent Joan C. Howard

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

I, BENJAMIN SELDIN, owner of the Seldin Coat Co. of 256 West 38th Street, New York City, after being first duly sworn under oath, depose and say as follows:

I started in business in Baltimore in or about January the 15th, 1922. I was in Baltimore up to June 1, 1931. On June 1, 1931, I opened up a branch under the name of the 'Outstanding Coat House' at 250 West 39th Street in New York City, and I was doing business under that name through January 1st, 1932. While I had my branch open on 39th Street, an official of the union had walked into my branch, by the name of _____ of the Joint Board of the Ladies Garment Workers Union, and he told me that he will not let me to work in New York, as I am a Baltimore manufacturer, and he will insist I should stay in Baltimore. I told him at that time, that I am still in Baltimore, and I certainly have a right to run a branch in New York. A couple of days later, 5 men walked into my place on 39 Street, and they walked over to my cutter and to my designer and they told them that unless they quit their jobs than otherwise, they will be carried out in stretchers. I went over to the telephone and wanted to call the police and the minute they see me get a hold of the telephone they ran out and I had never seen them after that anymore.

In 1932, there was a strike in New York, and I was still running my business in Baltimore, and I was working under the same name, the Outstanding Coat House, at the same address, and 15 men walked in around 4:30 the minute they opened the show room door, I walked over to them, and I asked the gentlemen, 'What is it', and one of the men socked me with a brass knuckle and knocked me down. I had my nephew by the name of Joe Paris working for me, and he had jumped in to protect me, and as I raised myself from the floor, I seen one fellow taking out a knife and cut his neck and stab him twice in the stomach, and I run into my private office, and I locked the door. Three men broke the door open and ran into my office; one fellow grabbed me with the left arm and the other fellow grabbed me from the legs and the third man was getting ready to do something to me, and my niece Stella Paris got between and started to holler and they ran away, but her hollering - my place was on the third floor and police on the outside heard it, and they watched around the back elevator door and they grabbed two of them, and when they brought them upstairs, my nephew was laying on the couch, blood streaming from his stomach, and his neck, they brought over those two fellows to him, and he was told by a fellow that one of them _____ that he was killed by a racketeer a year later. The racketeer that stabbed my nephew was found dead on Hester Street in 1933, a year later.

My nephew had told that racketeer that 'You are big enough to use your fist, why did you use the knife?' and he tried to deny that, and the

cop that had him picked up his arm and said 'Look here, you can't deny that because you have all the blood on your wrist', and the cop turned him around, and he had blood all over the back of his coat.

The other fellow, _____, his hands were full of blood, but he was the one that hit me with the brass knuckle, and the cops had locked him up and took him to the police station. The desk sergeant at the 30th Street police station had turned them over to the detective bureau and Detective Sheffield was appointed to take care of this case.

After I had put in charges against them in the police court, walking out from the police station, walking up to Seventh Avenue and 30th Street, a man walks over to me, that I had never seen him before, and says to me 'Look here, Mr. Seldin you got two innocent men locked up.' I said, who are you, and he said 'I can't give you no name, but I can only tell you that they made a mistake. They were supposed to go up on the fourth floor, and by mistake, they went on the third floor, and we are sorry that they had made that job on you.' I said, who are you? He said, 'you will find out after you talk to me.' I refused to talk to him and left him, and took a cab and went back to the New Yorker Hotel.

At the same time, my nephew was taken away by an ambulance to the St. Vincent Hospital. The next morning I went to the police station. They told me to appear in the 10th Street Court House, that is at 6th Avenue and 10th Street. As I reached 9:30 in the morning the court house, before I walked in the court room, I was stopped by three men that I had never seen before, and they told me, 'if you dare to make any charges against these two men, that means your life and your family's with you,' and I of course told them that I wasn't afraid of it and nothing will stop me from prosecuting these men for trying to take my life.

The case was called, and the judge postponed it for another hearing, until my nephew will be able to appear. At that time, he was laying in the hospital. A couple of days later, I had all kinds of business people that I knew, coming over to see me, not to protect against us, but to protect my life, telling me that I had started with a bad bunch, and the best thing is to turn those two fellows loose, and I insisted that I would still have those fellows sent to jail, and they had given me a warning that it would be a best step that I will make, if I put those two fellows loose. After the case had come up five times, I was always undecided. I kept my nephew away from the business for 5 weeks, for 3 weeks I had kept him in Long Beach with me, where I spent my summer vacation, and on September the 6th, 1933, I had come in with the idea to prosecute those fellows. _____ representing the union, had called me away on the side, and he asked me not to do it, that he don't care for those racketeers, but he certainly cares for me and my family, and he had pity on me. I told him that he is just as responsible in this proposition as the racketeers, and that if he won't protect them, they wouldn't do that work. He told me he was their attorney and he has to do the best he could. I hired a lawyer by the name of _____, and _____ as my attorney said "Seldin, I am going to protect you in any kind of case you will be mixed up in, but in this case I am not going to represent you. You will have to get yourself another lawyer, as this is not a place for me, with gangsters, to have anything to do, and I never did want to be mixed up with them, and

leave me out of it." And I went on the stand by myself, and I was questioned by the District Attorney and the Judge, and I decided just because I was afraid of my life, and as my own attorney advised me to be careful of any remark that I make, that it may conflict on me later on, as I am starting in with a bad bunch. The case was called, and I denied to see those fellows, just for the reason I was afraid to start in with them, and the same thing applies to my nephew Mr. Paris, because that would mean for the future my life, if I would put those fellows in jail. To show that we didn't had an innocent fellow mixed up, a year later, the same fellow that was locked up, was found killed on the street, and nobody ever knew who killed him.

After that, I had made arrangements to move from 39th Street to 256 West 38th Street, and change my name from the Outstanding Coat House, to the Seldin Coat Company, and I had made a complete change in my business. I moved out my factory on December 5th, 1932 to Perth Amboy, New Jersey, and I had given up my business in Baltimore and the Baltimore people was left without work. The union started to get after me, they wanted me to move my factory back to Baltimore, and I had refused to do so.

On December 20th, 1932, the day that I opened up that place for operation in Perth Amboy, I was going on the 1 o'clock train to Perth Amboy, with an insurance man, and walking in one of the cars, I had found a man from Baltimore that was the shop chairman of my Baltimore shop, by the name of _____. He was a leader in the union. When I had seen him in the train car with two other men, I walked out from that car, and I walked in the front, about 4 or 5 cars away from him. I didn't want to see him. All the time the insurance man was with me, who was Oscar Nelson. I was taking him to Perth Amboy to insure my place.

When I got off in Perth Amboy at 1:58, those three men walked out and got off the same time with me. I was waiting in the station for about five minutes watching them what they are going to do. They walked away and I was walking in back of them to see what they are going to do. About 15 minutes later, after that I left them walking, and I went to my place of business. My place of business was just across the way from the station. To go into my place was a public market, and I had a stairway to go up to the factory. About 15 minutes later, I was going out for lunch, I met one of the men walking on the steps and the same men as I seen in the train, he is a leader of the _____ Branch. I found this out afterwards. I asked him what he was doing up here, and he said that he came around for a job. I had a sign outside advertising that we will employ 300 people, and asking for help. The Chamber of Commerce gave me a write up, a factory with three hundred men. I told this man that all my jobs were filled, because I recognized him. He walked out on the street, and then I walked for about three blocks and I followed him, till he turned on corner Smith Street, and I walked away a block, and then I watched him on the corner, and he come out watching me, what I am going to do. While I was standing on the corner, three men walked over to me and one fellow pulls over with his pocket like this (indicating) and points what looks like a gun, maybe it wasn't a gun, but it looked like it, and points it right at me, and they said, 'Look here, we want you to close up that place. We want you to go back to Baltimore'. I told them 'The best thing for you is to get the hell out of this town, because I will lock you up'. The minute I told

then I will lock them up, there was a traffic cop regulating traffic a hundred feet away, and I walked over to him, and told him that I was threatened by union racketeers to get killed. I told him that they wanted to kill me, and that he should lock them up. He told me that he couldn't leave the traffic but there was a cop in an automobile, and I should go over to him and tell him about it. He got out of his car, and asked where are those men, and he started to follow those men. One man disappeared, so he followed the two to a delicatessen store near Brunswick Avenue, and he stopped them there and searched their pockets, and he could only find papers and nothing else on them, and he took them over to the station and he told them to take the next train out of Perth Amboy.

I knew what was coming, because I had a lesson once before, and I went and hired a guard to protect me, a fellow by the name of _____, and that chauffeur did not let me go out by myself and everywhere that I went, I was guarded by him. And I went over to see the captain of the police station, and he offered to give me protection anywhere I go, that they will protect me and I told him that it wouldn't be necessary as I have somebody to protect me, I only wanted him to take care of my house, because they are liable to do something to my family.

On January 4th, 1935, I had an opening. I had given a dinner to all my customers and over 450 people were visiting my place between 12 and 4 o'clock. I was told by one of my friends that I should be very careful as I am listed to get a stink bomb on that opening day. I went and hired two guards. I put one in the front lobby and one in the rear. I told them not to leave anybody who looks suspicious come in, and every salesman in my place was watching that nobody should throw a bomb during the day. At 4:30 I went to Baltimore. I had my family at that time, still living in Baltimore. I took the 4:30 Congressional. I spent in Baltimore Sunday and Monday, and Monday night I took a midnight train and I got into my place around 10:30 in the morning on Tuesday. After that I had a guard watching my front door when people are coming in, and my back door, I went and put a chain on the door, and nobody could have walked into that place, unless we could have seen him. As I walked at 11:30 to the stockroom, I see a hand sticking out with a glass bowl and throw it right through that door to my stockroom and I knew right away it was a bomb, and while I was told that I was going to have a bomb thrown in, I had prepared three barrels of green dust and 24 buckets of sand, and I went and covered up that fume. It is like a gas coming on.

On the next day, a union leader, that I cannot mention his name, because it is the same gang, walked into me. He says, 'Listen, what kind a monkey business do you talking here. Do you think you can rule in New York like you did in Baltimore. You know you can't do a thing here unless you are unionized. I told you before, while I was in Baltimore, in 1930, that in Baltimore you can get away with anything out in New York you are just starting in with the wrong people. Now listen, Henry, do me a favor, make the best settlement with the union. I will go see the people that I have to see, and I think I can straighten you out and give you the best settlement.' I says 'Listen what settlement can you give me. They want me to go back to Baltimore. I got a lease signed in Perth Amboy, and I got a lease signed for two years in 256 West 38th Street. I took an apartment in Perth Amboy for the family, and if I move back now, it means that I will go broke in my

business'. He says 'Listen don't be stubborn, because I had come to see you as a friend. A stink bomb was just a warning. They are liable to do something worse than a stink bomb'. I says 'Listen, I am not afraid. I am not worried about a thing of that kind. If I was the only one that got a stink bomb I would be scared, but they have been throwing 12 and 15 a day, and I might as well have one too'.

So he went away, and said 'All right, you'll be sorry'.

In two days later, two men walked into my place. They said they want to see Mr. Seldin. The fellow standing in the hall way told them that they can't see Mr. Seldin unless they gave their names. They showed him aside and walked right in, and they told me that they wanted to see Mr. Seldin. I said to them that Mr. Seldin is out of town. They said that they seen him coming in the place, and one of them say to me 'You are Seldin, what's the use of telling us anything else'. Well, I thought to myself, that there was no use of any arguments. I took them in my private office, and told them to sit down, and gave them two drinks of liquor, and I asked them what they want. He said 'Listen, you are a guy that likes to listen to nobody. We are friends of yours. We can protect you from all your troubles'. I said, 'How can you do it?' he says 'We can give you names that we protect so and so, and so and so'. I said that I am not interested, because I am not the people you want to protect. You can't protect me because I am an out of town man, and I don't like any kind of this monkey business protection. Today you protect one person, and the next you protect somebody else. I don't want my business to turn into a racketeering proposition, and it will put me out of business. I worked 13 years to establish it. I can't just throw it away for racketeering'. Then they said 'Look here, we can protect you for \$5,000 a year. I guarantee that the union won't come close to you'. I said 'In what way.' He said 'Before anybody sends anything to your place, we know about it, because we work both ways'. I said, 'How can you be truthful if you work both ways. Whoever pays you the most gets the protection. You know, after all the union takes their members 50¢ a person, that brings them in \$100,000. I can't pay \$100,000.' He said, 'Well, all we ask is \$5,000 and you can give us \$1,000 a year, and \$75 a week from the payroll'. I asked them 'Who is going to collect that money'. They said 'We have somebody that collects every week that money from you'. I said 'You have your own headaches here in town there is plenty of non union shops, why pick an out-of-town man, who just made an establishment in New York, and is trying to get along. I had plenty of trouble already. My teeth were knocked out, and my sister's only son was hurt. Maybe I would pay \$5,000 to prevent that, but business conditions aren't so good now, and it would put me right out of business if I were to pay that'.

He said, 'Well, you are making a mistake, that \$5,000 is a bargain. We are charging \$12,000 to some people. If not, if you don't want to pay us \$5,000 a year, we will make a better proposition. Give us 2¢ on every garment you produce'. I said, 'Well that will be more, because it would amount to \$75000, because I make 100,000 a year'. He said 'Well it is your choice'. I said 'I'll tell you what my answer is, you know I'm a southern man, and a southern man never believes in racketeering. Go to where you belong, and let me run my own affairs. I said if I pay my own people 10¢ a garment more, than I can have the union, and I don't need

racketeers'. They walked out and I never heard from them anymore.

I walked in right after I used to go out to eat every day to a certain place, where most of the clock people eat. Every day that I walked out from the restaurant a young fellow was always following me, and I never paid any attention.

Sitting about 4 weeks later, with a clock man, having lunch together, I said to him, I says: 'What is that man sitting over there, that baldheaded man, looking at me? He don't take his eyes off me'. He says,, 'Don't you know him?' 'He is a captain of the racketeers, they have captains, you know'. I looked at him when I walked out. He walked over to the window for a cigar, and as I walked out, that young fellow just passes by me and he disappeared, and I didn't know what was coming on, see? I went back to the place and forgot about it. In the evening, I had something come up in my mind that something is wrong. I looked through my window. I got my place on the second floor, and I seen the same man, the same fellow standing around an automobile and looking up. I called over my man and I said, 'Look here, I say, I seen this 3 or 4 times. Something is wrong'. We turned the lights out in the show room, and I was watching that man. I didn't went home that evening until 8 o'clock. He waited and waited and waited, and then went away.

On the next day, I was afraid to go out myself. My chauffeur used to bring me to work. I told him that it looks like something is wrong and that he shouldn't leave me out from the car, unless he follows me. I seen the same young fellow again, but I thought he was one of the salesmen that are always around the door, and I didn't pay any attention to him. At 12:30 a buyer, two buyers walked in, a fellow by the name of _____ of New York, and _____ of Pittsburgh, and he says to me, 'Come on, I want to buy you lunch'. I said, 'No, I will buy you lunch'. 'All right I will go down to lunch' I said, I said that we should eat across the way, that is where I always eat. They said that they didn't want to eat there, as a bunch of racketeers eat there. Then we decided to eat in _____ restaurant, which is on the same place that I am. I went in the restaurant and had my dinner with them, but walking out from the restaurant, I was stopped by a manufacturing man, he asked me certain information with reference to credit, and these two buyers with me excused themselves and left me. I walked out by myself after that, and it is only about 25 feet away from my door. As I was trying to walk into the building, and as I was turning into the building, the same young man that I seen a few times before, was hiding in the lobby, on the outside lobby, and there was another 10, 20 men around in the lobby, and it was raining a little on the outside, and I seen a hand raising up, and the first thing I felt a wash in my face and a bottle dropped. I made an attempt to catch him but I didn't know that it was acid at that time. In a second later, it started to burn so much that my hollering called the attraction of 2 cops standing about 100 feet away from the place, and they ran over and they grabbed me and they wanted to know what happened, and I could not explain, as I did not know what happened to me, at that time, another fellow hollered, and they grabbed him, and he was also got a part of the acid in his eyes, and in a second another fellow started to holler. He was sprayed in the face with acid. The crowd got together, and the cops tried

to keep them away. The first thing, they put me next door to 252 West 38th to the engine room, and they called an ambulance and they took me away to St. Vincent Hospital, and they also took those two men along. I spend in the hospital a few days, and I was treated by Dr.

one of the biggest professors there. Through him, he had made arrangements for me - to send me home, because my wife at that time was expecting to have a baby, and she did not know what had happened to me. While I was there I called her on the 'phone and told her that I am calling from St. Louis, and that I will have to spend ten days there. She told me that she may have to go to the hospital, and that she felt bad. I thought that the best thing for me is to make arrangements to come home to Perth Amboy to stay with the family. I called up a Dr. by the name of _____, that was taking care of my wife and told him what happened to me, and he told me that he had seen that in the papers, and he was surprised that my wife didn't know anything about it. My boy had come home from school, and he had a clipping from the paper, that the teacher had shown him, and he was smart enough to keep it away from his mother.

When Dr. _____ had come over from Perth Amboy with his machine and took me to my home, he took along a nurse from St. Vincent Hospital. She spent 8 weeks with me treating my face. In a day later, my wife had a baby, and I went to see her at the hospital, under the care of the doctor, and she asked me to promise her, for the new baby's sake, that I will quit the clock business and be a father of the new child, and I made a promise at that time.

In 4 weeks later, I went to New York, and a friend of mine, he happens to be in the same line, walked in to see me, and I told him just what my intentions is to do, and what promises I made at home. He said, 'Well there is no sense of any man spending so many of his years in business, and as I understand you have a good size business, it would be a very foolish thing on your side to go out of business'. He said that he could work out a proposition for me with the Merchants' Ladies Garment Ass'n., as he knew Mr. Copelof very well, and he said, 'If you want me, I will go over there with you, and we will see what we can do'.

My secretary called up Mr. _____ and made an appointment for me at 2 o'clock. I went there and when Mr. _____ had seen me, tears came out of his eyes, as I was so misfigured that any person that would see me at that time would save his expense of eating at least for a month. My appearance made him so sick that he started to vomit. I told him my trouble, and after we had talked for a while, he told me that the only salvation for me is by becoming a member of his Association, the Merchant's Ladies Garment Association. I asked him at that time what would be his dues, and he told me that I would have to pay him \$300 in advance and the balance according to each member, what he pays on the amount of business it is determined. I asked him the question, that if I will give him the \$300, if that would save me from all that trouble that I went through. He told me that cannot promise me anything, but he will try his best to get _____ and make arrangements, the best arrangements he can work out, and that he was sure enough that he will be able to do something for me at that time. He called _____ and he told him that he has a very important case in front of him, and he told me that _____ told him that he will meet him at a certain meeting that they were

supposed to have, and he will talk to him about it. He told me to go home, and not to worry about it. He said that he will see that nothing will happen from the day after I left him. Mr. told me that. He said that he was sure that he will be able to work out something with the union.

A few days later, he called me and he told me to come over to see him. I did that. He said to me that the best arrangement that he could have made with the union, is that the union will let me continue to my Perth Amboy factory till I finish out the spring season. After the spring season, that factory will have to be closed up in Perth Amboy. I told Mr. that this arrangement that he had made will not suit me, as I had moved my family to Perth Amboy, and my children were going to school there, and I have a lease up till February 15, 1934, and I have to pay rent for my Perth Amboy plant, and that is enough to ruin any man in business. He said "Seldin, you are lucky you are here. You accept this arrangement, and when the day comes, we will try to get some other arrangements for you". Well, I told him that I will accept his arrangements.

In the month of June, the union and the association started to work on a new contract, that is in 1933. I went over to see Mr. and I told Mr. according to my arrangements with you and the union that you had made, that I must give up the place in Perth Amboy, so he told me, he says, 'You go ahead, you get business, you keep on working till they will call me, and I will tell you what they are going to do. The union has enough trouble on hand today to come to a new contract that they will forget about you for a while. You go on and do business'. Well I did.

The first thing in June, the truckmen called a strike and they stopped every transportation that was made by a coat man, that nothing could have been moved from any factory, from any business place, to a different city. They were tearing up on the street goods, and cutting up piece goods, and I was fortunate enough, that about 4 or 5 days before they called a strike, that I was living in Perth Amboy, and I had transferred 400 pieces of piece goods, and I did not come in to New York. I stayed away from New York up till August the 7th. I was conducting my business through Perth Amboy and I had my New York place practically closed except a girl was there just to take telephone messages. On August 4th, when President Roosevelt signed a Code and it went to effect on August 7th, our association notified me by mail, that their contract for all their members that they had made with the union, that every manufacturer man will have to register the contractors with the union, for the union approval I had sent a register for my eight contractors and my own place in Perth Amboy, and the union had rejected all my contractors, unless I will take back my factory to Baltimore.

I had insisted through my association, that this is not the time to move, in the middle of the season. They should give me an opportunity to finish out the fall season, and after the fall season, I will be able to do so. Mr. told me that "Seldin, I had done enough up to now. The union today is so strong that I don't think I will be able to make any arrangements for you for the future. The best thing for you is to go over to of the International Ladies Garment Workers Union.

I called _____, and I told him that I have an important matter to take up with him, and he must give me an appointment. He told me that I should come over to see him. After I got through talking on the telephone, I went down there and I told him the story. He felt very sorry that I was misfigured. Of course, I did not make any statement at that time to him that I was a victim of the union. I told him that he had to do something for me, as my family lives in Perth Amboy, my children are going to school, and it would be impossible for me to make any arrangements to move back to Baltimore, because my home in Baltimore is rented out on a lease, and the people will refuse to move in the middle of the winter, and he has to do something for me. His answer to me, he says 'Listen Seldin, you know New York. You went through a lot of trouble. Why don't you listen to me and go back to Baltimore. You made all your money in Baltimore, and I think you can do it, and we will treat you right. You go back down there, and give the people back their jobs, and I am going to tell Mr. _____ over there, who is a vice-president of the International in Baltimore, that you must be treated fair, and I think you will have a chance to make your money back, and I will see to it that you won't regret it, but do me a favor do go back to Baltimore'. This conversation took place with _____.

My answer to _____ was that as long as I cannot make any better arrangements, I will have to accept his proposition, and I will go back to Baltimore. He asked me 'When will you go, as I went to take it up with Mr. _____'. I told him that as soon as I leave his office, I am going to make the next train to Baltimore and rent the floor space, and in a weeks time, I will start to operate my factory in Baltimore. He said 'Listen Seldin, before you go away, I want to tell you something. When you go back to Baltimore, my understanding will be with the Baltimore Union that any working man that you had left before you moved from Baltimore, you will have to take him back to work'. I told him that he was foolish to ask such a question, as it was the middle of the season, I wanted the workers that I had before, as I didn't want to start a new organization. He asked me if it was agreeable to me to take them back. I told him that it was agreeable.

I went and opened up the place and the union lived up 100, and they sent me everyone of the workers that worked for me, except the cutters. I asked Mr. _____ 'Why can't you give me my cutters'. He said 'The cutters are working for different shops and it seems they will not let them go. Those shops are not controlled by our union, and the only thing I can do is to talk to them for you. If they want to work for you there aren't any objections to take them in the union. We won't make any discrimination if they have been working for non-union shops. But to make them go back, I don't think at the present time, we can make them do so'. So I went back to New York and I took New York cutters and brought them over to Baltimore and paid them their scale, \$50, \$55, and \$60, and paid their expense of stopping in a Baltimore hotel.

In a couple days later Mr. _____ walks in to see me. He says 'Listen, I got something to say. We had passed Saturday to a meeting that you cannot keep any cutters from New York here. We have people going around idle here for a long while. We will give you Baltimore cutters'. I said 'Listen _____, that would be an unfair proposition to any manufacturer man. I have cutters working and markers, and they know just how much yardage to use, and just how to do it. It is

the middle of the season now, and it will cause me a loss to make a change in my business now.

He said 'Listen, if we can't do nothing else, I am a cutter by trade before I was elected vice president of the International. I will promise you two days a week to run into your cutting department and supervise it'. I says 'How are you going to do it?' He said 'Leave it to me, I will do it'. Well, I tried it out. He sent me a couple of boys. They have no experience: They were helpers. One fellow worked for \$32 a week and the other fellow worked for \$38 a week. One of these cutters was paid above the scale and one below the scale. The man that I paid \$32 a week, was only entitled to \$28, and the one I paid \$38 to should have gotten \$39. I did not have any objections to pay that fellow \$39, but the union had agreed that \$38 would be a fair salary for that man. I ran the cutting department there till December, and I found it a tremendous loss, because of myself not being there to take care, and because of the cutters.

After that, about the first of the year, I made a change with the union's approval to open my cutting department back in New York, and the Baltimore Union insisted that those two cutters that worked for me, must go to New York to work. I told them at that time, that just as much right that Mr. had to give 24 hours notice to the New York cutters to leave Baltimore, that in New York they give 24 hours to send the Baltimore cutters back home. Mr. told me to leave to him, that he will straighten things out with Mr. of the Cutters Union, and that everything he will tell Mr. , will go.

The last I heard is from the Code Authority, when they examined my books and they took my payroll records from December 2nd, 1933. Two weeks later, they had notified me by mail that there is back pay that should be paid to cutters. Right after I got that letter from them, I went over to see Mr. , copy of mail can be offered as evidence, from Mr. , signed by Mr. , that I was over to see him, and told him that with the arrangements that he had made with me in August 1933, he told me that he will give me a concession of working my business in New York, and I told him the same story about the treatment that I got with the Cutting Department in Baltimore. He sent a wire to Mr. in Baltimore and he told him to be over Thursday at 11 o'clock and he told me to be over at his office at that time. He told to look into the matter, and that he wants Mr. to take more care of my business, and see that I should be treated right, as he made me a proposition that I would get a square deal. Mr. told him that he will try his best to do so.

So Saturday I went back to Baltimore, and I got sick with appendicitis. I went to the hospital and I spent 6 weeks away from business as I was operated on. During that time, the Code Authority was after me, and we wrote them and told them that I am not in position to go to any hearings, as I have to be away from business on account of the operation of appendicitis, and this case was under Mr. , and Mr. had made that arrangement for me that as I got well, I should come over to see him. I went over to see him and he told me, he said 'Seldin, we will have to stop your labels, providing you make a settlement with the Code Authority'. I said, 'Listen, , I

have an arrangement made with _____, is the head man of the Code Authority, and he told me that he is going to talk to Mr. Wolf. He is going to Washington with him tomorrow, and he will take it up with him, and there is no reason why you should now insist on making me trouble, as I can't stand any more trouble at the present time'. He said 'Listen I am looking into it according to records. I work for the Code Authority, Mr. _____ is my boss, he instructed me to go and collect that money'. I says, 'Will you please do me a favor. I will show you a copy of a letter that I wrote to _____, and there is no reason why you should insist on me right now, if I have to pay that money, at least I could be heard through a regular hearing, and not to explain my story to you, as you won't give me any justice, as you told me that you have no authority to make any decision, except Mr. _____ can do it'. He said the only thing he can is to make an appointment for a hearing.

At the same time, the cutters union of New York sent me over a man from the Cutters' union, by the name of _____. He claims he is an agent for the union. He walked in in the middle of the day, and asked for me, and I told him that I was Seldin, and he said he wants to go into the cutting department. I asked him what for. He took out a card signed by Mr. _____, and said that he must take my cutters right now, downstairs. I told him that he will not go back there, because I have arranged with Mr. _____ and Mr. _____ that the cutters should be left alone, and as I have arranged with the Code Authority with Mr. _____ that there is a hearing pending, and I am ready to be called at any time and there is no reason he should insist on me to give him a check for \$711, as that money has to be turned over to the Code Authority. So he says 'The hell with the Code Authority, if you don't pay the cutters, they can't work'. I took him into my office and I said 'Look here, I have the correspondence with the Code Authority, with _____, and Mr. _____ in Baltimore'. And I threw him out. The next morning, he comes again and says that Mr. _____ told him that he must get cutters out, or he must have the \$711. I went and wired the minute he left, Mr. _____ I told Mr. _____ that I am having trouble with the cutters in the union in New York, and there is no reason why he shouldn't look into this proposition. Then he sends him a letter, and sends me a copy, that I have no reference. The letter to _____ is something like this. Dear _____: I had made with the Seldin Company, Mr. Seldin, arrangements that after the season he will transfer his cutting department back to Baltimore, and I want you to leave him alone.

The next morning that fellow called on me and I showed him the letters. He kept them for a week until I had to write for my copies of letters.

My argument was to the Code Authority and to the union, that I am a victim of circumstances and they have looked into this proposition in a different way.

This _____, after I went over to see him said 'Listen Seldin, we are interested in the cutters. We have guessed that you have got to pay'. I told him that the _____ of the International is higher than mine and he wrote you a letter. He said that he will report it to the Executive Board on Thursday night, and I will hear from him. On Thursday I didn't hear from him. On Friday I went to Atlantic City

for the holidays, and I got back last Wednesday. Mr. came over again and he said "We have your decision. The Executive Board says he must pay the cutters \$47 a week, otherwise I will have to take them down". I said 'It is no use to fight, if I have to pay it, I am going to pay it', and I told him I am going to pay it.

Thursday evening, on the 30th of September, when I got back from the hearing, Mr. had visited my place again. He wanted to see me and he couldn't wait that long, and left his card and telephone number. I called him and he says: 'Listen I want to have a letter in writing that you are paying the cutters \$47 a week'. I said, 'I will not give you any letters in writing. My payroll is submitted to the Code Authority. If you want to know anything, you can get it from them'. That was the end of that.

I was notified by registered mail on September 17th, that a hearing will be given to me on September 20th at 4:30. I went there and I waited for about half an hour. A girl came out in the lobby and called for Mr. Seldin. I told her that it was me. She asked me to please walk into Mr. room. When I walked into Mr. room, I figured that I will be given a regular hearing in front of the two associations, and the union, with representatives on all sides to listen to my story. I told that to Mr. and he said it wouldn't be necessary. He asked Mr. for the file in this case of Seldin Coat Company. Mr. had it with him and started to read the story. I let Mr. put his statement in, and after that Mr. called on me to make my statement. Anything I had mentioned in my statement as far as the union and racketeers, Mr. wasn't interested in and told the girl to keep it out of record. I also told Mr. that Mr. made a statement against me where the letters of complaint said 'Complaint: Violation against Coat and Suit Code charged against you and referred to above is as follows: Wages, Payroll regulations and labels'. And I told Mr. that that was short notice, and that did not give me enough explanation to clear myself of every charge that is made against me by Mr. with his records, as I think his records are not correct, and I would like to be heard by people who would give me a fair trial, and I had mentioned that Mr. and Mr. should be present at any statement that I make. Mr. didn't give me a tumble. He just went and decided it the way he wished, and I told him I should have an opportunity to bring over witnesses to show that the records are bawled up against me, and he is not giving me a fair hearing, as I understood it would be taking place in front of a group of people and not like I happened to go to Coney Island and see a sight seeing show, and they show me in front a few things, and then they asked for 50¢ to show me things I didn't want to see, and this hearing is just like a sight seeing show to me. Mr. did not like my statement and the minute I told him, he changed, and he was acting very sorry of course. I wasn't satisfied with it and I went back to my office, and thought it over, and I wasn't satisfied with my treatment, as I wasn't treated fair, and I wrote Mr. two letters with checks, they were registered letters, and the following morning I received an answer from Mr. by messenger, and his answer and other letters concerning this matter, are as follows:

September 17, 1934

"Seldin Coat Co.
202 West 40th Street.
New York City

Registered Mail
Return Receipt Requested

Gentlemen:

"As the result of an investigation, complaint has been filed against you for the violation of the Code of the Coat and Suit Industry, as specified below.

"The Code of Fair Competition of the Coat and Suit Industry approved by the President, is now in force, and under Subdivision (f) of Section 3 of the National Recovery Act any violation of this Code in any transaction affecting interstate or foreign commerce is a misdemeanor punishable by a fine of not more than five hundred dollars for each offense and each day such violation continues is deemed a separate offense".

"Under a statute enacted by the New York State Legislature at the recent extraordinary session, it was provided by Chapter 781 of the session laws that violation of any provision of a code of fair competition after it has been filed with the Secretary of State, should likewise be a misdemeanor under the laws of this state and subject to similar punishment for each offense.

"The code of the Coat and Suit Industry has been duly filed with the Secretary of State of New York and the above law is now in force and effect and applicable to our industry. It is the duty of the Coat and Suit Code Authority to enforce and maintain the provisions of this Code.

"Before deciding what action should be taken with reference to the complaint filed against you, we desire to give you a fair and full opportunity to make any answer or explanation which you desire to make with reference to it. You are therefore requested to appear at this office on Thursday, September 20th, 1934, at 4 p.m., for that purpose. Please be present at that date and hour since in case of your failure to attend without due excuse, we shall have no alternative but to pursue the remedies prescribed by law.

Yours very truly

COAT AND SUIT CODE AUTHORITY
GEORGE W. AIGLER
DIRECTOR

"Complaint: Violation against Coat and Suit Code charged against you and referred to above is as follows:

Wages, payroll regulations and labels."

"September 30th, 1934

"Mr. Alger
c/o Coat & Suit Code Authority
132 West 31st Street
New York City

Dear Mr. Alger:-

I am herewith enclosing you a check for \$51.73 on the complaint that was made against me that we have made up 4509 coats without N. R. A. labels.

This is a mistake on the Coat and Suit Code Authority's part by checking up our production.

Will ask you please for a recheck in our production from the day that you have issued the labels, and we will prove that not one garment, left our premises without an N.R.A. label on it. I have inspectors from the N.R.A. visiting my place in Baltimore three times a week, and they have not as yet found one garment without a label. We also have inspectors from the Coat and Suit Code Authority visiting our New York Place and they also failed to find a coat without an N.R.A. label on it.

There must be some mistake somewhere for bringing up such a charge against me, as we are at all times ready to produce our books for the Code Authority's inspection.

Very truly yours,
B. Seldin"

BS/SP
REGISTERED MAIL

"September 30th, 1934

"Mr. Alger
c/o Coat & Suit Code Authority
132 West 31st Street
New York City

Dear Mr. Alger:-

I was quite excited when I left your office this evening. Somehow I did not understand exactly your decision, as I only heard half of what you told me and there are a few things that I did not quite understand on account of me being so excited.

I recall one statement you have made that you will give me ten days from today time to give you a check of \$331.47 on back pay on the complaint which is in your hands against me.

Taking this into consideration after I got back to my office, I feel that I have made a mistake in not taking up your decision. Therefore, I am herewith enclosing you a check for the full amount

of \$631.47, and will ask you to please not deposit this check until I will take this up with Mr. E. L. Fries, as I did not expect to have this charge put against me, otherwise I would have more records in writing and witnesses to prove that any statement I have made before you is correct.

Very truly yours,
E. Seldin"

BS/SP

REGISTERED MAIL

"Seldin Coat Co.
356 West 33th St.,
New York City.

Gentlemen:

"I have your two letters. If you desire the issuance of labels to you, we are obliged to require a payment now of the amount which under my decision is due your workers and for the labels which you have failed to use. We will, however, if you wish to have the case reviewed in Washington, agree to withhold distribution of this money pending the determination of your appeal, otherwise we shall have to suspend the issuance of labels and advise Washington that the case is sent to them for prosecution.

"This appeal must be taken, if it is to be taken, within ten days from this date. Let me know your wishes.

"In the meantime I return your checks, and remain,

Very truly yours,

COAT AND SUIT CODE AUTHORITY
GEORGE W. ALGER
Director"

GWA/lc
encl.

When I went back to my office and I thought it over that during the time before I will be given another hearing he stopped my labels, and that would practically put me out of business in the middle of the season, so I went back and sent him the full amount of the claim against me, and I asked him to hold those checks until I will take it with the N.R.A. headquarters, and they should give me a hearing and consider my case carefully, and if I have to pay it, he will have the checks with him. The following morning, I got his answer by messenger with the return of the post dated check and also the check for the label, as quoted above.

If there is another opportunity to be given to me, I would be able to give evidence and to account for the 2600 labels that the Code Authority is charging me with. I called Mr. _____ on the telephone

the same evening, and I told him that they have a mistake made on checking up those labels, and his answer to me was, that if I want to have a recheck on my books, I will have to send him a check for \$50 in advance, and then they will send a man over to recheck if they are correct or not. I insisted that I cannot pay for their mistakes and he didn't give me a tumble. On the 21st, on Friday, I tried to get Wolf over the telephone three times, and the answer from the girl was that he will call me, and he never did.

I would like to add this further statement, that my arrangement with the Baltimore Union being that they had made me to take Baltimore inexperienced cutters from Baltimore, is that everything that is cut in New York by the Baltimore helpers that they had given to me, must be made by the Baltimore Union people in Baltimore. We have one contractor in New York that makes us 450 coats a week. This work is cut by New York union cutters for the contract/or in New York.

I swear that everything I said in this statement is nothing but the truth.

Sworn to before me this
day of September, 1934.

EXHIBIT "B"

COLONIAL KIDDIE APPAREL CO. CASE.
Affidavit of Nathan Levine, Complainant.

NEW YORK, N. Y.

March 7, 1935

I, NATHAN LEVINE, being duly sworn deposes and say:

That I am in partnership with Isidor Edlitz and that since the formation of this partnership July 19th, 1934, we have been engaged in the manufacture of children's ski suits, under the firm name of Colonial Kiddie Apparel Co., 1261 Broadway, New York City. That about a month ago we started in to manufacture girls' coats for ages from seven to fourteen years which would bring us under the Code of Fair Competition for the Coat and Suit Industry.

We made application to the Code Authority of the Coat and Suit Industry for labels and were put off for four days and did not get labels until Mr. Kessler of the Kessler Coat Company, 476 Jefferson Street, Brooklyn, our contractor, visited the N.R.A. office at 45 Broadway.

On the 21st day of February, a Mr. Becker and a Mr. Krause visited our place of business and showed credentials of the Coat and Suit Code Authority, stating that they had come to settle prices on garments. We did not know what answer to make to this request because we had not received a complaint from employees of the Kessler Coat Company or from any other source, and so far as we knew, the employees of the Kessler Coat Company were receiving code wages. In any event, we were responsible and on proper showing, we would be compelled to pay to the contractor enough to cover his overhead and the minimum wages provided for in the Code.

On February 20th, Mr. Becker returned with a Mr. Goodstein. We desired more information as to why these two representatives of the Code Authority had been sent to fix prices and the only information we could get from Mr. Becker was that if we did not sign up and allow them to fix our prices, we would have to join the Merchants' Association and have our help unionized. This statement was made at the first interview with Mr. Becker and was repeated at subsequent interviews.

On February 27th, we addressed a letter to the Coat and Suit Code Authority and on March 4th received a reply containing a partial answer to the questions contained in our letter of February 27th, March 5th, we addressed another letter to the Code Authority which has not been answered. Copies of these three letters are attached hereto and made a part of this affidavit.

On March 5th, two representatives of the Code Authority,

Mr. Becker and Mr. Goodstein, again appeared and demanded that we sign a price settlement. They advised us to sign like 'good boys' or we would be forced into the Merchants' Association through the Union. We then told them that we would not comply with their request and that we would like to have a hearing.

On the morning of March 6th, there appeared to our place of business a man who refused to give his name but said he was a member of the International Ladies Garment Workers' Union. He asked Mr. Edlitz in my presence if we were a union or an N.R.A. shop. Mr. Edlitz said "an N.R.A. shop". This party said "you can expect a lot of trouble this afternoon". Mr. Edlitz sent our boy to the 40th Street Police Station and reported this threat.

At about 3:30 P.M. the same day, March 6th, five 'Gourillas' appeared in our place of business and ordered Sam Littman, our designer, out of the place, instructing him to go down to the Union and see Mr. P. Luccigrosso. One of the men who called himself 'Dave' handed me a card of P. Luccigrosso with Mr. Rosenthal written above it in pencil and 'Dave' written in one corner in pencil and told me to go down to the Union and settle prices there. He also threatened to stop the truckmen who handled our piece goods and finished garments and said they would keep what few help we had away from our place of business so that we would not be able to operate and would disrupt our Spring Season so that we would be forced out of the children's coat and suit business.

Mr. Rudy Sayvitz of L. Sectors, 67-30 Bay Parkway, Brooklyn, was present during the second visit of Mr. Becker and overheard and afterwards spoke to me about Mr. Becker's statement that if we did not sign up and be 'good boys', we would be forced to join the Merchants' Association and have our help join the Union.

Signed _____

Sworn to before me this
_____ day of March, 1935,

EXHIBIT "C"

COLONIAL KIDDIE APPAREL CO. CASE
Affidavit of Ed. H. Kraus and Lou Becker,
Investigators for the Coat
and Suit Code Authority

County of New York)
 : SS
State of New York)

Edward H. Kraus and Lou Becker being duly sworn depose and say:

1. We are employed by the Coat and Suit Code Authority as investigators.

2. On February 20th, 1935, Mr. S.S. Flingsberg, Chief Enforcement Officer of the Coat and Suit Code Authority for the Metropolitan Area directed us to investigate the Colonial Kiddie Apparel Company (hereinafter called Colonial), at 1261 Broadway, Borough of Manhattan, City of New York for the purpose of determining whether or not the aforesaid Colonial was complying with Article IV and Article VII of the Code of Fair Competition for the Coat and Suit Industry.

3. On February 21st, 1935, we visited the Colonial and presented our credentials to Mr. Isidore Edlitz, a member of Colonial.

4. We thereupon informed Mr. Edlitz the purpose of our investigation and requested permission to examine the garments manufactured by Colonial for the purpose of determining whether or not the piece rates paid complied with Article IV of the Code. Mr. Edlitz refused to permit us to examine the garments and/or any prices which he paid to his contractor for manufacturing these garments.

5. Mr. Edlitz challenged our authority for the purpose of determining such piece work rates and stated he wished the matter to be taken up with the Regional Compliance Board at 45 Broadway and further requested that we hold the matter in abeyance for several days. He also stated that he desired to consult his partner as to this matter.

At no time, did we, individually or together, make any mention of the International Ladies' Garment Workers' Union, or the Merchants' Ladies' Garment Association, or advise Mr. Edlitz with respect to either of the above organizations.

(Signed) Edward H. Kraus
 Lou Becker

Sworn to before me
this 15 day of April 1935.

(Seal) Harry Zaduk
Notary Public, Queens Co. No. 1795, Reg. No. 5626
Cert. filed in N. Y. Co. No. 71, Reg. No. 7 Z 40
Commission expires March 30, 1937

EXHIBIT "D"

COLONIAL KIDDIE APPAREL CO. CASE
Affidavit of Samuel Goodstein and
Lou Becker, Investigators.

County of New York)
: SS
State of New York)

Samuel Goodstein and Lou Becker being duly sworn deposed and say:

1. We are employed by the Coat and Suit Code Authority as investigators.
2. On February 26, 1935, Mr. S.S. Klingsberg, Chief Enforcement Officer of the Coat and Suit Code Authority for the Metropolitan Area, directed us to investigate the Colonial Kiddie Apparel Company (hereinafter called Colonial), at 1901 Broadway, Borough of Manhattan, City of New York, for the purpose of determining whether or not Colonial was complying with Article IV of the Code of Fair Competition for the Coat and Suit Industry.
3. Mr. Edlitz, a member of the firm of Colonial, requested that we postpone the matter for a few days in order to give him an opportunity to correspond with the Code Authority. We thereupon left the place of business of Colonial.
4. February 28th, 1935, we again visited Colonial, examined the nine garments which were submitted to us and calculated the piece rates thereon in accordance with Article IV of the Code. These were tabulated and submitted to Mr. Edlitz. Mr. Edlitz stated that he wished to communicate with the Code Authority with respect to these computations.

At no time during our investigations, to wit: the one on February 26th and the one on February 28, 1935, did we or either of us mention the International Ladies' Garment Workers' Union or the Merchants' Ladies' Garment Association, nor did we suggest to Mr. Edlitz that he become affiliated with either of these organizations.

(Signed) Samuel Goodstein
Lou Becker

Sworn to before me
this 15 day of April 1935.

(Seal) Harry Zadok
Notary Public, Queens Co. No. 1795, Reg. No. 5026
Cert. filed in N. Y. Co. No. 71, Reg. No. 7 Z 40
Commission expires March 30, 1937

EXHIBIT "E"

COLONIAL KIDDIE APPAREL CO. CASE
Statement of Harry Morris
Investigator

COAT AND SUIT CODE AUTHORITY

March 7th, 1935, I was assigned by Mr. S.S. Klingsberg to visit the Colonial Kiddie Apparel Company. Mr. Klingsberg explained to me that the firm had written to him and apparently did not understand Article IV of the Code or was using this means to postpone compliance with this Article.

I was instructed to explain in detail to the members of the firm both Article IV and Article VII of the Code and to tell the firm that I was there for that purpose.

I visited Colonial Kiddie Apparel Company on March 8th, 1935 and introduced myself to Mr. Nathan Levine and Mr. Edlitz, members of the firm and presented my credentials. I explained to them in detail Article IV and Article VII of the Code. I called their attention to the fact that the Kessler Garment Company and Colonial Kiddie Apparel Company were both violating the Code because the Kessler Coat Company was not paying their workers sufficient to enable payment of piece work rates in accordance with Article IV of the Code, and that the Colonial Kiddie Apparel Company was not paying Kessler Coat Company, their contractor, sufficient to enable payment of Code wages plus overhead in accordance with Article VII of the Code.

I pointed out to them that Article IV of the Code requires the fixing of piece work rates on garments on a basis to yield to the workers of average skill of the various crafts for each hour of continuous work, hourly earnings as specified under this Article, and that in order to determine whether such rates were being paid, industrial engineers had made a study of the entire industry and had made thousands of observations and based on this study, standards had been established which we were using as a basis to determine whether proper piece rates were paid. I then requested Mr. Levine and Mr. Edlitz to sign the agreement as originally prepared by Messrs. Goodstein and Becker. They both refused to sign that statement stating that the Code Authority did not have authority to tell them to pay more than the Code minimum.

(Signed) Harry Morris

EXHIBIT "F"

MACK M. MUSSMAN
COUNSELLOR AT LAW
333 WASHINGTON STREET
BOSTON, MASSACHUSETTS

May 1, 1935

Administrator, Apparel Section
National Recovery Administration
Washington, D. C.

Dear Sir:

This letter is in the form of a complaint against Harry Bergson, Deputy Director of the Coat and Suit Code Authority Board sitting in Boston, Massachusetts. Mr. Bergson is a lawyer and is supposed to sit on the board as an impartial member. I have in the past represented manufacturers in Boston before the board on complaints, and to my mind and in my opinion to every person who believes in fair play I think that Mr. Bergson should be removed from that capacity because of his connections with two bodies namely the International Coat and Suit Union and the Manufacturers Association composed of a few manufacturers in Boston. To my mind it is not in accordance with any code of ethics to be hired by a Union or Association and receive money for such, and on the other hand hear complaints brought by the Labor Union or the Manufacturers Association. It is highly suspicious to say the least when his decisions and assessments are not in favor of non members of either body to say the least, by the way, two members of the Union and one member of the Manufacturers Association sit on the board, and if you or anybody else thinks that a non member of either party can get justice and fair play with the connections between Mr. Bergson and other parties, then miracles still happen in this day and age.

To sum the whole situation up I think it is highly improper for Mr. Bergson to sit on a board and receive pay from the Union and the Manufacturers Association for matters. He can't to my mind, deal with matters before the board fairly especially when the Union or the Manufacturers Association are interested in the same matter. Therefore, I shall appreciate an investigation into this matter so that somebody may obtain justice and be sure that influence is not brought to bear in certain matters, and that the Deputy Director can deal with matters without fear of losing a very lucrative job from the Union or other party mentioned.

I will be glad to furnish evidence of this situation whenever you call upon me to do so and I shall expect to hear from this soon.

Yours truly,
MACK M. MUSSMAN

/s/

E. E. Mussman, Attorney

COAT AND SUIT INDUSTRY

Extract from:

BRIEF OF THE MEMBERS OF THE NEW JERSEY
COAT AND SUIT INDUSTRY OF THE NATIONAL
COAT AND SUIT CODE AND ITS ADMINISTRA-
TION BY THE CODE AUTHORITY.

(P. 18 Supplementary
Report, Coat and Suit
Code Hearing, May 2
and 4, 1934.)

TO:

GENERAL HUGH S. JOHNSON,
National Recovery Act Administrator

1. THE AGREEMENTS BETWEEN THE AMERICAN CLOAK AND SUIT MANUFACTURERS ASSOCIATION, INC., THE MERCHANTS LADIES GARMENT ASSOCIATION, INC., THE INDUSTRIAL COUNCIL OF CLOAK SUIT AND SKIRT MANUFACTURERS, INC., AND THE INTERNATIONAL LADIES GARMENT WORKERS UNION, amount to a MONOPOLY AND ARE IN RESTRAINT OF TRADE.

There are a set of agreements between said four associations and these associations include in their membership the major portion of the coat and suit industry. By the terms of said agreements which were executed after the coat and suit code was adopted, a manufacturer or jobber must designate with his association the names of the contractors or sub-manufacturers to whom he will distribute his work and such contractor or sub-manufacturer must be a member of the American Cloak and Suit Manufacturers Association, Inc., which is a party to the said agreements. The designated contractor or sub-manufacturer in turn can only accept work from the jobber or manufacturer who has designated him and such jobber or manufacturer must be a member of the Merchants Ladies Garment Association, Inc., or of the Industrial Council of Cloak, Suit and Skirt Manufacturers, Inc., which are parties to said agreement. Furthermore, a contractor or sub-manufacturer, can only be designated by one jobber or manufacturer. All members of the American Cloak and Suit Manufacturers Association, Inc., must employ only workers who are members of the International Ladies Garment Workers Union, which is a party to said agreement.

The purpose and effect of these agreements is to restrict members of the associations and union which are parties to the agreement from doing any work or having any relations with members of the industry who are not members of one of the associations or union, which are parties to said agreement. Although these agreements are signed by the association and not by any of the members thereof, the agreements provide that even if a member of one of the associations resigns therefrom, he is bound by the agreement. Many members of the industry in New Jersey have no desire to become members of the American Cloak and Suit Association, Inc., and those who have made application have been held up and refused, and in many cases where the application was submitted, they were advised that they would have to pay \$1,100.00 to the association before the application could be considered, and they would also have to force their employees to join the International Ladies Garment Workers Union.

We submit that these agreements amount to a monopoly and certainly are in restraint of trade and create unfair competition, and their purpose and ultimate effect will be to put those members of the industry (which include the majority of those in New Jersey) who are not members of the associations which are parties to the agreement, out of business.

GENERAL APPENDIX

METHODOLOGY AND THE FIELD FOR FURTHER RESEARCH

The areas covered by this study and the methods used in its preparation were necessarily determined by the limitations of time and personnel. It was originally planned that there would be full treatment of the economic and social problems of the women's apparel industry, as well as the operation and effect of the National Recovery Administration with respect to the women's apparel codes. The personnel available for this study unit, however, was inadequate for compilation of data covering all major phases of the industry. The plan of the study was therefore revised to a limited treatment of certain selected topics.

The subjects selected for study were chosen on the basis of two primary considerations, - their importance to industry and to the government in the event of future attempts at industrial regulation through federal law, and the presumed value of the contribution to be made by the author and Mr. Alex Thomson as official eye-witnesses and participants in the administration of the apparel codes, through treatment of topics upon which their testimony could be considered authentic, or at least the expression of first-hand personal observations.

With these considerations in mind, the study was shaped to cover one major industry problem and two major administrative problems. There is perhaps no problem as complex, or of as great importance to the chief branches of the women's apparel industry as the problem of contractor-jobber relationships; and from an administrative standpoint the problems of overlapping codes and of the delegation of federal power to industry through the code authority system, were the cause of sufficient difficulty under NRA to warrant their careful consideration in order to obtain guidance in the formulation of policy in any similar venture of the future.

General and comprehensive treatment of even these limited subjects was impossible in the time available, and without the opportunity of consulting sources of information other than those to which access could be had in Washington. They were therefore prepared in the form of specific case analysis. The study of the contract system was confined to the dress and the coat and suit branches of the industry only; the overlapping problem was illustrated by recounting the experience of the conflict between the Dress and the Cotton Garment Codes; and the report on the delegation of power was limited to the questions which arise under the Coat and Suit Code.

While a fairly complete analysis was made of material in NRA files bearing on the specific subjects selected for study, it cannot be stated with certainty that all available pertinent material was assembled, due to the fact that study units were using the files at the same time, and it was often difficult to locate documents known to exist, but which had been temporarily removed from the files for copying. It is not felt, however, that the omissions have been numerous or important.

The method of research followed was partly selective, in that

certain material could be located directly, and partly the method of prospecting in unknown territory which might or might not yield pertinent information.

While it was assumed that valuable material was contained in the files of the former code authorities in New York, and that consultation with trade association and union officials would probably lead to the uncovering of additional data, these assumptions were too implicit to permit authorization of field work. Even if this had been permitted, however, any extensive field work would have been impossible in view of the fact that the limited personnel of the study unit was more than fully occupied with work in Washington.

An effort was made to obtain supplementary data on the contract system through an arrangement with Messrs. Morris Volchin and Julius Hochman, who were to forward material obtained from the files of the former Dress Code Authority and of the International Ladies Garment Workers Union. Probably due to the prolonged negotiations in the Dress Industry under the threat of a general strike, which culminated in the signing of new collective agreements on February 20, 1936, this material was not received in time to be used.

The National Coat and Suit Industry Recovery Board very kindly forwarded a large amount of tabulated material prepared by the Statistical Department of the former Coat and Suit Code Authority. The restricted nature of this study unfortunately permitted only selected parts of these tabulations to be used.

In addition to the sources of information given above, the various reports of the Governor's Advisory Commission, and Levine's book, "The Women's Garment Workers", (*) furnished much valuable data on the subject of the contract system.

The field for further research on the specific subjects and within the narrow limited established by this study is relatively small, and it is doubtful if the additional material available through a more thorough examination of NRA files and a search of other sources, primarily code authority files, would prove to be of very great value.(**) The limitations of this study, however, constitute in themselves a guide to the further areas which may be profitably explored.

In its broad aspects the problem of contractor-jobber relationships is the problem of general industry stability. The contract system is so interwoven with the complex pattern of forces and pressures which combine to determine the structure and mechanism of the women's apparel industry as a whole, that it should not be considered as an isolated subject. In this respect the present study is too limited in scope, and development of additional information on the other major problems of the industry presents a wide field for further research. Nor is it necessary or desirable that further study be confined to the women's apparel industry. The experiences of the men's clothing industry, for

(*) Levine, loc. cit. note p. 1 supra.

Governor's Advisory Commission, loc. cit. note p. 1 supra.

(**) See footnote p. 22

example, considered in comparison with the experiences of the women's apparel industry, would undoubtedly produce valuable findings.

There is also need for information on the industries allied through commercial relationships with the apparel industries. Such questions as group buying resource and its effect upon industry stability, and the many complicated problems of style and seasonality, cannot be approached from the point of view of manufacturers alone; and the technology and distributing practices of the textile industries must also be considered with respect to their influence upon the apparel trades.

The present study is likewise limited from the point of view of the time element. It is possible that true measurements of the effects of regulatory measures adopted during and subsequent to the NRA period must await further developments, so that a broader perspective may be obtained through study of data covering a sufficiently long period from before NRA to and including a substantial post-code period.

On the administrative problems, final and unqualified general conclusions should not be drawn from the limited experiences of the dress, cotton garment, and coat and suit codes covered by this study. Parts B and C of this study, in fact, are no more than isolated examples of particular instances of over-lapping codes and the alleged misuse of delegated power. There are also other administrative problems in addition to those treated herein, such as the problems of administering exemptions, of budgets and assessments, and many others.

A complete coverage of these specific problems would require analysis of the experience recorded in the administration of a larger group of codes. Other administrative problems, such as the problems which arise in the administration of exemptions and of code authority budgets and assessments, are closely allied to the problems treated herein. If the evidence upon which future policy may be based is to be considered complete, it is obvious that a comprehensive study of these and other related administrative problems is necessary.

OFFICE OF THE NATIONAL RECOVERY ADMINISTRATION
THE DIVISION OF REVIEW

THE WORK OF THE DIVISION OF REVIEW

Executive Order No. 7075, dated June 15, 1935, established the Division of Review of the National Recovery Administration. The pertinent part of the Executive Order reads thus:

The Division of Review shall assemble, analyze, and report upon the statistical information and records of experience of the operations of the various trades and industries heretofore subject to codes of fair competition, shall study the effects of such codes upon trade, industrial and labor conditions in general, and other related matters, shall make available for the protection and promotion of the public interest an adequate review of the effects of the Administration of Title I of the National Industrial Recovery Act, and the principles and policies put into effect thereunder, and shall otherwise aid the President in carrying out his functions under the said Title. I hereby appoint Leon C. Marshall, Director of the Division of Review.

The study sections set up in the Division of Review covered these areas: industry studies, foreign trade studies, labor studies, trade practice studies, statistical studies, legal studies, administration studies, miscellaneous studies, and the writing of code histories. The materials which were produced by these sections are indicated below.

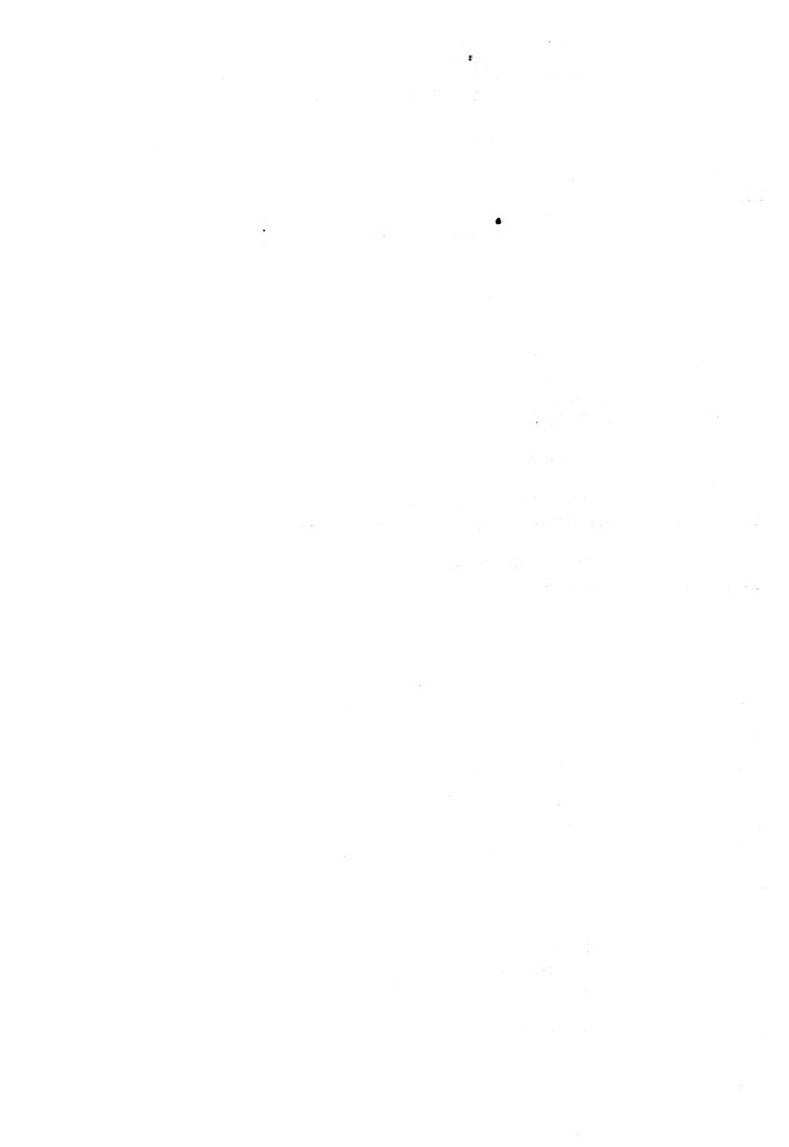
Except for the Code Histories, all items mentioned below are scheduled to be in mimeographed form by April 1, 1936.

THE CODE HISTORIES

The Code Histories are documented accounts of the formation and administration of the codes. They contain the definition of the industry and the principal products thereof; the classes of members in the industry; the history of code formation including an account of the sponsoring organizations, the conferences, negotiations and hearings which were held, and the activities in connection with obtaining approval of the code; the history of the administration of the code, covering the organization and operation of the code authority, the difficulties encountered in administration, the extent of compliance or non-compliance, and the general success or lack of success of the code; and an analysis of the operation of code provisions dealing with wages, hours, trade practices, and other provisions. These and other matters are canvassed not only in terms of the materials to be found in the files, but also in terms of the experiences of the deputies and others concerned with code formation and administration.

The Code Histories, (including histories of certain NRA units or agencies) are not mimeographed. They are to be turned over to the Department of Commerce in typewritten form. All told, approximately eight hundred and fifty (850) histories will be completed. This number includes all of the approved codes and some of the unapproved codes. (In Work Materials No. 18, Contents of Code Histories, will be found the outline which governed the preparation of Code Histories.)

(In the case of all approved codes and also in the case of some codes not carried to final approval, there are in NRA files further materials on industries. Particularly worthy of mention are the Volumes I, II and III which constitute the material officially submitted to the President in support of the recommendation for approval of each code. These volumes 9768-1.



set forth the origination of the code, the sponsoring group, the evidence advanced to support the proposal, the report of the Division of Research and Planning on the industry, the recommendations of the various Advisory Boards, certain types of official correspondence, the transcript of the formal hearing, and other pertinent matter. There is also much official information relating to amendments, interpretations, exemptions, and other rulings. The materials mentioned in this paragraph were of course not a part of the work of the Division of Review.)

THE WORK MATERIALS SERIES

In the work of the Division of Review a considerable number of studies and compilations of data (other than those noted below in the Evidence Studies Series and the Statistical Material Series) have been made. These are listed below, grouped according to the character of the material. (In Work Materials No. 17, Tentative Outlines and Summaries of Studies in Process, these materials are fully described).

Industry Studies

Automobile Industry, An Economic Survey of
Bituminous Coal Industry under Free Competition and Code Regulation, Economic Survey of
Electrical Manufacturing Industry, The
Fertilizer Industry, The
Fishery Industry and the Fishery Codes
Fishermen and Fishing Craft, Earnings of
Foreign Trade under the National Industrial Recovery Act
Part A - Competitive Position of the United States in International Trade 1927-29 through 1934.
Part B - Section 3 (e) of NIRA and its administration.
Part C - Imports and Importing under NRA Codes.
Part D - Exports and Exporting under NRA Codes.
Forest Products Industries, Foreign Trade Study of the
Iron and Steel Industry, The
Knitting Industries, The
Leather and Shoe Industries, The
Lumber and Timber Products Industry, Economic Problems of the
Men's Clothing Industry, The
Millinery Industry, The
Motion Picture Industry, The
Migration of Industry, The: The Shift of Twenty-Five Needle Trades From New York State, 1926 to 1934
National Labor Income by Months, 1929-35
Paper Industry, The
Production, Prices, Employment and Payrolls in Industry, Agriculture and Railway Transportation, January 1923, to date
Retail Trades Study, The
Rubber Industry Study, The
Textile Industry in the United Kingdom, France, Germany, Italy, and Japan
Textile Yarns and Fabrics
Tobacco Industry, The
Wholesale Trades Study, The
Women's Neckwear and Scarf Industry, Financial and Labor Data on

Women's Apparel Industry, Some Aspects of the

Trade Practice Studies

Commodities, Information Concerning: A Study of NRA and Related Experiences in Control
Distribution, Manufacturers' Control of: Trade Practice Provisions in Selected NRA Codes
Distributive Relations in the Asbestos Industry
Design Piracy: The Problem and Its Treatment Under NRA Codes
Electrical Mfg. Industry: Price Filing Study
Fertilizer Industry: Price Filing Study
Geographical Price Relations Under Codes of Fair Competition, Control of
Minimum Price Regulation Under Codes of Fair Competition
Multiple Basing Point System in the Lime Industry: Operation of the
Price Control in the Coffee Industry
Price Filing Under NRA Codes
Production Control in the Ice Industry
Production Control, Case Studies in
Resale Price Maintenance Legislation in the United States
Retail Price Cutting, Restriction of, with special Emphasis on The Drug Industry.
Trade Practice Rules of The Federal Trade Commission (1914-1936): A classification for
comparison with Trade Practice Provisions of NRA Codes.

Labor Studies

Cap and Cloth Hat Industry, Commission Report on Wage Differentials in
Earnings in Selected Manufacturing Industries, by States, 1933-35
Employment, Payrolls, Hours, and Wages in 115 Selected Code Industries 1933-1935
Fur Manufacturing, Commission Report on Wages and Hours in
Hours and Wages in American Industry
Labor Program Under the National Industrial Recovery Act, The
Part A. Introduction
Part B. Control of Hours and Reemployment
Part C. Control of Wages
Part D. Control of Other Conditions of Employment
Part E. Section 7(a) of the Recovery Act
Materials in the Field of Industrial Relations
PRA Census of Employment, June, October, 1933
Puerto Rico Needlework, Homeworkers Survey

Administrative Studies

Administrative and Legal Aspects of Stays, Exemptions and Exceptions, Code Amendments, Con-
ditional Orders of Approval
Administrative Interpretations of NRA Codes
Administrative Law and Procedure under the NIRA
Agreements Under Sections 4(a) and 7(b) of the NIRA
Approve Codes in Industry Groups, Classification of
Basic Code, the -- (Administrative Order X-61)
Code Authorities and Their Part in the Administration of the NIRA
Part A. Introduction
Part B. Nature, Composition and Organization of Code Authorities

Part C. Activities of the Code Authorities
Part D. Code Authority Finances
Part E. Summary and Evaluation
Code Compliance Activities of the NRA
Code Making Program of the NRA in the Territories, The
Code Provisions and Related Subjects, Policy Statements Concerning
Content of NIRA Administrative Legislation
Part A. Executive and Administrative Orders
Part B. Labor Provisions in the Codes
Part C. Trade Practice Provisions in the Codes
Part D. Administrative Provisions in the Codes
Part E. Agreements under Sections 4(a) and 7(b)
Part F. A Type Case: The Cotton Textile Code
Labels Under NRA, A Study of
Model Code and Model Provisions for Codes, Development of
Model Recovery Administration, The: A Review of its Organization and Activities
NRA Insignia
President's Reemployment Agreement, The
President's Reemployment Agreement, Substitutions in Connection with the
Prison Labor Problem under NRA and the Prison Compact, The
Problems of Administration in the Overlapping of Code Definitions of Industries and Trades,
Multiple Code Coverage, Classifying Individual Members of Industries and Trades
Relationship of NRA to Government Contracts and Contracts Involving the Use of Government
Funds
Relationship of NRA with States and Municipalities
Sheltered Workshops Under NRA
Uncodified Industries: A Study of Factors Limiting the Code Making Program

Legal Studies

Anti-Trust Laws and Unfair Competition
Collective Bargaining Agreements, the Right of Individual Employees to Enforce
Commerce Clause, Federal Regulation of the Employer-Employee Relationship Under the
Delegation of Power, Certain Phases of the Principle of, with Reference to Federal Industrial
Regulatory Legislation
Enforcement, Extra-Judicial Methods of
Federal Regulation through the Joint Employment of the Power of Taxation and the Spending
Power
Government Contract Provisions as a Means of Establishing Proper Economic Standards, Legal
Memorandum on Possibility of
Industrial Relations in Australia, Regulation of
Intrastate Activities Which so Affect Interstate Commerce as to Bring them Under the Com-
merce Clause, Cases on
Legislative Possibilities of the State Constitutions
Post Office and Post Road Power -- Can it be Used as a Means of Federal Industrial Regula-
tion?
State Recovery Legislation in Aid of Federal Recovery Legislation History and Analysis
Tariff Rates to Secure Proper Standards of Wages and Hours, the Possibility of Variation in
Trade Practices and the Anti-Trust Laws
Treaty Making Power of the United States
War Power, Can it be Used as a Means of Federal Regulation of Child Labor?

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THE EVIDENCE STUDIES SERIES

The Evidence Studies were originally undertaken to gather material for pending court cases. After the Schechter decision the project was continued in order to assemble data for use in connection with the studies of the Division of Review. The data are particularly concerned with the nature, size and operations of the industry; and with the relation of the industry to interstate commerce. The industries covered by the Evidence Studies account for more than one-half of the total number of workers under codes. The list of those studies follows:

Automobile Manufacturing Industry	Leather Industry
Automotive Parts and Equipment Industry	Lumber and Timber Products Industry
Baking Industry	Mason Contractors Industry
Boot and Shoe Manufacturing Industry	Men's Clothing Industry
Bottled Soft Drink Industry	Motion Picture Industry
Builders' Supplies Industry	Motor Vehicle Retailing Trade
Canning Industry	Needlework Industry of Puerto Rico
Chemical Manufacturing Industry	Painting and Paperhanging Industry
Cigar Manufacturing Industry	Photo Engraving Industry
Coat and Suit Industry	Plumbing Contracting Industry
Construction Industry	Retail Lumber Industry
Cotton Garment Industry	Retail Trade Industry
Dress Manufacturing Industry	Retail Tire and Battery Trade Industry
Electrical Contracting Industry	Rubber Manufacturing Industry
Electrical Manufacturing Industry	Rubber Tire Manufacturing Industry
Fabricated Metal Products Mfg. and Metal Finishing and Metal Coating Industry	Shipbuilding Industry
Fishery Industry	Silk Textile Industry
Furniture Manufacturing Industry	Structural Clay Products Industry
General Contractors Industry	Throwing Industry
Graphic Arts Industry	Trucking Industry
Gray Iron Foundry Industry	Waste Materials Industry
Hosiery Industry	Wholesale and Retail Food Industry
Infant's and Children's Wear Industry	Wholesale Fresh Fruit and Vegetable Industry
Iron and Steel Industry	Wool Textile Industry

THE STATISTICAL MATERIALS SERIES

This series is supplementary to the Evidence Studies Series. The reports include data on establishments, firms, employment, payrolls, wages, hours, production capacities, shipments, sales, consumption, stocks, prices, material costs, failures, exports and imports. They also include notes on the principal qualifications that should be observed in using the data, the technical methods employed, and the applicability of the material to the study of the industries concerned. The following numbers appear in the series:

9768--5.

Asphalt Shingle and Roofing Industry
Business Furniture
Candy Manufacturing Industry
Carpet and Rug Industry
Cement Industry
Cleaning and Dyeing Trade
Coffee Industry
Copper and Brass Mill Products Industry
Cotton Textile Industry
Electrical Manufacturing Industry

Fertilizer Industry
Funeral Supply Industry
Glass Container Industry
Ice Manufacturing Industry
Knitted Outerwear Industry
Paint, Varnish, and Lacquer, Mfg. Industry
Plumbing Fixtures Industry
Rayon and Synthetic Yarn Producing Industry
Salt Producing Industry

THE COVERAGE

The original, and approved, plan of the Division of Review contemplated resources sufficient (a) to prepare some 1200 histories of codes and NRA units or agencies, (b) to consolidate and index the NRA files containing some 40,000,000 pieces, (c) to engage in extensive field work, (d) to secure much aid from established statistical agencies of government, (e) to assemble a considerable number of experts in various fields, (f) to conduct approximately 25% more studies than are listed above, and (g) to prepare a comprehensive summary report.

Because of reductions made in personnel and in use of outside experts, limitation of access to field work and research agencies, and lack of jurisdiction over files, the projected plan was necessarily curtailed. The most serious curtailments were the omission of the comprehensive summary report; the dropping of certain studies and the reduction in the coverage of other studies; and the abandonment of the consolidation and indexing of the files. Fortunately, there is reason to hope that the files may yet be cared for under other auspices.

Notwithstanding these limitations, if the files are ultimately consolidated and indexed the exploration of the NRA materials will have been sufficient to make them accessible and highly useful. They constitute the largest and richest single body of information concerning the problems and operations of industry ever assembled in any nation.

L. C. Marshall,
Director, Division of Review.

